

2021-2022 BGF Sustainability Report

**BETTER WORLD,
WITH GOOD
FRIENDS!**

BGF

BETTER WORLD, WITH GOOD FRIENDS!

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Expansion of White Bio Industry investment



Expansion of white bioplastic production infrastructure and R&D

BGF Ecobio, as a company that develops the white bio business, has built a core manufacturing infrastructure such as establishing a 15,623m² factory in Cheongna, Incheon to respond to the recently increased domestic and overseas market demand. In addition, together with our subsidiary KBF, we continued to expand investment in R&D facilities, such as expanding the range of product applications so that white bioplastics can replace plastic materials commonly used in the consumer goods market. At the same time, the BGF Eco-Bio Research Center is conducting research activities in various fields, from raw materials for white bio, to compounds, processing technology, and applications. BGF Ecobio will continue to lead the white bio business by expanding the applications of white bioplastic materials and internalizing core technologies.

Acquired global certification related to white bio

In June 2021, BGF EcoBio's white bio products obtained OK Compost Industrial, which means they have all the world's authoritative eco-friendly biodegradable/compostable certifications, OK Compost Industrial, BPI, and CMA in the white bio industry. BGF Ecobio's White Bio products have passed rigorous procedures such as hazardous substance testing, biodegradability, biodegradability, composting and soil toxicity tests at overseas testing laboratories accredited by overseas certification organizations. It has been proven that it is a PLA product of excellent quality. In addition, in 2019, BGF Ecobio acquired KBF, the only company in Korea that possesses biodegradable foamed plastic manufacturing technology, and secured technology and infrastructure related to biodegradable foamed plastics.

Securing future new growth engines by expanding business areas



Acquisition of KOPLA

In December 2021, BGF acquired KOPLA, a plastics manufacturer, through the largest investment ever since becoming a holding company as part of its next-generation new business initiative to establish a new growth foundation for the group. KOPLA is a company that focuses on the engineering plastics compounding business, and has been recognized for its excellent product quality and technological development capabilities, such as acquiring domestic and overseas composition patents and winning the Jang Young-sil Award through joint research and development based on complex technology. In addition, KOPLA's main business, engineering plastics, is an industrial material that can replace metals in the future, and is being used in various industries such as automobiles and electrical and electronics. is expected to increase. BGF plans to develop Copra into a global plastic chemical leading company together with BGF Ecobio in the future.

Response to the transformation of the electric vehicle market

As the global automobile market shifts to the electric vehicle era due to the climate crisis, one of the most important factors is the reduction of material weight. KOPLA's engineering plastic compounding technology is drawing attention as an essential element in the automobile industry at a time when it is essential to reduce the weight of plastic materials applied to vehicles to increase mileage and increase fuel consumption efficiency.

K-Convenience Store in the Global Market



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.

“Toward 100-year sustainable company, BGF”



“First, we would like to thank all our stakeholders for their interest and support for BGF.”

Even in the difficult business environment caused by the unprecedented spread of COVID-19, BGF does not give up on change and innovation for a sustainable future and has continuously responded to the needs of companies to practice ESG management. This report contains the efforts and achievements of BGF members towards a sustainable company, and the direction of BGF's ESG management.

2022 is the 10th anniversary of the BGF Group changing its name to BGF and proclaiming its will for future growth and innovation. BGF has strengthened its global position and growth foundation by maximizing competitiveness of existing businesses, discovering and investing in new growth engines, and pioneering overseas markets actively. Also, BGF is spurring efforts to secure future growth engines through active investments such as the acquisition of KOPLA, high-functional engineering plastics material producer, and the development of eco-friendly and high-tech products and completion of manufacturing facilities in Cheong-ra by BGF EcoBio.

BGF Retail will not be satisfied with or be complacent its current performance, and we will continue to take on the challenge to become a 50-year and 100-year growth company. On that way, we will recognize environmental management that considers future generations, shared growth and ethical management with partners, social contribution as corporate citizen, and customer-oriented management that prioritizes on customers as essential elements for the sustainable development of company. We will fulfill our responsibilities to secure global-level ESG capabilities.

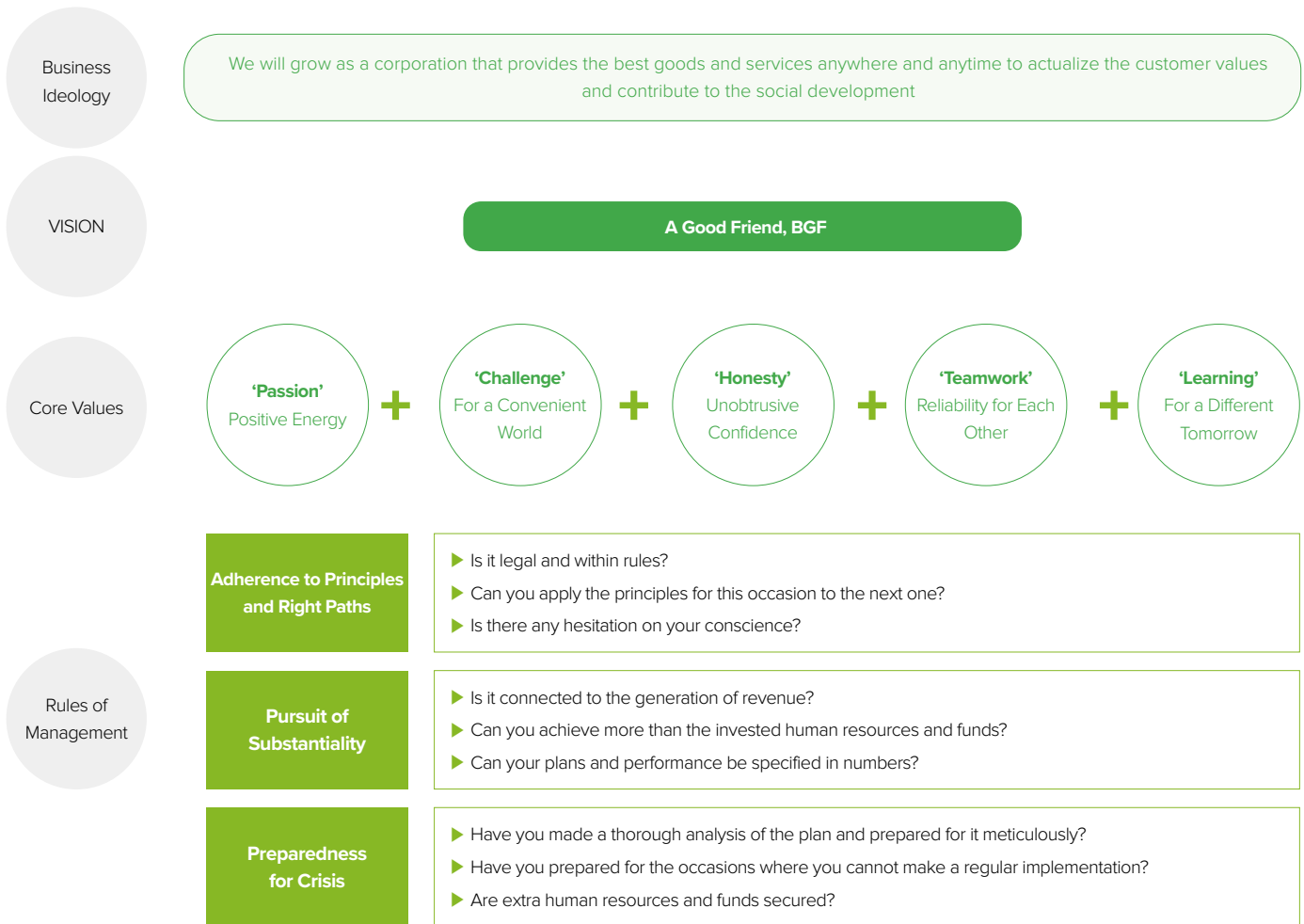
BGF will be reborn as a model company that contributes to social development by listening to and communicating with stakeholders, and a friendly company that practices social responsibility. We'd like to ask for your continued encouragement and support from our stakeholders.

Thank you.

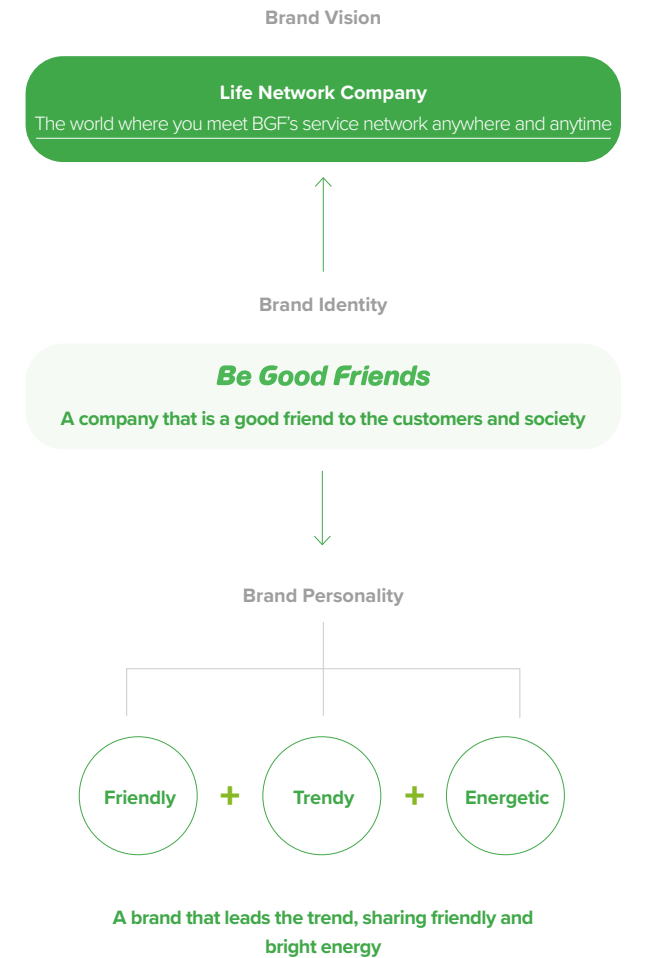
Jeong-Kook Hong
CEO of BGF Co., LTD

Business Philosophy

BGF has strived to offer convenience for its customers and new values in areas such as distribution, foods, services, and the environment. The corporate Brand Value Framework identity, “Be Good Friends,” shows the company will become a friend in the customer’s daily life. BGF 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 Group is developing businesses to create value and enrich the lives of customers in various business areas such as distribution, food manufacturing, logistics, and eco-friendliness. BGF Co., Ltd. started the convenience store business in October 1990, and was established in 1994 for the purpose of chaining convenience stores. In 2017, BGF Retail, a convenience store business division, was newly established as a method of personnel division to secure management transparency and achieve qualitative growth of the group, and the name of the surviving company was changed to BGF Co., Ltd. As a holding company for the purpose of investment, BGF Co., Ltd. is a holding company whose main revenues are brand use revenue received from BGF brand users, business support service revenue through business service provision, dividend income received from subsidiaries, and rental income.

Overview of BGF Co., LTD.



