



Be Good Friends

2023-2024 BGF Retail Sustainability Report

BGFretail

Better World, With Good Friends!

BGF Retail has been publishing a sustainability report every year based on the global sustainability management notification standards since 2018 to ensure transparent Communication with Stakeholders. Based on a review of recommendations from ESG-related global initiatives, this report presents BGF Retail's financial performance, ESG management strategy, and non-financial performance including major activities in the environmental, social, and governance areas.



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About This Report



Cover Story

This photo symbolically shows the good relationship between the Earth and society, which is BGF Retail's ESG vision, moving forward with children, the future generation, for a sustainable future.

Report Preparation Criteria

This report meets the requirements of GRI (Global Reporting Initiative) Standards 2021, the global reporting guidelines for sustainability management. In addition, this reflects the recommendations of the TCFD (Task Force on Climate related Financial Disclosures) on climate change information disclosure, the SASB (Sustainability Accounting Standards Board) industry standards on important industry-specific issues, and the indicators and goals of the UN's SDGs (Sustainable Development Goals).

Reporting Period

This report describes activities and achievements from January 1, 2023 to December 31, 2023. In the case of quantitative performance, data from the last three years (2021-2023) was reflected to help identify trends, and some information also includes activities in the first half of 2024. BGF Retail publishes a sustainability report every year (previous publication date: June 2023).

Reporting Scope and Boundaries

This report focuses on BGF Retail's ESG management activities and performance. For financial data, it is consistent with a consolidated basis of the Korean International Financial Reporting Standards (K - IFRS). Unless otherwise indicated, financial performance is prepared on the consolidated basis and non-financial performance is prepared on a separate basis. Some of the achievements include the activities of BGF Logis, which is responsible for logistics, and BGF Foods, which is responsible for manufacturing convenience foods. If the reporting scope is different, the scope is separately indicated in annotations.

Report Verification

This report was verified by a third party through BSI, an independent verification agency, to ensure the fairness and reliability of the preparing process and information, and was verified at Moderate level and Type 2 based on the AA1000AS verification standard. Detailed information on the verification results can be found in the 'Third Party Verification Report' (p.134) of this report.

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Publication date	June, 2024



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Interactive User Guide

The following interactive has been added to make it easier for readers to access various information.



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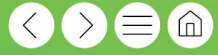
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CEO Message



Take the lead in sustainable management for the earth, society, and all stakeholders.



In 2023, the business management was more difficult than any other year due to prolonged high inflation, high interest rates, and the resulting economic recession. Nevertheless, BGF Retail achieved relatively good results by proactively responding to market changes and actively communicating with customers. These meaningful achievements were possible thanks to the trust and commitment of customers who loved CU, as well as 18,000 franchise owners, employees, and all stakeholders across the country. I would like to express my deepest gratitude to everyone.

CU convenience store, operated by BGF Retail, is truly Korea's number one convenience store. CU provides quality products and services nationwide 24/7 and, in accordance with BGF's corporate philosophy, is positioning itself to 'Be Good Friends to customers and society.' In 2023, as the first K-convenience store in Central Asia, it expanded its reach to Mongolia, Malaysia, and Kazakhstan, and became the first Korean convenience store brand to surpass 500 stores worldwide. Now, CU has become a 'good friend' not only in Korea but around the world, establishing itself as an advance guard of K-food and culture and a global standard in the convenience store industry.

Meanwhile, the climate crisis emerged as a global topic as the occurrence of abnormal weather conditions such as extreme heat waves and heavy rain became more common last year. These environmental problems affect the lives of not only future generations but also the current generation, so they are the main subject that both individuals and society must work together to solve. BGF Retail is doing its best to internalize environmental management in all business areas and realize sustainable social value by working together with the CEO, employees, and franchisees.

In line with this, we first significantly strengthened our climate response reporting activities in accordance with global guidelines. BGF Retail not only carries out environmentally

friendly management company-wide, but also builds an eco-friendly value chain by identifying the environmental impact of the supply chain, including partner companies. In addition, we are actively reducing carbon emissions through activities such as improving the eco-friendliness of packaging materials and enhancing energy efficiency in stores and distribution centers. As part of our resource circulation activities, we helped local farmers develop convenience foods made with Korean agricultural products and collected damaged vegetables and fruits that were to be discarded and launched the 'SingSing SangSaeng' brand.

As a corporate citizen, we are leading the way in realizing public value. In particular, the network of about 18,000 CUs across the country helps solve various community problems by serving as public infrastructure. A representative example is the 'i-CU' campaign, a lost child protection POS reporting system that started in 2017. 'i-CU,' having been operated for 7 year since its introduction, has become the most reliable child safety system in the area that allows lost children to ask for help at a nearby CU store. In 2024, we are expanding social solidarity to protect children by launching the 'I-CU Alliance,' a social contribution cooperation model between companies. In addition, we serve as a lifestyle-oriented welfare platform linked to the local community through activities such as 'CU Sprout Store,' which helps the vulnerable become economically independent.

BGF Retail will continue to dedicate ourselves to realizing sustainable environmental management and creating improved social value based on sound and transparent management. We ask for your interest and encouragement in the future steps of BGF Retail, which aims to become a 'good friend to the Earth and society' based on true ESG management.

Thank you.

BGF Retail Co., Ltd.
CEO **Seung-bae, Min**





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Company Profile

Company Overview

BGF Retail is a company that operates convenience store chains in various locations, and its main franchise business is the convenience store brand ‘CU.’ We started with the Garak Siyoung branch in 1990 and launched our own brand, CU, in 2012. Currently, it has expanded into Mongolia, Malaysia, and Kazakhstan and has established itself as Korea’s leading convenience store. BGF Retail is a comprehensive distribution company that realizes customer value and contributes to social development by providing lifestyle-centered products and services.

(As of May 2024)

Company name	BGF Retail Co., Ltd.
Head office location	405, Teheran-ro, Gangnam-gu, Seoul, Republic of Korea
CEO	Seung-bae Min
Establishment date	November 1, 2017
Total assets	KRW 3.219 trillion
Credit rating	AA (NICE D&B Credit)
Major business	Convenience store franchise business
Employees	2,603 (based on full-time employees)
Website	www.bgfretail.com

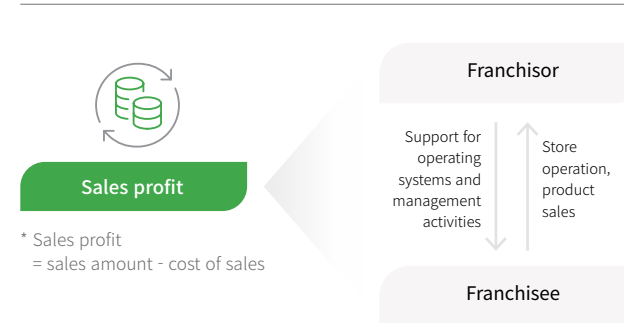
Financial Information

Category	Unit	2021	2022	2023
Sales revenue	KRW 100 million	67,812	76,158	81,948
Operating profit	KRW 100 million	1,994	2,524	2,532
Net profit	KRW 100 million	1,476	1,935	1,958

Business Introduction

The convenience store franchising business is operated as a joint win-win system between the franchisor and franchisees. The franchisor provides BGF Retail’s trademarks, services, business name, business logo, etc., supports management activities, and conducts training, etc. Franchisees operate stores based on the quality standards, business methods, and systems of the franchisor. Sales profits earned through product sales are distributed at a certain rate between the franchisor and franchisees. BGF Retail’s franchises located across the country sell a variety of groceries and miscellaneous goods in consideration of location characteristics and customer needs, and no individual item exceeds 5% of sales.

Business Structure

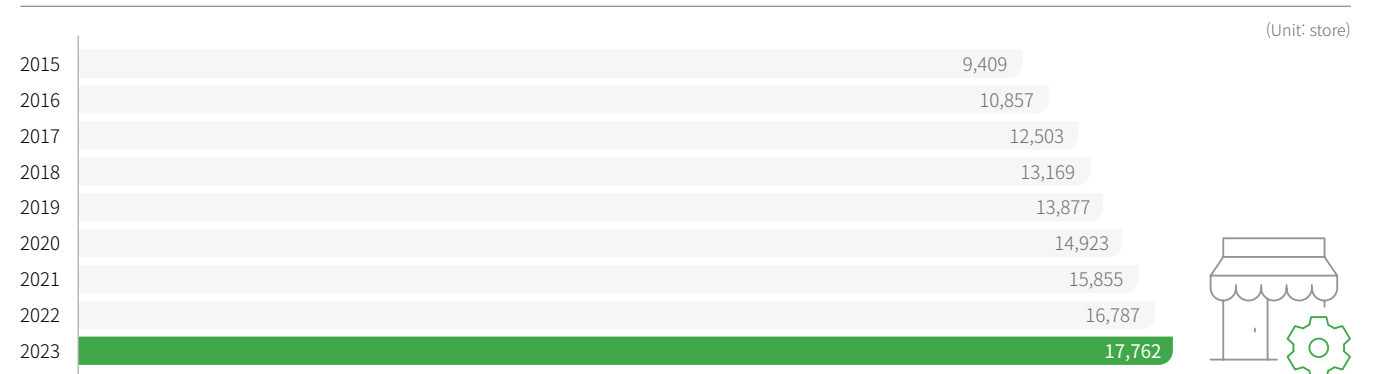


* Sales profit
= sales amount - cost of sales

Sales Ratio of Main Products

Category	Unit	2021	2022	2023
Food	%	12.4	12.8	13.3
Processed food	%	42.5	42.8	43.5
Tobacco	%	39.5	37.8	37.3
Non-food	%	5.6	6.6	5.9

Number of Domestic Stores by Year





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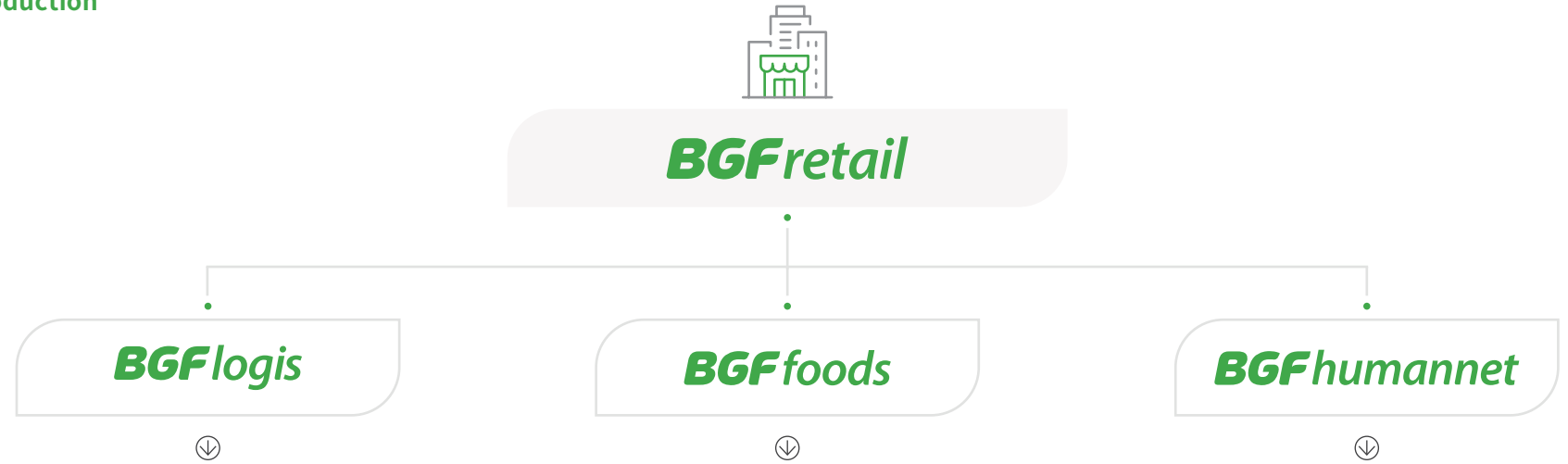
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Major Affiliates Introduction



Category	BGF Logis	BGF Foods	BGF Humannet
Introduction	BGF Logis provides the best logistics services through a nationwide logistics network to ensure that CU convenience stores nationwide operate efficiently.	BGF Foods serves as an innovative control tower for research, development, manufacturing, and production of various foods, and provides convenience store food that is all about taste, nutrition, and simplicity.	BGF Humannet provides convenience store franchise operation and store support services based on systematic and professional store management capabilities to ensure a stable and efficient operation of various stores.
Company name	BGF Logis Co., Ltd.	BGF Foods Co., Ltd.	BGF Humannet Co., Ltd.
CEO	Minjae Lee	Youngmin Song	Inho Lee
Establishment date	November 15, 1999	January 21, 2008	March 23, 2009
Major business	Logistics and warehouse business	Food manufacturing and distribution business	Dispatching workers and consignment operations
Head office location	58 Giheung-ro, Giheung-gu, Yongin-si, Gyeonggi-do	66, Sansusandan 3-ro, Deoksan-eup, Jincheon-gun, Chungcheongbuk-do	22 Nonhyeon-ro 85-gil, Gangnam-gu, Seoul
Sales (KRW million)	309,234	168,291	84,978
Employees	454 (based on full-time employees)	67 (based on full-time employees)	61 (based on full-time employees)



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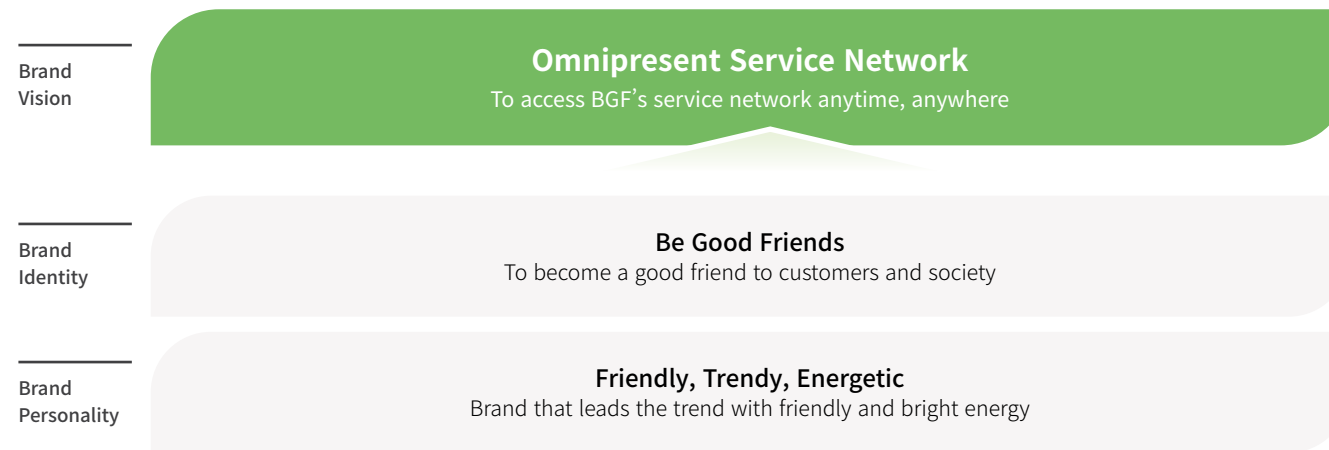
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Business Portfolio

Brand Introduction

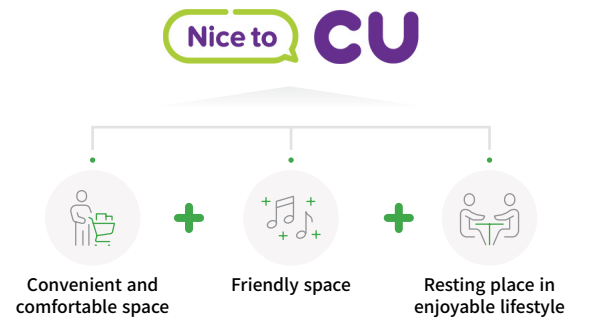
BGF Retail operates various distribution and product brands based on the brand vision of ‘Omnipresent Service Network.’

Brand Value System




Distribution Brand

BGF Retail's convenience store brand, CU, a good friend to customers and society




Product Brand


BGF Retail's PB (Private Brand) brand

- 

HEYROO

CU's integrated PB brand that solves customer needs by providing products such as snacks, beverages, dairy products, and noodles with outstanding quality competitiveness at reasonable prices.
- 

get

Coffee brand that provides the original taste of coffee anytime, anywhere
- 

delaffe

Ice cup pouch beverage brand that offers new and diverse flavors at reasonable prices.



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Global Network

Business Area

Global Network

Based on its know-how in operating domestic convenience stores, BGF Retail signed master franchise agreements (MFC) with distribution companies in Mongolia, Malaysia, and Kazakhstan in 2018, 2020, and 2023, respectively. As of the end of December 2023, the number of domestic and overseas CU stores exceeded 17,762 and 500, respectively, expanding our global network. In June 2023, we became the first domestic convenience store to enter the Kazakhstan market, and opened the first store thereof in March 2024.

Export to Overseas Markets

BGF Retail exports PB brand products to 12 countries, including export countries that have signed a MFC. In addition, in 2024, we are expanding our product categories by exporting popular liquor, desserts, etc. developed with small and medium-sized partners. In addition, by introducing the 'BGF global system dedicated to overseas business' for countries that have signed a MFC, we are working together to ensure that the CU brand can be stably established overseas by applying Korea's convenience store model and K-IT technology to overseas markets.



Countries to which brands are exported in 2024

Japan	HEYROO product sales (from May 2024)
Hong Kong	10 types of craft beer and highballs (from February 2024)
Mongolia, Malaysia, Kazakhstan	Yonsei Milk Cream Bread Series (from first half of 2024)



Number of domestic stores
17,762



Number of overseas stores
510
(As of the end of December 2023)



BGF Retail Head office



Countries to which PB products are exported



CU operating countries
Korea, Mongolia, Malaysia, Kazakhstan



- 2018 Mongolia, China, Australia
- 2020 Hong Kong, Singapore
- 2021 Malaysia



- 2016 China
- 2018 Mongolia, USA, Australia
- 2020 Hong Kong, Singapore, Malaysia
- 2021 Côte d'Ivoire, Kuwait, Kyrgyzstan
- 2023 Japan, Kazakhstan



- 2015 China
- 2018 Mongolia, Australia
- 2020 Hong Kong, Singapore
- 2021 Malaysia, Côte d'Ivoire
- 2023 Japan, Kazakhstan





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Major Achievements

Awards and Certifications

- Presidential Citation at the 28th Korea Distribution Awards (December 2023): ESG expansion sector
- Won the main prize at the iF Design Award : Won the main prize in the 'User Interface (UI)' category at the 2023 iF Design Awards hosted by Germany's International Forum Design
- Won 3 awards at the 2023 YouTube Works Awards : Won 3 awards in the Grand Prix Award for Best Short Form/ Entertainment Content Targeting the MZ Generation, Best Brand Fandom Category, and Shorts Category



ESG

- Obtained an integrated grade of 'A' in ESG evaluation by the Korea Institute of Corporate Governance and Sustainability (KCGS) for 4 consecutive years
- Incorporated into DJSI KOREA for 2 consecutive years



CU

- Became the first domestic convenience store to enter Kazakhstan
- Achieved 500 global convenience stores for the first time in the industry (annual visitors exceeded 100 million)



Presidential Citation at Korea Distribution Awards (ESG expansion sector)

CU Main Activities

- Flagship store opened to provide a differentiated shopping experience



- CU's first branch opens in Kazakhstan



- Opened 'Ramen & Snack Library' specialized for CU products



- Introduced an integrated search engine into the store owner's computer system for the first time in the industry
- Self-POS 2.0 service introduced to enhance customer payment convenience





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BGF Retail's ESG Activities in 2023

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Improving the eco-friendliness of products to reduce plastic use

In order to reduce the amount of plastic used in packaging, BGF Retail changed its convenience food packaging material to biodegradable resin (i.e. Poly Lactic Acid), resulting in reduction of plastic use by approximately 175 tons. In addition, in order to reduce the use of straws provided with pouched drinks, a lid package that can be used to drink with the mouth was developed and applied in March 2023, and chopsticks included in lunch boxes were removed to reduce the use of disposable products.



Launch of 'SingSing SangSaeng' brand with local farmers

As part of a farm support project, BGF Retail launched the 'SingSing SangSaeng' brand for vegetables and fruits that are the same as regular products in terms of taste, quality, and nutrition, but were difficult to sell due to their uneven shape, and are selling them at CU stores. In 2023, we sold a total of 13 types of local farm products, contributing to a virtuous cycle of farm raw materials.



Reduction of energy usage in logistics centers and virtuous cycle of resources

BGF Retail is carrying out activities to improve energy efficiency, focusing on logistics centers with high energy consumption. We installed eco-fans to help circulate air within the logistics center and improve energy efficiency, expanded the installation of LED floodlights, and produced energy by building solar power renewable energy facilities at the Central Distribution Center (CDC) in Jincheon. In addition, we are contributing to reducing energy resources, etc. by adjusting regional distribution centers (RDCs) to optimize delivery distances. In order to minimize waste generation and support local vulnerable groups, we donated products worth approximately 800 million won by donating returned products that came into our distribution center.



S

Expansion of local living safety infrastructure

• **Signed an agreement to install an Automatic External Defibrillator (AED)**

By signing business agreements with five local governments across the country, including Seoul, we are expanding the installation of AEDs in CU stores and building emergency equipment and response systems in preparation for emergency accidents.

• **Signed an agreement for welfare blind spots**

We signed a system agreement with Seoul, Gyeonggi, and Incheon regions to discover and report welfare blind spots based on CU convenience stores, and are strengthening the community safety net through activities such as detecting at-risk households, preventing lonely deaths, and providing mental health services.



Signed an agreement to expand sales of local agricultural products

Since 2019, BGF Retail has been continuously developing and launching convenience foods based on local specialties through a win-win project with local farms. For example, in 2023, based on an agreement to expand the sales channels of excellent regional agricultural products signed with Jeollabuk-do, convenience food using sweet potatoes was launched, and beer using apples from Yesan and tangerines from Jeju was launched to promote consumption of local raw materials and improve customer satisfaction.



ESG with partners

BGF Retail held an ESG management declaration ceremony in January 2023 to practice ESG management with its small and medium-sized partners. Since then, we have made environmental and social contributions to preserve the terrestrial ecosystem, provided ESG educational content, and performed ESG self-diagnosis services. In addition, we provide a quality safety management system (QSS) to improve the manufacturing capabilities and quality of small and medium-sized partners, and support overseas export channels to Mongolia, Malaysia, Kazakhstan, etc.





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ESG Management Strategy

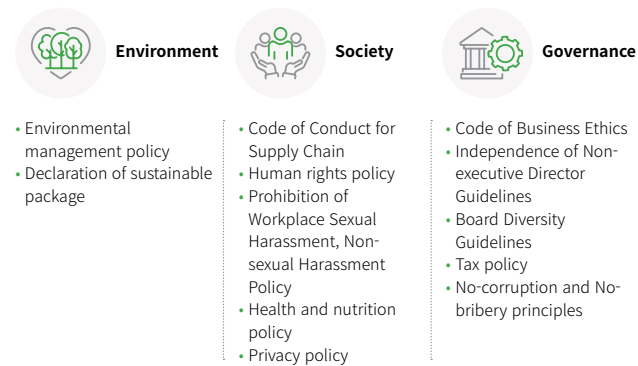
ESG Management Direction

In order to implement true ESG management, BGF Retail has set three mid- to long-term goals and identified nine main areas, such as Establishing Eco-friendly Value Chain (Planet), Creating Ecosystem for Shared Growth (Partner), and supporting healthy and happy lives (People), centered around the ESG Management Committee, to achieve them by 2030. As global ESG regulations and disclosures become more stringent, BGF Retail is actively identifying and addressing potential business risks. In particular, we are progressively tackling problems such as climate change response, plastic reduction, and strengthening community safety nets, recognizing these as pivotal ESG risks.

Principles and Policies for Sustainable Management

BGF Retail has established and complies with the principles and policies for sustainable management, which are the basis of ESG management. This encompasses 12 policies, including the rule of ethics, supply chain rules, and environmental management policies. To internalize ESG management practices, BGF Retail ensures that all employees rigorously adhere to these policies.

Principles and policies for sustainable management



ESG Strategy

BGF Retail has established an ESG governance system aimed at sustainable growth for both its own business and stakeholders. The ESG Management Committee, formed in 2021, conducts quarterly reviews of ESG strategic direction and performance. It also assesses significant agendas requiring reporting or approval from the Board of Directors in advance. BGF Retail has formulated an ESG strategy that prioritizes key areas related to its business activities, emphasizing transparency in reporting related performance and initiatives.



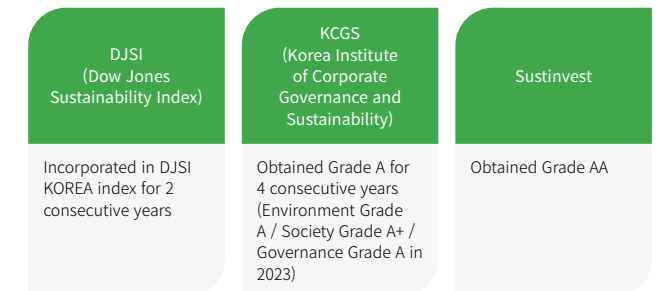
Internalization of ESG Management

BGF Retail is integrating ESG principles company-wide by disseminating its ESG management declaration to group executives and employees. In addition, we provide ESG training for new employees, executives, and partners, and distribute a monthly ESG newsletter. Regular training sessions are provided to executives and employees on ESG compliance across various domains such as environmental management, ethical practices, shared growth, and safety and health. In particular, we carry out an annual eco-friendly campaign, engaging executives, employees, and franchisees to internalize ESG principles. Furthermore, we collaborate with an agency under the Ministry of Environment for an eco-friendly practice campaign, promoting ESG management in our daily activities.

Executive/Employee Declaration for ESG Management

- We present and practice environmental protection rules to establish a climate-friendly culture.
- We actively communicate and cooperate with stakeholders to achieve mutual growth.
- We continually innovate to benefit the environment and society through BGF Infrastructure.

External Evaluation





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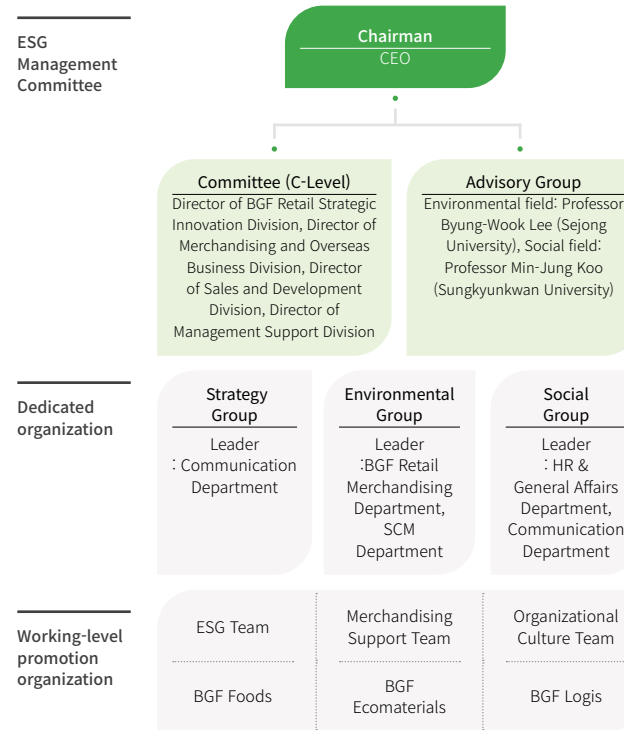
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ESG Governance

ESG Management Committee

In 2019, BGF Retail established the Environmental Committee and later transformed it into the ESG Management Committee in February 2021, bolstering its expertise with environmental and CSV (Creating Shared Value) professionals. In 2023, major affiliates of BGF Group participated and expanded its scale. The ESG Management Committee is dedicated to proactively identifying ESG risks within business operations and converting them into new business opportunities. In addition, they review mid- to long-term strategies and policy risks, and analyze sustainability management performance on a quarterly basis to derive improvements. The ESG Management Committee ensures transparency and accountability by regularly reporting significant ESG issues to the Board of Directors. The Board oversees ESG management activities, reviewing and approving current sustainability-related matters. To enhance efficiency and expertise, we have appointed advisors specializing in environmental and social fields. Also, we manage the compensation of main executives and department heads participating in the ESG Management Committee by linking it to ESG management objectives. The organization includes dedicated departments focused on strategy, environment, and society, each responsible for reporting quarterly on their performance in alignment with established strategies and policies.

ESG Management Organization and Roles



* Co-Chairman: CEO of BGF Co., Ltd.

ESG Agenda Reporting System



ESG Management-related Agenda

The Board of Directors and the ESG Management Committee oversee and approve the ESG agenda. In 2024, the Board of Directors specifically endorsed the results of sustainable management materiality assessment.

Category	2023 Agenda
Board of Directors	<ul style="list-style-type: none"> Approval of climate change response performance and plans Approval of achievements and plans to reduce plastic and waste Approval of safety and health plan Approval of change/new establishment of employee welfare support system Approval of ESG management strategy direction and establishment of main tasks for each department
ESG Management Committee	<ul style="list-style-type: none"> Discussion on mandatory ESG disclosure and establishment of medium-term goals for greenhouse gas reduction Share achievements and plans to reduce plastic and waste Share annual performance and plans of the social part (quality management, realizing GWP, safety and health, information security, social contribution)

Board of Directors Training

BGF Group conducted training sessions for non-executive directors, C-level executives, and heads of major ESG-related departments on domestic and international climate-related trends and response plans. The training emphasized the strengthening of global ESG regulations, disclosure requirements, and key ESG risks related to environmental and social impacts. Moving forward, BGF Retail remains committed to supporting effective and informed decision-making within its environmental management governance organization.



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Communication with Stakeholders

BGF Retail communicates with various stakeholders to realize its ESG vision to 'Be Good Friends of the earth and society' and strengthens sustainable management activities based on this. We communicate regularly through group-specific communication channels, and activities and achievements related to sustainable management are transparently reported every year through the BGF Retail website and electronic disclosure system.

Main stakeholders	Customers, employees, franchisees, investors
Direct stakeholders	Partners, staff
Indirect stakeholders	Government, local government, community, NGO

	Customer	Employees	Partners	Franchisee / Staff	Local community / NGO	Government / local government	Shareholders / Investors
Definition of key stakeholders	Stakeholders who purchase or use products and services from CU	Stakeholders who are at the center of all management activities, including BGF Retail's business activities	Stakeholders who provide products and services of the company or CU convenience store	Franchisees who are in charge of franchise business through contracts and staff who help run CU stores	Not only local residents near the headquarters and each business site, but also all global citizens affected by BGF Retail's business activities	Stakeholders who influence BGF Retail's business activities by enacting laws or determining the level of regulation related to the distribution industry and franchise business	Shareholders and investors who provide financial capital to BGF Retail
Communication channel	<ul style="list-style-type: none"> • CU Customer Center • SNS • Homepage and BGF LIVE • Pocket CU application • Chatbot CU Customer Center • Sign language and interpretation consulting services for the disabled and foreigners • Youtube channel 	<ul style="list-style-type: none"> • Labor-Management Council • BGF LIVE • Newsletter • Talk Talk bulletin board • Internal reporting system 	<ul style="list-style-type: none"> • Hotline • Visiting VOC • Open SME consulting • Mutual growth meeting • ESG Management Declaration Ceremony • Refresh Together Day (partner communication event) 	<ul style="list-style-type: none"> • Coexistence Council • Mobile-based communication platform (real-time communication of store operation and product information) • BGF LIVE (Company News) • Consulting support • Chatbot consultation service • CU Customer Center • Website 	<ul style="list-style-type: none"> • Social contribution program • Volunteer program • Homepage and SNS 	<ul style="list-style-type: none"> • MOU • Conference 	<ul style="list-style-type: none"> • Shareholders' meeting • Disclosure IR activities • Website
Issues of Interest	<ul style="list-style-type: none"> • Client satisfaction • Product safety and quality • Waste management 	<ul style="list-style-type: none"> • Expanding sustainable packaging • Development of products and services considering society/environment • Win-win between franchisor and franchisees 	<ul style="list-style-type: none"> • Waste management • Product safety and quality • Win-win between franchisor and franchisees 	<ul style="list-style-type: none"> • Client satisfaction • Product safety and quality • Privacy protection and information security • Development of products and services considering society/environment • Win-win between franchisor and franchisees 	<ul style="list-style-type: none"> • Climate change response • Win-win between franchisor and franchisees • Product safety and quality 	<ul style="list-style-type: none"> • Waste management • Expanding sustainable packaging • Client satisfaction 	<ul style="list-style-type: none"> • Win-win between franchisor and franchisees • Product safety and quality • Transparent governance structure



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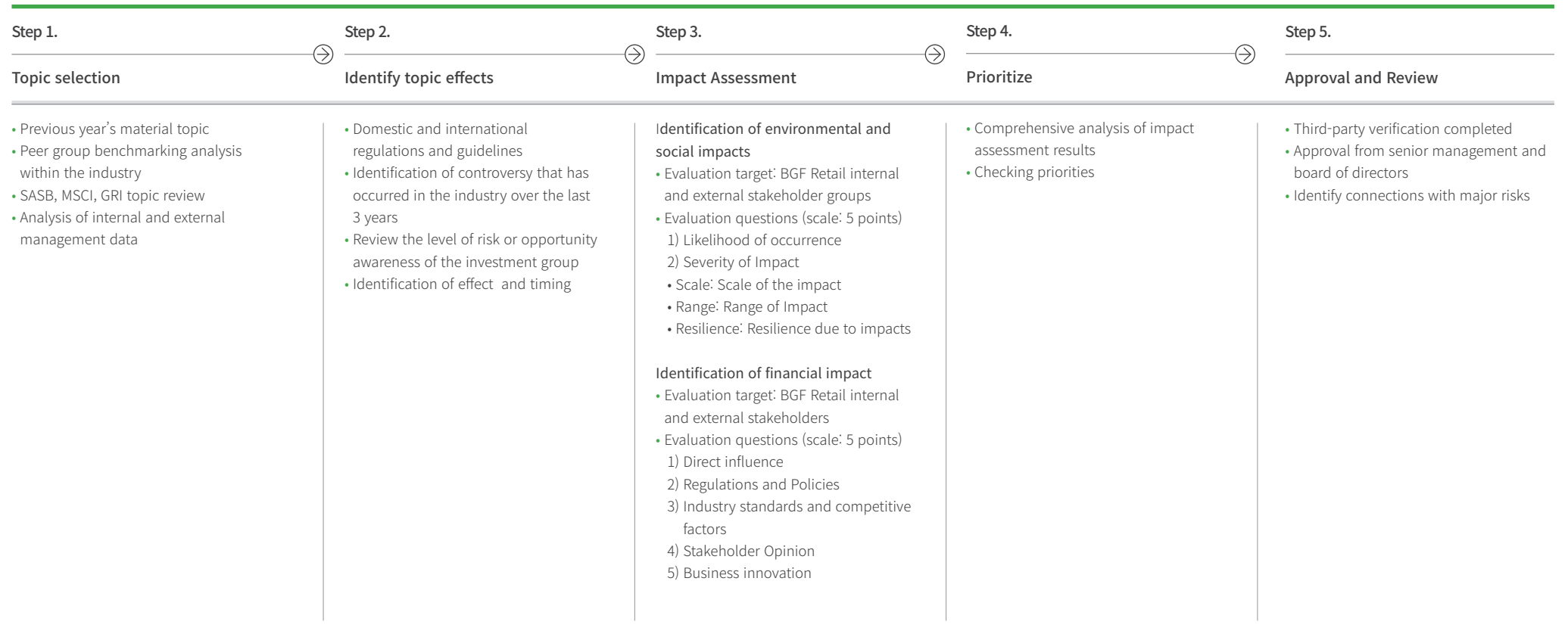
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Double Materiality Assessment

Materiality Assessment Process

BGF Retail conducts a materiality assessment to strengthen Communication with Stakeholders and identify and manage ESG-related issues deemed significant by stakeholders. BGF Retail applies a dual materiality assessment approach presented by GRI (Global Reporting Initiative) and CSRD (Corporate Sustainability Reporting Directive) to consider both the environmental/social impact of ESG issues and the internal financial impact of environmental/social factors.

Materiality Assessment Process





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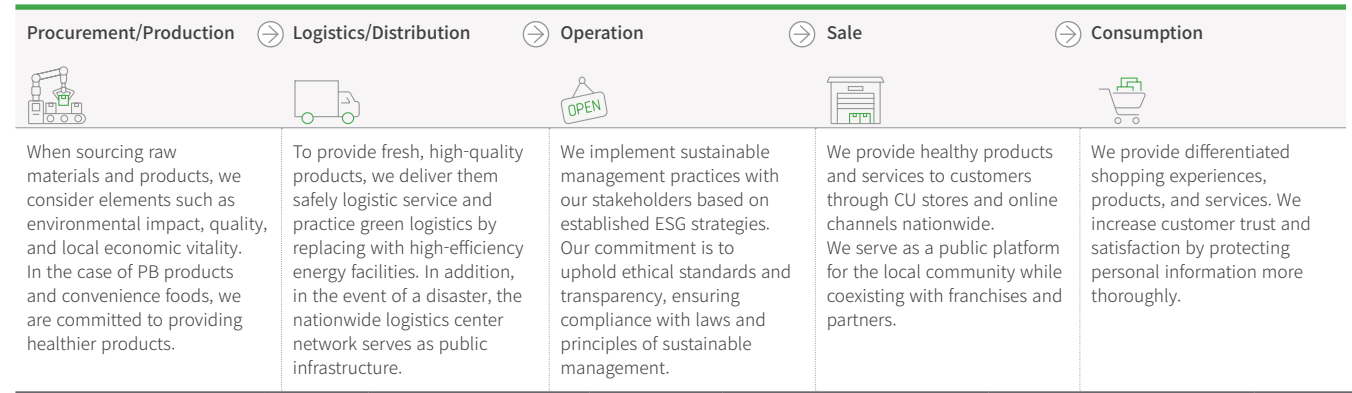
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Double Materiality Assessment

Materiality Assessment Results

BGF Retail selected 10 material topics by considering the environmental, social, and financial impacts as determined through a comprehensive materiality assessment. These topics are integrated across the company and incorporated into management strategies following reporting and approval by the ESG Management Committee under the Board of Directors. Detailed information regarding the management approach, direction, significant achievements, future plans, and more concerning these material topics is presented in our sustainability report. The impacts associated with these material topics are continuously monitored and transparently disclosed to stakeholders.



Ranking	Changes compared to 2023	2023 Material Topic
1	-	Waste management
2	-	Expanding sustainable packaging
3	-	Development of products and services considering society/environment
4	New	Product safety and quality
5	-	Win-win between franchisor and franchisees
6	New	Customer satisfaction (improved customer convenience)
7	New	Responsible sourcing of raw materials, products, etc.
8	New	Customer health and nutrition
9	-	Supply Chain Management
10	New	Fair trade

Category	GRI	Social and environmental impact	Financial impact	Related issues by value chain				
				Procurement/Production	Logistics/Distribution	Operation	Sale	Consumption
Waste management	GRI 306	✓✓✓	✓✓✓	• Reduction of food waste		• Reduction of waste • Resource circulation	• Reduction of waste • Resource circulation • Food donation and reuse	• Minimize the use of disposable products • Minimize food waste
Expanding sustainable packaging	GRI 301	✓✓✓	✓✓✓	• Reduction of plastic waste use • Enhancing packaging recyclability			• Reduce the use of disposable products	• Reduce the use of disposable products
Development of products and services considering society/environment	GRI 301	✓✓✓	✓✓	• Green purchasing		• Development of products considering health and nutrition	• Improved convenience of use	• Value consumption
Product safety and quality	Non-GRI	✓✓	✓✓✓	• Food safety, raw material quality control	• Quality Management	• Quality and safety management		
Win-win between franchisor and franchisees	GRI 203 GRI 413	✓✓	✓✓✓		• Fair trade	• Fair trade	• Shared growth and coexistence	• Value consumption

✓✓✓: High, ✓✓: Medium



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Double Materiality Assessment

Goals and Achievements of Material Topics Related to ESG Strategy

BGF Retail establishes and oversees material topics and mid- to long-term goals related to ESG strategies, and faithfully reflects the requirements of stakeholders. BGF Retail will continue to develop and grow by effectively managing ESG goals according to the results of the materiality assessment.

PLANET (Establishing Eco-friendly Value Chain)

ESG Strategy - Main Area	Mid- to long-term goals (~2030)	Material Topic for 2023	Key implementation for 2023
Reducing Greenhouse Gas Emissions	<ul style="list-style-type: none"> • Reduce emissions intensity by 10% in 2030 compared to 2020 (consolidated basis) • Annual disclosure and management of greenhouse gas emissions (Scope 3) • Expand development, testing, and application of energy-saving equipment within stores • Expansion of renewable energy production facilities within the idle space of the logistics center 	<ul style="list-style-type: none"> • Climate change response 	<ul style="list-style-type: none"> • Establishment of greenhouse gas emissions targets for 2030 • Calculating financial impact based on TCFD guidelines • Scope 3 emissions calculation • Environmental investment to reduce greenhouse gases in logistics centers (LED, eco-fan) • Introduction of energy saving equipment in CU stores • Expansion of renewable energy production facilities in logistics centers (Jinju)
Reducing Plastic / Disposable Product Usage	<ul style="list-style-type: none"> • Maintain the recycling grade of PB product packaging materials above excellent • Reduce plastic usage of PB products by 50% (compared to 2020) • Expansion of change of the PP material container used for HMR and PB products (kraft material, eco-friendly material, etc.) • Expansion of convenience food products with no disposable cutlery 	<ul style="list-style-type: none"> • Waste management • Expanding sustainable packaging • Development of products and services considering society/environment 	<ul style="list-style-type: none"> • Improving the eco-friendliness of PB product packaging • Improving the recycling rating of PB packaging • Reduce usage of disposable items by not attaching them to lunch boxes • Spreading a culture of reducing the use of disposable products in stores (Plastic bags, straws, coffee sticks, etc. not provided) • Expand application of label-free packaging water bottle
Reducing Waste and Expanding Recycling	<ul style="list-style-type: none"> • Establishment of waste reduction process and recycling system in stores, logistics, and manufacturing centers • Improving the eco-friendliness of PB product packaging materials (e.g. expanding packaging materials certified by the Ministry of Environment) 	<ul style="list-style-type: none"> • Expanding sustainable packaging • Responsible sourcing of raw materials and products 	<ul style="list-style-type: none"> • Introducing and expanding the process of donating inventory to distribution centers (inland) • Recycling of waste generated from all food manufacturing centers • Reduce the amount of food waste generated by changing the convenience food operating system • Introducing and expanding a smart collection system for waste cooking oil • Reduce waste by expanding sales channels for low-grade agricultural products



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PEOPLE (Supporting Happy and Healthy Life)

ESG Strategy - Main Area	Mid- to long-term goals (~2030)	Material Topic for 2023	Key implementation for 2023
Realizing GWP (Great Work Place)	<ul style="list-style-type: none"> • Expand employee diversity, equity, and inclusion by operating a DEI committee • Conduct regular human rights impact assessments 	<ul style="list-style-type: none"> • Talent Management • Respect for human rights • Strengthening worker safety/health management • Member Diversity, Equity, and Inclusion (DEI) 	<ul style="list-style-type: none"> • Establishment of human rights impact assessment checklist • Conduct self-diagnosis on ESG of partner companies (e.g. human rights, safety/health, labor) • Conduct safety and health campaigns for executives and employees/franchisees (6 times)
Providing Healthy and Right Food	<ul style="list-style-type: none"> • Expand use of environmentally certified raw materials • Strengthening product safety through partner/manufacturer management system • Expansion of store hygiene rating system 	<ul style="list-style-type: none"> • Responsible sourcing of raw materials, products, etc. • Customer health and nutrition • Customer satisfaction (improved customer convenience) 	<ul style="list-style-type: none"> • Operate using sustainable raw materials and animal welfare certified raw materials • Enhancing convenience food quality competitiveness by changing the convenience food operation system • Expansion of product categories with healthy concepts • Implementation of producer real-name system in convenience food packages • Support for acquisition of the Ministry of Food and Drug Safety hygiene rating system (107 stores acquired)
Safeguarding Customer Safety and Privacy	<ul style="list-style-type: none"> • Establishment of customer self-system based on mobile consultation system • Establishment of integrated security management solution • Strengthen store security systems and continually update aging equipment 	<ul style="list-style-type: none"> • Product safety and quality • Privacy protection and information security 	<ul style="list-style-type: none"> • Introducing and operating professional customer counselors in the living service sector (delivery) • Replacement and advancement of old equipment in 2023 • Introduction of cyber attack response system and strengthening of information security system

PARTNER (Creating Ecosystem for Shared Growth)

ESG Strategy - Main Area	Mid- to long-term goals (~2030)	Material Topic for 2023	Key implementation for 2023
Shared Growth with Franchisees and Partners	<ul style="list-style-type: none"> • ESG diagnosis and inspection for key partners • Establish and operate a support system to zero out ESG risks of partners • Continue to expand win-win support programs for store owners 	<ul style="list-style-type: none"> • Supply Chain Management • Win-win between franchisor and franchisees • Fair trade 	<ul style="list-style-type: none"> • Operate shared growth programs with partners (e.g. education, finance, market development) • Establishment and development of a reward system support plan for partners with excellent ESG management • Providing and implementing ESG self-diagnosis tools to key partners • Achieve 'Excellent' rating in the Shared Growth Index for 3 consecutive years
Expanding Support for Vulnerable Groups Including Children and the Disabled	<ul style="list-style-type: none"> • A company specializing in preventing civilian disappearances • Expansion of 'i-CU Alliance' to 10 companies and collaboration 	<ul style="list-style-type: none"> • Development of products and services considering society/environment 	<ul style="list-style-type: none"> • Through 'i-CU,' 161 people have been detected early so far • Creation of a total of 642 jobs for employment-vulnerable groups (Creation of 642 'Sprout stores') • Deliver relief supplies to victims in disaster situations to a total of 26 regions • Development of public-private programs to prevent missing children
Expanding Support for Community Development and Function to Carry out Official Affairs	<ul style="list-style-type: none"> • Expand development of convenience food products linked to rural specialties • Expand the provision of comprehensive welfare services in connection with local governments 	<ul style="list-style-type: none"> • Development of products and services considering society/environment 	<ul style="list-style-type: none"> • Improving public safety by installing AED (collaboration with 5 local governments) • Serves as a climate shelter for those vulnerable to cold waves and heat waves (collaboration with Seoul Metropolitan Government) • Identify and report vulnerable groups through business agreements for welfare blind spots (Agreement with a total of 14 local governments) • MOU signed to revitalize local agricultural product sales channels (Pohang, Changnyeong, Jindo) • Support for strengthening rural income through sales linkage using low-grade vegetables and fruits • BGF Retail-Jeollabuk-do, MOU for development of products utilizing local specialties



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Extreme weather conditions impacted by greenhouse gas (GHG) emissions not only lead to physical damages around the world, but also have a significant impact on the sustainability of future generations. Increase in global temperature due to climate change will lead to rise in sea level, ultimately resulting in a variety of abnormal weather events and environmental issues, including floods, droughts, and disruption of ecosystems. BGF Retail strives to meticulously identify environmental risks that may arise in business processes, define core goals for ESG management (e.g., reducing GHG emissions, reducing waste, promoting recycling, and reducing plastic usage) and thus make gradual improvements.

