

# Homeplus Sustainability Report 2011/12

*Every little helps*



## About the Report

### Purpose

Celebrating the 13th 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 vision 'Most Highly Loved by Customers'. This report is developed to upgrade Homeplus' sustainable management further by publishing our sustainable management performance and enhancing transparency of this report through communication with stakeholders.

### Guidelines

This report is the sixth sustainability report issued by Homeplus since 2007. It is referenced in the 'GRI (Global Reporting Initiative) G3 Reporting Guideline' used as a global standard. In addition, core subjects and issues of ISO 26000 published in 2010 and 10 principles of UN Global Compact are identified in relation with this report to help readers understand.

### Scope and Period

The reporting period spans from March 1 2011 to February 29 2012 based on Homeplus' fiscal years, and the data is presented sequentially for the last three or four years for easy comparison on the years' achievements. It states the activities and accomplishments outside of its scope when necessary. The scope of the report encompasses the sustainable management activities by Homeplus, Homeplus Tesco, Homeplus Bakery, and eParan Foundation.

### Assurance of the report

This report has been verified by an independent external institution. Refer to 94-95 pages for the verification report.

### Information

For further information on this report, please contact Head of CSR.

### Head of CSR at Homeplus

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\* 2011 fiscal year of Homeplus covers March 1, 2011 to February 29, 2012.

### Homeplus Environment Character, 'eParan'

eParan was the first CSR character in the industry and was introduced by Homeplus in 2000, along with its declaration of becoming a socially responsible company. It symbolizes the innovative and active environmental management policies of Homeplus. 'e' stands for everlasting, environmental, ethical, extended education, exciting, e-world, and 'Paran' stands for the wave symbolizing green, campaign, expansion, and promotion.

### Head of CSR at Homeplus

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 Head of CSR coordinates sustainability strategies at the level of divisions, assesses the compliance status, evaluates related performance and promotes internal and external communication in this area.

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# Homeplus strives to become admired and respected company.

For last 13 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.

## Carbon-Zero Tesco-Homeplus Academy

Tesco-Homeplus Academy was established in July 2011 as the world's first carbon zero academy.

The Academy pursues a goal of "Carbon Zero" by reducing carbon emissions of 50% and by producing new renewable energy to reduce the rest of 50%. In order to do that, the Academy applies 70 green initiatives, specifically energy reduction factors like LED lighting, Building Energy Management System (BEMS), and inverters and facilities to generate new renewable energy using sunlight, solar heat, and geothermal heat.





# TESCO Home plus Carbon Zero Academy



**Tesco Museum & Homeplus Historium**  
Exhibition showing yesterday, present and future of Tesco Group and Homeplus through high-tech digital equipment



**Green Facility**  
Sunlight panel generating electricity using natural energy, and charge system of an electric car



**International Garden**  
Outdoor garden displayed with sculpture sent from 14 countries, standing for harmony between the East and the West



**Ferry Pub & Ocean Café**  
Traditional British style of pub and cafeteria where cultures from various countries are shared



**Vision Bridge & Vision Deck**  
Passage and observation platform where determination to accomplish visions is made while enjoying sea

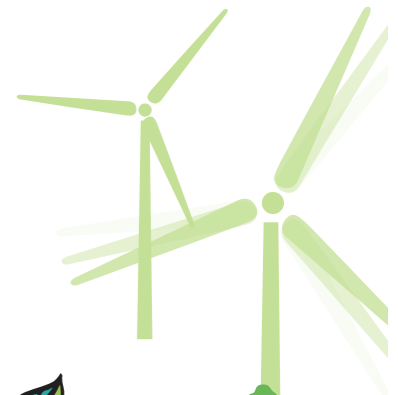
**Homeplus' Craft School**  
Marine Craft School, Livestock Craft School and Chakhan Service School that are equipped with facilities specially-designed to nurture excellent experts in each area



**Accommodation Building**  
Sea Side type of guest rooms with a terrace facing sea



**My Fit**  
Fitness center equipped with modern style while enjoying a beautiful scenery of sea







## Homeplus commits to make sustainable economy, environment and society.

Sustainable management indicates a corporate management method comprehensively covering economical proficiency, environmental soundness and social responsibility by reflecting a social expectation of a sustainable growth into a corporate management structure. Integrating the comprehensive social expectation into the corporate management stands for ceaseless innovative activities. In this regard, sustaining competitiveness capable of responding to ever-changing management environment should be strengthened. That is the main reason why Homeplus focuses its company-wide resources on sustainable management, while at the same time it is the ultimate purpose of social responsibilities.





12<sup>th</sup> eParan environment painting contest participants  
eParan Award, Min-Kyung Ju (6<sup>th</sup> Grade in Seoul Euncheon Elementary School)



## Homeplus positions as the most admired company through the Great Stone Face.

Homeplus' Great Stone Face, a corporate value realizing market value and social value, is a sustainable itself. The Great Stone Face is tow-fold of 'Face of Growth' and 'Face of Contribution' on which Homeplus aspires to become an admired company, rather than a giant company. Homeplus puts strategies and plans for the sustainable growth into practice. Therefore, we are doing our part to realize market value through effort to pursue the sustainable growth while at the same time by designating some projects as our key areas in terms of social value; for example, carrying out '4 Loves' of Love Environment, Love Sharing, Love Neighbours, and Love Family; 'contribution to the economy and industry'; and 'Shared Growth and Fair Trade'. Homeplus will focus our company-wide capabilities on the pursuit of sustainable management to make all members of our society happier.

\* 12<sup>th</sup> eParan environment painting contest participants  
eParan Award, Yoo-Jin Kim (5<sup>th</sup> Grade in Yale Elementary School)



## 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 thirteen 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 social contribution activities, fair and ethical management, contribution to the economy and industry, contribution to local communities.

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 '4 Loves Campaign' of Love Environment, Love Sharing, Love Neighbours and Love Family. In particular, our social contribution activities towards Love Neighbours are the largest of its kind in the world. At present, in Homeplus stores across the country, 117 Schools of Extended Education are in operation with over 6,800 instructors, annual memberships of over 1.1 million, setting an unprecedented example in the history of retail industry around the world.

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 the country. Through the establishment of the Homeplus eParan Foundation, we will realize more specific and practical social values. Homeplus also plans to actively participate in Little Help Club, a network-base CSR alliance to join hands with people who want to engage in contribution activities and focus on contribution in specific fields for example, through Every Little Helps.

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

In addition, Homeplus joined the UN Global Compact to support 10 principles about human rights, labor, environment and anti-corruption, and declared that we will comply with each of the principles. We will continue to make efforts to reflect these principles in the future.

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



**"A dream you dream  
alone is only a dream,  
but a dream you dream  
together is reality."**



# 2011/12 Homeplus Highlight



1

New Company name as 'Homeplus'

On the expiration of the joint venture contract with Samsung C&T Corporation, Homeplus has ushered in a new era of company with new brand name 'Homeplus' giving very close and familiar image to customers. In an effort to reinforce new brand image, Homeplus has implemented a successful communication plan for the media, government, NGOs, customers and suppliers.



2

Leading Social Contribution for the Better Tomorrow

Homeplus has provided a momentum to move one step further in Korea's CSR activities through '4 Loves campaign ; Love Environment, Love Sharing, Love Neighbours, Love Family' of eParan Foundation. eParan Foundation founded 'eParan Youth Football Club' as the world's first Sports CSR model and supported actively the Social Responsibility Activities in collaboration with other institutions both at home and abroad by establishing Social Responsibility R&D center. Additionally, the UN Global Compact Korea Network led by chairperson, Seung-han Lee, hosted a Global CSR Conference with attendance of large number of participants for the first time in Korea. These proactive CSR initiatives have contributed to elevating CSR status to a higher level while presenting a new paradigm for the development of CSR globally.



3

Playing a leading role in green growth by opening the world first carbon zero academy

Tesco-Homeplus Academy was opened in July 2011 as a world's first carbon zero training facility and as a hub of nurturing global leaders. The Academy has 6 major concepts namely Green, Smart, Culture, Leadership, Service and Craft to create an environment that is capable of building smart and environment-friendly learning facilities. The Academy is built by applying 70 innovative green technologies to reduce energy use by 50% and to generate energy by 50% to realize carbon zero. These innovative technologies include Energy Management System (BENS) – generates 1,000,000 kWh, inverters, LED lights and geothermal heat. The Academy is an environment that is capable of building smart learning and accepting different cultures of other countries accommodating 24,000 staff per year.



4

Strengthening 6 Plans for Shared Growth for suppliers

Homeplus leaves no stone unturned to share its vision with suppliers and to encourage suppliers to grow. Regarding realization of a shared growth with suppliers, 'Shared Growth Division' was formed in April 2011 and a 6 support specific strategies required for partnership to generate a sustainable growth engine with suppliers. The characteristics of the shared growth policies are to provide 'customized' support centering on needs of suppliers. Based on such characteristics, we gathered opinions and suggestions from 1,273 suppliers and six support systems for suppliers were defined; 'fair trade', 'funding', 'cooperation and technology support', 'export support', 'educational support', and 'management support'. As such, all support plans identified in areas necessary for suppliers will be accomplished by utilizing Homeplus' infrastructure, knowhows, knowledge and information to help them in a practical manner.



5

Responding to fast changing digital environment through mobile application

In coping with virtually smart era with joining of 20 million users, Homeplus has attracted more and more customers through Homeplus Application and corporate online homepage by offering Mobile Application and online services to staffs and customers for good communication. More than eight hundred customers have made a good use of our Homeplus Application just eight months after launching. In the face of SNS era, the new opening of Homeplus Twitter and Facebook has served as an open forum to hear ideas, opinions and feedback from customers as well as staff members. The Homeplus Smart Media has achieved a maximum outcome.



6

Opening "Homeplus Smart Virtual Store"

The world's first 'Homeplus Smart Virtual Store' opened in August 2011 that is the 'Multiplied Forth-Generation Store Model'. This new concept store combines the services provided by both online malls and offline stores so that customers can enjoy convenient shopping environment regardless of time and space. We developed an application technology that can recognize barcodes of all products by interfacing information embedded in our internet shopping mall interfaced with offline stores. Therefore, for products with their barcodes and QR codes, customers who use the Smart App using their smart mobile phones are able to shop anywhere, anytime and anyplace, referred to as '3A Shopping'. The 1st 'Homeplus Smart Virtual Store' was launched in Seolleung Station, Seoul, consisting of approximately 500 major products selected according to customers' preferences. The 2nd store was in Seomyeon Station, Busan. We will expand the 'Smart Virtual Store' in areas of high population density such as subway stations, schools and parks to continuously provide diverse services, products and values to consumers.



Chairman & CEO	Seung-Han Lee
Date established	May 15, 1999
Number of staff	26,748 (as of Dec. 2012)
Sales	11 Trillion KRW (2011/12, including Tenant)
Number of stores	133 hypermarkets, 372 express stores (as of Dec. 2012)

## ABOUT HOMEPLUS

Homeplus started its business with 2 stores in 1999, and now operates 133 hypermarkets and 372 express stores with almost 11 trillion KRW in sales, which in turn becoming a company highly loved by customers. Homeplus is the leader in modernizing the retail industry with 'Value Store', the 'Third-Generation Touching Store', and opening Korea's first '3.5 Generation Green Store' as well as the 'Forth-Generation Smart Virtual Store'.

Homeplus acquired 35 Homever stores in May 2008 and rebranded as the Homeplus Group with Samsung Tesco, Homeplus Tesco, and Homeplus Bakery. Homeplus has positioned as one of Korea's most admired companies that provides a higher value to our customers and the society at large through the unique management model of 'Great Stone Face'. Homeplus established the 'Homeplus eParan Foundation' in October 2009 and plays the role in making real social contribution for society as a whole.

Currently, Homeplus group has main business portfolios consisting of hypermarkets, express stores, bakery business Homeplus Bakery, new retail services, and online shopping. We also operate a nonprofit entity of eParan Foundation and Homeplus Academy. On top of this, Homeplus operates online shopping malls of 'Online Mart' and 'e-Special Mall' and retail services with more than 38 different services including insurance, communications, and travel.

## Artience House

Homeplus is doing its part to achieve the vision of 'Most Highly Loved by Customers' on the basis of its own management structure called 'Artience House'.

### What is 'Artience'?

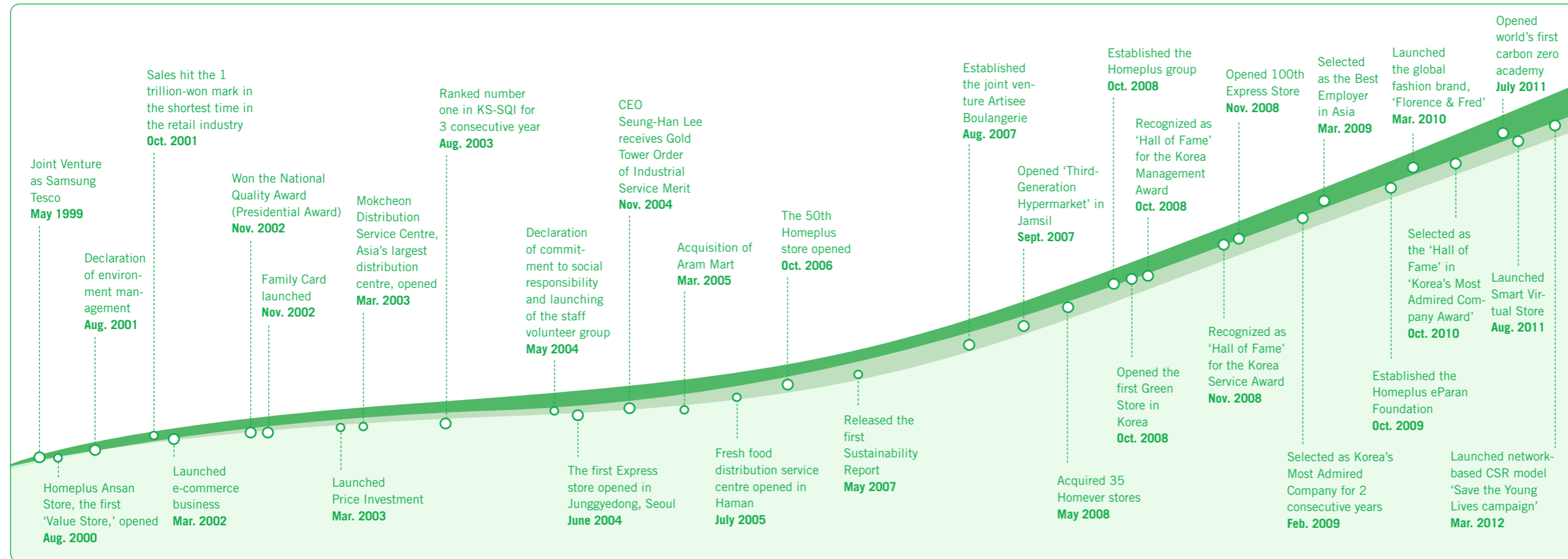
Artience is creating perfection by integrating art and science with the eye of insight. It is mashing-up the unlimited imagination of art with the knowledge and information of science, and analyzing and testing it to create perfection.

### What is 'House'?

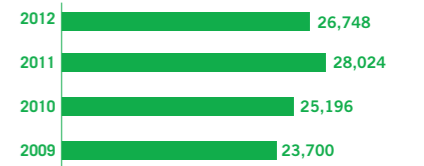
Management framework is linked to a house structure, logically explaining the correlations in each pair of elements. Management is like building a house. Deciding the size of the roof, firming up the foundation after geological survey, driving the piling into the ground, laying the floor, setting a cornerstone, building pillars, placing a girder, and putting a roof can be compared to the important elements of management such as vision, mission, value, corporate culture, management principle, strategy and steering wheel.

### Vision - Roof

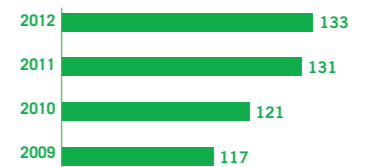
The first step to build a house is deciding the size of the roof. The size and shape of a roof dictate what the house looks like. Roof is vision in corporate management. The scale of vision dictates the size and shape of the business. Our vision is to become the company most highly loved by customers.



### Number of Staff



### Number of Stores





**Core Purpose - Foundation**

After geological survey, foundation is laid. This is the foundation to build the house on. Foundation is 'core purposes' for corporate management and standards for running business and treating employees, which clearly explains the reason of our existence. Our core purpose is to 'create increasing value for customers to earn their lifetime loyalty'.

**Values – Piling**

To firm up the foundation, piling is driven into the ground. Piling is 'values' in corporate management. Our values are 'No one tries harder for customers', and 'Treat people how we would like to be treated'. Our values are the center of business execution, and they guide us to our goal. To live these values, we abide by the Business Code of Conduct on customers, employees, suppliers, local community, nation, and shareholders.

**Culture – Bottom**

After firming up the foundation and driving piling into the ground, floor is laid and solidified. Solid floor is required to make the house earthquake-resistant. Floor is 'culture' in corporate management. Our corporate culture is 'Sinbaration'. It is a combination of eastern concept 'sinbaram(excitement)' and western concept 'rational'.

**Principle – Cornerstone**

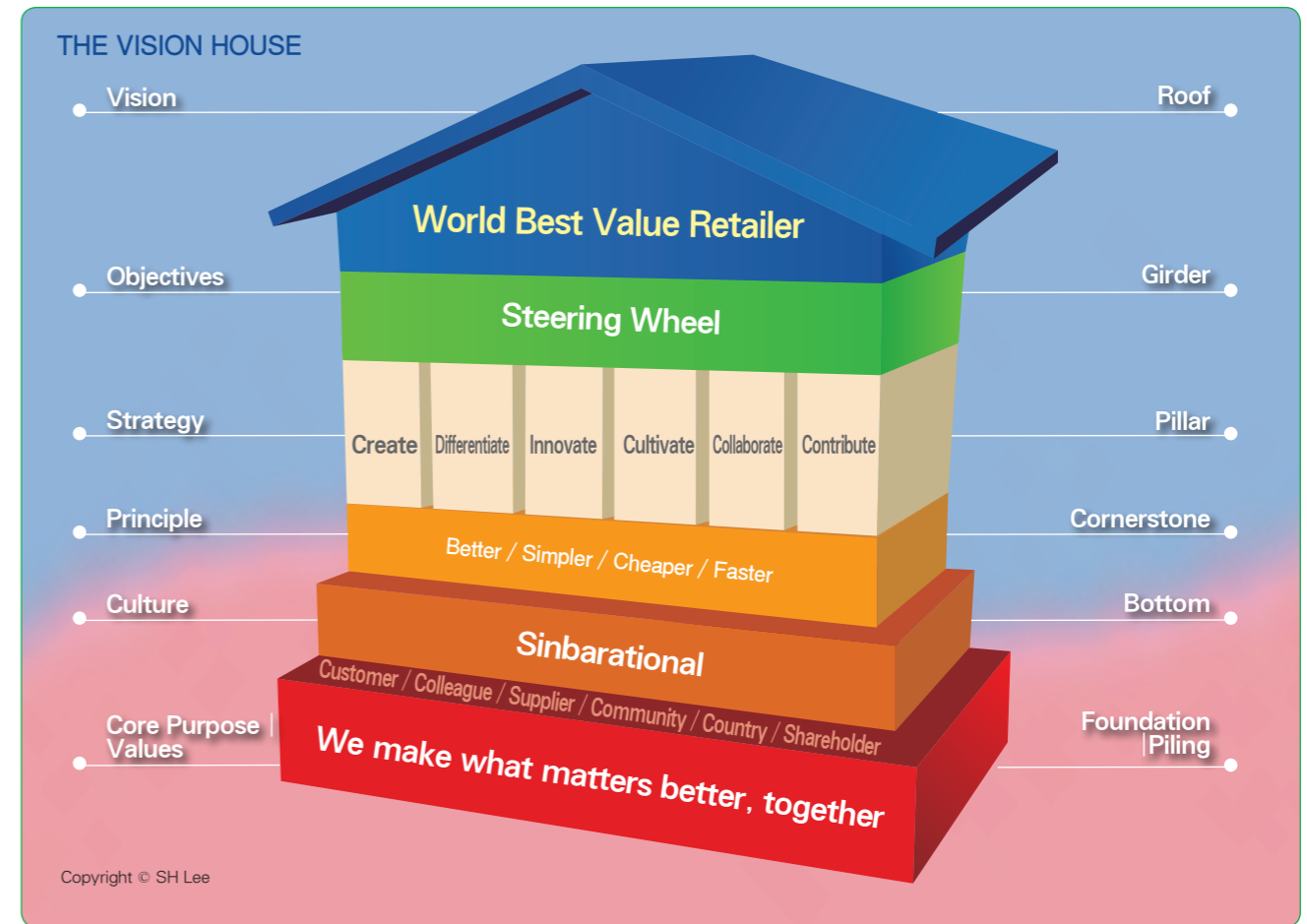
A cornerstone is set on the floor. To prevent the house from collapsing, the cornerstone needs to be set at the exactly right spot. Cornerstone is 'management principles' in corporate management. Our management principles are 'Better, Simpler, Cheaper, Faster'. We make decisions and lead changes based on these four principles.

