



Hyundai Department Store
Sustainability Report 2021

THE HYUNDAI

About This Report

Based on transparent and progressive governance, Hyundai Department Store is pursuing ESG management to solve environmental and social issues with the goal of creating a sustainable future. Hyundai Department Store published its first Sustainability Report last year to share the progress and plans of its ESG management activities with its partners. The 'Hyundai Department Store Sustainability Report 2021' contains key achievements and activities in the environmental, social, and governance areas, including its ESG management strategies and plans. We want to actively communicate with our partners who have shown interest and support for Hyundai Department Store by reporting on important issues in the distribution industry as well as global issues, focusing on material topics derived through the materiality assessment.

Reporting Criteria

This Report has been constructed in accordance with the Core Standard of the Global Reporting Initiative Standards(GRI),an International Reporting Guidelines in Sustainability. It also contains implementation activities aimed at the achievement of the UN Sustainable Development Goals(SDGs). To reflect important issues in the industry, the industry standards of the Sustainability Accounting Standards Board(SASB) have been considered and the recommendations by the Task Force on Climate-related Financial Disclosures(TCFD) have been reflected in compiling the Report.

Reporting Period

This Report covers activities from January 1, 2021 to December 31, 2021. In case of certain important non-financial performance items, data from the first half of 2022 is included and quantitative data from the last three years is provided to assist the analysis of trends in performance.

Reporting Scope and Boundaries

This Report covers 16 Hyundai department stores and 8 outlet stores across the country operated by Hyundai Department Store Co., Ltd. and Hanmoo Shopping Co., Ltd., a separate corporation. However, quantitative performance data of The Hyundai Seoul is based on its start date, February 26 to December 31, 2021. Financial information in this Report aligns with the consolidated standards under the Korea International Financial Reporting Standards(K-IFRS), and the basis for non-financial information is specified to all Hyundai Department Stores. In case the reporting scope and boundaries of certain data are noted in other respects, we have specified them as separate footnotes.

Report Verification

Hyundai Department Store has received a third-party verification from Lloyd's Register(LRQA), an independent assurance agency, in order to improve the fairness and reliability of the composition process as well as the content of the Report. For assurance, we have applied the AA1000AS v3, with Type 2 scope. Details on assurance and verification report can be found on pages 100-101.

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Introduction



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Message from the CEO



Greetings, My name is Kim Hyung Jong, CEO of Hyundai Department Store.

On behalf of the company, I wish to extend our deepest appreciation to our customers, shareholders, partner companies and employees for your interest and support in Hyundai Department Store, especially amid a rapidly changing business environment and shifting market trends. Furthermore, I wish to thank the institutions and organizations for their contributions to our community.

Without doubt, sustainability is recognized as an essential agenda in corporate management, creating new standards and values. In particular, as a company in the retail sector that engages directly with customers, the sustainability imperative is even more palpable. Therefore, trust with our partners, who have supported us, is at the forefront of our operations, in addition to creating new values and culture.

We regarded 2021 as a ground-breaking year in sustainable management for Hyundai Department Store, and established the ESG Management Committee under the Board of Directors. In addition, the ESG Steering Committee, a working-level organization chaired the CSO, was organized under this Committee to establish a system to accelerate ESG management at a company-wide level. The Hyundai Department Store's Sustainability Report 2021 represents our commitment and pledge in sustainable business practices to our stakeholders.

Hyundai Department Store is focused on strengthening the competitiveness of our key offline platforms and on creating new customer value in today's rapidly changing management environment. 'The Hyundai Seoul', which we launched in Yeouido, Seoul last year has become a leading domestic platform for trends, receiving accolades for redefining the future of retail. The mall's progressive, environmentally-friendly use of space, along with youthful and novel content, is widely recognized as a trend-setting platform in South Korea.

Engagement and alignment with our partners will serve as key drivers as we execute ESG management of Hyundai Department Store. We are committed to contribute to our communities in a more environmentally friendly and diverse ways by operating a strong ESG management system unique to Hyundai Department Store.

The 'With your life, Better your Life' management strategy will serve as the guiding principles of our growth strategy and ESG initiatives. 50 years of passion and determination created the Hyundai Department Store you know today. Using this as a foothold, we will chart the path for the next 100 years of growth by strengthening our operations and capacity to satisfy the changing needs and values of our customers.

We ask for your continued interest and support in our endeavors and innovation when executing sustainability based on shared value and engagement with our stakeholders.

Thank you.

Kim Hyung Jong

CEO, Hyundai Department Store Co., Ltd.

Message from the CSO



Hello everyone, I'm Jung Jee-young, Head of Sales, and Chairperson of the ESG Steering Committee at Hyundai Department Store.

The two pillars of ESG management include the determination to make the world better than it is today and collective action to collaborate with each other to execute action plans. This is why Hyundai Department Store adopts eco-friendly practices in our operations with our customers, increases environmentally friendly packages while constantly deliberating on measures to recycle waste generated at our department stores.

Hyundai Department Store is constantly operating the '365 Recycle' campaign at 16 stores across the country. The campaign, which we have been operating since 2015, is an eco-friendly resource recycling program in which we re-purpose items donated by customers.

We expanded the campaign to include plastic and paper items. Last year, thanks to the high participation and interest by our customers, the campaign won the Presidential Award in the Carbon-neutral Life Practice category of the Eco-friendly Award, the first in the department store sector.

Furthermore, we are the industry's first to introduce paper shopping bags using 100% recycled paper, which are used as a marketing and branding purposes. Given that the 100% recycled paper is a result of a 12-month industry-academia cooperation with Seoul National University using paper waste generated by Hyundai Department Store, it is even more significant. This year, we will introduce recycled paper bags to our outlet stores, following the Department Store. We estimate 10 million shopping bags to be produced annually through our closed-loop recycling program.

'Hyundai Children's Book Museum MOKA,' which Hyundai Department Store is operating under the theme of 'books' as the first in the industry at the Pangyo branch, and Hyundai Premium Outlet SPACE1, are recognized as a new cultural education space in the community. Hyundai Children's Book Museum's 'MOKA, Moving Museum' program is recognized for its advanced education through art and literature. The program has been selected as UNESCO's official project for Sustainable Development Education. In addition, we regularly hold the 'Un-printed Idea' project, which supports emerging artists in the picture book sector. Beyond displaying their works, the program serves as conduit for communication between the artists and readers.

Hyundai Department Store will continue to deliberate and research in creating a sustainable future by providing measures that will generate healthy and happy lives. Also, as corporate citizens, we will create a variety of social value and take the lead in sharing them, while carrying out our commitment as stated in this Report.

We ask for your support and continued interest to create a sustainable and eco-friendly society with Hyundai Department Store.

Thank you.

Chairperson of the ESG Steering Committee, Hyundai Department Store
Vice President, **Jung Jee-young**

2021 ESG Highlights

365 Recycle Campaign

Accumulated performance of the campaign*

Number of participating customers

120,000 customers

Number of donated items

Approximately **600,000** items

Classroom Forest Building

27 Schools **606** classes

Amount of Carbon Reduced**

2,700 tons

Air Purifying Plants

5,431 trees

* 2015-2021

** Referenced documents: The U.K's 'The Carbon Trust'/'National Carbon Offset Standard' of National Institute of Forest Science/'Carbon footprint labeling emission amount' Korea Environmental Industry & Technology Institute

** Carbon reduction amount is a forecasted amount calculated based on the above documents

Spreading the Culture of Achieving Carbon Neutral

Awarded the Presidential Commendation at the Eco-friendly Merit Award

Hyundai Department Store was the first in the department store industry to receive a Presidential Commendation Award in the Carbon Neutral Practices Sector at the 2021 Eco-friendly Technology Promotion and Consumption Promotion Merit Awards. This system awards those who have contributed to the stabilization of citizens' climate-friendly practice culture aimed at achieving a carbon neutral society. Hyundai Department Store has been recognized for its continuous operation of a variety of activities that encourage the customers' practices and interest in eco-friendly activities, such as recycling campaigns and plastic upcycling, by establishing a dedicated space in the department store to expand resource circulation and reuse.



'365 Recycle' Campaign

Hyundai Department Store operates a '365 Recycle' campaign in 16 stores across the country so that customers can participate in eco-friendly activities at any time. This is a campaign that allows the customers to contribute to the environment and participate in significant donations, by donating items such as clothing that they no longer use. By collaborating with Beautiful Store, Hyundai Department Store resells collected items, and adding Hyundai Department Store's own funds to the proceeds generated, we also conduct a 'Classroom Forest Building' project to donate air purifying plants to elementary schools located in environments vulnerable to fine dust.

Merit Award for Mutual Growth of Large/Small and Medium-sized Enterprises

Hyundai Department Store is actively participating in sales events to support the market and increase sales channels of small and medium-sized enterprises. In addition, we are also contributing to the dissemination of the culture of shared growth so that our partner companies can continue their stable and consistent growth by offering benefits such as reduction of fees and early payments. We were awarded the Prime Minister's Award for Mutual Growth in November 2021, as we were recognized for improving the competitiveness of companies through win-win cooperation among large/small and medium-sized enterprises and contributing to the development of the national economy.



Obtained Integrated 'A' rating on Korea Institute of Corporate Governance and Sustainability(KCGS)'s ESG evaluation for 3 consecutive years

Hyundai Department Store has established company's growth and pursuit of social value in the ESG management goals and strategic directions so that they can create a virtuous cycle, and the company is proactively reflecting the opinions of partners that are supporting the company, such as our customers. As a result, we have received an A rating for 3 consecutive years since 2019 in the ESG assessment hosted by KCGS.



Integrated
Rating



Environment

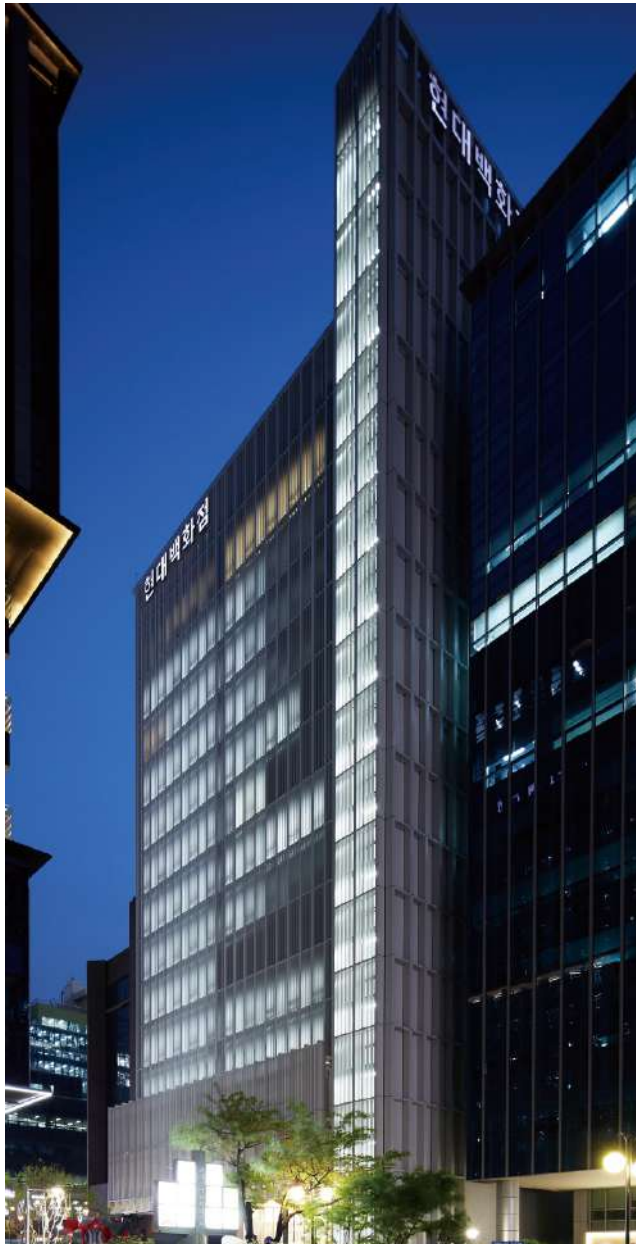


Social



Governance

Our Company



History

1980	Hyundai Department Store Apgujeong Main Store opened (Introduced the first POS system in the industry and a cultural center)	Dec. 1985	1970	Jun. 1971	Established Kumgang Development Industries Co., Ltd.
	Chung Mong-keun appointed as Chairman	Feb. 1987		Apr. 1974	Chung Mong-keun appointed as CEO and President
	Hyundai Department Store Trade Center opened	Sep. 1988		Aug. 1977	Hyundai Shopping Center opened (Currently Hyundai Department Store Ulsan Dong-gu Branch)
	Initial Public Offering(IPO)	Aug. 1989		Apr. 1979	Kumgang Shopping Center opened in Apgujeong-dong, Seoul
2000	Changed the name of the company to Hyundai Department Store Co., Ltd.	Apr. 2000	1990	Aug. 1995	Hyundai Department Store Busan opened
	Hyundai Department Store Mia opened	Aug. 2001		Aug. 1997	Hyundai Department Store Cheonho opened
	Hyundai Department Store Mokdong opened	Aug. 2002		Mar. 1998	Hyundai Department Store Ulsan opened
	Chung Ji-sun appointed as Vice Chairman(Group Head)	Dec. 2002		Sep. 1998	Hyundai Department Store Sinchon opened
2010	VISION 2020 declared	Jun. 2010	2003	Apr. 1999	Hyundai Department Store splits from Hyundai Group
	Hyundai Department Store KINTEX opened	Aug. 2010		Aug. 2003	Hyundai Department Store Jungdong opened
	Hyundai Department Store Daegu opened	Aug. 2011		Jul. 2006	Established Social Welfare Foundation of Hyundai Department Store
	Chung Kyo-sun appointed as Vice Chairman	Dec. 2011		Dec. 2007	Chung Ji-sun inaugurated as Group Chairman
2016	Hyundai Department Store Chungcheong opened	Aug. 2012	2014	Aug. 2009	U-Plex Sinchon Branch(1 st store) opened
	Premium online mall, thehyundai.com opened	Jan. 2016		May 2014	Hyundai City Outlet Gasan opened
	Hyundai City Outlet Dongdaemun opened	Mar. 2016		Feb. 2015	Hyundai Premium Outlet Gimpo opened
	Hyundai Premium Outlet Songdo opened	Apr. 2016		May 2015	Hyundai Department Store D-CUBE City opened
2021	Hyundai Department Store Duty Free Co., Ltd. selected as a duty free outlet in Seoul	Dec. 2016	2020	Aug. 2015	Hyundai Department Store Pangyo opened MOKA, Hyundai Children's Book Museum opened
	Hyundai City Mall Outlet Garden Five opened	May 2017		Feb. 2020	Hyundai Department Store Duty Free Dongdaemun opened
	Hyundai Department Store Group launched the integrated membership H.Point	Aug. 2017		Jun. 2020	Hyundai Premium Outlet Daejeon opened
	Hyundai City Outlet Daegu opened	Sep. 2018		Jul. 2020	Premium Food Mall, Hyundai Supermarket To Home opened
2022	Hyundai Department Store Duty Free Trade Center opened	Nov. 2018		Sep. 2020	Hyundai Department Store Duty Free Incheon International Airport opened
	VISION 2030 declared	Jan. 2021		Nov. 2020	Hyundai Premium Outlet SPACE 1 opened MOKA Garden, Hyundai Children's Book Museum opened
	The Hyundai Seoul opened	Feb. 2021			
	Acquired ZINUS Co., Ltd.	May 2022			

Since its establishment in 1971, Hyundai Department Store has broken new ground as a 'high-quality department store, cultural department store' with a focused passion to create a department store that offers new value to its customers. In addition, we have been striving to create a new culture on top of offering our customers' shopping convenience through forward-looking tasks such as diverse lifestyle products, differentiated customer service, as well as integrated cultural spaces. With the department store business as the springboard, Hyundai Department Store is strengthening its on- and off-line distribution platform by operating premium outlets, the online platform, thehyundai.com, and 'Hyundai Supermarket to Home', and is also expanding its range of services. Based on the Hyundai Department Store's Vision 2030 strategy and ESG management activities, we will establish a virtuous cycle system that creates social and environmental value to become the 'company with the highest level of customer trust' that advances the distribution industry and exerts positive influence.

General Information

Company Name	Hyundai Department Store Co., Ltd.	
Industry	Retail Distribution	
Date of Establishment	June 15, 1971	Established Keumgang Development Industries Co., Ltd.
Date of Listing	November 2002	Listed on KOSPI
Number of Issued Shares	23,402,441 Shares	
CEO	Chung Ji-sun, Jang Ho-jin, Kim Hyung-jong	
Number of Employees	3,108 employees*	
Location of Headquarters	12, Teheran-ro 98-gil, Gangnam-gu, Seoul	

* Calculation criteria: Hyundai Department Store Co., Ltd. + Hanmoo Shopping Co., Ltd.

Subsidiary Information

Company Name	Date of Establishment	Main Business	Share Ratio(%)
Hanmoo Shopping Co., Ltd.*	1987. 03. 31	Wholesale and retail	54.87
Hyundai Shopping Co., Ltd.	1998. 08. 07	Real estate rental	100
Hyundai Department Store Duty Free Co., Ltd.	2016. 08. 31	Wholesale and retail	100

* Includes Hyundai Shopping Co., Ltd.'s 8.53% share of Hanmoo Shopping Co., Ltd.

Key Financial Performance

Total Assets

Unit: KRW 100 million

KRW **8,969,200** million

Total Sales

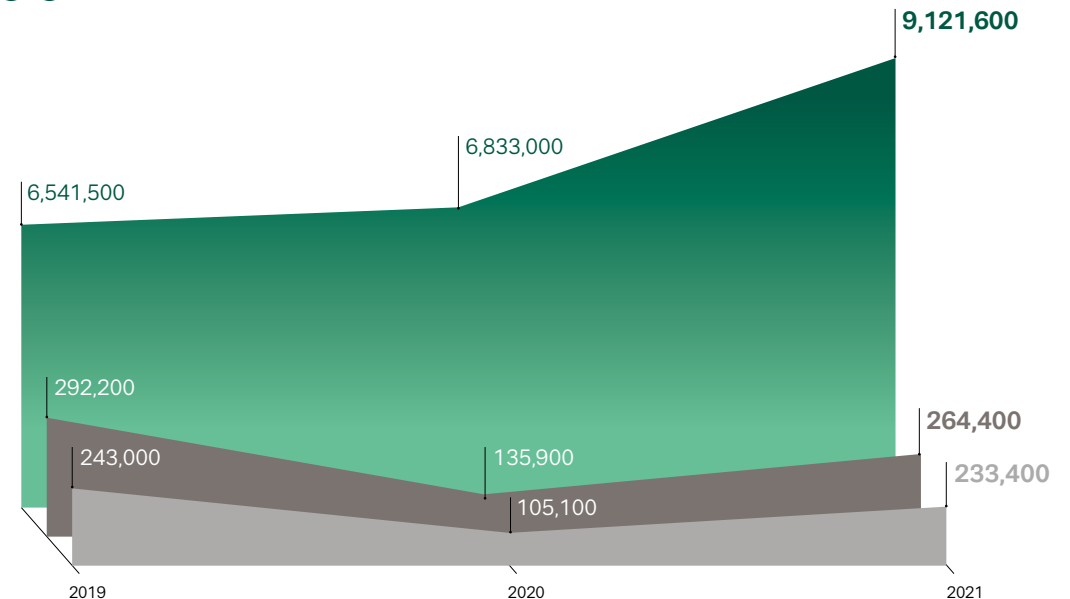
KRW **9,121,600** million

Operating Income

KRW **264,400** million

Net Income

KRW **233,400** million



* As of the end of 2021, based on K-IFRS Consolidated Financial Statements

Domestic Credit Ratings*

Korea Investors Service(KIS)

AA+

* Corporate Bonds

Korea Ratings(KR)

AA+

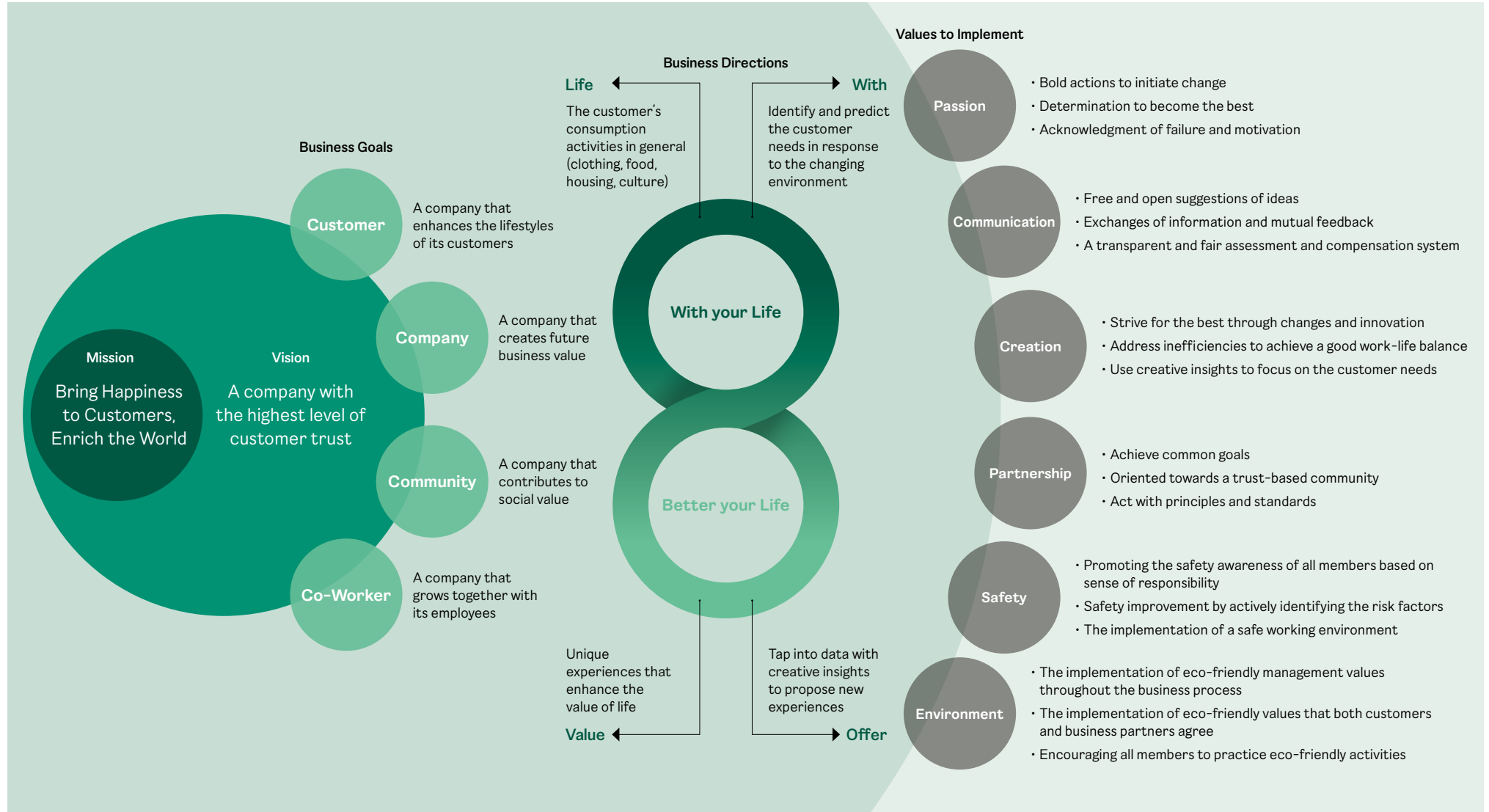
NICE Investors Service

AA+

Our Business

Hyundai Department Store is actively promoting the Group's VISION 2030 strategy to achieve its mission of 'bringing happiness to customers and enriching the world' and its vision of 'A company with the highest level of customer trust.' To this end, we will continue to research and strive to provide differentiated experiences and significant values throughout our customers' lives based on six practical values: passion, communication, creation, partnership, safety, and environment, along with our business goals of becoming a company that enhances the lifestyles of its customers, a company that creates future business value, a company that contributes to social value, a company that grows together with its employees, a company that enhances the lifestyles of its customers, a company that creates future business value, a company that contributes to social value, a company that grows together with its employees.

Vision and Business Objectives



Business Overview

● Hyundai Department Store

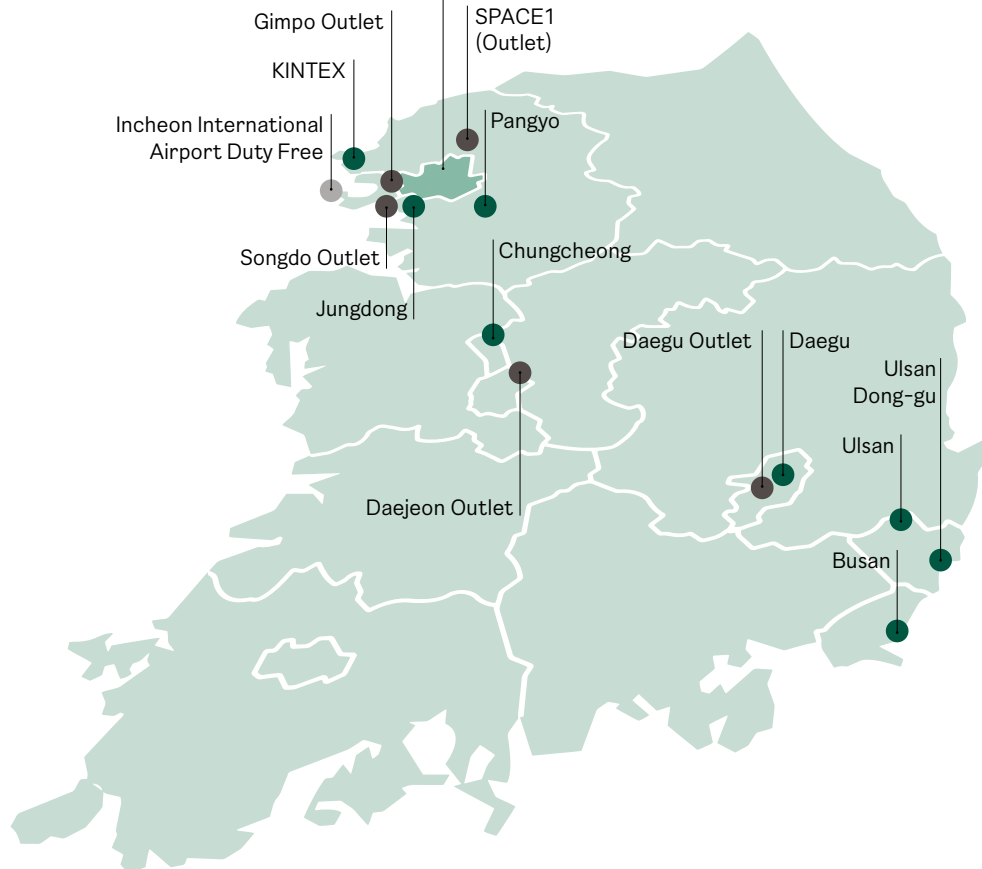
16 branches

● Hyundai Outlet

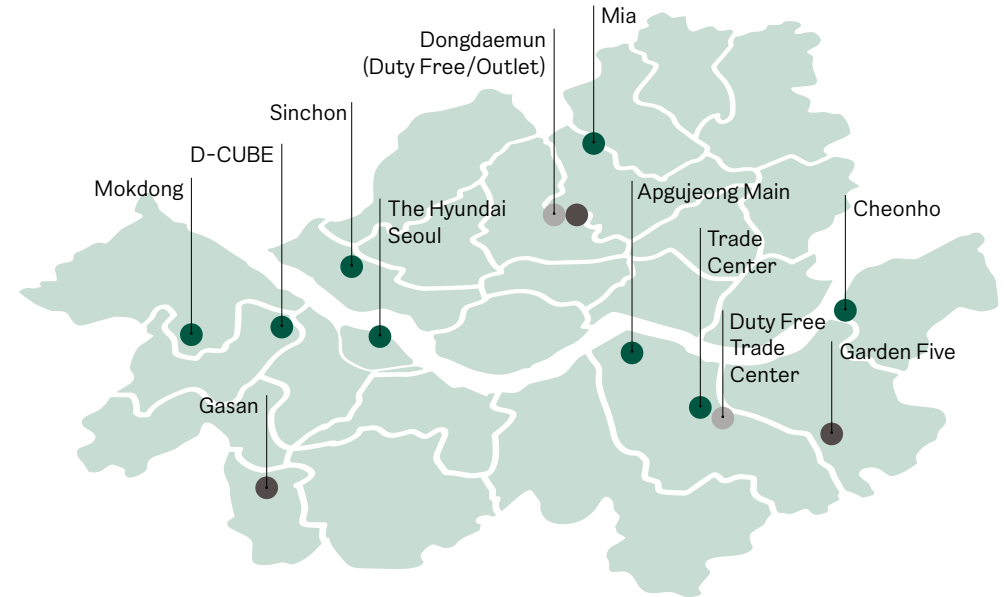
8 branches

● Hyundai Department Store Duty Free

3 branches



Branches in Seoul

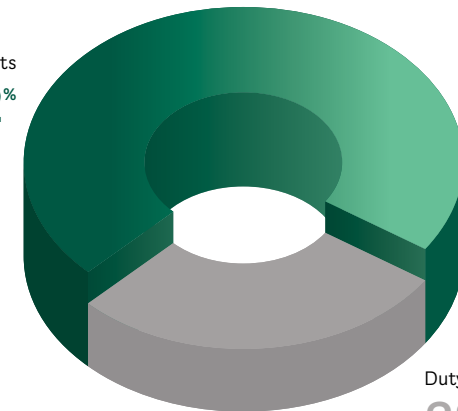


Total Sales in 2021

KRW **9.1216** trillion

Department Stores + Outlets

72%



Duty Free
28%

Hyundai Department Store

Hyundai Department Store, Presenting the Future of Department Stores

Hyundai Department Store currently operates 16 department stores nationwide, proactively proposing the delivery of high-quality service, differentiated content, and MD that leads trends and achieves customer satisfaction that goes beyond the level of customer expectations, while contributing to the development of South Korea's distribution industry. In particular, The Hyundai Seoul, which opened in February 2021, has been praised for presenting a 'future-oriented department store platform' that is set apart from the conventional success of existing department stores, by maximizing the concept of 'retail therapy' through reducing sales area and creating a natural-friendly space. Hyundai Department Store will continue to grow into a platform that constantly evolves through continuous R&D on content that can fulfill the desires for new experiences and create spaces our customers are willing to stay in.