Reducing Greenhouse Gas Emissions

- Establish 2030 mid-term GHG reduction goals
- Upscale environmental investment to improve energy efficiency in logistics centers
- Add more solar renewable energy facilities
- Voluntarily verify GHG emissions (Scope 1, 2, 3)



Reducing Plastic/Disposable Product Usage

- Use plastic-alternative containers for ready-made food
: Plastic reduction effect: about **175 tons**
- Reduce the use of plastic disposable products: Plastic reduction effect: about **247 tons**



Reducing Waste and Expanding Recycling

- Stimulate a virtuous cycle of products by expanding sales channels for low-quality vegetables and fruits from farms
- Improve eco-friendliness by establishing a waste resource circulation system (Promoting electrical/electronic waste recycling and launching a smart waste oil collection system)
- Reduce product waste by operating a process to donate inventory from the distribution center





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Climate change response

Strategy

Policy and Strategy

BGF Retail is focusing on low-carbon transition, a global management paradigm, for sustainability. In order to minimize carbon footprints generated across our business cycle, we have established the core goal of ‘Establishing Eco-friendly Value Chain.’ In order to minimize environmental risks arising from corporate operations and supply chains and establish a virtuous resource cycle, we are focusing on reducing GHG emissions, reducing the use of plastics/disposable products, and fostering waste reduction and recycling. BGF Retail ensures that all executives and employees, including subsidiaries, remain committed to their environmental responsibilities and addressing environmental impacts based on our environmental management guidelines and policies. We have established those guidelines and policies while monitoring environmental laws, regulations, and international standards, and such guidelines and policies empower us to comply with environmental laws in all our business processes.

➔ Environmental Management Guideline ➔ Environmental Management Policy

Governance

BGF Retail is actively addressing climate changes by establishing and operating environmental management governance. To enable dynamic and efficient environmental management, we have established specialized organizations under the ESG Management Committee, each dedicated to specific environmental themes. The ESG Management Committee reviews environmental management goals and performance on a quarterly basis, and issues that have a significant impact on the environment are forwarded to the Board of Directors, the highest ESG decision-making body, for a decision. The Board of Directors regularly approves and resolves environmental management agendas at least once a year. In 2023, the Board of Directors resolved key environmental management items, including climate change response activities, outcomes thereof and plans for plastic/waste reduction. The CEO of BGF Retail is the Chief Environmental Management Officer and has the authority to regularly review and make decisions on environmental management. Additionally, as a part of efforts to actively improve the environment, BGF Retail links environmental performance with KPIs of main department heads, including the C-level ESG strategy officer. BGF Retail will establish sustainable environmental governance by linking activities and performance according to the environmental improvement plan.

Environmental Management Governance System



Category	Environmental management strategy	Climate change response	Green purchasing	Resource circulation management	Promotion of eco-friendly culture
Implementation organization	<ul style="list-style-type: none"> ESG Team 	<ul style="list-style-type: none"> Store and Facility Planning Team Logistics Infrastructure Team SCM Operation Team 	<ul style="list-style-type: none"> General Affairs Team Merchandising Support Team 	<ul style="list-style-type: none"> SCM Planning Team 	<ul style="list-style-type: none"> ESG Team
Main Activities	<ul style="list-style-type: none"> Establishment of company-wide ESG management strategy Monitoring and communication of ESG risks across departments 	<ul style="list-style-type: none"> Establishment and management of logistics center greenhouse gas reduction goals Establishment and execution of solar renewable energy and facility plans Development and deployment of retail store energy efficiency equipment 	<ul style="list-style-type: none"> Management of in-house interior and office supplies purchase Purchasing and product development of environmentally friendly raw materials and packaging materials 	<ul style="list-style-type: none"> Reduction of waste generation in logistics centers Recycling of generated waste 	<ul style="list-style-type: none"> Launching an eco-friendly practice campaign targeting employees, franchisees, and customers Continuous communication for ESG internalization



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Environmental Management System Across the Value Chain

The goal of environmental management at BGF Retail is to build an eco-friendly value chain that can minimize adverse environmental impacts throughout the value chain. Reduction of greenhouse gas emissions, reduction of plastic/disposable product usage, and waste reduction and expansion of recycling have been defined as key areas, and major initiatives are assigned to each dedicated organization to implement environmental management. BGF Retail will cooperate organically with various stakeholders such as subsidiaries, affiliates, and business partners to minimize the environmental impact across the supply chain.

Value chain	Purchase 	Manufacturing and Development 	Distribution 	Store Operation 	Marketing/Sales 
Subject	<ul style="list-style-type: none"> Responsible sourcing of raw materials and products 	<ul style="list-style-type: none"> Expanding sustainable packaging Development of products and services considering society/environment 	<ul style="list-style-type: none"> Climate change response Waste management 	<ul style="list-style-type: none"> Climate change response Waste management 	<ul style="list-style-type: none"> Reduction of plastic/disposable product usage
Main tasks	<ul style="list-style-type: none"> Purchase of sustainable raw materials/products Green purchasing (eco-certified products) 	<ul style="list-style-type: none"> Use of eco-friendly materials in product packaging Sustainable product development (PB products) Food waste reduction 	<ul style="list-style-type: none"> Energy efficiency management throughout the entire logistics process Minimization of waste 	<ul style="list-style-type: none"> Development and operation of energy efficiency facilities Development and operation of waste reduction system 	<ul style="list-style-type: none"> Creating a consumer culture that prioritizes green-certified products Promotion of eco-friendly culture
Activities	<ul style="list-style-type: none"> Launch of Singing Sangsaeng brand and expansion of Ugly Fruit sales channel Improving the eco-friendliness of PB and convenience food packaging Launch of label-free NB bottled water Purchase eco-certified office supplies Purchase RFA certified coffee beans 	<ul style="list-style-type: none"> Improved product packaging (paper, PLA container, PHA container) Expansion of label-free PB bottled water Improved recycling grade of PB product packaging materials Recycling raw material waste into compost/animal feed Launch of vegetarian convenience food product 	<ul style="list-style-type: none"> Verify and manage the entire logistics center greenhouse gas inventory Replacement with energy-efficient equipment Operation and expansion of solar power generation facilities Operating a policy to donate returned products 	<ul style="list-style-type: none"> Development of highly energy-efficient store equipment and fixtures Activities to reduce disposable product consumption Introduction of a smart collection system for waste cooking oil Green store certification Waste materials/equipment resource circulation activities 	<ul style="list-style-type: none"> Eco-friendly culture promotion campaign Creating a green product consumption culture in collaboration with the Ministry of Environment Participating in the Climate Companion Shelter campaign
Dedicated Organization	<ul style="list-style-type: none"> Merchandising Department General Affairs Team 	<ul style="list-style-type: none"> Merchandising Department BGF Foods 	<ul style="list-style-type: none"> SCM Department BGF Logis 	<ul style="list-style-type: none"> Merchandising Department Operation Support Division 	<ul style="list-style-type: none"> Communication Department Marketing Department



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Target

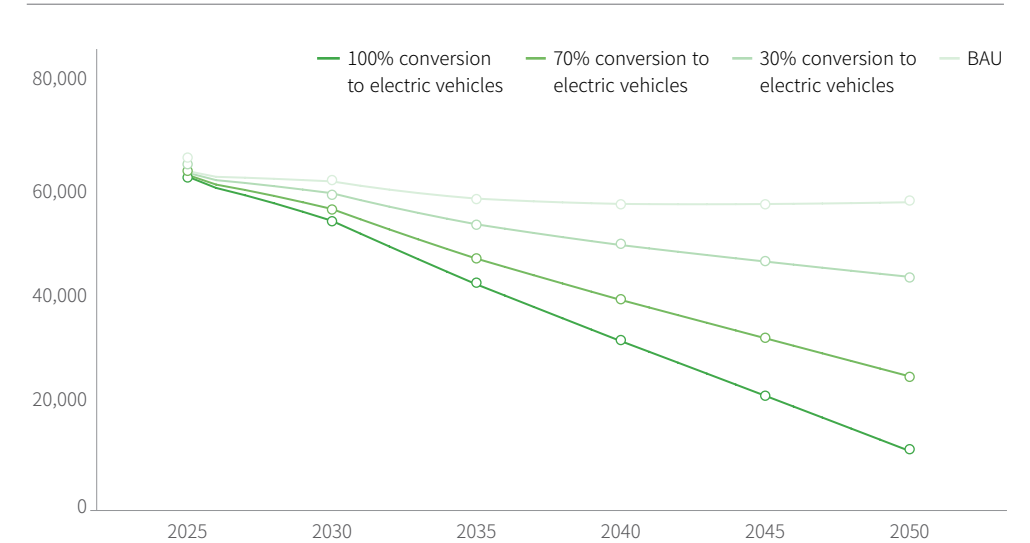
Carbon Emissions Reduction Targets

BGF Retail seeks to reduce greenhouse gas emissions by identifying risks arising in the value chain and minimizing negative environmental impacts. Accordingly, the Board of Directors resolved on a reduction target in 2023 to decrease greenhouse gas emissions per energy source by 10% by 2030 from the 2020 level. We plan to reduce greenhouse gas emissions per energy source by 1% year-on-year by 2025, and achieve the 2030 goal through activities such as facility replacement, participation in pilot projects, and environmental investment from 2026. BGF Retail will improve the environmental impact of the entire supply chain by establishing a greenhouse gas inventory across all affiliates and switching to high-efficiency energy equipment and appliances at logistics centers and CU stores. Notably, in the case of automobiles, which account for 80% of greenhouse gas emissions, it is expected that emissions can be reduced by at least 30% by 2050 compared to 2023 if the transition to electric vehicles (EVs) fleet proceeds in step with the transformation of the automobile industry. In addition, we will continue to participate in CDP and make disclosures in accordance with the TCFD guidelines to disclose environmental information and stay committed to the global low-carbon transition.

Detailed Strategy to Respond to Climate Change in 2030

Category	Detailed strategy
Mid-term goals for greenhouse gas emissions	<ul style="list-style-type: none"> Reduce greenhouse gas emissions per energy source by 10% by 2030 compared to 2020 Reduce emissions per energy source by 1% year-on-year by 2025 From 2026, achieve the 2030 goal through facility replacement, decision-making on reduction plans, participation in pilot projects, and environmental investment.
Energy efficiency in logistics centers	<ul style="list-style-type: none"> Adoption of energy optimization equipment Continuous replacement with eco-fans and LED lighting Optimization of delivery network (shortening delivery distance per store) Prevent additional dispatch by transferring the logistics center in charge of delivery and adjusting the volume. Improve fuel efficiency through eco-driving campaigns
Expansion of solar renewable energy facilities	<ul style="list-style-type: none"> Produce renewable energy by utilizing idle space in the logistics center Additional construction of Jinju Center (annual power generation 852Mwh) in 2024 Additional solar power generation facilities are scheduled to be established at the Busan Logistics Center (scheduled to go live in 2026)

Greenhouse Gas Reduction Roadmap



Goals for Greenhouse Gas Reduction

Category	Unit	2024	2025	2026	2027	2028
BAU	tCO ₂ eq	65,189	64,006	62,915	62,745	62,537
Emission goals	tCO ₂ eq	65,189	63,699	62,279	61,745	61,145

* Scope of calculation: BGF Retail (headquarters, regional office, fleet vehicles, company-owned stores), BGF Logis, BGF Foods

* Goals and BAU revised according to 2024 climate scenario analysis (calculated based on IEA APS scenario)

Goals for Energy Usage Reduction

Category	Unit	2024	2025	2026	2027	2028
BAU	TJ	1,092.5	1,072.7	1,054.4	1,051.5	1,048.0
Emission goals	TJ	1,092.5	1,067.5	1,043.7	1,034.8	1,024.7

* Scope of calculation: BGF Retail (headquarters, regional office, fleet vehicles, directly managed stores), BGF Logis, BGF Foods

* Goals and BAU revised according to 2024 climate scenario analysis (calculated based on IEA APS scenario)



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Goals for Renewable Energy Production

Energy production based on fossil fuels is depleting resources and aggravating serious environmental impacts, which, in turn, accelerate the transition to alternative renewable energy sources. Accordingly, BGF Retail produces renewable energy by installing solar power generation facilities in the idle space of the Central Distribution Center (CDC) located in Jincheon. In 2024, we plan to increase investment in solar power facilities to reduce greenhouse gas emissions and boost the production of renewable energy. As part of these activities, we will build solar power facilities at Jinju Center to expand renewable energy production.

Category		Unit	2022	2023	2024
Renewable energy production	Goal	MWh	1,307	1,308	1,700
	Performance	MWh	1,436	1,376	-
Carbon emissions reduction	Goal	tCO ₂	610	626	763
	Performance	tCO ₂	610	632	-



Solar power generation equipment at Jincheon Central Distribution Center

Assessment

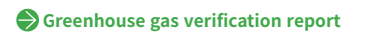
Environmental Management System (ISO14001) Certification

BGF Retail received ISO14001 certification for the development and operation of convenience store franchising and commercialization of convenience store products in order to establish an environmental management system that meets global standards. In accordance with environmental management system regulations, the impact of business activities on the environment and related legal matters are regularly reviewed and evaluated annually, and company-wide environmental objectives are established to minimize environmental risks and are verified by a third party.



Verification of Greenhouse Gas Inventory

BGF Retail has established a greenhouse gas inventory calculation system to manage carbon emissions and resource usage for all its business sites and subsidiaries. In 2023, we significantly expanded the scope of verification to include BGF Retail, logistics centers, manufacturing plants, and franchisees, and received a third-party verification of greenhouse gas emissions. BGF Retail will continuously manage greenhouse gas emissions by having its inventory verified through a third party every year.



Environmental Management Support Activities for the Supply Chain

BGF Retail provided ESG self-diagnosis tools to 97 manufacturers of its PB and differentiating products in 2023, allowing them to voluntarily inspect environmental management status in terms of greenhouse gases, energy, air pollution, water pollution, and water/wastewater. It was found in the inspection that the average environmental management rate of partner companies reached 33.3%. To be more specific, the energy usage management rate was relatively high at 69.1%, but the greenhouse gas emissions management rate was low at 12.4%. Accordingly, BGF Retail provided ESG management training to SME partners along with ESG diagnostic evaluation tools offered by an external professional organization. In addition, we provided awards to partner companies that excelled in ESG practices, including environmental management.



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Performance

Greenhouse Gas Management

In order to systematically manage greenhouse gas data and establish reduction targets, BGF Retail voluntarily measures greenhouse gas emissions at major business sites such as office buildings, logistics centers, manufacturing centers, and directly managed stores, verifying their greenhouse gas inventory. In addition, we are conducting various activities such as improving energy efficiency, producing renewable energy, and minimizing waste at logistics centers, manufacturing plants, and stores owned by our subsidiaries. We share ESG management vision with stakeholders such as suppliers and business partners, encourage voluntary greenhouse gas reduction, and provide an ESG assessment system for partners. BGF Retail calculated and disclosed other greenhouse gas emissions (Scope 3) to identify greenhouse gas emissions across the value chain, vowing to continuously reduce such emissions. BGF Retail's environmental data can be confirmed through the sustainability management report, corporate website, and environmental information disclosure system.

Environmental Information Disclosure System

Key Performances in 2023

- Establishment of mid-term goals for greenhouse gas emissions and resolution by the board of directors
- Scope 3 emissions calculation and third party verification
- Establishment and verification of greenhouse gas inventory at all business sites (including subsidiaries)



2023 Greenhouse Gas Emissions Goals and Performance

Category	Unit	Goal	Performance
Greenhouse gas emissions	tCO ₂ e	55,507	51,468
Emission intensity	tCO ₂ e /KRW 100 million	0.67	0.63

* Scope of calculation: BGF Retail (headquarters, regional office, corporate vehicle), BGF Logis

* The scope of calculation reported in 2023 is limited to BGF Retail (headquarters, regional office, fleet vehicles) and BGF Logis.

* As it expands to a consolidated basis from 2024, the mid- to long-term greenhouse gas emissions goal and BAU are revised and reflected.

Scope 1 & 2 Emissions

Category	Unit	2021	2022	2023	
Emissions (separate basis)	Total (Scope 1 & 2)	tCO ₂ eq	2,053	2,423	8,063
	- Scope 1	tCO ₂ eq	1,294	1,599	2,118
	- Scope 2	tCO ₂ eq	758	825	5,945
	- Scope 3	tCO ₂ eq	485,419	546,659	2,785,571
Emissions (consolidated basis)	Total (Scope 1 & 2)	tCO ₂ eq	44,736	48,302	63,778
	- Scope 1	tCO ₂ eq	34,451	36,950	41,319
	- Scope 2	tCO ₂ eq	10,285	11,352	22,459
	GHG emissions intensity (Scope 1 & 2, per unit)	tCO ₂ eq/ KRW 100 million	0.68	0.65	0.78

* Expansion of separate standard calculation range (2022: Headquarters, regional offices, fleet vehicles) → 2023: Headquarters, local office, fleet vehicle, directly managed stores)

** Expansion of calculation range on consolidated basis (2022: Headquarters, local office, corporate vehicle, BGF Logis (logistics center) → 2023: BGF Retail (headquarters, local office, fleet vehicles, directly managed stores), BGF Logis, BGF Foods)

*** When calculating the intensity from 2021 to 2022, sales were recalculated based on BGF Retail (consolidated) excluding other sector sales (Cpex Logistics, BGF Foods, BGF Humannet).

Scope 3 Emissions

Category	Unit	2021	2022	2023	
Scope 3* (separate standard)	CAT 1 Purchased products and services	tCO ₂ eq	-	-	2,270,431
	CAT 2 Capital goods	tCO ₂ eq	-	-	35,476
	CAT 3 Fuel and energy-related activities not included in Scope 1 & 2	tCO ₂ eq	-	-	617
	CAT 4 Upstream Transportation and Logistics	tCO ₂ eq	18,090	20,674	24,667
	CAT 5 Waste generated during operation	tCO ₂ eq	-	-	2,071
	CAT 6 Business travel	tCO ₂ eq	3,554	3,203	3,233
	CAT 7 Employee commuting	tCO ₂ eq	2,502	2,703	2,845
	CAT12 End-of-life treatment of sold products	tCO ₂ eq	-	-	113
	CAT14 Franchises	tCO ₂ eq	463,775	522,782	446,126

* The management standards for each category have been revised in 2023, and Scope 3 data has been subject to 3rd party verification.



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Energy Management in Logistics Centers

Improvement of Logistics Energy Efficiency

Due to the nature of the distribution industry, most of BGF Retail’s greenhouse gases are generated by logistics center operations and delivery processes. Accordingly, as of 2023, BGF Retail has included a total of 38 centers, including 36 room temperature/cold temperature integrated logistics centers by region and other centers (Eumseong, Fresh), and 2,514 delivery vehicles in its logistics management scope, tracking and managing the entire logistics process.

Green Logistics Management Scope



*For two locations in Eumseong and Fresh Center, only power consumption is managed.

BGF Logis	26 locations	Scope 1 Stationary combustion (heating oil), mobile combustion (delivery vehicles), fugitive emissions (refrigerant from freezers and air conditioning equipment)
		Scope 2 Power usage
3PL (Consignment Logistics Center)	12 locations	Scope 3 Fixed combustion (heating oil), fugitive emissions (refrigerant from freezers and air conditioning equipment), power consumption

Dedicated Operation Organization



Certifying Excellent Green Logistics Practice Company

BGF Retail was the first in the convenience store industry to receive certification as an Excellent Green Logistics company from the Ministry of Land, Infrastructure and Transport in 2013, and has continued to participate in the certification program every three years since then. The Excellent Green Logistics program designates logistics and shipping companies with excellent energy efficiency and greenhouse gas reduction performance. BGF Retail is actively pursuing green logistics activities across its entire infrastructure in line with the government’s energy efficiency and low-carbon policies, and is aiming for the 5th recertification in December 2024.

Improving the Efficiency of Delivery Network

To reduce energy used in the delivery process, BGF Retail is optimizing the delivery network through activities such as establishing a Central Distribution Center (CDC), transferring the responsible logistics center to shorten the delivery distance per store, and installing a vehicle control system and air spoiler in delivery vehicles. Additionally, we were the first in the convenience store industry to deploy electric delivery vehicles.

Facilities for Logistics Center Energy Efficiency

Eco fan	<ul style="list-style-type: none"> Assistive cooling/heating fan that circulates air to increase energy efficiency within the center In 2023, 17 units were installed in 3 BGF Retail centers (Naju, Ulsan, Gangneung) and 2 BGF Logis centers (Eumseong, Daejeon) * Each eco fan is equivalent to 50 standing fans in terms of reduction of energy consumption.
LED floodlight	<ul style="list-style-type: none"> Reduces power consumption compared to conventional lighting fixtures and ensures longer service life In 2023, 415 units were installed in 5 BGF Retail centers (Asan, Gangneung, Jeju, Gonjam, Incheon) * Reduces regular logistics center power consumption



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Store Energy Management

BGF Retail is conducting various reduction tests to develop optimal energy reduction facility solutions that can be universally applied to CU stores nationwide. We are testing equipment in order of items with highest power consumption. To improve energy efficiency during energy consumption peaks in summer and winter, more and more ceiling-mounted cooling/heating eco fans are being installed in stores.

Store Energy Saving Test

Category	2021	2022	2023
Description	<ul style="list-style-type: none"> BLDC motor, door heater controller introduced Ceiling-type non-powered air circulation fan test 	<ul style="list-style-type: none"> Renewable Energy Management System (REMS) Testing Introduction of ceiling-type non-powered air circulation fan 	<ul style="list-style-type: none"> Expanded energy management system testing (50 stores) Door-equipped showcase tested (verification of usage reduction effect) Power reduction automation system test conducted (90 stores)

Energy Usage Goals and Performance in 2023

Category	Unit	Goal	Performance
Energy usage	TJ	853	819
Emission intensity	TJ/KRW 100 million	0.0104	0.0100

- * Scope of calculation: BGF Retail (headquarters, regional office, fleet vehicles), BGF Logis
- * The scope of calculation reported in 2023 is limited to BGF Retail (headquarters, regional office, fleet vehicles) and BGF Logis.
- * The scope is expanded on a consolidated basis from 2024, which is reflected on the revised energy usage goal and BAU.

General Energy Usage

Category		Unit	2021	2022	2023
General energy (consolidated basis)	Total general energy consumption	TJ	701.8	759.5	1,072.5
	Total direct energy consumption	TJ	486.9	522.3	603.2
	Total indirect energy consumption	TJ	214.9	237.2	469.3
	Intensity	TJ/KRW 100 million	0.0106	0.0103	0.0131

- * Expansion of calculation scope from 2023
2022: BGF Retail (headquarters, regional office, fleet vehicles), BGF Logis (logistics center)
2023: BGF Retail (headquarters, regional office, fleet vehicles, directly managed stores), BGF Logis, BGF Foods
- * Intensity in 2021 and 2022 calculated on the basis of sales amount of BGF Retail (on a consolidated basis), excluding sales from other sectors (CPEX Logistics, BGF Foods, BGF Humannet).
- * 2023 intensity calculated on the basis of consolidated sales of BGF Retail (headquarters, regional offices, fleet vehicles, directly managed stores), BGF Logis, and BGF Foods.

Renewable Energy Management

BGF Retail produces power by installing solar modules in the idle space on the rooftop of the CDC located in Jincheon, and reinvests the sales proceeds from the generated power into convenience stores, creating both environmental benefits and business value. In 2024, we plan to expand solar power generation facilities at Jinju Center (annual power generation of 852MWh) as part of eco-friendly activities to save energy and reduce greenhouse gases. In addition, we plan to install solar power generation facilities at the Busan Logistics Center to go live in 2026.

Renewable energy

Category	Unit	2021	2022	2023	
Renewable energy	Renewable energy generation	MWh	1,397	1,436	1,376
	Carbon emissions reduction	tCO ₂ eq	661	610	632

Participation in Energy Saving projects

Participating in Seoul's Climate Companion Shelter Campaign

BGF Retail signed an energy sharing business agreement with the Seoul Metropolitan Government to help those vulnerable to climate change such as cold waves and heat waves take cover from heat and cold in stores, and a total of 40 stores are participating in the Climate Companion Shelter campaign. Vulnerable groups such as children and the elderly are likely to suffer exposures to seasonal disasters including scorching heat and chilling cold waves, so we aim to minimize the impact of climate change by allowing them to rest at open convenience stores.

Participation in Government and Private Environmental Campaigns

BGF Retail is working with various NGOs as well as the Ministry of Environment to promote the need for energy saving and encourage participation. In cooperation with the Korea Climate and Environment Network, an environmental agency of the Ministry of Environment, we are conducting an eco-friendly campaign engaged by franchisees and employees once a year, using the Climate Action 1.5 degree application. A total of 287 people participated in the campaign, which ran for two months in 2023, to reduce greenhouse gas emissions. Moreover, in 2024, we collaborated with the WWF (World Wildlife Fund) to carry out the Earth Hour, a public environmental protection campaign (lights off for one hour on the last Saturday night of every year).



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Participation in Auto-DR project for Power Reduction

Auto DR (Demand Response) is a system that reduces power consumption by automatically controlling lighting and refrigeration equipment from a remote location without any separate user control when a national DR is issued. BGF Retail has collaborated with the Korea Power Exchange to deploy an integrated server that can remotely control CU store lighting and refrigeration facilities starting in December 2022, and conducted a demonstration project to automatically adjust luminous intensity and temperature when a DR is issued (e.g. power supply emergency, fine dust warning) until the second half of 2023. In the before-and-after comparison following the installation of smart LED lighting in four directly managed stores, average daily lighting power consumption was found to have been reduced by about 4% when DR was issued (according to automatic illumination control), and up to 29% outside of DR times (due to lighting optimized to sunlight conditions). The overall performance of all national DR (including Auto-DR) in 2023 indicated a total of 2,316 successes and a total power consumption of 853 kWh, which is equivalent to about 0.4 tons of greenhouse gases reduced.



Participation in Environmental Initiatives

BGF Retail is carrying out various activities related to environmental issues in partnership with government ministries and NGOs.

Related organizations	Activity	Environmental challenges
Korea Climate and Environment Network	<ul style="list-style-type: none"> Practice low-carbon life Green Consumption Alliance 	<ul style="list-style-type: none"> Expansion of green consumption culture
Ministry of Oceans and Fisheries, Korea Marine Environment Management Corporation (KOEM), Hwaseong City	<ul style="list-style-type: none"> Dedicated Beach adoption and ocean cleanup activities 	<ul style="list-style-type: none"> Marine debris collection and ocean cleanup activities
Korea National Park Service	<ul style="list-style-type: none"> Biodiversity conservation project 	<ul style="list-style-type: none"> Preservation of eco-friendly ecosystems in national parks
Korea Power Exchange (KPX)	<ul style="list-style-type: none"> Introduction of power reduction automation system Energy Comma initiative 	<ul style="list-style-type: none"> Efficient store energy use
WWF (World Wildlife Fund)	<ul style="list-style-type: none"> Earth Hour Campaign 	<ul style="list-style-type: none"> Activities to bolster climate crisis awareness
Noeul Park Citizens' Meeting	<ul style="list-style-type: none"> Urban forest creation activities 	<ul style="list-style-type: none"> Creating a forest where animals are happy Create a 1002 forest grown from seeds

Environmental Management Education

BGF Retail conducts environmental management training to raise employees' understanding of ESG and environmental initiatives and provide expert knowledge to working-level environmental management personnel. In 2023, we provided training on environmental management systems to working-level environmental management staffs in key departments (e.g. product, logistics, sales). In addition, we improved the environment-related capabilities of our members by providing ESG training for non-executive directors and ESG management qualification training.

Status of Environmental Management Education in 2023

Training	Training institution	Number of participants
Environmental management system training	ESG Team	11
Domestic and international climate-related trends and responses	Samil PwC	28 (Non-executive directors and ESG management committee members)
ESG Management professional (ESGP) qualification training	Korea Fair Competition Federation (KFCF)	2 (ESG team)
SCOPE 3 data collection method	SPID Academy	3 (ESG team)

Environmental Training

Category	Unit	2021	2022	2023
Total number of participants	Person	11	12	44
Total training hours	Hour	77	72	128
Training hours per person	Hour	1.8	2	2.9
Completion rate	%	100	100	100



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Environmental Investment

BGF Retail is making continuous environmental investments, such as facility replacement, to reduce carbon emissions generated from business activities. In 2023, we invested approximately KRW 123 million in the logistics centers to install eco-fans and LED floodlights, and also invested in solar power facilities and energy-efficient facilities.

Environmental Investment

Category	Unit	2021	2022	2023
Environmental investment cost	KRW 100 million	0.55	2.81	12.22

* Increase in environmental investment amount by expanding solar power facilities and testing store energy facilities in 2023

Environmental Compliance Management

BGF Retail is establishing a preemptive response strategy by monitoring changes in environmental laws and regulations and discussing related issues through the ESG Management Committee. We have created a checklist of 14 major environmental laws and regulations, focusing on the scope of environmental impact, including office buildings, stores, and logistics centers, and are inspecting them once a year. Additionally, the compliance department monitors the enactment and amendment of environmental laws and regulations, issues legal newsletters, and communicates them company-wide. In particular, in accordance with the amendment of the Resource Recycling Act, we are minimizing the use of disposable products within our stores by using reusable bags and garbage collection bags instead of throwaway plastic bags.

Violation of Environmental Laws

Category	Unit	2021	2022	2023
Violation of environmental laws	Number of violations	0	0	0
	Fines and penalties	0	0	0

Major Environmental Regulation Response Strategies

Category	ESG Strategy-Main Areas	Detailed strategy
Framework Act on Low Carbon	<ul style="list-style-type: none"> • Reducing Greenhouse Gas Emissions 	In order to manage and reduce greenhouse gas emissions, BGF Retail is analyzing the climate in accordance with the global TCFD guideline, and is identifying and reporting Scope 3 emissions. BGF Retail vows to gradually reduce greenhouse gas emissions by establishing/reporting GHG reduction goals by 2023 and conducting emission reduction activities accordingly. In particular, we plan to expand energy-efficient facilities and increase renewable energy production at our major business sites, logistics centers and stores. As a part of these activities, we are installing more LED lights and eco-fans in logistics centers and high-efficiency energy equipment (BLDC motors, eco-fans) in stores.
Energy Use Rationalization Act	<ul style="list-style-type: none"> • Reducing Greenhouse Gas Emissions 	
Act on the Promotion of Saving and Recycling of Resources	<ul style="list-style-type: none"> • Reducing Plastic/ Disposable Product Usage • Reducing Waste and Expanding Recycling 	BGF Retail is converting the convenience food packaging materials from plastic to PLA to minimize the amount and impact of waste generated from PB products, and is seeking to establish an anti-throwaway culture by eliminating disposables offered with products. We report plastic and waste reduction trends to the ESG Management Committee every quarter, and in December 2023, we reported 2023 performance and 2024 plans for plastic and disposable products.



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Reduce Resource Usage and Environmental Impact

Strategy

BGF Retail understands the impact of our business on the environment and seeks to address environmental issues by improving the eco-friendliness of packages, recycling resources, and implementing proper waste disposal processes. We established a sustainable packaging policy by monitoring and complying with national laws on promoting resource conservation and recycling. We strive to come up with package designs that can minimize the use of packaging materials, trying to use more recycling-friendly packaging materials with minimum waste footprints. The ESG Management Committee reviews these goals and outcomes every quarter, and major agenda items are approved by the Board of Directors.



Risk Identification and Response Strategy

Category	Description	Time Frame	Response strategy	Expected Financial Impact
Waste reduction and resource circulation	[Risk] Stricter environmental laws, such as banning landfilling of household waste, and intensifying resource recycling requirements for businesses. [Opportunity] Establishing a waste resource circulation model generated in the value chain	Short term/mid term/long term	<ul style="list-style-type: none"> • Circulation of waste resources generated from CU stores • Donation of returned products from store closures - Recovery of waste electronic products and recycling by material - Adoption of waste cooking oil smart collection system (recycling into bio diesel, etc.) - Discount sales of products nearing expiration date on the membership app • Minimize food waste at BGF Foods Manufacturing Center - Improving raw material loss rate - Recycling food waste into compost and animal feed 	<ul style="list-style-type: none"> • Reduce raw material purchase costs and waste disposal costs • Creation of new revenue sources through recycling
Improving the eco-friendliness of packaging materials	[Opportunity] Rising customer demand for products and services that consider the environment and society	Short term/mid term/long term	<ul style="list-style-type: none"> • Expansion of products with sustainable packaging • Improving the eco-friendliness of convenience food product packaging materials • Minimize bottled water label packaging materials 	<ul style="list-style-type: none"> • Sustainable packaging makes increase in product sales • Partial increase in manufacturing costs due to packaging changes

Target

BGF Retail has set a goal of reducing the amount of waste generated at logistics centers by 80% by 2025 compared to 2020. To achieve this, we streamlined the process in December 2022 by changing the method of donating products retrieved from CU stores upon franchise contract termination. Instead of routing them through the distribution center, we now donate directly to local nonprofit organizations.

As of 2023, the total volume of inventory scrapped at the logistics center was 596 tons, which is 53.5% of the targeted amount, and, as the 2025 goal was achieved early, the goal was revised for 2024 and beyond.

Goals and Performance regarding the Amount of Product Inventory Scrapped at the Logistics Center

Category	Unit	2020	2021	2022	2023	2024	2025	2026
Goal	Ton	-	2,119	1,536	1,113	578	561	544
Performance	Ton	2,923	2,761	604	596	-	-	-
Reduction rate compared to 2020	%	-	5.5	79.3	79.6	-	-	-

* Establishment of 3% reduction goal compared to previous year's performance (expected)



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Performance

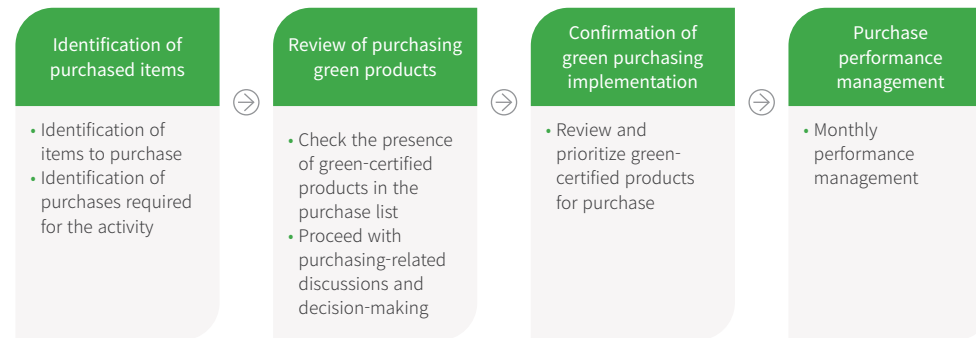
Green Purchasing

BGF Retail is committed to fostering a virtuous cycle structure for the spread of production and consumption of green products by establishing a green purchasing policy from the perspective of ‘purchasing green products’ and ‘promoting green product consumption.’ Furthermore, we seek to promote a culture of green product consumption among consumers.

Green Purchasing Policy

- Implement environmental management vision and policies by encouraging the purchase of green products.
- Minimize resource waste and environmental pollution by encouraging the purchase of green products.
- Fulfill corporate social responsibility by encouraging the purchase and consumption of green products.

Green Purchasing Process



Green Purchasing

Category	Unit	2021	2022	2023
Green purchasing amount	KRW thousand	321	5,700	14,520

* Green products refer to products that have obtained environmental labeling certification, low-carbon product certification, and excellent recycled product certification in accordance with the Framework Act on Low Carbon, Green Growth. Green purchases are calculated based on the sum of the total purchase price of products that meet BGF Retail’s definition of green products among the items available for purchase on the MRO (Maintenance, Repair, Operations) site. The purchase amount is determined based on the cost paid by our company to MRO, and is reflected by adding up the total purchase amount by year.

※ Ratio of green purchasing ratio to total purchase amount:
 0.2% in 2021 (total purchase amount KRW 157,716,000)
 3% in 2022 (total purchase amount KRW 188,754,000)
 5% in 2023 (total purchase amount KRW 289,094,000)

Green Product Sales

BGF Retail manages the sales history of green products in a bid to contribute to a green consumption culture. Green products are defined as products bearing certifications by the Ministry of Environment, such as environmental labeling, environmental performance labeling, carbon footprint, and low-carbon products.

Green Product Operation and Sales Status

Category	Unit	2021	2022	2023	
Operating products	Total number of operating products	Type	76	85	81
	Eco-label	Type	27	23	20
	Environmental Product Declaration	Type	25	55	56
	Low Carbon	Type	6	5	5
	Carbon Footprint*	Type	18	2	-
	Eco-friendly packaging**	Type	-	18	40
	Other environmentally friendly products	Type	-	-	6
Sales amount	Total sales	KRW million	327,955	404,651	407,606
	Eco-label	KRW million	26,648	1,501	2,706
	Environmental Product Declaration	KRW million	234,603	380,303	381,841
	Low Carbon	KRW million	22,273	6,822	23,059
	Carbon Footprint	KRW million	44,431	16,025	-

* As some products classified as carbon footprints in 2021 and 2022 received environmental product labeling certification, they were counted in the environmental product labeling certification in 2023.

** Eco-friendly certified products among CU PB snacks



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Improving the Eco-Friendliness of Packaging Materials

Improving the Eco-friendliness of Packaging Materials Used in Convenience Food Products

BGF Retail’s main goal is to improve the eco-friendliness of packaging materials used in convenience food products. By using Poly Lactic Acid (PLA) in the packaging of products that do not require heating (sandwiches, containerized kimbap) and individual lunch boxes, we reduced plastic usage by a total of 175 tons. In addition, we are making various efforts to reduce disposable products by applying the top ceiling method instead of plastic lids to convenience foods such as salads and noodles.

Category	Unit	All convenience food containers	Containers with PLA applied	Other containers made of eco-friendly materials (top sealing individual lunch box)
Operating items	SKU	594	33	10
Sales amount	KRW 100 million	5,658	600	4.3
	Ton	-	175	-

Minimization of Bottled Water Labels

BGF Retail is reducing the use of film packaging materials for PB bottled water. Starting with three items of PB bottled water (500ml, 1L, 2L), we have now reduced the packaging materials used in all PB bottled water products by about 50%, and the cumulative reduction in film packaging materials since 2021 is a total of 94 tons. In 2023, 36.4% (42 million units) of all bottled water, including NB products, were purchased without labels, contributing to a culture of reducing packaging materials. In 2024, we plan to implement completely label-free bottled water with no neck labels by inserting a QR code linked with product information on the PB bottled water cap.

Recycling Grade Labeling on PB Products

BGF Retail classifies the type of package used in PB products according to the recyclability rating of the packaging material and structure evaluation and monitors the amount of package usage and recycling grade by group. As of 2023, none of the PB products provided by BGF Retail were rated ‘Difficult to Recycle’, and three types of PB bottled water were rated ‘Easiest to Recycle.’

Cup Noodles Using PHA Coating Made of Biodegradable Material

BGF Retail has replaced the existing cup noodle container, which was coated with polyethylene (PE) material and could not be recycled, with a container using PHA coating technology with PLA and biodegradable materials in collaboration with the container manufacturer. PHA is a polymer produced by microorganisms within cells and is known to degrade the fastest in nature among several known biodegradable materials.

Packaging Raw Materials

Category	Unit	2021	2022	2023	
Raw materials*	Total usage of raw materials	Ton	5,246	4,640	4,555
	Rate of renewable raw materials	%	5	2	3
Renewable raw materials	Total usage of renewable raw materials**	Ton	237	83	133
	PET bottles	Ton	1,127	1,103	974
Non-renewable raw materials	Materials and film-type packaging	Ton	752	568	529
	PLA***	Ton	1,174	1,024	1,115
	Glass bottles	Ton	196	140	115
	Other single material containers	Ton	1,760	1,722	1,689

* Combined usage of recycled and non-recycled raw materials for PB packaging

** Paper pack usage

*** Convert plastic bags to PLA



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Waste Management

BGF Retail and its subsidiaries are committed to minimizing our environmental impact by reducing and recycling waste generated in our business and supply chain. Waste generated by manufacturers and logistics centers are contracted out 100% for disposal, and contracts and collection slips are reviewed to ensure that waste is being properly disposed of. In addition, we are evaluating the management status of waste storage areas with a checklist, and applying incentives or penalties based on the waste disposal evaluation results.

Waste

Category	Unit	2021	2022	2023	
Emissions	Total waste emissions	Ton	3,904	2,460	2,549
	Household waste*	Ton	40	60	59
	Food waste and food manufacturing process losses**	Ton	1,103	1,795	1,894
	Logistics center waste, product inventory disposal***	Ton	2,761	604	596
Recycling	Total amount of waste recycled	Ton	535	968	1,044
	Sorting out recyclable wastes (outsourcing)	Ton	12	21	22
	Converting food waste into compost/animal feed (outsourcing)	Ton	486	937	876
	Product inventory donation	Ton	37	11	146
	Total waste recycling rate	%	14	39	41
Intensity (based on sales)	Ton/KRW billion	0.58	0.32	0.31	

* BGF Retail (Headquarters)

** BGF Foods

*** BGF Logis

Food Waste Management

BGF Retail is working with external organizations on process improvement to minimize food waste generated in the production/manufacturing process of BGF Foods, which manufactures CU convenience foods. By forming a loss management working-level council between BGF Foods and contractors and defining R&R for production, product, and purchase organizations in BGF Foods, we are minimizing the loss of raw materials. In addition, we are minimizing the amount of food waste by introducing automated facilities to improve raw material loss and preventing excessive production through a pre-order tracking service. Raw material loss and waste generated from all BGF Foods Centers (Jeonbuk, Jincheon, Jeju) are sent to farms after going through composting and feed processing. Furthermore, we are reducing food waste by using the membership app to sell food with low sales or nearing its expiration date at a discount.

Annual Status of Raw Material Loss Rate in FF Sector

2022	2023	2024 (Goal)
1.6%	1.2%	1.4%

* The targeted number increased in accordance with the change in the raw material loss rate calculation standard for 2024.

Food Donation and Reuse

In order to minimize the amount of products discarded after their expiration date, BGF Retail has developed and operates a last-minute discount function that allows each store to voluntarily select and register products that are nearing their expiration date on the 'Pocket CU' application. If a store registers a product that is nearing its expiration date, only users who use the delivery service can purchase the product at a low price. In 2023, a total of 4,671 stores used the last-minute discount sales function, and the last-minute discount sales amounted to KRW 1,715,000, with 268 transactions. We will continue to manage services using internal and external channels to keep reducing food waste.





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Resource Circulation Activities

Strengthening Resource Circulation in Logistics Centers

BGF Retail operates a process to donate expired or damaged inventory to minimize waste. In particular, when a CU store's franchise contract expires, the store's products are immediately donated in connection with a local non-profit organization to streamline inventory return process, thereby improving the virtuous cycle of resources and reducing carbon emissions.

Recovery Process for Waste Electronic Products

In order to ensure that more waste electrical and electronic products are recycled, BGF Retail has signed an agreement with E-cycle Governance and is committed to building a culture of proper disposal and resource circulation. Waste electronic products generated at CU stores, upon request for collection, are delivered to a recycling company, and these products are recycled by material through an eco-friendly disposal and recycling process. Additionally, the environmental impact can be minimized by safely disposing of hazardous substances that may be generated in the disposal process. As of the end of 2023, a total of 29.4 tons of waste electronic products were collected and recycled into 27 tons of resources, thereby reducing a total of 83,903 kgCO₂ of carbon emissions.

Smart Collection System for Waste Cooking Oil

BGF Retail is the first in the industry to introduce a waste cooking oil collection system using POS in November 2022 to prevent water pollution by collecting waste cooking oil generated from CU stores and to recycle it into bio energy. It is being implemented for all stores starting March 2023. The collected waste oil is transferred to a recycling plant and used as alternative energy source for bio diesel and animal feed. As of 2023, the amount of collected waste cooking oil is approximately 47.9 tons. The amount of recycled bio energy produced in that way is approximately 28.7 tons, with carbon emissions reduced by approximately 80 tons. This is equivalent to approximately 30,000 pine seedlings planted.

Biodiversity Conservation

BGF Retail signed an agreement on the biodiversity conservation project with the Korea National Park Service(NPS) in July 2023 and participated in the national park's terrestrial ecosystem restoration project. In November 2023, we collaborated with the Gyeongju office of the NPS to collect approximately 85 kg of landfill waste and plant approximately 6,000 native plants to restore the terrestrial ecosystem. In addition, we are supporting urban forest creation activities by restoring the terrestrial ecosystem of Noeul Park in Sangam-dong, Seoul, which used to be a landfill site. In order to address the pollution of marine ecosystem and decline in the population of marine life due to the inflow of marine waste, BGF Retail signed an agreement with the Korea Marine Environment Corporation in July 2023 to carry out cleanup activities with executives, employees, franchisees, and employees of partner companies at Gungpyeong-ri Beach in Hwaseong-si, Gyeonggi-do. The amount of marine waste collected in 2023 was approximately 93 kg, of which wood, rubber, and fishing net/rope accounted for a high proportion.

Furthermore, we indirectly support rainforest conservation farms by using coffee beans certified by the Rain Forest Alliance (RFA) for the instant coffee served at CU. When building a new logistics center, biodiversity protection areas are excluded from the candidate business sites to preserve biodiversity, and if necessary, an environmental impact assessment is conducted in accordance with relevant laws and regulations (e.g. natural ecological environment, air environment, water quality environment, soil environment) to track changes in the ecosystem environment and inform conservation activities. Meanwhile, BGF Retail is expressing and communicating opinions on biodiversity with public and non-profit organizations, including the 'Business and Biodiversity Platform (BNBP)' initiative.

Water Resources Management

As droughts and heat waves worsen due to climate change and water demand continues to increase, water resource risk management activities are becoming ever more important for businesses. BGF Retail considers that food waste generated from manufacturing activities can cause water pollution, and is managing areas with high levels of water stress in the areas where its subsidiary, BGF Foods manufacturing plant, is located. Notably, since the water stress index in the areas where the BGF Foods Jincheon Center and Jeonbuk Center are located is considered high, we continue to manage activities aimed at composting food waste and reducing raw material waste. These efforts are to ensure that waste-related water pollution does not occur.



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Regional Business Status Related to Water Resource Risk

Category	Description	Unit	2021	2022	2023
BGF Foods (Wanju, Jeollabuk-do) * Water stress : High	Water usage	Ton	42,143	49,905	52,046
	Sewage and wastewater volume	Ton	33,322	40,592	42,137
BGF Foods (Jincheon, Chungcheongbuk-do) * Water stress : Medium High	Water usage	Ton	84,342	97,075	117,379
	Sewage and wastewater volume	Ton	75,032	95,370	106,024

* Based on Aqueduct Water Risk Atlas

Water

Category		Unit	2021	2022	2023
Usage	Total usage	Ton	145,909	168,965	196,192
	BGF Retail	Ton	4,944	4,545	5,281
	BGF Foods	Ton	145,909	168,965	190,911
	BGF Logis*	Ton	-	-	65
	Water intensity	Ton/KRW billion	21.52	22.19	23.94

* BGF Logis water usage has been calculated from 2023

Promotion of Eco-Friendly Culture

Creating an Eco-Friendly Consumption Culture with Apps

In order to expand the range of eco-friendly products and foster an eco-friendly consumption culture, BGF Retail is introducing eco-friendly products in a special product page titled 'Our attitude to protect the Earth' added to its 'Pocket CU' application. We have introduced products that promote resource recycling and conservation, such as ecological toilets that use sawdust or leaf mold instead of water, and process manure into compost through fermentation, as well as rainwater storage tanks that collect rainwater for various uses, including agriculture, landscaping, and firefighting. These efforts are part of our commitment to fostering an eco-friendly consumption culture. Additionally, we regularly hold special promotions for 'ugly fruits,' which may not look perfect but are still delicious and of high quality. By selling these fruits at a discount, we support farmers and help reduce agricultural waste.