**Strategy – Pillar**

Pillars are built on the cornerstone. Horizontal and vertical forces cross to shape the framework of the building and support the girder. Pillar is 'strategy' in corporate management. Our management strategy is to become an excellent and competitive business through differentiation, innovation and creation, and to become the most respected company that leads a sustainable growth through collaboration, cultivation and contribution.

**Steering Wheel – Girder**

A girder is placed on the pillars and a roof is put on top of them. Girder is an important beam that joins the pillars and the roof together. Girder is 'Steering Wheel' in corporate management. Steering Wheel is a tool for consistent and balanced management of company performance targets. It consists of five key areas that are crucial to business success. They are customer, operation, finance, talent and local community.



**Art Management**

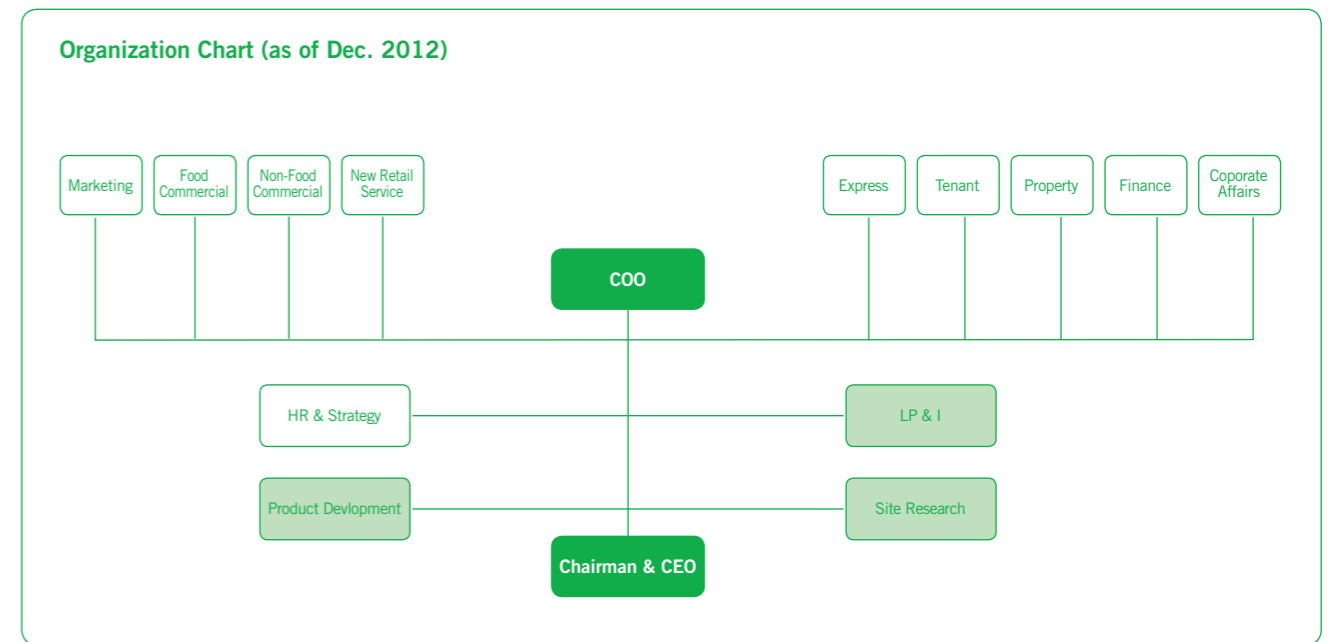
Management like Art

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.

Copyright by SH Lee







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

### Corporate Governance – The Board of Directors Meetings

Important decisions concerning Homeplus group are made through a shareholders' meeting and the board of directors and are implemented in a transparent and lawful manner.

Homeplus Group holds regular general meeting of shareholders and non-regular general meeting of shareholders to allow shareholders to fully understand and legally execute their rights allotted in accordance with commercial law and articles of association. The regular general shareholders' meeting is held every year, after the year-end closing, within 3 months. To enable shareholders to decide important decision-making agenda in a timely manner, non-regular general shareholders' meetings are held by the decision of the board of directors, on a needed basis.

Regular general meetings of shareholders are held on a quarterly basis throughout the year in order to allow the board of directors to decide and implement agenda entrusted in the general meeting of shareholders in accordance with commercial law and articles of association and non-regular general shareholders' meeting are held if necessary. The 'Homeplus eParan Foundation' holds its regular board meeting two times a year.

Homeplus consists of four directors including chairman Seung-Han Lee, and one auditor. Homeplus Tesco consists of five directors including Hyo-Seok Wang, CEO and one auditor. The board of directors of Homeplus Bakery, merged by both Homeplus and Shilla Hotel, consist of five directors including Won-Hoe Kim, CEO and one auditor. eParan Foundation consists of eight board members and one auditor.

### Compliance Committee

The Compliance Committee is a law-abiding decision-making body to reduce potential legal risks in advance by detecting violations against laws and rules of a company, illegitimacy of procedures and so on ranging from all business areas of Homeplus Group. The Compliance Committee meets 4 times a year to examine and review 30 areas identified in advance, and if problems that can be improved are found their countermeasures and supplementary actions are discussed and taken immediately.

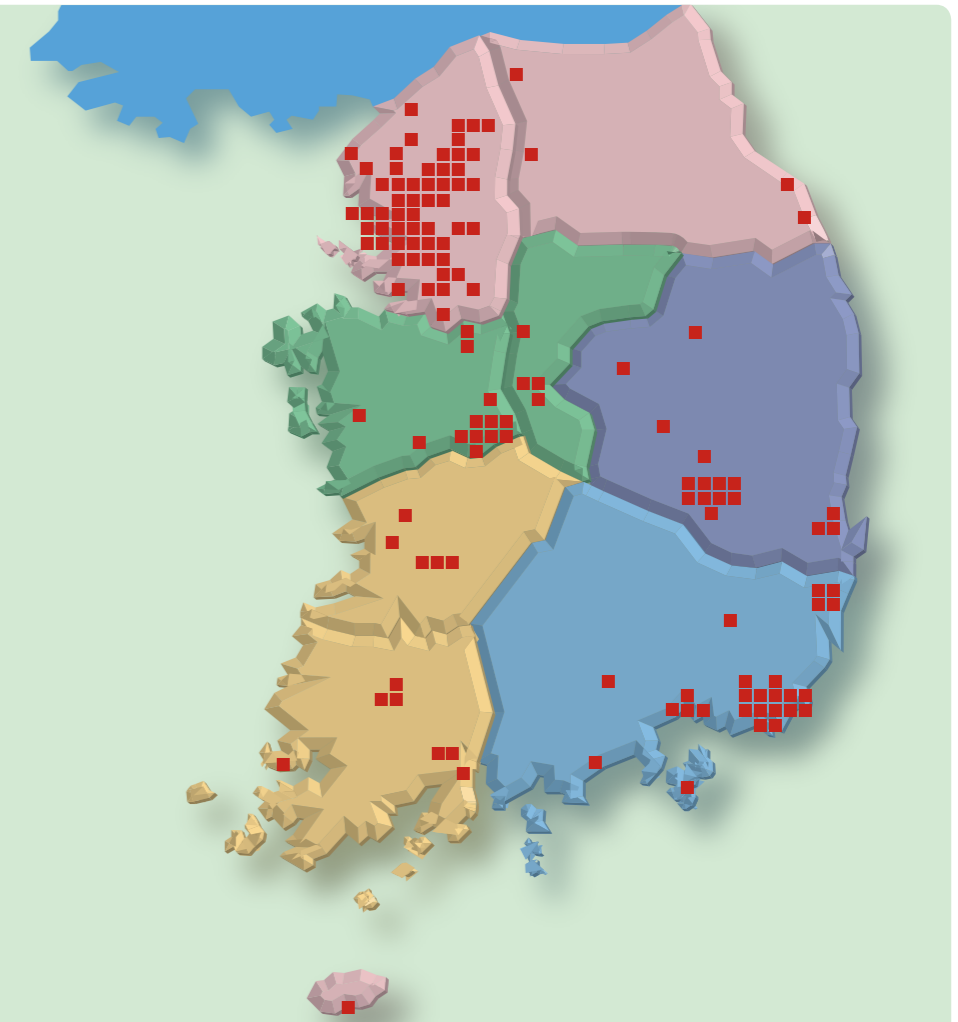
### Corporate Governance Return

Corporate governance refers to an internal control system or corporate governance structure to hold each other in check in accordance with commercial law and articles of association in order to guarantee legitimate and transparent management activities. Main points of the corporate governance indicate the roles and responsibilities of directors and auditors, operation of the board of directors, and principles and regulations that should be required when it comes to governing a company's day-to-day functioning by executives. Corporate Governance Return is a document reporting a company's compliance status with regard to its corporate governance structure, procedures and policies. Homeplus conducts verification of compliance status to identify its transparency and efficiency through Corporate Governance Return and notifies its stakeholders of the results.

### Homeplus Strategy Advisory Group

Homeplus is operating a group of strategy advisors to assess the efficiency and success of overall management from 2008. This strategy 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. Strategy 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 Store : total of 133 stores (as of Dec. 2012)



Gaya, Gayang, Gajwa, Ganseok, Gangdong, Gangnueng, Gangseo, Geojae, Gyeonggi Hanam, Gyeongju, Gyeryong, Gyesan, Goyang Terminal, Gwangyang, Gwangju Gyerim, Gwangju Hanam, Gumi, Guwol, Geumcheon, Gimje, Gimpo, Gimhae, Nam-Daegu, Namyangju, Naedang, Nonsan, Daegu, Daegu Suseong, Daegu Stadium, Daejeon Gao, Daejeon Dunsan, Daejeon Tanbang, Dong-Gwangju, Dong-Gimhae, Dongdaemun, Dong-Daejeon, Dongrae, Dong-Suwon, Dong-Cheongju, Deungchon, Masan, Myeomok, Mokdong, Mokpo, Mungyeong, Munhwa, Miryang, Banghak, Byeongjeom, Boryeong, Busan Gamman, Busan Banyeo, Busan Yeosan, Busan Jeongwan, Bucheon Sangdong, Bucheon Sosa, Bucheon Yeowol, Buk-Suwon, Bundang Ori, Samcheok, Samcheonpo, Sangin, Seogwipo, Seo-Daejeon, Seomyeon, Seo-Busan, Seo-Suwon, Seongseo, Centum city, Songtan, Suncheon, Suncheon Pungduk, Shihwa, Siheung, Sinnae, Sindorim, Asiad, Andong, Ansan, Ansan Gojan, Ansan Seonbu, Anyang, Yatap, Ulsan Bukgu, Woncheon, Worldcup, Yusung, Inha, Ilsan, Yeongdo, Yeongdeungpo, Yeongju, Yeongtong, Ochang, Ulsan, Ulsan Namgu, Ulsan Donggu, Wonju, Wolgok, UiJeongbu, Iksan, Incheon Nonhyeon, Incheon Yeonsu, Jakjeon, Jamsil, Jangrim, Jeonju, Jeonju Wansan, Jeonju Hyoja, Jochiwon, Jukdo, Junggye, Jungdong, Jinjeob, Jinju, Jinhae, Changwon, Cheonan, Cheonan Sinbang, Cheongju, Cheongju Seongan, Chuncheon, Chilgok, Kintex, Paju Munsan, Pyeongchon, Pyeongtaek Anjung, Pocheon Songwoo, Pohang, Pungmu, Haeundae, Hwaseong Dongtan, Hwaseong Hyangnam



## Awards

Homeplus has made contributions to enhancing customer value through a consistent effort to continuously enhance the quality of our products and price competitiveness and broaden the variety of living services. To do that, Homeplus, under its philosophy of 'creating higher value for customers at all times', creates 'Value Store' of 2nd generation hypermarket, 'Emotional Store' of 3rd generation hypermarket, and 'Smart Virtual Store' of 4th generation store that combines online and offline stores. These efforts were acknowledged when Homeplus received 'Hall of Fame' in both the 'Korea Service Grand Award' and 'Korea Management Grand Award'. Also, Homeplus was selected as 'The Most Admired Company' All Star in the shortest time among enormous competitors in Korea by the Korea Management Association.

### Selected as the Most Admired Company in Korea

Homeplus was selected as 'Korea's Most Admired Company' in 2008 and 2010 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.

### Received 'Green Management Hall of Fame' in Global Standard Management Awards

Homeplus was given 'Green Management Grand prize' for five consecutive years due to continuous efforts and outstanding achievement to implement the green responsibility. Homeplus has led the retail industry for reducing CO<sub>2</sub> emission by constructing world's first Carbon Zero Academy and Korea's first green store. Also, Homeplus has organized the green campaigns with customers to expand green consumption and has championed Korea's largest children green movement to foster our children as green leaders.

### Topping Customer Satisfaction Indices

Winning the top spot in KS-SQI for six consecutive 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.

#### Major Awards



### Awards by Year (180 awards for 13 years)

Year	Award	Presented by
2000	Customer Service Management Grand Award	Korea Management Association Consulting
	Prime Minister's Award in Industry Cooperation	The Federation of the Korean Industries
	Prime Minister's Award in Foreign Investment	Ministry of Commerce, Industry and Energy
2001	New Corporate Culture Grand Award	Korea Management Association Consulting
	Korea Marketing Grand Award	Korea Management Association Consulting
	Customer Service CEO Award	Korea Management Association Consulting
2002	Presidential Award in National Quality	Korea Standards Association
	Hankyung Marketing Award	Hankyung Newspaper
	Korea's Corporate Image Grand Award	Korea Management Association Consulting
2003	International System Management Award	Korea Standards Association
	Best Foreign Corporate Award	The Citizens' Coalition for Economic Justice
2004	Gold Tower Order of Industrial Service Merit	Ministry of Commerce
	Presidential Award in Korea Retail Grand Award	Ministry of Government Administration and Home Affairs
	No. 1 in NCSI	Korea Productivity Center
2005	Presidential Award in Convention on Quality Control Circles	Korea Standards Association
	BCCK CSR Award	British Chamber of Commerce
2006	Dasan Management Award	Korea Economic Daily
	Lifelong Education Grand Award	Ministry of Education & Human Resources Development
2007	Korea Service Grand Award	Korea Standards Association
	Creative CEO Award	Korea CEO Summit
2008	Most Admired Company All Star Award (14th)	Korea Management Association Consulting
	CBE (Commander of British Empire)	The British Government
	Korea Service Award 'Hall of Fame'	Korea Standards Association
	Korea CEO Award	Korea Management Association Consulting
	Mecenat Grand Award	Korea Business Council for the Arts
	EU-Korea Awards	EUCCK
2009	National Environment Management Grand Award	MaeKyung Safety & Environment Institute
	Korea Green Award	Hankook Newspaper
	Asia's Best Employer Award	Hewitt
	Korea Service CEO Grand Award	Korea Standards Association
2010	Most Admired Company Grand Award 'Hall of Fame'	Korea Management Association Consulting
	Social Responsibility Management Grand Award 'Hall of Fame'	Korea Management Association Quality Assurance
	Order of Civil Merit (Dongbaeg Medal)	Ministry of Environment
	No. 1 Contributing Company in Arts & Culture	Korea Business Council for the Arts
	International ARC Gold Awards (SR Report)	MerComm.
	Best Family Friendly Management Certificate	Ministry of Gender Equality and Family
2011	Ethical Management CEO Grand Award	New Industry Management Academy
	No. 1 Contributing Company in Arts & Culture	Korea Business Council for the Arts
	Green Power 21	Weekly Kyunghyang / Korea Green Foundation
	Excellent Enterprise Recognition for Job Creation	Ministry of Employment and Labor
	Korea's Most Loved Brand Grand Award	Chosun Biz
2012	No. 1 Korea Sustainability Index	Korea Standards Association
	No. 1 Korea Standard – Service Quality Index	Korea Standards Association
	Green Management Awards 'Hall of Fame'	Korea Management Association
	The World Retail Awards	The World Retail Congress
	The 1st Green Logistics Company	Ministry of Land, Transportation Maritime Affairs



## Major Activities with External Organization

1999 ~ 2012

Category	Name of Organization	Activities	
Government / Local Authorities	Ministry of Environment	Join programs like Green House Gas Emission Trading and Green Consumption Campaign	
	Ministry of Knowledge Economy	CO <sub>2</sub> Partnership between Large and Small Companies	
	Ministry of Healthy & Welfare	'Save the Young Lives campaign' for children with cancer and foster children	
	Ministry of Gender Equality & Family	Strategic Partnership	
	Green Growth Committee	Chairperson for Sustainable Development of Green Life	
	City of Seoul	Seoul City Forum, Representative	
Association	City of Gimpo	Strategic Partnership	
	Korea Chamber of Commerce	Retail Committee Chairperson, Presentation of Business Case Studies, hosting committee meetings	
	Seoul Chamber of Commerce	Vice President, Seeks Collaboration and Development between the Government and Commerce Industry	
	Korea management Association	Strategic Innovation leaders Club Chairperson	
	Korea Standards Association	Corporate Member, Presentation of Case Studies	
	Korea Chain Store Association	President, promotion of the growth of retail industry	
	Korean Business Council for the Arts	Forum Member, Presentation of Case Studies	
	Korea Association of Human Resource	Corporate Member, Presentation of Case Studies	
	Korea Foreign Company Association	Corporate Member	
	Korea CEOs Association of Multinational Corporations	Corporate Member	
	Manufacturing and Retail Collaboration	Committee Chairperson	
	BISD (Business Institute for Sustainable Development)	Corporate Member	
	Academic Societies	Korean Society for Quality Management	Corporate Member, Presentation of Case Studies
		Korean Marketing Association	Corporate Member, Presentation of Case Studies
		Korea Distribution Association	Corporate Member, Presentation of Case Studies
Korean Society of Supply Chain Management		Corporate Member, Presentation of Case Studies	
Korea Logistics Society		Corporate Member, Presentation of Case Studies	
AIEES		Joint Study for Green Consumption	
SNU CEO Sustainability Management Forum		Function as a Co-Head Professor	
Sustainability Forum		Forum Member, Presentation of Case Studies	
Industry		SC First Bank	Non-Executive Director
		Foreign Organizations	ECCK (The European Chamber of Commerce in Korea)
BCKK (British Chamber of Commerce in Korea)	Corporate Member		
EKF (Europe Korea Foundation)	Funding Member		
Korea Britian Society	Forum Member, Holding Conference		
NGOs	National Council of YMCA		Strategic Partnership
	Beautiful Store		Strategic Partnership, Co-Sponsor of charity activities
	The Foundation for Preventing Youth Violence		Strategic Partnership
	Seoul Council on Neighborhood Child Center		Conducted Joint Sharing Programme
International Organizations	The Forest Interpreters' Association of Korea		Co-Sponsor of children's environment programmes
	UN Global Compact		Corporate Member, Presentation of Case Studies
	Global Compact Korea Network	President, Corporate Member, Presentation of Case Studies, Holding Conference	
	Global Compact LEAD	Corporate Member, Presentation of Case Studies	
	UNEP Korea	Non-Executive Director, Co-sponsor for Environment Program for Children	
	GS 1	Vice President, Presentation of Business Case Studies	
	EAN	Executive Director	



Homeplus held the first Y-CSR Conference with UNGC for 1,000 college students to raise awareness of Social Responsibility.

## SUSTAINABLE MANAGEMENT AT HOMEPLUS

### The Great Stone Face to be the Most Loved Company

Since the foundation of the company, Homeplus has lived up to the vision of 'Most Admired Company' that strives to help every single person's dream to come true, under sustainable management. In particular, sustainable management - growth and contribution - is a core practice at Homeplus. To make greater and substantive progress toward our sustainability goals, we organize our efforts into customer value, CSR, contribution to industry and economy, win-win growth & fair trade and staff satisfaction.

### 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.





# 45,487 children

Homeplus had conducted the largest children environment programme since 2000. 45,487 children participated in the eParan Children Environment Painting Contest in 2012.

## Strategy for Sustainable Management

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.

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. 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 '4 Loves' - Love Environment, Love Sharing, Love Neighbours, and Love Family. Schools of Extended Education that are operated at Homeplus stores across the nation offer wide range of education programmes on a scale unprecedented in the world. These facilities, providing local residents with lifelong education opportunities, have grown into Community Centres that are indispensable neighborhood resources used and appreciated by thousands.

