

Home plus

Homeplus Sustainability Report 2009/10

Every little helps



About the Report

PURPOSE

Celebrating the 10th anniversary of Homeplus, we can reflect on the contributions we have made to the development of local communities and the country as a whole, as well how we have enhanced the quality of our customers' lives based on our mission 'to provide higher value to our clients'.

REPORTING STANDARD

This report is the fourth sustainability report issued by Homeplus in 2007 ~ 2009.

It is referenced in the 'GRI (Global Reporting Initiative) G3 Reporting Guideline' used as a global standard. Especially, this report is intended to facilitate the transfer of information to interested parties by expanding the information on materiality issues brought about through the Materiality Test.

REPORTING SCOPE AND PERIOD

The period of reporting is the fiscal year of 2009, which is from March 1st, 2009, to February 28th, 2010. As a reference to the past reports, it provides data collected over the three most recent years. It states the activities and accomplishments outside of its scope when necessary. The scope of the report encompasses the sustainable management activities and accomplishments of the main office, stores and logistics service centers of Homeplus.

ASSURANCE OF THE REPORT

This report has been verified by an independent external institution. Refer to 92-93 page for the verification report.

INQUIRIES ABOUT THE REPORT

For more information about this report, please contact Homeplus' CSR Team.
Tel: 82-2-3459-8042, Fax: 82-2-3459-8646
E-mail) sustainability@samsung.tesco.com
2009 fiscal year of Homeplus covers March 1, 2009 to February 28, 2010.

Homeplus Environment Character, 'eParan'

eParan was the first environmental character in the industry and was introduced by Homeplus, in 2000, along with its declaration of becoming an environment-friendly company. It symbolizes the innovative and active environmental management policies of Homeplus.

'e' stands for environment, ecology, economy, electronic and eternal, and 'Paran' stands for the wave symbolizing green, campaign, expansion, and promotion.



The Global Compact's Ten Principles

Human Rights

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

Labour Standards

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

CONTENTS



About Homeplus

- 10 Message from the Chairman
- 12 2009 Highlights
- 14 About Homeplus
- 23 Sustainable Management at Homeplus
- 27 Stakeholder Engagement and Materiality

Social Responsibility: Supporting local community

- 32 Corporate Social Responsibility
- 35 Extended Education
- 37 Charity

Environment: Tackling climate change

- 42 Environment Management System
- 43 Green Store
- 44 Green Process
- 45 Green Customer
- 46 Green Movement for children
- 47 Green Network
- 47 Green Objective Management

Ethics & Fair: Doing business the right way

- 52 Ethical Management
- 57 Transparency
- 59 Fair Trade

Economic and Industrial Development: Contributing to the economic and industrial growth of Korea

- 62 Contribution to National and Local Economies
- 63 Spurring Retail Innovation and Development
- 67 Collaboration with Suppliers

Staff Satisfaction: Making a great place to work

- 74 Synbaration Culture
- 76 People Development
- 78 People Rewards
- 80 Staff Communication

Customer Value: Delivering the higher value to everyday life

- 84 Value Management for Greater Customer Satisfaction
- 86 Effort to Better Satisfy Our Customers

Appendix

- 92 Independent Assurance Report
- 94 GRI G3 Content Index
- 97 Stakeholder Questionnaire

Homeplus strives to become admired and respected company.

For last 10 years, Homeplus has stood by a mission to create increasing value to our customers and communities. We have been working towards continuous growth along with economic development, local community contributions and environment. We commit to balance 'growth' and 'social contribution' and become the most admired and respected company.



Homeplus Green Store

Homeplus declared our commitment in the environment management in 2000 and we have been active in tackling climate change. In October 2008, we opened the first green store in Korea that reduces carbon emission by 50% and energy by 40% compared to other standard stores. The green store is implemented with 69 innovative saving initiatives including solar energy facilities, wind turbine, ice thermal storage, LED and CO₂ compressor.



Green Process

- Energy Reduction Operating Structure in its Distribution Centers
- Fresh Cold-chain System
- Green operation process



Green Objective Management

- Environment Management KPI
- ISO 14000
- Reduce CO₂ by 50% by 2020

52%
Waste recycled 52%



Green Customer

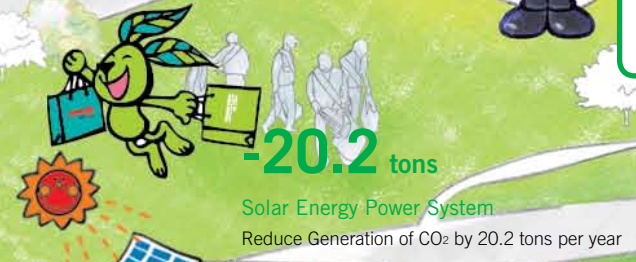
- Carbon Labeling
- Reduction of Secondary Packaging
- Green Bicycle Campaign
- Local Community Environmental Campaign



-1.3 tons
Produce Wind Power Energy
Reduce Generation of CO₂ by 1.3 tons per year



-3.5 tons
Use Integrated Solar Energy Powered Windows
Reduce Generation of CO₂ by 3.5 tons per year



-20.2 tons
Solar Energy Power System
Reduce Generation of CO₂ by 20.2 tons per year

-2.1 tons
Solar energy and wind energy street lamps
Reduce Generation of CO₂ by 2.1 tons per year



Home plus

CO₂ Labelled Products

-214.6 tons
Install High-efficiency LED lights
Reduce Generation of CO₂ by 214.6 tons per year

-1,626 tons
Toilets that don't require water
Save 1,626 tons of water per year

Green Movement for children

- eParan Character
- Educating Children Environment-friendly Practice Group
- Public Environment-friendly Drawing and Writing Contest

Provide Green Points and Establish Bicycle Checkroom



Green Store

- Manufacturing Green Energy
- Reducing Energy Consumption
- A Green Movement for Me to Participate In Green Customer

Use Green shopping basket

-86.7 tons
Install doors on frozen food display shelves
Reduce Generation of CO₂ by 86.7 tons per year

-2,281 tons
Environment-friendly Refrigerant
Reduce Generation of CO₂ by 2,281 tons per year

Green Network

- Suppliers
- Institute of Sustainable Management Development in Asia
- Links with the government and local provincial governments

Sustainable Economy, Environment and Society

Sustainable management has always and consistently been an integral part of Homeplus' corporate culture. Homeplus selected seven areas as critical indicators to measure its progress toward its business vision: leadership, ethics & fair, corporate social responsibility, economic and industrial growth, staff satisfaction, customer value and financial performance. These are as comprehensively address sustainability-related parameters of business operations such as economic profitability, environmental soundness and social responsibility. By continuously investing our organization's resources in sustainable management, we are making a concrete difference in the lives of many in the communities we serve.



Growth and Social Contribution: Homeplus' Model for Corporate Sustainability

Only those companies capable of achieving a steady growth, while continuously contributing to the community can create new value. To ensure a sustained and lasting growth amid a rapidly changing business environment, Homeplus has made a relentless effort to introduce innovations to all areas of its operation and sharpen competitiveness. At the same time, this growth goal has never distracted Homeplus from its responsibilities toward society. Over the years, we have maintained close ties to local communities served by our stores and participated in a variety of community improvement initiatives, thus helping to shape a better future for their members. Homeplus' sustainability management is realized through 'growth' and 'social contribution' and become a company that is admired by customers and society.

Message from the Chairman

Dream of a Great Stone Face

Hoping to make Homeplus an admired company more than a large company, for the last ten years Homeplus has been dedicated to creating the two faces of growth and contribution.

One face of an admired company is the 'Face of Growth', which is delivered through sustainable growth. Rather than short-term fast growth, the challenge is whether a business can deliver consistent growth amid rapidly changing business environments and increasing market competitions.

The other face of an admired company is the 'Face of Contribution' of realizing social value. A company cannot be admired simply by raising its market value though sustainable growth. In addition to market value, a company must realize social value through fair and ethical management, contribution to the economy and industry, contribution to local communities and social contribution activities.

Of the elements of realizing social value, corporate social responsibility is not a cost but an investment and must be continuous not one-off. Like in the market, corporate social responsibility should also be competitive.

Against this background, Homeplus is concentrating its competencies in its Top 3 Corporate Social Responsibility (CSR) initiatives of extended education, environment and sharing. In particular, our CSR initiative in extended education is the largest of its kind in the world. At present, in Homeplus stores across the country, 93 Culture Centers are in operation with over 5,500 instructors, annual membership of over 1 million, setting an unprecedented example in the history of global retail.

Homeplus is implementing enterprise-wide sustainability management with the faith that only a company admired by customers and the society can become an admired company. Now Homeplus aspires to realize the dream of a Great Stone Face. Combining the two faces of an admired company, we will create one Great Stone Face.

To realize the dream of a Great Stone Face, Homeplus intends to ignite a fire that spreads the culture of contribution throughout our country. Through the establishment of the Homeplus eParan Foundation, we will realize more specific and practical social values.

Homeplus also plans to participate in a network-base foundation to join hands with people who want to engage in contribution activities and focus on contribution in specific fields.

The culture of contribution has not yet taken root among the Korean people. The Homeplus eParan Foundation and the network-base Foundations will set a model for grass-root social contribution activities that continuously give a little help to the society.

A dream dreamt by one person is just a dream, but if we all dream together, the dream becomes reality. I hope Homeplus' dream of a Great Stone Face sets a new model for the sustainable management of companies and becomes a beautiful reality where companies strive to fulfill their social responsibility.

Thank you.

Seung-Han Lee
Homeplus Group Chairman

Seung-Han Lee



**"A dream dreamt
by one person is just
a dream, but if we all
dream together, the
dream becomes reality."**

2009 Highlight



1

Acceleration in growth with acquisition of Homever and initiation of the Homeplus Group

Homeplus acquired 35 Homever stores in May 2008, which were formerly affiliated with Eland. With this addition, Homeplus now operates 113 stores and became one of the leading companies in the hypermarket industry. Acquisition of Homever meant more than the mere addition of stores; it meant being able to provide various products at a lower price, solidification of the market and practice of fair trade, promoting the growth of suppliers with expansion of the direct supply from farms, and the provision of more benefits and a greater vision to its customers, employees, and suppliers with a new and exemplary labor and management model. Moreover, Samsung Tesco, Homeplus Tesco, and Artisee Boulangerie merged to become the Homeplus Group as of October 2008. The Homeplus Group is moving towards becoming number one in the industry through its accelerated growth.



2

Selected as one of 'Korea's Most Admired Company' and recognized in 'Hall of Fame' in two prestigious awards

Homeplus has received various prestigious awards for distinguished management growth and continuous social contribution activities. In 2007 and 2008, consecutively, the Korea Management Association rewarded Homeplus with 'The Most Admired Company' award; this marks the shortest time period spent in achieving such an award. Also, the Korea Service Grand Award (sponsored by the Korea Management Association) and the Korea Management Grand Awards (sponsored by the Korea Management Association Consulting) selected Homeplus as 'Hall of Fame' of these awards. These achievements were obtained through endless innovation and changes that brought about distinguished management growth and continuous social contribution activities. Homeplus is the only company to become receive 'Hall of Fame' of these two awards at the same time.



3

Playing a leading role in environment by first to open a 'Green Store' and launch CO₂ labeled products in Korea

Homeplus opened the Korea's first green store, Buchon Yeowol store, in October 2008. Green store implemented 69 new environment initiatives such as photovoltaic system, wind turbine, CO₂ compressor and LED to reduce CO₂ by 50% and energy by 40%. Green store obtained 'Green Building' certificate (serves as a retail space) as the first in the industry, and is used as an educational location for children and a benchmark for the government, local communities, NGO, and overseas functions. Moreover, Homeplus was the first in the industry to launch CO₂ labeled products providing customers with carbon information and help them to have greener lifestyle. Homeplus plans to expand over 30 different products by end of 2009.



4

Contributing to local communities by providing extended education opportunities through culture centres

Homeplus operates 93 culture centers that provide extended education opportunities to customers. More than 1 million members participate in various educational programmes with 5,000 instructors. Homeplus launched 'green culture centre' by implementing LED, environment-friendly interiors and providing environment programmes. Also, the culture centre opened online community and has been providing instructor training sessions. These efforts were recognized by customers and stakeholders in the form of various awards, such as selected as Korea's second largest contributing company in culture for 3 consecutive years, and receiving the Korea Culture Management Grand Award.



5

Selected as the Best Employers in Asia

Homeplus was selected as the Best Employers in Asia 2009 by the HR consulting company Hewitt Associates in April 2009. Homeplus received a high evaluation in corporate responsibility and sense of accomplishment that was based on a survey and individual interviews of more than 500 employees and executive directors from September 2008 to March 2009. Homeplus supports all its employees to ensure they enjoy their work and become experts in their chosen sections.

ABOUT HOMEPLUS

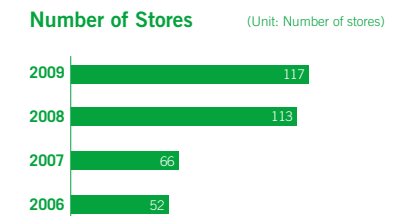
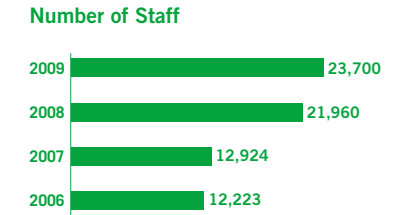
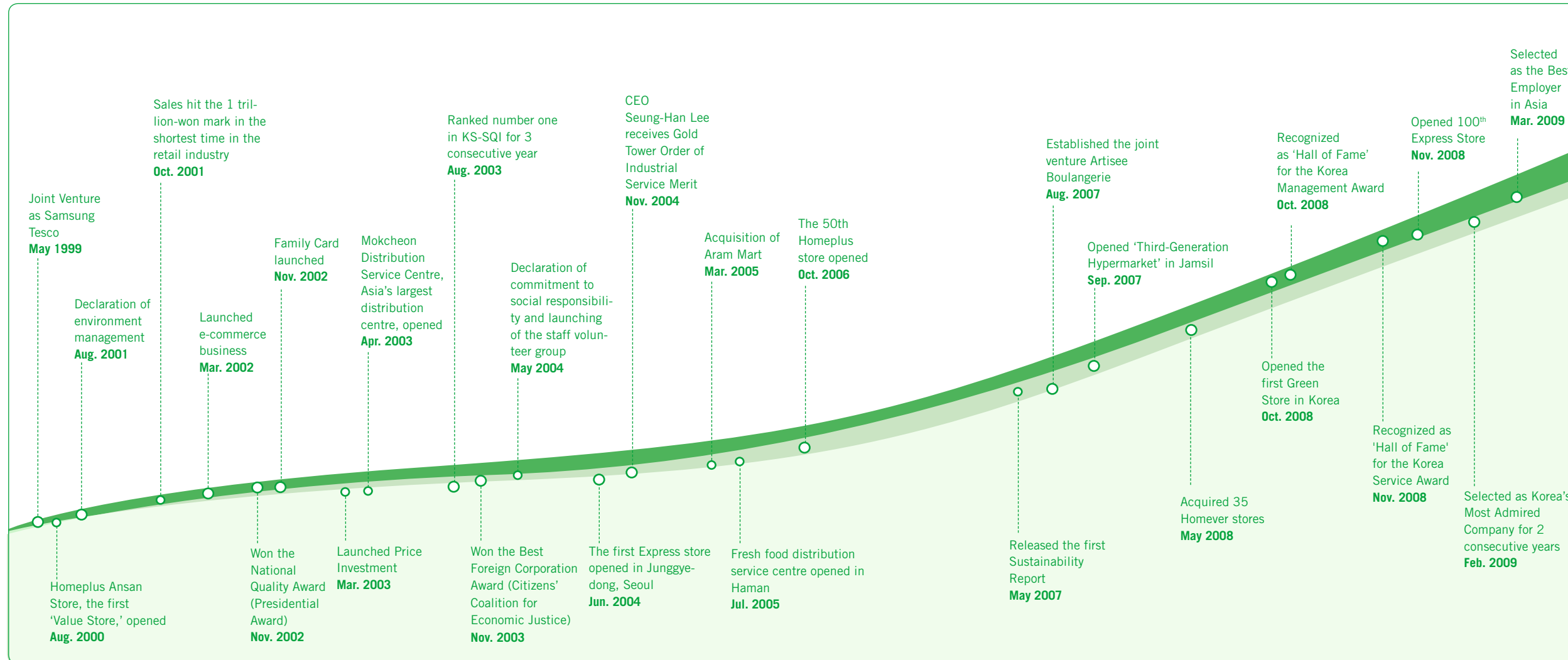
Chairman & CEO	Seung-Han Lee
Date established	May 15, 1999
Number of staff	23,700 (as of Feb. 2010)
Number of stores	117 hypermarkets and 190 Express stores (as of Feb. 2010)

Homeplus operates 117 hypermarkets and 190 express stores with almost 8 trillion KRW in sales. Homeplus is the leader in modernizing the retail industry with 'Value Store', the 'Third-Generation Hypermarket', and opening Korea's first '3.5 Generation Green Store'. Homeplus acquired 35 Homever stores in May 2008 and rebranded as the Homeplus Group with Samsung Tesco, Homeplus Tesco, and Artisee Boulangerie.

Homeplus celebrated its 10th anniversary in 2009 and has positioned as the Korea's most admired companies that provides a higher value to our customers and the society at large. Homeplus established the 'Homeplus eparan Foundation' in October 2009 and plays the role in making real social contribution for society as a whole. It will also involve more participation by customers, staff and suppliers and hopes to become a role model

through its contributions to society.

Currently, Homeplus group has business portfolio consisting of hypermarkets, express stores, Artisee Boulangerie bakery business, new retail services, and internet shopping. There are 28 Artisee Boulangerie bakeries affiliated with Shilla Hotel. On top of this, Homeplus operates online shopping and new retail services with more than 18 different services including insurance, communications, weddings, and travel.



Management Philosophy

Homeplus has a unique management philosophy referred to as 'art management.' This portrays a belief that "Artists will spend their lives on their passion as they strive for perfection. Management should be no different; when all employees fully devote their passion and souls, management can reach the exalted state of high art."

Vision

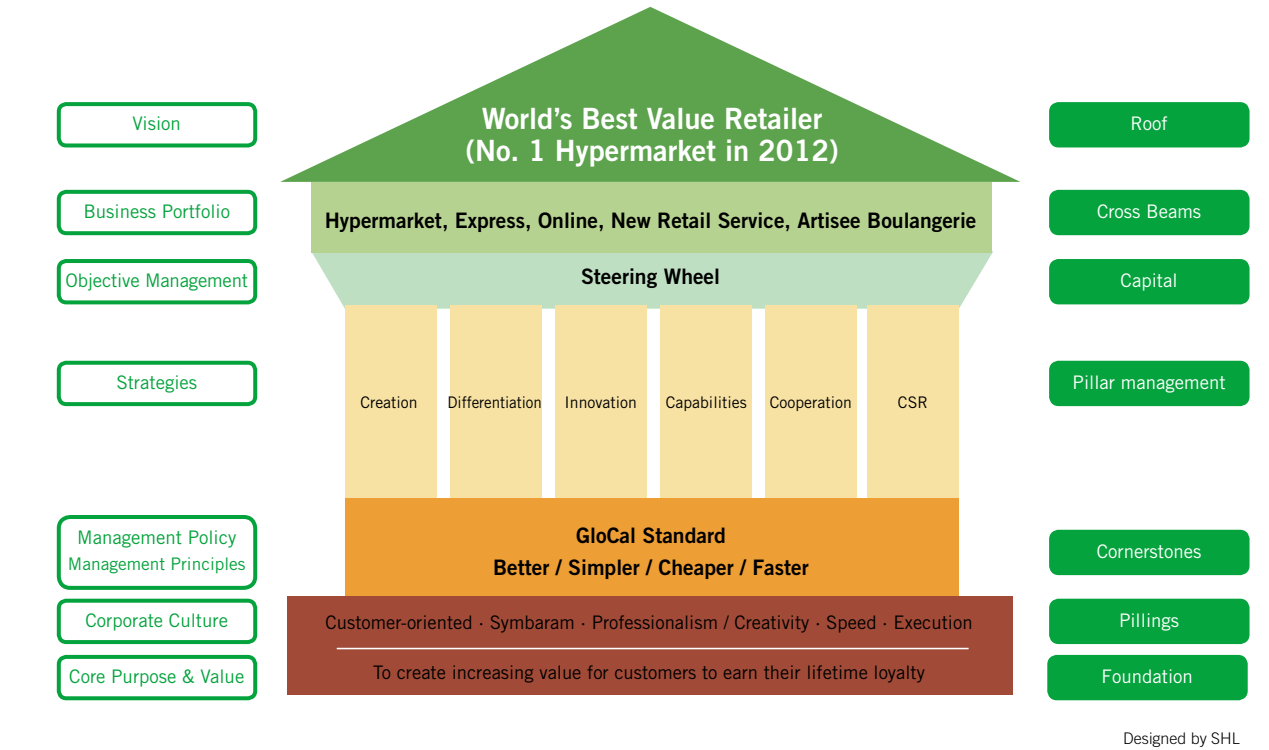
'The World Best Value Retailer,' Homeplus' vision, expresses our commitment to deliver the best value to customers. Homeplus is striving to become the number 1 retail company in 2012 with its plans of reaching 156 stores with 17.5 trillion KRW (tenant included) in sales.

Mission

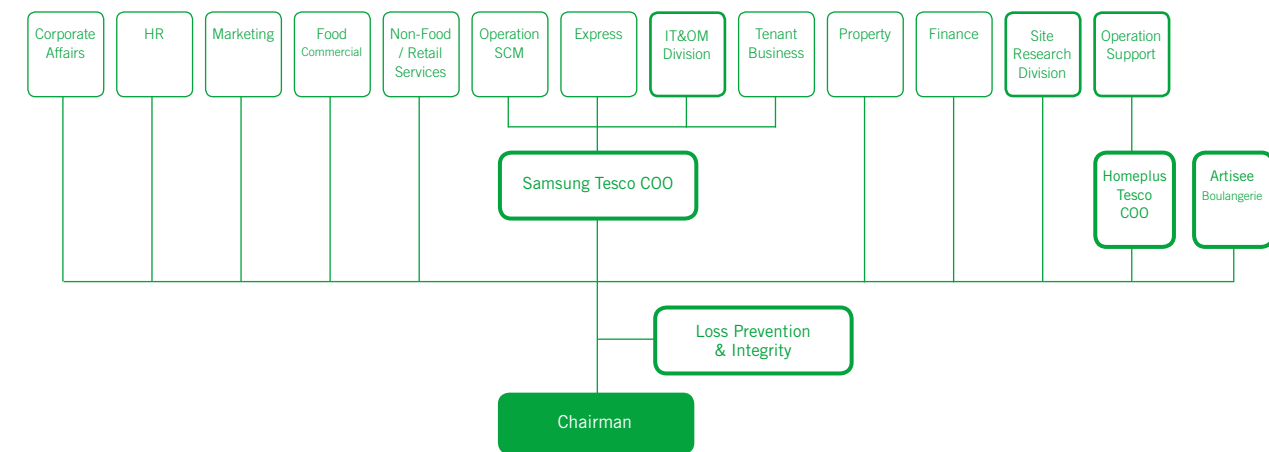
Homeplus strives to maximize the value of prices, quality and services in order to accomplish our mission of 'creating value for customers to earn their lifetime loyalty'. Through this, Homeplus will gain the lifetime loyalty of its customers and, in return, will incessantly provide higher value.

