

2021-2022 BGF Retail Sustainability Report

**BETTER WORLD,
WITH GOOD
FRIENDS!**

***BGF*retail**

BETTER WORLD, WITH GOOD FRIENDS!

Our Business

- 03 2021 Business Hot Issue
- 07 CEO Message
- 08 Business Philosophy
- 09 Company and Brand Introduction

ESG Management

- 14 ESG Management
- 16 Corporate governance
- 19 Risk Management
- 21 Ethics and Compliance Management
- 24 Social Contributions

Priority Areas

- 26 Materiality Assessment
- 30 UN SDGs Direction
- 32 Improving Customer Health and Convenience
- 34 Green Supply Chain
- 36 Promoting a Win-Win Business

ESG Policy & Performance

PLANET _ Establishment of an Eco-friendly Value Chain

- 40 Reducing Greenhouse Gas Emissions
- 46 Reducing Plastic/Disposable Product Usage
- 48 Reducing Waste and Expanding Recycling

PARTNER _ Establishment of a Shared Growth Ecosystem

- 53 Shared Growth
- 60 Expanding Support for the Vulnerable
- 65 Community Development and Expansion of Public Functions

PEOPLE _ Supporting a Healthy and Happy Life

- 71 Realizing GWP (Great Work Place)
- 78 Safeguarding Customer Safety and Privacy
- 82 Providing Healthy and Right Food

Factbook / Appendix

- 84 Performance Indicators
- 97 GRI Index
- 99 SASB
- 100 TCFD
- 102 UNGC
- 103 Membership Association and Award Details
- 104 Independent Assurance Statement
- 107 About This Report

A South Korean Convenience Store's Success in the Global Market



South Korean Convenience Store Makes Successful Debut in Malaysia

Following its success in Mongolia, BGF Retail made its headway into the Malaysian convenience store market in April 2021. Despite the challenges resulting from the COVID-19 pandemic, CU quickly settled into the Malaysian market by introducing a new brand and operating model, opening 83 stores as of April 22. Moreover, CU has been serving as a platform for exporting Korean products, which account for more than 70 percent of the revenue at local CUs. Using technology and expertise gained in the Korean market, BGF Retail is spreading the Korean convenience store model to Malaysia and other countries through its system tailored to the company's overseas business.



Shared Growth with Mongolian Partners

Despite COVID-19, CU had steady business performance and opened its 200th store in Mongolia in April 2022. As a result, CU solidified its No. 1 position with a market share of over 70% in the Mongolian convenience store market. BGF Retail offers integrated consulting in areas such as logistics, product manufacturing, and technology based on a partnership with a Mongolian company. It has seen a continuous increase in sales by adding more ready-to-go foods to the stand as well as introducing delivery services to prevent the spread of COVID-19. Moreover, the CU brand has been playing a public role in local communities by incorporating ICU, a child disappearance prevention campaign, and BGF Retail's most well-known social contribution program. In addition, Central Express, which is responsible for operating CU stores in Mongolia, was listed on the Mongolian Stock Exchange three years after signing the Master Franchise Contract (MFC) with BGF Retail.



“Online, Offline, Anytime, and Anywhere” Platform



CU Opens Metaverse Stores to Target Gen MZ

Following its establishment of “Geppeto-Han River Branch,” the world’s first official Metaverse convenience store, CU opened two more Metaverse stores in 2021, including the Geppetto School Store and Geppetto Subway Station. With the products, services, and interiors looking just as they would in real life, these stores offer unique experiences and entertainment to international users regardless of time and place. CU has established itself as a meeting place in Metaverse, recording 13 million SNS feeds as of March 2022. It offers new and fun experiences to customers through various events and collaborations with various companies. CU will continue its efforts to provide a unique customer experience to a variety of customers, such as Korea’s Generation MZ as well as global users on and offline.

CU’s Unmanned Convenience Store as a Space for Experiencing New Technologies

To respond to growing demands for unmanned convenience stores due to COVID-19, BGF Retail has been running a completely unmanned convenience store called “Tech-Friendly CU” as well as a hybrid convenience store that switches to an unmanned store at nighttime. In addition, as part of a project sponsored by the Ministry of Science and ICT and the Korea Internet and Security Agency, the company developed hybrid convenience stores that utilize blockchain technology and applied them to ten locations in Busan to enhance customers’ convenience and accessibility. BGF Retail will continue its collaboration and development efforts to create unmanned convenience stores that meet customers’ needs and provide convenience for both operators and users.

A Unique Space Offering New Experience



Financial Infrastructure Rooted in Our Daily Lives

The Industry's First PLCS Store

To take advantage of CU's widespread reach, BGF Retail is collaborating with companies from various industries to offer new services and a unique customer experience. In September 2021, BGF Retail opened its first Private Label Convenience Store (PLCS), "CU Macheon park branch," after signing an MOU with Korea's Hana Bank for building innovation channels and jointly promoting new digital businesses. BGF Retail offers various financial services for customers who have previously struggled to find bank branches near their locations. It has installed ATM devices that can complete about 50 tasks, which range from basic tasks such as deposit and withdrawal to more complicated tasks such as opening new accounts through video consultations and bio authentication. BGF Retail will continue to provide innovative services that prioritize customers' convenience in their daily lives.

CU Opens its First Category Killer Store, a Personalized and Trendy Convenience Store

In 2021, BGF Retail opened a category killer store that provides a unique customer experience based on big data and consumer analysis. In particular, as more people have started drinking at home since COVID-19, the company identified the main consumers for liquor products and the best locations for selling them. Based on the analysis, it opened a specialized store that holds more than 630 kinds of liquor products. CU plans to continue its efforts to provide personalized services by analyzing big data on customers, locations, and store sizes.



CU's Unique Products Targeting Generation MZ



Health, Nutrition, and Environment

Since 2019, CU has released a series of vegetarian products made of ingredients such as plant-based meat and seafood to target customers who value health and the environment. These products are not just targeted at vegan customers but also at general consumers who are looking to add more vegetarian food to their diets. In this way, CU has been serving as a platform for improving accessibility to vegetarian food and for experiencing a new food culture. In addition, for customers who are interested in health, nutrition, and exercise, the company launched meal replacement products with balanced levels of calories, protein, and fat to meet the customers' nutritional needs and help them maintain a healthy diet.

A Creative Collaboration to Reach Generation MZ

CU has successfully captured the attention of Gen MZ by engaging in unique collaborations across areas such as gaming, animation, magazines, and YouTube and providing services that improve the customer buying experience. One promotional event, in particular, drew substantial attention, where customers who purchase merchandise of the game Cookie Run Kingdom were given complimentary stickers of the game characters. In addition, during checkout, the Point of Sale (POS) system would read lines spoken by the game's voice actors. CU has also collaborated with Yonsei-Milk Bread, local breweries and and magazines to offer not only craft beer but also products from brands such as Care Bear and Wigglewiggles. In addition, to make it ease the customers' buying experience, CU has developed a product search page that not only introduces the best-selling products but also allows customers to see the inventory status of each store. The search page has exceeded 10 million views in half a year since its launch.



BGF Retail, a Real Friend in Times of Need



BGF Retail Co., Ltd
Keon-Jun Lee
CEO and President

이 건 준

“

Dear all BGF Retail stakeholders,
It is my great pleasure to greet you through the
BGF Retail Sustainable Management Report.

”

In 2021, the ongoing COVID-19 pandemic caused various social problems such as public health issues and an economic crisis, but BGF Retail achieved many meaningful results thanks to the encouragement and support of our stakeholders.

By successfully adapting to rapidly-changing consumption trends and fostering innovation in our products and services, we have firmly held our position as the number one convenience store in South Korea. We have also strengthened our brand's competitiveness in the global market by developing a global system tailored to BGF Retail's overseas business that combines the know-how and technologies of Korean convenience stores accumulated over the last thirty years.

The pandemic has been a reminder to citizens worldwide of the seriousness of environmental problems, reinforcing the need for companies to practice sustainable management. In response, BGF Retail has engaged in ESG management to contribute to the sustainability of the environment, society, and governance based on the company's sound financial health. Thanks to these efforts, CU received an 'A' grade for two consecutive years in the ESG evaluation of the Korea Corporate Governance Service (KCGS) in 2021, the highest in the industry, proving its truth.

We are also engaged in various programs related to climate change and resource circulation, such as developing eco-friendly convenience store models and expanding eco-friendly packages. Moreover, in line with our ESG management philosophy, we have been developing collaborative products to enhance the competitiveness of local farmers as well as create jobs for the socially and economically vulnerable.

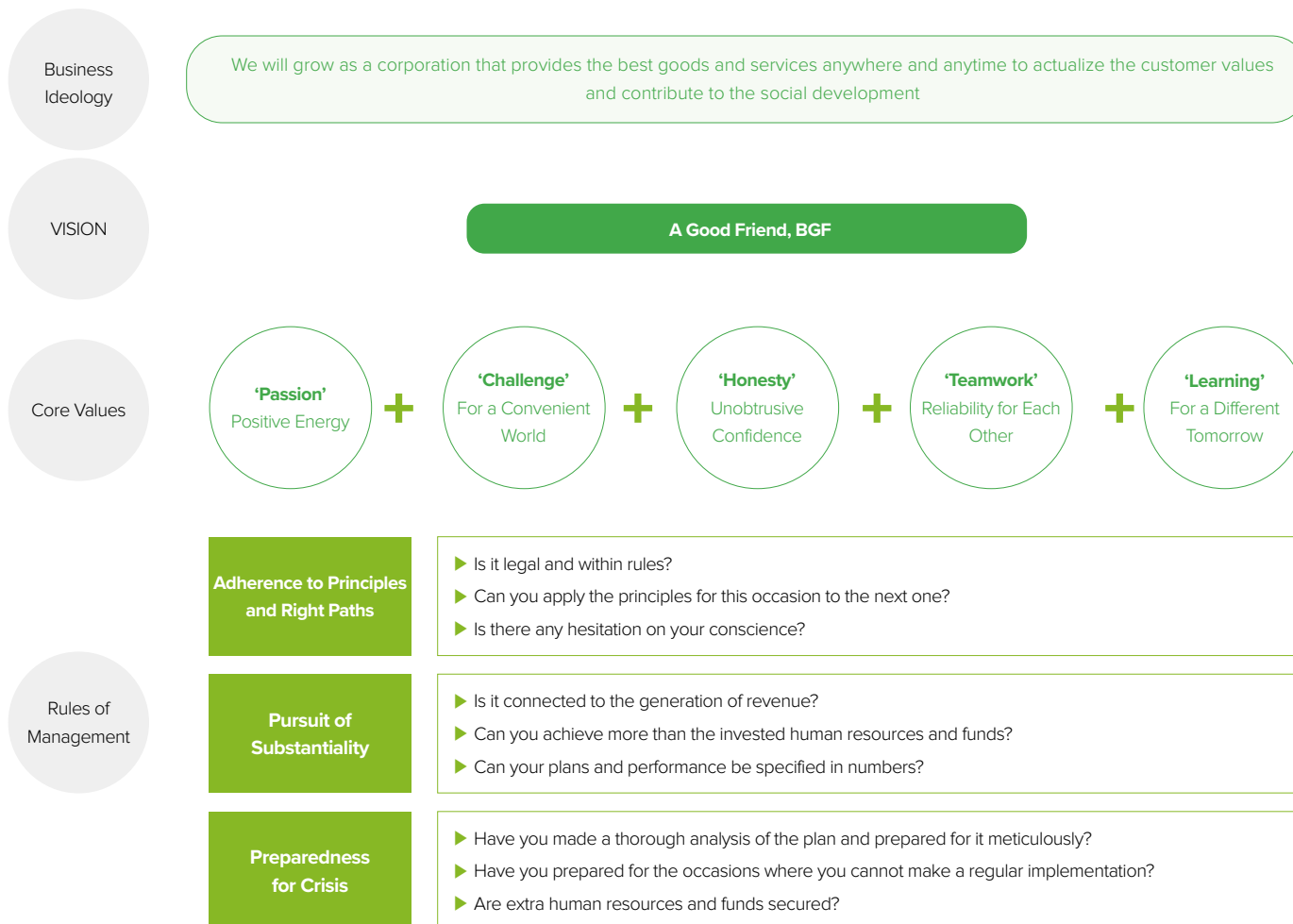
Based on our distribution and logistics infrastructure, which reaches nearly every corner of the country, we have aimed to solve social problems by revealing the blind spots in our society. Our stores have served as a public space that offers safety and happiness to the people by offering protection for children who get lost, supporting business owners and partners struggling as a result of COVID-19, and supplying relief goods in disaster areas.

BGF Retail will continue its efforts to become a company that lends a helping hand in times of need. We ask for your interest and encouragement in the growth of BGF Retail as a reliable neighbor and important partner.

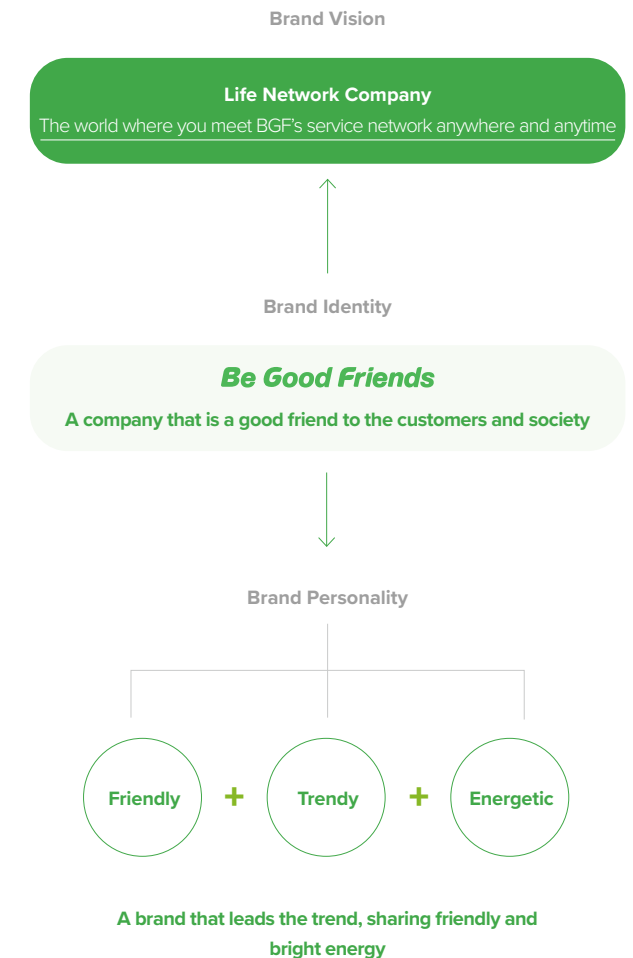
Thank you.

Business Philosophy

BGF Retail has strived to offer convenience for its customers and new values in areas such as distribution, foods, services, and the environment. The corporate identity, “Be Good Friends,” shows the company will become a friend in the customer’s daily life. BGF Retail aims to grow into a company that is a good friend to customers and society by offering transparency in management, creating future value, and fulfilling social responsibilities and roles.

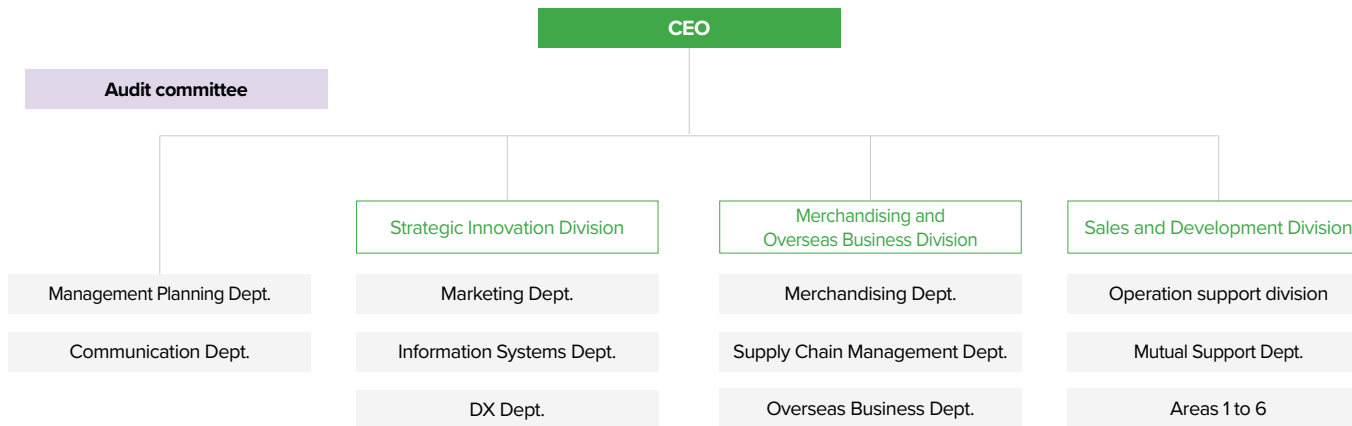


Brand Value Framework

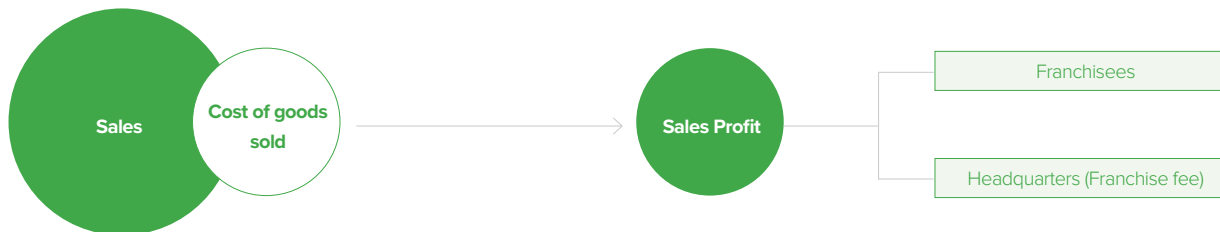


Company and Brand Introduction

BGF Retail is a company that runs a convenience store chain, and its main business is the convenience store brand CU. In 2017, the company was established as a spin-off of BGF Co., Ltd.



The convenience store chain business is operated by the franchise headquarters, which shares advanced operating systems and management expertise with franchisees. In other words, the headquarters not only offer its trademarks, service marks, trade name, and sales signs, but also provide support, training, and supervision for management activities. The franchisees have a responsibility to operate a business under the quality standards, sales methods, and other systems provided by the headquarters. The convenience store franchise is different from other forms of a franchise in that the headquarters takes a percentage of the profit. In other words, it is founded on a win-win, joint growth system between the headquarters and the franchisees.



※ The purchase cost of products from the franchise headquarters = Supplying price of products from the franchise stores

BGF Retail Company Information

Company Name	BGF Retail CO., LTD.
Location of the Headquarters	405, Teheran-ro, Gangnam-gu, Seoul
CEO	Keon-Jun Lee
Date of Establishment	November 1, 2017
Main Business	Convenience Store Chain Business
Number of Shares	17,283,906 (Total number of shares)

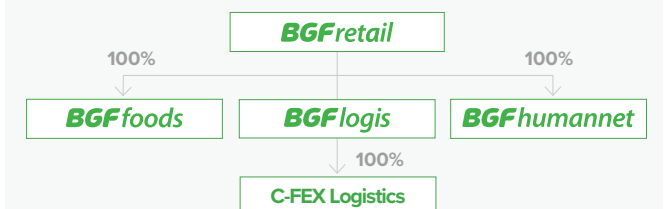
Credit rating	AA (Nice D&B Corporate Ratings)
Number of employees	2,251 employees (full-time employees)
Assets(consolidated)	2.5963 trillion won
Debt(consolidated)	1.7870 trillion won
Capital(consolidated)	809.3 billion won
Capital	17.2 billion won

Subsidiaries and Investment Status

(unit : 1 million won)

Company	Business	Share	Sales	Number of employees
BGF Logis	Transport and Storage	100%	230,368	390
BGF Foods	Food manufacture and distribution	100%	112,304	62
C-FEX Logistics Co.,Ltd.	Transport	100%	1,702	1
BGF Human Net	HR outsourcing and consignment work business	100%	43,433	129

※ The above 4 Subsidiaries : Unlisted



Company and Brand Introduction

Main Affiliates



BGFlogis



BGF Logis provides CVS business-optimized logistics service that supplies products to all CUs in the country, 24 hours a day, 365 days a year through the nationwide distribution network.

CEO	Sun-Woong Yoo
Address	Giheung ICT Valley, Giheung-ro 58, Giheung-gu, Yongin-si, Gyeonggi-do
Date of Establishment	November 15, 1999
Number of Employees	390
Sales	230,368 million won



BGF foods

BGF Foods serves as a control tower for R&D and production in convenience food manufacturing. It is responsible for purchasing and supplying raw materials so that high-quality food can be delivered to CUs nationwide. To improve safety in food manufacturing, it has established an integrated management system for producing meal replacements.

CEO	Hee-Tae Park
Address	66, Sansusandan 3-ro, Deoksan-eup, Jincheon-gun, Chungcheongbuk-do
Date of Establishment	January 21, 2008
Number of Employees	62
Sales	112,304 million won



BGFhumannet



BGF Humannet offers outsourcing and manpower operations to improve CU's store operation efficiency. With its specialized store management capabilities, the company has operated and supported various stores, including specialized stores.

CEO	Min-Hyoung Kim
Address	2nd floor, 22, Nonhyeon-ro 85-gil, Gangnam-gu, Seoul
Date of Establishment	March 18, 2009
Number of Employees	129
Sales	43,433 million won

About the Company and Brands

Brand Structure System and Operating Brands



Since the opening of the Garaksiyeong branch (the first) in 1990, CU has been leading the Korean convenience store market. It is a pure Korean brand that built a nationwide network including island regions such as Ulleungdo and Baengnyeongdo for the first time in the industry and achieved brand independence by introducing a Korean convenience store model in 2012. Receiving 120 million monthly visits from customers, CU always provides new and convenient products and services throughout the day until the end of the customer's daily life.

GET

A high-quality coffee brand to enjoy conveniently at a reasonable price



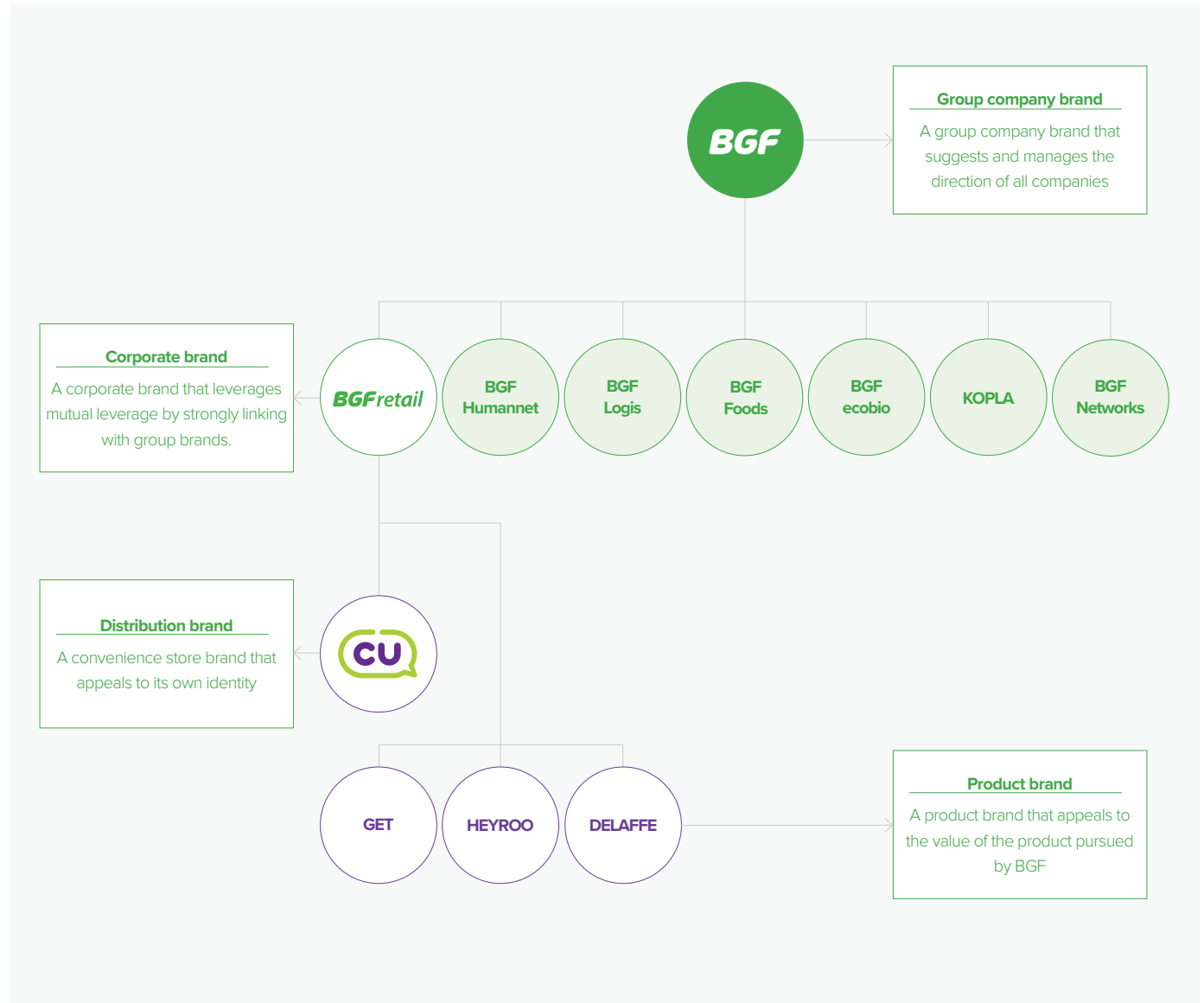
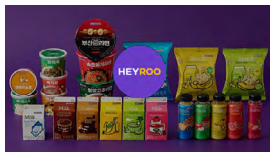
Delaffe

An ice pouch drink brand to enjoy conveniently at a reasonable price



HEYROO

An Integrated PL Brand with reasonable price and quality competitiveness among all products groups



Business Regions

BGF Retail operates a convenience store CU franchise business throughout all cities, towns, and villages of Korea, operating the CU brand in Mongolia and Malaysia under the Master Franchise Agreement (MFC) method. About 16,000 CU convenience stores are running in Korea, Mongolia, and Malaysia, and BGF Retail exports CU's PL (Private Label) products to about 10 countries.



- 2018 Mongolia
- 2020 Malaysia



- 2018 Mongolia, Australia
- 2020 Hong Kong, Malaysia
- 2021 Cote d'Ivoire, Kyrgyzstan, Vietnam, Palau, Kuwait



- 2018 Mongolia, China, Australia
- 2021 Malaysia, Ivory Coast, Kyrgyzstan



- 2018 Mongolia
- 2021 Malaysia

● MFC signed countries ● PL importing countries





ESG MANAGEMENT

BGF Retail strives to achieve the ESG vision of a good friend of the earth and society' by clearly recognizing the expectations of various stakeholders and reflecting them in its policies to maximize economic, environmental, and social values.

ESG Management Direction

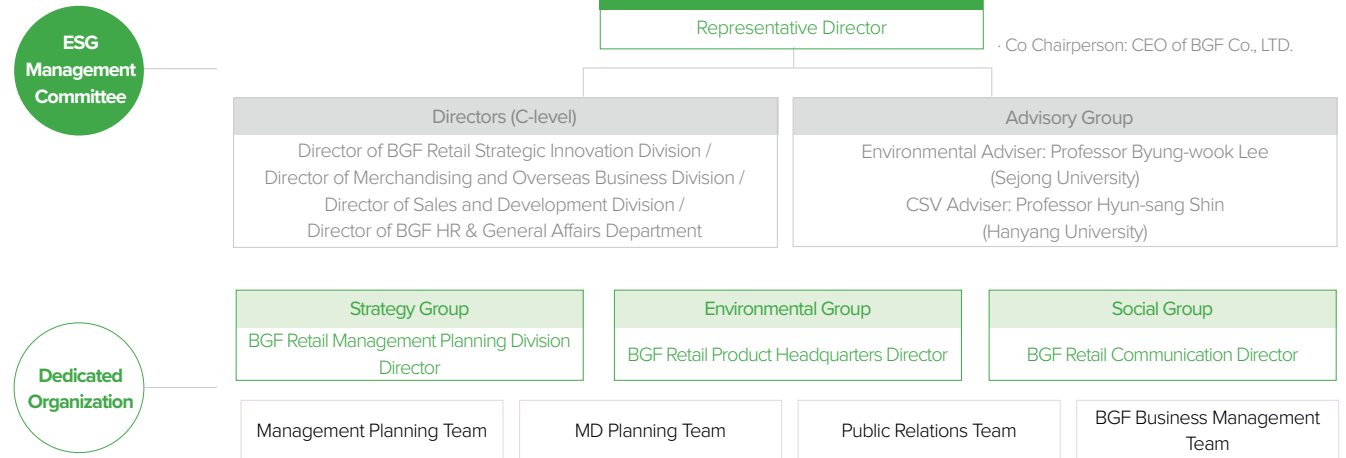
BGF Retail's ESG management aims to create an integrated value that combines economic and social values as a corporate citizen by maximizing profits and shareholder value. By clearly recognizing the expectations of various stakeholders toward the company and reflecting them in company policies to maximize economic, environmental, and social values, BGF Retail is striving to achieve the ESG vision of a good friend of the earth and society.

Execution Process

BGF Retail established the ESG Management Committee in February 2021 to build the foundation for sustainable growth and fulfill its corporate social responsibility. ESG Management Committee carries out decision-making activities for BGF Retail's overall ESG management, includes external environment/CSV experts, and is composed of dedicated organizations for each environment/social/strategic area. The ESG Management Committee meets every quarter to analyze sustainability management performance and discuss areas for improvement, and report issues regularly to the Board of Directors, the company's highest decision-making body. The BOD supervises the company's ESG management by approving issues on sustainability management issues, directions, performance, and plans.



Composition of ESG Management Committee



BOD's ESG Management (BOD's Agendas)

Category	Agenda Content
2021	Report ESG management vision system establishment
	Report on the establishment of major tasks for each core area of ESG management
	Enact the corporate governance charter
	Approve environmental information disclosure plan
	Change the employee retirement pension system
	Improvement of the employee HR system
	Approve a safety and health plan
	Evaluate the operating status of an internal accounting management system
	Report the quarterly donation payment
2022	Report the new welfare support system
	Appoint a new compliance officer
	Approve of safety and health plan

Main Status of ESG Management Committee

BGF Retail has organized and operated the Environment Committee since 2019. In February 2021, it expanded the existing Environment Committee to the ESG Committee to meet the needs of ESG management including society and governance.

Category	Agenda Content
2021. 02	Inauguration Ceremony of ESG Management Committee
	Discuss the ESG management vision system
	Discuss the direction and tasks for each of 9 core areas
2021. 09 (Video conference)	Discussion on key status in the 3rd quarter
2021. 12	Discuss the establishment of occupational safety and health policy
	Review performance for 2021 and discuss major action plans for 2022
2022. 04 (Video conference)	Discuss ESG internalization plan, greenhouse gas inventory
	Discussion of Plastic Reduction Measures
	Report on the annual plan for social contribution activities

ESG Management Orientation

ESG Management Vision System

BGF Retail has established an ESG management vision to systematically implement sustainable management, which is becoming a global standard, throughout all business activities. It also fulfills its environmental and social responsibilities in 9 core areas to achieve the three mid-to-long-term goals.

◇ Mid-to Long-term Goals for 2025

- 50% reduction in use of disposable and plastic consumables, Convenient package PLA material conversion, Label-free all bottled water items
- Achievement of best grade of co-growth index, Creating 2,000 jobs a year for the vulnerable, Corporate and Institutional-linked launch of I(children)-CU Alliance
- Strengthening Human Rights Management, Establishment of Distribution-Manufacturer Quality Safety Management Cooperative System

The goals and key areas were selected by comprehensively considering domestic and international market trends and sustainability management issues in the distribution industry, as stipulated by the Global Sustainability Management Initiative. From now on, BGF Retail will create sustainable development and growth by linking its business with the three mid-and long-term goals: 'Establishing Eco-Friendly Value Chain(PLANET)', 'Creating Ecosystem for Shared Growth (PARTNER)' and 'Supporting Happy and Healty Life (PEOPLE)'



Linking ESG management to performance evaluation and Executive compensation system

From 2021, the ESG management performance evaluation index, previously applied only to CSR executives, has been expanded to the performance evaluation index of each executive in the ESG Management Committee, including the CEO, so that the management considers sustainability management throughout the business. Going forward, we plan to continuously develop performance indicators and expand the target to complement the performance evaluation and compensation system.

BGF Retail's Sustainable Management

As a listed company on the stock market, BGF Retail is evaluated for its sustainability management level by both domestic and foreign organizations every year. In 2021, BGF Retail received an overall 'A' rating, the highest in the industry, for two consecutive years, from the Korea Corporate Governance Service (KCGS) as well as an 'A' rating in Sustainvest's ESG Evaluation of the second half of 2021.

◇ Korea Corporate Governance Service (KCGS) ESG

Evaluation

Category	Environment	Society	Governance	Integrated Level
2021	A	A+	A	A
2020	B+	B+	A	A
2019	C	B+	B+	B

◇ Major domestic and overseas ESG evaluations

- Sustainvest (evaluation in the 2H of 2021): A
- MSCI (Aug 2021): BBB

BGF Retail joined the UN Global Compact and fulfills its obligations as a member company by supporting the 10 principles including human rights, labor, environment, and anti-corruption, and publishing an annual report. In addition, through the UNGC Korea Association, BGF Retail officially declared the CEO support pledge to achieve the UN SDGs (Sustainable Development Goals).



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

Governance Structure

Board Structure

BGF Retail has established an institutional foundation to reasonably coordinate opinions of internal and external stakeholders and manages the organizational system to ensure smooth and fair management decision-making and working-level officials' performance. Furthermore, BGF Retail pursues board-centered management that facilitates mutual control and balanced function and is committed to maximizing shareholder profits and corporate value and establishing advanced governance structures.

The board of directors is responsible for hearing the opinions of stakeholders and determining matters stipulated in laws or Articles of Incorporation, matters delegated from shareholders' meetings, basic policies of the company's management, and essential matters concerning a business operation to help management make the right decisions and supervising their performance. In 2021, the board of directors was held 13 times, with 53 cases reported or approved, and the average attendance rate of directors was 98.9%. The current status of the board of directors as of the end of May 2022 is as follows.

Governance Structure Decision Making Process



Classification	Name	Gender	Area of Expertise	Position	A Major Career	Tenure
Internal Director	Keon-Jun Lee	Male	General business management	Chairman of the Board	(Current) BGF Retail CEO (Past) BGF CEO	2020.03.25. ~ 2023.03.
	Gi-Seong Ahn	Male	General business management	Member of Internal Transaction Committee Member of Non-executive Director Candidate Recommendation Committee	(Current) Head of sales and development department of BGF Retail	2021.03.25. ~ 2024.03.
Other non-executive directors	Jeong-Kook Hong	Male	General business management	-	(Current) BGF Retail CEO (Past) Head of the management strategy division, BGF Retail	2020.03.25. ~ 2023.03.
Non-executive directors	Nan-Do Kim	Male	Management (consumption trend)	Chairman of Internal Transaction Committee Member of the audit committee	(Current) Professor, College of Life Science, Seoul National University (Current) Director of the Korean Consumer Association	2017.11.01. ~ 2023.03.
	Bok-Hyun Baek	Male	Finance/Accounting	Chairman of the audit committee Member of Non-executive Director Candidate Recommendation Committee	(Current) Professor, College of Business, Seoul National University (Current) Hansol Paper External Director	2019.03.27. ~ 2025.03.
	Myeong-Gwan Han	Male	Legal	Member of the audit committee	(Current) Barun Law Lawyer (Past) Woori Home-shopping External Director (Past) Chief prosecutor of the Seoul Eastern District Prosecutors' Office	2019.03.27. ~ 2025.03.
	Young-Chul Lim	Male	Legal/Fair trade	Chairman of Non-executive Director Candidate Recommendation Member of the Internal Transaction Committee	(Current) Sejong Law Lawyer (Past) Subcontracting Director, Fair Trade Commission	2019.03.27. ~ 2025.03.
	Ja-Won Choi	Female	Economy	Member of the Internal Transaction Committee	(Current) Associate Professor, Faculty of Economics and Finance, Hanyang University (Past) Labor Department Bureau of Labor Statistics (BLS) Research Economist	2022.03.29. ~ 2025.03.

※ Experienced ones in consumer goods industry(Board Industry Experience) : Jung Kook Hong(Executive Director), Myeong Gwan Han(External Director)

Governance Structure

Role and Configuration of Board of Directors

BGF Retail consists of three committees: Audit Committee, Non-executive Director Candidate Recommendation Committee, and Internal Transaction Committee. Each committee is composed of directors with expertise in the relevant field and entrusted with some functions prescribed by laws and Articles of Incorporation among the functions of the board of directors, such as monitoring and consulting on essential matters.