Introduction to the Main Business Locations of Hyundai Department Store

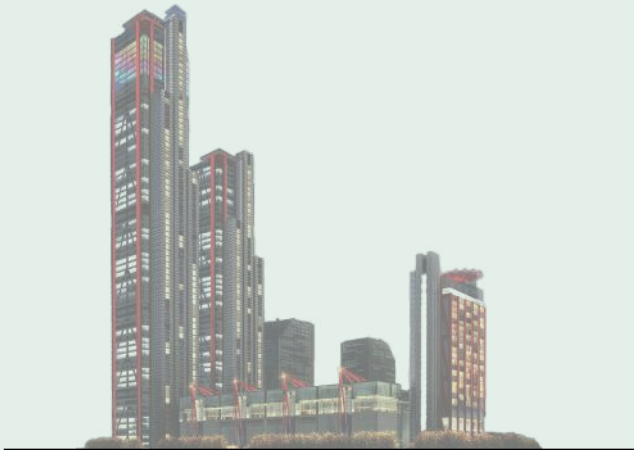


- ① The Hyundai Seoul
- ② Hyundai Department Store Mokdong
- ③ Hyundai Department Store Pangyo

The Hyundai Seoul

Sound of the Future

Opened in February 2021, The Hyundai Seoul aims to achieve value as a completely new and innovative platform, rather than a traditional shopping space, under the theme of 'Sound of the Future.'



Sales

KRW **800,500** million

New sales record in first year of opening as a domestic department store

Customers Visited

Approximately **30** million customers

Ratio of Sales by the MZ Generation

50.3%

Average of Hyundai Department Store 24.8%
Standard: Feb. 26, 2021 to Feb. 25, 2022

Global Iconic

Unrivaled, Innovative



Waterfall Garden

Realization of 'Indoor Nature', a blend of technology and nature

The Hyundai Seoul is the work infused with the architectural philosophy of the world-renowned architect Sir Richard Rogers, and is an ultra-modern architecture created by interpreting the traditional Korean architectural style of purple columns and 'dancheong', traditional multi-colored paintwork in a new perspective. In an extra-large space of about 89,100 m², the ratio of the store area was reduced by half, and the rest of the space was constructed as areas that customers could enjoy, with indoor landscaping, spaces for relaxation, and galleries, in line with our pursuit for differentiation as a platform so that it is not simply an area where brands are gathered. In addition, through harmony of technology and nature, we created a grand indoor garden that is 23m high and 3,300m² wide called Sounds Forest, along with an artificial Waterfall Garden with water falling from 12m high, providing a special space where our customers can experience the nature even from indoors.

Selected as the 'Best Retail Design' by Monocle

Founded in the UK in 2007, Monocle is a lifestyle magazine covering international affairs, business, and design, and has been selecting the 'best enjoyable and useful designs that improve the quality of life' in 50 sectors that is close to our lives, such as buildings, retail facilities, packages, chairs, etc. in 2021. Based on its nature-friendly space configuration and customer-oriented traffic flow design, The Hyundai Seoul has been selected as the best design for retail facilities in the world out of those that were completed after 2020. Starting with our radical and innovative venture that has been globally recognized, we will continue to strive for change and innovation to become the 'representative lifestyle landmark of Seoul, South Korea'.

Human

Relating, Communicating

Realized Specially-Curated Floors

Based on diverse personal taste and lifestyle, each floor has been curated so that the customers can intuitively become aware of the concept and content of each floor. It consists of Flagship Luxury(1F) that consists of full-category stores and boutique stores, the Creative Ground(B2F), MZ specialty center with youth culture combined with music and fashion and millennial culture-filled interactive experiential stores, the Tasty Seoul(B1F), the largest global taste arena, and the Global Living & Life Curation(4-5F). In particular, space curation is a mecca for human relations and communication that showcases a diverse range of global art and content.



Culture House 1985, 6F

Culture House 1985, 6F

Still based on the orthodoxy of the cultural center of the Apgujeong Main Store, which was the first to launch in the industry in 1985, this space has been renewed as a community platform that satisfies the style of the MZ generation. Here we operate seven specialized studio spaces and welcoming lounges that are open and available for socializing, including digital classes, wellness, media, cooking, etc. In the future, we will also feature five Seoul lifestyle classes(Global, Ritual, Creative, Tasty, and Community Seoul).



ALT.1, 6F

ALT.1, 6F

Based on the philosophy of art and life that 'takes life a step further through various cultural communication,' we have organized the largest art space(1,157m²) in the distribution facility. Since the first exhibition of 'Andy Warhol Exhibition, Beginning Seoul', a variety of exhibitions have been held where many of our customers are enjoying a variety of artistic experiences.

Technology

Progressive, futuristic

Futuristic Tech Services

Based on humanism, The Hyundai Seoul offers a variety of tech services and new retail models. First, through the smart valet system, we guide the VIP customers' from entry and departure, including departure time reservations and vehicle locating in real time. In addition, for the first time in the distribution industry, we developed our own facial recognition technology and implemented a facial recognition system at the VIP lounge to minimize contact and reduce entry time. In addition, a mobile guidance robot with reliable autonomous driving technology and obstacle avoidance technology verified increases customers' shopping convenience by escorting customers 1:1 with minimal face-to-face contact. Also, through the smart order system(To Home mobile APP) customers can utilize restaurant reservations, menu orders, delivery and pick-up services.

New retail model, 'Uncommon Store'



Mobile Guidance Robot

Hyundai Outlet

Hyundai Outlet, Setting a New Standard for Outlets

Hyundai Outlet stores have become a new complex shopping culture space in the regions with excellent accessibility to the city center, a variety of entertainment facilities for family customers, and a lineup of popular brands including global luxury items.

The Hyundai Premium Outlet Gimpo presents a luxury life that includes an exotic atmosphere and refreshing relaxation under the theme of 'Cruise the Luxury', and the Hyundai Premium Outlet Songdo acts as Songdo city's landmark, infused with the modern and contemporary feel of the global city in all corners of the space. With the theme of 'Groove the Avenue', we present the unique culture of the global city, Songdo, with a New York-style Cafe Street and an indoor park that is pleasant throughout all four seasons.

Opened in 2020, the Hyundai Premium Outlet Daejeon is the only premium outlet in central Korea, and is a nature-friendly outlet store with a squirrel garden full of art pieces, a ripple forest for children, a musical fountain, a carousel, and the Gwanpyeongcheon Park. The Hyundai Premium Outlet SPACE1 located in Namyangju, is the only gallery-type outlet store in Korea with artistic and sensual art pieces placed throughout.

The playground that Hyundai Children's Book Museum made with the world-class artist Jaime Hayon, a sculpture garden, and MOKA garden with a library, as well as an indoor and outdoor relaxation area with art work offer its customers an artistic sensibility.

Introduction to the Main Business Locations of Hyundai Premium Outlet



①

②

③

④

① SPACE1 Outlet

② Gimpo Outlet

③ Songdo Outlet

④ Daejeon Outlet

Hyundai Department Store Duty Free

About our Business

Hyundai Department Store Duty Free is a premium duty free store created by the Hyundai Department Store Group, which possesses 50 years of specialty in distribution. We opened the first duty free store(Trade Center Branch) in Gangnam, the center of the Korea wave and luxury beauty in November 2018. Since then, in February and September 2020, we opened a branch in Dongdaemun, the largest tourist shopping town in Korea, and Incheon International Airport(T1), the world's largest global hub airport, consecutively, becoming the country's leading duty free store. We are working to provide our customers with a special experience that turns the pleasure of shopping into a pleasure of travelling. In October 2021, despite the decline in travelers due to COVID-19 leading to the withdrawal of foreign luxury brands from domestic duty free stores, Hyundai Department Store succeeded in attracting the Chanel boutique store through our long-term partnership, thereby strengthening our competitiveness. Based on such efforts, we have more than quadrupled our market share within four years of its launch and solidified our position as Big4 of duty free stores.

As industry's first, using eco-friendly paper bags

We are reducing waste in the logistics process and expanding eco-friendly packaging materials. In 2018, to reduce the vinyl buffer cap used for duty-free product packaging, we introduced the eco-friendly logistics box 'H Green Box' for the first time in the duty-free store industry, reducing the use of vinyl for packaging used when transferring logistics by more than 60%. Starting in June 2021, we eliminated the use of vinyl bags used for the delivery of duty-free goods to customers and replaced them with eco-friendly paper bags for the first time in the duty-free industry. We are expecting to reduce the use of more than 50 tons of vinyl bags per year once overseas travel is normalized.

Introduction to the Main Business Locations of Hyundai Department Store Duty Free



1

① Trade Center

2

② Dongdaemun

3

③ Incheon International Airport

ZINUS

ZINUS, becomes one with Hyundai Department Store

ZINUS is a mattress and furniture manufacturer and sales company. It launched its first bedding product in 2004, entered Amazon in U.S. in 2014, and emerged as a powerful competitor in the U.S' online mattress market.

Hyundai Department Store acquired ZINUS in May 2022 to expand its domestic distribution-oriented department store business sector to 'online' and 'global' sectors, and secure momentum for new growth for the department store business which is in its maturity period. Through this, we expect to be able to expand domestic sales and maximize efficiency in production logistics using the global management know-how and business capabilities of ZINUS, the domestic distribution capabilities of Hyundai Department Store, and the synergy of production logistics.

Strategic Direction for Expanding ZINUS

Product Expansion

Become the world's No. 1 online furniture company by expanding our products from mattress-oriented bedroom furniture to living room furniture and outdoor furniture, etc.

Regional Expansion

Based on the success of the U.S. market business model, aim to enter into 100 countries in the future(Domestic market: strengthen sales organization & expand SKU)

Channel Expansion

Expand best-selling occupancy in Amazon, the largest share of sales, and strengthen competitiveness in partnership-based distribution channels

Global Sales Corporations

11 corporations

Production Corporations

6 corporations

2 other corporations

Main Products and Features



Easy delivery



Easy assembly



High cost-effectiveness



Mattress



Frame



Pillow



Topper

Digital Transformation

Hyundai Department Store defined and reinterpreted the Group's mission of 'bringing happiness to customers and enriching the world' from a digital perspective, breaking down the on/off-line boundaries, and creating a digital environment where Hyundai Department Store's differentiated services and content can be enjoyed from anywhere.

New Biz & Tech	Service	Data	Smart Work
<p>Introduce New Tech to enhance customer DX(Digital Experience), develop New BIZ</p> <ul style="list-style-type: none"> AI robots, VR showrooms, H.NFT, Uncommon Store, etc. 	<p>Continuously develop/apply services to improve customers' shopping convenience and employees' work efficiency</p> <ul style="list-style-type: none"> AI chatbots, non-face-to-face transactions, building of integrated APPs(by 2023) 	<p>Build an optimal marketing environment with on/off-line integrated data platform and AI-based marketing solutions</p> <ul style="list-style-type: none"> Customer Data Platform(CDP) Marketing Automation(MA) 	<p>Newly establish a digital dedicated organization, pursue improvement in efficiency by verifying the economy and effectiveness of each management element in planning/production/marketing/IT/support, etc.</p>



Unattended Automatic Transaction Store (Uncommon Store)

Korea's first self-technology-based automatic transaction store where customers can scan QR codes to enter and freely shop



Premium VR Showrooms

VR store where customers can realistically experience premium brand stores of Hyundai Department Store



Children's Drawing Contest in Metaverse MOKA Garden

Sixteen winning pieces from the competition are recreated as Pixel Art NFT and exhibited on the culture and art metaverse platform



Leading Digital Trends
Hyundai Department Store

Providing Optimal Service/
Content based on Big Data

Building a Digital Work Place in
accordance to the digital transition era

THE
HYUNDAI

Provides differentiated experiences and value with on/off-line integrated digital Hyundai Department Store

ESG Management



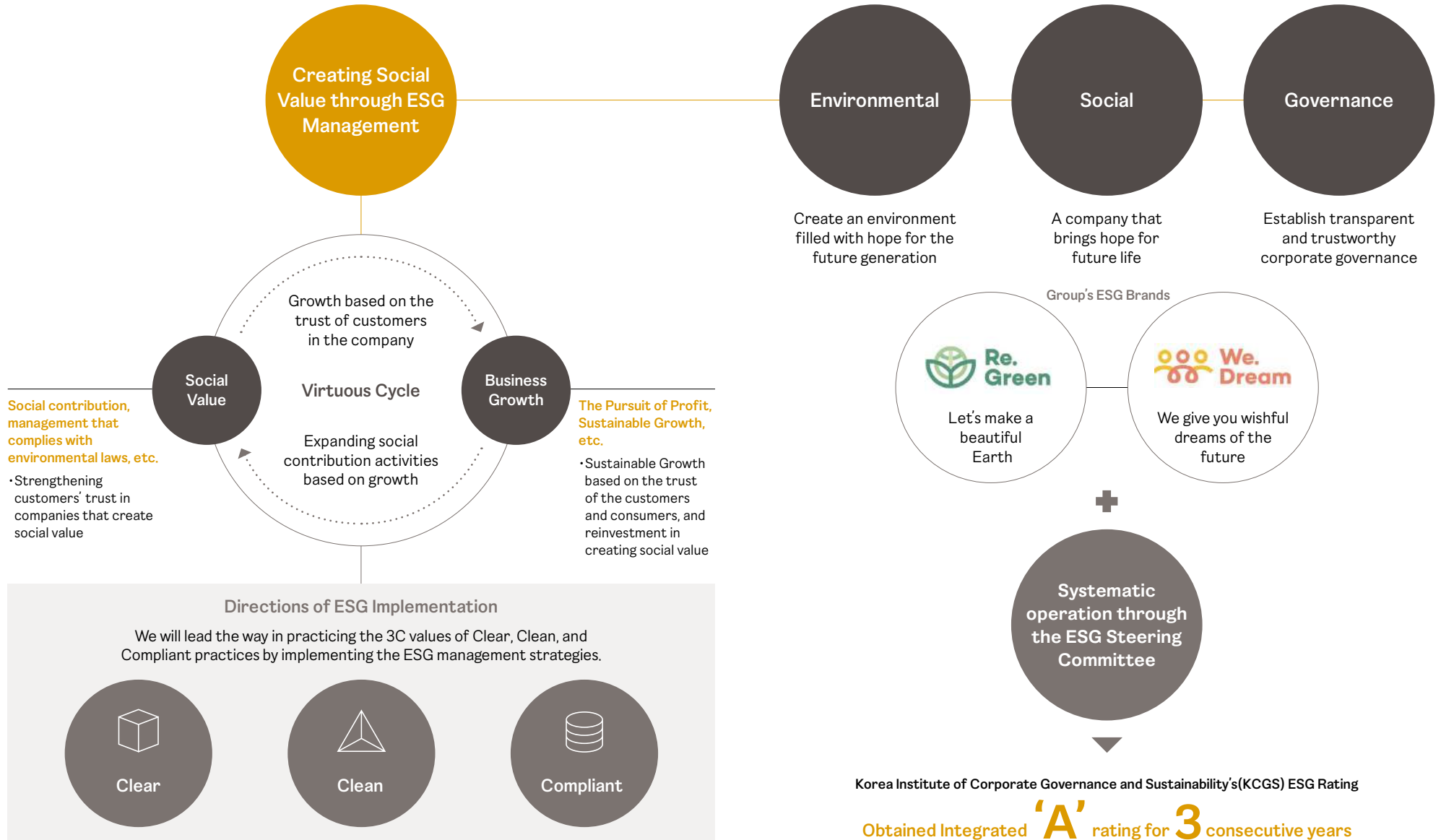
020 ESG Management System

022 Stakeholder Engagement

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ESG Management System



ESG Governance

Hyundai Department Stores shares ESG risk guidelines across the company so that we can respond to ESG related risks and act systematically throughout our operations. In June 2021, we established the ESG Management Committee under the Board of Directors as the highest decision-making body that determines key ESG related strategies and establishes policies. The ESG Management Committee is held on a semi-annual basis to review ESG strategies and manage and oversee performance. In addition, we organized an ESG Steering Committee directly under the CEO which is dedicated to working-level ESG practices.

ESG Management Committee

Hyundai Department Store established the ESG Management Committee in June 2021 to strengthen and systematically practice ESG management activities. The ESG Management Committee consists of one executive director and three outside directors, with one outside director acting as the chairperson. The ESG Management Committee is responsible for deliberation and decision-making on overall ESG activities, including eco-friendly, social contribution, safety/health and mutual growth activities. In February of 2022, 3 outside directors, 1 executive director and the managers of the ESG Steering Committee got together for the ESG Management Committee and discussed the status of Hyundai Department Store's GHG emission trading system. They reviewed the trends of the GHG emission amount of the last 7 years and discussed future directions for reduction and our GHG reduction strategies and directions in accordance with the NDC, nationally determined contributions.

ESG Steering Committee

In order to create ESG value and systematically implement management activities on a company-wide level, Hyundai Department Store established a dedicated organization in April 2021, a committee with the Head of Sales(Vice Chairman) serving as the Chief Sustainability Officer as the chairperson of the ESG Steering Committee, and 17 members who have been in charge of ESG-related practice for more than 10 years as members of the ESG Steering Committee. The ESG Steering Committee is responsible for discovering and inspecting ESG related agendas through regular meetings and is assisting the ESG Management Committee.

Major Items of the ESG Management Committee

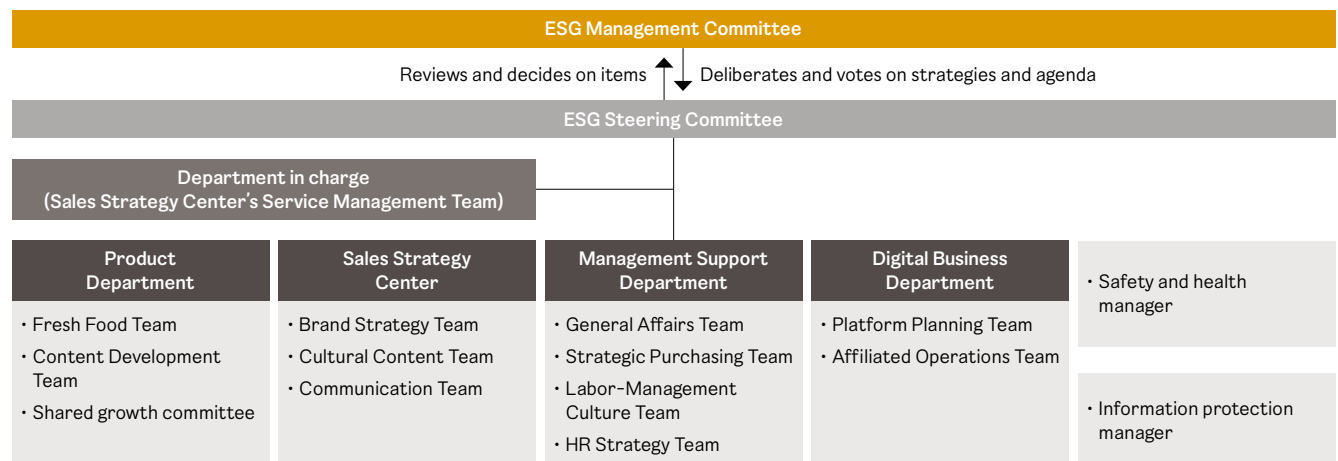
2021

- 2021 ESG Assessment results
- Obtained the ISO 14001 certification
- Awarded the Presidential Commendation at the Eco-friendly Merit Award
- Results of 2021 mutual growth activities

2022

- Independent resource circulation package operation plan
- Hyundai Department Store's safety and health management plan for 2022
- Company's GHG emissions trading
- Appointment of chairperson of the ESG Management Committee
- Revision of Corporate Governance Charter

ESG Management Implementation System



Stakeholder Engagement

Stakeholder Communication

To create sustainable social and environmental value and share direct and indirect effects based on mutual trust throughout its management activities, Hyundai Department Store has created 'ESG Partners' with customers, employees, partner companies, regional community, government and related institutions, shareholders and investors.

Hyundai Department Store conducted a survey of ESG Partners to continuously identify the opinions and interests of each partner and to include issues of interest of partners in the 'Sustainability Report 2021'.

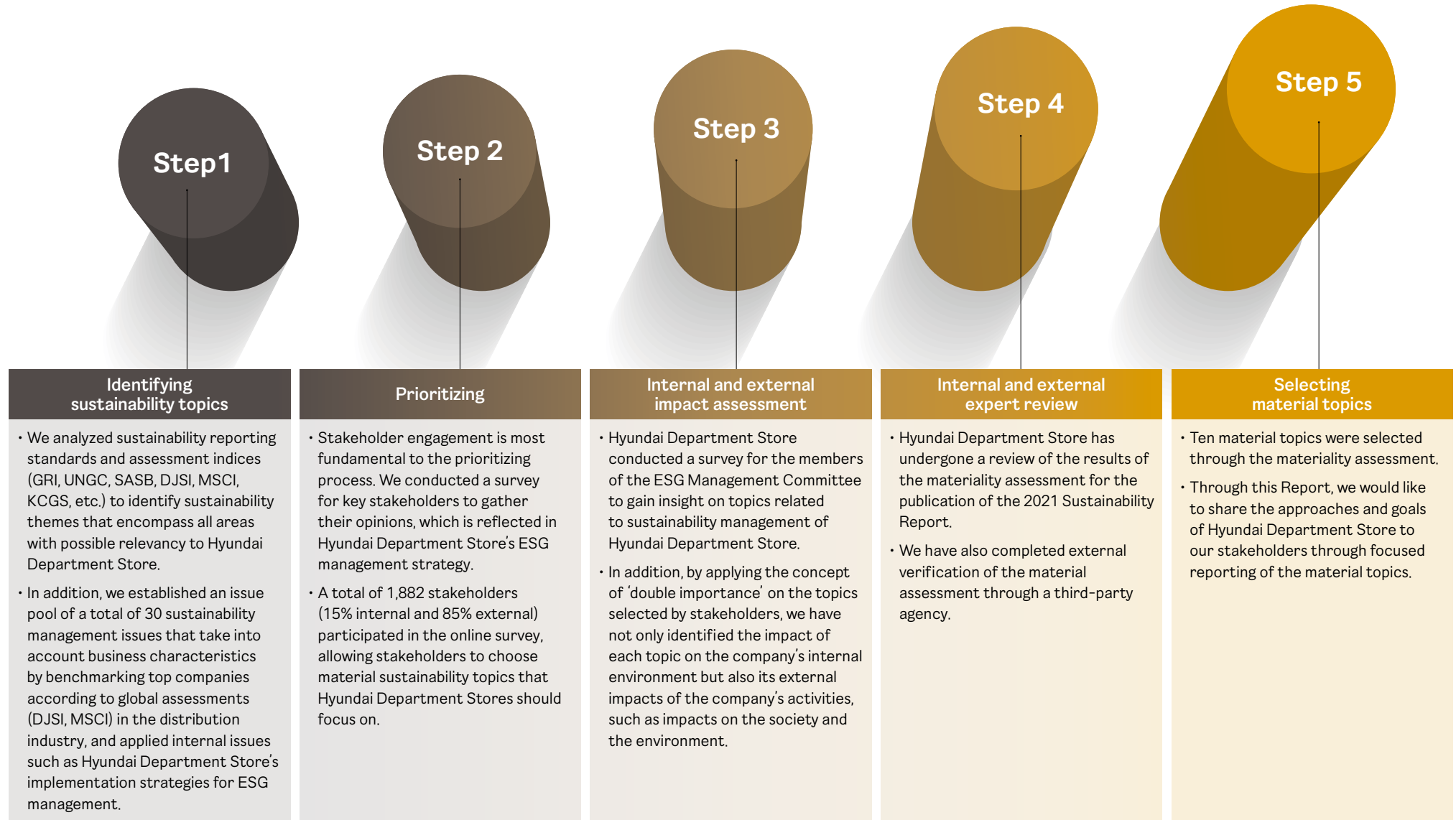
Hyundai Department Store is working to continuously reflect the opinions gathered through surveys and communication with partners throughout its ESG management activities. Moving forward, we are planning to disclose our response plans and implementation status of major issues in a transparent manner through this Report.

	Issues of Interest	Communication Channels
Customers	<ul style="list-style-type: none"> • Customized services • Customer satisfaction • Customer health and safety • Privacy protection 	<ul style="list-style-type: none"> • Official website • VOC • Social Media(YouTube, Instagram, Facebook, Blog, Post)
Employees	<ul style="list-style-type: none"> • Competency development • Human rights and labor risks • Fair performance compensation • Labor-management relations • Employees' health and safety 	<ul style="list-style-type: none"> • Labor Council and collective bargaining • Internal online system • Grievance consultation channel
Partner companies	<ul style="list-style-type: none"> • Fair trade relationship • Mutual growth • Sustainability in the supply chain • Risk management in the supply chain • Product quality management 	<ul style="list-style-type: none"> • Meetings • Partner companies' community
Regional community	<ul style="list-style-type: none"> • Creating jobs • Agricultural support for the community • Social contribution • Minimizing environmental impact • Response to COVID-19 	<ul style="list-style-type: none"> • Social contribution activities • White Paper on Social Responsibility Management
Government and related institutions	<ul style="list-style-type: none"> • Ethical management • Voluntary compliance to fair trade • GHG/Energy management • Strengthening non-financial disclosure 	<ul style="list-style-type: none"> • Policy-related meetings and public hearings
Shareholders and investors	<ul style="list-style-type: none"> • Creating financial performance • Diversification of business and strengthening future growth engines • ESG risk management • Sound governance • Transparent information disclosure 	<ul style="list-style-type: none"> • General Meeting of Shareholders • Quarterly earnings release • IR meetings • IR website

Materiality Assessment

Materiality Assessment Process

In accordance with the Global Sustainability Reporting Guidelines, GRI Standards 2021, we conducted a material assessment and selected material topics by comprehensively assessing the impact of Hyundai Department Store's business on stakeholders in economic, environmental, and social aspects, as well as the impact on business such as cost, revenue, and risks.



Materiality Assessment Results

A total of 20 major issues were derived from the sustainability management issue pool(30 topics) using the materiality assessment, and 10 material topics that are most important to the pursuit of Hyundai Department Store's ESG management were selected by the ESG Steering Committee of Hyundai Department Store. In particular, we applied the concept of 'double importance' for topics crucial to ESG management of Hyundai Department Store, and identified: 1) the impact of Hyundai Department Store's business, and 2) its business' impact on stakeholders, society, and the environment. By reflecting this in our ESG management activities, we hope to increase positive impacts and continuously reduce negative impacts.

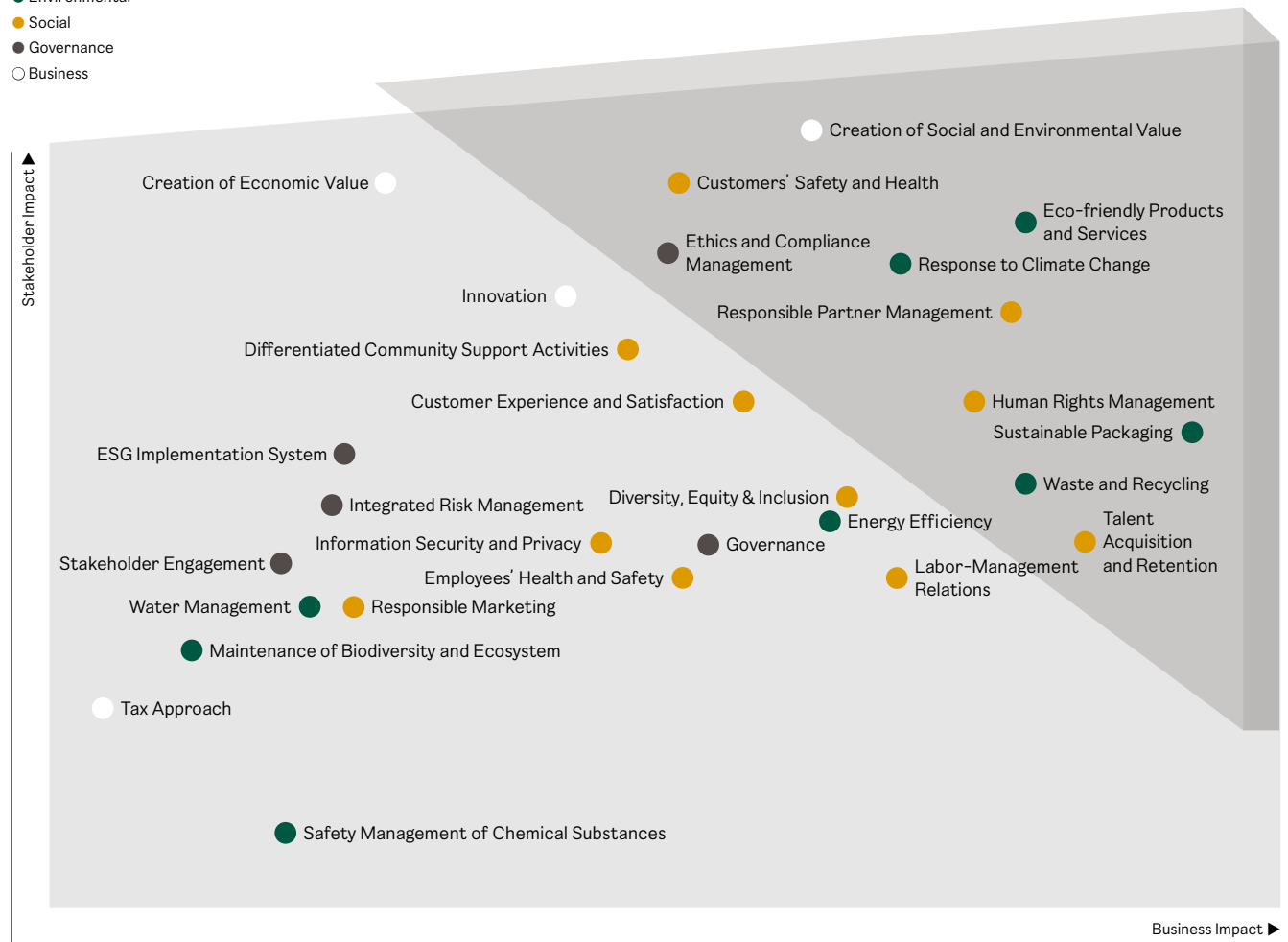
Material Topics

⦿ High ● Medium ○ Low

Material Topics	Business Impact			Social and Environmental Impact				
	Cost	Revenue	Risks	Employees	Shareholders/ Investors	Partner companies	Customers	Regional community
Eco-friendly Products and Services	○	○	⦿	⦿	●	●	●	○
Sustainable Packaging	●	●	○	○	○	○	⦿	⦿
Creation of Social and Environmental Value	⦿	○	●	○	○	○	●	⦿
Responsible Partner Management	⦿	●	○	○	○	○	⦿	●
Response to Climate Change	⦿	○	○	○	○	●	⦿	●
Customers' Safety and Health	⦿	○	○	○	○	○	⦿	⦿
Human Rights Management	⦿	⦿	○	⦿	○	○	●	○
Talent Acquisition and Retention	●	○	⦿	⦿	○	●	●	○
Waste and Recycling	●	●	●	●	●	⦿	○	○
Ethics and Compliance Management	●	●	●	○	○	○	⦿	●

Materiality Matrix

- Environmental
- Social
- Governance
- Business



UN SDGs commitment



Managing Material Topics

Hyundai Department Store adheres to the United Nations' Sustainable Development Goals(UN SDGs) and implements SDGs that are highly relevant to the direction of our ESG management. Hyundai Department Store seeks to create social and environmental value throughout its business and continue to grow, thereby contributing to the achievement of the UN SDGs.