This mission is given more concrete and detailed directions in the management policy formulated after the establishment of Homeplus: to become the most respected company by (1) providing our customers with high-quality products at low price and offering a pleasant shopping environment; (2) creating new jobs for local communities and forming win-win partnerships with local businesses to boost their economies; and (3) actively tapping the as yet unmet, potential demand of customers through new and innovative products and services, and giving back to the community and reinvesting in the domestic economy the profits generated from it.

Vision House



Homeplus Group Organization (as of Feb. 2010)



The Homeplus group consists of Samsung Tesco, Homeplus Tesco, and Artisee Boulangerie. We have efficient decision-making structure, which the decision-making authority is delegated to working sub-units, simplifying the process.

Art Management

Management like Art

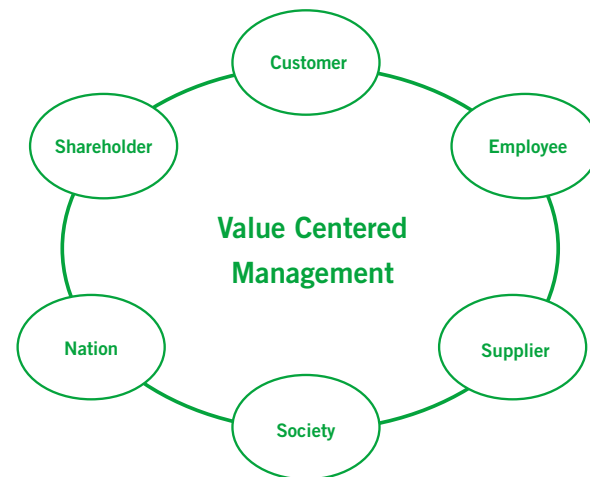
People think,
'Art is a state of Perfection'

Artists think,
'Art is a state of Imperfection'
This is why they devote all their passion and energy to attain the state of perfection.

I believe,
Likewise, we can elevate the management quality to the state of art. This comes true when we strive for perfection with our heart and energy.
I believe Management is like art.

Designed by SHL

Homeplus Value Centered Management



Homeplus practices 'Value Centered Management' to provide the best value to our customers, employees, suppliers, society, nation, and stockholders through growth and social contribution.



Homeplus is consisted of 10 specialists in finance, marketing, design and academia.

Managing the Board of Directors

Homeplus is owned 94% by Tesco and 6% by Samsung C&T Corporation. Important decisions concerning our organization and operations are made through a shareholders' meeting and are implemented in a transparent and lawful manner.

Our shareholders meet once a year in regular session, and the board of directors once every quarter in regular session. Special shareholders' meetings and board of directors' meetings may be convened as necessary. The regular general shareholders' meeting is held every year, after the year-end closing, no later than May. Special sessions of general shareholders' meetings are called by the decision of the board of directors, on an as-needed basis, to deal with matters of consequence such as the appointment of a new director. The board consists of eight directors including the Seung-Han Lee, Chairman & CEO, and one auditor. Four of the eight directors are independent non-executive directors.

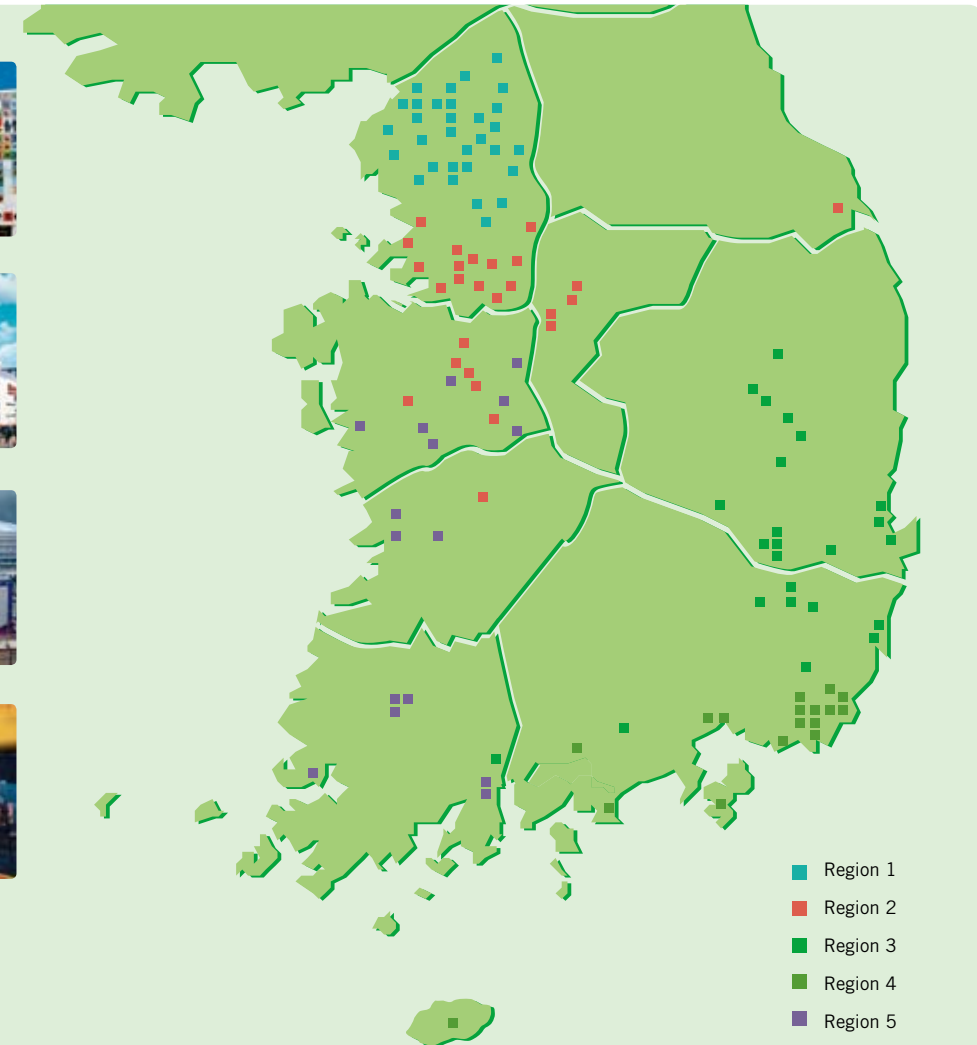
Also, Homeplus actively discusses core management issues related to mid- and long-term strategies, development of store locations, training of human resources, and compliance to laws through important meetings, such as the RFM (Review & Forecast Meeting), the PMG (People Matters Group), the PAG (Property Acquisition Group), and the Compliance Committee.

Moreover, Homeplus is operating a group of advisors to assess the efficiency and success of overall management from 2008. This advisory group is made up of 10 specialists, in different fields, such as finance, marketing, design. The term lasts for a year and can be renewed after termination. Advisory meetings can be divided into regular meetings and functional meetings. Regular meetings are held quarterly whereas functional meetings are held whenever consultation with a specialized advisor is required.



Homeplus celebrated the tenth anniversary in July 2009 and announced our commitment for growth and social contribution with customers, suppliers and local communities.

Homeplus Stores



Region 1

Ganseok, Jakjeon, Gimpo, Yeongdeungpo, Gajwa, Bucheon-Sangdong, Uijeongbu, Geumcheon, Dongdaemun, Bucheon-Sosa, Gangseo, Sinnae, Pungmu, Pocheon-Songu, Jamsil, Paju-Munsan, Buncheon-Yeowol, Gangdong, World Cup, Mokdong, Myeonmok, Junggye, Ilsan, Banghak, Siheung, Gayang, Junddong, Sindorim, Inha, Gyesan, Guwol

Region 4

Seo-Busan, Changwon, Gimhae, Gaya, Asiad, Centum City, Centumcity, Yeongdo, Dong-Gimhae, Seomyeon, Masan, Busan-Gamman, Geoje, Dongnae, Jinju, Jinhae, Samcheonpo

Region 2

Ansan, Buk-Suwon, Yeongtong, Dong-Suwon, Sihwa, Cheongju, Ansan-Seonbu, Dong-Cheongju, Jochiwon, Pyeongchon, Cheonan, Ochang, Samcheok, Bundang-Ori, Songtan, Yatap, Yuseong, Munhwa, Byeongjeom, Cheonan-Sinbang, Anyang, Chengju-Seongan, Daejeon-Tanbang, Woncheon, Ansan-Gojan, Jeonju-Wansan

Region 5

Gimje, Iksan, Jeonju, Dong-Gwangju, Suncheon, Gwangyang, Gwangju-Hanam, Gwangju-Gyerim, Mokpo, Dong-Daejeon, Daejeon-Dunsan, Gyeryong, Daejeon-Gao, Seo-Daejeon, Nonsan, Boryeong

Region 3

Daegu, Chilgok, Gyeongju, Ulsan, Seongseo, Ulsan-Nam-gu, Nam-Daegu, Gumi, Miryang, Jukdo, Sangin, Youngju, Mungyeong, Ulsan-Dong-gu, Dongchon, Haeundae, Ulsan-Buk-gu, Naedang, Janglim, Pohang, Suncheon-Pungdeok, Jingu, Sangju, Chilgok IC

Awards

Through a consistent effort to continuously enhance the quality of our products and price competitiveness and broaden the variety of living services, Homeplus has successfully increased the value for customers. These efforts were acknowledged when Homeplus received 'Hall of Fame' in both the 'Korea Service Grand Award' and 'Korea Management Grand Award'. Also, the Korea Management Association rewarded Homeplus with 'The Most Admired Company' All Star for 2 consecutive years.

Selected as the Most Admired Company in Korea for 2 consecutive years

Homeplus was selected as 'Korea's Most Admired Company' for 2 consecutive years in 2008 and 2009 by KMAC. Homeplus was highly recognized for its CSR activities as well as excellent performance through systematic management of unique business model and a management team of industries and financial analysts invariably evaluated Homeplus as a top-notch company.

Inducted to 'Hall of Fame' in the Korea Service Grand Award and Korea Management Grand Award

The Korea Service Grand Award is presented by the Korean Standards Association to companies, organizations and individuals, who achieved a dramatic enhancement in the quality of services they provide to customers. Other standards include bringing noteworthy innovations to their service processes using a service management system. Homeplus' outstanding accomplishments in this area made it the winner of this prestigious award for six straight years between 2002 and 2007 to be inducted to the 'Hall of Fame' in 2008. Also, Homeplus received 'Hall of Fame' in the Korea Management Award by KMAC. This award is given to companies that contribute to the development of the industry, on a national level, and the strengthening of corporate competitiveness with implementation of innovative 21st century management paradigms.

Topping Customer Satisfaction Indices

Winning the top spot in KS-SQI for three straight years by the Korean Standards Association from 2001, Homeplus topped NCSI (National Customer Satisfaction Index) published by the Korea Productivity Centre for two times. Ranked as number one in KCSI of Korea Management Association, Homeplus achieved an honorable feature of topping three major customer satisfaction indexes in Korea, NCSI, KCSI and KS-SQI.

Received 102 prestigious awards within last ten years

Area	Award	Presented by
Management	Most Admired Company	Korea Management Association Consulting
	Korea Management Award 'Hall of Fame'	Korea Management Association
Distribution	Korea Retail Grand Award	Maeil Business Newspaper / Korea Chamber of Commerce
	Korea SCM Grand Award	Korea SCM Association
Corporate Culture	Corporate Image Grand Award	Korea Management Association
	Korea Corporate Magazine Grand Award	Korea Corporate Magazine Association
Customer Service	Korea Service Award 'Hall of Fame'	Korea Standards Association
	Grand Award for Customer Service Management	Korea Management Association
	Certificate of Korea Service Quality	Ministry of Commerce
	KS-SQI	Korea Standards Association
Brand & Marketing	NCSI	Korea Productivity Center
	KCSI	Korea Management Association
	Korea Marketing Grand Award	Korea Management Association
	Premium Brand Grand Award	Hankyung Newspaper
Quality Management	Highest Brand of the Year	Brand Stock
	Korea Premium Brand Grand Award	Korea Management Association Consulting
	National Quality Award	Ministry of Commerce
	International System Management Award	Korea Standards Association
CSR	ISO 9001 Certificate	Ministry of Commerce
	Social Contribution Grand Award	Hankyung
	Social Responsibility Award	Korea Management Association Research
	Best Foreign Corporate Award	Citizens' Coalition for Economic Justice
	BCCK CSR Award	British Chamber of Commerce
	Environment Management Grand Award	Maeil Business Newspaper
	Environmentally Friendly Management Grand Award	Hankyung
	Green Environment Management Grand Award	Korea Management Association Research
	Certified as an Environment-friendly Management Company	Ministry of Environment
	ISO 14001 Certification	Ministry of Commerce
	Extended Education Grand Award	Ministry of Education, Science and Technology
	Sustainable Management Grand Award	Korea Standards Association
Contribution to the Nation / Industry	International ARC Awards (Sustainability Report)	MerComm.
	Mecenas Grand Award	Korean Business Council for Arts
	EU-Korea CSR Awards	EUCCK
	Green Award from the Minister of Environment	Ministry of Environment
Leadership	Grand Award for Foundation of Industrial Corporation	Ministry of Commerce
	Foreign Investor Award	Korea Trade-Investment Promotion Agency
	Merit for National Quality Award Reward (Gold Tower Order of Industrial Service Merit)	Ministry of Knowledge Economy
	Award for Brining Foreign Investors to Korea	Ministry of Knowledge Economy
Leadership	Seoul Most Influential People Grand Award	Provincial Government of Seoul
	Dasan Management Award	Hankyung Newspaper
	Customer Service CEO Award	Korea Management Association
	Green Management CEO Award	Korea Management Association Research
	Korea Creative CEO Award	Korea Standards Association
	Creative CEO Award	Korea CEO Summit
	Korea CEO Award	Korea Management Association
	CBE (Commander of British Empire)	British Government
Best CEO of Korea	Excellence Korea	
Creative CEO of Korea	Joongang Newspaper	



Membership in External Organizations

Category	Name of Organization	Activities
Government, Association	Green Growth Committee	Chairperson for Sustainable Development of Green Life
	Seoul City Forum	President
	Seoul Chamber of Commerce	Vice President, Seeks Collaboration and Development between the Government and Commerce Industry
	Korea Chain Store Association	President, promotion of the growth of retail industry
	Korea Chamber of Commerce Retail Committee	Served as committee chair, presented business case studies, hosted committee meetings
	Korea Management Association	Corporate member
	Korea Management Association Strategic Management Committee	Chairperson, Presentation of Case Studies, Hold a Conference
	Korea Standards Association	Corporate member, presented case studies
	Korea Association of Human Resource	Corporate member, shared experience in human Development resource development
	Korea Foreign Company Association	Corporate member
	Korea CEOs Association of Multinational Corporations	Corporate member
	BISD(Business Institute for Sustainable Development)	Corporate member
	Ministry of Environment Climate Change Forum	Member, Best Practice presentation
	Korean Business Council for the Arts Corporate	Member, Best Practice presentation
	Manufacturing and Retail Collaboration Committee	Chairperson
	Academic Societies	Korean Society for Quality Management
Korean Society of Supply Chain Management		Member, presented case studies and organized symposiums
Korea Logistics Society		Member, presented case studies
AIEES		Development Chairperson
SNU CEO Sustainability Management Forum		Function as a Co-Head Professor
Industry	SC First Bank	Non-Executive Director
	EUCCK	Corporate Member, PR and Marketing Committee Chair
Foreign Organizations	British Chamber of Commerce in Korea	Corporate member
	EKF (Europe Korea Foundation)	Director, Funding Member
NGOs	UNEP Korea	Non-Executive director, Co-Sponsor of children's environment programmes
	Beautiful Store	Strategic partner, Co-Sponsor of charity activities
International Organizations	ECR Asia	Co-chair, SCM standardization and quality
	GS I	Vice president, presented business case studies
	EAN	Permanent director
	UNGC Korea	Non-executive Director, Corporate Member



Homeplus participates in various professional and governmental organizations, such as President's Green Growth Committee.

SUSTAINABLE MANAGEMENT AT HOMEPLUS

'Growth' and 'Social Contribution' of a Great Stone Face

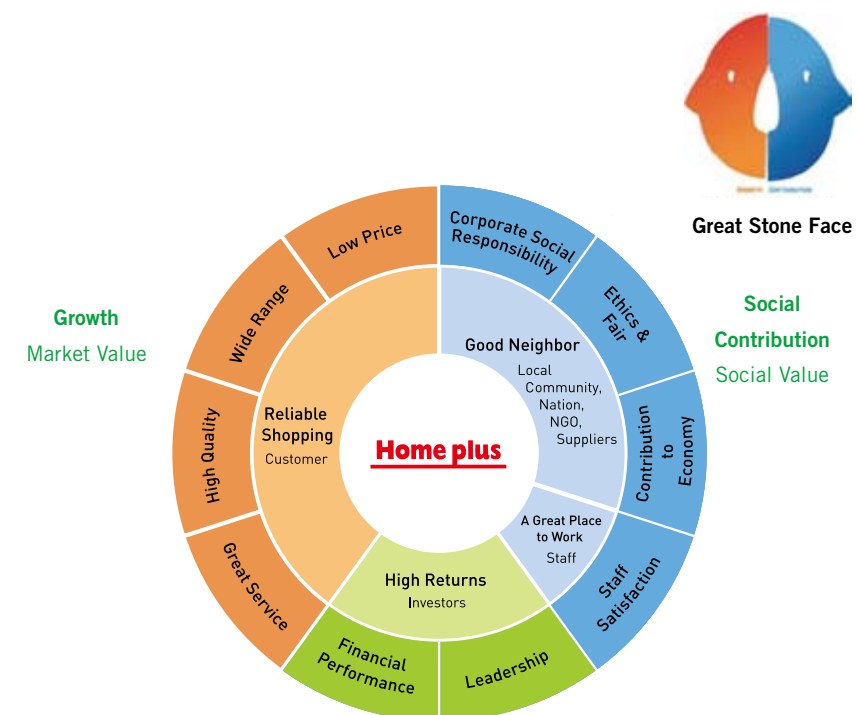
Since the foundation of the company, Homeplus has lived up to the vision of 'World Best Value Retailer' that strives to help every single person's dream to come true, under sustainable management. In particular, sustainable management - growth and social contribution as the best valued retail company - is a core practice at Homeplus. To make greater and substantive progress toward our sustainability goals, we organize our efforts into customer value, CSR, ethics, economic growth, staff satisfaction, leadership and financial performance.

Sustainability Philosophy

Homeplus' corporate value is two-fold, consisting of market value and social value. To gain lasting competitive advantages, a company must, therefore, emerge above the pack in both of these two values. A company's value grows only when it is capable of achieving harmony between the two values. 'Market Value' is about generating value for customers. Hence, clearly understanding the needs of customers and providing value according to their concerns and needs is the key to maximizing market value. Meanwhile, 'Social Value' is the outcome of a dynamic interaction between a company and its various stakeholders. Creating social value, therefore, requires knowing who these stakeholders are and understanding the values desired by them. Only sustainable growth can increase customer value and satisfaction over the long-term. Homeplus, as a corporate citizen, makes continuous efforts to shape a higher market value founded on social contribution. Growth and social contribution are the two fundamental objectives for Homeplus, paving our way to becoming the most respected company in the world.

No.1

Homeplus aims to be No. 1 retailer in Korea by realizing 'Market Value' and 'Social Value'.



Great Stone Face

30,723 children

Homeplus had conducted children environment campaign since 2000. More than 30,723 children participated in the eParan environment painting contest in 2009.

Sustainable Growth Strategy

One of the ways through which Homeplus tries to spur sustainable business practices across its business is linking sustainability goals with its corporate brand value. Just as growth and social contribution are two principal axes in our efforts to realize sustainability, market value and social value are strategic aims guiding these efforts. Our leadership provides large directions in sustainability efforts within our business, and our outstanding financial performance enables us to successfully increase the social value of our activities; namely, maintaining highest standards of business ethics, making meaningful contributions to national and local communities, spurring economic and industrial growth and enhancing staff satisfaction.

Meanwhile, we strive to increase the customer value we create, through a strategy consisting of providing our customers with high-quality products in ever-greater variety at prices that are low and competitive at all times, as well as great services. Social contributions undeniably make up the most important and central area of Homeplus' sustainability strategy. That a business ought to give back some of the fruits of its economic success to the community, in the form of direct or indirect contributions, and take an active part in initiatives for social and community progress is an idea heartily espoused at all levels of our business. For us at Homeplus, these are special types of duties that are in fact exciting investments in the future for all of us.

The goal-orientedness, principle of selectivity and concentration, and the importance of long-term sustainability that characterize our business operations also define our modus

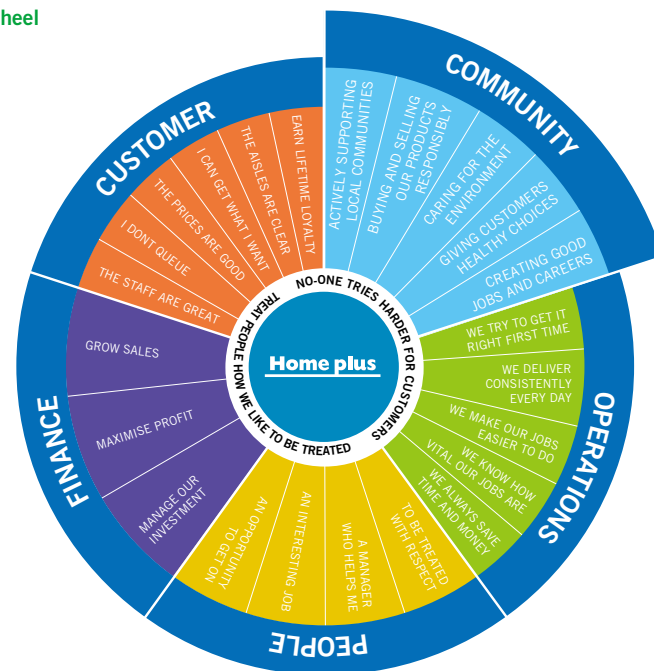
operandi in terms of our social responsibility activities. In our effort to contribute to the community, we concentrate on three well-defined areas we believe we are best positioned in to make a concrete difference: environment, extended education and charity. Culture centres at Homeplus stores nationwide offer cultural education programmes on a scale unprecedented in Korea. These facilities, providing local residents with lifelong education opportunities, have grown into community centres that are indispensable neighborhood resources used and appreciated by thousands.

Organization in Charge of Sustainable Management

Aimed at becoming the 'most respected company,' Homeplus is implementing specific sustainable management practices not only at the head office level but also at all of the Homeplus stores, express stores and distribution centres. Large directions and strategies in sustainable management at Homeplus are established by its CR (Corporate Responsibility) Committee chaired by the CEO, and their actual implementation is overseen by the Corporate Affairs Group under the PR and CSR Teams.

Comprehensively in charge of community contribution activities by our business, the CSR Team coordinates sustainability strategies at the level of divisions, assesses the compliance status, evaluates related performance and promotes internal and external communication in this area. On top of this, as a promotional group for the sustainable management program, the 'Community Plan' implementing the CPG (Community Plan Group) is a prime responsibility. Meanwhile, Homeplus' functional groups and regional offices establish their own sustainability goals in accordance with the organization-wide policy and directives and engage efforts to attain these goals through their respective sustainability officers.