Disposable Product Reduction Culture

BGF Retail is implementing a policy to reduce the use of disposable products to ensure that the government policy of the 'Act on the Promotion of Saving and Recycling of Resources' is properly adhered to in stores. Accordingly, in line with the Ministry of Environment's strengthening of disposable product regulations, we are encouraging the use of garbage collection bags, reusable eco bags, and paper bags, and removing plastic straws from pouched drinks and offering them only on request, which led to 81 million straws reduced per year. In addition, to minimize customer inconvenience, we changed to an ice cup lid design that does not require straws, and instead of keeping consumables such as straws and wooden chopsticks in the store at all times, we provide them to customers only upon request to foster customer engagement in minimizing the use of disposable products.





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Eco-friendly 3L Campaign

BGF Retail conducts the 'Eco-friendly 3L Campaign' every year for CU franchisees and employees. In 2023, we will voluntarily create a slogan for our franchises and offices through the 'Reduce 1kW per day campaign' and use the Climate Action 1.5 App provided by the Korea Climate & Environment Network to share low-carbon activities and performance and provide environmental information to encourage environmental protection practices in daily life. In 2023, we received a plaque of appreciation from the Korea Climate and Environment Network for two consecutive years in recognition of our efforts to achieve low-carbon transition through these internal eco-friendly campaign activities.

* 3L: Abbreviation for Less Paper, Less Energy, Less Plastic

Eco-friendly Volunteer Work to Protect Forests and Oceans

BGF Retail continues to carry out urban forest creation activities and ocean purification activities together with franchisees, employees, and partners. At Noeul Park in Sangam-dong, Seoul, we created the 'CU Forest of Coexistence' and the 'BGF Forest of Good Friends' to help reduce carbon emissions in the city. Additionally, in August 2023, we collected approximately 93 kg of marine waste, including wood, rubber, and styrofoam, from Gungpyeong-ri Beach in Hwaseong, Gyeonggi-do.

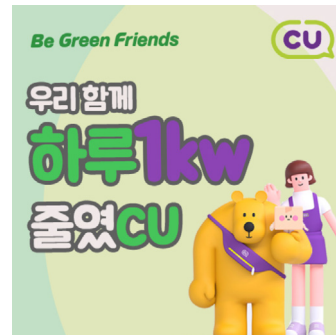
Global Carbon Reduction Activities

Support for Eco-friendly and Highly Efficient Ger Installation

BGF Retail has been carrying out an eco-friendly and highly efficient ger support project to help children in Mongolia, where air pollution is severe, grow healthy since 2021. By 2023, we have installed eco-friendly, high-efficiency gers in a total of 425 households and 17 kindergartens, benefiting a total of 1,572 family members. By converting the heating energy for gers from fossil fuels to electricity, we improved indoor air quality by about 31% and created a safe and healthy learning environment by reducing air pollution from ash and coal waste. BGF Retail plans to support a total of 1,000 additional households and 10 kindergartens between 2024 and 2027, and through this, it will reduce carbon emissions and improve air quality in Mongolia, contributing to healthy lives for children, pregnant women, and the elderly.

Paperless Campaign

Since 2022, BGF Retail has carried out a planting project in major desertification areas in Mongolia and China through the 'Paperless Campaign' in cooperation with the Korea Environmental Industry and Technology Institute and BC Card, and as of the end of 2023, a total of 630,831 trees have been planted. Paper receipts issued during the conventional payment process are printed selectively upon customer request, thereby reducing paper usage, and the costs saved through these efforts are used as an environmental fund to create windbreaks to block yellow dust. By creating a windbreak forest covering as wide as Yeouido in the Kubuchi Desert and Auginorsom, known as the sources of yellow dust, we are reducing damage from yellow dust and contributing to the reduction of greenhouse gases. In addition, BGF Retail participates in the Ministry of Environment's 'Carbon Neutral Points' and encourages the issuance of electronic receipts.



Campaign to reduce 1kW per day



Ocean cleanup activities



Support for eco-friendly, high-efficiency gers in Mongolia



Planting activities by employees in desertified areas

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BGF Retail is committed to ensuring that our business activities have a positive impact on not only our employees, customers, and local communities, but also all stakeholders leading healthy and happy lives. We strive to support our employees in growing within a healthy organizational culture and safe working environment. We also focus on providing our customers and stakeholders with wholesome and healthy food, as well as safe and reliable services, ensuring that our customers can enjoy valuable consumption experiences.

Realizing GWP

- 100% implementation rate of agenda for safe workplace
- Expansion of internal communication programs for executives and employees



Providing Healthy and Right Food

- Purchase of 511 tons of sustainability certified raw materials
- Sales volume of **2.84 million** healthy category convenience foods



Safeguarding Customer Safety and Privacy

- Replacement of outdated information security equipment and advancement of information system
- Strengthening store accessibility for vulnerable customers





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Realizing Great Work Place (GWP)

Strategy

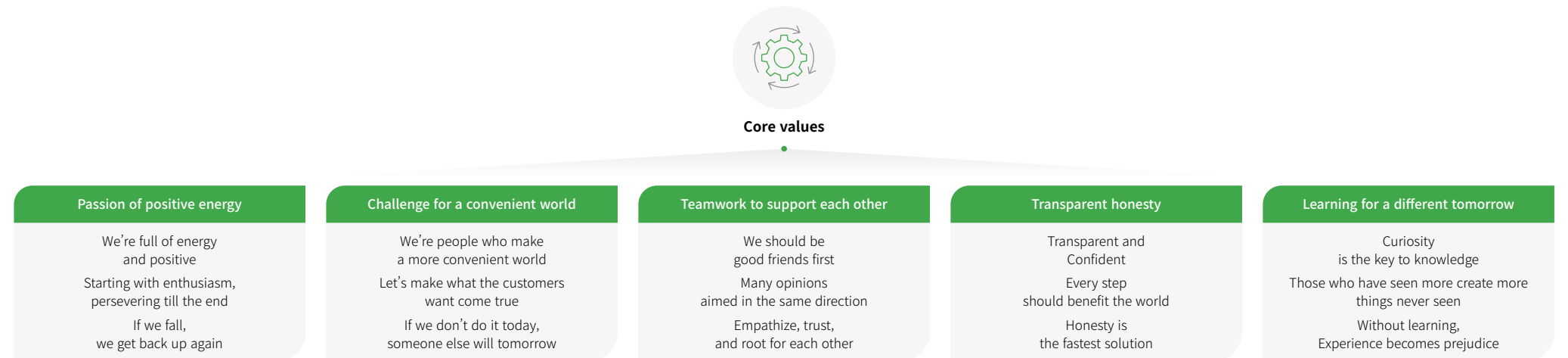
BGF Retail upholds the values of human rights, diversity, and inclusion and reflects them in our business activities so that our executives and employees can become good friends to customers and society. We are endeavoring in various dimensions to create an organizational culture that enhances work engagement and motivation based on the five core values of ‘passion, challenge, teamwork, honesty, and learning’ and 15 guidelines. We operate a variety of programs, including a competency development system, performance/competency-oriented personnel and recruitment process, and objective and fair evaluation system, to help employees internalize and manifest our corporate philosophy. In addition, BGF Retail operates an employee welfare system called ‘PLUS for BGF Good Friends’ based on the philosophy of ‘To be PLUS of the company.’ We support flexible work systems such as staggered working hours, selective working hours, and compensatory leave systems to support the work-life balance of our employees and to help individuals and the company grow together. In addition, we operate family-friendly systems such as vacation or leave of absence for each phase in the life cycle of employees and their children and carry out various activities to improve the psychological health of employees.

Target

BGF Retail has established quantitative goals to secure employee diversity along with corporate growth. In particular, we aim to increase the rate of female employees to 30% by 2025 so that female talents can demonstrate their capabilities. Accordingly, the rate of women in senior and working-level management positions is expected to reach 3% and 10%, respectively.

Category	Unit	2020	2021	2022	2023	2025 (Target)
Female workforce rate	%	24.8	25.5	27.4	28.8	30.0

BGF Core Values





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Performance

Human Resources Management

BGF Retail respects the diversity of our employees, accepts a wide range of views, and hires fairly without discrimination based on gender, race, nationality for sustainable growth. In addition, we are committed to creating a work environment where diverse employees can grow and live together.

Employee Status

Category		Unit	2021	2022	2023	
Employees	Employment type	Total number of employees	Person	2,778	2,948	3,303
		Full-time	Person	2,251	2,435	2,603
	- Male	Person	1,678	1,768	1,853	
	- Female	Person	573	667	750	
	Non-regular employees	Person	527	513	700	
	Full-time employees rate	%	81	83	79	
	Non-regular employees rate	%	19	17	21	
	Age	Below 30s	Person	713	732	641
		30s~50s	Person	1,520	1,678	1,922
		Over 50s~	Person	18	25	40
Position	Full-time employees (total)		Person	2,251	2,435	2,603
	- Position holder	Person	269	291	294	
	- Practical manager	Person	345	418	491	
	- Non-managerial positions	Person	1,637	1,726	1,818	
	Non-regular employees (total)	Person	515	496	700	
	- contract employee*	Person	15	10	27	
	- Indefinite contract employee	Person	3	2	0	
	- Directly managed store STAFF	Person	497	484	673	

Employee Diversity

Category		Unit	2021	2022	2023	
Female	Administrator (position holder)	Person	6	10	11	
	Practical manager (P3 or higher)	Person	34	51	66	
	Sales generating department manager*	Person	25	37	46	
	STEM department**	Person	12	16	23	
	Administrator rate	%	6.5	8.6	9.8	
Minority	Disabled****	Employment of the disabled (general employees)	Person	13	17	22
		- Male	Person	10	13	13
	- Female	Person	3	4	9	
	Disabled employees (including directly managed store STAFF)	Disabled employees (including directly managed store STAFF)	Person	83	81	94
		- Male	Person	74	75	83
		- Female	Person	9	6	11
	National veteran*****	Veterans	Person	46	44	41
Nationality	Korean	Number of employees	Person	2,777	2,947	3,302
	Foreigner***	Number of employees	Person	1	1	1
		Employment rate	%	0.04	0.03	0.03

* Sales generating department management position: P3 or higher for areas 1 to 6 in the product division and sales development department

** STEM Department: Female employees in the Information Systems Department

*** Foreign workers: Based on the number of employees including STAFF at directly managed stores (Nationality of 1 person in 2023: China/Asia)

**** Employment standards for the disabled: Korea Employment Agency for the Disabled reporting standards

***** Employment standards for veterans: National Ministry of Veterans Affairs reporting standards



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Turnover

Category		Unit	2021	2022	2023	
Turnover	Total turnover	Person	213	299	243	
	Total turnover rate	%	7.7	10.1	7.4	
	Gender	Male	Person	155	202	152
		Female	Person	58	97	91
	Age	Below 30s	Person	89	127	97
30s ~ 50s		Person	111	163	140	
Over 50s ~		Person	13	9	6	
Voluntary turnover	Total number of voluntary turnover	Person	166	275	212	
	Total voluntary turnover rate*	%	7.4	11.3	8.1	
	Gender	Male	Person	117	183	125
		Female	Person	49	92	87
Involuntary turnover**	Total number of involuntary turnover	Person	47	24	31	

* Standards for calculating voluntary turnover rate: Number of voluntary turnover compared to total full-time employees

** Transfer to affiliate, expiration of contract period, resignation, disciplinary dismissal, death, etc.

Employment Period

Category		Unit	2021	2022	2023
Employee average	Total	Year	3.2	3.6	4
	Male	Year	3.3	3.8	4.3
	Female	Year	3.1	3.2	3.4

* BGF Retail established on November 1, 2017

Retirement Pension

Category		Unit	2021	2022	2023
Defined benefit type (DB)		Person	1,928	1,943	2,068
Defined contribution type (DC)		Person	90	146	186

Talent Recruitment

BGF Retail establishes a strategic human resources plan every year to recruit talent and support their growth, and is committed to securing excellent talent through a fair and transparent recruitment process. In particular, despite domestic hiring conditions worsening due to the economic recession, we are conducting large-scale open recruitment every quarter and providing various communication programs and job experience opportunities (e.g. online and offline recruitment sessions, operation of a recruitment website, recruitment-linked and experiential internships, industry-academia cooperation projects). Additionally, we have conducted a Career Talk program for university students, who typically have limited opportunities to interact with current professionals. This program invites professionals from various fields to share detailed information about their key responsibilities, required skills, career development paths, and visions for the future. In addition, we are committed to securing diverse talent by providing the benefit of exemption from document screening by implementing the 'Staff Preference System' for long-term CU employees who meet certain requirements.

Talent Development Direction

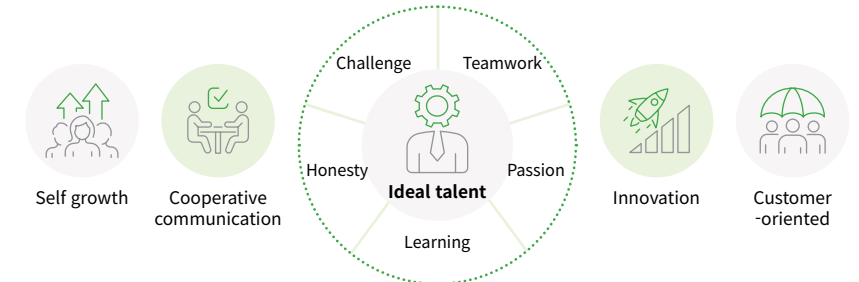
Cultivating distribution experts to lead the comprehensive distribution industry

Sharing values and leadership through education

Securing future competitiveness through systematic job training

Realizing education for organizations and individuals to grow together

Securing knowledge and ability to respond to change through practical training





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Recruitment

Category	Unit	2021	2022	2023	
New recruitment	Total number of people*	Person	313	406	394
Age	Below 20s	Person	1	0	0
	20s ~ 30s	Person	291	317	322
	30s ~ 50s	Person	21	89	72
	Over 50s	Person	0	0	0
Gender	Male	Person	214	240	224
	Female	Person	99	166	170
Region	Metropolitan area**	Person	-	-	249
	Non-metropolitan area	Person	-	-	145
Type	Open recruitment for new college graduates	Person	225	279	306
	Experienced worker	Person	88	127***	88
Position	Position holder	Person	1	0	1
	Practical manager(P3 or higher)	Person	5	11	12
	Non-managerial positions (P2 and below)	Person	307	395	381
Internal transfer (in-house recruitment)	Recruiting internal candidates	Person	0	0	0
Employment cost	Average hiring cost per person	KRW thousand	2,264	2,686	3,186

* Excluding people transferred from affiliated companies

** Including those working at the Seoul headquarters

*** Modification due to incorrect entry of experienced employees in 2022 (130→127)

Talent Development

BGF Retail provides a systematic learning curriculum and platform every year to strengthen capabilities and support growth by job/position/individual. In addition to statutory education, the online education platform BSA (BGF Smart Academy) not only provides various educational contents such as job knowledge, language, trends, leadership, and K-MOOC, but also operates self-development support, study clubs, and a self-development point system. In addition, we provide job competency training and mentoring systems to help new employees and new appointees adapt well, and we establish BSA satisfaction and training efficiency indicators and evaluate them every year. In the case of training efficiency indicators, satisfaction and job utilization of trainees and superiors are each calculated at a rate of 50%. In 2023, the BSA satisfaction and training effectiveness score was 4.78 out of 5.

Self-Development Support System

BGF Retail operates a self-development support system to improve employees' capabilities and encourage self-directed learning. By providing congratulatory money to employees who have acquired work-related qualifications, it not only improves individual capabilities but also creates business achievement. In addition, we support learning club activities to solve work-related problems, and give rewards twice a year to teams that produce excellent results. Employees who actively participate in the self-development support system and in-house training and share their stories are given self-development points, and based on these, the best performers are selected and awarded every year.

Category	Description
Support for certification/ language acquisition	Congratulatory money is provided differentially according to level through the certification (271 types) and language acquisition systems.
Learning club support	Support essential expenses other than learning costs and reward excellent clubs twice a year.
Self-development point operation	Based on the points earned through participation in various learning activities and self-development, the highest scorer is selected and awarded once a year.



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BLP(BGF Leader Program)

BGF Retail is nurturing distribution and franchise experts based on the BLP training program, a core talent development program. The BLP training course, a future core talent development program, provides practical training in marketing, SCM, digital transformation, and big data analysis. A total of 30 BGF Retail and affiliated employees participated in the BLP training course held in 2023, and the satisfaction level was 4.59 out of 5. The BLP team projects proposed during the training process will undergo pilot testing and be reflected in the actual system.

Talent Development Program



Employee Training

Category	Unit	2021	2022	2023	
Training attendees	Total number of attendees	Person	2,349	2,740	2,643
Training time	Training hours per employee*	Hour	56	57	63
	- Male**	Hour	-	-	67
	- Female**	Hour	-	-	56
Training cost	Training cost per employee	KRW thousand	382	327	490
	Total training cost	KRW thousand	897,098	962,935	1,295,263
Gender	Male	%	71	74	71
	Female	%	29	27	29
Position	Assistant	%	36	33	36
	Professional	%	55	59	62
	Manager	%	7	8	10
Training outcomes	HCROI***	%	31.0	30.6	29.6
	Satisfaction	Point	4.62	4.65	4.74
Training course	Support for obtaining certification	Person	74	84	89
	Language support	Person	61	71	83
	Learning club support	Person	59	66	106
	Cyber University support	Person	11	7	3
	BLP (BGF Leader Program)	Person	0	43	30

* Including holding company

** Detailed training hours have been counted starting from 2023

*** HCROI(Human Capital Return on Investment)



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Performance Evaluation and Compensation System

BGF Retail operates a compensation system based on fair and objective evaluation regardless of gender, establishes KPI every year, and evaluates achievements, capabilities, and leadership based on MBO (Management by Objectives). We set KPIs for each job in connection with management goals and business strategies, set annual performance management goals by establishing MBO-based self-development goals and plans, and regularly check performance through first quarter performance and achievement evaluations. The final year-end evaluation is conducted in three stages (self-evaluation, first evaluation, and second evaluation), and the leadership of executives and position holders is diagnosed. In addition, we operate an evaluation office, and if there is an objection to the evaluation result, they present an objection procedure and adjust and review it fairly.

Compensation is based on its principles (e.g. performance, role, responsibility). There is no difference based on gender when determining annual salary, only the amount paid is based on performance. In addition, we comprehensively consider the inflation rate, market, and competitors' wage levels and apply wage increases differentially according to individual performance results. When company performance goals are achieved, we operate an incentive payment system based on an agreement between labor and management to distribute these achievements to employees. BGF Retail's starting salary for new college graduates and average employee salary are approximately 181% and 269% of the legal minimum wage, respectively. In the event of a change in management, we provide notice at least 50 days in advance in accordance with the Labor Standards Act (there have been no such cases yet).

Performance Evaluation

Category		Unit	2021	2022	2023
Competency development-type evaluation system	Eligibility rate	Person	1,999	2,069	2,310
	Management By Objective(MBO)	%	100	100	100

Payment

Category	Unit	2021	2022	2023	
Average salary	Total	KRW million	62	66	65
	Male	KRW million	66	71	70
	Female	KRW million	49	52	52
Ratio of starting salary for new employees to minimum wage	Male	%	187	181	181
	Female	%	187	181	181
Average salary compared to minimum wage*	%	284	287	269	

* Employee average salary / legal minimum wage by year

Equal Payment

Category	Unit	2021	2022	2023	
All employees	Basic salary	%	74	73	73
	Incentives	%	67	63	59
Administrator	Basic salary	%	107	92	93
	Incentives	%	106	94	93
Position holder	Basic salary	%	104	92	98
	Incentives	%	117	92	98
Manager	Basic salary	%	105	113	86
	Incentives	%	140	140	88
Professional	Basic salary	%	82	84	80
	Incentives	%	75	88	79
Assistant	Basic salary	%	91	90	90
	Incentives	%	80	100	90

* Standard: Ratio of female to male wages (base salary, incentives) in the same position

* Changes in figures for 2021 and 2022 due to recalculation of position holders (basic salary) ratio (2021: 124% → 104%, 2022: 83% → 92%)



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Improvement of Organizational Culture

BGF Retail is committed to building a horizontal organizational culture based on mutual respect and consideration. In order to collect employees' opinions and derive improvements in our personnel system and organizational culture, we conduct an employee engagement survey through a professional polling agency once a year to understand the work environment and organizational culture and reflect them in decision-making. In 2023, we strived to quickly collect opinions on organizational culture programs and institutional experiences and provide appropriate feedback by introducing a pulse survey to frequently identify employee experience data and collect opinions. In October 2023, an employee engagement survey was conducted for all employees, of which 85% (2,090 people) responded.

Junior Board Program

In order to foster a creative work environment based on free communication, BGF Retail operates a junior board program titled 'BGF Work Improvement' for low-level employees with about 3 years of experience. In 2023, we held a junior board with the theme of 'Recruitment Process' and tested it on the actual recruitment process, and in 2024, we are conducting a program with the theme of 'Employee Training Process.'

Team Transformation Program

We run a team transformation program every year for departments that want to stimulate communication among team members and improve performance. In 2023, a total of 63 departments participated in the program. In this program, the team autonomously proposes improvement plans based on communication among team members to change work methods under the guidance of experts, and establishes qualitative and quantitative goals for the team. The score for job utilization and trainee satisfaction of the program was 4.9 out of 5. We plan to continue to deploy programs that have been highly effective in improving work efficiency and teamwork.



Fostering of Communication

BGF Retail operates a variety of programs to facilitate communication among employees. We are conducting a communication program (establishing a roadmap for career development through communication with seniors) for employees with less experience, and we are collecting diverse opinions through the anonymous communication bulletin board 'TalkTalk.' In addition, taking into account the nature of the business structure dispersed across the country, we have assigned human resources managers to field offices across the country to guide on personnel/labor-related matters, collect employee grievances and communicate with employees.

Communication Fostering Program

Category	Description
Meetings by group/ level	Conduct communication and exchange of opinions on the topics of major systems, work engagement, and capacity building for position holders, middle group, experienced employees, and female employee groups.
Support for in-house club activities	Support for hobbies of employees with common interests
Synergy Day	Communication program to promote harmony between executives and employees (support for culture, sports, volunteer activities, and healing programs once a year)
Communication Camp, One BGF Day	Support communication between meetings of various departments and positions under the theme of 'teamwork'
C.V.S (Core Value Star) System	Award system for best practices of core values to reward employees who set examples in materializing BGF core values (a total of 23 people received the awards in 2023)



In-house club activities



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Labor-Management Council

BGF Retail complies with the operating regulations and procedures of the labor-management council in accordance with the ‘Act on the Promotion of Worker Participation and Cooperation.’ The employer and worker representatives, comprised of five members from labor and management each, hold regular company-wide council meetings every quarter to discuss and decide on various agendas for the purpose of promoting common interests and fostering a healthy labor-management culture. In addition, considering the corporate situation where business sites are dispersed across the country, unit-level councils consisting of four stages (departmental council, regional council, working-level council, and company-wide council) were formed to expand employee participation and collect diverse opinions. Through this systematic operation, a total of 23 agenda items (7 work environment improvement, 10 welfare benefit improvement, 6 personnel system improvement) were decided and implemented based on employee opinions in 2023. In 2023, we hosted a labor-management council workshop to strengthen communication and cooperation between labor and management, and held an orientation for new members at the beginning of the year to support their induction. Any employee can apply to become a worker representative to the council, and the council members are elected through direct/secret/anonymous voting with the participation of a majority of all employees based on the election policy established by the Election Commission.

Labor-Management Council

Category	Unit	2021	2022	2023
Number of participating employees	Person	2,251	2,435	2,603
Employee application rate	%	100	100	100
Number of meetings held	Case	4	4	4
Number of agenda	Case	16	18	23

Work and Life Balance

BGF Retail operates a variety of systems to support employees’ work-life balance and enable mutual growth. We also operate a support system synchronized to the life cycle of employees and their children (e.g., reduced working hours during pregnancy/childcare, maternity leave for the employee/spouse, paid parental leave, and tuition support for children). In particular, in 2023, the scope of the staggered commute hour system was expanded to all employees, allowing them to use the system when necessary. In addition, we operate a welfare system that promotes work-life balance for employees, creates an enjoyable work environment, and enables mutual growth between individuals and the company. We are also carrying out various refreshing support activities, including EAP psychological counseling services to improve the psychological health of our employees. BGF Retail has been certified as a family-friendly company since 2021 and is operating family life fostering benefits to create a work environment that maintains work-life balance.

Interviews for Employees with Multiple Children

Q As a family with multiple children, how do you achieve work-life balance?

A As a father with multiple children, I feel the weight of responsibility, but I am receiving many benefits from the company’s multi-child welfare benefits. I was impressed by the benefits for families with children, such as baby gift money, kindergarten tuition, elementary school entrance gifts, and gift points on Children’s Day. In May, which is the Month of Family, families are invited to the office and children can tour their parents’ workplaces. For fathers of multiple children like me, time is money. Thanks to the staggered commuting hours, I can flexibly balance my work schedule and childcare time. Recently, I also joined an in-house club related to childcare. This club is a gathering of fathers with children of the same age. We go to amusement parks with their children, play soccer together on the weekends, and do parenting activities together.



Interviewee
: BGF Retail Organizational Culture Team,
Professional Jeong Jae-hwa



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Customized Support System

Category	Description
Vacation support system	<ul style="list-style-type: none"> • Leave before and after childbirth (90 days, paid) / Prenatal leave (5 to 90 days, paid) • Spouse maternity leave (10 days, paid) • Spousal miscarriage and stillbirth leave (3 days, paid) * • Infertility treatment leave (3 days per year, partially paid) • Family care leave (10 days per year) • Congratulatory or condolence leave (7 days for wedding, 3-6 days for funeral, paid) • Filial piety leave for employees and spouses (paid) * Employees and their spouses' parents' 60th birthday, 70th birthday, 80th birthday, etc.
Leave support system	<ul style="list-style-type: none"> • Parental leave (up to 1 year per child, paid) * Female employees can receive an additional year of unpaid parental leave • Family care leave (up to 90 days per year) • Infertility treatment leave (up to 6 months)
Working hour reduction support system	<ul style="list-style-type: none"> • Reduced working hours during childcare period (up to 2 years) • Reduced working hours, including family care (up to 3 years, but up to 1 year for study)
Maternity and female employee protection system	<ul style="list-style-type: none"> • Prenatal check-up time allowance system (paid) • Pregnant female employee protection system: Job change, 2 hour reduction in working hours per day • Health leave • Allowable feeding time system (paid)
Family-friendly system	<ul style="list-style-type: none"> • Payment of congratulatory and condolence allowances for employees' births • Gift and vacation to support the child's first school day (paid) • Child's elementary/middle/high school graduation leave (paid) * • Children's Day gifts provided to children • Congratulatory gift for child entering middle/high school ** • Children's tuition support • Employee birthday vacation • Long-term work reward leave / refresh leave**
Flexible work system	<ul style="list-style-type: none"> • Compensatory leave system (for all employees, extension of standard hours and holiday work) • Staggered commuting system (for all employees, choose between 08:00 - 17:00 / 10:00 - 19:00) (1/3 of the number of team members can apply. However, in case of pregnancy or childcare, the relevant person can apply regardless of the number of people.)

* Newly established in : 2023

** Newly established in : 2024

Welfare System

Category	Description
Happy PLUS	<ul style="list-style-type: none"> • Recreation facility operation • Support for club activities • Employee discount support • BGF welfare point operation • Birthday vacation support • Refresh vacation support* • Long-term employee reward
Work & life balance PLUS	<ul style="list-style-type: none"> • EAP counseling support • Children's tuition support • Health checkup support • Gifts to encourage employees' children • Group accident & disease actual loss insurance • Operation of staggered commuting system • Congratulations and condolences support.
Individual & Company Growth PLUS	<ul style="list-style-type: none"> • Self-development support (certificate, learning clubs, etc.) • BGF's unique on-tact program operation, etc

* Newly established in 2024

Event to Invite Employees' Children

As a part of its family-friendly program, BGF Retail holds an event every year to invite employees' children. In May 2023, we held a 'Smart Office Tour' event where employees' children were invited to the office and had family interaction time such as smart office tours, DIY programs, and watching parents' V-logs. In October 2023, the 'BGF Jincheon CDC Logistics Center Tour' event was held to provide time for families to spend together through on-site learning about the distribution logistics structure while touring the logistics center and convenience food manufacturing sites.





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Support for Employee Refresh

Category	Description
BGF Culture Cafe	We support hobbies and self-development through online classes twice a month, and you can participate with your family and friends.
Visit-type Culture Cafe	New program implemented in 2023 operating in the form of offline classes that are held at branch offices. Strengthen teamwork through hobbies with colleagues.
EAP Program	The EAP psychological counseling program provides expert counseling on various topics to employees and their immediate family members (spouse, children, parents) to relieve daily stress and take care of their mental health. Counseling centers are also recommended based on big data, and the EAP mobile platform was introduced in 2023 to further improve accessibility of the counseling program.
My Heart Report Event	This is an online professional psychological test conducted with the concept of 'my storybook, the only one in the world just for me.' A customized report analyzing your psychological state is provided in the form of a booklet of approximately 118 pages to keep you psychologically stable.

Work and Life Balance

Category	Unit	2021	2022	2023	
Participation rate in flexible working hours*	%	91	95	60	
Participation rate in telecommuting system**	%	90	94	54	
Participation rate in staggered work hours***	%	2	3	6	
Psychological counseling	Number of users	Person	168	187	299
	Number of progress	Case	744	867	1,394

* Flexible work system: Total participation rate in flexible work systems such as telecommuting system and staggered work schedule

** Due to relaxation of COVID-19 quarantine standards in 2023, participation rate decreases due to changes in telecommuting standards

*** In November 2023, the staggered work schedule was expanded to all employees.

Parental Leave

Category	Unit	2021	2022	2023	
Total parental leave users	Total	Person	105	114	128
	- Male	Person	46	54	54
	- Female	Person	59	60	74
Employee scheduled to return	Total	Person	61	44	66
	- Male	Person	26	25	33
	- Female	Person	35	19	33
Returned employee	Total	Person	53	42	55
	- Male	Person	22	25	27
	- Female	Person	31	17	28
	Total return rate	%	87	96	83
Total employees who worked 12 months after returning	Total	Person	44	50	37
	- Male	Person	22	21	21
	- Female	Person	22	29	16
	Total return retention rate	%	79	82	84

* As the standard for the number of employees on childcare leave was recalculated, three-year data revised



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Human Rights

Strategy

BGF Retail has established a human rights policy to actively implement human rights management and prevent human rights violations to mitigate related risks. Our human rights management policy complies with international standards and guidelines related to human rights and labor (e.g. Universal Declaration of Human Rights, UN Guiding Principles on Business and Human Rights, Charter of the International Labor Organization). The human rights management policy applies to all employees of BGF Retail and its subsidiaries, and stakeholders in all business relationships, including the supply chain, are encouraged to respect it. In addition, we strictly prohibit discrimination and harassment through our human rights policy, and we have established and disclose a ‘Prohibition of Workplace Sexual Harassment, Non-sexual Harassment Policy’ on our website, which contains remedial actions, recurrence prevention measures and preventive education content.

➔ [Human Rights policy](#) ➔ [Prohibition of Workplace Sexual Harassment, Non-sexual Harassment Policy](#)

Target

BGF Retail is establishing human rights management goals to fundamentally address human rights issues of employees and stakeholders. In an ESG self-diagnosis of major partners in 2023, we identified human rights management risks related to establishing human rights policies and training programs. In 2024, we plan to prepare a plan to support our partners in relation to human rights. In addition, we will conduct a human rights impact assessment on key stakeholders in accordance with the National Human Rights Commission’s human rights management evaluation guidelines. We will systematically mitigate human rights risks for stakeholders, including employees, by 2025 by upgrading our human rights impact assessment plan and internalizing human rights management.

2024	2025	2026~
Spreading awareness of human rights management <ul style="list-style-type: none"> • Development of human rights impact assessment • Human rights management support for key partners (provision of guidelines) • Conduct human rights impact assessment for primary small and medium-sized partners (reflecting in ESG self-assessment) 	Systemization of human rights management <ul style="list-style-type: none"> • Strengthening the human rights monitoring system of members • Expansion of ESG due diligence, including human rights management of key partners 	Internalization of human rights management <ul style="list-style-type: none"> • Strengthening human rights education and campaigns for members • Establishing and operating a DEI committee

Assessment

Human Rights Impact Assessment

BGF Retail established a human rights impact assessment checklist in 2023 based on the National Human Rights Commission’s human rights management evaluation guidelines. In addition, we conducted ESG evaluations, including human rights, for major partners, focusing in particular on the presence of human rights regulations, human rights education programs, and the number of violations of laws and regulations.

Identification and Management of Human Rights Risks

BGF Retail operates based on human rights policies and is inspecting and mitigating potential human rights risks. In addition, we have established an prohibition of workplace sexual harassment and non-sexual harassment policy and are taking remedial actions when such incidents occur. In order to identify human rights risks, we operate a Cleanline channel where you can report if you experience or witness an act that violates human rights management principles. Mitigation and improvement measures for risks identified at BGF Retail and its subsidiaries are communicated through the intranet to ensure that such risks are properly addressed. In an ESG self-diagnosis of key partners in 2023, we identified deficiencies in the internal regulations of SME partners’ including insufficient guarantees for human rights concerning forced labor and child labor, compliance with working hours, and appropriate wage levels. Based on this, we plan to support our partners’ human rights management practices in 2024.

Human Rights Management System



Due diligence process for human rights/sustainability risks

Target	Department in charge	Due diligence	Risk identification and improvement management
All BGF Retail business sites	HR & General Affairs Department, BGF Management Consulting Team	<ul style="list-style-type: none"> • Operate regular surveys, regular reporting, and grievance handling processes 	<ul style="list-style-type: none"> • Inspection and monitoring of improvement activities • Inspection and monitoring of improvement activities, awards to excellent partners
Primary small and medium-sized partners	ESG Team	<ul style="list-style-type: none"> • Conduct annual self-inspection (Labor, safety and health, environment, ethics) 	



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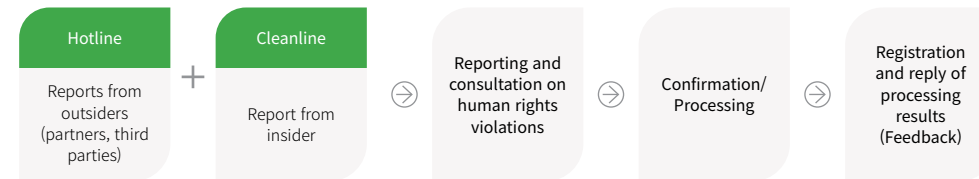
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Performance

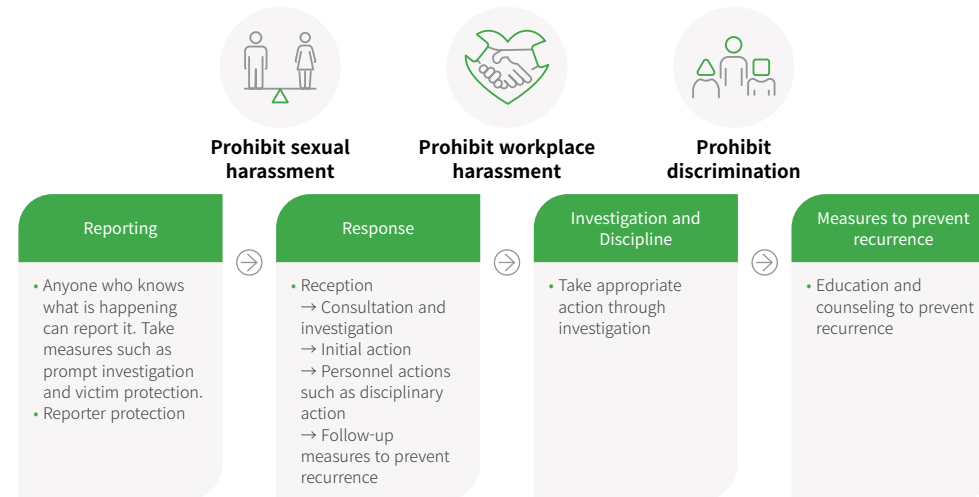
Human Rights Complaints Channel

BGF Retail operates a Cleanline system that allows you to report if you have experienced or witnessed an act that violates human rights management principles. The Cleanline system, which utilizes a third-party platform, is a channel for reporting human rights violations (e.g., grievances, difficulties, sexual harassment, workplace harassment), and the reporter’s anonymity and content are kept strictly confidential. In addition, we are also investigating human rights risks through the ‘Ethical Management Hotline’, an external reporting system. We deploy human resources managers at workplaces across the country to guide personnel and labor-related systems, while collecting employees’ grievances, receiving reports of sexual harassment and harassment in the workplace, and conducting interviews.

Human Rights Reporting System



Anti-discrimination and Harassment Management System



Human Rights Report

Category	Unit	2021	2022	2023
Number of human rights-related reports*	Case	4	3	5
Number of human rights-related cases resolved	Case	4	3	5

* Reported through Cleanline and Hotline

Human Rights Education

BGF Retail is raising employees’ awareness of human rights by providing legally mandated training on preventing sexual harassment, workplace bullying, and improving awareness of the disabled. In addition, we are committed to internalizing awareness of human rights by providing an online education platform (BSA) where employees can autonomously receive human rights training.

Category	Unit	2021	2022	2023
Sexual harassment prevention training	Number of participants	2,349	2,411	2,587
Workplace bullying prevention training	Number of participants	2,209	2,218	2,469
Education to improve awareness of the disabled	Number of participants	2,349	2,411	2,587



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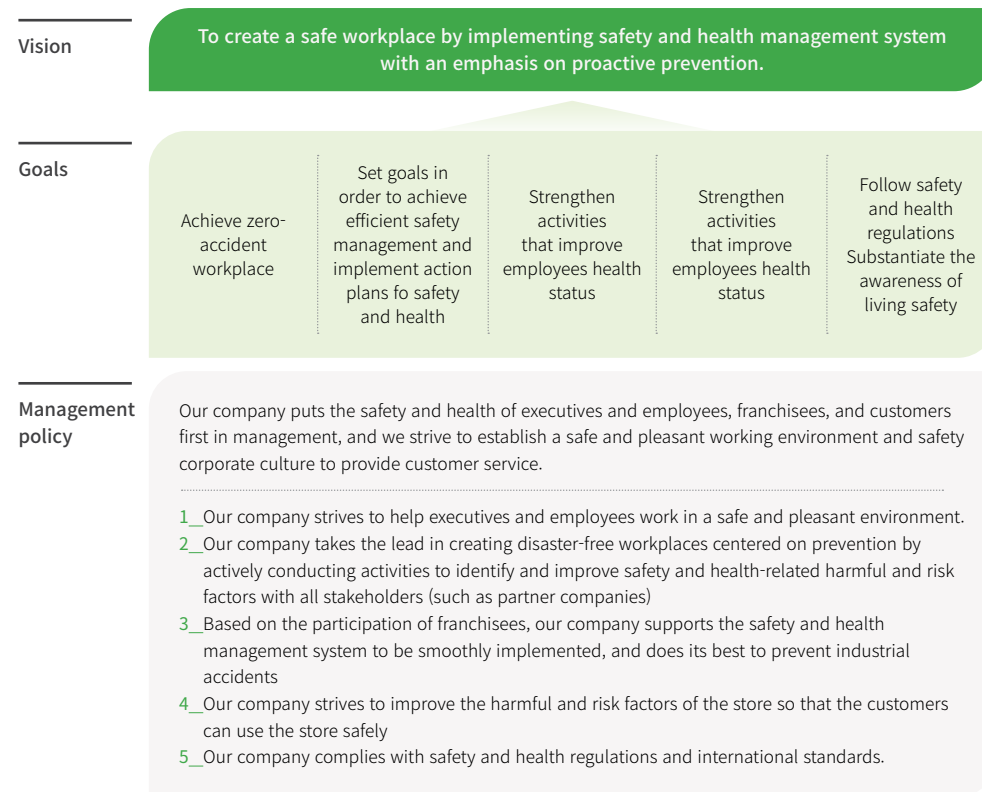
Occupational Safety and Health

Strategy

Policy and Strategy

BGF Retail is committed to promoting employee safety and preventing occupational accidents throughout the business (including headquarters, stores, and distribution centers) for employees, franchisees, and stakeholders. We have established the following safety and health goals and management policies and are continuously practicing and improving them.

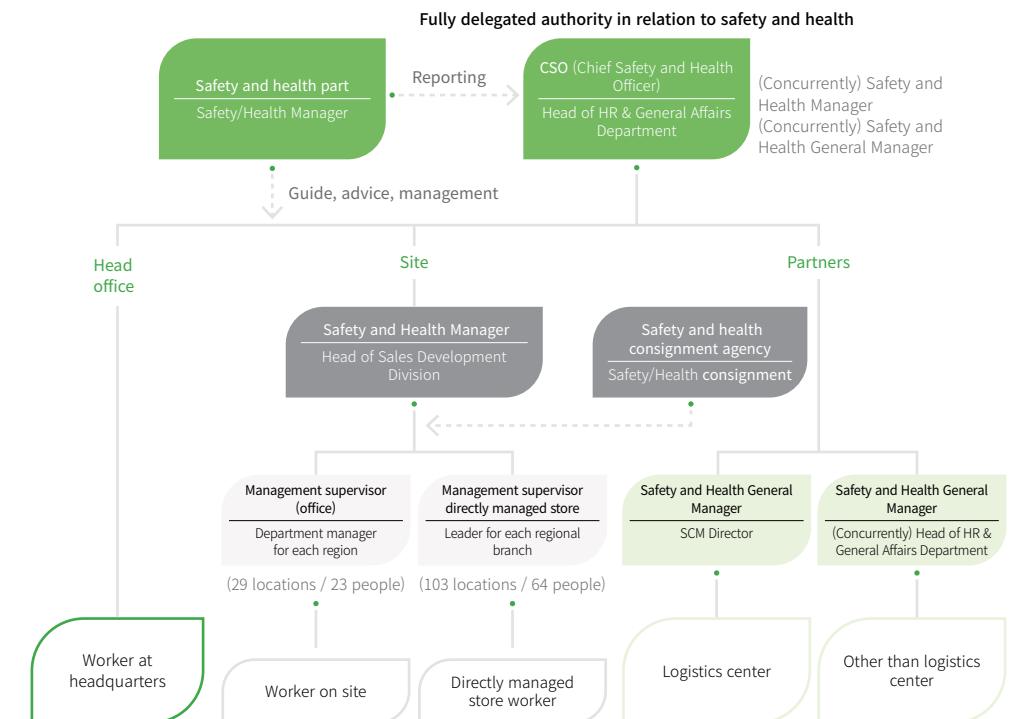
➔ Safety and Health Management Policy



Governance

BGF Retail established a safety and health organization by selecting the head of the Human Resources and General Affairs Office as the Chief Safety Officer (CSO) and establishing a new dedicated organization. The CSO develops a safety and health plan and reports it regularly to the Board of Directors. The Board of Directors reviews and approves legal matters and plans related to safety and health. The safety and health organization designates a safety and health management manager and general manager for each key business location, such as headquarters, field offices, and partner companies (logistics centers).

Safety and Health Organization System





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Safety and Health Organization and Roles

Category	Responsibilities and Main Activities
Board of directors	<ul style="list-style-type: none"> • Approve safety and health plan
CSO	<ul style="list-style-type: none"> • Report safety and health plans/performance to the board of directors • Comprehensively manage the company-wide safety and health system
Safety and health part	<ul style="list-style-type: none"> • Implement company-wide safety and health activities and assess risks
Safety and health manager	<ul style="list-style-type: none"> • Safety and health general manager at major business sites
Supervisor	<ul style="list-style-type: none"> • Perform safety and health tasks within the workplace and report details of industrial accidents

Target

BGF Retail pursues zero accidents and improved employee health through safety and health goals and management policies. In order to continuously manage and improve the safety and health management system, we have established mid-to-long-term goals and share the goals and actions established every year on the groupware across the company. In addition, in order to establish a sustainable safety and health management system at the company level, related departments use the reduction rate of occupational accidents as an indicator, which is reflected on performance evaluations. BGF Retail has established mid- to long-term industrial accident reduction goals based on the number of industrial accidents in 2023.

2024	2027	2030
Strengthening safety and health activities at each business site <ul style="list-style-type: none"> • Regular operation of safety and health campaigns (once a year) • Establishment of a compliance system related to major disasters • 10% reduction in the incidence of industrial accidents among employees 	Internalization of safety and health among employees <ul style="list-style-type: none"> • Zero major disasters • Development/operation of safety and health management system for partners • 30% reduction in the incidence of industrial accidents among employees • Expansion of emergency response training for disasters/disasters at each business site 	Enhancement of safety and health system <ul style="list-style-type: none"> • Zero major disasters • 50% reduction in the incidence of industrial accidents among employees

Assessment

ISO45001 Certification

BGF Retail received ISO45001 certification for establishing and upgrading a safety and health management system that meets global guidelines based on its headquarters, and completed a post-audit in 2023. We are committed to minimizing safety and health risks by identifying and improving safety and health risks through verification agencies every year and regularly inspecting management details.

Safety and Health Risk Management

BGF Retail is making various efforts to identify and prevent risks related to safety and health. With the goal of proactively identifying risk factors within the workplace, we collect opinions from the Industrial Safety and Health Management Committee on a quarterly basis and conduct risk assessments once a year. Through this, we are identifying risks and opportunities related to safety and health. If risks are discovered during inspection, mitigation and improvement measures are developed and implemented, and the effectiveness evaluation results (e.g. improvement information indicators) are reported ex post. In the case of our partners, we conduct safety and health qualification evaluations as part of the evaluation of eligible partners upon initial contract, and manage whether safety and health levels are continuously maintained through semi-annual re-evaluation. In addition, in the event of an occupational accident, health deterioration, disease or accident outbreak within the directly managed stores, we communicate with the relevant department head and human resources manager, and investigate the accident and take improvement measures to prevent recurrence. We also provide guidance and support on processes for occupational accident report and leave as necessary.