Material Topics	Importance and Impact of Issues	Major Activities	Relationship to the UN SDGs	Reported Page
Eco-friendly Products and Services	With the spread of awareness on eco-friendliness, there is a higher number of Greensummers that are practicing eco-friendly consumption. They especially emphasize the environmental impact made throughout their purchasing activities. By expanding eco-friendly products and services, we can satisfy consumers' demands and reduce environmental impact.	<ul style="list-style-type: none"> • 'Upcycling Goods' project • Sustainable Fair 'Consumer Life for the Earth 3.0' 		37-39p
Sustainable Packaging	Consumers take into account the environmental impact in the packaging of products when making purchases. Eco-friendly packaging has gone beyond simple protection of products, and has become an important factor in determining consumers' purchasing decisions. We can reduce environmental impact using eco-friendly packaging and improve our brand reputation.	<ul style="list-style-type: none"> • Independent resource circulation campaign 'Project100' • Establishing the 3R policy(Recycle, Replace, Reduce) and activities 		32-36p
Creation of Social and Environmental Value	In order to resolve social and environmental problems, not only the government but the efforts of companies are required, and companies must pursue social and environmental value in their business and create innovation.	<ul style="list-style-type: none"> • 365 Recycle campaign • 'Myeongin Myeongchon', a representative brand of win-win cooperation • 'Re.Green', an editorial shop specializing in ESG • MOKA, Hyundai Children's Book Museum 		37-38p, 52p, 59-60p
Responsible Partner Management	Probable and potential supply chain risks are increasing as customer needs are diversifying and the global supply chain system, shifting. We need to create a partner assessment system for stable business activities, and a culture of mutual growth and transparent trading environment that allows win-win cooperation.	<ul style="list-style-type: none"> • Introduction of ESG assessments of partner companies, as well as training and consulting • Establishment of a self-compliance fair trade system • Creation of a transparent trading environment • Stabilizing a culture of mutual growth and continuous dissemination 		53-58p
Response to Climate Change	In preparation for the rise in global temperature of 2°C, the government is implementing climate change-related policies in order to improve the climate resilience of all aspects of society. Companies must recognize that abnormal climate can have a huge impact on their business premises and facilities, and can respond to climate change through activities such as reducing greenhouse gas emissions and energy consumption.	<ul style="list-style-type: none"> • Establish a mid- to long-term roadmap for carbon neutrality • Obtained the environmental management system, ISO 14001 certification (Headquarters, 16 department stores) • Introduction of demand-side management in electricity 		27-29p
Customers' Safety and Health	Due to the development of online communities, social media, etc., negative issues related to consumer safety can have a significant impact on the company's reputation. Therefore, companies must provide consumers with products verified for quality and provide safety and trust through regular facility inspections.	<ul style="list-style-type: none"> • Indoor air quality management • Response to COVID-19: Establish a safety management manual 		31p, 48p, 67p
Human Rights Management	In global standards, establishment and internalization of human rights policies are being regarded with higher importance. It is necessary to ensure the basic rights of workers in the workplace and create an environment where diversity(gender, disability, race) can be secured.	<ul style="list-style-type: none"> • Organizational culture • Female talent support • Introduction of PC-OFF system • Establishment of workplace harassment prevention and response regulations • Surveying workplace satisfaction rate for partner employees, improving the working environment 		44-45p, 74p
Talent Acquisition and Retention	In order to combine new technologies and quickly identify changes in consumer trends, companies must be able to nurture and grow competent talents. Through training, we must strengthen the core competencies needed for innovation and create an organizational culture that members would be pleased to work in	<ul style="list-style-type: none"> • 'Rank Course Pass System', core competency enhancement program • Operation of professional talent training programs (DT strategist, live commerce operation expert, etc.) • OKR(Object & Key Results) system • Multi-faceted evaluation system 		41-43p
Waste and Recycling	Companies should consider the social and environmental impact of generated waste. By preventing generation of waste and switching them to resources that can be recycled, and ultimately building a circular economy, external influences can be prevented	<ul style="list-style-type: none"> • Zero issuance of paper receipts • Adding food processing equipment at employee restaurants (Headquarters, 16 department stores) 		30p, 37p
Ethics and Compliance Management	In order to become a sustainable company, all business processes must be operated on the basis of ethical awareness. In order to internalize the ethical awareness of customers, shareholders, partner companies, competitors, and employees, regular training and monitoring activities are required.	<ul style="list-style-type: none"> • Monitoring of Ethical Norms and Code of Conduct(employees, partner companies) • Pledge to practice ethical management, survey for ethical management practices • Ethical training • Operation of a consultation and reporting channel • Labeling and Advertising guides 		73-74p

Environmental



- 027 Environmental Management
- 028 Carbon Neutral
- 032 Resource Circulation
- 037 Spreading an Eco-Friendly Culture

Environmental Management

Environmental Management Policy

In order to achieve the environmental management goal of being a 'company that leads eco-friendliness in customers' lives', Hyundai Department Store established an ESG Steering Committee and systematically practices environmental management. We consider environmental risk management a key element, reflect environmental policy throughout the course of our business activities, and continue to identify relevant agenda and issues to take the lead in environmental management.

- 1 We consider systematic management of the environment as key element of Hyundai Department Store's operations and promote environmental performance by managing risks.
- 2 We establish environmental goals and build a systematic execution plan to achieve them, promoting continuous environmental performance and improvement.
- 3 We comply with environmental laws and agreements in Korea and abroad, strive to promote and improve environmental management, and disclose its achievements to the public.
- 4 Through effective management from major environmental perspectives, we contribute to the local communities' preservation of the environment, and reduce greenhouse gases through efficient energy use, fulfilling our social responsibility of contributing to sustainable development.
- 5 We conduct periodic environmental training for all employees and support environmental management activities to contribute to voluntary promotion of environmental performance.

Environmental Management System

In May 2021, Hyundai Department Store obtained ISO 14001, an international environmental management system certification for its headquarters and 16 department stores. The certification includes activities in the areas of Green Services, Green Friends, and Green System of Hyundai Department Store. Through the certification, we are operating an environmental management system that meets global regulations and standards, and making continuous improvements based on the status of implementation in comparison to our annual plan. In addition, we are strengthening our environmental management capabilities by conducting regular environmental management trainings for all employees, including environmental managers by each office. In the future, we plan to comply with domestic and foreign environmental laws and agreements and carry out various efforts to preserve the environment of the local community.



ISO 14001
(2021.05.31~2024.05.30)

Environmental Investments

Hyundai Department Store is expanding its investment in introducing and expanding eco-friendly facilities, and introducing resource-efficient facilities, etc. to prepare against environmental risks and strengthen its eco-friendly management capabilities.

Amount of Environmental Investment

Unit: KRW million



* Replaced with LED lights for new stores and renewed stores in 2020

Eco-friendly Management Promotion System

Hyundai Department Store promotes systematic eco-friendly management activities centered on the ESG Steering Committee, the sales planning teams of each store, and the environmental affairs officer of the support team. For the ESG Steering Committee, the director of the sales department who is responsible for environmental management duties takes on the role of the CSO and the working-level offices of the Product department and the Management support department have a collaborative system where to carry out environmental management-related tasks.

Eco-friendly management goals and directions(~2023)

Goals	A company that leads eco-friendliness in customers' lives		
Promoting areas	Green Service	Green System	Green Friends
	<p>Improving material and service policies that are harmful to the health and the environment</p> <ul style="list-style-type: none"> Improving wrapping packages and its system Saving service resources(paperless) Supporting the expansion of eco-friendly MD and sales channels 	<p>Establishing equipment and facilities that are beneficial to the environment and operating systems</p> <ul style="list-style-type: none"> Saving energy and increasing resource efficiency Buying green products and services Improving waste disposal processes 	<p>Spreading the culture of practicing environmental protection in everyday lives</p> <ul style="list-style-type: none"> Customer-participating eco-friendly programs Encouraging participation through communication Public interest projects
Key tasks for 2021	<ul style="list-style-type: none"> Transitioning to eco-friendly plastic materials Shopping bags applied with recycling methods Eco-friendly MD and event branding 	<ul style="list-style-type: none"> Expanding energy-saving equipment (LED lights) Introducing equipment for resource efficiency(water, paper) Establishing the eco-friendly management system and promoting acquisition of certifications 	<ul style="list-style-type: none"> Resource circulation campaigns (upcycling) Non-face-to-face environmental purification(plogging) Strengthening communication (using new media)

Carbon Neutral

Mid- to long-term Roadmap for Carbon Neutrality

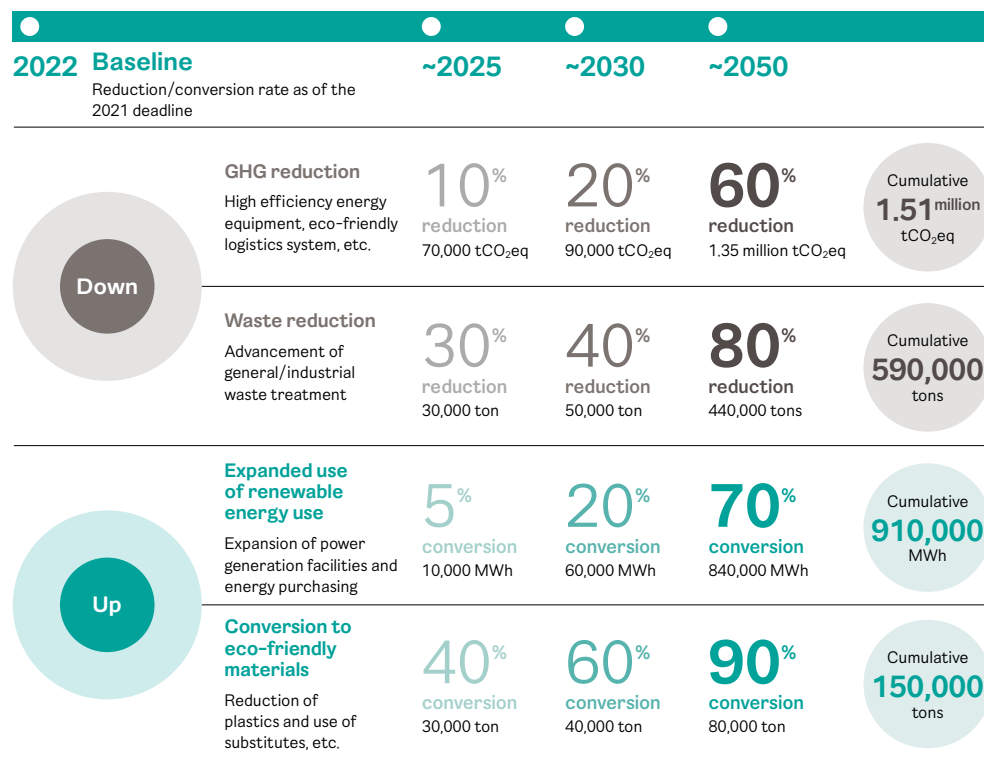
Hyundai Department Store supports the government's carbon-neutral roadmap to reduce GHG emissions by 40% by 2030 in comparison to 2018, and achieve zero GHG net emissions by 2050. Based on this, we will establish a carbon-neutral roadmap that is unique to Hyundai Department Store and take the lead in spreading a culture of carbon-neutral practices through multi-faceted reduction activities such as energy savings and waste reduction.

TCFD Index

Mid- to long-term roadmap for Carbon Neutrality

Hyundai Department Store Group's mid- to long-term roadmap

“Re.Green Let's make a beautiful Earth”



Hyundai Department Store's Mid- to long-term Goals*

Goals compared to 2021

* We plan to establish an even more systematic roadmap for our GHG reduction goals by conducting scenario analysis

2025

2050

10.0% reduction

60.8% reduction

24.4% reduction

95.2% reduction

10.0% conversion

77.2% conversion

23.9% conversion

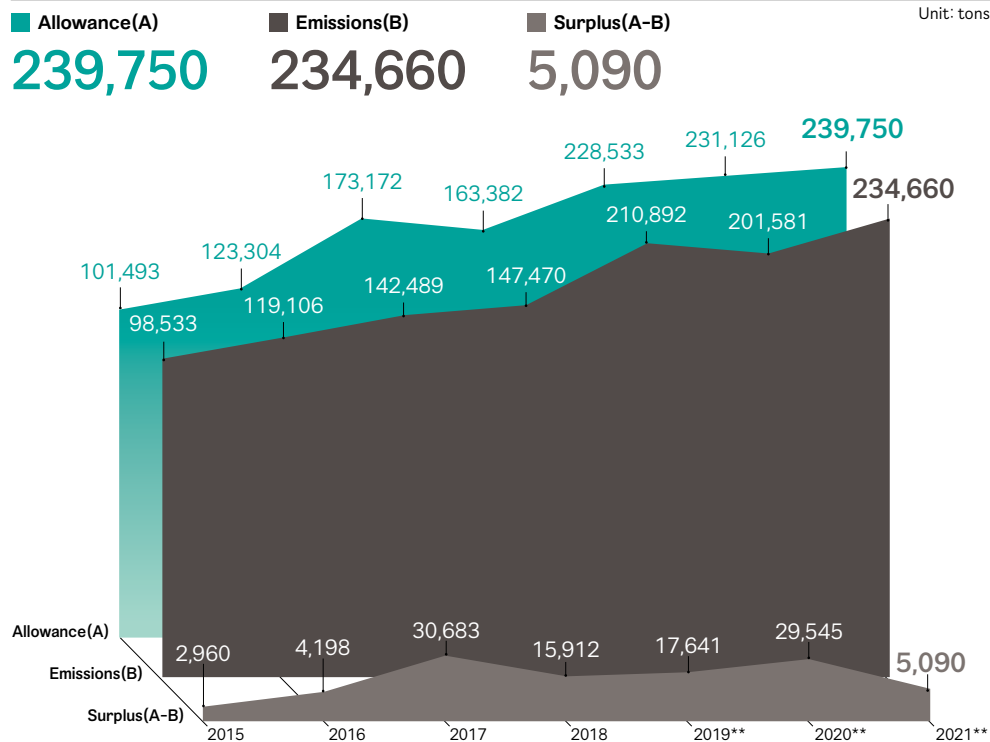
90.0% conversion

GHG and Energy Management

After being designated as a company subject to the GHG and Energy Target Management System(2014) and the Emissions Trading System, Hyundai Department Store is managing GHG emissions and energy consumption as major climate change indicators, and is objectively managing emissions data through external verification agencies every year. Hyundai Department Store is continuously contributing to the achievement of the national energy reduction goals through our reduction activities in comparison to the government-designated GHG reduction amount by introducing new technologies and investing in equipment, such as using of renewable energy through solar panels, introducing and replacing high-efficiency equipment such as cutting of standby power, adjusting running time of air conditioning equipment, and participating in the power demand-side management system. In addition, we sold a portion of the GHG reductions in 2020 and 2021 in accordance with the 'Enforcement decree of the act on the allocation and trading of GHG emission permits', which has been in effect since 2019. Also, Hyundai Department Store plans to continue to disclose its response-related information in accordance with climate crisis-related information disclosure initiatives such as the Carbon Disclosure Project(CDP) and the Task Force on Climate-related Financial Disclosures(TCFD).

Energy consumption

Current GHG emissions status*



* Participated in CDP(Carbon Disclosure Project) in July 2022

** Opened a total of 10 new stores since 2014

** Calculation criteria: For Hanmoo Shopping Co., Ltd., figures are reflected from 2019, when the goal management system went into effect



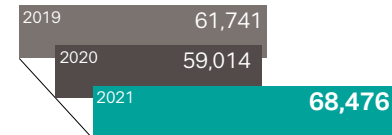
GHG Emissions

Unit: tCO₂eq

Hyundai Department Store



Hanmoo Shopping



Total



* Calculation criteria: Hyundai Department Store Co.,Ltd. + Hanmoo Shopping Co., Ltd.

Status of GHG Emissions Trading

Division	Unit	2020	2021
Sales volume	ton	9,800	9,100

Creating an Eco-friendly Infrastructure

Operating large-scale digital signage

Large banners on the exterior walls of department store buildings are used as a major advertising means to create trendy images at department stores in Korea as well as abroad. Hyundai Department stores have been radically eliminating banners that are usually produced more than 12 times a year per each store, and sequentially replacing* them with digital signage powered by minimal energy since 2020. By replacing banners with media, we are not only reducing waste resources but also serving public goods, such as supporting advertising exposure of small and medium-sized partner companies, media art of emerging designers, and the government and related institutions' nation-wide campaigns.

* Cheonho Branch(2020), The Hyundai Seoul(2021)



Digital signage at Hyundai Department Store Sinchon branch

Installation of solar panels

Hyundai Department Store operates buildings using renewable energy based on solar power generating equipment. There may be differences in generated amount of energy depending on the unique circumstances of the business site and the weather (daylight), so we maintain and improve power generation through facility management in addition to panels. Solar power generating equipment are installed at the headquarters, Trade Center, Cheonho branch, Daegu branch, Pangyo branch, Songdo branch, Daejeon branch, and SPACE1. From installation date to the end of December 2021, the cumulative amount of power generated at the above eight locations is 3,023,976 kWh, and the cumulative amount electricity bill retrieved is KRW 441,501,000/kWh.



Solar panels at The Hyundai Premium Outlet Daejeon branch

Introduction of food disposal equipment

Food waste is one of many important issues directly linked to climate crisis as it emits a great amount of greenhouse gases in the process of collection and treatment(landfill, decomposition, incineration). Hyundai Department Store is continuing its efforts to autonomously reduce carbon emissions by installing food disposal equipment to the staff cafeterias at 17 business sites, including its headquarters(Reduction of more than 1,700 tons of food waste each year). By considering the expanded introduction of food disposal equipment successively for the joint workplaces for food halls, food courts, and brand-specific disposal machines, we plan to continue to promote food waste reduction activities with our partner companies.

Expected effect of introducing food disposal equipment

- Expected to reduce the amount of food waste by about 85%
- Reduced environmental pollution and GHG emissions



Introduction of EVs and expansion of dedicated parking

Hyundai Department Store is converting its business vehicles to electric vehicles and is introducing as well as expanding electric vehicle charging stations to meet the needs of customers with electric vehicles. We have converted seven of our shuttle buses at the main branch to electric vehicles, and we especially constructed an ultra-fast electric vehicle charging station (E-pit) in the outdoor parking lot of Hyundai Premium Outlet Songdo branch. We are also operating 56 electric vehicle charging stations in 10 department stores and 6 outlets, including our headquarters. In addition, in line with the expansion of the supply of electric vehicles, we are working to build an electric vehicle infrastructure across all of our businesses, such as securing additional parking areas dedicated to electric vehicles.



EV charging station at the Hyundai Premium Outlet Songdo branch

Water Management

Hyundai Department Store's department stores and outlets are mainly located in the metropolitan area. With their geographic locations being adjacent to each other, we share awareness on water management more closely, and work to reduce water consumption while expanding recycling. In order to efficiently use water at all its business sites, Hyundai Department Store establishes year-by-year savings goals and pursues them. We plan to install water-saving pedals in the rest area of the headquarters then analyze its effect, and expand them to all business sites. In addition, we operate reclaimed water in 16 department stores, including our headquarters, to recycle water. Through such efforts, we recycled 245,498 tons of water in 2021.

Amount of water recycled (usage of reclaimed water)

Unit: ton



Indoor air quality management

There is growing concern from stakeholders on fine dust, a group 1 carcinogen as reported by the International Agency for Research on Cancer(IARC) under the World Health Organization. And with COVID-19, there is an increasing concern from stakeholders on indoor air quality. As multi-use facilities, department stores have responsibility to protect their customers' health and prevent environmental harm. We measure fine dust(PM10, PM2.5), carbon dioxide(CO₂), formaldehyde(HCHO), radon(Rn), volatile organic compounds(VOC), etc., and manage them based on our internal standards that are more stringent than the statutory standards under relevant laws and regulations.

Measurement of indoor air quality

Measurement Period: 2022.03.02 - 2022.03.29

Division	Metrics							
	PM10(μg/m ³)	PM2.5(μg/m ³)	CO ₂ (ppm)	HCHO(μg/m ³)	CO(ppm)	NO ₂ (ppm)	Rn(Bq/m ³)	VOC(μg/m ³)
Maximum value	66.3	37.5	819.0	36.2	6.7	0.053	24.7	381.6
Minimum value	6.1	3.9	401.0	2.7	0.6	0.012	7.1	58.8
Average value	24.6	11.7	542.9	10.6	1.6	0.027	13.9	143.2
Statutory value	≤ 100	≤ 50	≤ 1,000	≤ 100	≤ 10	≤ 0.1	≤ 148	≤ 500

Resource Circulation

Special Case. Project 100

Shopping bags applied with recycle methods

Independent resource circulation campaign 'Project 100'

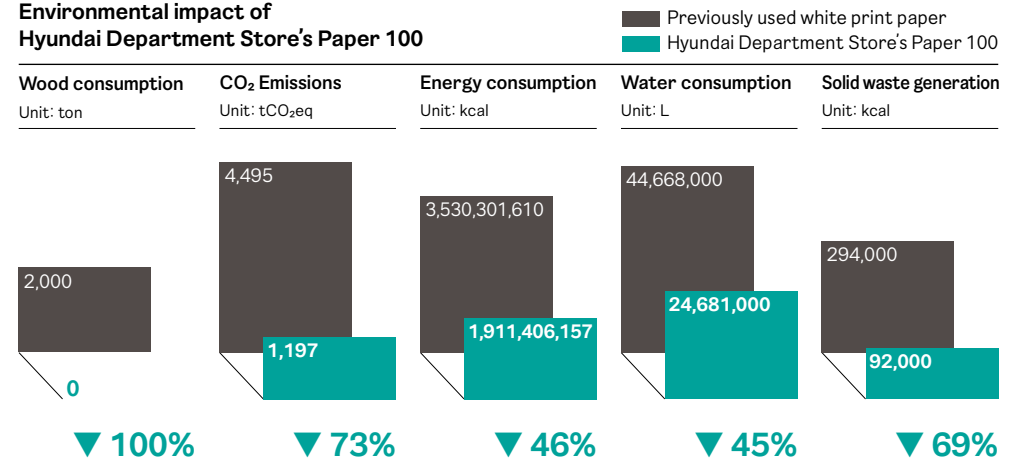
Starting in 2022, Hyundai Department Store has established and is operating an independent resource circulation system. Being the industry's first attempt, the resource circulation campaign 'Project 100' consists of the stores recovering/collecting waste from their stores, developing them into raw materials, and using them to create items we need, with its purpose being changing and enhancing systems within the company for the reduction of materials and carbon emissions. In 2021, Hyundai Department Store's self-conducted survey found that more than 90% of the waste resources generated by the stores were paper waste, and about 8,700 tons of paper waste were generated by all stores each year. As a result, paper waste was selected as the first target for renewable resources, and after a period of one year and five months, the in-house resource circulation system was established. In order to secure objectivity and accurately predict the environmental impact assessment and carry out its practices in the process of establishing the resource circulation system and implementation methods, Hyundai Department Store has conducted the project with several experts, including a research team from Seoul National University. Hyundai Department Store developed 100% recycled paper, 'Hyundai Department Store's Paper 100' through the independent resource circulation system, have completely eliminated the use of existing shopping bags and introduced the eco-friendly shopping bags. We first introduced the bags at the Hyundai Seoul and the Pangyo branch in February 2022 as a mock test, and made improvements to vulnerabilities by reflecting the feedback of our customers, and expanded the use of these bags to all stores.

Development of eco-friendly shopping bags through the independent resource circulation system



The campaign's name 'Project 100' was created to emphasize the use of 100% recycled material and to express our commitment toward eco-friendly management moving forward. Through the established resource circulation system, Hyundai Department Store expects to protect about 13,200 trees (about 2,000 tons) per year and reduce carbon dioxide (CO₂) emissions by about 3,298 tons, compared to using previously-used shopping bags made with ordinary pulp. Moving forward, we will continue to expand the scope of application of the resource circulation system and share our commitment to our environmental management with customers and the local community.

Environmental impact of Hyundai Department Store's Paper 100



3R Policy



Plastic pollution is a major cause of environmental pollution that is recognized not only within Korea, but also world-wide. Due to the convenience of plastic and the prolonged COVID-19, plastic usage is increasing every year. As a member of the global village, Hyundai Department Store contemplated on the question of what measures we can implement to resolve the plastic issue, and established the 3R policy to reduce the use of plastic, recycle, and use substitutable materials. Based on this policy, we will continue to make company-wide efforts for zero plastic, take the lead as an 'eco-friendly platform' where local communities can join in.

Recycle

Packaging food containers	Plastic(PP, PET)	Recycled plastic(r-PET)
Bags for food shipping	Polyester and other materials	Material made of r-PET

Replace

Gift set boxes for meat and seafood	Styrofoam	Recyclable paper
Wine packages	Plastic, cloth, leather	
Fruit baskets	Rattan and other materials	
Boxes for shipping	Styrofoam	

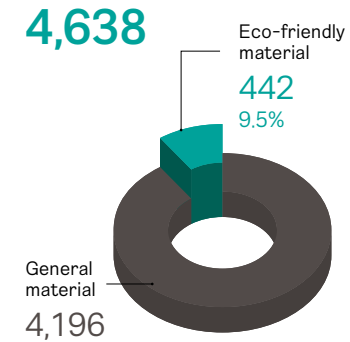
Reduce

Simplifying packaging at supermarket	Plastic, wrap	Reducing 50% of wrap-packaged items
Disposable side dish containers	Plastic(PP, PET)	Multi-purpose containers
Disposable paper cups	Composite material(paper+plastic)	Recyclable paper
Building eco-friendly advertising media	Banners(plastic)	Digital signage

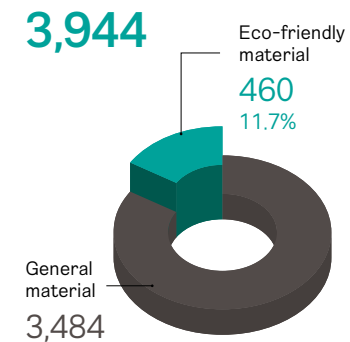
Current application of eco-friendly material packaging

Unit: KRW million

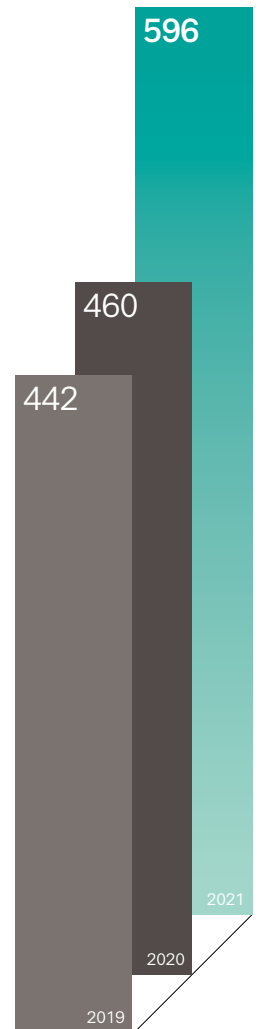
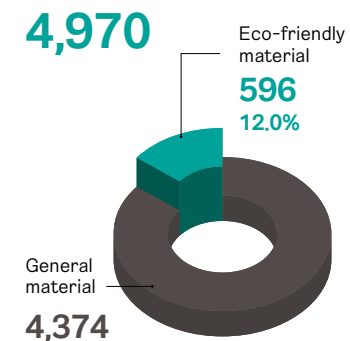
2019



2020



2021



Recycle

Expanding the use of renewable raw materials

Food packaging that is safe and environmentally friendly

In 2021, Hyundai Department Store was the first department store to introduce food packaging containers that are applied with recycled PET raw materials using 'multi-layer sheets', an interior film production technology possessed by Hyundai L&C, an affiliate. Its main characteristic is that it maximizes safety while minimizing the use of new plastic raw materials by using new PET raw materials for the surface that comes in direct contact with food(10%), and using recycled raw materials for the rest of the container(90%). In 2021, we released a total of four types of containers and used approximately 100,000 containers, and in 2022, we plan to develop and operate more diverse types of containers.