Steering Wheel



The community segment reflects our new Community Promises



2009 Sustainable Development Accomplishments Key Figures

Domain	Item	2006/07	2007/08	2008/09
Environment	CO ₂ emission (kgCO ₂ /ft ²)	53.7	50.1	43.6
	CO ₂ emission per case delivered (kgCO ₂ /case)	0.2045	0.1947	0.1785
	Energy use (kwh/ft ²)	116.28	112.84	98.72
	Water use (m ³ /ft ²)	0.78	0.69	0.49
	Waste recycled (tons)	22,555	25,370	34,021
	eParan environment programme participants	1,461	1,500	1,960
	eParan environment painting contest participants	20,000	25,246	27,311
Society	Number of culture centre members	437,301	569,677	846,172
	Number of culture centres	46	60	91
	Staff volunteer (hours)	13,567	13,687	24,451
	Funds raised through charity bazaars (in millions of KRW)	37	43	34
	Funds raised through staff fund (in millions of KRW)	73	73	87
	Contribution to the Community (in billions of KRW)	235	295	348
	Number of staff	12,223	12,940	21,960
	Number of staff receiving training	26,518	48,036	48,880
	Contribution to staff clubs (in millions of KRW)	751	892	988

Management of Sustainability Performance

Under our sustainable management related performance is monitored and managed in the same manner as business performance. Sustainability performance is measured in relation to clearly- defined targets, just as our business performance is measured in relation to specific sales targets. This process is carried out through ‘Steering Wheel Objective Management.’ The Steering Wheel Objective is a MBO (Management by Objectives) system where each of segment including ‘customer’, ‘finance’, ‘people’, ‘operation’ and ‘community’ is given specific objectives and are assessed using KPIs (Key Performance Indicators).

Assessment of Sustainability Accomplishments

Homeplus has implemented the systematic and scientific Community KPI since 2006 to more accurately evaluate the sustainable management performance. The Community KPIs consist of ten indices that are selected from the TBL (Triple Bottom Line) standard. Community KPIs cover economic, environmental and social performances, in accordance with the triple bottom line (TBL) established by GRI (Global Reporting Initiative). The assessment system consists of different factors to measure the progress made by our business in sustainable management. These factors are grouped by corresponding tasks, and an ‘owner’ is appointed for each of the factor groups. The owner establishes specific targets against its performance, and the performance is evaluated every quarter.

We have put into place a grading system called ‘BGAR (Blue, Green, Amber, Red) Traffic Light System,’ under which the four prime colors each correspond to a degree of attainment of set goals, and the relative degrees of accomplishment are defined at the time of goal setting, according to established guidelines. At the end of each quarter, quantified results of the performance items are automatically assigned a BGAR grade. Community KPIs are considered essential information to evaluate the performance of the each owner. The list of overall performance evaluation items used at Homeplus are specified in the statement of company objectives as well as the statement of the CEO’s objectives.

Risk Management System

Homeplus’ efforts to minimize risks affecting its businesses are implemented through a company-wide risk management system. As a result of this, the company is monitoring potential risk factors. The Audit Team issues an inventory of risks that may affect our business in different areas of operation, that are assigned one of four colors (blue, green, amber, red) according to the likelihood of occurrence and the severity of potential consequences. The leadership team deliberates on major risks to establish action plans to counter them. The evaluation of action plans from the previous year is done also at this time, using the four-color grading system. Concerning risks that were already addressed in the previous year, the leadership team determines whether there is a need or reason to change their grades.

When a potential risk becomes a concrete reality, the Product Quality Management Centre initiates response procedures in accordance with the action plans developed by leadership team and the pre-established risk management manual. Our standard response procedures require that all instances of risk be assigned a grade, and that a taskforce team is formed with an appropriated sponsor. When a taskforce team includes a PR team to handle communication, the team updates interested parties as the situation develops. The presence of a PR team depends largely upon the nature of the risk.

The core of the risk management system lies in prevention, rather than response. In order to

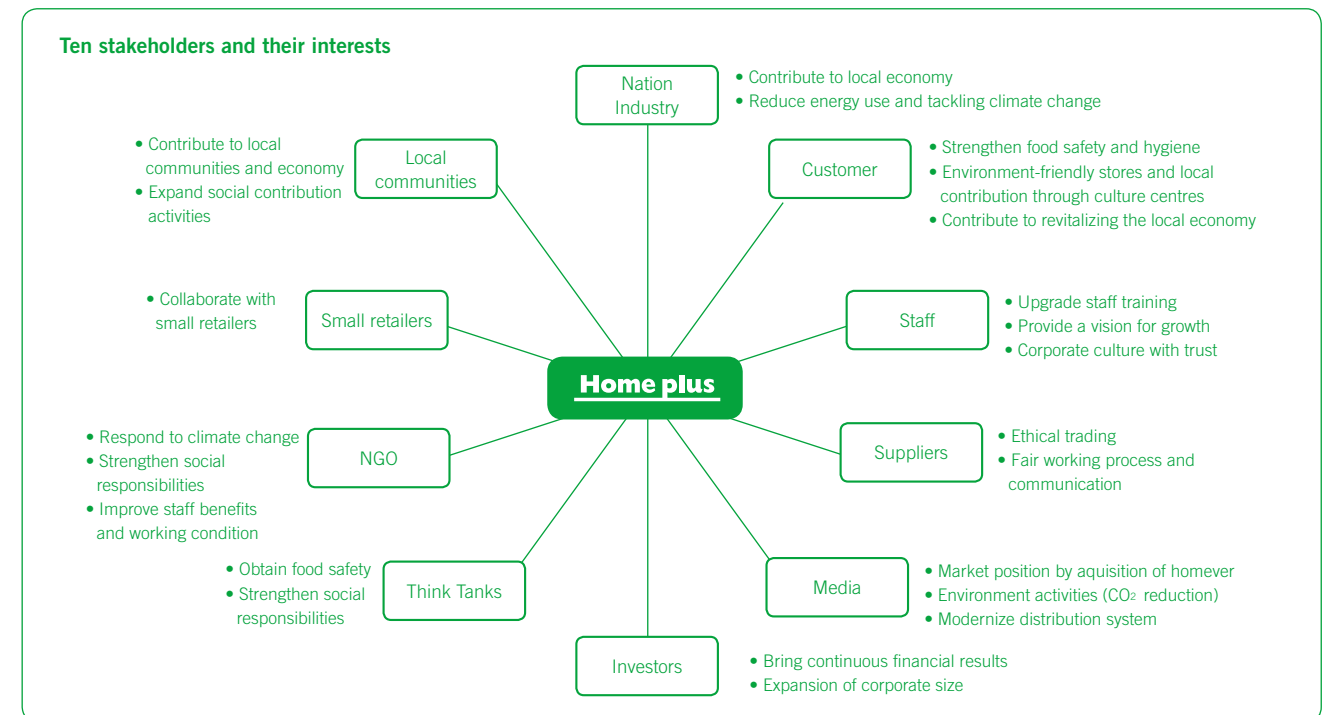
provide education about the importance of risk management, each level-specific training program is accompanied by a risk management training course. All in-store employees complete a thorough risk management training every week to keep stores clean and safe. These precautions aim to prevent all the risks that can occur in any situation.

STAKEHOLDER ENGAGEMENT AND MATERIALITY

Stakeholder Engagement

A company’s ability to adequately meet the standards of sustainability vitally depends on open communication with all its key stakeholders. Stakeholders refer to all interested parties of Homeplus, who have actual and potential impacts on our current and future business operations. Homeplus has defined its 10 stakeholders (including customers, staff, local community, and suppliers), to engage in active communications to gather a wide range of opinions on corporate social responsibility and is working towards strengthening the relationship with the stakeholders.

The PR Team and the CSR Team are in charge of surveying the opinions of various internal and external stakeholders of Homeplus and analyzing and identifying their needs and demands. Their role is also to serve as official channels of interaction with major stakeholders, thereby communicating with them, both directly and indirectly, to consolidate partnerships with these parties. Our Customer Insight Unit (CIU) Team conducts 14 types of regular or occasional research projects about 230 times per year. The subsequent results of customer feedback surveys are analyzed into quantitative and qualitative data and are then reflected into the sustainability strategies. In addition, Homeplus conducts a corporate social responsi-



bility review named CR Tracker on our customers each quarter and a qualitative research survey once a year, in an effort to gauge how much contribution we actually have made to local communities.

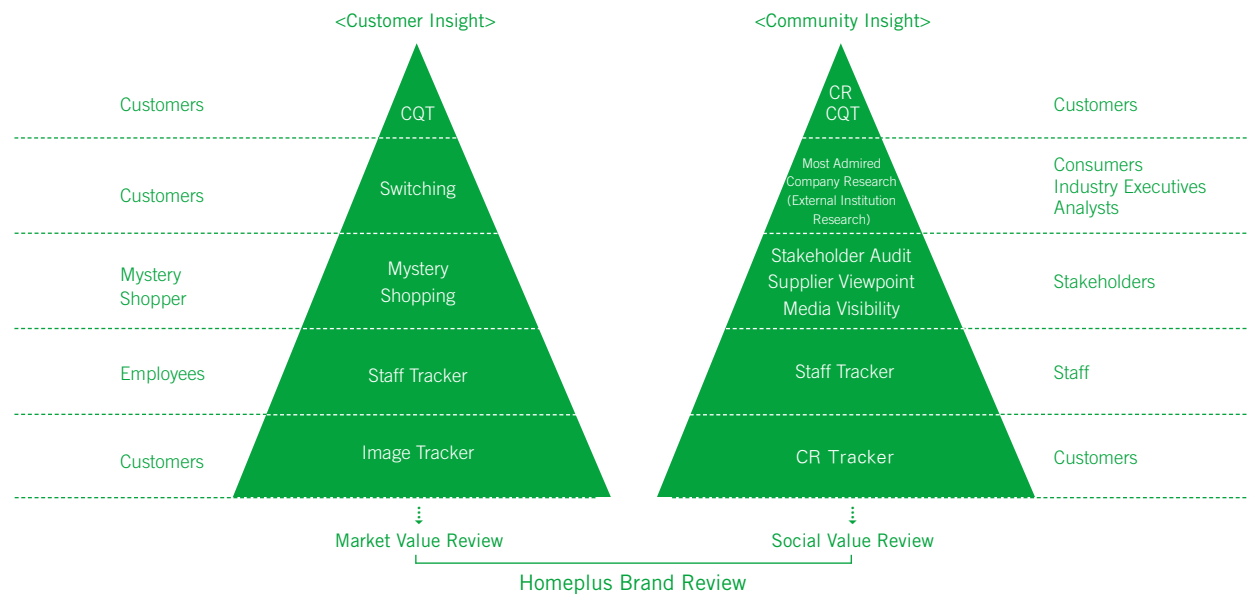
We identify key issues between our business and our stakeholders using a variety of analytical methods including the Stakeholder Audit (identification of key issues through in-depth interviews with different stakeholders and measurement of the organization's reputation concerning each of the issues). An additional method is the Supplier Viewpoint (satisfaction survey of suppliers and assessment of relationship quality); and media analysis (identification of current, future, actual and potential issues through analysis of press coverage). In addition to the regular surveys, the results of studies published by third party institutes are analyzed and reported at management meetings. Regarding our staff, we conduct a Staff Tracker (staff satisfaction survey on products, quality, service, social contribution and work environment), an Internal Communication Index (identification of issues through a survey of internal communication status and an objective assessment of the level of communication) and SQT (Staff Question Time). The staff's opinions are also solicited on major management issues, at each company-wide event.

To monitor the level of customer satisfaction, we conduct regular surveys in all regions served by Homeplus stores, host several customer question time and focus group discussions, and develop customer reputation indices. We also invite customer input through informal, yet effective channels like customers' opinion-monitoring groups and feedback boxes located throughout our stores and on our corporate website. Homeplus also actively seeks to meet and discuss with local associations and organizations, tapping into the opinions of local communities. We value the opinions of our customers and stakeholders, as they contribute to point the way for our future sustainability efforts. These opinions are dutifully reflected in our related policies, goals and strategies.

Materiality Process

One of the reasons why we have open and efficient communication with stakeholders is that it

Homeplus Brand Review System



is the key to identifying potential sustainability issues. In order to ensure its long-term viability, a business must constantly keep an ear open to the issues that interest and affect its stakeholders. As for a company's sustainability, it is important to have the ability to determine whether an issue is a potential opportunity or a potential risk. Homeplus makes its best efforts to identify sustainability issues concerning its operations, through formal and informal communication channels.

Effects on the company are analyzed by 'Brand Review' on the basis of the market issue and social issue derived from various stakeholders. The issues identified in the Brand Review and related assessments reflected in our innovation initiatives including Community Plan, Customer Plan, People Plan, and Operation Plan. The issues identified are assigned a priority, and related projects are selected at the management meeting. A sponsor, chosen among executive directors, is appointed for each of these projects along with project team. The project leader is responsible for resolving issues assigned to the team and staff. Following an additional study of the issue, the project team develops possible solutions to the issues and plans budgets needed.

The results of these projects are evaluated at the end of each quarter, and performance result is attributed to individuals involved in the project including the sponsor and each member of the team. Most importantly, the result is also evaluated by customers or other relevant people through opinion surveys. To guarantee the proper functioning of this innovation process, the three programmes are each overseen by a group of people supporting their operation: Customer Plan Steering Group, Community Plan Group, People Matters Group.

Corporate Responsibility Issues derived from the opinions of customers and stakeholders

Community plan projects are selected annually on the basis of social responsibility issues derived from the opinions of customers and stakeholders. In 2009, 5 community projects were selected. The Community Plan is a program that improves and understands social issues to actively serve our social responsibilities. Through this yearly process, Homeplus is able to bring more positive results for local communities.

<Social Responsibility Issues>

- Need leading role in environment for tackling climate change
- Growing importance in local economy contribution due to economy slump
- Need to expand CSR activities participating by customers and stakeholders
- Importance of food safety and hygiene is increasing
- Importance of fair trade with suppliers increasing

↓

<2009 Community Plan Projects>

1. Reduce CO₂
2. Support local communities
3. Enhance extended education opportunities
4. Strengthen food safety, hygiene for healthy living
5. Commit to fair trade with suppliers

Homeplus Importance Evaluation Process Sustainable Management Process





Corporate Social Responsibility

Contributing to the local community is the no.1 value of Homeplus.

“Homeplus, where I, eparan, was born is a corporation that contributes to the local community through its diverse social contributions. It is the company that not only emphasizes economic accomplishment but also corporate social responsibility. Expanding our culture of grassroots sharing through more than 100 charity bazaars and providing extended education opportunities for local communities is a very natural routine for Homeplus. I support the creation of a happier world in which the social contributions of Homeplus can be found in every aspect of our lives.”

Corporate Social Responsibility



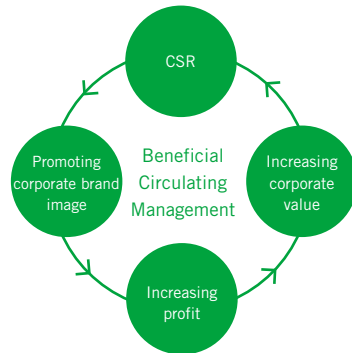
As a retailer with extended presence in local communities, Homeplus employs a grassroots-style approach to our corporate social responsibility activities. Drawing full benefits from our close connection to everyday life in communities has been also the rationale for selecting extended education, environment and sharing as three principal areas of CSR.

ment management system and opening green stores. In addition, Homeplus is continuing charity activities such as charity bazaars, donations, charity education and staff volunteer programs, which make realistic contributions to the local community.

CSR Achievement

Homeplus has continued to participate in corporate social responsibilities in conjunction with our area of business. In recognition of our efforts, we have been evaluated as no.1 in corporate social responsibilities (CSR) by stakeholders, including our customers. Moreover, we have been awarded Best Foreign Corporation Awards, Corporate Social Contribution Award, Green Management Award and Mecenat Award.

Beneficial Circulating Management Structure



CORPORATE SOCIAL RESPONSIBILITY SYSTEM

CSR Philosophy

For Homeplus, CSR makes up an important area of business operations, and is investments that can leverage a company's value in ways sales figures alone cannot. A consistent and long-term contribution effort boosts the pride felt by members of a business organization and enhances its corporate image, ultimately improving its business performance. Social contribution activities, more effective and broader in scope, in turn, produce beneficial effects on business performance, creating a positive feedback loop.

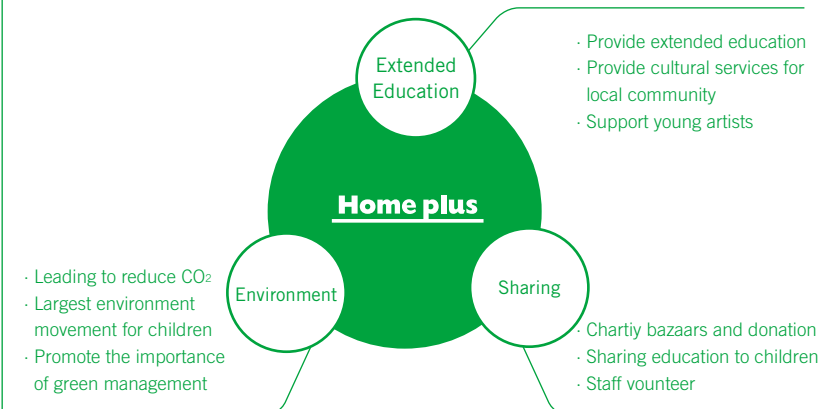
Homeplus' philosophy of CSR in a nutshell is the belief in this mutually beneficial interdependence between growth and social responsibility.

Three Areas in Corporate Social Responsibility

Homeplus' commitment to CSR has been constant and unwavering ever since its establishment in 1999. In 2001, we pledged our stewardship of the environment through an environment management policy statement. In May 2004, on the occasion of our fifth anniversary, we issued our statement of corporate citizenship. Ever since, CSR has consistently been one of the most important areas of business management at Homeplus, and we have been making unflinching efforts to grow as a corporate citizen.

Homeplus has been participating in corporate-led social responsibilities aimed mainly at three areas: extended education, environment and charity. Among these, extended education is the area where most emphasis has been placed as it provides continuing education opportunities in the largest culture centers in the world, contributes to culture and art in local communities and supports cultural artists. One of Homeplus' efforts in the area of environment has been the organization of the largest children's environment campaign in Korea to arouse environmental consciousness among the youth; furthermore, we are taking the initiative in preserving our global environment through establishing an environ-

Three Areas of CSR



CSR Emblem



The CSR policy for Homeplus encompasses our commitment towards extended education, environment and sharing.

These initiatives are symbolized in colors; orange for social initiative, light blue for culture initiative, and green for environmental initiative.

The symbol is in a mathematical sign "nanugi" (Korean word for 'divide') showing our CSR commitment focusing on "nanum" (Korean word for 'sharing').

Milestones in CSR

- 1999**
 - Opened Homeplus' 1st culture centre at SeoBusan store
 - Launched staff charity fund
 - Launched environment campaign 'Clean & Green'
- 2000**
 - Declared 'Environment-friendly Company'
 - Launched eParan children's environment campaign
 - Developed Industry's the first environment character 'eParan'
- 2001**
 - Declared environment management
 - Selected as 'Best Environment-friendly Company' by Ministry of Environment
 - Won the Environment Management Grand Award
 - Initiated 'Making a Garden' for elementary schools
- 2002**
 - Signed MOU with UNEP Korea on joint environmental initiatives
 - Joined the Europe Korea Foundation (EKF) as a funding member and funded its scholarship programme
 - Launched an staff environment campaign reduce food wastes
- 2003**
 - Received the Best Foreign Corporation Award (Citizens' Coalition for Economic Justice)
 - Obtained ISO 14001
 - Established Green Hexagon System
 - Opened eParan website
 - Started staff campaign to promote volunteering activities
 - Donations to the victims of the Daegu subway disaster
 - Cash and goods donations to the victims of Typhoon Maemi and participation in recovery efforts
- 2004**
 - Declared vision for the best CSR Company
 - Developed corporate social (CSR) emblem
 - Made partnership with the Beautiful Store
 - Launched staff volunteer group
 - Held the 1st Homeplus Charity Bazaar at Yeongdeungpo store
 - Launched Homeplus mobile charity store
 - Started Learn to Give Programme offered to customers and staff
 - Established 'Giving Thermometer'
 - Won the Green Management Grand Award
 - Received the Social Contribution Award and Environment-friendly Management Grand Award
 - Organized the 1st and 2nd Homeplus Culture Festival
- 2005**
 - Established CSR Team
 - Opened Homeplus Gallery (Gangseo, Gwangyang and Gumi stores)
 - Culture centre membership hits 1 million
 - Hosted the 3rd and 4th Homeplus Culture Festival
 - Held culture centre instructor conference
 - Held the 2nd Homeplus Charity Bazaar at Bucheon Sangdong store
 - Organized field trip for disable children
 - Won the CSR award from the British Chamber of Commerce in Korea (BCCCK)
 - Launched Homeplus online scholarship programme
 - Implemented goods donation process
- 2006**
 - Initiated performance measurement - CR KPI
 - Held the 3rd Homeplus Charity Bazaar at Busan Asiad store
 - Exceeded 21,000 children participating in the eParan environment painting contest
 - Hosted Homeplus Music Concert
 - Received CR Management Grand Award
 - Received the Forbes CSR Excellence Award
 - Ranked number one in the Green Product Service Index
- 2007**
 - Selected as the Korea's 2nd largest contributing company in culture (Korean Business Council for the Arts)
 - Won sustainability report Grand Award (KMAR)
 - Received CR management Grand Award for two consecutive years (KMAC)
 - Launched Community Plan
 - Established Homeplus Direct Carbon Footprint tool
 - Number of participants at eParan Green Scout surpassed 100,000
 - Number of Culture Centres exceeded 60
 - Launched CSR System for staff
- 2008**
 - Named All Star of the Most Admired Company in Korea (KMAC)
 - Received International ARC Award Sustainability Report Silver (MerComm. US)
 - Korea's 2nd largest contributing company in culture (Korean Business Council for the Arts)
 - Opened the first green store in Korea (Bucheon Yeowol)
 - Held 'Reduce secondary packaging waste campaign' (Ministry of Environment)
 - Launched the Culture Centre online community
 - Held 6th Homeplus Charity Bazaar (Daejeon Dunsan store)
 - Organized 'Youth Football Tournament' and sponsored 'National Handball Team'
 - Held sharing education for children (2,670 participants)
- 2009**
 - Selected as the Most Admired Company in Korea for 2 consecutive years
 - CO₂ reduction MOU with the Ministry of Environment
 - Launched carbon label PB products

EXTENDED EDUCATION

Extended education is the core CSR activity focuses on the operations of culture centres, providing cultural benefits to the local community and supporting young artist. The extended education is well-funded by our resources and competence and is supported to deliver social value to our community.

Provide extended education opportunities through culture centers

Homeplus currently operates 95 culture centres across Korea that offer various learning programmes attended by over one million members annually. Over 350 courses are taught at each of the Homeplus culture centre by 5,500 professional instructors. Moreover, we provide around 3,000 Only Homeplus courses. The total space of the culture center is the size of 4 hypermarkets and is by far the largest of its kind in the country. The total human resources involved in the management of the culture center, in both the main office and stores, totals 400 people.

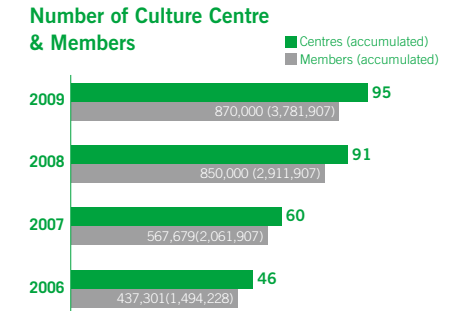
All of these facilities are equipped with an Internet connected computer station, a kids' room and a baby changing station. Moreover, we operate libraries and hold lectures for the disadvantaged free of charge. Also, Homeplus was the first in the industry to initiate training sessions for its instructors. In this way, our instructors are better equipped to ensure the vision of Homeplus was suitably represented through extended culture education, and the lecturers were encouraged to further develop their skills. In 2009, we carried out training sessions for 600 instructors. Through this extensive culture centre network, we help revitalize local cultures and serve as a much-needed source of extended education for local communities.