Category	Description
Evaluation of the position holder	Evaluation of training completion and work performance of safety and health managers and supervisors
Evaluation of legal compliance	Evaluation of compliance with safety and health-related laws and regulations
Risk assessment	Assessing workplace risk factors and establishing reduction measures
Evaluation of partners	Investigation and evaluation of safety and health implementation of partners



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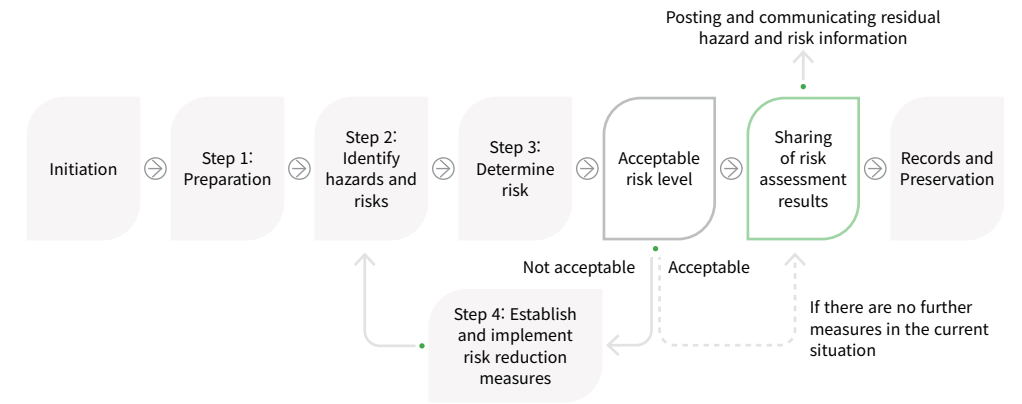
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Risk Assessment

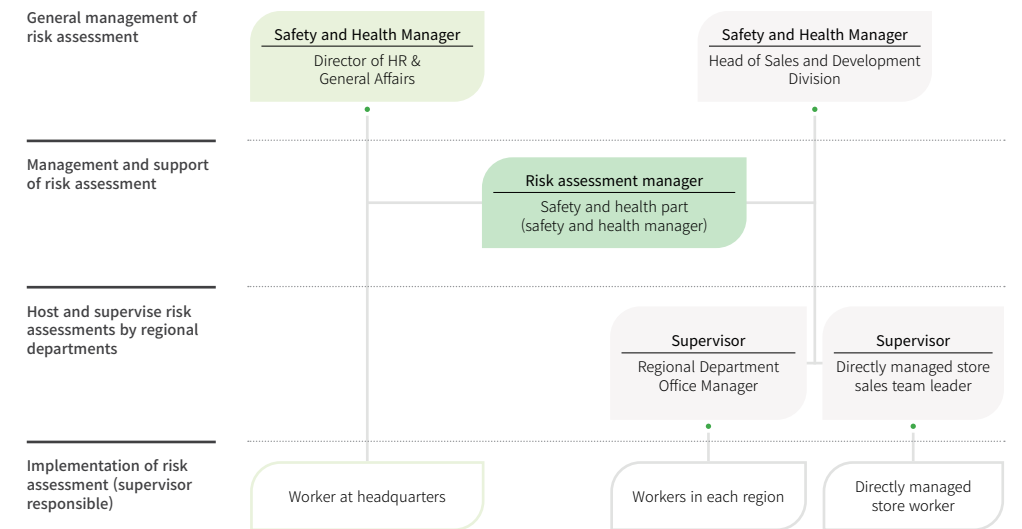
BGF Retail conducts regular risk assessments once a year, semi-annual assessments, quarterly joint inspections, and on-site inspections to identify risk factors within the workplace in accordance with the risk assessment manual. When risk factors are identified, their importance is determined in a risk assessment. If they can have a significant impact, we establish and implement mitigation plans and report the results of the effectiveness evaluation, including follow-up improvement data and metrics. We create a plan to ensure 100% improvement on what is identified through risk assessment. In the case of risk factors identified through opinion survey, we discuss them with worker members at the Industrial Safety and Health Management Committee and propose solutions. In the 2023 risk assessment, a need was identified to manage risks related to industrial disaster response, fire response, and vehicle accidents. Therefore, we plan to establish an emergency preparedness manual and review emergency response training according to priority. For one risk identified through a risk assessment conducted on all business sites and directly managed stores mitigation measures were implemented and an effectiveness evaluation was conducted.

Category	Description	Evaluation Frequency
Risk assessment	Identify risks for headquarters, regional offices, and directly managed store (preparation of risk assessment checklist and on-site inspection)	Once a year
Semi-annual evaluation	Risk assessment and performance based on safety and health related laws and regulations in accordance with the Serious Accident Punishment Act	Once/semi-annually
Quarterly joint inspection		1 time/quarter
On-site inspection	On-site inspection and risk identification at partner company work sites	1 time/week

Risk Assessment Process



Risk Assessment Management Organization





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Risk Findings

Category	Identified by	Mitigation measures	Effectiveness evaluation results	
			Before	After
Description	As people use a downward route when entering or leaving a store located lower than the ground level, it is highly likely to lead to slipping on wet surface in rainy weather. In this case, the risk was found to be high if combined with the absence of coil mat installation.	<ul style="list-style-type: none"> Considering automatic doors and downward roads, additional rain mats are placed on the downhill roads and warning signs are attached. Additional coil mats are placed at the entrance to the store and at the end of the downward road (to encourage removal of moisture and debris under feet inside and outside the store) 	Possibilities: 3 Materiality : 2 Final score: 6	Possibilities: 3 Materiality : 1 Final score: 3

3-year Risk Assessment Performance

Category	Unit	2021	2022	2023
Risk assessment	Case	161	205	217
- CU directly managed store	Case	134	174	188
- Local office	Case	27	29	29
- Others*	Case	0	2	0
Risk assessment findings	Case	1	1	1
Measures	Case	1	1	1

* Head office and pharmaceutical center, etc.

Performance

Safety and Health Management

Safety and Health Management for Partners

BGF Retail is committed to minimizing safety and health risks in the supply chain by managing the safety and health of our partners. In 2023, we visited 20 logistics centers in person to inspect safety and health issues, and conducted a safety and health qualification assessment for all partners performing work at our business sites. In particular, we encourage our partners' safety and health management by reflecting the results of our partners' safety and health evaluations in their contracts. In addition, we operate a safety and health management system for our partners' and monitor their legal compliance data to minimize the risk of serious disasters.

Safety and Health Management for Franchises

To manage the safety and health of franchises, BGF Retail provides a statutory safety and health manual and includes store safety supplies and Class K fire extinguisher products in the ordering system. In addition, we are distributing franchisee safety and health manuals using store PCs, and displaying webtoon images of likely typical safety accidents as screensavers.





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Industrial Safety and Health Management Committee

BGF Retail deliberates and decides on important matters related to safety and health within the workplace through the Industrial Safety and Health Management Committee once a quarter, and the committee members are comprised of employer representatives (5 people) and worker representatives (5 people). The results of the meeting are shared through the intranet, and the agenda confirmed at the meeting also applies to all employees working at the workplace and subcontract worker.

Operational Performance of the Industrial Safety and Health Management Committee in 2023



Industrial Accident

Category	Unit	2021	2022	2023	
Employees	Work-related deaths	Person	0	0	0
	LTIFR	Case/million work hours	2.16	0.81	1.57
	Number of industrial accidents	Case	10	4	8
	Accident rate	%	0.43	0.16	0.31
Directly managed store	Work-related deaths	Person	0	0	0
	LTIFR	Case/million work hours	2.99	1.05	5.86
	Number of industrial accidents	Case	3	1	8
	Accident rate	%	0.60	0.21	1.16

Safety and Health Training

BGF Retail conducts safety and health training for employees and franchisees every year. Franchisee safety and health training is conducted with store POS training videos and SC store visit training. In addition, we are making health and safety a part of our daily life by displaying safety and health screensavers on PCs used in stores and offices. We are conducting various campaigns such as safe driving campaigns, health campaigns, and health concerts to improve employees' safety and health awareness by evaluating employees' awareness, identifying the current status, and addressing improvement opportunities. We plan to continue to evaluate safety and health awareness in 2024 and work on any deficiencies.

Category	Training	Training target	Training period
Statutory safety and health training	BSA Training	Employees (2,677 people)	All year round
Other safety and health training	CPR training	Worker at headquarters (523 people)	All year round
Safety and health job training	Industrial safety and health statutory job training (employee and field safety management plan)	Safety and health manager (6 people), safety manager (1 person), supervisor (100 people)	All year round
Training for franchisees	Franchise safety and health training	17,525 Stores	October - December 2023



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Safety and Health Training

Category		Unit	2021	2022	2023
Dedicated employee	Number of participants	Person	83	100	106
	Training participation rate	%	100	100	100
General employee	Number of participants*	Person	2,132	2,241	2,512
	Training hours per employee	Hour	21.9	21.5	21.6
Franchisee	Total training completion store	Store	15,131	16,410	17,525
	Rate of training completed stores	%	95.4	97.8	98.7

* Annual average applied

Health Promotion Activities for Employees

BGF Retail operates a health management center at its headquarters to improve the health of employees, providing health counseling, job stress management, and support in response to emergency situations. In addition, we are equipped with health management equipment such as InBody weight scale, blood pressure monitor, and height/weight scale to manage the health of our employees at all times. We conduct statutory health examinations for field workers every year, and those with abnormal findings receive health counseling through the health management office at the head office. In addition, we encourage and fund flu vaccinations for employees and their spouses to prevent infection, and we are linking a health checkup reservation site exclusive to our employees to improve the convenience.

Creating a Safety and Health Culture

BGF Retail is carrying out various campaigns to improve employees' safety and health awareness. In addition, we evaluate the safety and health awareness of our employees twice a year to understand the status of safety and health and improve any areas that are left behind.

Category	Description
Employee safety and health communication program, 'My Heart Talk Talk'	We are running mental health programs for employees at all regional offices and headquarters, and we provide management and counseling for job stress.
Safe driving campaign	To prevent traffic accidents during commuting to and from work and off worksites, which account for a high proportion of occupational accidents, we run a campaign to evaluate the safe driving scores of all employees and improve their safety habits.
Health campaign	As a result of employee health checkups, the number of employees with obesity, high blood pressure, and hyperlipidemia is high at 60%. Accordingly, a running campaign was launched in April 2024 to improve employee health awareness.
Health concert	To prevent and alleviate musculoskeletal disorders that frequently occur among office workers, we provide stretching training, X-body measurements, and health counseling led by physical therapists.
Health contest	To improve the health of our employees, we hold a health contest to reward employees who successfully improve their health over 8 weeks based on muscle mass increase and body fat reduction.
Heart saver	A total of 41 heart savers were trained through external CPR training to enable proper response in emergency situations. In addition, health professional organizations and nurses visited the headquarters and regional offices to provide CPR training.



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Provide Healthy and Proper Food

Strategy

Policy and Strategy

BGF Retail is committed to providing safe and healthy products through quality control at the supply chain level to help customers lead healthy and sustainable lives. We are developing nutritious products and diets, including low-salt, high-protein, and vegetarian options, and expanding our use of sustainable raw materials. In addition, we strive to provide the best products and services to our customers through transparent labeling and strict quality control systems.



Quality Management Policy

As a comprehensive distribution service company, we establish the following quality policy with a strong sense of mission among all employees to ensure customer satisfaction through the best quality.

- 1_ Establishment of quality management system
- 2_ Client satisfaction
- 3_ Best quality



Consumer Safety Principles

Based on our corporate philosophy, BGF Retail is committed to providing the best quality products and services at anytime, anywhere and further realizing customer value.

- 1_ We strictly comply with laws related to the quality of products and services we provide.
- 2_ We prioritize the health and safety of our customers and continuously improve quality throughout our supply chain.
- 3_ We actively communicate with stakeholders to ensure the best product and service quality.
- 4_ We actively work with our partners and partners to provide the highest quality products and services, leading both domestically and internationally.



Governance

The chief quality management officer at BGF Retail is the CEO, who has review responsibility and decision-making authority related to quality management. In addition, considering that our business is to provide products and services, departments in charge of products, logistics, and services participate together to prevent risks in quality management activities and continuously improve them.

Quality Management Governance





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Target

BGF Retail is establishing and implementing annual goals to improve the quality and safety management of products and services delivered to stores and to provide safe and healthy products.

Category	Goal for 2024
Building a foundation for launching nutritional products	<ul style="list-style-type: none"> Securing product competitiveness by utilizing the nutrition information system of the QSS system (applying nutritional information highlighting)
Expansion of store hygiene rating system	<ul style="list-style-type: none"> Achieve 400 stores acquiring the hygiene rating system (107 acquired in 2023)
Analysis and extension of product expiration date	<ul style="list-style-type: none"> Research/development to extend the consumption period of desserts and ensure product safety
Establishment of safety management for differentiated products	<ul style="list-style-type: none"> Conduct regular conferences between partners on a semi-annual basis CCP* management by establishing a regular inspection system (food products: summer season, non-food products: year-end) / Conduct regular on-site inspections of PB products once a year (separate management)

* CCP: Critical Control Point

Assessment

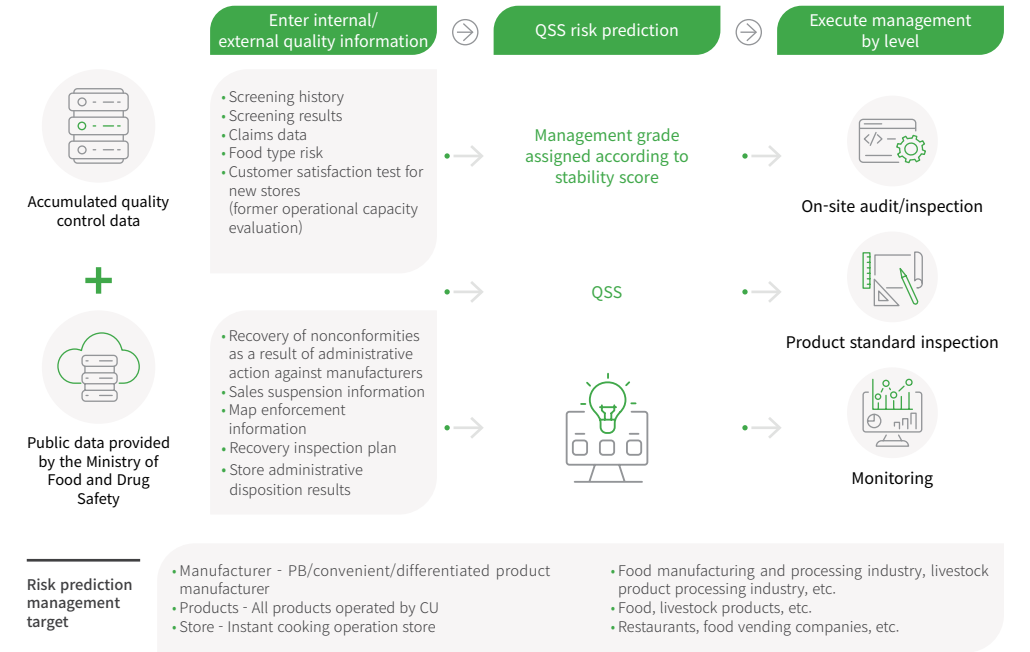
Quality Management System (ISO9001)

The quality management system (ISO9001) is granted to companies that operate quality management throughout the entire process of product and service development, introduction, and operation in accordance with international standards. BGF Retail has received it, operates quality management, and conducts post-assessment every year.

Quality Safety System (QSS)

In order to provide safe products to customers, BGF Retail has established a systematic quality control process based on the QSS system that combines our own data and public data from the Ministry of Food and Drug Safety. Since 2022, we have been selecting and managing risk-predicted products, manufacturers, and stores based on this process. We predict risks for manufacturers, products, and stores through QSS' risk prediction management system and operate an emergency response process when quality issues occur to respond to risks immediately. In addition, we select items exposed to risks every month, predict related risks, assign control grades from A to C, and conduct on-site screening/inspection, product specification inspection, and monitoring for each grade.

Risk Prediction Management Process



	Risk prediction management	Emergency response management
Management standards	According to QSS risk prediction management 'stability score'	When QSS safety management quality issues occur
Frequency of management	Target selection once a month	Immediately upon occurrence
Management method	Inspection: On-site inspection, outsourcing inspection, wire verification, management document inspection, etc. Testing: microbiology, physical chemistry, PCR, EPM, etc. Monitoring: Monitoring claims trends, additional collection and confirmation of related quality information, etc.	



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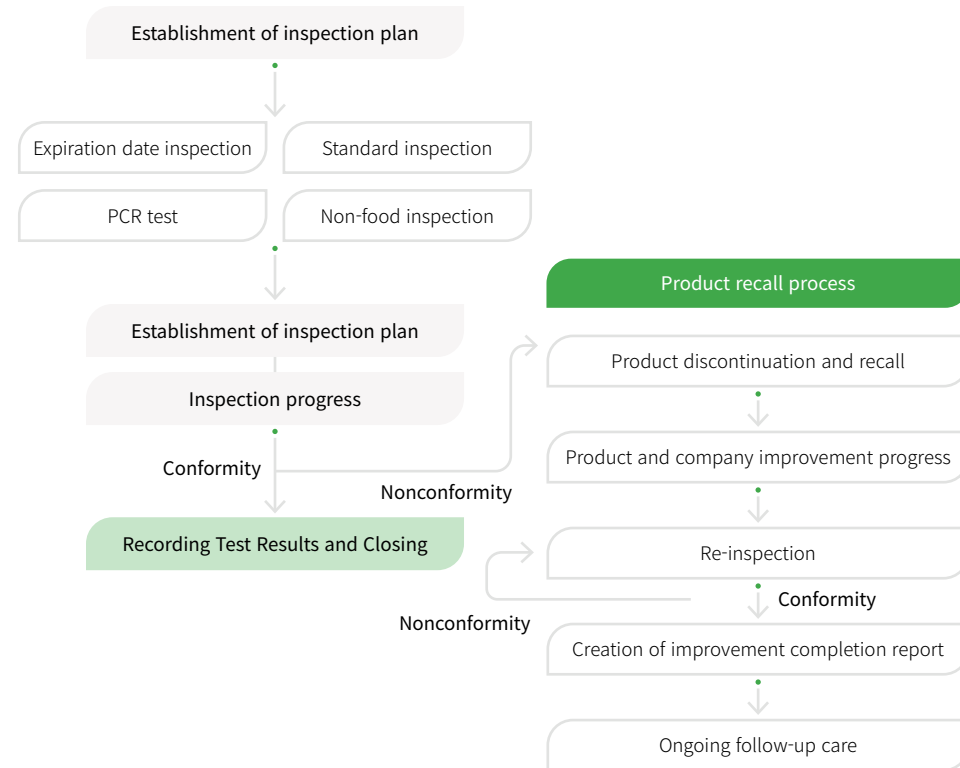
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Product Safety Evaluation

BGF Retail evaluates product safety with an external screening agency to ensure quality safety and manage history. In 2023, a total of 5,824 product screenings were conducted, including regular collection inspections of convenience foods and PB products and collection inspections of ready-to-cook products, with 376 cases for manufacturers and 138 cases for logistics centers. Additionally, we conducted 649 sanitary inspections targeting quick-cooking stores and stores near schools.

Product Safety Evaluation Process



Safety Evaluation Performance

Category		Number of screening (cases)	Number of risk occurrences (cases)	Action rate (%)
Products	Convenience food	5,075	10	100
	PB product	70	0	100
	Ready-to-cook food	679	0	100
Business site	Manufacturing company	376	21	100
	Logistics center	138	0	100
	Franchisee	649	18	100

3-year Recall Status

Category	Unit	2021	2022	2023	
Food safety	Number of recalls	Case	3	0	0
	Number of recalled products	Number	3	0	0

* Target: Convenience food and PB products

**Based on the number of cases detected by the Ministry of Food and Drug Safety and the Korea Consumer Agency

Processing Details for Voluntary Recall Products

Date of occurrence	Product name	Reason for recall	Action
23.05.25	<ul style="list-style-type: none"> • Black sesame flavored whipped cream • glutinous rice cake • Chocolate-flavored whipped cream • glutinous rice cake 	<ul style="list-style-type: none"> • Recall due to deterioration a day before expiration date according to raw material issue 	<ul style="list-style-type: none"> • Guidance on product disposal at all stores through OPC • Quality hygiene review and environmental inspection for manufacturers • Sales resume after corrective action is completed and inspected
23.06.29	<ul style="list-style-type: none"> • Daepyo wheat beer 	<ul style="list-style-type: none"> • Products with a specific production date are being recalled due to concerns about the possibility of deterioration due to prolonged exposure to room temperature. 	<ul style="list-style-type: none"> • Guidance on product recall at all stores through OPC • Product collection inspection • Sales resumed after confirming the manufacturer's change in carbonation injection process.

* Standard: For PB and differentiated products



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Performance

Partners' Quality Management

Food Safety Management

BGF Retail conducts regular inspections to manage food quality and safety. For new would-be partners, we conduct on-site inspections to determine their quality and hygiene management status. In particular, for highly important products such as convenience foods and PB products, we have established an individual quality control process and conduct regular quality and hygiene screening once a year. We impose penalties to manufacturers who fail to meet quality/hygiene standards according to the processing standards for each grade, and establish and monitor measures to prevent recurrence. In 2023, a total of 5,824 product screenings were conducted, including regular collection inspections of convenience foods and PB products and collection inspections of ready-to-cook products, with 376 cases for manufacturers and 138 cases for logistics centers. Additionally, we conducted 649 sanitary inspections targeting quick-cooking stores and stores near schools. BGF Retail prevents food safety accidents by monitoring 71.8 preliminary safety inspections every month.

Quality Management Support for Small and Medium-sized Partners

To improve the quality management of products from small and medium-sized partners, BGF Retail provides hygiene and quality education, quality management standard information, and quality consulting for PB product manufacturers through the Quality Safety Management System (QSS). In addition, in order to improve the quality competitiveness of companies that do not meet our standards, we are improving the hygiene and quality levels of our partners by supporting self-inspection and informing them of relevant legislations and amendments.

Manufacturing Center Quality Management

Food Manufacturing Center Quality Control

To identify and prevent risk factors that may occur at each stage of food consumption by consumers through the manufacturing, processing, preservation, distribution, and cooking stages of raw materials, BGF Retail selects partners with priority given to companies that have obtained HACCP (Food Safety Management Certification) certification. In addition, with the goal of building a safe food supply chain, we conduct regular quality and hygiene evaluations for all food manufacturing centers through external review agencies, and continuously conduct on-site inspections and safety tests on finished products.

Quality Control of Raw Materials

BGF Retail has redefined the raw material specifications for manufacturers of FF (Fresh Food) products, including lunch boxes, which are highly important products, and is managing quality risks at a preventive level based on an internal checklist. In addition, in order to build a safe food supply chain, we conduct inspections through an external screening agency every year on new or problematic food manufacturers, including NB and PB, and continuously conduct on-site screening and finished product stability tests.

Producer Real Name System

In order to disclose transparent quality information and improve safety, BGF Retail became the first in the industry to implement a real-name producer system that identifies the person in charge of the product on convenience food packaging starting in February 2024. Currently, this system is applied to 39 lunch box products. Some stores apply the Electronic Shelf Label (ELS) to display statutory food label information and best-before date, etc. for ready-to-cook foods, which supports instant product label revision when necessary. In addition, ELS also displays best-before dates along with legally required label information to deliver safe food to consumers.





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Logistics Center Quality Management

Regular Inspection of Distribution Centers

BGF Retail reviews the hygiene management status of their logistics centers through an external professional screening agency three times a year. In the case of room temperature logistics centers, items related to hygiene law compliance, workplace hygiene, food handling status, delivery vehicle cleanliness, product quality, and safety are evaluated based on a checklist. In the case of low-temperature logistics centers, compliance with the cold-chain system* is checked at all stages from receipt of refrigerated and frozen products, storage, and store delivery.

* Cold chain system: A low-temperature distribution system that ensures product quality and safety by maintaining low temperatures when distributing refrigerated/frozen products.

Appropriate Temperature Delivery System

We equip all low-temperature delivery vehicles with cooling devices and temperature sensors to minimize the risk of deterioration of refrigerated and frozen products delivered to CU stores nationwide. In addition, to ensure delivery at an appropriate temperature, we monitor information such as the location of the delivery vehicle, operating status, conditions inside the vehicle, and temperature every 5 minutes through CVO (Commercial Vehicle Operation)'s real-time temperature recording system and GPS control system.

Franchise Quality Management

Hygiene Management

BGF Retail inspects its franchisees every year in accordance with the Ministry of Food and Drug Safety's safety management guidelines. In particular, in the case of CU stores that sell ready-to-cook products, we regularly check compliance with laws and regulations and management status in the process of cooking, selling, and storing products. In addition, we regularly conduct quality control operation diagnosis, hygiene management education, and hygiene management safety campaigns for franchisees. We participated in the hygiene rating system hosted by the Ministry of Food and Drug Safety and obtained the hygiene rating system for 107 stores in 2023. We aim to acquire an additional 400 stores in 2024. BGF Retail, in cooperation with the Ministry of Food and Drug Safety, is operating a 'hazardous product sales blocking system' that immediately stops sales of the product in all stores nationwide when hygiene issues arise.

Expiration Date Inspection System

BGF Retail manages the health and safety of customers through the Time-PLU barcode system, an expiration date inspection system. The Time-PLU barcode system was developed and patented by BGF Retail, and POS recognizes FF (Fresh Food) products that have expired and blocks their sale.

Managing Certification Information of Operating Products

BGF Retail manages item report numbers, such as administrative disposition history, for all items, and is establishing an information management system for certification, approval, and reporting for quasi-drugs, hygiene products, and KC-certified products, excluding food. By managing the certificate information for the product, we check whether the operated product is a legally reported product. For products sold online, product information is provided so that customers can check information such as reporting. An Electric Shelf Label (ELS) has been introduced in 2024 and is being piloted, displaying legally required label information and best-before dates for ready-to-cook foods sold at convenience stores.

Food Hygiene Laws and Regulations

Category	Unit	2021	2022	2023	
Food hygiene laws and regulations	Violation of food hygiene laws	Case	3	0	0
	Safety violation rates for high-risk food category	%	0	0	0
	Number of applications for acquisition of the Ministry of Food and Drug Safety hygiene rating system	Case	0	37	107

* Based on the number of violations of laws and regulations within BGF Retail manufacturing and business sites (franchises are not calculated as separate businesses)



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Developing Healthy and Nutritious Products

BGF Retail is expanding the health function category for Healthy Pleasure to help customers lead healthy lives through healthy and nutritious products. Accordingly, we are continuously launching products with less salt and calorie and more protein protein content compared to conventional convenience foods, and are expanding the category of healthy food concepts such as HMR (Home Meal Replacement) and snacks in addition to convenience foods. In order to continuously develop these products, BGF Retail Product Research Institute, a dedicated convenience food R&D organization, researches and develops convenience food products considering taste and nutrition through consultation with a group of culinary researchers. In addition, to promote nutritional information for PB, convenience food, and CU differentiated products, we are highlighting this information on the package, and as of 2023, 27 products have this information highlighted.

Category	Description
Healthy Snack Series (Get Balanced)	Starting with protein chips with increased protein content and reduced sugar, we are launching a series of high-protein snack products using healthy ingredients such as tofu and chickpeas.
The Healthy Diet Series	We are supporting our customers' balanced diet by continuously launching a series of convenient meals with a balanced carbohydrate, protein, and fat.
Vegetarian products	Since 2019, we have been researching, developing and launching vegetarian products that take health and the environment into consideration to meet the needs of vegetarian customers.
Delaffe Plus	We have launched Delaffe Plus, a health-concept blended drink containing functional ingredients that help relieve stress, improve immunity, and alleviate fatigue.

Standards for Healthy Diet Products

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



Status of Operation of Animal Welfare Certified Products

Category	Unit	2021	2022	2023
Number of meat products	Type	1	2	1
Sales volume of meat products	Number	18	188	16
Sales of meat products	KRW thousand	573	5,956	1,877
Number of poultry products	Type	2	4	3
Sales volume of poultry products	Number	623,973	573,591	474,740
Sales of poultry products	KRW million	1,244	1,307	1,098

Status of Organic Product Operation

Category	Unit	2021	2022	2023
Number of organic products (food)	Type	4	43	15
Sales volume of organic products (food)	Number	432,379	12,604,397	4,460,000
Sales of organic products (food)	KRW million	561	20,287	8,650
Number of organic products (non-food)	Type	9	22	27
Sales volume of organic products (non-food)	Number	745,099	1,324,567	4,774,276
Sales of organic products (non-food)	KRW million	2,628	5,525	15,788



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Operation Status of Healthy and Nutritious Products

Category	Unit	2021	2022	2023
Number of healthy diet products*	Type	3	6	4
Sales of Healthy diet products	KRW million	648	498	1,686
Sales volume of healthy diet products	Number	152,368	109,930	602,103
Sales ratio of healthy diet**	%	3.2	2.9	1.8
Number of products in Get Balanced***	Type	-	-	8
Sales volume of Get Balanced	Number	-	-	1,548,769
Sales of Get Balanced	KRW million	-	-	2,667
Sales volume of vegetarian products	Number	784,234	352,406	718,349
Sales of vegetarian products	KRW million	1,844	935	2,079

* Healthy diet: Convenient food with a health concept, such as low sodium and low calories

** Get Balanced products have been sold since October 2022

*** Calculation of healthy diet sales ratio: Healthy diet sales / Total convenience food sales

Health and Nutrition Labeling

BGF Retail displays nutritional information on all products in accordance with legal labeling standards (e.g. Food Labeling and Advertising Act, Children’s Dietary Act, and Food Sanitation Act). Additionally, we apply a full nutrition labeling system to our lunch box products. The nutritional labeling of lunch boxes has been expanded by more than 10 times compared to before, allowing consumers to better check the nutrient content, and this has been applied to 27 convenient foods as of 2023. Additionally, in order to provide our customers with high-quality, safe products, we comply with laws and regulations regarding GMOs and do not use GMO-derived raw materials.

Violation of Labeling Laws

Category	Unit	2021	2022	2023
Violations related to product/service information and labeling	Case	0	0	0
Fines related to product/service information and labeling	KRW million	0	0	0
Number of violations of voluntary regulations related to product/service information and labeling	Case	0	0	0
Number of non-monetary sanctions and lawsuits related to product/service information and labeling	Case	0	0	0
Violations related to display and advertising	Case	0	0	1*
Number of violations of voluntary regulations related to display and advertising	Case	0	0	0
Fines for violations related to display and advertising	KRW million	0	0	3
Number of non-monetary sanctions and lawsuits related to display and advertising	Case	0	0	0

* Violated the law related to the transmission of advertising information for commercial purposes in September 2023



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Value of Customers

Strategy

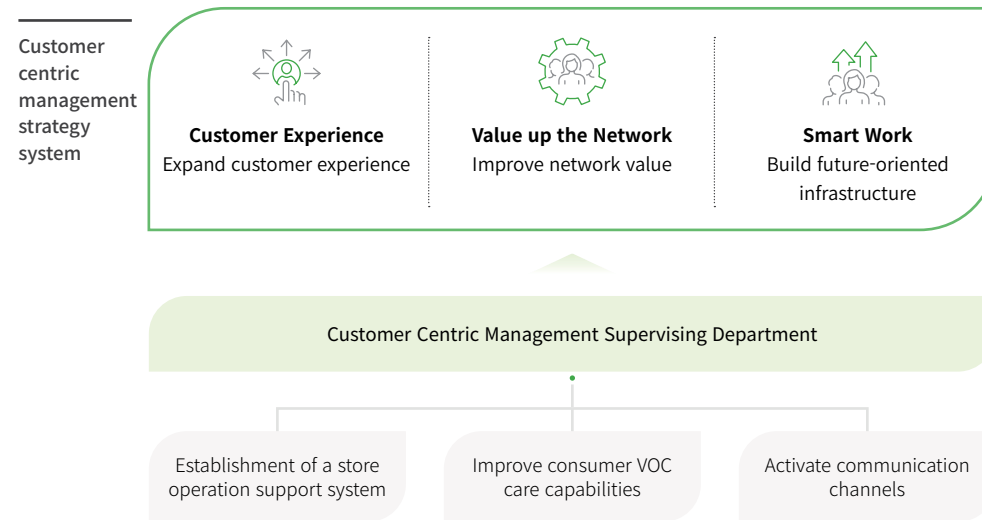
Policy and Strategy

BGF Retail is leading customer satisfaction by putting customers first and improving consumer satisfaction based on the corporate philosophy of 'To Be a Good Friend to Customers and Society.' In particular, due to the nature of the franchise business, the key stakeholders are customers, so we share the 'Gratitude Promise' declaration with all franchisees, which is a customer-facing promise to provide high-quality products and services to customers. Accordingly, we are supporting franchisees and their staff to internalize consumer-centered management practices.



Declaration of Gratitude Promise

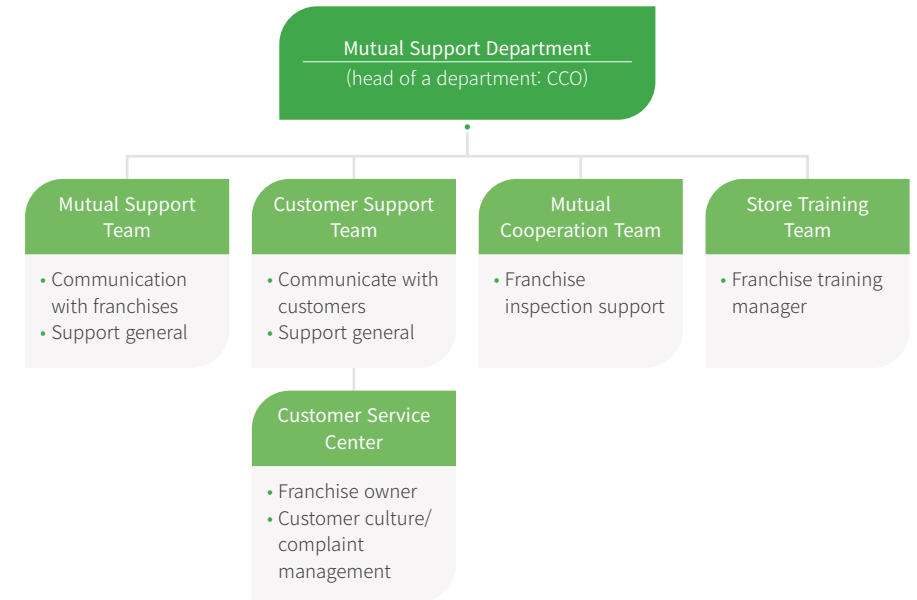
- ➔ Consumer Satisfaction Management
- ➔ Customer Centric Management Declaration



Governance

BGF Retail appointed the head of the Win-Win Cooperation Department as the Chief Customer Officer (CCO) and established a dedicated consumer organization under him(her) to stably operate VOC and resolve consumer complaints.

Dedicated Consumer Organization





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Target

BGF Retail aims to improve consumer efficiency and interests by analyzing voice of customers and improving customer service, product quality, systems, and various convenience services based on this. To this end, we are in the process of improving customer consultation services and upgrading the consultation system. In particular, we plan to improve customer consultation services by strengthening the expertise of the customer center and to advance the consultation system by activating consultation with AI chatbots. In addition, we will expand customer value by establishing a mobile consultation system and expanding direct communication channels between customers and franchisees/franchisers.

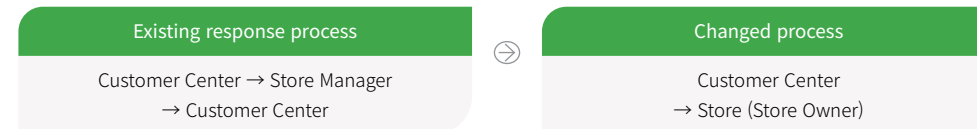
Mid-to Long-term Goals and Plans

2024	2025	2026
<ul style="list-style-type: none"> Customer store evaluation using APP Checking store operational capabilities through regular on-site inspections Strengthen customer response by establishing a second customer center 	<ul style="list-style-type: none"> Improving customer one-call response through integrated consultation operation of delivery and mobile gift certificates Expand the scope of customer service provision through chatbot analysis Increase manpower and strengthen expertise to expand mobile consultation (chat/APP) 	<ul style="list-style-type: none"> Support for customer active problem solving through advancement of mobile consultation system Developing direct customer communication channels

Assessment

Risk Assessment Process

BGF Retail collects customer opinions through VOC channel and conducts customer satisfaction surveys twice a year to identify risks every year. For risks identified through our own risk identification process, we establish improvement plans, implement mitigation measures, and evaluate their effectiveness. The main risk identified in the 2023 risk assessment was usage inquiry claims due to the increase in customers using delivery services. To improve this, we developed an SMS resending system and introduced delivery specialist counselors to handle 100% of delivery consultation VOC. Additionally, by introducing efficient work processes, we support prompt consultation. As a result of risk improvement activities, we received a 103.2% improvement in service satisfaction scores compared to the previous year.



Risk Identification and Effectiveness Assessment

Risk Identification

- Rising complaints due to the increase in customers using courier services and the absence of a dedicated department



Action

- Cultivating and operating professional delivery counselors
- Development and operation of SMS resending system



Effectiveness evaluation

- Speedy processing by reducing customer consultation processing steps
 - Existing: Step 3 customer center → store manager → customer center
 - Change: Step 2 Customer Center → Store
- Delivery consultation processing rate 100%
- CU satisfaction evaluation improved by 103.2% compared to 2022

CCM Certification

BGF Retail is realizing consumer-centered management through CCM (Customer Centered Management) certification. In order to improve customer convenience and satisfaction centered on the CCM operating system, we continuously improve the pre- and post-management systems for stable VOC operation and consumer complaint resolution.



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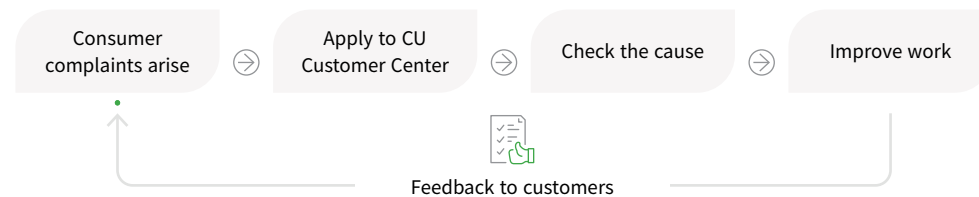
Consumer Rights Protection

BGF Retail is committed to protecting consumers' rights and interests by systematizing work processes and strengthening follow-up management as the number of consumer disputes and external agency filings increases each year. When a customer dispute is reported to an external agency, the general department collaborates to quickly resolve the dispute through cross-departmental communication. We quickly share dispute details with relevant departments and establish response plans for each case and plans for future system improvement and advancement. In cases where additional legal judgments must be made, we protect consumer rights as a top priority through legal review. To prevent the same dispute from recurring, we analyze the types of disputes filed with external organizations, manage their history, and monitor work improvement. To this end, we are establishing a collaboration system for each department. In other words, when a customer dispute arises, we aim to improve customer value by quickly resolving customer inconveniences by quickly sharing and processing the contents internally to protect consumers' rights and interests, and communicating closely externally with the receiving organization.

VOC System

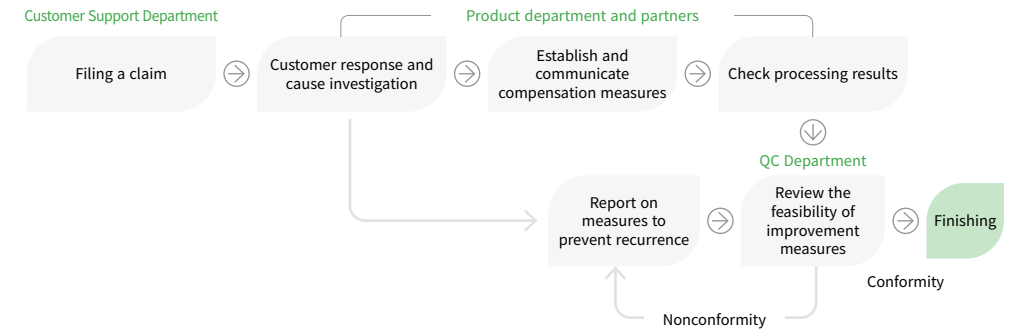
BGF Retail operates a VOC system that receives customer complaints, suggestions, and opinions and improves customer satisfaction through action, processing, and improvement. We strive to increase customer satisfaction by resolving issues received through the customer center through cooperation between the customer support team and each department in charge. We also operate a consumer compensation process and are committed to remedying customer losses in accordance with the Korea Consumer Agency's 'Consumer Dispute Resolution Standards.'

Consumer Damage Compensation Procedure

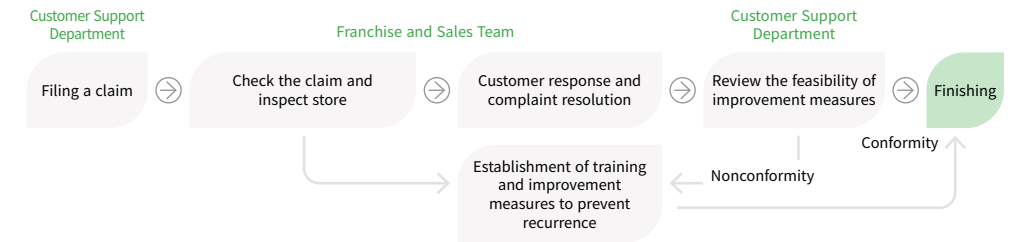


* When providing feedback, damages are resolved in accordance with the 'Consumer Dispute Resolution Standards' of the Korea Consumer Agency.

Product Quality Complaints

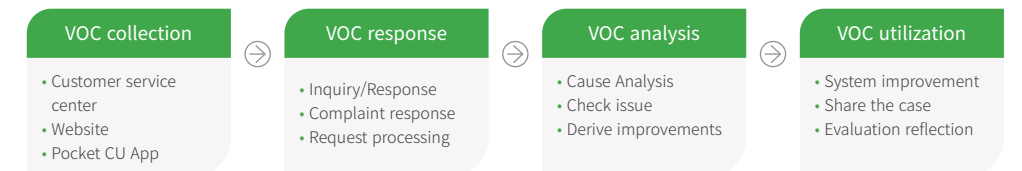


Sales Complaints



VOC Process

BGF Retail processes VOCs that received anonymously analyzes complaints, and provides guidance to stores by analyzing and sharing various cases. Additionally, if an emergency incident occurs at the store, a text message is automatically sent to the person in charge of the relevant department to promptly handle it. Among the consumer opinions received through the VOC channel, we received opinions related to the accessibility of delivery services, so we have improved the system by operating a delivery specialist counselor system in 2023.



VOC collection

- Customer service center
- Website
- Pocket CU App

VOC response

- Inquiry/Response
- Complaint response
- Request processing

VOC analysis

- Cause Analysis
- Check issue
- Derive improvements

VOC utilization

- System improvement
- Share the case
- Evaluation reflection



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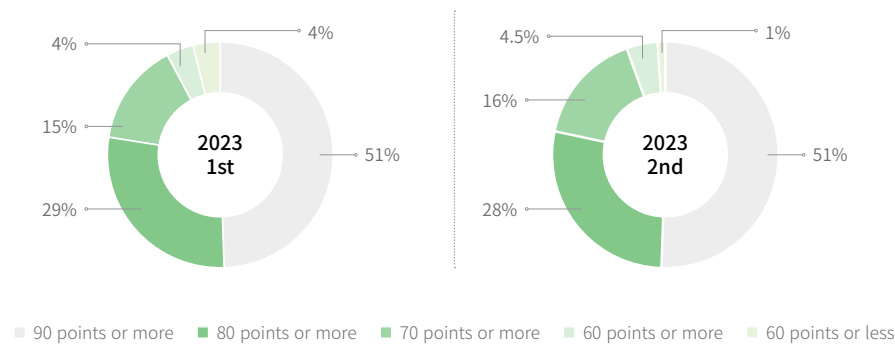
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Status of VOC System Processing

Category		Unit	2021	2022	2023
Complaint processing	Monthly average number of consumer complaints	Case	131	152	165
	Monthly average number of consumer complaints per store	Case	0.008	0.009	0.009
	Performance of handling consumer complaints	%	-	86	93
Customer opinion	Number of product launch proposal requests	Case	56	96	33

Customer Satisfaction Survey

BGF Retail conducts a customer satisfaction survey at stores nationwide every year. Based on the major improvements for each store identified through the survey and the items objectively evaluated by customers, the headquarters provides analysis data for each store to support improvement activities. The analysis data for each store is focused on product operation (Q), customer service (S), and store cleanliness (C), and analysis and improvement suggestions tailored to each store are specified.



CU Satisfaction Evaluation

Category	Unit	2021	2022	2023
CU satisfaction evaluation	Point	89.6	92.3	95.3

Customer Convenience Service

Real-time Consultation Talk

BGF Retail has improved accessibility by being the first in the industry to introduce a real-time consultation talk service where professional counselors provide customized answers through chat. For customers who have difficulty with voice counseling, we use photos and videos. All received consultations are processed on the same day they are received, ensuring shorter turnaround time.

Big data & AI-based Consultation Chatbot Service

BGF Retail operates the 'Chatbot CU Customer Center' enabled by artificial intelligence solution trained on big data accumulated through the CU Customer Service Center. Customers can quickly and easily find answers to questions regarding membership, events, and store locations by simply searching for keywords. In addition, we continuously monitor the service based on customer opinions and evaluations of the customer center consultation service.

Disability-friendly Convenience store

Universal Design

BGF Retail is continuously improving the universal design and services of CU stores so that the mobility-impaired (e.g. people who depend on wheelchairs) can access the store safely and conveniently. We are continuously improving the convenience store user environment by installing ramps at convenience store entrances and attaching help bells and notices.

Product Pickup Service

BGF Retail collaborated with a research company under the Ministry of Science and ICT to introduce a pick-up service for people with mobility impairments. This is a pickup service that allows visually and hearing impaired people who have difficulty visiting the store in person to purchase products using an app.

Category	Description
2021	Establishment of standards for convenience facilities for the disabled
2022	Universal design application such as internal/external help bells, ramps, and wheelchair-specific space
2023	Expansion of internal/external help bells (326 stores as of March 24) and introduction of product pick-up service
2024	Installation of wheelchair ramps in stores through agreement with Seoul Metropolitan Government (15 locations)



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Strengthening Online Shopping

Pocket CU

BGF Retail provides services such as convenient PICK (convenience store pickup), delivery, reservation purchase, and real-time inventory inquiry through its own commerce application, Pocket CU. In addition, customers and stores communicate directly through 'My Online Store', a store marketing promotion led by franchise owners, and differentiated store marketing is carried out for each individual store to increase shopping convenience for customers. BGF Retail will continue to use Pocket CU to expand customer accessibility and continue to expand the store's sales influence.

Live Commerce

BGF Retail is the first in the industry to operate live commerce to expand communication with customers and strengthen strategic product promotions. Live Commerce operates external channels and its own channel, Pocket LIVE, and provides information on major new products and exclusive launch products. CU's live commerce provides fun to customers by adding content to promotions and enhances accessibility to online and offline store events. The cumulative number of views on Naver Shopping Live in 2023 is approximately 3.13 million, which is approximately 118% higher than the previous year.

Category	Unit	2020	2021	2022	2023
Rate of customers using online service solutions/sales platforms	%	0.74	1.22	1.13	1.26
Profit rate of online service solutions/sales platforms	%	1.67	1.95	2.42	2.26

Shopping-friendly Convenience Store

Non-face-to-face Payment Convenience Store

BGF Retail is keeping pace with the spread of the non-face-to-face consumption environment through 'Tech friendly CU,' a completely unmanned smart convenience store where the entire process is carried out automatically, and a hybrid convenience store that can switch to unmanned sales at night. In addition, in April 2023, we are operating Self-POS 2.0, a non-face-to-face payment system that allows customers to pay for products themselves, to enhance the convenience of customers and the operational efficiency of franchisees. Self POS 2.0 analyzes user usage behavior to strengthen services such as quick payment mode and payment screen mirroring, and also provides English services for foreign customers.

Expansion of Economical Products to Stabilize Prices

Taking into account the recent 'lunchflation' caused by high inflation, we are working with small and medium-sized partners to improve consumer convenience and satisfaction, and are expanding our ultra-low-price PB brand series focusing on necessities such as ramen, eggs, kimchi, and instant rice. In addition, for customers who feel burdened by eating meals, we are continuously releasing affordable convenience food products, including cup ramen and snacks priced under KRW 1,000, and through this, we are improving customer convenience and satisfaction.