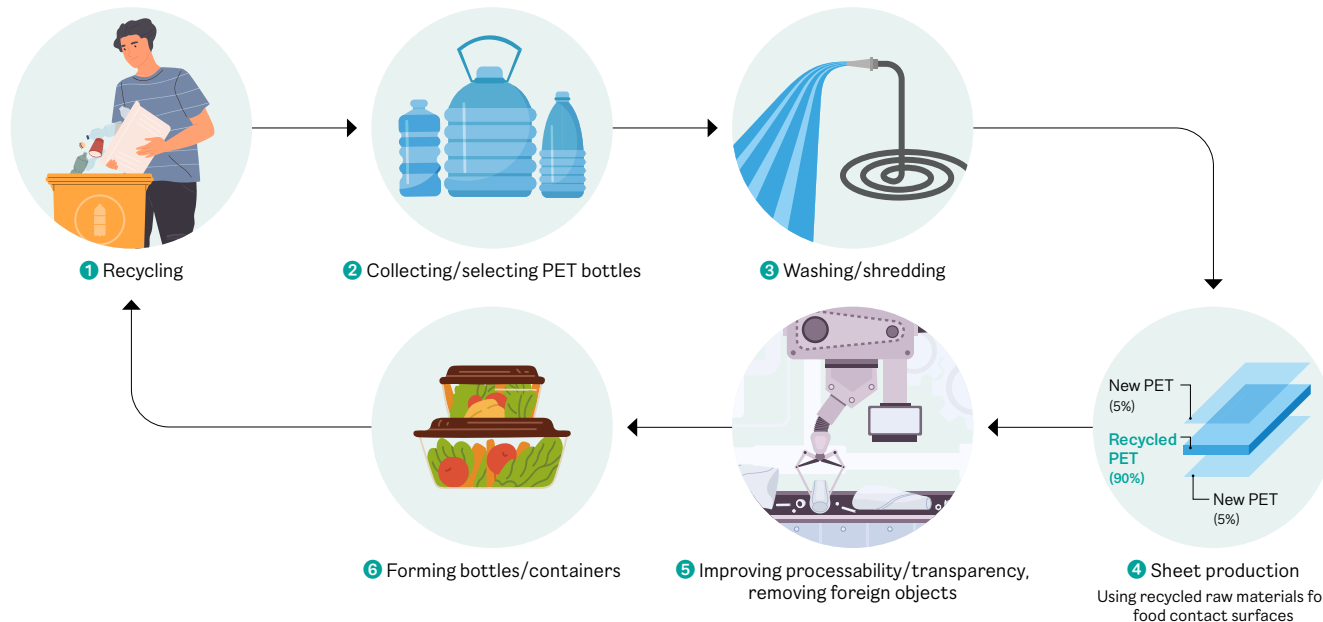
Achievements of THE HYUNDAI r-PET Project in 2021

Collected **1.27** tons of waste PET bottles*

* Collected from customers and were used as recycled plastic packs



Process of developing recycled plastic containers



Eco-friendly To home bags(r-PET)

Hyundai Department Store develops cooling bags using recycled fiber with recycled PET as a main material for its To home morning delivery bags and holiday gift sets. The 'To home cooling bags' are developed using 40 waste PET bottles. It can be reused many times, reducing the amount of packaging materials used in shipping, and can also be used for various outdoor activities such as camping given its practical design. The cooling bags for gift sets are also made using the same recycling PET material.

As of Chuseok 2021, we have converted to using cooling bags made of recycled PET material for 80% of the meat and fish gift sets. By Chuseok 2022, we plan to add dried persimmon items and apply eco-friendly cooling bags to a total of 214 items.



Replace

Going plastic-free

Styrofoam packaging for gift sets, converted to paper

Hyundai Department Store is reducing the use of plastic by switching from styrofoam, which was previously used to maintain freshness and quality as holiday gift boxes, to paper. As of the Chuseok of 2021, about 37% of meat and seafood gift sets have been converted to paper materials, and the goal is to convert more than 50% of these gift sets by Chuseok of 2022. In addition, in case of frozen gift sets that are difficult to convert immediately, we will try to provide alternative solutions through continuous research as a way to minimize the use of styrofoam in gift sets.

Fruit basket recognized for its design on top of environmental protection

Department store's fruit baskets are usually made with rattan material. Appearance-wise, it is attractive, but it eventually turns into an inconvenience that must be discarded as general waste upon disposal. In February 2021, Hyundai Department Store introduced the industry's first eco-friendly fruit carrier where the body of the fruit basket is applied with paper fabric and therefore can be recycled, and currently operates it in all stores. The eco-friendly fruit carrier, which is functional because it can support up to 25kg although it is paper material, was awarded a Bronze medal in the 2021 Good Design(GD) Product Selection organized by the Ministry of Trade, Industry and Energy, being recognized for its environmental design.

Wine package that considers the environment as well as formality

In 2021, Hyundai Department Store was the first in the industry to operate wine packaging with paper packages. Previously, wine packaging was uniquely operated in plastic, leather, cloth, etc., by each wine company but was difficult to recycle. After adoption in 2021, we have used about 25,000 packages up until New Years of 2022, and in 2022, we are currently reviewing the transition of buffers used for preventing damages to wine, to eco-friendly materials.

Eco-friendly shipping boxes that can withstand extreme heat

Hyundai Department Store introduced eco-friendly refrigerants(liners) and shipping boxes applied with paper insulation that is 100% recyclable in place of styrofoam boxes and refrigerants that have been used to maintain the freshness during the delivery of fresh foods and prevent spoilage. It's characteristics are that we were able to secure the same level of cooling functions of the eco-friendly refrigerants and shipping boxes as styrofoam while also heightening their resource circulation capability as they can be recycled as paper.



Introduction of paper cooling boxes



Eco-friendly fruit carriers



Eco-friendly refrigerants and shipping boxes

Reduce

Minimizing the use of plastic

Introducing eco-friendly paper cups

Disposable paper cups that we usually use are very difficult to recycle given that they have an inside coating of polyethylene(PE), a type of plastic. For the first time in the industry, Hyundai Department Store switched out paper cups used in Cafe H and VIP customer lounges operated at all department stores, to eco-friendly paper cups that can be recycled in March of 2022. Based on the usage amount of 2021, the transition of 6.2 million paper cups to eco-friendly paper cups is expected to reduce plastic use by 125 tons annually, as well as have a reduction effect of carbon dioxide of about 300 tons each year.

Expanding stores that use multi-use containers for side dishes

In 2021, Hyundai Department Store test-operated a store for regular delivery of side dishes in multi-use containers at The Hyundai Seoul. We were able to see positive responses to the use of multi-use containers, with about 70% of the purchasing customers showing inclination towards purchasing again. In April 2022, we expanded the stores for side dishes using multi-use containers to the Main branch in Apgujeong, Trade Center branch, and Mokdong branch. Through consultation with our partner companies, we are reviewing the development of eco-friendly containers and the expansion to additional stores.

Alternative disposable containers Amount of reduced carbon converted as pine trees

25,688 pieces

1,717 trees



Introducing eco-friendly paper cups



Expanding the use of multi-use containers

Simplifying packaging of food products at the food halls

Hyundai Department Store has stopped using unnecessary plastic packaging materials such as wraps by selecting products that do not affect quality and freshness among the products regularly sold in the food hall. In 2021, we selected vegetable and fruit products that do not require individual wrap packaging and reduced such items by 50%. We also converted styrofoam which were ongoingly used in stores, to paper. Hyundai Department Store plans to work with food partner companies in the future to prevent the use of unnecessary plastic trays, paper sleeves, etc. used for food packaging.

Going digital with department stores' internal ads

Hyundai Department Store has been running one-time advertisements that inform the customers of essential information within the store with plastic film-material banners and paper POP cards. After coming to an agreement that such means have limitations in displaying a variety of information that frequently changes, we test-introduced the Digital Information Display(DID) to the Trade Center branch in June 2022. By 2023, we plan to install 120 units at all stores, replacing 3,000 plastic banner ads that were previously produced each year. In addition, we use eco-friendly materials for advertisements that require printing, such as holiday guidebooks produced with recycled paper and fixed sign boards that solely uses paper materials.



Eco-friendly advertising media first introduced at the Trade Center branch

Spreading an eco-friendly culture

Eco-friendly culture in daily lives

365 Recycle Campaign



Since 2015, Hyundai Department Store has been operating the '365 Recycle campaign' twice a year where we receive donations from customers for used items that can be resold, such as clothes, shoes, and bags, and use them in our social contribution activities. From the previous 10 stores that participated in the campaign in the Gyeonggi/Incheon region, including the Main branch in Apgujeong, we expanded to 16 participating stores nationwide since 2021. Through this campaign, Hyundai Department Store has received approximately 600,000 items, including clothing and other goods from about 100,000 customers as of 2021. The donated items were resold through Beautiful Store, and we added Hyundai Department Store's own funds to the proceeds from the campaign, which were used to support the cost of operations of children with hearing impairments and winter supplies for the underprivileged groups. Since 2019, the funds have been used for 'Classroom

Forest Building' where we distribute air purifying plants to elementary schools in Seoul that are vulnerable to fine dust. Up to date, we have delivered more than 5,400 air purifying plants to more than 600 classes in a total of 27 schools. In 2022, we will expand our collection items to paper and plastic (PET) items, giving to the campaign the meaning of resource circulation and reduction of waste.

Zero paper receipts

Hyundai Department Store developed an electronic receipt system in March 2020 to reduce the use of non-recyclable paper receipts. However, we decided that it would be difficult to change within a short time. Therefore, since April 2022, in connection with the 'H Point Accumulation System' which is mostly used by customers at Hyundai Department Store, we developed a method that does not automatically print paper receipts for customers who collect H points. As a method that allows customers to check their purchase history through electronic receipts, we have introduced and are operating a more robust policy.

Carbon emissions reduction through the electronic receipt system*

Unit: CO₂/kg



* 1.776 g carbon emitted per receipt

Participating in the Carbon Neutral Point system



Hyundai Department Store is participating in the 'Carbon Neutral Point' system implemented since January 2022 by the Ministry of Environment and Korea Environment Corporation to drive customers' eco-friendly practices. This system allows the earning of points that equals to the amount of participation in various carbon neutral activities and can be used in cash, and participants can receive points based on the issuance history when using electronic receipts at Hyundai Department Store.

Green VIP Campaign

In order to spread the eco-friendly culture in our everyday lives, Hyundai Department Store has introduced an 'Eco-friendly VIP system' in 2020 that provides VIP benefits to customers who participate in eco-friendly activities, and since 2021, has expanded the number of activities available for participation as well as lengthened the period open for redeeming VIP benefits. We offer 'Green' benefits, entry VIP class benefits to Hyundai Department Store's Card Members who participate in eco-friendly activities that can be easily participated in everyday lives regardless of the purchasing amount for every half-year. In 2021, over 10,000 customers participated within a two-week period, with a total of over 1,100 people receiving VIP benefits. Hyundai Department Store plans to continue to introduce and expand eco-friendly campaigns and systems to raise the customers' interest in eco-friendly activities.

How to participate in the Eco-friendly VIP system(2021)

- ✔ Bringing in plastic containers that you don't use at home
- ✔ Using multi-use containers for food packaging
- ✔ Not taking disposable cutlery for to-go
- ✔ Bringing tumblers and using the complimentary drinks lounge(H Cafe) in the department store
- ✔ Getting electronic receipts
- ✔ Participating in plogging
- ✔ Bringing in resalable clothing and other goods
- ✔ Buying low-carbon certified products
- ✔ Bringing in unused phones
- ✔ Using eco-friendly shopping bags
- ✔ Purchasing items packaged in multi-use containers at Hyundai food halls

Participating in at least 5 of the 11 eco-friendly activities

Getting certified at the gift desks in 16 stores

Offered the 'Green' rating

Upcycling goods

The amount of large banners used and discarded by Hyundai Department Stores totals to about 3 tons per year, and about 879 kg of carbon dioxide is generated during the incineration process. To minimize resource waste and to spread a sustainable consumer culture, Hyundai Department Store is promoting the 'Upcycling Goods' project. Through the first project held in 2021, we achieved the reduction of about 2.3 tons of carbon dioxide emissions. Hyundai Department Store will continue the project that develops upcycled resources into products using banners that are discarded after use in department stores, and through customer campaigns, and cooperation with partner companies.

Amount of carbon emissions

As of December 2021

Upcycled banner goods

2.3 tons

Upcycling Campaign

In 2020, Hyundai Department Store launched a campaign to collect and recycle plastics, which its consumption has skyrocketed from higher consumption of delivery food as a result of the prolonged COVID-19. Alongside the Ministry of the Environment, the plastic container collection campaign, 'Play Green Friends' was conducted in 15 stores across the country, and the collected plastics were made into eco-friendly recycled pots with the help of social enterprises and were delivered to elementary schools in Seoul city. In 2021, the 'Denim Upcycling Campaign' was conducted as a non-face-to-face campaign using The Hyundai.com platform in consideration of customers' convenience. 1,500 customers participated in the collection of 5,000 pairs of denim, and the collected denim will be developed as upcycled goods in conjunction with the stores' partner companies.



Upcycling goods



Denim Upcycling Campaign

Sustainable MD

Online ESG editorial store 'Re.Green'



In September 2020, Hyundai Department Store established the 'Green Friends Hall' within The Hyundai.com for the sale of products from companies that express an eco-friendly and ethical lifestyle among the small and medium-sized brands that have not entered the department store. Since then, through the ESG editorial store 'Re.Green' that consists only of sustainable products, we have significantly expanded the number of participating brands and products, proposing a sustainable lifestyle for the planet

and the environment. Re.Green sells 1,725 products from 72 domestic and foreign fashion, outdoor and cosmetic brands selected according to Hyundai Department Store's self-developed operating standards for sustainable products. In addition, using eco-friendly materials, Hyundai Department store is directly developing Re.Green brand products. Hyundai Department Store plans to continue expanding its participating brands and products for the value consumption of customers seeking eco-friendly products and products that have undergone fair production processes.

Operating standards of sustainable products at Re.Green hall

Eco-friendly materials	Animal welfare	Reduction of carbon footprint	Contribution to social development
Division	Examples of operating standards of sustainable products		
Eco-friendly materials Products with materials and ingredients that match the natural environment without polluting or destroying the natural environment	<ul style="list-style-type: none"> • bluesign® • Global Recycled Standard(GRS) • Recycled Claim Standard(RCS) • OCS(Organic Content Standard) • GLOBAL ORGANIC TEXTILE STANDARD • Responsible Down Standard • Responsible Wool Standard 	<ul style="list-style-type: none"> • OEKO-TEX® STANDARD100 • TENCEL™ • TENCEL™ MODAL • Recycled fabric - ECONYL®/RWS/RMS/Regen • VEGEA™ Piñatex® • Traceable natural ingredients • Other traceable and certifiable certifications/qualifications 	
Animal Welfare Products that do not contain animal products and by-products or have not been tested on animals	<ul style="list-style-type: none"> • Domestic animal welfare certification • EVE VEGAN • Vegan society • V-Label 	<ul style="list-style-type: none"> • Vegan action • PETA • Korea Agency of Vegan Certification and Services • Other traceable and certifiable certifications/qualifications 	
Reduction of carbon footprint Products that contribute to reduction of carbon dioxide generation	<ul style="list-style-type: none"> • Eco-friendly packaging • FSC(Forest Stewardship Council®) • Elemental Chlorine Free/Other traceable and certifiable certifications/qualifications, biodegradable envelopes/EL724 	<ul style="list-style-type: none"> • Ministry of Environment's Carbon footprint/ Low carbon certified products • Carbon footprint • Other traceable and verifiable certifications/qualifications 	
Contribution to social development Products that pursue sustainable consumption	<ul style="list-style-type: none"> • Flo/WFTO certification • Social enterprises/to-be social enterprise designated enterprises • Members of 1% for the planet 	<ul style="list-style-type: none"> • Other traceable and verifiable certifications/qualifications • EMAS(The EU Eco-Management and Audit Scheme) • WMF(Well Managed Forest) GRP • Uses a portion of the proceeds for sustainable activities 	

Sustainable fair, 'Consumer Life for the Earth 3.0'

As voluntary behavior of producers and consumers who think about the environment and the future spreads under the issue of sustainability, Hyundai Department Store felt the responsibility as an entity in the distribution industry that leads trends and sustainable consumption, and therefore has been trying to act as a link between producers and consumers. Since 2020, we have been planning sustainable fairs that spread messages on sustainability, and since 2020, we have been planning an yearly event titled 'Consumer Life for the Earth', exerting our efforts to spread a culture of sustainable consumption. Through a variety of customer-participating content, such as sustainability-oriented MD fairs, upcycling DIY classes, eco-friendliness themed exhibitions and lectures, and plastic bottle cap collection campaigns, etc., we are working to propose a sustainable consumer life and leading an eco-friendly culture.



Sustainable fair activities

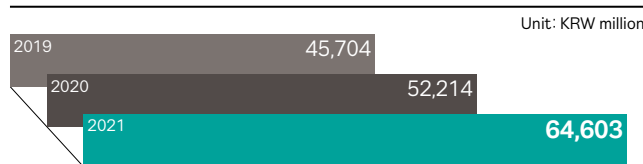
2020.06	2021.09	2022.06
Consumer Life for the Earth Trade Center branch • Held an event that combines 'Sale of goods(WE MARKET) and experimental content class(Cultural Center)'	Consumer Life for the Earth 2.0 Mokdong branch • Opened a test station for refilling cosmetic products and pop-up type event for new eco-friendly brands	Consumer Life for the Earth 2.0 The Hyundai Seoul • Sustainable MD curating and connecting with in-store eco-friendly campaigns

Green Consumption

Animal welfare certification

In the recent years, value consumption has emerged as a trend, and as a result, there are a growing number of customers who are carefully checking the breeding environment beyond organic certifications. Since Hyundai Department Store has sold the first animal welfare-certified pork in Korea in 2014, it has expanded its animal welfare-certified products to eggs and chicken, etc. in 2020. In May 2021, we were the first in the distribution industry to showcase Manhui Farm's Korean beef, 'Korea's No. 1 animal welfare certified Korean beef'. Moving forward, we plan to discover products to expand the sales channels of animal welfare certified products and strengthen its promotion, and continue proposing products to customers that seek value consumption.

Sales of green certified products



Division	2019	2020	2021
Food	22,654	23,593	24,516
Living	22,372	27,899	39,353
Life	678	722	734
Total	45,704	52,214	64,603



Practicing carbon neutrality

Spreading eco-friendly technology/Green consumption

Hyundai Department Store actively operates customer-participating eco-friendly campaigns and seeks to minimize environmental impact by carrying out carbon neutral activities. In recognition of our contribution to spreading an eco-friendly culture, such as the customer-participating '365 Recycle' campaign, we were awarded the Presidential Commendation at the 'Eco-friendly Merit Award' organized by the Ministry of the Environment in 2021.



Green Store

Hyundai Department Store is pursuing the certification as Green stores to enhance customers' access to green products that are certified as eco-friendly and to ease receiving of relevant information. Currently, the Trade Center branch is certified as a 'Green store' designated by the Ministry of Environment, and in 2021, 151 green product items were sold, totaling KRW 1,939 million. In order to revitalize our customers 'eco-friendly consumption, we plan to expand 'Green store designated' stores and strengthen our promotion of green products.

Signed a business agreement to spread the practice of carbon neutral lifestyles

In 2021, Hyundai Department Store signed an agreement with 18 companies and institutions, including the Ministry of the Environment, to spread the practice of carbon neutral lifestyles. Based on this agreement, Hyundai Department Store, the only participating department store in the department store industry, will continue to conduct a variety of eco-friendly campaigns for its customers and employees.

Social



- 041 Employees
- 046 Customers
- 052 Partner Companies
- 059 Social Contribution
- 067 Response to COVID-19

Employees

Strategies and Policy for Talent Development

Hyundai Department Store has established a company-wide human resources vision to meet today's rapidly changing market environment. Ideal talent is based on the following three core values: Action: individuals who embrace challenges with passion and pride; Change: individuals who drive change through innovative thinking and learning; and Development: individuals who communicate, collaborate, and grow together. Based on this vision, our talent development strategy and policy facilitates employee growth and harnesses individual potential so that they are able to contribute to their organizations, customers and stakeholders in meaning ways.

Course Structure by Rank

Category	Assistant Manager Course	Manager Course	Chief Manager Course
9 th Year		Refresh	
8 th Year	Refresh	Self-Management	
7 th Year	Candidate	Candidate	
6 th Year	Self-Management	Self-Management	
5 th year	Refresh	Refresh	Candidates
4 th Year			Refresh
3 rd Year	Self-Management	Self-Management	Self-Management
2 nd Year	Introductory	Introductory	Introductory
1 st Year			

Core Competency Enhancement Program, 'Rank Course Pass System'

Hyundai Department Store operates a 'Rank Course Pass System,' a training course that develops the essential competencies required for each position based on the group's unique Leader Way. The 'Rank Course Pass System' organizes courses for each rank, such as assistant managers, managers, and Chief managers, so that the entire course can be completed during the term of years for each rank. Training for each position is categorized into the following four themes: Introductory, Candidate, Self-Management and Refresh. We aspire to achieve the internalization of leadership skills and self-directed capacity development required when employees assume new roles and positions.

Course Structure

Division	Operating Method	Theme	Purpose
Introductory	Learning Journey	Leadership Skills	Internalization of essential leadership competencies when employees assume new roles
Candidate			Individual leadership competency development for leadership role
Self-management	Voluntary participation	Job competency General leadership	Self-directed competency development training
Refresh	Voluntary participation	Mindfulness Motivation Liberal Arts/Culture	Refresh and motivation within the term of the position



Introductory and Candidate Courses

Introductory and Candidate courses provide training for leadership skills and empowering future talent. Leadership competencies are trainings aimed at strengthening the individual's role within the organization upon promotions. Future talent development are trainings designed to empower individuals on how to work, character, and qualifications. The main feature of Introductory and Candidate courses is a training operation method called the 'Learning Journey.' Learning Journey is a training method that provides periodic learning reminders by sequentially providing the most appropriate content for various learning methods, such as group learning, online, and reading, to enable our employees to acquire the necessary competencies and skills. Through Learning Journey, Hyundai Department Store is able to maximize the learning effect of employees by minimizing the gap between learning and memorization.

Self-Management Courses

The Self-Management course is a self-directed curriculum that is conducted from the completion of the Introductory course to the start of the Candidate course according to employee's position. The course consists of self-selective training method, external training or self-led learning certification method. The self-selective training method includes online or offline training courses. The external training and self-led learning method are ways of completing trainings outside of the company and certifying the completion. Employees are able to voluntarily select training methods suitable for their needs, thereby achieving a high-level learning immersion.

Refresh Course

The Refresh course is offered in the middle and last year of each job position and comprised of Mindfulness, Motivation, and Liberal Arts/Culture programs. The Mindfulness Program is a training course related to health, healing, humanities, while the Motivation program is a course where employees voluntarily apply for participation in the goals they aspire to achieve, such as exercise, diet, and hobbies, and challenge others with common goals for two months. The Liberal Arts/Culture Program is a course where individuals are able to select among different themes every month according to their individual preference. The selection includes Liberal Arts/Culture and special theme courses. The curriculum for Refresh Course is non-work related. By providing employees with Refresh Course, we aim to promote mental health and facilitate improved work productivity.

Training Programs for Professional Growth

Hyundai Department Store conducts a variety of training programs for all employees to advance their professional growth with the skills and knowledge necessary for their work. In particular, in response to the rapidly changing business and work environment in recent years, we placed priority on providing employees with programs such as 'DT Strategist Course', 'Training for Live Commerce Professionals', and 'DA and GA Course'.

DT Strategist Course

The DT Strategist Course is a training course designed to strengthen competencies in customer data analysis and utilization, a key element of digital transformation. In order to strengthen the Group's digital transformation and competitiveness in the online sector, we have conducted trainings for relevant field personnel. Amid the growing trend of online-based products and services, we have trained on performance marketing and growth hacking, which have recently been in the spotlight.

DT Strategist Course Training Content

Performance Marketing

Definitions and success Stories of performance marketing

- Domestic and global trends of performance marketing
- Case study on result-driven performance marketing

Data Analytics for Performance Marketing

- Introduction of tools and functions for accurate data analysis
- Marketing Efficiency Analysis(VOI: Value on Investment)

Optimal Ad Planning and Media Planning

- Ways to establish a media plan through various channel analysis
- Ad and campaign performance analysis

Growth Hacking

The Concept of Growth Hacking and What You Need to Know before Execution

- The definition of growth hacking and the mindset of growth hackers
- What data means in business models, service designs

Understanding Customer Journey

- User experience analysis and identifying issues
- Requirements for a good service design

Execution and Business Strategy of Growth Hacking

- Business areas suitable for growth hacking
- Analysis of best practices of growth hacking

Training for Live Commerce Professionals

Live commerce is a real-time internet broadcast that introduces products while communicating with consumers via chats. A new and growing business in the retail industry, live commerce creates a new shopping culture that combines communication and shopping. In response, Hyundai Department Store is strengthening the broadcasting capacity of sellers by providing specialized training necessary for the live commerce platform. Through training, we are also ensuring that our corporate reputation is not challenged by undue risks (inappropriate language and behavior, exaggerated advertising, etc.) that may emerge during live broadcast situations.

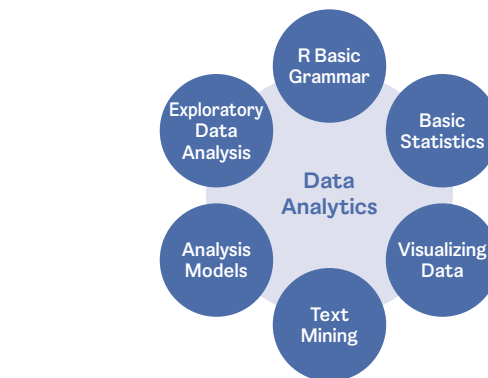
Business University and Graduate School

In order to foster future managers and officers, Hyundai Department Store operates a business university and graduate school that lasts about nine months. In order to respond to the rapidly changing times, we are cultivating future talents with professional knowledge and expertise through a solid curriculum that includes lectures given by professors and experts in various fields such as management, economics, industry trends, and humanities.

DA and GA Courses

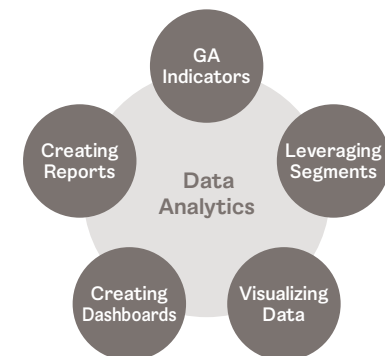
Hyundai Department Store cultivates data-based decision-making skills in the field by operating Data Analytics(DA) and Google Analytics (GA) for active and participatory learning. The DA Data Analysis courses are based on the programming language 'R' and operated in an active form of learning in which employees obtain insight through hands-on analysis projects that are applied with current problems. The GA Weblog Analysis courses strengthen the digital marketing capabilities of each employee through GA training, which is essential for online business. We enhance each individuals' digital marketing competencies by allowing them to obtain their own GA certifications.

DA Data Analysis



- Learning data analysis using R
 - Projects performed individually
- Encourage solving of current on-site problems with data-driven insights**

GA Weblog Analysis



- Analytic learning based on GA weblog data
 - Encourage completion of qualification to obtain certification
- Empower digital marketing competencies by leveraging Weblog Analytics**

Corporate Culture Policies

As a measure to establish an advanced corporate culture of innovation and challenges, Hyundai Department Store has identified and manages six change management factors to flexibly respond to the changes emerging in and outside the company. The six change management factors are 'redefining success', 're-establishing mindset of growth', 'building a seamless cooperation system', 'strengthening delegation of authorities', 'quick and rational decision-making', and 're-establishing the role of leaders(executives).' Based on numerous years of organizational diagnosis, we viewed these core values as most needed by employees to form a sound corporate culture.

6 Change management factors for organizational culture

Redefining Success

- Evaluating success from a comprehensive(financial+non-financial) perspective

Re-establishing Mindset of Growth

- Advancing through new endeavors and failures, continuing capacity development of individuals and organizations

Building System of Seamless Collaboration

- Creating synergies among organizations, sharing information among organizations, and collaborating with various external cooperations

Accelerating Delegation of Authorities

- Clear rule-setting between organizations and members, expanding decision-making rights in customer contact points

Quick and Rational Decision-making

- Customer(market) perspective and growth-oriented decision making

Re-establishing the Role of Leaders(Executives)

- Presenting a clear direction(strategy) and promoting a balanced strategy, supporting new challenges

Human Resource Management

For strategic and efficient human resource management, Hyundai Department Store estimates the annual demand for workforce each year and prepares a recruitment plan when establishing business plans. In addition, we bring in personnel pro re nata in preparation for high demand situations, such as during sales periods and holidays.

Advancing Performance Management and Performance Evaluation

Systematic Performance Management System, 'OKR'

Since 2021, Hyundai Department Store has employed the Object & Key Results(OKR) system to manage performance by aligning organization and individual goals. OKR is a performance management system consisting of 'Objectives' and 'Key Results' that measure goal achievement(contribution). Based on the results of the evaluation, we pay performance compensation the following year, and conduct a fair promotion review every year based on the accumulated promotion points and the ability to perform in the higher positions. By operating the OKR system, we encourage our employees to set challenging goals to achieve the company's goals, and through this, we are combining the organizations' capabilities and maximizing performance.

In addition, we also operate an ongoing feedback process for OKR, and we share the status on achievements for the goals in real time to inspire employees' awareness on performance achievement and drive each employees' voluntary growth.

Fair Performance Evaluation System, 'Multi-dimensional Evaluation'

Instead of a top-down evaluation method that was conducted only from the perspective of the senior employees, Hyundai Department Store operates a multi-dimensional evaluation that ensures fairness and objectivity of performance evaluation through objective diagnosis and feedback among the members. By structuring multi-dimensional evaluation items as promotion evaluation items from the existing method and core competency items from the survey diagnosis of the organizational culture, systematic and rational evaluations are being undertaken. We inform the results of the multi-faceted evaluation for employees whose evaluation ratings are adjusted. We also support the improvement of employee's competency by providing feedback on each individual employee including attention to evaluation competency items with poor results.

Improving the Way We Work

Innovation of the Reporting Culture

When selecting the 'MUST 7' in 2020, 'improvement of reporting culture' was selected as the change most desired by employees. So, in 2021, we launched the 'Report, Made Easy' campaign to innovate the reporting culture. The 'Report, Made Easy' campaign consists of improving the routine and vertical reporting culture and developing a smart reporting system for executing paperless reporting. In addition, we are continuously monitoring to ensure that actual improvements are being realized in the reporting culture. The progress of improvement is checked and shared by reviewing the usage rate of the easy approval system(number of Team Leaders' transactions/number of feedbacks) for each organization. We are also accepting anonymous reports on inefficient cases in the reporting culture through a company-wide integrated community, 'SPARK'.