Culture Center Online Community

The Homeplus culture center opened the online community in November 2008 to support both offline and online member activities. The online community is composed of 'Café Plus+', providing diverse information and exchanges; 'Course Plus+', where you can see relevant information regarding courses; and 'Instructors Plus+', supporting exchanges and course executions among instructors. Currently, it actively involves around 1,600 different cafés and 51,000 members.



Homeplus culture centres provide opportunities for extended through a wide range courses for children and adults.





Homeplus holds 'Family Concert', featuring Nan-Se Gum and the Euro-Asian PhilHarmonic Orchestra for the local community held in small local cities, such as Mokpo, Gwangju, Daegu, where there is less cultural opportunities.



Homeplus sponsored the Children's Dream Football League with the intention of contributing to the development of national youth football, as well as improving the football environment on a national level for children.

Green Culture Center

The Homeplus culture center is operating the first green culture center in the country. The Bucheon-Yeowol culture centre is powered by solar energy generated using the condenser installed at the store. This reduces CO₂ emissions by 50% compared to other stores. Furthermore, the interior finishes and paints used in the facility are entirely environment-friendly, thus avoiding 'new house syndrome', and high efficiency LED lighting, which does not produce ultraviolet rays and is harmless to the human body, is installed in all classrooms saving 43% energy compared to florescent lighting. In addition, Homeplus culture centre runs 900 courses on reducing CO₂ emissions annually to contribute to environmental awareness in children and bringing more customer engagement for green consumption.

Cultural Benefits for Local Community

Homeplus holds 'Family Concert', featuring Nan-Se Gum and the Euro-Asian PhilHarmonic Orchestra for the local community held in small local cities, such as Mokpo, Suwon, where there is less cultural opportunities.

Homeplus is also actively participating in promoting culture and sports by sponsoring Korea's national handball team and youth football. 'Again 1988, Korea Plus Campaign' was carried out to support the national handball team in the Olympic Games and to promote handball nationwide. Moreover, Homeplus jointly organized the nationwide children football tournament with the MBC Football Foundation. The football tournament was participated by 160 football teams and 5,000 children nationwide. It was an opportunity for outstanding coaches and youth players to train in a youth football class held at Manchester United in Great Britain.

Homeplus is also supporting the development of local community by participating in various regional culture events.

Support Young Artists

An in-store art gallery welcomes local residents at eight of the Homeplus stores, in Gwangyang, North Suwon, Gumi, Masan, Dongnae, Jamsil and Gangdong. These open-style galleries, designed to be accessible to all members of the community, exhibit works by eminent Korean and international artists members of the Homeplus culture centre and young artists. The gallery space is rented out free of charge to artists, students and local residents, in an effort to promote cultural exchange in the community. 443 total exhibitions have been hosted showcasing works by high-profile artists like Picasso and other eminences of classical and modern art as well as up-and-coming artists, children and culture centre members. The sizeable collections of paintings and sculptures owned by these galleries offers residents of small towns and cities opportunities to experience art work first hand.

Homeplus also sponsors store art sculptures and hosts exhibitions displaying their miniature reproductions; which has proved an effective way to provide public exposure to young artists.

SHARING

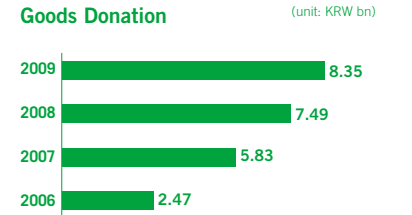
Homeplus tries to be a good neighbour through charity activities, charity education and staff volunteer programmes. To be able to extend a helping hand wherever it is needed, Homeplus is working on developing a nationwide programm to reach the most diverse segments of the population.

Charity Bazaars and donation

The Homeplus Charity Bazaar is a nationwide charity activity held every year in partnership with Beautiful Store. The 'Homeplus Charity Bazaar' is a national event in which the company, client, staff, partners, press and local community all participate; the 'Homeplus Market Tour' sells donated products; and 'Homeplus Day', held simultaneously in Beautiful Stores around the country are the representative programmes.

The Homeplus charity bazaar was held for the first time in 2004 at our Yeongdeungpo store and was subsequently hosted in Busan, Daegu and Daejeon afterwards. It quickly grew in scope to become the nation's largest charity bazaar. The entire proceeds from goods sold are donated by our suppliers, customers and staff and are used to assist families and children in need. For the Homeplus Charity Bazaar, 100 Homeplus staff volunteer annually. And begun in 2004, Homeplus Day is the corporate volunteering day where all staff and employees can participate together. In 2009, we've participated in the Daily Honorary Store Staff in Beautiful Store to share our warmth throughout the local community.

Homeplus operates a Mobile Charity Store in partnership with Beautiful Store. The Mobile Charity Store travels to Homeplus stores across the country to sell goods donated by customers, thereby raising fund to help needy children in the community. Homeplus Mobile Charity Store has held its touring charity bazaars on 165 occasions to date. This unique and original model of donating and sharing has been a great inspiration for Korean society, pointing to new ways of helping those less fortunate than ourselves.



Homeplus organizes over 100 charity bazaars annually engaging customers, staff, suppliers and local communities to experience the value of giving.

43,345 hours

The Homeplus Staff Volunteer Group is an umbrella organization for volunteer activities. In 2009, Homeplus staff spent a total of 43,345 volunteering hours in the charity bazaars, Homeplus Day, and store-level charity activities.



Homeplus culture centres conduct education on sharing to remind our children of the lesson of sharing.

In addition, to make goods donation a more consistent and regular practice, Homeplus has developed a standard donation process to be used across our stores. Since 2005, we have donated 710,000 goods, worth 25.2 billion KRW. These goods are sold through either our own charity bazaars or Beautiful Stores, and the charity fund is used for charitable purposes. Moreover, Homeplus sponsors scholarships, yearly, to 400 students in 11 small and medium sized cities, including Mokpo, Jinju, and Samcheonpo. Store-level charity activities have also been an effective way to help the underprivileged, as they can deliver the kind of assistance that best addresses their particular community needs. Helping underprivileged children and seniors, such as Homeplus Love House and voluntary service at rehabilitation House contributes to be a part of community. Also, we are actively participating in international emergency aid ventures, such as helping victims of the recent Chinese earthquake, supporting the victims of the Yongcheon train tragedy in North Korea, raising funds for South East Asia's Tsunami sufferers, and helping Typhoon and seasonal rain victims.

Charity Education

To awaken young children and their parents to the value and importance of sharing with others, Homeplus offers a variety of sharing education programmes. In 2009, 2,670 children in 95 culture centres participated in the programme.

Homeplus Charity Bazaar

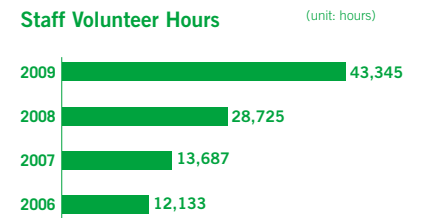
	1st	2nd	3rd	4th	5th	6th
Date	May 27, 2004	May 7, 2005	June 10, 2006	May 26, 2007	Sep. 5, 2007	May 30, 2008
Venue	Yeongdeungpo Store	Bucheon Sangdong Store	Busan Asiad Store	Seongseo Store	Jamsil Store	Daejeon Dunsan Store
Number of Customers	10,000	15,000	20,000	20,000	13,000	20,000
Fund raised	12.6 m KRW	17 m KRW	21 m KRW	25 m KRW	19 m KRW	24 m KRW
Volunteers	95	96	100	110	125	169
Goods donated	7,000	9,000	21,000	147,000	15,600	104,000

To embed social solidarity deep into our corporate culture, we actively use company communication tools such as the broadcasting system and staff magazine. We also support staff volunteers. Staff that showed outstanding accomplishments in volunteer work are honored through our Social Contribution Awards at the annually-held company conference.

Staff Volunteer Activities

The Homeplus Staff Volunteer group is an umbrella organization for volunteer activities. In 2009, Homeplus staff spent total of 43,345 volunteering hours in the charity bazaars, Homeplus Day, and store-level charity activities. In addition, we ensure 'circulation of recycled resources' and 'sharing' by donating recyclable products through staff donation campaigns, held twice a year, and run annual company bazaars to help our unfortunate coworkers.

Those staff wishing to make direct financial contributions to the neediest in their communities donate a portion of their wages through 'Staff Charity Fund.' The collected fund is used for charitable causes decided upon by the Labor-Management Council and the CR Committee.



Ethical Consumption through the Homeplus Fair Trade

The Fair Trade first began around 50 years ago in Europe and the US in an effort to resolve poverty issues in the Third World. It is a system in which the consumer pays the fair price for goods they want so as to protect the human rights of farmers and to help maintain their independence. The Fair Trade provides the basis for independent economy of the producer, finds a fair share for the producer, provides ethical products to the consumers, minimizes and justifies the interim processes that bring the product to the consumer, reduces distribution margins and ensures production costs to the producer.

Homeplus took the initiative in the industry with the partnership with Beautiful Store in January 2007 providing 'Fair Trade Coffee', which were bought directly from the coffee producers in the Himalayan mountain lands of Nepal and the Andes in Peru. We plan to expand the fair trade product including tea in 2009 and provide more choices for customers to practice the ethical consumption.





Environment Management

Homeplus promises to reduce CO₂ by 50% by 2020.

“Our future belongs to our children. What can we do to make them realize the preciousness of the environment? Homeplus has organized the largest children environment programme in Korea including ‘eParan Green Scout’ and ‘eParan Environment Painting Contest’. Moreover, we have committed to cut our CO₂ emissions by 50% by 2020 and are taking the necessary steps to realize this goal. You will be able to witness our efforts in the Homeplus Green Store. Homeplus and I, eParan, are taking the lead in making our earth a greener place.”

Environment Management



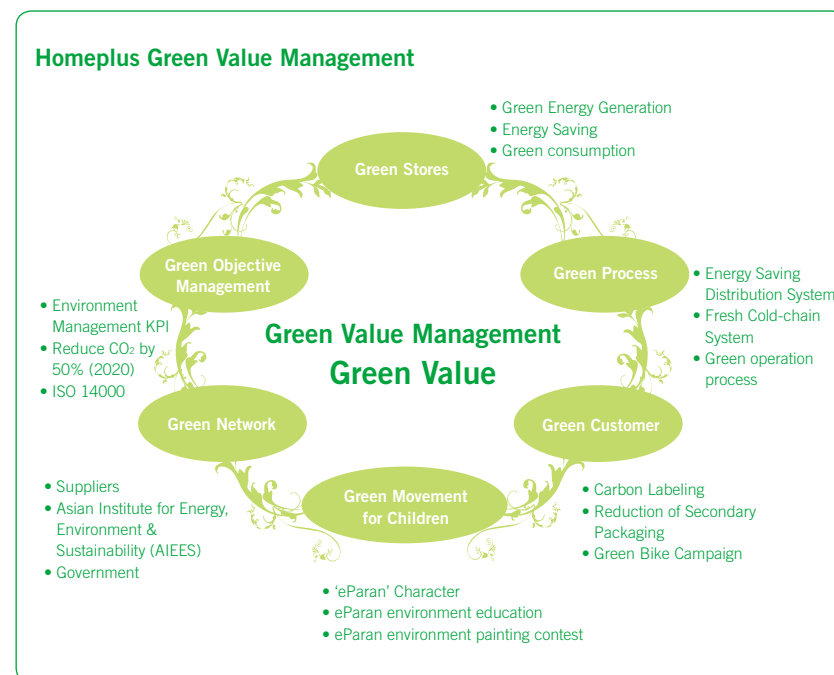
Homeplus is at the forefront of green initiatives by dealing with global environmental issues such as climate change and global warming. We opened the first Green Store in Korea and introduced the Homeplus Carbon Footprint tool to take the initiative in competent environment management to reduce our CO₂ emissions by 50% by 2020.

ENVIRONMENT MANAGEMENT SYSTEM

Homeplus believes that corporate environment management not only elevates corporate value, but saves the environment and the economy at the same time. We are also convinced that the companies' role not only lies in controlling and reducing their negative impact on the environment, but should be focused on engaging in creating a decent environment. This environment philosophy is faithfully embodied our unique 'Green Value Management' system through which our various environment initiatives are imple-

50% Reduction

We are making every effort to reduce our CO₂ emission by 50% by 2020.



Saving Initiatives at Homeplus Green Store



Homeplus created the 'Green Store' in consideration of environment from the very beginnings of the design stage. In our 'Green Store', we introduced 69 saving initiatives, such as solar energy generation facilities and ice thermal storage systems using nighttime electricity.

Concept		Saving Initiatives
Energy Generation		Solar Energy Generation System (Rooftop Parking Lot Sunshade), Building Integrated Photovoltaic System (BIPV), Wind Generation System, Wind Energy and Solar Energy Combined Streetlights
Energy Reduction		Waterless urinal, illumination standard modified and T5 fluorescence light, LED lighting (stores, culture center, food court hall), ice thermal storage systems, CO ₂ refrigeration facilities, showcase electric inflation valves, expansion of 15 minute unit remote inspection, application of high efficiency motors, refrigerant drainage tracking inspection systems, atmospheric electricity blocking timers, food waste recycling facilities, reinforcement of outdoor landscapes, indoor landscape and wall flowing fountains, elevator air cleaning systems, planting trees along outdoor walls, recycled clay bricks, natural lighting of basement floor moving walks, green blocks on rooftop parking lots, etc.
My Green Campaign		Reducing secondary packaging, green points, green bicycles, freezer doors, green bags

mented. It involves six major strategies including Green Stores, Green Process, Green Customer, Green Movement for children, Green Network and Green Objective Management.

GREEN STORES

Ever since the designing stage for our stores, we have been implementing green stores in consideration of the environment and continue with our various efforts on energy saving and environment preservation to increase the number of green stores. In October 2008, we opened the first 'Green Store' in Korea which reduces carbon emission by 50% and energy by 40%. In our innovative Green Stores, we integrated 69 innovative saving initiatives, including ice thermal storage utilizing nighttime electricity and solar energy generation facilities. As a result, the Green Store attained the first Green Building Certification in the country.

In addition, we are minimizing the environmental load through our design and execution system using environment-friendly materials and environment pollution reduction technology, as well as installation of parking lamps to minimize exhaust gas.



Homeplus has established an advanced green logistics and operation process that includes establishment of an energy saving logistics system and promotion of transportation efficiency.

GREEN PROCESS

Homeplus is actively working on reducing CO₂ and saving energy by building an advanced environment-friendly distribution and operation process.

By maximizing efficiency in distribution service centres, a green logistics system was introduced to reduce carbon per case delivered. This will enable the Green Process revolution from the place of origin to supporting functions. While other large retailers in Korea use vehicles with a capacity of 5 tons or less, Homeplus by introducing vehicles larger than 8 tons reduced the total number of vehicles in operation while saving on fuel, thereby creating less pollution and lowering traffic congestion.

In the distribution center, we are focusing on 13.716 meter length delivery trailers for our stores. We introduced the Draw-bar, the only and longest vehicle in Korea, to enhance fill rate by 17% compared to the main unit; this 13.716 meter trailer thus promotes greater transportation efficiency. Moreover, fill rate was increased to 98.2%, which is the largest ratio in the world, to establish an energy saving distribution system through optimization of logistics efficiency.

Homeplus also monitors per case carbon emission (kgCO₂/case) which was reduced by 6.2% in 2009 (0.1947kgCO₂/case in 2008 vs. 0.1785kgCO₂/case in 2009). Homeplus is working towards reducing per case carbon emission by 10.0% in 2010.

In 2009, energy efficiency has improved by more than 30% by investing in energy efficient facilities including air conditioning inverters, pump inverters and T5 lamps. This

helps to reduce per area energy use and water consumption by 12.5% and 28.8%. Among the disposed waste generated in stores, more were recycled-from 25,370 tons in 2008 to 34,021 tons in 2009, a 34.1% increase-while the ratio of recycling was improved by 52.4% through the use of recycling boxes, bottles, paper, plastic and vinyl by promoting recycling including the operation of self-packing stands.

Moreover, we use environment-friendly merchandising units, and at the back of the stores, we minimized product processing to reduce city garbage generation.

GREEN CUSTOMER

Homeplus has organized the green campaigns with customers and the local community to be at the forefront of expanding green consumption.

Homeplus held an MOU with the Ministry of Environment around CO₂ reduction and carbon labeling and agreed on establishing a partnership for green development in the future. 'Carbon Label' refers to the entire amount of CO₂ generated during the production of product which is shown on the product package. This mark can only be attached following investigation and certification of the companies submitting carbon dioxide emission and reduction plans. Homeplus launched 9 own brand milk with carbon label for the first time in Korea in April 2009 and we plan to expand in snack and detergent.

Homeplus is also contributing to the expansion of the culture which restrains the use of disposal plastic bags and is promoting the use of shopping bags. We have installed bicycle racks near the main entrance of our stores to offer greater convenience to cyclists. We also give 50 green points to customers who visit us on their bicycles as an initiative to promote the use of bicycles. In opening new stores, we donated 100 bicycles to the local community to promote our 'Green Bicycle Campaign'.



Homeplus launched 'Green Bag' to reduce plastic bags and engage more customers in the green lifestyle.

The Story of eParan

'eParan' is the environment character launched in August 2000. It is the symbol for Homeplus' commitment for environment management.

'e' stands for environment, ecology, economy, electronic and eternal and 'Paran' stands for the wave that symbolizes green, campaign, expansion, and promotion.

It is modeled after rabbit's ears and shaped like a natural leaf.

It has the face of a cute and smart puppy – a soft and sincere image to appeal to the public.

Four fingers modeled after a 4 leaf clover known to symbolize luck. It is also similar to the hand of a Koala, which is on the extinct animal.

The body of a bear is illustrated with an honest and friendly image.

It is modeled after the foot of a lion to symbolize the bravery confronting the destruction of our environment.



Homeplus first launched 'Carbon Label Product' in Korea helping customers to expand green consumption.



Homeplus provides green points to the customers that visit us on their bicycles. We have also been actively promoting our green bicycle campaign where bicycles are donated to the local community when opening new stores.

Homeplus has provided green courses through the culture centres in order to promote awareness of environment protection for the local community. Over 1,000 environment courses are offered at all customer centres, helping our clients to become interested and active regarding conservation of the environment.

On the other hand, we've induced our customers to respond to climate change by saving energy through the simple act of opening and closing the door of refrigerators while shopping. We installed sliding doors on our open type refrigerated systems and sales stands in all 117 stores to minimize changes in temperature. As a result, our refrigeration capacity was enhanced by 30% and energy consumption was reduced by 9%, which is equivalent to a reduction of 9,134 tons of CO₂.

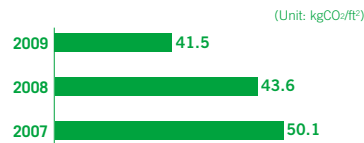
GREEN MOVEMENT FOR CHILDREN

In order to educate our children around the CO₂ reduction and the importance of saving our environment, Homeplus champions Korea's largest children green movement through eParan environment programme (eParan Green Scout), environment painting and writing contest and children green Festival.

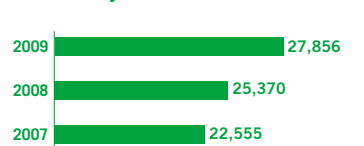
The eParan Green Scout is the nation's largest programme educating children about the environment and we have educated a total of 20,764 children over the past ten years. The participating children take part in a variety of experiential programmes, such as making recycled car, building CO₂ zero generator, and publishing environment newspaper.

The Environment Painting and Writing Contest, first hosted in 2000, is Korea's largest contest dedicated to climate change and an environmental theme. The number of participants has grown steadily over the years reaching 27,311 in 2008 and 30,723 in 2009.

CO₂ Emission per Area



Waste Recycled



Homeplus values the importance of educating children and has provided eParan environment programmes since 2000.

Winning entries of this contest represent Korea at the World UNEP Children's Painting Competition. 21 Korean children selected through the Environment Painting Contest have won at the world UNEP competition.

The eParan Children Green Festival is held on the World Environment Day on June 5 to raise our children's environmental awareness. The eParan Children Green Festival provides many opportunities for children and the public to have their eyes opened to the preciousness of our environment. The various programs include a Green Fashion Show and a Solar Energy Car Race. To better reach Korean children and youth with our message of environment protection, we operate an online environment learning portal (www.eparan.or.kr). The website offers an online gallery showcasing the winning entries from the environment painting contest.

GREEN NETWORK

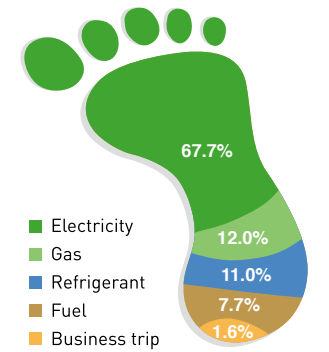
In an effort to tackle climate change, Homeplus builds a network with government, academia, and organizations to share environment issues and spread the best practices. We made strategic research partnership with the Asian Institute for Energy, Environment & Sustainability' (AIEES) to study green consumption for sustainable growth. Also, we have been participated in the 'Department of Green Life Sustainability Growth' (founded in February 2009) of the president's 'Green Growth Committee' to build strategic policy for nation's green growth.

Chairman Seung-Han Lee took charge as the collaborative chief professor of the CEO sustainable management forum at the Graduate School of Environment in Seoul National University to encourage interest and participation of corporate and government representatives. In addition, he is promoting examples of environmental friendliness as a response to climate change to expand the importance and meaning of the environment to the public.



Homeplus made MOU with the Minister of Environment to spearhead CO₂ reduction to realize green growth.

Carbon Emission by Source



* Includes all stores (Hypermarket, Express), head office, R&D centre, online delivery, Artisee Boulangerie

* Total of carbon emission in 2009 : 349,265 tons

GREEN OBJECTIVE MANAGEMENT

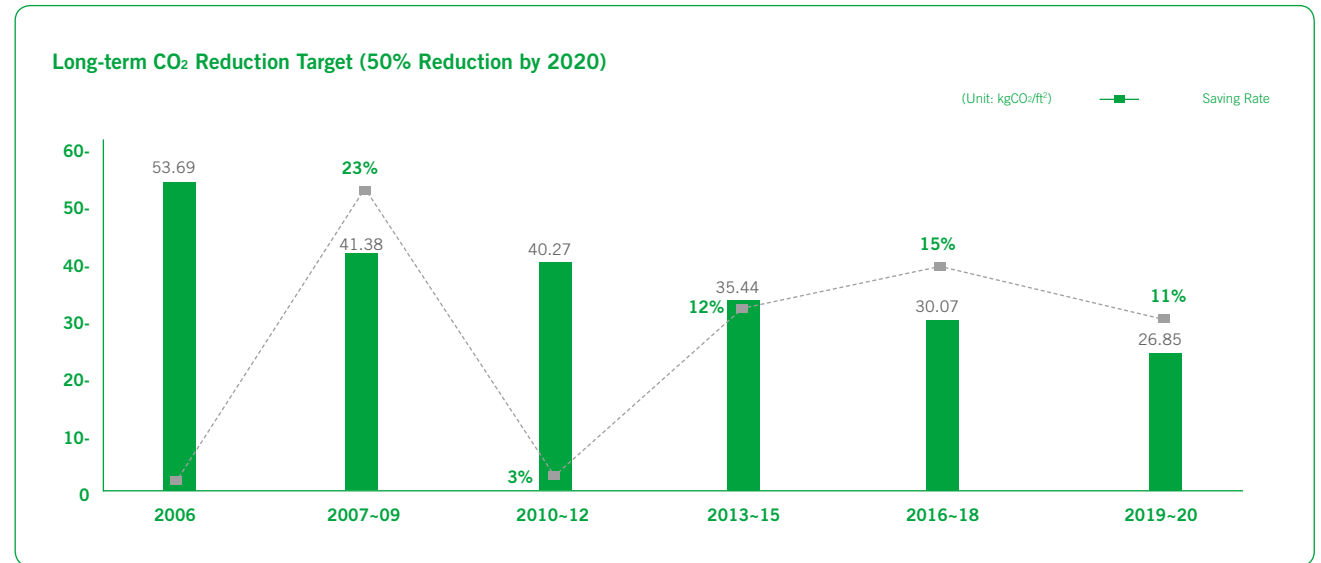
In order to tackle climate changes, Homeplus has set an ambitious plan of reducing carbon emission per case delivered by 50% by 2012 and 50% by 2020 for across the business. Homeplus has developed and implemented the Homeplus Direct Carbon Footprint to measure and monitor the carbon generation across the business in the five areas of electricity, refrigerant, fuel, gas, and business trips. In particular, Homeplus established an environmental accounting system by introducing accounts categorized by transportation means in order to have accurate measurement of carbon generated through business trips by Homeplus employees. Homeplus successfully reduced per area CO₂ emission by 6.2% in 2009 compared to the previous year.