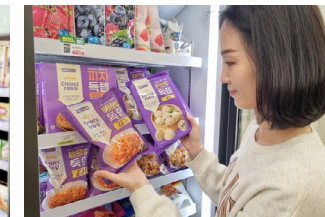
Concept Store

CU analyzes location, commercial area, and major customers to operate a variety of differentiated stores through specialty stores and flagship stores in each field such as liquor, finance, and grocery.

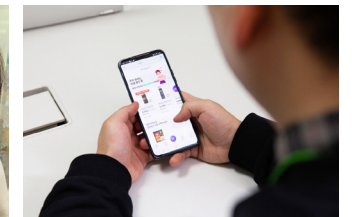
Category	Description	Store
Product specialization	Ramen Library	<ul style="list-style-type: none"> Hongdae Sangsang Branch ('23) Jamsil Pier Branch ('24) Incheon Airport T2 Transportation Center Branch ('24)
	Snack Library	<ul style="list-style-type: none"> Incheon Airport T2 Transportation Center Branch ('24)
Special location	Flagship Store	<ul style="list-style-type: none"> Olympic Square Branch (Renewal) ('23) Everland Branch ('23) Inspire Resort 1st and 2nd branches ('23)



Ramen Library



Economical products for price stability



Convenience PICK (convenience store delivery) order



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Privacy Protection and Information Security

Strategy

Policy and Strategy

BGF Retail operates an efficient security management system by establishing information security management regulations and personal information management regulations to ensure business continuity and protect information assets from various security risks. BGF Retail complies with information protection-related regulations set by the country and industry and regularly inspects security to minimize related risks. In addition, we are updating our personal information processing policy every year, and in the first half of 2023, we added an ‘easy-to-read personal information processing policy’ to our website and prepared separate guidelines to make it easier to understand key points.

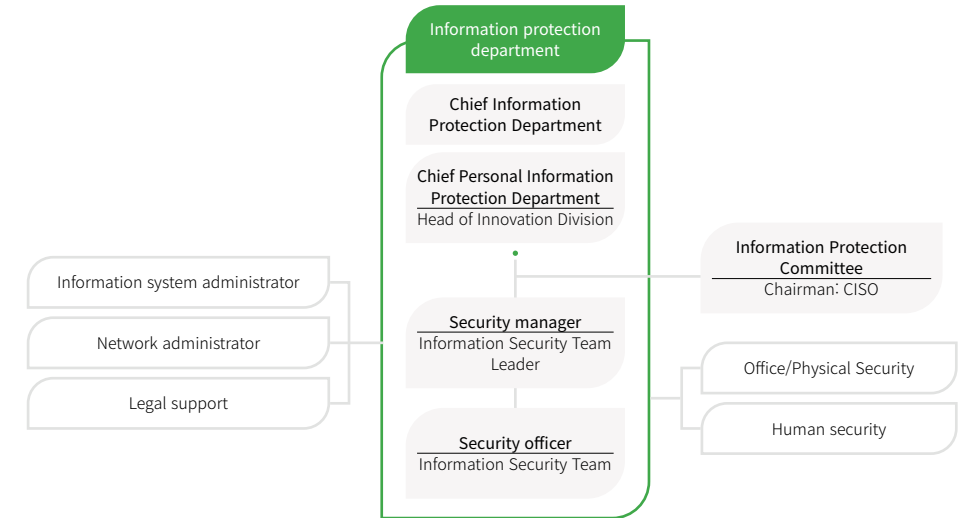
➔ **Easy-to-read Personal Information Processing Policy**

Information Protection Principles

- 1_BGF Retail must continuously improve and improve information security to achieve its management goals.
- 2_Employees must recognize the importance of information protection and comply with regulations.
- 3_BGF Retail must respond quickly in the event of an information security incident and establish measures to prevent recurrence.

Governance

BGF Retail has established an information security governance system for internal information security and has designated a chief information security officer to supervise the management system. The Chief Privacy Officer (CPO) is the head of the innovation department of a C-level executive and oversees information security and personal information systems. The CPO’s appointment requirements include a total of 4 years of experience in the fields of personal information protection, information protection, and information technology, and in particular, at least 2 years of personal information protection experience. In addition, the head of the Innovation Division, who is the chairman of the Information Security Committee, is in charge of overall cybersecurity strategy. Its subordinate organization, the Information Protection Committee, an organization dedicated to information security, manages information security by establishing business regulations and processes. BGF Retail’s personal information protection policy and system are included in the risk management area of the entire group. When a risk occurs, the information security team leader, who is the security manager, reports it to the risk management committee according to the manual and monitors it.



Target

BGF Retail will replace old security equipment every year from 2024 to 2030 with the goal of certifying the information protection management system and strengthening CU store security in accordance with the ‘Mid/Long-Term Investment Plan for Information Security 2030.’ In addition, we plan to strengthen information security by upgrading the necessary systems by recent cyber security trends.

Mid- to Long-term Goals and Plans

Category	Description
2024	<ul style="list-style-type: none"> • Strengthening web and app source code analysis • Introduction of personal information retention and processing system and establishment of management system • Strengthening store information security system
2025	<ul style="list-style-type: none"> • Advancement of wireless security • Enhancement of personal information retention and processing system management system • Strengthening store information security system
2026~	<ul style="list-style-type: none"> • Establishment of integrated security management solution • Strengthening store information security system



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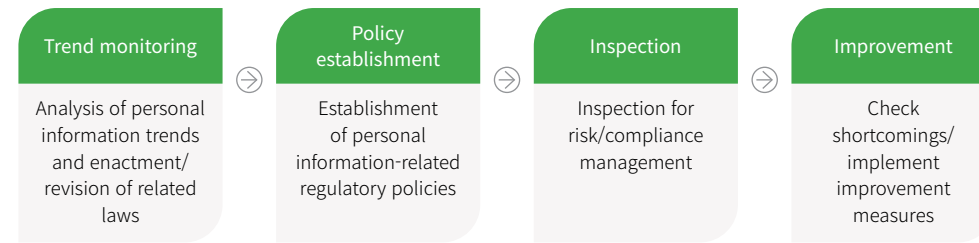
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Assessment

Personal Information Management System

BGF Retail establishes personal information management regulations and regularly inspects them. We identify risks by internally examining legislation/revisions and industry-wide information security issues, and regularly improve identified risks.



Information Security Risk Identification

BGF Retail checks the personal information protection trend report published by the Korea Internet & Security Agency and monitors it through the Personal Information Protection Committee. There was no customer information leakage issue, but an incident occurred in February 2023 due to a breach of the brand website. Accordingly, BGF Retail identified customer information protection management as a major risk and responded accordingly.

Information security Risk Response and Mitigation Measures

BGF Retail conducted a personal information protection survey on major customer information systems in 2023 through a company specializing in information protection. In addition, based on a checklist that reflects legal revisions, we comprehensively inspected the personal information life cycle, personal information protection measures, disclosure of personal information processing policy, and personal information leak response system, and made about 42 improvements. We deliver improvements to the responsible department along with specific response guides to support improvements within the period of action.

We are committed to achieving practical personal information protection effects beyond inspection through continuous follow-up inspections, and as of 2023, there have been no cases of customer information leakage.

Vulnerability Analysis

In order to respond to hacking and cyber infringement incidents that occur from outside, we diagnose our security system, analyze server vulnerabilities, and prepare preemptive measures through information security consulting once a year. In addition, we regularly supplement security vulnerabilities in business PCs and systems in accordance with the latest security trends and KISA security vulnerability guidance, and analyze threats and respond to breaches through remote cyber infringement control.

Information Security Management System (ISMS) Certification

BGF Retail acquired the Information Security Management System (ISMS) certification, and strengthened the certification system through professional personnel in 2023. For ISMS certification, we evaluate customer information protection policies and activities for CU membership, BGF Retail website, and franchisee system once a year, and strengthen information security through information protection risk assessment, internal review, and system vulnerability analysis. In 2023, the ISMS operating system was verified through a renewal review.



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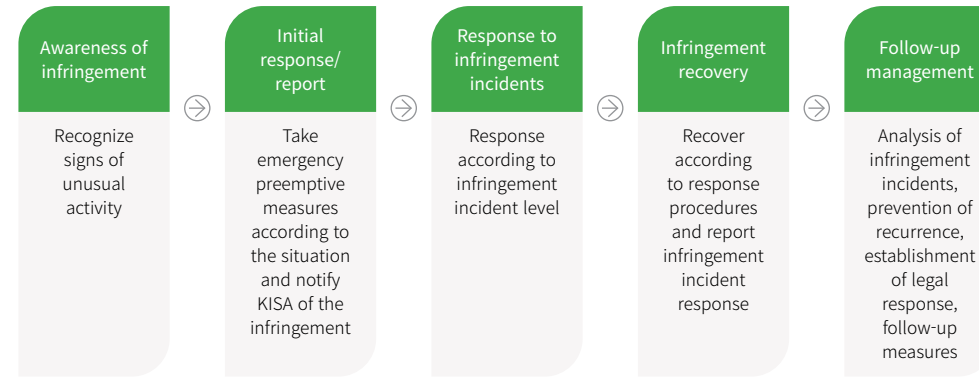
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Performance

Response Process for Information Security Incidents

BGF Retail is establishing an incident response process to take quick and smooth action in the event of an information security breach. If a person (e.g. employee, partners, visitor) related to information assets and activities such as tangible/intangible assets and trade secrets violates information security and personal information management regulations, the Rewards and Punishments Committee may discipline or report them based on the severity of the violation based on the regulations.



Information Leakage and Infringement

Category	Unit	2021	2022	2023	
Violation/Leaks	Total number of information leaks	Case	0	0	0
	Total number of information security violations	Case	0	0	0
Infringement	Infringement rates for personally identifiable information (PII)	%	0	0	0
	Number of customers affected by data infringement	10,000 people	500	580	613
Customer complaints	Total number of complaints	Case	0	0	0
	Number of cases identified by regulatory authorities	Case	0	0	0
	Number of customer privacy infringement complaints	Case	0	0	0

Information Security Training

BGF Retail provides personal information protection and information security training to all employees every year, and in particular, provides professional training on the latest information security trends and security technologies to information protection managers. Additionally, we make the company-wide information access control policy public for all employees to view. To ensure customer service information security, we conduct mock training such as mock hacking, disaster recovery, and malicious emails once a year.

Category	Unit	2021	2022	2023
Training hours per employee	Hour	5	3	1.25

Major Information Security Activities in 2023

- Replacement of old equipment (internal network access control, harmful site blocking system)
- Security system license management (PC asset management solution, remote failure response solution)





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As global supply chain regulations are strengthened, companies are being required to pursue ESG management that goes beyond shared growth with stakeholders. BGF Retail is committed to sustainable management beyond fair and transparent transactions and genuine win-win activities based on cooperation with partners, franchisees, and local communities.

Shared growth with franchisees/partners



- **97 companies** participated in ESG self-diagnosis of supply chain
- **54 companies** participated in supporting expansion in overseas markets

Creating social value through business



- Protection and handover of **161 people**, including lost children, through 'i-CU' (cumulative as of 2023)
- **1,288 hours** of volunteer services done by BGF employees

Coexistence with the local community



- Purchase amount of local specialties worth **KRW 43,195 million**



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Supply Chain Management

Strategy

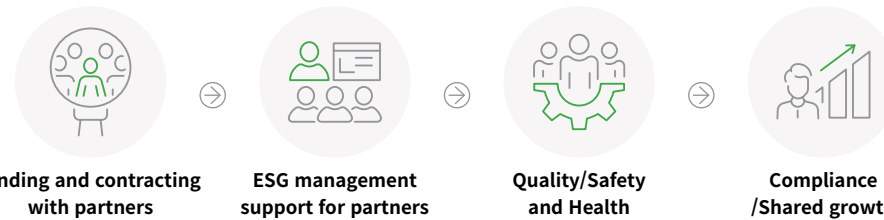
Policy and Strategy

BGF Retail is bolstering ESG management at the supply chain level to minimize the impact of business and respond to ever-intensifying domestic and international supply chain regulations. Accordingly, we are committed to implementing ESG management activities with affiliates and partners by establishing and revising sustainable management principles and promoting supply chain strategies related to ESG management strategies. In addition, BGF Retail has established a 'Code of Conduct for Supply Chain' and shares it with all partners, including franchisees, to ensure compliance therewith. BGF Retail considers its partners as strategic companions, upholds their physical and intellectual property rights, and encourages sustainable management activities related to the environment, safety, health, human rights, and ethics.

Code of Conduct for Supply Chain

Supply Chain Organization System

BGF Retail establishes and operates an organizational system to manage supply chain risks and opportunities in each ESG sector. We organically select responsible departments at each stage of supply chain management and manage them systematically.



Merchandising Department, General Affairs Team, SCM Department	Communication Department	SCM Department, HR & General Affairs Department	Communication Department
<ul style="list-style-type: none"> ESG inspection of partners when signing a contract Partner business collaboration 	<ul style="list-style-type: none"> Support for ESG training content and evaluation 	<ul style="list-style-type: none"> Regular inspection of quality/safety and health of partners 	<ul style="list-style-type: none"> Monitoring of partners' fair trade and handling supply chain grievances

Target

In order to keep growing with our partners and meet global standards, BGF Retail systematically manages ESG capabilities and risks in step with environmental changes and stakeholder demands. We support our supply chain by providing ESG assessment diagnostic tools, training and citations, and seek to raise the level of ESG management by strengthening the capabilities of our partners through continuous supply chain monitoring.

Mid-to long-term Goals

Category	Unit	2024	2025	2026
ESG assessment of partners	Case	100	150	200
Due diligence support for partners	Case	5	10	20

Assessment

ESG Risk Assessment in Supply Chain

BGF Retail is establishing a process to identify and evaluate ESG risks of partners across the entire process. In addition, when selecting new partners, we check their quality management, ethical management, and fair trade practices through a fair trade compliance agreement, and encourage partners to voluntarily engage in ESG management. In 2023, we signed fair trade compliance agreements with a total of 260 new partners and identified their ESG ratings. In addition, we regularly monitor our partners with focus on the main ESG areas by evaluating their performance from partner registration to contract implementation and introducing a three-step process for follow-up management. We have established and are operating a due diligence process for sustainability risks. In 2023, we identified major risks of our partners and confirmed ESG risks in the supply chain through ESG self-assessment. As a result of self-diagnosis, we provided incentives and rewards to partners found to have performed excellent ESG management activities.



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Supply Chain Management Process

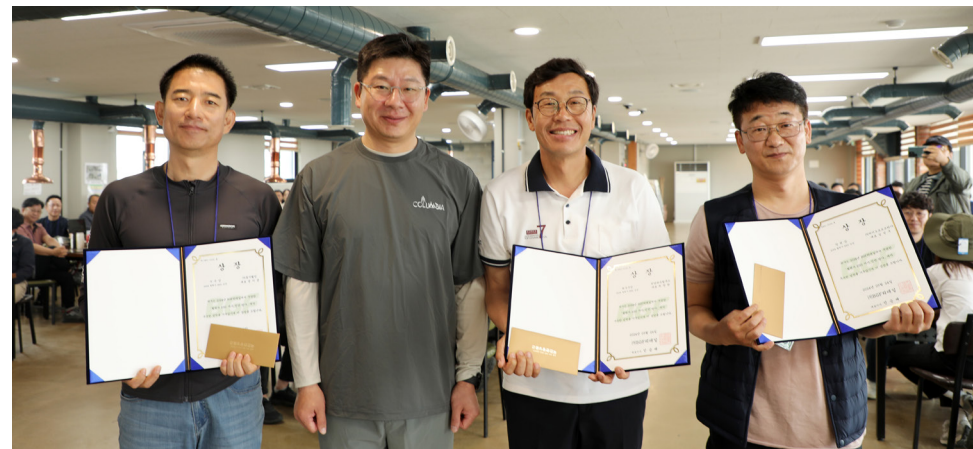


Supply Chain ESG Management

Category		Unit	2021	2022	2023
Supply chain risk management	Conduct on-site inspection *	Case	233	257	364
	Number of companies that have signed fair trade compliance agreements	Company	148	165	260
	Signing rate of fair trade compliance agreements	%	100	100	100
	Supply Chain ESG Assessment**	Case	-	-	97

* Number of due diligence on products and on-site quality inspection

** For main partners



Excellent ESG Partner Awards Ceremony

Identification of Major Partners

Product manufacturers account for a significant portion of transactions done with BGF Retail which believes that ESG management is particularly important for PB (Private Brand) manufacturing partners. Accordingly, we are selecting key partners who produce PB products and conducting ESG self-diagnosis and regular due diligence. Among partners that can have a significant environmental and social impact on the company and our franchisees, we are gradually expanding ESG self-diagnosis by designating 276 companies that manufacture PB products and differentiated products as key tier-1 partners. In addition, we conduct regular due diligence focused on product quality, work environment, hygiene (compliance with laws and regulations), and unfair trade. We designate partners who provide facilities, equipment, and major services to franchisees as key tier-2 partners and check and require them of fair trade compliance agreements when signing contracts. BGF Retail plans to continuously support its partners' ESG management by confirming supplementary matters and support policies based on the results of the partners' ESG self-diagnosis.

Risk Identification Process

Target	Department in charge	Due diligence	Risk identification and improvement management
Partners	Corporate Relation Team, QC Team, BGF Management Consulting Team	<ul style="list-style-type: none"> Regular surveys and reporting/grievance resolution process On-site inspection of business site 	<ul style="list-style-type: none"> Inspection and monitoring of improvement activities
Primary partners	ESG Team	<ul style="list-style-type: none"> Conduct annual self-inspection (Labor, safety and health, environment, ethics) 	<ul style="list-style-type: none"> Inspection and monitoring of improvement activities, awards to excellent partners

Identification Status of Critical Suppliers

Category		Unit	2023
Total Suppliers	Total tier 1 suppliers	Company	738
	Critical tier 1 suppliers	Company	276
	Critical tier 2 suppliers	Company	45

* As a company engaged in the convenience store chain business, we select companies that manufacture major products among the suppliers that trade products and services with us as critical tier 1 suppliers.



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Risk Identification and Action

BGF Retail conducted ESG self-diagnosis on the environment, society, governance, etc. for 97 manufacturers doing business with us. The self-diagnosis list of partners covers environment, human rights, safety/health, and ethical management, and incentives are provided once a year to partners who actively participated in the self-diagnosis. As a result of risk analysis, BGF Retail's partners were found to feature relatively high levels of ethical management and safety/health performance, but improvements were needed in the environment, human rights, and labor sectors. We plan to establish and implement an ESG support plan for our partners in 2024, focusing on the risks identified in 2023. In addition, BGF Retail provides rewards once a year to partners that have featured excellent ESG management (in 2023, three partners were selected and commended).

Environment	Human rights and labor	Safety and Health	Ethical Management
<ul style="list-style-type: none"> • Implementation of environmental education • ISO14001 certification • Greenhouse gas emissions • Energy usage • Waste emissions • Usage of raw materials and components • Air pollution emissions • Water pollutants • Water usage • Wastewater discharge 	<ul style="list-style-type: none"> • Human rights education • Prohibition of forced labor • Prohibition of child labor • Compliance with working hours • Payment of appropriate wages • Proportion of women among workers 	<ul style="list-style-type: none"> • Occupational Safety and Health Policy • Safety and health activities • Deaths and worker status 	<ul style="list-style-type: none"> • Violation of environmental and social laws • Ethical Management Policy
53.2 points/100 points	55.1 points/100 points	94.1 points/100 points	89.0 points/100 points

Performance

ESG Program in Supply Chain

BGF Retail provides various ESG programs to our partners and encourages their voluntary participation. We provide ESG management content through an online education platform, and in 2023, we developed an ESG self-diagnosis list for our supply chain in accordance with the K-ESG guidelines and asked 97 partners to conduct the self-diagnosis. In 2024, we provided a self-diagnosis list to key partners using a supply chain ESG self-diagnosis tool purchased from a 3rd party professional agency. Through this, partners can identify their ESG status level and global trends on ESG requirements raised at home and abroad. In addition, we are collaborating with our partners through a performance-sharing system to improve their capabilities and performance. BGF Retail will remain committed to supply chain management to strengthen mutual business collaboration and support the sustainable growth of our partners.

Category	Description
Support for improving ESG management	<ul style="list-style-type: none"> • Free provision of ESG management diagnosis solutions • Immediate response to general inquiries from partners related to ESG management • Providing ESG education content to partners
Excellent Company Award	<ul style="list-style-type: none"> • Awards for excellent ESG management companies



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Shared growth and coexistence

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Policy and Strategy

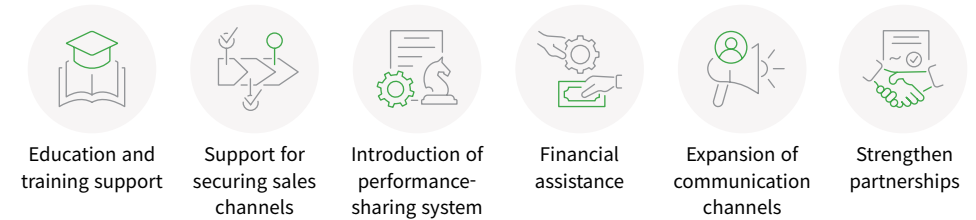
BGF Retail operates various shared growth policies and win-win cooperation programs based on six strategies with the goal of growing and developing together with our partners. To ensure the sustainable growth of our partners, we establish supply chain codes of conduct and support sustainable management activities regarding the environment, safety/health, human rights, and ethics. Additionally, we consider our partners as strategic companions and uphold their physical and intellectual property rights. In 2023, we signed fair trade compliance agreements with 260 small and medium-sized partners, and will build a win-win virtuous cycle by strengthening technology, product development, quality, and price competitiveness based on transparent and fair transactions.

➔ Declaration of Voluntary Compliance for Fair Trade



Main Policy

BGF Retail operates a variety of policies and programs (e.g. financing, education and training support, securing sales channels) to help improve the competitiveness of our partners.



Governance

BGF Retail operates a Shared Growth Promotion Committee under the direct control of the CEO to carry out systematic win-win growth activities. The Secretariat of the Shared Growth Promotion Committee operates various policies and programs with the goal of promoting exchanges and mutual growth with partners.





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Performance

Partner support

Education and Training Support

BGF Retail supports job-specific e-learning online training and quality/hygiene training to strengthen the practical and professional capabilities of small and medium-sized partners. We provide training on food incidents and audit issues, including legislative amendments, to help our partners raise awareness of food safety and manage hygiene-related risks. In 2023, a total of 7,386 online educational contents (e.g. self-development, finance, accounting, communication, management strategy marketing, ESG management) were provided to the employees of small and medium-sized partners. In addition, we provide quality/hygiene training on a semi-annual basis to 120 small and medium-sized food partners.

Financial Support

BGF Retail makes the early payment for small and medium-business's products ahead of the traditional holidays to help them a secure stable funding buffer. In addition, we extend low-interest loans to small and medium-sized partners through the Small and Medium Business Win-Win Fund, which contributes to their management stability and smooth cash flow.

Performance-sharing system

BGF Retail jointly develops new products with small and medium-sized partners to strengthen their development, quality, and production capabilities, and has introduced and operates a performance-sharing system that guarantees purchase quantity. In 2023, a total of 23 performance-sharing system systems were registered and a total of KRW 7.6 billion was provided, which contributed to the launch of differentiated products and increased sales of new products.

ESG Management Support

BGF Retail provided online education services worth KRW 5,5 million to 169 partners to help them practice ESG management, of which 29 partners took 154 ESG lectures. In addition, in February 2023, we made an ESG management practice declaration (on happy and safe workplace, environmentally friendly management, and ethical management) and conducted ESG management training. To check the ESG management status of small and medium-sized partners, we provided an ESG self-diagnosis list, and selected and rewarded companies with excellent ESG management results.

Sales Channel Support

BGF Retail signed a business agreement to support small and medium-sized businesses entering the New Southern countries in expanding their domestic and overseas sales channels. In particular, we export ready-to-cook, convenience food, and beverage products to 500 CU stores in Mongolia, Malaysia, and Kazakhstan. As of 2023, a total of 54 companies participated, and the total purchase amount was KRW 3 billion. In addition, we support face-to-face consultations such as 'Open Consultation Day with Small and Medium Businesses' and offline purchase consultations to help small and medium-sized businesses expand their domestic sales channels.

Partner Support

Category	Unit	2021	2022	2023	
Financial support for partners	Size of win-win fund	KRW 100 million	130	130	130
	Win-Win Fund Loan Amount	KRW 100 million	63	85	66
	Amount for advance payment of holiday payment	KRW 100 million	741	374	230
	Number of partners who received advance payment for the holiday season	Company	224	210	88
	Win-Win Cooperation Fund*	KRW million	5.5	5.5	8.8
Partner training support	Number of e-learning education contents	Content	2,473	7,386	7,386
	Number of partners participating in e-learning training	Company	148	165	169
Purchase from suppliers	Transaction ratio of critical tier 1 suppliers	%	91	87	81

* Reason for decrease in win-win growth fund and payment amount: In 2023, the Lunar New Year holiday was relatively short and coincided with the payment schedule, which prevented advance payments from being made on the Lunar New Year's Day.

Overseas Sales Channel Support Status

Category	Unit	2021	2022	2023
Participating companies	Company	113	64	54
Purchase amount	KRW 100 million	25.7	30.9	30.0



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Partner Communication Activities

BGF Retail operates a communication program to ensure smooth communication with our partners and is committed to improving partnerships by listening to the opinions of small and medium-sized partners and reflecting them throughout the management. BGF Retail is listening to complaints and opinions from small and medium-sized partners through partner communication programs (e.g. regular surveys, VOC on the go), and the total number of complaints received in 2023 was 26. We identified and reviewed these opinions by classifying them into categories, and forwarded them to relevant departments to provide feedback.

Partner Communication Channel

Category	VOC on the go	Fair trade survey monitoring
Description	Collect suggestions and complaints by visiting partner companies' offices and factories (four times a month)	Anonymous survey to identify and improve unfair trade, unfair competition, and human rights-related grievances
Frequency	4 times a month	Twice a year

2023 Partner Communication Performance

Category	Number of receipts (Case)	Number of cases processed (Case)	Processing rate (%)
Description	26	26	100

Excellent Case of Shared Growth with Partners

In March 2024, BGF Retail collaborated with a partner company (Yonsei Milk) to launch CU's differentiated product, refrigerated fresh cream bread, in overseas markets. To export refrigerated fresh cream bread, which is easy to get spoiled, to Mongolia, we discussed with our partners how to manage the delivery cold chain, perform local thawing work, and retain the same taste after thawing. To this end, we also changed the packaging material. Through these efforts, we opened an overseas sales channel for a popular domestic product, selling over 9,500 products sold in just two weeks.



Expansion of refrigerated fresh cream bread into Mongolia with partners

Win-win Agreement with Franchises

BGF Retail aims for joint growth between franchisees and headquarters by collecting franchise fees from sales profits generated through product sales. Since 2017, we have signed a win-win agreement with franchisees every year and provide programs to improve store competitiveness, coexistence, and welfare. BGF Retail applies 55 out of 57 franchise standard contract clauses (adoption rate: 96.5%) and applies 3 out of 4 standard contract clauses recommended by the Fair Trade Commission. Furthermore, since March 2021, we have been supporting stable contract renewals by signing mutual growth agreements with long-term franchise stores that have been in operation for over 10 years. BGF Retail operates various policies and programs to grow together with franchisees based on its win-win support plan.

Status of Franchise win-win Agreements

Category	Unit	2021	2022	2023	
Win-win agreement	Signing rate	%	99.5	99.7	99.5

Status of Stores Operating for More Than 10 Years

Category	Unit	2021	2022	2023
Number of stores	Store	1,635	2,721	2,786
Store ratio	%	10.3	16.2	17.2

Refresh Together Day

BGF Retail holds the Refresh Together Day event every year to provide a venue for open communication with small and medium-sized partners. On this Refresh Together Day, quality management was declared through the 'SAFE FOOD, SAVE EARTH' declaration, focusing on ESG management, and beach cleanup activities were carried out at Pet Beach located in Hwaseong, Gyeonggi-do.





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Franchise Win-Win Program

BGF Retail provides differentiated win-win benefits to improve franchisees' welfare and store competitiveness. We provide a 1% interest discount on loans through the franchise win-win fund, and loans worth KRW 2.26 billion in total were extended in 2023. In addition, we operate a win-win welfare program for franchisees and staff by providing store operation-related insurance, labor/legal consulting services, other (medical, education, store operation) discount services, and reward system/discount services for staff. In 2023, a new program was established to provide withdrawal support for stores with low turnover. In 2024, we signed an agreement with the Korea Workers' Compensation and Welfare Service to ease the burden of severance pay for staff and strengthen worker income security, and increased accessibility to the Fresh Seed plan, a small and medium-sized enterprise retirement pension fund.

Category	Description
'CU JUMP UP' to improve franchisee profits	BGF Retail is operating the 'CU JUMP UP' project, which provides customized solutions for franchisees with sluggish sales (e.g. due to changes in commercial districts, poor operation, aging facilities, etc.). In the CU JUMP UP project, franchisees establish and implement an optimized store improvement plan with a win-win cooperation team comprised of experts in the store, facility, sales, and marketing fields. All costs and manpower incurred are borne by the franchiser.
Win-win financial agreement	BGF Retail signed a win-win financial agreement with the Korea Workers' Compensation and Welfare Service in 2024 to ease the burden of severance pay for staff. Through this agreement, franchisees can be supported by receiving a portion of the severance pay from the government and paying it back in monthly installments. We support franchisees to operate their stores stably and reduce labor risks by reducing the burden of severance pay for staff.

Communication with Franchisees

BGF Retail is committed to improving communication between franchisers and franchisees and boosting sales through various channels and content. In 2023, we held an event to guide product trends, marketing strategies, and store operation directions to franchisees across the country, sharing policy matters and know-how on excellent stores. In addition, we are holding regular or frequent meetings with franchisees through the Win-Win Council, and have implemented a new system through the Advisory Research Group. The Advisory Research Group is comprised of 30 store owners featuring excellence in store operations, and holds regular monthly meetings to an agenda to improve franchise sales and competitiveness. Selected agendas are tested, verified, and researched to determine whether they can be applied.

Win-Win Council

Category	Unit	2021	2022	2023
Win-Win Council	Number of Win-Win Council meeting held with franchisees Case	32	32	32

Happy CU Project

BGF Retail has been carrying out the Happy CU Project since February 2023 to support franchisees with their on-site work and help them better respond to customers. We are conducting a survey on the 'Happy CU Project' targeting 200 excellent stores to collect opinions from franchisees and staff regarding the franchise support system, and plan to put together a franchise support package informed by the survey results.

Satisfaction Survey of Franchisees

BGF Retail regularly surveys the satisfaction of franchisees. The survey items consist of brand, sales, products, facilities, and partner service sectors, and improvement opportunities are derived from the survey results and reflected in business improvement and policy establishment.



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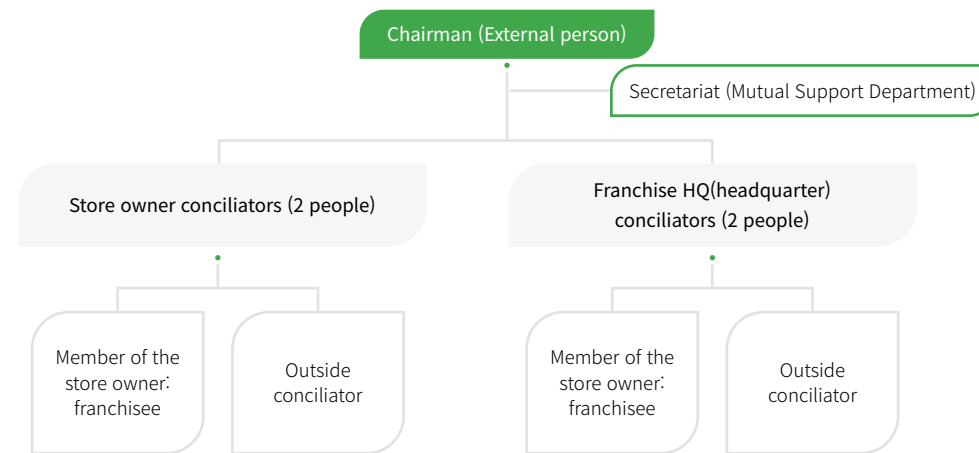
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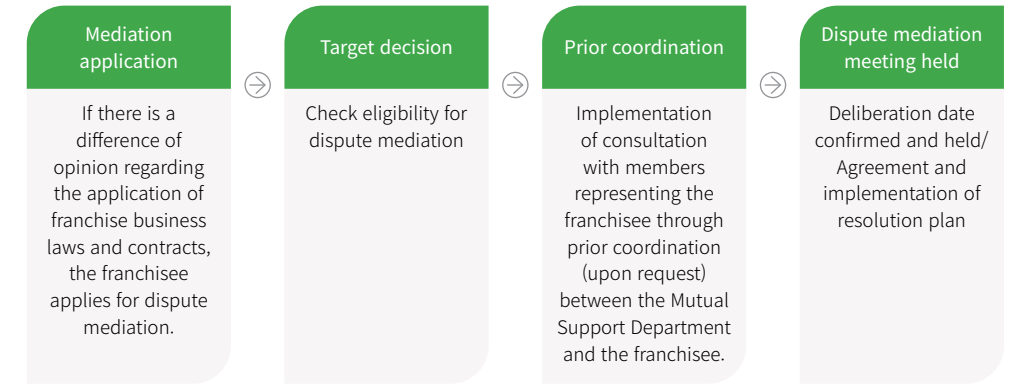
Autonomous Dispute Mediation

BGF Retail operates an ‘Autonomous Dispute Mediation Center’ that mediates disputes between franchisers and franchisees. If there are differences of opinion between the franchisers and franchisees when applying related laws and contract provisions from opening to closing of franchises, we aim to establish a fair trade order by minimizing disputes and quickly resolving them through the Autonomous Dispute Mediation Center. When franchisees apply for dispute mediation by registered mail, an agreement is reached through certain procedures (e.g., determination of resolution target, prior consultation). The final dispute resolution is determined by a unanimous decision of the Mediation Committee. As of 2023, a total of 79 disputes were filed, of which 78 were closed through prior coordination and committee mediation. The autonomous dispute mediation committee consists of five members, including a store owner conciliator (elected by vote), a franchise headquarter conciliator (head of the Sales and Development Division), and outside conciliators, centering on the chairman invited from the outside for fair mediation. We also invite experts related to the franchise business, such as law professors and lawyers, as our outside conciliators.

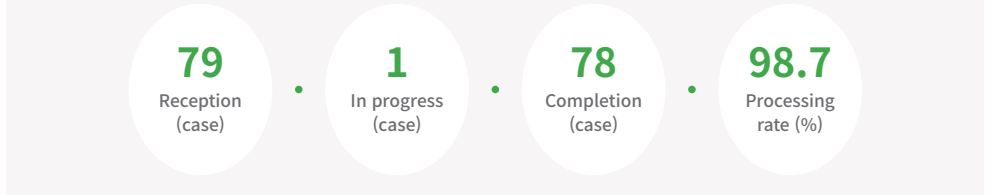
Organization of Autonomous Dispute Mediation Committee



Autonomous Dispute Resolution Procedure



Status of Autonomous Dispute Resolution Processing





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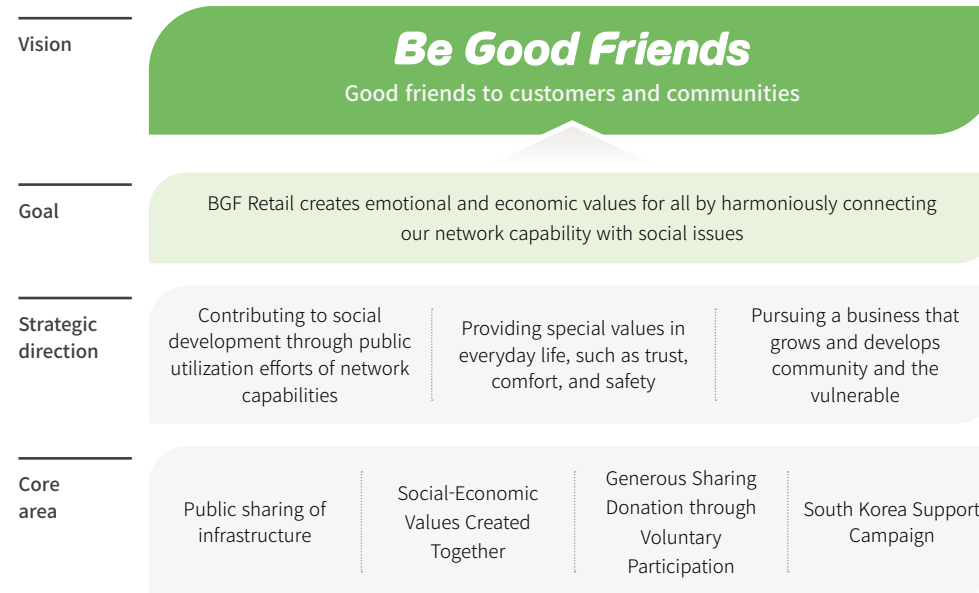
Contribution to the Local Community

Strategy

BGF Retail is carrying out social contribution activities to benefit the local community and deliver differentiated value through its corporate vision of ‘Good friends to customers and communities.’ Based on our network, we operate a variety of programs to support local communities and vulnerable groups in connection with the UN SDGs. In addition, we are pursuing true social contribution activities by analyzing the social value and efficiency of existing programs. BGF Retail’s social contribution plans and performance are reported to the ESG Management Committee every quarter, and agenda items related to donations are approved by the board of directors every quarter.

➔ Social Contribution Activities in Connection with UN SDGs

Social Contribution Strategy



Target

Goals of Major Local Community Contribution Programs

Category	2024~2025	2026	2027	
Discovering blind spots in welfare in the local community and strengthening public-private cooperation		<ul style="list-style-type: none"> • MOU signed with 50 local governments (14 locations as of the end of 2023) 	<ul style="list-style-type: none"> • Implementation of nationwide private cooperation projects * Welfare blind spots: Households living alone (risk of lonely death), undernourished children not receiving welfare services from local governments 	
Activating CU Sprouts Store to support independence of socially/economically vulnerable groups		<ul style="list-style-type: none"> • Achieved 1,000 self-supporting jobs through ‘CU Sprouts-store’ (642 as of the end of 2023) • Achieved 20% conversion rate to self-supporting businesses due to successful independence (2.8% as of the end of 2023) 	<ul style="list-style-type: none"> • Participating in and implementing job creation projects for people with severe disabilities 	<ul style="list-style-type: none"> • Achieved 100 jobs for people with severe disabilities (As of the end of 2023, the number of severely disabled people employed was 35)
Expand beneficiaries by improving awareness of ‘i-CU’		<ul style="list-style-type: none"> • ‘i-CU’ campaign achieved 50% public awareness 	<ul style="list-style-type: none"> • Achieved 3 companies/institutions that signed the ‘i-CU’ Alliance (1 as of 2024) 	<ul style="list-style-type: none"> • Achieved 10 companies/institutions that signed the ‘i-CU’ Alliance(~ 2030)



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Performance

Creating Social Value through Contribution to The Local Community

BGF Retail operates a process to donate inventory to minimize inventory waste resulting from expired or damaged inventory. In 2022, we signed an agreement with the Miral Welfare Foundation to simplify the return process by immediately donating products from CU stores that are closed due to the expiration of the franchise contract in connection with non-profit organizations. As of 2023, the donation amount reached approximately KRW 801 million, and Goodwill Store's sales generated through this amounted to KRW 424 million. If this is converted into the number of jobs created for the disabled, it is equivalent to hiring about 22 disabled people. As an additional effect, this has resulted in a virtuous resource cycle through waste reduction.

Community Safety Net

BGF Retail continues to expand Creating Shared Value (CSV) activities to address social problems based on our business model. We are contributing to strengthening the community safety net by carrying out the 'i-CU Campaign', a program to prevent missing children using the CU network, and the 'BGF Bridge', an emergency relief activity through logistics infrastructure in response to a disaster outbreak. To share these contribution activities with stakeholders, BGF Retail has been steadily publishing a child safety white paper detailing its activities starting in 2022.

[Child Safety White Paper](#)

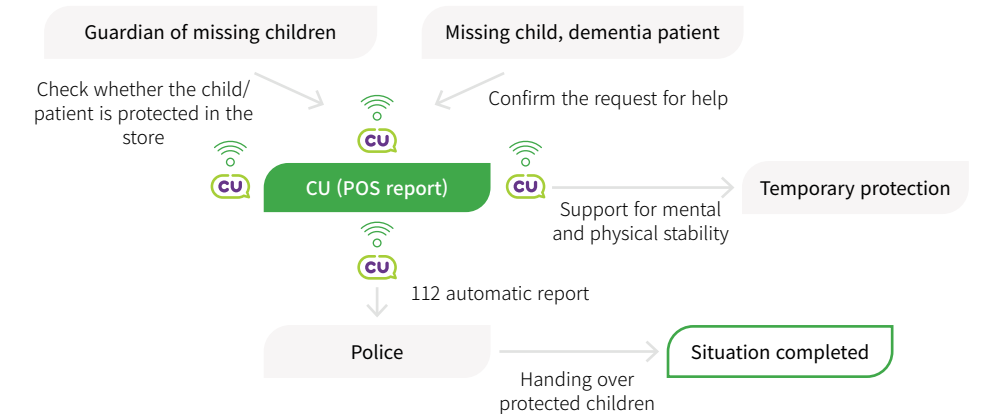
Status of Public-private Cooperation Programs Related to Community Safety Net

Category	Description	Agency
2021	• Discovering blind spots in welfare	• 14 local governments
2023	• AED installation	• A total of 5 local governments, including Seoul
2024	<ul style="list-style-type: none"> • Climate response shelter for cold waves and heat waves • Support for creating new jobs for people with severe disabilities • Business agreement on wheelchair ramp project for the disabled 	<ul style="list-style-type: none"> • Seoul • Ministry of Health and Welfare • KODDI (Korea's Disabled people's Development Institute)

i-CU Campaign

BGF Retail has been developing and operating the industry's first 'i-CU' system since 2017 to prevent the disappearance of children, intellectually handicapped people, and dementia patients, focusing on highly accessible CU convenience stores. 'i-CU' cooperates with various organizations such as the Korean National Police Agency and the National Center for the Rights of the Child through programs that support a safe environment for children, such as preventing lost children and child abuse and finding long-term missing children. In 2023, to spread public awareness about child safety, we delivered messages such as preventing missing children and abuse, and finding long-term missing children through activities such as child safety drawing contests, educational content production through kids YouTube influencers, screen door advertisements, and production of disappearance prevention tools. Additionally, to measure the social effect of the 'i-CU' program, we measured the monetary value of the program using the SROI (Social Return In Investment) method. As a result of measuring the social value of the program based on the cost that individuals and society must pay to find one missing child, it created a value of KRW 20.25 million, 128% of the input cost. In 2024, we plan to expand the missing children campaign by signing an 'i-CU' alliance agreement with an elevator advertising agency.

'i-CU' Reporting Process



Category	Unit	2021	2022	2023
i-CU	Number of reported cases	31	30	25
	Number of cases processed	31	30	25



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'CU SOON', A Campaign to Find Long-term Missing Children

BGF Retail is carrying out the 'CU SOON' campaign in collaboration with the Ministry of Health and Welfare, Korean National Police Agency and National Center for the Rights of the Child to prevent child disappearances as well as publicize the issue of long-term missing children. Since September 2018, BGF Retail has been receiving information on long-term missing children from the National Center for the Rights of the Child and displaying information on three children each month on POS terminals in CU convenience stores. As of December 2023, the total number of missing children and senior citizens displayed is 456.



'i-CU' Campaign



Child Safety Citizen Award

BGF Bridge

BGF Retail operates the social contribution program 'BGF Bridge' to provide support based on our distribution and logistics infrastructure in the event of large-scale delays or social disasters. In 2015, BGF Retail became the first in the industry to sign a disaster prevention and relief MOU with the Ministry of the Interior and Safety and the Korea Disaster Relief Association. Based on this, we are carrying out leading relief activities, such as regularly promoting disaster prevention content through CU convenience stores and SNS channels nationwide and quickly providing relief goods to disaster-hit areas. In 2023, we provided goods worth KRW 39 million to a total of 26 areas where people were displaced due to heavy rain and forest fire.

Establishment of A Public Safety Platform through AED Installation

BGF Retail is expanding the installation of Automated External Defibrillator (AED) at CU stores in cooperation with local governments to establish a safety net in the local community. As of 2023, AEDs are being installed within CU stores through agreements with a total of 5 local governments, and the total number of AEDs installed to date is 146. In addition, we provide CPR and AED training to all employees (including franchisees and their staff). BGF Retail plans to gradually expand AED installations within CU stores in collaboration with the local community.

Support for Climate Vulnerable Groups

BGF Retail operates a total of 40 climate companion shelters under an agreement with the Seoul Metropolitan Government to help energy-vulnerable groups temporarily escape the heat and cold during extreme weather events caused by climate change. Additionally, together with the Ministry of Environment and Korea Climate & Environment network, we deliver summer supplies to vulnerable groups suffering from heat waves every year.

Community Safety Net

Category		Unit	2021	2022	2023
Disaster prevention	Advertising campaign	KRW million	4	4	3
	Relief fund	KRW million	50	50	50
Aid	Relief support	Case	6	17	26
	Citizen Hero sector	Person	3	0	2
Child Safety Citizen Award	Child Safety sector	Person	74	121	16*

* The Child Safe Citizen Award system is scheduled to resume in 2024.



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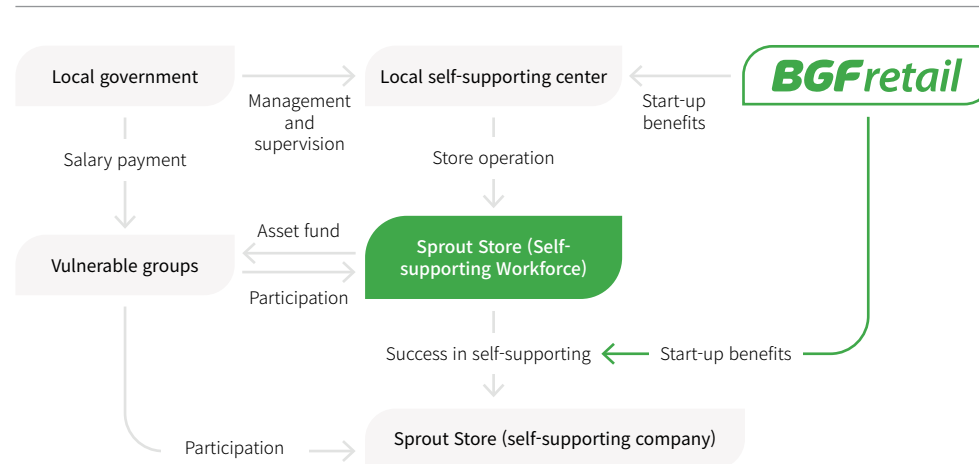
Support for Vulnerable Groups

BGF Retail supports the independence of vulnerable groups, including the disabled, the elderly, and those on basic livelihood security, based on the CU business model. In particular, we contributed to the spread and virtuous cycle of employment programs throughout the convenience store industry by introducing and stably operating a job model for vulnerable groups at CU.