Case for Innovating the Reporting Culture

Division	Content
Easy Transactions	<ul style="list-style-type: none"> • Create reports in simple bullet point form and execute approval • Produce 123 standard samples by job/department (44 in Sales, 49 in Support, 30 in Sales Planning)
Report Talk	<ul style="list-style-type: none"> • Real-time non-face-to-face reporting on business progress, simple instructions, etc. • One reporter → Multiple reporting targets can be simultaneously specified
New Document Boards	<ul style="list-style-type: none"> • Collection and disposal of existing transaction boards • In-team reports are reported to the Team Leader without boards • When moving out of the office, use a new handy document board to prevent damage to documents

A Horizontal Organizational Culture

In 2020, business officers held a meeting and identified many inefficiencies in the conventional way of working at the branches and the headquarters. In 2021, we formed a task force(TF) to discuss improvements on inefficiency factors at the branches and headquarters and to propose a plan to improve business processes. Hyundai Department Store is trying to boost employee morale and increase the efficiency of work by identifying items causing inefficiencies that occur on site and improving them in a timely manner.

Culture of Respect for Human Rights

Hyundai Department Store adheres to strict standards on human rights and labor. We guarantee equal opportunities for all employees and prohibit any kind of discrimination. In addition, we strive to ensure that respect for human rights is taken into account in all aspects of our management activities to protect and promote the rights of every individual in the company and our supply chain.

Support for the Female Workforce

We have been working to reduce the burden on female employees in balancing their work with child birth/parenting to prevent career breaks. We are expanding the period of childcare leave, providing domestic helpers for working mothers while operating various support systems, such as providing cultural education classes for children for our employees through the 'Children's Book Museum'.

Work-life Balance

We adhere to the principles of the standard governance model that support workers in maintaining work-life balance and provide a work environment that is above the minimum level necessary for a healthy life. In 2014, we were the first in the distribution industry to introduce the PC-OFF system. The PC-OFF system was introduced to ensure that the PCs are automatically shut down after working hours, so that our employees can spend time on self-development and with family.

Prevention and Response to Workplace Harassment

While actively implementing human rights management, we have established regulations for the prevention and response of harassment in the workplace in order to prevent human rights violations that occur in the course of business operations and to mitigate related risks. In accordance with these regulations, we have established an internal system necessary to prevent and respond to harassment in the workplace. Information about harassment in the workplace received in the Grievance Consultation Channels are investigated and the informers are guided in detail about the results. The organization implements a workplace harassment prevention and response management system based on the principle of integrity, and periodically investigates whether cases of harassment in the workplace are occurring.

Grievance Handling

Operating a Program for Workers in Consumer Contact Points

Hyundai Department Store operates a 'Mind Care Program' for employees at stores directly managed by us and workers working in consumer contact points. Emotional labor manager conducts stress measurements and care for partner employees with high-stress duties such as complaints and work issues processing. Through an app developed by the Seoul Health Promotion Center, we enable our employees to manage mild depression and anxiety on their own. In particular, we institutionalize and operate an Employee Assistance Program(EAP) that provides comprehensive consulting such as workplace problems, stress management, family problems, and legal counseling in connection with external professional organizations. A total of 39 consultations were completed as of June 2021 based on personnel affiliated with the department store.

EAP, Employee Assistance Program

Division	Content	Remarks
Subjects	For full-time, professionals and contract/partner employees of the Group	As of 2021
How to Use	Employees can directly apply to professional institutions(via website, phone, e-mail, etc.) → Experts visit and consult on the schedule/venue desired by the staff	Free consultation support, 3 times a year for every individual
Expanded Operation of the Program	1. Hyundai Department Store → Expanded to Group 2. Employees at the stores directly managed by the company → Expanded to employees of partner companies and contractors 3. Personal counseling → Family counseling, group counseling added	-

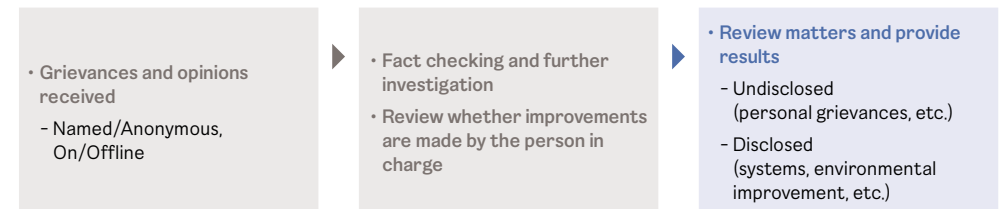
Grievance Handling Process

Hyundai Department Store operates channels to collect the opinions of our employees to improve their working conditions and create a positive and healthy workplace culture. Through a variety of on and offline channels, it is possible for our employees to propose ideas, to consult and report on grievances. All grievances and suggestions received are fact-checked and further investigated before the results are delivered.

Grievance Consultation and Reporting Channels

On-Line	<ol style="list-style-type: none"> 1. In-house intranet 'Grievance Consultation Channels' 2. 'Cyber Reporting' 3. Operating 'Chatbot' agents by branch 4. In-house communication platform 'SPARK' 	<ul style="list-style-type: none"> • Personal and peer grievances(items regarding human rights violations, such as discriminatory speech) • Reporting of violations of ethical management and business improvement suggestions through internet, landline and mail, in an anonymous manner • Express opinions and resolve inquiries through the Kakaotalk Chatbot feature that is connected to an agent • Propose of ideas and express opinions freely through in-house bulletin boards
Off-Line	Operation of 'Haewooso (Grievance Handling Box)' by business unit	<ul style="list-style-type: none"> • Grievances handled in an anonymous manner • Freely express personal grievances, environmental improvement, opinions etc.

Grievance Handling Process



Managing the Working Environment of our Partner Employees

Work Satisfaction Survey of Partner Employees

Hyundai Department Store conducts a survey on work satisfaction, work atmosphere, working environment, etc. for our partner employees every six months, and provides feedback on the results of the surveys to check the degree of improvement. In addition, we operate a 'Health Keeper' system that provides massage services by masseurs with visual impairment at each business unit to support the recovery of physical and mental fatigue. The system was temporarily discontinued due to COVID-19, but has resumed operation by business unit since April 2022.

Invigorating Employee Communication

Official Integrated Community, 'SPARK'

Hyundai Department Store launched the company's official integrated community called 'SPARK' to address the problem of the lack of a community space where employees can freely communicate with each other on topics including new business ideas and share information. We upgraded the communication channel 'Nudge,' which was limited to benchmarking, and expanded it into an integrated community. SPARK has transformed into a space for many-to-many communication where new ideas are created without the boundaries of work type and department. The information sharing function of the existing system is utilized as it is, but the category is subdivided according to the sharing purpose(work-related idea proposals, knowledge and life sharing).

Structure of SPARK

Division	Details
Open Insight	<ul style="list-style-type: none"> • Suggestions for improvements factors and routine practices that interfere with work immersion • Share applicable cases(event/MD creation) related to the latest trends (distribution/logistics/marketing, etc.) • Cases in operation at the point of affiliation, standardization proposals
Special Insight	<ul style="list-style-type: none"> • Express opinions on parts that need to be reflected in relation to the projects, even if they are not a member of the TF • Send queries and suggestions for specific tasks by department (FAQ data accumulation)
Hot Place/ Life Hack Market	<ul style="list-style-type: none"> • Share reviews on Hot Places visited on social media and unboxing reviews on trendy items • YouTube Life Hack videos useful for company life • Share store photos/company information/customer responses after MD reorganization and renewal by business office • Share affiliate services(hospital/beauty salon discounts)
Flea Market	<ul style="list-style-type: none"> • Wise megapolis living(moving into company homes in dispatched areas, getting rid of living items) • Buying and selling tickets for art museums, performances • Offering of joint purchases of office supplies

Employee Morale and Self-esteem Enhancement Programs

We implemented an organizational culture enhancing program to improve employees' autonomous crisis-overcoming mindset and concentration, taking into account of the increasing number of factors that discourage employees, such as difficulties in daily recovery due to the prolonged COVID-19, and a decrease in sales performance. We operated an organizational culture improvement program based on three themes: sharing quick and clear company directions, motivating employees to increase work immersion and execution power, and operating compliments and encouragement content for cultivating positive mindsets.

Morale and Self-esteem Enhancement Program

Division	Details
Sharing Company's Vision	<ul style="list-style-type: none"> • Use organizational culture bulletins or in-house mails to communicate management instructions and information from the headquarter-organized management strategy meetings and weekly strategy meetings • Building a consensus among employees by notifying all employees of the 'Crisis Overcoming Action Campaign'
Motivating Employees	<ul style="list-style-type: none"> • Disseminate the 7 rules of conduct to overcome crises to all employees • Share best practices for sales activation
Operation compliment/ encouragement contents	<ul style="list-style-type: none"> • Play work time opening songs • Create emoticons for messengers

Support System for Pregnancy and Child Care

We operate a variety of systems and programs to support the work and family balance of its employees, and introduce new systems to meet personal as well as social needs of employees with the goal of creating a better corporate culture.

Reduced working time for pregnant women expanded to the entire pregnancy period		Establishing the new infertility leave system	
Subject	Pregnant employees	Subject	Male/female employees who need treatment and recovery due to infertility
Content	Reduced by 2 hours per day from pre-child-birth to post-childbirth leave(paid)	Content	Employees diagnosed with infertility can use up to 2 months of leave of absence when desired(unpaid)
Implemented the 'Daddy's home' childcare support system for male employees		Increasing the maximum use period of childcare leave for female employees	
Subject	Male staff raising children in kindergarten to 2 nd grade of elementary school	Subject	Female employees eligible for childcare leave
Content	Reduced working time for childcare by 2 hours per day for 1 month(paid)	Content	Additional 1 year available above the statutory childcare leave(1 year) period

Customers



Customer-centered Management Promotion System

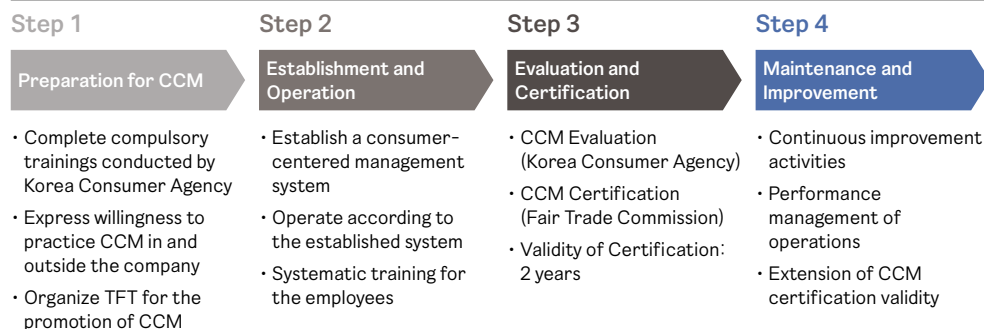
Customer-centered VISION 2030

Hyundai Department Store declared VISION 2030, which contains the core values and direction of business promotion to pursue over the next 10 years. The mission of VISION 2030 is 'Bringing Happiness to Customers, Enriching the World' that faithfully reflects customer-centered management values. And we emphasized our pledge to practice customer-centered management by specifying 'a company that enhances the lifestyle of its customers' as a top priority in the business goal of our mission statement.

Execution Process for Customer-centered Management

We operate a four-step customer-centered management execution process for all employees so that they can recognize the importance of customer-centered management and carry out systematic execution. In addition, for continuous management of the customer-orientated management execution process, future plans and goals are regularly revised and reestablished. Furthermore, efforts are being made to analyze customer-oriented management results and improve shortcomings.

Execution Process for Customer-centered Management



Basic Principles of Customer-centered Management

Hyundai Department Store established the basic principles of customer-centered management in order to become a company that is trusted by customers. The basic principles of customer-centered management consist of 10 principles such as consistent policy, rapid communication, transparency, and reflection of customer feedback.

Top 10 Basic Principles of Customer-centered Management

1. Consistent Policy

- Customer grievance handling procedure must be established and implemented in a consistent manner as a policy of the company, and its continuity must be guaranteed.

2. Rapid Communication

- If the company receives a customer complaint, the submission may not be withheld or rejected unless there is a special provision in other laws and regulations, and the confirmation of the receipt, the progress of handling, and the final measure taken must be promptly communicated to the sender of the complaint.

3. Transparency

- The method of receiving customer complaints and the results of processing shall be disclosed to the public.

4. Incorporating Customer Feedback

- When instituting and operating complaint handling procedures, the company will regularly refine and operate related systems so that the opinions of dissatisfied customers are immediately reflected into business practices to earn the trust of customers and create an active acceptance culture.

5. Ease of Access

- The procedures for handling complaints must be readily accessible to all dissatisfied customers, and the complaint handling procedure must be available at all times when the complaint consumer makes a reasonable complaint.

6. Promptness

- When a complaint is received, it must be promptly responded to or connected to the appropriate person, and the complaint filed must be dealt with promptly within the company.

7. Objectivity

- All consumer complaints must be dealt with in a fair, objective and unbiased manner and handled through complaint handling procedures.

8. Financial support

- The Company shall secure the budget necessary for the maintenance of consumer complaint handling procedures, establish relevant human and material facilities and systems, and allow the sender to use the complaint handling procedures at no cost.

9. Privacy

- Personal information on the sender shall be used only when necessary for the purpose of processing the complaint within the company.

10. Continuous improvement through regular inspections

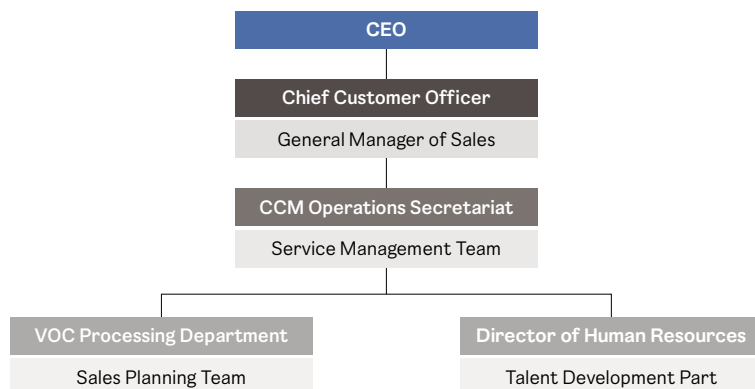
- The Company shall regularly review and check whether the complaint process is being implemented efficiently and effectively.



Promotion Organization for Customer-centered Management

Hyundai Department Store has a CCM Operations Secretariat as the direct organization of the Chief Customer Officer, and has established an organizational system to enable smooth business cooperation at the company level in promoting customer-centered management. The Chief Customer Officer assumes the contents of the Manager's Meeting, the Strategy Meeting, etc., which is a meeting in which executives participate in customer-related matters, such as customer complaints and service levels, and draws up countermeasures. The CCM Operations Secretariat is responsible for the service management team, and is responsible for the construction and operation of the CCM system, reporting and sharing, consumer risk response, and service planning. The Sales Planning Team is responsible for the general management of the VOC, and the Talent Development Part conducts human services-related trainings.

Customer-centered Management Structure



Provision of Differentiated Services for Customer Satisfaction

Eye Greeting Campaign

We identified customers' complaints that wearing masks due to COVID-19 causes difficulty in hearing, a sense that the employees are insincere, and that they can see the employees frowning under their masks. For this, we contemplated on ways we can actively deliver friendly services to our customers even when wearing masks, and conducted an Eye Greeting Campaign based on the fact that our customers can only see our employees' eyes. The intuitive and emotional care displayed through the Eye Greeting Campaign has significantly increased customer satisfaction.

Implementation of Trainings for Customer-centered Management

Hyundai Department Store conducts relevant training so that employees can fully understand the purpose of customer-centered management and familiarize themselves with the customer complaint handling procedures set by the company. In particular, we regularly conduct trainings for the employees in customer contact points for standardized responses to customer complaints. In addition, we frequently announce recent customer complaint cases and implications, and reflect customer-centered management in our job training process, drawing attention to customer-centered management.



Preemptive Prevention of Customer Complaints

Regular training tailored to the time of issue occurrence

Hyundai Department Store conducts holiday service trainings twice a year in advance of the holidays, and food sanitation-related training in advance of the summer seasons. Holiday service training is a customer complaint prevention activity where pre-training is conducted for personnel in customer complaints on those received on holidays such as Chuseok and New Year's Day before the holidays. In addition, food sanitation-related training during the summer season is conducted to prevent food hygiene safety accidents that occur during the summer season, guiding them through compliance with the Food Sanitation Act.

Establishing a Safety Management Manual

We established a safety management manual to prevent customer complaints related to COVID-19 in advance. In accordance with the manual, we have established the highest level of protection system, such as strengthening fever checks, COVID-19 self-diagnosis surveys, overall protection, operation of the stores' ventilation systems, and social distance protection through the implementation of ongoing distance keeping guidance, and the introduction of a pre-visit booking system. In order to relieve congestion in the newly opened The Hyundai Seoul, we have made various efforts such as conducting an even-numbered vehicle policy.

Pledge to Customer-centered Management

We declared a pledge to practice customer-centered management in order to clarify our interest and commitment to practicing customer-centered management to the public. The pledge for customer-centered management practice includes the realization of customer-centered value, proactive prevention of customer complaints, fulfillment of commitments with customers, and prevention of recurrence of customer complaints.

Operation of the Food Control System

We operate a Food Control System for thorough sanitation management within the stores. Experts in food nutrition and sanitation reside as monitors and regularly check high risk groups, shelf life of food, agricultural/fisheries/livestock sites, etc. for each store, and regularly check the products on display as well as co-cooking tables in the stores. After hygiene checks, we improve sanitation conditions through guidance and training on poor areas, and increase store-specific sanitation awareness through regular sanitation management training.

Performance Management of Customer-centered Management

In order to manage the systematic performance of customer-centered management, Hyundai Department Store defines performance indicators for VOCs, consumer engagement areas, certifications and new services, and regularly report the results to the Chief Customer Officer.

Goals and Performance for Customer-centered Management

Division	Goal	Performance
VOC Related	Improvement of practical services centered on customers and sites	VOC Committee Report, regular meetings conducted
	Improvement of year-over-year dissatisfaction	10.8% reduction of dissatisfaction in 2021 compared to 2020
	Frequent provision of issues	Analyzed COVID-19 issues and key monthly VOC issues
Consumer-participating Areas	Survey on service levels	Activated customer satisfaction surveys, such as surveys via the H.Point app
	Customer engagement campaigns	Conducted themed marketing with direct customer participation, such as plastic upcycling
Certifications and New Services	External agency certification and customer satisfaction field diagnosis once a year	Awarded the Digital Chosun Ilbo certification, etc.
	Planning and application of new content	Introduced guidance robots, provided new digital services and waiting systems, etc.
	Improvement in working conditions, operation of welfare programs, etc.	Expanded welfare programs for COVID-19

Certifications for Customer-centered Management

In order to realize the value of customer happiness, we practice active customer satisfaction management with a wider view and differentiated competitiveness. In addition, our performance in customer satisfaction management is being publicly recognized each year. In 2021, our system was selected as the 'Most Trusted Brand Award as Selected by Consumers' for nine consecutive years, which is hosted by Digital Chosun Ilbo and received a number of external customer satisfaction awards and certifications, including the re-certification of Consumer-centered Management(CCM) organized by the Korea Consumer Agency.

Customer Satisfaction Surveys

We analyze customer satisfaction and dissatisfaction factors through objective measurement of customer service quality, and conduct customer satisfaction surveys to establish customer-centered management strategies. The customer satisfaction survey is conducted on the kindness of the stores' staff in providing services, the overall shopping satisfaction of the stores, and the degree of compliance with the store staff's hygiene and protection policies. Hyundai Department Store achieves improved service quality by identifying the needs of customers through the customer satisfaction surveys.

Systematic VOC Management

Organization in Charge of VOC

Hyundai Department Store operates a dedicated organization for systematic VOC processing. The VOC processing organization consists of a Service Management Team, a Sales Planning Team at each store, a customer consultation center, and all department(sales and support department), and the roles and responsibilities of the personnel and dedicated organizations that handle the VOC are clearly set in which they process VOCs according to the established standards. The Service Management Team is responsible for establishing VOC handling systems and guidelines, and the Sales Planning Team is responsible for operating the customer consultation centers, the general management of VOC processing operations at the sales offices, the customer consultation center is responsible for consulting and responding to consumer complaints, and the sales and support departments are responsible for taking action and answering complaints received, and carrying out complaint prevention activities.

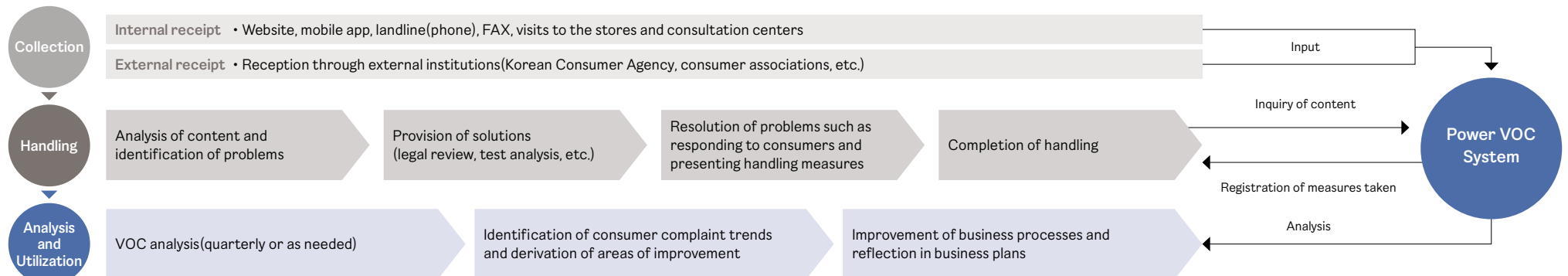
Organization in Charge of VOC

Service Management Team	Sales Planning Team	Customer Consultation Centers	All Departments(Sales/Support)
<ul style="list-style-type: none"> Establishing VOC processing systems and guidelines Establishing and operating VOC processing systems Analysis and risk management of VOC Carrying out improvement activities to prevent customer complaints 	<ul style="list-style-type: none"> Operating the customer consultation centers(facility management, personnel management) General management of VOC processing operations at the relevant sales offices Handling customer complaints 	<ul style="list-style-type: none"> Registering customer complaint VOC systems (landline, visit) Analyzing and processing content of customer complaints received through the website and app, designating the managing department Consulting and responding to customer complaints Deliberation duties Weekly VOC issue analysis and VOC system registration 	<ul style="list-style-type: none"> Taking action and responding to customer complaints received Complaint prevention activities (share customer complaints that are directed towards store employees and conduct training to prevent recurrence)

VOC Processing Process

We have our own VOC handling process to respond quickly to customer complaints. We receive VOCs through the website and the mobile app, visits to the stores or customer consultation centers, phone, etc. Customer complaints received are quickly identified, taken appropriate measures, notified to consumers on the results of the processing within 24 hours, and registered in the VOC system and managed. By utilizing the VOC system, Hyundai Department Store is improving our business processes by systematic analysis of VOC status rather than a one-time response to customer complaints.

VOC Processing Process



VOC Management by Importance

We manage all customer complaints received through various channels by registering them in the VOC system, and customer complaints are classified according to urgency, impact, etc. Depending on the importance, there is a step-by-step customer complaint handling process, and the managers in charge of customer complaint handling is divided into the part leader, team leader and the head of the occurrence department. Important customer complaints are efficiently resolved through consultation with the relevant department, and we give the customer complaint handling officer the discretionary power for quick resolution of customer complaints.

Operation of a Public VOC Bulletin Board

To provide customers with truly satisfying and reliable services, we operate a public VOC bulletin board. We are instilling in our employees the awareness that rapid and accurate processing of customer complaints is an important matter for management through the operation of the public VOC bulletin board, and we strive to become a company trusted by customers by transparently disclosing the way customer complaints are received and the results of their processing to the public.

Customer Communication

Department Store Shopping Done in One Hand, Digital Communication

Offline shopping experience made more flexible, Hyundai Department Store APP

Hyundai Department Store APP is a digital communication channel that provides flexible offline experience such as parking, discounts, purchases, services. From the moment our customers enter the department store to the moment they finish shopping, we analyze their shopping journey and provide optimized information and features.

From the 'PICK Service', which analyzes the purchase information and displays brands, events, discount coupons, etc. that the customer may prefer, to paying for parking, electronic discount coupons, information on courses offered at the cultural center, etc., all services that were previously provided in paper form have been converted to digital. This allows us to communicate with our customers without leveraging unnecessary resources and create a more convenient shopping experience.

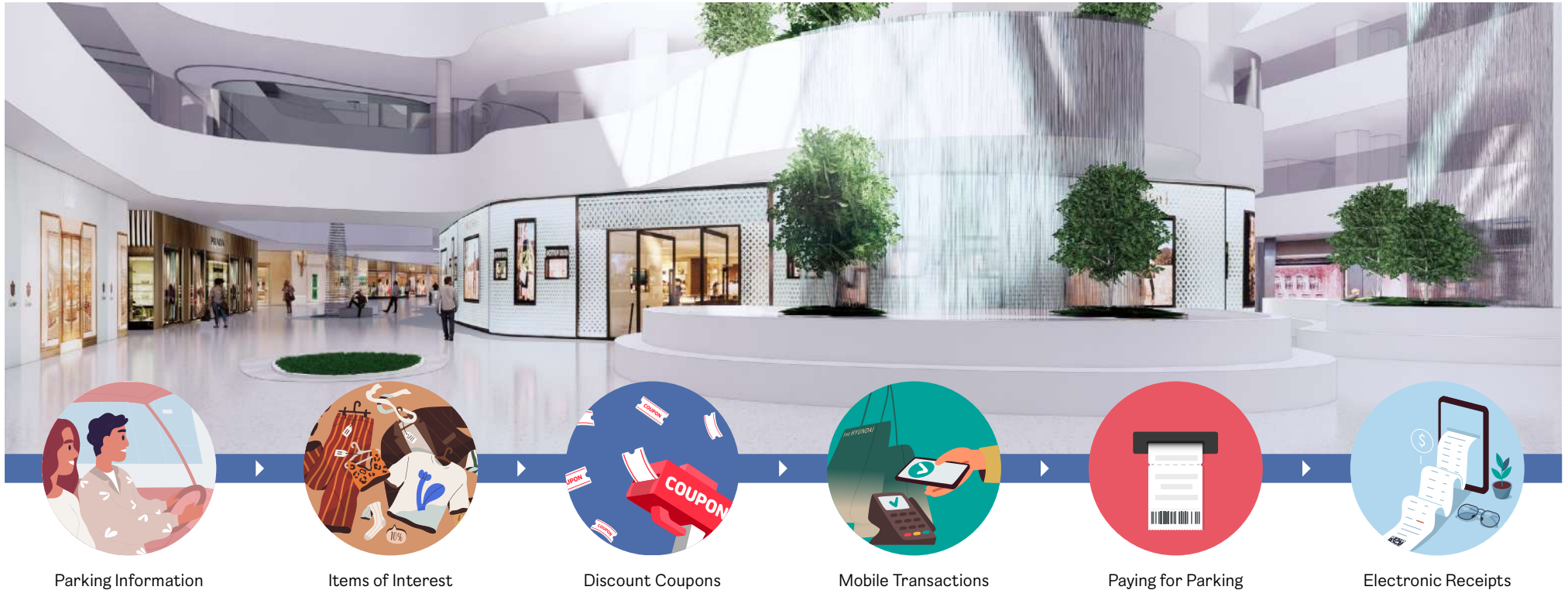
New way for small and medium-sized partner companies, non-face-to-face transactions

We introduced the industry's first non-face-to-face transaction service in 2021 that makes it easy to buy products from offline stores' without having to visit the department store. Non-face-to-face transactions act as a sales assistant that can create new customers for small and medium brands that cannot operate separate online malls. Currently, 70% of our partner companies of Hyundai Department store use non-face-to-face transaction services.

Prism, a platform for producing advertisements in an easy and convenient way

Hyundai Department Store has developed a Prism system to make it easy for small and medium-sized brands to produce digital advertising, that have difficulties in producing marketing content on their own. This is also available to partner companies that have entered the Hyundai Department Store, and ads produced through Prism are provided to customers using the Hyundai Department Store's on and offline channels.

Customers' Shopping Journey



Social Media's Leader that Sets Trends

We communicate with customers with the most advanced trends

As Generation Z is emerging as a major consumer group for the future, communication using social media content is becoming more important. Hyundai Department Store has become the hottest distribution platform on social media, with 350,000 Instagram hashtags since the opening of The Hyundai Seoul in 2021. Instagram, which is the most easy-to-use social media platform of Generation Z, Hyundai Department Store's account followers are about 420,000, and YouTube account subscribers total more than 100,000, which is the highest in the industry. We continue to actively communicate with customers via social media. Hyundai Department Store plans to continue to expand the explosive responses and fandom from Generation Z based on its accumulated digital content production capabilities.

YouTube



Art content that introduces installation art works displayed in department stores



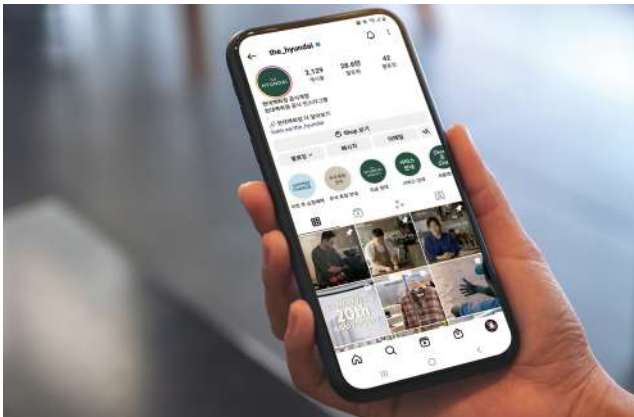
Luxury content that expresses luxury brands and department store space as a dance



A playlist of bustling stores and music 30 minutes before opening



Culinary content that captures the ingredients of Hyundai's food museum and the scenery of nature



Special Case. 'Myeongin Myeongchon', a Representative Brand of Win-win Cooperation

'Myeongin Myeongchon' is a premium traditional food brand developed by Hyundai Department Store and 'Dari and People Co., Ltd.' that has become a role model that symbolizes the win-win cooperation of local artisans with the distribution industry. Myeongin Myeongchon started in 2009 with the slogan 'Hidden Treasures with Stories' and is located in all Hyundai Department Stores. Currently, there are a total of 240 kinds of traditional food produced in a unique way by 70 experts from 45 regions across the country. Myeongin Myeongchon has become a popular instrument for the public to see the value of relatively undervalued traditional food, and artisan in each area are dedicated to making the best products. In order to grow Myeongin Myeongchon into a global brand, Hyundai Department Store has spared various efforts, such as supporting with the stores' interior costs and pioneering overseas sales routes. Through these activities, local artisans can reliably produce and sell products, and have created employment in the process of growing, distributing, and selling raw materials, on top of economic value of local farmers, making it a 'good' brand that has contributed to the economic revitalization of the community. In the future, we will continue to strengthen the brand value of 'Myeongin Myeongchon' and continue to support with the win-win cooperation fund to offer more traditional foods to customers, and will strive to grow together with the traditional food industry.