Classification	Audit Committee	Non-executive Director Candidate Recommendation Committee	Internal Transaction Commission
Member	Myeong-Gwan Han (Chairman), Nan-do Kim, Bok-Hyun Baek	Young-Chul Lim, Bok-Hyun Baek, Keon-Jun Lee	Nan-Do Kim (Chairman), Young Chul Lim, Gi-Seong Ahn
Contents	<ul style="list-style-type: none"> Supervision of the work of Board of Directors and Management Appointment, change, dismissal of external auditor Matters stipulated in the articles of incorporation or bylaws 	<ul style="list-style-type: none"> Finding candidates for Non-executive Directors Examination and Recommendation of candidates for Non-executive Director Establishment and review of principles for appointment of Non-executive Director 	<ul style="list-style-type: none"> Review and approve internal transactions between affiliates Establishment, inspection, and supplementation of internal transaction policies
Number of times held	5 times (13 Agenda)	1 time (1 Agenda)	5 times (21 Agenda)
Portion of Non-executive Director	100%	66.6%	66.6%
Directors Attendance rate	93.3%	100%	100%

Compensation System

The remuneration of registered directors and auditors is paid within the limit approved at the general shareholders' meeting according to the relevant laws and Articles of Incorporation. In addition, the remuneration for registered directors and auditors consists of salaries, bonuses, variable wages, and other earned income and is paid pursuant to the executive remuneration regulations. Variable pay is calculated by determining performance indicators at the board of directors annually and applying weights to each detailed evaluation item for individual evaluation indicators. The remuneration of outside directors and audit committee members consists of salaries, and the annual salary divided by 12 is paid every month. Meanwhile, the remuneration of unregistered executives is calculated by evaluating the annual management performance according to the criteria of the executive evaluation index determined by the board of directors every year. The remuneration limit for directors and auditors approved at the 4th general shareholders' meeting in 2021 is KRW 50 million.

◇ CEO Remuneration (2021)

Paid according to the achievement rate of KPIs based on financial performance (target achievement rate such as gross sales and ordinary profit) and non-financial performance (accompanied growth index, ESG evaluation grade, etc.)

Classification	Total amount (Million won)	Calculation criteria and method
Payment	499	Basic salary and role salary are paid monthly in accordance with the executive salary regulations
Bonus	38	Bonuses according to the executive salary regulations are paid separately during Lunar New Year and Chuseok
Variable salary	181	Changes according to the achievement rate of financial performance indicators (sales, operating profit, ROE, total sales, ordinary income, number of stores, etc.) and non-financial performance indicators (shared growth index, ESG evaluation grade, risk management, etc.) 0 %~175% paid
Other earned income	4	Payment of other earned income of benefit nature
Retirement Income, Other Income	0	Not applicable

Voting rights (total number of shares)

The total number of shares to be issued is 60,000,000 as per the Articles of Incorporation. And as of the end of 2021, the total number of shares to be issued is 17,283,906 common shares. In addition, under the Commercial Law, only one voting right per share is recognized.

CEO- Employee Salary Ratio

In 2021, the total annual remuneration for the CEO's salary, bonus, and variable salary was paid KRW 722 million.

Classification	Amount (Million won)	Ratio (%)	Ratio (Multiplied)
Average employee total salary	62	8.58	11.6

Management's stock ownership status

BGF Retail does not stipulate the requirements for holding a share by management, but management purchases and holds treasury stocks to enhance responsible management and shareholder value.

Classification	Name	Number of shares held	Multiplier than basic salary
CEO	Keon-Jun Lee	11,162	3.24
Executives other than CEO	17 people other than Gi Seong Ahn	1,298,713	10.74

※ Based on the closing price of December 30, 2021 (145,000 won), the CEO's stock value is 1618 million won, and the basic salary is 499 million won

※ The calculation of 17 executives other than the CEO is made by applying the CEO's basic salary. Therefore, the multiple of the actual basic salary may be higher than the number listed.

※ The Company discloses only the total amount of salary status of directors whose total annual salary is KRW 500 million or more.

Government stock ownership (more than 5%)

Classification	Reference date	Number of Shares	Ratio (%)
National Pension Service	2021. 05. 07.	1,218,653	7.05

Stock ownership status of largest shareholders and related parties (more than 5%)

Classification	Reference date	Number of Shares	Ratio (%)
BGF Co., Ltd.	2021. 12. 31.	5,185,172	30.00
Seok Jo Hong	2021. 12. 31.	1,271,876	7.36
Ra Young Hong	2022. 12. 31.	921,322	5.33

※ The combined number of the shares of the largest shareholder of corporation (BGF) and his relatives is 4,288,229, which is 24.81% of total voting rights.

Governance Structure

The independence of Board

The board of directors maintains the independence of governance by implementing various devices to ensure that Non-executive Directors can faithfully fulfill their fundamental role of controlling management. The Articles of Incorporation stipulate that most directors are Non-executive Directors, but as of March 22, the proportion reached 62.5%. Among the committees within the board of directors, the audit committee consists of only Non-executive Directors; meanwhile, the Internal Trade Commission and the Non-executive Director Candidate Recommendation Committee are chaired by Non-executive Director, securing independence from the committee's operation. The CEO serves as the chairman of the board of directors by a resolution of the board of directors following the Articles of Incorporation, enhancing shareholder value through rapid decision-making based on industrial characteristics. The board of directors maintains the independence of governance by implementing various devices to ensure that External directors can faithfully fulfill their fundamental role of controlling management. The Articles of Incorporation stipulate that most directors are External directors, but as of March 22, the proportion reached 62.5%. Among the committees within the board of directors, the audit committee consists of only External directors; meanwhile, the Internal Transaction Committee and the External Director Candidate Recommendation Committee are chaired by External directors, securing independence from the committee's operation.

◇

2022.3.29. Appointment of directors at regular shareholders' meetings

Bill No.	Agenda
Item 3-1	The appointment of External director Young Chul Lim
Item 3-2	The appointment of External director Myeong Gwan Han
Item 3-3	The appointment of External director Ja Won Choi
Item 4	The appointment of Bok Hyun Baek, an external director, as an audit committee member,
Item 5	The appointment of Myeong Gwan Han, a member of the audit committee

Moreover, the authority and obligations of directors are specified in the regulations of the board of directors to secure the independence of Non-executive Directors, and the company is equipped with various systems to support outside directors to play independent roles, such as executive liability insurance.

The transparency of Board

BGF Retail is strengthening the transparency of governance by clearly disclosing the detailed activities of the board of directors and committees through business reports and corporate governance reports.

Expertise and Diversity of Board

BGF Retail endeavors to form a board of directors that takes into account expertise and diversity for sustainable growth, enhanced corporate value, and protected the interests of stakeholders such as shareholders. Thus, candidates for outside directors are selected by the board of directors and the Non-executive Directors Candidate Recommendation Committee, with years of experience in specialized fields such as accounting, finance, legal, management, and fair trade. As of the end of May 2022, there are one management (consumption trend), one finance/accounting, one economy and two law/fair trade outside directors. BGF Retail has not imposed restrictions on gender, age, region of origin, nationality, cultural background, race, etc., on candidates for outside directors to not represent specific interests, and one female outside director is on the board of directors. Meanwhile, in the case of a shareholder proposal under the relevant laws regarding the appointment of directors, the board of directors submits it to the agenda of the general shareholders' meeting to the extent that it is legitimate.

◇ Gender status of the board of directors (as of the end of March 22)

Classification	Male	Female
Number of People	7	1
Portion (%)	87.5	12.5

◇ Process for selecting external directors

1

Formation of candidates for Non-executive Director

If there is a recommendation from inside or outside the company, qualifications and abilities are reviewed and included in the Non-executive Director candidate group, and candidates for each specialization are managed to secure diversity in the composition of the board of directors.

2

Evaluation of candidates for Non-executive Director

Compressed candidates through objective and independent evaluation considering recommendations

3

Recommendation of candidates of Non-executive Directors

It is recommended to the general shareholders' meeting after reviewing whether the requirements for Non-executive Directors are met by relevant laws and regulations.

Efficiency of Board of directors

In 2021, the board of directors was held 13 times, with 53 agendas reported or approved, with an average attendance rate of 98.9%. Although the minimum attendance rate for each director is not stipulated, it is recommended to comply with 75% or more as set by the Institutional Shareholder Services (ISS) guidelines. Meanwhile, Non-executive Directors cannot concurrently serve as registered directors of two or more listed companies other than BGF Retail under the Commercial Law.

Risk Management

BGF Retail is putting every effort into pre-emptively detecting and responding to risks in the face of constant crises such as COVID-19, the spread of global protectionism, inflation, and low growth. We strive to respond to the rapidly changing business environment caused by the above issues on time to prevent risks in advance and secure a foundation for sustainable growth by maintaining friendly relations with stakeholders.

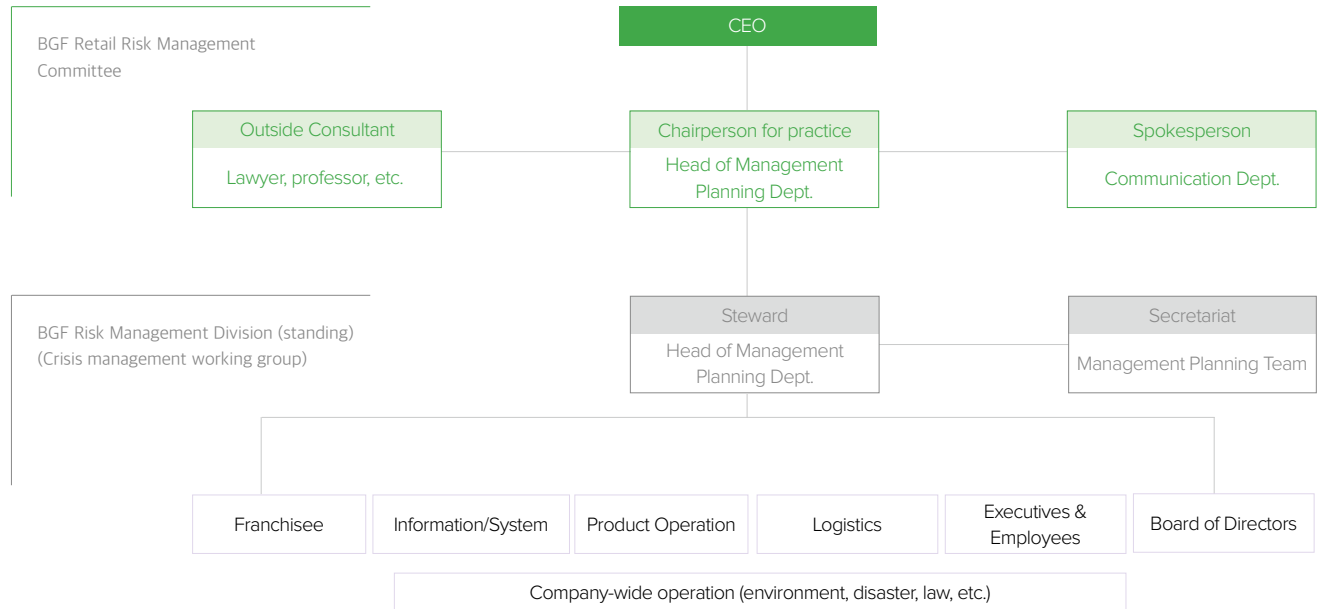
Process of Risk Management

To identify and pre-emptively respond to financial and non-financial risks that may arise in the entire course of management activities, BGF Retail has defined tangible and intangible risk factors as 59 risks of 7 types and strives for preventive and systematic management. To this end, we continue to reinforce strategies for prompt information sharing and response by clarifying the responsibilities and authorities of each organization and preparing specific risk judgment standards.

The Management Planning Office oversees the risk management of BGF Retail and classifies risks into business risks related to franchisees, information systems, products, and logistics, non-business risks such as ethics, compliance, reputation, and disaster risks. Non-financial risks derived through the risk identification process are managed and responded to by the competent department with expertise.

Based on the crisis management scenario, BGF Retail regularly trains employees to identify and manage risks, thereby enhancing their ability to respond to risks. BGF Retail intends to maximize loss caused by risks and achieve sustainable growth by using such a risk management system.

Risk Management Organization



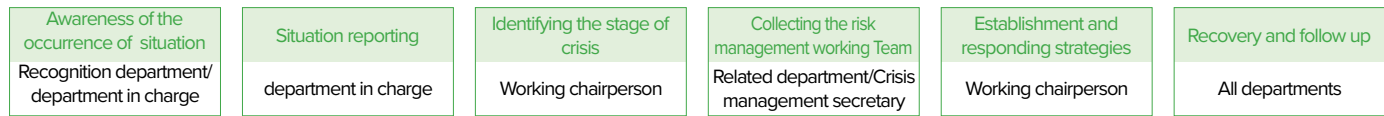
Risk Management Process



Risk Management

◇ Process of Environmental and Safety Accident Response

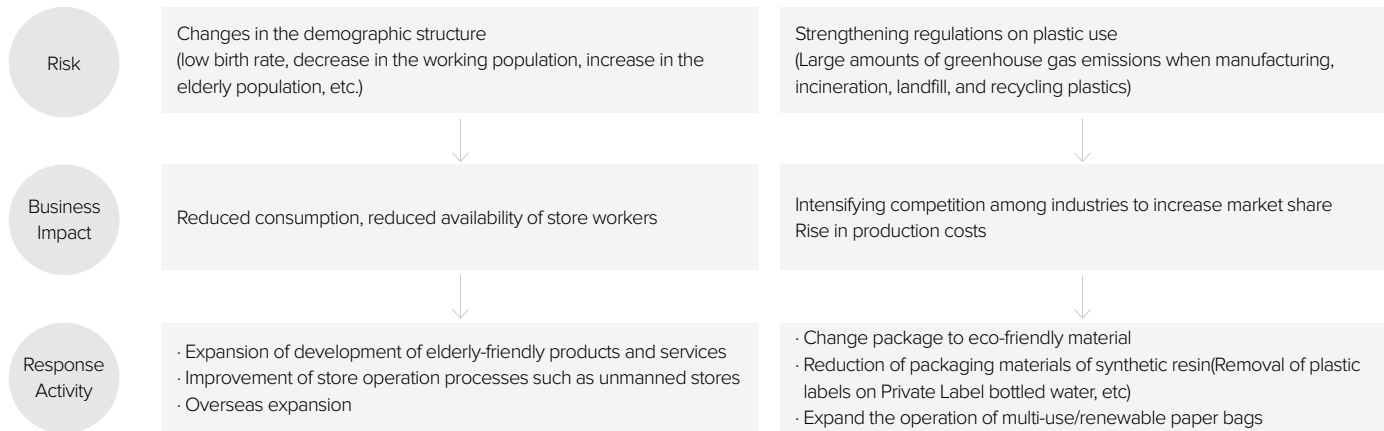
BGF Retail conducts response training for each risk type, such as the environment and disasters.



Sensitivity analysis

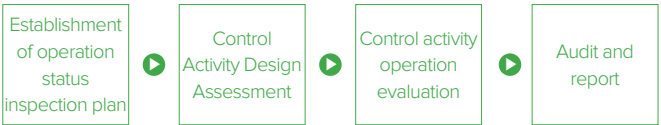
BGF Retail is exposed to various financial risks in its management activities, such as market risk (foreign exchange risk, price risk, and interest rate risk), credit risk, and liquidity risk. BGF Retail focuses on the unpredictability of the financial market in its overall risk management policy and on minimizing potentially adverse effects on financial performance. BGF Retail is responsible for risk management of financial risks according to policies approved by the board of directors. In addition to financial risks, as a franchiser of a convenience store, we perform risk management to ensure compliance with laws affecting key business areas. Our system provides information disclosure documents in advance and verifies budget sales statements according to regulations such as the ‘Fairness of Franchised Business Transactions Act,’ and conducts regular training for executives and employees to comply with the prohibition of false/exaggerated information provision and the prohibition of unfair trade practices. In addition, as a large distributor, we strictly comply with the relevant regulations under the Act on Fair Transactions in Large Retail Business. Furthermore, we identify and analyze risks in advance, considering the characteristics of the convenience store industry, growth potential, and domestic market conditions that change due to economic fluctuations and prepare systems and internal policies.

◇ Business impact and response according to major Emerging risks



Internal Accounting Management System

Since 2007, BGF Retail has established a comprehensive internal accounting management system and evaluated business process operations to ensure efficiency and reliability of corporate operations and enhance transparent business operations. Internal risks are managed and controlled mainly at the level of the audit committee within the board of directors. The audit committee receives quarterly reports of the company's financial statements, external auditors' implementation plans, and results and presents their opinions to the management. In particular, we establish and operate an internal accounting management system to ensure the efficiency and reliability of corporate operations and to enhance transparency in business operations, reasonably confident that financial statements have been prepared and disclosed following accounting standards. The deficiencies and risks found in the assessment are used as opportunities to improve business and reduce risk. This system allowed us to enhance accounting transparency, gain useful feedback from external auditors, and ultimately improve stakeholder reliability. Meanwhile, the internal accounting manager checks the results of the operation of the internal accounting management system and reports them to the audit committee. In contrast, the audit committee evaluates the operation status of the internal accounting management system and reports it to the board of directors to thoroughly monitor management activities.



◇ Status of important decisions of the board of directors related to the internal accounting management system (2021)

Date	Bill Content
2. 09	Internal Accounting Manager's Report on the Operational Status of the Internal Accounting Management System
3. 04	Audit Committee's Report on the Operational Status of the Internal Accounting Management System

Ethical Management

Recently, as a corporate influence on the country and local communities has increased, the perception of management transparency is also changing to a high level since the policy direction changes due to the autonomous decision and delegation of individuals, away from the bureaucratic customs system from the existing control perspective. BGF Retail also places more importance on fostering ethical awareness among its employees. In the future, BGF Retail will continue to grow into a trusting and respectful company with ethical management.

Ethical Management System

BGF Retail prioritizes compliance with law and ethics as a top management principle and continues to make efforts to carry out business legitimately and ethically as a leading company in the distribution industry in Korea. After establishing a code of ethics and detailed guidelines for ethical standards on July 7, 2005, we have expanded ethics education for executives and employees, improved related systems, and practiced ethical management for 17 years.

Classification	Contents
Code of Ethics	Presenting the right value judgment principles for employees to comply with (compliance with laws and ethics, compliance with fair trade, anti-corruption, etc.)
Detailed Practice Guidelines	Specific guidelines to follow when performing duties (Expropriation of bribes, unfair profit, management of important information, etc.)
Code of conduct for business partners	Behavioral criteria recommended for voluntary implementation by partners (human rights, safety and health, environmental protection, business ethics, etc.)

◇ Ethical Management Process

- 1 Establishment of ethical policies and systems (Establishment and revision of ethical norms/practice guidelines, etc.)
- 2 Ethics Training (Ethics Pledge and Online and Offline Employee Training)
- 3 Ethical diagnosis (survey and regular reporting received)
- 4 Action on unethical matters (disciplinary action and protection of reporter, etc.)
- 5 Change of management (coaching department heads, etc.)

◇ 7 Principles of BGF Retail Ethics

- ▼ We provide good products and services in a timely manner for customer satisfaction and do our best to satisfy our customers' needs and expectations.
- ▼ We make law and ethics compliance the top priority of all management activities and strictly separate public and private affairs.
- ▼ We give equal opportunities to all partners based on a spirit of mutual trust, recognize them as strategic partners of business partners, and pursue common development.
- ▼ We reject illegal solicitation in relation to all stakeholders such as partner companies and public officials, do not demand or provide immoral acts such as money, entertainment, and entertainment, and do not take any unfair advantage.
- ▼ We do not use the company's property and position to promote personal interests and do not engage in any illegal acts such as embezzlement or misappropriation.
- ▼ We strive to generate stable profits for the company through sound management activities, respect the rights of shareholders, and provide long-term profits.
- ▼ We strive to form a clean organizational culture based on mutual trust and respect and to improve the relaxed and rich quality of life of all executives and employees.

Promotion of ethical management

The BGF management diagnosis team is in charge of promoting ethical management, conducts the business diagnosis and audit activities of group companies, including BGF Retail, checks the implementation and compliance of the company's policies and plans, and runs programs for training on practicing ethical management, preventing irregularities and misconduct, and settling ethical management. In addition, we have law enforcement support personnel to strengthen ethical management by diagnosing and managing legal risks. Furthermore, in case of violation of moral norms, disciplinary action (from light punishment of salary reduction and reprimand to heavy punishment of suspension and dismissal) shall be determined by intention, negligence, and degree of misconduct. Disciplinary regulations stipulate that the principle of zero tolerance should be applied to the irregularities of money for breach of trust and embezzlement, forgery and falsification of documents, creation of false documents, and leakage of confidentiality. Meanwhile, on February 6, 2018, BGF publicly declared its commitment to compliance and ethical management through the Fair Play Anti-Corruption Pledge. BGF Retail also prohibits political donations and sponsorships under its anti-corruption and bribery policies.

* BGF appointed a compliance officer in January 22, but it has appointed no one as of the date of report issuance.

◇ Ethical Management Major Implementation

- 1 Declaration of ethical management and implementation of three major responsibilities
- 2 KBEI Business Ethics Member Registration (KBEI No.05-25)
- 3 Registration of UN Global Compact and Declaration of Support for the Ten Principles
- 4 Fair play (Collective Action to Tackle Corruption) pledge
- 5 Introduction of Fair-Trade Self-Compliance Program and Declaration of Compliance Management

 Information of Fair Player Club Participating company

Ethical Management

Enhancement of Members' Perception of Ethical Management

BGF Retail strives to foster ethical awareness among its employees by providing regular moral management training, sharing various ethical cases, and sending out newsletters for ethical management. All executives and employees, including subsidiaries, shall pledge to comply with the employee code of conduct when signing the annual salary contract and complete case training on clear standards of conduct for ethical management practice. Particularly for Anti-Graft Act training, BGF Retail supports its employees to easily understand the Anti-Graft Act by providing videos on actual violation cases. BGF Retail pledges integrity even in various contracts with business partners to spread ethical management practices.

◇ Number of employees who completed each ethical management training course

Classification	2020	2021
Ethical Management Education	2,233 people	2,349 people
Sexual Harassment Prevention Education	2,233 people	2,349 people
Workplace bullying education	273 people	2,209 people
Disability awareness improvement education	2,233 people	2,349 people

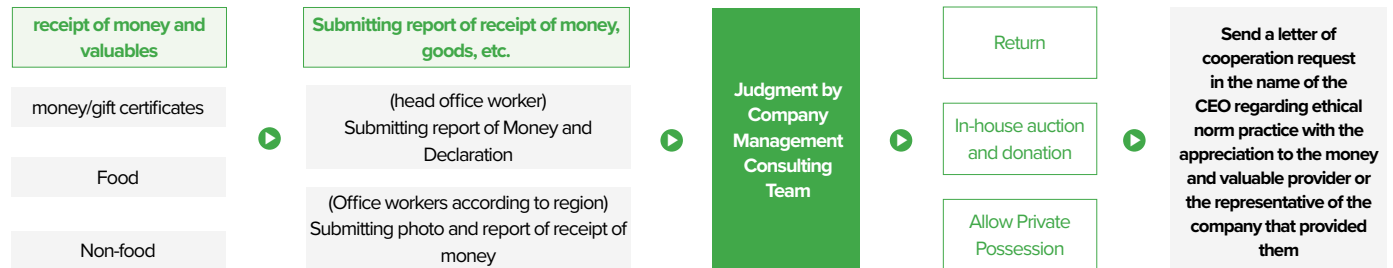
※ BGF, BGF Retail Consolidated Standard

◇ Status of Pledge of Compliance with Code of Conduct/Pledge of Integrity (2021)

Classification	Number of members	Note
Executives & Employees	2,281people / 2,281people	100%
Executives & Employees of Subsidiary	582people / 582people	100%
Contract signing partners	311 companies / 398 companies	78.1%

Compliance is also linked to performance evaluation and compensation, such as deduction of promotion points by disciplinary level if disciplinary action is taken for violation of the Code of Conduct.

◇ Handling Procedures for Money and Valuables Reception



◇ Voluntary report of money and valuables in-house auction system

BGF Retail prohibits all bribery by all executives and employees, including all money and valuables, and holiday gifts. The company sends a letter of cooperation in ethical management under the name of the CEO before the Lunar New Year and Chuseok holidays to prevent employees from receiving money and valuables. In the event an executive or employee receives money and valuables, they are dealt with under regulations, and those voluntarily reported items that cannot be returned are donated anonymously for artificial Wow surgery for deaf children after the in-house auction. In 2021, in-house auctions were held seven times.

Items	2020	2021
Ethical Management Campaign (Case)	2	2
Sending of Ethics Letter (Case)	-	10
In-house auction fund creation amount (KRW 1,000)	3,749	3,161

◇ Violation of fair competition

There were no violations of Fair Trade Act in 2021. In February 2020, the Fair Trade Commission imposed a fine of KRW 1,674 million in relation to more than 50/100 of the distribution cost sharing ratio of suppliers, etc. BGF Retail paid fines and has strengthened its fair trade compliance activities to prevent a recurrence.

Classification	Contents (more than fine)	Note
2018	0case	-
2019	0case	-
2020	1case	Payment of fines of KRW 1,674 million
2021	0case	-

Classification	2020	2021
Number of trainings	2times	4times
Number of people who have completed the course	45people	273people

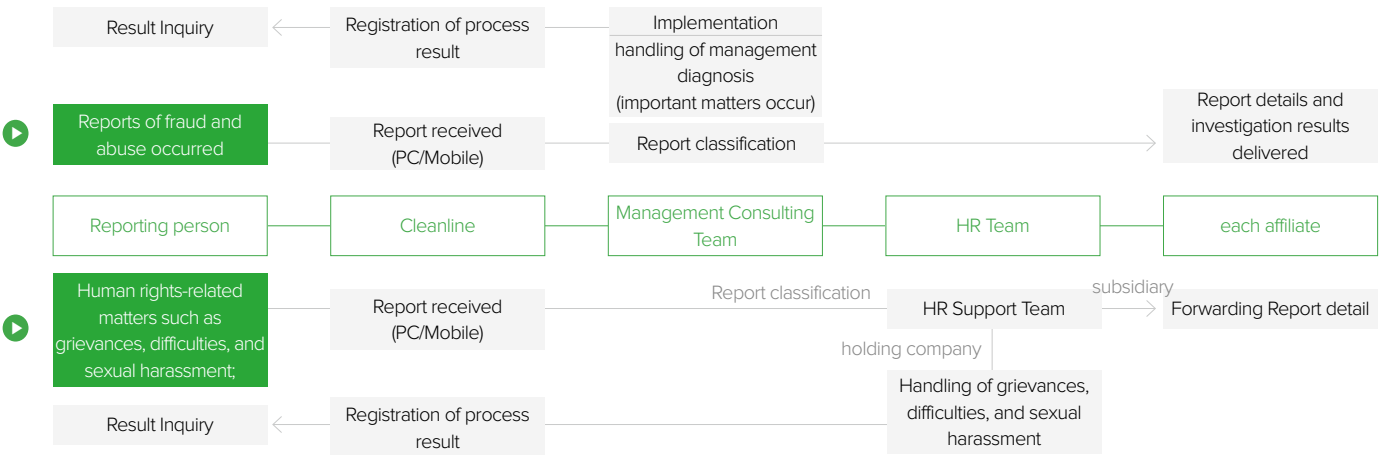
BGF Retail strives to raise the ethical awareness of its employees and meet the social demands of corporate ethics by establishing a responsibility, obligation, and reporting system for internal control systems to practice ethical management. Accordingly, we regularly develop an audit plan according to the internal audit regulations every year. In addition, after evaluating the effectiveness of the task performance system and task process by function for the entire task, we eliminate problems and present improvement measures. We also conduct comprehensive audits, confirmation audits to check whether follow-up measures are implemented according to audit results, and special audits to conduct irregular violations of the code of conduct, such as personal information protection, bribery, and anti-corruption and discrimination. The results of the special audit due to the violation of the employees' code of conduct are disclosed to the employees via the intranet.

There are Hot Line, an external reporting system, and Clean Line, an internal reporting system in dual operation; Hot Line is a system that reports unethical activities such as irregularities and corruption online, wire, and mail, and corrects them. In contrast, Clean Line is a system that reports on human rights violations such as grievances, difficulties, sexual harassment, irregularities, corruption, and violations of laws and regulations within the company and uses the internal reporting system of the Korea Business Ethics Institute (KBEI). BGF Retail also ensures the identity of the Hot Line and Clean Line reporters. We promote ethical management culture within the company by replying to reporters and sharing cases after fact-checking and processing results.

◆ Ethical management hotlines Process



◆ Cleanline Process



Strengthening transparency in donations and taxes

BGF Retail thoroughly reviews all donation activities in advance to ensure that it complies with the direction of social contribution. When each institution generates donations exceeding 5 million won per year, we must execute them under the approval of the "Donation and Contribution Review Committee" consisting of key executives, including the CEO, and establish and comply with regulations according to content and amount. Where a donation of more than 100 million won occurs, it shall be executed with the board of directors' approval, and the details of donation payments are regularly reported to the board of directors to ensure transparency in donations and enhance shareholder value.

◆ Status of operation of the Donation and Contribution Review Committee

Classification	Donations and Contributions Review Board	Board of Directors
Examination-Approval	8 cases	2 cases
Approved Amount	73 million won	490 million won

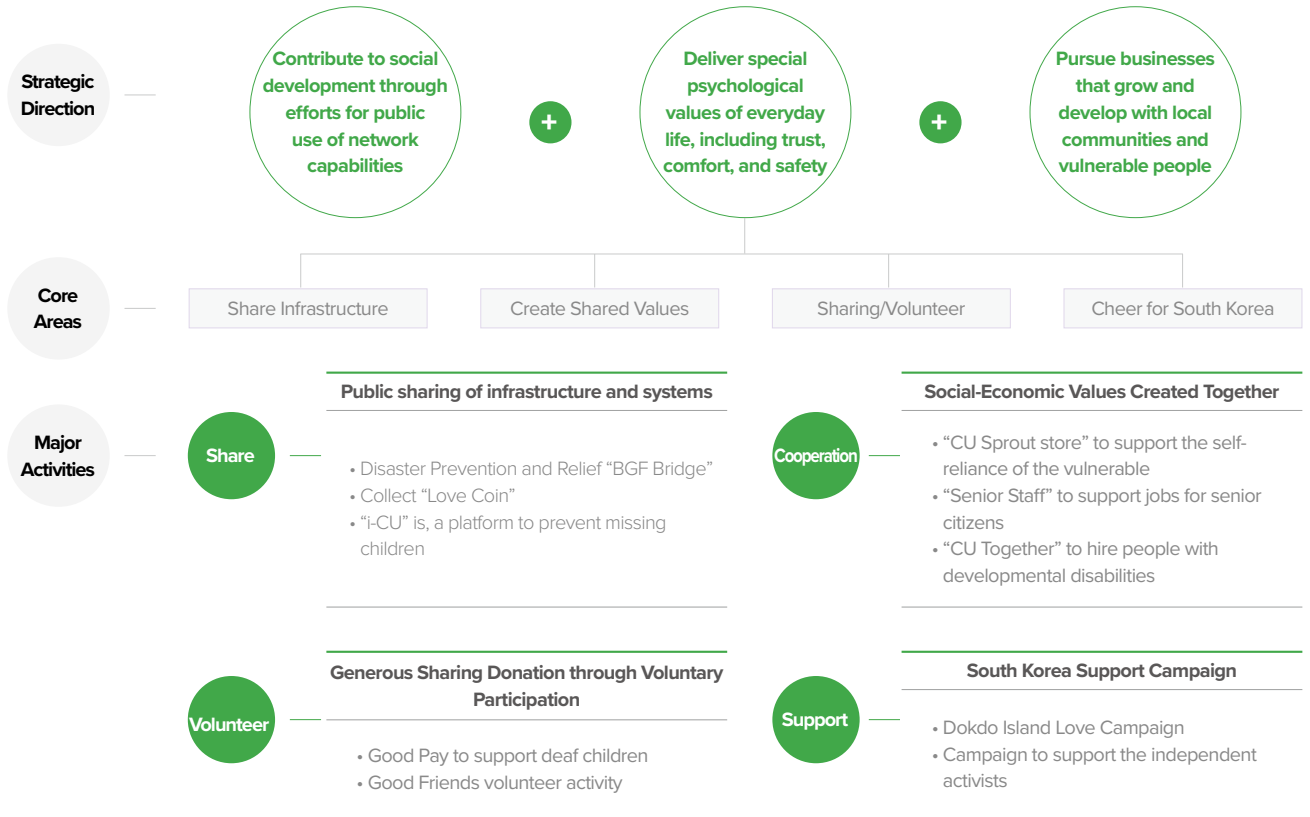
In addition, we recognize that compliance with tax laws and tax risk management are important factors for contributing to national finances, securing customer interests, and maximizing shareholder profits, and strictly comply with tax-related laws and systems.

◇ Effective Tax Rate (Consolidated basis) (unit : million won,%)

Classification	2020	2021
Earnings before Tax	163,104	192,516
Reported Taxes	39,009	46,127
Cumulative acceptable adjustments	1,384	-1,254
Effective Tax Rate	24.76%	23.31%
Cash Taxes Paid	41,900	47,538
Cash Tax Rate	25.68%	24.69%

Social Contribution

Today's companies can achieve sustainable development with the support of stakeholders only when they solve social problems by realizing social values and coexisting in harmony with the community. Based on the management philosophy of becoming a company that contributes to social development, BGF Retail considers it a corporate social responsibility to grow together with the regional community from the beginning of its foundation, striving to carry out social contribution activities that are mandatory by the regional community. Through sustainable communication with stakeholders, we continue to work with members of society for a happier Korea, recognize the need for a strategic and sustainable social contribution model based on reliability with the community, and promote strategic social contribution activities.



ESG Management Orientation

Public/NPO Partnership Reinforcement

As companies' social contribution paradigms change due to the emphasis on the social responsibilities of companies and organizations worldwide and the realization of various social problems in the community, regional-based shared value creation activities have been reinforced. Therefore, BGF Retail strives to promote community contribution activities through cooperation and harmony with residents, non-profit organizations, companies, and governments based on the community, and in particular, strengthens cooperation with various non-profit organizations to promote a community donation culture.

◇ Support Activities for Vulnerable groups linked to Non-Profit Organizations

- sponsorship of Didim Seed Bankbook for self-reliance of foster-completed children
 - Linked to Child Rights Protection Agency
- Warm Food at Home
 - Support school meals for children skipping meals (50 children from low-income families, single parents, and grandchildren)
- Support elderly meals in economically vulnerable households
 - 9,366 people linked to 5 social welfare centers in Nowon-gu, Seoul.
- Child and youth support project with migration background
- Protection of abandoned animals linked to the Agricultural and Livestock Quarantine HQ

Also, while the heat wave, due to climate change, threatens the health of the people, BGF Retail continues to push for a 'heat shelter' campaign allowing children, pregnant women, and the vulnerable elders to avoid the heat for a while in nearby CUs every summer. Existing heat shelters were mainly limited to government offices, welfare centers, and cultural facilities, and even this was restricted due to closure, but CU has the advantage of excellent accessibility and 24-hour access.

Activities to Solve Regional Community Issues Reinforcement

BGF Retail carries out activities to support disaster recovery by dispatching mobile convenience stores and volunteer groups of executives and employees to areas where damage has occurred due to heavy rain or forest fires. Also, through the "E-umpyo", a social volunteer group composed of executives and employees, we help solve and share community problems such as painting murals so that children can safely go to and come back from school along with collecting marine waste. Since 2020, when face-to-face activities started to become difficult due to COVID-19, a total of 231 volunteers participated in Contactless programs such as relay blood donation to solve blood supply problems, flogging challenge "Pickup King" that can be participated anywhere in Korea, and spreading seeds to urban forests.



Activating Donation Culture

BGF Retail has provided food and household goods worth about 23.2 billion won to the socially and economically vulnerable through food banks over the past decade, including 260 million won in 2021, and BGF Retail contributes to the creation of sharing culture by collaborating with a social and economic support group such as Beautiful Stores Inc.

Also, the "BGF Sound Fund of Love" is created with donations before the end of the monthly salary of executives and employees and proceeds from ethical management practices to support cochlear implantation and rehabilitation for hearing-impaired children from low-income families.

◇ Major Charitable Donations and Sponsorship (2021)

Category	Purpose of a Donation	Donations
BGF Welfare Foundation	Support for Daily Necessities for the Vulnerable (linked to food banks)	458 million won
Korea Disaster Relief Association	Support for Disaster Relief Activities	50 million won
Korean Committee for UNICEF	Mongolian Green Ger Support	35 million won

Policy Contribution

BGF Retail strictly complies with Article 31 (Restriction on Contribution) of the Domestic Political Funds Act, which prohibits donations of political funds by corporations or organizations, and does not provide political funds, campaign funds, or lobbying funds for specific political groups and political parties that directly affect policy formation. On the other hand, we would like to contribute to the development of regional communities and industries through support for associations that guarantee political neutrality, and the support cost for major associations in 2021 was about 217 million won.