CU Sprout Store, Self-supporting Convenience Store Business Model

Since 2015, BGF Retail has been operating CU Sprout Store, the industry's first self-supporting convenience store business model. Sprouts Store is a CSV (Creating Shared Value) model linked to self-supporting projects, and is an employment/startup promotion program that supports the independence of socially/economically vulnerable groups based on convenience store franchise, BGF Retail's core business. This is an alternative to various social problems such as inequality and the gap between rich and poor, and is a business model in collaboration with social enterprises that play a central role in the social/economic field. BGF Retail provides free support for initial start-up costs (e.g. membership fee, investment contribution, facility and interior costs) to the self-supporting businesses and suggests the optimal location based on commercial district analysis. Local self-supporting centers and self-supporting companies are in charge of operating Sprout Stores with support from local governments and are helping residents who participate in self-supporting work become independent. As of December 2023, 107 Sprout stores are operating across the country, employing 642 vulnerable people, and the annual self-supporting amount is approximately KRW 8,549 million.

Sprout Store Main Process



CU Together, Job Customized to The Disabled

BGF Retail is the first in the industry to sign a business agreement with the Korea Employment Agency for Persons with Disabilities. to promote employment of the disabled and is operating the CU Together program. To encourage the participation of people with developmental disabilities in economic activities, we have developed convenience store jobs suitable for them in collaboration with the Employment Development Institute of the Korea Employment Agency for Persons with Disabilities and continue to recruit these trainees in CU in special areas such as engineering, schools, and hospitals. The hired staff with developmental disabilities are setting an example in performing tasks such as product displaying and store cleaning. As of December 2023, 30 staff with developmental disabilities are working at CU convenience stores. In addition, in order to develop the vocational skills of people with developmental disabilities and provide stable jobs, we have established a CU job experience center and a BGF Foods manufacturing-related job experience center in cooperation with local training centers for the developmentally disabled, providing practical benefits for their career paths and aptitude development. In March 2024, we signed an agreement with the Ministry of Health and Welfare and Korea's Disabled people's Development Institute to support job creation for people with severe disabilities. Based on this, we plan to establish a convenience store startup model where they can work and carry out employment promotion activities. BGF Retail will contribute to social integration by raising national awareness of the employment of the disabled.

Number of stores participating in recruitment/training	Developmentally disabled staff	Establishment of job experience center	Persons who completed job experience center training (annual)
25 stores	38 people	18 centers	About 848 people

Support for Socially/Economically Vulnerable Groups

Category	Unit	2021	2022	2023	
CU Sprout Store	Stores	Store	101	108	107
	Employment of the vulnerable	Person	600	648	642
	Self-supporting fund	KRW million	7,839	8,663	8,549
CU Together	'Hope staff' with developmental disabilities	Person	34	34	38
	Number of job experience centers	Center	18	18	18
CU Senior staff	Employed person	Person	18	11	17



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Donation Activities

Sound of Love Fund

Since 2010, BGF Retail has been conducting the Sound of Love Campaign by donating a portion of employee salaries to support Cochlea implant surgery and rehabilitation treatment for hearing-impaired children in economically marginalized families. As of 2023, a total of 710 employees voluntarily participated in donations, and we donated a total of KRW 30 million, which is the in-kind salary reported by ethical management plus the in-house auction amount of KRW 2.91 million. The donations collected since 2010 were used to pay for cochlear implant surgeries for a total of 58 hearing-impaired children.

CU's Collecting Coins of Love

Since 2011, BGF Retail has been carrying out coin donation activities through CU platforms and logistics centers across the country in cooperation with the Bank of Korea and the Korean Committee for UNICEF. Based on this, we are supporting children's education and relief activities in developing countries. By adding BGF Retail's donation to the coins collected in this way, we supported the construction of a child-friendly library in Vietnam in 2019, and in 2021, we supported the installation of eco-friendly, high-efficiency gers in Mongolia, contributing to reducing carbon emissions and improving air quality in Mongolia.

Category	Unit	2021	2022	2023
Participating stores	Store	11,406	10,899	11,179
Amount raised	KRW million	227	250	255

CU Point Donation

To encourage donations in everyday life, BGF Retail registers and operates three NPOs related to children and the environment through Pocket CU, a CU membership application. In particular, we encourage people to participate in donations through promotional activities related to endangered species and biodiversity together with the Korea National Park.

Revitalizing The Local Community Economy

BGF Retail continues to collaborate with local governments and local farms to improve the competitiveness of local farms, revitalize the domestic market, and support sustainable agriculture. We are increasing the proportion of raw materials purchased from domestic farmers and fishermen and used in convenience foods, while also raising awareness of domestic products and strengthening promotion by launching products using local specialties. In 2023, BGF Retail introduced convenience food using green onions from Jindo, Jeollanam-do and sweet potatoes from Gochang, as part of a win-win project with local farms.



Status of Consumption of Domestic Agricultural and Livestock Products

Category	2019	2021	2022	2023
Region	Jeollanam-do (Beolgyo), Jeollabuk-do (Gimje), Chungcheongbuk-do (Goesan)	Jeollanam-do (Wando)	Gyeongsangnam-do (Changnyeong), Gyeongsangbuk-do (Pohang), Jeollanam-do (Jindo), Jeollabuk-do (Gochang)	Jeollabuk-do (Gochang), Jeollanam-do (Jindo, Gangjin)
Main specialties	Cockles, rice, corn	Wando seaweed, Saechongmu rice	Onion, garlic, green onion, spinach, bokbunja	Sweet potato, green onion, Saechongmu rice
Purchase amount	-	-	KRW 36,667 million	KRW 43,195 million

* Operating from 2022

** Community investment amount (total donations for child safety and community) / Total donation amount



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Goodwill Store

BGF Retail operates a process to donate inventory to minimize inventory waste resulting from expired or damaged inventory. In 2022, we signed an agreement with the Miral Welfare Foundation to simplify the return process by immediately donating products from CU stores that are closed due to the expiration of the franchise contract in connection with non-profit organizations. As of 2023, the donation amount reached approximately KRW 801 million, and Goodwill Store's sales generated through this amounted to KRW 424 million. If this is converted into the effect of creating employment for the disabled, it is equivalent to hiring about 22 disabled people. As an additional effect, this has resulted in a virtuous cycle of resources through waste reduction.

Community Investment

Category	Unit	2021	2022	2023	
Resource	Total	KRW 100 million	9.33	9.36	20.33
	- Charitable donation	KRW 100 million	2.36	0.74	10.40
	- Cash donation	KRW 100 million	6.41	8.17	9.56
	- In-kind donation	KRW 100 million	0.56	0.45	0.37
Nationality	Domestic	KRW 100 million	9.03	9.01	19.98
	Overseas	KRW 100 million	0.30	0.35	0.35
Sponsoring organization	Total of major sponsoring organizations	KRW million	543	445	1,375
	- BGF Welfare Foundation	KRW million	458	350	499
	- Goodwill Store*	KRW million	-	10	791
	- Korea Disaster Relief Association	KRW million	50	50	50
	- UNICEF Korean Committee	KRW million	35	35	35
Intensity (relative to net profit)**	%	0.47	0.48	1.04	

* New activities in 2022

** Donation ratio of net profit

Employee Volunteer Activities

Category	Unit	2021	2022	2023
Number of participating employees	Person	231	162	311
Participation time	Hour	1,114	738	1,288
Volunteer hours per employee	Hour	4.8	4.5	4.1

Donation Policy

BGF Retail strictly complies with Article 31 (Restriction of Donation) of the Political Fund Act of Korea prohibiting corporations or organizations from donating political funds, and does not provide political funds, campaign funds, or lobbying funds to specific organizations or political parties to influence policy formation in accordance with our anti-corruption and bribery policy. However, we are contributing to the development of local communities and industries by supporting politically neutral associations, and promoting fair charitable donations and sponsorships in accordance with internal enforcement standards and procedures. All donation activities are thoroughly reviewed in advance to ensure they are consistent with our social contribution goals. If donations exceed KRW 5 million per year for each organization, donations are made with the approval of the 'Donation and Sponsorship Screening Committee', which is comprised of key executives (including the CEO). As such, we have established and adhered to donation policies. In the case of donations exceeding KRW 100 million, we are committed to ensuring transparency and enhancing shareholder value by seeking the Board of Directors approval and regularly reporting payment details to the Board of Directors every quarter.

Category	Unit	2021	2022	2023	
Payment of association fees	Lobby/interest group	KRW million	0	0	0
	Political campaign	KRW million	0	0	0
	Related associations	KRW million	217	285	294
	Others (academic research, etc.)	KRW million	5	6	6
Expenditure to major related associations	Korea Association of Convenience Store Industry	KRW million	175	224	228
	The Federation of Korean Industries	KRW million	7	7	7
	Korea Chamber of Commerce and Industry	KRW million	35	43	50

Committee Activities Related to Donations

Category	Donation and Sponsorship Review Committee	Board of Directors
Number of approvals	9	2
Approved amount	KRW 816 million	KRW 740 million

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BGF Retail is committed to enhancing shareholder value and protecting their rights and interests through a sound and transparent governance structure. In addition, we are increasing corporate value and establishing an advanced governance structure by forming a board of directors with independent and professional personnel and ensuring that they check and balance each other. Transparent corporate culture and compliance management are key to sustainable management. BGF Retail is committed to enhancing shareholder value and protecting their rights and interests through a sound, transparent and advanced governance structure. In addition, we strive to build trust with stakeholders through ethical management activities and foster corporate ethics within the company.





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Ethics and Compliance

Strategy

Ethical Management Policies and Strategies

BGF Retail considers management and compliance based on ethical decision-making as our top management principles, and has established a code of business ethics and detailed guidelines to ensure that all stakeholders exercise ethical judgment in performing their work. We recognize our role as a global corporate citizen and handle our responsibilities to various stakeholders (e.g. customers, partners, employees, national society). The main guidelines set out our company-wide code of conduct, covering corruption and bribery, discrimination, data privacy, conflicts of interest, anti-trust/anti-competitive practices, money laundering and insider trading, environment, health and safety, and whistle-blowing systems. In March 2023, we strengthened our level of ethical management by adding more types of violations of laws and company regulations related to employee accident cases to our guidelines. We strive to improve stakeholder value by internalizing an ethical management culture, legally complying with various regulations (e.g., domestic laws, company regulations, and business-related principles) and conducting business transparently.

- ➔ [Code of Business Ethics](#)
- ➔ [Detailed Practice Guidelines for Code of Business Ethics](#)

Declaration of Ethical Management

BGF Retail is demonstrating our commitment to ethical and compliance management by announcing advocacy and implementation of global initiative on corporate ethics and compliance management. All employees of BGF Retail (including subsidiaries) sign the ‘Employee Code of Conduct Pledge.’ When signing a contract with a partner company, we sign an integrity pledge and share our awareness of ethical management and spread its practice. In June 2023, we held the ‘BGF Ethical Management Establishment Pledge Ceremony’ to encourage autonomous ethical management based on trust and fairness and to establish an ethical culture. In addition, we reaffirmed our ethical awareness at the enterprise level and pledged to live up to it by providing guidelines regarding employee misconduct and financial transactions with stakeholders.

Anti-corruption and Bribery Policy

BGF Retail has established an ‘Anti-Corruption and Bribery Policy’ to prevent corruption and bribery and ensure that employees adhere to ethical value standards. These policies apply to our employees, as well as employees of our subsidiaries and business partners, and provide descriptions and guidelines regarding specific anti-corruption activities. BGF Retail constantly monitors corruption and bribery through a reporting system accessible to employees and stakeholders, and prohibits political donations and sponsorships based on our anti-corruption/bribery policy. Additionally, we are internalizing anti-corruption activities by participating in the Fair Player Club.

- ➔ [Anti-corruption/Bribery Policy](#)
- ➔ [Fair Player Club Participating Companies Information](#)

7 Principles of BGF Retail’s Code of Business Ethics

- 1_ We provide good products and services in a timely manner for customer satisfaction and do our best to satisfy customers’ needs and expectations.
- 2_ We make laws and ethics compliance the top priority of all management activities and strictly separate public and personal affairs.
- 3_ We give equal opportunities to all partners based on a spirit of mutual trust, recognize them as strategic business partners, and pursue common development.
- 4_ We reject illegal solicitations concerning all stakeholders, such as partner companies and public officials, do not demand or provide immoral acts, such as money, entertainment, and payment, and do not take any unfair advantage.
- 5_ We do not use the company’s property and position to promote personal interests or engage in any illegal acts, such as embezzlement, breach of trust, or misappropriation.
- 6_ We strive to generate stable profits for the company through sound management activities, respect the rights of shareholders, and provide long-term benefits.
- 7_ We strive to form a clean organizational culture based on mutual trust and respect and to improve the relaxed and rich quality of life for all executives and employees.



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Assessment

Ethical Risk Management

BGF Retail’s ethical management is overseen by the BGF Management Consulting Team. They check compliance with ethical management policies and policies and prevent misconduct and corruption in advance. They diagnose and audit our business based on our policies and guidelines to effectively manage ethical risks. Additionally, they are conducting ethical management training and programs to prevent ethical management risks.

Internal Control System

BGF Retail has established and operates compliance control standards to conduct business fairly and transparently and to comply with laws and regulations strictly. We systematically identify all required laws and regulations while periodically checking whether our employees comply with the laws. In addition, we have established an internal control system to raise employees’ ethical awareness and maintain corporate ethics that meet social needs. Furthermore, we regularly establish anti-corruption and audit plans every year based on internal audit regulations, and evaluate the effectiveness and efficiency of our overall work performance system and processing process.

Audits include comprehensive audits (removing causes and suggesting improvement plans according to the audit results), confirmatory audits (checking the implementation of follow-up actions according to the audit results), and special audits (occasional inspections for violations of the code of conduct for personal information protection, bribery, and anti-corruption/discrimination). The results of special audits for violations of the code of conduct are disclosed to employees through the intranet, and in 2023, a self-report survey related to store operations was conducted for all employees. Resulting disciplinary action is determined based on intention/negligence, level and frequency of irregularity, and is handled according to disciplinary standards. Disciplinary action for violations of the Code of Conduct will be tied to performance evaluations and rewards (e.g., reduction of promotion points for each level of discipline).

Audit

Category	Unit	2021	2022	2023	
Audit	Total number of audits	Case	13	17	14
	Comprehensive audit	Case	4	4	3
	Special audit	Case	8	13	10
	Confirmation audit	Case	1	0	1

Code of Conduct

Category	Unit	2021	2022	2023	
Violation	Total number of violations	Case	6	18	20
	- Breach of trust/embezzlement	Case	0	0	0
	- Violation of the Improper Solicitation and Graft Act	Case	0	0	0
	- Discrimination and harassment*	Case	1	1	3
	- Others	Case	5	17	17
Action	Total number of actions	Case	10	34	55
	- Suspension	Case	3	9	9
	- Salary reduction	Case	4	7	17
	- Reprimand	Case	0	16	7
	- Others	case	3	2	22

* Data changes due to revision of the number of discrimination and harassment incidents in 2021 and 2022



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Violation of Law

Category	Unit	2021	2022	2023
Anti-trust/unfair competition legal violations	Case	0	0	0
Fines related to anti-trust/unfair competition violations	KRW million	0	0	0
Number of non-monetary sanctions and lawsuits related to antitrust/unfair competition	Case	0	0	0
Number of completed cases related to anti-trust/unfair competition	Case	0	0	0
Anti-corruption/bribery violations	Case	0	0	0
Fines related to anti-corruption/bribery	KRW million	0	0	0
Number of completed cases related to anti-corruption/bribery	Case	0	0	0
Number of non-monetary sanctions related to anti-corruption	Case	0	0	0
Violation of other laws and regulations	Case	1*	0	0

* In 2021, a fine of KRW 4 million imposed for failing to report of safe over-the-counter medicines sale (violation of the Pharmaceutical Affairs Act).

Performance

Reporting and Notifying System for Ethical Management

BGF Retail operates a hotline for reporting and notifying non-ethical conduct. The ethics management hotline is a control system that reports and remedies unethical behavior (e.g., fraud, corruption) of employees online, by phone, or by mail. BGF Retail strictly protects the identity of the reporter and conducts an investigation privately upon request. The department dedicated to promoting ethical management strives to establish an ethical management culture within the company by investigating the facts and notifying the reporter of the results.

Ethical Management Hotline



Report and Consultation

Category	Unit	2021	2022	2023	
Number of reports and consultations regarding ethical management	Total	Case	11	13	15
	Employee	Case	8	13	13
	Business partner	Case	3	0	2
	Customer	Case	0	0	0
Number of reports through reporting channels	Ethical management hotline	Case	3	0	2
	Cleanline	Case	4	3	6
	Resolved ethical management hotline	Case	3	0	2
	Resolved Cleanline	Case	4	3	6

Internal Auction System for Self-reported Money and Valuables

BGF Retail strictly prohibits the receipt of money or valuables, including holiday gifts. To inform stakeholders of this, we are sending a letter asking for cooperation on unethical management matters in the name of the CEO before the Lunar New Year and the Chuseok holidays. If an employee receives money or valuables, it will be handled in accordance with the reporting procedures. In the case of self-reported items that cannot be returned, an anonymous donation is made to fund cochlear surgery for hearing-impaired children through an in-house auction.

Ethical Management Training

To implement ethical management, BGF Retail provides regular ethics training (e.g., ethical management training, sexual harassment prevention training, workplace bullying prevention training, and disability awareness improvement training) to all employees (including subsidiaries) every year, as well as the case training on code of conducts. In 2023, a total of 20 ethical management training sessions were held for each position holders, and in particular, a total of 8 company-wide ethical management training sessions were conducted in June 2023. In addition, to raise employees' awareness of ethical management, we send out an ethical management letter every quarter to communicate key developments related to ethical management.

Ethical Management Training

Category	Unit	2021	2022	2023	
Employees	Number of trainings	Case	26	20	28



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Fair Trade Voluntary Compliance

BGF Retail operates a fair trade voluntary compliance program (e.g. CP training, compliance activities) for all employees every year to establish a transparent commercial discipline and build a fair trade compliance culture. Voluntary compliance with fair trade legislation is the responsibility of the Communications Office, which provides education and consultation on fair trade and carries out compliance activities. In addition, we operate a voluntary compliance council in accordance with the eight requirements of the Fair Trade voluntary compliance program recommended by the Fair Trade Commission. They are establishing plans for voluntary compliance with fair trade, spreading awareness, preventing risks, and establishing follow-up measures. In particular, BGF Retail is committed to creating a sound and fair franchise culture by applying the Fair Trade Commission’s standard franchise agreement and developing a win-win model to strengthen fair trade and win-win cooperation in the convenience store franchise business.

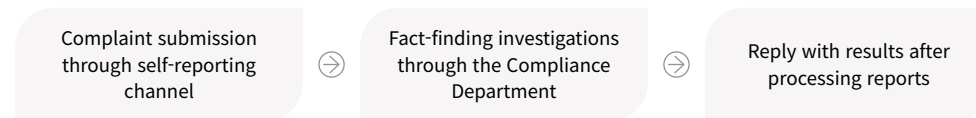
Fair Trade Compliance Agreement

Category	Unit	2021	2022	2023
Small and medium-sized partners signed a fair trade compliance agreement	Company	148	165	260

Fair Trade Violation Prevention and Monitoring System

BGF Retail applies various systems to effectively operate internal and external monitoring systems. To prevent unfair transactions in advance, we have digitized the franchise contract process and provide regular training on franchise contracts and compliance to new employees and sales/development staff. In addition, we operate an external reporting center (voluntary fair trade violation reporting bulletin) (no cases reported as of 2023).

Reporting Process



CP Training and Evaluation

BGF Retail conducts CP (Compliance Program) training and evaluation every year for all employees. In particular, we are committed to building a culture of compliance by regularly providing training on distribution laws (e.g. Fair Trade Act) and unfair cases for each job function. In addition, we annually evaluate employees’ understanding of regulations related to the Fair Transactions in Franchisee Business Act, the Act on Fair Transactions In Large Retail Business, and the Subcontracting Act. According to a survey in 2023, 98.8% of employees answered positively about the need for CP training, and the employees were rated for their understanding of the Fair Transactions in Franchisee Business Act, the Act on Fair Transactions In Large Retail Business Act/Subcontracting Act at 89.1 and 88.8 points, respectively. BGF Retail will strive to create and internalize a culture of compliance by continuously providing legal education.

Position-based CP Training

Position	Business management	Store development
Training	<ul style="list-style-type: none"> • Main franchise agreement details • Lease and franchise frequent dispute cases • Fair Transactions in Franchisee Business Act 	<ul style="list-style-type: none"> • False exaggeration, business operation, collateral • Commercial Lease Act • Franchise Information Provision Guidelines

CP Training and Evaluation

Category		Unit	2021	2022	2023
CP Training	Number of participants in training	Person	273	131	271
	Training hours per employee	Hour	1	1	1
	Number of trainings	Case	4	1	1
CP Evaluation	Fair Transactions in Franchisee Business Act	Point	97.9	90.9	89.1
	Act on Fair Transactions In Large Retail Business, and the Subcontracting Act	Point	97.7	91.4	88.8



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Strategy

BGF Retail creates an environment in which rational management decisions can be made to ensure that the company continues to grow and protect the interests of our stakeholders. We form a Board of Directors with independence, diversity, and expertise in mind, and are committed to increasing corporate value and maximizing shareholder profits based on transparent decision-making.

[➔ 2023 Business Report](#) [➔ 2023 Governance Report](#)

Board of Directors Expertise and Diversity

BGF Retail has established ‘Board Diversity Guidelines’ to strengthen the expertise of committees under the Board of Directors and to operate it effectively by increasing diversity in BoD representation. When selecting non-executive director candidates, there are no restrictions on nationality, gender, age, experience, or background, and we appoint non-executive director with non-executive and expertise who have been verified by the Non-executive Director Candidate Recommendation Committee. In addition, by appointing non-executive directors from various fields, we are ensuring that the board of directors can operate based on a broader range of views. As of March 2024, the Board of Directors is comprised of directors with experience and expertise in industry, management, law, fair trade, finance, and economics, and also includes one female director (Choi Ja-won). The Board of Directors reviews and resolves major agendas related to sustainable management, including financial performance, environmental performance, planning resolution, materiality assessment, and ESG strategy.

[➔ Board Diversity Guidelines](#)

Independence of Non-executive Directors

BGF Retail’s Articles of Incorporation specify that the majority of Board of Director members must be non-executive directors. The criteria for judging the independence of non-executive directors that meet global standards can be found on our website. In addition, we have established and are applying independence verification requirements to non-executive directors that are stricter than statutory standards. When appointing directors, we conduct interviews with candidates based on checklists that include qualifications specified by law, and we appoint non-executive directors who have no conflict of interest with the company and who can faithfully perform their duties. The Chair of the Board of Directors is concurrently held by an executive director through a resolution of the Board of Directors in accordance with the Articles of Incorporation. This is to enhance shareholder value through rapid decision-making. BGF Retail’s non-executive directors must not hold too many positions concurrently that may limit the performance of their duties, and in accordance with the Commercial Code, they may hold concurrent positions as non-executive directors at one company other than our company.

We regularly check whether non-executive directors hold concurrent positions and check their disqualification requirements. In accordance with Article 9 of the Job Regulations, non-executive directors cannot engage in business-related transactions for the company or become directors or unlimited partners of other companies in the same industry without prior approval from the Board of Directors.

[➔ Independence of Non-executive director guidelines](#)

Assessment

Evaluation of Board of Directors

BGF Retail evaluates the Board of Directors and non-executive directors to operate the Board of Directors efficiently and increase the reliability of its governance structure. This evaluation is conducted once a year and consists of three areas: roles and responsibilities, board composition and efficiency, and structure and operation of each committee (Audit Committee, Non-executive Director Candidate Recommendation Committee, Internal Transaction Committee). The assessment is conducted on a self-diagnosis basis for the entire Board of Directors. In particular, in the case of non-executive directors, we conduct an additional self-evaluation of their integrity, expertise, and contribution. The evaluation results will be applied to inform improvement measures for the operation of the Board of Directors and can be used as reference material by the Non-executive Director Candidate Recommendation Committee. As a result of the self-evaluation of the board of directors and non-executive directors conducted in 2023, the average score was 4.5 out of 5, which was high. We ensure fairness by allowing the BoD members to cross-check the results of these evaluations with each other.

2023 Board of Directors and non-executive Director Evaluation Details

Category		Evaluation results(points)
Board of Directors	Roles and Responsibilities	4.96
	Configuration and Efficiency	4.98
Committee	Structure and Operations	4.97
Non-executive Director	Loyalty, Contribution, Professionalism	4.74
Average		4.91



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Performance

Composition of Board of Directors

BGF Retail strives to maximize shareholder rights and corporate value and establish an advanced governance structure. The Board of Directors operates transparently according to legal procedures and is staffed based on independence, expertise, and diversity. Additionally, as the highest decision-making body, the Board establishes a sound governance structure by checking and balancing director activities and management. In accordance with Article 31 of the Articles of Incorporation, the majority of the Board of Directors is comprised of non-executive director. As of May 2024, five of the eight board members (62.5%) are non-executive director, which legally complies with the

requirements of the Commercial Code. By involving non-executive director with diverse expertise and experience, efficiency can be improved and supervision and control can be conducted more independently. We separate the Chair of the Board of Directors from the CEO, and through a resolution of the Board of Directors, an executive director concurrently serves as the Chair of the Board of Directors. Although senior non-executive director are not separately appointed, we guarantee the right of non-executive director to supervise the duties, convene the board of directors, request information and investigate based on the Board of Directors regulations and the non-executive director job regulations.

Composition of the Board of Directors

●Chairman / ○Member

Category	Name	Recommender	Gender (Age)	Specialization	Position and major experience	Date of initial appointment ~ Date of term expiration	Reappointment (number of times)	Committees within the Board of Directors		
								Audit committee	Non-executive director Candidate Recommendation Committee	Internal Trading Committee
Executive director	Seung-bae Min*	Board of Directors	Male (50s)	General management	(Current) CEO of BGF Retail Co., Ltd. (Former) Head of Sales Development, BGF Retail Co., Ltd.	2023.03.28 ~ 2026.03	None		○	
	Jeong-Kook Hong*	Board of Directors	Male (40s)	Business strategy	(Current) Vice Chairman of BGF Retail Co., Ltd. (Current) CEO of BGF Co., Ltd. (Current) Chairman of the Board of Directors	2024.03.21 ~ 2027.03	None			
	Ji-taek Song*	Board of Directors	Male (50s)	General management	(Current) Head of Innovation Division of BGF Retail (Former) Head of Information System Division of BGF Retail	2024.03.21 ~ 2027.03	None			○
Non-executive director	Bok-Hyun Baek	Non-executive Director Candidate Recommendation Committee	Male (50s)	Finance and Accounting	(Current) Professor at Seoul National University Business School (Current) SK Innovation Non-executive Director	2019.03.27 ~ 2025.03	Reappointed (1 time)	●	○	
	Myung-Gwan Han*	Non-executive Director Candidate Recommendation Committee	Male (60s)	Legal field	(Current) Attorney at Barun Law Firm (Former) Non-executive Director of Woori Home Shopping (Former) Chief Prosecutor, Seoul Eastern District Prosecutors' Office	2019.03.27 ~ 2025.03	Reappointed (1 time)	○		●
	Young-Chul Lim	Non-executive Director Candidate Recommendation Committee	Male (60s)	Legal and fair trade	(Current) Attorney at Shin&Kim (Former) Director of Subcontracting, Fair Trade Commission	2019.03.27 ~ 2025.03	Reappointed (1 time)		●	
	Ja-Won Choi	Non-executive Director Candidate Recommendation Committee	Female (40s)	Economic field	(Current) Associate Professor, Department of Economics and Finance, Hanyang University (Former) Research Fellow, Institute of Labor Economics (IZA)	2022.03.29 ~ 2025.03	None			○
	Hyun-Sang Shin	Non-executive Director Candidate Recommendation Committee	Male (50s)	Management and economics field	(Current) Professor, Department of Business Administration, Hanyang University (Current) CEO of Impact Research Lab	2023.03.28 ~ 2026.03	None	○		

* With industry experience related to consumer goods

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Composition of Board of Directors*

Category	Unit	2021	2022	2023	
Independence	Non-executive director rate	%	57.1	71.4	71.4
	Diversity	Female director	Person	0	1
	Female director rate	%	0	14.3	14.3
Professionalism	Director with industry experience	Person	3	2	4
	Number of financial experts	Person	1	1	1
	Financial expert rate	%	14.3	14.3	14.3
Efficiency	Average term	Year	2.9	3.7	3.6
	Attendance rate**	%	97.5	98.0	89.1
	Concurrent employment restrictions	Number	1	1	1

* As of the end of December 2023

** Director attendance rate: Data changed in 2021 and 2022 due to changes in board attendance criteria (criteria: number of agenda items with director absence compared to total number of agenda items)

Director Appointment Process

BGF Retail appoints directors at the annual general shareholders' meeting following Article 382 of the Commercial Act and Article 32 of the Articles of Incorporation and candidates for executive directors and other non-executive directors are selected through recommendations by the Board of Directors. Non-executive director candidates can be selected through recommendation and shareholder suggestions through a verification process by the Non-executive director Candidate Recommendation Committee. The final candidates for non-executive director are appointed as separate items on the agenda of the general shareholders' meeting.

Director's Term of Office

The term of office of directors is not more than three years according to the Articles of Incorporation. According to the Commercial Code, non-executive director may not hold the office for more than 6 years (9 years including affiliates). As of May 2024, the average tenure of the eight-member board is 3.6 years.

Agenda Related to The Appointment of Directors at The 7th Regular General Meeting of Shareholders

Agenda number	Agenda title	Approval status
Item 3-1	Appointment of executive director (Jeong-Kook Hong)	Passed
Item 3-2	Appointment of executive director (Ji-taek Song)	Passed

* 7th general shareholders' meeting (2024.03.21)

Committees within The Board of Directors

BGF Retail has the Audit Committee, Non-executive director Candidate Recommendation Committee, and Executive Trading Committee within the Board of Directors to enable efficient and careful discussion and decision-making. In accordance with relevant laws and committee regulations, the majority of all committees are comprised of non-executive director. Each committee is comprised of directors with relevant expertise, and is delegated to perform certain functions (e.g. deliberation, prior review, and advice on important agendas) stipulated in laws and articles of incorporation. The resolutions of each committee are reported to the directors, and committee meetings, agendas, and attendance rates are disclosed through governance reports and business reports.

Role and Composition of Committees within The Board of Directors

(as of May 2024)

Category	Composition	Key roles of the committee	Attendance rate (%)	Pros/Cons Ratio (%)
Audit committee	3 non-executive director (including the chairman)	Matters stipulated in the Articles of Incorporation or internal regulations, including supervision of directors and management, appointment and change/dismissal of external auditors, and audit work	93.8	100
Non-executive director Candidate Recommendation Committee	2 non-executive director (including the chairman), 1 executive director	Recommendation of non-executive director candidates to be appointed at the general shareholders' meeting, verification of non-executive director candidates, establishment/inspection/supplementation of non-executive director selection principles	100	100
Internal Trading Committee	2 non-executive director (including the chairman), 1 executive director	Review and approval of internal transactions between affiliates, establishment/inspection/supplementation of internal transaction policies	84.8	100



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Internal Transaction Committee

Category	Unit	2021	2022	2023	
Internal Transaction Committee	Number of times held	Case	5	5	8
	Number of resolutions	Case	20	19	35
	Non-executive director rate	%	66.6	66.6	66.6
	Director attendance rate	%	100	100	84.8

Audit Committee

Category	Unit	2021	2022	2023	
Audit committee	Non-executive director rate	%	100	100	100
	Financial expert	Person	1	1	1
	Number of times held	Case	5	6	7
	Attendance rate	%	92.3	91.1	93.8
	Number of agenda items reported and resolved	Case	13	15	16

Non-executive director Candidate Recommendation Committee

Category	Unit	2021	2022	2023	
Non-executive director Candidate Recommendation Committee	Non-executive director rate	%	66.6	66.6	100
	Number of times held	Case	-	1	2
	Attendance rate	%	-	100	100
	Number of resolutions	Case	-	1	2
	Non-executive director attendance rate	%	-	100	100

* The Non-executive director Candidate Recommendation Committee was not held in 2021.

* In accordance with Article 542 of the Commercial Act and Article 3 of the Non-executive director Candidate Recommendation Committee Regulations, candidates are appointed on the recommendation of the Non-executive director Candidate Recommendation Committee.

Status of Committees within the Board of Directors

(as of May 2024)

Category	Holding date	Attendance rate (%)	Agenda	Passed or not
Audit committee	1st (2023.02.09)	100	3 cases, including a report on the operation status of the internal accounting management system and the establishment of an operation evaluation plan	Passed
	2nd(2023.03.09)	100	3 cases, including preparation and submission of an evaluation report on the operation status of the internal accounting management system	Passed
	3rd (2023.05.02)	100	3 cases, including business performance report for the first quarter of 2023	Passed
	4th (2023.06.26)	100	Approval of selection of tax audit agent	Passed
	5th (2023.08.03)	66.6	2 cases, including an external auditor's report on the 2023 half-year financial statement audit results	Passed
	6th (2023.11.02)	100	Business performance report for the third quarter of 2023	Passed
	7th (2023.12.07)	100	2023 Audit/Corruption Prevention Performance and 2024 Audit/Corruption Prevention Plan Approval	Passed
Non-executive director Candidate Recommendation Committee	1st (2023.03.09)	100	2 cases, including the election of the chairman of the Non-executive director Candidate Recommendation Committee	Passed
Internal Transaction Committee	1st (2023.03.09)	100	5 cases, including preliminary review of management support service contract with BGF	Passed
	2nd(2023.02.09)	66.6	6 cases, including preliminary review of IT service fee contract signing with BGF, BGF Networks, BGF Eco-Materials, and KBF	Passed
	3rd (2023.03.09)	100	2 cases, including preliminary review of electronic meal ticket service business partnership agreement with BGF Networks	Passed
	4th (2023.05.02)	66.6	8 cases, including the appointment of the chairman of the Internal Trading Committee	Passed
	5th (2023.08.03)	100	Pre-screening of business space lease agreement with BGF	Passed
	6th (2023.09.06)	100	Pre-screening of business space lease agreement with BGF	Passed
	7th (2023.11.02)	100	9 cases, including preliminary inspection of the pocket CU delivery reservation service operation contract with BGF Networks	Passed
	8th (2023.12.06)	100	2 cases, including preliminary review of trademark usage agreement with BGF	Passed



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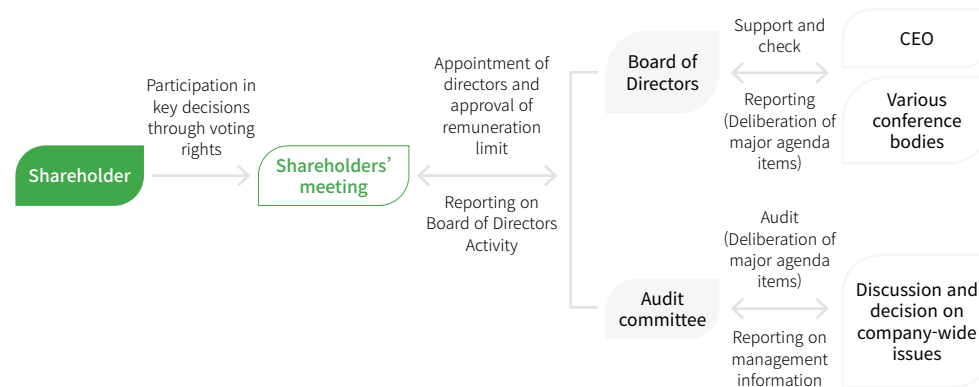
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Board of Directors Operation

BGF Retail regularly holds board of directors meetings in accordance with laws and articles of incorporation to decide on material management matters. If necessary, each director may request to convene an extraordinary board of directors meeting by presenting the agenda and reasons to the chairman of the board of directors. The Board of Directors must notify each director at least 12 hours in advance of the convening of a meeting, but may skip the convening process and hold a meeting with the consent of all directors. BGF Retail provides meeting schedules 10 days in advance of regular board meetings and reports agenda items at least 7 days in advance. If necessary, detailed agenda items can be reported before the board meeting through a meeting with non-executive director, thereby increasing efficiency. In accordance with relevant laws and regulations, agenda resolutions are made with the attendance of a majority of directors and the approval of a majority of directors present. More than half of the board of directors must be made up of non-executive director, who are given the role of monitoring and checking and performing functions independent of management. In addition, the voting rights of directors whose interests are intertwined with specific agendas are restricted to systematically block the possibility of conflicts of interest. In 2023, a total of 14 board meetings were held and 54 agenda items were reported or approved. The average attendance rate for board meetings is 89.1%. Although there is no minimum attendance requirement, we adhere to the 75% recommended by Institutional Shareholder Services (ISS) guidelines. BGF Retail promotes responsible decision-making and revitalization of the board of directors by disclosing board meeting attendance and resolutions for each agenda item through business reports.

Governance Decision-making Process



Board of Directors Operation Status

Category	Unit	2021	2022	2023	
Board of Directors Operation	Number of events	Case	13	11	14
	Number of agenda items reported and resolved	Case	53	45	54
	Number of ESG agendas	Case	11	10	17

* Director attendance rate: Data changed in 2021 and 2022 due to changes in board attendance criteria(criteria: number of agenda items with director absence compared to total number of agenda items)

Board of Directors Training

BGF Retail provides training on major issues to enhance the expertise of non-executive director. In November 2023, we provided training on market trends related to ESG management, domestic and international climate trends, and response measures.



ESG training for non-executive director and C-level executives



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Compensation Calculation Standards for The Board of Directors and CEO

BGF Retail obtains approval for director remuneration limits at the general shareholders’ meeting based on the previous year’s performance, and evaluates the board of directors’ operating activities through self-evaluation by directors at the end of each year. The remuneration consists of salary, bonus, and variable pay. In the case of variable pay, each director is evaluated by applying his/her weight to the performance indicators set by the Board of Directors each year. In accordance with relevant laws and articles of incorporation, the remuneration of registered directors is determined within the remuneration limit approved by the general shareholders’ meeting. Remuneration for non-executive director and audit committee members is paid monthly by dividing the annual salary into 12 months. The remuneration limit for directors decided at the general shareholders’ meeting held in March 2024 is KRW 5 billion. In the case of CEO remuneration, it is calculated at 0 to 175% of the variable salary, taking into account financial performance (e.g. sales, operating profit, target number of stores achieved) and non-financial performance (e.g. ESG assessment, shared growth index).

Category	Unit	Average remuneration per person
CEO	KRW million	760
Registered directors (excluding non-executive director and audit committee members)	KRW million	1,975
Non-executive director (excluding audit committee members)	KRW million	62
Audit Committee Member	KRW million	62
Average salary per employee (median)	KRW million	65

* Total remuneration for registered directors includes severance pay for executive directors who resigned in November 2023 (CEO remuneration does not include this severance pay)

Enhancing Shareholder Value

Shareholder Rights Protection

BGF Retail is committed to transparent information disclosure, active communication, and protection of shareholder rights to maximize corporate growth and shareholder profits. Matters related to the general shareholders’ meeting are promptly disclosed in accordance with the domestic commercial law and articles of incorporation to enable shareholders to participate in management decision-making and sufficiently review the agenda. In 2023, information such as the date, location, and agenda of the general shareholders’ meeting was announced in the electronic disclosure system 15 days before the general shareholders’ meeting was held. In addition, a written notice of convocation was sent to shareholders with voting rights who owned more than 1% of the issued shares, so that they could fully review the agenda and exercise their voting rights.

Voting Rights Exercise

At the general shareholders’ meeting held in 2023, shareholders exercised their voting rights through direct participation, proxy attendance, and electronic voting. We have supported shareholders to easily attend general shareholders’ meetings and exercise their voting rights to the fullest extent possible through voluntary participation in the proxy voting system and voluntary distribution program for general shareholders’ meetings. According to the Articles of Incorporation, the total number of shares that our company can issue is 60,000,000 shares, and as of May 2024, the number of shares issued is 7,283,906 shares. The number of shares with voting rights in the total issued shares is 17,275,015 shares (99.95% of issued shares), excluding 8,891 treasury shares. Following the Commercial Act, we grant each shareholder one vote per share, and we are doing our best to guarantee fair voting rights for shareholders based on the Commercial Act and related laws. Additionally, shareholders can exercise shareholder proposal rights in accordance with the Commercial Act. When a shareholder proposal is received, we identify the shareholder following our internal standards and procedures, review it legally, and then report it to the Board of Directors. The Board of Directors submits proposals to the general shareholders’ meeting, unless they violate laws or the Articles of Incorporation. If adoption of the agenda is not possible, the reason will be responded to shareholders in writing or electronically. If the relevant shareholder makes a claim, the content of the proposal is included in the notice convening the general shareholders’ meeting and the relevant agenda is explained at the general shareholders’ meeting.



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Shareholder Communications

After the settlement of accounts every quarter, we hold a non-face-to-face NDR (Non-Deal Roadshow) for domestic and foreign investors, participate in conferences hosted by securities companies, or hold meetings and conference calls with investors to communicate with shareholders about management performance and key issues of interest. We are actively communicating with investors by participating in a total of 15 major NDR and securities company-hosted conferences in 2023. In addition, we faithfully communicate with minority shareholders through phone calls and emails from the IR department (available on the website).

Shareholder Return Policy

The basic principle of shareholder return is to enhance shareholder value through profit distribution according to performance and improvement of long-term corporate value. As part of our shareholder return policy, we pay cash dividends once a year for seven consecutive fiscal years. Dividends are determined taking into account investments for sustainable growth, business performance and cash flow situation. We have disclosed our dividend policy for the 2018 fiscal year (increasing the dividend payout ratio in 2018 to 30% based on financial statements and continuing efforts to enhance shareholder value) through the Electronic Disclosure System (DART). By determining the dividend payout ratio at 38.3% (based on separate financial statements) in 2023, we are maintaining the 30% level and making efforts to return to shareholders. Information on our shareholder return policy is provided to shareholders through the website, business reports, and quarterly/semi-annual reports. In addition, to enable shareholders to predict dividends, the dividend date was revised to be decided by the board of directors at the 7th regular general meeting of shareholders held on March 21, 2024.

Stock Holding Status

BGF Retail does not stipulate stock requirements for executives, and our executives purchase and hold treasury stocks to ensure responsible management and enhance shareholder value. The stock ownership status of registered and unregistered executives can be checked in the business report.

Management's Stock Holdings

Category	Number of shares held
CEO	-
Full-time executives below division heads (15 people)	20,467

* Base date: 2023.12.28 (Closing price: KRW 131,300)

Status of Shareholders Owning more than 5%













Shareholder name	Number of shares owned	Share ratio (%)
BGF Co., Ltd.	5,185,172	30
Seok-Joh Hong	1,271,876	7.36
Ra-Young Hong	921,322	5.33
JP Morgan Asset Management(Asia Pacific) Limited	977,011	5.65
National Pension Service	1,423,234	8.23

* The combined shares of the largest shareholder and his or her relatives of the largest shareholder corporation (BGF) total 4,124,453, which corresponds to a total of 23.87% of voting rights.

** The number of stocks owned by the National Pension Service and JP Morgan Asset Management is based on the disclosure of the Bulk Holdings Status Report.



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Financial Data

Category	Unit	2021	2022	2023	
Key Financial Performance	Sales revenue	KRW million	6,781,161	7,615,769	8,194,754
	Operating profit (loss)	KRW million	199,441	252,407	253,188
	Pre-tax profit	KRW million	192,516	254,068	248,351
	Corporate tax	KRW million	44,873	60,529	52,506
	Net profit (loss)	KRW million	147,642	193,538	195,845
	Asset	KRW million	2,596,378	2,946,235	3,219,078
	Capital	KRW million	809,319	962,627	1,074,453
	Return on Total Assets (ROA*)	%	5.9	7.0	6.4
	Return on Equity (ROE**)	%	19.6	21.8	19.2
Tax paid (consolidated basis)	Pre-tax profit	KRW million	192,516	254,069	248,351
	Nominal tax amount	KRW million	46,127	61,023	56,907
	Tax adjustment	KRW million	-1,254	-493	-4,401
	Effective tax rate	%	23.96	24.02	22.91
	Tax paid	KRW million	47,538	58,057	55,099
	Tax rate paid	%	24.69	22.85	22.19
	Distribution of economic performance to stakeholders (based on cash flow statement)	Shareholders and Investors (Dividends)	KRW million	41,460	51,825
Executive and employee salaries (excluding severance pay)		KRW million	172,486	197,888	218,905
Partners		KRW million	5,548,776	6,194,878	6,664,987
Government (cash payment of corporate taxes)		KRW million	42,328	53,401	64,537
Community (donations)		KRW million	932	936	2034

* ROA: Net profit/average assets

** ROE: Controlling shareholder's net profit / Controlling shareholder's equity (average)



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Environment

Greenhouse Gas Emissions

Category	Unit	2021	2022	2023	Remark	
Emissions (Separate)	Total(Scope 1 & 2)	tCO ₂ eq	2,053	2,423	8,063	The emission calculation range varies by year.
	Scope 1	tCO ₂ eq	1,294	1,599	2,118	<ul style="list-style-type: none"> • 2021: BGF Retail head office, corporate vehicle combustion volume • 2022: BGF Retail head office, corporate vehicle combustion volume • 2023: BGF Retail head office (headquarter building, Rich Tower), corporate vehicle combustion volume
	Scope 2	tCO ₂ eq	758	825	5,945	<ul style="list-style-type: none"> • 2021: BGF Retail head office • 2022: BGF Retail head office, regional offices • 2023: BGF Retail head office (headquarter building, Rich Tower), local offices, directly managed stores
	Scope 3	tCO ₂ eq	485,419	546,659	2,785,571	<ul style="list-style-type: none"> • 2021, 2022: 3PL logistics, CU stores, employee commuting and business trips • 2023: Category 1, 2, 3, 4, 5, 6, 7, 12, 14
	CAT 1 Purchased goods and services	tCO ₂ eq	-	-	2,270,431	
	CAT 2 Capital goods	tCO ₂ eq	-	-	35,476	
	CAT 3 Fuel-and energy-related activities (not included in Scope 1 and Scope 2)	tCO ₂ eq	-	-	617	
	CAT 4 Upstream transportation and distribution	tCO ₂ eq	18,090	20,674	24,667	
	CAT 5 Waste generated in operations	tCO ₂ eq	-	-	2,071	
	CAT 6 Business travel	tCO ₂ eq	3,554	3,203	3,233	
CAT 7 Employee commuting	tCO ₂ eq	2,502	2,703	2,845		
CAT 12 End-of-life treatment of sold products	tCO ₂ eq	-	-	113		
CAT 14 Franchises	tCO ₂ eq	463,775	522,782	446,126	<ul style="list-style-type: none"> • 2021, 2022: Estimates based on the average power consumption of stores participating in National DR • 2023: Calculated by applying the unit per area of the sample store according to the GHG protocol 	
Emissions (Consolidated)	GHG emissions intensity	tCO ₂ eq/KRW 100 million	0.68	0.65	0.78	<ul style="list-style-type: none"> • Based on 2023 sales of KRW 8,194,754 million • Sales in 2021 and 2022 are recalculated on a BGF Retail (consolidated) basis excluding sales from other sectors (CPEX Logistics, BGF Foods, BGF Humannet).
	Total (Scope 1 & 2)	tCO ₂ eq	44,736	48,302	63,778	The emission calculation range varies by year.
	Scope 1	tCO ₂ eq	34,451	36,950	41,319	<ul style="list-style-type: none"> • 2021: BGF Retail head office, corporate vehicle combustion volume, BGF Logis (logistics center) combustion volume • 2022: BGF Retail head office, corporate vehicle combustion volume, BGF Logis (logistics center) combustion volume • 2023: BGF Retail head office (headquarter building, Rich Tower), corporate vehicle combustion, BGF Logis, BGF Foods
	Scope 2	tCO ₂ eq	10,285	11,352	22,459	<ul style="list-style-type: none"> • 2021: BGF Retail head office • 2022: BGF Retail head office, regional offices • 2023: BGF Retail head office (headquarter building, Rich Tower), local offices, directly managed stores



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Energy

Category		Unit	2021	2022	2023	Remark
General energy (Consolidated)	Total general energy consumption	TJ	701.8	759.5	1,072.5	<ul style="list-style-type: none"> • Expansion of calculation scope from 2023 • 2022: BGF Retail (headquarters, regional office, corporate vehicle), BGF Logis (logistics center) • 2023: BGF Retail (headquarters, regional office, corporate vehicle, directly managed stores), BGF Logis, BGF Foods • Data unit change from 2021 to 2022 (TOE → TJ)
	Direct energy	TJ	486.9	522.3	603.2	
	Indirect energy	TJ	214.9	237.2	469.3	
	- Power	TJ	214.9	237.2	469.3	
	Intensity	TJ/KRW 100 million	0.0106	0.0103	0.0131	<ul style="list-style-type: none"> • When calculating intensity in 2021 and 2022, sales are applied on a BGF Retail (consolidated) basis excluding sales from other sectors (CPEX Logistics, BGF Foods, Humannet). • 2023 intensity: Applied consolidated sales to the performance of BGF Retail (headquarters, regional offices, corporate vehicles, directly managed store), BGF Logis, and BGF Foods.
Renewable energy	Renewable energy generation	MWh	1,397	1,436	1,376	
	Carbon emission reduction	tCO ₂ eq	661	610	632	



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Packaging Raw Materials

Category	Unit	2021	2022	2023	
Raw materials*	Total usage of raw materials	Ton	5,246	4,640	4,555
Renewable raw materials	Rate of renewable raw materials	%	5	2	3
	Total usage of renewable raw materials**	Ton	237	83	133
Non-renewable raw materials	PET bottles	Ton	1,127	1,103	974
	Materials and film-type packaging	Ton	752	568	529
	PLA***	Ton	1,174	1,024	1,115
	Glass bottles	Ton	196	140	115
	Other single material containers	Ton	1,760	1,722	1,689

* Combined use of recycled and non-recycled raw materials for PB packaging
 ** Paper pack usage
 *** Convert plastic bags to PLA

Waste

Category	Unit	2021	2022	2023	
Emissions	Total waste emissions	Ton	3,904	2,460	2,549
	Household waste*	Ton	40	60	59
	Food waste and food manufacturing process losses**	Ton	1,103	1,795	1,894
	Logistics center waste, product inventory disposal***	Ton	2,761	604	596
Recycling	Total amount of waste recycled	Ton	535	968	1,044
	Sorting out recyclable wastes (outsourcing)	Ton	12	21	22
	Converting food waste into compost/ animal feed (outsourcing)	Ton	486	937	876
	Product inventory donation	Ton	37	11	146
	Total waste recycling rate	%	14	39	41
	Intensity (Based on sales)	Ton/KRW billion	0.58	0.32	0.31

* BGF Retail(head office)
 ** BGF Foods
 *** BGF Logis

Water

Category	Unit	2021	2022	2023	
Water usage	Total usage of water	Ton	145,909	168,965	196,192
	BGF Retail	Ton	4,944	4,545	5,281
	BGF Foods	Ton	145,909	168,965	190,911
	BGF Logis*	Ton	-	-	65
	Water intensity	Ton/KRW billion	21.52	22.19	23.94

* BGF Logis water usage has been counted since 2023.