Main Achievements of 'Myeongin Myeongchon'

Regions

45

Annual Sales

KRW 10 billion

Types of products

240 types

Artisans

70 people

Partner Companies



Responsible Partner Management

Partner companies' status

Hyundai Department Store separately manages the 'Support division partner companies' responsible for IT companies, printing and shipping services, and other delivery companies centered on partner companies that manage opening and remodeling constructions, and the 'Product division partner companies' responsible for product trading or entry-related transaction contracts and selling products and services to customers within the department store. In the case of support division partner companies, we consider companies that make at least two bids per year as core partner companies, and through monitoring the credit rating of the partner companies, we conclude transactions only with those with certain level or higher to prevent non-performing transactions.

Operation status of partner companies 2021

Number of partner companies in the support division

3,270 companies

Number of partner companies in the product division

4,352 companies

Risk management of partner companies

Hyundai Department Store aims to spread our ESG management policies and activities to our partner companies, to prevent possible risks in advance and to ultimately strengthen our partner companies' ESG capabilities. The ESG Risk Management Guidelines states risks such as fair trade relationships with partner companies, respect for property rights, anti-corruption, etc. and manage them by reflecting ESG standards from the company selection and contract signing stages. In particular, we support the ESG practices of our partner companies through various activities such as training, consulting, and support with evaluations.

Selection and evaluation of partner companies

We apply the ESG management principles of Hyundai Department Store throughout all stages, starting with the selection of partner companies all the way to assessments and management. We select partner companies according to a fair process, and the results of regular evaluations, which includes ESG standards, are reflected in the contract renewal reviews. In particular, Hyundai Department Store hopes to expand the credit rating that has been implemented in the selection process of eligible partner companies in the support division(construction, design, equipment purchases, etc.) and introduce 'ESG assessments for partner companies' to strengthen their ESG capabilities. ESG assessments consist of categories such as environment, safety, human rights, management stability, and accounting transparency, and we plan to introduce them in stages to reduce the burden on our partner companies that may arise from evaluation costs and strict inspection procedures. As a result, we want to provide opportunities for new growth engines for our partner companies and build a system that can prevent viable risks. In addition, Hyundai Department Store includes topics on ethics, intellectual property rights, product quality, safety, and compliance with relevant laws and regulations in contracts with partner companies within the department store, sharing awareness on fulfilling social responsibilities.

Introduction of ESG assessments through support of partners

Step 1 (~2023)		Step 2 (2024)
Pilot Test ~ 2022	Expanding evaluation targets and scale of support ~2023	After the universalization of ESG assessments of partner companies, will be used as criteria for participation in bids of Hyundai Department Store <ol style="list-style-type: none"> Prevention of serious disasters in the construction sector and viable risks such as delay in payment of wages <ul style="list-style-type: none"> Apply safety diagnostic evaluation rating(SH) as criteria for bid participation Recommendation of improvement of ESG ratings for those with below the average of the industry for non-construction divisions
<ul style="list-style-type: none"> Currently carrying out ESG management support activities for small and medium-sized partner companies Support for small and medium-sized interior partner companies <ul style="list-style-type: none"> for 10 outstanding partner companies 	<ul style="list-style-type: none"> Support for assessments of 50 of our major partner companies <ul style="list-style-type: none"> First-come, first-served support for small companies 	

Efforts to promote the spread of the ESG culture

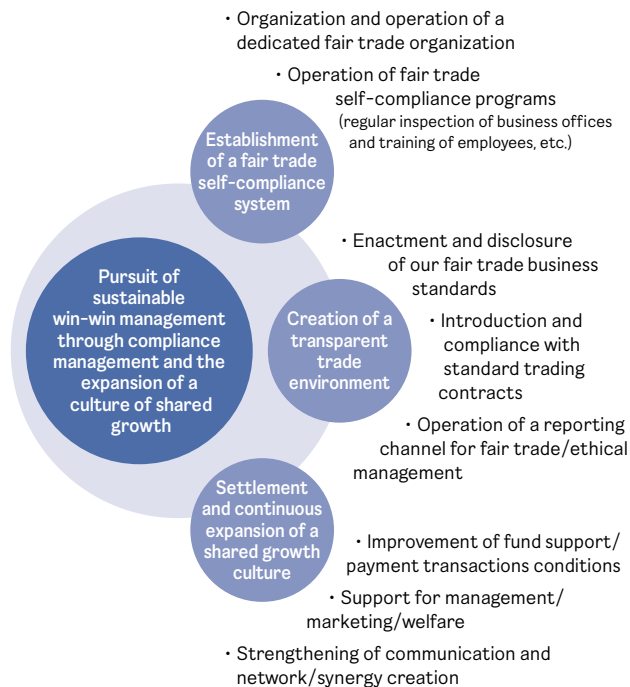
1. Application to the transaction agreement	2. Training and consulting	3. ESG assessment/ reflection
Include status of compliance to comprehensive ethical management within the agreement to spread the culture of ESG management <ul style="list-style-type: none"> Article 18 of the Act of Fair Transactions in Large Retail Business(Ethical transactions) Article 28 of the Act of Fair Transactions in Large Retail Business(Validity and renewal of the contract): Reject renewal of contract upon objective confirmation of unfair trading and unethical trading practices 	Promote support for ESG training and consulting by identifying partner companies' needs	Utilize for support of partner companies' ESG assessment certifications and for signing transaction contracts based on assessment ratings <ul style="list-style-type: none"> Support for improvement activities of partner companies that falls below a certain level

Win-win management

Strategy and Policy

Hyundai Department Store strives to grow together based on the recognition that it forms a 'community of common destiny' with its partner companies. Under the slogan that the competitiveness of our partner companies is the driving force of the company's growth, we have established three operating standards: 'Establishing a self-compliance to fair trade system', 'Creating a transparent trading environment', and 'Settling and continuously expanding the shared growth culture', and is promoting strategies and policies for win-win management. Through this, we are strengthening the competitiveness of our partner companies and establishing a virtuous cycle between the two sides as a way to pursue sustainable development.

Promotion system for win-win management



Establishment of a fair trade self-compliance system

Organization dedicated to self-compliance of fair trade

We formed a dedicated organization for self-compliance with fair trade to inspire win-win management with our partner companies. With the Head of the product division who is the manager of self-compliance to fair trade as the center, we designate a shared growth committee member for each business department(office) to not only manage compliance with relevant law standards, but also conduct proactive prevention and monitoring activities for violations of the law.

Regular inspection of fair trade for business offices

We conduct self-developed assessments on compliance activities of relevant legal/business standards for each business office and reflect the results of the assessment in the evaluation of the business office, striving to raise the consciousness of its members and establish a fair trade culture. In 2021, we conducted assessments of 16 department stores and 8 outlets as our activities to prevent violations of the law.

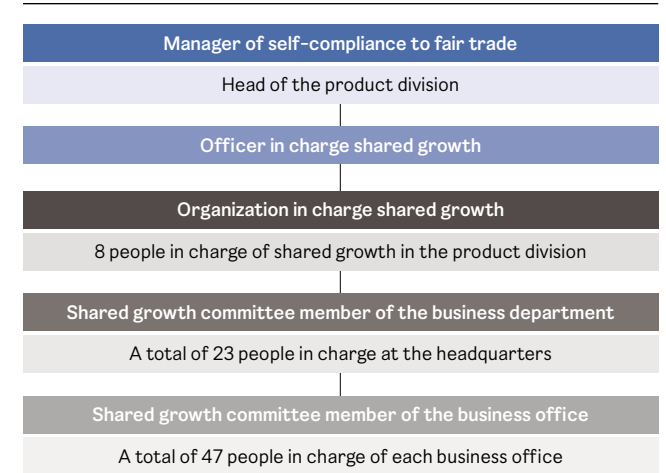
Fair Trade Training

We conduct regular fair trade trainings under the main topics of 'Act on fair transactions in large retail business' and 'Internal labor regulation' for buyers of the product division, fair trade managers of business offices, etc., Through this, we are strengthening our employees' business capabilities for fair trade and internalizing related tasks. In addition, we have opened a separate 'Fair trade business support menu' within the in-house Groupware(H-ART) and the integrated messenger program that our employees are always utilizing via PC and mobile, and periodically distribute self-developed training content(video/card news, etc.) as a part of our effort to improve employee access to fair trade training and increase its effectiveness.

History of major fair trade trainings conducted in 2021

Target	Product division's buyers	Managers of business offices	New hires/Interns
Period	January	January/April	June/September
Content	<ul style="list-style-type: none"> • Major contents of the Act on fair transactions in large retail business • Fair trade practices at the product division <ul style="list-style-type: none"> - Signing transaction agreements - MD reorganization procedures - Other unfair trade acts • Use of electronic contract systems 	<ul style="list-style-type: none"> • Major contents of the Act on fair transactions in large retail business • Fair trade practices at the business office <ul style="list-style-type: none"> - Signing contracts/agreements - Operation of promotional events - Interior cost responsibilities (compensation/sharing) • Guides on fair trade inspections for business offices 	<ul style="list-style-type: none"> • Hyundai Department Store's compliance management and shared growth policy • Major contents of the Act on fair transactions in large retail business • Introduction of major shared growth programs
Method	Non-face-to-face remote video conferencing method(using ZOOM)		

Organization chart for self-compliance to fair trade



Creating a Transparent Trading Environment

Establishing fair trade labor standards

In order to create a transparent trading environment, Hyundai Department Store has established fair trade business standards based on amendments and guidelines to relevant laws such as the Act on fair transactions in large retail business. In order to prevent unfair trade practices, we have established standards and business procedures for each stage of transaction with our partner companies(contract signing, store operation, etc.), and through this, we have established a foundation for settling a fair trade culture and partnerships.

Fair trade labor standards

Division criteria for conducting promotional events
Division criteria for interior costs
Criteria for margin setting and adjustment
Criteria for partner selection and operation
Criteria for unfairness screening for special contract purchases
Guidelines for dispatch of promotion staff
Illegality screening guidelines for returns of large retail business
Other unfair acts

Foundation for settlement of a fair trade culture and partnership

Standard trading contracts

We use standard trading contracts as part of our effort to promote win-win management. The standard trading contracts faithfully reflect the content of the Act on fair transactions in large retail business and the Fair Trade Commission's administrative regulations(Illegality screening guidelines for returns of large retail business), and in 2021, we applied the revisions of the Act on fair transactions in large retail business and the Fair Trade Commission's administrative regulations in the standard trading contracts.

Major revisions to the 2021 standard trading contracts

Type of contract	Major revisions
Special contract purchases	<ul style="list-style-type: none"> • Specific statement of return conditions (return recipients, deadline, procedure) • Promotion staff dispatch contracts(working period, working hours, content of work, etc.)
Direct purchases	<ul style="list-style-type: none"> • Specific statement of return conditions (return recipients, deadline, procedure) • Payment deadline(within 60 days of receipt of the product)
Lease	<ul style="list-style-type: none"> • Revised to request shortened business hours for partner companies(Added those who have received sale consignment from partner companies other than existing rental partner companies)
Transaction contract (common)	<ul style="list-style-type: none"> • The existing provisions of ethical transaction compliance between our company and our partner companies have been comprehensively expanded to include content on ethical management compliance efforts across the entire management

* Prevention of post-contract signing

In accordance with the Act on fair transactions in large retail business, Hyundai Department Store has introduced an electronic contract system to prohibit the post-signing of contracts and delayed issuance. We have set up the system so that the contract cannot be made when trying to sign a contract after the start date of the contract.

* Prevention of spoken orders

According to the Act on fair transactions in large retail business, companies may not request their partner companies to manufacture or order the goods that they need to deliver before the contract is issued, or to ask partner companies to prepare facilities and equipment for the goods. As a result, Hyundai Department Store has set up a system to list the order quantity in the order system as a requirement to prevent spoken orders before signing the contract.

Operation of a fair trade reporting channel

We operate a reporting channel to identify unfair acts and all possibilities of disadvantages related to the company's transactions that may arise such as employees' corruption, irregularities, collection of money, damage to dignity, etc. In order to activate the use of the reporting system, we ensure thorough security and safety so that the identity of the informer cannot be identified, and we also pay close attention to ensure that there is no disadvantage to the informer's work and sales activities. In 2021, two reports(one complaint related to sales policy) were received, and after confirming the facts, the informer was notified of the results of the action.

Report items of fair trade violation

- Unfair coercion of promotional costs
- Unfair coercion of interior costs
- Acts of unfair contract changes
- Unfair coercion
- Unfair cost reduction
- Unfair returns
- Unfair delay in payments
- Interference in management and disruption to business activities
- Unfair suspension of trade
- Other acts of abuse of superior status in trade relationships
- Inducing delivery through a middle distributor(vendor)



Settlement and continuous dissemination of a shared growth culture

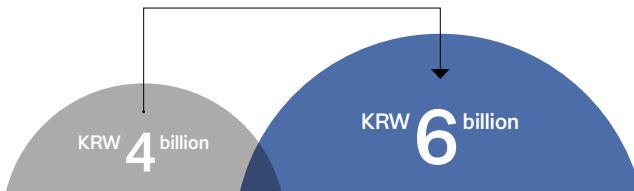
Fund support

Hyundai Department Store helps stabilize management by supporting the stable growth of our partner companies through a variety of fund management support systems.

We operate a variety of funding programs(shared growth grant, funds), COVID-19 specialized support, and shortening the payment deadlines, which can substantially help our partner companies.

Shared growth grant

Shared growth grant is a system where we offer interest-free loans as management funds to support the management activities of our partner companies, such as the purchase of raw materials and the expansion of production facilities, etc. With prolonged COVID-19, the shared growth grant was expanded from KRW 4 billion to KRW 6 billion since last year to stabilize the management of our partner companies, and in 2021, we offered interest-free loans of KRW 4 billion to 43 partner companies.



Win-win cooperation fund

The win-win cooperation fund is a system that supports the business of small and medium-sized enterprises based on the financial resources provided by Hyundai Department Store to large, small and medium-sized enterprises and agricultural and fishery foundations for the purpose of fostering and supporting small and medium-sized enterprises.

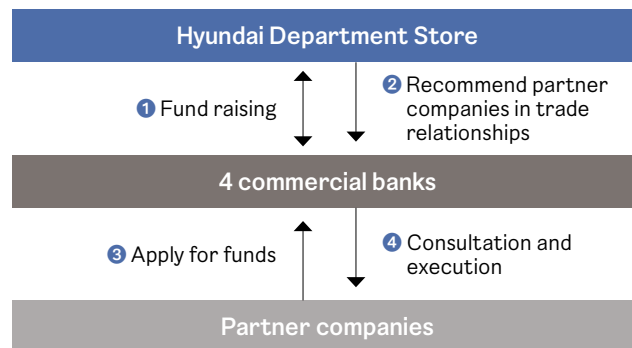
The fund is operated with a KRW 300 million scale per year and through the fund, we planned differentiated spaces for fostering of new specialized brands(such as golf shops), supported costs of interior installation, and conducted training support projects including online special courses on shared growth in 2021.

Shared growth fund

The shared growth fund is a system in which Hyundai Department Store and four commercial banks jointly create a fund totaling KRW 18 billion to provide preferential interest rates upon our partner companies' request for loans. Up to KRW 500 million can be borrowed by each partner company, and we supported with KRW 12.3 billion in loans with preferential interest rates for 36 companies in 2021.

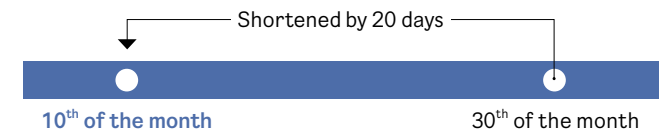


Operating procedures and status of the shared growth fund in 2021



Shortened payment deadlines

In order to alleviate the burden of funds of about 320 small and medium-sized partner companies who have signed the shared growth agreement, we are currently making payments on the 10th of the following month based on the transaction date of special purchases, which is 20 days ahead of the regular dates, which was 30th the following month.



Support for overcoming COVID-19

We are trying to be of substantial help for small and medium-sized partner companies/middle-management managers who have suffered a decline in sales and an aggravated sales environment due to the spread of COVID-19. In order to stabilize the stores and support the sales activities of our partner companies, we have operated various fund programs and have pursued support projects such as early payments, reduction of elastic sales charges, etc. to overcome difficulties along with our partner companies.

Emergency funds loans



Reduced sales charges & administrative fees



Fund for invigoration of sales



Management support

Hyundai Department Store operates support systems such as the H-armony collaboration business and autonomous margin reduction to strengthen the competitiveness and stabilize the management environment of small and medium-sized partner companies. In addition, we operate communication and training programs such as sales strategy conferences and special lectures on shared growth, working to strengthen the competitiveness between the two companies. In 2021, we conducted training consultations for a total of 209 companies.

H-armony system

Since 2017, we have been operating the 'H-armony' system, which supports the development of new products of partner companies and the activation of sales through differentiated space planning, as a collaborative project to strengthen cooperation with small and medium-sized partner companies and to increase competitiveness between the two companies.

Since 2018, we have been selecting the recipients of the support through public submissions twice a year, and in 2021, we supported a total of 6 projects equivalent to about KRW 160 million.



Nice Weather in The Hyundai Seoul, business selected in 2020 for the 'Support for the creation of a differentiated store space' as part of the H-armony system

Margin reduction system for outstanding small and medium-sized partner companies

Since 2011, we have been operating the 'Win-win margin' system, an autonomous margin reduction program for outstanding small and medium-sized partner companies. Through this, we are striving to minimize the management burden of small and medium-sized partner companies and grow with outstanding partner companies. We select the beneficiaries every year upon the renewal of the transaction contracts.

Sales strategy conferences

We are hosting sales strategy conferences every year since 2015 in order to form a consensus with our partner companies and create synergy. All of our partner companies and Hyundai Department Store employees attend the conference to share their business direction, and the event offers special lectures on trends that are difficult to regularly come across, enhancing mutual development. In addition to sales strategies, the conference is also used as an arena for communication where shared growth programs are introduced and the opinions of partner companies and the field staff can be heard.

Special online courses on shared growth

In order to strengthen synergies with our partner companies and lead trends, we invite renowned guests that are otherwise difficult to meet and conduct special lectures. In 2021, about 90 partner companies' employees from 31 companies participated.

We also broadcasted the 2022 Trend Korea special lecture online and also provided a replay service to increase the participation and utilization of our partner companies.



Photo of 2021 special live lecture for shared growth

Sales channel support

Hyundai Department Store is working with external institutions(Ministry of Trade, Industry, and Energy, Ministry of Small and Medium Enterprises and Startups, Small and Medium Business Distribution Center, etc.) to operate stores dedicated only for small and medium-sized enterprises, cultivate outstanding small and medium-sized partner companies using various channels such as on and offline exhibitions, and develop sales channels. In addition, in collaboration with the local municipality, we provide large distribution network sales experiences for small local businesses.

Expanding SME's sales channels

In connection with the Small and Medium Business Distribution Center, we participated in a government-organized sales support event called 「Companion Sale」 in June 2021 to help expand the sales channels of small and medium-sized enterprises. In addition, through the execution of differentiated food product events held in connection to local municipalities for the expansion of sales channels of region-specialized food products, we reached sales of approximately KRW 1.3 billion. In November, we participated in the 「Korea Fashion Market」 organized by the Ministry of Trade, Industry, and Energy, as well as the 「Companion Sale」 and the 「Korea Sale Festa」, and recorded sales of about KRW 1.2 billion. Not only that, together with the Small and Medium Business Distribution Center, we operate 「Panpan shop」, shop dedicated to small and medium-sized stores, which provides opportunities of sales channels for small and medium-sized enterprises in Korea, supporting the increase in sales. (Annual sales of about KRW 800 million in 2021)

Performance from major events held for SMEs' sales support

Division	Unit	2019	2020	2021
Events for products by small and medium-sized businesses (dedicated stores, etc.)	KRW 100 million	11.4 (154 companies)	8.8 (172 companies)	10.5 (171 companies)
Korea Fashion Market	KRW 100 million	-	8.5 (118 companies)	12.1 (166 companies)

Win-win projects with local SMEs

In accordance with the 「Business agreement to revitalize the local economy」 signed with the City of Seongnam, we have been operating the 「Differentiated shop」 event since 2020, which is considered a win-win event for both local communities as well as large, medium and small businesses. Fifty-nine promising small and medium-sized brands in living, fashion, beauty and health industries from Seongnam City participated in the event, and achieved sales of KRW 130 million combining on and offline sales. In addition, it is not only serving as a place of cooperation between large, medium and small businesses that make up the community, but it also provides an opportunity for small and medium-sized businesses to identify each other's needs and establish a collaborative system as partner companies.

Welfare support

Hyundai Department Store operates a variety of systems to improve working environment and promote benefits for the employees, such as support for the Passion scholarship, support for medical expenses for patients with incurable diseases, and support activities for partner companies' employees.

Scholarship support

In 2014, we supported scholarships for children of small and medium-sized partner companies' employees as the first in the distribution industry. The 「Passion Scholarship」 system, which was first implemented as a partner companies family love program, is conducted in the first and second half of the year, where we select scholars in the categories of grades, specialties and challenger for elementary, middle, high, and college students and offer scholarships of KRW 500,000 to 3 million per category. In addition, since 2017, we have been receiving submissions of 「passion essays」 on the topics of 「career, dreams, and goals」, and awarded customized scholarships to the selected students. In 2020, we have expanded the beneficiaries to children of middle management managers that are experiencing worsened sales environment since the spread of COVID-19. In 2021, we offered a total of KRW 190 million in scholarships to 167 students.

Support activities for partner companies' employees

In order to create the optimal working conditions for our partner companies' employees, we operate counseling programs and various award systems for motivation, as well as the Employee Assistance Program(EAP) to provide customized solutions through individual counseling. In particular, in order to increase self-development and work satisfaction of outstanding partner companies, we have been operating outstanding partner selection systems(Ace manager, Best Assistant Manager) since 2002, and we support training using chatbots to strengthen the personal capabilities of our partner companies' employees. In addition, we offer discounts for courses offered at the culture centers, as well as long-term worker benefits to increase the work satisfaction of our partner companies employees.

Support system for employees of partner companies

Partner employee awards	Improving the environment
<ul style="list-style-type: none"> Long-term worker benefits Excellent customer service employee award 	<ul style="list-style-type: none"> Expansion and improvement of rest facilities (stress relief rooms, etc.) New spaces dedicated to pregnant women
Ace Manager/Best Senior	Other support
<ul style="list-style-type: none"> Excellent employee care and identification Provide benefits such as overseas training and health check-ups 	<ul style="list-style-type: none"> Support for family events of partner companies' employees Holiday gifts and transportation costs Support for courses at culture centers and professional training courses

Special Case. Hyundai Children's Book Museum, MOKA

Hyundai Children's Book Museum, MOKA is a cultural education space established by Hyundai Department Store in August 2015 to contribute to the community and support culture and art. It is the first gallery in Korea to operate picture book-related exhibitions, themed education, and open libraries under the theme of 'books', and serves as a special art museum that fosters children's ability to understand others and the society. (Government-registered 1st class art museum)

At the Hyundai Children's Book Museum, children can experience a variety of interesting ways to understand themselves through the medium of painting, and understand others by reading stories. In addition, we plan exhibitions and operate professional bookstores that help children familiarize themselves with books and paintings and develop deeper understanding of messages. In addition, by sharing stories and developing a sensibility to feel and express the beauty of art through education, we are providing opportunities for self-growth. MOKA Garden is an art museum that nurtures dreams through sensibility of nature and is the second natural educational space of the Hyundai Children's Book Museum. The MOKA Garden, designed by world-class artist Jaime Hayon, consists of an indoor garden, the Jaime Hayon Garden, an indoor playground, MOKA Play, and the MOKA Library, and offers a variety of education on plant culture. Hyundai Children's Book Museum, MOKA is a place where you can come into contact with exhibitions and education that stimulate literary imagination and artistic sensibility within the books, and a cultural space for children and families.



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① Hyundai Children's Book Museum, MOKA (Bundang-gu, Seongnam city)

② Hyundai Children's Book Museum, MOKA Garden
(Dasan-dong, Namyangju city)

Special Case. Social contribution project of Hyundai Children's Book Museum, MOKA

Hyundai Children's Book Museum, MOKA, where various generations can mingle and communicate together, offers cultural and artistic social contribution programs with public interest, expertise, and popularity to a variety of stakeholders, including artists, people of underprivileged groups, visitors, and employees, based on its unique establishment purpose of community contribution and cultural and artistic support. Among them, the MOKA Global Citizen Education Project and the MOKA Moving Museum are special educations offered by Hyundai Children's Book Museum aimed at raising the sense of responsibility for children to become global citizens through art and literature as owners of future generations, as well as UNESCO's official project for sustainable development education. In line with this, we also operate a 'Travel the World with MOKA' education that explores the culture of various countries around the world under the theme of nature and the environment. In June 2022, Hyundai Children's Book Museum participated in an official government-organized event, the Environmental Education Week Fair, to showcase and share the excellence of Hyundai Children's Book Museum's environmental education. Through various events such as MOKA GREEN DAY, upcycling, etc., Hyundai Children's Book Museum, MOKA is working with children to fulfill our commitment to beautiful nature.

Division		'15	'16	'17	'18	'19	'20	'21	'22
Community contribution	Support for regional children's center's admission into exhibitions and education								
	Education support for children and youths with special needs								
	MOKA Global Citizen Education Project, MOKA Moving Museum								
Cultural art support	Artist Together								
	Support for emerging artists' art <Un-Printed Idea>								
Corporate culture welfare and volunteering	Support for employees' admission into exhibitions and education < MOKA WEEKEND >								
	Employee volunteering: Blue Bird Campaign								
	Volunteer docent training								



Each of MOKA's programs at Hyundai Children's Book Museum has goals of 'empathy through appreciation', 'awareness through understanding', and 'problem solving through creative activities' to achieve 'quality education', one of the 17 UNESCO's sustainable development goals.

In addition, through education on the subject of climate change response and marine and land ecosystems, we are conducting activities to contribute to the education of global citizens.

Social contribution

Walking alongside the local community

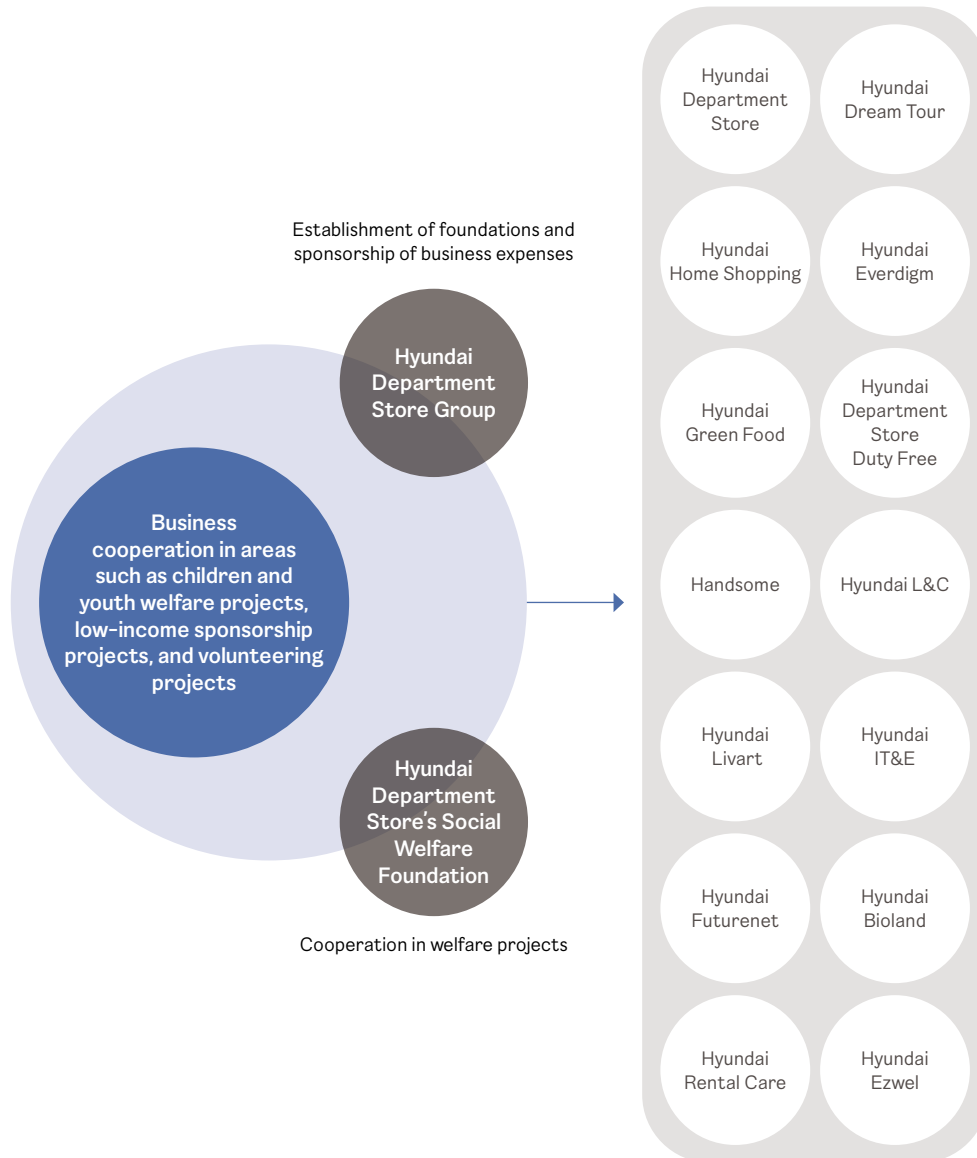
Strategy and policy for social contribution

Hyundai Department Store promotes systematic social contribution activities on a group level through the Hyundai Department Store's Social Welfare Foundation, established in 2006. We promote various social contribution activities to create a healthy and happy community, such as welfare project for children, culture and art support projects, public interest support projects as our major social contribution activities.