Company Name	BGF Co., LTD.
Headquarter Location	405 Taeheran-ro, Gangnam-gu, Seoul, Republic of Korea
CEO	Jeong-Kook Hong
Foundation	December 1, 1994
Main Business	Holdings and Investment business
Share	95,716,791 (Gross shares issued)
Employee	111
Asset	KRW 1.9816trillion (consolidated)
Debt	KRW 248.8 billion (consolidated)
Capital	KRW 1.7327 trillion (consolidated)

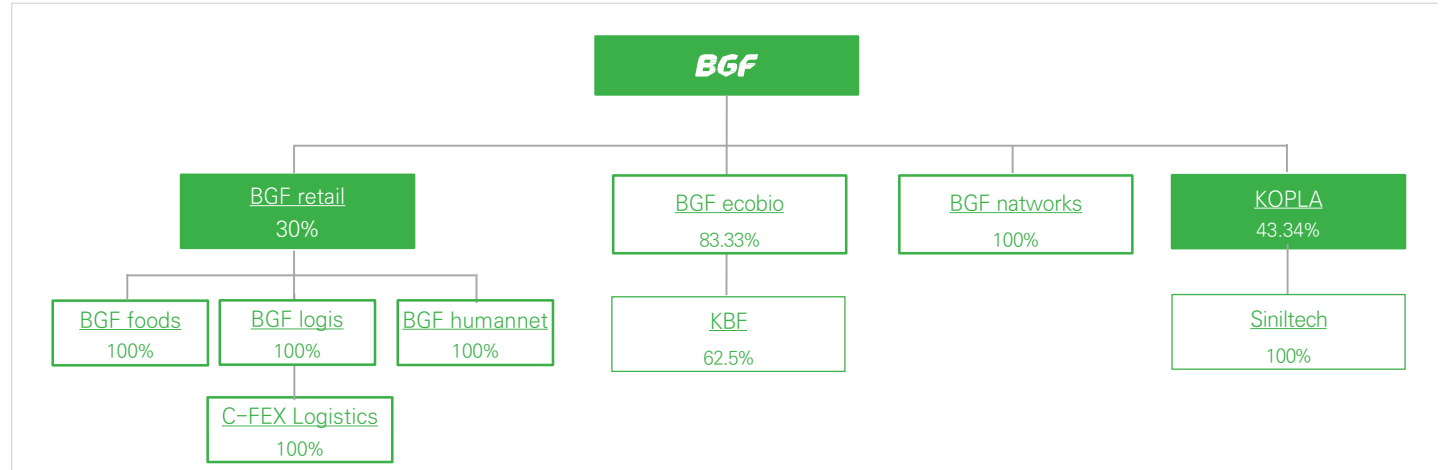
Financial Performance Overview

(Unit: KRW million)

Classification	2019	2020	2021
Sales	133,388	154,381	206,770
Operating Income	26,356	14,641	11,499
Net Income	17,515	17,881	35,977

※ Based on Consolidated Figures

Equity Structure



※ : Listed Company

Brands in Operation



CU has been leading the Korean convenience store market. It is a pure Korean brand 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.



'Revert', the brand of BGF Ecobio, means 'Revert to Nature', and is a specialized brand for eco-friendly products made based on KBF's expanded PLA technology. The 'Revert' brand won the main prize at the 'Red Dot Awards 2020' in 2020.

Main Affiliates

BGFnetworks

BGF Networks provides convenience to customers' lives by operating various life service businesses such as digital signage advertisement business, mobile service (mobile gift certificate, other services), and courier service through the CU platform.

CEO	Hyun-Sik Im
Location	85, Gwangnaru-ro 56-gil, Gwangjin-gu, Seoul
Foundation	December 4, 2009
Employee	59
Sales (KRW million)	79,143

BGFecobio

BGF Ecobio entered the white bio industry based on compounding technology using bioplastic materials. In addition, we are expanding the market by manufacturing bio-plastic compounds that conform to the physical properties of plastics used in general.

CEO	Jung-Hyuk Hong
Location	411 Taehaeran-ro, Gangnam-gu, Seoul
Foundation	July 1, 2019
Employee	30
Sales (KRW million)	3,970

KBF

KBF is developing the white bio industry based on Korea's only PLA foaming technology. Foam products utilizing KBF's unrivaled technology are currently mainly applied to the food packaging market and are diversifying the market area.

CEO	Seong-Ho Woo
Location	414, Hwagok-ro, Jangan-myeon, Hwaseong-si, Gyeonggi-do
Foundation	October 2011
Employee	25
Sales (KRW million)	15,211

KOPLA

KOPLA is a company that produces a variety of products from general-purpose plastics to engineering plastics. KOPLA's products are mainly used as materials for auto parts, electrical/electronics, home appliances, furniture, and industrial parts.

CEO	Jung-Hyuk Hong
Location	414, Hwagok-ro, Jangan-myeon, Hwaseong-si, Gyeonggi-do
Foundation	October 1997
Employee	91
Sales (KRW million)	203,453(consolidated standard)

BGFretail

BGF Retail is a convenience store chain business, and its main business is franchising with Korea's largest convenience store brand 'CU'. CU entered overseas markets through a master franchise, and is currently operating in Mongolia and Malaysia.

CEO	Keon-Jun Lee
Location	405 Taehaeran-ro, Gangnam-gu, Seoul
Foundation	November 1, 2017
Employee	2,251(full-time employees)
Sales (KRW million)	6,781,161(consolidated standard)

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
Location	66, Sansusandan 3-ro, Deoksan-eup, Jincheon-gun, Chungcheongbuk-do
Foundation	November 15, 1999
Employee	309
Sales (KRW million)	230,368

BGFfoods

BGF Foods performs the role of control tower for convenient food manufacturing, including R&D and production. It purchases and supplies the raw materials to deliver high quality food for all CU stores across the country.

CEO	Hee-Tae Park
Location	66, Sansusandan 3-ro, Deoksan-eup, Jincheon-gun, Chungcheongbuk-do
Foundation	January 21, 2008
Employee	62
Sales (KRW million)	112,304

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-Hyung Kim
Location	Nonhyeon-ro 85-gil, Gangnam-gu, Seoul
Foundation	March 18, 2009
Employee	129
Sales (KRW million)	43,433

BGF ecobio

BGF ecobio is a white bio company that replaces existing chemical materials with renewable resources such as plants or bio-materials such as microorganisms and enzymes. BGF ecobio acquired OK Compost Industrial, a globally authoritative eco-friendly biodegradable composting certification, in June 2021, making it the first domestic white bio company to possess all of OK Compost Industrial, BPI, and CMA. These certifications prove that PLA products are internationally reliable because they undergo various verification procedures such as hazardous material testing, biodegradability, biodegradability, composting, and soil toxicity testing at accredited overseas testing laboratories. In addition, BGF ecobio is continuously generating results, such as signing a food container contract with a domestic food manufacturer within 8 months of launching its own brand based on PLA foaming technology.



CMA(Compost Manufacturing Alliance) 인증

North American composting certification. Receive a sample of the product requested for certification, observe the 8-week composting process, and decide whether or not to pass

CMA Certification: In-Vessel (CMA-I)
Expires: May 5, 2024

May 5, 2022
BGF ecobio
411 Taheon-ro
Gangneung-gu, Seoul
Seoul, South Republic of Korea 06013

Dear Sir/Ms.,

The Compost Manufacturing Alliance has conducted field testing of your products in CMA-I. As a result of that testing and document review, we are pleased to inform you that the following items are now accepted and are considered compostable at CMA in-vessel covered facilities. Congratulations!

BGF ecobio CMA-I Certified Products	Color	SKU
Glassap	Tan	NFS-GB101-TNMC
Glassap	Brown	NFS-GB101-KFMC
Nevert Round Plate	Tan	BFS-4P101-TNMC
Nevert Round Plate	Brown	BFS-4P101-KFMC
Tray 312(Corn Tray)	Tan	BFS-CT301-TNMC
Tray 312(Corn Tray)	Brown	BFS-CT301-KFMC
Rounder Square Bowl	Tan	BFS-BS101-TNMC
Rounder Square Bowl	Grey	BFS-BS101-GNMC
30 Egg Tray	Tan	BFS-EG301-TNMC
30 Egg Tray	Brown	BFS-EG301-KFMC

Please note that accepted substrate items are suitable for commercial collection but may not be suitable for residential curbside collection. Compost Manufacturing Alliance reserves the right to require periodic re-evaluation for recertification as early as one year after date of final acceptance.

The listed products are considered CMA-I accepted. However, individual facilities may have additional requirements for acceptance of specific items or regions, which are subject to change. It is the individual facility's discretion. Specific governmental jurisdictions may also have specific requirements for marking or labeling.

BPI(Biodegradable Products Institute) 인증

Certified for biodegradability and compost-ability in North America

CERTIFICATE for Products

THIS IS TO CERTIFY that the following Items have been found to comply with the specifications established in the American Society for Testing and Materials standard ASTM D5400 and/or D6868 in accordance with the terms and conditions of the "International Biodegradable Products Institute, Inc. Licensing & Certification Program for Compostable Products":

- White, Grey, Tan and Brown Foodservice Products, max. thickness 2.08 mm, max. grammage 0.278 g/cm³ [20200403-02]

as further described in the application and related information submitted to the Biodegradable Products Institute by BGF ECOCBIO Co., Ltd. (the "Licensee") a corporation of Republic of Korea.

Specific items associated with these certifications can be found on the BPI Product Catalog: <https://products.bpiworld.org/companies/bgf-ecobio-co-ld>

This Certificate authorizes the Licensee to use the Certification Program Logo depicted below in relation to such Products subject to all conditions and terms of the Program Rules and the License Agreement between the Biodegradable Products Institute and the Licensee.

BPI

By: *Seonhee Seobon*
BPI Executive Director
Valid until: April 30, 2024
Certificate #: 10529175-1

OK Compost Industrial 인증

Issued by TÜV Austria, an ISO standards certification body in Belgium. Mainly used in Europe

CERTIFICATE FOR AWARDING AND USE OF THE 'OK COMPOST INDUSTRIAL' CONFORMITY MARK
T48012105857

Issued by TÜV AUSTRIA CERT GMBH

Product(s):
Product Group: Industrially Compostable Products
Product: Finished Products
Type: Packaging
Trade mark: Right Packaging
Material: PLA 30% (plastic) products
Maximum pore thickness: 2.08 mm
Maximum floor mat weight (max. density): 278 kg/m³
Color: white, tan, dark or grey
Unprinted

Licensee:
BGF ECOCBIO Co., Ltd.
411 Taheon-ro, Gangneung-gu, Gyeongju, South Korea

Criteria:
• Test Program with reference OK - 101 test = including CEN EN13432 (2000) + Packaging - Requirements for packaging materials through composting and biodegradation - Test scheme the evaluation criteria for the final acceptance of packaging.

Valid:
From 25 June 2021 till 25 June 2024

Conclusions of the examination:
The products comply with the above mentioned performance criteria, as confirmed by the report no. 65002422 / 2202-AG-0026047.

Applicable certification system:
Type examination followed by supervision through verification on tests on samples for the certificate holder and the market.
The conformity of the product is guaranteed by the procedure for awarding and use of the OK Compost INDUSTRIAL conformity mark. The only applied for specimen bearing the OK Compost INDUSTRIAL mark.

Dated: 25 June 2021

For the OK Quality Committee
Ph. DEWILDE
President of the Committee

OK Compost INDUSTRIAL

※ BPI and OK Compost Industrial certifications mean that the product is naturally biodegradable under composting conditions, and the resulting compost is sub-standard and low in heavy metals and toxins, so it can be reused for horticulture and agriculture.