◇ Details of Expenditures and Contributions of

Major Associations				
Unit: 1 million won				
Category	2018	2019	2020	2021
Korea Association of Convenience Store Industry	187	197	199	175
The Federation of Korean Industry	7	7	7	7
Korea Chamber of Commerce and Industry	31	31	32	35

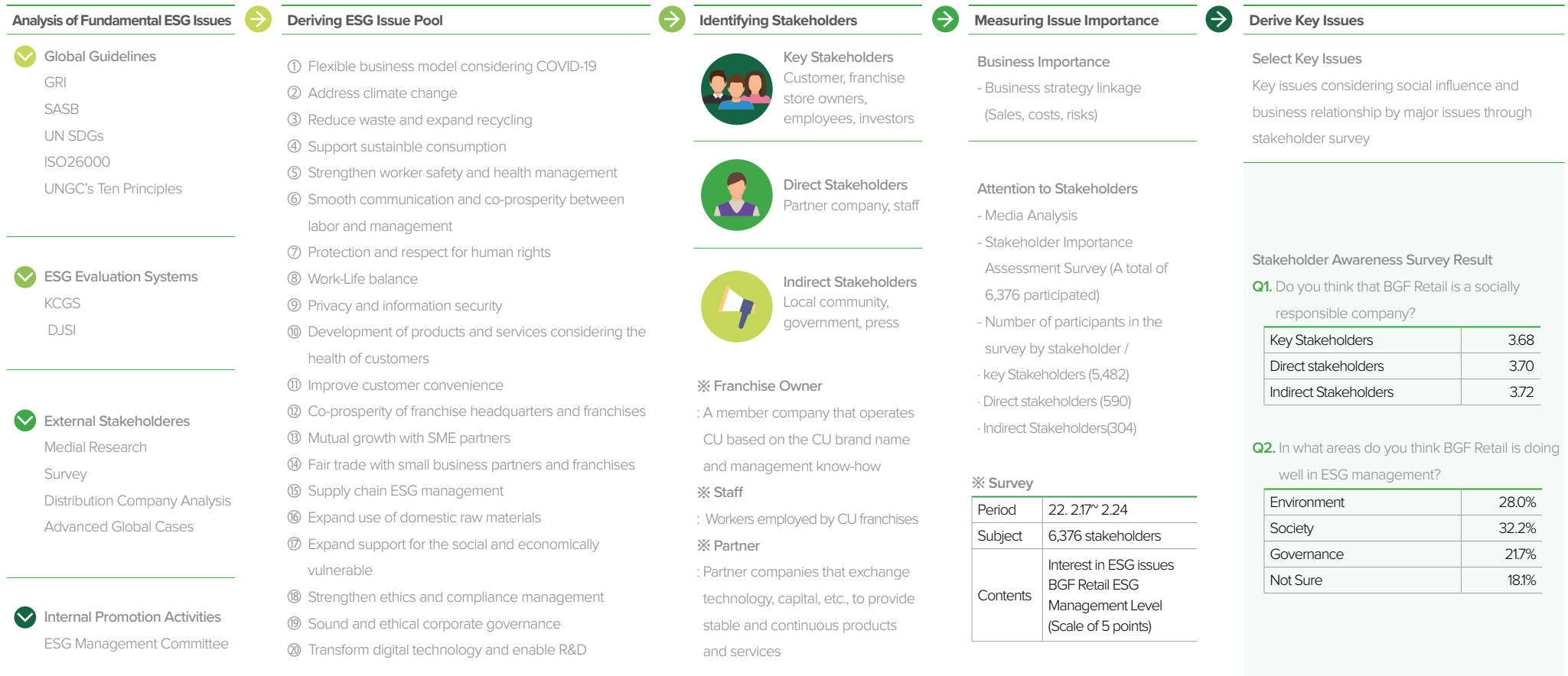
◇ Association Fee Payment Amount

Unit: 1 million won				
Category	2018	2019	2020	2021
Lobby/Interest Group	0	0	0	0
Political Campaign	0	0	0	0
Concerned Associations	225	235	238	217
Others (Academic Research, etc.)	8	6	8	5

Materiality Assessment

Materiality Assessment

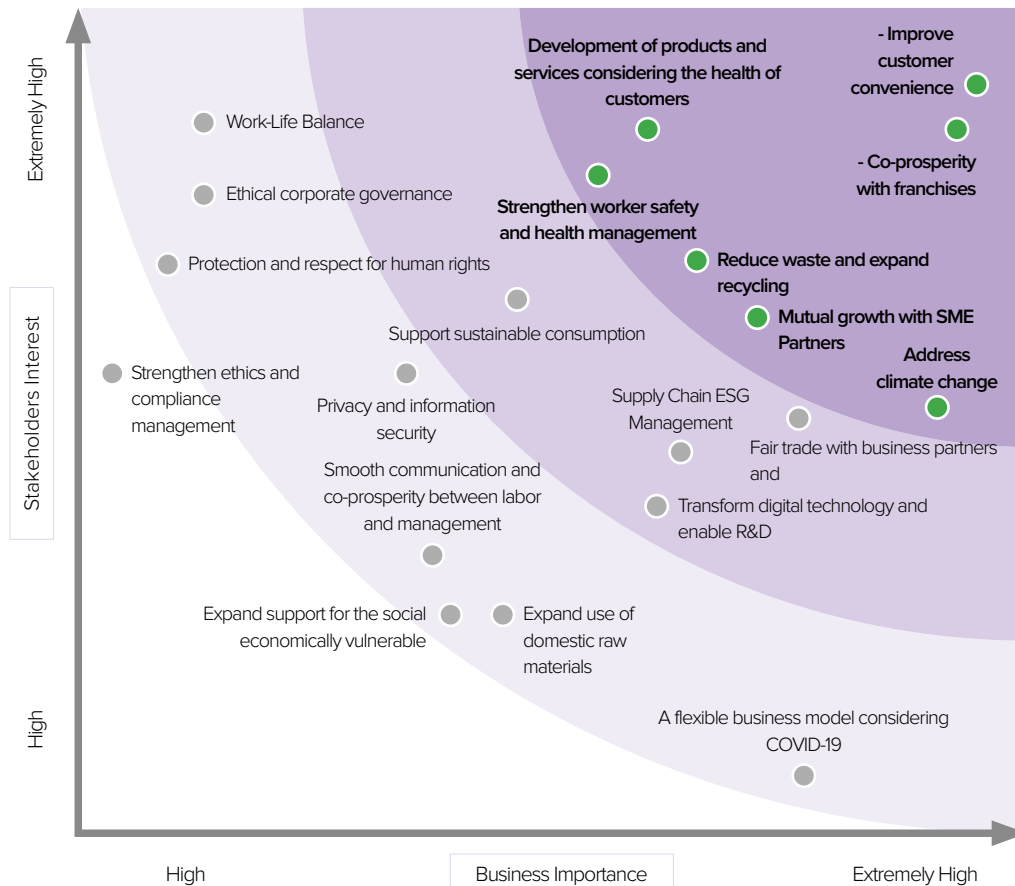
BGF Retail actively utilized global sustainability management initiatives and ESG evaluation systems such as GRI, UN SDGs, and UNGC while considering the core sustainability issues of the international sustainable business leading corporates, as we organized issue pools. Also, through media analysis, we reviewed the sustainable management performance of BGF Retail and collected the stakeholders' opinions. In the process of recognizing issues in the economy, environment, and society that matter the most to the corporate and stakeholders, the Materiality Assessment allows BGF Retail to gain insights into future trends, business risks, and opportunities.



Materiality Assessme

Key Issue Derivation Matrix

As a result of deriving key issues, BGF Retail conducted a Materiality Assessment based on stakeholder interest and business importance, and 7 issues were selected as key issues, including “Development of products and services considering customer health”. For communication with stakeholders, the importance of awareness and direction of response to key issues were reflected in detail throughout the report, and it is described in more detail in the Priority Areas section.



GRI	Topic	ESG Strategy Linkage	Key Stakeholders	Report Page
416-1	Development of products and services considering the health of customers	Supporting Happy and Healthy Life (Providing Healthy and Right Food)	Customer	80-82P
Non-GRI	Improve customer convenience	Creating Ecosystem for Shared Growth (Expanding Support for the Vulnerable)	Customer	32, 60-68P
403-1	Strengthen worker safety and health management	Supporting Happy and Healthy Life (Realizing GWP)	Executives, employees, franchise owners, staff	71P
Non-GRI	Reduce waste and expand recycling	Establishing Eco-Friendly Value Chain (Reducing Waste and Expanding Recycling)	Customers, investors	35, 48-49P
414-1	Mutual growth with SME partner	Creating Ecosystem for Shared Growth (Shared Growth with Franchisees and Partners)	Partners	36, 55-56P
414-1	Co-prosperity with franchise	Creating Ecosystem for Shared Growth (Shared Growth with Franchisees and Partners)	Franchise owners	36, 57-58P
302-4 305-1	Address climate change	Establishing Eco-Friendly Value Chain (Reducing Greenhouse Gas Emissions)	Customers, investors	34, 40-42P

Priority Areas

Analysis by Issue

Category	ISSUE	Changes in Rank	Influence of Stakeholders			Influence of Business		
			Core	Direc	Indirect	Cost	Sales	Risk
Society	Improve customer convenience (= Visit CU and purchase)	▲	● ● ●	● ● ○	● ● ○	● ● ●	● ● ●	● ○ ○
Society	Co-prosperity of franchise headquarters and franchises	△	● ● ●	● ● ●	● ● ●	● ● ●	● ● ○	● ● ●
Society	Development of products and services considering the health of customers	▽	● ● ●	● ● ●	● ● ●	● ● ○	● ● ○	● ○ ○
Society	Address climate change	△	● ● ○	● ● ○	● ● ○	● ● ○	● ○ ○	● ● ○
Society	Strengthen worker safety and health management	-	● ● ○	● ● ●	● ● ○	● ● ○	● ○ ○	● ● ●
Environment	Reduce waste (plastic and leftover food) and expand recycling	△	● ● ○	● ● ●	● ● ●	● ● ●	● ○ ○	● ● ○
Society	Mutual growth with SME partners	△	● ● ●	● ● ●	● ○ ○	● ● ○	● ○ ○	● ● ○
Economy	A flexible business model considering COVID-19 such as an unmanned store, delivery services, etc.	new	● ○ ○	● ○ ○	● ○ ○	● ● ●	● ● ○	● ○ ○
Society	Supply chain ESG Managment	△	● ● ○	● ● ○	● ● ○	● ● ●	● ○ ○	● ● ○
Economy	Transform digital technology and enable R&D	new	● ● ○	● ● ○	● ○ ○	● ● ●	● ● ○	● ○ ○
Environment	Support sustainable consumption (=develop products and services considering society/ environment)	△	● ● ○	● ● ●	● ● ○	● ● ●	● ○ ○	● ○ ○
Society	Privacy and information security	▼	● ● ○	● ● ●	● ● ●	● ● ○	● ○ ○	● ● ○
Society	Expand use of domestic raw materials (= Support increase of income in regional farms)	new	● ○ ○	● ● ○	● ○ ○	● ● ●	● ● ○	● ○ ○
Society	Smooth communication and co-prosperity between labor and management	▽	● ● ○	● ● ○	● ○ ○	● ○ ○	● ○ ○	● ● ○
Society	Expand support for the social and economically vulnerable	▲	● ○ ○	● ● ○	● ● ○	● ● ○	● ○ ○	● ○ ○
Environment	Fair trade with small business partners and franchises	-	● ● ○	● ● ○	● ● ○	● ● ○	● ○ ○	● ● ○
Society	Work-Life balance	new	● ● ●	● ● ●	● ● ●	● ● ○	● ○ ○	● ○ ○
Governance	Sound and ethical corporate governance	▼	● ● ●	● ● ●	● ● ●	● ○ ○	● ○ ○	● ● ○
Society	Protection and respect for human rights	▼	● ● ●	● ● ○	● ● ●	● ○ ○	● ○ ○	● ● ○
Governance	Strengthen ethics and compliance management	new	● ● ○	● ● ●	● ● ○	● ○ ○	● ○ ○	● ● ○

● ● ● High ● ● ○ Medium ● ○ ○ Low

Key Reporting Issues

General Reporting Issues

Stakeholder Engagement

BGF Retail is based on shared development, growth, and smooth communication with various stakeholders to realize the ESG vision of “Good Friends of the Earth and Society”. Accordingly, employees, franchisees, customers, SME partners, stakeholders, government, and local communities are defined as stakeholder groups, and information exchange and various activities are carried out.

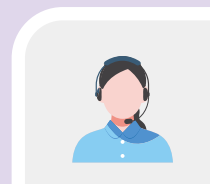
Stakeholder Communication Channel

Category	Communication Channel
Customer	CU Customer Service Center / SNS/ Website / Pocket CU APP / Chatbot CU Customer Service Center
Franchisee	Win-win council / Website / company newspaper / consulting activity / Chatbot consulting service
Employee	Joint labor-management council / company newspaper (webzine) / newsletter / talk-talk bulletin board / internal reporting system
Shareholder	Shareholder meeting / public reporting IR activities/website
Staff	CU Customer Center / Chatbot Consulting service
SME Partner	Hotline / VOC / Open counseling for SMEs
Local Community	Social contribution / volunteer program / SNS
Government/ Local government / NGO	MOU/ Conference

Main Communication Channels

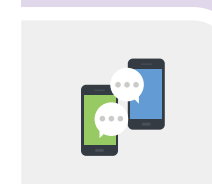
Customer

We operate various channels for shared growth and communication with SME partners. In 2021, we have a newly opened mobile-based chatbot consulting service and chatbot customer service center. Also, we provide sign language counseling service and interpretation counseling service for the disabled and foreigners.



Franchisee and Staff

BGF Retail operates various channels and contents to closely communicate with franchise HQ, franchisees, and staff members. In 2022, BGF BIVE, a mobile-based communication channel, has been launched to implement real-time information delivery and interactive communication.



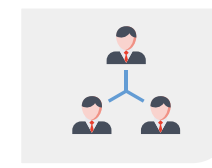
SME Partners

BGF Retail conducts communication activities such as mutual growth meetings to discuss the direction of mutual growth and communication with partners and is pushing forward VOC to listen to the difficulties of partners.



Local Community





BGF Retail has been at work for continual communication with the local community including residents, NPO, and the government as we run our social contribution program.



Direction of UN SDGs

Key Areas and Direction of UN SDGs

BGF Retail supports the UN Sustainable Development Goals as a member company of the UNGC and as a corporate citizen. BGF Retail's ESG management goals are interconnected with the UN SDGs and we will continue finding and proceeding with social contributions to realize SDGs.

Main Strategy	Key Areas	Mid-to Long-term Goal(~2025)	Performance in 2021		Plans for 2022
<div></div> <div>PLANET</div>	Reducing Greenhouse Gas Emissions	Establish entire greenhouse gas inventory	- BGF Retail Building, BGF Humannet - BGF Food, BGF Logistics (by 2022.07)		- Expand introduction of high-efficiency facilities in stores - Install and replace eco-fan/LED light - Change ecofriendly materials for employees' use of equipment-consumables
		Reduce greenhouse gas emissions by using high energy efficiency and new and renewable energy	Logistics	Eco-fan (1 center) LED light replacement (6 centers)	
			Store	BLDC motor (1,227EA), Door heater controller (899EA) Natural refrigerant application (1,975 EA), integrated outdoor unit (635 EA), inverter technology (344 EA)	
		Recertification of green logistics practice	Recertification completed (2021.12)		
		Target to reduce solar carbon emissions: 681tCO2-eq/year	Carbon emission reduction amount 651tCO2-eq/ year (95.6% compared to target)		
		Annual solar energy generation: 1,440Mwh	Energy generation 1,397Mwh (97.0% of target)		
		Operate two solar power generation facilities	Operate 1 solar power generation facility		
		Carry out fuel efficiency test for delivery vehicles	Vehicle fuel efficiency reduction oil test (improvement of 77% emissions and 44% nitrogen oxides based on self-assessment)		
		Adopt 1-ton electric truck and effectiveness test	1 electric truck and test completed		
	Reducing Plastic/ Disposable Product Usage	Application of PL product recycling east Category	Application rate 92.5%		- Establish a plastic emission index management system - 120% year-on-year reduction in in-store plastic usage - Establish of plastic disposable reduction plans
		Plastic bag usage ZERO (~2025)	Use PLA (*Review due to revision of the Resource Recycling Act)		
		Reduce 50% in the use of disposable and plastic consumables (~2025)	Full PLA consumables and ecofriendly package 34SKU		
		All-easy package PLA material (~2025)	Application of PLA material for 22SKU for convenience food		
		No labels on all bottled water (including NB)(~2025)	Complete change of PL bottled water (3SKU)		

Direction of UN SDGs

Main Strategy	Key Areas	Mid-to Long-term Goal(~2025)	Performance in 2021	Plans for 2022
PLANET	Reducing Waste and Expanding Recycling	50% of green save system operation points (~2022)	Operated in 3,489 stores	- Additional test and adopt food waste disposal machines - Waste reduction and recycling (BGF Foods)
		Expand food manufacturing centers before composting food waste (~2022)	Introduced food waste composting in all food manufacturing centers (3 centers)	
		Adopt food waste disposal machines by CU merchants (~2022)	Sign and test food waste disposal unit MOU	
 PARTNER	Shared Growth with Franchisees and Partners	Achievement of best grade of co-growth index	Shared growth index (normal->excellent) Adopt shared growth mall Introduction of Performance Sharing System(Total of 10 cases) Win-win agreement for long-term operation st	- Establish behavioral norms for partners
	 Expanding Support for Vulnerable Groups Including Children and the Disabled	Establish "i-CU Alliance" in connection with companies/agencies (~2025)	Detected early a total of 112 people through i-CU	- Study on the metrics for quantification of social value - Expanding the child safety platform - Launch i-CU Alliance (sustainable) - Create 2,000 jobs a year for the vulnerable (sustainable)
		Create 2,000 jobs a year for the vulnerable (~2025)	Create 712 jobs - About 60 seniors working in cooperation with Gangwon-do - About 618 people in the "Sprout store" - CU Together: 34 people	
	Expanding Support for Community	Expand economic cooperation in rural areas	- Strengthen MOU of Jeonnam provincial government and commercialize domestic raw materials - Continue to develop products linked to broadcasting programs (Funstaraunt)	- Expand economic cooperation by farming and fishing villages (sustainable) - Expand participation in volunteer activities of executives and employees (sustainable)
		Expand participation in volunteer activities	231 people	
 PEOPLE	Realizing GWP	Reinforce human rights management (Review introduction of human rights impact assessment, etc.)(~2025)	Acquire a family-friendly certified company Establish health management policies and reorganize the system	- Continue to adopt human rights impact assessment - Reinforce safety and health compliance
	Providing Healthy and Right Food	Expand products using sustainable certification raw materials (~2022)	Adopt rainforest certified coffee bean, launch vegetarian/healthy concept lunch box	- Expand products using sustainable raw materials (sustainable)
		Establish CSR monitoring and support system for partners (~2023)	Receive CSR checklist for new partners	- Expand the category of nutrition display for health-related products - Reinforce operation council of a food manufacturing center
	Safeguarding Customer Safety and Privacy	Establish a cooperative system for quality and safety management of distribution/manufacturers (~2025)	Establishment of Quality Safety System (QSS)	- Independently operate quality assurance/ improvement/inspection parts
		Advances consumer-centered management certification	Expanded customer communication infrastructure (real-time customized talk, chatbot service)	- Declared the customer satisfaction charter
		ISMS	Improved remote fault response environment and Adopt security enhancement system Analyze service system vulnerabilities and develop improvement plans	- Maintaining ISMS authentication and improving customer information protection security system

Improving Customer Health and Convenience

Convenience store that always provides convenience to everyone



Universal Design

BGF Retail develops and applies universal design so that anyone can enjoy convenient shopping at CU stores through safe and convenient store design. Also, CU applies ramps and automatic doors to make it easier for the disabled and elders to access the stores, and BGF Retail tested this kind of system after supplementing existing facilities and buildings new facilities through consultation with organizations for the disabled. Based on this, we established a “Standard Plan for Convenience Facilities” and opened a new store in March 2022 that summarizes all the contents such as wheelchairs, ramps, securing movements, internal and external help bells, and wheelchair-only spaces.

※ Universal Design: A design to create a product/use environment that anyone can easily use

Unmanned Smart Convenience Store

In line with the trend of Contactless consumption BGF Retail has opened “Tech-friendly CU”, where the entire shopping process from access authentication to product purchase and automatic payment is completely unmanned. By signing an agreement with the Korea Internet & Security Agency (KISA) to revitalize the unmanned retail security industry, we have developed and operated unmanned convenience stores made with pure domestic technology applied with innovative technologies of domestic SMEs with AI solutions technology. The unmanned convenience store has installed a cloud POS system developed by speed gate, network camera, 3D camera, smart display, and BGF Retail that enter and exit with QR code certification, and we applied a solution for customer safety by combining security technologies to prevent accidents such as theft and fire, which are one of the risks of unmanned stores, and to prevent information security infringement such as authentication and hacking.

- 1 Install mobile self-payment CU Buy-self App.
- 2 When entering store QR code Select
- 3 After creating QR code Store Entrance Gate Tag-in
- 4 After selecting product Exit (automatic payment)

A convenience store safe from COVID-19



Public Safety Platform, CU

BGF Retail performed a public function as a public safety platform to stably supply self-diagnosis kits by quickly establishing a hotline with the Ministry of Food and Drug Safety due to the increase in confirmed cases of COVID-19. For customers who have difficulty purchasing self-diagnosis kits due to the surge in demand for self-diagnosis kits due to the explosive increase in Omicron confirmed cases, BGF Retail provided a real-time inventory search service for each store through the pocket CU APP, and this provided an environment where customers could purchase kits conveniently. Also, we fulfill our responsibilities as a public platform by lowering prices for the first time in the industry to reduce the economic burden on the people by lifting restrictions on sales prices due to stabilizing the supply and demand of self-diagnosis kits.

Safe and Fast Contactless Shopping

With the spread of COVID-19, which began in 2020, driving a surge in customer demand for delivery, CU started delivery services nationwide through partnerships with delivery platforms. In 2022, we launched a convenience store pickup service to reduce the stay time of customers through Pocket CU, a CU APP. It provides a "Find Popular Products" function that informs the inventory status of each popular product in the order of stores close to the customer's location and provides customer convenience. Popular products of this function are selected based on consumption big data analysis such as SNS and customer center VOC, and the search for popular products has surpassed 10 million in half a year since launching and is continued to be loved by customers.

Green Supply Chain

Energy Saving

To achieve greenhouse gas emission reduction, which is one of the key tasks of environmental management, BGF Retail focuses on carbon emission reduction activities through energy efficiency. To reduce carbon emissions, CU continues to test and introduce energy-saving eco-friendly facilities for high energy efficiency or refrigeration/appliances, which account for a large portion of power consumption in convenience stores.



Store Energy Saving

BGF Retail conducts facility replacement testing and adopts expansion sequentially in the order that large amounts of energy are used by identifying energy usage by facilities and appliances in CU stores. Accordingly, 41.9% and 97.7% of power consumption were reduced by replacing facilities applied to dairy and lunch box showcases, respectively, and based on this, facilities are continued to be replaced in CU stores.

Green Logistics

BGF Retail reduces energy use by replacing eco-fans and LEDs in the logistics center sequentially. Eco-fans are eco-friendly fans for cooling and heating that can circulate air to increase energy efficiency in the center, and LED lights can be used for a long time. By the end of 2021, eco-fans were installed in 20 logistics centers out of 33 nationwide, and lights in 29 logistic centers were replaced with LED.

Renewable Energy Production

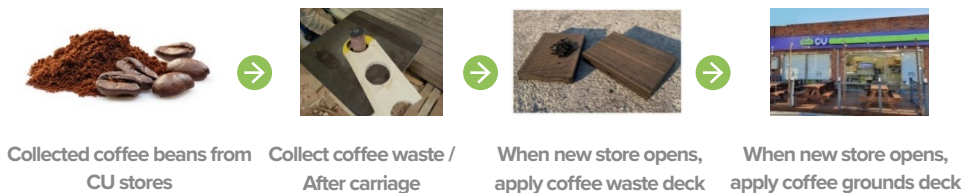
The large-scale solar power plant installed at the Jincheon Centered Logistics Center produced 1,397Mwh of renewable energy in 2021, and the reduction in carbon emissions through solar power generation is 651tCo2-eq/year. Photovoltaic energy is an infinite clean energy source that does not emit greenhouse gases and causes environmental pollution when producing electricity, and it can solve the problem of an ecosystem and habitat destruction caused by fossil fuel mining.

Waste Recycling

Coffee waste is 99.8% of the coffee bean waste, excluding 0.2% used to make coffee in coffee beans, and it is estimated that about 150,000 tons of coffee waste are generated annually in Korea in 2019. Despite the continuous increase in domestic coffee consumption, under the current law, coffee waste is emitted as general household waste, so about 338kg of carbon dioxide is emitted per ton when incinerated and environmental pollution occurs due to landfills.



Coffee Waste Recycling Process



※ Estimated reduction of CO2 by about 574.6kg when applying deck by recycling 1,700 tons of coffee waste calculated based on annual GET coffee sales

Coffee Grounds Recycling

In 2021, BGF Retail was the first in the industry to manufacture an eco-friendly coffee deck finishing using coffee generated during the manufacture of coffee beans, and its effectiveness was found through test operation. The coffee deck material is synthetic wood with a coffee grounds content of more than 20% and has less deformation with durability against the external environment compared to the commonly used embankment deck. Also, according to the self-test result, safety has been secured in the detection test of harmful substances and environmental hormones, and 100% resources can be made when the deck is removed. BGF Retail will be gradually expanding this system from Seoul, and in the future, we plan to establish an upcycling system for resource recycling as a base for stores nationwide and apply coffee waste decks to prevent environmental pollution caused by coffee wastes.

Public-Private Partnership to Establish a Resource Collection Hub

In December of 2021, BGF Retail signed an agreement with Gwangju City, the Korea Senior Human Resource Development Institute, and the Korea Senior Club, to create new green elderly jobs and collect coffee wastes and waste batteries. By recycling coffee wastes emitted from CU into deodorant products, we reduce waste and carbon dioxide emissions and contribute to creating green jobs by supporting deodorant production and collection activities. In the case of waste batteries, there is a possibility of secondary environmental pollution and leak of mercury as a general waste discharge case due to the low recognition and accessibility of the dedicated waste battery collection box, and so we produce waste battery collection boxes at CU to create a proper waste battery discharge culture.

Promoting a Win-Win Business

Create a Fair Trade Environment and Shared Growth of Franchisees and Partners



Form an Exemplary Fair Trade Culture

BGF Retail won the highest grade in the implementation evaluation of the 2021 Fair Trade Agreement Franchise sector organized by the Fair Trade Commission. To reinforce fair trade and win-win cooperation in the convenience store franchise business, CU has consistently presented industry-leading win-win models such as an expansion of the initial stabilization system, reduction, and exemption of business penalties, voluntary dispute settlement center, and implementation of holidays. Also, we continue to strengthen the culture of shared growth with partners through a performance-sharing system by signing fair trade compliance agreements with 165 SME Partners.

Merchant Win-Win Management

BGF Retail announces the industry's best merchant win-win plan and supports various exclusive welfare benefits including various insurance benefits that are needed for the store operation and support for labor and tax counseling. Along with the welfare benefits, the CU JUMP UP program drives store competitiveness and profitability by providing customized solutions to sluggish merchants.

In March 2021, we took the lead in protecting the rights and interests of merchants by declaring a long-term win-win agreement with the Fair Trade Commission and the Fair Trade Coordination Agency. This aims to renew the contract stably between the franchisees and the franchise HQs that have been in operation for more than 10 years. To make the process transparent, reinforce mutual trust, and create a healthy franchise environment, the number of CU convenience stores operating for more than 10 years reached 2,359 stores at the end of 2021.

P L A N E T

BGF Retail, as a corporate citizen, recognizes social responsibility for the environment and promotes environmental management activities to minimize carbon emissions in the entire business process from production to disposal.

Environmental Management

The issue of climate change that is becoming more serious globally poses a great threat to future generations, not only to the destruction of the environment but also to serious problems such as climate change and lack of resources. To fulfill its role and responsibility as an international citizen, BGF Retail has established and improved greenhouse gas reduction, waste reduction, recycling enhancement, and plastic use reduction as a mid-to-long-term plan.

Environmental Management Strategy

BGF Retail operates a group-level ESG management committee and establishes environmental policies and discloses them to internal and external stakeholders. Also, monitoring quarterly is carried out through the committee meeting to implement more effective and systematic environmental management strategy tasks.



Environmental Management Organization

Through the ESG Management Committee, BGF Retail establishes and manages its annual company-wide environmental strategy and goals, and reports its performance to the ESG Management Committee quarterly.

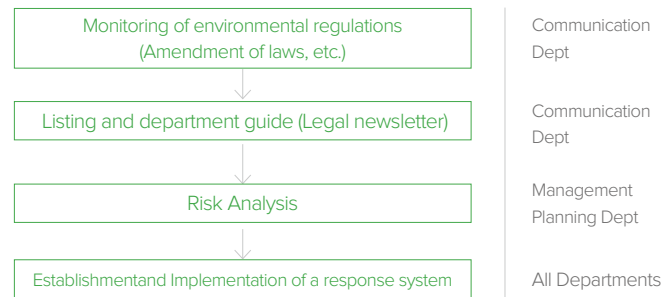
Environmental Management Certification

BGF Retail is the first in the industry to obtain ISO14001 certification, an international standard for environmental management, and reduces environmental risks by reviewing and assessing the environmental impact of company-wide business activities. To continuously manage and reduce greenhouse gas emissions, in 2021, the industry established an inventory of greenhouse gases for some logistics centers and conducted third-party certification.

Environmental Management System

Based on the establishment of an environmental management system considering the entire business process and communication between related agencies and departments, BGF Retail responds quickly to issues such as internal and external environmental changes, laws, and technological innovation.

◇ Environmental Risk Response System



Environmental Management Training

BGF Retail conducts environmental training for employees every year to internalize environmental management and implement practices.

Category	Contents	Participants
2021	ESG management committee dedicated organization training	30 people
	Environmental management system training	All employees/often
2022	Environmental management system training	10 people
	ISO14001 internal auditor training	10 people

Environmental Management Goals and Performance

BGF Retail establishes company-wide environmental goals every year and evaluates the implementation through the annual ESG Management Committee meeting and ISO 14001 environmental review.

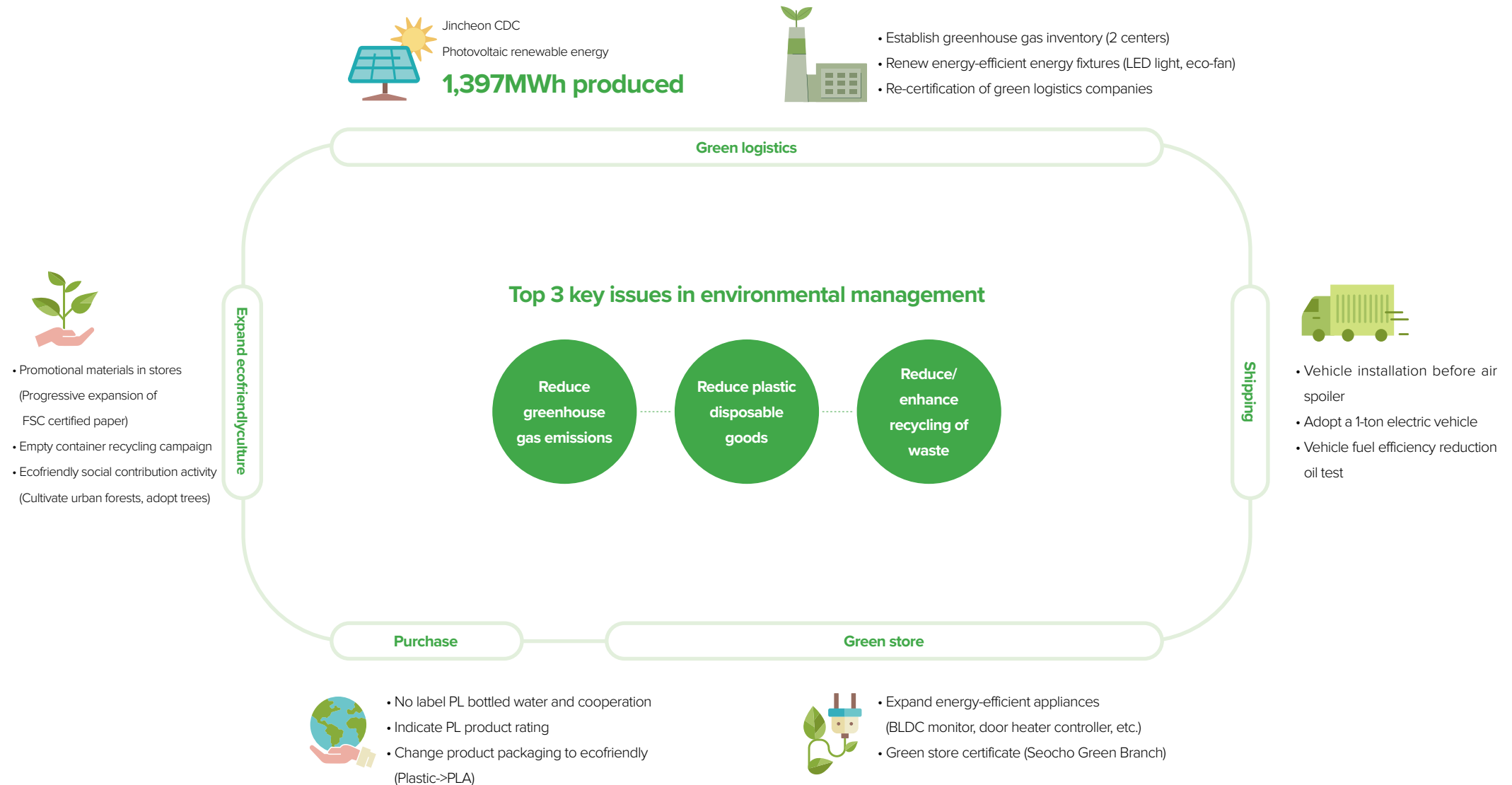
◇ 2021 Environmental Management Goals and Performances

Strategic Task	Goal	Performance
Reducing Greenhouse Gas Emissions	<ul style="list-style-type: none"> Build greenhouse gas inventory Graft high-energy efficiency appliances Produce renewable energy 	2 centers Total 11,629 1,397Mwh
Reducing Plastic/ Disposable Product Usage	Expand ecofriendly product packages	Total 34 SKUs
	<ul style="list-style-type: none"> Reduce plastic bag usage Reduce use of consumables such as disposables/plastic 	Replace PLA in batch
Reducing Waste and Expanding Recycling	Reduce food wastes within stores	Test in 2 stores
	Increase resource recycling rates	Coffee waste recycling process test

◇ 2022 Environmental Management Goal and Performances

Strategic Task	Detailed Goal
Reducing Greenhouse Gas Emissions	<ul style="list-style-type: none"> Expand greenhouse gas inventory Manage/open company-wide environmental indicators Additional high-efficiency energy facilities
Reducing Plastic/ Disposable Product Usage	<ul style="list-style-type: none"> Establish a plastic emission index management system Expand packaging of ecofriendly materials in stores Plastic disposable products reduction plan
Reducing Waste and Expanding Recycling	<ul style="list-style-type: none"> Reduce food wastes Expand waste recycling

PLANET_ Environmental Management



Reducing Greenhouse Gas Emissions

BGF Retail has established a goal of reducing greenhouse gas emissions to minimize the environmental impact of greenhouse gases generated throughout the business supply chain. BGF Retail carries out various activities such as high energy efficiency of the logistics center and store infrastructure, network efficiency, and renewable energy production to achieve environmental goals at the company level, and is striving to gradually reduce greenhouse gas emissions.