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Violation of Environmental Laws

Category	Unit	2021	2022	2023	
Violation of environmental laws	Number of violations	Case	0	0	0
	Fines and penalties	KRW million	0	0	0

Environmental Training

Category	Unit	2021	2022	2023
Total number of attendees	Person	11	12	44
Total training hours	Hour	77	72	128
Training hours per person	Hour	1.8	2	2.9

Green Purchasing

Category	Unit	2021	2022	2023
Amount of green purchasing	KRW thousand	321	5,700	14,520

※ Green purchaing ratio compared to total purchase amount:
 0.2% in 2021 (total purchase amount KRW 157,716 thousand)
 3% in 2022 (total purchase amount KRW 188,754 thousand)
 5% in 2023 (total purchase amount KRW 289,094 thousand)

Environmental Investment

Category	Unit	2021	2022	2023
Environmental investment cost	KRW 100 million	0.55	2.81	12.22

Green Product Operation and Sales Status

Category	Unit	2021	2022	2023	
Operating products	Total number of operating products	Type	76	85	81
	Eco-label	Type	27	23	20
	Environmental Product Declaration	Type	25	55	56
	Low Carbon	Type	6	5	5
	Carbon Footprint	Type	18	2	-
	Eco-friendly packaging	Type	-	18	40
Sales amount	Other environmentally friendly products	Type	-	-	6
	Total sales	KRW million	327,955	404,651	407,606
	Eco-label	KRW million	26,648	1,501	2,706
	Environmental Product Declaration	KRW million	234,603	380,303	381,841
	Low Carbon	KRW million	22,273	6,822	23,059
	Carbon Footprint	KRW million	44,431	16,025	-

* As some of the products classified as carbon footprints in '21 and '22 acquired environmental product labeling certification, they were reflected as environmental product labeling certification in 2023.

** Among CU PB snacks, products using eco-friendly ink



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Social

Employee Status

Category	Unit	2021	2022	2023
Total Number of employees	Person	2,778	2,948	3,303
Employment type				
Full time	Person	2,251	2,435	2,603
- Male	Person	1,678	1,768	1,853
- Female	Person	573	667	750
Non-regular employees	Person	527	513	700
Full-time employees rate	%	81	83	79
Non-regular employees rate	%	19	17	21
Age				
Below 30s	Person	713	732	641
30s-50s	Person	1,520	1,678	1,922
Over 50s~	Person	18	25	40
Position				
Full-time employees (total)	Person	2,251	2,435	2,603
- Position Holder	Person	269	291	294
- Practical manager (P3 or higher)	Person	345	418	491
- Non-managerial positions	Person	1,637	1,726	1,818
Non-regular employees (total)	Person	515	496	700
- Contract employee*	Person	15	10	27
- Indefinite contract employee	Person	3	2	0
- Directly managed store staff	Person	497	484	673

* Including executives

Employee Diversity

Category	Unit	2021	2022	2023
Female				
Administrator(position holder)	Person	6	10	11
Administrator(position holder) rate	%	1.0	1.4	1.5
Practical manager position (P3 or higher)	Person	34	51	66
Practical manager rate	%	5.9	7.6	8.8
Sales generating department manager (P3 or higher within the product division and sales and development division for areas 1 to 6*)	Person	25	37	46
STEM department**	Person	12	16	23
Administrator rate	%	6.5	8.6	9.8
Minority				
Employment of the disabled (general employees)****	Person	13	17	22
- Male	Person	10	13	13
- Female	Person	3	4	9
Disabled people (including directly managed store STAFF)****	Person	83	81	94
- Male	Person	74	75	83
- Female	Person	9	6	11
Employment of the veterans*****	Person	46	44	41
Nationality				
Number of Korean employees	Person	2,777	2,947	3,302
Number of foreigner employees***	Person	1	1	1

* P3 or higher for areas 1 to 6 in the product division and sales development department

** Female employees within the Information Systems Division

*** Based on the number of employees including directly managed store staff (Nationality of 1 person in 2023: China/Asia)

**** Standards for reporting to the Korea Employment Agency for the Disabled

***** National Ministry of Veterans Affairs reporting standards



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Recruitment

Category	Unit	2021	2022	2023	
New recruitment	Total Number of people*	Person	313	406	394
Age	Below 20s	Person	1	0	0
	20s ~ 30s	Person	291	317	322
	30s ~ 50s	Person	21	89	72
	Over 50s	Person	0	0	0
Gender	Male	Person	214	240	224
	Female	Person	99	166	170
Region	Metropolitan area**	Person	-	-	249
	Non-metropolitan area	Person	-	-	145
Type	Open recruitment for new college graduates	Person	225	279	306
	Experienced worker	Person	88	127***	88
Position	Position Holder	Person	1	0	1
	Practical manager (P3 or higher)	Person	5	11	12
	Non-managerial positions (P2 and below)	Person	307	395	381
Internal transfer (in-house recruitment)	Recruiting internal candidates	Person	0	0	0
Employment cost	Average hiring cost per Person	KRW thousand	2,264	2,686	3,186

* Excluding those transferred to affiliated companies

** Including those working at the Seoul headquarters

*** Modification due to incorrect entry of experienced employees joining in 2022 (130→127)

Turnover

Category	Unit	2021	2022	2023		
Turnover	Total turnover	Person	213	299	243	
	Total turnover rate	%	7.7	10.1	7.4	
	Gender	Male	Person	155	202	152
		Female	Person	58	97	91
	Age	Below 30s	Person	89	127	97
		30s ~ 50s	Person	111	163	140
Over 50s ~		Person	13	9	6	
Voluntary turnover	Total number of voluntary turnover	Person	166	275	212	
	Total voluntary turnover rate*	%	7.4	11.3	8.1	
	Gender	Male	Person	117	183	125
Female		Person	49	92	87	
Involuntary turnover**	Total Number of involuntary turnover	Person	47	24	31	

* Standard for calculating voluntary turnover rate: number of voluntary turnover compared to all regular employees

** Affiliate transfer, expiration of contract period, recommended resignation, disciplinary dismissal, death, etc.



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Employment Period

Category	Unit	2021	2022	2023
Total	Year	3.2	3.6	4.0
Male	Year	3.3	3.8	4.3
Female	Year	3.1	3.2	3.4

* BGF Retail established on November 1, 2017

Retirement Pension

Category	Unit	2021	2022	2023
Defined benefit type (DB)	Person	1,928	1,943	2,068
Defined contribution type (DC)	Person	90	146	186

Payment Status

Category		Unit	2021	2022	2023
Average salary	Total	KRW million	62	66	65
	Male	KRW million	66	71	70
	Female	KRW million	49	52	52
Ratio of starting salary for new employees to minimum wage	Male	%	187	181	181
	Female	%	187	181	181
Average salary compared to minimum wage*		%	284	287	269

* Employee average salary / legal minimum wage by year

Equal Payment

Category		Unit	2021	2022	2023
All employees	Base salary	%	74	73	73
	Incentives	%	67	63	59
Administrator	Base salary	%	107	92	93
	Incentives	%	106	94	93
Position holder	Base salary	%	104	92	98
	Incentives	%	117	92	98
Manager	Base salary	%	105	113	86
	Incentives	%	140	140	88
Professional	Base salary	%	82	84	80
	Incentives	%	75	88	79
Assistant	Base salary	%	91	90	90
	Incentives	%	80	100	90

* Standard: Ratio of female to male wages (base salary, incentives) in the same position

* Changes in figures for 2021 and 2022 due to recalculation of position holders (basic salary) ratio (2021: 124% → 104%, 2022: 83% → 92%)

Wage Gap Between CEO and Employee

Category		Unit	2021	2022	2023
Wage gap ratio	Based on average	%	8.6	7.5	8.6

* Equation: Average gross salary of employees / gross salary of CEO

Labor-Management Council

Category	Unit	2021	2022	2023
Number of participating employees	Person	2,251	2,435	2,603
Employee application rate	%	100	100	100
Number of meetings held	Case	4	4	4
Number of agenda	Number	16	18	23



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Employee Training

Category	Unit	2021	2022	2023	
Training attendees	Total number of attendees	Person	2,349	2,740	2,643
Training time	Training hours per employee*	Hour	56	57	63
	- Male**	Hour	-	-	67
	- Female**	Hour	-	-	56
Training cost	Training cost per employee	KRW thousand	382	327	490
	Total training cost	KRW thousand	897,098	962,935	1,295,263
Gender	Male	%	71	74	71
	Female	%	29	27	29
Position	Assistant	%	36	33	36
	Professional	%	55	59	62
	Manager	%	7	8	10
Training outcomes	HCROI***	%	31.0	30.6	29.6
	Satisfaction	Point	4.62	4.65	4.74
Training course	Support for obtaining certification	Person	74	84	89
	Language support	Person	61	71	83
	Learning club support	Person	59	66	106
	Cyber university support	Person	11	7	3
	BLP(BGF Leader Program)	Person	0	43	30

* Including holding company
 ** Compilation of detailed training time data from 2023
 *** Human Capital Return on Investment

Performance Evaluation

Category	Unit	2021	2022	2023	
Competency development-type evaluation system	number of eligible employees	Person	1,999	2,069	2,310
Management By Objective (MBO)	Implementation rate	%	100	100	100

Work and Life Balance

Category	Unit	2021	2022	2023	
Participation rate of flexible work*	%	91	95	60	
	Participation rate of working from home**	%	90	94	54
	Participation rate of staggered commuting***	%	2	3	6
Psychological counseling	Number of users	Person	168	187	299
	Number of progress	Case	744	867	1,394

* Total participation rate in flexible work systems such as telecommuting system and staggered work schedule
 ** Due to relaxation of COVID-19 quarantine standards in 2023, participation rate decreases due to change in work-from-home standards
 *** In November 2023, the staggered work schedule will be expanded to all employees



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Parental Leave

Category		Unit	2021	2022	2023
Total parental leave users	Total	Person	105	114	128
	- Male	Person	46	54	54
	- Female	Person	59	60	74
Employee scheduled to return	Total	Person	61	44	66
	- Male	Person	26	25	33
	- Female	Person	35	19	33
Returned employee	Total	Person	53	42	55
	- Male	Person	22	25	27
	- Female	Person	31	17	28
	Total return rate	%	87	96	83
Total employees who worked 12 months after returning	Total	Person	44	50	37
	- Male	Person	22	21	21
	- Female	Person	22	29	16
	Total return retention rate	%	79	82	84

* As the standard for the number of employees on childcare leave was recalculated, three-year data revised

Industrial Accident

Category		Unit	2021	2022	2023
Employees	Work-related deaths	Person	0	0	0
	LTIFR	Case/ million work hours	2.16	0.81	1.57
	Number of industrial accidents	Case	10	4	8
	Accident rate	%	0.43	0.16	0.31
Directly managed stores	Work-related deaths	Person	0	0	0
	LTIFR	Case/ million work hours	2.99	1.05	5.86
	Number of industrial accidents	Case	3	1	8
	Accident rate	%	0.60	0.21	1.16

Safety and Health Training

Category		Unit	2021	2022	2023
Dedicated employee	Participants	Person	83	100	106
	Training participation rate	%	100	100	100
General employee	Participants*	Person	2,132	2,241	2,512
	Training Hours per employee	Hour	21.9	21.5	21.6
Franchisee	Total training completed stores	Store	15,131	16,410	17,525
	Rate of training completed stores	%	95.4	97.8	98.7

* Annual average applied



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Risk Assessment

Category	Unit	2021	2022	2023
Risk assessment	Case	161	205	217
- CU directly managed store	Case	134	174	188
- Local office	Case	27	29	29
- Others*	Case	0	2	0

* Head office and pharmaceutical center, etc.

Industrial Safety and Health Management Committee

Category	Unit	2021	2022	2023
Number of meeting	Case	4	4	4
Number of agenda/topics	Case	17	31	23
Number of agenda/topics implements	Case	17	31	23

Human Rights

Category	Unit	2021	2022	2023	
Human rights report	Number of human rights-related reports*	Case	4	3	5
	Number of human rights-related Cases processed	Case	4	3	5*
Violations of human rights laws	Total violation	Case	0	0	0
	Penalty	KRW million	0	0	0
	Fine	KRW million	0	0	0
	Monetary sanctions and lawsuits	Case	0	0	0
	Non-monetary sanctions and lawsuits	Case	0	0	0
Human rights education	Sexual harassment prevention	Person	2,349	2,411	2,587
	Workplace bullying prevention	Person	2,209	2,218	2,469
	Education to improve awareness of the disabled	Person	2,349	2,411	2,587

* Human rights-related processing results: 4 cases without charge and 1 case of disposition

Identification Status of Critical Suppliers

Category	Unit	2023	
Suppliers	Total tier 1 suppliers	Company	738
	Critical tier 1 suppliers	Company	276
	Critical tier 2 suppliers	Company	45

* As a company engaged in the convenience store chain business, we select companies that manufacture major products among the suppliers that trade products and services with us as critical tier 1 suppliers.

Supply Chain ESG Assessment**

Category	Unit	2021	2022	2023
Conduct on-site inspection*	Case	233	257	364
Signing rate of fair trade compliance agreements	%	100	100	100
Number of companies that have signed fair trade compliance agreements	Company	148	165	260

* On-site inspection: number of product and on-site quality inspections

** Deployed to main partners

Purchase from Suppliers

Category	Unit	2021	2022	2023	
Purchase cost	Ratio of purchase cost from critical tier 1 suppliers	%	91	87	81



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Partner Support

Category	Unit	2021	2022	2023	
Financial support for partners	Size of win-win fund	KRW 100 million	130	130	130
	Win-win fund loans amount	KRW 100 million	63	85	66
	Amount for advance payment of holiday payment	KRW 100 million	741	374	230
	Number of partners who received advance payment for the holiday season	Company	224	210	88
	Win-Win Cooperation Fund (Contribution Amount)*	KRW million	5.5	5.5	8.8
Partner training support	Number of e-learning education contents	Content	2,473	7,386	7,386
	Number of partners participating in e-learning training	Company	148	165	169
Purchase from suppliers	Transaction ratio of critical tier 1 suppliers	%	97	87	81

* Reason for decrease in win-win growth fund and payment amount: In 2023, the Lunar New Year holiday was relatively short and coincided with the payment schedule, which prevented advance payments from being made on the Lunar New Year's Day.

Fair Trade Compliance Agreement

Category	Unit	2021	2022	2023
Small and medium-sized partners signed a fair trade compliance agreement	Company	148	165	260

CP Evaluation and Training

Category	Unit	2021	2022	2023	
CP training	Attendees	Person	273	131	271
	Training hours per attendees	Hour	1	1	1
	Number of trainings	Case	4	1	1
CP evaluation	Fair Transactions in Franchisee Business Act	Point	97.9	90.9	89.1
	Act on Fair Transactions In Large Retail Business, and the Subcontracting Act	Point	97.7	91.4	88.8

Community Investment

Category	Unit	2021	2022	2023	
Resource	Total	KRW 100 million	9.33	9.36	20.33
	- Charitable donations	KRW 100 million	2.36	0.74	10.40
	- Cash donations	KRW 100 million	6.41	8.17	9.56
	- In-kind donations	KRW 100 million	0.56	0.45	0.37
Nationality	Domestic	KRW 100 million	9.03	9.01	19.98
	Overseas	KRW 100 million	0.30	0.35	0.35
Sponsoring organization	Total of major sponsoring organization	KRW million	543	445	1,375
	- BGF Welfare Foundation	KRW million	458	350	499
	- Goodwill Store*	KRW million	-	10	791
	- Korea Disaster Relief Association	KRW million	50	50	50
	- UNICEF Korean Committee	KRW million	35	35	35
Intensity (relative to net profit)**			0.47	0.48	1.04

* New activities in 2022

** Donation ratio of net profit

Employee Volunteer Activities

Category	Unit	2021	2022	2023
Number of participating employees	Person	231	162	311
Participation time	Hour	1,114	738	1,288
Volunteer hours per employee	Hour	4.8	4.5	4.1



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Support for Socially/Economically Vulnerable Groups

Category		Unit	2021	2022	2023
CU Sprout store	Stores	Store	101	108	107
	Employment of the vulnerable	Person	600	648	642
	Self-supporting fund	KRW million	7,839	8,663	8,549
CU Together	Hope staff with developmental disabilities	Person	34	34	38
	Number of job experience centers	Number	18	18	18
CU Senior staff	Employed person	Person	18	11	17

Community Safety Net

Category		Unit	2021	2022	2023
Disaster prevention	Advertising expenses	KRW million	720	720	750
	Advertising campaign	KRW million	4	4	3
Aid	Relief fund	KRW million	50	50	50
	Relief support	Case	6	17	26
i-CU	Number of reported cases	Case	31	30	25
	Number of cases processed	Case	31	30	25
Child safety citizen award	Citizen Hero sector	Person	3	0	2
	Child Safety sector	Person	74	121	16*

* The Child Safe Citizen Award system is scheduled to resume in 2024.

Information Leakage and Infringement

Category		Unit	2021	2022	2023
Information protection investment	Investment rate in information security field	%	-	4.4	4.1
Information security training	Training hours per employee	Hour	5	3	1.25
Customer complaints	Total number of complaints	Case	0	0	0
	Number of cases identified by regulatory authorities	Case	0	0	0
	Number of customer privacy infringement complaints	Case	0	0	0
Violations/Leaks	Total number of information leaks	Case	0	0	0
	Total number of information security violations	Case	0	0	0
Infringement	Infringement rates for personally identifiable information (PII)	%	0	0	0
	Number of customers affected by data infringement	10,000 People	500	580	613

Shared Growth with Franchisees

Category		Unit	2021	2022	2023
Win-win council	Number of Win-Win Council meeting held with franchisees	Case	32	32	32
Autonomous dispute mediation committee	Number of adjustments	Case	11	36	79
	Processing rate	%	100	100	98.7
Status of stores operating for more than 10 years	Number of stores	Store	1,635	2,721	2,786
	Store ratio	%	10.3	16.2	17.2
Win-win agreement	Signing rate	%	99.5	99.7	99.5



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Product and Service

Category	Unit	2021	2022	2023	
Sustainable raw materials	Coffee	Ton	356	496	511
	Rice	Ton	10,018	11,007	13,720
Healthy and nutritious products	Number of healthy diet products	Type	3	6	4
	Sales of Healthy diet products	KRW million	648	498	1,686
	Sales volume of healthy diet products	Number	152,368	109,930	602,103
	Sales ratio of healthy diet**	%	3.2	2.9	1.8
	Number of products in Get Balanced***	Type	-	-	8
	Sales volume of Get Balanced	Number	-	-	1,548,769
Animal welfare products	Sales of Get Balanced	KRW million	-	-	2,667
	Sales volume of vegetarian products	Number	784,234	352,406	718,349
	Sales of vegetarian products	KRW million	1,844	935	2,079
	Number of meat products	Type	1	2	1
	Sales volume of meat products	Number	18	188	16
	Sales of meat products	KRW thousand	573	5,956	1,877
Organic product	Number of poultry products	Type	2	4	3
	Sales volume of poultry products	Number	623,973	573,591	474,740
	Sales volume of poultry products	KRW million	1,244	1,307	1,098
	Number of organic products (food)	Type	4	43	15
	Sales volume of organic products (food)	Number	432,379	12,604,397	4,460,000
	Sales of organic products (food)	KRW million	561	20,287	8,650
Organic product	Number of organic products (non-food)	Type	9	22	27
	Sales volume of organic products (non-food)	Number	745,099	1,324,567	4,774,276
	Sales of organic products (non-food)	KRW million	2,628	5,525	15,788

* Get Balanced products will be sold from October 2022

Food Safety

Category	Unit	2021	2022	2023	
Recall*	Number of recalls	Case	3	0	0
	Number of recalled products	Number	3	0	0
Food hygiene**	Violation of food hygiene laws	Case	3	0	0
	Safety violation rates for high-risk food category	%	0	0	0
	Number of applications for acquisition of the Ministry of Food and Drug Safety hygiene rating system	Case	0	37	107

* Based on PB & convenient food

** Based on the Number of violations of laws and regulations within BGF Retail manufacturing and business sites (franchises are not calculated as separate businesses)

Customer Communication

Category	Unit	2021	2022	2023	
Complaint processing	Monthly average Number of consumer complaints	Case	131	152	165
	Monthly average Number of consumer complaints per store	Case	0.008	0.009	0.009
	Performance of handling consumer complaints	%	-	86	93
Customer opinion	Number of product launch proposal requests	Case	56	96	33
Satisfaction evaluation	CU satisfaction evaluation	Point	89.6	92.3	95.3



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GOVERNANCE

Composition of the Board of Directors

Category	Unit	2021	2022	2023	
Independence	Non-executive director rate	%	57.1	71.4	71.4
Diversity	Female director	Person	0	1	1
	Female director rate	%	0	14.3	14.3
Expertise	Director with industry experience	Person	3	2	4
	Number of financial experts	Person	1	1	1
	Financial expert rate	%	14.3	14.3	14.3
Efficiency	Average term	Years	2.9	3.7	3.6
	Attendance rate	%	97.5	98.0	89.1
	Concurrent employment restrictions	Number	1	1	1

* As of the end of December 2023

Board of Directors Operation Status

Category	Unit	2021	2022	2023	
Board of directors management	Number of events	Case	13	11	14
	Number of agenda items reported and resolved	Case	53	45	54
	Number of ESG agendas	Case	11	10	17

* Board of Directors Attendance Rate: Data changed in 2021 and 2022 due to changes in board attendance standards (Standard: number of agenda items with director absence compared to total number of agenda items)

Committee

Category	Unit	2021	2022	2023	
Non-executive director candidate recommendation committee	Non-executive director rate	%	66.6	66.6	100
	Number of events	Case	-	1	2
	Attendance rate	%	-	100	100
	Number of resolutions	Case	-	1	2
	Non-executive director attendance rate	%	-	100	100
Audit committee	Non-executive director rate	%	100	100	100
	Financial expert	Person	1	1	1
	Number of events	Case	5	6	7
	Attendance rate	%	92.3	91.1	93.8
	Number of agenda items reported and resolved	Case	13	15	16
Internal transaction committee	Number of times held	Case	5	5	8
	Number of resolutions	Case	20	19	35
	Non-executive director rate	%	66.6	66.6	66.6
	Director attendance rate	%	100	100	84.8

* No details of the Non-executive director Candidate Recommendation Committee being held in 2021

* Candidates are selected on the recommendation of the Non-executive director Candidate Recommendation Committee in accordance with Article 542-8 of the Commercial Act and Article 3 of the Non-executive director Candidate Recommendation Committee Regulations.



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Remuneration

Category	Unit	2021	2022	2023	
Average remuneration per person	CEO	KRW million	722	879	760
	Non-executive director	KRW million	59	53	62
	Audit committee member	KRW million	59	60	62

* The CEO compensation amount does not include the retirement income of executive director Lee Geon-jun, who resigned in November 2023.

Code of Business Ethics

Category	Unit	2021	2022	2023	
Number of people who signed the internal code of business ethics	Total	Person	2,833	3,004	3,183
	Employees	Person	2,251	2,435	2,601
	Subsidiary executives and employees	Person	582	569	582
Internal code of business ethics signature rate	Employees	%	100	100	100
	Subsidiary executives and employees	%	100	100	100

Code of Conduct

Category	Unit	2021	2022	2023	
Violations	Total Number of violations	Case	6	18	20
	- Breach of trust/embezzlement	Case	0	0	0
	- Violation of the the Improper Solicitation and Graft Act	Case	0	0	0
	- Discrimination and harassment*	Case	1	1	3
	- Others	Case	5	17	17
Action	Total Number of actions	Case	16	34	55
	- Suspension	Case	3	9	9
	- Reducing salary	Case	4	7	17
	- Reprimand	Case	0	16	7
	- Others	Case	3	2	22

* Data changes due to revision of the number of incidents of discrimination and harassment in 2021 and 2022

Violation of Law

Category	Unit	2021	2022	2023	
Product/service information and labeling	Violations of law	Case	0	0	0
	Fine	KRW million	0	0	0
	Voluntary violation of norms	Case	0	0	0
	Non-monetary sanctions and lawsuits	Case	0	0	0
Display and advertising	Violations of law	Case	0	0	1*
	Voluntary violation of norms	Case	0	0	0
	Fine	KRW million	0	0	3
	Non-monetary sanctions and lawsuits	Case	0	0	0
Anti-trust/unfair competition	Violations of law	Case	0	0	0
	Fine	KRW million	0	0	0
	Non-monetary sanctions and lawsuits	Case	0	0	0
	number of completed cases	Case	0	0	0
Anti-corruption/bribery	Violations of law	Case	0	0	0
	Fine	KRW million	0	0	0
	number of completed cases	Case	0	0	0
	Non-monetary sanctions and lawsuits	Case	0	0	0
Others	Violations of other laws and regulations	case	1**	0	0

* Violation of all laws related to transmission of advertising information for commercial purposes occurred in September 2023

** In 2021, a fine of KRW 4 million was imposed for omission to report to sellers of safe over-the-counter medicines (violation of the Pharmaceutical Affairs Act)

※ Based on the number of violations of laws and regulations within BGF Retail manufacturing and business sites (affiliates are not counted as separate businesses)



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Ethical Management Training

Category	Unit	2021	2022	2023	
Employees	Number of training	Case	26	20	28

Report and Consultation

Category	Unit	2021	2022	2023	
Number of reports and consultations regarding ethical management	Total	Case	11	13	15
	Employees	Case	8	13	13
	Business partner	Case	3	0	2
	Customer	Case	0	0	0
Number of reports through reporting channels	Ethical management hotline	Case	3	0	2
	Cleanline	Case	4	3	6
	Resolved ethical management hotline	Case	3	0	2
	Resolved cleanline	Case	4	3	6

Audit Committee

Category	Unit	2021	2022	2023
Total number of audits	Case	13	17	14
Comprehensive audit	Case	4	4	3
Special audit	Case	8	13	10
Confirmation audit	Case	1	0	1

Association

Category	Unit	2021	2022	2023	
Payment of association fees	Lobby/interest group	KRW million	0	0	0
	Political campaign	KRW million	0	0	0
	Related associations	KRW million	217	285	294
	Others (academic research, and etc.)	KRW million	5	6	6
Expenditure to major related associations	Korea Association of Convenience Store Industry	KRW million	175	224	228
	The Federation of Korean Industries	KRW million	7	7	7
	Korea Chamber of Commerce and Industry	KRW million	35	43	50



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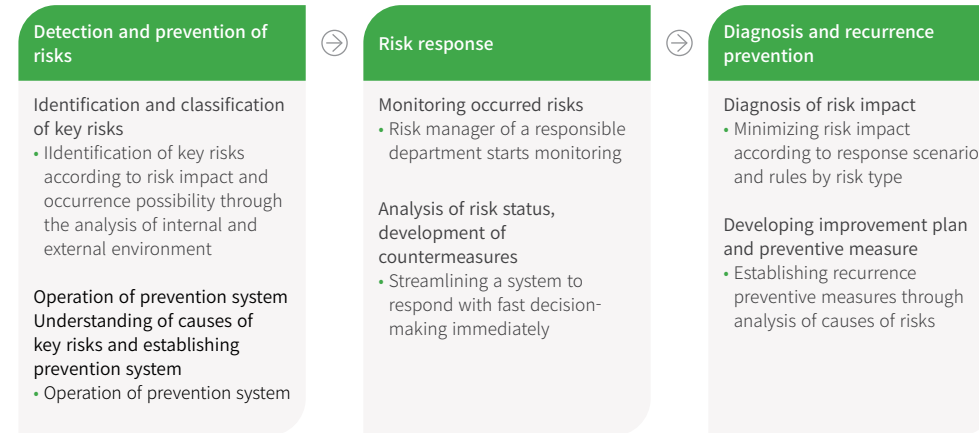
Risk Management

Integrated Risk Management

Risk Management

Recently, the business environment is rapidly changing and future uncertainty is increasing due to various environmental, social, and economic risks. BGF Retail is committed to responding to long- and short-term risks and achieving sustainable growth by establishing systematic and preemptive response systems from financial and non-financial perspectives. We collaborate across the company with the Risk Management Committee, related departments, and working groups to analyze and effectively manage potential risks that may arise in business through an integrated risk management system. In addition, we monitor internal control, fair trade, ethics, and compliance management more efficiently by operating under a dual system with the Audit Committee.

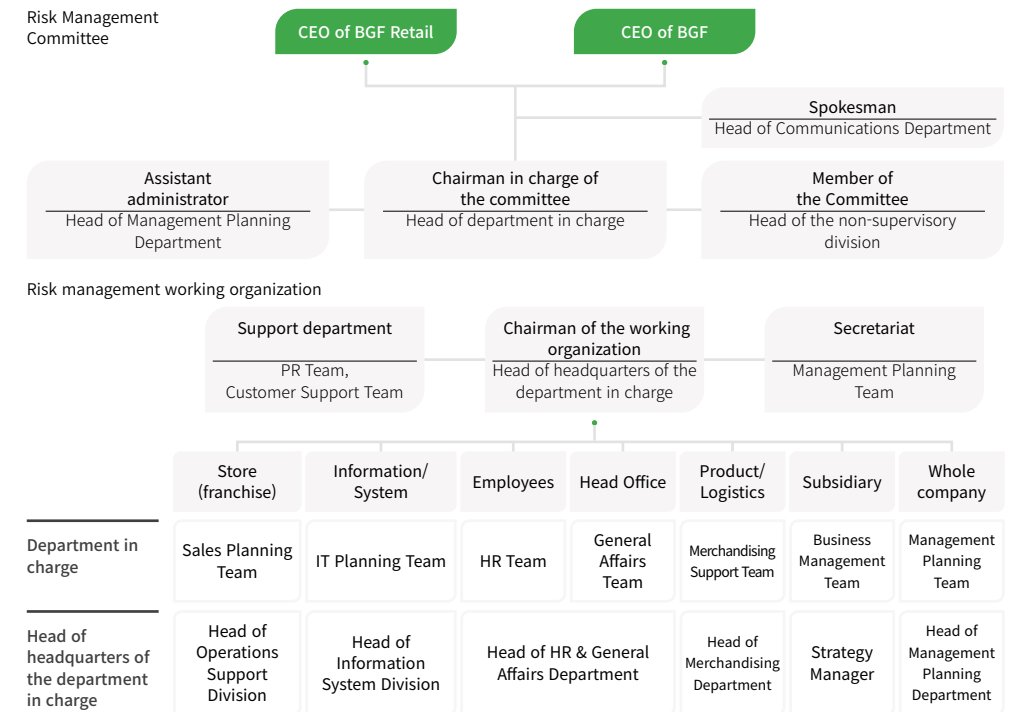
Risk Management Process



Risk Management Organization

To proactively identify and respond to financial and non-financial risks in business, BGF Retail defines risk factors into 59 risks across 7 types and systematically manages them. We clarify responsibilities and authorities for each organization, promptly share information and improve response strategies through specific risk identification criteria.

Organizational Chart of Risk Management



- 1 Risks are managed by the Risk Management Department by type. When a risk occurs, we quickly respond by convening a Risk Management Committee with the head of the department in charge, the head of the management planning office, and the head of the communication department. Risks are classified into business and non-business risks. Business risks, which must be managed regularly, include franchise, information systems, product operations, logistics, etc. Non-business risks encompass environmental, ethical, compliance, reputation, disaster risks, etc. When a risk occurs, we assess the crisis situation using standard procedures and quickly respond according to the risk process. Non-financial risks identified through this process are managed and addressed by specialized departments.
- 2 Internal risks are mainly managed and controlled by the Audit Committee within the Board of Directors. This committee receives reports on quarterly financial statements and plans from external auditors and presents review opinions to management. The Management Consulting Team manages ethical management risks through code of conduct violations and internal audits. Additionally, the Internal Accounting Management Team, IR Team, Legal Affairs Team, and other relevant teams manage financial and non-financial risks by company-wide internal accounting regulations, public information management regulations, and compliance standards.



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Risk Management Scenario

BGF Retail conducts regular training focused on risk management scenarios to help identify and manage potential risks in various financial and non-financial categories (e.g. company strategy, operations, finance, legal, reputation). In particular, we develop scenarios related to franchises, information/systems, product operations, logistics, employees, safety, disaster, security, law, operations, reputation issues, etc., and designate and operate the management department and subdivision.

Sensitivity Analysis

BGF Retail faces various types of risks including financial risks, compliance risks, and those inherent to the convenience store industry and economic cycles. Our comprehensive risk management policy is designed to anticipate and mitigate uncertainties in financial markets, aiming to safeguard our financial performance against potential adverse impacts. Accordingly, we manage financial risks on a regular and ongoing basis in accordance with policies approved by the Board of Directors (BOD). In addition to financial risks, we prioritize the management of legal risks that could significantly impact our franchising operations. This includes analyzing the sensitivity of major compliance risks, particularly concerning regulations like ‘The Fair Transactions in Franchise Business Act’ and ‘The Act on Fair Transactions in Large-scale Distribution.’ To ensure compliance, we establish internal policies, implement risk prevention systems, and provide relevant training. Furthermore, by analyzing the domestic market according to the characteristics, growth potential, and economic fluctuations of the convenience store industry, we identify risks in advance and respond through systems and internal policies.

Key Potential Risks, Business Impacts and Responses

BGF Retail acknowledges several potential risks arising from demographic shifts, environmental impacts associated with product usage, rising prices, and other factors affecting convenience store operations. The primary customer base of convenience stores, typically individuals aged 20 to 40, faces challenges due to declining birth rates and an aging population, potentially impacting our customer demographics and overall business. Moreover, as short-distance retail channels specializing in convenience foods, convenience stores contribute significantly to waste generation through packaging materials and disposable products. With increasing government emphasis on environmental regulations, BGF Retail faces pressure to enhance the eco-friendliness of its products and services. However, such improvements may raise costs and potentially reduce customer utilization, particularly if these costs are passed on to consumers. The high price trend due to inflation is also identified as a potential risk because it reduces consumers’ willingness to purchase. BGF Retail strives to address these challenges by identifying major potential risks and their impact on the business, while also seeking out opportunities for growth opportunities.

Business Impact and Response to Major Potential Risks

Category	Business Impact	Response
Demographic change	<ul style="list-style-type: none"> • Decrease in major consumer customer base • Employment difficulties for store workers • Increasing demand for product and service diversification 	<ul style="list-style-type: none"> • Improved store operation process through self-POS, unmanned stores, etc. • Market expansion through overseas expansion (Mongolia, Malaysia, Kazakhstan) • Expansion of products and services targeting seniors
Demand for improvement in product eco-friendliness	<ul style="list-style-type: none"> • Strengthening government regulations on disposable products • Increase in manufacturing cost of products • Strengthening stakeholders’ demands for improving product eco-friendliness 	<ul style="list-style-type: none"> • Package change using eco-friendly materials • Activities for Improving product packaging through collaboration with partners • Establishing a culture of not providing disposable products with store owner and customer participation
Rise in prices	<ul style="list-style-type: none"> • Decreased purchase of products and services • Decrease in accessibility for vulnerable consumers 	<ul style="list-style-type: none"> • Expansion of price stability product categories • Collaborating with local governments to discover welfare blind spots

Strengthening Tax Transparency

Implementation of Tax Policy and Tax Obligations

BGF Retail is committed to contributing to national finances, securing customer interests, and maximizing shareholder profits by complying with tax laws and managing tax risks. We strictly comply with tax-related laws and regulations to faithfully fulfill our tax obligations by the law. In 2022, we established compliance with tax laws and international regulations, transparent and responsible tax operations, minimizing tax risks, prohibiting transactions without business substance, and establishing international transaction standards as the main principles of our tax policy.



Tax Risk Management

We are constantly monitoring tax-related laws to prevent various tax risks that may arise in our business, and we review tax risks to make comprehensive decisions. In addition, we share and communicate tax-related information transparently by disclosing our website and sustainability report to stakeholders.



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GRI Index

BGF Retail is reporting sustainable management information in accordance with the GRI Standards 2021 compliance reporting principles from January 1, 2023 to December 31, 2023.

Universal Standards

GRI 1: Foundation 2021

Statement of use	BGF Retail has reported in accordance with the GRI Standards for the period 2023.1.1 ~ 2023.12.31
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard	No applicable sector standard as of the publication date

GRI 2 : General Disclosures 2021

Classification	Disclosure Indicators	Page
The organization and its reporting practices	2-1 Organizational details	7
	2-2 Entities included in the organization's sustainability reporting	3
	2-3 Reporting period, frequency and contact point	3
	2-4 Restatements of information	Marked as an annotation
	2-5 External assurance	134
Activities and workers	2-6 Activities, value chain, and other business relationships	8
	2-7 Employees	41
	2-8 Workers who are not employees	-*

*37 dispatched workers (25 general affairs, 8 secretaries, 4 computer OPs)

Classification	Disclosure Indicators	Page
Governance	2-9 Governance structure and composition	94-96
	2-10 Nomination and selection of the highest governance body	95-96
	2-11 Chair of the highest governance body	94
	2-12 Role of the highest governance body in overseeing the management of impacts	15
	2-13 Delegation of responsibility for managing impacts	15
	2-14 Role of the highest governance body in sustainability reporting	15, 93-98
	2-15 Conflicts of interest	15, 97
	2-16 Communication of critical concerns	15, 97
	2-17 Collective knowledge of the highest governance body	15, 93
	2-18 Evaluation of the performance of the highest governance body	98
2-19 Remuneration policies	98	
2-20 Process to determine remuneration	98	
2-21 Annual total compensation ratio	98	



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Classification	Disclosure Indicators	Page
Strategy, policies and practices	2-22 Statement on sustainable development strategy	6
	2-23 Policy commitments	14
	2-24 Embedding policy commitments	14-15
	2-25 Processes to remediate negative impacts	51, 91
	2-26 Mechanisms for seeking advice and raising concerns	51, 91
	2-27 Compliance with laws and regulations	91
Stakeholder engagement	2-28 Membership associations	133
	2-29 Approach to stakeholder engagement	16
	2-30 Collective bargaining agreements	47

GRI 3: Material Topics 2021

Classification	Disclosure Indicators	Page
Disclosures on material topics	3-1 Process to determine material topics	17-18
	3-2 List of material topics	17-18

Topic Specific Standards

Material Topics

Classification	Disclosure Indicators	Page
Waste management	3-3 Management of material topics	35
GRI 306: Waste	306-3 Waste generated	35
	306-4 Waste diverted from disposal	35
	306-5 Waste directed to disposal	35
Expanding sustainable packaging	3-3 Management of material topics	34
GRI 301: Materials	301-1 Materials used by weight or volume	34
Development of products and services considering society/environment	3-3 Management of material topics	32-34
Non-GRI		32-34
Product safety and quality	3-3 Management of material topics	58-64
GRI 417 : Marketing and Labeling	417-2 Incidents of non-compliance concerning product and service information and labeling	62
	417-3 Incidents of non-compliance concerning marketing communications	62, 91
Win-win between franchisor and franchisees	3-3 Management of material topics	79-81
Non-GRI		79-81



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Classification	Disclosure Indicators		Page
Customer satisfaction(improved customer convenience)	3-3	Management of material topics	65-69
Non-GRI			65-69
Responsible sourcing of raw materials, products, etc.	3-3	Management of material topics	33-34
GRI 301: Materials	301-1	Materials used by weight or volume	34
	301-2	Recycled input materials used	33-34
Customer health and nutrition	3-3	Management of material topics	58, 60
GRI 416 : Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	60
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	58, 60
Supply Chain Management	3-3	Management of material topics	74-76
GRI 308: Supplier Environmental Assessment	308-2	Negative environmental impacts in the supply chain and actions taken	74-76
GRI 414: Supplier Social Assessment	414-2	Negative social impacts in the supply chain and actions taken	74-76
Fair trade	3-3	Management of material topics	74-76
GRI 206: Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, antitrust, and monopoly practices	91

Non-material Topics

Classification	Disclosure Indicators		Page	
GRI 201: Economic Performance	201-2	Financial implications and other risks and opportunities due to climate change	23, 126-131	
GRI 203 : Indirect Economic Impacts	203-1	Infrastructure investments and services supported	83-87	
GRI 205 : Anti-corruption	205-1	Operations assessed for risks related to corruption	90	
	205-2	Communication and training about anti-corruption policies and procedures	91	
	205-3	Confirmed incidents of corruption and actions taken	90	
GRI 206 : Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	90	
	GRI 302: Energy	302-1	Energy consumption within the organization	29
		302-2	Energy consumption outside of the organization	27
		302-3	Energy intensity	29
	302-4	Reduction of energy consumption	29	
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	27	
	305-2	Energy indirect (Scope 2) GHG emissions	27	
	305-3	Other indirect (Scope 3) GHG emissions	27	
	305-4	GHG emissions intensity	27	
	305-5	Reduction of GHG emissions	27	



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Classification	Disclosure Indicators	Page	
GRI 401: Employment	401-1	New employee hires and employee turnover	42-43
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	48-49
	401-3	Parental leave	49
GRI 402 : Labor/ Management Relations	402-1	Minimum notice periods regarding operational changes	-*
GRI 403 : Occupational Health and Safety	403-1	Occupational health and safety management system	52-53
	403-2	Hazard identification, risk assessment, and incident investigation	54-55
	403-3	Occupational health services	52
	403-4	Worker participation, consultation, and communication on occupational health and safety	56
	403-5	Worker training on occupational health and safety	56-57
	403-6	Promotion of worker health	57
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	54-55
	403-9	Work-related injuries	56

Classification	Disclosure Indicators	Page	
GRI 404 : Training and Education	404-1	Average hours of training per year per employee	43-44
	404-2	Programs for upgrading employee skills and transition assistance programs	43-44
	404-3	Percentage of employees receiving regular performance and career development reviews	45
GRI 405 : Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	41
	405-2	Ratio of basic salary and remuneration of women to men	45
GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	51
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	82-87
GRI 416 : Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	59-62
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	58
GRI 418 : Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	72

* There are no cases of occurrence, but in the event of a change in management, we inform employees to notify at least 50 days in advance according to the Labor Standards Act.



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SASB Index

BGF Retail has disclosed indicators corresponding to Food Retailers & Distributors business in the report in accordance with SASB Industry standards. We will continue to communicate with stakeholders by analyzing and reflecting additional SASB requirements every year.

* The reporting scope of the SASB Index was created based on BGF Retail's separate standards.