## Sustainable Management Organization

Aimed at becoming the 'most admired 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 overseen by the chairman, and their actual implementation is overseen by the Corporate Affairs Group.

Comprehensively in charge of community contribution activities by our business, the Head of CSR 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.

## 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', 'community', 'finance', 'people' and 'operation' 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 include areas of environment, supporting local communities and suppliers satisfaction.

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.

## Steering Wheel



## 2011/12 Community KPI

- Reduce CO<sub>2</sub> emissions
- Reduce carbon emissions per case delivered
- Percentage of Waste recycled
- Staff and Customer Fundraising
- Helping customers live healthy lives
- Supplier Viewpoint
- School of Extended Education member numbers
- Number of children in eParan green leader programme
- Homeplus supports local community (Image Track)



**Business Continuity Plan and Crisis Management Plan**

The objective of the Business Continuity Plan (BCP) is to ensure that all required critical activities, can be recovered in a timely and controlled manner following a crisis with minimum financial and reputation impact, including protecting our people, our customers & stakeholders.

The plan covers all people, activities & infrastructure required in supporting the delivery and recovery of each function in line with the Business Continuity Policy.

The first key step in our approach to Crisis Management (CM) is to establish the right structure to enable us to manage a situation as it develops. Experience demands that we put in place a CM structure to enable us to do this, Crises are dynamic, often multi faceted and challenging. It is predictable that there will be volatility, uncertainty, complexity and ambiguity, therefore by having a structured crisis management response, the impact of these characteristics can be minimised and managed more effectively.

This Crisis Management structure will enable Homeplus to manage and coordinate recovery of affected business functions in the event of a crisis or predictable disruption. The leader & membership of the LP & I is determined by the nature of the crisis ideally led by the most appropriate functional Director, dependent upon how/where the crisis impacts Homeplus.

**STAKEHOLDER ENGAGEMENT AND MATERIALITY**

**Stakeholder Engagement and Opinions**

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 Head of CSR, PR Team and Governance Relation 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 various types of regular or occasional research projects more than 240 times per year, for example, Customer Satisfaction, Image Tracker, Exit Survey, Housewives' Monitor and CQT.

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 responsibility 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.

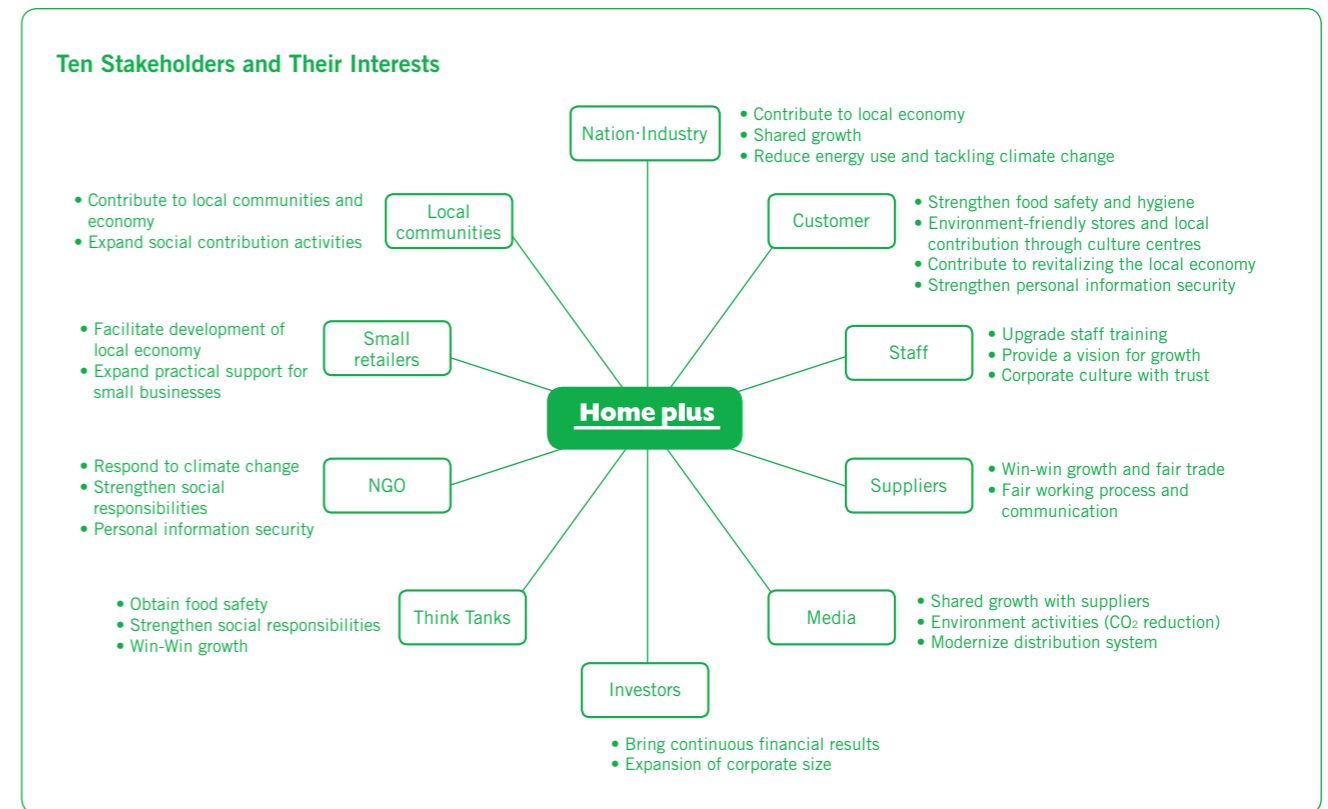
We identify key issues between our business and our stakeholders using a variety of analytical methods including the Stakeholder Audit (identification of key issues through in-depth interviews with different stakeholders and measurement of the organization's reputation concerning each of the issues). An additional method is the Supplier Viewpoint (satisfaction

survey of suppliers and assessment of relationship quality); and Media Analysis Survey (identification of current, future, actual and potential issues through analysis of press coverage). In addition to the regular surveys, results of studies published by third party institutes are analyzed and reported at management meetings.

Regarding our staff, we conduct a Staff Viewpoint (staff satisfaction survey) and a Staff Tracker on social contribution. Besides, the staff's opinions are also solicited through company-wide events, such as Town Meeting and Company Conference.

To monitor the level of customer satisfaction, we regularly conduct customer satisfaction surveys in all regions served by Homeplus stores, Image Tracking Survey, CQT (Customer Question Time), and FGD (Focus Group Discussions). 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 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.

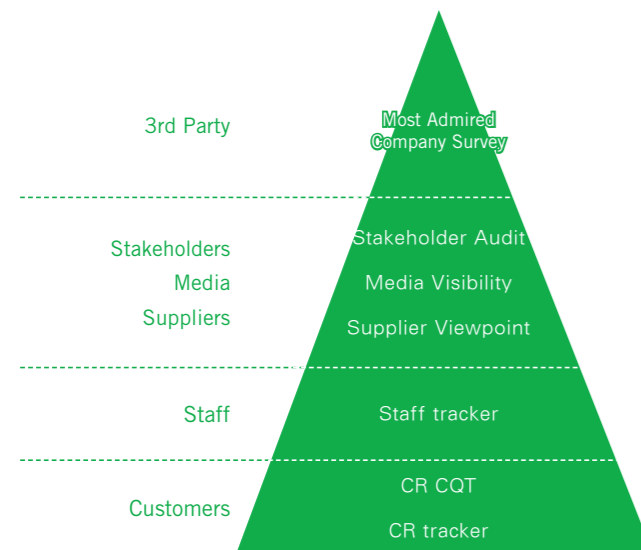
The results of these projects are evaluated at the end of each quarter, and performance result is attributed to individuals involved in the project including the sponsor and each member of the team. Most importantly, the result is also evaluated by customers or other relevant people through opinion surveys. 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, and 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 2012, 3 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.

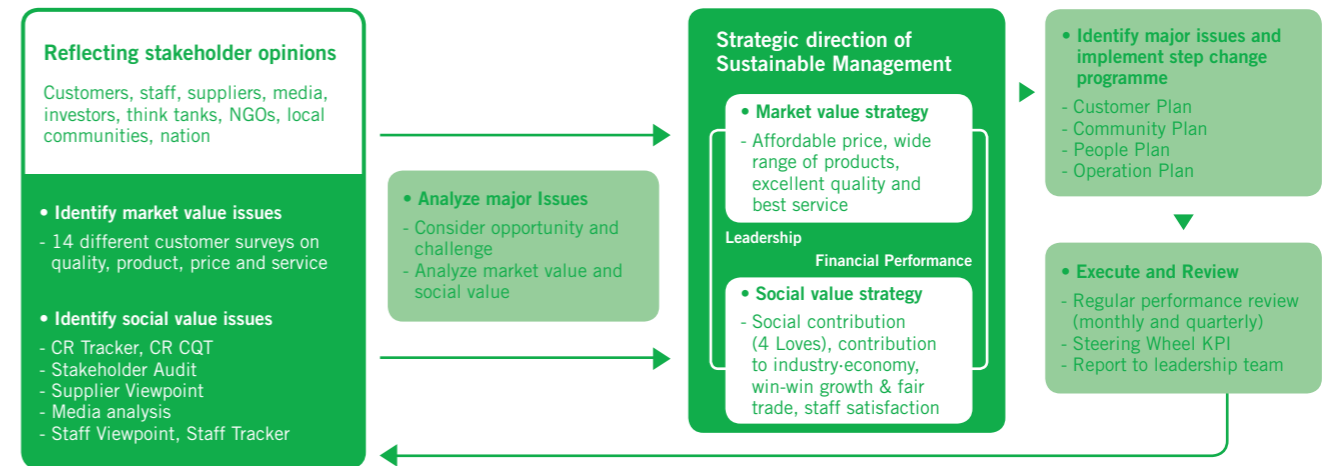


**Homeplus Community Insight Structure**



When	Target	Methodology	Content
Annual (Jan.)	4,560 consumers 5,520 industry 230 analysts	Telephone, online, visit	Survey on elements of Most Admired Company
Annual (July)	204 stakeholders	Interview, questionnaire	HMP CR image
Annual (July)	13 Newspapers	Press monitoring	Press analysis
Annual (Apr.)	210 suppliers	Questionnaire (online)	Supplier satisfaction
Annual (July)	3,981 staff	Questionnaire (Plusnet)	Staff awareness in CSR
Annual (May) Quarterly	Customers (4 groups) 350 customers (quarterly)	FGD Questionnaire (online, mail)	Homeplus CR image compared to competitors

**Homeplus Importance Evaluation Process Sustainable Management Process**







## Corporate Social Responsibility

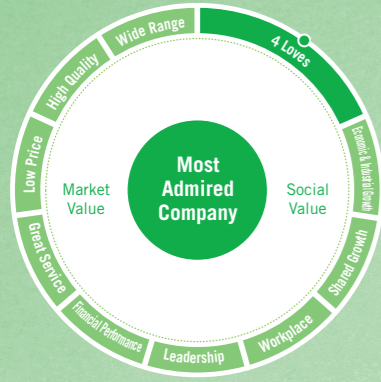
**Contributing to the local community is the no.1 value of Homeplus.**

“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

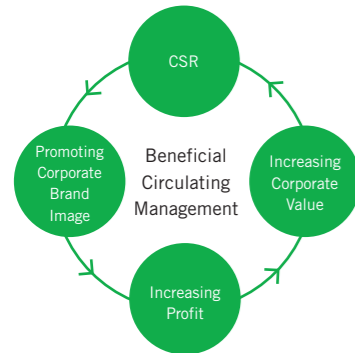
Homeplus selected the principal areas of social contribution in the direction of drawing full benefits from our capabilities as much as possible by considering the characteristics of retail industry. Based on such principles, we carry out a grassroots-style corporate social contribution activities in a systematic and practical manner through '4 Loves campaign' CSR programmes in environment, sharing, neighbours and family.



ment on earth by establishing green management systems and opening the first Green Store in Korea. For neighbours, Homeplus operates the world's largest School of Extended Education providing lifelong education opportunities, supports needy children in art education and provides cultural benefits to local communities. Homeplus is also committing to pursue Love Sharing to help local communities by holding charity bazaars, giving donations, providing training for the importance of sharing values, and serving volunteer activities. As part of implementing Love Family, we support to develop professional nannies in order to solve low birth rate and job creation for women.

In addition, in December 2010, Homeplus eParan Foundation supported to launch 'Little Helps Club', a networked alliance for social contribution that plans and implements CSR activities in cooperation with 54 companies and organizations that have interest in social contribution activities. To generate much bigger synergy than individual activities are made, the Club is carrying out various charitable activities.

## Beneficial Circulating Management Structure



## Structure of Corporate Social Responsibility

### Corporate Social Responsibility (CSR) Philosophy

Homeplus recognizes that CSR is important management factors with regard to improving corporate values, and fully commits to fulfilling corporate social responsibilities by recognizing them as an investment, not a cost. Systematic and long-term CSR activities boost the pride felt by members of a business organization and enhance its corporate image, ultimately improving its business performance and corporate value. Being more effective and broader in scope, in turn, becomes a base for a virtuous circle in which a company is aggressively able to pursue social contribution activities.

### '4 Loves' CSR Programmes through Homeplus eParan Foundation

Homeplus has been focusing its capacity on fulfilling corporate social responsibilities since its inception in 1999. Homeplus developed and launched the first CSR character called 'eParan' in 2000 to express willingness to keep continuous CSR activities. In 2001, Homeplus declared its company-side environment management, and 'social contribution corporation' was declared in May 2004 when Homeplus marked the 5th anniversary of its foundation. Since then, Homeplus regarded CSR as the most important factor to become an 'Admired Company', and has conducted various activities in a continuous way.

In commemoration of the 10th anniversary in 2009, Homeplus established 'Homeplus eParan Foundation' in order to realize 'Great Stone Face' based on contribution through diverse channels, and to strengthen practical contribution activities. The foundation carries out CSR programmes through '4 Loves campaign' – Love Environment, Love Sharing, Love Neighbours and Love Family based on CSR know-hows Homeplus has accumulated for the past 10 years in its operation. Each campaign theme contains 3 major and 3 minor activities by choice and concentration.

Homeplus makes strong focus on children in doing its CSR activities. For environment, we focus on improving children's awareness about the environment through the nationwide children green movement, while at the same time taking the lead in preserving the environ-

## 4 Loves campaign



- Love Environment (Major activities):**
  - eParan Children Environment Painting Contest
  - 100,000 eParan Children Green Leaders
  - Green Consumption Campaign
  - CO<sub>2</sub> Reduction by 50% by 2020
  - Green support for suppliers
  - Carbon Zero Academy
- Love Sharing (Major activities):**
  - Save the Young Lives campaign
  - Sharing bazaar
  - Staff volunteering & sharing fund
  - Customer talent donation
  - Customer fundraising
  - Value of sharing education
- Love Family (Major activities):**
  - Nanny development programme
  - Job creation for women
  - eParan Youth Football Club
  - Improving health campaign
  - Scholarship for staffs
  - Work & Family balance
- Love Neighbours (Major activities):**
  - 117 schools of Extended Education
  - Art & Culture class for needy people
  - Opportunity for young people
  - Scholarship for local community
  - Culture & Art support
  - Education consulting for local community

**Minor activities:** Social Responsibility R&D Center, Network-based CSR Alliance (Every Little Helps Club)



Homeplus established eParan Foundation to carry our social contribution activities for the sake of more specialized and practical social contribution activities.

### 'eParan' – The CSR Character

Homeplus developed and launched the first CSR character called 'eParan' in 2000 to express its commitment being a socially responsible company. A word 'e' stands for 6 different meanings including environmental, ethical, extended education, exciting, e-world and everlasting. The word 'paran' means a blue-wave and expansion in Korean language.

- Ear of rabbit in natural leaf
- Appearance of a cute, smart puppy
- Body of a reliable and friendly bear
- Four fingers that look like lucky clover petals and Koala hands (which are on the brink of extinction)
- Feet that look like the lion, a symbol of bravery



## Milestones in CSR

### • 1999

- Opened Homeplus' 1st culture centre at Seo-Busan store
- Launched staff charity fund
- Launched environment campaign 'Clean & Green'

### • 2000

- Declared 'Environment-Friendly Company'
- Launched eParan Children's Green Movement
- Developed the 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 founding member and funded its scholarship-programme
- Launched an staff environment campaign of 'Let's 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 responsibility (CSR) of Emblem
- Made sharing partnership with the Beautiful Store
- Launched staff volunteer group
- Held the 1st Homeplus Charity Bazaar at Yeongdeungpo store
- Donation of Homeplus Mobile Store and started circulating operation at all stores
- 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
- Held conference on culture centre instructor
- Won the CSR award from the British Chamber of Commerce in Korea (BCCK)
- Implemented process for goods donation and performed the donation activities regularly

### • 2006

- Initiated Community KPI and management of performance measurement
- Hosted Homeplus Family Music Concert
- Received CR Management Grand Award (Korea Management Association)
- Received the Forbes CSR Excellence Award
- Ranked number one in the Green Product Service Index (Korea Management Association)

### • 2007

- Won Sustainability Report Grand Award (Korea Management Association)
- Received CR management Grand Award for two consecutive years (Korea Management Association)
- Launched Community Plan (Innovation programme for contribution to community)
- Established a system of Homeplus Direct Carbon Footprint
- Number of participants at eParan Green Movement surpassed 100,000
- Launched CSR System

### • 2008

- Opened the first green store in Korea (Bucheon Yeowol)
- Held 'Reduce secondary packaging waste campaign' (Ministry of Environment)
- Launched the Culture Centre online community
- Organized 'MBC Youth Football Tournament' and sponsored 'National Handball Team'
- Held sharing education for children (2,670 participants)

### • 2009

- Signed MOU on response to climate change (Ministry of Environment)
- Introduced Carbon Label for the first time in the industry
- Conducted green consumption campaign

- Established Homeplus 'eParan Foundation'
- Ranked as 2nd largest contributing company in art & culture in Korea (Mecenat)

### • 2010

- Dedicated into 'Hall of the Fame' in Most Admired Company Grand Award(KMAC)
- Conducted joint research on green consumption with AIEES
- Established 100th School of Extended Education
- Established 'Little Helps Club' first networked social contribution alliance
- Dedicated into the 'Hall of the Fame' in Social Responsibility Management Grand Award (KMAR)
- Recognized as Korea's No. 1 contributing company in culture & art
- Won International ARC Gold Awards (MerComm.)
- Received Order of Civil Merit (Dongbaeg Medal) in environment management (Ministry of Environment)

### • 2011

- Opened world's first Carbon Zero Academy
- Held eParan Children Green Festival at the Blue House
- Ki-moon Ban, UN Secretary-General encouraged children green leader
- Launched 'Green Card' with Ministry of Environment
- Launched customer talent donation program – 'eParan Talent Donation'
- Launched eParan Culture & Art program
- Launched Professional Nanny Development program with YMCA
- MOU with Ministry of Gender Equality and Family for supporting job creation for women with career break
- MOU with Kimpo city for supporting multicultural families
- Launched eParan Youth Football Club

### • 2012

- Established Social Responsibility R&D Center
- Launched world's first network-based CSR model 'Save the Young Lives campaign'
- Supported Carbon Labeling certificate with Seoul National Univ. AIEES for suppliers
- 2nd place in HMB National Youth Football tournament – eParan Youth Football Club
- Published 'The Most Admired Company Report of Homeplus'
- No. 1 Korea Sustainability Index in 3 consecutive years
- Green management 'Hall of fame' in Global Standard Awards

## Social Responsibility R&D Center

Homeplus eParan Foundation, in a bid to lay the foundation for social contribution to the development of local communities, has established a 'Social Responsibility Research & Development Center' for the purpose of research and development about how to facilitate social contributions to enhance local communities in 2011.

The R&D center has developed customized CSR programs and provided CSR consulting for firms, local governments, and suppliers. The tailored CSR programs for suppliers including 'Making Tomorrow Together' of P&G Korea, 'Healthy Eating education' of Pulmuone, 'Big Walk campaign' of Johnson & Johnson help improving corporate brand image as well as to support social contribution activities. A more broad range of social contribution activities are implemented along with local communities by operating education programs for multicultural families, particularly to publicize the importance of practical thoughts. Also, the center has provided CSR consulting to large and multinational companies including Danone, LG Electronics based on CSR know-how of eParan Foundation. The center concentrates on strengthening knowledge on CSR and sustainability of domestic and global societies by exploring relevant resources and studies to play a leading role in acting as a knowledge-based channel through which various network routes can spread from them.