In its effort to continuously measure, review and improve its environmental management activities, Homeplus has adopted a Key Performance Indicator (KPI), which evaluates progress on the environment activities, into the community segment of the corporate Steering Wheel. The indicators are used to evaluate environmental management performance on a quarterly basis. In order to have better management of CO₂ and energy reduction, we reorganized the existing Facility Management Team into Environment Energy Team. Also, each store has an Energy Checker and Energy Champion to monitor the energy use as well as to provide education session for staff.

Energy monitoring is conducted every 15 minutes round the clock in the Facility Safety Centre. Additionally, Homeplus store energy auditing and comprehensive assessments are conducted over 328 times annually and daily checks of 33 major criteria on energy manual are part of Homeplus' efforts towards 'Green Auditing' for a better management of energy operations. Through its TL&T team, suppliers not only receive environmental education but are subjected to hygiene, safety and quality assessment for more than 300 times each year. These vigorous efforts helped Homeplus acquire an ISO 14000 certification for all of its stores, head office and distribution centres in 2003. Environmental management is now more refined than international guidelines Homeplus.



Homeplus organized 'Green Auditing' to reinforce energy operations and management through energy monitoring conducted every 15 minutes, store energy audit and a general evaluation conducted 328 times annually.





Ethics and Fair

The power to move Homeplus is the win-win partnership with our suppliers.

“Birds can fly because they can maintain their balance using their two wings. The reason that I, eParan, can implement the environment movement is that the win-win culture is balanced by the two wings of Homeplus and its suppliers. Without assistance from Homeplus, suppliers cannot grow and likewise, without help from its suppliers, Homeplus cannot grow, either. Let’s make the better future with the ethics and fair management of Homeplus.”

Ethics and Fair



Doing business the right way means maintaining high standards of ethics in all matters related to corporate governance and transactions, ensuring transparency of decision-making and fairness in dealing with customers and business partners. In October 2002, Homeplus affirmed its commitment to ethical management by promulgating a Code of Ethics comprising five canons and eight ethical standards. In 2005, three new standards were added, to provide a more complete ethical guidance system.

THREE PRINCIPAL AREAS OF ETHICS AND FAIR MANAGEMENT

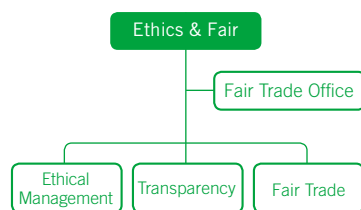
The effort to promote ethical business practices at Homeplus is engaged in three principal areas: ethical management, transparent management and ethical trade. Compliance with our standards of conduct in these three areas is ensured by the LP Team, Retail R&D Centre and the Fair Trade Office, respectively, which maintain a close collaborative relationship with each other. Homeplus invests more particularly in the quality of supplier relationships. In our effort to develop win-win partnerships with our suppliers, we support the growth of their businesses. Ethical business conduct and ethical trade precisely provide the foundation for mutual trust, essential to all constructive partnerships. Meanwhile, our ethical guidelines help us achieve a high degree of corporate transparency, enabling us to earn trust from our stakeholders at large.

ETHICAL MANAGEMENT

Homeplus encourages all staff to observe its internal ethical standards as well as complying with legal obligations. The reason behind this encouragement is to enhance global competitiveness to maximize profits that are then returned to society by carrying out all business practices based on the highest level of ethical awareness. In other words, ethical management involves the strenuous efforts of all employees to make Homeplus a respectful company.

In the 2001 Vendor's Conference, Homeplus promised 'fair trade and sound partnership with suppliers'. Since then, Homeplus has been promoting ethical management through a series of activities, such as establishing and revising its code of ethics and ethical standards, proclaiming its ethical management and strengthening its internal investigation system. As of 2009, Homeplus is offering the 'Hexagon ethical management' e-learning program and preparing to publish its own ethical management casebook.

Ethics & Fair System



Code of Ethics and Rules of Engagement

For Homeplus, contributing to national and social progress in Korea through ethical business practice has always been an integral part of our mission to 'create increasing value for customers to earn their lifetime loyalty' and the royal path to attain the vision to 'become the world best value retailer.' In October 2002, Homeplus established a guidance system for business conduct within the business, consisting of a code of ethics and eight ethical standards. In 2005, three new ethical standards, relating to legal and regulatory compliance and transaction disclosure were added. These guidelines, closely followed by all members of Homeplus, serve as the ethical framework for its corporate governance and transactions.

Ethical Training and Communication

All the staff of Homeplus are given an ethical training. Training is provided by job rank to address areas of business conduct that are the most appropriate to given levels of authority and responsibility. We have organized 16 total group training sessions are held annually for managerial-level such as store managers, team leaders and section managers, including quarterly preparatory sessions for staffs newly promoted to managerial rank. All non-managerial staff, including new recruits and senior staff, attend two ethics training sessions every year. Contractors and part-time staff joining our organization as full-time

Code of Ethics

- Firstly, no one tries harder for customers.
- Secondly, we will deal with our suppliers in a fair and transparent manner.
- Thirdly, we will act and speak with courtesy and dignity.
- Fourthly, we will actively participate in efforts to protect the environment.
- Fifthly, we will fulfill our social duties and responsibility.

Rules of Engagement

1. (Legal Compliances) We at Homeplus will comply with all legal regulations when conducting business at home or abroad.
2. (Ethical Trade) We at Homeplus will honor all market practices and rules while conducting fair and transparent trade based on faith and sincerity.
3. (Monetary Inducements) We at Homeplus will not accept any monetary inducements from suppliers or interested parties.
4. (Entertainment) We at Homeplus will not be the recipients of any 'entertainment' from suppliers or interested parties in relations to business.
5. (Personal Monetary Transactions) We at Homeplus will not engage in personal monetary transactions of any form with suppliers or interested parties.
6. (Provision of Preferential Benefits) We at Homeplus will not provide preferential benefits for particular suppliers or interested parties with a view to receiving corresponding benefits.
7. (Reporting Transactions) We at Homeplus have the obligation to disclose and report detail on 'Material related party transactions' of the company or interested parties.
8. (Information Security) We at Homeplus will not disclose privileged information to a third party, or make unauthorized use of any information acquired in the course of working for the Company, for the purpose of accruing personal wealth.
9. (Double Employment) We at Homeplus will not work for another company or establish or operate a separate business without the Company's prior authorization.
10. (Proof of Transparency) In the event of being suspected of fraud, or irregular business activities, it is our duty and responsibility to prove that the dealings in question are fair and transparent.
11. (Prevention of Fraud) We at Homeplus have the obligation to prevent any possibility of fraud in our business dealings. Any matters that may conflict with the ethical principles set forth herein must be reported to the director accountable for consideration and guidance.



Homeplus has established a code of ethics and ethical standards, fitting to its goal of becoming a world best retailer practicing ethical management. To ensure organization-wide compliance, we provide ethical training to all our staff.

employees are trained at one of our five regional offices, where ethical training sessions are also held twice a year, for a combined total of eight annual sessions. Meanwhile, the Magic Monday course for new recruits, with and without experience, at the headquarters, is designed to enhance awareness of the code of ethics and standards, as well as 'understanding of ethical management' and 'security training'; and further Homeplus emphasizes the importance of informational security.

Ethical training is also offered during orientation at our stores. In these orientation held on Wednesday of every week, new staff and tenant staff learn about Homeplus' ethical guidelines, while receiving LP (Loss Prevention) training to prevent inventory loss. We also encourage the inclusion of ethics education in the programs of division or team-level workshops, when the schedule permits. Ethical training, further, is an essential component of all staff skill training programs offered at Homeplus. This training is held twice in each half of the year and focuses on case studies to spread faults. In addition, human rights protection training is held for security staff twice each year to raise awareness on the necessity of protecting major human rights from unexpected problem occurred required during stores operation. The ethical training for regional heads of Express stores, store managers and deputy managers is included in the Express store nurturing program to raise the ethical awareness of staff members. In order to accommodate the unique operational features of our Express stores, communication at the headquarters level is strengthened to achieve optimal ethical management. From the second half of 2009, the 'Hexagon ethical management' course will be added to the e-learning web site for managerial level employees.

To raise ethical awareness, across the whole company, an ethics help board is established on the in-house bulletin board to share a variety of information on ethical management. The purpose of the ethics help board is to improve employees' understanding by introducing the code of ethics and standards and providing situational information on various cases, from overseas business trips to specific employee ethical rules. Putting up posters on ethical management and information property protection are also used to induce employees to participate voluntarily in ethical management. Our stores nationwide have also joined this effort by posting the code of ethics and ethical standards on their bulletin boards, and making available ethics education course books and case studies in ethical violations in the stores. More recently, our stores also started posting information on how to report ethical violations and highlights of ethics incidents, to sharpen ethics awareness among their employees as well as provide guidance on any ethical dilemma they may encounter. Meanwhile, in all conference booths, an open letter to our suppliers requesting their cooperation in promoting ethical trade is on prominent display. Shortly before every major national holiday, all directors send out written requests for cooperation in fair trade enforcement to all their respective collaborators, stating that they shall accept no cash, gifts, favors, entertainment or other business courtesies.

Corporate Governance Return

Corporate governance refers to the structure and processes for the direction and control of a company, such as its internal decision-making system, the roles and responsibilities of its board of directors and auditor and the relationship between management and shareholders. Corporate governance, as embodied in sets of rules, procedures and poli-

cies that govern a company's day-to-day functioning, is considered the most important measure of its transparency and efficiency. Corporate Governance Return is a document reporting a company's compliance status with regard to its governance rules, procedures and policies. Homeplus conducts an annual verification of compliance status in this area and notifies its stakeholders of the results.

Bribery and Corruption Policy

Homeplus maintains a zero tolerance policy for bribery and corruption. Bribery refers to the bestowing of a benefit, usually a monetary payment, to improperly influence the outcome of an action or decision, for personal or business gains. Homeplus strictly prohibits any form of bribery or acceptance of kickbacks, payoffs or any other improper payments, gifts, contributions or benefits, whether in cash or not. Giving and accepting bribes hampers the competition and the market and, therefore, increases the cost incurred by customers leading to a worsening in quality. Thus, it impedes the development of democracy and economical growth. Homeplus considers even the most trivial case of bribery as an illegal activity, and any activity violating national law is subject to criminal punishment. Every kind of bribery is banned at Homeplus, and all employees are clearly aware that both giving and taking bribes and helping others to violate the rules are prohibited.

Whistle Blower

Homeplus' whistle blower policy provides a mechanism allowing our staff to report suspected misconduct by an internal member of our organization. Our whistle blower policy is coupled with measures to assure the anonymity of whistle blowers and protect them from any retribution. A safety net referred to as the Protector Line is in place to protect staff that raise issues through legitimate lines of communication from being discredited or discriminated against at work.

Protector Hotline (Homeplus Ethic Box)

Protector Hotline is Homeplus' whistle blower hotline, enabling all members of its organization to anonymously alert the management on workplace grievances or misconducts (corruption, loss of company assets, leakage of company information, sexual harassment). Whistle blowers receive legal protection as well as protection under the company's own whistle blower protection policy, from all forms of retribution. Grievances and mis-



Homeplus is committed to ethical business practices audits well-displayed through company website.



Homeplus strives to respect the rights of every employee and to strengthen mutual trust.



Homeplus respects the right of its employees to express their collective opinions and their human rights by guaranteeing their freedom of association.

conducts may be reported to Protector Hotline by phone or email, or through the online ethical management portal. The identity of the whistleblower is completely protected, and the reported case is investigated within a few days. The reporter is also informed of who the investigator is. Every report is dealt with prudently, sensitively, fairly, and adequately.

Human Rights

Homeplus scrupulously respects civil and human rights of our employees and treats them with the dignity they deserve as men and women. We observe the basic human rights stipulated in the Korean Constitution and thoroughly comply with all related domestic and international laws.

Forced Labor and Child Labor

Homeplus' labor policy conforms strictly to the Korean Labor Standards Act and the ILO treaty banning forced labor and child labor. We respect and promote the autonomy of our employee concerning labor in which they take part, and are firmly opposed to any labor involvement by children under the legal age for employment.

Discrimination

All discrimination, direct and indirect, is strictly prohibited at Homeplus, whether on the basis of education, sex, religion or race. Our non-discrimination policy is enforced throughout the complete spectrum of personnel affairs and employee compensation matters, from recruitment and promotion to wage, education and discharge and retirement benefits. An example of our efforts in this direction is the online education program on gender equality, which has helped us eradicate sexual harassment from all workplaces under our purview. Homeplus' sexual harassment preventive education program involves yearly meetings. In 2009, the program was held from November 1 to December 31 for all employees, and for those who could not participate in the program, due to business trips or other reasons, extra on-line education was conducted. A total of 15,700 employees (headquarters: 1,216, stores: 14,484) took the sexual harassment preventive education course and 46 employees who could not participate took the program on-line.



Discrimination is strictly prohibited in our HR policies as well as compensation practices. We combat all forms of discrimination and have made, in particular, gender equality a core value in our corporate culture.

Freedom of Association

Just like freedom of expression, freedom of association is a constitutional right. As an employer respectful of basic civil and human rights of employees, Homeplus makes its best efforts to guarantee their freedom of association to the fullest extent acknowledged under the Korean Constitution, Labor Standards Act and the Labor Union Act. Homeplus through 'Hanmaeum Consultation' holds conversation between top management and staff representatives to discuss major company policies and staff welfare. The Hanmaeum Consultation is consisted of ten staff representatives in offices (headquarters, distribution service centre and stores) and ten from leadership including the CEO, with its regular meetings held quarterly. In 2008, the consultation agreed to revise the rules to protect maternity (including the expansion of paternity leave from one day to three days), to extend the payment period of the allowance for employees, and to place chairs in the checkouts.

Information Security

Homeplus information security policies are in place to protect the company's valuable intellectual property. We go to great lengths to ensure that personal security and IT security are perceived as a priority by all Homeplus employees. Information security is closely managed by holding regular training sessions for all employees and small-sized groups at each site. Moreover, the 'personal information protection policy' was established to protect the valuable personal information of our customers to ensure that customer information is not illegally disclosed to outsiders through regular system upgrade and check.

TRANSPARENCY

Global Accounting Standards

To guarantee a greater level of accuracy and transparency, financial statements of Homeplus are audited twice every fiscal year, once in accordance with the Korean financial accounting standards and once in accordance with the British standards. In recent years, we switched to our accounting standards to IFRS (International Financial Reporting Standards), a new set of accounting standards, adopted by a growing number of leading European firms.

Internal Control Systems

Following its declaration of ethical management in October 2002, Homeplus has set up a series of internal control systems to assure compliance with its ethical guidelines and maintain an oversight on anti-bribery and anti-corruption policies within its organization. Our expense reimbursement program, for instance, helps increase transparency in expense accounting, while making the reimbursement process simpler and more convenient for our staff, concerning both personal and general expenses. Also, the consolidated procurement system contributes toward the efficiency and transparency of our purchase process. Our e-bid system helps guarantee a higher level of integrity and equitability in our tender process through open and competitive tenders. In addition, a variety of audit programmes are in place in Homeplus to provide compliance guidance in different areas of our business and prevent corruption.



Homeplus through 'Hanmaeum Consultation' holds conversation between top management and staff representatives to discuss on major company policies and staff welfare.

Managing the Law (MTL) Audit

The MTL Audit programme monitors whether unit processes at our stores and facilities at our job sites are in compliance with related standards required under Korean law. It offers guidance for any corrective actions and encourages our staff's spontaneous participation in the company's legal compliance efforts. A company-wide MTL audit is conducted annually, while store-level audits are held on a quarterly basis. Homeplus in 2008 has paid 33.22 million KRW in surcharges and made consistent improvements to prevent any reoccurrences.

Risk Assessment

Risk assessment procedures at Homeplus are intended to identify potential risks run by our stores, before they actually affect the operations. The assessment verifies the level of security implemented for protection of company assets and provides suggestions for any improvement that may be needed. Our risk assessment programme has proved to have a deterrent effect on employee misconduct, as the process often reveals violations of ethical guidelines and other types of gross negligence that may have been committed by a staff member.

ESCORT

This programme monitors the status of compliance with company rules, procedures and policies concerning food and non-food products carried by our stores, their environment, customer service and support, and hygiene and safety, and provide education and support toward raising the level of compliance. ESCORT is a company-wide programme, conducted on all stores four times a year. Good practices discovered through ESCORT are shared with the rest of stores, recommended as best practices, and support and guidance are proposed in areas needing improvement.

IT Security Report

In an effort to protect the intellectual properties and information assets of our business, all outgoing email messages are checked on a weekly basis, for any information liable to cause financial and operational losses to the company. As a tool to Homeplus' information security policy, the IT Security Report also serves as a precautionary measure to warn our employees against mistakes that may have severe consequences for the business.

Checker Audit

One of internal financial misconduct in retail businesses is cashier theft. To reduce the incidence of misconduct of this kind, we conduct performance reviews on certain cashiers with a track record warranting special scrutiny. Employees with past records of an unusually high count of mistakes or suspected of involvement in financial misconduct, are audited according to a pre-established checklist provided in the audit manual. The main purpose of this audit process is to prevent and deter misconduct through education.

Supplier Assessment System

All suppliers are evaluated around the time of expiration of their contract with Homeplus to determine whether their performance of contract terms has been satisfactory to renew for another term. This assessment is conducted along a pre-established set of performance criteria, which include reliability and the quality of service. Other internal control

systems include inspection-type programmes such as the service patrol and the new store patrol, which effectively assist Homeplus' efforts to maintain high ethical standards in its business practices.

FAIR TRADE

To guarantee the fairness of our transactions with our customers and suppliers and promote competition, Homeplus conducts internal compliance programmes, as recommended by the Fair Trade Commission and the Korea Fair Competition Federation.

Fair Trade System

To make ethical trade a practice embraced by all sections of our business, Homeplus created a Fair Trade office, charging it with the mission to design, develop and conduct internal compliance programs, issue manuals, educate staff, provide legal advice, prevent violations, supervise and introduce improvement to related mechanisms. The other pillar of Homeplus' Fair Trade System is its Fair Trade Committee, representing broad sections of our business. The participation of the LP team gives this committee to support in cases involving unethical trade practices.

Fair Trade Education

Homeplus strives to make fair trade a part of its corporate culture by conducting a monthly education session for all staff. Meanwhile, specially-designed courses are included in pre-assignment training programs for new store managers and assistant store managers, and new staff and buyers, so that our staff members acquire the type of knowledge in fair trade issues needed in their new jobs.

Further, our directors and buyers also attend training offered by the Fair Trade Commission twice a year. The Friday Morning Academy, an internal programme designed for new buyers, provides them with the opportunity to acquire basic knowledge and skills required for fair contracting with suppliers.

Meanwhile, our internal compliance manual, distributed to all staff, contains related laws and regulations, which are presented in a concise and easy-to-understand manner. Our staff can hone their knowledge in this area also through our online learning programme. Finally, courses on Fair Trade practices and related legal requirements are mandatory components of all professional development programs offered at Homeplus.

Internal Compliance Programme


At Homeplus, we monitor our status of with legal requirements under the Fair Trade Act through an internal compliance programme, to detect any areas of noncompliance and take corrective actions, before they come to the attention of the Fair Trade Commission. The results of compliance inspections are made available to concerned teams and staff, so that they may take appropriate actions to bring their practices to the required level of compliance. The internal compliance programme helps raise the awareness of ethical trade standards within our business, and incites our members to make conscious efforts to abide by related legal requirements.



Homeplus is making every effort for fair and free competition and trade with suppliers and customers.


Internal Control Systems

Expense Reimbursement System



A simpler and more transparent expense reimbursement process

Consolidated Purchase System



An open and competitive tender system for greater transparency

Suppliers Application System



Providing equal opportunity to all prospective suppliers



Economic and Industrial Growth

Homeplus is at the center of contributing to the economic growth and development.

“My name, e-Paran, has multiple meanings. One of them is economy. Homeplus has vitalized the national economy and the industry by opening stores nationwide, creating jobs, and invigorating the local economies through direct sourcing. In addition, it is creating a new trend in the retail industry, introducing a new concept of hypermarkets allowing customers to enjoy culture and art as well as shopping and living. The ‘e’ in my name stands for eternal. It refers to our wish that customers are fulfilled with happiness with Homeplus.”

Economic and Industrial Growth



Homeplus' sustainable business practice has ensured a steady and lasting growth of national and local economies. Homeplus created new jobs for local communities and helped stabilize prices for basic consumer goods. The stores are designed in harmony with the overall appearance of their host cities and contributed to their attractiveness. In addition, Homeplus is leading the retail industry by introducing the advanced distribution system and a new concept of hypermarket.

CONTRIBUTION TO NATIONAL AND LOCAL ECONOMIES

Job Creation and Price Stabilization

Since its establishment in 1999, Homeplus has brought foreign capital of nearly 5.4 trillion won into Korea, and added as many as 85,000 jobs to the economy. 22,300 of these jobs are accounted for by direct employment, and 55% of the staff is women. In particular, Homeplus, committed to creating more local jobs, offers over 90% of new jobs first to local residents whenever it opens a new store.

Homeplus plans to reinvigorate the depressed job market and solve the youth unemployment by creating as many as 60,000 jobs by 2011. In 2009, it will recruit more than 10,000 new employees, both in regular and non-regular posts, and contribute to creating local job opportunities by hiring local residents first. Opportunities for non-regular workers to become regular workers will be expanded, as will the university student intern program. At the same time, Homeplus will contribute to stabilizing consumer prices through a price-investment policy and a price stabilization campaign.

Stimulating Local Economies through Direct Sourcing

Starting in 2002, Homeplus has been procuring farm produce it distributes directly from growers. Under this supply arrangement made possible through a strategic alliance with the National Federation of Agricultural Cooperatives, over 99% (excluding contracts to pay based on sales volume) of the farm produce we carry is purchased directly from local agricultural cooperatives or farmers' unions. This means the need to go through wholesale distributors or any other intermediaries has been removed. As the number of stores grows, the direct sourcing system is also expanding and becoming more efficient, accounting for an increasing share of products we distribute.

The benefits of this direct sourcing system have been tremendous for both producers and customers. As we bypass the supply chain to deal directly with farm cooperatives in



Homeplus offers job opportunities to seniors and fully leverages their seasoned skills and experience, thereby enhancing customer satisfaction and extending the social contribution of the local community.

producer regions, growers are guaranteed fairer prices for their crops, and this makes prices substantially lower for the customers as well.

This mode of purchase also gives us greater control over the quality of products we provide to customers and enables us to have first-hand knowledge of the source of goods we sell at our stores. It is a win-win formula, inciting farmers to improve the quality of products they supply and allowing customers to buy products they can trust at affordable prices.