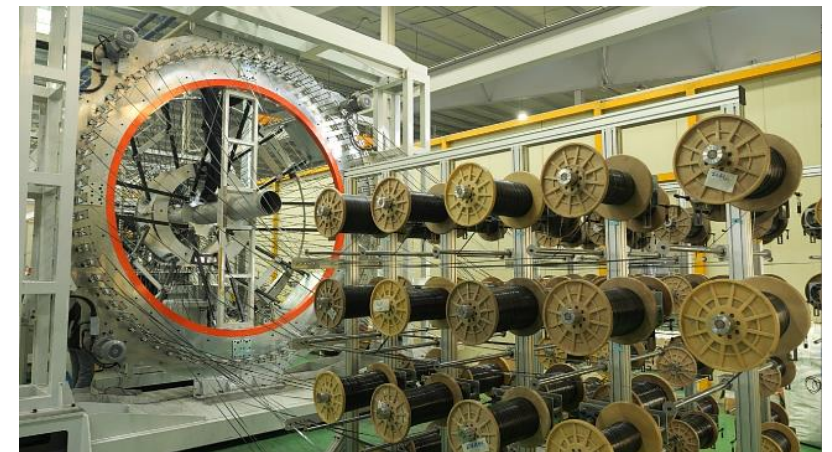


KOPLA is a company that produces and sells high-functional polymer materials, which are high-tech materials in the 21st century closely related to the development of automobile, electrical and electronic and furniture industries. The high-functional polymer material manufactured based on KOPLA's excellent technology is mainly applied to the automobile manufacturing field, and it has the effect of improving the vehicle's environmental friendliness compared to existing materials such as lightening the vehicle, increasing fuel consumption efficiency, and reducing exhaust gas. In addition, KOPLA has acquired IATF 16949 (Automotive Quality Management System) and ISO14001 (Environmental Management System) certifications specialized for the automobile industry to realize quality management and environmental management, and operates overseas subsidiaries in the United States, China, and India.

IATF16949



ISO14001



Overseas operating corporation

Bussiness	Country	Company name
Chip manufacturing	USA	KOPLA America Inc
	China	KOPLA ENGINEERING PLASTIC (SUZHOU) CO.,LTD
Distribution	India	KOPLA Polymers Private Limited

Business Regions

BGF Retail, a subsidiary of BGF, 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.

● Overseas corporation ● MFC signed countries ● PL importing countries



2018 Mongolia
2020 Malaysia



2013 USA
2016 China
2016 India



2018 Monggolia, Australia
2020 Hong Kong, Malaysia
2021 Cote d'Ivoird, Kyrgyzstan,
Vietnam, Palau, Kuwait





ESG MANAGEMENT

BGF group 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'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 is striving to achieve the ESG vision of a good friend of the earth and society.

Execution Process

BGFI 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
	Establishment of Non-executive Director Candidate Recommendation Committee and Appointment of Members
	Evaluate the operating status of an internal accounting management system
2022	Report the quarterly donation payment
	Report the new welfare support system
	Appoint a new compliance officer

Main Status of ESG Management Committee

BGF 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
February 2021	Inauguration Ceremony of ESG Management Committee
	Discuss the ESG management vision system
	Discuss the direction and tasks for each of 9 core areas
September 2021 (Video conference)	Discussion on key status in the 3rd quarter Discuss the establishment of occupational safety and health policy
December 2021	Review performance for 2021 and discuss major action plans for 2022
April 2021 (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 Vision System

BGF 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. 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 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).' Meanwhile, the current ESG management vision system was established centered on BGF Group's BGF retail business, but in the future, we plan to establish and continuously manage the ESG management vision system centered on major BGF affiliates such as BGF Ecobio and KOPLA.



Linking ESG management to performance evaluation and Executive compensation system

BGF Retail has expanded the ESG management performance evaluation index to executive performance evaluation indicators to encourage management to consider sustainability management throughout its business.

BGF's Sustainable Management

As a listed company, BGF receives ESG evaluations from domestic and foreign institutions every year. BGF and its subsidiary, BGF Retail, have obtained the industry's highest grade, an integrated 'A' grade, from the Korea Corporate Governance Service (KCGS) for the second year in a row.

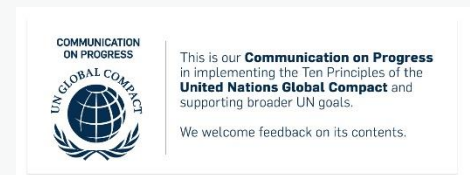
◇ Korea Corporate Governance Service(KCGS) ESG evaluation

Category	Environment	Society	Governance	Integrated Level
BGF	A	A+	A	A
BGFretail	A	A+	A	A

◇ Sustainvest ESG evaluation

Category	BGF	BGFretail
Second half of 2021	AA	A
first half of 2022	AA	A

BGF 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 officially declared the CEO support pledge to achieve the UN SDGs (Sustainable Development Goals).



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. 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	Major Career	Tenure
Internal Director	Jeong-Kook Hong	Male	Business Strategy	Chairman of the Board, Member of Non-executive directors Candidate Recommendation Committee	(Current) BGF Retail CEO (Past) Head of the management strategy division, BGF Retail	2013.11.12.~2023.03.
	Chul-Han Ryu	Male	Overall Business of the Company	Member of Internal Transaction Committee	(Current) Director of Financial Accounting Dept at BGF	2020.03.25.~2023.03.
Non-executive directors	Sang-Dae Han	Male	Legal	Chairman of Internal Transaction Committee, Member of Non-executive directors Candidate Recommendation Committee	(Past) 38th Prosecutor General	2017.11.01.~2023.03.
	Young-Hoon Sung	Male	Legal	Member of Internal Transaction Committee, Member of Non-executive directors Candidate Recommendation Committee	(Past) 5th Chairman of the Anti-Corruption & civil Rights Committee	2020.03.25.~2023.03.

Committee within the Board of Directors

BGF has established and operated the Internal Transactions Committee and the Outside Director Recommendation Committee within the BOD. In order to supervise internal transactions and enhance the transparency of the company's management, the Internal Transactions Committee is operated by being delegated by the Board of Directors the authority to review and approve internal transactions between affiliates. The Non-executive directors Candidate Recommendation Committee was established by the resolution of the regular board of directors in November 2021, and the chairperson will be appointed according to the resolution at the first committee meeting. Each committee is composed of directors with expertise in the relevant field, and among the functions of the BOD, such as monitoring and providing advice on important issues, some of the functions stipulated by laws and the articles of incorporation are delegated to perform.

Classification	Portion of Non-executive directors	Number of times held	Directors Attendance rate
Non-executive directors Candidate Recommendation Committee	66.6%	0time (Newly established in November 2021)	-
Internal Transaction Committee	66.6%	1time (1 Agenda)	100%

Governance Structure

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 non-executive directors and auditor 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 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. When appointing a director, in accordance with the relevant laws and articles of incorporation, the Internal Director selects the most suitable candidate considering their expertise and leadership, and the non-executive director supervises the director and the company's management in an independent position without any stake in the company or the largest shareholder. Candidates for outside directors are presented as individual agenda items for the general shareholders' meeting. In addition, in order to secure the independence of independent directors, the authority and duties of directors are stipulated in the Board of Directors regulations, and various systems are in place to support outside directors in performing their independent roles, such as liability insurance for executives.

◇ **Agenda related to the appointment of directors at the regular general meeting of shareholders (March 25, 2020 / March 29, 2022)**

No.	Agenda	No.	Agenda
Item 2-1	Appointment of Chul-Han Ryu as an Internal director	Item 2	Appointment of Jeong-Kook Hong as an Internal director
Item 2-2	Appointment of Sang-Dae Han as an non-executive director	Item 3	Appointment of full-time auditor Hong Jeon
Item 2-3	Appointment of Young-Hoon Sung as an non-executive director		

Expertise and Diversity of Board

BGF 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 non-executive directors are selected by the board of directors and the Outside Director Candidate Recommendation Committee, with years of experience in specialized fields such as accounting, legal, management. BGF has not imposed restrictions on gender, age, region of origin, nationality, cultural background, race, etc., on candidates for non-executive 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.

Voting rights (total number of shares)

The total number of shares to be issued is 200,000,000 as per the Articles of Incorporation. And as of the end of 2021, the total number of shares to be issued is 95,716,791 common shares. In addition, under the Commercial Law, only one voting right per share is recognized.

CEO-to-Employee Pay Ratio

In 2021, the total annual remuneration for the CEO's salary, bonus, and variable salary was paid KRW 1,055 million. This is equivalent to 15.2 times the average employee remuneration.

Management's stock ownership status

BGF 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.

Remuneration of directors and auditors

The limit of remuneration for directors approved at the 27th general shareholders' meeting in 2021 is KRW 5 billion and the limit of remuneration for auditor is KRW 500 million.

(Unit: KRW million)

Classification	Limit	Payment	Payment rate
Internal Directors	5,000	1,311	28.6%
Non-executive directors		117	
Auditor	500	216	43.2%

Efficiency of Board of directors

In 2021, the board of directors was held 9 times, with 38 agendas reported or approved, with an average attendance rate of 97%. 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, outside directors cannot concurrently serve as registered directors of two or more listed companies other than BGF under the Commercial Law.

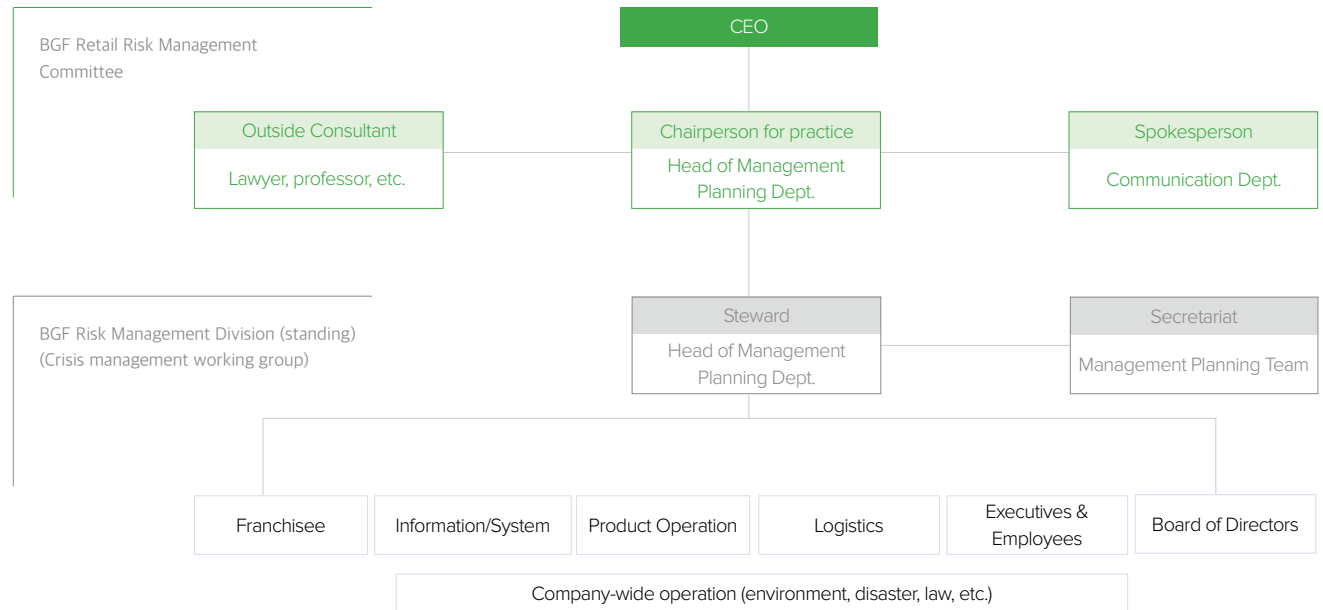
Risk Management

BGF 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.