## CSR Achievement

Homeplus has continued to participate in corporate social responsibilities in conjunction with our area of business. In recognition of our efforts, Homeplus has been evaluated as No. 1 in corporate social responsibilities by both customers and stakeholders. Moreover, we have been awarded the Most Admired Company 'Hall of Fame', Social Responsibility Management Grand Award 'Hall of Fame', and ranked No. 1 in Sustainability Index for 2 consecutive years, No. 1 company in contributing culture and art for 2 years in a row, and Green Management Grand Award. Homeplus' active CSR activities increased the CSR budget from 58.1 billion KRW in 2010 to 75.9 billion KRW in 2011, which is increased by 30%.

## Love Sharing

Homeplus tries to be a good neighbour for local communities through 'Save the Young Lives campaign', Sharing bazaar, Sharing education and staff and customer volunteer programmes. To be able to extend a helping hand wherever it is needed, Homeplus is working on developing a nationwide program to reach the most diverse segments of the population.

## World's first Network-based CSR model 'Save the Young Lives campaign'

In 2012, Homeplus launched world's first network-based CSR model 'Save the Young Lives campaign' with customers, local governments, suppliers, staffs, and hospitals as a part of 'Warm Management to Change the World'. The campaign is the Creating Shared Value model which gives hope to children, provides opportunities to participate in sharing activities to customers, and offers chances to increase sales and improve brand value to suppliers.

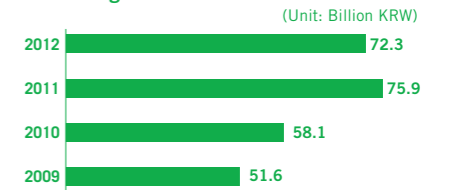
When customer purchases campaign products, 1% of purchase amount is donated by suppliers. At the same time, Homeplus donates equal amount according to the matching grant system to support children in the blind spot of social welfare. Total of 234 suppliers with 1,267 products, and 21 million customers have participated in the campaign including staff and customer fundraising to collect 3 billion KRW.

All collected donation is used to support 100 children with cancer and 1,000 foster chil-

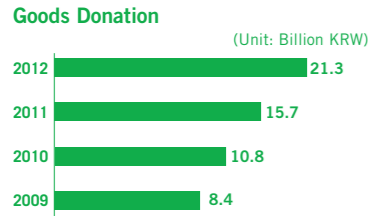


Homeplus eParan Foundation established a Social Responsibility R&D centre and developed joint CSR programme with P&G Korea.

## CSR Budget Investment







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

children. Recipients are selected through transparent process by selection committee composed of 20 professionals such as doctors, social workers, NGOs, and suppliers. Also, Homeplus signed MOU with Ministry of Welfare, Korea Association for Children with leukemia & Cancer, Save the Children to offer appropriate and practical support for children.

**Sharing Bazaar and donation**

The Homeplus Sharing Bazaar is a nationwide charity activity held more than 100 times every year. The Homeplus Sharing Bazaar is a national event in which the company, customers, staff, suppliers, media, and local community participate and 'Homeplus Day', held simultaneously in Beautiful Stores around the country are the representative programmes.

The Homeplus Sharing bazaar was held for the first time in 2004 at the 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, 1,000 Homeplus staff volunteer annually.

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 2,130,000 goods, worth 21.3 billion KRW. These goods are donated through either our own charity bazaars or Beautiful Stores, and the charity fund is used for charitable purposes.

**Education about Sharing Value**

Homeplus runs 'eParan Children Sharing Value Programme' to spread a sharing culture to children since 2004. In 2011, 4,340 children participated the programme. The Programme consisted of 'Sharing Story with Fairy Tale', 'Making My Sharing Tree'. By taking those opportunities, children were able to understand the value of sharing and make it second nature to share with others.

Homeplus provides an orientation curriculum for the newly-employed and the manager by adding sharing education and volunteer activities. We actively use company communication tools such as the broadcasting system and staff magazine to encourage staff to carry out charitable activities, and also support staff volunteers. In addition, as a means of encouragement of volunteer work, staff showing outstanding accomplishment in volunteer work is honored through the CSR Awards at the annually-held company conference.



Homeplus supports 100 children with cancer and 1,000 foster children through 'Save the Young Lives campaign'.



**Staff Engagement in Charitable Activities**

Homeplus runs a company-wide 'Staff Volunteer Group', an umbrella organization for volunteer activities. All staff carry out volunteering activities such as supporting social welfare facilities at local communities, throwing birth party for children in needy, free meal distribution to the elderly living alone, training about traffic safety for children, and environmental cleanup. In 2012, Homeplus staff spent total of 60,608 volunteering hours in Sharing bazaar, Homeplus Day, storelevel charity activities, and sharing events at stores. In addition, we carried out company-wide 'Sharing Volunteering campaign' from May to July. In the meantime, those staff wishing to make direct financial contributions to the neediest in their communities donates a portion of their payrouns through 'Staff Fundraising.' The collected fund is used for charitable causes decided upon by the Labor-Management Council and the CR Committee.

**Customer Engagement in Charitable Activities**

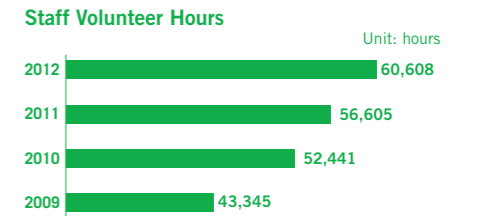
In order to encourage customers to participate in social contribution, Homeplus eParan Foundation provides various charitable programs including customers' talent donation, volunteer services and so forth.

Homeplus serves as a liaison between local communities and customers who are willing to participate in social contribution activities. In particular, 'eParan Talent Donation Programme', a talent donation volunteer programme by customers who want to share their talents related to culture and arts, is operated to allow them to provide educational programs for vulnerable children. The 'eParan Talent Sharing Program' is designed to provide various cultural and artistic programs including chorus, painting, traditional crafts, and drama play in support by P&G in March 2011. Total of 202 customers and 6 educational institutions has participated in the programme, and total of 2,905 children from 176 children welfare centers received this programme.

Homeplus eParan Foundation placed 'Customer Collection Box' in all stores to engage customers in donation. All collected fundraising is donated to help underprivileged neighbour in the local community.

**60,608** hours

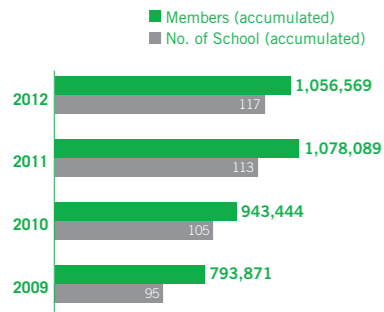
Homeplus runs a company-wide 'Staff Volunteer Group' for volunteering activities regularly, and Homeplus staff spent 60,608 volunteering hours in 2012.



Homeplus supports customer's participation in sharing activities through 'Talent donation programme'.



## No. of School of Extended Education & Members



Homeplus runs the world's largest School of Extended Education to make contributions to cultural development of local communities and expansion of lifelong education.

## Love Neighbours

The 'Love Neighbours' is realized by operating the world's largest School of Extended Education through which opportunities for lifelong education are provided to local communities, cultural education is delivered for the vulnerable and neglected, and support for culture and arts is given to local communities. The love for neighbour is one of the key CSR activities considering business capabilities. In this regard, Homeplus makes great efforts to provide cultural education opportunities to metropolitan areas and small & medium cities as well.

### Provide Extended Education Opportunities through the School of Extended Education

Homeplus currently operates 117 Schools of Extended Education across Korea that offer various learning programmes attended by over 1.1 million members annually. Over 400 courses are taught at each of the school by 6,800 professional instructors. More specifically, quality education programmes are provided such as well-being programme for health, happy plus with family, art or English programs associated with Museum of Art, British Council and others. The total space of the school of extended education is the size of 5 hypermarkets and is by far the largest of its kind in the country. The total staff involved in the management of the school, in both the head office and stores, totals 470 people.

Homeplus provides various cultural benefits for local residents including 'renting a book for free from school', 'installation of a desk for free web search', 'operation of galleries', and 'holding free lectures'.

Most notably, the 'eParan children culture and art' programme was launched in partnership with Korea Business Council for Arts, which was participated by 450 children. This programme encourages the socially neglected to participate in cultural activities, and provided good opportunities for art groups and councils from the local communities so that they were able to develop new education programs through joint projects with the art groups, thereby making contributions to expanding the base for culture and art for children.

In addition, School of Extended Education provides the instructor training programme, which is the first in the industry. In 2011, 2,242 instructors participated in the programme. The instructor training has been developed to be utilized as a channel to develop teaching skills and communication skills.

### Online and Mobile Service in Smart Environment

Homeplus School of Extended Education provides various online and mobile services to allow customers to enjoy the programmes regardless of time and place. It also offers a common venue to encourage members and instructors to participate and interact each others. The online community promotes active information exchange through offline classrooms and online services.

The online community of School of Extended Education serves as an open communication



Homeplus Schools of Extended Education provide lifelong education for local communities through diverse courses.

space for both members and instructors by providing convenient services such as Internet Course Application, Online Café (for building up friendship and information sharing among members) and Class Review Section (for writing members' review after completion of classes). There are more than 300,000 contents created by members and instructors regarding stories on the Café Bulletin Board, course syllabus, introduction of curriculum and course reviews.

In addition, a mobile service of Homeplus Application was launched in 2011, which allows search for courses. The video clip courses are also provided so that the smart mobile phone users can have access to the Homeplus School of Extended Education anywhere and anytime. More interestingly, we use the blog where interesting contents created by customers are filled with, for instance, behind episodes and column by famous instructors. Through vivid contents created by 'Supporters' consisting of members, instructors, managers and experts, we commit to spreading information to more customers and encourage them to get involved.

### Extended Education R&D

Homeplus School of Extended Education carries out a variety of research and development (R&D) activities as part of contribution to extended education and cultural & art education in local communities based on its operational know-hows.

The school has developed and implemented various programs, for example, training for multicultural families, environment education programs, and on-site experience programs by linking together with private and public organizations in local communities. Specifically, we took classes for child rearing of multicultural families such as calisthenics for pregnant women, making baby products classes about Korean food and Korean culture. Approximately 600 people from multicultural families in Gimpo too part in this programme. To do that, useful programs specified for multicultural families were developed in accordance with MOU signed with a city of Gimpo, which partly contributed to helping the families settle in Korean society.

Additionally, we are now expanding the scope and target of R&D activities by developing children environment training requested by the city of Suncheon; by planning history education programs about local communities supported by Gyeonggi Tourism Organization, conducted more than 20 times.

School of Extended Education is the subject of benchmarking from both Korea and overseas. Many countries including China, Turkey, Malaysia, Thailand and the Czech Republic have benchmarked the operational know-hows and how to construct facilities of the School of Extended Education.

### Support Children in Culture and Art

Given the social demand for art education, our society's infrastructure is not yet well established, in particular, children from the socially vulnerable and the neglected have few opportunities. Homeplus started 'eParan Children Culture and Art Class' targeting children in local children centers across the country jointly organized with P&G Korea and the Korean Business Council for Arts.

The programme allows children to have opportunities of learning cultural and artistic experiences. The programme was participated by 450 children from 16 children welfare centers. Homeplus' many programs affecting children' sensitivity and joint programs with art groups in local communities have made contributions to help children have easy access to cultural and artistic experiences.

Additionally, Homeplus provides scholarship programme linking with schools within communities. The scholarship is given to students in financial difficulty in 15 small cities like Miryang, Chuncheon, Mokpo and Iksan, making contributions to nurturing young leaders in the communities.



Homeplus provides scholarship for local students as a part of 'Love Neighbours'.

## 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.







Homeplus actively supports women's reemployment with the Ministry of Gender Equality and Family.

### Contribute to Culture and Art Benefits for Local Communities

Homeplus runs an in-store art gallery at its store including Gwangyang, North Suwon, Gumi, Masan, Dongnae, Jamsil, Gangdong and so forth. Eight galleries with open-style are designed to be accessible to all members of the community, hold special exhibitions displaying works created by eminent Korean and international artists, and by members of the Homeplus School of Extended Education. 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.

One hundred eighty exhibitions have been hosted such as Picasso Exhibition, Classical Exhibition of Overseas Art, Open-space Exhibition for up-and-coming artists, Big Heart-Small Painting Exhibition, and Member Exhibition of School of Extended Education. The sizeable collections of paintings and sculptures owned by these galleries offers residents opportunities for experiencing art work first hand to small towns and cities where there is less chance to enjoy them.

In addition, Homeplus holds 'Family Concert', featuring Nan-Se Gum and the Euro-Asian PhilHmonic Orchestra for local residents. The 'Family Concert' held in such areas as Mokpo, Suwon, and Gimhae was a good opportunity for the residents to consume cultural events and served as a catalyst for them to raise cultural cultivation.

### Love Family

Love Family is pursued based on support for programs to develop professional nannies, support for the reemployment of 'Career-Interrupted' women. More importantly, activities about Love Family are implemented as part of social contribution in order to respond to social issues such as low birth rate and need to create jobs for women.

### Professional Nanny Development Programme

In a bid to resolve issues of low birth rate due to child care burdens, and to create jobs for women, Homeplus has made a MOU with YMCA in October 2011 to jointly initiate the program to develop professional nannies. The programme is specialized in family child care and the curriculum consists of eco-centered early childhood educational programs, actual theory and practical education necessary for caring for infants, advanced programs of each subject, infant programs useful for prospective parents or parents or grandparents who are taking care of their children or grandchildren. There are also various programs, for instance, useful living information necessary for child raising such as health care tips, food and nutrition and safety control methods at home; advanced educational courses regarding



Homeplus runs programme to nurture professional nannies in cooperation with YMCA in effort to reduce low birth rate in Korea.

personality enhancement like the understanding of the human rights of children, Art Psychology and others.

On the other hand, this programme is not just to provide courses, but also serves as a channel to create jobs thanks to trainees who completed all courses of the program if they work as teachers taking care of children at home. Furthermore, after the completion of the regular courses, we will continuously support trainees to become specialized family child-care teachers by additionally providing regular refresher training on a quarterly basis. Consequently, Homeplus will never stop contributing to creating a childbirth-friendly social environment by reducing low birth rate caused by child care burdens, and by helping women whose careers were interrupted because of child caring and housework to be reemployed.

### Support to Provide Reemployment of Women

Homeplus signed MOU on 'Expansion of Fair Employment Opportunity to Career-Interrupted Women' with the Ministry of Gender Equality and Family to help women become reemployed. By making 'Employment Assistance Service Center' at 90 stores across the country. At the centers, employment planners from the Ministry provide comprehensive and professional employment assistance services such as job consultation, introduction of occupational training programs, and follow-up control after being hired.

### Social Contribution through Sports - eParan Youth Football Club

'Homeplus eParan Youth Football Club' is a children football club operated by a company for the first time in Korea and was launched in April 2011 as a new concept of social contribution programme in sports. The eParan Youth Football Club is designed to nurture football leaders who do well at 'playing football, studying at school and sharing with others', and plays a critical role in making contributions to the development of Korean football as well as cultivating future football players in Korea. It also supports children to be active and healthy through the football.

The eParan Children Football Club is consisted of 30 children for Elite Class (professional) and 75 for Hobby Class and the Club is headed by Eul-yong Lee, a former national team player. The football skill programme is offered at global level as the 'FA Skills Programme' was offered in partnership with the FA (Football Association) in Britain. The FA Skills Programme ran by the FA coaches who are professionally trained to coach the children with advanced football skills. The FA Skills Programme was participated by 123 prospect children players in Korea.

The eParan Youth Football Club also helps to develop social skills for children by offering educational programmes in environment, sharing with others and arts in order to encourage them to become leaders with sincerity. The eParan Youth Football Club has positioned as the best football club in Korea by winning national & local tournaments, and Korea Youth Football Club League. The club plans to contribute in developing football leaders in Korea.



eParan Youth Football Club keeps growing as the best football club by winning several tournaments.



The eParan Youth Football Club is designed to nurture football leaders who do well at 'playing football, studying at school and sharing with others'.



The FA Skills Programme was first introduced in Korea in partnership with the FA (Football Association) in Britain.





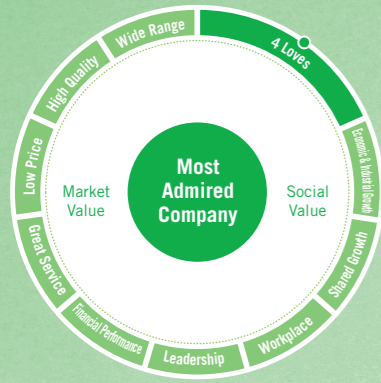
## Love Environment

**Homeplus promises to reduce CO<sub>2</sub> by 50% by 2020.**

“Our future belongs to our children. What can we do to make them realize the preciousness of the environment? Homeplus raises awareness about the environment through operation of the nation’s largest ‘eParan Children Green Leader’ and ‘eParan Contest on Environment Painting’. Moreover, we have committed to cut our CO<sub>2</sub> emissions by 50% by 2020 and are taking necessary steps to realize this goal. You will be able to witness our efforts in the Homeplus Green Store. And you can imagine the future of the green earth if you go to the Carbon-Zero Academy. Homeplus and I, eParan, are taking the lead in making our earth a greener place.”



# Love Environment



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 CO<sub>2</sub> emissions by 50% by 2020.

## Environment Management System

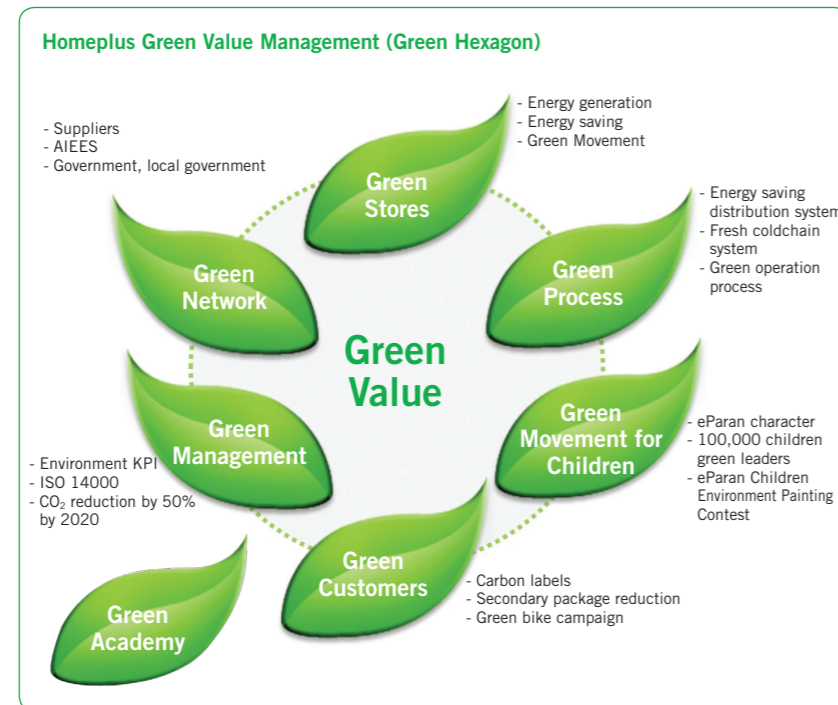
Homeplus believes that corporate environment management not only elevates corporate value, but saves the environment and the economy at the same time. We are also convinced that the companies' role not only lies in controlling and reducing their negative impact on the environment, but should be focused on engaging in creating a decent environment.

This environment philosophy is faithfully embodied in our unique 'Green Value Management' system through which our various environment initiatives are implemented. It involves six major areas including 'Green Stores', 'Green Process', 'Green Movement for Children', 'Green Customer', 'Environment Management', and 'Green Network'.

# 50%

Reduction

We are making every effort to reduce our CO<sub>2</sub> emissions by 50% per unit area by 2020.



## 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 Korea.

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.

### 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 <sub>2</sub> 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



### The World's First Carbon-Zero Tesco-Homeplus Academy

Tesco-Homeplus Academy was established in Muuido, Incheon in July 2011 as the world first carbon zero academy. The Tesco-Homeplus Academy values 6 major concepts in Green, Leadership, Craft, Service, Culture and Smart.

The Homeplus Academy is especially recognized as an eco-friendly training institute because it is built based on successful accomplishment of energy efficiency and energy production for the first time both in Korea and in the world. "Carbon Zero" indicates that net emissions of green house gases generated in the process of operating the building became zero through sophisticated eco-friendly facilities; thereby energy efficiency is maximized by reducing energy consumption to 50% compared with other institutes. At the same time, we designed the facility to be operated using energy produced through the light of the sun, solar heat, and geothermal heat.