2021 Performance and 2022 Goals

Category	2021		2022
	Goals	Achievement	Goals
Carbon emission reduction due to solar power generation (tCO2eq/yr)	681	651	610
Renewable Energy generation (MWh)	1,440	1,397	1,308

※ Busan Logistics Center Power Plant to be completed in the second half of the 25years

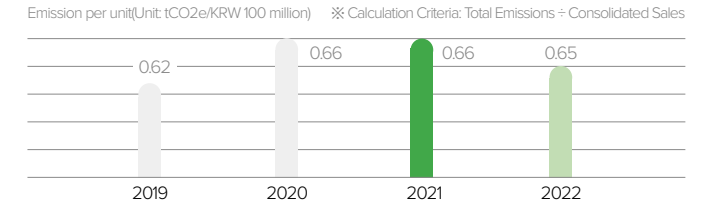
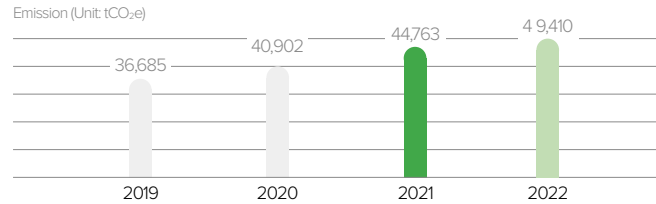
※ Establishment of goals by considering the utilization rate of solar power generation facilities according to weather changes such as sunlight

- Goals for 2022

 - Expand greenhouse gas inventory (office, logistics center, direct management store)
 - Manage/Reveal company-wide environmental index data
 - Additionally, expand high-efficiency energy facilities
- Mid-to Long-term Goals (~25)

 - Participate in CDP (Carbon Information Disclosure Project) (~2023)
 - Incorporate ecofriendly facilities for CU store
 - Change energy-efficient equipment in a logistics center
 - Establish environmental impact inventory and environmental impact assessment for all workplaces

Current Status and Goals of Greenhouse Gas Emissions (Scope 1, 2)

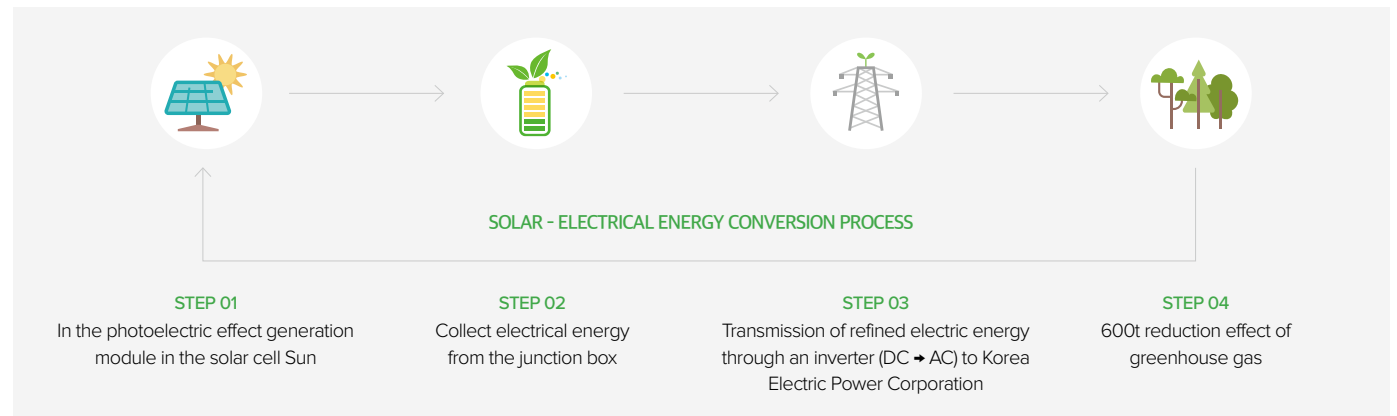


Green logistics

Production of Photovoltaic Renewable Energy

1,397 megawatt hours (Mwh) of electricity was produced in 2021 through 2,400 solar modules installed in 9,000 square meters of idle space on the rooftop of Jincheon Centered Logistics Center. This is the amount of electricity available to about 1,630 people a year for home use. The importance and demand for new and renewable energy are increasing not only due to environmental changes caused by climate change but also due to resource depletion and soaring international energy prices due to national conflicts. BGF Retail plans to gradually expand solar power facilities by reviewing comprehensively solar power profitability and climate change response effects in the future. Based on the three-way MOU of the Busan Logistics Center signed with the Busan Metropolitan Government in August 2021, we plan to have solar power facilities in the new logistics center.

Photovoltaic Energy Production Process



PLANET_Reducing Greenhouse Gas Emissions

◇ Establish Greenhouse Gas Inventory

For the realization of carbon neutrality, BGF Retail has been collectively managing greenhouse gases for fixed and mobile emission sources since 2016. In 2021, we voluntarily established a greenhouse gas inventory for the first time in the industry and obtained certification after receiving third-party verification from a global verification agency. The Greenhouse Gas Inventory is a statistical system that is cataloged to allow businesses to calculate emissions from greenhouse gases generated by their operations. It is also an important step in managing greenhouse gas reduction and practicing carbon neutrality in the mid- to long-term. BGF Retail selected two BGF Logistics centers with the highest carbon emissions among its businesses and conducted third-party verification and inventory of greenhouse gases. By 2022, we are planning to expand the scope of management to all logistics centers, office buildings, BGF Foods, and CU stores (directly managed stores).

Unit: tCO2eq/yr

Category	2018		2019		2020	
	Jincheon	Gimpo	Jincheon	Gimpo	Jincheon	Gimpo
Direct source of emission	37	769	2,409	800	3,916	751
Indirect Source of Emission	0	428	1,463	474	4,698	471
Total emissions	37	1,197	3,872	1,274	8,614	1,222

◇ Implementation of the four major green logistics tasks

BGF Retail voluntarily established four key tasks by tracking and managing the entire logistics activities such as logistics center operation, delivery, and network. BGF Retail establishes business tasks every year based on four key issues and global industry issues and monitors implementation and effectiveness.

(1) Carbon Emission Reduction Activities

We effectively manage the fixed and moving sources of carbon emissions generated by the operation of the distribution center and logistics activities and continuously carry out facility replacement activities to improve energy efficiency.

Eco-fan	Installed in 1 center (Total of 20 logistics center) * 1 eco-fan = 50 standing fan (same effect)
Ecofriendly LED	Installed ecofriendly lighting in 6 centers (Total 29 logistics center)
Air Spoiler	Mounting rate 100% (compulsory installation in new vehicles)
Electric Delivery Truck	Test operation in 1 truck * Reduce air pollutants not emitted and carbon emissions by 2 tons per year

(2) Establish Network

BGF Retail has unified delivery of products individually delivered to 22 regional distribution centers (RDCs) nationwide to one Jincheon CDC to increase delivery efficiency of small and medium-sized partners and shorten delivery routes through the integration of logistics and convenient food manufacturing plants.

Operate CDC	Optimization of a delivery network through CDC deployment (Reduce travel distance per vehicle)
Delivery efficiency	Shorten delivery distance by closing the low rotation center

(3) Establish Base

We strive to improve the eco-friendliness of the infrastructure for logistics center operations and make improvements through more efficient data management analysis.

Ecofriendly unloading equipment	Replace unloading equipment (diesel->electric)
Advanced logistics system	Automation of energy usage, carbon emission measurement, develop automatic transport calculation function

(4) Campaigns and training

To reduce carbon emissions from delivery vehicles, we are conducting an environmental awareness improvement campaign for delivery workers. We train efficient driving methods through the fuel economy incentive system and eco-live training for delivery workers. Regularly, meetings of logistics corporations are held to share practices and achievements related to energy use and carbon emissions. Also, in 2022, oil tests were conducted to reduce vehicle fuel efficiency, and self-test results improved the emission rate by about 77% and nitrogen oxide by 44%.



PLANET_Reducing Greenhouse Gas Emissions



◇ Certification of Outstanding Green Logistics Company

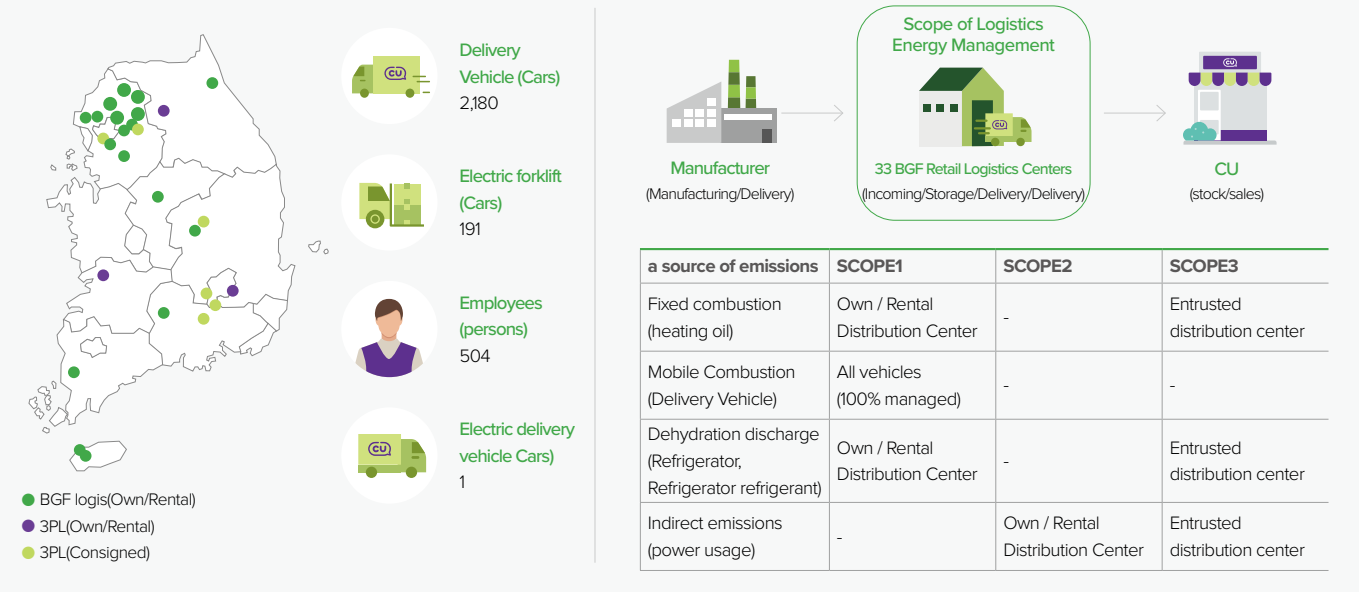
BGF Retail has been conducting annual green logistics conversion projects and campaigns, which started by signing a voluntary agreement on the energy target management system under the Framework Act on Low Carbon Green Growth in November 2012. In November 2013, the Ministry of Land, Infrastructure, and Transport certified the first green logistics company in the industry and re-certified the fourth green logistics company in December 2021 by the Enforcement Rules of the Framework Act on Logistics Policy.

BGF Retail Environment-friendly Logistics Activities

- Ministry of Land, Infrastructure and Transport's 4th certification of excellent green logistics companies (2021)
- Completed greenhouse gas inventory verification (two centers) and expanded
- First introduction in the electric vehicle delivery industry (2021)
- Completed Photovoltaic Power Plant at Jincheon Central Logistics Center (2020)
- First certification by the Ministry of Land, Infrastructure, and Transport for an excellent green logistics company (2013)
- All vehicle green logistics management scope

Green logistics management scope

BGF Retail Green Logistics has 33 facilities at room temperature, low temperature, and integrated logistics centers by region and 2,180 delivery vehicles (100% above consignment operation).



Organization dedicated to operations



PLANET_Reducing Greenhouse Gas Emissions

Green Store

CU Green Store preemptively applied various ecofriendly policies such as energy reduction, waste reduction, and recycling under the 3R (Reduce, Reuse, Recycle) concept. It also plays a role as a test bed by checking the effectiveness of environmental impact in advance. In detail, various tests are conducted to reduce energy, improve air quality, reduce waste generation, improve reuse and recycling, and introduce facilities and appliances that help reduce greenhouse gas emissions. In the case of facilities and appliances that have been tested and verified for effectiveness, we are expanding them to CU stores nationwide after reviewing them.

◇ Green Store Main Performance and Plans

Year	Main Performances
2018	Inverter technology (freezing combi/freezing S/C)
2019	Change 3 types of showcase lights (TS->LED), Integrated outdoor unit (2->1)
2020	Natural refrigerant (R290)
2021	BLDC Motor, Door heater controller, Ceiling powerless air circulation fan test
2022 (Goals)	REMS Test, Door heater controller expansion test (new appliances), Inverter technology (new appliances) Coffee waste recycling deck (Seoul*)

◇ Industry's First Environmental Green Store Certification

Seocho Green Branch is the first Green Store and is the first in the industry to be certified as a green store by the Korea Environmental Industry and technology institute under the Ministry of Environment. The green store designation system is selected by reviewing and evaluating stores that have contributed to promoting ecofriendly consumption by expanding opportunities to access green products to consumers. Also, CU nationwide, including Green Store, contributes to the activation of green products by continuously expanding the operation of products that minimize greenhouse gases and pollutants, such as environmental labeling products, excellent recycling (GR) products, and low carbon certification products.

◇ Introduction of Environmental Improvement Facilities and Appliances

Category	Applied Items	Effect
Energy/Resource Reduction	Free-Flow system Refrigerator showcase BLDC motor Beverage showcase door heater controller Insulated glass and ceiling non-powered circulation fan Retail Energy Management System (REMS) Water-saving faucet	8.5% reduction in power usage 41.9% reduction in power consumption compared to the previous year (introduced 1,227 stores in 21 years) 97.7% less power consumption than before (899 stores introduced in 21 years) Increase cooling/heating efficiency Monitoring power usage, controlling air conditioner (store testing) 5% reduction in water usage
Hazardous Substances Reduction	Natural Refrigerant Outdoor Machine Natural Refrigerant Frozen Food Showcase Ecofriendly finish Air cleaning system	Global Warming Index (GWP) decreased by 99% 99% GWP reduction, 39kw/month power savings Formaldehyde dissipation 0.5mg/L Below, eco-friendly grade E0 81% reduction in fine dust compared to the previous one
Waste Reduction	Food waste disposal machines	Ecofriendly microbial decomposition food waste disposal machines (store testing)
Reuse	Repairs and reuses of closed store withdrawals Coffee Waste recycling deck	Operation of reuse criteria to reduce waste equipment Manufacture and test of deck finishing materials using coffee grounds
Recycle	Reinforce recycling function of garbage cans	Improved recycling function (introduced a total of 848)

PLANET_Reducing Greenhouse Gas Emissions

Green Purchase

BGF Retail establishes and operates a green purchase policy and process to create and spread environmentally friendly products and green consumption culture for consumers. In addition, BGF Retail participates in the "Green Consumption-ESG Alliance," a multilateral consultative body organized by the Ministry of Environment and the Korea Environmental Industry and technology institute, to create a culture to promote the consumption of green-certified products.

Green Purchase Methods

- 1) Implement environmental management vision and policies by activating the purchase of green products
- 2) Minimize waste of resources and environmental pollution by activating the purchase of green products
- 3) Fulfill corporate social responsibility through the purchase and consumption of green products

◇ Scope of Green Products

Environmental Mark

Provide consumers with good environmental information about the products



Environmental Performance Mark

System that quantitatively displays and certifies environmental information throughout the production process

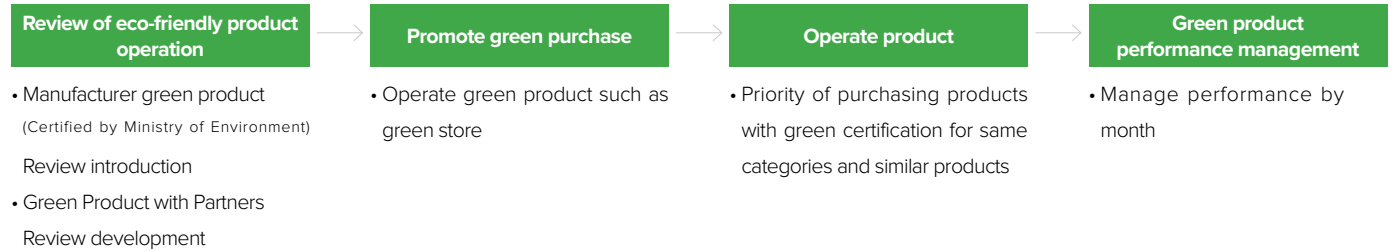


Low-carbon Products

Grant excellent product with reduced carbon emission that is shown through value among the certified products



◇ Green Purchase Process



◇ Sales of Ecofriendly products (Green Products) in CU

BGF Retail continuously manages the purchase and sales history of green products to establish green consumption culture. It plans to change the supplies and consumables used by its employees to eco-friendly certified materials in 2022.

Category	2020		2021	
	Number of operating products (types)	Sales amount (1,000 won)	Number of operating products (types)	Sales amount (1,000 won)
Environmental Mark	14	1,400,506	27	2,132,200
Environmental Performance Mark	6	26,648,316	25	234,603,144
Low-carbon Products	9	50,181,451	6	22,273,092
Carbon Footprints	25	68,022,977	18	44,431,183
Total	54	146,253,252	76	303,439,620

Source: BGF Retail Product Sales Data

PLANET_Reducing Greenhouse Gas Emissions

Green store

◇ Green Infrastructure to Reduce Carbon Emissions



CU opened a two-wheeled battery charging station in collaboration with a green mobility charging solution company to commercialize e-Mobility, electric energy-based transportation that is attracting attention as eco-friendly transportation and some stores are operating the service. This service can be replaced by a fully charged battery stored in the battery station when the electric battery, which is the fuel for the electric motorcycle, is used up. The returned battery is a virtuous cycle structure that can be recharged at the station and used by others. After reviewing the effectiveness of BGF Retail, it plans to expand sequentially around Seoul and the metropolitan area. Also, BGF Retail introduced the industry's first electric vehicle charging service in 2017 and is currently operating at over 30 CU stores nationwide. It is the industry's first electric vehicle delivery vehicle.

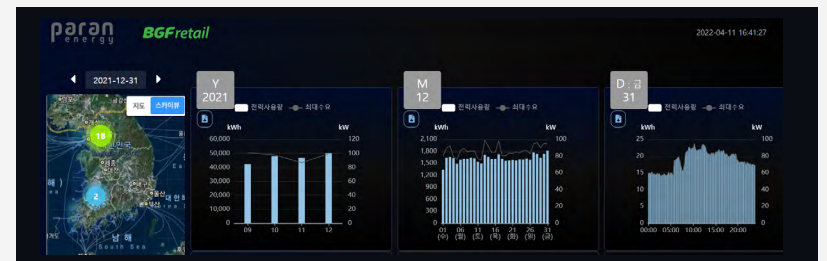
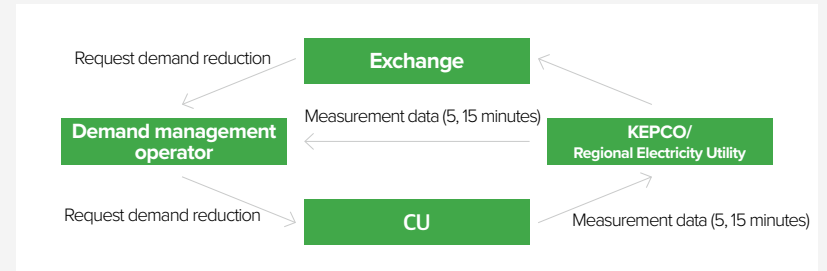


“Carbon Neutrality” MOU between BGF Retail – Ministry of Environment

In October 2021, BGF Retail signed a "business agreement to spread the practice of carbon-neutral life" with the Ministry of Environment to carry out various campaigns to help consumers practice carbon-neutral in their daily lives. In particular, we are conducting an eco-friendly 3L campaign with franchise owners and executives, and employees participating in the "Love Earth Contest," which shares know-how to reduce greenhouse gas in stores, "Creating an Urban Forest" and "Planting Trees in Jeju." To revitalize the participation of the people, we inform the rules of carbon neutrality and the carbon-neutral practice point system through CU SNS and payment terminals (POS).

Reduce Use of Power through Participation of Public DR (Demand Response)

BGF Retail is the first in the franchise industry to participate in the 'Energy Comma Campaign (Public DR)' organized by the Korea Exchange to reduce electricity consumption. A total of 20 directly managed stores participated in the energy comma campaign, which began in November 2021. Based on the analysis of the amount of electricity used in the store operation, various tests for energy reduction were conducted to derive power reduction solutions. Through this, participating stores have conducted a total of 18 voluntary energy-saving activities, such as controlling the temperature of heating and cooling devices, when requesting emergency cooperation in power supply and demand due to the forecast of electricity supply or fine dust.



BGF Retail-Korea Energy Corporation, Optimal Temperature Best Practicing Store System

BGF Retail participated in the "Optimal Temperature Best Practicing Store" campaign organized by the Korea Energy Corporation to spread the energy reduction practice culture that merchants and consumers practice together. In particular, during the winter and summer seasons, when energy use increases, franchisees-centered guidance on compliance with appropriate temperatures is conducted twice a year, and SNS campaigns for how to save energy and comply with appropriate temperatures are regularly conducted for the people.

Reducing Plastic/Disposable Product Usage

To comply with the Act on the Reduction of Land and Sea Waste and the Promotion of Resource Saving and Recycling caused by excessive use of plastics and disposable products, BGF Retail has established a 50% plan to reduce plastic and disposable products by 2025.

2021 Achieved Goals

Plastic/Disposable use reduction		
2021 Goal	2021 Performance	Achievement Rate
Reduced 1,330 tons	Reduced 1,453 tons	109.2%

2022 Goals

- Establish a plastic emission index management system
- Reduce 120% year-on-year plastic usage
- Establish reduction plans for plastic/disposables (BGF Foods)

Mid-to Long-term Goal (~2025)

- ZERO plastic bags
- Reduce 50% for disposable and plastic consumables (compared to 2020)
- Change good packaging to PLA material
- No labels on bottled water (including NB)

Improvement of the environmental performance of PL products

BGF Retail identified a group of products made of plastic packaging materials, including simple food (lunchbox, kimbap, sandwich) packaging containers, PL bottled water, and plastic disposable consumables, and changed them to biodegradable resin materials, thereby reducing plastic usage by about 1,453 tons. To improve the environment of packaging materials, BGF Retail will continue to conduct packaging material application tests with various materials to reduce the use of plastic and disposable products.



Operation of Label-free PL mineral water with Minimal packaging material

In 2021, all 3 items (500ml, 1L, 2L) of PL bottled water were converted into No Label packages. This reduces plastic waste by using only about 54.5% of packaging materials compared to conventional bottled water products and facilitates resource recirculation activation with ease of separation and discharge without separation of labels. In the future, BGF Retail will innovatively reduce plastic packaging materials with various concerns and environmental design to reduce waste.

◇ Status of PL Products by Packaging Type

Category		2020년		2021년	
		consumption of Packaging material (tons)	'excellent' proportion of Recycling grade	consumption of Packaging material (tons)	'excellent' proportion of Recycling grade
synthetic resin	PET bottle	860	66.5%	1,127	98.6%
	Other single material containers	895		1,760	
	Composite material and film-type packaging	1,693		752	
	PLA	-		1,174	
glass bottle		243		196	
carton		213		237	

PLANET_Reducing Plastic/Disposable Product Usage

Coffee Packaging, from Plastic to Paper

To reduce the amount of plastic used in daily life, BGF Retail has changed the instant coffee (CAFE-GET) packaging sold at CU from plastic to paper. BGF Retail has been using Rain Forest Alliance certified eco-friendly coffee beans since 2019 to help customers engage in eco-friendly consumption activities. Coffee bean packaging materials have also changed in the order of paper straws, intangible light, non-repellent, bleached craft cups, and paper lids. In particular, the paper lid, which was introduced in December 2021, is made of paper, but it has an excellent heat resistance and waterproof properties, so it can withstand up to 120 degrees. Unlike PP (polypropylene) lids, there is no deformation such as shrinkage or expansion when heated. All packages used in coffee beans are expected to produce no plastic waste due to batch paper emissions, and 100 tons of plastic reduction per year is expected when all stores are introduced.



PL Snack Packaging Ink Usage Reduction

BGF Retail has worked with various manufacturers to improve the environment of the PL snack packaging package to enhance the eco-friendliness of the snack product package, which has a total of 20 items. Generally, the contaminant reduction ink was applied to the film packaging material to reduce harmful components, and the existing package made of intaglio copper plate was changed to an embossed resin plate to reduce ink usage to less than 50%. In particular, the snack package using ethanol ink has obtained a green certification mark given by the Ministry of Agriculture, Food and Rural Affairs and the Green Certification Office.



Reducing Waste and Expanding Recycling

BGF Retail strives to minimize environmental impacts through efforts such as business activities and minimization and recycling of waste generated in the supply chain. Also, we are conducting various eco-friendly campaigns and activities to contribute to improving the quality of the environment in the community through the virtuous cycle of resources at CU stores, and conduct consultations and improvement activities with various companies and institutions to fundamentally solve waste problems.

2021 Achieved Goals

2021 Key Goals	Performance
100% packaging for PL products recycling grade	Applied 92.5% Process improvement and testing Testing in progress
Reduce loss of raw material	Operating raw material loss process
Expand installation of food waste disposal machines in CU stores	Food waste disposal machines testing

Goals for 2022

- Coffee Waste Deck (Seoul Areas)
- Achieve 50% stores that operate Green Save
- Expand recycling and reduce wastes for BGF Food
- Continue to test and expand food waste disposal machines in CU stores

Mid-to Long-term Goal

- Use PLA material on all food packaging ("~2025)



Coffee Waste Recycling Deck

CU reduces waste and the occurrence of harmful gases, and the newly introduced coffee waste recycling deck uses the waste 100% in recycling way. Around 150,000 tons (as of 2019) of coffee wastes are generated on average in Korea as Coffee-by-products left after extracting coffee beans and about 338kg of carbon dioxide is known to be emitted when a ton of coffee wastes are incinerated. Also, BGF Retail introduced a recycling deck to reduce the environmental impact of coffee wastes as soil pollution occurs due to caffeine components during reclamation. CU will continue to establish a resource circulation system using coffee wastes discharged from stores, and based on the store introduction test conducted in 2021, CU will start with Seoul areas and expand nationwide by 2024.



Reduce Loss of Food

BGF Retail operates a green save service system at 3,489 stores nationwide to reduce food loss and through precise analysis of sales volume, weather, location, etc., that supports orders for appropriate amounts of convenient foods such as lunch boxes with short expiration dates, and also sells 3,000 beverages, snacks, and HMR products at discounts up to 50% for the products with short expiration dates. CU Guro Partners branch, which ranked first in green save service sales, saw their disposal rate of general foods such as bread and dairy products decrease to close to 0% while sales rose by 10%.

In addition, a total of 30 kinds of food waste disposal machines were tested to dispose of waste generated by the expiration of the expiration date. In October 2021, we signed a joint business agreement with a specialized company for food waste disposal machines and are conducting tests to reduce food waste emissions. Based on the results of a variety of equipment tests that decompose 99% of food waste within 24 hours through a fermentation method using crushed and dried foods and eco-friendly liquid microorganisms, we plan to develop and introduce optimized equipment that meets the standards of eco-friendliness, operation efficiency, and store operation convenience. On the other hand, sluggish food is provided to the vulnerable through regional food banks early, minimizing food loss and reducing the burden of purchasing daily necessities for the vulnerable.

Performance of Reducing Food Wastes According to Activation of Using Green Save

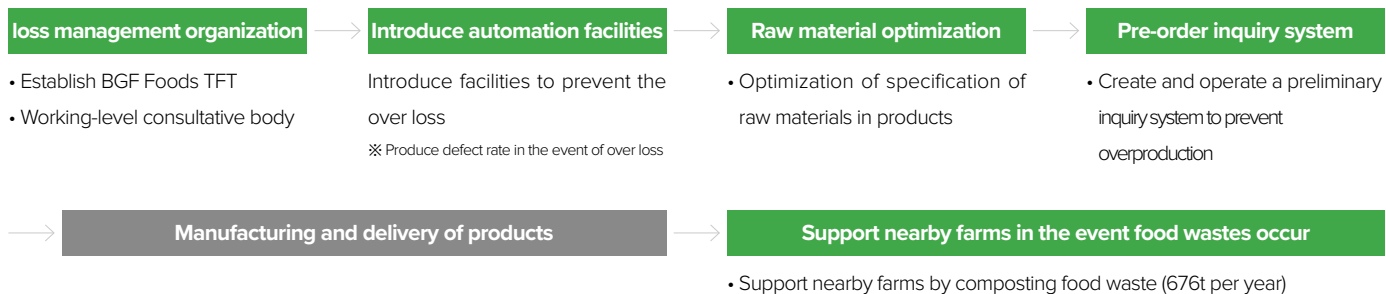
Total		16,022 cases		Total Amount		86,807,000 won	
Category	Snack	Ramen	Biscuit	Dessert	Instant food	Other	
Usage Rate (%)	25.5	14.2	11.7	8.7	8.5	31.4	

PLANET_ Waste Reduction and Recycling Expansion

Reduce Food Wastes

Also, cooperation with BGF Foods, which produces CU instant food, has been strengthened to minimize food loss. To minimize food waste generated in the production and manufacturing process, BGF Foods is working with external specialized institutions to improve the process for managing the loss rate generated in the manufacturing process. By forming a working-level consultative body for loss management between BGF Foods and contractors, R&R for each production, product, and purchase department in BGF Foods is established and operated, and the occurrence of raw material loss is minimized. In addition, we are responding quickly to product mix development and raw material issues through organic collaboration with the BGF Retail Convenient Fresh Food Team, which is in charge of launching simple foods. BGF Foods focused on over-loss management and individual improvement activities for raw material disposal management, and by introducing automation facilities, it was applied sequentially in the order of the upper level of raw material loss to improve the loss. In addition, by introducing a pre-order inquiry system, excessive production compared to orders is avoided to minimize the occurrence of food waste. The raw material loss rate in the FF sector in 2021 is 17%, and the plan for 2022 is 16%. Raw material loss and waste volume generated at the entire BGF Foods Center (Jeonbuk, Jincheon, Jeju Center) are supported by farms through composting.

◇ Food waste reduction process



Water Resources

Water resources are essential for production and business operation. The use and disposal of water resources can affect the biodiversity of business site and is closely related to the risk of natural disasters such as floods and droughts. One of our business sites, including our Critical tier 1 suppliers, is located in an area with water shortage. We plan to use the CDP water resource assessment method to identify water resource risks and setup response strategies by 2025.

◇ Status of business sites in water resource risk areas

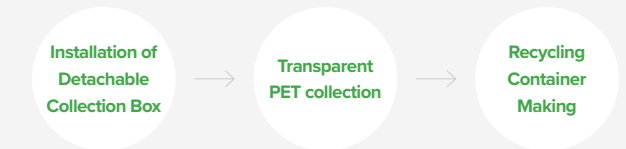
Category	Water consumption (2021)	Sewage volume (2021)	Remarks (risk level)
BGF Foods Jeonbuk (Wanju-gun, Jeonbuk)	67,738tons	57,507tons	Aqueduct Water Risk Atlas (Medium - High)

Be Green Friends

Transparent plastic waste into cosmetic containers!

BGF Retail participated in the process of recycling waste transparent PET bottles into post-consumer recycled (PCR) containers and eco-friendly goods in collaboration with cosmetics manufacturers. To promote customer participation, SNS ecofriendly practice certification was implemented, and eco-friendly separate collection boxes were installed and operated at BGF retail offices and CU stores to collect waste transparent plastic bottles collected by electric vehicles and deliver them to factories.

◇ Recycling Process



Recycled paper bag. Use it more than 3 times

In collaboration with companies in Jeju, BGF Retail is carrying out the "We Make Green Jeju Campaign", which uses recycled paper bags at 150 stores in Jeju from 2020 to the present. The paper bag can be separated and discharged as paper, so it is less environmentally burdensome than plastic bags, and at least 6.75 million plastic bags can be reduced when customers use the paper bags more than three times. In addition, considering the rapid increase in mask waste due to COVID-19, we are using one side of a paper bag to guide the correct disposal method.

◇ Jeju region recycled paper bag performance

Category	2021	2022
Quantity of recycled paper bags used	2.25 million	1.80 million
Increase of paper bags	22.5tons	18.0tons

Ecofriendly Management Together

Creating an urban forest



Urban forest effect according to research by the National Institute of Forest Science



By preventing the movement of fine dust, the average temperature during the middle of summer is eased by 3 to 7 degrees, and the humidity is increased by 9 to 23 percent



Functions to reduce air pollutants such as fine dust

- 25.6% reduction in fine dust and 40.9% reduction in ultrafine dust
- 1ha of forest is air pollutants including 46kg of fine dust per year 168kg adsorption/absorption
- (BASED ON PLATANUS) ABSORPTION OF AN AVERAGE OF 664 KCAL OF LEAVES 1m² PER DAY

= Equivalent to a five-hour operation of five 15-pyeong air conditioners



Prevents flooding
Prevents drying out by increasing relative humidity

BGF Retail is participating in urban forest creation activities as a solution to reduce carbon emissions and large forest fires that have occurred frequently recently due to weather changes caused by climate change. BGF Retail participates in the "Create 100 Forest by Raising Seeds" campaign organized by the Noeul Park Citizens Gathering Inc., and creates two urban forests (BGF Forest of Good Friends, CU Win-Win Forest) in Sangam-dong, Seoul, and conducts regular volunteer activities with franchise owners and employees.

◇ Acorn Tree of Hope

As face-to-face volunteer work has become difficult due to COVID-19, BGF Retail is conducting a non-face-to-face activity of "Acorn Tree of Hope" where acorn seeds are grown at home and returned to the forest. In 2021, an acorn tree raised by 177 people, including franchise owners and executives, and employees, was planted in two urban forests in Noeul Park and could go back to the forest.

Planting acorn trees with franchisees/employees



<Pulling acorn trees>



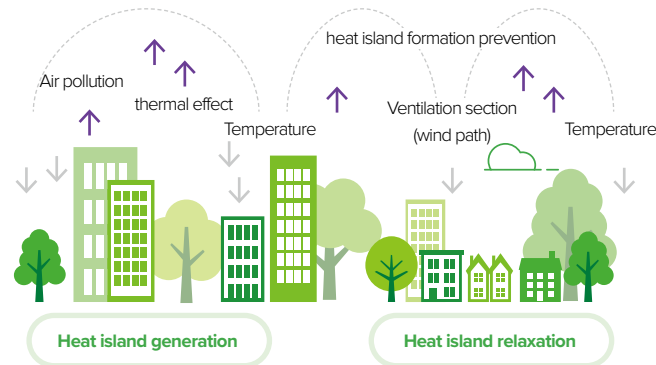
<Moving acorns>



<Planting acorn trees>



<Acorn tree for 2 to 3 years>

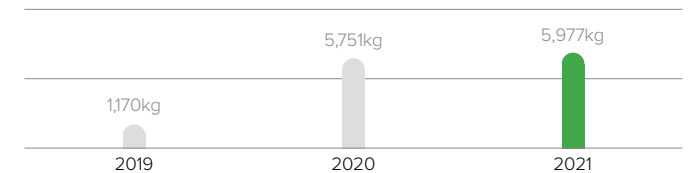


National Park Ecosystem Protection Activities 'Green Campaign'

BGF Retail supports the creation of a clean national park environment through the Green Point partnership with the National Park Service. The National Park is visited by 35 million visitors a year and supports hikers' plogging activities through Green Point activities of the National Park Service. In addition, through the CUAPP donation point system, the National Park Environmental Improvement donation campaign is held throughout the year, and a customer-led environmental donation culture is being created.



◇ National Park Green Campaign Performance (Garbage collection in National parks) (kg)



※ Green Point : Points earned by visitors to national parks according to the weight of garbage collected voluntarily

PLANET_ Ecofriendly Management Together

Creating Paperless Forest by preventing yellow dust and desertification

In 2012, BGF Retail signed the "Environmental Fund Creation Agreement by Not Outputting Credit Card Paper Receipts" with the Ministry of Environment, Korea Institute of Environmental Industry, and BC Card, and has created environmental funds and supported forest development projects through processing innovation. The forest development project targets areas where yellow dust flows into the country and aims to solve common human problems caused by climate change and desertification. In 2021, 72,000 copies of *Populus simonii* Carr. and others were planted in 25ha of the Kubuchi Desert in Mongolia, and in Mongolia, 10,000 plants were planted, including fruit trees and Chargan, in 10ha of I-mak in Arkhangai and Som in Ugii Nuur. A total of 448,131 trees were planted by 2021.

<A Study on the Sources of Yellow Dust in Northeast Asia to Reduce Fine Dust>

Ministry of Environment, 2020

- Carbon storage during soil restoration: 4.51kgC/m²
- Carbon storage per tree source area: 0.061 kg C/m²

Through the paperless ecological forest created in 2021, The carbon storage is about 1,578tC, and when 72,000 trees are planted, the carbon storage per tree source area is 6.88tC

Mongolian Green Ger Support



BGF Retail has been supporting the CHIPS (Cooking, Heating and Insulation Products and Service) project since 2021 based on the BGF Retail's donation to the "Collecting Coins of Love" fund donated by customers through 16,000 store platforms. The project is aimed at converting one of the fundamental causes of severe air pollution in Mongolia, the Ger coal stove, into an electrical system. Thermal comfort, stability, and cleanliness can protect the health of women and children in particular. Through the project, BGF Retail will support the installation of eco-friendly and efficient ger in 500 households and 10 kindergartens by 2023, and will create environmentally friendly jobs for Mongolian residents in the process of installing ger. In addition, to maintain smooth business operations in the region from a mid-to-long-term perspective, we are collaborating with central governments such as Mongolia's UNICEF and Mongolia's Ministry of Environment and Tourism, local governments (Ulaanbaatar, Bayanzurkh District, and Songino Khaikhan District Office), civil society groups, and academia (Mongol Science and Technology University) in 2021. There are 45 households supported by CHIPS.