Holding regular consultative meetings with producers' groups, Homeplus is continuously involved in developing new and strategic products, improving product quality, and cooperating actively in developing joint production areas. It also inspires local communities through its affection for their hometown and contributes to the local economy by selling local produce.

Boosting the City Competitiveness and Improving the Quality of Life

By choosing visually-pleasing architectures for our stores, we help make cities we serve more appealing and attractive. Radically different from conventional warehouse-style discount stores, Homeplus stores are designed to be a landmark for their host cities. They come in a variety of styles, adapted to the individual characteristics of cities; some are designed to look sporty, some are in a park-like structure and some have the layout of an art gallery.

These stores each accommodate a culture centre providing extended education opportunities to members of local communities. They make sizeable economic contributions to their respective communities by increasing tax revenues for local administrations and purchasing a variety of services from regional businesses.

SPURRING RETAIL INNOVATION AND DEVELOPMENT

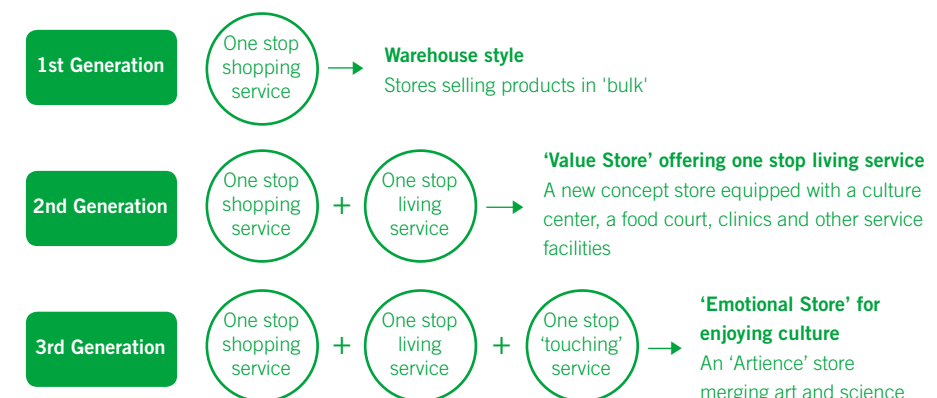
New Store Concept 'Third-Generation Hypermarket'

Back in 1999 when Homeplus made its debut in the retail industry, most hypermarkets



Homeplus was the first retailer to implement local sourcing and has greatly expanded number of products.

Presenting a new concept stores in the Korean hypermarket



Homeplus introduced the one stop shopping service and second generation 'Value Store' by offering a one stop living service. Now, it continues to influence the lead the industry by introducing the 'Third-Generation Hypermarket', which merges art and science and is also an 'Emotional Store' where culture is to be enjoyed.



were warehouse-like outlets catering only to the bare principle of selling at the cheapest prices. As a latecomer to the hypermarket business, Homeplus sought to bring something new to this sector. In keeping with the vision to always deliver the best value to customers, we launched a new concept of hypermarket called a 'Value Store,' a second-generation discount store. Through our one-stop shopping service, we matched a great service with a pleasant store environment offering an optimal shopping experience. Meanwhile, by setting up a culture centre, health clinic and a fitness centre within the stores and adding retail services, we also created a one-stop living services.

Furthermore, in September 2007, the 'Third-Generation Hypermarket' of Homeplus was opened in Jamsil amidst great attention by industry insiders. The 'Third-Generation Hypermarket' not only serves as 'emotional store for enjoying culture,' but applied with four concepts including, Art-being, Well-being, Touching and High-Tech, an 'Artience' where art meets science. Ultimate satisfaction is guaranteed at the top-notch discount store. Homeplus is emerging as a leader in the hypermarket business by breaking numerous sales records while leading the market trend by offering a new model for Korean hypermarkets.

Cutting Edge IT Systems

Homeplus took the leading role in the Tesco Group's IT development. We set up the PMS (Product Management System), an ERP (Enterprise Resource Planning) package selected for its group-wide implementation under a project that began in 2002. Further, we became the first retail company in Korea to implement a VMI (Vendor Managed Inventory), an advanced inventory management technique. The high level of informatization in our business has also earned us a place among companies selected by the Korean government for its RFID pilot programme.

PMS(Product Management System)

In February 2004, Homeplus implemented an advanced Product Management System (PMS), unprecedented in the Korean retail industry, in terms both of performance and

processes supported, raising the bar in what technology can be expected to do for business efficiency.

This Oracle-developed system features demand analysis and promotion tools, considered the best of their kinds in Korea as well as around the globe. Processes supported like demand prediction, ordering and profitability management are based all on accurate analysis. One of the most impressive things about this system is its data management capability; it enables the management of more than two year's worth of data.

This PMS, as it effectively supports functions that are traditionally the weak areas of existing domestic systems, namely, research, demand analysis and order projection, is expected to have a major impact on enterprise system standards in Korea's retail industry. The system is expected to help us cut costs in all areas of our processes including product ordering, merchandise management, price inventory analysis and planning, and thus boost productivity as well. These changes will help boost productivity by supporting every function even after the number of Homeplus stores exceeds 300.

RFID Pilot Project

In 2004, Homeplus took part in the Korean government's RFID pilot project. RFID is a next-generation technology enabling the tracking of products using embedded semiconductor chips. Products can be tracked across the entire cycle, from the production stage to warehousing and distribution. Homeplus developed the nation's first RFID card for monitoring shoppers' buying patterns. Shopping data collected through electronic tags are embedded in customers' trolleys are used to enhance the shoppability of our stores; this information helps us, for instance, display our products in a manner more convenient for our customers.

The 1st RFID pilot project, 'Smart Pallet', tracks the movement of pallets among three suppliers (including Yuhan-Kimberly), the distribution centers, the stores and KPP, and the case unit goods coming in and out of the distribution centers. Since the additional 2nd pilot project has been approved to review the establishment of a business model and operation of an individual product unit, Homeplus has been preparing measures to apply



Homeplus for the first time in the industry implemented the self-checkout to reduce waiting times and protect the personal information of customers.



'Automatic customer queuing system' installed in the Yeongdeungpo store and Jamsil store reduce customer wait time and improve the efficiency of cashiers.

multi door and tests for store application. Further, it has been planning on-site inspections to improve mapping (pallet and case) management, recognition rate and additional development of the system. The RFID technology applied to Homeplus is expected to play a great role in informatizing the global retail industry and enhancing management efficiency.

Self-checkout System

Homeplus also introduced the nation's first self-checkout stand now operating in our Yeongdeungpo store, Bucheon-Sangdong store, Jamsil store and Express Gwanghwamun store. The self-checkout system not only reduces wait time, but also protects the customer's privacy. By scanning their goods by themselves, customers using the self-checkout save time and prevent their personal credit card data from being disclosed to unauthorized third parties. Currently the usage rate is about 11% compared to the cashier-staffed checkout, but it is expected to increase to over 20% through constant promotion and operational program development.

Automatic Queuing System

Homeplus introduced automatic customer queuing system in our Yeongdeungpo store and Jamsil store to reduce customers' wait time and maximize their convenience. By replacing the existing system, in which cashiers input the queue information manually, the automatic system improves the convenience of customers and the efficiency of cashiers. Thus, the information gathered is utilized as basic information for flexible checkout operation to foster a more convenient shopping environment.

Leading Innovation in Distribution

As sales rapidly increased due to the opening of new stores, Homeplus built Asia's biggest distribution centre, the Mokcheon Distribution Service Centre, in April 2003; and Asia's biggest agricultural and fishery products distribution centre, the Haman Fresh Food Distribution Service Centre, in July 2005.

Mokcheon Distribution Service Centre offers a total floor area of 55,058m², built on a 148,010m² land. This size is big enough to accommodate eight football fields, 750 million aluminum coke cans or 100 Homeplus stores. The Haman Fresh Food Distribution Service Centre, which distributes agricultural and fishery products, offers a total floor space of 22,148m² on a total land area of 102,480m². It can annually process 40 million boxes of products for about 60 hypermarkets and 200 express stores. Especially, the centre is designed to be extended in three phases to account for future store openings.

The Mokcheon Distribution Service Centre has dramatically improved the product flow at Homeplus and its overall competitiveness. Average distribution spending among Korean companies is over 1.5 times the amount among their developed world counterparts, which translates into as much as 16% of national GDP. Our investment in an advanced, automated and standardized distribution system, therefore, is an example of innovation with far-reaching implications for companies in the retail sector as well as Korea's overall industry. This has had a positive spillover effect on thousands of suppliers collaborating with Homeplus, driving up the efficiency of their distribution operations and cutting related costs for them.



COLLABORATION WITH SUPPLIERS

Homeplus continuously tries to share vision and celebrate success with our suppliers. It discovers outstanding local small retailers through merchandise exhibitions and SME consulting meetings, while it shares a win-win strategy with suppliers through vendor conferences.

Homeplus is also making an effort to nurture manufacturing suppliers. In 2009, it annually purchased 4,045 billion KRW worth of products from about 5,000 manufactures (the number increased due to the takeover of Homever) and now runs an organization specialized in maintaining quality control and evaluation of suppliers.

Win-win Partnership Programmes

- **Direct Sourcing**
Actively discovers SMEs and local suppliers, utilizes a direct outsourcing system to increase suppliers' profits.
- **Joint development of PB products**
Grows together with suppliers by jointly developing PB products and supports them by establishing the retail R&D center (26.1% of market share in 2008).
- **Joint Marketing**
Carries out joint marketing for mutual growth in tandem with local suppliers in order to bring more benefits to customers.
- **Local Products Exhibition**
Provides opportunities to discover and nurture outstanding local SMEs.
- **Joint Business Plan**
Sets up and manages annual sales and profits goals with a supplier; develops a long-term marketing strategy and thus assists with stable business operations.

Mokcheon Distribution Service Centre	Product category	Ambient goods	
	Region covered	Nationwide	
	Size	Land 148,010m ² Build 55,058m ²	
	Throughput capacity	130 million boxes annually	
	Storage capacity	30,000 pallets	
Haman Fresh Foods Distribution Centre	Product category	Fresh foods	
	Region covered	Central and southern Korea	
	Size	Land 102,479m ² Build 22,019m ²	
	Throughput capacity	40 million boxes annually (expansion planned to upgrade the capacity to 100 million boxes)	



Homeplus organizes 'Small Medium Supplier Exhibition' to support and develop new suppliers.



Homeplus supports our suppliers in quality manufacturing process, environment and ethical trade in order to provide best quality products.

In addition, Homeplus participated in the 'Joint declaration ceremony for win-win partnerships and fair trade' hosted by the Korea Fair Trade Commission and the retail industry. Here, it promised to observe fair trade laws voluntarily and to spread the win-win partnership culture. Homeplus will guarantee fair transactions, undertake its obligation to turn its promises into practice, supply manpower, support training and assist the development of new products, and jointly develop carbon neutral products and win-win business models to enhance suppliers' competitiveness.

Win-win Partnership

Homeplus' win-win partnership policy rests on a long-term vision in which our relationships with our suppliers will go beyond the current form of collaborative arrangement to become strategic partnerships. Strategic partnership means the integration of processes and information with our suppliers so that we can fully collaborate with each other, concerning all aspects of our businesses.

To attain this goal, it is crucial to keep communication channels open. At our biennial vendor conference, we share vision with our suppliers provide opportunity to discuss the win-win partnership activities. By purchasing directly from producers, we offer small and medium-size suppliers opportunities for growth. We seek to closely cooperate with our suppliers by inviting them to join our private brand product development as well as Joint Business Plan.

Supporting Suppliers

Organize Local Product Exhibitions

Homeplus is taking the lead in developing new suppliers by organizing the SME consultations and exhibitions for local products with governments. In 2009, it held five local SME promotion exhibitions and SME consulting meetings in Seoul, Gyeongju, Daegu, Busan, and Jeollanamdo to provide SMEs and suppliers with consulting opportunities and to assist the discovery of new suppliers.

Improve Supplier Systems and Provide Training

In order to enhance suppliers' convenience, Homeplus is improving supplier systems, including the Induction System, and WEB EDI. In the case of the distribution centers, a process of providing suppliers with the results of goods shipping to individual stores was introduced and an electronic contract system was developed and is now in operation. In particular, the manual for the electronic contract system is on the web, enhancing suppliers' convenience, and the system interfaces will be specified and developed further. Homeplus is also offering new suppliers training on the system for efficient and systematic transactions. In 2009, 21 suppliers participated in the training sessions for e-catalog, EDI (Electronic Data Interchange), and ECS (Electronic Contract System).

Support Quality Management for Suppliers

To ensure that all products distributed are in compliance with safety standards required by law and that their quality meet our customers expectations, we provide support to our suppliers concerning product management systems and techniques. To help build our suppliers quality management capabilities, we provide assistance through our Trading Law & Technical (TL&T) and the technical manager.

The TL&T, established in 2001, provides business partners of Homeplus with support toward implementing and operating a quality management system so that products supplied by them conform to the requisite standards.

Technical managers of TL&T are qualified specialists with professional experience in their respective product groups, who further have completed training in quality and safety certifications like ISO 9001 and HACCP. Technical managers support our suppliers and audit product management processes and quality assurance procedures used by our suppliers as well as the status of compliance with ethical trading standards, thus to ensure that both the quality of products they supply to our stores and their production environment satisfy standards.

The role of the TL&T and its technical managers is basically to help enhance the effectiveness of quality management systems for our suppliers. We do this through inspecting their facilities, procedures and products, and offering advice and assistance for improvement, and to manage the specifications of products we provide to customers.

Audits are conducted across all areas of our operations, including production, quality management system, environmental compliance and ethical trading standards. Product specification management has two main components: process management and management of new or amended legal requirements.

Only those products deemed safe for customers are approved by our technical managers and distributed through our stores. This approval process offers our suppliers valuable

Example of Quality and Hygiene Management Improvement in Suppliers

Type	Cooperative Company	Product	Improvement Status
Agriculture	Gagyo Farmer's Association	Mushrooms	- Registered GAP Facility of Ministry of Agriculture in June 2006 and Completed GAP certified product registration in 2007 - Built a new workshop and modernized whole facility
Agriculture	Ara Farmer's Association	Melons	- Registered GAP Facility of Ministry of Agriculture in July, 2007, and Completed GAP certified product registration in 2008 - Extended its melon sorting facility modernized whole facility
Agriculture	Sing Sing won	Salads	- Oct. 2008 - Built a new workshop and replaced its pre-processing facility - Established a colon bacilli management system in its salad cleaning process
Dairy	Kunwha	Beef	- Built a new factory and modernized whole facility in 2006 - Additional appointment of HACCP of Ministry of Agriculture, Marine Affairs and Food, MAP (Modified Atmosphere Packaging) line implemented in 2009
Refrigerated Food	Yonsei Milk	Milk	- Attained Carbon Mark Indication Certification in April 2009 - a first in the milk industry - Application and establishment of a carbon marking pre-processing evaluation system
Refrigerated Food	Sodif	Ham · Sausages	- Appointed as HACCP of Ministry of Agriculture, Forestry, Marine Affairs and Food in Dec. 2008 - Improvement of working environment and development of low calorie foods through new plant development
Life Goods	Happy Kitchen	Porcelain	- Extension of transfer paper (design printing paper) printing line facility - Fast proposal of new product design development and application of new product development

experience in quality management, and our technical managers provide them support for continued enhancement of their quality management system through a variety of post-audit procedures. On-site audits by our technical managers are an opportunity for our suppliers to verify whether their hygiene and safety practices meet relevant standards and learn about the latest legal requirements and techniques related to environmental and quality management.

TL&T also assists our suppliers in receiving education they need in food safety management and legal and regulatory awareness. For instance, we arrange group training sessions in HACCP for our suppliers, to enable them to receive training from independent professional bodies, at an affordable cost.

Vendor Financing

The vast majority of retail companies in Korea pay their suppliers in commercial bills, with a maturity date typically ranging between 30 and 60 days. This means that it takes 60 to 90 days before a supplier actually gets paid. Redeeming a commercial bill before the maturity date can be costly for suppliers, as banks generally charge a high discount rate.

To make the payment process simpler and more convenient for suppliers, Homeplus introduced a vendor financing program in 2003. Under the vendor financing programme, we pay a financial institution using our purchase credit card, providing the details of purchase transaction, and the financial institution disburses our suppliers upon presentation of matching transaction data. This makes funds available more or less immediately, and reduces transaction costs for our suppliers.

The vendor financing programme also enhances the accuracy of the ordering process and the overall efficiency of our purchase operations by simplifying the payment process. It also helps improve product competitiveness on the supplier side, enabling them to develop new marketing channels and cut costs.



Homeplus organizes the Vendor Conference to share vision and celebrate success with our suppliers.

Communication with Suppliers

Vendor Conference

Vendor conference provides opportunity to build strong relationship with suppliers. Our suppliers are invited to share vision and think about the future opportunities. Every vendor conference is another step forward toward building a win-win partnership with our suppliers. We treat our suppliers just as we wish to be treated. Respect we show to our suppliers helps cement the bond between us, providing us with a solid foundation. As recently as 2009, Homeplus held four Small Vendor Conferences, during the 2 months of February and March, where it shared its future vision and built mutual understanding through its constant cooperation with the 66 participant suppliers.

Supplier Viewpoint

In an effort to identify the satisfaction level of our suppliers and seek opportunities for improvement, Homeplus conducted Supplier Viewpoint in 2007. The survey on suppliers was designed to help them better evaluate their business relationship with major retailers in six areas, namely fairness in work processes, communications, information sharing, trust in trading, and identify areas which require actual improvements based on the findings. According to the 2009 survey, Homeplus was highly evaluated in the areas of communication, solidarity, and confidence and needed improvement in the speed of work management. Keeping in mind this result, it will continue to make efforts and practice win-win management.

On-line web site

Homeplus has been operating the 'Homeplus-Supplier On-line Site' where electronic contracts and supplying negotiations can be completed since August 2007. It works transparently by sharing various work related information through its web site, and the suppliers can ask about supplying new products and the process of transactions. Due to the enhanced bargaining convenience, an average of 200 cases of negotiations per month are dealt with on the web. Moreover, all suppliers have been using the ECS since 2007 practicing fairer and more transparent trade.

Case study: Bokuk Electronics

Up until 1998, Bokuk Electronics was a small company with only 6 employees, making electronic floor mats in Daegu. Bokuk Electronics met Homeplus when it was looking at opportunity to expand its market beyond Daegu. With the experience of supplying to Homeplus stores nationwide, Bokuk has enhanced its technology and manufacturing capacity. Thus the electronic floor mats made in the Seongseo Industrial Complex in Daegu started to be sold in Suwon, Changwon, Busan and finally in Seoul, thus expanding its market.

In 2001, Homeplus predicted the global sourcing trend in the small home appliance market and designated Bokuk as a partner. It was the first step of the fledgling partnership between the two companies. It seemed a reckless challenge for both Homeplus choosing a small local manufacture as a global sourcing partner and Bokuk jumping into a new market, but they were confident because of their strong mutual trust.

Bokuk boldly invested in design and especially in technology as it had learned from its experience with Homeplus that the more it invested in design and technology, the more it is loved by consumers. As a result, Bokuk could supply global sourcing products to the Japanese and Russian markets. It has grown into a competitive company in the national market with a skyrocketing sales growth of 17.5 billion KRW in 2008 from 3 billion KRW in 1997.



Staff Satisfaction

Homeplus is a great place to work as well as the place where you can harvest your future hopes.

“Do you know why eParan is so optimistic and hopeful? You will understand the reason after spending just one day with any Homeplus staff. Homeplus is providing an exciting working environment through its balance of work and life, and its ‘Synbaration’ culture that allows all staff to become experts in their working area. Hence, Homeplus was selected as the best employer in Asia. Staff satisfaction from hope for the future to great working place will lead to deliver the best customer value.”



Staff Satisfaction



Staff satisfaction is an indispensable condition for an organization's success and is essential for the happiness of its members. Homeplus strives to create an exciting and rewarding workplace for our staff, supports their professional and personal growth.

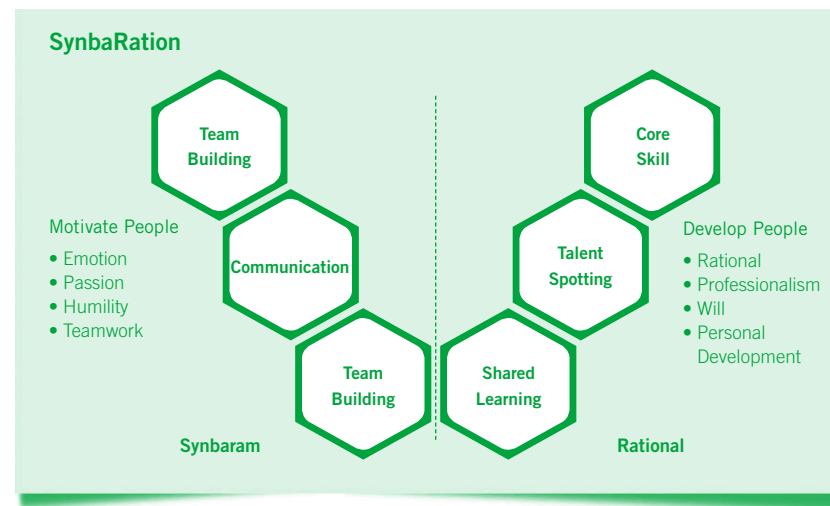
SYNBARATION CORPORATE CULTURE

Synbaration, from 'synbaram' (a Korean word for excitement or enthusiasm) and 'rational' stands for Homeplus' unique corporate culture. Synbaration is all about balance between life and work. In other words, it is about providing a work environment where each and every one of our employee can attain both personal satisfaction and professional development.

Homeplus has a variety of incentive programmes in place to give concrete shape to this organizational vision. We were the Korea's first retail company to implement a five-day work-week and offer one of the most competitive compensation and benefit packages in the industry. We practice positive reinforcement through our various employee reward programmes such as 'Value Mileage' and 'Value Awards' recognizing outstanding achievements in areas of customer, operation, finance, people and community. At our annual company conference, our employee gather to celebrate success and share vision and goals.

55%

Females make up 55% of our total employees. Also, female managers make up 12.3% of our total employees.



Meanwhile, we make sure rationality reigns across our professional development programmes and decision-making process. The best talent is developed through various training programs on leadership and job capabilities. These include the Talent Spotting program to support career development of employees; My Job, a manual on how to carry out tasks and the core responsibilities of each level; Core Skill, a training program to educate employees on the basic working methods, such as conducting meetings; and the Personal Development Plan (PDP), an individualized strategic plan for implementing skill development. Furthermore, Homeplus-specific R.A.C.I (Responsible-responsible person for certain task, Accountable-decision making authority, Consulted-divisions that need to be consulted, Informed-division that needs to be informed) provides clear division of roles and responsibilities.

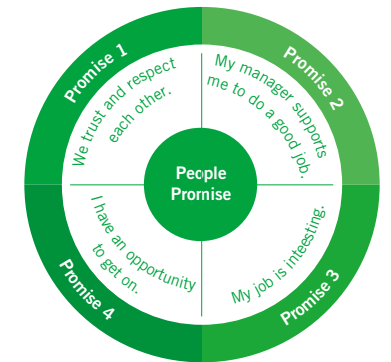
Decisions on major issues with an important impact on business operation are made through internal meetings, such as SMG (Store Marketing Group), PMG (People Matters Group), PAG (Property Acquisition Group), RFM (Review Forecasting Meeting) and RDG (Retail Design Group).