◇ BGF retail's Risk Management Organization



◇ Risk Management Process



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 also places more importance on fostering ethical awareness among its employees. In the future, BGF 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.

◇ 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.)

Promotion of ethical management

The BGF management consulting team is in charge of promoting ethical management, conducts the business diagnosis and audit activities of group companies, 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.

◇ 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

 Fair Player Club Participating Companies Information

Enhancement of Members' Perception of Ethical Management

BGF 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 supports its employees to easily understand the Anti-Graft Act by providing videos on actual violation cases. BGF pledges integrity even in various contracts with business partners to spread ethical management practices.

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

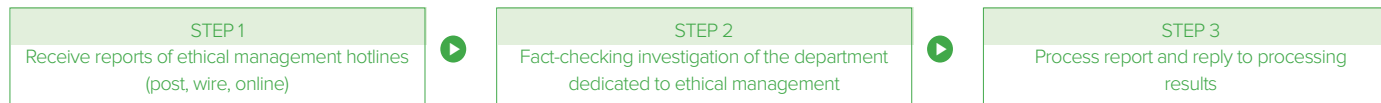
BGF prohibits all bribery by all executives and employees, including all money and valuables, and holiday gifts. The company sends a letter of cooperation in ethical management under the name of the CEO before the Lunar New Year and Chuseok holidays to prevent employees from receiving money and valuables. 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

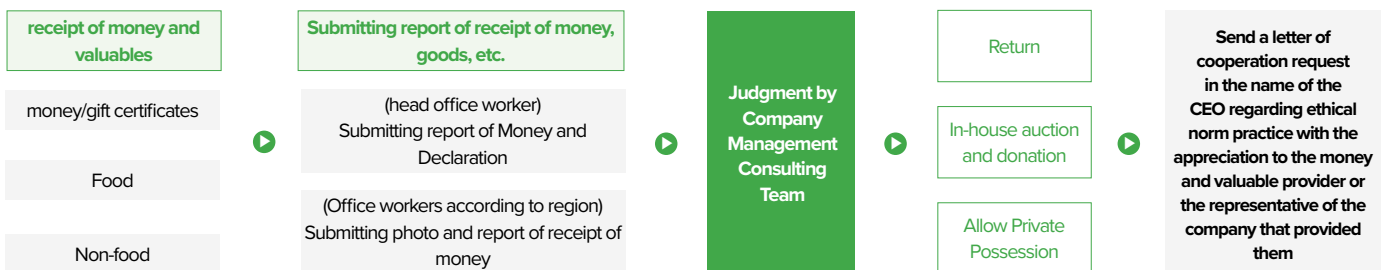
Internal Control System

BGF 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 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 & CleanlineProcess



◇ Report handling procedure in case of bribery



Strengthening transparency in donations and taxes

BGF 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
Examination · Approval	1 cases
Approved Amount	67 million won

BGF prohibits donations of political funds, and does not provide political funds, campaign funds, or lobbying funds for specific political groups and political parties that directly affect policy formation. 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.

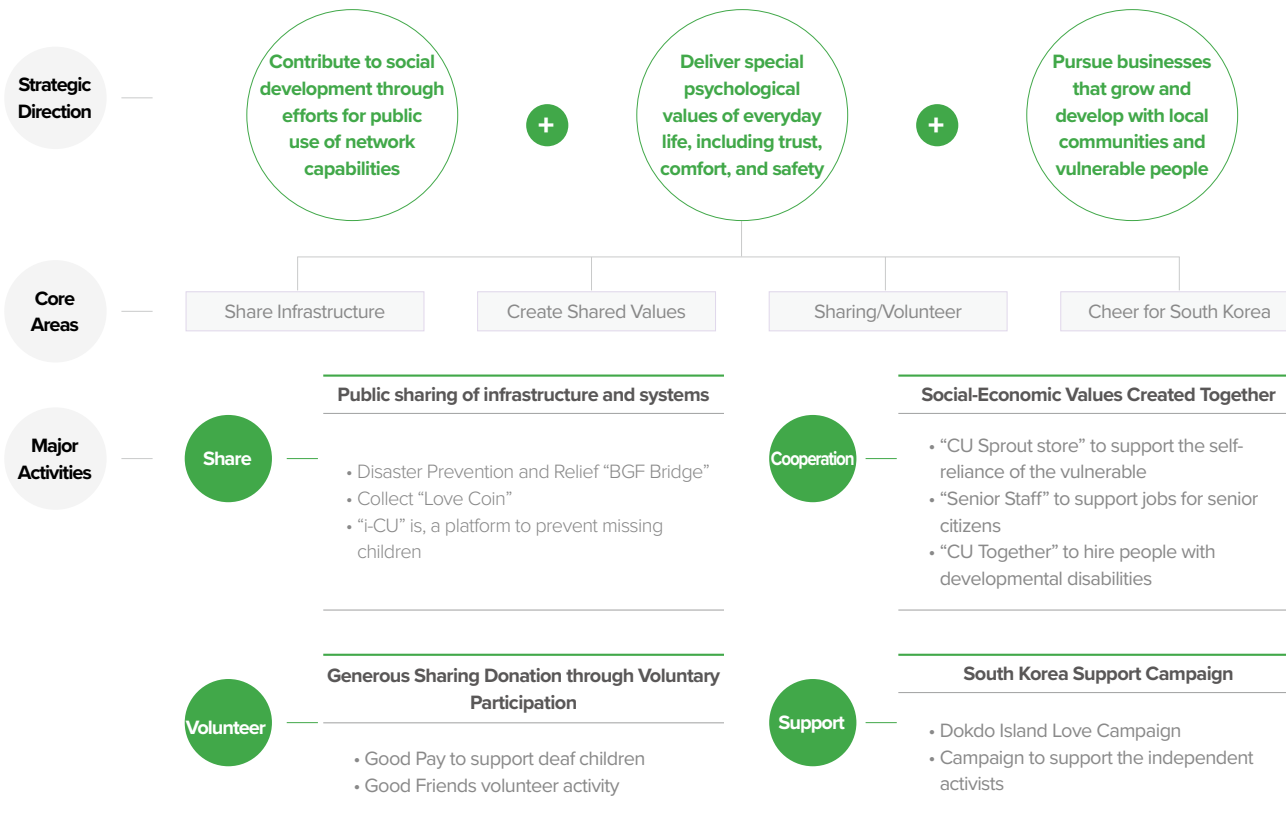
◇ Effective Tax Rate (Consolidated basis)

(unit : million won,%)

Classification	2020	2021
Earnings before Tax (Continuing business standards)	16,141	16,506
Effective Tax Rate (Continuing business standards)	27.17%	33.21%
Cash Tax Rate	16.24%	56.15%

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.



BGF Networks, an affiliate of BGF, supports the socially and economically disadvantaged by actively developing customer-participating social contribution programs based on its main business, the CUpost delivery service.

◇ Project for abandoned animals

Raise a fund according to the use of CUpost courier service and sponsor 'Forehand', an abandoned animal adoption platform.

◇ Long-term missing children search campaign

In cooperation with the National Police Agency, a hop tape with information of a long-term missing child is provided to customers using the CU delivery service.

◇ Support for daily necessities for low-income households

Provide daily necessities for free to low-income households by accumulating a fund by 1 won for each CU delivery service use




◇ Child Care Support

Support for child welfare and facility improvement projects of communal families by accumulating support by KRW 1 for each CU delivery service use



Direction of UN SDGs

BGF Retail supports the UN Sustainable Development Goals as a member company of the UNGF 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. Performance management in 9 core areas of the 3 goals established by the ESG Management Committee is centered on BGF Retail.

Main Strategy	Key Areas	Mid-to Long-term Goal(~2025)	Performance in 2021	Plans for 2022	
   PLANET	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: 681 tCO2-eq/year	Carbon emission reduction amount 651 tCO2-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%		
		Plastic bag usage ZERO (~2025)	Use PLA (*Review due to revision of the Resource Recycling Act)	- Establish a plastic emission index management system - 120% year-on-year reduction in in-store plastic usage - Establish of plastic disposable reduction plans	
		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 processor - 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
	Expanding Support for Community	Create 2,000 jobs a year for the vulnerable (~2025)	Create 714 jobs - About 60 seniors working in cooperation with Gangwon-do - About 618 people in the "Sprout store" - CU Together: 34 people	- Expand economic cooperation by farming and fishing villages (sustainable) - Expand participation in volunteer activities of executives and employees (sustainable)
PEOPLE	Realizing GWP	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	
	Providing Healthy and Right Food	Expand products using sustainable certification raw materials (~2022)	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
Safeguarding Customer Safety and Privacy	Providing Healthy and Right Food	Establish CSR monitoring and support system for partners (~2023)	Adopt rainforest certified coffee bean, launch vegetarian/healthy concept lunch box	- Expand products using sustainable raw materials (sustainable) - Expand the category of nutrition display for health-related products - Reinforce operation council of a food manufacturing center
		Establish a cooperative system for quality and safety management of distribution/manufacturers (~2025)	Receive CSR checklist for new partners	- Independently operate quality assurance/ improvement/inspection parts
	Advances consumer-centered management certification	Establishment of Quality Safety System (QSS)	- Declared the customer satisfaction charter	
ISMS	Expanded customer communication infrastructure (real-time customized talk, chatbot service)	- Maintaining ISMS authentication and improving customer information protection security system		
		Improved remote fault response environment and Adopt security enhancement system		
		Analyze service system vulnerabilities and develop improvement plans		

P L A N E T

BGF, 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 operates the ESG management committee at the group level, establishes environmental policies centered on BGF Retail, which has a high financial weight, and discloses it to internal and external stakeholders. Annual company-wide environmental strategies and goals are established and managed through the ESG Management Committee, and performance is reported to the ESG Management Committee on a quarterly basis. Also, monitoring quarterly is carried out through the committee meeting to implement more effective and systematic environmental management strategy tasks.

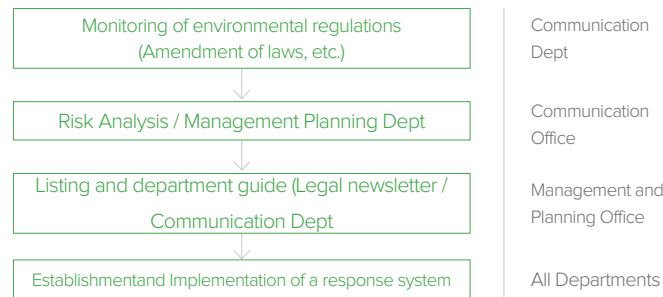
Environmental Management Certification

KOPLA and BGF Retail have acquired ISO14001 certification, an international standard for environmental management, and are reducing environmental risks by reviewing and evaluating the impact of company-wide business activities on the environment. BGF Logis established a greenhouse gas inventory for some distribution centers in 2021 for the first time in the industry in order to manage and reduce greenhouse gas emissions and performed 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 responds quickly to issues such as internal and external environmental changes, laws, and technological innovation.