* Ger: Mobile tent of Mongolians

Ecofriendly 3L Campaign with Franchisees

BGF Retail participates in the Ecofriendly 3L Campaign with the franchise owner who runs the CU store. In July 2021, the store held a "Love Earth Contest" for franchisees, including detailed activities such as compliance with appropriate temperatures, compliance with separation emissions, saving standby power, and shared store energy and resource-saving know-how. Also, we provide acorn kits that can be raised at home for franchise owners and employees who practice carbon neutrality in real life and certify them, and we conduct eco-friendly virtuous cycle activities to return grown trees to urban forests.



Eco-friendly social contribution in connection with the local community

To address climate change by raising the carbon absorption function of the forest and reducing fine dusts by Composing green areas centering the Jeju Island* and "Aewol-dan", an environmental civic group in Jeju Island, BGF Retail launched the "Plant a Tree of Hope" activity to plant seedlings on the ground of small trees and also launched "1person – 1 life – 1 tree Project".

PARTNER

BGF Retail steps forward in eradicating unfair trade such as monopolies and unfair trade. We continue to strive for a sound and win-win industrial ecosystem through cooperation with partners merchants, and local communities.

REPONSIBLE BUSINESS-ORIENTED FAIR TRADE

BGF Retail introduced the Fair Trade Autonomous Compliance Program (CP) in 2009 and strives to implement fair and free market competition to comply with the Fair Trade Act and meet market competition orders. We also focus on the importance of fair trade through CEO messages and compliance training, and we will continue to do our best to fulfill the role of corporate citizens.

Fair Trade Principles

BGF Retail introduced the Fair Trade Autonomous Compliance Program (CP) in 2009 and strives to implement fair and free market competition to comply with the Fair Trade Act and meet market competition orders. We also focus on the importance of fair trade through CEO messages and compliance training, and we will continue to do our best to fulfill the role of corporate citizens.

BGF Retail declares autonomous compliance with the fair trade law to eradicate unfair practices in task operation and for fair trade order as below

One, we prevent unfair transactions in advance through fair and transparent task performance.

One, we establish a fair trade order on the basis of mutual trust with partner companies.

One, we do not direct, engage in or overlook any behaviors of unfair trade.

One, we do our best to operate fair trade autonomous compliance programs in exemplary way.

One, we contribute to the individual and corporate development by striving to establish fair trade culture.

- We shall not abuse our superior position toward the partner companies or force unfair acts upon them. (Article 7 (1) of the Code of Ethics)
- We shall seek mutual growth by providing legal support for the partner companies to grow with competitiveness. (Article 8(2) of the Code of Ethics)
- We provide equitable opportunities to all of our partner companies based on the spirit of mutual trust, pursuing shared growth as we identify them as strategic partners for business promotion. (Article 3 of the Code of Ethics)

Fair Trade Autonomous Compliance Program (CP)

BGF Retail Fair Trade Autonomous Compliance Program is an internal compliance system established and operated by itself in accordance with the ‘Fair Trade Autonomous Compliance Standard’ and includes training and inspection to prevent violations of fair trade-related laws. The communication department is in charge of BGF Retail’s self-compliance with fair trade and conducts compliance activities such as fair trade training, counseling, and inspection for executives and employees. Also, we have introduced and operated an additional self-compliance council along with eight requirements of the Fair Trade Autonomous Program recommended by the Fair Trade Commission. BGF Retail is establishing a fair and transparent corporate culture through the Fair Trade Autonomous Compliance Program (CP) by spreading the sense of fair trade, preventing risks, and post-processing.

◇ CP Training/Evaluation

All employees of BGF Retail complete CP training and participate in the evaluation every year. As a result of the evaluation, the employee’s understanding of the franchise business law, the large-scale distribution business law, and the subcontracting law increased evenly, and executives and employees were found to be aware of the need for self-compliance with fair trade. However, it was analyzed that the sense of crisis that violations related to fair trade could occur in our company has decreased. Therefore, when CP training is conducted in 2022, we will focus on supplementary education on improving risk awareness.

Classification	2020	2021
Franchise Business Act Evaluation Score	96.3points	97.9points
Large-scale Distribution and Subcontracting Act Evaluation Score	80.9points	97.7points

※ Evaluation Period: From December 29, 2021 to January 10, 2022

Compliance Training

Business partners, employees (SC, SP, MD) in charge of franchise business, and positions are regularly trained in compliance with fair trade and unfair practices in the franchise and distribution sectors.

Classification	2019	2020	2021
No. of Training	13times	2times	4times
No. of Participants	460people	45people	273people

※ Reduction or cancellation of training due to restrictions of face-to-face training due to COVID-19.



BGF Retail Declaration of Fair Trade Autonomous Compliance

BGF Retail declared its plan for ethical management in 2005, for transparent and righteous corporate management based on distinguished business goals and proclaimed its determination to set examples of fulfilling corporate social responsibility. We have strived for the settlement of fair competition order and sound market economy order internally and externally. But the fundamental objective we seek through the introduction of the Fair Trade Autonomous Compliance Program is not just preventing disadvantage from legal violation; but it is for establishing the organizational culture where all employees prioritize customers while operating tasks and build a trustful relationship with the partner companies as they seek fair competition.

We have done so, not just as a slogan, but as we believe that fair transactions practice is the core engine that secures competency of BGF Retail and brings coexistence and development for the global competition.

All employees shall understand the to-be completed autonomous compliance handbook to prevent disadvantages against customers and the company due to unfair actions. Furthermore, we promise to do our best to develop as an Excellent CSV Corporation that actualizes the values of customers and franchise stores.



PARTNER_A SUPPLY CHAIN GROWING TOGETHER

A SUPPLY CHAIN GROWING TOGETHER

BGF Retail aims to grow and develop the entire supply chain of BGF Retail together based on its vision of shared growth as a comprehensive distribution service group through shared growth with partners. To this end, we strive to pursue the competitiveness and sustainability of our partners at the same time, at all stages of selecting and operating their partners, and we strive to manage the various risks that arise from the supply chain and to create a framework that minimizes the business impact.

A Responsible Supply Chain

BGF Retail aims to practice ESG management with partner companies to realize a sustainable society. Therefore, all partner companies are required to comply with laws and regulations related to human rights, environment, safety and health, and ethics, as well as to comply with BGF Retail's partner company codes. We will continue to support the improvement of the labor environment of our partner companies and communicate transparently so that BGF Retail's ESG management policy can be reflected in the subordinate partners of the tier 1 suppliers.

◇ Status of Commodity Supply Partners

Classification	2019	2020	2021
No. of Companies	541	577	599

※ Based on Performance for Purchase Amount of Goods

◇ Identification of Critical suppliers

In accordance with the franchise agreement, the merchant receives the goods and services purchased from the manufacturer by the franchise headquarter, BGF Retail. The merchant plays a key role in the business model of BGF Retail because it has a business structure that receives the merchant's sales profit at the consumer contact point at the agreed rate. In addition, PL products are becoming differentiated products that continuously attract customers and improve profits from product sales, and as it increases, we identify the suppliers that supply goods to BGF Retail as the Primary key

Suppliers of private label (PL) products. For Critical non-tier 1 suppliers or higher suppliers, the business model identifies them as CU franchisees and directly managed store. This is due to the characteristics of the business model of BGF Retail, which operates a convenience store franchise business, not the manufacturing industry. In accordance with the franchise agreement, the franchisee is responsible for receiving goods and services purchased by the franchise headquarter, BGF Retail, and providing them to consumers. Since consumers recognize CU franchisee, a B2C channel, as a BGF retail, it is analyzed that it plays a key role in managing supply chain risk.

Classification	No. of companies	No. of companiesPercentage out of total purchase cost
Total tier 1 suppliers	79	-
PCritical tier 1 suppliers	30	23.5%
Critical non-tier 1 suppliers	15,855	-

※ Critical tier 1 suppliers : Top 30 PL product manufacturers based on transaction amount

※ Critical non-tier 1 suppliers : CU (Franchise and Direct Branch)

Supply Chain ESG Management

In addition to quality and financial status, we check non-financial areas utilizing ESG checklists of partners when selecting new partners. The checklist was established based on the guidelines of ESG evaluation agencies such as ISO26000 and KCGS and consists of environment-labor-human rights-safety-health-consumer-community participation, etc. Since 2021, all partners that require registration for new transaction have been conducting self-evaluation utilizing this checklist, and we strive to establish a sustainable supply chain through a three-step process from supplier registration to performance evaluation and follow-up management. However, as of 2021, due diligence has been carried out focusing on product quality and hygiene (including compliance check with relevant laws), unfair trade, and basic human rights issues, and by 2023, we will be establishing and applying a supply chain risk management system including due diligence for all partners. Also, the critical non-tier 1 suppliers, each CU franchisee, is managed by the Sales Manager, the Store Consultant, based on the franchise agreement.

◇ Supply Chain ESG Management Process



◇ Status and Plans of Supply Chain ESG Evaluation (Due Diligence)

- ▶ Establish environmental policies and goals
- ▶ Environmental training for executives and employees
- ▶ Purchase eco-friendly products and services
- ▶ Activities for responding to climate changes
- ▶ Water/waste reduction activities
- ▶ Respect and protect human rights
- ▶ Human rights training
- ▶ Improve consumer satisfaction
- ▶ Activities for social contribution

New Partners (2021~)

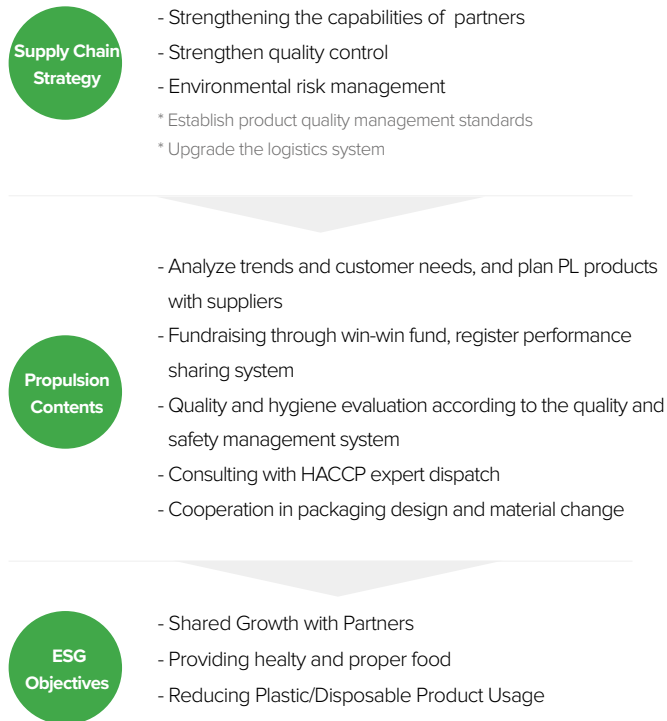
- ▶ Quality and Sanitation Management
- ▶ Compliance and licensing with relevant laws and regulations
- ▶ Unfair Trade
- ▶ Manage respect for human rights

Existing Partners

Expand entire areas of ESG including environment, safety, human rights, and ethics (2023~)

PARTNER_A SUPPLY CHAIN GROWING TOGETHER

◇ Supply Chain Strategy and ESG Objectives Association



Shared Growth

BGF Retail operates various shared growth programs to realize shared growth with partners, and establishes and operates channels to listen to opinions of partners.

In a fair and transparent trading culture, we strengthen technology, product development, quality, and price competitiveness through mutual cooperation, creating virtuous cycle in which the growth of BGF Retail leads to the growth and development of BGF Retail.

Win-Win Cooperation with SMEs

BGF Retail operates win-win cooperation programs in various fields such as training, funding, and market development to strengthen supply chain competitiveness and grow with various SMEs. As a result, we have obtained an “Excellent” grade in the evaluation of shared growth index, which combines the comprehensive evaluation of shared growth and the implementation evaluation of fair trade agreements.

◇ Results of Shared Growth Index of the Last 3 Years

Classification	2019	2020	2021
Grade	Good	Normal	Excellence

※ Mid to Long-term Target Grade for 2025: Top flight

Also, in June 2021, for the first time in the industry, we signed an MOU to introduce a shared growth mall with the Small & Medium Business Distribution Center (SBDC), a public institution under the Ministry of SMEs and Startups to improve win-win cooperation and employee welfare, and we promised to participate in purchasing products from SMEs and contribute to the win-win cooperation. The Shared Growth Mall is a win-win online shopping mall where employees of private companies and public institutions can purchase SME products at a reasonable price using welfare points, and the Shared Growth Mall has 50,000 types of SME products.

BGF Retail encourages employees to use the Shared Growth Mall and also encourages employees to use the Shared Growth Mall by promoting accessibility through reflecting separate access banners on the in-house internet and informing recommendation of daily products such as special prices and hot deals.

Development of Program for Shared Growth with Partners

BGF Retail supports financial and educational training to create a sound corporate ecosystem through sincere shared growth with SMES, finds cooperative management tasks to secure markets, and communicates with partners to find shared growth models.

Also, CU FOOD SAFETY DAY event is held for the quality and production management managers of SME suppliers and we provide <Quality Management Consulting Support from PB Product Manufacturers>, <Guidance Inspection to Enhance Competitiveness of Companies that do Not Meet Standards> and <Expert Dispatch Consulting to Acquire HACCP>, etc.

◇ Performance by Major Programs in 2021

Items	Contents
e-Learning	2,473 contents provided for 143 companies
Special Lecture for Management	43 partners (January, 2022)
Quality/Sanitation Training	Total 2 times
Performance Sharing System	Total 10 cases
Win-win fund operation	Total 13 billion won (6.3 billion won loan)
Pre-payment of transaction price before holiday	2 times (74.2 billion won for 224 companies)
Visiting VOC	3 times
Monitoring Partner Survey	2 times
Hanmaeum Trekking	Not conducted due to COVID-19
Support for Securing Sales Channels	Introduction of Shared Growth Malls

Franchise Win-Win Management

BGF Retail is based on shared growth of franchisees and headquarter, unlike other franchise businesses, in the form of receiving franchise fees from sales profits generated through product sales without taking distribution margins during the product supply process. Accordingly, the franchisor headquarters is striving to develop high-quality stores, improve profitability of existing stores, and is making various efforts for the mutual development of franchisees.

Franchisee Win-Win Agreement

BGF Retail has signed a win-win agreement once a year since 2017 for all franchisees and has supported strengthening franchisee partnerships and improving store competitiveness. In the 2022 Franchisee Profit-Enhancing Win-Win Plan announced in December 2021, it identifies the strategy to enhance store competitiveness and enhance profitability, and is characterized by a system that supports actual sales improvement of franchisees.

◇ Status of Franchisee Win-Win Agreement during the last 3 years

Classification	2019	2020	2021
Rate of signing	99.2%	99.5%	99.7%

Also, we operate industry-leading win-win/welfare programs for franchisees, including corporate condos/resort support, exclusive welfare mall operation, comprehensive health checkup support, frozen/refrigerated food damage compensation insurance, product liability insurance, 10 billion won win-win fund support labor/legal/tax/counseling support, and safe work insurance, etc.

◇ Key Points for Win-Win Plan in 2022 (New items compared to the existing plan)

▼ Increase product order support amount (increase disposal support amount)
▼ New subsidy for introducing new products
▼ Introduce operational incentives
▼ Support for franchisee fire insurance
▼ Free replacement of integrator functional parts
▼ Help consolidate internet lines and reduce fares
▼ Support replacement for signs and lights

Meanwhile, in March 2021, we started to take the lead in protecting the rights and interests of franchisees by declaring a win-win agreement for long-term operating stores with the Fair Trade Commission and the Fair Trade Mediation Agency. The long-term store win-win agreement aims to promote stable contract renewal between franchisees and franchise HQ that have operated for more than 10 years, and to strengthen mutual trust and create a healthy franchise environment by disclosing the process more transparently. Meanwhile, as of December 2021, the number of long-term franchisees operating in CU convenience stores for more than 10 years reached about 2,300 stores.



◇ Status of Long-term Operations during the last 3 years (Number of stores and ratio)

Classification	2019	2020	2021
More than 10 years	762Stores (5.5%)	1,231Stores (8.2%)	1,635Stores (10.3%)
More than 15 years	299Stores (2.2%)	545Stores (3.7%)	642Stores (4.0%)
More than 20 years	10Stores (0.1%)	39Stores (0.3%)	82Stores (0.5%)

Autonomous Dispute Mediation

BGF Retail has established and operated the “Autonomous Dispute Mediation Center”, an organization for deliberation in the event of a dispute occurrence between the Franchise Headquarters and the Franchisees, for the first time in the industry. In applying laws and regulations related to franchise businesses from opening to closing, the “Autonomous Dispute Mediation Center” creates a self-sustaining ecosystem of convenience store franchise business and leads the establishment of the fair trade order by reaching a smooth agreement with the internal system.

As of the end of 2021, a total of 106 cases were received at the Autonomous Dispute Mediation Center of which 87 cases were completed through prior mediation and committee mediation, showing an 82% of the adjustment rate.

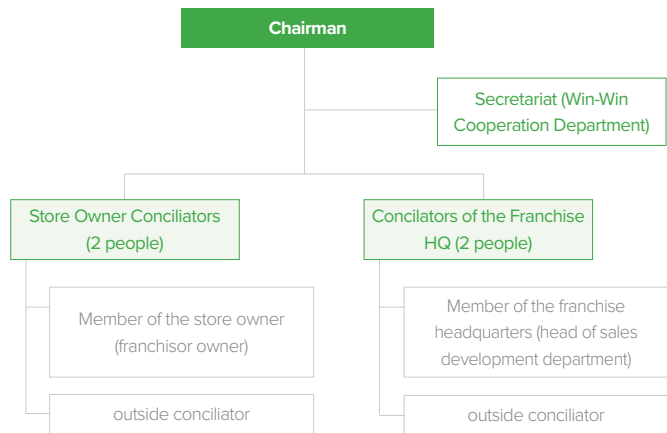
◇ Result of the Autonomous Dispute Mediation Committee over the last 3 years

Classification	2019	2020	2021
Mediation	7cases	5cases	11cases

The Mediation Committee consists of five members, including the conciliators from franchisees (Elected by vote), the conciliators of the Franchise Headquarter and outside conciliators; outside conciliators are appointed as experts of the franchise business, including law professors and lawyers.

PARTNER_FRANCHISE WIN-WIN MANAGEMENT

◇ Composition of the Autonomous Dispute Mediation Committee



If a franchisee applies for dispute mediation by registered mall, it is agreed and resolved through certain procedures such as prior mediation and deliberation, and the final dispute resolution is unanimously decided by the mediation committee.

◇ Autonomous Dispute Mediation Flow



Win-Win Council

BGF Retail communicates with franchisee win-win association, such as franchise business organizations, by holding subcommittees and representative meetings. In 2021, a total of 36 meetings were held, and improvements were discussed and applied to the practice by six divisions each quarter.

◇ Number of Win-Win Councils held during the last 3 years

Classification	2019	2020	2021
No. of events held	6times	3times	36times

Improving Franchisee Sales

BGF Retail provides customized solutions for franchisees suffering from sluggish sales due to changes in commercial districts, poor operation, and deterioration of facilities through the CU Jump Up Project. A total of 643 stores increased their sales by 8% year-on-year through intensive management in 2021.

We also established a new system for store owners, serving as a “CU Franchise Research Institute” to propose additional ideas through pre-testing and verification on studies on store improvements.

Expansion of Support for Franchisees’ Operations

BGF Retail provides free support for CU school systems that are easy to manage, such as emergency demand system services for franchisees and staff commuting, salary calculation, and expiration dates. Also, BGF Retail pays the franchisee’s settlement amount ahead of the scheduled date every year before holidays such as Lunar New Year and Chuseok.

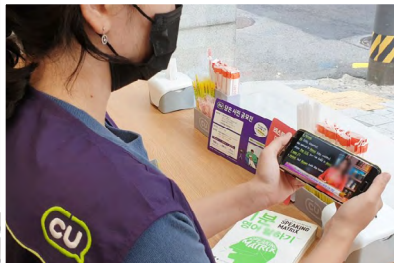
Reinforce Communication

BGF Retail utilizes various channels and contents, including videos, to promote communication between the franchise headquarter and franchisees and to improve sales. Following the “Franchisee Creator” system to help franchisees communicate with the MZ Generation customers, in March 2022, we further strengthened interactive communication with franchisees through "CU On Air", a live broadcast that guides product trends and operating points. Meanwhile, in order to check and improve communication deficiencies that may occur in the preparation of new stores such as franchise contracts and construction, we conducted a survey and on-site visit to about 3,000 new stores that opened in 2021 or scheduled to open. After recording complaints received, we provided feedback each store.

PARTNER_FRANCHISE WIN-WIN MANAGEMENT

Staff Support Program

BGF Retail supports the stable operation of affiliated stores by providing various welfare benefits not only to CU franchisees but also to directly managed stores and staff working at affiliated stores. In the case of the employee-only welfare mall, which has been provided to all CU staff for the first time in the industry since July 2021, it is the same platform used by CU franchisees and executive and employees of BGF Group, and the welfare mall offers benefits equivalent to those offered to CU franchisees, including online lower-priced merchandise sales, condos and resort reservations, and discounts on medical services and rentals. Also, the integrated labor management solution “CU School system” that allows clear and easy processing of labor contracts and salary calculations is currently used by about 30,000 employees.



Also, the “CU ACE” system, which selects and awards excellent staff, encourages motivation to work, and selects marketers for employees who are expected to graduate from universities on duty to provide exemption from document screening when applying for BGF Retail. Also, through the “First Class Staff” and CU Angels” system, the staff members who wish to open a CU convenience store are provided with a partial exemption from membership fees.

◇ Staff Support Program

Classification	Main Contents
Staff Mall Offers	Discount for online purchases such as goods and condo reservation
CU School system	Free labor management service (app)
CU ACE	Award for outstanding workers (prize and additional points)
University Student Monitoring	Exempt from document screening when applying for a job after completion
First-class Staff	Provide partial exemption from start-up costs
CU Angels	Rewards for beneficence (partial exemption from prize money and start-up expenses)
Training Support	Provide tuition reduction benefits such as cyber universities
safe-doc	Offers online discounts at hospitals, check-up firms, etc.

CU Angels

BGF Retail rewards CU franchise workers who have exerted good influence by actively contributing to preventing crimes that may occur in local communities such as child abuse and voice phishing, or by actively contributing to resolving community problems such as elderly living alone and starving children.



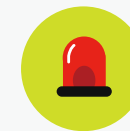
◇ Key Cases of CU Angels Awards in 2021



CU Jangwi Best Branch / Suicide Prevention
Quickly detect and provide first aid to customers who attempt to harm themselves in front of the store, and protect lives by reporting to police and 119.



CU Changwon Ballim Lucky Branch / Voice Phishing Prevention
Suspected a middle-aged female customer's voice phishing crime attempting to purchase a gift card worth 500,000 won and reported to the police, contributing to the arrest of the criminal.



CU Jungnang Dongbu Branch / Protected a Victim of Dating Violence
After safely protecting the woman who was assaulted and evacuated to the store, reported to the police using the POS reporting system.

CU Ansan Bono Sengol Branch / Protect a Woman from Sexual Harassment
Protected a female student who asked for help to the store to avoid sexual harassment from the perpetrator who followed the student to the store, reported to the police.

PARTNER_COMMUNITY SAFETY NETWORK BASED ON CONVENIENCE STORE INFRASTRUCTURE

Community Safety Network based on Convenience Store Infrastructure

BGF Retail continues to engage in Creating Shared Value (CSV) activities that solve social problems based on the business model. We contribute to strengthening the community safety network by implementing a system that enables convenience store CU network and a nationwide logistics infrastructure that supplies goods easily 24 hours a day anywhere in the country to operate as a public infrastructure for the safety of the people.

◇ Status of Public-Private Partnership Programs related to Community Safety Network

Classification	Program	Partners
2009	House for Safeguarding Children	National Police Agency
2014	House for Safeguarding Women	Seoul
2015	BGF Bridge	Ministry of Public Administration and Security
2017	POS Emergency Reporting System (ICU)	National Police Agency
2019	Child Safety Citizen Award	National Police Agency
2021	Dementia Relief Convenience Store	Ministry of Health and Welfare

First Step to Public Infrastructure “House for Safeguarding Children”

House for Safeguarding Children is a public service program operated with the voluntary participation of small business owners in the community to protect children who are exposed to various risks and are targeted for violent crimes in the wake of the 2008 kidnapping and murder of children in Anyang, Gyeonggi-do. BGF Retail has participated in the project since 2009, and about 3,000 stores have been appointed as the House for Safeguarding Children, mainly in elementary schools, parks, and residential areas across the country. In particular, because children's awareness is very important due to the institutional nature of the House for Safeguarding Children, we continue to promote children, guardians, and many citizens in the community to easily recognize the purpose and use the system through elementary school children's safety murals and SNS campaigns.



Expansion of Public Infrastructure Function “BGF Bridge”

BGF Retail considered how to contribute more effectively to society as a corporate citizen in the event of a massive delay or social disaster in the wake of the sinking of a passenger ship in 2014. Therefore, we have developed and operated “BGF Bridge,” a social contribution program based on distribution and logistics infrastructure and capabilities owned by companies. Therefore, BGF Retail signed an MOU for disaster prevention and relief with the Ministry of Public Administration and Security and the National Disaster Relief Association for the first time in the industry, and we conduct leading relief activities by promoting disaster prevention contents through CU convenience stores and SNS channels nationwide and quickly providing relief supplies to areas where disasters have occurred.



◇ 2021-2022 Emergency Aid Support History (Total 11 cases)

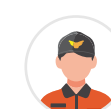
Date	Region	Types	Support History	
January	Songpa, Seoul	COVID-19	Daily necessities	5,034points
	Uijeongbu, Gyeonggi	COVID-19	Daily necessities	3,018points
April	Namyangju, Gyeonggi	Major fire	Daily necessities	3,004points
July	Naju, Jeonnam	Heavy rain and landslide	Daily necessities	3,186points
	Gokseong, Jeonnam	Heavy rain and landslide	Daily necessities	6,112points
	Boseong, Jeonnam	Heavy rain and landslide	Daily necessities	3,346points
January	Seogu, Gwangju	apartment collapse	Daily necessities	6,155points
February	Songpa, Seoul	COVID-19	Daily necessities	8,650points
	Jeonju, Jeonbuk	COVID-19	Daily necessities	3,774points
March	Ulsan, Gyeongbuk	Wildfire	Daily necessities	12,524points
	Ulsan, Gyeongbuk (Wonjeon)	Wildfire	Daily necessities	6,676points

◇ Stakeholder's Mini Interview



“With the public-private partnership with BGF Retail, many companies have become interested in relief activities.”

Disaster Relief NGO Officials



“It was so nice to see people, volunteers, and firefighters help out at the scene of the fire”

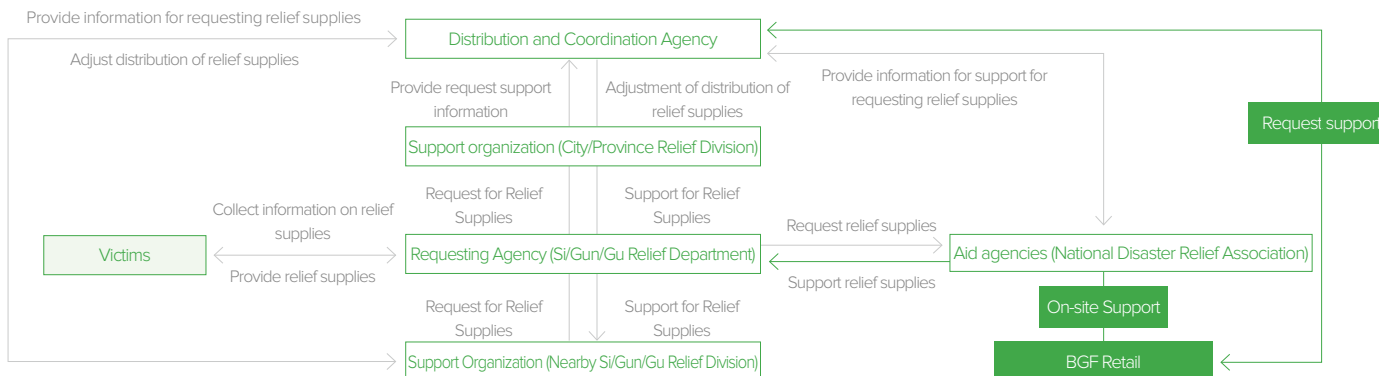
Fire Fighter Mr. Kang of Icheon Fire Station

PARTNER_COMMUNITY SAFETY NETWORK BASED ON CONVENIENCE STORE INFRASTRUCTURE

◇ BGF Bridge Key Initiatives



◇ Emergency Relief Support Process



Emergency Relief Activities in Special Disaster Areas

In March 2022, BGF Retail dispatched a CU-mobile convenience store in Uljin, Gyeongsangbuk-do, where a large forest fire occurred where a special alert was released. CU Mobile Convenience Store was dispatched to Uljin National Sports Center in Gyeongsangbuk-do and Hanul Nuclear Power HQ, where the fire department is located, to provide a total of 20,000 food for victims, firefighters, and volunteers for free.



BGF Retail's mobile convenience store is a convenience store built by specially modifying a 3.5 ton truck to operate in places where temporary convenience stores such as local festivals are needed, and it is the only vehicle in the industry that is operated only by CU.

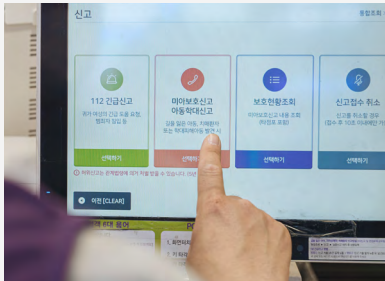
PARTNER_COMMUNITY SAFETY NETWORK BASED ON CONVENIENCE STORE INFRASTRUCTURE

"ICU," the Nearest Mini Police Station Near the People

BGF Retail contributes to the prevention and early detection of children's disappearance through the ICU campaign using the characteristics of convenience stores to report the disappearance of children, intellectually disabled, and dementia patients on average a year. ICU stands for I Care for You, and if you find a missing child, enter information such as the name and description of a child that CU store workers can input the information into the payment terminal (POS). Then the related information will be shared in real time with the police and CU stores nationwide.

The guardian can also find out where the child or dementia patient is being protected by visiting the nearest CU. As of the end of March 2022, 112 children, dementia patients, and intellectually disabled people were safely handed over to their guardians through the "ICU."

CU Emergency Reporting System Becoming the Industry Standard



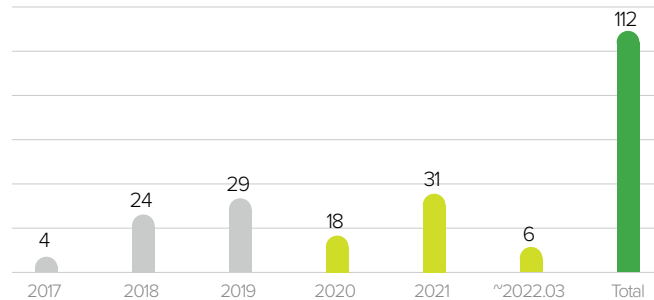
In 2017, the CPTED-based POS emergency reporting system, which was proposed by BGF Retail to the National Police Agency, contributed to the creation of an environment where

front-line police officers can focus on reporting major incidents by drastically reducing the high error rate, which is a problem of the existing reporting system. Thanks to this achievement, CU's POS emergency reporting system has been expanded and operated throughout the nationwide convenience store industry as of 2022.

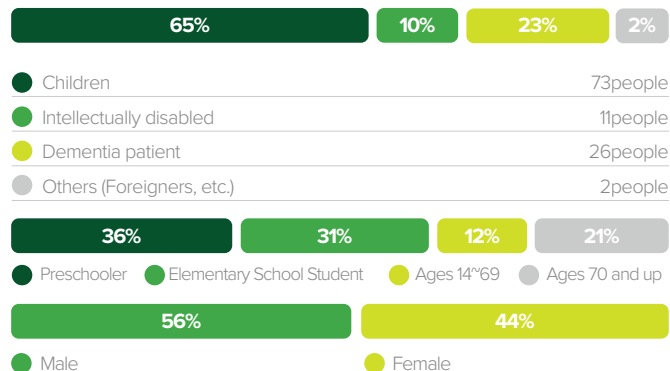
Main Processes



Cases by year



Beneficiary Type Analysis



Main Cases



Safely protected three-year-old and five-year-old siblings who got lost after mistaking a car for their father's car. Guardians visited the store and they were safely sent home.

<CU Iksan Eoyang Jugong Branch>



Protected a child who got lost in a commercial building due to crossing paths with a guardian. Upon police dispatch, guardians visited the store and the child was sent home safely.

<CU Ansan Singilworld Branch>

◇ Mini Interview of Persons Concerned



"I thought Mom would be at CU, but I was very scared when she wasn't there."

Woojoon Lee / 7 years old / Missing child



"It was a very short moment that I thought I would never be able to see my child again. I was so thankful that the convenience store was connected to the police through a system."

Minkyung Ahn / Mother of the missing child



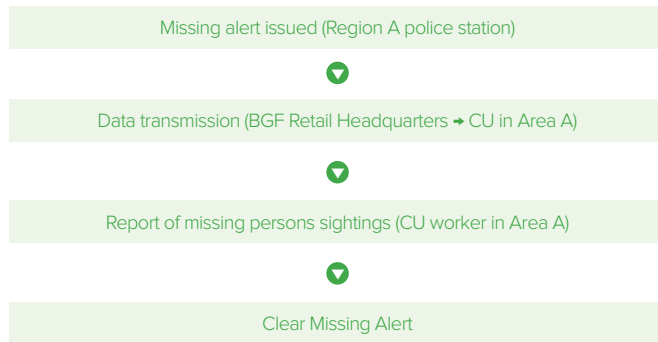
"I thought that the guardian would come, but I became anxious as time passed. I gave a candy to the child and suddenly remembered about the reporting system, so I reported via POS. The police came in 5 minutes and the child's father came as well."

Hyosun Kim / Staff of CU Iksan Eoyang Jugong Branch

PARTNER_COMMUNITY SAFETY NETWORK BASED ON CONVENIENCE STORE INFRASTRUCTURE

Operation of Missing Child Alert System

In cooperation with the National Police Agency, BGF Retail is the only one in the industry that sends missing person information through CU affiliated stores nationwide or nearby areas in the event of missing children, intellectually disabled, or dementia patients..



“CU Soon”, A Campaign to Find Long-term Missing Children

BGF Retail is working with the Ministry of Health and Welfare, the National Police Agency, National Center for the Right of the Child, and missing child-related organizations to create an environment where citizens pay more attention to and work together on long-term missing children by holding the “CU Soon” Campaign. Beyond the existing leaflet distribution method, which is a search for missing children, information on three or more long-term missing children is transmitted through POS monitors of CUs nationwide



every month and by expanding the scope of communication of the CU soon campaign by using channels such as artists' digital single album jackets, SNS channels, and free use of amusement parks, we provide more people with information on finding long-term missing children. As a result of these efforts, in October 2020, a CU store in Gyeongsangbuk-do Province saw a young man's childhood being sent through POS and reunited with his family who had been separated for 20 years. In 2021, a hot pack printed with a sketch of the predicted current appearance of long-term missing children was launched and operated, and information on long-term missing children was delivered to about 1.5 million customers.

Prevention of Dementia Patients' Missing

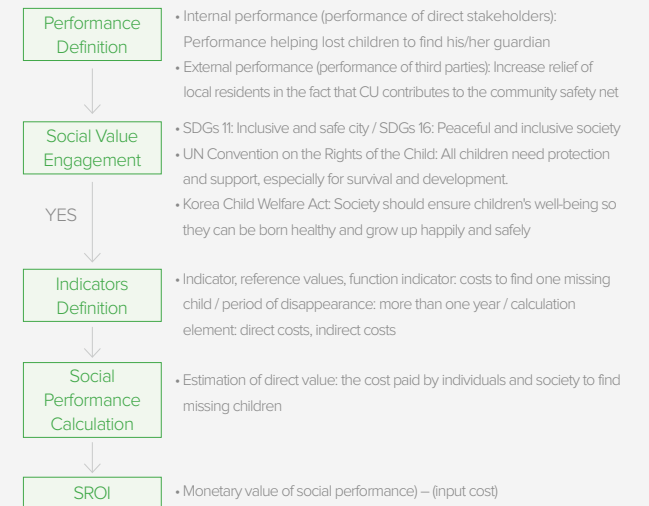
BGF Retail and the Ministry of Health and Welfare concluded that the ICU program could contribute to the establishment of a tight dementia safety net system in the community, and signed a business agreement on May 24, 2021. Accordingly, we produced and distributed education videos for responding to dementia patients and reporting ICU protection to all franchisees nationwide and more than 1,000 CU franchisees commissioned as dementia safety franchisees are participating in dementia patient protection activities more actively by completing dementia awareness improvement training with existing ICU activities. Meanwhile, the number of dementia patients in Korea reached about 830,000 as of the end of 2020, and considering that the population is increasing by 5% per year due to the aging population, it is expected to reach 1.36 million by 2030.