When it comes to energy efficiency, we installed LED lighting, air conditioner and pump inverters, the Building Energy Management System (BEMS), the Occupancy-Related Automation System, total heat exchangers, high efficient distributing boards, high efficiency motors and a waterless urinal system, and have systems operated using heavy-water and rain water. In addition, strengthened insulators are used in outer walls, roofs and windows; roof planting design is introduced to reduce building's temperature taking advantage of sunlight; hybrid ventilation grill is installed in 5% of the windows in outer walls to prevent cooling load during summer and in-between seasons using gravity ventilators.

In the meantime, to generate energy to be consumed in the Academy, we installed solar-powered generation systems, water heater systems and geothermal heat pumps. The solar-powered generation system produces more than 1.12 million kWh every year that would reduce 526 tons of carbon dioxide (CO<sub>2</sub>) per year. It is expected that water heater systems designed for accommodations and kitchen facilities will reduce 87 tons of CO<sub>2</sub> per year, and the geothermal heat pumps will be used in heating systems for the winter season and cooling systems for the summer, which will reduce 25 tons of CO<sub>2</sub> per year.

### Green Process

Homeplus is actively working on reducing CO<sub>2</sub> 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



The Homeplus Academy is equipped with solarpowered generation system that reduces 526 tons of CO<sub>2</sub>.

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. Additionally, we are making efforts to reduce CO<sub>2</sub> by applying new technologies like digital tachograph and by providing Eco-Driving training training to all staff in the distribution centres.

Homeplus also monitors per case carbon emission (kgCO<sub>2</sub>/case) which was reduced by 10.8 % in 2011 (0.169kgCO<sub>2</sub>/case in 2010 vs. 0.150kgCO<sub>2</sub>/case in 2011). Homeplus is working towards reducing per case carbon emission by 7.7% in 2012.

Disposed waste generated from stores was 129 tons in 2011. Among them, 81 tons were recycled. The ratio of recycling increased to 62.7%, up from 56.1% in 2010 by recycling boxes, bottles, paper, plastic and vinyl as well as promoting self-packing stands in the stores.

Moreover, with regard to execution of eco-friendly working process, we use environment-friendly merchandising units, and at the back of the stores, we minimize product processing to reduce city garbage generation.



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 Movement for Children

In order to educate our children about the seriousness of climate change, and the importance of saving our environment, Homeplus champions Korea's largest children green movement through eParan Children Green Leader, eParan Environment Painting Contest and eParan green children festival.

The eParan Children Green Leader programme that cultivated total of 39,197 green leaders since 2000 is the Korea's largest programme educating children about the environment.

The participating children take part in a variety of experiential programmes, such as learning about carbon footprint, making wind power generators. The children also increase their awareness in CO<sub>2</sub> reduction and climate change.



Homeplus eParan Green Leaders met UN Secretary General Ban Ki-moon and expressed their love for environment.





Awards ceremony and prize-winning paintings exhibition were held at the Blue House.



Homeplus has a plan to cultivate 100,000 children green leaders by 2020.

In addition, eParan Green Leaders had a chance to see UN Secretary General Ban Ki-moon in August 2011 and showed their environmental handicrafts using recyclable materials. By taking the opportunity, the Leaders were able to remind their dream as a future leaders in protecting environment.

The eParan Environment Painting Contest, first hosted in 2000 with UNEP, is Korea's largest contest dedicated to climate change and an environmental theme. The number of participants has grown steadily over the years reaching 45,487 in 2012. Winning entries of this contest represent Korea at 'the World UNEP Children's Painting Competition'. Forty Korean children selected through the Environment Painting Contest have won at the world UNEP competition. In particular, the prize-winning paintings were displayed in exhibition at the Blue House and 19,129 people visited in 2012.

The eParan Children Green Festival is held on the World Environment Day on June 5 to raise our children's environmental awareness. The Green Festival provides many opportunities for children and for the public to have their eyes opened to the preciousness of our environment. The various environmental 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](http://www.eparan.or.kr)). The website offers an online gallery showcasing the winning entries from the environment painting contest.

### Green Customer

Homeplus has organized the green campaigns with customers and the local community to be at the forefront of expanding green consumption and promoting green lifestyle. We engaged 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 the open-type freezers in all stores. This was clearly communicated this to our customers so that they became well-aware about their involvement in saving energy and helping to reduce carbon emission. This also enhanced the refrigeration capacity by 30% and energy consumption was reduced by 9%, which is equivalent to a reduction of 9,134 tons of CO<sub>2</sub>.



Homeplus distributed 'Green bag' for free with Ecomom Korea on the Earth Day.

In addition, 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 encourages green consumption of our customers in providing green products. We first launched the carbon label products in the hypermarket sector in partnership with the Ministry of Environment. We now have a total of 43 SKUs of carbon label products including milk, bottle water, detergent and potato chips. Also, by providing extended range of package reduced products namely shampoo and conditioners with extra green points, we strongly encourage our customers to be more green.

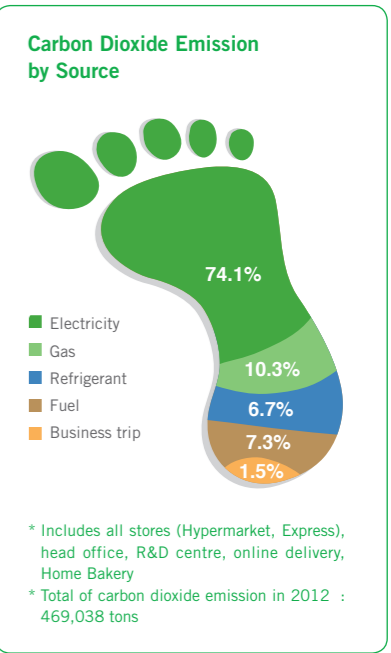
Homeplus is also contributing to the expansion of the culture which restrains the use of disposal plastic bags and is providing over 100,000 green bags to the customers. In order to expand benefits to the customers, we recently launched the Green Card with the Ministry of Environment. The Green Card provides to earn green points upon purchasing the green products and the green points can be redeemed with gift vouchers.

### Green Management

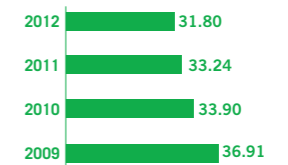
In order to tackle climate changes, Homeplus has set a target to reduce carbon emission by 50% by 2020 for business. Homeplus has developed and implemented the 'Homeplus Direct Carbon Footprint Tool', one of the core processes introduced for the first time in the industry in terms of reducing carbon emissions, to measure and monitor the carbon generation created by business in the five areas of electricity, gas, refrigerant, retail, and business trips. In particular, Homeplus established an environmental accounting system by introducing accounts categorized by transportation means in order to have accurate measurements of carbon generated through business trips by Homeplus employees. Homeplus successfully reduced CO<sub>2</sub> emission by 4.3 % per area in 2012 compared to the previous year.

Meanwhile, consumption of electricity was 800,514 MWh, gas was 18,621,676 m<sup>3</sup>, district heating was 31,144 Gcal in 2012, 14,217,675 liters of diesel (vehicles), 1,872,138 liters of gasoline (vehicles), 286,536 liters of LPG (vehicles), and 61,969 liters of diesel for emergency generators. Homeplus uses CO<sub>2</sub>, R-22 and R-404 as refrigerant. Among them, emissions (charge) of R-22 for 2012 were 13,281 kg.

In its effort to continuously measure, review and improve its environmental management activities, Homeplus has adopted an environment management Key Performance Indicator (KPI) under Steering Wheel goal control system, which is a company-wide management system to evaluate environmental management performance on a quarterly basis. To do that, its role was selected by one of the executives who are in charge of energy division, and we reorganized the existing Facility Management Team into Eco-Environment Facility Service Team to reinforce the organization's role in relation to better management of CO<sub>2</sub> and energy reduction. Also, each store has an Energy Checker responsible for practical energy management and Energy Champion to teach the importance of energy reduction.



### CO<sub>2</sub> Emissions per Area (Unit: kgCO<sub>2</sub>/ft<sup>2</sup>)



\* Excluded CO<sub>2</sub> emissions generated by business trips





Homeplus organized 'Green Audit' to reinforce energy operations and management through energy monitoring conducted every 15 minutes, store energy audit and a general evaluation conducted 450 times annually.

## Green Network

Homeplus is committed to responding to climate change on the global level by building various networks with government bodies, academia and private organizations to share environmental issues and spread the best practices.

In accordance with the government of green growth policies, Homeplus conducts various activities to facilitate customers' green consumption through the Green Consumption Campaign with the Ministry of Environment. For example, we joined the government-led pilot project of Greenhouse Gas Emissions Management System. We also participated in a pilot project called 'Energy Target Management System' in cooperation with the Ministry of Knowledge Economy in order to contribute to accomplish Korea's medium-term goal of reduction in green house gas.

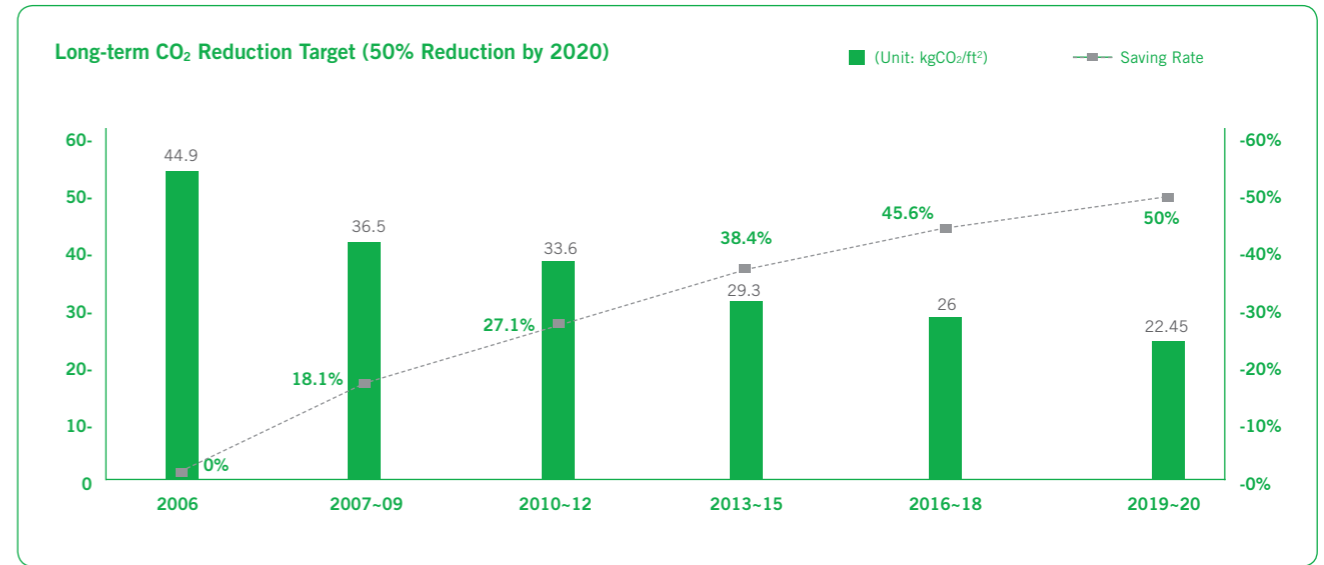
We established strategic partnership with the Asian Institute for Energy, Environment & Sustainability' (AIEES). The AIEES was founded as a strategic research institute by Seoul National University specializing in the area of environment and sustainability. The AIEES conducted a practical research on how to change the existing consumption patterns in the direction of spreading a green consumption culture, developed a measurement index that Green Retailers can adopt and announced such research results. In addition, we developed a "Green Leadership Curriculum" together with Seoul National University and the Ministry of Environment. When students complete the courses, a Green Leader Certificate is issued to them, which is one of the ways we join forces to alleviate the seriousness of the global climate change from the nurturing talents who lead the future perspectives.

Homeplus provides know-hows about CO<sub>2</sub> reduction and useful technologies for suppliers to allow them to pursue an efficient environment management. On top of that, we conduct energy audit by visiting suppliers to offer guidelines on reduction in CO<sub>2</sub> and provide education on energy saving and CO<sub>2</sub> reduction for executives and staff as a part of sustainable growth with suppliers.

In April 2010, Homeplus joined 'Caring for Climate' initiated by the UN Global Compact to do our part as one of members of corporate community founded for the purpose of alleviating climate change issues from the global point of view.



Homeplus provide environmental education, eco friendly facilities, and CO<sub>2</sub> reduction & energy saving guideline for suppliers with Ministry of Knowledge and Economy.







## Shared Growth and Fair Trade

**The power to move Homeplus is the shared growth with our suppliers.**

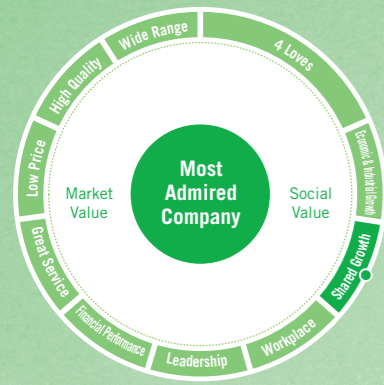
“Birds can fly because they can maintain their balance using their two wings.

The reason that I, eParan, can implement the environment movement is that the shared growth 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 Homeplus.”





# Shared Growth and Fair Trade

Homeplus established 'Shared Growth Division' to proactively implement the shared growth policies in a systematic manner based on active communication with suppliers. The Division came up with support plans for 6 major suppliers. Further, the company's long-standing ethic management and transparent management have contributed to fulfilling its social responsibilities.

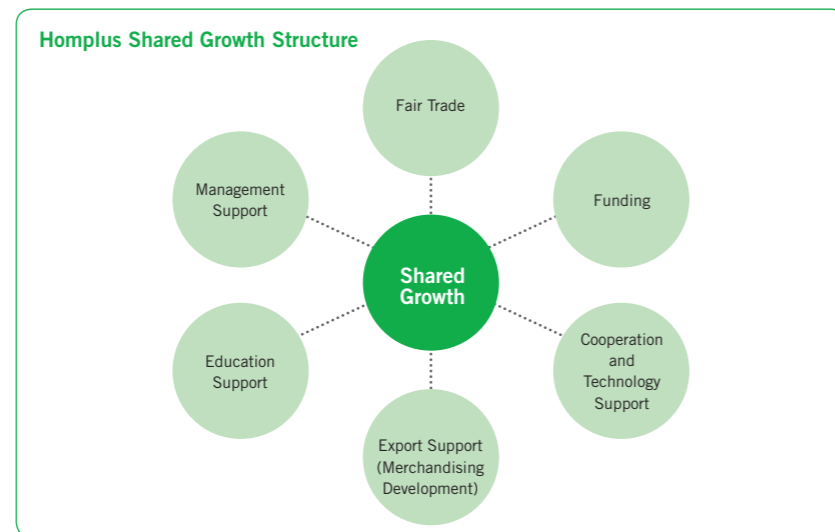
## Effort for Shared Growth with Suppliers

### Structure and Organization for Shared Growth

In line with strengthening various shared growth related activities that have been conducted since its inception in 1999, Homeplus expanded the existing team to 'Shared Growth Division' in April 2011. Under the division, there are Shared Growth Cooperation Team, Fair Trade Team and Government Relation Team. These teams are responsible for establishing specific details required for 'building up partnership for a sustainable driving engine with suppliers'.

Basic direction of the shared growth policies is to provide 'customized' supports based on the needs of suppliers. To develop 'customized' support policies, the Shared Growth Division gathered opinions and comments from 1,273 suppliers to define support structures in 6 major areas.

Homeplus shared growth support structure consists of 'fair trade', 'funding', 'cooperation and technology support', 'export support', 'education support' and 'management support'. Each of the policies is implemented to enable supplier to get practical supports by utilizing Homeplus' infrastructure, know-how and information to the fullest.



### Fair Trade

Homeplus strives to make efforts in various and continuous manner to promote fair trade and free competition with both suppliers and customers. In its internal structure, Homeplus strengthens overall functions of the Fair Trade Office under the Shared Growth Division to intensify fair trade structure, and allow the Office to strongly promote the shared growth policies by reflecting the results made by staff into evaluation process on management performance. In particular, a standard contract was used for compliance with a fair trade, and MOU on shared growth and fair trade was signed with each supplier.

Currently, Homeplus' sustained efforts to promote a fair trade have been made in fair trading training and self-compliance program by annual plan. Training concerning fair trade is taken every year for all staff, particularly, specially-designed courses are included in the options programmes for new store managers, assistant store managers, new staff and new buyers, so that our staff members acquire knowledge and information on fair trade issues needed in their jobs. We also encourage all staff to raise awareness about the importance of fair trade through provision of training for directors and buyers 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 using the internal network of Plusnet provided by e-Learning process, contains related laws and regulations, which are a mandatory course for staff members to broaden their understanding about fair trade.

Homeplus runs a Self-Compliance Program to detect if there is unfair or illegal treatment in order to upgrade staff's recognition and understanding about fair trade, while at the same time the program serves as a means to urge them to not get involved in illegal acts. The results of the detection process are notified to all staff to assess their cases of illegal activity themselves.

We comply with laws in regards to marketing promotions and advertisements as well as consumer protection on e-commerce.

### Funding

Homeplus identifies that we need various funding support policies appropriate our suppliers, especially the small sized companies. To meet the demands, Homeplus operates Vendor Financing System that introduces Network Loan and various loan products to help operate SMEs to allow them to take out loans with low interest rates. Notably, 'Homeplus' Chakhan Plus Loan (one of Network Loan products) associated with Industrial Bank of Korea (IBK) is one of the financial products that suppliers can utilize depending on their previous performance accumulated with Homeplus. The maximum loan allowance is 57.5 billion KRW for 2012.

Moreover, future bond secured loans signed with Shinhan Bank allow suppliers to receive up to 80% of payment in advance from the first working day after the delivery of products to Homeplus. The maximum amount of the loan is KRW 25 billion for 2011. On top of that, we came up with various programs to support suppliers according to the size or situations of suppliers.

### Cooperation and Technology Support

Homeplus provides cooperative measures and technical support for suppliers for the sake of efficiency of distribution. By doing so, we not only reduce transportation costs but also minimize effects on the environment.

When it comes to the efficiency of distribution, we introduced a Primary Distribution System in



Through strategic alliance among Homeplus, TESCO and KOTRA, we support our suppliers to make exports in overseas markets.



which suppliers can deliver all products at one time, rather than the individual delivery of products to Homeplus' distribution centers. And with regard to the reduction of environmental effects, we encourage drivers to change minor things in their daily lives, for example, getting rid of bad driving habits. In this regard, we conducted 'Eco-Driving' training which is about how to drive vehicles economically and efficiently.

**Export Support (Merchandising Development)**

Homeplus, promotes shared management by developing PB products with suppliers and makes every effort to help outstanding SMEs expand into overseas markets. By doing so, amounts ordered by 18 suppliers that provide their products to Tesco in other counties reached \$ 23 million in 2011, and we expect the amount to increase to \$ 30 million in 2012.

We signed MOUs for outsourcing among 'Tesco-Kotra-Homeplus' in October 2010. As a result, in July 2011, the first Korean food promotion was held in Tesco in the UK. The promotion was held in the Tesco store in New Malden, London, England for one month and showcased 90 kinds of Korean products. In particular, the event was a success because 15 food companies participated in the event ranging from giant companies like Lotte Confectionery and CJ Cheil Jedang to SMEs like Kukje Confectionery and Haeorum.

In the meantime, Homplus will introduce outstanding SMEs into Purchasing Meeting of Tesco Group held in International Sourcing Office of Tesco both in Shanghai and Hong Kong every month, and hold an Export Plaza by inviting Tesco's buyers into Korea. We will also have purchasing conferences and exhibitions for excellent SMEs along with government and local authorities to exchange information with other suppliers and SMEs to explore new suppliers.

We are also improving supplier-oriented systems such as Induction System, WEB EDI and others in order to help suppliers. For example, distribution centers introduced a new process providing suppliers' information based on 'Performance System by Incoming by Store', and trying to encourage a more transparent trading by developing the Electronic Contract and its relevant system. Specifically, we provided specific information on how to use the Electronic Contract System by posting to our website.

**Education Support**

Homeplus provides quality training services customized for suppliers through the Tesco Homplus Academy in order to make the Academy 'Mecca of nurturing suppliers' while at



Homeplus hosted the Korean Food Promotion in the TESCO store in UK to support our suppliers to promote export.

the same time promoting a shared growth activity differentiated through sharing of training programs.

The Academy's training programs are carried out covering various areas including leadership skill for managerial level. Specifically, leadership training is designed for executives of suppliers that have been rarely got systematic training by far. Furthermore, at the end of the training, we also invite Homeplus' executives and team leaders to have opportunities to communicate with suppliers. On the other hand, working-level group training includes more specific occupational courses including HR management, SCM strategies and so on. We trained 350 executives and staffs of suppliers by December 2011. If there are some suppliers who want to get in-depth training about HR management, Homeplus' internal experts will visit to them and provide customized consulting services, for instance, recruitment, salary and labor. In addition, we are offering many other programs, including 'Excellent Service Academy,' 'Marine & Livestock Craft Academy' and 'Smart Mobil School'.