Division	Content
Welfare project for children	We operate a variety of welfare programs for children, including livelihood support, welfare facilities support, cultural activities support, and education program support for preschoolers, elementary, middle, and high school students. In addition, we are constantly operating sponsorships for child welfare agencies.
Culture and art support projects	Hyundai Department Store develops trendy and differentiated cultural content to showcase new and diverse cultural and artistic content that brings happiness to the lives of the customers. We also sponsor exhibitions and operate cultural halls to lead new and advanced cultures for our customers.
Public interest support projects	We are developing various public interest support projects in order to overcome the various social phenomena faced by our society and contribute to creating a rich and hopeful society. In particular, we conduct a variety of welfare projects for our neighbors that need to overcome physical discomfort, economic difficulties, and social prejudices.



Business cooperation system



Major social contribution projects

Division	Business content	Beneficiaries (2021)	Amount (2021)	Cooperation
Livelihood support	Support for livelihoods of children	456 people	KRW 570 million	-
	Sponsorship of study rooms	25 places	KRW 900 million	-
Student support	Scholarship support for children of police officers' who died in the line of duty	336 people	KRW 500 million	National Police Agency
	Scholarship support for children of fire fighters' who died in the line of duty	60 people	KRW 200 million	National Fire Agency
	Scholarship support for children of partner companies' employees (Passion Scholarship)	167 people	KRW 190 million	-
Learning support	Learning support during vacation	70 people	KRW 400 million	Community Chest of Korea
	Support for pediatric cancer patients	50 people	KRW 150 million	Korea Cancer Rehabilitation Society
Self-reliance support	Self-reliance support for youths from facilities	60 people	KRW 200 million	Holt Children's Services
Talent development	Support for promising talents in the athletic(track) field	40 people	KRW 200 million	Ministry of Education
	Support for promising talents in the music(classics) field	40 people	KRW 150 million	Heart to Heart Foundation
	Support for promising talents in the music(modern) field	40 people	KRW 50 million	Love FNC
Health support	Support for meals during school vacations	500 people	KRW 300 million	Community Chest of Korea
	Support for eco-friendly aids	275 people	KRW 100 million	The Beautiful Foundation
Medical support	Support for patients with incurable diseases, surgery of children with hearing impairment	9 people	KRW 70 million	The Snail of Love
	Support for pediatric cancer patients	50 people	KRW 150 million	Korea Cancer Rehabilitation Society

Operating performance of the foundation

Since its establishment, the Hyundai Department Store's Social Welfare Foundation has been making process with the children's welfare sector as the core business, and is gradually expanding its business for people in low-income underprivileged groups.

Division	Unit	2019	2020	2021
Children's welfare project	KRW million	350	258	173
Single parent family support project	KRW million	545	577	668
Welfare project for people with disabilities	KRW million	154	211	221
Low-income group support project	KRW million	382	376	378
Other	KRW million	2,662	2,396	2,508
Total	KRW million	4,093	3,818	3,947

Children's welfare project

Support for families of fire and police officers' who died in the line of duty

Hyundai Department Store strives to improve the treatment of families of fire and police officers that have passed away in the line of duty trying to save the lives and property of the people at various disaster sites such as fires. In honor of the noble spirit of the firefighters who sacrificed themselves to save the lives of others, we deliver support funds to the family every year, and we also support with counseling for the proper growth of the children of the families. In the future, we plan to expand various support projects to improve the treatment of families of fire and police officers.

Support for children of fire officers' who died in the line of duty

Total of approx. **600** people KRW **1.9** billion

Support for children of police officers' who died in the line of duty

Total **1,615** people KRW **2.97** billion

Support for children with pediatric cancer

For a special Children's Day for children with pediatric cancer, we donated KRW 50 million and 100 million to the Korean Association for Children with Leukemia and Cancer in 2021 and 2022, respectively. The sponsored funds were used to deliver the 'May Happiness to Us' gift boxes to 1,100 pediatric cancer children across the country and to create an educational space within the Pediatric Cancer Association Center. In addition, the Hyundai Children's Book Museum, MOKA has sponsored an additional 1,000 non-face-to-face exhibition kits and toy gift sets, providing ongoing educational programs for children with pediatric cancer.

Children's drawing contests

The Children's drawing contest is sponsored by the Ministry of the Environment and the Hyundai Children's Book Museum, MOKA, and is Hyundai Department Store's flagship family cultural event in the that is continues its history and tradition. The competition has become an art festival where children can unleash their latent imagination based on the theme of 'The importance of the environment.' In 2021, more than 5,000 children across the country participated in the contest with the theme of 'The world I'm dreaming of(A planet happier without climate crisis and environmental pollution)', and the major works that have won awards were reborn as art books through the 'WINDOW 50 Project', which Hyundai Children's Book Museum conducted to commemorate the 50th anniversary of the creation of the Hyundai Department Store Group. The project is an art book with the collected works of child artists with the curiosity, 'What would it look like if the world we want to see could be seen out the windows?' along with experiential elements. The art books were donated to community service centers and libraries, and a donation fund of KRW 50 million raised based on the views of the video exhibition, was delivered to energy poverty families, helping the children stay warm with their families during the cold winter.

Support for children with hearing impairment

Since 2012, we have been steadily supporting the cost of surgeries and rehabilitation for children with hearing impairment through the company, 'The Snail of Love'. Over the 10 years up until 2021, a total of KRW 1.59 billion was supported in enabling 184 children who were unable to undergo artificial cochlear surgery due to economic difficulties, to finally hear sounds. Moving forward, we will continue to conduct campaigns to improve hearing impairment awareness, along with supporting with surgery and rehabilitation costs to help children who have found their hearing properly adapt to society in good health.



Support for families of fire officer and police officers' who died in the line of duty



Children's drawing contest



Support for children with hearing impairment

Culture and art support projects

Operation of culture hall

To guide a new culture to its customers, Hyundai Department Store opened the 'Hyundai Art Theater' in the main branch in Apgujeong in 1985 and currently operates nine culture halls and seven gallery H within the stores. With performances by top domestic and foreign artists and exhibition content in various genres, an average of more than 10,000 visitors visit the halls per month. With the art museum and media art exhibitions at the Pangyo branch, art fairs at the Trade Center branch, art collection, etc., at KINTEX and The Hyundai Seoul in 2021, we are continuing to present content that is leading cultural trends. In particular, Gallery H, an art exhibition space, holds approximately 100 exhibitions per year of famous and emerging artists from Korea and abroad.



Mécénat association activities

We sponsored the 10th Seoul International Sculpture Festa 2021 exhibition as a result of a mécénat association activity. In addition to inviting 1,000 customers to exhibit, we have built the foundation to display the highest level of sculpture in Korea in the future. Also, at the multi-cultural space ALT.1 which opened in 2021, we opened an exhibition on Andy Warhol, an icon of pop art as well as 'Beyond the Road', an immersive exhibition that offers a three-dimensional experience that feels like walking into music through the five senses, as the first time in Asia, and was able to present world-class works to more than 20 million customers who visited in the exhibition. As such, Hyundai Department Store is offering its customers the latest cultural content.

ALT.1

Opened in February 2021 as a professional exhibition space in The Hyundai Seoul, the opening exhibition held was 'Andy Warhol: Beginning Seoul', which is regarded as a large-scale retrospective exhibition in Korea with a total of 153 exhibited works, and about 105,000 customers visited the exhibition. In addition, 15 active artists in the UK participated, and through <Beyond the Road>, a global exhibition held first in Korea since the UK exhibition in 2019, we were able to bring the essence of contemporary visual art and digital media fusion art to our customers.

Cultural art sponsorship

Hyundai Department Store strives for the cultural development of the community by sponsoring I MAESTRI, Korea Mécénat Association, Seoul International Sculpture Festa, etc., which conduct various activities in the field of culture and art.

Selected as an 'Excellent organization that sponsors culture and art' for two consecutive years

As a recognition for our contribution to operating a variety of cultural and artistic spaces and experiential programs by each store, we were regarded as a leading company in cultural and artistic sponsorships carried out since 2017 to present. The certification as excellent organization that sponsors culture and art enacted and implemented in 2014 in accordance with the 'Act on Revitalizing Cultural Arts Sponsorship', is a system designed to support companies that promote or exemplify sponsorship activities in the cultural arts sector. Hyundai Department Store stands at the forefront of cultural and artistic support activities through the operation of spaces such as Hyundai Children's Book Museum, MOKA, Culture Hall, Gallery H, and Culture Center, as well as the operation of programs such as SUPER STAGE(exhibition and performance), children's drawing competitions, and local festivals.

Achieved 2nd place as a mécénat support company for 5 consecutive years & received the Creative Award at the Mécénat Grand Prize

According to the Korea Mécénat Association's publication of the 'survey on companies' mécénat support', Hyundai Department Store has been carrying out the second most mécénat activities among domestic companies for five consecutive years from 2018 to 2022. In particular, since 2021, our company was the only one in the distribution industry to be named as one of the top five companies. In recognition of our support activities, we were awarded the Creative Award at the Mécénat Award in 2020, which was organized by the Korea Mécénat Association and sponsored by the Ministry of Culture, Sports and Tourism.

Top mécénat companies* in the last 5 years

Rank	2018	2019	2020	2021	2022
1	KT&G	KT&G	KT&G	KT&G	KT&G
2	Hyundai Department Store	Hyundai Department Store	Hyundai Department Store	Hyundai Department Store	Hyundai Department Store
3	LOTTE Department Store	Hyundai Heavy Industries	Hyundai Motor Company	Hyundai Motor Company	Hyundai Motor Company
4	Shinsegae Department Store	Hyundai Motor Company	Shinsegae Department Store	DL E&C	DL E&C
5	Hyundai Heavy Industries	LOTTE Department Store	LOTTE Department Store	Crown/Haitai Confectionery	Crown/Haitai Confectionery

* Korea Mécénat Association's year-by-year status survey of companies' culture and arts support

Scale of culture and art sponsorships

Unit: KRW million



Public interest support projects

Sharing briquettes of love

Hyundai Department Store Group conducts 'Sharing briquettes of love' delivery events in the beginning of each year to donate briquettes to low-income families. In 2021, we distributed 370,000 briquettes for more than 1,300 marginalized households in Seoul, including Baeksa village. For energy-poverty families, who are burdened by increasing heating costs due to cold winters, the beginning of each year is the coldest and hardest season. Through this social contribution activity, we strive to deliver Hyundai Department Store Group's warm heart to our neighbors in marginalized groups and fulfill our corporate social responsibility.

Disaster support(including wildfires)

Hyundai Department Store Group delivers funds to help repair damage and quickly support affected residents in the event of natural disasters. Donations that are delivered are used to support basic necessities, operate evacuation facilities, and repair activities. In 2020, a total of KRW 1.5 billion was donated to residents suffering from torrential rain and COVID-19, and in 2022, KRW 500 million was donated to residents affected by forest fires and torrential rain in the Gyeongbuk and Gangwon regions, as our symbol of encouragement for the local communities for quick recovery to daily lives upon occurrences of natural disasters.

Creating a carbon neutral forest

With the purpose of practicing carbon neutral through the cooperation of people, officials, and companies and creating a sustainable forest management model, the 'Carbon neutral forest' is being created in a national forest(16.5 ha) located in Baegam-myeon, Cheoin-gu, Yongin city, in Gyeonggi-do. Hyundai Department Store Group, the Korea Forest Service of the northern region and Forest Service, and the Forest for Life signed a joint forest project agreement of five years from 2022, and in the future, we will actively respond to the climate crisis and strive to create sustainable forests based on various collaborations.

Forest building in elementary school's classrooms

In 2019, Hyundai Department Store launched a support project for building forests in elementary school classrooms to ensure the rights to health for children listed in the vulnerable groups to fine dust, in accordance with the amendment to the Special act on the reduction and management of fine dust. We select elementary schools recommended by ecofriendly social companies and regional offices of education and deliver air purifying plants twice a year regularly. By the first half of 2022, we have delivered 6,789 air purifying plants to 851 classes. Moving forward, we will take the lead in creating a 'classroom forests' so that more children can continue their studies in a clean and healthy environment.

Support for endangered species

We conducted eco-friendly campaigns to preserve the habitat of otters, a natural monument No. 330 and a first-level endangered species designated by the Ministry of the Environment. We shared our awareness on otter protection by conducting campaigns so that we can recognize that the otters that have returned to the Han River after about 20 years are important animals in terms of local ecosystems and biodiversity, given that they are indicator species of the Han River ecosystem, and to ensure that otters can safely settle in the Han River. Since 2021, Hyundai Department Store has been supporting with conservation of otter habitats and promotion activities by collecting KRW 2,000 per each customer that donated transparent waste PET bottles.

Closer than we think, Paralympic support campaign

In celebration of the 2020 Tokyo Paralympics, we launched a national support campaign to inspire interest in sports of athletes with disabilities alongside the Ministry of Culture, Sports and Tourism and the Korean Paralympic Committee. In campaign, which was planned to 'support the national athletes who participated in the Paralympics that are closer to us in our everyday lives,' we developed public designs with the motif of sports of the disabled. And attached them throughout the store. And we also created mannequins representing the Paralympic games and presented them to our customers. Hyundai Department Store was awarded a Commendation by the Ministry of Culture, Sports and Tourism in recognition of our contribution to the campaign.



Creating a carbon neutral forest



Forest building in elementary school's classrooms



Mannequins representing the Paralympic games

Health care for rescued dogs

Hyundai Department Store has been operating health care programs for rescued dogs, 'Heart for Dog' since 2019. We continue to work with the animal rights advocates, KARA, an associated organization, to help rescued dogs meet their new families in good health through a number of activities. In addition to the essential vaccinations for the rescued dogs and support for medication for heart diseases, we have upcycled used clothes collected during the eco-friendly campaign held for our employees and made 200 toys for dogs. In addition, we operated businesses for improving the environment of animal protection centers necessary for the socialization and adaptation of rescued dogs. Based on this, we will increase practical support so that the rescued dogs can adapt and be adopted in good health.

Heendy heart edition goods

As part of the health care program for rescued dogs, the 'Heart for Dog' campaign, we presented 'Heendy heart edition' goods, consisting of Heendy stuffed toy, and nose work and bleep toys for pet dogs. The goods were sold in all 16 branches of Hyundai Department Stores and The Hyundai.com, and the entire proceeds from the sales were used to improve the environment of the rescued dog protection center, 'KARA the bom center'. Currently, a playground road has been installed at the bom center in Paju city with the funds supported by Hyundai Department Store, greatly helping rescued dogs live and adapt well until adoption.

The Hyundai pet plogging

We are leading eco-friendly practices by establishing a program that allows the younger generation to participate with interest. In June 2021, we conducted plogging, an activity where participants pick up garbage while exercising in a non-face-to-face method, and donated a portion of the participation fee to the forest building in classrooms project. In October, we plan to conduct the plogging activity accompanied by dogs and plan to use a portion of the participation fee for rescued dogs, exerting our efforts into environmental protection as well as animal protection.



Heendy heart edition goods



The Hyundai pet plogging



Support for elderly welfare centers with air purifiers

Delivery of air purifiers equaling KRW 600 million to elderly welfare centers

Hyundai Department Store Group has developed activities to donate air purifiers worth KRW 600 million to improve the indoor air quality of elderly welfare centers used by seniors that are vulnerable to fine dust. The support of KRW 600 million delivered to the Seoul Community Chest of Korea was used to donate a total of 770 units, three or four units per center, in more than 200 welfare centers across the country including Seoul, Gyeonggi, Incheon, and Daejeon. In addition, considering the difficulty of maintaining the air purifiers within the welfare centers, professional staff from Hyundai Rental Care directly implement post-management so that the seniors that use the welfare centers can lead a healthy life.

H.Point matching grant(Customer-participating donation)



By using the points that our customers have accumulated through the group integrated membership, H. Point, we are participating in various social contribution activities such as supporting children with disabilities and sponsoring rescued dogs, and joined in the sponsorship through a matching grant method. Point donations began in 2020 through the H.point app, and as of the end of 2021, more than 30,000 customers have participated.

Response to COVID-19



With the prolonged COVID-19, global economic and social crisis still persists. Hyundai Department Store established an emergency response system and manages it to respond to the effects from strict social distancing in the distribution industry and to ensure the health and safety of employees, customers, partner companies, and communities.

Employees

Introduction of the Safety and Defense System

In order to prevent the spread of COVID-19 in the stores, we introduced and operate a 'Safety and Defense System' that manages the compliance within employee facilities such as warehouses and rest areas. In addition, we regularly conduct COVID-19 examinations for our employees to ensure continuous infection management.

Introduction of the work-from-home system

We introduced a work-from-home system to ensure the safety of our employees. We have divided into two groups in which one group works from home and switch every two weeks to prevent the spread of COVID-19 and create a safe working environment.

Mobile self-diagnosis certification system

For the health and safety of employees in regards to COVID-19, we conducted daily self-diagnosis through a questionnaire in the mobile groupware. Through this, we are committed to lowering the occurrence of close contact infections in the stores as well as the possibility of further spread of COVID-19, and creating a safe sales environment for the workers.

Customers

Operation of Safety Care System(SCS)

Hyundai Department Store conducts systematic safety management for an advanced COVID-19 response, and actively shares response activities and best practices to strengthen the trust of customers and employees. In the first half of 2021, we disinfected the interiors of stores and employee facilities using eco-friendly sterilizing water approved by the Ministry of the Environment and managed the blind spots of disinfection, and operated the automatic sterilization system through the installation of antibacterial LEDs. In addition, we are continuing to conduct daily disinfection activities through space disinfection, such as disinfection of door handles and escalator handrails, etc.

Distributing employee hygiene kits(Way to Protect)

We distributed hygiene kits consisting of masks, alcohol cotton pads, and hand disinfectants to the staff in the department stores. By being able to immediately give out masks in the occurrence of customers not wearing masks in the stores, we strengthened disinfection activities in daily lives and managed safety risks.

Drive-through fever checks

We operated a fever checking system upon arrival of all customers in vehicles to the department stores, and as a reflection of customer feedback, we conducted communication through signs and minimized conversing at the time of fever checks.

Partner Companies

Support for partner companies and partner companies' employees

Since COVID-19, Hyundai Department Store has been operating a 'Partner company support center' to continuously monitor the grievances of our partner companies. For small and medium-sized partner companies whose sales environment have worsened and sales have fallen as a result of the spread of COVID-19, and for middle-management managers who are incentivized based on their sales performance rather than fixed salary, we have provided various fund supports as the only one in the distribution industry. Hyundai Department Store actively practices win-win management activities by operating differentiated fund support programs to ensure the liquidity of funds and stabilize management of partner companies in trade relationships.

Support funds for invigorating sales	Supported KRW 1 million for middle-management managers with less than KRW 1 million of monthly income in Feb. and March	For 2,005 people About KRW 2.1 billion
Emergency fund loans	Secured loans for future sales for small and medium-sized partner companies (up to KRW 100 million for each company)	279 companies About KRW 9.3 billion
Expansion of term and target for interest-free loans	Extension of interest-free loan repayment period for outstanding small and medium-sized partner companies and expansion of eligible beneficiaries (up to KRW 300 million by partner company)	11 companies About KRW 1.5 billion
Reduced sales charges and administrative fees	Reduced sales charges for food (F&B, restaurants) and management fees	About KRW 2.1 billion
Early payment	Payment for small and medium-sized partner companies from the previous 30 th of following month expedited to the 10 th	About KRW 51 billion
Service MD support	Reduced sales charges or management fees for Kids cafes, repair rooms, car wash, etc.	About KRW 86 million

Community

Support for sales channels of local specialty production farmers

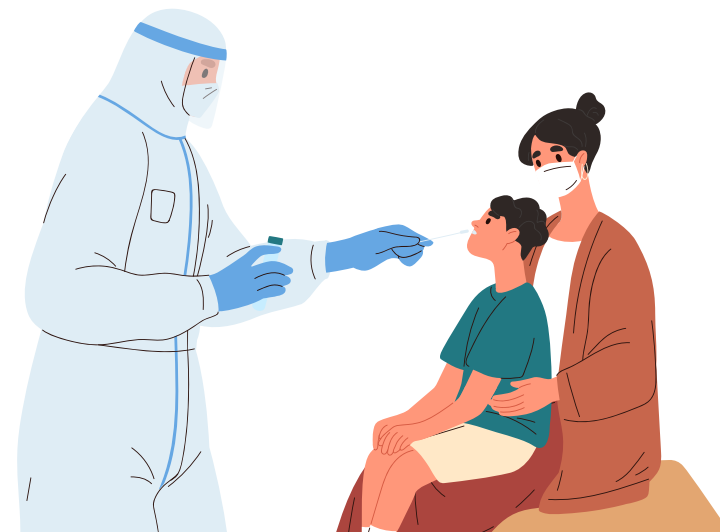
In order to contribute to regional specialty producing farms that have been faced with reduced long-term sales channels due to COVID-19, Hyundai Department Store has increased the duration of the 'Hyundai Food Hall Companion' event by 10 days compared to last year and expanded the volume of the event by 20%. In addition, to help floriculture farmers, whose sales have plummeted due to the reduction of graduation ceremonies and local events, a total of 200 roses were purchased and sold at a 10-20% discounted price.

Delivery of support to the Korean Red Cross for responding to COVID-19

To support patients of COVID-19 and those in self-quarantine, we delivered a grant of KRW 30 million to the Korean Red Cross. The fund was used to create 'COVID-19 Response Kits', which are delivered to people in marginalized groups living in Gangnam-gu, Jung-gu, and Jung-gu in Incheon city, Korea.

Support for COVID-19 affected areas and support for nearby municipalities

We delivered KRW 310 million in sponsorship funds to people in vulnerable groups and medical staff in the Daegu region, which has been severely damaged by COVID-19. In addition, we also donated protective supplies to nearby municipalities by each business site to support COVID-19 response activities.



Governance



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Governance

Status of the Board of Directors

In accordance with the Articles of Incorporation, the Board of Directors of Hyundai Department Store has been determined to consist of outside directors as the majority of the total directors, or three or more outside directors, to ensure that checks and balances are faithfully carried out. As of June 2022, the Board of Directors consists of a total of 9 members: 5 outside directors and 4 executive directors. In addition to the General meeting of shareholders, the company's board of directors operates centered on outside directors as the highest decision-making body.

Committees under the Board of Directors

Audit Committee	Outside Director Recommendation Committee	Related Party Transaction Committee	Compensation Committee	ESG Management Committee
<ul style="list-style-type: none"> Supervision of directors and management Accounting, business audits/investigations Appointment of external auditors Review evaluation of the internal accounting management system 	<ul style="list-style-type: none"> Recommendation of candidates of outside directors to be elected at the general meeting of shareholders Ongoing management and verification of director candidates 	<ul style="list-style-type: none"> Reporting of performance in internal transactions with affiliates/adequacy evaluation/deliberation on limits 	<ul style="list-style-type: none"> Reporting of annual remuneration status of registered officers Annual business performance and evaluation of registered officers Deliberation of remuneration limits for registered officers to be submitted to the general meeting of shareholders 	<ul style="list-style-type: none"> Establishment of ESG strategies and policies Establishment of eco-friendly investment plans/reporting of results Establishment of CSR and safety and health plans/reporting of results Establishment and revision of the Governance Charter and ESG Risk Management Guidelines

Composition of the Board of Directors

As of March 2022(● Chair ○ Member)

Position	Name	Gender	Age	Appointed date	Tenure	Major career	Expertise	Committees within the Board of Directors				
								Audit Committee	Outside Director Recommendation Committee	Related Party Transaction Committee	Compensation Committee	ESG Management Committee
Executive directors	Kim Hyung-jong	Male	61	2020. 03. 25.	2024. 03. 28.	CEO/Chair of the Board of Hyundai Department Store	Organization, sales			○		○
	Chung Ji-sun	Male	49	2006. 09. 08.	2024. 03. 28.	Chairman, Hyundai Department Store Group	Organization, general corporate management					
	Jang Ho-jin	Male	59	2020. 03. 25.	2024. 03. 28.	CEO/Chair of the Board of Hyundai Department Store	Organization, general corporate management		○		○	
	Chung Kyo-sun	Male	47	2019. 03. 22.	2023. 03. 24.	Vice Chairman, Hyundai Department Store Group	Organization, general corporate management					
Outside directors	Jang Jae-young	Male	48	2019. 03. 22.	2023. 03. 24.	Lawyer, Shin&Kim	Law		○		●	○
	Kho Bong-chan	Male	59	2020. 03. 25.	2024. 03. 28.	Professor, Seoul National University, School of Business	Finance, banking	●		●	○	
	Bang eugene H J	Male	67	2021. 03. 24.	2023. 03. 24.	President of BANG Singapore PTE LTD(Millenasia)	Banking, accounting and finance	○	●	○		
	Park Ju-young	Male	60	2022. 03. 28.	2024. 03. 28.	Professor(Former), Department of Venture and Small Business, Soongsil University, President of Korea Distribution Association	Distribution, marketing	○		○		●
	Kwon Young-ok	Female	46	2022. 03. 28.	2024. 03. 28.	Professor, Department of Business Administration, Sookmyung Women's University	Business information (Big data, digital)		○		○	○

Committees under the Board of Directors

Hyundai Department Store has established five committees within the Board of Directors: Audit Committee, Outside Director Recommendation Committee, Related Party Transaction Committee, Compensation Committee, and ESG Management Committee to improve the efficiency of the Board of Directors' operations. The Audit Committee, the Outside Director Recommendation Committee are mandated to be installed under laws such as the Commercial Act, and the Compensation Committee, the Related Party Transaction Committee, and the ESG Management Committee were autonomously established by the Board to enhance management transparency, protect shareholder rights, and strengthen ESG management. All five committees under the Board of Directors are chaired by outside directors, and each committee consists of directors with expertise in the field.

Appointment of Outside Directors

Hyundai Department Store considers expertise, accountability and diversity as the principle of the appointment of outside directors, and checks expertise and individual competency upon the appointment of directors and introduces candidates at the general meeting of shareholders. Outside directors are selected through the recommendation of the Outside Director Recommendation Committee, and executive directors are selected at the general meeting of shareholders through the recommendation of the Board of Directors. Regarding the appointment of directors, we are taking measures to ensure fairness and independence in the process of recommending and electing director candidates, such as providing shareholders with sufficient information four weeks before the general meeting of shareholders. The eligibility requirements of outside directors are in accordance with the Commercial Act and the Articles of Incorporation, and we submit a 'Confirmation of eligibility of outside directors' that can prove the legal eligibility requirements in the event of disclosure regarding the appointment of outside directors. In addition to the legal qualifications, we elect appropriate directors with independence, expertise and experience through a number of evaluation items, and directors are appointed after introduction as individual agenda at the annual general meeting of shareholders. Detailed background of the appointment of directors is transparently disclosed in the Corporate Governance Report.

Director's tenure

Director's tenure is two years and the total term of office cannot exceed six years.

Restrictions on concurrency

We thoroughly comply with the qualification requirements set forth in Article 542-8, Paragraph 2 of the Commercial Act and Paragraph 5 of Article 34 of the enforcement decree thereof. As a result, outside directors can serve up to two legal entities, including Hyundai Department Store, and we consistently check the status of concurrency of outside directors and conduct a legal review on whether they can meet the outside directors' requirements.

Board's Independence

In accordance with the Articles of Incorporation, Hyundai Department Store specifies that the majority of the board members be outside directors, and oversees the work of the management through verified outside directors. The CEO serves as the chairman of the board of directors, and the proportion of outside directors of the board is high, ensuring independent decision-making. There is no director among the outside directors with significant interest to the company and in order to elect one who has no conflict of interests with the company, outside directors are recommended by the Outside Director Recommendation Committee based on the relevant provisions of the Commercial Act and the company's Articles of Incorporation (Articles 27-2 and 35), and after reviewing the independence in accordance with the requirements of the board of directors, is then elected at the general meeting of shareholders. In 2021, we strengthened our independence by separately electing one of the Audit Committee members from the director selection process as one who will become a member of the Audit Committee, who is elected under Article 542-2, Paragraph 2 of the revised Commercial Act.

Board's Expertise and Diversity

In the appointment of directors, the section on the expertise and personal competence is verified, and candidates are introduced at the general meeting of shareholders. In particular, outside directors are recommended as candidates by the Outside Director Recommendation Committee upon having expertise and practical experience in related fields such as management/economics/distribution, accounting/finance, and law. As of the end of March 2022, the expertise of outside directors is represented by the 'Board Skills Matrix' attached below. Hyundai Department Store does not place restrictions on age, gender, education history and region of origin in the evaluation of competency and election of directors, and we have one female outside director currently in office.

Board's Skills Matrix

Division	Chung Ji-sun	Chung Kyo-sun	Kim Hyung-jong	Jang Ho-jin	Jang Jae-young	Kho Bong-chan	Bang eugene H J	Park Ju-young	Kwon Young-ok
Management-Leadership	●	●	●	●	●	●	●	●	●
Risk Management/ESG	●	●	●	●	●	●	●	●	●
Finance-Accounting-Tax			●	●		●	●		
Law-Regulations				●	●				
Distribution-Marketing	●	●	●	●				●	●
Digital-IT									●

Operation status of the Board of Directors

The board of directors is categorized into regular board and interim board and is convened by the chairman. The regular board of directors is held quarterly and the interim board of directors is convened upon request from the chairman of the board or another director. Materials of the board and committee are to be notified to each director 7 days before the meeting of the board of directors so that they can be fully reviewed in advance. We have set a support organization in place so that outside directors can perform professional duties on the board of directors, or on committees within the board of directors, which is responsible for pre-reporting and explanation of board matters, providing necessary management information, and supporting with requests. In addition, we provide training necessary for performing duties of outside directors to support the rational decision-making of the board of directors. In 2021, a total of seven board meetings, including four regular and three interim boards, were held to discuss 27 agenda items. In accordance with Article 9 of the Board of Directors Regulations, we block directors who have special interests from exercising their rights in the resolution of the board of directors to institutionally prevent the possibility of conflict of interest. Board members are required to attend at least 75% of the board meetings, and the attendance rate for outside directors for the year is 94.3%. The content of the board of directors, the attendance rate of directors, and the agreements and disagreements on the agenda are disclosed quarterly through the Business Report.