ICU Social Performance Measurement

BGF Retail measured the monetary value of the program using the Social Return on Investment(SROI), a social value measurement method, for the 'ICU' program for the prevention of disappearance and early detection of children, intellectually disabled, and dementia patients. BGF Retail will continue to implement qualitative and quantitative evaluation and performance measurements on social contribution programs to increase the effectiveness of continuous program improvement and social problem resolution.

SROI Measurement Process



Evaluation Result



※ Conservative calculation principles applied

PARTNER_COMMUNITY SAFETY NETWORK BASED ON CONVENIENCE STORE INFRASTRUCTURE

Child Abuse Prevention Campaign

Regarding a series of child abuse crimes that occurred due to the prolonged home care caused by COVID-19, BGF Retail focused on the fact that as a fundamental solution to the child abuse problem, citizens' observation and active reporting are needed in the community. Since May 2020, we have conducted a Dodam Dodam campaign with the National Police Agency to prevent child abuse, and we have developed and applied a child abuse report function to the POS emergency report system operated by CU. Accordingly, CU workers can primarily determine whether children are abused through a checklist and report them to the police through POS reports when they witness suspected child abuse. Also, we conducted a campaign to improve public awareness to eradicate child abuse crimes using CU stores, corporate vehicles for executives and employees, and SNS channels.



'Citizen Award for Child Safety' for a Close Child-Regional Social Safety Net

BGF Retail newly founded the Citizen Award for Child Safety to expand the regional child safety net, jointly with the police agency, to award a contributor to child safety activities for safe growth environment establishment and fundamental solution to the social problem of low-birth rate. Also, we make practical contribution to child safety net through the commissioned participation for the public safety system such as, for instance, through the establishment of House Safeguarding Children. In 2021, a total of 77 citizens, including three civic heroes, were awarded the Citizen Award for Child Safety

◇ Overview of the System

- **Managing Department**
BGF Retail, the National Police Agency
- **Awards Division**
 - Citizen Hero Division: Citizens who set examples with child protection
 - Child Safety Division: Child Safety Guard (Safe House for Children), Excellent ICU Case Participants
- **Evaluation Criteria**
Propriety, efficiency, proactiveness and influential range

◇ Status on Awards by Year

Classification	2019	2020	2021	2022(1Q)
Citizen Hero Division (No.)	3	3	3	-
Child Safety Division (No.)	30	110	74	29

◇ Citizen Heroes selected by 2020 Citizen Award for Child Safety

Classification	Details of Good Deeds
Taejeong Shin	Six-year-old girl falling from the fourth floor of a villa and an adult woman jumping to save the child
Taewoong Kang	Rescued three family members playing in the water at the beach and performed CPR on unconscious children
Balgwang (Team)	Public interest advertisements such as finding long-term missing children and prevention of child abuse and SNS campaigns to contribute to the improvement of public awareness



2021 Citizen Award for Child Safety
See the video of Visiting Award Ceremony

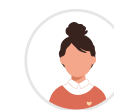
Enhancement of Child Safety Consciousness "Children's Safety Drawing Contest"

In order for the community's child safety outlook to be effectively implemented, it is most important for more children to recognize the community's child safety outlook public systems such as the House for Safeguarding Children and the ICU. Accordingly, BGF Retail held a children's safety exhibition to promote participation in external activities of children who have been intimidated by the prolonged home classes due to the spread of COVID-19. A total of 451 children from individuals and organizations, including local children's center, participated in the contest, which was divided into two categories. A total of 20 works were selected and rewarded, and 4,170 citizens participated in the evaluation.



Collection of Works of 2021

◇ Mini Interview of Persons Concerned



"I love to draw and I was so happy to be awarded for what I love to do."

Jiwon Hwang / Kindergarten / BGF Retail CEO Award



"While preparing for the contest, I learned about the House for Safeguarding Children. Now, it's nice to see the House for Safeguarding Children."

Suah Kim / Kindergarten / National Police Agency Award



"I hope that these campaign activities will be able to ensure and protect the safe life of Korean children."

Jiho Seo / Elementary School / National Police Agency Award

PARTNER_EXPANDING SUPPORT FOR SOCIALLY AND ECONOMICALLY VULNERABLE PEOPLE

Expanding Support for Socially and Economically Vulnerable People

BGF Retail has been utilizing the CU business model to support socioeconomically vulnerable groups, including the disabled, elderly and basic living recipients. In particular, we most preemptively introduced the employment models for vulnerable groups, such as forming affiliation with self-help businesses and employing developmentally disabled staff, with a stable operation to prove the system's effectiveness, actively contributing to spread the programs for employment of the vulnerable groups throughout the industry.

◇ Current Status of Public-Private Cooperation Program for the Socially/Economically Vulnerable

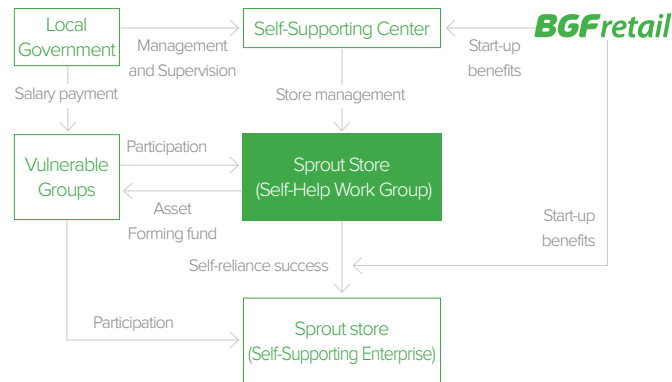
Classification	Program	Cooperating Agencies
2008	Senior Staff	Korea Labor Force Development Institute for the Aged
2015	CU Sprout Store	Metropolitan Municipalities, Self-Help Center
2016	CU Together	KEAD
2021	- Eco-friendly Mobile Convenience store - Disabled Student Career Education - Green Elderly Jobs	Gangwon-do, Ministry of Health and Welfare, Ministry of Education Gwangju Metropolitan City

Industry's First Self-Help Convenience Store "CU Sprout Store"

BGF Retail is the first in the industry to develop and operate CU Sprout Shop, a self-supporting convenience store business model. Sprout Shop is a CSV (public value creation) model linked to self-support projects, and is an employment and start-up promotion program that supports the fundamental independence of the socially and economically vulnerable based on the convenience store franchise business, which is a key competency of BGF Retail. It is a business cooperation model with self-supporting companies and social enterprises that play a central role in social economy areas that have emerged as alternatives to various social problems such as inequality, the gap between rich and poor, etc.

BGF Retail identifies domestic self-support projects involving basic livelihood recipients with working ability and will solve major problems such as falling profitability and limitations in business continuity due to concentration of labor-intensive projects. In order to improve this through CU membership programs, we have continued to expand our business after signing a business agreement in September 2015 through continuous consultation with regional self-support centers and pilot projects.

◇ Sprout Store Main processes



BGF Retail provides the initial start-up funds to self-help work groups free of charge and offers the optimal location through analysis of market areas, and local self-support centers/self-support companies are in charge of operating sprout stores with the support of local governments and help support the self-reliance (low income) of residents participating in self-support work.

◇ Areas that Operate Sprout Store

Metropolitan Area	All of Gyeonggi, Some areas of Seoul
Non-metropolitan Area	All of Busan/Gangwon/Daegu/Gyeongbuk, Some areas of Jeju, Gwangju, Daejeon



Social Value Creation of Sprout Stores



Number of Stores
101 stores



Number of employment of the vulnerable (yearly)
About **600** employees



Self-reliance support for the vulnerable (yearly)
About KRW **7,839** million (yearly)

◇ Mini Interview of Persons Concerned



The sprout Stores is evaluated as an item with stable and growth potential for successful start-ups, and this project will build a success model for self-support work projects.

Director of Regional Self-Support Center



"I dreamed of making a comeback through the local self-support center, but I couldn't do it for a long time because the assigned work was a lot of body work such as cleaning and delivery. When I started the convenience store, I had a hard time at first, but now I only have to live my life."

Participants in Self-Support Projects

PARTNER_EXPANDING SUPPORT FOR SOCIALLY AND ECONOMICALLY VULNERABLE PEOPLE

Industry's First Personalized Job for the Disabled “CU Together”

For the first time in the industry, BGF Retail signed a business agreement with the Korea Employment Agency for the Disabled in 2016 to promote employment for the disabled and operates a CU Together program. This is a system to increase the economic activity participation rate of people with developmental disabilities, which increases by about 7,000 every year, and BGF Retail developed a job suitable for developmental disabilities at convenience stores with the Korea Employment Agency. CUs in special locations such as airports, schools, and hospitals continue to hire trainees with developmental disabilities. Hired staff with developmental disabilities are exemplary in displaying and cleaning products and as of the end of 2021, 34 Hope staff with developmental disabilities are working at CU convenience stores.



In December 2021, BGF Retail and the Ministry of Education signed a business agreement to promote career and vocational education for disabled students. Accordingly, BGF Retail contributes to social integration by providing quality field training centers and jobs to strengthen the vocational capabilities of disabled students and making efforts to raise awareness of employment for the disabled nationwide. In addition, by cooperating with regional training centers for developmental

disabilities to develop vocational skills and supply and demand stable jobs, we provide practical benefits for students with developmental disabilities who are about to get a job after high school. In the case of job experience training, it is designed to allow job experience not only in convenience stores but also in the service industry as a whole. In addition, since 2019, 18 of the CUs and BGF Food Vocational Experience Centers have been operating nationwide by additionally operating food manufacturing-related vocational experience centers linked to BGF Foods.

In July 2020, CU Good Friend Mart, a standard business establishment-type franchise for the disabled, was opened through cooperation between companies with NHN to recruit developmentally disabled people through franchises. The store has been applied with universal design such as self-POS, trolley (product transport cart), and securing free movement between shelves so that six staff with developmental disabilities can display, replenish, and manage cleanliness smoothly.

At the same time, we regularly share cases of desired staff for developmental disabilities with excellent work performance, encouraging the spread of autonomous employment of developmental disabilities at franchises.



PARTNER_EXPANDING SUPPORT FOR SOCIALLY AND ECONOMICALLY VULNERABLE PEOPLE

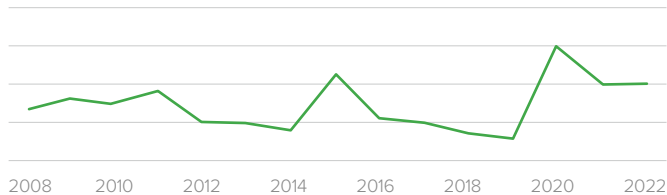
“CU Senior Staff” to Create Jobs for Senior Citizens

Since 2008, BGF Retail has been operating a senior staff system that links service job training and recruitment for job seekers aged 60 or older in cooperation with the Korea Labor Force Development Institute for the aged. We contribute to the creation of jobs for the elderly. Education and employment opportunities are provided to senior job seekers through various channels such as the Senior Job Fair. As of the end of the first quarter of 2022, the cumulative number of education recipients was 873, of which 464 were employed, reaching an employment rate of 53.2%.

◇ Current Status of Public-Private Cooperation Programs to Support for Socially-Economically Vulnerable People

Classification	Training Completed (Person)	Number of Employed (Person)	Remark
2018	140	36	-
2019	133	32	-
2020	9	13	
2021	0	18	Due to COVID-19 Training temporarily paused
2022(1Q)	0	3	

◇ Trends in the Employment Rate of Senior Citizen Staff (%)



Support for vulnerable people with convenience infrastructure

BGF Retail recognizes the issue of resolving income inequality and job creation between regions, which is a key task for the implementation of a sustainable society, and a goal of sustainable development set by the United Nations.

In response, BGF Retail signed an MOU with Gangwon-do, the Ministry of

Health and Welfare, and the Korea Labor Force Development Institute for the aged, and is responsible for providing discounts on daily necessities to vulnerable people living in mountainous areas that lack convenience infrastructure in Samcheok, Jeongseon, Gangneung, and Yeongwol. The project is expected to expand to 18 cities and counties by the end of 2022, creating up to 600 senior citizens, career-interrupted women, and youth jobs, and has been selected as one of the government's seven major collaborative tasks in 2021.

◇ Elderly Job Project Area in Gangwon-do

Classification	2021	2022(1Q)
Areas	Samcheok-si, Jeongseon-gun	Gangneung-si, Yeongwol-gun

Green Elderly Job Business

BGF Retail has signed a "business agreement to create green jobs for the elderly through resource recycling" with Gwangju Metropolitan City and the Korea Senior Human Resources Development Institute and has been in effect since April, 2022. This project is a program in which 130 senior citizens aged 65 or older collect coffee scraps and waste batteries generated in CUs in the region, recycle them, and create upcycling products to support the vulnerable. On the other hand, coffee scraps that emit a large amount of CO2 during landfill and incineration continue to increase as coffee consumption increases, and waste batteries containing large amounts of environmental pollutants have a limitation of low access to collection boxes. In response, CU helps citizens conveniently separate and discharge waste batteries by installing/operating waste battery collection boxes, contributing to the activation of resource recirculation.




PARTNER_EXPANDING SUPPORT FOR SOCIALLY AND ECONOMICALLY VULNERABLE PEOPLE

Public-Private Partnership to Find Welfare Blind Spots

Based on 16,000 CU convenience stores nationwide, BGF Retail is strengthening its role as a public infrastructure by expanding its business agreement with local governments across the country to find blind spots for community welfare. This project is aimed at preventing lonely deaths due to the increase in single-person households, and CU affiliated stores, which have been commissioned as honorary social welfare officials by local governments, actively discover and report neighbors in need. As a result, it is an activity to help households in crisis receive customized welfare services from local governments. In particular, as the prolonged COVID-19 has made it more difficult to find vulnerable people, it is expected that the capabilities of convenience stores that frequently visit local residents and are familiar with local circumstances will be effective.

◇ **Current Status of Public-Private Partnership to Find Welfare Blind Spots**

- Gwangju-si, Gyeonggi-do (August, 2021)
- Cheonan-si, Chungcheongnam-do (October, 2021)
- Buk-gu, Gwangju (April, 2022)



Support for Daily Necessities for the Vulnerable

BGF Retail has established a cooperative system with the BGF Welfare Foundation and Food Bank and continues to sponsor food and daily necessities to the socially and economically vulnerable. IN 2021, a total of 190,231 daily necessities worth 246 million won were supported, and the total amount of donated items since 2009 when the goods sharing program was first implemented was 22,475 million won.

In May 2021, food was provided for free to the vulnerable people such as basic living recipients in Goyang through the “Gyeonggi Food Giveaway” welfare service for vulnerable people suffering from the spread of COVID-19.



Donation Program Participated by Persons Concerned

BGF Retail operates a participatory donation program for fundraising and supporting the socially and economically vulnerable with the participation of executives and employees, franchisees, and customers.

◇ **Participated by Executives and Employees “Sound Fund of Love”**

Since 2010, BGF Retail has been conducting a sound of love campaign to support artificial wow surgery and rehabilitation for deaf movement in economically vulnerable households by donating the end of their salaries. As of the end of 21, 759 executives and employees participated voluntarily. A total of 20,685,249 won was sponsored to six deaf children by adding 3,161,100 won to the in-house auction for the reported goods according to ethical management practices. From 2010 to the end of 21, there are a total of 49 children who have benefited from artificial wow surgery and rehabilitation through the sound of love.

◇ **Participated by Franchisee “CU Collecting Coins of Love”**

BGF Retail, along with the Bank of Korea and UNICEF Korea Committee, is contributing to the revitalization of small donations by utilizing 16,000 CU platforms and BGF Retail's logistics network nationwide. The entire coin collection collected at the franchise is supported by UNICEF for the relief of children in developing countries.

◇ **Collection Amount raised and cumulative performance in the last three years**

Classification	Participating Stores (Stores)	Amount Raised (KRW)
2019	13,665	285,809,620
2020	13,076	263,330,732
2021	11,406	226,643,313
Total	96,978	1,881,310,027

◇ **Participated by Customers “CU Point Donation”**

BGF Retail supports convenient donation activities by encouraging customers to donate points that are not used within the deadline. CU Point donation is available on Pocket CU, an application exclusively for CU membership. A total of three NPOs are registered and operated. In 21 years, 7,525 customers donated points equivalent to 7,774,103 won. 15,529 people participated and total donation points worth 19,343,330 won.

◇ **Status of customer donation participation in 2021**

Classification	Participants (Person)	Donation Points (KRW)
The Korean Committee of UNICEF	3,679	4,553,641
Hope Bridge Korea Disaster Relief Association	2,464	2,153,829
Korea National Park	1,382	1,066,633

PARTNER_REVITALIZATION OF THE REGIONAL ECONOMY

Revitalization of the Regional Economy

BGF Retail contributes to revitalizing the local economy by supporting the creation of local jobs, the discovery of cooperative projects linked to local industries, and the development of win-win models for small business owners by expanding infrastructure such as the regional hub logistics center. In August 2021, BGF Retail signed a business agreement with Busan Metropolitan City and Busan and Jinhae Free Economic Zone Authority to build a logistics center in Gangseo-gu, Busan, and the logistics center with a total floor area of 100,000m² aimed at operating in the Second half of 2025 is BGF Retail's largest-ever investment logistics business and is expected to create more than 1,000 local jobs.



Expand Consumption of Domestic Agricultural and Livestock Products

BGF Retail contributes to the revitalization of the domestic market and enhancing the competitiveness of local farmers by expanding the purchase of domestic agricultural and livestock products through strengthening cooperation with local governments and local farmers. In September 2021, as large-scale suppliers such as restaurants and meals decreased due to the influx of cheap agricultural products and the prolonged COVID-19, the BGF Retail-Nonghyup-Handon Fund Management Committee signed a business agreement and currently working on research and development of convenience food recipes considering taste and nutrition by organizing a win-win product TFT composed of food researchers, nutritionists, and product MDs.

In particular, we are continuously expanding the use of domestic raw

materials through collaboration with public broadcasting programs. In the case of the KBS program Convenience Restaurant, the food made there is at CU nationwide the next day, a total of 22 types of convenience store products commercialized by region such as rice, pork, and Cheongyang peppers were released in 2021, and about 129 tons of domestic raw materials were used. Also, about 300 million won was used to support children without meals through the sale of convenience store products.

Usage of Major Domestic Raw Materials for broadcasting-related products



Rice

84.9 tons



Pork

21.6 tons



Total domestic raw materials

129 tons

Promotion of Local Tourist Attractions

BGF Retail has been working with the Korea Tourism Organization since October 2021 to provide information on famous local tourist destinations using HEYROO ramen for the local economy that has been stagnant due to COVID-19. Customers can scan the QR code of HEYROO regional series ramen to find information on festivals, food, and specialties, from introductions of hidden attractions such as Sokcho, Cheongyang, Jeju, and Busan.

In addition, each local government inserted a landmark selected by each local government into the simple food package released under the "Business Agreement to Revitalize the Use of Local Special Products and Improve the Quality Reliability of CU Convenience Food."

Supporting Small Business Growth by Region

BGF Retail strengthens collaboration with small and medium-sized breweries representing each region to help local breweries grow, contributing to the creation of local jobs and economic revitalization. In particular, in March 2022, we provided lightweight handcars to 26 elderly people who collected resources from each region with the proceeds from local beer sales.



PEOPLE

To support stakeholders' healthy and happy lives, BGF Retail creates the optimal environment for its members to focus on tasks and provides healthy and proper foods to customers.

Realizing GWP (Great Work Place)

BGF Retail strives to prevent and continuously improve industrial accidents by providing a pleasant working environment and establishing a safety and health management system to improve workers' safety and health. Health and safety plans are established every year to report and approve them to the board of directors. Safety and health improvement activities in accordance with the safety and health management policy and policy establishment are carried out, and the implementation is checked through a quarterly meeting of the Industrial Safety and Health Committee. The safety and health management regulations of BGF Retail stipulate that it can be applied to all executives and employees of the in-house contractor business in accordance with relevant laws and regulations. By the end of 2022, we will strengthen our safety and health policies through ISO45001 certification.

Health and Safety Organization System

BGF Retail appoints the Chief Safety and Health Management Officer (CSO) to oversee the safety and health of all workplaces. As a dedicated organization, we have a safety and health part under the Management Planning Division. In addition, considering the characteristics of our company's business, we systematically manage the scope of management of safety and health workplaces by dividing them into headquarters and sites. For efficient management, the head of the sales development division was appointed as the safety and health management manager. In addition, a total of 83 management supervisors are designated and operated by local departments and direct management stores, and separate consignment management is carried out by specialized safety and health management institutions for professional operation.

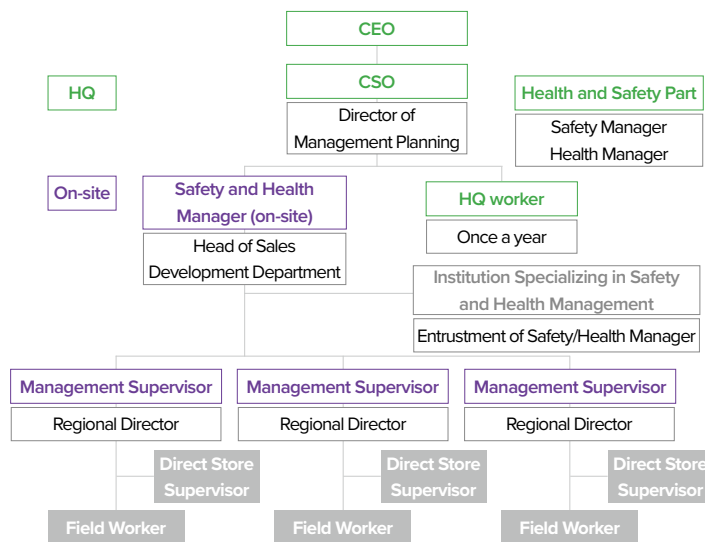
Industrial Safety and Health Committee

BGF Retail deliberates and resolves important matters related to safety and health in the workplace through the labor-management council and the Industrial Safety and Health Committee, which are held once a quarter. The committee members are composed of the same number of users (5 members) and workers (5 members). User members are composed of CSO, Health and Safety Management Manager, Health and Safety Part Leader, Safety Manager, and Health Manager. The results of the meeting are shared through the intranet.

Industrial Safety and Health Management Policy

Our company puts the safety and health of executives and employees, franchisees, and customers first in management, and we strive to establish a safe and pleasant working environment and safety corporate culture to provide customer service.

1. Our company strives to help executives and employees work in a safe and pleasant environment.
2. Our company takes the lead in creating disaster-free workplaces centered on prevention by actively conducting activities to identify and improve safety and health-related harmful and risk factors with all stakeholders (such as partner companies)
3. Based on the participation of franchisees, our company supports the safety and health management system to be smoothly implemented, and does its best to prevent industrial accidents.
4. Our company strives to improve the harmful and risk factors of the store so that the customers can use the store safely
5. Our company complies with safety and health regulations and international standards.

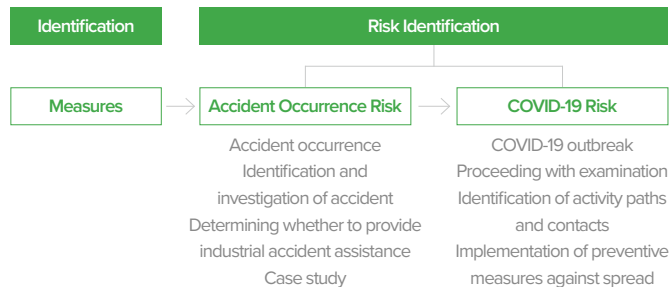


Occupational Safety and Health Commission Operation/Education Performance

No. of meetings held	4 times
No. of agenda/topic	17 cases
No. of agenda/topic executed	17 cases (100%)

Industrial Health and Safety Risk Response System

BGF Retail identifies related industrial safety and health risk factors in advance once a year. Also, risk assessment is conducted from time to time in the event of industrial accidents such as work-related injuries, poor health, diseases, and accidents. We are improving industrial safety and health risks based on the results of the assessment.



◇ Performance of Safety and Health Risk Assessment

Classification	Unit	2020	2021
CU Direct branch	No. of assessed	131	134
Office	No. of assessed	28	27

PEOPLE_Realizing GWP (Great Work Place)

Industrial Safety and Health Training

BGF Retail provides industrial safety and health training once a quarter for all employees. The safety and health management manager and the dedicated organization are completing legal training for safety and health duties. Safety and health education for franchisees is conducted once a year through OPC (PC for stores). The detailed training course consists of the importance of safe store operation, risk factors and safety measures for each situation, measures to take in case of industrial accidents, and safety and health related store management. In addition, partners are selecting companies that conduct regular training after evaluating eligible recipients.

Classification			Participants with Training Completion	
Executives and Employees	Management Supervisor (Direct Management Store)		83 people	
	Others	1st Q	2,053 people	8,495 people
		2nd Q	2,088 people	
		3rd Q	2,150 people	
		4th Q	2,204 people	
Franchisee			15,131 stores	

In-house Safety Campaign

In order to internalize safety and health at work, BGF Retail conducted and spread a safety slogan contest campaign under the theme of safe driving and safety work. We conduct frequent traffic accident/drinking accident prevention campaigns for field departments



Improving the Health of Employees

BGF Retail conducts regular health checkups for all executives and employees, and special health checkups are conducted before and after work for night workers (temporary workers) directly managed. For employees who have findings of the health examination, counseling is conducted for continuous health care/improvement through the health manager (nurse) and health management consignment agency. We provide group injury insurance and group injury disease loss insurance to employees in office to minimize the risk burden from various diseases, injuries, and accidents. In addition, EAP (Worker Support Program), a professional counseling service for various stress relief, is operated for executives and employees (including immediate family members)

◇ Performance of Using EAP Psychological Counseling

Classification	2019	2020	2021
No. of users (people)	132	148	158
Counseling Completed (cases)	615	683	720

Create Safe Working Environment

BGF Retail launched the 'Committee for Shaping Safer Convenience Store' that engages the National Police Agency, franchisees, staff and CPTED experts to develop a standard model for the safe convenience store. Furthermore, BGF Retail contributes to the spread of public-private partnership community safety net by cooperating so that it can be spread not only to CU but also to the convenience store industry.

Convenience Store safe from COVID-19

BGF Retail has installed a droplet barrier at 16,000 CUs nationwide for the first time in the industry to secure the safety of customers, franchisees, and staff from COVID-19. We have introduced a self-checkout stand with a new material antibacterial film. In addition, we have newly established and operated an alternative worker labor cost support system to protect the safety and health of the franchisee when the franchisee is confirmed.

If a confirmed patient visits the CU or a CU worker is confirmed to be infected with COVID-19, the business will be closed in accordance with the quarantine guidelines, and the affiliated headquarters (BGF Retail) is paying 100% for quarantine support and simple food disposal.



PEOPLE_Realizing GWP (Great Work Place)

Human Rights Management

BGF Retail respects our stakeholders, such as executives and employees, customers, franchisees, and partners, the right to pursue dignity and happiness as human beings. BGF Retail supports the UNGC Ten Principles' international standards and guidelines for human rights and labor. We are committed to compliance with labor and human rights regulations in all areas of the business.

To this end, BGF Retail encourages stakeholders in all trading relationships, including executives and employees, to respect the BGF retail human rights management policy.

Respect for Human Rights

BGF Retail has declared a BGF retail human rights policy to prevent human rights violations and to prevent risks arising from human rights. This content is incorporated into ethical norms to encourage the practice and participation of all stakeholders in the company, subsidiaries, and trading relationships. Any discrimination based on nationality, race, country of origin, gender, educational background, age, religion, culture, disability, political orientation or sexual orientation is prohibited for all members. Equal opportunities are given according to individual abilities and performance. In addition, human rights management has been further strengthened by establishing new items such as prohibition of children and forced labor, prevention of workplace harassment, and industrial safety.

◆ Human Rights Management Education Results in 2021

Training Process	Contents	Completed
Prohibition of Harassment in Work Place	Relevant laws, precautions, and etc.	2,209 people

Human Rights Management Policy

① Prohibition of Discrimination

BGF Retail does not discriminate against anyone in the aspect of employment, promotion, education, wage, welfare, etc. on the ground of nationality, gender, religion, age, and political opinion for all employees and it builds the organizational culture that respects the diversity of employees.

② Compliance with Working Conditions

BGF Retail complies with the legal working hours for each country where it engages in business and provides a work environment appropriate for the performance of duties and opportunity of education for developing the competency of and improving the quality of life for all employees.

③ Humane Treatment

BGF Retail respects the privacy of employees, fully protects personal information, and must make their best endeavors to protect the personal information collected from management activities.

④ Prohibition of Forced Labor and Child Labor

BGF Retail does not coerce any work against the free will and prohibit child labor in principle.

⑤ Guarantee of the Freedom of Association and Collective Bargaining

BGF Retail respects the labor relations laws and provides sufficient opportunity for communication with all employees.

⑥ Guarantee of Industrial Safety

We create a working environment where our executives and employees can work in a safe and healthy working environment, inspect them regularly and continuous efforts are made to prevent safety accidents such as prevention of physical and mental risk.

⑦ Prohibition of Harassment

Inflicting physical or mental pain or worsening the working environment beyond the proper scope for work by using one's position at work is prohibited. This includes sexual harassment, which causes to feel sexual humiliation or repulsion with sexual words or behaviors, and non-sexual harassment such as mobbing, bullying, and threats.

⑧ Fair Compensation

We conduct fair evaluation and compensation according to performance, and provide fair opportunities for self-development based on competency.

Human Rights Protection Process

BGF Retail operates a clean line system that can be reported if you have experienced or witnessed an act contrary to the principles of human rights management. The clean line using an independent external agency platform ensures confidentiality, such as the anonymity of the reporter and the contents of the report. BGF Retail selects human rights impact assessment as one of ESG management implementation tasks and reviews it in the mid- to long-term so that it can identify and systematically improve human rights risks of various stakeholders, including executives and employees, by 2023.

Human Rights Risk Management System

BGF Retail implements human rights management based on human rights policies and checks and improves the possibility of potential human rights risks throughout its management activities.



PEOPLE_Realizing GWP (Great Work Place)

Talent Recruitment

BGF Retail establishes a strategic manpower plan to secure talent, and recognizes that securing talent and fostering talent through a fair and transparent recruitment process is an important task. To this end, we provide a wide range of job information through various platforms so that job seekers can study their job aptitude in advance and choose the right job, such as online job briefing, recruitment-only website operation, and internship. Every year, we hire talented people through large-scale open recruitment in the first and second half of the year. In the hiring process, we are analyzing human resources through AI personality tests.

In particular, considering the COVID-19 situation, we are conducting online campus recruitment where we can communicate non-face-to-face with university students and graduates across the country. In particular, we operated Q&A sections with executives and employees of 1 to 3 years, including MD (product planner), sales manager, and product developer, to improve job understanding and help them choose the right job. In addition, BGF Retail operates a recruitment-linked intern system and occasional recruitment of experienced employees, and operates a "CU Prep Student" for employees working at CU to provide exemption from documents for sales management when completing activities.

Balanced Talent Recruitment

BGF Retail has been hiring since 2021 focusing on "creating local jobs" to alleviate the concentrated youth population in the metropolitan area and strengthen the securing of talent by region.

To this end, BGF Retail is recruiting in connection with local universities.

Status of Recruitment by Region

Classification	2019	2020	2021
Seoul/Metropolitan City	107	148	178
Gangwon	14	14	9
Chungcheong	8	19	40
Honam	8	19	27
Yeongnam	32	43	69
Jeju	7	5	9

Expansion of Women's Leadership

BGF Retail strives to create an organizational culture in which competent female talents can fully demonstrate their abilities to grow into next-generation leaders and become role models. The number of female positions increased by 600% from 1 in 2017 to 6 at the end of 2021, and the proportion of women in working-level managers also increased by 425% from 8 in 2019 to 34 at the end of 21. Of them, 25 were women with an executive manager or higher position in sales generating divisions, excluding support departments such as IT and HR, accounting for 5.1% of the total. On the other hand, BGF Retail does not set a specific target for the proportion of women, but the proportion of women is continuously increasing and is expected to reach about 30% by 2025.

◇ Status of Management Status in Major Revenue Generating Departments

Classification	Male	Female	Ratio of Female
Merchandising Dept 1~6 areas within the sales and development sectors	462	25	5.1

◇ Status of Job Gender Related to STEM

Organization	Male	Female	Ratio of Female
Information System HQ	49	12	19.6%

※ STEM: Jobs related to science, technology, engineering, and math majors
 ※ Composition of Information System Headquarters: IT Planning Team, Information Security Team, Information Management Team, Store System Team, Enterprise System Team

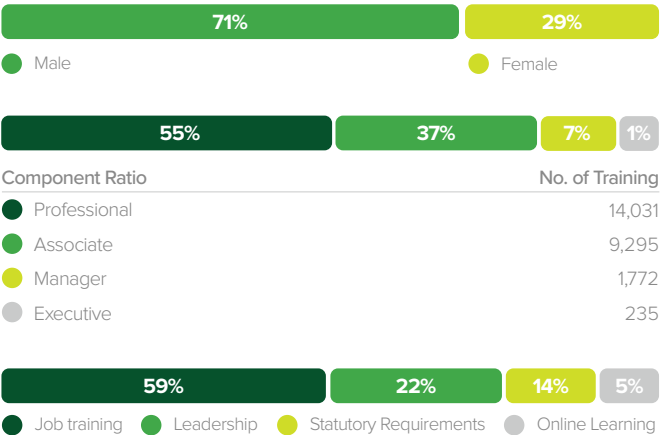
Talent Training

BGF Retail operates education programs for managers and experts such as BLP (BGF Leader Program) to foster industry-academia-linked distribution and franchise experts, customized education by job and position, and training courses for in-house instructors. In addition, we provide BGF Insight special lectures, job knowledge, and competency training content through the online education platform BSA (BGF Smart Academy), and, we operate a certificate and language acquisition support system for employees' self-development, a learning club system, and an in-house library. For executives and employees and immediate family members, we are trying to provide various educational opportunities by linking industry-academic cooperation education programs for lifelong learning.

◇ Major performance of employee training in 2021 years

Classification	Average training hours per person	Average training cost per person	Average satisfaction of participants
Contents	56 hours	382,000 won	4.62 points/5 points

◇ Analysis by Gender, Position and Training Type



PEOPLE_Realizing GWP (Great Work Place)

Performance Evaluation and Compensation System

Based on the HR direction of fostering human resources, fair system operation, and motivation, BGF Retail designs a fair and objective evaluation system and operates a compensation system accordingly. The evaluation system operates the MBO method and conducts evaluation twice a year in the first and second half of the year. The final evaluation will be conducted in three stages, including the performance development interview (self-evaluation, 1st evaluation, 2nd evaluation). We operate a separate assessment objection procedure. In the event of an objection, the 'Assessment Secretariat' is coordinating and reviewing it for a fair evaluation. The wage system was established based on the compensation principle of BGF Retail, including compensation for performance, compensation for roles and responsibilities, and the view of operational efficiency of the compensation system. Considering inflation, market and competitor wage levels, wage increases are applied differently according to individual performance evaluation results. In addition, we operate an organizational incentive payment system under the agreement between labor and management to distribute management performance to employees when achieving the company's performance goals, and there is no difference in salary according to gender. Meanwhile, BGF Retail does not use the living wage methodology. The starting salary of new college graduates is about 192% compared to the legal minimum wage, and the average salary of executives and employees is about 283% compared to the legal minimum wage.

(The average salary of BGF Retail: about 230% of the living wage in Seoul)

Gender Pay Status

Classification	Female average	Male average
Executive (basic salary)	-	212 million won
Executive (basic salary + performance pay)	-	318 million won
Management (basic salary)	78 million won	73 million won
Management (Basic salary + performance pay)	97 million won	91 million won
Non-management	43 million won	53 million won

Case of Using Self-Development Support System



From Barista, Licensed Real Estate Agents, to Franchise!

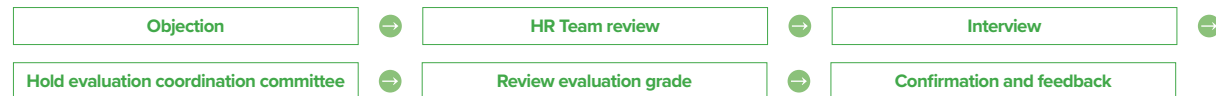
SC Jinsol Yook of BGF Retail obtained a licensed real estate agent certificate and a barista certificate using the self-development support system. In particular, Jinsol Yook, who wanted to give more professional answers to questions from franchisees related to the operation of stores such as the Lease Protection Act, obtained a certificate of real estate agent using the self-development system and set a new goal.