**Management Support (Strengthening Communication)**

Homeplus contributes to improve product competitiveness by strengthening quality control system of suppliers in cooperation with external and internal experts. We have conducted more than 540 times various assessment processes and consultations for SMEs, and introduced Tesco Food Manufacturing Standard (TFMS) to monitor quality control and PB products. For non-food PB producing suppliers, we allow verified external organizations to audit and provide consultation. Based on such external organizations' recommendation and suggestions, we improve quality control systems in the workplace.

On the one hand, we plan to conduct safety inspection on quality and hygiene over 4,000 times in 2012. Thirty five technical managers (TM) carry out consulting over all areas of the product development process, and occasionally conduct quality control activities over the year. In particular, TM supports suppliers to secure safety and appropriateness ranging from selection of raw materials, manufacturing process to finished goods, provides training about laws and regulations towards suppliers, and conducts inspection on hygiene safety to encourage suppliers to produce quality products in optimal working environment.

In order to identify satisfaction levels by our suppliers, Homeplus has conducted Supplier Viewpoint since 2007. The Supplier Viewpoint is a survey in which suppliers evaluate fairness in working procedure, communication, information sharing fair trade. Homeplus continues to make efforts in communicating with our suppliers and reflect their opinions in developing support programmes.



Homeplus supports suppliers in quality management in order to bring product competitiveness.



Homeplus provides tailored education programme for suppliers and tries to communicate at all times.



## 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 an e-learning program of the 'Hexagon Ethical Management', and preparing to publish its own ethical management casebook. We have launched revised Code of Business Conduct in 2010 based on 6 values. Homeplus staff is trying to comply with the world class anticorruption law of the Bribery Act (2010) of UK to conduct anti-bribe and anti-corruption activities, and are committed to encourage suppliers to embrace ethical management.

### Code of Ethics and Rules of Engagement

In October 2002, Homeplus established a guidance system for business conduct within the business, consisting of 5 codes of ethics and 8 ethical standards. In 2005, three new ethical standards, relating to legal and regulatory compliance and transaction disclosure were added. In 2010, as many as 36 specific ethical standards were established by considering major stakeholders such as customer Value, Colleague value, Community value, Supplier value, Country value, Shareholder value in order to pursue the company's growth and improve reputational status of ethical management.

Homeplus' codes and standards of ethical behavior include specific behavioral guidelines based on 6 major values to be implemented by executives and staff. They can easily understand desirable behaviors according to the following guidelines when it comes to occupational execution, in particular, in case of facing ethical dilemmas.



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.

## Codes of Business Conduct

### Customer Value | Delight

#### ■ No one tries harder for customers.

- Always treat customers with kindness
- Keep the products fresh, safe and hygienic to bring health
- Provide good quality products at lower price
- Provide easy and enjoyable shopping environment
- Protect customer's personal information
- Carry out '4 Loves campaign ; Environment, Sharing, Neighbours, and Family' with customers

### Colleague Value | Synbaram

#### ■ Treat people how we like to be treated.

- Work as one team, and trust & respect each other, and say thank you
- Promote equal opportunities irrespective of gender
- Promote equal opportunities irrespective of age, disability, religion or political beliefs
- Share knowledge and experience
- Never use company information for personal benefit
- Serve first for the better tomorrow

### Community Value | Contribution

#### ■ We provide contribution to the community.

- Provide extended education opportunities for community to improve the quality of life
- Reduce CO<sub>2</sub> to prevent global warming and to love for environment
- Help needy children, vulnerable family group, and underprivileged elders
- Support education, employment for multicultural families' stable settlement in Korean society
- Train professional nannies to resolve the low-birth rate issue and promote work & family balance
- Contribute to job creation and local economic growth

### Supplier Value | Shared Growth

#### ■ We deal fairly and grow together with our suppliers

- Treat each other with trust and respect
- Trade fairly and honestly and do not limit business opportunities
- Establish mutual win-win relationship with our vendors by information sharing and cooperation building
- Avoid trading with unethical companies involved in unsafe products, minor labor exploitation, illegal logging, etc
- Prevent fraud, bribery and corruption in all forms
- Create shared value on merchandise to support our vendors

### Country Value | Serve

#### ■ We contribute to the country with a good corporate citizenship

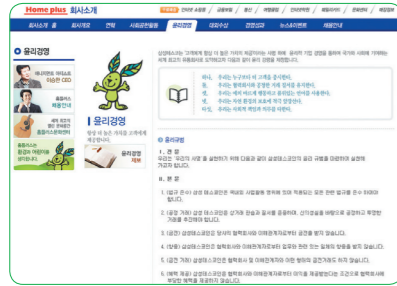
- Stabilize consumer prices to enhance the quality of everyday life
- Increase direct trading with agricultural farms and fisheries to contribute the rural economy
- Improve the supply chain to contribute to the development of the retailing industry
- Keep political neutral and do not make any political donations
- Comply with corporate regulations and codes of conduct
- Contribute to the national economy by sustainable growth of the company

### Shareholder Value | Return

#### ■ We achieve sustainable growth and maximize returns to shareholders

- Maximize investment benefits of our stakeholders through making optimum profits
- Promote sustainable growth by maintaining sound financial structure
- Manage efficiently and effectively to build increasing competitiveness
- Follow the law and principle of business accounting to deliver management clarity, and open our finance status in a law-observance way
- Listen to shareholders and protect their due rights
- Build admired brand value through genuine corporate social contribution





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

### Ethical Training and Communication

Homeplus developed its own ethical management of e-learning program called 'Hexagon Ethical Management' in 2009 to help all staff understand ethical management and ethical rules promoted by Homeplus. More importantly, a more practical ethical education is being promoted by suggesting exemplary cases and its countermeasures.

In addition, all staff is given an ethical training that 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 group training sessions 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, attends two ethics training sessions every year. Contractors and part-time staff joining our organization as full-time employees are trained carried out by each office, 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 codes and standards of ethical behavior, 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 each store. 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.

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.

All executives and staff actively participate in ethical management activities promoted by Homeplus, and review their activities for the year and submit the results to the company. By analyzing the feedback results from executives and staff, items to be further improved or supported by the company are identified and selected as critically-promoting tasks for the next year.

### Bribery & Corruption Policy

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 (including staff staying overseas) 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.

In addition, Homeplus sets strict anti-corruption rules in an attempt to eagerly comply with the Bribery Act 2010 (the UK) that takes effect since 2011, and various programs and plans were established and applied to prevent staff and suppliers from getting involved in giving and accepting bribes.

### Whistle Blower

Homeplus' whistle blower policy is an internal reporting mechanism allowing our staff to recognize all illegal behaviors and properly respond to them, and enabling them to report suspected misconduct done 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 raises issues through legitimate lines of communication from being discredited or discriminated against at work.

### Human Rights

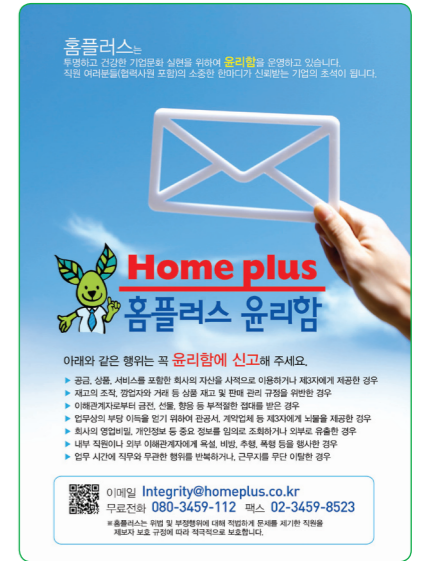
Homeplus scrupulously respects civil and human rights of our employees and treats them with the dignity they deserve as men and women. We observe the basic human rights stipulated in the Korean Constitution and thoroughly comply with all related domestic and international laws.

### 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 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.



Homeplus utilizes Ethic Box to create a sound and transparent corporate culture.





Homeplus publishes 'Hanmaeum Happy Letter' sponsored by Hanmaeum Association to facilitate a smooth communication with our staff.

### 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. And for those who could not participate in the program, due to business trips or other reasons, extra on-line education was conducted.

### 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 centres and stores) and ten from leadership including the CEO, with its regular meetings held quarterly. Recently, 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 to strengthen our information security level.

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 accurate and transparent accounting settlement, financial statements of Homeplus are audited twice every fiscal year by a credible external accounting firm. We strictly comply with processes for internal control and external audit in accordance with the Korean financial accounting standards and global accounting standards of IFRS (International Financial Reporting Standards).

#### 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.

### 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

This process provides guidelines by identifying in advance various crisis and risks that can occur at stores and inspecting the level of asset protection. As we go through such assessment process, staff corruption and work errors are either exposed or restricted. As such, this process gives the benefit of keeping the our employees from falling into unethical corruption. Experts in each regional office inspect and improve the weaknesses in product management, information security, handling of cash, stocks and bonds at all stores, protecting the company assets.

### 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.

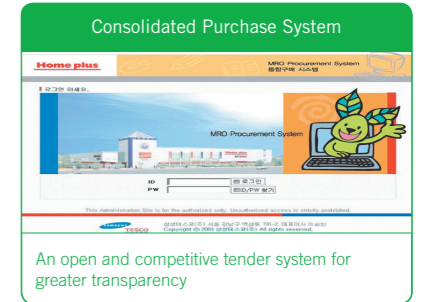
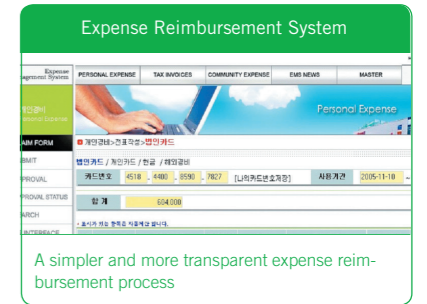
### Checker Audit

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.

### Internal Control Systems





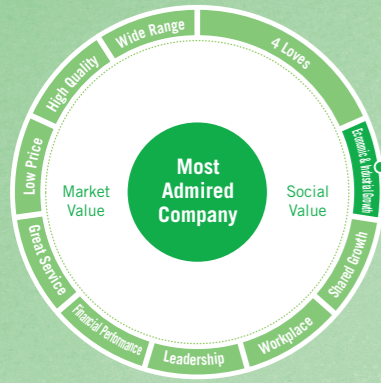


## Economic and Industrial Growth

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

“My name, eParan, 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 everlasting. It refers to our wish that customers are fulfilled with happiness with Homeplus.”





# Economic and Industrial Growth

Homeplus' sustainable business practices have ensured steady growth of national and local economies. Homeplus creates new jobs for local communities and contributes to stabilize consumer prices. In addition, Homeplus is leading the retail industry by advancing distribution system and creating new concept stores.

## Contribution to National and Local Economies

### Contribution to Job Creation and Price Stabilization

Since its establishment in 1999, Homeplus has brought foreign capital of nearly KRW 7.9 trillion into Korea, and added as many as 88,000 jobs to the economy. 25,196 of these jobs are accounted for by direct employment, and 60% of the staff were 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 82,000 jobs by February 2012. In 2011, it will recruit more than 3,000 new employees, both in regular and non-regular posts, and will 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 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 School of Extended Education 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.

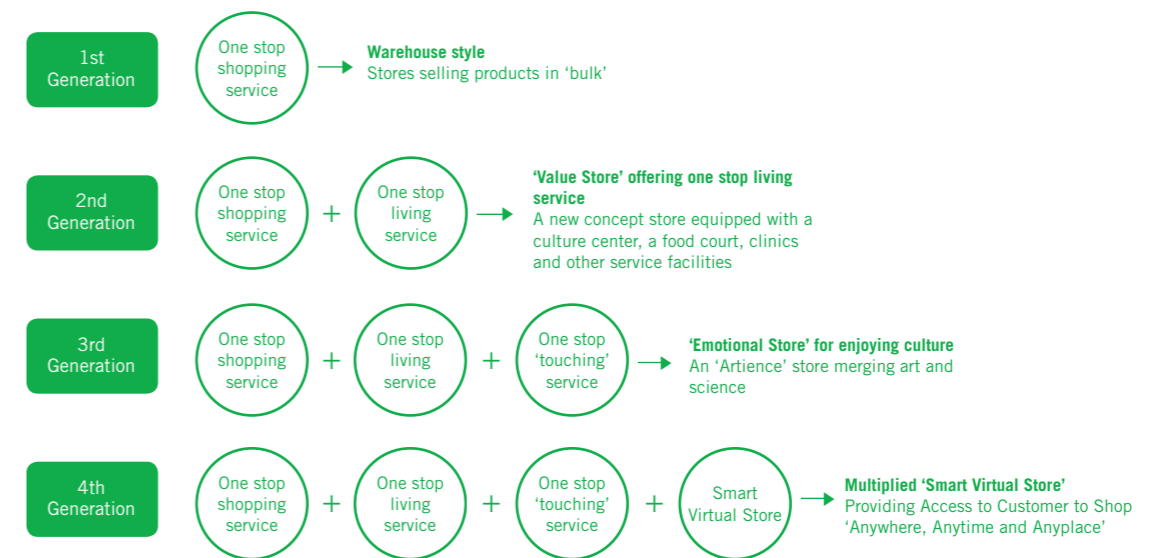


Homeplus conducts 'Good Price campaign' to contribute price stabilization and economy growth.



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.

### Presenting a new concept stores in the Korean hypermarket





## How to Use Smart Virtual Store



Homeplus Virture Store opened at Gatwik Airport in London.

## Spurring Retail Innovation and Development

### New Concept of Hypermarket Model

Back in 1999 when Homeplus made its debut, most hypermarkets were warehouse-like outlets selling products at the cheapest prices. As a latecomer to the hypermarket business, Homeplus introduced a new concept of hypermarket called a 'Value Store' through which we created customer-oriented Korean style discount stores by adopting new strategies of 'One Stop Shopping Service' providing various products with low prices and offering optimal shopping services, as well as a clean shopping area equipped with various convenient facilities and offering financial services. Furthermore, we adopted another new concept, the 'Third-Generation Hypermarket' in Jamsil in September 2007 which serves not only as an 'emotional store for enjoying culture,' but applied with four concepts including Art-being, Well-being, Touching and High-Tech to offer the highest satisfaction to customers.

### Multiplied 4th-Generation Store Model - 'Homeplus Smart Virtual Store'

'Homeplus Smart Virtual Store is the 'Multiplied 4th Generation Store' model breaking its original retail business tradition and combining services provided by both online malls and offline stores. This innovative store model provides customers to enjoy convenient shopping environment regardless of time and space. We developed an application that can recognize barcodes of all products by interfacing information embedded in the online shopping mall. Through the smart phone application, customers have access to 35,000 types of products to shop anywhere, anytime and anyplace (referred as 3A).

We have launched the first Smart Virtual Store in Sellong Subway Station, one of the busiest station in Seoul, followed by Seomyeon in Busan and bus station at Kwanghwamoon in Seoul. These Smart Virtual Stores display the images of over 500 products with barcode or QR code that consist of 3 categories with 11 sub themes. These include Daily Takeouts, Tesco Direct Sourcing, most frequently selected items known as Best 100 and Happy Range consisting of infant cares. The Smart Virtual Store has great potential in expansion that could be tailored for anyplace demanded by customers including individual house, offices, parks and college campus.



Homeplus opened the world's first 'Smart Virtual Store', providing open access to shop anywhere, anytime and anyplace (3A).

The Smart Virtual Store concept was created based on 'customer-oriented', which we directly go to our customers rather than waiting them to come to the stores. Furthermore, Homeplus will continue to play our role in advancing the retail business of Korea by providing differentiated services and innovative shopping environment.

### 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.

### 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.

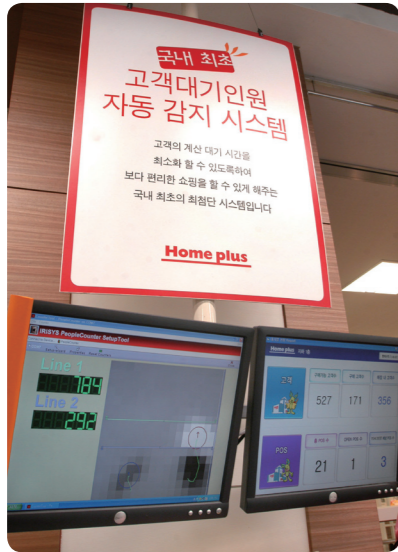
This Oracle-developed system features demand analysis and promotion tools, considered the best of their kinds in Korea as well as around the globe. Processes supported like demand prediction, ordering and profitability management are based all on accurate analysis. One of the most impressive things about 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 350.



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.

### Self-Checkout System

Homeplus introduced the Korea's first self-checkout stand now operating at 58 stores. The self-checkout not only reduces wait time, but also protects the customer's privacy. By scanning their goods by themselves, customers can prevent their personal credit card data from being disclosed and what products they purchase. Thereby, we were able to provide upgraded shopping environment for customer.

### 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 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 56,000m<sup>2</sup>, built on a 148,000m<sup>2</sup> 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 22,000m<sup>2</sup> on a total land area of 102,000m<sup>2</sup>. It can annually process 40 million boxes of products for about 60 supermarkets and 200 express stores. Especially, the centre is designed to be extended in three phases to account for future store openings.



Homeplus Anseong distribution centre is the largest fresh food distribution centre in Korea.

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.

We opened a distribution center for fresh products with a size of approximately 100,000m<sup>2</sup> in northern area of Wongok-Anseong Complex in November 2012. The center has replaced the 3rd party warehouses in Anseong and Youngin, contributing to the provision of higher quality of services to stores and enhancement of logistics efficiency.

#### Mokcheon Distribution Service Centre

Product category	Ambient goods
Region covered	Nationwide
Size	Land: 148,000m <sup>2</sup> Build: 56,000m <sup>2</sup>
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: 102,000m <sup>2</sup> Build: 22,000m <sup>2</sup>
Storage capacity	40 million boxes annually (expansion planned to upgrade the capacity to 100 million boxes)



#### Anseong Fresh Foods Distribution Centre

Product category	Fresh foods
Region covered	Capital area, Gangwon and Chungcheong region
Size	Land : 102,000m <sup>2</sup> Build : 22,000m <sup>2</sup>
Storage capacity	73 million boxes annually







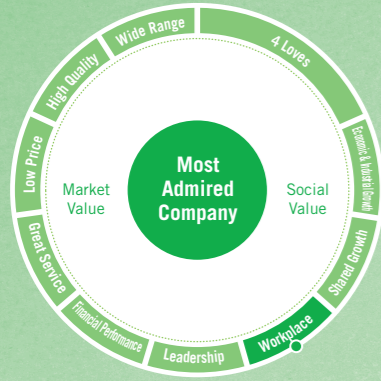
## Staff Satisfaction

**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

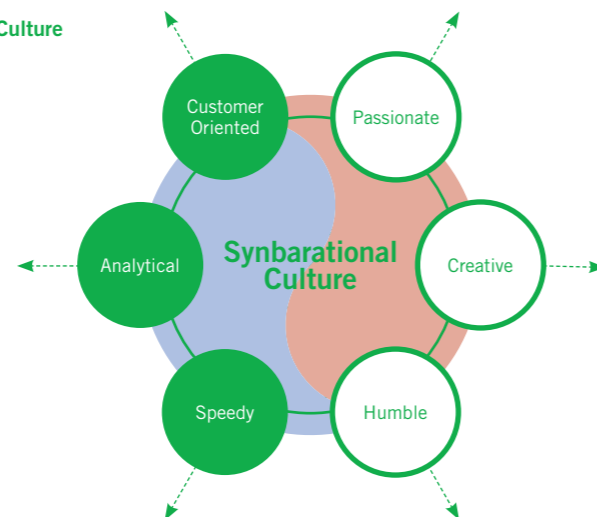
Synbaration, from 'Synbaram' (a Korean word for excitement or enthusiasm) and 'Rational' (the Western's culture) stands for Homeplus' unique corporate culture. Synbaration is all about a balance between life and work. In other words, it is about providing a work environment where each and every one of our employees 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 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, cultivating manpower and community. With regard to creating Synbaration corporate culture, an annual company conference is held by gathering all of our staff to celebrate success and share visions and goals.

Meanwhile, we make sure rationality reigns across our professional development programmes and decision-making process. The best talent is developed through various train-

## Synbarational Culture



ing programmes on leadership and job capabilities. These include the Talent Spotting programme 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 programme to educate employees on 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 a certain task, Accountable-decision making authority, Consulted-divisions that need to be consulted, Informed-division that needs to be informed) provides a clear division of roles and responsibilities.