People Promise

'People Promise' plays a role in increasing workplace satisfaction among our staff and thereby enhance customer value we deliver, committing various members of our organization to certain standards of conduct. 'People Promise' is the promise made by the company to the staff and staff to staff. It consists of 4 core areas that are derived from the belief that when staff work with excitement, the company can provide a higher value service to its customers.

Homeplus is restructuring its basic policies, laws, and systems to incorporate 'People Promise' into all of its current and future human resource related policies. Also, Homeplus is making sure there is no discrimination of any of staff, regardless of gender, age. Under 'People Promise', our staff makes a commitment to treat their peers with the utmost respect, so that all in our organization feel valued and appreciated. To assess how effective our efforts in this direction have been, we conduct an staff viewpoint on a yearly basis. Any areas requiring improvement are detected through this process and included in our 'People Plan.'

People Promise



Synbaration is Homeplus' unique corporate culture creating the most exciting working place. Synbaration culture is well integrated into our business operation and provides rewarding experience for our staff.

Six Hopeful Habits of Homeplus



Homeplus practices 'Six Hopeful Habits' to ensure a lively and optimistic organization.

PEOPLE DEVELOPMENT

People Development Philosophy

Valuable staff members are individuals with the potential to effectively help attain Homeplus' vision as 'the World Best Value Retailer' and carry out related missions, who furthermore closely share its corporate values. In other words, in today's 'glocal' (global and local) business environment, competitiveness and professionalism require continuous learning and updating of knowledge and efforts to create new value for both our customers and co-workers.

Homeplus is continuously training all our staff, including the employees of suppliers and outsourced companies, to nurture such talent to realize its full potential. These training courses are designed differently depending on the audience. Homeplus implements staff development programmes each designed for full-time staff, part-time or temporary contract employee and staff of suppliers. The actual content of training varies between these groups, as their core competencies are different. Customer service training is provided to all of these groups. The medium to long-term personnel training strategy is developed annually to closely correspond with our overall business strategy.

People Development System

Until 2008, the focus for developing the staff talent to drive future growth was on settling the leadership of Homeplus by pinpointing staff with the potential to step up and making them bigger people. The training strategy will need to be approved by a group of selected executives, every year. In 2009, the main objectives of training will be strengthening buyers' capabilities to provide the best value products, and strengthening the capabilities of managers to coach and support their staff. These training programs will improve through continuous communication among staff.

Moreover, the 'Asia Leadership Academy', which will be ready at the end of 2011, will be the central training facility for global CEOs not only for Korea, but also for China, Japan, Thailand, Malaysia, and India.

People Development Programmes

People development programmes include the People Plan, Talent Spotting and the Personal Development Plan, along with the e-Learning Centre, Homeplus Academy and the Reading and Distance Learning Programme.

People Plan

The People Plan is an innovative programme, designed to help enhance our staff's key performance indicators to contribute to the company's value and the staff value it offers. Homeplus derives its core projects after reviewing the findings of the staff satisfaction research and company-wide People Review. With this information in hand, Homeplus can better implement changes in its internal and external business environment, core strategic tasks, and the needs of staff. The main projects of 2009 were focused on building trust and respect, improving the ability of team managers & store managers, nurturing female talent, strengthening selected talent, and improving the ability of buyers. Each of these projects is overseen by a sponsor and a leader who are responsible for establishing and

implementing a detailed yearly action plan. Project progress is evaluated on a quarterly basis, by looking at a set of key performance indicators.

Talent Spotting

Homeplus recruits our people through new hiring or reassignment of internal staff. Talent Spotting is a staff redeployment programme, designed to enable the most appropriate assignment of staff, based on their competencies and capacities, through a process that is optimally fair and transparent. The redeployment process under this programme takes into account both the annual and long-term people resource plans. During one-on-one interviews with managers, staff members indicate the sections and regions to which they desire to be reassigned, and final decisions take into account their individual personal development plans (PDP).

Personal Development Plan (PDP)

Homeplus employs a specially-designed process to handle promotion and reassignment. Candidates are required to go through pre-assignment training, and appointment decisions are based on the results of this training. Followed by the pre-assignment training for potential store managers, this training expanded to team managers and vice store managers in 2002. The Personal Development Plan is a programme overseen by the Human Resource Development Team, which is comprehensively responsible for assessing the people capability at our business.

People Training Programmes

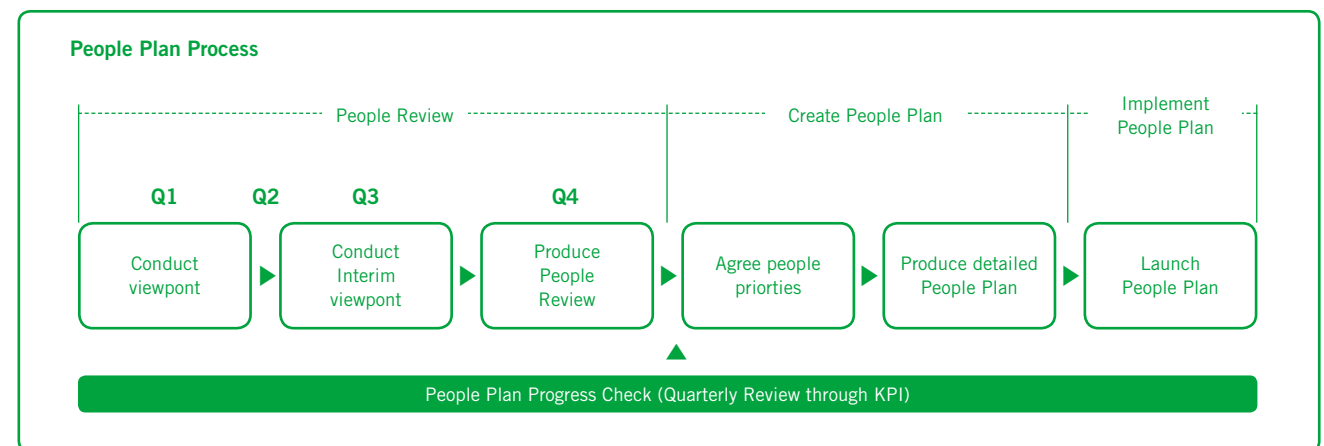
Investment in further education is vital to nurturing the best human resources in the retail industry. It is also important to seek an efficient education system that utilizes various channels fit for the times. Homeplus' training system is based on the 'Homeplus H Capability' which combines leadership training with general training, job training and Hexagon Leadership.

In each area, more than 500 different training courses are provided annually in Hexagon Leadership, coaching, team building, core skill, marketing and customer analysis through large group training, e-learning and book club activities.

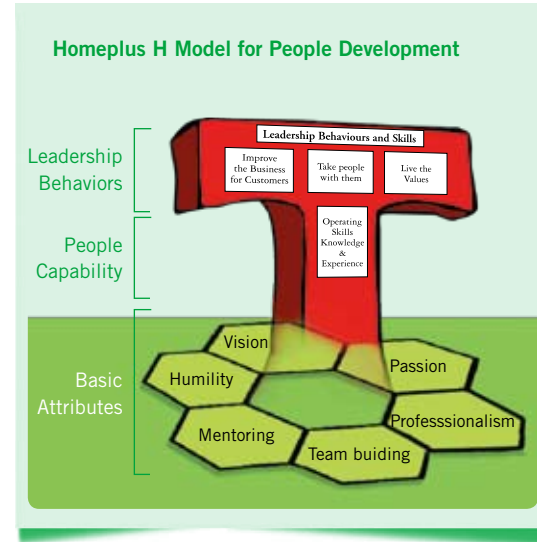
What is a PDP (Personal Development Plan)?

A Personal Development Plan is an action plan for employee career management and professional growth. These plans, drawn up by each employee with the help of their managers, are used to review their progress in career development.

- Individual strengths and weaknesses assessed through an interview using 9 critical success factors (CSF)
- Advice offered as to how to improve areas of weakness that need to be addressed in order to qualify for the job rank or assignment desired
- Used in parallel with individual objectives
- Manager participates in developing the plan and follows up on the progress, providing advice and guidance



Homeplus provides a wide range of training courses to all employee even including employee members of suppliers and service agencies all serving different types of roles and responsibilities. Options Programme implemented to those promoted to high rank is a unique programme that provides participants with opportunities to grow as prepared leaders.



In addition to large group training, Homeplus operates an e-learning centre (www.homeplus-university.co.kr) a first in Korea's retail industry offering training courses to staff regardless of time and space. In 2009, Homeplus staff invested an average of 208 hours in training, and this participation was encouraged in connection with PDP support.

PEOPLE REWARDS

Staff Benefits

At Homeplus, we believe that the surest way of creating satisfied customers is to create satisfied staff. We offer one of the most comprehensive benefit packages in the industry and operate a variety of incentive programmes.

We match 100% of employee contributions to a retirement plan and offer education sti-

Education and Training Programmes by Type of Staff

Type of Staff	Programmes
Leadership, Team Leaders, Managers, Staff	<ul style="list-style-type: none"> Customer service training, CS specialist programme, intensive service course Buyer programme, warehousing and distribution specialist programme, retail system programme Core value and purpose programme Option programmes for team leader, orientation programme for section heads, orientation programme for new recruits, continuous training programme for senior staff
Part-time staff	<ul style="list-style-type: none"> Basic job skills training for store staff, Introductory class on service and management
CEO & Staff of suppliers	<ul style="list-style-type: none"> Job skills training for tenant store managers, sales performance training
CEO & Staff of outsourced vendors	<ul style="list-style-type: none"> Basic job skills training programmes

pendents to employee dependents of all ages without restriction on the total number of recipients. Homeplus has corporation insurance that will support the medical expenses should an employee be hospitalized. To encourage the self-fulfillment activities in our employee, we contribute toward the costs of participating in hobby clubs. Other benefits include paid leaves and stipends for special events such as weddings or funerals, moving expenses, long service employee rewards and the use of company-owned resort facilities.

Supporting Staff Clubs

To help tighten the bond between members of our organization and encourage personal development activities, we support costs associated with their participating in employee hobby clubs. Currently, there are 250 total employee clubs including volleyball, football, baseball, bowling, fitness/exercise, tennis, ski, pocket ball, hiking, cooking, travel, remote-controlled model collecting, social work and general culture and leisure activities.

Staff Counseling

Homeplus addresses various issues arising from day-to-day operations including conflict among team members. The Staff Counseling Committee consists of four members including one female worker to listen, review and resolve difficulties that staff face. Staff can share their problems through e-mail or Voice of Employee, then consult with their managers or counselors.

Improving Staff Health

Homeplus fully practices environmental safety laws and is focused on creating a working environment that actively prevents accidents. Also, we conduct training, education, and monitoring of various emergency scenarios to reduce dangerous factors in the job site and the occupational accident rate was 0.09% in 2009. We have selected safety manager in each store and head office to prevent and manage both customer and staff accidents. Human resources regularly manage and report the rate of customer and staff accidents at the executive meetings.

To ensure the health of our staff, annual health checkups are offered to all staff, and the opportunity for a full health checkup is provided to those who have worked for Homeplus for more than certain number of years. Also, Homeplus was the first in the industry to provide chairs nationwide for cashiers to provide a better working environment for the health of its employees.

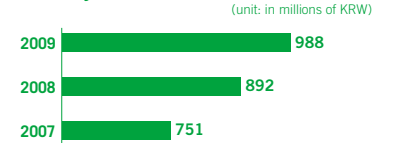
Staff Complaint Management

Type	Host	Number	Major Activity
Staff	Manager	Once a Month	Registration and Solution of Group Complaints on a Store by Store Basis
Complaints Consultant System	Complaints Consultant	On Occasion	Registration and Solution of Group Complaints on a Store by Store Basis
Employee's Voice	Manager	On Occasion	Registration and Solution of Group Complaints on a Store by Store Basis
Discussions by Class	Manager	Quarterly	Consultation and registration of complaints according to class



In an effort to bring One Team Spirit and support their personal growth, Homeplus covers costs associated with staff participation in hobby clubs.

Subsidy to Staff Clubs



78.3%

Homeplus conducts biannual staff viewpoint. Staff satisfaction level has reached an historical high of 78.3% in 2009.

STAFF COMMUNICATION

Staff Viewpoint

'Viewpoint' staff satisfaction survey, enables it to gather objective information on the level of staff satisfaction towards their work and work environment. The survey is conducted biannually and its findings are reflected in people development policies.

The survey is concerned with our staff's perception and attitude toward their work place, jobs and job conditions. It measures the trust and respect they have in and for the business, whether they are satisfied with the support provided and how interested they are in their jobs and assignments. Based on responses obtained from the survey, improvement strategies are developed and reflected annually in the 'People Plan'.

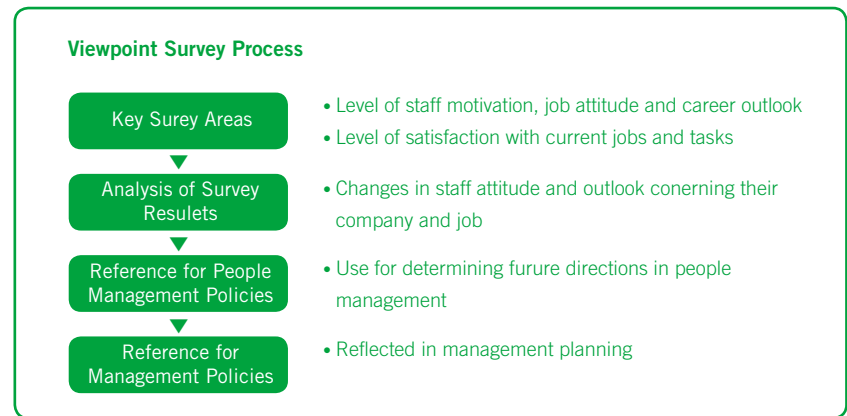
Viewpoint is an important tool permitting Homeplus' management to measure how well the Homeplus' values are understood and shared, and practiced by our staff and how satisfied they are with their workplace. The results of the survey are shared with all staff through each director, so that they can develop an objective understanding as to what the strengths and weakness of their respective teams are, and draw up an action plan to address any weaknesses.

The level of staff satisfaction at Homeplus has been steadily rising ever since 2000, to reach a historic high of 78.3% in 2009. Homeplus plans to make continuous efforts in this direction to raise the level of employee satisfaction to an even higher level.

Internal Communication Index Research

Homeplus has a variety of communication channels such as staff magazine Tong, company TV news, store audio broadcasting, PlusNet (company intranet), bulletin boards, communities, store message, Team Talk, company conference and town meeting.

To ensure the continued relevance and effectiveness of these communication channels, we regularly poll our staff and implement any changes that may be required. Especially, the evaluations and diagnoses of the internal communication diagnosis research, conducted every other year, by an outside research institute, are used to form efficient strategies and plans for future internal communication activities



Internal Communication Channels

Nurturing the kind of dynamic corporate culture, Homeplus values open communication between all members of its organization. The many communication channels at Homeplus are powerful tools to ensure that our values are shared and all information is cascaded to all, serving to motivate our employee and unite them under our vision of the 'World Best Value Retailer.'

Internal Communication Channels

Type	Description
Staff Magazine 'Tong'	This monthly staff magazine keeps our staff updated on key business highlights and stories from our staff.
Company News Broadcasting	Internal news broadcasting delivering business updates (twice a month)
Audio News	Company news delivered to store staff in a form of radio
Team Talk	Highlights of monthly activities from each team across the business (once a month)
Company Conference	Annual staff meeting to celebrate success and share vision
Town Meeting	Annual company event to share group's performance and celebrate success
CEO Management Essay	Monthly essay from CEO
Bulletin Board	Post press coverage on Homeplus and other general company notices
PlusNet	Intranet system enabling speedy and efficient job communication
Homeplus Morning Forum	Guest lectures attended by directors, team leaders and store managers held monthly
Hanmaeum Consultation	A regularly-scheduled meeting between staff representatives and the management to discuss company operations and staff welfare
Store Staff Forum	A monthly store staff forum attended by store managers and assistant store managers
Voice of Employee	Online forum available for all staff to share difficulty and information in their workplace.



Homeplus published the 'Female Talent Report' to denote the importance of nurturing the talented female staff.



At the annual company conference, our leadership and staff come to share the company vision and celebrate the success.

Delivering Customer Value

You can experience the best service, high quality and value at Homeplus.

"The reason why we have only one mouth but two ears is because we are to listen more than to talk. eParan and Homeplus listen to our customers and understand their needs. Furthermore, we think about our customers and local communities. eParan will strive to listen more carefully to make Homeplus the best it can be; where the best service is provided with the best quality products at a reasonable price, the place where the best value resides in the most pleasant shopping environment. The place where an emotional service is provided to bring culture closer to our customers."



Delivering Customer Value



Homeplus offers the utmost value to our customers through wide range of high-quality products at reasonable prices. Furthermore, the ‘Third-Generation Hypermarket’, where emotional experiences and science are combined, was introduced to lead Korea’s retail industry by providing a cultural experiences to customers.

As many of our products are globally sourced, we are able to offer prices that are 3-5% lower than our competitors. Meanwhile, thanks to consistent quality management efforts at our TL&T, we maintain the highest quality and safety standards for all products we carry. Our friendly staff is happy to attend to our customers’ needs, and the store environment is always kept clean and agreeable so that shopping at Homeplus is an enjoyable experience. The one-stop living service is another thing many of our customers appreciate about Homeplus. Our customers can bank, drop off dry-cleaning, have their photos taken, buy pharmaceuticals, get a haircut and open a credit card account at the same time as they fill their grocery cart. Better yet, they can learn, pursue their cultural interests and find entertainment at our culture centres serving as the community centre.

Core Values

- No one tries harder for customers**
- Understand customers
 - Be first to meet their needs
 - Act responsibly for our communities
- Treat people how we like to be treated**
- Work as a team
 - Trust and respect each other
 - Listen, support and say thank you
 - Share knowledge and experience

...So we can enjoy our work

Homeplus also launched the retail services and introduced new format store called ‘express’ in the industry. These creative approaches of Homeplus have not just helped improve the quality of life in communities and their competitiveness, but also have provided a welcome stimulus for the Korea’s retail industry.

Customer Parliament

Homeplus stores each have a clock tower, reminiscent of Big Ben at the British Parliament. This tower symbolizes ‘customer parliament,’ which describes the utmost importance we assign to our customers’ needs and their satisfaction. In our pursuit of the vision to become ‘the World Best Value Retailer,’ we are relentless in our effort to deliver ever greater value to our customers.

Listening Our Customers

We are always willing and eager to hear from our customers so that we serve them better. For this, we conduct regular/irregular research, over 200 times annually, on more than 10,000 customers to include level of satisfaction, image trackers, exit surveys, panels of household wives, and CQT (Customer Question Time). Homeplus is also the only retail company in Korea to operate a Customer Insight Unit (CIU) exclusively in charge of customer surveys and analysis. The CIU Team helps us remain in touch with our customers through their regular monitoring activities.



Homeplus provides the most pleasant service so that customers can shop in the most enjoyable and pleasant environment.

VALUE MANAGEMENT FOR GREATER CUSTOMER SATISFACTION

Homeplus created a new concept store called ‘Value Store’ maximizing customer value. To deliver ever-greater value to our customers and better satisfy them, we continuously implement differentiated services.

‘Value Store’, the hypermarket that puts customers’ value first

The ‘Value Store’ has been an industry-changing innovation for Korea’s hypermarket business. In a market where big box style stores were the norm, we stood out by coupling a pleasant shopping environment with premium-quality service. Our ‘Value Store’ is about offering an all-around shopping value by adding superior service and an attractive setting to great products that are affordably-priced. Our one-stop shopping service and one-stop living service offer just that: a wholesome shopping experience and value.

Value Store Concept

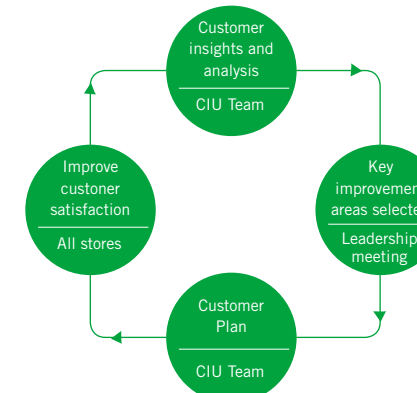


Customer Plan



Homeplus's Clock Tower, similar to Britain's Big Ben, symbolizes ‘customer parliament.’

Customer Plan Process



2009 Project

- Fresh food competitiveness
- No. 1 PB clothing offer
- PB differentiation
- Range authority for Home & Sports / Leisure
- No. 1 Price image
- Compact stores

Customer Insights

Type	Description	Frequency
Image Tracker	Customers' evaluation on Homeplus and other competing retailers on store image	4 times / yr
Customer Satisfaction (Hyper CS)	Satisfaction level on major services provided by each store	12 times / yr
Customer Question Time (CQT)	Meeting between customers and store employees to identify issues of each store and seek ways of improvement	50~55 times / yr
Mystery Shopping	Store service evaluation by professional shoppers	48 times / yr (4 times of month)
CR Tracker	Evaluation on Homeplus' social responsibility activities	4 times / yr
E-commerce Satisfaction	Satisfaction level of major E-commerce services	12 times / yr
Tenant Satisfaction	Satisfaction level of major Tenant services	12 times / yr
Express Satisfaction	Satisfaction level of major Express services	12 times / yr
Seasonal Research	Evaluation on major services provided during New Year, Chuseok and Christmas	3 times / yr
Client Assembly	Attain instant feedback on HMP shopping trips	As needed
Headquarter CQT	Comprehensive understanding of problems and improvement points on HMP perceived by clients to help staff implement the correct solutions	4 times / yr
Brand Review Survey	Evaluate client response on HMP shopping trips yearly and conduct research for customer plans, community plans and functional plans for the following year	1 time / yr
Ad-hoc	Other survey on Homeplus and store related issues	As needed

Customer Plan

The Customer Plan is a step change program addressing customers' needs that defined through a number of customer insights. Under this company-wide process, corrective actions are taken in any areas identified to need improvement, and the results of these actions are evaluated through customer surveys. Around 7~8 projects are selected in the leadership meeting and implemented them across the business.

EFFORT TO BETTER SATISFY OUR CUSTOMERS

Homeplus offers the industry's best value to its customers by providing the largest variety of high-quality products that are always low priced, and coupling them with a great service.

Low Price

Homeplus' lowest pricing policy offers lower prices than our counterparts and is essential to our effort to offer the best value to its customers. To keep the prices of our products affordable at all times, we invest in price stabilization through our 'Price Investment' and buy directly from local growers and producers. Our lowest price guarantee comes with a compensation programme whereby we pay customers who found better prices elsewhere an amount twice the price difference. Our basket price programme and Enuri Coupons are also smart ways for our customers to save money.

Price Investment and Price Stabilization Campaign

Homeplus' Price Investment, begun in 2003, is distinct from other forms of sales or discount campaigns, as it lowers prices on a permanent basis. Homeplus applies the Price Investment policy on approximately 800 types of products each year. Homeplus has also launched a 'Price Stabilization Campaign' amidst the radical increases in consumer prices

since February 2008. Prices for 5,300 private brand products including instant noodles and flour were reduced while 4,700 different clothes that were introduced in spring season were also offered at a 20% discount. About 100 agricultural goods including 75 types of vegetable, 28 types of fruit were also discounted at an average of 10%. The campaign is not just meant for the short-term, but throughout the year, greatly reducing the financial burden on our customers. Homeplus invests billions of won every year to maintain its price competitiveness and contribute to the economic stability of Korean families and communities. Our suppliers can support our price policy without sacrificing profitability, as we offer them economies of scale commensurate with or exceeding price reduction.

Local Sourcing

By buying farm produce we distribute directly from growers, we are able to keep the prices lower and guarantee better quality. The direct purchase programme, made possible through a strategic alliance with the National Federation of Agricultural Cooperatives, will further gain in scope in the near future, as we put into place an efficient buying system to support its operations.