◇ Environmental Risk Response System



Environmental Management Training

BGF 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	<ul style="list-style-type: none"> Expand ecofriendly product packages Reduce plastic bag usage Reduce use of consumables such as disposables/plastic 	Total 34 SKUs Replace PLA in batch
Reducing Waste and Expanding Recycling	<ul style="list-style-type: none"> Reduce food wastes within stores Increase resource recycling rates 	Test in 2 stores Coffee waste recycling process test

◇ 2022 Environmental Management Goal and Performances

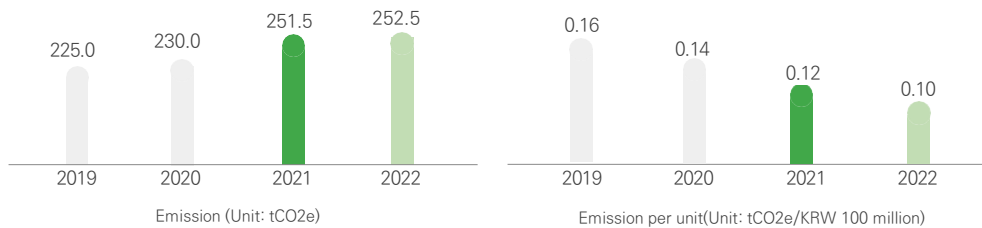
Strategic Task	Detailed Goal
Reducing Greenhouse Gas Emissions	<ul style="list-style-type: none"> Expand greenhouse gas inventory Manage/open company-wide environmental indicators Additional high-efficiency energy facilities
Reducing Plastic/ Disposable Product Usage	<ul style="list-style-type: none"> 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

Reducing Greenhouse Gas Emissions

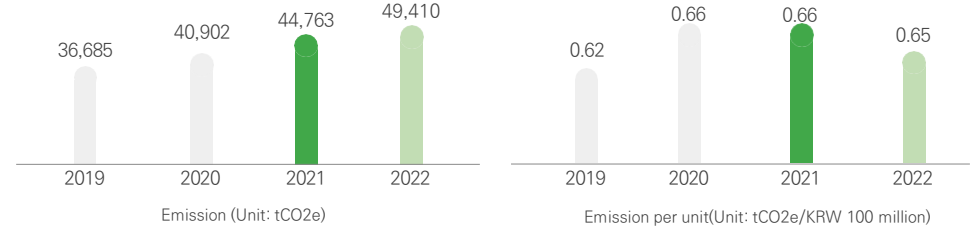
BGF has established a goal of reducing greenhouse gas emissions to minimize the environmental impact of greenhouse gases generated throughout the business supply chain. BGF carries out various activities such as high energy efficiency of the logistics center and store infrastructure, network efficiency, and renewable energy production to achieve environmental goals at the company level, and is striving to gradually reduce greenhouse gas emissions. In addition, BGF Ecobio and KOPLA are also contributing to the reduction of greenhouse gases through technological innovations, including certification for biodegradation and composting.

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

◇ BGF, BGFnetworks



◇ BGFretail, BGFlogis, BGFhumannet



White-Bio Plastic Compounding

White bio material is attracting worldwide attention as an environmentally friendly alternative along with recycled plastic. This refers to bio-based plastics made from more than a certain amount of biomass as raw materials or biodegradable plastics that are decomposed under specific conditions and can be applied in various ways depending on the purpose. According to the Ministry of Trade, Industry and Energy's strategy to revitalize the white bio industry in December 2020, PLA (Poly-Lactic Acid), a representative white bio material, emits only about 50% of the carbon dioxide emission of PP, a general-purpose plastic. White biomaterials other than PLA are also basically made from natural plant-based materials or have the property of being biodegradable, so you can flexibly deal with carbon emissions and waste generation. However, white bioplastics do not have economies of scale compared to general-purpose plastics, so there are economic problems and weak heat resistance due to the nature of natural raw materials. BGF Ecobio's compounding technology is a technology that offsets the shortcomings of existing materials through compounding between materials based on a fundamental understanding of bioplastics. The result is to consider variables in various aspects, such as how to find the optimal conditions for doing so.

◇ Biodegradation test according to composting conditions



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. 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. We are planning to expand the scope of management.

(unit : tonCO2eq/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

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

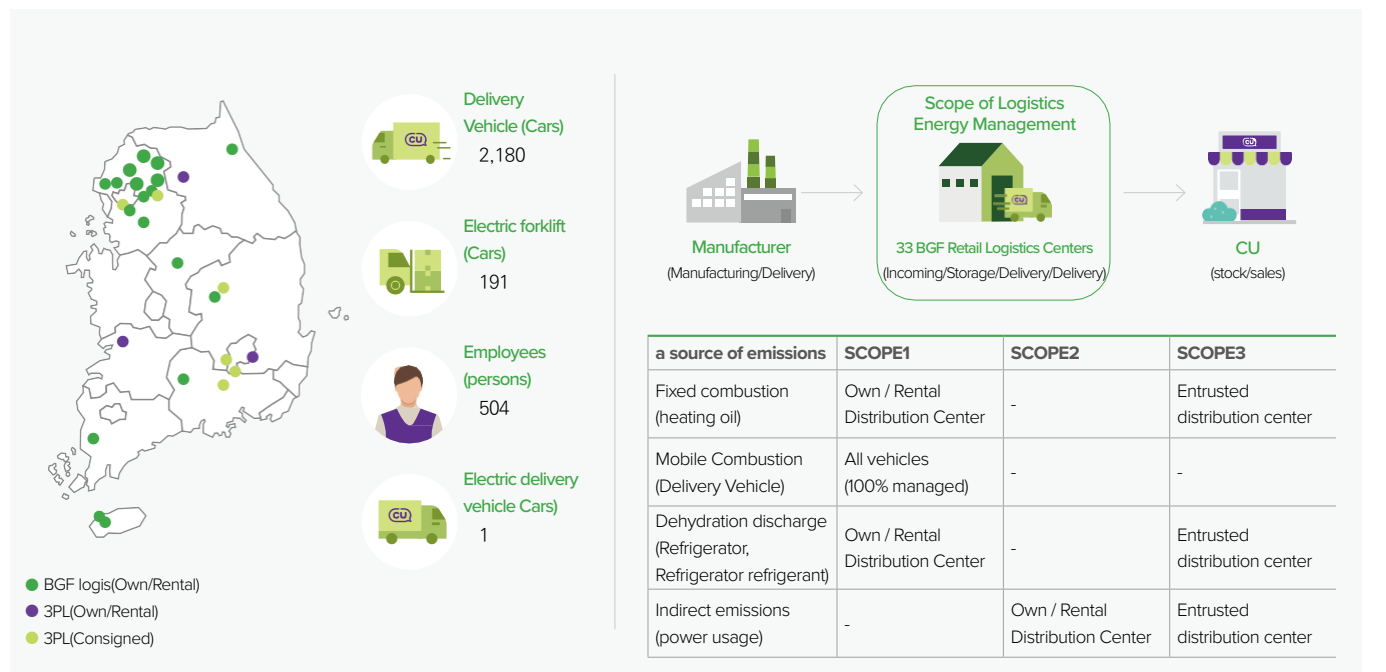
MOU of the Busan Logistics Center signed with the Busan Metropolitan Government in August 2021, we plan to have solar power facilities in the new logistics center.

Category	2021년		2022년
	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

Green logistics

BGF Retail has been conducting annual green logistics conversion projects and campaigns, which started by signing a voluntary agr-

reement 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 voluntarily established four key tasks by tracking and managing the entire logistics activities such as logistics center operation, delivery, and network. BGF Retail Green Logistics has 32 facilities at room temperature, low temperature, and integrated logistics centers by region and 2,192 delivery vehicles (100% above consignment operation).



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. 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 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

Seochon Green Branch is the first Green Store and is the first in the industry to be certified as a green store by the Environmental Industry Research 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	8.5% reduction in power usage
	Refrigerator showcase BLDC motor	41.9% reduction in power consumption compared to the previous year (introduced 1,227 stores in 21 years)
	Beverage showcase door heater controller	97.7% less power consumption than before (899 stores introduced in 21 years)
	Insulated glass and ceiling non-powered circulation fan	Increase cooling/heating efficiency
	Retail Energy Management System (REMS)	Monitoring power usage, controlling air conditioner (store testing)
Hazardous Substances Reduction	Water-saving faucet	5% reduction in water usage
	Natural Refrigerant Outdoor Machine	Global Warming Index (GWP) decreased by 99%
	Natural Refrigerant Frozen Food Showcase	99% GWP reduction, 39kw/month power savings
Waste Reduction	Ecofriendly finish	Formaldehyde dissipation 0.5mg/L Below, eco-friendly grade E0
	Air cleaning system	81% reduction in fine dust compared to the previous one
Waste Reduction	Food processor	Ecofriendly microbial decomposition food processor (store testing)
Reuse	Repairs and reuses of closed store withdrawals	Operation of reuse criteria to reduce waste equipment
	Coffee Waste recycling deck	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)

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.

Improvement of the environmental performance of PL products

BGF Ecobio and BGF Retail identified a group of products made of plastic packaging materials, including simple food (lunchbox, kimbap, sandwich) packaging containers, PB 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.

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.



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.

Waste transparent plastic recycling

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.

Enable Recycled Paper Envelopes

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. 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.

◇ Recycled Paper Bag Operation

Classification	2021	2022
Quantity	2.25 million	1.8 million
Weight	22.5 tons	18.0 tons

Reducing Waste and Expanding Recycling

BGF 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.

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.

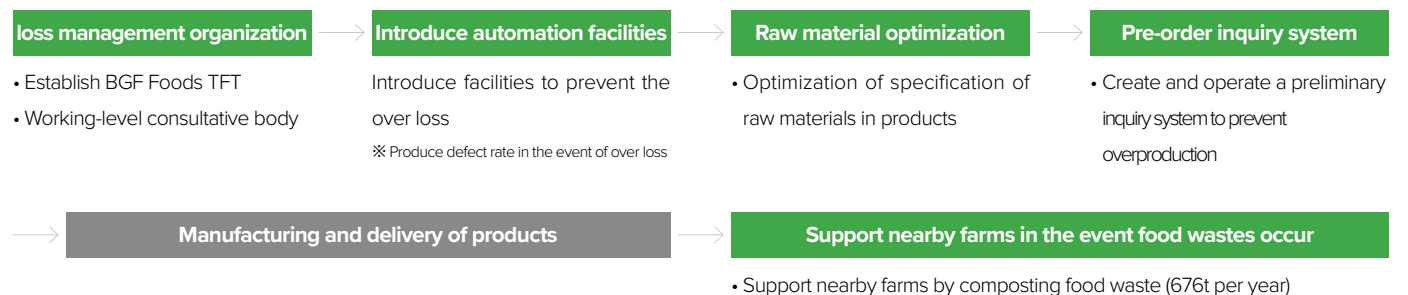
◇ Green Save Service

Total number of uses : 16,022 cases / Total Amount : 86,807,000 won

Reduce Food Wastes

Also, cooperation with BGF Food, which produces CU instant food, has been strengthened to minimize food loss. To minimize food waste generated in the production and manufacturing process, BGF Food 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 Food and contractors, R&R for each production, product, and purchase department in BGF Food 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 Simple Food Team, which is in charge of launching simple foods. BGF Food 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 1.7%, and the plan for 2022 is 1.6%. Raw material loss and waste volume generated at the entire BGF Food Center (Jeonbuk, Jincheon, Jeju Center) are supported by farms through composting.

◇ Food waste reduction process



PARTNER

BGF 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.

Shared growth

BGF 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 stipulates its responsibilities and obligations to subcontractors in its ethical code, recognizes subcontractors as strategic partners, and respects the physical and intellectual property rights of subcontractors. In addition, we promote a culture of fair trade with all stakeholders, including competitors

BGF 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.

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.

◇ 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.