Even Employees and their Families Digital University Admission System

Through industry-academic cooperation with universities, BGF Retail provides admission fees and tuition reduction benefits to executives and employees and supports the development of their capabilities. Also, the families of the employees are taking on new challenges. And the families of the employees are continuing their new challenges with systematic curriculum and professional education support through the business partnership university.



Performance Assessment/Compensation Objections and Processing



Classification	Difference between male and female employees
Gender wage gap - average	74%
Bonus gap - average	67%
Gender wage gap for managerial positions	106.8%
Gender performance pay gap for managerial positions	105.5%

PEOPLE_Realizing GWP (Great Work Place)

Flexible Communication Culture

BGF Retail continues to make new attempts to create a pleasant workplace for internal members based on a system that supports flexible communication, horizontal cultural establishment, and work-life balance between executives and employees.

Communication Between Employees amid COVID-19

Online video communication program due to restrictions on face-to-face activities among executives and employees due to ongoing COVID-19. We support meeting activities using metaverse and encourage communication between employees. In particular, BGF Retail receives autonomous applications from each department and conducts team-level workshops at CU Geppetto Han River Branch, a metaverse-affiliated convenience store, and supports online dinners among new employees.



BGF Untact Communication Program

BGF Retail supports employees' work-life balance activities by holding communication programs on various topics such as cultural liberal arts courses, psychological education programs, and networking activities using online video programs. The untact program that is held in various topics has 561 employees per year.

BGF Culture Cafe	Untact liberal arts lecture to strengthen self-development and communication among employees
BGF Sympathy Bar	Development of communication programs for the motivation and psychological safety of responsible persons
BGF Meeting Night	Support for online company dinners to activate networking among employees and promote a sense of belonging

Expanding horizontal organizational culture

For smooth communication and exchange of opinions between employees, BGF Retail simplifies the position naming system from five levels (Associate, Assistant Manager, Manager, Deputy General Manager, General Manager) to three levels (Associate, Professional, Manager). We opened an anonymous communication bulletin board called "Talk Talk Bulletin" in groupware to create a place for communication where you can exchange various opinions. In addition, we are conducting a "mutual respect campaign" and sending newsletters to establish a horizontal organizational culture based on mutual respect and consideration, and we conduct an employee immersion survey once a year to continuously improve the organizational culture.

Operation of Labor-Management Consultative Body

BGF Retail operates the Labor-Management Council, a representative organization of employees, to create a win-win labor-management culture and strengthen communication that promotes the common interests of labor-management between the company and employees. The labor-management council, in which all executives and employees participate, operates as four conference bodies: the company-wide council (court labor-management council), the working council, the regional council, and the department council. Through the implementation of the quarterly labor-management council, we are making efforts to create a happy, enjoyable workplace and a safe and healthy working environment by improving welfare, office environment, and organizational culture system. The contents of the labor-management consultation through the labor-management council are disclosed to all employees within 10 days of the meeting. Also, three of the members of the council concurrently serve as a grievance committee member of the grievance committee to listen to and deal with workers' grievances.

◇ Formation of a Company-wide Council (Legal Labor-Management Council)

Classification	User Commissioners	Member of the Workers' Committee
People	Within 5 people	Within 5 people
Elective method	Entrusted by CEO	Electing a vote for all non-responsible persons (including one or more female workers)

※ In December 2021, the members of the company's workers were elected by department members through an indirect election system (an anonymous electronic vote).

◇ Process of labor-management consultative bodies



◇ Status of processing by grievance type

Classification	Main Agenda
Improvement of work environment	Expand business vehicles
increase benefits	Expand COVID-19 Vaccine leave and expand number of days for leave
Improve personnel, labor, and management system	Change promotion qualification test criteria

◇ Major Issues of the Labor-Management Council in 2021

Classification	2019	2020	2021
Improvement of work environment	9	3	6
increase benefits	5	5	4
Improve personnel, labor, and management system	4	11	6
Total	18	19	16

PEOPLE_REALIZING GWP (GREAT WORK PLACE)

Work and Life Balance

BGF Retail has established the direction of 'BGF PLUS' organizational culture and aims for joint growth of individuals and companies through work-life balance and as part of this, we obtained certification as a family-friendly company in 2021. The purpose of this is to create a workplace where executives and employees are happy through the balance of work and life.

Flexible Work System

BGF Retail has introduced a 52-hour workweek since July 2018, and has been operating a flexible work system such as an optional working hour system and a compensatory vacation system (working hour saving vacation system). In addition, in accordance with the 2021 resolution of the labor-management council, including the introduction of the semi-half-holiday annual system, COVID-19 vaccine vacation was preemptively introduced and operated.

Meanwhile, with the spread of COVID-19, BGF Retail has introduced a full telecommuting system since August 2020 and has been operating flexibly in accordance with social distancing guidelines.

Compensation Leave System	Target	All employees
	Description	Extra time as compensatory leave for overtime, night working hours, holiday work
Commuting system with time difference	Target	All employees
	Description	8AM to 5PM or 10 AM to 7 PM
Work-at-home System	Target	All employees
	Description	Work-at-home for infectious disease prevention


Family-friendly System

BGF Retail was certified as a family-friendly company in 2021 as it operated a family-friendly management operating system and various support systems to support the balance of work and life of executives and employees under the "ACT ON THE PROMOTION OF CREATION OF FAMILY-FRIENDLY SOCIAL ENVIRONMENT".

Vacation support system	<ul style="list-style-type: none"> - Leave Before and After Childbirth/ Miscarriage and Stillbirth Leave (up to 90 days, paid) - Spouse Maternity Leave (up to 10 days. Paid) - Infertility Care Leave (three days per year. Partially paid)
Leave of absence support system	<ul style="list-style-type: none"> - Parental Leave (up to one year per child/paid) ※ for female employees, 1 year can be extended - Family Care Leave (Up to 90 days max) - Infertility Care Leave (Up to 3 months) - Filial leave for employees and spouses (paid) ※ 60th birthday, 70th birthday, etc. (1 day)
Working Hours Reduction Support System	<ul style="list-style-type: none"> - Claim for shorter working hours for childcare (up to 2 years) - Reduce working hours for family care (up to 3 years)
Maternity and Female Employee Protection System	<ul style="list-style-type: none"> - Fetal checkup time allowance system (paid) - Pregnant female employee protection system - Changing jobs, reducing working hours by two hours a day - A health leave - Breastfeeding Time Allowance (Paid)
Family-Friendly System	<ul style="list-style-type: none"> - My child's first cheering gift and vacation to school (paid) - Time difference commuting system - employee or the spouse's parents - Children's Day gifts for employees' children - Employee birthday leave (paid)

Welfare

Based on the welfare system philosophy of 'BGF PLUS', BGF Retail aims for joint growth of individuals and companies through work-life balance. Furthermore, we operate various benefits systems that contribute to the lives of employees. In particular, we operate a self-development support system to improve the capabilities of executives and employees to provide congratulatory money for obtaining job-related certificates such as franchisees, licensed real estate agents, and logistics managers. In addition, we have prepared online non-face-to-face programs that take into account the COVID-19 situation to increase employee satisfaction and enjoyment.



Happy PLUS

- Operation of recreation facilities
- Refreshing vacation
- Reward for long-term service
- Support for club activities

Work & Live Balance PLUS

- Group Accident & Illness Loss Insurance
- Health checkup support
- EAP counseling support
- Children's education support
- Encouragement gift for children of employees

Mutual Development PLUS

- Self-development support (Certificate, learning club)
- Untact communication program

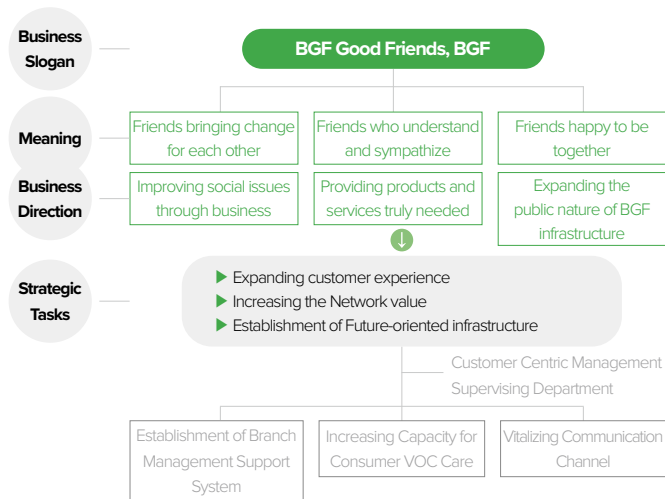
Enhancing Customer Values

Consumer-Centered Management

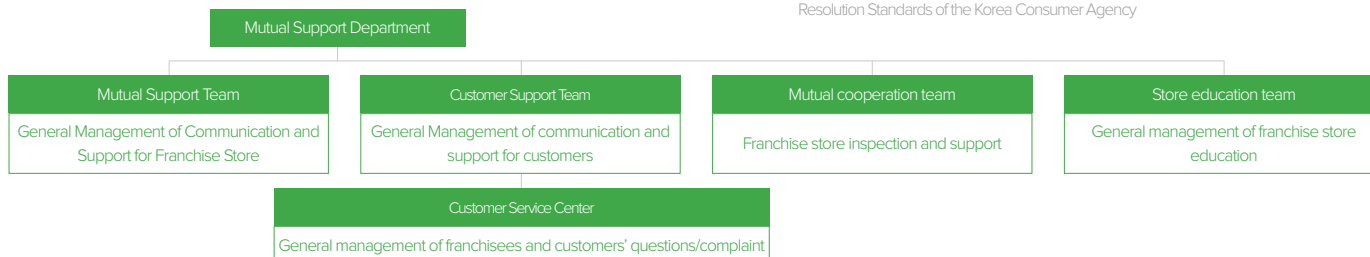
BGF Retail actively strives to improve consumer rights as well as provide quality products and services for customer-centered management practices. In October 2011, BGF Retail declared the introduction of CCM for the first time in the industry, and in January 2013, it obtained CCM (Customer Center Management) certification organized by the Fair Trade Commission and operated by the Korea Consumer Agency.

It has been re-certified five times in a row in 2021. We operate consumer-only organizations such as CCO (Director of Win-Win Cooperation) and CCM Operations Secretariat, and dedicated departments (Customer Support Team). In addition, we are strengthening our customer communication infrastructure to improve consumer satisfaction and operate a specialized customer center for consumer counseling and complaint handling.

Customer Centered Management Strategy

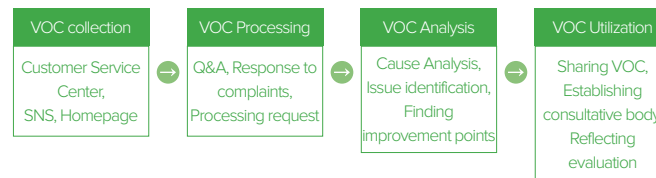


Customer Centered Management Organization System



VOC Process

BGF Retail operates a VOC system that improves customer satisfaction by receiving, taking action, handling, and improving customer complaints. In particular, customer complaints/complaints decreased by about 18% compared to the previous year through the operation of the CS specialized team for customer consultation and the analysis and improvement of the customer VOC.



Consumer Damage Compensation Procedure Process



Expand Customer Communication Infrastructure

Industry's First Real-time Customized Consultation Talk

BGF Retail is the industry's first real-time consultation talk service, where professional counselors provide customized answers through chat, and it improves customer consultation accessibility and convenience. The service has improved the accessibility and convenience of customers who have difficulty in voice counseling, and has also improved the processing speed of counseling, with an average of about 2,907 calls per month.

Consultation Chatbot Service based on Big Data and AI

BGF Retail has opened a chatbot CU customer center that allows customers to inquire 24 hours a day based on big data and artificial intelligence technologies such as customer inquiries accumulated through the CU Customer Counseling Center in 2021. It is a system that can check answers to more than 200 frequency inquiries, including membership, event, store location, and payment method, and is used by an average of 5,000 people per month by keyword input.

A Fair Customer Service for Everyone

BGF Retail is the only company in the industry that operates counseling services for hearing impaired people and foreigners so that anyone can receive customer counseling services without discrimination. We provide convenience to customers by providing sign language counseling services through the hand-written joint center and interpretation counseling services through the Korea Tourism Organization's Interpretation Information Service Center.

Customer Satisfaction Measurement

BGF Retail has been conducting a customer satisfaction survey through the Pocket CU app since January 2019. We are striving to improve customer satisfaction by evaluating the satisfaction of visiting stores on a five-point scale and sharing the evaluation results with franchisees nationwide.

Protecting Customer Information

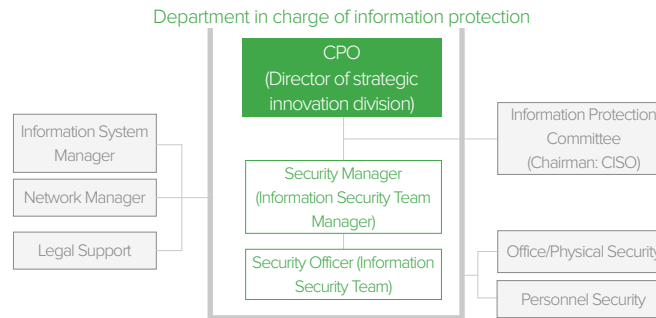
Policy Operation System for Information Protection

In 2015, BGF Retail designated the Head of the Information Protection in line with Article 45-3 of the Information and Communication Network Act to manage and supervise tasks on information protection, such as establishing and managing the information protection management framework, evaluating and improving the information protection weakness analysis and evaluation and preventing the violation. We appoint the Chief Privacy Officer (CPO) and the personnel in charge of privacy protection to supervise the comprehensive privacy-related tasks operation, damage relief, prevention of leakage and misuse of personal information, protection of personal data, etc. Also, we separately form a dedicated organization for privacy protection and establish regulations and processes related to work for a thorough operation of privacy protection tasks.

Information Protection Management System Certification

In February 2019, BGF Retail obtained the Information Security Management System (ISMS) certification organized by the Ministry of Science and ICT and the Personal Information Protection Committee and operated by the Korea Internet Promotion Agency. ISMS certification scope includes customer information protection management, CU brand homepage, membership homepage and APP, with the systematic performance of activities for protection against administrative, technical and physical security. Also, we conduct information protection risk evaluation and internal audit each year along with the risk management and weakness improvement activities through system weakness evaluation, service mock-hacking against customers and disaster recovery simulation. With the moving of the data center, we strengthened the security and secured the system stability, reassured of ISMS in 2020. BGF Retail is not required to be certified of ISMS, but we proceed with the autonomous re-assurance each year to strengthen the information protection management system.

Information Security Organization System



Privacy Protection Management System

For the thorough protection and management of personal information, BGF Retail strictly complies with the principle of processing the life-cycle of personal information from collecting personal information to destruction in cooperation with specialized institutions. By establishing personal information management regulations, risk and compliance management is carried out, and when revisions occur through legal monitoring, they are immediately reflected in internal regulations and guidelines. In addition, we have prepared a risk response system and scenario to respond to personal information leakage accidents. The personal information protection policy of BGF Retail is revised once a year in accordance with the personal information policy guidelines and released on the website.

Monitoring System Related to Collection and Utilization of Personal Information

- Force encryption of personal information files on business PCs (once a month)
- Implement information protection inspection day once a month
- Adjustment of the retention period of personal information to ensure traceability of personal information
- Regular survey and monitoring of personal information handlers
- Recommendations and actions for compliance when developing a system

- containing personal information lutions
- Introducing of Personal Information Conversion System

Personal Information Protection Operation System

- Introducing and operating of privacy solutions (forced encryption of personal information once a month)
- Security System Vulnerability Server Analysis Solution Introduction and Operation (Protecting the privacy server)
- Introducing and operating malicious email protection so

Information Protection Education

To strengthen employee awareness of information security, BGF Retail provide private information protection and online education on information security once a year for all employees. As well, we increase security awareness through various channels, including Safe Screen. The personnel in charge of information security completes professional training on the latest trends of security and security technology, etc. and monitors the revisions to revise the internal regulations and instructions, striving to comply with the related regulations.

Process for Reaction to Information Security Violation

For the occasion of information violation, we have established and operated the risk management scenario to minimize the damage, through rapid reaction in accordance with the violation grades.



If a person (including employees, partner employees, visitors, etc.) violates the information security/personal information management regulations, such as intangible assets and trade secrets held by BGF Retail, the corresponding person may be subject to disciplinary action or prosecution.

Quality Management

Consumer Safety Principles

Based on our corporate philosophy, we will do our best to deliver the best quality products and services anytime, anywhere, and even realize customer value.

1. We strictly comply with the relevant legislation for the quality of goods and services provided.
2. We continue to improve quality throughout the entire supply chain process, putting the health and safety of our customers first.
3. We actively communicate with stakeholders for the best quality of products and services.
4. Together with our partners and partners, we actively strive for the best quality of products and services leading at home and abroad.

Manufacturing/Production Quality Operation

Quality Safety Management System

For the first time in the distribution industry, BGF Retail has established a Big Data System (QSS) that combines the manufacturer's product quality data and the Ministry of Food and Drug Safety's public data, and we systematically and integrally manage the entire life cycle of products such as manufacturer's inspection, product pre-entry quality inspection, manufacturer's quality control history, site and quality inspection, and product monitoring. Especially, new suppliers conduct on-site inspections to understand the status of quality and hygiene, and existing suppliers such as the center for convenience food manufacturing, PL manufacturers, and NB manufacturers establish individual quality control processes to conduct regular quality and hygiene reviews. In addition, manufacturers that do not meet the quality/sanitation standards apply penalties according to the treatment criteria by grade and establish measures to prevent and improve recurrence.

Raw Material Quality Management

BGF Retail conducts on-site inspection and continuous follow-up management of raw material suppliers, and conducts quality and history management. It monitors compliance with the standards of all raw materials, and rice, the main ingredient for convenient foods, uses 100% domestic rice within three days of the fixed date.

Quality Management of Food Manufacturing Centers

BGF Retail identifies possible hazards at each stage of food consumption by consumers through the stages of manufacturing, processing, preservation, distribution, and cooking, starting with food ingredients. Also, food suppliers are selected only for HACCP (Food Safety Management Certification) certification companies to prevent and manage them in advance. In order to establish a safe food supply chain, all food manufacturing centers are subject to HACCP (Food Safety Management Certification Standards) screening through external screening institutions every year. We continue to conduct regular on-site inspections and safety inspections for finished products.

Policy to Support Quality Management of SMEs

BGF Retail is in pursuit of shared growth with the small and medium-sized partner companies and quality improvement as we provide ► quality management consulting support for PL product manufacturers ► Guidance and inspection for companies performing below our standards to improve their competitiveness ► Specialist dispatch consulting support for HACCP.

Product Specification Quality Control

We conduct product specification inspection on all products operated by our company and ensure product safety in advance by checking legal specifications in the product process. Also, in the case of simple foods, quality control is carried out by checking nutritional components, and external consignment reviews of FF, PL, and NB products are requested and monitored every month.

PEOPLE_SAFEGUARDING CUSTOMER SAFETY AND PRIVACY

Quality Operation of Storage/Delivery

Periodic Evaluation of Logistics Center

BGF Retail is entrusted to a specialized external screening agency to conduct a sanitation management review of the distribution center three times a year. We evaluate items related to product quality and safety, such as compliance with hygiene-related laws, hygiene and food handling in the workplace, and cleanliness of delivery vehicles. In the case of low-temperature distribution centers, we are intensively checking compliance with the cold-chain system at all stages from warehousing, storage, and store delivery of refrigerated and frozen products.

* Cold chain system: Low temperature distribution system that ensures product quality and safety by maintaining low temperature during refrigeration/freezing product distribution

Adequate Temperature Delivery System to Protect Freshness

In order to minimize the risk of deterioration of refrigerated and frozen products among CU stores nationwide, we are equipped with 100% cooling devices and temperature sensors in low-temperature delivery vehicles. ▲Commercial Vehicle Operation (CVO) delivery vehicle real-time temperature recording system ▲GPS control system monitors delivery vehicle location, driving status, in-vehicle condition, temperature, and more every 5 minutes.

Operation and Management of Franchise Branches

Franchise Stores Evaluation

We frequently inspect CU stores treating instant cooking products on their compliance with the related laws and regulations in cooking, selling, and storing the products. Also, to improve quality management awareness of franchisees, diagnosis on quality management operation capacity, hygiene education and safety campaign are regularly provided.

Blockage System against Hazardous Product Sales

BGF Retail operates ‘Hazardous Products Sales Blockage System’ that instantly stops the sales of the identified product in all Stores across the country jointly with the Ministry of Food and Drug Safety.

Time-PLU Barcode System (Expiration Date Checking System)

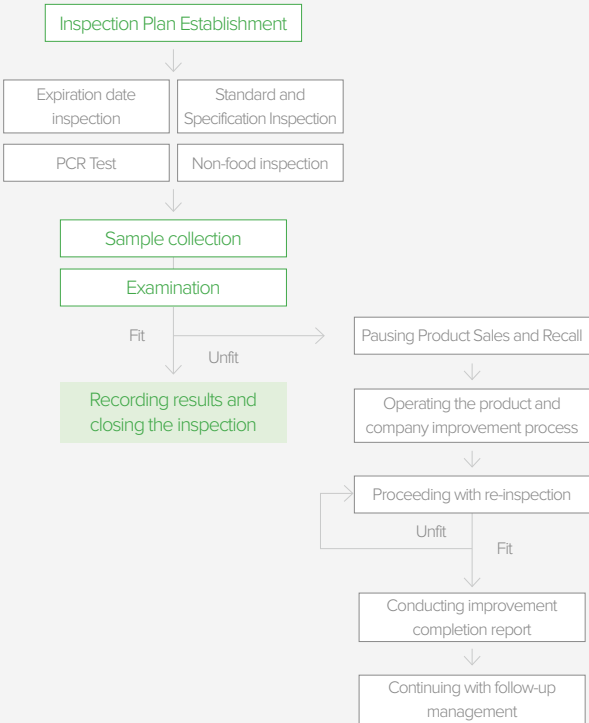
Time-PLU is a system in which POS identifies expired products and blocks their sales, designed for the health and safety of customers. This system was developed and patented by BGF Retail

(Patent Registration No.10-0898686)

Product Safety Assessment

BGF Retail conducts a thorough quality management and 130 monthly product safety tests to safeguard customer health and safety and provide the best products and services.

Product Safety Assessment Process



Classification	Unit	2019	2020	2021
Recall cases	cases	0	0	2

PEOPLE_PROVIDING HEALTHY AND RIGHT FOOD

Providing Healthy and Right Food

BGF Retail is striving to provide healthy and wholesome food to contribute to suppl products that customers can trust, through food safety, hygiene, and nutrition, and to contribute to the creation of healthy eating habits of the people as its core tasks. We are gradually expanding the use of sustainable raw materials such as organic, low-carbon, and animal welfare certifications, and are strengthening cooperation with local farmers to produce high-quality products. Moreover, we are trying to reduce environmental impacts by maintaining the best product quality and suppressing GHG emissions through the cold chain that reflects the optimal distribution route among raw material cultivation areas – food manufacturing centers – merchants.

Product development process

BGF Retail provides convenience meals considering nutrition and health in compliance with the convenience food nutritional component standards and the 2020 Korean nutrient intake standards of the Ministry of Health and Welfare.



Sustainable Certification Status by Major Raw Materials

Classification	Certifications	Usage (2021)
Coffee (bean)	Rain Forest Alliance	356tons
Rice	None	10,018tons
Corn	None	1.4tons

Operation Status of Animal Welfare Products

Classification	Operated Products	Sales Qty. (item)	Sales amount (2021)
Animal Welfare	Meat processing (pork)	1	18
	Poultry (egg)	2	623,973
Organic	Food	4	432,379
	Non-food	9	745,099

Development of Products Considering Health and Nutrition

The BGF Retail Product Research Institute is a convenience food R&D organization, and along with its own research efforts, cooking researchers are researching and developing convenience food products considering taste, nutrition, and consumer health through the group's advice. While maintaining the taste, we are continuously releasing products that reduce salt, meat, and calories compared to existing simple foods and increase protein content. We are expanding the healthy food category to HMR and snacks other than convenient food. In addition, since 2016, nutrients such as calories, fat, and sodium have been indicated on the package of simple food products compared to the daily nutrient standard set by the Ministry of Food and Drug Safety (2,000 kcal). Starting in 2021, we have implemented a full-scale lunch box nutrition labeling system to expand the calorie and sodium labeling by more than 10 times so that customers can see easier nutrient contents. In principle, BGF Retail does not manufacture products using GMO-derived raw materials. We comply with laws and regulations on GMOs to provide customers with good quality and safe products and strive to manage potential risks by ensuring that raw materials and products are supplied from scientifically traceable sources in accordance with international standards.

◇ Healthy diet product standards

- Products certified by government agencies or international organizations or products using certified raw materials.
- Products whose nutritional value has increased or decreased according to the daily nutritional value set by the Ministry of Food and Drug Safety (calorie, fat, sodium, protein content, etc.)
- Food with sufficient nutrition and energy for one meal using fresh vegetables and fruits or plant-based meat substitutes

The Healthy Diet Convenient Food Series Launching

BGF Retail has developed and operated a healthier lunch box series tailored to customers' needs in consideration of health and nutrition. It supports balanced meals for customers through nutritional lunch boxes that consumers want to supplement, such as protein lunch boxes (30g or more), low-calorie lunch boxes, and low-carbohydrate lunch boxes (30% of carbohydrates).

Vegetarian Series

We are continuously strengthening convenience food for vegetarian customers who consider the environment and health. Vegetarian convenience foods are made of vegetable bean meat, vegetable tuna, and vegetable alternative meat. Vegan cola without animal ingredients is also in operation through overseas direct sourcing. Vegetarian products have eco-friendly properties that emit less carbon than meat products.

Healthy Diet Convenient Food Sales Status

Classification	Sold Qty	비중
The Healthy Diet Convenient Food Series (Low calorie, high protein, nutritional balance lunch box)	152,368	4.02%
Vegetarian Series	15,225	0.12%



FACTBOOK/APPENDIX

ESG management of BGF Retail aims to create an integrated value that combines economic value with social value as a corporate citizen by maximizing profit and shareholder value.

Performance Indicators

Business(Economy)

Key Financial Performance (Based on comprehensive income statement)

Classification	Unit	2018	2019	2020	2021
Sales Revenue	million won	5,775,862	5,946,068	6,181,269	6,781,161
Operating Income (loss)	million won	189,516	196,623	162,204	199,441
Earnings before income taxes (loss)	million won	202,539	201,078	163,103	192,516
Income tax expenses	million won	48,352	49,701	40,392	44,873
Net Income	million won	154,186	151,377	122,711	147,642
Total assets	million won	1,482,568	2,172,410	2,371,169	2,596,378
Total equity	million won	521,663	622,595	696,827	809,319
Return on Assets (ROA)	%	11.2	8.3	5.4	5.9
Return on Equity	%	33.9	26.5	18.6	19.6

※ ROA: Net Income/Average Total Assets
 ROE: Net income attributable to owners of the Company / Average Equity attributable to owners of the Company

Allocation of economic performance to stakeholders (based on cash flow statements)

Classification	Unit	2018	2019	2020	2021
Shareholders and investors (Dividends)	million won	17,275	46,297	46,642	41,460
Employees' salaries	million won	139,297	144,676	153,934	172,485
Cooperative company	million won	4,749,496	4,857,999	5,120,806	5,548,776
Government (Corporate tax cash payments)	million won	29,362	51,007	47,810	42,328
Community (Donations)	million won	1,051	1,068	1,268	932

ESG Performance Indicators

Environment

Classification			Unit	2019	2020	2021	Remarks
Greenhouse Gas	Emissions	Scope1	tCO2e	28,304	31,527	34,469	BGF Retail (separate) emissions for 2021 were 1,294 tCO2e, which is 3.8% of the consolidated total.
		Scope2	tCO2e	8,381	9,375	10,294	BGF Retail (separate) emissions for 2021 were 758 tCO2e, which is 7.4% of the consolidated total.
		Scope3(Logistics Center)	tCO2e	14,826	15,107	18,090	Consignment Logistics Center(3PL/Third Party Logistics)
		Scope3(CU)	tCO2e	-	-	31,985	Energy Comma Estimated based on participating stores' wattage
		SCOPE3(COMMUTING AND BUSINESS TRIPS)	tCO2e	4,120	3,871	3,554	
	Emission intensity	Total Emissions	tCO2e	36,685	40,902	44,763	Scope1 + Scope2
		Per unit emissions	tCO2e/100million won	0.62	0.66	0.66	Greenhouse gas emissions per 100 million won in consolidated sales
Energy	Usage	Direct energy (stationary combustion)	MWh	32	10	3	Electrical energy conversion
		Indirect energy (mobile combustion)	MWh	41,630	46,310	50,591	
		Indirect energy (electricity)	MWh	17,896	20,017	22,304	
		Renewable energy	MWh	0	0	0	
	Intensity	Total energy consumption	MWh	59,558	66,337	72,899	
		Per unit consumption	MWh/100million won	1.002	1.073	1.075	Energy consumption per 100 million won in consolidated sales
Water Consumption			ton	8,069	7,806	4,944	Applied area ratio from 2021
Waste Disposal		General waste	ton	26.2	37.9	46.2	
		Total weight of all food loss & waste	ton	-	33.4	73.6	Aggregation including BGF food (66.9 tons) since 21
		Total weight of food loss & waste volumes used for alternative purposes	ton	258.4	579.0	300.8	Food bank food donation
		Waste recycled	ton	-	-	12	
Solar Power Generation		Power generation facilities (cumulative)	facility	0	1	1	
		Annual carbon emission reduction	tCO2e	0	285	651	
		Renewable Energy generation	Mwh	0	661	1,397	
Electric Delivery Vehicle		Introduced quantity (cumulative)	vehicle	0	0	1	
Green Store		Number of stores (cumulative)	facility	1	2	2	
Violation of Environmental Regulations		Number of violations	case	0	0	0	

- 1) From this report on, we have aggregated greenhouse gas emissions by scope.
- 2) We applied the ratio of area used when calculating the greenhouse gas emission, energy and water consumption, and waste emission of the office building.
- 3) We excluded BGF Food and consignment logistics centers from the calculation of greenhouse gas emissions and energy consumption.
- 4) Water consumption and discharge (excluding food loss and food waste) are separate standards for BGF Retail

ESG Performance Indicators

Social

Human Resources Management

Classification				Unit	2019	2020	2021	Remark
No. of Employees	Total executives and employees			Person	2,641	2,637	2,778	
	By agreement type	Regular workers		Person	2,009	2,123	2,251	
		Non-regular workers	Executive Officer (Male)	Person	13	14	12	
			Executive Officer (Female)	Person	0	0	0	
			Contract workers	Person	23	16	15	
			Indefinite contract worker	Person	1	1	3	
			Direct branch staff	Person	595	483	497	Short-term hourly worker
	Status of Full-time Employees	Gender	Male	Person	1,508	1,597	1,678	
			Female	Person	501	526	573	
			(Female composition rate)	%	24.9	24.8	25.5	
		By age	Under age 20	Person	0	0	1	
			20 to 30 years old	Person	705	703	712	
			30 to 50 years old	Person	1,287	1,398	1,520	
			More than 50 years old	Person	17	22	18	
		By position	Person in charge	Person	272	263	269	
			Manager	Person	173	263	345	Non-management positions with P3 or higher positions
			Non-managed	Person	1,564	1,597	1,637	

ESG Performance Indicators

Human Resources Management

Classification			Unit	2019	2020	2021	Remark
Recruitment	Number of full-time new employees		Person	149	247	313	
	Average costs to recruit 1 person		1,000 won	2,980	2,604	2,264	
	By types	High School Graduate Recruitment	Person	0	0	0	
		College Graduates Recruitment	Person	124	197	225	
		Experienced worker	Person	25	49	88	
	Gender	Male	Person	105	179	214	
		Female	Person	44	68	99	
	Region	Metropolitan Area	Person	99	147	166	
		Gangwon	Person	3	14	9	
		Chungcheong	Person	10	19	40	
		Honam	Person	8	19	27	
		Yeongnam	Person	23	43	62	
		Jeju	Person	6	5	9	
	By position	Management position	Person	1	1	1	
		Junior managment position	Person	0	1	1	Non-management positions with P3 or higher positions
		Non-management	Person	148	245	311	P2 position or lower
	By age	Under age 20	Person	0	0	1	
		20 to 30 years old	Person	138	225	291	
		30 to 50 years old	Person	11	25	21	
		More than 50 years old	Person	0	0	0	
Ratio of open positions occupied by internal candidates (internal open call)			Person	4	0	0	Finance position: 1 out of 4 applicants selected Merchandising : 3 out of 29 applicants selected

ESG Performance Indicators

Human Resources Management

Classification				Unit	2019	2020	2021	Remark
Retirement	Number of people who left the company			Person	167	153	200	
	Total turnovers			%	8.3	7.2	8.9	
	Involuntary resignation	Inter-Affiliate Records		Person	25	26	23	
		Others		Person	1	7	11	
	other	Total people		Person	141	120	166	
		Gender	Male	Person	91	74	117	
	Total people		Female	Person	50	46	49	
	Gender	Age	20 to 30 years old	Person	87	74	123	
			30 to 50 years old	Person	53	45	43	
			More than 50 years old	Person	1	1	0	
		Position	Person in charge	Person	6	0	0	
			Manager	Person	6	16	0	
			Non-management	Person	129	104	166	
	Voluntary Turnover			%	7.0	5.7	7.4	
Year of Service	Average number of years of service			year	1.9	2.7	3.2	Founded on Nov. 1, 2017
	Gender	Male		year	1.9	2.7	3.3	
		Female		year	1.9	2.6	3.1	
Employee engagement	Participation rate in the engagement survey			%	69.5	83.0	79.9	
	Positive Response Rate			%	69.6	71.5	70.3	

ESG Performance Indicators

Human Resources Management

Classification			Unit	2019	2020	2021	Remark
Diversity	Disabled Worker		Person	14	13	12	
	Ratio of disabled workers		Person	0.70	0.61	0.53	
	Disabled workers		Person	42	46	46	Including direct branch staff
	Ratio of disabled workers		%	1.59	1.74	1.66	
	LGBTQI		Person	0	0	0	Criteria for voluntary expression of employees
	Ratio of LGBTQI workers		%	0	0	0	
	Foreigner workers		Person	6	1	1	Including direct branch staff (2021 nationality: Chinese/Asian)
	Ratio of foreigner workers		%	0.2	0.2	0.04	Including direct branch staff
Female Manpower	Position	Management personnel (position holder)	Person	272	263	269	Executive Excluded
		Total number of managers (including non-management level at least P3)	Person	445	526	614	
		Female management position	Person	5	6	6	
		Female junior managers	Person	8	17	34	
		Percentage of women in managerial positions (to total managerial positions	%	1.1	1.1	1.0	
		Percentage of female junior management positions (compared to total management positions)	%	1.8	3.2	5.5	
	By agreement type	Regular female employees	Person	501	526	573	
		Ratio of female employees among regular workers	%	24.94	24.78	25.45	
		Contract female employees	Person	201	169	162	
		Ratio of female employees among contract workers	%	31.8	32.88	30.74	

ESG Performance Indicators

Human Resources Management

Classification			Unit	2019	2020	2021	Remark
Labor-management relationship	Composition of labor-management council		-	Labor-Management Equivalents of More Than Five People			
	Employees participating in labor-management council		Person	2,009	2,123	2,251	
Salary	Male average (yearly)		1 million won	60	60	66	Excluding direct branch staff (Criteria for inclusion of contract workers)
	Female average (yearly)		1 million won	41	42	49	
	Overall average (yearly)		1 million won	55	26	62	
	Male-Female salary ratio		%	72.0	74.0	74.0	
	Percent of salary for female management positions compared to male management positions		%	90.0	84.0	124.0	
Retirement pension	Subscription type	Defined benefit	Person	1,874	1,920	1,928	
		Defined contribution	Person	0	0	90	
Parental leave	Number of people used	Male	Person	28	42	46	Based on parental leave employee within the current year(Excluding direct branch staff and Including contract workers)
		Female	Person	68	67	59	
	Returnee	Male	Person	10	26	26	
		Female	Person	21	30	35	
	Number of returnees	Male	Person	8	22	22	
		Female	Person	20	22	31	
	Ratio of returnees	Male	%	80.0	84.6	84.6	
		Female	%	95.2	73.3	88.6	

ESG Performance Indicators

Human Resources Management

Classification		Unit	2019	2020	2021	Remark	
Competency Building	Average Training hours per person	H	20	38	56		
	Satisfaction evaluation score (out of 5 points)	Points	4.5	4.5	4.62		
Self-Improvement Support	Application for obtaining certificate	Person	62	56	69		
	Language support	Person	51	66	57		
	Learning club support	Team	39	11	11		
	Cyber University Support	Person	0	6	14		
	BLP(BGF Leader Program)	Person	64	0	0	Not implemented due to COVID-19 in 2020~21	
Human Capital	ROI Human capital ROI	%	31.17	31.14	30.98	[Sales Revenue - {Operating cost - (salary + welfare)}] / (salary + welfare expense)	
EAP	Number of users of counseling psychology service	Person	132	192	158	BGF/BGF Retail Integration	
	Number of use of counseling psychology service	Case	615	711	720		
Safety and Health	Employees	Work-related deaths	Person	0	0	0	
		Industrial accident	Case	3	10	8	
		Occurrence rate	%	0.15	0.47	0.36	Traffic accidents during commuting outside of business hours
		LTIFR		0.59	1.87	1.41	
	supply chain	Industrial accident	Case	8	5	2	
		Occurrence rate	%	1.34	1.04	0.40	Direct branch staff
		LTIFR		5.36	4.12	1.60	

※ From this report, the number of industrial accidents was prepared based on the number of industrial accidents approved by the Korea Workers' Compensation and Welfare Service.