More Directly-run Businesses

Fresh grocery sections and bakeries and pizza places inside a large retail outlet are often run by tenant businesses. Rental paid by these businesses and extra operating costs incurred by the store are inevitably shifted to customers, driving up the prices at their end. In an effort to cut operating costs and thereby keep its prices low across all product categories, Homeplus is progressively increasing the share of businesses that are directly run by it.

Lowest Price Guarantee Programme

Homeplus is continuously striving to provide the best quality products at the lowest price. Hence, Homeplus implemented a guarantee program that gives back twice the difference between what you paid at Homeplus and what you would have paid at a different hypermarket store if Homeplus did not offer you the lowest price.

Expand Basket Price Items

At Homeplus, we offer especially competitive prices on a list of items that are most frequently purchased by our customers. These low-priced basic goods are referred as 'Basket Price Items.' By cutting prices on items that are needed and bought daily, instead of infrequently -purchased items, Homeplus makes sure that the benefits of its low price policy are concrete and real. Currently, about 7,000 items which account for 70% of Homeplus' revenue are classified as Basket Price Items. The Basket Price Items include clothing and home appliances as well as fresh food.

Wide Range of Product

Increasing Global Sourcing

Homeplus offers wide range of products through global sourcing. Our Global Sourcing Team choose products through a global sourcing network, applying the most exacting quality and safety criteria. 3,915 products including home appliances, clothing, home wares and toys are sourced globally.

19,626

Homeplus provides 19,626 various different products to customers with the best service at the best quality and the lowest price.



Homeplus offers best value to customers by providing wide range of products, low price, high quality and great service.

Private Brand Development

Homeplus categorizes private brands into 3 areas-Good Zone, Better Zone and Best Zone. Good Zone products are food and other everyday necessities offered at a deep discount price. Better Zone products, comparable in quality to normal-brand products, are brand about 20% cheaper than national brand. Premium products under the Best Zone are superior in quality to national brands. Homeplus is also a fashion address, carrying trendy private brands like EZ Classic, Spring Cooler, Lifeway, FriSunSat and Melimelo. By shortening the supply chain, we are able to provide quality products at substantially lower prices than our competitors are. Furthermore, we launched more than 50 PB household products under our 'design utilitarianism' concept in September 2008, which was developed by one of the most famous industrial designers, Kim Youngse, the representative of INNODESIGN. Homeplus has been working rigorously, compared to other supermarkets, on developing new PB products and currently provides more than 19,626 different PB products.

Environment-friendly and Well-being Product

To tap the increasing customer demand for food safety, Homeplus developed its own healthy food brand named 'Well-being Plus'; the first and only supermarket brand of its kind. A choice selection of organically-grown produce, tested to meet the highest standards for safety and quality, is distributed under this brand. About 220 Well-being Plus products are available at our stores, including vegetables, fruits and grains. Homeplus is looking to expand the lines of Well-being Plus ranges by adding processed foods like organic orange juice, green tea and soybean milk.

High Quality

Satisfaction or Refund Policy

Homeplus implemented its quality satisfaction program so as to take full responsibility for the quality of all its products in every way. Homeplus always exchanges or refunds if the customer is not satisfied with the quality (for fresh food, freshness and quality) of one of its products so long as the customer provides the product and the receipt.

Fresh Produce Sell-by Date Labeling

Fruits and vegetables at Homeplus stores are marked 'sell-by' dates that are far before legally required sell-by dates. This is another way we ensure that only the freshest food products reach our customers through our stores.



Homeplus' 'Well-being Plus' range offers high quality healthy organic products.

Homeplus Private Brands



알뜰상품
Home plus



좋은상품
Home plus



Premium^{*} Home plus
프리미엄



친환경
Home plus



유기농
Home plus



Wellbeing Plus 웰빙플러스 Home plus

Homeplus has developed diverse private brands such as Homeplus Value, Premium, Well-being Plus and Organics, offering customers top-quality products in low price.

Expiration Date

To ensure the freshness of our food products, our staff routinely checks their expiration dates. Some products, which freshness is an utmost concern, are removed from shelves and replaced even before the expiration date. In most cases, we employ more stringent freshness standards than those enforced by law.

State-of-the-Art Fresh Distribution Centre

The opening of the Haman Fresh Distribution Centre in July 2005 put an advanced distribution system to our disposition, giving a tremendous boost to our ability to maintain the freshness of our produce. The key to having fruits and vegetables reach customers at the end of the supply chain in their original freshness is to reduce the amount of handling. The more handling they go through, the quicker they go bad. At Homeplus, we use basket-style containers. These containers allow fruits and vegetables to be transported to the distribution centre in the original crates in which they were shipped by growers. The fruits and vegetables are also washed in their original crates and are removed from them only once they are in our stores. Replacing containers alone has cost us over one billion won. Further, to minimize environmental damage to our fresh produce, we lowered the brightness of lighting in our distribution centre. Finally, we now employ a full cold chain. The use of refrigerated trucks, previously limited to transportation between the distribution centre and the stores, is now extended to the grower sites and the distribution centre, for greater freshness of the produce we sell.

The One and Only Local Quality Control with Participation of Customers

In two stores, Yeongdeungpo and Centum City, we operate a customer value creation station in order to live up to the quality expected by our customers. At these stations more than 2,500 products are evaluated by customers every year, and Homeplus PB products will only be displayed on the shelf after customer evaluations. Also, products that are on the shelf are evaluated once or twice per year to provide the best quality products. Moreover, we have a professional panel made up of 80 prosumers (consumers who lead new product development by actively requesting the development of certain products and by providing new product ideas to companies) and develop products on the basis of prosumers' opinion. These newly developed products go through prosumer group panel tests and home-use tests (test method where consumers use the product several times at home; this method is usually used for detergents, household cleaners, clothes, etc) before their launch to provide the safest and the best quality products.



Homeplus has 'Value Creation' to evaluate product quality thus providing high quality products to our customers.

Product Range

Category	Products	SKUs
Produce	Fruits, vegetables, meats and dairy products, seafood and prepared and frozen dinners	5,716
Food and personal care	Food, beverage and personal care	22,857
Home and leisure	Home appliances, house wares, sports and leisure items	51,146
Fashion	Men, women and children's wear and fashion accessories	84,217
Total		163,936

* SKU is the acronym for 'Stock Keeping Unit'.



Homeplus has introduced the front-of-pack nutrition labeling for all processed food products of our private brands. It is designed to help customers have easy access to nutritional information for their healthier life.

FOP/GDA Nutritional Labeling

In an effort to provide customers easy-to-see information on the safety and nutritional value of its food products, Homeplus has introduced the 'front-of-pack' nutritional labeling for all processed food products under its private brands. The FOP nutritional labeling displays macro-nutrient content (protein, fat and carbohydrates) and nine other nutrients, including sugar, saturated fat, cholesterol and sodium, on the front of the package using icons. It also gives information on the nutritional content of the products and recommended daily nutrient intakes, as well. The front labeling, which applies to over 1,100 products, offers customers more transparent information on its food products, thereby helping them lead a high-quality, healthy life.

Great Service

Service Accountability

All our store staff directly interacting with customers wears a name badge. This makes it possible for our customers contacting the store management about service-related satisfaction or dissatisfaction to name individual employees who served them. This practice promoting individual accountability in our staff's dealings with customers allows us to more effectively to redress any shortcomings reported by customers and give recognition to employees that made us proud through friendly and professional service. In addition to

name badges, the names of the store manager and persons responsible for each of the store sections are posted along with their photos and phone numbers, across the store, to let know our customers who we are and that we are happy to hear from them about any service-related issues.

Pricing Error Policy

In some rare cases, customers may be charged a wrong amount for a purchase due to a scanning error. If this happens, we promptly rectify the error by refunding any overpaid amount and issue the customer a 5,000 KRW gift voucher as a compensation for the inconvenience this error may have caused. At Homeplus, we strive to eliminate this type of scanning errors as much as possible by checking our computer systems and price tables every morning before the store opening and routinely training our staff.

Guaranteed Safe Delivery Policy

Home appliances or furniture purchased from our stores are delivered to customers. When the delivery of an item is delayed or the item arrives damaged due to a mistake or oversight on our side, we promptly redress the situation and issue the customer a store gift voucher worth 20,000 KRW as a token of our apology. This policy applies only to delivery requested in one of our stores.

New Retail Services

Homeplus offers new retail services including insurance, loan, telecom and travel services. This mode of service marketing, enabled through partnership with insurance companies, banks, telecom operators and travel companies, allows us to offer prices that are cheaper than the prices our customers would pay through standard channels.

Homeplus Family Card - Convenient and Provides Various Services

Family card was launched in November 2002, and within 6 years, the services and numbers of members has grown continuously. Family card member, as of March 2009, reached more than 10 million making it the hypermarket card with the largest number of members. Cash coupons, various product discounts, and accumulative coupons are provided through a quarterly mailing system to members with more than 2,000 points. Segmented services, according to consumers' needs, are provided through the Baby & Kids Club, Wine Club, and Bigplus Club. Also, family card provides the green point program as a link to raising awareness about global warming. The riding bicycle campaign (providing extra points to customers who rode their bicycles to the shop) is expanding to all stores as of March 2009. This campaign started at the Jamsil store in 2007. We are also leading green consumption activities by giving four times the amount of points when products that do not use secondary package and are environment-friendly are purchased.

Convenience Facilities and Tenant

Our car parks asiles and walks are spacious. We provide a playground, rest area, food court, restaurants and the kids' cafe that are great sources of refreshments. Homeplus accommodates bookstores, hair salons, optician's as well as popular clothing brand. Homeplus' one-stop living service also features a desk where most common administrative formalities can be completed.



Homeplus provides various retail services, such as insurance, loans, telecommunications and travel services.



Homeplus is moving towards a diverse high-quality 'one stop living service' to provide various convenient facilities and rest areas for the local community.

Homeplus' efforts for the food safety

1. Operating Professional Technical Managers

Professionals in different fields visit to guide suppliers, maintain food hygiene, and ensure safety management. This program enables suppliers to voluntarily meet the food safety and food hygiene standards. At the same time, Homeplus is making efforts to select suppliers already in line with HACCP standards or are managing hygiene standards equivalent to those of the HACCP.

2. Complying with Core Safety and Freshness Regulation Standards - HACCP (Hazard Analysis Critical Control Point)

For stock farm products, Homeplus works with HACCP certified companies (certified by the Ministry of Agriculture and Forestry). Homeplus currently only sells fresh meat from butcheries that have been certified with HACCP. Also, in order to further help suppliers in understanding HACCP, Homeplus conducts an external professional training system more than once a year for superior suppliers.

- Fresh packaging MAP

Homeplus implemented MAP packaging technology to strengthen the freshness and sanitation of its stock farm products. MAP (Modified Atmosphere Packing) is a packaging technology that maintains the internal environment of the packaged material at a different temperature and moisture to the external environment, so that packaged products stay fresh for a longer period of time. Currently, about 40 different beef and pork products are sold in MAP, and we plan to further provide more stock farm products in MAP.

3. Operating Specified Quality Control Inspectors at Distribution Centers

Specified quality control inspectors conduct inspection on all fresh food products that require scrutiny in our distribution centers, through a scientific sampling method. Through this process, products with safety problems are filtered and inspected prior to entering the stores.

4. Implementing a Freshness Manager in all Stores

Homeplus freshness managers, who are present in all stores, check safety elements, such as freshness, expiration date, origin of product, and storage methods, on a day to day basis, to secure food safety and the freshness of fresh food and ready made food.

5. Inspection for potentially dangerous chemical substances and microorganisms

Homeplus ensures the safety and quality of its products in alliance with the Korea Food Research Institute (KFRI) under the Ministry of Knowledge Economy. The KFRI has acquired various certifications from food hygiene inspection institutions, KS certified institutions, etc. The KFRI enables Homeplus to monitor store safety and the security of all its products with scientific analysis, sample examinations, and standardization of inspection methods. Homeplus conducts food safety inspections on all of its fresh food, processed food, and on-the-spot cooked food to provide the best food hygiene and safety possible.

Independent Assurance Report

Korea Management Association Registrations and Assessment Inc. (KMAR)

Objectives

Korea Management Association Registrations and Assessments Inc (KMAR) is an independent evaluation institute in Korea commissioned to review the “Homeplus 2009/10 Sustainability Report” (hereinafter referred to as the “Report”). The evaluation is aimed at providing an objective opinion on whether or not the information and basis of the Report issued by Homeplus is based on the process of sustainable management. Responsibility for information included in the Report lies with the managers of Homeplus. KMAR is solely accountable for submitting an evaluation report on specific information in the scope specified below.

Independence

With the exception of the independent assurance services on the Report, we have no other business relations with, or vested interests in, the Company.

Scope

The Report describes the efforts made by the Company toward realizing sustainability in its operations and related accomplishments. We planned and performed our review procedures relating to the Report to obtain:

Assurance on the social and environmental areas

- Assurance on the economic area: It was verified whether the financial performance data as defined in job performance and conclusion is appropriately extracted from the audit report and business report on Homeplus’ 2009/10 respective financial statement.
- Assurance on the social and environmental areas: It was evaluated whether the information incorporated in the following areas is adequately described.
 - Corporate social responsibility
 - Environment management
 - Ethics & Fair
 - Economic and industrial development
 - Staff satisfaction
 - Customer value

Appropriate content and presentation mean that the information provided is consistent with supporting documents and is presented in a coherent and reliable manner. A reasonable evaluation on the economic area in terms of the features and depth of job performance was conducted on a higher level than limited evaluation.

Basis of Opinion

We have reviewed the Report in accordance with the ‘International Standard on Assurance Engagements (ISAE 3000): Assurance Engagements Other than Audits or Reviews of Historical Financial Information’ issued by the International Auditing and Assurance Standards Board and referred to the ‘AA1000 Assurance Standard’ developed by Accountability as a secondary standard.

Summary of Procedures Performed and Our Opinion

We have conducted the following review procedures to ascertain that the Report is free of material misstatements and that the data presented in it are consistent with supporting documents, within the scope of the assurance engagement. Finally, we will evaluate them against internal processes related to the preparation of the Report:

- Review of media reports related to the Company’s sustainability practices over the reporting period;
- Review of systems and processes used to obtain the data reported;
- Review of internal documents and data; and
- Interview of staff concerning activities and accomplishments reported.

The evaluator based on document review, visit to related departments and interview has consulted on the revision of the Report several times with Homeplus. After reviewing the final version of the Report incorporating the suggested changes, we have reached the following opinion:

- Economic Performance
The financial performance data provided in the Report were consistent with the information reported in the Company’s financial statements for the year ended February 28, 2010.
- Environmental and Social Performance
The information specified in the sections ‘Sustainability Performance Indicators’ and ‘Social Contributions and Environmental Management’ was free of significant errors or misstatements.

Recommendations for Improvement

The evaluator through review of the third sustainability report of Homeplus has confirmed that its sustainable management process was strengthened through a systematic research into the demands of stakeholders and an in-depth analysis on the various social and environment changes. In addition, its strategy against climate change and CO₂ reduction established to actively cope with the social demands related to global climate change is excellent. KMAR hopes that the Report published by Homeplus is actively utilized in stakeholder communication and recommends to expand use of materiality.

KMAR

Korea Management Association Registrations & Assessments Inc.

President Ki-Ho Park

GRI G3 Content Index

• _ Reported N/A _ Not available

G3 Indicator	Description	Status	Page
Strategy and Analysis			
1.1	Statement from the most senior decision maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy	•	10, 11
1.2	Description of key impacts, risks, and opportunities	•	27–29
Organizational Profile			
2.1	Organization's name	•	14
2.2	Primary brands, products, and/or services	•	14, 15
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	•	14, 15
2.4	Location of headquarters	•	Back cover
2.5	Number of countries where the organization operates, including names of countries with major operations or ones that are specifically relevant to the sustainability issues covered in the report	•	19
2.6	Nature of ownership and legal form	•	18
2.7	Markets served	•	19, 84, 85
2.8	Scale of the reporting organization, including number of employees and net sales, total capitalization, quantity of products or services provided	•	14, 15
2.9	Significant changes during the reporting period regarding size, structure, or ownership	•	14, 15
2.10	Awards received in the reporting period	•	20, 21
Report Parameters			
3.1	Reporting period	•	Cover 1-1
3.2	Date of most recent previous report (if any)	•	Cover 1-1
3.3	Reporting cycle (annual, biennial, etc.)	•	Cover 1-1
3.4	Contact point for questions regarding the report or its contents	•	Cover 1-1
3.5	Process for defining report content	•	26–29
3.6	Boundary of the report	•	Cover 1-1
3.7	State any specific limitations on the scope or boundary of the report	•	Cover 1-1
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	•	Cover 1-1
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of indicators and other information in the report	•	25, 26
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	•	14, 15
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	•	No change
3.12	Table identifying the location of the Standard Disclosures in the report	•	94, 95
3.13	Policy and current practice with regard to seeking external assurance for the report	•	92, 93
Governance, Commitments, and Engagement			
4.1	Governance structure of the organization	•	18
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	•	18
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members	•	18
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	•	18, 75
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance)	•	25
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	•	18

G3 Indicator	Description	Status	Page
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics	•	18, 25
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	•	16, 17, 23, 28, 29, 80
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed	•	18, 25–29
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	•	25, 26
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	•	25, 26
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	•	Cover 2
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations	•	22
4.14	List of stakeholder groups engaged by the organization	•	26, 27
4.15	Basis for identification and selection of stakeholders with whom to engage	•	26, 27
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and stakeholder group	•	26–29
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those concerns, including through its own reporting	•	29, 71, 80, 81, 85, 86
Economic Performance			
EC1	Direct economic value generated and distributed	•	25, 37, 38, 62, 67
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	•	42
EC3	Coverage of the organization's defined benefit plan obligations	•	79
EC4	Significant financial assistance received from government	•	No case
EC6	Policy, practices, and proportion of spending on locally based suppliers at significant locations of operation	•	62, 63
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	•	62
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in kind, or pro bono engagement	•	35, 43
Environmental Performance			
EN1	Materials used by weight or volume	N/A	Not a manufacturer
EN2	Percentage of materials used that are recycled input materials	N/A	Not a manufacturer
EN3	Direct energy consumption by primary energy source	•	25, 44, 45
EN4	Indirect energy consumption by primary source	•	25, 44, 45
EN8	Total water usage by source	•	25, 45
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A	No case
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas of high biodiversity value outside protected areas	N/A	No case
EN16	Total direct and indirect greenhouse gas emissions by weight	•	25, 43–47
EN17	Other relevant indirect greenhouse gas emissions by weight	•	25, 43–47
EN19	Emissions of ozone-depleting substances by weight	•	25, 43–47
EN20	NOx, SOx, and other significant air emissions by type and weight	N/A	No fixed emission source
EN21	Total water discharge by quality and destination	N/A	No fixed emission

• _ Reported N/A _ Not available

G3 Indicator	Description	Status	Page
EN22	Total weight of waste by type and disposal method	•	43
EN23	Total number and volume of significant spills	•	No case
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	•	42–49
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	•	44, 45
EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations	•	No violation
Labor Performance			
LA1	Total number and rates of employee turnover by age group, gender, and region	•	75
LA2	Total number and rates of employee turnover by collective bargaining agreements	•	75
LA4	Percentage of employees covered by collective bargaining agreements	•	57
LA5	Minimum notice period(s) regarding operational changes, including whether or not it is specified in collective agreements	•	57
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	•	79
LA8	Education, training, counseling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases	•	57, 79
LA10	Average hours of training per year per employee by category	•	77, 78
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	•	15, 18, 75
LA14	Ratio of basic salary of men to women by employee category	•	56
Human Rights			
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	•	14, 15
HR2	Percentage of significant suppliers and contractors that have undergone human rights screening and actions taken	•	68–70
HR4	Total number of incidents of discrimination and actions taken	•	56, 57
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to sustain these rights	•	57

G3 Indicator	Description	Status	Page
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	•	56
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor	•	56
Society			
S01	Nature, scope, and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	•	26–29, 85, 86
S02	Percentage and total number of business units investigated for corruption related incidents	•	55–59
S03	Percentage of employees trained in organization's anti-corruption policies and procedures	•	53, 54, 56, 57
S04	Actions taken in response to incidents of corruption	•	55, 56
S05	Public policy positions and participation in public policy development and lobbying	•	45, 65
S08	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	•	No case
Product Responsibility			
PR1	Lifecycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	•	88–90
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	•	90
PR6	Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	•	86–91
PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services	•	58

Declaration on GRI G3 Application Level

Sustainability Report 2009 of Homeplus was written by referring to the G3 guideline of GRI. Through a comparison and evaluation of the Report and GRI Application Levels Table, all the requirements that meet an A+ standard are satisfied. Therefore, Homeplus declares the application level of GRI G3 of its Sustainability Report 2009 as an A+. It was also confirmed through the review of KMAR that the report is in accordance with the A+ standard.



Report Application Level	C	C+	B	B+	A	A+
G3 Profile Disclosures	Report on: 1.1 2.1-2.10 3.1-3.8, 3.10-3.12 4.1-4.4, 4.14-4.15	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5-4.13, 4.16-4.17	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5-4.13, 4.16-4.17	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5-4.13, 4.16-4.17	Same as requirement for Level B	Same as requirement for Level B
G3 Management Approach Disclosures	Not Required	Management Approach disclosed for each Indicator Category	Management Approach disclosed for each Indicator Category	Management Approach disclosed for each Indicator Category	Management Approach disclosed for each Indicator Category	Management Approach disclosed for each Indicator Category
G3 Performance Indicators & Sector Supplement Performance Indicators	Report on a minimum of 10 Performance Indicators, including at least one from each of: social, economic, and environment.	Report on a minimum of 20 Performance Indicators, at least one from each of: economic, environment, human rights, labor, society, product responsibility.	Report on a minimum of 20 Performance Indicators, at least one from each of: economic, environment, human rights, labor, society, product responsibility.	Report on a minimum of 20 Performance Indicators, at least one from each of: economic, environment, human rights, labor, society, product responsibility.	Respond on each core G3 and Sector Supplement indicator with due regard to the materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission.	Respond on each core G3 and Sector Supplement indicator with due regard to the materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission.

Sustainability has consistently guided our business practice at Homeplus since our founding in 1999. The 'Homeplus Sustainability Report 2009/10' is the fourth publication by Homeplus, documenting its efforts toward realizing sustainability and the accomplishments it has made in this area. We welcome feedback about this report, and we encourage you to contact us with any questions and suggestions. Your feedback helps us make this report better.

Stakeholder Questionnaire

Homeplus CSR Team
Samjung Bldg. 701-2, Yeoksam-Dong,
Gangnam-Gu, Seoul, Korea 135-080
Tel. 82-2-3459-8042

Fax. 82-2-3459-8646

1. How did you learn about this report?

2. If you found this report helpful, please describe in what way.

3. If you did not find this report helpful, please state why.

4. Please provide your general assessment of this report.

5. Include any comments or suggestions pertinent to the quality or content of this report.

Homeplus CSR Team

Homeplus is implementing company-wide sustainability management with the faith that only a company admired by customers and the society can become a respected company. The CSR Team coordinates sustainability strategies at the level of divisions, assesses the compliance status, evaluates related performance and promotes internal and external communication in this area.

Tel 82-2-3459-8042

Fax 82-2-3459-8646

Email sustainability@samsung.tesco.com

Home plus

Samjung Bldg. 701-2, Yeoksam-dong, Gangnam-gu
Seoul, Korea 135-080
Tel 82-2-3459-8042 Fax 82-2-3459-8646
www.homeplus.co.kr



This report is printed on paper processed chlorine free and certified according to the rules of the Forest Stewardship Council (FSC).