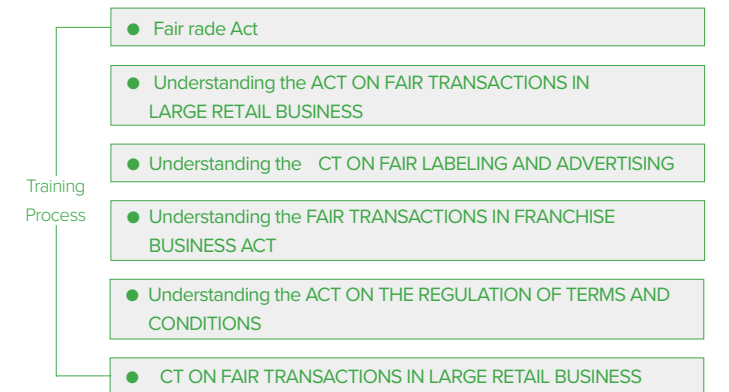
Classification	2020	2021
Franchise Business Act Evaluation Score	96.3points	97.9points
Large-scale Distribution and Subcontracting Act Evaluation Score	80.9points	97.7points

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.



Shared growth

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.

PARTNER_Shared growth

In addition, 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	Excellent

※ Mid to Long-term Target Grade for 2025: Excellent

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.

◇ **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.

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 longterm 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.

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

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

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”

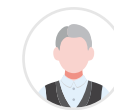
BGF Retail considered how to contribute more effectively to society as a corporate citizen in the event of a massive delay or social disaster in the wake of the sinking of a passenger ship in 2014. Therefore, we have developed and operated "BGF Bridge," a social contribution program based on distribution 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	Uljin, Gyeongbuk	Wildfire	Daily necessities	12,524points
	Uljin, 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”

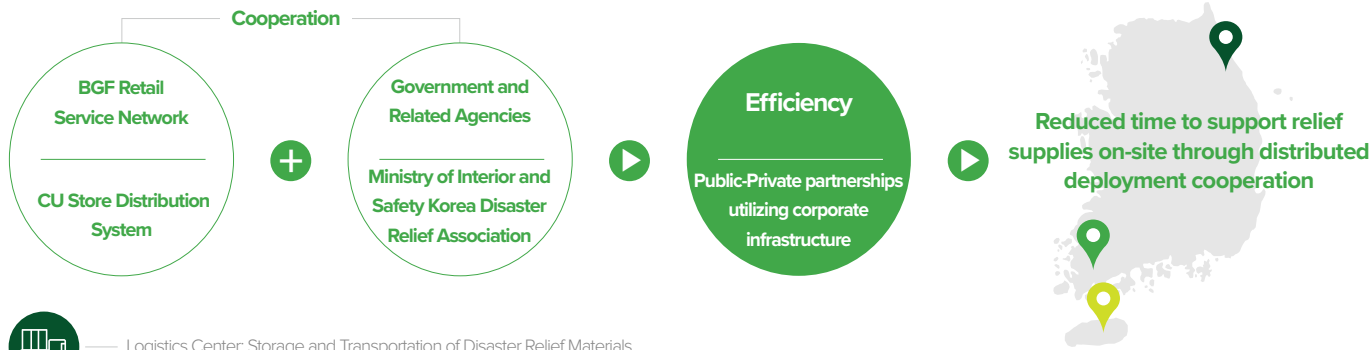
Fire Fighter Mr. Kang of Icheon Fire Station

PARTNER_COMMUNITY SAFETY NETWORK

◇ BGF Bridge Key Initiatives

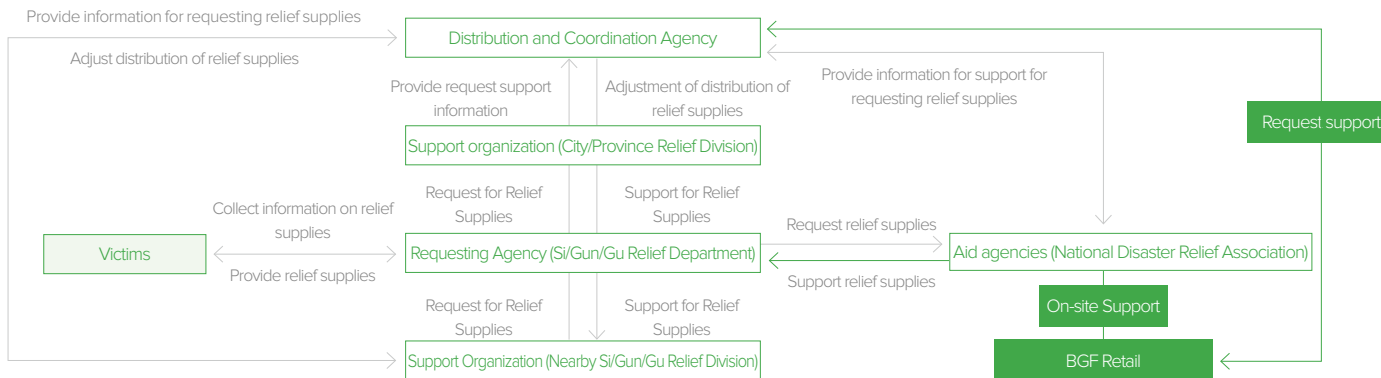
Disaster Calamity Situation

Safe Korea



- Logistics Center: Storage and Transportation of Disaster Relief Materials
 - CU Stores Nationwide: Emergency disaster situation guidance and prevention education through digital signs and POS
 - BGF Retail: Support food aid in disaster-stricken areas
 - Gangneung Center: 49 Emergency Relief Sets / 114 Cooking Relief Sets
 - Naju Center: 40 Cooking Relief Sets
 - Jeju Center: 40 Emergency Relief sets, 480 blankets
- ※ As of end of March of 2022, only Jeju Center operates relief supplies

◇ 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 of 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.

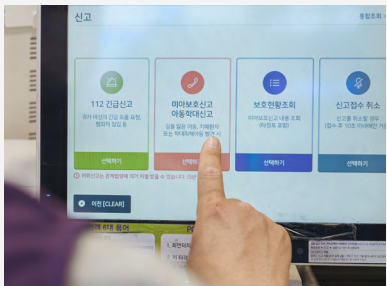
PARTNER_COMMUNITY SAFETY NETWORK

"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



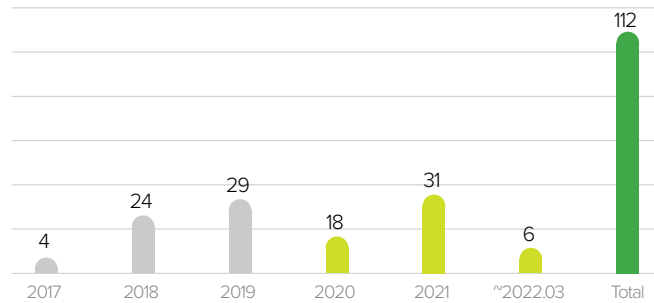
In 2017, the CPTED-based POS emergency reporting system, which was proposed by BGF Retail to the National Police Agency, contributed to the creation of an environment where

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.

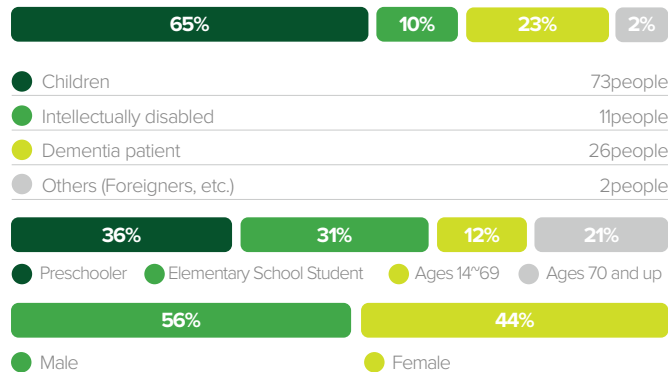
Main Processes



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



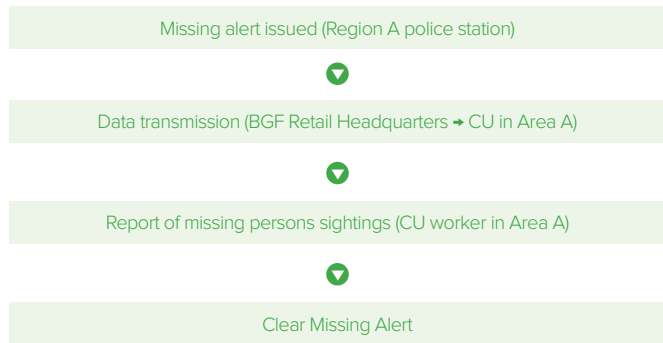
"I thought that the guardian would come, but I became anxious as time passed. I gave a candy to the child and suddenly remembered about the reporting system, so I reported via POS. The police came in 5 minutes and the child's father came as well."

Hyosun Kim / Staff of CU Iksan Eoyang Jugong Branch

PARTNER_COMMUNITY SAFETY NETWORK

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, the Child Rights Agency, 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

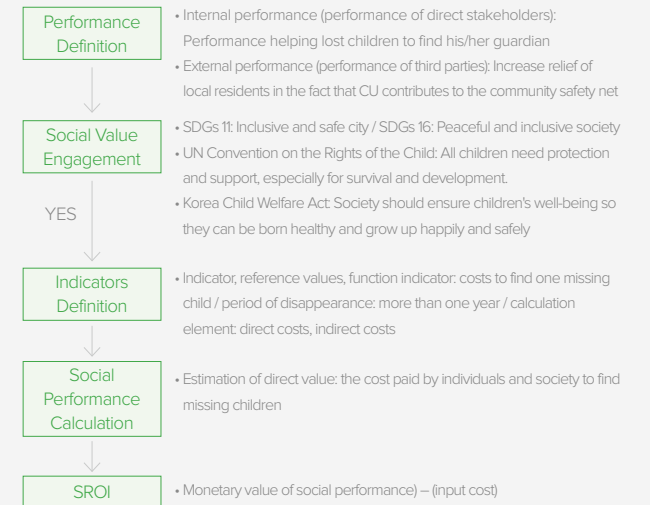
BGF Retail and the Ministry of Health and Welfare concluded that the ICU program could contribute to the establishment of a tight dementia safety net system in the community, and signed a business agreement on May 24, 2021. Accordingly, we produced and distributed education videos for responding to dementia 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.



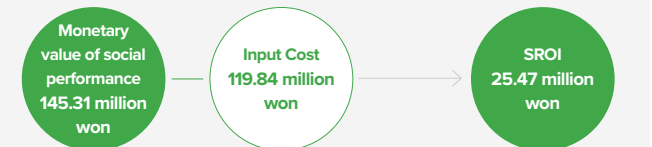
ICU Social Performance Measurement

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

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(1분기)
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

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.

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.

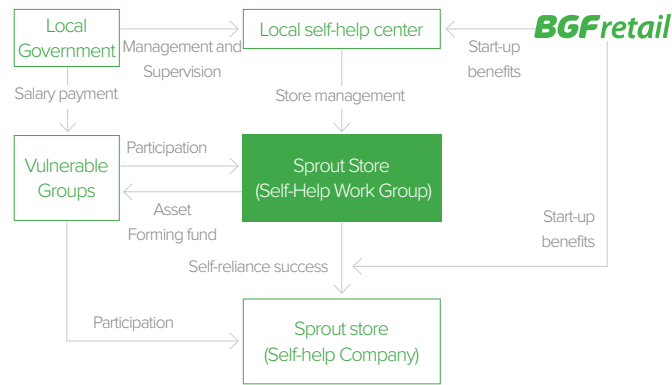
◇ Current Status of Public-Private Cooperation Program for the Socially/Economically Vulnerable

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.