FOOD RETAILERS & DISTRIBUTORS

Category	Disclosure Indicators	Code	Answer
Fleet Fuel Management	(1) Fleet fuel consumed	FB-FR-110a.1	(1) Diesel: 13,759,950L
	(2) percentage renewable		(2) Not applicable
Air Emissions from Refrigeration	Gross global Scope 1 emissions from refrigerants	FB-FR-110b.1	Not applicable
	Percentage of refrigerants consumed with zero ozone-depleting potential	FB-FR-110b.2	Not applicable
	Average refrigerant emissions rate	FB-FR-110b.3	Not applicable
Energy Management	(1) Operational energy consumed	FB-FR-130a.1	(1) Total energy usage: 1,072.5 TJ, direct energy consumption: 603.2TJ, indirect energy consumption (power): 469.30TJ (2) 469.30TJ (3) 1,376MWh
	(2) percentage grid electricity		
	(3) percentage renewable		
Food Waste Management	(1) Amount of food waste generated	FB-FR-150a.1	(1) Food loss and food waste: 1,894 tons (2) Waste recycling rate: 41%
	(2) percentage diverted from the waste stream		
Data Security	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII) (3) number of customers affected	FB-FR-230a.1	(1) Number of personal information leaks: 0, Number of information security violations and cybersecurity incidents: 0 cases, Number of customer information leaks/theft/loss: 0 cases (2) 0% (3) 6.13 million people
	Description of approach to identifying and addressing data security risks	FB-FR-230a.2	Information Security Management System (ISMS) certification and information security management activities
Food Safety	High-risk food safety violation rate	FB-FR-250a.1	0%
	(1) Number of recalls	FB-FR-250a.2	(1) Number of recalls: 0 cases (2) Number of products recalled: 0 cases (3) Separate recall in accordance with relevant standards and laws, including the Food Sanitation Act and Food Labeling Standards, No violations
	(2) number of units recalled		
(3) percentage of units recalled that are private-label products			
Product Health & Nutrition	Revenue from products labelled and/or marketed to promote health and nutrition attribute	FB-FR-260a.1	Health and nutrition product (healthy meal convenience food series) sales volume ratio: 1.8%
	Discussion of the process to identify and manage products and ingredients related to nutritional and health concerns among consumers	FB-FR-260a.2	Health and nutrition policy, sustainable raw material management, and product development activities considering health and nutrition



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SASB Index

Category	Disclosure Indicators	Code	Answer
Product Labelling & Marketing	Number of incidents of non-compliance with industry or regulatory labelling and/or marketing codes	FB-FR-270a.1	Legal violations related to labeling: 0 cases, Marketing-related legal violations: 1 cases. No administrative disposition pursuant to relevant standards such as the Food Sanitation Act and Food Labeling Standards
	Total amount of monetary losses as a result of legal proceedings associated with marketing and/or labelling practices	FB-FR-270a.2	Fines for labeling violations: KRW 0, Fine for marketing-related violations: KRW 3 million
	Revenue from products labelled as (1) containing genetically modified organisms (GMOs) and (2) non-GMO	FB-FR-270a.3	BGF Retail does not use GMO derived raw materials for products' production. We are committed to complying with laws and regulations regarding GMOs and managing their potential risks in order to provide our customers with high-quality, safe products.
Labour Practices	(1) Average hourly wage and (2) percentage of in-store and distribution centre employees earning minimum wage, by region	FB-FR-310a.1	(1)KRW 9,860 (legal minimum wage) (2)Directly managed store Staff Percentage: 20.4%
	Percentage of active workforce covered under collective bargaining agreements	FB-FR-310a.2	Percentage of people participating in the labor-management council: 100%, New labor union established in 2024
	(1) Number of work stoppages and (2) total days idle	FB-FR-310a.3	Not applicable
	Total amount of monetary losses as a result of legal proceedings associated with: (1) labour law violations and (2) employment discrimination	FB-FR-310a.4	(1) 0 cases (2) KRW 0 million
Management of Environmental & Social Impacts in the Supply Chain	Revenue from products third-party certified to environmental or social sustainability sourcing standards	FB-FR-430a.1	RFA coffee bean purchase amount: 511 tons, RFA coffee bean purchase amount: KRW 7,948 million
	Percentage of revenue from (1) eggs that originated from a cage-free environment and (2) pork produced without the use of gestation crates	FB-FR-430a.2	(1) Animal Welfare Egg Sales: KRW 1,098 million (2) Animal Welfare Pork Sales: KRW 1,877,000
	Discussion of strategy to manage environmental and social risks within the supply chain, including animal welfare	FB-FR-430a.3	Establishment of supply chain code of conduct, ESG risk management, health and nutrition policy
	Discussion of strategy to manage environmental and social risks within the supply chain, including animal welfare	FB-FR-430a.4	Environmentally friendly packaging design, material change, establishment of recycling strengthening policy, and virtuous cycle of resources throughout the value chain.

Activity Metrics

Activity Metric	Code	Note
(1) Total number of stores	FB-FR-000.A	(1) 16,787 stores
(2) Total number of distribution centers		(2) 38
(1) Total store area	FB-FR-001.B	(1) 1,414,108m ² (including franchise)
(2) Total area of logistics center		(2) 293,250m ²
Number of commercial vehicles	FB-FR-002.C	Not applicable
Distance driven	FB-FR-003.D	Not applicable



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Disclosure of Climate-related Financial Information

BGF Retail is establishing and implementing a greenhouse gas emissions reduction strategy guided by the ESG Management Committee, to establish and achieve climate response goals. In addition, BGF Retail voluntarily discloses financial information related to climate crisis through its sustainability report by the Task-force on Climate-related Financial Disclosures (TCFD) recommendation proposed by the Financial Stability Board (FSB). This initiative aims to communicate the risks posed by climate change as we transition toward a low-carbon economy. In line with these efforts, BGF Retail conducts climate scenario analyses to assess our management status across governance, strategy formulation, risk and opportunity identification processes, and key performance indicators and reduction targets. Specifically, we conducted a TCFD scenario analysis in 2023 to evaluate the resilience of our business against climate risks and impacts. Based on the scenario, we will systematically respond to climate change, report TCFD and ISSB climate disclosures, and ensure transparent communication of our climate-related activities.

Disclosure Focus Area	Recommended Disclosures	CDP 2023 questions	Page
Governance	a) Describe the board’s oversight of climate-related risks and opportunities.	C 1.1a , C 1.1b	23
	b) Describe management’s role in assessing and managing climate-related risks and opportunities.	C1.2a	23,24
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	C2.1a , C2.1b	131
	b) Describe the impact of climaterelated risks and opportunities on the organization’s businesses, strategy, and financial planning.	C2.1b , C2.2a, C2.3b, C3.2b	131~134
	c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	C2.2a, C2.3b, C3.2	25, 131~234
Risk Management	a) Describe the organization’s processes for identifying and assessing climate-related risks.	C2.2a	15, 23~24
	b) Describe the organization’s processes for managing climate-related risks.	C2.2a	15, 23~24
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall.	C3.3, C3.4	121~122
Metrics & Target	a) Disclose the metrics used by the organization to assess climaterelated risks and opportunities in line with its strategy and risk management process.	C2.2	26, 28, 30, 105~108
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	C6.1, C6.2, C6.3	131~134
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	C 4.1a, C 4.1b	23~27

Analysis of Climate Change Response Scenarios

BGF Retail analyzed climate scenarios by differentiating between transition risks and physical risks, forming the basis for a systematic climate change response strategy. Transition scenarios such as the International Energy Agency’s NZE 2050, APS, and STEPS were utilized. For physical risks, BGF Retail applied IPCC’s RCP scenarios (2.6, 4.5, 8.5) to assess the potential impacts from environmental changes. The analysis included BGF Retail, BGF Logis, BGF Foods, and CU stores within defined physical boundaries.

Category	Description	
Transition Scenario*	IEA NZE 2050 (Net Zero Emissions by 2050)	<ul style="list-style-type: none"> • Global energy sector achieves net zero by 2050 • Global temperature rise expected to be 1.4°C
	IEA APS (Announced Pledges Scenario)	<ul style="list-style-type: none"> • As of the end of August 2023, the greenhouse gas reduction goals announced by each country have been fully achieved • Global temperature rise expected to be 1.7°C
	IEA STEPS (Stated Policies Scenario)	<ul style="list-style-type: none"> • Considering energy-related policies adopted as of the end of August 2023 • Global temperature rise expected to be 2.4°C
Physical Scenario**	RCP 2.6 (Representative Concentration Pathway 2.6)	<ul style="list-style-type: none"> • Mitigation scenario to quickly implement greenhouse gas reduction activities • A scenario in which radiative forcing peaks at 3.1 W/m2 and then returns to 2.6 W/m² (421 ppm CO₂) by 2100. • Limit global temperature rise to 2°C
	RCP 4.5 (Representative Concentration Pathway 4.5)	<ul style="list-style-type: none"> • An intermediate-level scenario in which greenhouse gas reduction policies have been substantially realized • A scenario in which radiative forcing stabilizes at approximately 4.5 W/m2 (538 ppm CO₂) after 2100 • Limit global temperature rise to 3°C
	RCP 8.5 (Representative Concentration Pathway 2.6)	<ul style="list-style-type: none"> • A scenario in which greenhouse gas emissions follow the current trend • A scenario in which radiative forcing reaches approximately 8.5 W/m2 (936 ppm CO₂) or more by 2100 • Global temperature rise of more than 4°C

* Temperature rise projections by IEA scenario: Based on World Energy Outlook 2023 (published by IEA)

** Temperature rise projections by RCP scenario: IPCC 6th Comprehensive Report (2023)



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Identification of Climate Change Risks and Opportunities

BGF Retail analyzed risks and opportunities associated with climate change, categorizing them into transition risks and physical risks following TCFD recommendations. Transition risks, including technology, policy, market, and reputation risks, were thoroughly reviewed. For physical factors, both acute and chronic impacts were assessed, identifying significant risks and opportunities through comprehensive impact assessments.

Category	Identified by	Potential impact	Time Frame	Impact Assessment	Response strategy
Transition	Technology	<ul style="list-style-type: none"> Emergence of low-carbon substitutes for existing products/services Low-carbon technology transition 	<ul style="list-style-type: none"> [Risk] As electric vehicle battery technology develops, transportation vehicles may be replaced by electric vehicles. 	<ul style="list-style-type: none"> Medium/long term High 	<ul style="list-style-type: none"> Sequential conversion to electric vehicles: achieve at least 30% by 2050 : Achieve at least 30% by 2050 Maintain a 1% reduction in unit emissions compared to the previous year by 2025 Goal to reduce greenhouse gas emissions in unit by 10% compared to 2020 by 2030
	Policy	<ul style="list-style-type: none"> Carbon pricing system Strengthening greenhouse gas emissions reporting obligations Introducing obligations and regulations for existing products and services 	<ul style="list-style-type: none"> [Risk] Increase in operating costs due to increase in greenhouse gas emissions and carbon price [Opportunity] Generating profits from carbon sales 	<ul style="list-style-type: none"> Short term/mid term/long term High 	<ul style="list-style-type: none"> Adjustment of cargo volume and optimization of delivery efficiency: prevention of additional dispatch (reduction of fuel use) Implementation of eco-driving practice campaign: Reduce fuel use by improving fuel efficiency Expansion of renewable energy production through idle space in logistics centers: 2026 Busan Logistics Center, etc.
	Market	<ul style="list-style-type: none"> Consumer behavior changes Rising raw material costs 	<ul style="list-style-type: none"> [Risk] Increase or decrease in fuel costs due to changes in fossil fuel prices 	<ul style="list-style-type: none"> Medium/long term High 	<ul style="list-style-type: none"> Adjustment of cargo volume and optimization of delivery efficiency Improved fuel efficiency through eco-driving
	Reputation	<ul style="list-style-type: none"> Changes in Consumer Preferences Increased negative opinions from stakeholders Risk of Litigation Exposure 	<ul style="list-style-type: none"> [Risk] Costs incurred and reputation loss when responding to lawsuits for non-response to climate information requests and poor performance 	<ul style="list-style-type: none"> Medium/long term Medium 	
Physical	Acute	Downpour	<ul style="list-style-type: none"> [Risk] Transportation delays due to slowdowns, damage to facilities and roads due to landslides 	<ul style="list-style-type: none"> Medium/long term Low ~ Medium 	
		Flood	<ul style="list-style-type: none"> [Risk] Flooding of driving roads, flooding of stores and logistics centers storm 	<ul style="list-style-type: none"> Medium/long term Low ~ Medium 	
		Storm	<ul style="list-style-type: none"> [Risk] Damage to facilities at stores and logistics centers 	<ul style="list-style-type: none"> Medium/long term Low ~ Medium 	
		Heavy snow	<ul style="list-style-type: none"> [Risk] Transportation delays due to icy roads and slowdowns 	<ul style="list-style-type: none"> Medium/long term Low ~ Medium 	
		Heat wave	<ul style="list-style-type: none"> [Risk] Decreased worker productivity (heat stress) [Risk] Increased energy costs for refrigerated and frozen storage, increased heating costs for offices and stores [Opportunity] Change in preferred product line due to increase in maximum temperature (e.g. Increased sales of ice cup-related products) 	<ul style="list-style-type: none"> Short term/mid term/long term High 	<ul style="list-style-type: none"> Securing worker break time when standard temperature rises Investment in facilities to increase cooling/heating efficiency, such as eco-fans Expansion of ice cup and beverage product categories
	Cold wave	<ul style="list-style-type: none"> [Risk] Decreased worker productivity (increased risk of injury), increased heating costs for offices and stores [Risk] Increase in fuel costs due to decreased vehicle fuel efficiency 	<ul style="list-style-type: none"> Medium/long term Low ~ Medium 		
	Chronic	Sealevel rise	<ul style="list-style-type: none"> [Risk] Closure of stores near the coast and movement inland 	<ul style="list-style-type: none"> Medium/long term Low ~ Medium 	
		Water shortage/drought	<ul style="list-style-type: none"> [Risk] Increase in operating costs at logistics centers due to rising utility costs 	<ul style="list-style-type: none"> Medium/long term Low 	
		Average temperature rise	<ul style="list-style-type: none"> [Risk] Decreased worker productivity (heat stress), increased energy costs for refrigerated and frozen storage 	<ul style="list-style-type: none"> Medium/long term High 	<ul style="list-style-type: none"> Investment in high-efficiency heating and cooling equipment
			<ul style="list-style-type: none"> [Risk] Increase in cooling costs for offices and stores (fixed increase in annual operating costs) 	<ul style="list-style-type: none"> Medium/long term Medium 	



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By identifying climate risks and opportunities and assessing their impacts, we have identified the key drivers of the following transition/physical scenarios

Transition Scenario Drivers	[Technology] Electric vehicle	Identify changes in transportation costs and carbon emissions depending on the electric vehicle conversion rate.
	[Regulation] Carbon price	As carbon regulations and policies are strengthened, identify carbon-related costs that may arise from companies incorporating related regulations.
	[Market] Transportation cost	Identify changes in transportation costs by predicting oil price changes due to market changes.
Physical Scenario Drivers	[Acute/Chronic] Extreme climate risk	Assess the risk of extreme weather (e.g. heat wave, cold wave, heavy rain, storm) and identify the company's major assets exposed to it.
	[Chronic] Increase in average temperature	Identify cooling/heating costs to maintain room/low temperature in logistics centers affected by extreme climates.

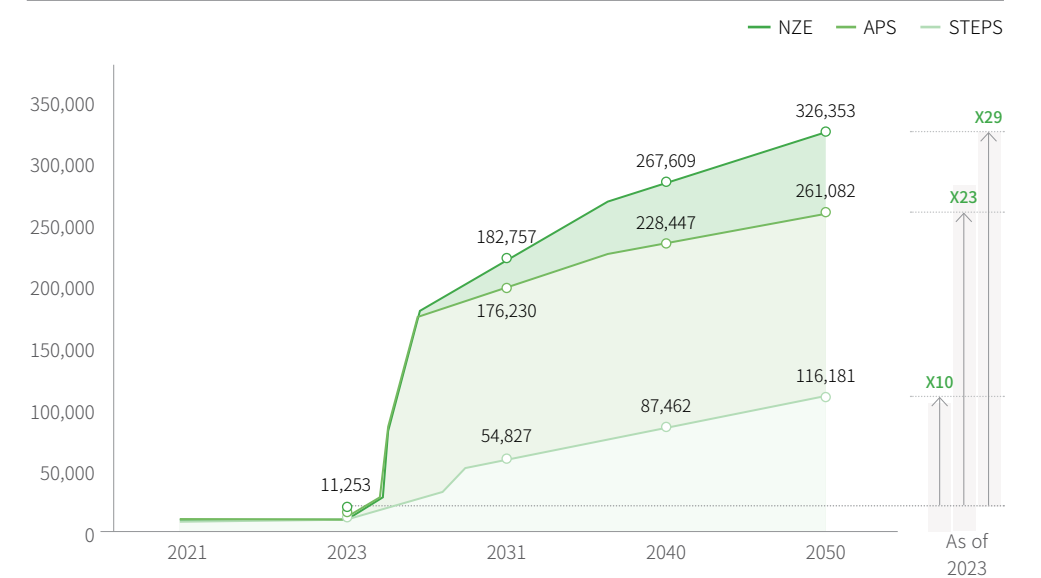
Financial Impact Analysis According to Transition Risk

Following a materiality assessment of climate change risks and opportunities, BGF Retail has identified electric vehicle adoption and carbon pricing as critical factors within transition risks. We have specifically focused on forecasting changes in carbon emissions linked to the adoption rate of electric vehicles and potential costs associated with compliance under emerging carbon regulations. The conversion rate of logistics transport vehicles to electric vehicles is set as a key variable, and to set a baseline related to carbon regulations, the base years are 2025, 2030, and 2040, and the average emissions over the past three years of each base year are set as the baseline. Our calculations consider costs for offsetting emissions if targets are exceeded, and potential profits from converting excess emissions into emission permits when targets are undershot. Assuming that 30% of transportation vehicles will be converted to electric vehicles by 2050, it is expected that emissions will be lower than the baseline in all scenarios from 2031 onwards, generating revenue. However, if the conversion to electric vehicles is not achieved by 2050, reduction costs will continue to occur from 2041 onwards in the NZE and STEPS scenarios.

Detailed Strategies to Mitigate the Financial Impact of Transition Risk

To mitigate the financial impacts of conversion risks, BGF Retail has developed a strategic plan aimed at achieving a minimum electric vehicle adoption rate of 30% by 2050, thereby reducing reliance on combustion vehicles. Central to our approach is a commitment to renewable energy generation and enhanced energy efficiency measures. Beginning in 2030, we will initiate the conversion of our corporate vehicles to electric models, followed by a phased transition of our delivery fleet to eco-friendly trucks in alignment with governmental policies and industrial transition guidelines. In the short term, we will optimize logistics operations by adjusting cargo volumes, improving delivery efficiency, and promoting eco-driving practices to decrease combustion-related emissions. Our targets include maintaining a 1% annual reduction in greenhouse gas emissions per unit by 2025, building on our efforts to achieve a 10% reduction in emissions per unit by 2030 compared to 2020 levels.

Carbon price by scenario





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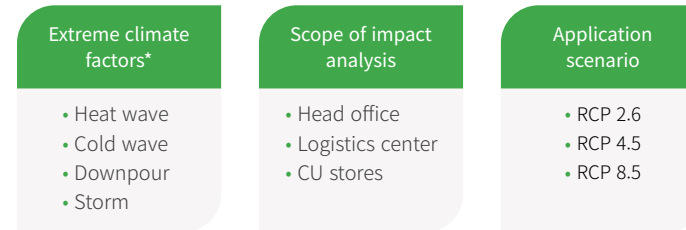
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Financial Impact of Physical Risks

BGF Retail conducted a materiality assessment of extreme climate risks by region to select priorities of each event.



* The definition of extreme climate factors applies the standards of the Korea Meteorological Administration.

Based on the Korea Meteorological Administration's regional climate scenarios (Korea Meteorological Administration Climate Information Portal: Regional Climate Change Scenarios), BGF Retail conducted a materiality assessment of extreme climate risks for its head office, logistics centers, and CU stores. The assessment focused on the frequency of extreme weather events under different climate scenarios (RCP 2.6, RCP 4.5, RCP 8.5), ranking risks in the following order across all scenarios: heat waves, cold waves, heavy rain, and storms. Under the most extreme scenario (RCP 8.5) projected for 2050, the assessment revealed that heat waves pose the highest risk, affecting approximately 24% of logistics centers and 31% of stores. Cold waves were identified as a risk for 5% of both logistics centers and stores, while heavy rain posed a risk to 3% of stores. Despite the overall low risk of extreme climate events, the analysis highlighted a significant increase in the number of heat wave days across all scenarios, with the highest risk observed in the Gyeonggi region, where many logistics centers and stores are located. By 2050, under RCP 8.5, the Gyeonggi region could experience up to 20.9 days more heat wave days compared to the baseline period of 2008-2017.

Extreme climate Risk by Scenario/Period

Category	Scenario	Extreme climate risk by period											
		2030 (average from '20 to '30)				2040 (average from '30 to '40)				2050 (average from '40 to '50)			
		Heat wave	Cold wave	Down pour	Storm	Heat wave	Cold wave	Down pour	Storm	Heat wave	Cold wave	Down pour	Storm
Head office	RCP2.6	High	Low	Low	Low	High	Low	Low	Low	High	Low	Low	Low
	RCP4.5	High	Low	Low	Low	High	Low	Low	Low	High	Low	Low	Low
	RCP8.5	High	Low	Low	Low	High	Low	Low	Low	High	Low	Low	Low
Average value of 38 Logistics centers*	RCP2.6	High	Low	Low	Low	High	Low	Low	Low	High	Low	Low	Low
	RCP4.5	High	Low	Low	Low	High	Low	Low	Low	High	Low	Low	Low
	RCP8.5	High	Low	Low	Low	High	Low	Low	Low	High	Low	Low	Low
Average value of 17,762 stores*	RCP2.6	High	Low	Low	Low	High	Low	Low	Low	High	Low	Low	Low
	RCP4.5	High	Low	Low	Low	High	Low	Low	Low	High	Low	Low	Low
	RCP8.5	High	Low	Low	Low	High	Low	Low	Low	High	Low	Low	Low



Expected Power Costs for Logistics Centers due to Increase in Cooling Degree Days (CDD)

Due to the specific nature of logistics centers, cooling and heating requirements are identified as primary factors influencing power consumption. Using the EnPL TOOL from the Korea Energy Agency, which includes an energy management system, BGF Retail analyzed to predict electricity demand primarily driven by cooling degree days (CDD). Based on this analysis, a power consumption model formula focusing on CDD was derived for several logistics centers. When applied across 26 logistics centers, the modeling results indicate anticipated power costs over time. By 2050, the maximum annual power cost is expected to increase by 13% compared to 2023 levels.

Estimated Power Costs for Logistics Centers due to Increase in Cooling Degree Days* (CDD)

(Unit: KRW million)

2021~2030	2031~2040	2041~2050
51,011	49,386	49,778

* Cooling Degree Days (CDD): The number of days when the temperature is higher than the standard temperature and cooling is required.

※ Calculated based on RCP 8.5 scenario



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Detailed Strategies to Mitigate the Financial Impact of Physical Risks

To prepare for risks such as increased energy costs due to heat waves, BGF Retail is implementing several strategies. We have set and enforce temperature standards to optimize energy usage in the low-temperature and room-temperature management areas of our logistics centers. Additionally, we are systematically replacing conventional lighting with energy-efficient LED fixtures and installing eco-fans throughout our logistics facilities. Furthermore, to mitigate potential workforce impacts during heat waves, we ensure sufficient break times under elevated temperatures and adhere to a safety policy for workers. When renovating existing centers and constructing new facilities like the Busan logistics center, we prioritize energy-optimized management designs. Moreover, we are harnessing renewable energy by utilizing idle space within our logistics centers for solar power generation. Currently, solar panels are operational at the Jincheon Central Logistics Center, with plans to expand to 2 centers in Jinju and Daegu by 2024, increasing annual production by 1,244 MWh. Initially, all generated solar power is sold to the electricity market. However, our goal is to gradually increase internal consumption, aiming for 50% self-sufficiency by 2030 and complete replacement of purchased electricity with self-generated power by 2050.

Carbon Reduction Scenario

BGF Retail is committed to reducing carbon emissions by identifying risks that occur throughout the value chain and minimizing negative environmental impacts. In 2023, the goal was established through a resolution of the Board of Directors to reduce greenhouse gas emissions per unit by 10% by 2030 compared to 2020. By 2025, we plan to reduce emissions per unit by 1% compared to the previous year, and from 2026, we plan to achieve the 2030 goal through facility replacement, decision-making on reduction plans, participation in pilot projects, and environmental investment. BGF Retail will improve the environmental impact throughout the supply chain by establishing a greenhouse gas inventory across all affiliates and converting to energy-efficient equipment and appliances within logistics centers and CU stores.

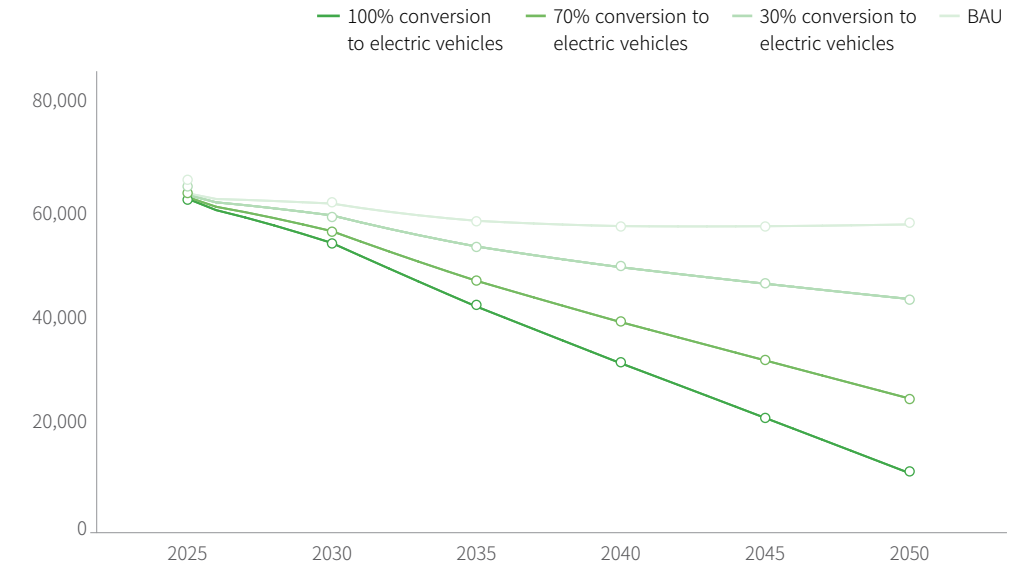
In the case of automobiles, which account for 80% of greenhouse gas emissions, it is expected that emissions can be reduced by at least 30% compared to 2023 if the automobile industry converts transportation vehicles to electric vehicles

Goals for Greenhouse Gas Reduction

Category	Unit	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
BAU	tCO ₂ eq	55,390	59,691	63,967	65,189	64,006	62,915	62,745	62,537	62,299	62,053
Goal for emissions	tCO ₂ eq	-	-	-	65,189	63,699	62,279	61,745	61,145	60,491	59,806

* Scope of calculation: BGF Retail (headquarters, regional office, corporate vehicle, directly managed store), BGF Logis, BGF Foods

** Based on the IEA APS scenario, BAU and emissions goals were created





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UNGC (UN Global Compact) is an initiative to help companies conduct sustainable management based on social responsibility, and is comprised of 10 principles in four areas: human rights, labor, environment, and anti-corruption. BGF Retail is committed to complying with the UNGC 10 principles throughout management.

Topic	Principles	Page
Human Rights	1. Businesses should support and respect the protection of internationally proclaimed human rights.	51
	 2. Make sure that they are not complicit in human rights abuses.	51-53
Labour	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	48
	4. The elimination of all forms of forced and compulsory labour.	48, 51-53
	 5. The effective abolition of child labour.	48, 51
	6. The elimination of discrimination in respect of employment and occupation.	48, 51-53
Environment	7. Businesses should support a precautionary approach to environmental challenges.	25
	8. Undertake initiatives to promote greater environmental responsibility.	27-39
	 9. Encourage the development and diffusion of environmentally friendly technologies.	28-30, 35-37
Anti-Corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery.	92-94
		



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UN SDGs

The UN Sustainable Development Goals (SDGs), adopted by the UN General Assembly in September 2015, aim to build a sustainable society through social development, environmental protection, and inclusive economic growth from 2016 to 2030. As a global company, BGF Retail recognizes the importance of the UN SDGs for sustainable development and is promoting various activities related to them.

TARGETS AND INDICATORS	BGF Retail's contribution
 <p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p> <p>4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship</p> <p>4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations</p>	<ul style="list-style-type: none"> • Cultivating distribution and franchise experts through 'BLP', a core talent development program. • Support jobs for socially vulnerable groups
 <p>Achieve gender equality and empower all women and girls</p> <p>5.1 End all forms of discrimination against all women and girls everywhere</p>	<ul style="list-style-type: none"> • Support employees' childbirth and childcare through a system of reduced working hours during pregnancy and childcare, maternity leave for employees and their spouses, and childcare leave, and provide customized support according to the child's life.
 <p>Ensure access to affordable, reliable, sustainable and modern energy for all</p> <p>7.2 By 2030, increase substantially the share of renewable energy in the global energy mix</p> <p>7.3 By 2030, double the global rate of improvement in energy efficiency</p>	<ul style="list-style-type: none"> • Establish solar power facilities in the logistics center • Systematically manage energy usage by utilizing energy reduction facilities and energy management systems
 <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p> <p>8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services</p> <p>8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value</p> <p>8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment</p>	<ul style="list-style-type: none"> • Develop vocational skills and secure stable jobs through 'CU Together', an employment program for people with developmental disabilities. • Operate 'CU Sprout Store' to support self-reliance of socially vulnerable groups • Operate various win-win programs such as win-win financial agreements and CU JUMP UP to ensure the management stability of our partner companies.

TARGETS AND INDICATORS	BGF Retail's contribution
 <p>Ensure sustainable consumption and production patterns</p> <p>12.1 Implement the 10-Year Framework of Programmes on Sustainable Consumption and Production Patterns, all countries taking action, with developed countries taking the lead, taking into account the development and capabilities of developing countries</p> <p>12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse</p> <p>12.3 By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses</p> <p>12.b Develop and implement tools to monitor sustainable development impacts for sustainable tourism that creates jobs and promotes local culture and products</p>	<ul style="list-style-type: none"> • Develop and operate an eco-friendly convenience store model • Improve raw material loss through introduction of automated equipment • Creating a culture of food donation, reuse, and eco-friendly consumption through the 'Pocket CU' app • Launch of the 'SingSing SangSaeng' brand and expand sales channels for ugly fruits to support farmers and reduce wasted agricultural products • Establishing a resource circulation system, including promoting recycling of waste electrical/electronic products and introducing a smart collection system for waste oil • Improving the eco-friendliness of PB and convenience food packaging, including label-free operation of PB bottled water and development of biodegradable containers
 <p>Take urgent action to combat climate change and its impacts</p> <p>13.2 Integrate climate change measures into national policies, strategies and planning</p> <p>13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning</p>	<ul style="list-style-type: none"> • Establishing mid-term greenhouse gas goals • Verify and manage the entire logistics center greenhouse gas inventory • Replaced with energy-efficient equipment • Operate a policy to donate returned products
 <p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p> <p>16.2 End abuse, exploitation, trafficking and all forms of violence against and torture of children</p> <p>16.5 Substantially reduce corruption and bribery in all their forms</p> <p>16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels</p>	<ul style="list-style-type: none"> • Participate in UNGC and report on implementation • Campaign to prevent missing children • Operation of the Child Safety Citizen Award System • Operates a fair trade compliance program to establish a culture of transparent and fair transactions with partner companies • Operate a labor-management council and establish a labor union to establish sound labor-management relations and smooth communication



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Membership Association and Award History

Membership Association

Korea Association of Convenience Store Industry	Korea Distribution Law Association
Korea Chamber of Commerce and Industry	Seoul Economist
The Federation of Korean Industries	Korea Distribution Association
UNGC	Korea Listed Companies Association
Korea Business Roundtable(KBR)	KOFCA(Korea Foundation for Cooperation of Large & Small Business, Rural Affairs)
Korean Academic Society of Franchising	BNBP

Certification Status

Certification name	Certification body	Certification period	Certification scope
Consumer Centered Management (CCM)	Fair Trade Commission	Jan. 2023~Dec. 2024	BGF Retail
Excellent green logistics practice company	Ministry of Land, Infrastructure and Transport	Jan. 2022~Jan. 2025	BGF Retail
Information Security Management System (ISMS)	Korea Internet & Security Agency	March. 2019~	BGF Retail
ISO14001 (Environmental Management System)	DNV	Jun. 2020~Jun. 2026	BGF Retail (Headquarters)
Family-friendly certificate	Ministry of Gender Equality and Family	Dec. 2021~Nov. 2024	BGF Retail
ISO9001 (Quality Management System)	DNV	Oct. 2022~Oct. 2025	BGF Retail (Headquarters)
ISO45001 (Safety and Health Management System)	LRQA Limited	Oct. 2022~Oct. 2025	BGF Retail (Headquarters)

Award History

Award name	Awarding body	Award date
Presidential Citation in the ESG Expansion Category at the 28th Korea Distribution Awards	Ministry of Trade, Industry and Energy, Korea Chamber of Commerce and Industry	December, 2023
Main prize in the 'User Interface (UI)' category at iF Design Awards	Germany's International Forum Design	April, 2023
iAwards Grand Prize	Korea Internet Professionals Association (KIPFA)	December, 2022
Prime Minister's Commendation for Contribution to Shared Growth between Large and Small Businesses	Ministry of SMEs and Startups	November, 2022
Prime Minister's Award for Contribution to Forest Fire Extinguishing	Ministry of the Interior and Safety	April, 2022
28th Corporate Innovation Awards Presidential Award	Korea Chamber of Commerce and Industry	December, 2021
Recognition for ensuring cash use options	Bank of Korea	December, 2021
Award of the highest grade in the 2021 Fair Trade Agreement Franchise Implementation Evaluation	Fair Trade Commission	December, 2021
2021 National Brand Competitiveness Index (NBCI)	Korea Productivity Center	November, 2021
Excellent corporation in corporate governance report disclosure	Korea Exchange	October, 2021
2021 Maeil Business Newspaper Top 100 Franchises	Maeil Business Newspaper	July, 2021
Minister's commendation on Missing Children's Day	Ministry of health and welfare	May, 2021



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To: The Stakeholders of BGF Retail Co., Ltd.

Overview

BSI (British Standards Institution) Group Korea (hereinafter referred to as the “Assurer”) was requested to verify the BGF Retail 2023-2024 Sustainability Report (hereinafter referred to as the “Report”). The Assurer is independent of BGF Retail and has no major operational financial interest other than the assurance. This assurance opinion statement is intended to provide information related to the assurance of the BGF Retail report relating to the environment, social and governance (ESG) to the relevant stakeholders and may not be used for any purpose other than the purpose of publication. This assurance opinion statement was prepared based on the information presented by the BGF Retail and the assurance was carried out under the assumption that presented the information and data were complete and accurate.

BGF Retail is responsible for managing the relevant information contained within the scope of assurance, operating the relevant internal control procedures, and for all information and claims contained in the report. Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to BGF Retail only.

The Assurer is responsible for providing BGF Retail management with an independent assurance opinion containing professional opinions derived by applying the assurance methodology to the scope specified, and to provide the information to all stakeholders of BGF Retail. The Assurer shall not bear any other responsibility, including legal responsibility, to any third party other than BGF Retail in providing the assurance opinion and shall not be liable to any other purpose, purpose or stakeholders related thereto for which the assurance opinion may be used.

Scope

The scope of engagement agreed upon with BGF Retail includes the following:

- Reporting contents during the period from January 1st to December 31st 2023 included in the report, some data included the half of 2024.
- Major assertion included in the Report, such as sustainability management policies and strategies, goals, projects, and performance, and the Report contents related to material issues determined as a result of materiality assessment.
- Appropriateness and consistency of processes and systems for data collection, analysis and review.
- In Accordance with the four principles of AA1000 AccountAbility in the report, based on the type of Sustainability Assurance based on AA1000AS v3 and if applicable, the reliability of the sustainability performance information contained in the report.

The following contents were not included in the scope of assurance.

- Financial information in Appendix.
- Index items related to other international standards and initiatives other than the GRI.
- Other related additional information such as the website, business annual report.

Assurance Level and Type

The assurance levels and types are as follows;

- Moderate level based on AA1000 AS and Type 2 (confirmation to the four principles as described in the AA1000 Accountability Principle 2018 and quality and reliability of specific performance information published in the report.)



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Description and sources of disclosures covered

Based on the scope and methodology of assurance applied, the assurer reviewed the following Disclosures based on the sampling of information and data provided by BGF Retail.

[Universal Standards]

2-1 to 2-5 (The organization and its reporting practices), 2-6 to 2-8 (Activities and workers), 2-9 to 2-21 (Governance), 2-22 to 2-28 (Strategy, policies and practices), 2-29 to 2-30 (Stakeholder engagement), 3-1 to 3-3 (Material Topics Disclosures)

[Topic Standards]

201-2, 203-1, 205-1~3, 206-1, 301-1~2, 302-1~4, 305-1~5, 306-3~5, 308-2, 401-1~3, 402-1, 403-1~7, 403-9, 404-1~3, 405-1~2, 406-1, 413-1, 414-2, 416-1~2, 417-2~3, 418-1

Methodology

As a part of its independent assurance, the Assurer has used the methodology developed for relevant evidence collection in order to comply with the verification criteria and to reduce errors in reporting. The Assurer has performed the following activities;

- A top-level review of issues raised by external parties that could be relevant to organizations policies to provide a check on the appropriateness of statements made in the report.
- Discussion with managers and staffs on organization’s approach to stakeholder engagement.
- Review of the supporting evidence related to the material issues through interviews with senior managers in the responsible departments.
- Review of the system for sustainability management strategy process and implementation
- Review of materiality issue analysis process and prioritization by reviewing materiality issue analysis process and verifying the results
- Verification of data generation, collection and reporting for each performance index and document review of relevant systems, policies, and procedures where available
- An assessment of the company's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000 AccountAbility Principles Standard (2018).
- isit of the BGF Retail HQ to confirm the data collection processes, record management practices.

Limitations and approach used to mitigate limitations

The Assurer performed limited verification for a limited period based on the data provided by the reporting organization. It implies that no significant errors were found during the verification process, and that there are limitations related to the inevitable risks that may exist. The Assurer does not provide assurance for possible future impacts that cannot be predicted or verified during the verification process and any additional aspects related thereto.

Competency and Independence

BSI (British Standards Institution) is a leading global standards and assessment body founded in 1901. BSI is an independent professional institution that specializes in quality, health, safety, social and environmental management with almost 120 years history in providing independent assurance services globally. No member of the assurance team has a business relationship with BGF Retail. The Assurer has conducted this verification independently, and there has been no conflict of interest. All assurers who participated in the assurance have qualifications as an AA1000AS assurer, have a lot of assurance experience, and have in-depth understanding of the BSI Group's assurance standard methodology.

Opinion Statement

The assurer was carried out by a team of sustainability report assurers in accordance with the AA1000 Assurance Standard v3. Assurer planned and performed this part of our work to obtain the necessary information and explanations assurer considered to provide sufficient evidence that BGF Retail’s description of their approach to AA1000 Assurance Standard and their self-declaration of compliance with the GRI standards were fairly stated.

On the basis of our methodology and the activities described above, it is our opinion that the information and data included in the Report are accurate and reliable and the Assurer cannot point out any substantial aspects of material with mistake or misstatement. We believe that the economic, social and environment performance indicators are accurate and are supported by robust internal control processes.

Conclusions

The Report is prepared in accordance with the GRI Standards. (Reporting in accordance with the GRI standards). The detailed reviews against the AA1000 AccountAbility Principles of Inclusivity, Materiality, Responsiveness and Impact and the GRI Standards are set out below.

Inclusivity: Stakeholder Engagement and Opinion

BGF Retail defined customers, employees, partners, franchisee/staff, local communities/NGOs, governments/local governments, and shareholders/investors as a Key Stakeholder Groups. In order to collect opinions by each stakeholder groups in the context of sustainability, operated the stakeholder engagement process. BGF Retail was conducting a review of the stakeholder engagement process at the Steering Committee in order to reflect the major issues derived through the stakeholder engagement process in sustainability strategy and goals. BGF Retail disclosed the results related to the process in the Report.



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Materiality: Identification and reporting of material sustainability topics

BGF Retail implemented its own materiality assessment process in consideration of the major business and operational characteristics to derive important reporting issues related to sustainability. In the materiality assessment, BGF Retail conducted the analysis of global sustainability reporting or assessment standards, analysis of benchmarking the same industry to derive the impact and financial materiality. BGF Retail derived 10 material topics through the relevant process, and disclosed GRI topic standards disclosures related to material topics in the Report.

Responsiveness: Responding to material sustainability topics and related impacts

BGF Retail operated a management process for material topics in the context of sustainability derived from the materiality assessment. BGF Retail established mid- to long-term sustainability plans and goals in according to the management methodology established to effectively reflect the expectations of key stakeholders. BGF Retail reviewed through major management organizations, disclosed the process including policy, indicator, activity and response performance on material topics in the Report.

Impact: Impact of an organization's activities and material sustainability topics on the organization and stakeholders

BGF Retail identified the scope and extent of the impacts to the organization and key stakeholders in the context of the sustainability of the material topics reported. BGF Retail established sustainability strategies and objectives based on the analysis results of major impacts, including risks and opportunities for material topics at the governance level, disclosed mid- to long-term plans and strategic system in the Report.

Findings and conclusions concerning the reliability and quality of specified performance information

Among the GRI Topic Standards, the following disclosure were carried out in a assurance Type 2 based on the information and data provided by the reporting organization. In order to verify the reliability and accuracy of the data and information, internal control procedures related to data processing, processing, and management were verified through interviews with the responsible department, and accuracy was verified through sampling. Errors and intentional distortions in sustainability performance information included in the report were not found through assurance processes. The reporting organization manages the sustainability performance information through reliable internal control procedures and can track the process of deriving the source of the performance. Errors and unclear expressions found during the assurance process were corrected during the assurance process and prior to the publication of the report, and the assurer confirmed the final published report with the errors and expressions corrected.

- GRI Topic standards: 201-2, 203-1, 205-1~3, 206-1, 301-1~2, 302-1~4, 305-1~5, 306-3~5, 308-2, 401-1~3, 403-1~7, 403-9, 404-1~3, 405-1~2, 413-1, 414-2, 416-1~2, 417-2~3

Recommendations and Opportunity for improvement

The assurer will provide the following comments to the extent that they do not affect the result of assurance;

- It may be helpful to advance the sustainability management system by establishing a sustainability performance management system for consolidated subsidiaries and strengthening internal control procedures considering the industry characteristics of the major consolidated subsidiaries.
- It may be helpful to advance the enterprise-wide sustainability management system by classifying the sustainability strategies, goals, and detailed tasks of industry(Food Processing, Distribution and Logistics) of subsidiaris.

GRI-reporting

BGF Retail provided us with their self declaration of compliance within GRI Standards. Based on our review, we confirm that social responsibility and sustainable development indicators with reference to the GRI Index. The Assurer confirmed that the Report was prepared in accordance with the GRI Standards and the disclosures related to the Universal Standards and Topic Standards Indicators based on the data provided by BGF Retail. The sector standard was not applied.

Issue Date: 27/06/2024

For and on behalf of BSI (British Standards Institution):
BSI representative

Jungwoo Lee, Lead Assurer, ACSAP | Seonghwan Lim, Managing Director of BSI Korea

BSI Group Korea Limited: 29, Insa-dong 5-gil, Jongno-gu, Seoul, South Korea
Hold Statement Number: SRA 788317





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Greenhouse Gas Verification

BGF Retail Co.,Ltd.

Scope

The scope 1,2 GHG Emissions of BGF Retail, BGF Logis, BGF Foods and the scope 3 emissions of BGF Retail in the calendar year of 2023.

The verification calculated Scope 1,2,3 GHG emission based on the activity data from the GHG Emission Report for business sites of BGF Retail.

- Complying with the suggestion of WRI/WBCSD GHG Protocol, the sources and the quantity of GHG emissions are calculated by applying operational control approach.
- Scope 1,2 GHG emissions were calculated based on fixed combustion emissions, mobile combustion emissions, indirect emissions, wastewater treatment emissions, other GHG emissions for BGF Retail(Headquarter, Branch Office, Directly managed store), BGF Logis and BGF Foods.
- Scope 3 GHG emissions of BGF Retail related to purchased goods and services, capital goods, fuel-and-energy-related activities(not included in scope 1 or 2), upstream transportation and distribution, waste generated in operations, business travel, employee commuting, end-of-life treatment of sold products, franchise.

Assurance level of verification

Limited Level of Assurance

Data Verified

GHG emissions of business sites in from 2023 are as follows:

(Unit: ton CO₂-e/yr)

Category	Scope 1	Scope 2	Total
BGF Retail	2,118	5,945	8,063
Office Building	271	526	797
Branch Office	1,847	474	2,321
Directly managed store	-	4,945	4,945
BGF Logis	36,575	11,824	48,399
BGF Foods	2,626	4,690	7,316
Annual emissions in 2023	41,319	22,459	63,778

※ The total emissions can differ to a cut-off decimal point

Category	Scope 3 emissions
Category 1	purchased goods and services 2,270,431
Category 2	capital goods 35,476
Category 3	fuel-and-energy-related activities (not included in scope 1 or 2) 617
Category 4	upstream transportation and distribution 24,667
Category 5	waste generated in operations 2,071
Category 6	business travel 3,233
Category 7	employee commuting 2,845
Category 12	end-of-life treatment of sold products 113
Category 14	franchise 446,126
Total	2,785,579

GHG Criteria & Protocols used for Verification

This verification was performed at the request of BGF Retail applying the following criteria and guidelines:

- ISO14064-1:2018 and ISO14064-3:2019
- WBCSD/WRI GHG Protocol
- IPCC GHG Guidance – Revised 2006
- Guideline for Reporting and Certification of Amounts of Emissions in the Greenhouse Gas Emission Permits Trading Scheme (Notification No.2023-221 of the Ministry of Environment of Korea)
- BSI GHGEV Manual

The standard confidentiality principle of BSI Group Korea was applied to all verification activities.

Verification Opinion

As a result of the verification in accordance with the protocols and the best practice listed above , it is the opinion of BSI that:

- The verification was conducted with activity data and evidences provided by BGF Retail based on a limited level of assurance.
- No material misstatement in the GHG emission calculations were detected, and relevant records were maintained appropriately.
- Therefore, the BSI Group Korea Verification Team provides a verification opinion that is “appropriate”.

Issue: 23/05/2024
For and on behalf of BSI:
Managing Director Korea, SeongHwan Lim



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Members Contributed to Report

Company	Organization	Department	Manager
BGF CO., LTD.	Audit Dept.	Management Consulting Team	Kyung-seop Jeong
	Financial Dept.	Financial Planning Team	Jong-hoon Kim
	HR Dept.	HR Planning Team	Soyeon Ju
BGF Retail CO., LTD.	HR & General Affairs Dept.	HRD Team	Jungin Cha, Min-jung Song
		Organizational Culture Team	Gi-yeon Park, Beom-joong Kim
		General Affairs Team	Seung-jun Jeon
		HR Team	Hyo-young Kim , Hyun-jin Ju
	Financial Accounting Dept.	Financial Accounting Team	Jong-hae Lee, Yeon-sun Lee
		IR Team	Si-hyun Ryu
	Management Planning Dept.	Management Planning Team	Mi-hyeon Kang
		Retail Tech Team	Ji-yoon Park
	Mutual Support Dept.	Customer Support Team	Dong-Wook Kwon
		Mutual Support Team	Hyun Kyu Kim
Merchandising Dept.	Merchandising Support Team	Eunji Shin	
	Convenient Fresh Food Team	Soomin Noh	

Company	Organization	Department	Manager
BGF Retail CO., LTD.	Operating Support Div.	Store and Facility Planning Team	Hyejin Oh, Jae-yeon Byeon
		Information System Div.	Information Security Team
	Communication Dept.	ESG Team	Chae-young Park, Dahye Hong, Gitaek Oh
		Corporate Relation Team	Hyuksoo Kwon
		PR Team	Mi-sun Kim
	SCM Dept.	Legal Affairs Team	Bowon Jung
		SCM Planning Team	Seung-hoon Yeom
		SCM Operation Team	Kwon-Jun Jung
		QC Team	Kangwon Bae
	DX Dept.	Logistics Infrastructure Team	Sungmin Choi
Online Planning Team		suyeong Jung	
BGF Foods		Business Administration Team	junsoo Kim

BGFretail