Decisions on major issues with an important impact on business operation are made through internal meetings, such as SOM (Store Opening Meeting, consisting of professions specialized in opening a new store), PMG (People Matters Group, specialized in training and human resources), PAG (Property Acquisition Group, for purchasing construction site), RFM (Review Forecasting Meeting, for reviewing managerial performance) and RDG (Retail Design Group, for architecture design and plan for store).

## People Promise

People Promise plays a role in increasing workplace satisfaction among our staff and thereby enhances 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 four core areas that are derived from the belief that when staff works with excitement, the company can provide a higher value service to its customers.

Homeplus will establish policies for human resources, rules and system to incorporate 'People Promise' into all of its current and future human resource-related policies. The main points of the 'People Promise' are mutual trust and respect among employees so that all in our organization feel valued and appreciated. Also, Homeplus is making sure there is no discrimination of any of staff, in regards to gender or age by providing fair opportunities for all employees.

To assess how effective our efforts in this direction have been, we conduct 'staff satisfaction surveys on a yearly basis. Any areas requiring improvement are detected through this process and included in our 'People Plan.'

## 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 2010 were focused on realizing work and family balance, strengthening business capability, nurturing female talent and improving a system for human resource.

In 2011, two projects are ongoing. One is to create a corporate culture of Synbaram and another is to put learning management in place. Each of these projects is overseen by a sponsor (appointed among executives) and a leader (appointed among division directors) 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 (KPI), and monitored in a continuous manner.

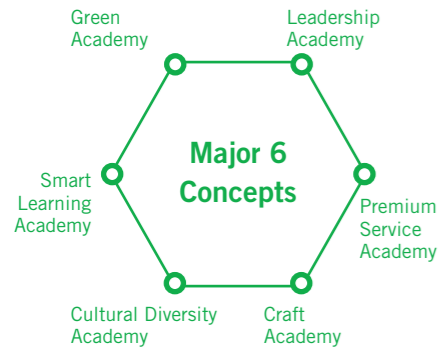
By utilizing this People Plan, Homeplus not only pursues staff's loyalty but also improves their occupational capabilities, thereby enhancing our value.

## 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.





## Homeplus Academy

### Mecca of Nurturing Global Leaders

Homeplus has philosophy of 'People are the most important assets' and continued our efforts in developing staff. Based on this, Homeplus Academy was opened on 7th July 2011 as the first carbon zero academy in the world. The Academy is 100% invested by Tesco Group and has a land area of 59,390m<sup>2</sup> and total area of 16,020m<sup>2</sup>. The Academy is equipped with 22 classrooms with library, indoor-outdoor performing stage and hotel-typed rooms.

The Academy will train 24,000 staff annually from Asia regions and it aims to cultivate world's renown experts in the retail industry. The Academy's training programme is designed based on major 6 concepts in Green, Leadership, Service, Culture, Craft and Smart. In particular, Master School trains the utmost experts in different sectors in the retail business.

Homeplus will demonstrate great efforts in making the Academy as the leader in training the professional global leaders. The Academy will bring wave of K-Du (Korea-eDucation) as like the K-Pop and K-Food.



Homeplus Academy leads Korean wave in education.

## People Development

### People Development Philosophy

Valuable staff-members are individuals with the potential to effectively help attain Homeplus' vision as 'Most Highly Loved by Customers' and carry out related missions, who furthermore closely share its corporate mission and values. In other words, people we need are 'Employee with decent attitudes (Integrity)', building trust and cooperation based on basic principles, 'Experts (Professionalism)', having GloCal (global and local) competitiveness based on continuous learning, and 'Innovators (Creativity)', creating new values with challenging spirit and passion. We are nurturing people who do our part in serving basics like working together, building trust and volunteering, who continuously have passion for learning how to be qualified with professional capabilities while responding to a GloCal environment, and who creates new values for both 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. The actual content of training varies between these groups, as their core competencies are different. Homeplus implements staff development programmes each designed for full-time staff, part-time or temporary contract employees and even the staff of suppliers to provide customer service training. Notably, training towards executives of suppliers has been provided since 2011, to realize a win-win growth.

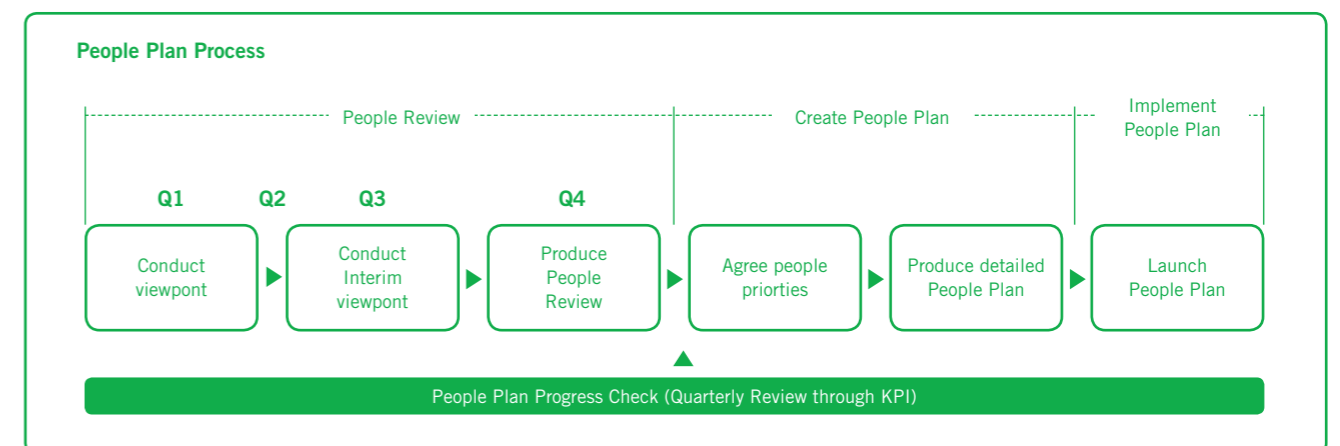
Medium to long-term personnel training strategy is developed annually to closely correspond with our overall business strategy in the long and medium term.

### People Development Structure

Until 2011, 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. Since 2012, our new focus on training is to realize a learning management by creating favorable conditions where sales capabilities are strengthened and executives are studying by themselves in order to provide the best value products. In addition, we will improve the appropriateness of the training programme by continuously communicating with staff.



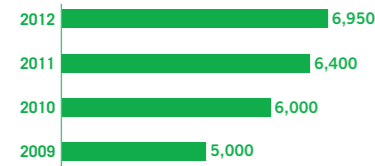
Homeplus provides systematic training programme for staff so that each staff can become experts in their areas.





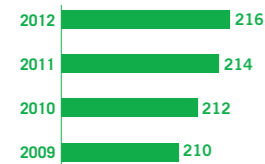
### Financial Investment in Staff Education

(Unit: Million KRW)



### Average Education Hour per Staff

(Unit: hour/person)



### 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

### People Development Programmes

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

#### Talent Spotting

Homeplus recruits our people through new hiring or reassignment of internal staff. Talent Spotting is a staff redeployment programme, designed to support staff's career development to enable the most appropriate assignment of staff, based on their competencies and capacities, through a process that is optimally fair and transparent. According to this Talent Spotting programme, Career Discussion is conducted to talk about a division and regions to which they desire to be reassigned based on annual people resource plans. Afterwards, each team holds Talent Planning Meetings to allocate staff in categories of promotion, transfer, continuing current position or need capability. Once all staff members' pool categories are decided, they can be newly deployed into appropriate positions when vacant positions are opened.

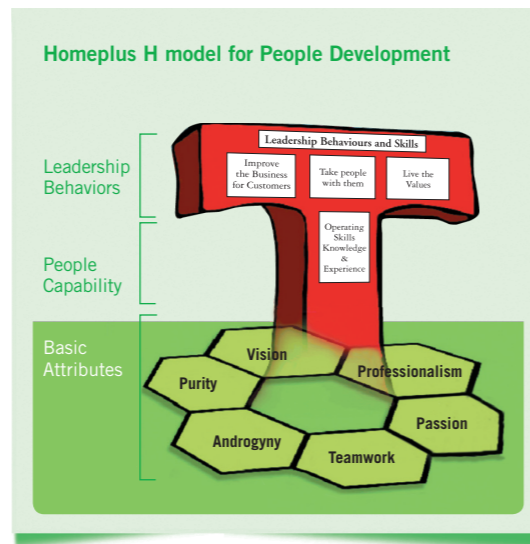
#### Personal Development Plan (PDP)

Homeplus' staff completes objectives every year and they make their individual Personal Development Plan (PDP) in consultation with their line managers in order to accomplish the objectives. In the Plan, issues to be improved are included such as leadership, operation skills, and necessary capabilities. Progress is reviewed by regular checks with the managers, and support is given, if necessary.

#### People Training Programme

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, specifically regarding leadership, various operation skills and language courses through Group Training, e-Learning, and Book Club Communication. Homeplus provides a wide range of training courses to all employees even including employee members of suppliers and service agencies all serving different types of roles and responsibilities. In particular, Options Programme is Homeplus' unique programme that provides participants with opportunities to be promoted to next position.

In addition to large group training, Homeplus operates an e-learning centre (www.homeplusuniversity.co.kr) a first in Korea's retail industry offering training courses to staff so that they can learn anywhere and anytime. In 2012, Homeplus staff invested an average of 216 hours in training, and this participation is encouraged in connection with PDP support.



### Education and Training Programmes by Type of Staff

Type of Staff	Programmes
Leadership, Team Leaders, Managers, Staff	Customer Service Training, CS specialist Programme, Intensive Service Course, Buyers Special Course, Distribution Special Course, Retail System Training, Core Purpose & Values Service Course, Leadership Nurturing Course, Team Leader Nurturing Course, Senior Staff Nurturing Course, Section Head Nurturing Course, New Staff Introductory Course, Experienced Staff Introductory Course, Partnership Training for Advanced Distribution
Managers, Part-time Staff	Basic Job Skills Training (for staff at stores), Special Training about Service
CEO-Senior Manager-Staff of Suppliers	Leadership Course, Marketing Course
CEO-Senior Manager-Staff of Service Agencies	Basic job skills training programmes

### People Rewards

#### Staff Benefits

Homeplus offers comprehensive benefit packages to employees and operates a variety of incentive programmes in order to provide the best customer services by securing talented with competitiveness and increasing staff satisfaction. Homeplus has corporation insurance that will support the medical expenses if members of staff or their family members are hospitalized. We also joined a retirement pension system since 2008 that grants educational expenses dependent of all ages without restriction on age (college, middle and high school and kindergarten) or the total number of recipients. In addition, other benefits are given, for example, money for congratulations and condolences, leave for condolences, an allowance for proceeding to a new post, reward for long-term employed persons, and the use of company-owned resort facilities. In 2010, we opened an online community relief center to support all employees to receive welfare benefit services in a convenient and easy way.

#### Support for Staff Clubs

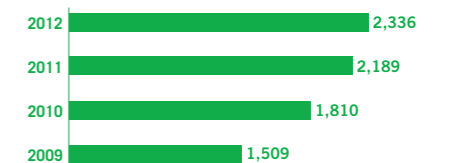
Homeplus, for the sake of making an amicable organizational atmosphere, supports staff's hobby activities by providing financial grants for participants to an extent of 2 clubs per person. To help tighten the bond between members of our organization and encourage personal development activities, we support costs on a monthly basis associated with their participating in employee hobby clubs. Currently, there are 374 total employee clubs including volleyball, football, baseball, cultural activities, leisure sports, bowling, fitness, table tennis, skiing, travelling, climbing, research on food culture, billiards, trips for taking pictures, tennis, pocket ball, fishing, remote-controlled model collecting and volunteer services.

#### Staff Counseling

Homeplus addresses various issues arising from day-to-day operations including conflict among team members and harassment. The Staff Counseling System is set up and consisted of 4 members, including 1 female staff, to listen, review and resolve difficulties. Staff can also share their problems through e-mails or Voice of Employee (VOE) and consult with managers and counselors.

### Subsidy to Staff Clubs

(Unit: Million KRW)



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



### Resolution Channel of Staff Complaints

Category	Organizer	Frequency	Main Activity
Staff Discussion	Staff / Director of each region	Once a Month / Quarterly	Acceptance and resolution of group grievances raised by each store/regional division
Complaints Consultant System	Complaints Consultant	Occasionally	Acceptance and resolution of individual grievances raised by each store/division
Discussions by Class	Manager	Quarterly	Counseling and resolution of grievances by each class

### Improving Staff Health

With regard to creating a safe working environment, Homeplus fully commits to preventing accidents and practices environmental safety laws based on strict rules at the same time. Also, we conduct training based on various emergency scenarios, provide proper education, and carry out audit or surveillance to reduce dangerous factors in the job site. As of 2010, the occupational accident rate is 0.09%.

We have selected safety managers at each store and head offices to prevent both customers and staff from exposure to accidents. The Human resources department regularly gathers all information about safety accidents and industrial disaster statistics by the head office and reports them on a regular basis at leadership meetings.

To ensure the health of our staff, annual health checkups are offered to all staff (once every two years for the headquarters), and the opportunity for a full health checkup is provided to those who have worked for Homeplus for more than a certain number of years. Also, Homeplus was the first in the industry to put chairs at cashier stations across the nation to provide a better working environment for its employees.

### Work & Family Balance

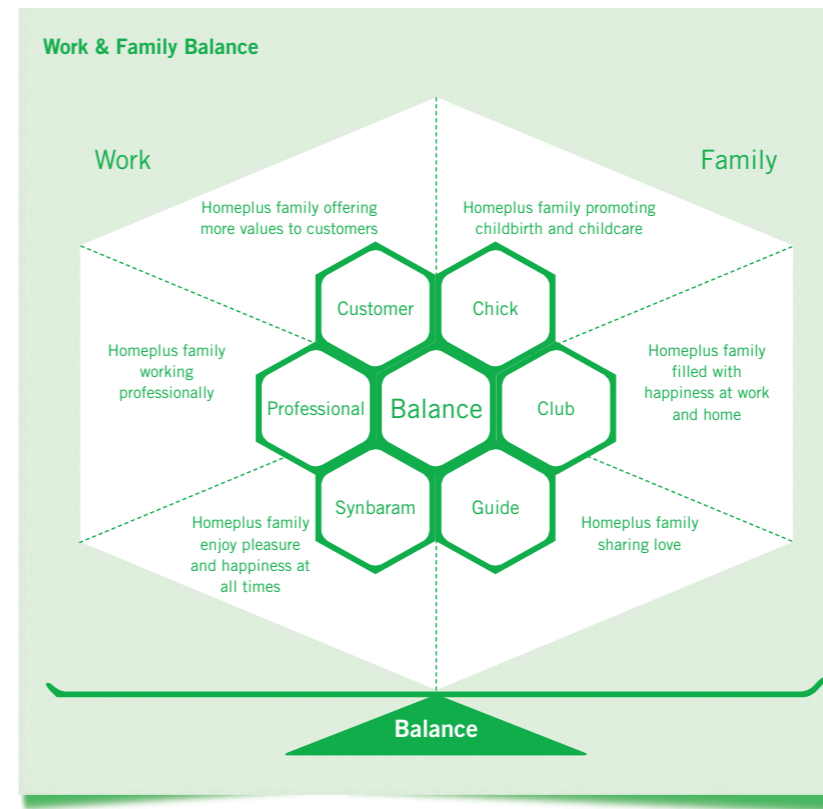
Homeplus declared its initiative of 'Family-Friendly Management' in 2010 along with a theme of 'Homeplus filled with love' to pursue Work & Family Balance. With a belief that staff members who feel excited in their work can provide much value to customers, we set a goal of 'Making time for balance of work & family' to improve the way of how to accomplish objectives and performance by encouraging staff to immerse themselves in their work and implement various family-friendly programmes.

We have a 'Family Day' to urge staff to leave the office at the regular time so that they can enjoy the rest of the time with their family members for the purpose of improvement of working efficiency. 'Flexible Working Hours' is operated for employees that need flexible working times because of their personal or physical conditions. 'Online Search' function is used inside our website to allow staff to have easy access to any information necessary for their work. We also have 'Mobile Internet', which is also operated to enable staff to check their emails, schedule and electronic baking using their smart mobile phones anywhere and anytime.

In the meantime, Homeplus provides various opportunities to encourage staff to spend their time with their family members through 'Family Farm', 'Book Camp' and a family picnic at 'Synbaram Festival'. There are many other family-loving programmes and services; Group Accident Insurance giving benefits to staff and their spouses and children; e-Learning Support System in which children of employees and family members can learn using remote training system; Fitness Club & Medical Services with discounted prices through alliance with specialized bodies; and setting up blind dates for unmarried staff.



Homeplus runs online welfare centre with various benefits to improve employee welfare.



### Best Family-Friendly Management Certificate

In recognition of Homeplus' various programmes initiated to pursue a 'Work and Family Balance', we received a certificate of 'Best Family Friendly Management' organized by the Ministry of Gender Equality and Family on November 2010. The certification of 'Best Family Friendly Management' is awarded to companies that sincerely implement familyfriendly policies including child support, education support and support for staff. 157 companies have received the certification from 2008 to 2011. Homeplus was the first to get the certification in the retail industry.



Homeplus encourages staff to spend their time with family through 'Family camp'.



Homeplus runs family-friendly programs, for example, Family Farm so that employees and their family members can experience farming culture.



# 87.6 %

Homeplus conducts biannual staff viewpoint. Staff satisfaction level has reached an historical high of 87.6 % in 2012.

## Staff Communication

### 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 87.6 % in 2012. Homeplus plans to make continuous efforts in this direction to raise the level of employee satisfaction to an even higher level.

### Internal Communication Channels

Nurturing the kind of dynamic corporate culture, Homeplus values open communication between all members of its organization. The 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 'Most Highly Loved by Customers.'

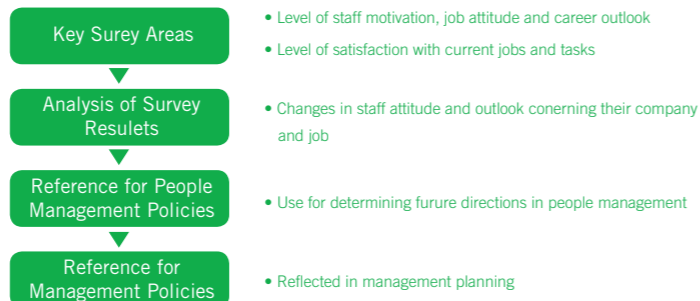
To facilitate internal communication, Homeplus runs a variety of channels such as Staff Magazine 'Tong', Company News Broadcasting, Audio News at stores, Team Talk, PlusNet (Intranet), Bulletin Board, various communities, Store Message and clubs. Furthermore, we carry out active communication activities through company-wide events including Company Conference and Town Meeting. In particular, the company magazine, 'Tong', which has been published since 2000 for the first time in retail industry, marked 131th issue in December 2012. 'Tong' is one of the most important internal communication channel in terms of recording the history of Homeplus, and delivering the company's performance and news to all staff. Also, Audio News at stores is Homeplus' unique media and served as a

good opportunity for staff to listen to company's news and to communicate each other because staff working at stores cannot easily access to computers or TV. In the meantime, effort to improve internal communication channels are being made by reflecting feedbacks from leadership and staff after conducting a survey on satisfaction about internal communication channels using the company's online survey system at the end of every year. On top of that, active communication between the head office and stores is being made with the help of correspondents at each store. They exchange main news with other stores and deliver the news to staff members.

### 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.

### Viewpoint Survey Process



Homeplus held '2012 Company Conference' and shared new version & plan with staff at the Homeplus Academy.





## 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, we leave no stone unturned to provide the best quality for customers by introducing new concepts of stores like 'Value Store', 'Emotional Store', and 'Smart Virtual Store'.

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 school of extended education serving as the community centre.

Homeplus not only provides various functions of Value Store, especially for customers, but also offer creative services beyond those of the existing supermarkets such as new distribution services, premium bakery and other. 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.

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

## 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 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.

As many of our products are globally sourced, we are able to offer prices that are 3-5%

## Customer Parliament

Homeplus is relentless in our effort to pursue the vision to become 'Most Highly Loved by Customers'. Homeplus' clock tower, reminiscent of Big Ben at the British Parliament, symbolizes 'customer parliament,' which describes the utmost importance we assign to our customers' voices.

## 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 240 times annually, on more than 120,000 customers to include level of satisfaction, image trackers, exit surveys, panels of household wives, CQT (Customer Question Time), and online customer panels. 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.