◇ 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_Support for 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, 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 CUs and BGF Food Vocational Experience Centers have been operating nationwide by additionally operating food manufacturing-related vocational experience centers linked to BGF Food.

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.

- 
Number of Stores Participating in Recruitment and Training
49 stores

- 
Hope Staff with Developmental Disabilities
34 people

- 
Establishment of Job Experience Center (End of 2021 Standard)
18 centers

- 
People who have completed vocational experience training (yearly)
 About **300** people

PARTNER_Support for Vulnerable People

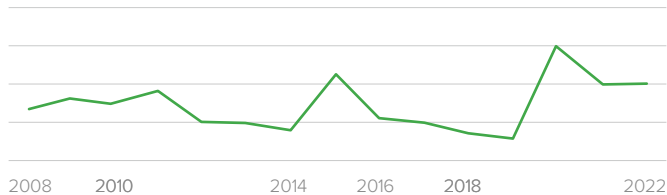
“CU Senior Staff” to Create Jobs for Senior Citizens

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 Advanced Human Resources Development Institute. 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 Senior Human Resources Development Institute, 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 22. 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.



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.

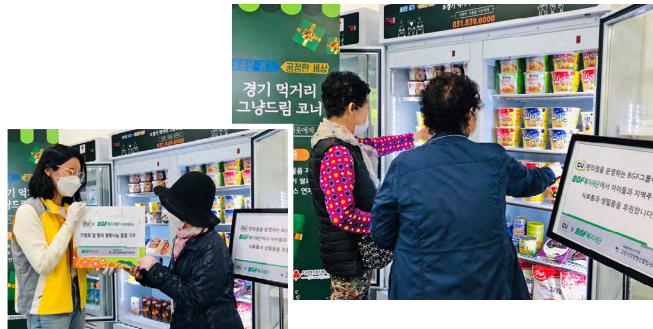
◇ Current Status of Public-Private Partnership to Find Welfare Blind Spots

- 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 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

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 third quarter of 2024 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 of Convenience Restaurant products



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 HEYRO 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 handcarts 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 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 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

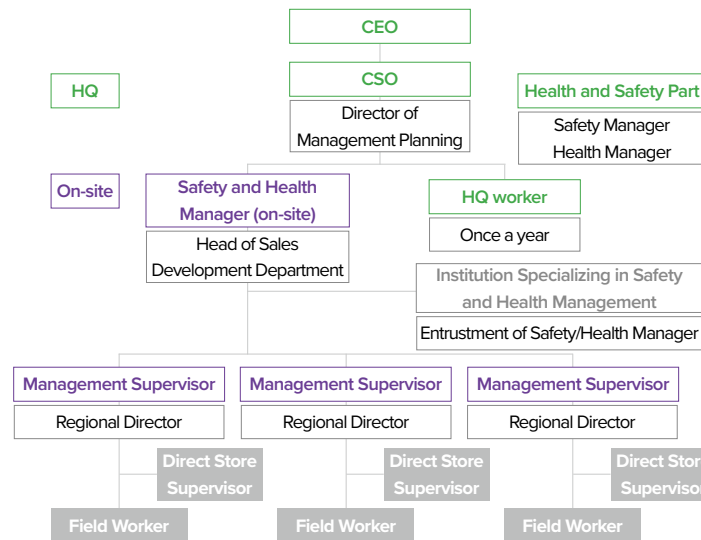
BGF Retail appoints the Chief Safety and Health Management Officer (CSO) to oversee the safety and health of all workplaces. As a dedicated organization, we have a safety and health part under the management planning division. In addition, considering the characteristics of our company's business, we 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 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.

◇ Safety and Health Committee of BGF Retail co., LTD.



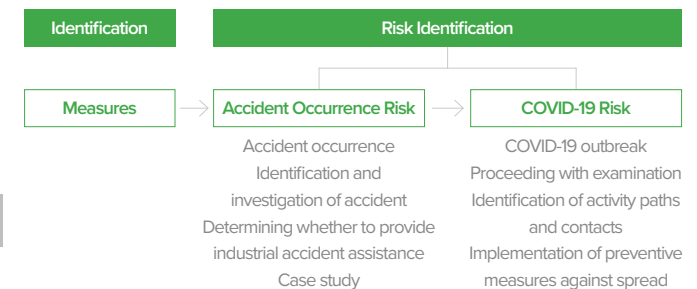
Occupational Safety and Health Commission Operation/Education

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	Number of assessed	131	134
Office	Number of assessed	28	27

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
		2nd Q	2,088 people
		3rd Q	2,150 people
		4th Q	2,204 people
		8,495 people	
Franchisee		15,131 stores	

※ Based on BGF and BGF Retail

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.



Human Rights Management

BGF respects our stakeholders, such as executives and employees, customers, franchisees, and partners, the right to pursue dignity and happiness as human beings. BGF 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 human rights management policy.

Respect for Human Rights

BGF has declared a BGF 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

※ Based on BGF and BGF Retail

Talent Recruitment

BGF 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.

Performance Evaluation and Compensation System

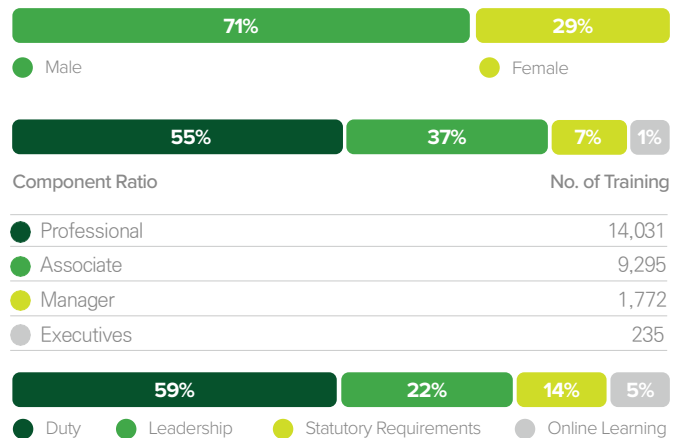
Based on the HR direction of fostering human resources, fair system operation, and motivation, BGF designs a fair and objective evaluation system and operates a compensation system accordingly. The evaluation system operates the MBO method and conducts evaluation twice a year in the first and second 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, including compensation for performance, compensation for roles and responsibilities, and the view of operational efficiency of the compensation system. Considering inflation, market and comp-

etitor 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.

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.

◇ Analysis by Gender, Position and Training Type



Flexible Communication Culture

BGF 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. 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 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 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.

Expanding horizontal organizational culture

For smooth communication and exchange of opinions between employees, BGF simplifies the position naming system from five levels to three levels (Manager, Professional, Associate). 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 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 labormanagement between the company and employees. The contents of the labor-management consultation through the labor-management council are disclosed to all employees within 10 days of the meeting.

◇ Process of labor-management consultative bodies



Flexible Work System

BGF 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 labormanagement 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 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

Vacation support system	- 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	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) of the
Working Hours Reduction Support System	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	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	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 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.

Safeguarding Customer Safety and Privacy

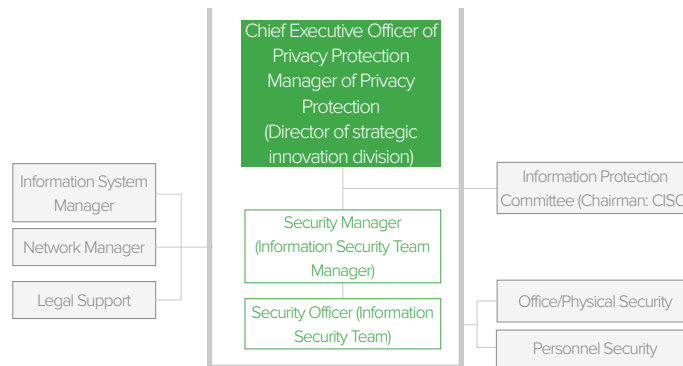
In 2015, BGF designated the Head of the Information Protection in line with Article 45-3 of the Information and Communication Network Act to manage and supervise tasks on information protection, such as establishing and managing the information protection management framework, evaluating and improving 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 reassurance each year to strengthen the information protection management system.



Information Security Management System



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.

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.

Providing Healthy and Right Food

BGF Retail is striving to provide healthy and wholesome food to contribute to supply 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



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	573,000won
	Poultry (egg)	2	623,973	1,243,513,000won
Organic	Food	4	432,379	560,768,000won
	Non-food	9	745,099	2,627,755,000won

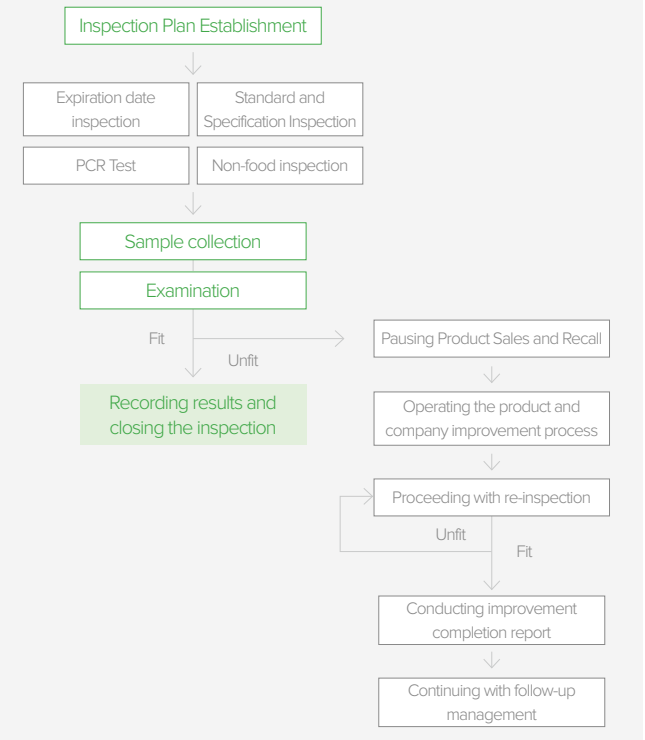
Development of Products Considering Health and Nutrition

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. In addition, 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.

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

FACTBOOK/APPENDIX

ESG management of BGF 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	2019	2020	2021	Remarks
Sales Revenue	won	133,387,713,837	154,381,286,305	206,770,625,284	
Operating Income (loss)	won	26,355,506,906	14,640,997,513	11,499,330,314	
Earnings before income taxes (loss)	won	24,585,396,620	16,140,824,575	16,505,915,851	
Net Income	won	17,515,291,535	17,880,953,455	35,977,028,709	
Total assets	won	1,657,381,460,248	1,658,204,361,732	1,981,622,039,251	
Total equity	won	1,528,254,724,663	1,537,099,088,353	1,732,763,395,151	
Return on Assets (ROA)	%	1.06	1.08	1.82	
Return on Equity	%	1.15	1.16	2.08	

※ KOPLA was incorporated as a subsidiary of BGF at the end of December 2021.

Accordingly, the consolidated income statement following the incorporation of KOPLA Co., Ltd. will be reflected from the 29th period (2022).