ESG Performance Indicators

Customer Value Creation

Classification		Unit	2019	2020	2021	Remark
Customer Communication	Average number of consumer complaints per month	case	150	150	131	CU Customer Center Acceptance Criteria
	Average number per store per month	case	0.011	0.010	0.008	
	Number of product launch proposal requests	case	20	19	56	
Customer Satisfaction	CU Satisfaction Assessment (out of 5 points)	%	86.6	86.7	89.6	Percentage of satisfied customers for the store they visit
Information Protection	Number of customer information leaks/ stolen/lost	case	0	0	0	
	Information security violations and cyber security incidents occur	case	0	0	0	

※ Number of customer privacy complaints in 2021 : 0case

Supply Chain and Fair Trade

Classification		Unit	2019	2020	2021	Remark
Due diligence of partner companies	On-site visitor	companies	34	7	3	Fair Trade Focus Inspection
	Accept opinion	case	170	35	15	
	Survey monitoring	case	2	1	2	
Partner satisfaction	Evaluation of transaction satisfaction	points	92.8	86.9	91.3	2022 goal: 93.1 points
Autonomous dispute settlement committee	Number of adjustments	sessions	7	5	11	
Compliance with fair trade and unfair case training	Number of training cases	case	13	2	4	

ESG Performance Indicators

Shared Growth Program

Classification		Unit	2019	2020	2021	Remark
Win-win fund	Fund size	hundred million won	110	110	130	
	Loan amount	hundred million won	58	59.2	63	
Payment for holiday payment in advance	Number of support partners	companies	287	123	224	
	Advance payment amount	hundred million won	630	200	741	
Open small business consultation	Participating companies	companies	161	112	Untact counseling	
	Implementations	sessions	12	10	Untact counseling	
e-Learning training	Target partners	companies	158	148	134	
	No. of contents	items	2,055	2,236	2,473	
Win-win council of franchisees	No. of sessions	sessions	6	3	36	

ESG Performance Indicators

Social Contribution

Classification		Unit	2019	2020	2021	Remark
Ratio of Contributions to Net Income		%	0.54	0.78	0.47	contributions/operating profits
Donations		Hundred million won	10.7	12.7	9.3	Composition of 21 Years' Contributions : Charitable donations (10.3%), community investment (50.3%), public interest marketing(39.4%) ※ Charitable contribution details: cash (KRW 92 million), in kind (KRW 4 million)
Participation of employees in volunteer activities	Number of people	person	104	693	231	Reduction of activities due to COVID-19
	Activity time	hours	440	1,761	1,114	

Key Program Performance

Classification		Unit	2019	2020	2021	Remark
BGF Bridge	Logistics cost related to relief supplies	million on	10	6	6	Conversion of storage cost
	Advertising expenses for disaster prevention media	million on	780	750	720	Cost conversion of POS advertising media
	Disaster prevention campaign	million on	4	4	4	
	Relief fund	million on	50	50	50	
	Relief aid	case	3	16	6	
Sharing Food of Love	Donation	million on	353	484	243	
Collecting Coins of Love	Amount raised	million on	291	263	247	
Sound of Love	Employee participants	person	769	786	759	
	Amount raised	million on	16.2	16.9	15.2	

ESG Performance Indicators

Governance

Corporate Governance

Classification		Unit	2019	2020	2021	Remark
Board of Directors Operational Performance	Sessions held	Sessions	13	13	13	
	Outside director ratio	%	57.1	66.6	62.5	March 2022 standard
	Board of Directors Attendance rate	%	94.9	98	98.9	
Total Board of Directors Remuneration	Registered Director	million won	34	3,909	1,007	2020: In-house director retirement income included
	Outside Director	million won	10.6	55	59	
	Member of the audit committee	million won	38	165	176	
	audit	million won	21	0	0	2019.3.27 Change of audit organization (Audit → Audit Committee)
Equity Status	Largest shareholder	%	30.0	30.0	30.0	BGF CO., Ltd.
	pecially related persons	%	25.4	25.3	25.0	
	Domestic	%	10.6	13.9	12.6	
	Foreigner	%	34.0	30.8	32.4	

Corporate tax payment by affiliates

Classification	Unit	BGF Retail	BGF Logis	BGF Foods	BGF Humannet
Earnings before Tax	million won	190,363	6,589	-5,173	-90
Reported Taxes	million won	45,606	1,427	-1,138	-19
Cash Taxes Paid	million won	46,824	680	-	20

ESG Performance Indicators

Governance

Risk Management

Classification		Unit	2019	2020	2021	Remark
Ethics management training for employees		sessions	38	12	26	Enforced including the holding company
Ethical Management Practice Campaign (Inhouse Auction)		Thousand won	1,924	3,749	3,161	
Those who have completed information security education		person	2,044	2,233	2,349	
Launching the Risk Management Committee		case	0	0	0	
Internal and external reporting	Ethical management hotline	case	4	3	8	
	Cleanline	case	8	8	4	
	Total	Thousand won	12	11	12	
Internal control system	comprehensive audit	case	4	4	4	
	special audit	case	15	12	8	
	confirmation audit	case	2	1	1	
	total	case	21	17	13	
Inspection by the type of Code of Conduct Violation	Sexual harassment	case	0	0	0	Based on the number of violation of the code of conduct through special audits
	Discrimination & Harassment	case	0	0	0	
	Breach & seizure	case	0	0	0	
	Corruption and bribery	case	0	1	0	
	Others	case	7	2	4	
Action result	Reprimand	person	2	1	0	Disciplinary persons for cases of behavior violation
	Demotion	person	4	2	1	
	Suspension	person	2	0	2	
	Dismissal	person	0	0	2	
	Etc.	person	3	2	0	Resignation before disciplinary action
Violation of the law (disposition of a fine or higher)	Anti-Competitive Practice	case	0	1	0	
	Corruption and bribery	case	0	0	0	
	Others	case	0	0	1	2021 : Failure to report the seller of safety-reserve medicines (violation of the Pharmaceutical Affairs Act), a fine of 4 million KRW
	Total	case	0	1	1	

GRI Standards

Disclosures	Title	Report	Page
102-1	Organization name	●	107
102-2	Activities and flagship brands, products and services	●	8-11
102-3	Location of headquarters	●	107
102-4	Location of business establishment	●	9, 10, 107
102-5	Organizational ownership and legal form	●	9, 10
102-6	Market area	●	9-12
102-7	Organizational Size	●	9-10, 86-87
102-8	Information about employees and workers	●	9-10, 86-89
102-9	Organizational supply chain	●	9-12
102-10	Significant changes in the organization's supply chain	●	N/A
102-11	a precautionary approach or principle	●	19-23
102-12	External initiatives	●	15, 103
102-13	Membership association	●	103
102-14	Declaration of the Best Decision Maker	●	7
102-15	Key impacts, crises and opportunities	●	19-23
102-16	Organizational values, principles, standards and codes of conduct	●	8, 15, 21, 24, 38, 53, 71, 73, 78, 80
102-17	Ethics Advisory and Complaint Handling System	●	21-23
102-18	Governance Structure	●	16-18
102-19	Authority delegation procedure	●	16-18
102-20	Executive responsibility for economic, environmental and social topics	●	14-15
102-21	Process of consultation with stakeholders on economic, environmental and social topics	●	14-15
102-22	Organizing the best decision-making bodies and committees	●	16-18
102-23	the chairman of the best decision-making body	●	16-18
102-24	Appoint and select the best decision-making body	●	16-18
102-25	a conflict of interest	●	18

Disclosures	Title	Report	Page
102-26	The role of the best decision-making body in establishing objectives, values and strategies	●	16-18
102-28	Evaluation of the performance of the best decision-making body	●	17
102-29	Identify and manage economic, environmental and social impacts	●	14-15
102-30	Efficiency of risk management procedures	●	19-20
102-31	Inspection of economic, environmental and social topics	●	14-15
102-32	The Role of the Chief Decision-Making Body on Sustainability Reports	●	Sustainability Report Publishing Board Report
102-33	Report on an important issue	●	14
102-34	Characteristics of critical issues and number of reports	●	14, 16-18
102-35	Remuneration policy	●	16-18, 95
102-36	Remuneration decision procedure	●	16-18
102-40	List of stakeholder groups	●	26, 29
102-41	Collective agreement	●	76(100%)
102-42	Identify and select stakeholders	●	25, 28
102-43	Stakeholder participation method	●	26, 29
27102-44	Key topics and concerns raised through stakeholder engagement	●	26-28
102-45	List of entities included in the organization's consolidated financial statements	●	9, 10, 84
102-46	Report content and subject boundary definition	●	107
102-47	List of important topics	●	26-28
102-50	Reporting period	●	107
102-52	Reporting	●	107
102-53	Contact information for the report	●	107
102-54	Reporting by GRI Standards	●	108
102-55	GRI Content Index	●	97-98

INDEX

수정은 NDEX로 왔습니다. 확인해주세요

Disclosures	Title	Report	Page
102-56	External Verification	●	104-106
103-1	Description of critical topics and boundaries	●	107
103-2	Management approach and composition	●	8-11
103-3	Evaluation of management approach	●	16-18
201-1	Direct economic value generation and distribution	●	84
201-2	Financial impacts and other risks and opportunities of climate change	●	38-51
201-3	Provision of an organization's defined-benefit pension scheme	●	90
203-1	Infrastructure investment and service support activities	●	60-69
203-2	Significant indirect economic effects	●	53-69, 93-94
205-1	Assessing the risk of corruption in the workplace	●	21-23, 96
205-2	Announcement and training on anti-corruption policies and procedures	●	19-23
205-3	Confirmed cases of corruption and actions taken against them	●	19-23
302-1	Energy consumption within the organization	●	38-45
302-4	Reduction in energy consumption	●	38-45
302-5	Reduce energy requirements for products and services	●	38-45
303-1	Water intake by source	●	85
305-1	Direct greenhouse gas emissions	●	40-43, 85
305-2	Energy indirect greenhouse gas emissions	●	40-43, 85
305-3	Other indirect greenhouse gas emissions	●	85
307-1	Number of fines and sanctions for violations of environmental laws and regulations	●	85
401-1	Number and percentage of new hires and turnover	●	86-88
401-2	Benefits offered only to full-time workers	●	76-77, 91
401-3	Benefits offered only to full-time workers	●	77, 90
402-1	Period of the highest notification of management changes	●	30일
403-1	Percentage of workers representing the Health and Safety Commission	●	76, 90

Disclosures	Title	Report	Page
403-2	Type of injury, incidence of injury, incidence of occupational illness, Number of days off from work, absence rate, number of work-related deaths	●	71-72, 91
403-4	Health and safety matters included in formal agreements with trade unions	●	71-72, 76, 91
404-1	Average training hours per worker per year	●	74, 91
404-2	Job training and lifelong education programs that maintain employment and help you retire	●	74-75
405-1	Diversity within governance organizations and employees	●	16-18, 73-74, 87-89
405-2	Percentage of gender base and compensation pay	●	90
410-1	Security trained in human rights policies and procedures circle	●	73
412-2	Training of employees on human rights policies and procedures	●	73
413-1	Business establishments that conduct community participation activities, impact assessment and development pro-grams	●	60-69, 94
414-2	Negative social impact of supply chain and actions taken against it	●	53-59, 80-82, 92
416-1	Major Products Evaluating Safety and Health Impact for Improvement	●	71-72, 82
418-1	Number of complaints about customer privacy violations and loss of customer information	●	79, 92
419-1	Violation of relevant laws and regulations in social and economic aspects	●	85, 96

INDEX

수정은 NDEX로 왔습니다. 확인해주세요

SASB

Industry - Food Retailers & Distributors

Measurement Index	Code	Measurement Index	Category	Unit	BGF Retail	Page
Vehicle Fuel Management	FB-FR-110a-1	consumption, fuel regeneration ratio	Quantitative	GJ, %	465,131GJ ,0%	84P
Air pollution	FB-FR-110b-1	Scope 1 emissions from refrigerant	Quantitative	Metric Ton(t) CO2-e	0	42p
	FB-FR-110b-2	Percentage of refrigerant consumed with zero chance of ozone depletion	Quantitative	% by weight	0	42p
	FB-FR-110b-2	Average refrigerant emission rate	Quantitative	%	0	-
Energy management	FB-FR-130a.1	1) Operating power 2) Grid power (%) 3) Renewable energy (%)	Quantitative	GJ, %	Total energy usage: 30,118,234Kwh (Scope1,2) Renewable energy: 0%	39p
Food waste management	FB-FR-150a.1	Amount of food waste generated, the rate of conversion (renewable) from waste	Quantitative	Metric Tons(t), %	71,966t (Scope1,2)	47p
Information security (Data Security)	FB-FR-230a.1	1) Number of data breaches, (2) rate of personal identification (PII), (3) number of customers affected	Quantitative	Rate, %	Number of data breaches: 0 Number of customers affected: 0 cases	78P
	FB-FR-230a.2	Describe the approach to identifying and addressing data security risks	Qualitative		ISMS (Information Protection Management System) certification and activities	78P
Food safety	FB-FR-250a.1	High Risk Food Safety Violation Rate	Quantitative	Rate, %	0%	80p
	FB-FR-250a.2	1)Number of recalls, 2) number of recalled products, and 3) percentage of recalled products that are proprietary trademarks (PL) products	Quantitative	Rate, %	1) Number of recalls: 2 cases 2) Number of recalled products: 2 items	80p
Product Health and Nutrition	FB-FR-260a.1	Revenue from products that are labeled and/or sold with health and nutritional characteristics guidance	Quantitative	Rate	100%	81P
	FB-FR-260a.2	Discussion of the process of identifying and managing products and ingredients related to nutrition and health issues among consumers	Qualitative	Qualitative	Health and nutrition policies and implementation activities	81P

TCFD Report

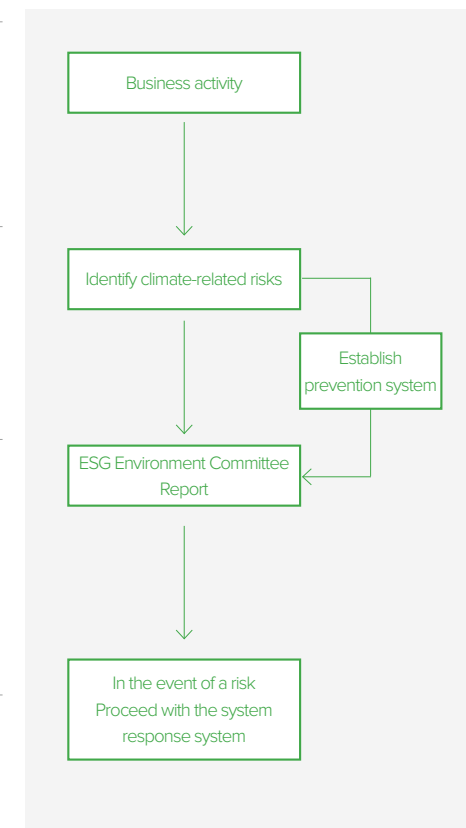
Classification	TCFD Recommended Disclosures	BGF Retail's Response	CDP Alignment
Governance	a) Describe the board's oversight of climate-related risks and opportunities.	The Board of Directors has been briefed on and voted on the agenda of the Climate Change	CDP_C1.1a CDP_C1.1b
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	BGF Retail holds ESG Management Committee once a quarter to review climate change risks and opportunities identified through the ESG Working Council Environment Group and ISO14001 TFT, and to make overall decisions on activities to minimize climate change risks.	CDP_C1.2a
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, mid, and long term.	APPENDIX> TCFD (100P)	CDP_C2.1a CDP_C2.1b
	b) Describe the impact of climate-related risks and opportunities on the organization's business, strategy, and financial planning.	APPENDIX > TCFD (100P)	CDP_C2.1b CDP_C2.2a CDP_C2.3b CDP_C3.2b
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	APPENDIX > TCFD (100P)	CDP_C2.2a CDP_C2.3b CDP_C3.2
Risk management	a) Describe the organization's processes for identifying and assessing climate-related risks.	APPENDIX > TCFD (100P)	CDP2.2a
	b) Describe the organization's processes for managing climate-related risks.	APPENDIX > TCFD (100P)	CDP2.2a
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	APPENDIX > TCFD (100P)	CDP_C3.3 CDP_C3.4
Indicators and reduction targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities related to its strategy and risk management process.	BGF Retail is discussing environmental risks and opportunities, including climate, at its quarterly ESG management committee. From 2021, ESG management performance evaluation indicators, including CEOs, were expanded to performance evaluation indicators for executives in charge of ESG management committee, so that management considered sustainable management throughout the business. In the future, we will also consider the climate change risk and opportunity management response evaluation indicators.	CDP_C2.2
	b) Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	ESG Policy & Performance > Environment > Environmental Management (30p)	CDP_C6.1 COP_C6.2
	c) Describe the targets used by the organization to manage climate-related risks and the opportunities and performance in contrast with the targets.	Factbook > Environmnet (84p)	CDP_C4.1a CDP_C4.1b

INDEX

Climate Change-Related Risks and Opportunities

Classification		Risks	Financial Impact	Identification	Strategic and financial direction
Economic conversion Risk	Policies and laws	Lower business risk and reputation if unresponsive due to the importance of low-carbon green growth legislation	High	Mid-to long-term	Although BGF Retail is not a company subject to carbon emission trading, it plans to continue to develop/invest in order to improve energy efficiency of distribution centers and store bases in line with the global direction of reducing greenhouse gases. In particular, we will consider gradually expanding the operation of solar power generation businesses that produce renewable energy by utilizing the rooftop site of the distribution center. In addition, the revision of environmental laws is being carried out through frequent monitoring by the legal team and dissemination of related departments.
	Technology	Financial risks arising from failure to apply energy reduction technology	High	Mid-term	BGF Retail has established strategies for eco-friendly energy production and energy efficiency at its main businesses, distribution centers, and environment-friendly infrastructure, and continues to invest in response to climate change such as green stores. In addition, when investing in energy reduction and the application of renewable energy production technology, discussions are conducted sequentially through the ESG Working Council, ESG Management Committee, and the board of directors. In addition, we are receiving advice on the effectiveness of the activities through an environmental advisor of ESG Environment Committee.
	Market	Poor brand image when consumer needs are not met	High	Mid-term	We strive to provide products and services that consider the environment and consumers together through the supply and demand of raw materials that do not interfere with land, sea, or ecosystems in the collection, capture, and processing of raw materials. BGF Retail strives to develop products that take into account the environment, such as the introduction of RFA (Rain-forest Alliance) certified beans and the operation of alternative meat products that practice eco-friendly farming methods. Especially, we are conducting risk management by analyzing risks and opportunities related to providing eco-friendly products and services, and reporting progress through the ESG Management Committee.
Physical Risk	Meteorological Change	Difficulty in operating business due to heavy rain, heavy snow, and typhoon	High	Short-term	Due to weather changes such as heavy rain, heavy snow, and typhoons due to climate change, various risks such as entering and leaving logistics centers, delivery activities, and store operation can occur. Therefore, BGF Retail has established and managed emergency scenarios and crisis management systems to minimize the physical risks caused by climate change.

Process of Identifying and Responding to Climate Change Risks



Scenario of Below 2°C

Based on the UN International Panel on Climate Change (UNIPCC) climate change report, the Paris climate agreement, and TCFD guidelines, BGF Retail wants to respond by scenario risks and opportunities across the business supply chain when the average global temperature rises by 1.5°C.

Risk	Opportunities
<ul style="list-style-type: none"> - Restriction on the operation of goods and services due to a sudden abnormal climate and a sharp drop in crops and other crops - Increase in the cost of procuring products, stores, and distribution centers due to energy supply and demand difficulties such as electricity - Regulations on the use of plastics and disposable products are strengthened, and if the environment of packaging materials cannot be improved, there is a high possibility of violation of laws and regulations. 	<ul style="list-style-type: none"> - The trend of ESG investment by the financial sector can attract franchise customers - Renewable energy generation using idle space in logistics centers creates business opportunities - Sustainable products can be launched by improving the environment of packaging materials and raw materials

UNGC

Classification	UNGC Ten Principles	Activities and performance	Page
Human Rights	1. Business should support and respect the protection of internationally proclaimed human rights;	Compliance with International Labor Organization (ILO) rules	73P
	2. Make sure that they are not complicit in human rights abuses	Execution of sexual harassment prevention education Human rights protection provision is included in the contract	73P
Labor	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Compliance with the Labor Standards Act	73, 76P
	4. the elimination of all forms of forced and compulsory labor;	Operation of Labor Union	73, 76P
	5. the effective abolition of child labor; and	Compliance with laws related with child labor and forced labor	73, 76P
	6. the elimination of discrimination in respect of employment and occupation.	Operation of fair and objective recruitment & hiring process	73, 76P
Environment	7. Businesses should support a precautionary approach to environmental challenges;	Obtaining certification of environmental management system (ISO 14001)	38P
	8. undertake initiatives to promote greater environmental responsibility	Management of environmental pollutants emission in workplace	38P-45P
	9. encourage the development and diffusion of environmentally friendly technologies.	Execution of energy efficiency	38P-49P
Anti-Corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery.	Execution of compliance education for employees	21P

Membership association and award details

Membership of Associations

Convenience Store Industry Association	Korea Chamber of Commerce and Industry	Federation of Korean Industries	UNGC
Sustainability Forum of Korea	Franchise Forum of Korea	Korean Society of Distribution Law	Seoul Economist
Korean Society of Distribution	Korean Crime Prevention Foundation	Large, Small, Medium Business/ Agricultural Cooperation Foundation	Environmental Foundation

History of Awards

Month of Award	Award Description	Organizing and Supervising Organization
2021.05	Ministerial Commendation on Missing Children's Day	Ministry of Health and Welfare
2021.07	Korea's Top 100 Franchise Daily Economy in 2021	Maeil Business Newspaper
2021.10	Excellent corporation for disclosure of corporate governance	Korea Exchange
2021.11	2021 National Brand Competitiveness Index	Korea Productivity Center
2021.12	Commendation of the highest grade in the implementation evaluation of the member field of the 2021 Fair Trade Agreement	Fair Trade Commission
2021.12	Cash use option guarantee citation	Bank of Korea
2021.12	28th Presidential Award for Corporate Innovation	Korea Chamber of Commerce and Industry/Ministry of Trade, Industry and Energy

Certifications

Month of Certifications	History of Certification	Remarks
2021.12~	Family friendly certificate	Ministry of Gender Equality and Family
2013.12~	Excellent green logistics practice company	Ministry of Land, Infrastructure and Transport
2012.12~	Consumer-centered management (CCM)	Fair Trade Commission
2020.05~	Environmental management system	-
2019.03~	Information Protection Management System (ISMS)	Korea Internet & Security Agency

Independent Assurance Statement

DNV

Independent Assurance Statement

BGF Retail Co., Ltd. ("the Company" or "BGF Retail") commissioned DNV Business Assurance Korea, Ltd. ("DNV", "we" or "us"), part of DNV Group, to undertake independent assurance of its 21-22 Sustainability Report, "Better World, With Good Friends" (the "Report").

Our Opinion: On the basis of the work undertaken, nothing came to our attention to suggest that the Report does not properly describe BGF Retail's adherence to the Assurance Principles described below. In terms of reliability of the performance data, nothing came to our attention to suggest that these data have not been properly collated from information reported at operational level, nor that the assumptions used were inappropriate. We believe that the Report adopts the 'Core' option of the GRI Standards.

Beyond non-financial data, sustainability activities and performance data of 2021 generated from the Company, DNV has assessed the adherence to the Reporting Principles for defining report content set forth in the GRI Sustainability Reporting Standards 2020 and assessed the quality of sustainability performance information. DNV has found that the material topics which are identified by the Company's materiality assessment process are linked to relevant topic-specific disclosures of GRI Standards 2020 as follows;

No.	Material Topic	Topic Standard	No.	Material Topic	Topic Standard
1	Development of products and services considering the health of customers	416-1	5	Mutual growth with SME partner	414-1
2	Improve customer convenience	Non-GRI	6	Co-prosperity with franchise	414-1
3	Strengthen worker safety and health management	403-1	7	Address climate change	302-4 / 305-1
4	Reduce waste and expand recycling	Non-GRI			

Without affecting our assurance opinion, we also provide the following observations:

Stakeholder Inclusiveness

The participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.

BGF Retail defined customers, franchisees, employees, shareholders, staff, SME partners, local communities, and the governmental/non-governmental NGOs as their major stakeholder groups. The definition of each stakeholder and the approaches to engage with selected stakeholders are introduced in the report. BGF Retail classified stakeholder groups into key, direct, and indirect groups and conducted a survey on each stakeholder. Feedbacks gathered from stakeholders were reflected in the materiality assessment process, and related information is included in the report.

Materiality

The process for determining the issues that are most relevant to an organization and its stakeholders.

BGF Retail has conducted the materiality assessment to prepare the Report. Based on the pool of 20 issues, a total of 6 key issues were selected by analyzing the business importance and stakeholder interest. However, DNV recommends that the company consider their peers and competitors in the process of identifying material topics. DNV noted relevant material topics prioritized from the process are addressed in the report.

Sustainability Context

The presentation of the organization's performance in the wider context of sustainability.

BGF Retail has established an ESG management vision system, identified 9 core areas to achieve three mid- to long-term goals, and established the ESG Management Committee to effectively achieve goals. Accordingly, the company strengthened reporting on mid- to long-term goals and KPIs, as well as global standard requirements. Related information is specifically disclosed through the report.

Completeness

The depth of information that has been identified as material to the organization and its stakeholders is reported.


BGF Retail discloses in detail the background of issue selection and progress on material topics that reflect stakeholders' interests and expectations. In addition, goals, achievements (performances), and plans for the next year are reported in detail for each key area. The assurance team determines that the company has reported positive and negative information in a balanced and transparent manner and confirm that the material topics selected through the materiality assessment were fully reflected to the report, based on the physical and periodic reporting boundaries.

PLJN-338060-2022-AST-KOR

Page 1 of 2

	STRATEGIC REPORT REPORT ON ASSURANCE
<p>Reliability and Quality</p> <p><i>The accuracy and comparability of information presented in the Report, as well as the quality of underlying data management systems.</i></p> <p>The assurance team has sampled data and tested accuracy and reliability of the sustainability performance data of the Company. We interviewed the responsible for the subject data handling and reviewed the data gathering process with the supporting documents and records. Based on the test, the intentional error or misstatement is not noted. Data owners were able to demonstrate to trace the origin of the data and to interpret the processed data in a reliable manner. The data was identifiable and traceable. The Company reports the sustainability performance of the last three years and can be compared over time. Any errors or unclear expressions found during the verification process were corrected prior to the publication of the Report.</p> <p>Scope and Approach</p> <p>We performed our work using DNV's assurance methodology VeriSustain™ Principles which is based on our professional experience, international assurance best practices including the International Standard on Assurance Engagements 3000 ("ISAE 3000"), and the Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards").</p> <p>We evaluated the Report for adherence to the principles of stakeholder inclusiveness, materiality, sustainability context, completeness, and reliability. We used the GRI Quality of Information Principles (Balance, Clarity, Accuracy, Reliability, Timeliness and Comparability) as criteria for evaluating performance information, together with BGF Retail's data protocols for how the data are measured, recorded and reported.</p> <p>The engagement excludes the sustainability management, performance and reporting practices of BGF Retail's subsidiaries, associated companies, suppliers, contractors and any third-parties mentioned in the Report. We did not interview external stakeholders as part of this assurance engagement. Economic performance based on the financial data is cross-checked with internal documents, the audited consolidated financial statements and the announcement disclosed at the website of Korea Financial Supervisory Service (http://datt.fss.or.kr) as well as BGF Retail's website (www.bgfretail.com). The review of financial data taken from these sources is not within the scope of our work.</p> <p>We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance opinion. We are providing a 'limited level' of assurance. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the company were applied. The baseline data for environmental and social performance are not verified, while the aggregated data at the corporate level are used for the verification.</p> <p>Basis of Our Opinion</p> <p>The assurance was carried out from April to May 2022. We undertook the following activities as part of the assurance process:</p> <ul style="list-style-type: none"> • Challenged the sustainability-related statements and claims made in the Report and assessed the robustness of the underlying data management system, information flow and controls; • Site visits to BGF Retail HQ in Seoul, Korea to review process and system for preparing sustainability data and implementation of sustainability strategy. • Conducted interviews with representatives from the various departments; • Conducted document reviews, data sampling and interrobation of supporting databases and associated reporting system as they relate to selected content and performance data. • Reviewed the process and the result of materiality assessment. <p>For and on behalf of DNV Business Assurance Korea Ltd.</p> <p>Seoul, Korea June 17, 2022</p> <p></p>	<p>Responsibilities of the Directors of BGF Retail and DNV</p> <p>The Directors of BGF Retail have sole responsibility for the preparation of the Report. Our statement represents our independent opinion and is intended to inform all stakeholders. DNV was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. DNV's assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Independent Assurance Statement.</p> <p>Competence and Independence</p> <p>DNV's established policies and procedures are designed to ensure that DNV, its personnel and, where applicable, others are subject to independence requirements (including personnel of other entities of DNV) and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. This engagement work was carried out by an independent team of sustainability assurance professionals.</p> <p>DNV - Business Assurance</p> <p>DNV Business Assurance Korea Ltd. is part of DNV Group, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance.</p> <p>www.dnv.co.kr/assurance</p>

Independent Assurance Statement



DNV BUSINESS ASSURANCE

GREENHOUSE GAS EMISSIONS ASSURANCE STATEMENT

No.: PRJN-2733061-2021-AST-KOR

BGF logis Co., Ltd. Jincheon, Gimpo Center

Introduction

DNV Business Assurance Korea Ltd. ("DNV") was commissioned by BGF logis Co., Ltd. ("BGF logis") to verify the BGF logis's (Jincheon, Gimpo Center) Greenhouse Gas Inventory Report for the calendar year 2018 ~ 2020 ("the report") based upon a limited level of assurance. BGF logis is responsible for the preparation of the GHG emissions data on the basis set out within the ISO 14064-1:2006 (Greenhouse gases - Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals). Our responsibility in performing this work is to the management of BGF logis only and in accordance with terms of reference agreed with them. DNV expressly disclaims any liability or responsibility for any decisions, whether investment or otherwise, based upon this assurance statement.

Scope of Assurance

The emissions data covered by our examination comprise Direct emissions (Scope 1 emissions) and Energy indirect emissions (Scope 2 emissions) from BGF logis's (Jincheon, Gimpo center) boundary of the report;

- Organizational boundary for reporting: Jincheon Center, Gimpo Center of BGF logis

Verification Approach

The verification has been conducted by DNV from July 2021 through September 2021 and performed in accordance with the verification principles and tasks outlined in the "the ISO 14064-3:2006 (Greenhouse gases - Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions)". We planned and performed our work to obtain all the information and explanations deemed necessary to provide us with sufficient evidence to provide a verification opinion, concerning the completeness of the emission inventory as well as the reported emission figures in ton CO₂ equivalent. As part of the verification process;

- We have reviewed and verified the BGF logis' GHG inventory report (Excel based: Jincheon, Gimpo center)
- We have reviewed and verified the process to generate, aggregate and report the emissions data

Conclusions

Based on the process and procedures conducted, there is no evidence that the GHG assertion is not materially correct and is not a fair representation of GHG data and information, and has not been prepared in accordance with a related standard on GHG quantification, monitoring and reporting. The GHG Emissions of BGF logis (Jincheon, Gimpo center) for the year 2018 ~ 2020 were confirmed as below;

Greenhouse Gas Emissions of BGF logis (Jincheon, Gimpo Center) for Yr 2018~2020

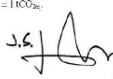
Year	Jincheon Center	Gimpo Center	Note
2018	37	1,197	
2019	3,872	1,273	
2020	8,614	1,223	

Unit: ton CO₂ equivalent.

* Other GHG emission by purchasing and using of dry ice is included in Direct emissions.
 ※ In order to report the GHG emissions as an integer, the rounded number on the statement might be different with ± 1 tCO₂e.
 ※ Total emissions = Direct emissions(Scope 1) + Energy indirect emissions(Scope 2)

8th September 2021

Seoul, Korea



Jang-Sub Lee
Country Manager
DNV Business Assurance Korea Ltd

This Assurance Statement is valid as of the date of the issuance 08 September 2021. Please note that this Assurance statement would be revised if any material discrepancy which may impact on the Greenhouse Gas Emissions of BGF logis (Jincheon, Gimpo Center) is subsequently brought to our attention. In the event of ambiguity or contradiction in this statement between English version and Korean version, Korean shall be given precedent.



제 2021 - 0902호

가족친화인증서

기업명 : (주)비지애프리테일
소재지 : 서울특별시 강남구 테헤란로 405 (삼성동)
유효기간 : 2021.12.01~2024.11.30

위 기업은 「가족친화 사회환경의 조성 촉진에 관한 법률」 제15조 제1항에 따라 우수한 가족친화경영 운영체제를 구축하고 가족친화제도를 운영함으로써 근로자의 일·생활 균형을 지원하고 국가경쟁력 향상에 기여하였기에 가족친화기업으로 인증합니다.

2021년 12월 01일

여성가족부장관

Family Friendly Business Certification

About This Report

This is BGF Retail's fifth sustainability report to transparently communicate economic, social, and environmental value creation performance with various stakeholders.

Reporting Scope

The reporting data have been written with a focus on BGF Retail's ESG management activities and performance and includes data from some of our affiliates. Management performance of each company includes consolidated financial performance and the financial information adopts the Korean International Financial Reporting Standards (K-IRFS). In case there is a restriction on data collection, reporting scope of the information is specified separately in the annotation.

Reporting Period

The official reporting period is in line with the data from the fiscal year, but for some performance, we are including data with dates up to April 2022. For quantitative performance, data of three years are included for year-on-year trend analysis.

Reporting Criteria

This report is prepared in accordance with the 'Core Option' of the Global Reporting Initiative (GRI) Standards. It also reflects global sustainability standards and indicators from initiatives UN SDGs and SASB.

Reporting cycle

Every year (Issuance of report of the previous year: July 2021)

Report Authentication

Third-party verification was conducted by DNV, an independent verification body, to ensure confidence in the reporting process and information published.

Related Information and References

- BGF Retail Homepage
<http://www.bgfretail.com>
- CU Brand Homepage
<http://www.bgfcu.com>
- Business Report
- Governance Report
- Sustainability Report

Inquiries for Sustainability Report

- Department: BGF Retail PR Team
- Address: BGF Main Bldg, 405, Teheran-ro, Gangnam-gu, Seoul, 06162, Korea
- TEL: 82-2-528-6848
- EMAIL : cmkeon@bgf.co.kr
- Homepage : <http://www.bgfretail.com>
- Issued Date: 2022.06.30

Members Contributed to the Report

· BGF Retail CO., LTD.

Organization	Manager
Management Planning Dept	Dong-woo Kim, Won-gul Kim, Chae-young Park, Yo-han Oh
Marketing Dept.	Ji-young Kim, Mun-hyeon Na, Ji-hwan An, A-ra Shin
Mutual Cooperation Dept.	Jungh-yang Kim, Hyun-seok Song, Yoo-min Jeong
Merchandising & Overseas Business Div	Jae-won Kim, Chang-woo Seo, Soo-yeon Jo, Young-joo Choi, Hae-wuk Choi,
Operating Support Division	Min-kwon Kim, Seo-won Kim, Se-in Yeo
Information System Dept	I-na Jeon
Communication Dept.	Min-goo Kim, Young-bo Kim, Dae-ho Yun, Min-keon Choi, Woo-seok Choi, Da-hye Hong
SCM Dept.	Chung-heon Kim, A-mi Cho, Chang-gil Lee Yong-gi Lee

· BGF CO., LTD.

Organization	Manager
Management Consulting Team	Seok-yong Boo
HR & General Affairs Dept	Jung-nam Kim, Jung-hoon Kim, Ji-eun Noh, Eun-jeong Park, Kyung-jo Song, Jae-hwa Jeong So-yeon Joo
Financial Accounting Dept	Gwang-gi Kim, Jong-hae Lee, Se-gyu An, Won-seok Jeong
Strategy Planning Dept.	Ho-min Kim

BGFretail