## Value Store Concept

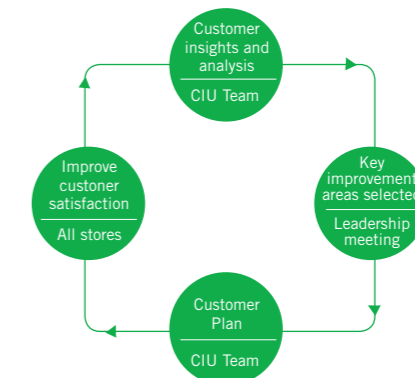


## Customer Parliament



Homeplus's Clock Tower, similar to Britian's Big Ben, symbolizes 'customer parliament.'

## Customer Plan Process



## Customer Plan in 2011

- No.1 Quality of Fresh Foods
- No.1 Price Image
- No.1 Delly



## 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 shopping trip 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 and fresh food quality evaluation by professional shoppers	72 times / yr (6 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 Tenant shopping trip	12 times / yr
Express Satisfaction	Satisfaction level of Express shopping trip	12 times / yr
Client Assembly	Attain instant feedback on HMP shopping trips	As needed
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 are defined through a number of customer insights and analysis on market circumstances. 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. The Customer Analysis Service Team, a specialized research group at Homeplus carries out customer surveys and analysis about 200 times every year. Based on the survey results, Steering Committee Meeting defines core issues, and intensive process for improvement is made for one year.

### 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 4000 types of products each year.

Homeplus makes contributions to stabilizing prices by gradually lowering prices on about 600 major daily necessities at 6-week intervals, and providing 100 product items ranging from



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

fruits, vegetables to livestock products with lower prices based on results of price survey conducting through main channels to strengthen price competitiveness of fresh products.

As such, Homeplus invests billions of won every year to sustain price competitiveness, which in turn, inducing stabilization of domestic economy for households and realizing economy of scale for partners.

### 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 hyper-market 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 chooses products through a global sourcing network, applying the most exacting quality and safety criteria. 4,484 products including fresh food, home appliances, clothing, home wares and toys are sourced globally.

#### Private Brand Development

Homeplus categorizes private brands into 3 areas-Good Zone (Homeplus' frugal products), Better Zone (Homeplus' good products) and Best Zone (Homeplus' premium products). 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 (NB), are brand about 20% cheaper than national brands. Premium products under the Best Zone are superior in quality to national brands. Also, Homeplus has satisfied wine lovers through launching new concept of wine brand 'Simply Wine' and premium wine 'Finest' with Tesco. Furtheromre, Homeplus provides a wide range of products according with customers' changeable needs.

# 18,634

 products

Homeplus provides 18,634 various different products to customers with the best service at the best quality and the lowest price. (As of Dec. 2012)



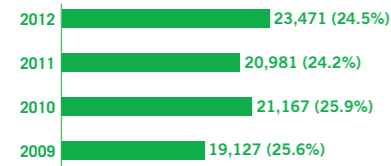
Homeplus provides PB products qualified with excellent quality and price competitiveness competitiveness.



Homeplus launched Florence & Fred, an European style brand to provide trendy products with reasonable prices.



**PB Sales** (Unit: Billion KRW)



**Environment-Friendly and Well-Being Product**

To tap the increasing interests of customers and demand for food safety, Homeplus provides its healthy food brands named 'Environment-Friendly' and 'Well-Being Plus' products. 'Environment-Friendly' indicates fresh food including fruits, vegetables, livestock and marine products. 'Well-Being Plus' products include snack, glass noodles, tea etc.

**Homeplus Bakery**

Homeplus Bakery operates at 132 hypermarkets and 251 express stores. By taking advantages of a customer-based distribution network of Homeplus and bakery knowhow, Homeplus Bakery positioned itself as a leading place in the hyper bakery market. Successful performance such as opening one hundred bakeshops in the shortest period of time, bakery-producing lines' acquirement of HACCP certification in the shortest time of one year since the plant started its business in Anseong, Gyeonggi-do in September 2008, and development of at least five new products on average every month, Homeplus Bakery increased its sales so that it will record 100 billion KRW in sales as of February 2012. Thanks to such growth; Homeplus Bakery was selected as one of companies in the category of '100 Excellent Corporation in Job Creation 2010'.

**Product Range**

Category	Type	Item
Fresh Food	Fruit, Vegetable, Livestock, and Fish & Marine	1,520 SKUs
Fast Cooking	Bakery, Processed Fresh Food, and Dairy Products	32,340 SKUs
Grocery	Processed Food, Tea & Alcoholic Liquors, Baking & Beverage, and Daily Necessaries	11,730 SKUs
Living & Culture	Home Appliances, Household Commodities, Cultural Goods, and Sports Products	14,391 SKUs
Fashion	General Merchandise, Man Clothing, Women Clothing and Children's Wear	9,573 SKUs
Total		39,554 SKUs

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

**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.

**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.



Homeplus Bakery leads a pioneering position in hypermarket bakery market.

**State-of-the-Art Fresh Distribution Centre**

The opening of the Anseong Fresh Distribution Centre in November 2012 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.

**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 all 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 1,300 products, offers customers more transparent information on its food products, thereby helping them lead a high-quality, healthy life.

**Great Service**

**Green Line**

Homeplus runs 'Green Line' managing queues line in front of checkout counters so that our customers can checkout as quickly as possible without having to wait.

We drew a lime green line on the floor behind POS so that our store colleagues can easily monitor. If a customer is waiting behind this green line we immediately open up a new POS to reduce the queue time.



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



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





Homeplus where customer's health is our first priority, we have health carts in stores so that our customers can be reminded of health while shopping at our stores.

### 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.

### Customer VOC

We operate a Call Center for the first time in the industry to listen to the voices of customers, and there are also various channels such as an Inbox for Customer Feedback at homepage and a Customer Service Center in stores. Complaints and opinions received from customers are promptly dealt with within 24 hours to resolve problems as fast as possible. We put customers' satisfaction first by gathering suggestions and recommendations needed for operation of stores and product improvement.

### Homeplus Family Card - Convenient and Provides Various Services

Family card was launched in November 2002, and within 10 years, the services and numbers of members has grown continuously. Family card member, as of October 2012, reached more than 17.10million making it the hypermarket card with the largest number of members. Homeplus' quarterly mailing system to members with more than 2,000 points provides diverse information for customers such as cash coupons in exchange for points, various product discounts, and accumulative coupons. Segmented services, according to consumers' needs, are provided through the Baby & Kids Club, Wine Club, and Big Bonus Coupon. In addition, the function of the family card is included into the 'Homeplus App' that was developed in 2011, thereby enhancing customers' convenience to enable them to accumulate points and use coupons if they are smart mobile phone users. Also, the family card provides a green point program as a link to raising awareness about climate change. The bicycle riding campaign started at the Jamsil store in 2007 (providing extra points to customers who rode their bicycles to the shop) is widely spreading to all stores since March 2009. We are also taking the lead in encouraging customers to consume green products by giving four times the amount of points when products with no secondary package and eco-friendly products are purchased.



Via Homeplus Online Shopping mall, one can purchase products sold at stores with just a few clicks at home.



Homeplus, first time in Korea, has signed a Mobile Virtual Network Operator (MVNO) contract with KT for reinvigoration of thrift phones.

### Online Shopping Mall

Homeplus, in line with rapid development of the Internet environment and customers' increasing demand for convenient shopping, started e-commerce business in March 2002, and now runs a nation-wide internet shopping mall. Thanks to advantages of the provision of diverse and quality products to customers, and convenience of shopping with less time and effort, the number of customers using the online shopping mall is rapidly increasing. By introducing same day delivery in two hour intervals and the 'Cold Chain System' for the first time in this industry, we are providing differentiated services so that customers enjoy fresher and higher quality products. Recently, product range, for example, baby & kids products, fashion and furniture are included into our product category so that more diverse value is provided to customers' life.

### 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.

### 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' onestop living service also features a desk where most common administrative formalities can be completed.

### Homeplus' efforts for the food safety

#### 1. Operating Professional Technical Managers

Professionals in different fields visit to guide suppliers, maintain hygiene of food provided from suppliers and original producing areas, and ensure safety management. This program enables suppliers to voluntarily control the food safety. 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.
- Introduction of Egg Cold Chain System and Antibiotic Free PB  
Homeplus provides fresh eggs by controlling processes for distribution and refrigerator storage after introducing the Cold Chain System. We provide only 100 % Antibiotic Free (AF) eggs meeting our own strict quality standards for consumers.

#### 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 Freshness Managers at 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

Dear Readers of  
2011/12 Homeplus  
Sustainability Report

## Foreword

The Korea Management Association Registration and Assessments (KMAR) had been engaged by Homeplus to verify the contents of its 2011/12 Sustainability Report (the Report). Homeplus is responsible for the collection and presentation of information within the Report. Our responsibility is to carry out assurance activities on specific information in the verification scope stipulated below.

## Our independence

With the exception of providing third party verification services, KMAR is not involved in any other Homeplus business operations that are aimed at making profits in order to avoid any conflicts of interest and to maintain independence.

## Verification scope

Homeplus described its efforts and achievements of its sustainability activities in the Report. The verification process was designed to provide readers with the following information;

**Verification of the economic section:** Review whether financial performance data has been extracted appropriately from Homeplus 2011/12 Financial Statements Audit Reports and Annual Reports as defined in the Report's performances and conclusion sectors

**Verification of environmental and social section:** Review whether environmental and social information included in the Report is presented appropriately.

"Appropriately Presented" means that the actual data and the original information are appropriately reflected in the contents of the Report with consistency and reliability. For the economic sector, we based our evidence gathering procedures on reasonable assurance. It is a higher level of assurance than the limited verification in terms of characteristics and the extent of performed tasks.

## Verification standards

KMAR performed the review based on our own verification. We also used the International Auditing and Assurance Standards Board-issued "International Standard on Assurance Engagements (ISAE 3000): Assurance Engagements other than Audits or Reviews of Historical Financial Information" as additional guidelines.

## Verification process and conclusion

In order to form our conclusion, KMAR undertook the steps outlined below to assess Homeplus' internal processes for reviewing the sustainability reporting practices.

- Reviewed media information related to Homeplus sustainability during the reporting period
- Reviewed systems and processes used in producing data
- Assessed internal documents and materials
- Interviewed people in charge of disclosed activities and performances

Based on the results we have obtained from material reviews, related department visits and interviews, we held several discussions with Homeplus on the revision of the Report. We reviewed the Report's final version in order to confirm whether our recommendations for improvement and revisions have been reflected.

## Economic performance

It is compared with financial statements prepared based on UK International Financial Reporting Standards, and data on financial performance contained in this report was extracted from financial statements of Homeplus.

## Environmental and social performance

We observed that the information contained in the environmental and social sections has been appropriately presented. We did not discover any significant errors.

## Recommendation for improvement

KMAR verified the 6th '2011/12 Homeplus Sustainability Report' and we confirmed that Homeplus carried out systematic research and in-depth analysis of views from key stakeholders and reflects them into its sustainability management.

Moreover, the results and performance of the sustainability management have been strengthened compared with the previous report. In particular, it is highly recognized that remarkable progress has been made in areas of social contribution. KMAR recommends the Report to contain more detailed and quantitative data to enhance its report quality.

January 25, 2013

# KMAR

Korea Management Association  
Registrations & Assessments Inc.



CEO Ki Ho Park



# GRI G3 Index

●\_ Reported    N/A\_ Not Available

G3 Indicator	Description	Status	Page
<b>Strategy and Analysis</b>			
1.1	Statement from the most senior decision maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance	●	10, 11
1.2	Description of key impacts, risks, and opportunities	●	24-29
<b>Organizational Profile</b>			
2.1	Organization's name	●	14
2.2	Primary brands, products, and/or services	●	14, 15, 89-93
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	●	14, 17
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
2.8	Scale of the reporting organization, including number of employees and net sales, total capitalization, quantity of products or services provided	●	14, 15, 96, 97
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
<b>Report Parameters</b>			
3.1	Reporting period	●	About the Report
3.2	Date of most recent previous report (if any)	●	About the Report
3.3	Reporting cycle (annual, biennial, etc.)	●	About the Report
3.4	Contact point for questions regarding the report or its contents	●	About the Report
3.5	Process for defining report content	●	26-29
3.6	Boundary of the report	●	About the Report
3.7	State any specific limitations on the scope or boundary of the report	●	About the Report
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	●	About the Report
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	●	About the Report
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	●	About the Report
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	●	49, 91, 96, 97
3.12	Table identifying the location of the Standard Disclosures in the report	●	98, 99
3.13	Policy and current practice with regard to seeking external assurance for the report	●	98, 99
<b>Governance, Commitments, and Engagement</b>			
4.1	Governance structure of the organization	●	17, 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, 82
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	●	15-17, 23, 58, 75, 87
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 agree	●	18, 25-29
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	●	18
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	●	26, 45, 46
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	●	About the Report, 22
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	●	27, 28
4.15	Basis for identification and selection of stakeholders with whom to engage	●	26
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and stakeholder group	●	28
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	●	27, 29
<b>Economic Performance</b>			
EC1	Direct economic value generated and distributed	●	15, 66, 90, 96, 97
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	●	45, 46, 47
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	●	66, 67
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	●	66
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in kind, or pro bono engagement	●	33, 37 - 39
<b>Environmental Performance</b>			
EN1	Materials used by weight or volume	●	Not a manufacturer
EN2	Percentage of materials used that are recycled input materials	●	Not a manufacturer
EN3	Direct energy consumption by primary energy source	●	49
EN4	Indirect energy consumption by primary source	●	49
EN8	Total water usage by source	●	49
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	●	No case
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas of high biodiversity value outside protected areas	●	No case
EN16	Total direct and indirect greenhouse gas emissions by weight	●	49
EN17	Other relevant indirect greenhouse gas emissions by weight	●	49
EN19	Emissions of ozone-depleting substances by weight	●	49
EN20	NOx, SOx, and other significant air emissions by type and weight	●	No fixed emission source
EN21	Total water discharge by quality and destination	●	No fixed emission source
EN22	Total weight of waste by type and disposal method	●	47
EN23	Total number and volume of significant spills	●	No case

●\_ Reported    N/A\_ Not Available

G3 Indicator	Description	Status	Page
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	●	45-51
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	●	Not a manufacturer
EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance violation with environmental laws and regulations	●	No case
<b>Labor Performance</b>			
LA1	Total number and rates of employee turnover by age group, gender, and region	●	15
LA2	Total number and rates of employee turnover by age group, gender, and region	●	15
LA4	Percentage of employees covered by collective bargaining agreements	●	15, 62
LA5	Minimum notice period(s) regarding operational changes, including whether or not it is specified in collective agreements	●	82, 83
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	●	80
LA8	Education, training, counseling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases	●	80
LA10	Average hours of training per year per employee by category	●	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
LA14	Ratio of basic salary of men to women by employee category	●	74
<b>Human Rights</b>			
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	●	No Significant Investment
HR2	Percentage of significant suppliers and contractors that have undergone human rights screening and actions taken	●	63
HR4	Total number of incidents of discrimination and actions taken	●	61, 62

G3 Indicator	Description	Status	Page
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	●	62
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	●	61
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	●	61
<b>Society</b>			
SO1	Nature, scope, and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	●	45, 49
SO2	Percentage and total number of business units investigated for corruption related incidents	●	61
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures	●	58-62
SO4	Actions taken in response to incidents of corruption	●	61, 63
SO5	Public policy positions and participation in public policy development and lobbying	●	49, 50
SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	●	No Case
<b>Product Responsibility</b>			
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	●	57, 90-92
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	●	49, 91
PR6	Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	●	89-93
PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services	●	63

## Declaration on GRI G3 Application Level

Sustainability Report 2011/12 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 2011/12 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+	
<b>Standard Disclosures</b>	<b>G3 Profile Disclosures</b>	<b>Report Externally Assured</b>	<b>OUTPUT</b>	<b>Report Externally Assured</b>	<b>Report Externally Assured</b>	<b>Report Externally Assured</b>	
							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
<b>Standard Disclosures</b>	<b>G3 Management Approach Disclosures</b>	<b>Report Externally Assured</b>	<b>OUTPUT</b>	<b>Report Externally Assured</b>	<b>Report Externally Assured</b>	<b>Report Externally Assured</b>	
							Not Required
							Management Approach disclosed for each Indicator Category
<b>Standard Disclosures</b>	<b>G3 Performance Indicators &amp; Sector Supplement Performance Indicators</b>	<b>Report Externally Assured</b>	<b>OUTPUT</b>	<b>Report Externally Assured</b>	<b>Report Externally Assured</b>	<b>Report Externally Assured</b>	
							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.



## UN GLOBAL COMPACT



Homeplus joined UN Global Compact in September and supports 10 principles in the areas of human rights, labor, environment and anti-corruption for business sustainability.

This report includes our efforts in complying these principles.

We also have joined the Global Compact LEAD to achieve higher levels of corporate sustainability performance as outlined by the Blueprint for Corporate Sustainability Leadership.

Category	Principles	Page
Human Rights	1. Businesses should support and respect the protection of internationally proclaimed human rights; and	61~63
	2. Make sure that they are not complicit in human rights abuses.	60, 63
Labor	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	62
	4. The elimination of all forms of forced and compulsory labor;	61, 63
	5. the effective abolition of child labor; and	61, 63
	6. The elimination of discrimination in respect of employment and occupation.	61~63, 66, 74
Environment	7. Businesses should support a precautionary approach to environmental challenges;	45~47
	8. undertake initiatives to promote greater environmental responsibility; and	45~51, 91
	9. Encourage the development and diffusion of environmentally friendly technologies.	45~51
Anti-Corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery.	49, 50, 54, 55, 60~63

## ISO 26000

ISO 26000 is a standard designed to propose corporate social responsibilities and its relevant guidelines developed by ISO (International Organization for Standardization) and includes 'principles of social responsibility', 'recognizing social responsibility and engaging stakeholders', 'guidance on social responsibility core subjects and associated issues' and 'guidance on integrating social responsibility throughout an organization'. This following table shows each subject of Homeplus' report by page regarding social responsibilities, core subjects and associated issues.

Core Subjects	Issues	Page
Organizational Governance	Decision-making processes and structures	10, 11, 17, 18, 25, 26
Human Rights	Due diligence	59~63
	Human rights risk situations	Not relevant
	Avoidance of complicity	60, 63
	Resolving grievances	80
	Discrimination and vulnerable groups	39, 62
	Civil and political rights	60~62, 80
	Economic, social and cultural rights	32~40, 60, 62, 76, 78~81
	Fundamental principles and rights at work	61, 62
	Labour Practices	Employment and employment relationships
The Environment	Conditions of work and social protection	79~81
	Social dialogue	62
	Health and safety at work	80
	Human development and training in the workplace	76~79
	Prevention of pollution	45~47, 49
	Sustainable resource use	45~50
	Climate change mitigation and adaptation	44~51
Protection of the environment, biodiversity and restoration of natural habitats	46, 47, 49	
Fair Operating Practices	Anti-corruption	55, 59~61, 63
	Responsible political involvement	22, 40, 47, 49, 50, 69, 70
	Fair competition	55
	Promoting social responsibility in the value chain	35~37
	Respect for property rights	60
Consumer Issues	Fair marketing, factual and unbiased information and fair contractual practices	89, 90
	Protecting consumers' health and safety	90~92
	Sustainable consumption	39, 48, 49, 89
	Consumer service, support, and complaint and dispute resolution	87, 91~93
	Consumer data protection and privacy	62
	Access to essential services	Not relevant
	Education and awareness	39, 47~49
Community Involvement and Development	Community involvement	32~40
	Education and culture	36~39
	Employment creation and skills development	15, 40, 66
	Technology development and access	50, 55, 56
	Wealth and income creation	55~57, 66
	Health	40, 48, 49
	Social investment	32~41, 66



Sustainability has consistently guided our business practice at Homeplus since our founding. The 'Homeplus Sustainability Report 2011/12' is the sixth 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

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**Fax. 82-2-3459-7680**

1. How can you describe Homeplus Sustainability Report 2011/12 in general?

Very Low    Low    Moderate    High    Very High

2. What are your areas of interest? (Multiple answers possible)

- Corporate Social Responsibility
- Love for environment in responding to climate change
- Shared growth and fair trade
- Economic and Industrial Growth
- Staff satisfaction
- Delivering customer value

3. How would you rate the overall quality of Homeplus Sustainability Report 2011/12 in the following aspects?

	Absolutely No	No	Moderate	Yes	Absolutely Yes
- The Report fully explains the important issues.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- This report is easy to understand.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- The contents are credible.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- The Report's design is excellent.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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5. Which of the following applies to you?

- Government    Suppliers    Media    Investor    Association/Academy
- Civic Group    Local Residents    Others

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