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

Classification	Unit	2019	2020	2021	Remarks
Shareholders and investors (Dividends)	won	3,337,641,020	10,527,964,370	10,527,964,370	
Employees' salaries	won	36,339,771,956	28,616,753,672	23,115,930,720	Including discontinued business divisions
Cooperative company	won	65,316,077,887	49,947,596,850	66,398,425,502	
Government (Corporate tax cash payments)	won	7,501,375,200	4,237,814,936	2,478,273,042	
Community (Donations)	won	58,354,000	40,697,542	76,375,000	

ESG Performance Data

Environment

BGF, BGFnetworks

Classification			Unit	2019	2020	2021	Remarks
Greenhouse Gas	Emissions	Scope1	tCO2e	78.2	85.1	86.8	BGF, BGFnetworks
		Scope2	tCO2e	146.9	144.9	164.7	
	intensity	Total Emissions	tCO2e	225.0	230.0	251.5	
		Per unit emissions	tCO2e/100 million won	0.16	0.14	0.12	
Energy consumption	directly	stationary combustion	GJ	420	382	432	
		mobile combustion	GJ	844	976	963	
	indirect	power usage	GJ	3,023	2,983	3,411	
	intensity	renewable energy	GJ	0	0	0	
		Total energy consumption	GJ	4,287	4,341	4,386	
		Per unit consumption	GJ/100 million won	3.21	2.81	2.33	
Water	consumption	-	Ton	2.6	2.5	2.4	BGF
Waste	Disposal	General waste	Ton	-	-	13.4	
		waste recycled	Ton	-	-	5.9	
		food waste	Ton	-	-	3.3	
Violation of environmental regulations			case	0	0	0	

ESG Performance Data

Social

Human Resources Management

BGF

Classification		Unit	2019	2020	2021	Remarks			
No. of Employees	Total executives and employees		Person	113	112	117			
	By agreement type	Regular workers		Person	106	106	110		
		Non-regular workers	Executive Officer (Male)		Person	5	4	4	
			Executive Officer (Female)		Person	0	0	0	
			Contract workers		Person	1	0	2	
			Indefinite contract worker		Person	1	2	1	
		Direct branch staff		Person	7	6	7		
	Gender	Male		Person	83	86	87		
		Female		Person	30	26	30		
	By age	20 to 30 years old		Person	24	23	15		
		30 to 50 years old		Person	85	87	100		
		More than 50 years old		Person	4	2	2		
	By position	Executives		Person	5	4	4		
		P3 or Above		Person	42	45	49	All management positions except executives	
P2 or Below		Person	66	63	64	Non-manager			
Recruitment	By agreement type	Full-Time		Person	4	5	4		
		Contract		Person	0	0	2		
		Total		Person	4	5	6		
	Public Recruitment	high school graduates		Person	0	0	1		
		College Graduates		Person	0	0	1		
		Experienced		Person	4	5	4		
	Gender	Male		Person	3	4	6		
		Female		Person	1	1	0		
	Region	Metropolitan area		Person	4	5	6		
		Non-metropolitan area		Person	0	0	0		

ESG Performance Data

Human Resources Management

BGF

Classification		Unit	2019	2020	2021	Remarks	
Retirement	Number of people who left the company		Person	38	22	20	
	Involuntary resignation	Inter-Affiliate Records	Person	29	16	12	
		Other	Person	2	0	0	Expiration of contract period
	Voluntary resignation		Person	7	6	8	
	Voluntary Resignation Ratio		%	6.2	5.4	6.8	
Continuous service	Average number of years of service		Year	6.9	5.6	5.0	
	Gender	Male	Year	8.0	6.2	5.5	
		Female	Year	4.0	3.9	3.7	
Employee engagement	Participation rate in the engagement survey		-	3 or more equal number of labor and anagement			
	Positive Response Rate		Person	113	112	117	
Salary	Male average (yearly)		Million won	83	75	77	Base salary and Other cash incentives
	Female average (yearly)		Million won	46	42	45	
	Overall average (yearly)		Million won	73	67	69	
	Male-Female salary ratio		%	73	71	76	Excluding executives and contract workers
	Ratio of salary for Female manager to Male manager		%	113	112	117	
Retirement pension	Subscription rate		%	100	99	94	
	Subscription type	Defined benefit	Person	108	107	102	
		Defined contribution	Person	0	0	4	

ESG Performance Data

Human Resources Management

BGF

Classification		단위	2019	2020	2021	Remarks
Diversity	Disabled Worker	Person	1	1	1	
	Ratio of disabled workers	Person	0.85	0.89	0.85	
	Foreigner workers	Person	0	0	0	
Female workforce	Position	Female Employees with Rank of P5 or Above	Person	1	0	0
		Female Employees with Rank of P3 or Above	Person	4	2	5
		Female employees of non-management	Person	25	24	25
	By agreement Type	Regular female employees	Person	30	26	30
		Ratio of female employees among regular workers	%	28.3	24.5	27.3
		Contract female employees	Person	0	0	0
		Ratio of female employees among contract workers	%	0	0	0
Parental leave	Number of people used	Male	Person	0	1	1
		Female	Person	2	4	1
	Returnee	Male	Person	0	1	1
		Female	Person	0	3	1
	Ratio of returnees	Male	%	-	100.0	100.0
		Female	%	-	33.3	100.0
Safety and Health	Industrial Accident	case	0	0	0	
Education for Capacity-Building	Average Training hours per person	Hour	20	38	56	
	Satisfaction evaluation score (out of 5 points)	Points	4.5	4.5	4.62	
self-development support	Application for obtaining certificate	Person	62	56	69	BGF/BGF Retail Integration. Not implemented due to COVID-19 in 2020~21
	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	
Human Capital	ROI Human capital ROI	%	536	621	722	
EAP	Number of users of counseling psychology service	Person	132	148	158	BGF/BGF Retail Integration
	Number of use of counseling psychology service	case	615	683	720	

ESG Performance Data

Social Contribution

BGF

Classification		Unit	2019	2020	2021	Remarks
Ratio of Contributions to Operating Income		%	0.21	0.27	0.66	
Donations		100 million won	55	39	76	
Participation of employees In volunteer activities	Number of Participants	Person	104	693	231	BGF/BGF Retail Integration. Reduction of activities due to COVID-19
	Hours of Participation	Hour	440	1,761	1,114	

Membership of Associations

Membership of Associations

BGF

Association name	Amount of association fee paid for 21 years (KRW thousand)
Korea Association for Chief Financial Officer	2,000
Korea Listed Companies Association	12,200
UN Global Compact Network Korea	2,750
Korea International Trade Association	150
Korea Listed Companies Association_Listed Company Audit Committee	770
Korea Personnel Improvement Association	1,430
Korea Personnel Improvement Association_HR team leader exchange meeting	1,650
Seoul Chamber of Commerce and Industry	4,500
Total	25,450

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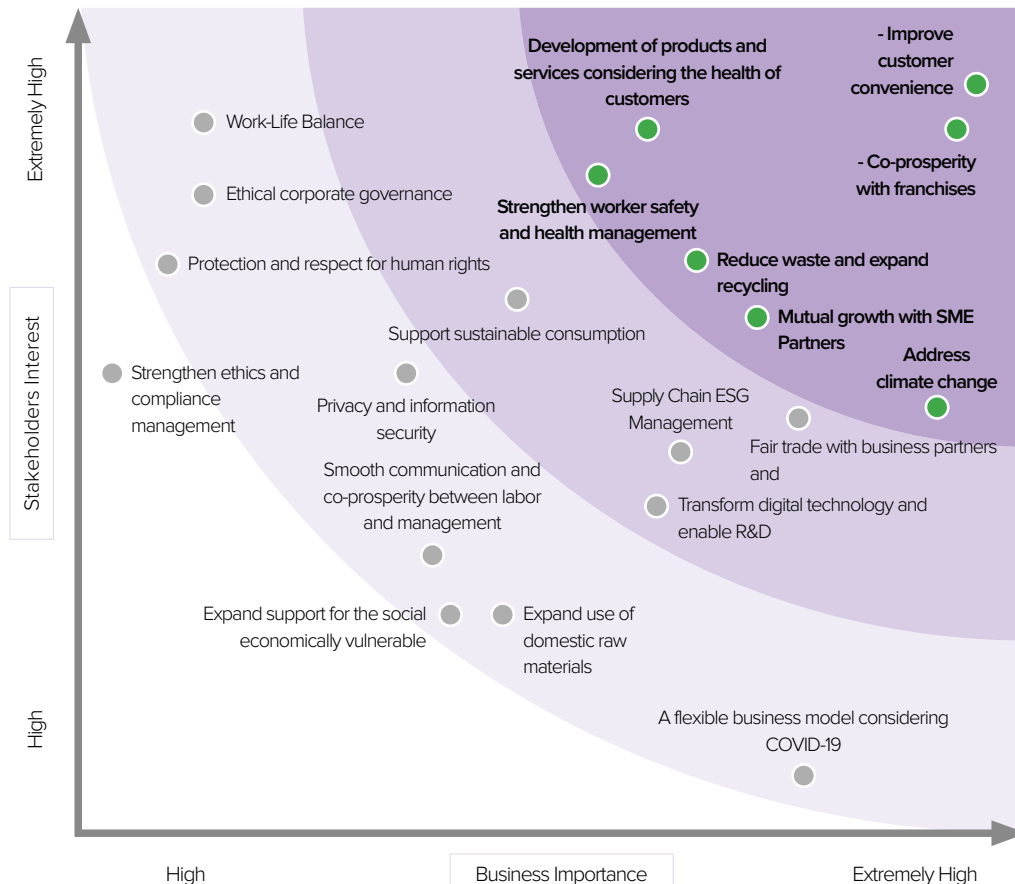
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UNGC Index

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	47P
	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	47P
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	47–48P
	4. the elimination of all forms of forced and compulsory labor;	Operation of Labor Union	47–48P
	5. the effective abolition of child labor; and	Compliance with laws related with child labor and forced labor	47–48P 54–56P
	6. the elimination of discrimination in respect of employment and occupation.	Operation of fair and objective recruitment & hiring process	47–48P 54–56P
Environment	7. Businesses should support a precautionary approach to environmental challenges;	Obtaining certification of environmental management system (ISO 14001)	25P
	8. undertake initiatives to promote greater environmental responsibility	Management of environmental pollutants emission in workplace	25–30P
	9. encourage the development and diffusion of environmentally friendly technologies.	Execution of energy efficiency	25–30P
Anti-Corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery.	Execution of compliance education for employees	19–20P

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. 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". Meanwhile, the materiality assessment of BGF is being conducted centered on BGF Retail, which has the largest financial weight in the group.



Analysis of Fundamental ESG Issues

Global Guidelines(GRI, ISO26000, SASB), ESG Evaluation Systems, Internal Promotion Activities

Deriving ESG Issue Pool

20 issues identified (Address climate change. Improve customer Convenience)

Identifying Stakeholders

- Key Stakeholders : Customer, franchise store owners, employees, investors
- Direct Stakeholders :Partner company, staff
- Indirect Stakeholders : Local community, government, press

Measuring Issue Importance

Business Importance, Attention to Stakeholders

Derive Key Issues

Key issues considering social influence and business relationship by major issues through stakeholder survey

※ Survey: February 17 ~ February 24 / A total of 6,376 participated

About This Report

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

Overview of the Report

This report provides a detailed description of major issues derived from the materiality analysis and activities, performance, goals and progress of the tasks from nine areas selected for the achievement of the ESG management goals. BGF will continue with the annual publication of the Sustainability Report for transparent disclosure and communication of the ESG management activities and performance to our stakeholders.

Reporting Scope

The reporting data have been written with a focus on BGF and 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 May 2022. For quantitative performance, data of three years from 2019 to 2021 are included. (Financial performance is recorded by the end of 2021 on the consolidated basis)

Reporting Criteria

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

Related Information and References

- Homepage
 - BGF website
 - BGFretail website
- Business Report
- Governance

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BGF