Meetings held by the Board of Directors

Division	Unit	2019	2020	2021
Total number of board meetings held	times	6	9	7
Voting matters	items	23	37	27
Reported matters	items	8	8	8

Average board attendance

Unit: %

Attendance rate of all directors



Attendance rate of outside directors



Evaluation of the Board of Directors and Outside Directors

The evaluation of the activities of outside directors is carried out prior to the regular general meeting of shareholders, and the attendance of the board and committee is evaluated taking into account integrity, management and ethics, leadership and conscious ownership, etc. In addition, the board of directors is evaluated at the same time and is conducted through self- and cross evaluation of each director. We evaluate the board based on its role and responsibilities, the structure of the board, the operation of the board and the reflection of the committee within the board, the evaluation and the results of the evaluation. The results of the evaluation of outside directors and the board of directors are disclosed through the Business Report and the Corporate Governance Report, and the Outside Director Recommendation Committee determines whether to re-elect a director by comprehensively considering relevant matters upon re-election. Hyundai Department Store is evaluated on the operation of the board by an external agency every year, and in 2021, we received an A rating in the governance category.

Remuneration system

Directors' remuneration is paid within the limits of directors' remuneration approved by the general meeting of shareholders in accordance with Article 33 of the Articles of Incorporation (Directors' Remuneration). The remuneration of executive directors, including the CEO, is approved by the board of directors after the remuneration limit is approved at the general meeting of shareholders, and the standards and methods of payment of remuneration are approved by the board of directors and paid in accordance with the business performance. The remuneration of directors consists of a basic salary and performance salary, and each year the Compensation Committee evaluates the status and performance of the annual remuneration of the management and deliberates the remuneration limits to be introduced at the general meeting of shareholders. On the basis of the executive salary table set forth in the Executive Remuneration Payment Regulations within the total remuneration limit approved at the general meeting of shareholders, the basic salary is approved by the board of directors as an amount that comprehensively reflects their positions and length of service, etc. Performance compensation is paid by combining countable and uncountable elements. Details of remuneration are disclosed transparently in the Business Report and the Corporate Governance Report.

Board's remuneration

Unit: KRW million

Division	Number of people(person)	Total remuneration
Registered directors(excluding outside directors and Audit Committee members)	4	8,019
Outside directors(excluding Audit Committee members)	2	140
Members of the Audit Committee	3	210

* The total amount of remuneration is based on the total amount of paid remuneration in 2021

Protection of shareholder rights and interests

To ensure that shareholders can fully review the proposal, Hyundai Department Store announces them four weeks before the general meeting of shareholders. All shares of Hyundai Department Store have one voting right per share, and we have implemented an electronic voting system since 2020 to ensure the voting rights of small shareholders. Hyundai Department Store has focused on increasing shareholder value, disclosed its dividend policy in February 2021, and has been continuing to increase and maintain its dividend per share in the last three years, separately from the increase in net profit. We disclose matters related to shareholder return policies, such as stock issuance, dividends, and our own shares through the DART electronic disclosure system, and we also provide information in conjunction with our investment information website. In addition, through various IR activities and investor meetings, we listen to various opinions on shareholder return policies.

Hyundai Department Store's dividend status

Composition of shareholders

Division	Number of common shares(share)	Rate(%)
Largest shareholders and related persons	8,443,189	36.08
Small shareholders	10,728,223	45.84
National pension	2,683,774	11.47

Total number of issued shares

23,402,441

Number of treasury shares

1,547,255

Efforts to build a transparent governance(2021)

- 2021. 03**
 - Establishment of the chief executive succession policy (codification)
 - Introduction of disclosure information management regulations
 - Introduction of ESG risk management guidelines
- 2021. 06**
 - Establishment of the ESG Management Committee

Ethical Management



Organization for Ethical Management

Hyundai Department Store has comprised a separate organization for the systematic practice of ethical management. We share the ethical management system of Hyundai Department Store Group by operating the 'Group Ethics Committee', which is the top decision-making body, the 'Secretariat of Ethical Practice', responsible for the Group's overall ethical business management, and the 'Ethics Practice Committee' at each affiliate and department stores.

Assessment of Ethical Norms and the Code of Conduct

Hyundai Department Store conducts monitoring of compliance with the ethical norms and the Code of Conduct for all employees and partners. We conduct an 100% assessment each year for employees as well as partners in which we hold a transactional relationship, and based on the results of the assessments, we make improvements through guidance and measures, such as trainings.

Ethical Management System

Hyundai Department Store Group has established an Ethical Charter to be the priority standard in all business operations to encourage proactive implementation of ethical values. And Hyundai Department Store promotes ethical management in accordance with the ethical value standards of the Group. Ethical norms such as the Ethical Charter, Code of Ethics, Ethics Practice Guidelines are the standards that serve as the basis for appropriate actions and value judgment that everyone must observe. Based on the ethical norms system, Hyundai Department Store encourages detailed fulfillment of practices by all employees so that they can perform all their duties in a transparent, fair, and reasonable manner.

Ethical Norms System

Ethical Charter A declarative standard for ethical management practice	Code of Ethics A basis for appropriate action and value judgment that everyone must observe
<p>We seek to improve customers' lives.</p> <ul style="list-style-type: none"> By placing customer satisfaction as our top priority and proposing the creation of value that meets our customers' demands and expectations as well as a new and advanced culture, we will pursue the improvement of customers' lives. <p>We will guarantee the rights and interests of stockholders.</p> <ul style="list-style-type: none"> We will treat all shareholders fairly and equally, respect their sound demands and proposals, and maximize our corporate value through reasonable and transparent management activities. <p>We will promote mutual development with our partners.</p> <ul style="list-style-type: none"> We will provide fair opportunities to all partner companies and create a transparent transaction climate to build mutual trust and cooperative relationships and promote win-win and collective development. <p>We value our employees' sense of fulfillment and happiness.</p> <ul style="list-style-type: none"> We regard all employees as the company's most valuable asset, respect the human dignity of each individual, provide fair opportunities according to their qualities and abilities, and create an organizational culture in which our employees can be rewarded through fair evaluation, as an effort to creating a proud workplace where every individual's dreams and future are secured. <p>We will contribute to the development of the country and society.</p> <ul style="list-style-type: none"> We hope to contribute to the national economy and social development through sound corporate activities built upon respect for the values of the country and society and adherence to the proposed laws and regulations. <p>With satisfaction and pride as people of Hyundai Department Store, we will embody humanity, morality, and manners, abide by honor and dignity, tend to our duties in an honest and fair attitude and strive to create a sound and upright organizational culture.</p>	<p>Ethics for the Customers</p> <ul style="list-style-type: none"> Respect for the customers, creation and provision of an advanced culture <p>Ethics for the Stockholders</p> <ul style="list-style-type: none"> Efficient management, transparent management, protection of stockholders' rights <p>Ethics for the Partner Companies</p> <ul style="list-style-type: none"> Creation of a solid and transparent transaction culture, creation of mutual respect climate, and pursuit of mutual development <p>Ethics for the Competitors</p> <ul style="list-style-type: none"> Compliance with laws and ethics, respect for market order <p>Basic Ethics of our Employees</p> <ul style="list-style-type: none"> General ethics, fair job performance, self-development, protection of the interests of the company, mutual ethics among the employees, responsibility for growth and development, creation of ethical management climate, responsibility for the country and society
	<p>Ethical Practice Guidelines</p> <p>Necessary items and the specific standards of practice that should be adhered to in the implementation of ethical management</p> <ul style="list-style-type: none"> Basic principles(Self-diagnosis of ethical practices, compliance and behavioral standards for the employees) Practice that is customer-oriented Practice of passion and creativity Practice of partnerships that pursue win-win Practice of communication for sustainable growth Protection of company's assets Reporting of violations and protection of informers

Activities to Practice Ethical Management

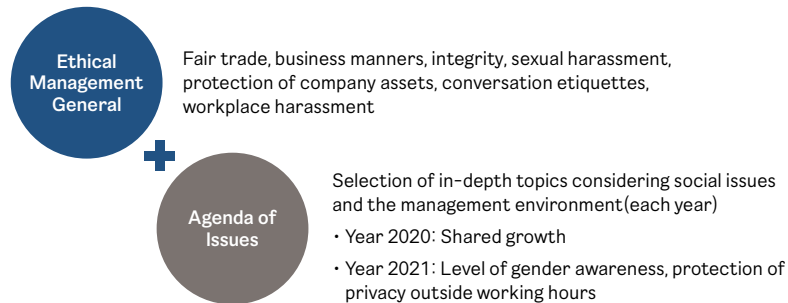
Pledge to Practice Ethical Management

Every year, Hyundai Department Store enforces a pledge for ethical management practices targeted to all employees for their commitment to comply with the ethical norms. From 2022, we have been circulating the pledges as a pop-up when connecting to the in-house network to secure the pledges. In addition, as for the partner companies, we obtain the pledges by sending them in the form of an addendum to the contract when utilizing electronic contracts. From the second half of 2022, we plan to renew the internal system for application.

Surveys for Ethical Management Practice

Assessments on the degree of ethical management practices are conducted, which are targeted to the employees and the responsible managers of the partner companies, as well the partner employees of the department stores. The surveys to check the degree of practice are conducted using the in-house system, mail, and texts. We conduct the surveys by applying issues risen from the corresponding year in addition to the general issues of ethical management. We pursue ethical management that responds to the environmental changes by providing improvement measures for the vulnerable areas shown from the results of the surveys. The results of the surveys are reported to the management and are improved through employee trainings.

Survey Content for Degree of Practice



Ethics Training

We strive to encourage its employees' active and voluntary participation in ethical trainings. We are conducting training on internal accounting management, mutual development, and fair trade as part of legal compulsory training, and in 2021, we implemented training in the form of web dramas to improve conversation etiquettes and awareness as to prevent workplace harassment and to build a healthy organizational culture.

Consultation and Reporting Channel

In order to create a culture of responsible ethical management practices, Hyundai Department Store has implemented an Ethics Reporting Center, and operates an Informer Protection Program so that employees seeking consultations as well as the informers can participate with peace of mind. The Informer Protection Program protects the informer's identity on the basis of confidentiality, identity protection, and accountability. Hyundai Department Store checks the facts as soon as information about violations are submitted, undertakes investigations, and takes action in accordance with internal regulations in the event of violations of the ethical practice guidelines. The results of the processed reports are transparently disclosed on the official website and business reports.

Reporting Hot-line

Ethics Reporting Center	http://ethics.e-Hyundai.com
Reporting Email Address	ethics@thehyundai.com
Dedicated Number for Reporting	080-554-2233
By mail	12, Teheran-ro 98-gil, Gangnam-gu, Seoul, Korea, Business Improvement Team, Planning and Coordination Department, Hyundai Department Store Headquarters(Postal Code: 06181)

Protective measures for the informer

Confidentiality	Identity protection	Accountability
<ul style="list-style-type: none"> The informer and the report are handled privately in accordance with strict security procedures. We strictly prohibit the disclosure or indication of the identity of the informer without the consent of the informer. 	<ul style="list-style-type: none"> We protect the informer from being faced with any kind of disadvantage in business activities and work as a result of reporting. If the informer wants protective measures regarding the report, we respect his/her intention and take all possible protective measures. 	<ul style="list-style-type: none"> If the informer reports any violations of ethical management such as illegality or corruption related to the informer him/herself, it will be handled reasonably through sufficient extenuating circumstances process.

Status of reports submitted

Division	Unit	2019	2020	2021
Status of ethical reports	Cases	34	29	31

Content of reports and handling status in 2021

Division	Unit	Human rights(harassment in the workplace, etc.)	Complaints on the company's systems	Other
Content of reports and handling status	Cases	12	15	4

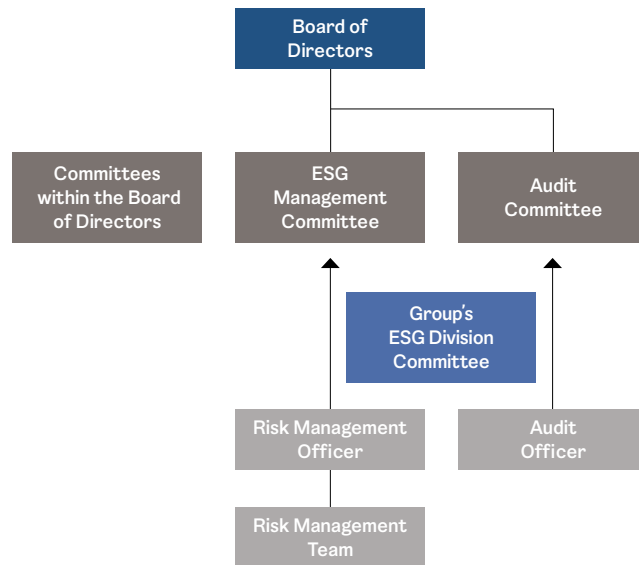
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Risk Management

Risk Management System

Hyundai Department Store has a risk management system that allows us to pre-emptively respond to risks that may arise in the process of achieving management activities and strategic goals. We are striving to strengthen financial risk management processes that can directly affect our management activities, while increasing our response to ESG issues that can have a significant impact on our company. In addition, through the ESG Division and Committee of the Group, we have an effective and organic ESG management system in place, such as working together on a group-level to find ways to respond to important risks.

Risk management organization system



Financial risk management

We are exposed to a variety of financial risks, such as market risks, credit risks, and liquidity risks, and therefore operate a financial risk management program to preemptively respond to financial risks and to ensure financial safety. This is systematically managed in accordance with a sector-specific monitoring system, and we focus on the unpredictability of the financial market, exerting our efforts to minimize the effects that can potentially be adverse to financial performance. For financial risk management, the governing department works closely with each sales department to identify, evaluate, and avoid financial risks based on policies approved by the board of directors and the financial team.

Non-financial risk management

In March 2021, Hyundai Department Store established ESG Risk Management Guidelines to ensure that all employees can respond to ESG risks and systematically put them into practice throughout their work. Through ESG risk management, we are striving to review risk and opportunity factors from environmental changes, respect the rights of stakeholders, perform social responsibilities such as consumer protection and environmental protection, respect the rights of workers, and improve the quality of life. In addition, we are conducting activities to mitigate the impact of potential emerging risks that are likely to affect our management activities in the long run.

Risk management process for product quality

In order to manage quality risks such as food hygiene, we are conducting checks on product labels along with checks on manufacturing plants. For products on sale, we conduct site inspections of the manufacturing plant once a year, and continue to improve the sales by discontinuing sales or guiding improvements for weak points in accordance with the standards. In case of new products, we conduct on-site inspections of the manufacturing plant before entry of stores, and have a principle of disallowing entry of the store if standards are not met. In addition, in accordance with the laws on labeling of foods, etc., we manage related risks such as violations on the labeling of products through product inspections and guidance every year.

Tax risk management

Hyundai Department Store has established a 'Tax Management Policy' to comply with tax laws and systems and actively manage tax risks. We strive to establish standards and procedures for transparent tax payments and risk management, and to fulfill our tax obligations based on them. We have established clear internal tax standards for faithful tax payments, and we respond transparently and responsibly to the tax office's investigations and data requests. We regularly report the status of tax payments and tax policy approval to the CFO, the chief decision maker, and we legally pay corporate taxes for each corporation's income.

Tax Management Policy

Hyundai Department Store complies with tax laws and systems and actively manages tax risks. For this, we will establish standards and procedures for transparent tax payments and risk management, and implement the following to meet our tax obligations.

Tax Management Principles

- Hyundai Department Store understands and complies with the relevant tax laws so that all transactions can be made in accordance with the laws and regulations of the taxation authorities.
- We have established clear internal tax standards for faithful tax payments, and we transparently and responsibly respond to the tax office's investigations and data requests.
- Important tax-related matters are reviewed actively, and we evaluate tax risks with advisory from external experts when necessary, before coming to the final resolution.
- We transparently disclose the status on tax payments to the electronic disclosure system each year.
- We do not take any kind of action for unfair tax benefits.
- We do not transfer income to low-tax countries, such as tax shelters for tax avoidance.

Approval process for tax policy

- The tax team of the Management Support Department, a professional organization for tax, is in operation, and the status of tax payments and tax policy approval are regularly reported to the CFO, the chief decision maker.
- Internal control procedures that include the company's tax-related policies are reviewed by the board of directors, and carefully evaluated and approved.

Safety and Health

Safety and health management

In order to create a safe environment for both customers and employees, Hyundai Department Store promotes preventive safety and health management based on its safety and health management policy. Since 2019, we have established a safety management team for the construction of the safety management system, and we are standardizing guidelines as well as setting up periodic safety management checks.

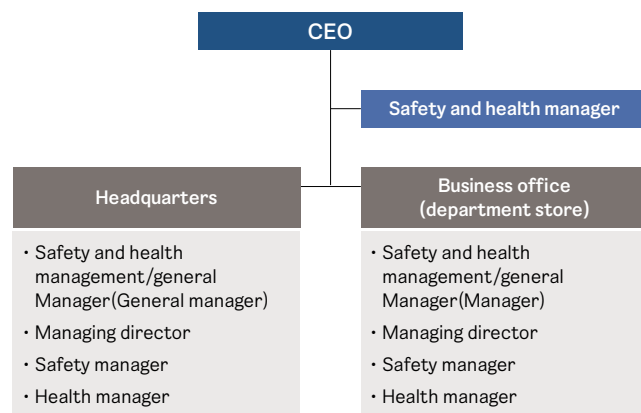
Safety and Health Management Policy

First, we diagnose risk factors in advance and derive strategic management measures to create a safe environment.

Second, we implement a mature safety culture in which all employees actively participate in safety and health activities, and evaluate them regularly to obtain quantitative results.

Third, we contribute to future growth through continuous R&D and performance creation.

Current status of the Safety and Health Management Organization



Establishment of a Serious Disaster Prevention and Response System

We hope to expand safety management not simply to the level of risk management, but as the basis for creating future growth engines. In order to prevent serious disasters, we have changed our safety and health management system from a regulatory approach to on with emphasis on 'self-discipline' and 'goal setting.' We plan to expand and operate business offices that directly employ safety and health personnel(safety managers) above legal standards, so that we can improve the risk factors on site. In particular, we are strengthening the safety and health management system by maximizing the expertise and independence of the organization dedicated to safety management. In the future, we plan to check risk factors through risk assessments conducted by safety managers and external consignees for each business site every year, and strengthen safety management by conducting checks in the event of special issues or topics.

Safety Management Evaluation System

We operate a safety management evaluation system where we regularly evaluate safety activities by each business office, identify outstanding case examples, and implement expanded application of such cases throughout the company. In order to settle a safety culture by developing self-leading safety activities by business offices, we have partially improved the evaluation system by introducing a point system for outstanding cases in January 2020 in addition to others. In particular, in the early spread of COVID-19, we introduced partitions and antibacterial films for restaurants, and shared professional defense cases for beautification contractors as an effort to strengthen the management of infectious diseases by each business office. Hyundai Department Store is improving the system by collecting the opinions of each business offices, and is conducting active safety accident prevention activities through crisis management planning, operation, and training, etc.

Safety and health prevention activities for the contracted businesses

In order to create a safe workplace for the contracted businesses sector and support supplier companies, a company-wide safety and health consultative body for contracted businesses have been established and in operation. We want to prevent safety accidents in advance through quarterly joint checks and regular meetings of work places between the contractors and the suppliers. In addition, we are making our pursuits so that practical improvements to the working environment can be made to reflect the opinions of the suppliers.

Major content of the 2021 Contracted Business Council

- Safety and health training and document drafting, matters related to arrangements
- Forklift safety device management (rear mirrors, warning lamps, headlights, rear sensors, etc.)
- Normal operation measures of gripping compressors' door interlock devices
- Agenda related to posting safety and health signs (prevention of electric shocks)
- Checking fire prevention measures around sites that handle flammable materials
- Sharing accident cases related to serious accidents
- Replacement of outdated protection shields for insulation
- No dumping of glass bottles at garbage disposals
- Complying with safety when carrying out guiding duties at underground parking lots
- Dissemination of cautions when handling ladders at contracted facilities
- Additional posting of caution signs for handling of heavy goods
- Measures for preventing entanglement in power machinery equipment
- Replacement and hygiene management of outdated furniture in infant rest rooms
- Wire management in offices (molding treatment, inspection of insulation conditions, etc.)
- Prevention measures for electrical shocks due to short circuit of outlets and plugs

※ Applicable to all business facilities

Practical Activities for Safety and Health

Occupational Safety and Health Committee

Hyundai Department Store has established the Industrial Safety and Health Committee throughout the company for operation. By forming a committee in which safety and health management officers and management directors, safety and health managers, and labor unions participate, we are improving safety and health activities through deliberation and voting on safety and health issues. With this, we are striving to create a comfortable and appropriate working environment in addition to preventing industrial disasters.

Status of industrial disasters

Division	Unit	2019	2020	2021
Number of workers	Person	2,888	2,977	3,108
Number of industrial disasters	Cases(person)	1(1)	0	1(1)
Industrial disaster rate (compared to number of employees)	%	0.0003	0	0.0003

* Calculation criteria: Hyundai Department Store Co., Ltd. + Hanmoo Shopping Co., Ltd.

Support for safe working environment and employees' health

Our employees receive health check-ups every year, and we continuously support health care of our employees with diagnosis through counseling. In addition, health managers and workers' representatives investigate harmful factors at each business site every three years, to determine whether employees are exposed to harmful factors of the musculoskeletal system. We also provide stress tests for all employees before conducting health check-ups, and for those who were found to have signs of abnormalities in their stress index, we support them with counseling and treatment. In particular, we conduct mental health screening and psychological counseling programs for our partner employees that are working in stores and need to respond to customers as a part of our effort to protect, appropriately manage and improve the mental health of emotional laboring workers. In addition, in order to quickly respond to the emergencies of employees and customers, we operate and manage health offices where health managers with nurse qualifications are in place at some of our business offices.*

* Main branch, Trade Center, Cheonho, Sinchon, Mokdong, Jungdong, Ulsan, Daegu, Pangyo, Headquarters

Safety and Health Training

We designate a management officer and management director for each business office and conducts regular training through external professional training institutions. For new entrants, we ensure that they receive training in overall safety and health such as department store crisis management rules, emotional labor management, and violations of the Occupational Safety and Health Act, and provide regular training every quarter for current employees.

Emergency Response Training

Hyundai Department Store is continuing its activities to elicit calm and systematic response as well as post-measures in the event of a crisis through means such as conducting mock-training on responding to crisis and distributing guidebooks on behavioral guides during crisis response. In particular, we work to strengthen capabilities for initial response by conducting mock training for contracted companies based on step-by-step response scenarios in the event of safety accidents.

Mock training scenario for parking lot fire accidents

Situation	Responsible managers	Detailed measures
Vehicle fire	Parking management	<ul style="list-style-type: none"> Initial notification (Safety management office) Primary fire suppression using fire extinguishers in the surrounding area
Field action	Safety management	<ul style="list-style-type: none"> Report situation to relevant department - Support team/Safety management/Facility management/Beautification management Report to fire department (if fire can't be extinguished)
	Facility management	<ul style="list-style-type: none"> Extinguish fire through CO₂ extinguishing in the event of continuous fire Prevent additional damage (fire spreading, smoke expansion) with flame retardants
Field management	Support team	<ul style="list-style-type: none"> Inform customers/Share to headquarters
	Beautification management	<ul style="list-style-type: none"> On-site cleanup
Post-measures	Support team	<ul style="list-style-type: none"> Check for injury/casualty, damage to facilities, etc.
Termination	Safety management	<ul style="list-style-type: none"> Termination of situation (Inform customers/broadcast)

Safety management of hazardous substances

Hyundai Department Store complies with the Occupational Safety and Health Act and seeks to establish systematic management standards of Material Safety Data Sheets(MSDS) for the safety of workers in the business.

Regularization of MSDS controlled substances

We plan to create a general form for managing the status and history of the controlled substances currently in use by each business office, and to check status on each business office once a year to make updates.

Management process



Establishing standards for MSDS posting locations

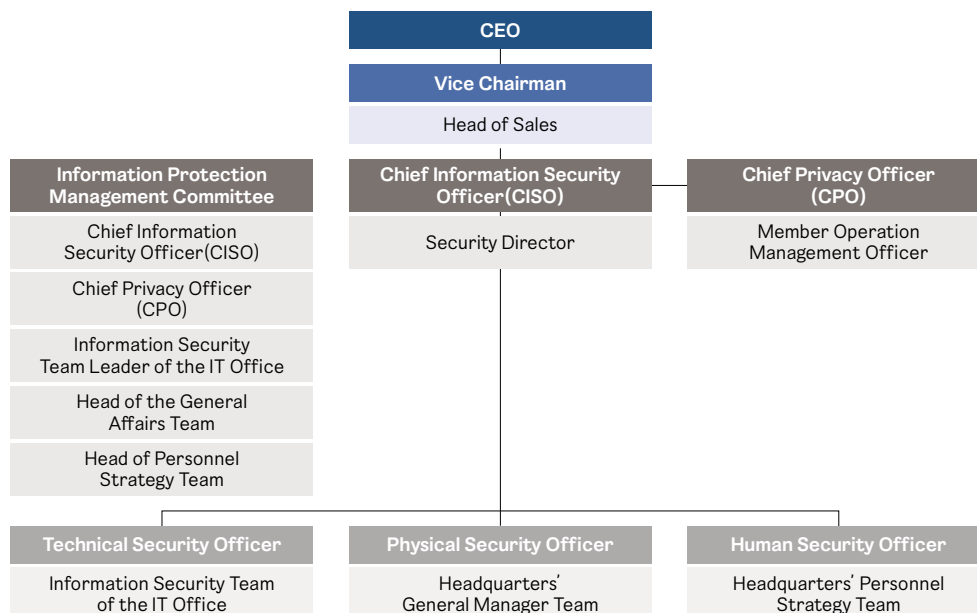
We produced 'Safety and health management sets' consisting of MSDS training and management tips, safety and health management regulations, industrial safety and health laws, employment rules, and first aid boxes, and posts MSDS in each team's office and VIP customer lounges that are in our direct managing range. In addition, the company conducts checks on contracted businesses, and publishes and shares MSDS in their offices and storage locations for the substances. By distributing training materials to all employees, we are strengthening the safety awareness on chemical substance management and the regularization of controlled substances.

Information Security

Information Security System

Hyundai Department Store has established and implemented an information protection management plan to protect customers' information and to minimize security risks that may arise due to changes in information protection regulations. The Information Protection Management Committee has a steering committee consisting of the management, Chief Information Security Officer(CISO), and Chief Privacy Officer(CPO) to determine major information protection policies and discuss matters related to security measures. The Information Protection Management Committee is conducted on a quarterly basis and operates as an agenda after the subcommittee meeting of the business office. The information protection organization responsible for the practical management of information security evaluates the information protection risks of Hyundai Department Store and establishes management measures, and accordingly, we implement and improve information protection operations. We conduct regular security checks for our headquarters, business offices, contracted businesses, and partner companies that have entered Hyundai Department Stores, and report the results of the checks and improvement plans to the Information Protection Committee, responding to information protection issues arising from service operations. Hyundai Department Store transparently discloses organizations, investments, and activities related to information protection.

Information Protection Organization



Certification for information protection and personal privacy management system

In February 2021, Hyundai Department Store acquired ISMS-P, a certification for personal information and information security management system, and is implementing its management. In accordance with this, we have established an annual information protection business plan, are executing certification reviews, inspections, and training, and have revised three security guides (administrative, technical, and physical security guides) and four guidelines to reflect the relevant laws and new systems.

Information Protection Management Guidelines

Security Guides	Security Guidelines
<ul style="list-style-type: none"> • Administrative Security Guides • Technical Security Guides • Physical Security Guides 	<ul style="list-style-type: none"> • Business process guide for personal information leakage • Personal Information Impact Assessment Guide • IT Disaster Recovery Response Guide • Infringement Response Guide

Information Security Risk Management

Hyundai Department Store is strengthening information protection risk management internally and externally through the operation of the information protection management system and situation checks. In order to preemptively prevent risks related to information security and to respond systematically in the event of an occurrence, we have established a 'Business process guide for personal information leakage', 'IT Disaster Recovery Response Guide', and the 'Infringement Response Guide.' In the event of damage, we will minimize leakage damage in accordance with the response manual and maintain the security and safety of the information through rapid and systematic response and post-mortem countermeasures. In addition, in order to raise the level of information protection awareness of employees and prevent risks in advance, we have established a personalized management system for information security to grade information protection management indicators for each individual employee and manage the security scores on a team level.

Strengthening Information Security Awareness

Hyundai Department Store receives a security pledge every year from the time employees join, as well as receive confidentiality pledges upon their leave. In order to internalize awareness on information security, we run a monthly 'Day of Personal Privacy Protection' to distribute educational materials on important information security related matters through our in-house intranet. For our partner companies, we receive a security pledge upon their entry and a confidentiality pledge upon withdrawal. We share Hyundai Department Store's information security policy by posting monthly training materials and campaigns in the notices column of Withus, a partner company portal.

Information Security Training

For employees to fulfill the number information protection training hours in accordance with the relevant laws and regulations, Hyundai Department Store designates information protection training as mandatory training and conducts online training through Smart Campus every year, under the supervision of the Group's Human Resources Development Center. Upon entry of new employees, personal information training is conducted mandatorily, and current employees complete personal information training once a month, and regular training is conducted twice a year for personal information protection personnel. In addition, information security personnel at each business office conduct information security training for partner companies. In 2021, due to the influence of COVID-19, training was conducted non-face-to-face.

Information Security Response Training

Hyundai Department Store conducts checks on vulnerabilities on its website, app, and major management systems, develops action plans for vulnerabilities found and checks the results of implementation on whether or not measures were taken. By checking for anomalies in the backup and recovery procedures for the entire database management system(DBMS) in operation, we are strengthening our disaster recovery capabilities. In addition, we respond to information security infringement incidents by conducting response training for each type of infringement, such as malicious mail response training for employees, DDoS attacks for information security personnel, and malware infections. In October 2021, we have established and shared the new 'Infringement Response Guide' to enable response and implementation of post-measure duties for the infringement accident on information assets, minimization of leakage damage, and step-by-step response for prevention of recurrence.

Disaster recovery training and mock training for infringement accidents

Disaster Recovery Training	<ul style="list-style-type: none"> • Backup and check on recovery procedures for the entire database management system (once a year) • Establish situational action scenarios for all types of IT failures and provide response guides
Mock training for personal information infringement accidents	<p>Mock training for personal information infringement accidents</p> <ul style="list-style-type: none"> • Malicious email/spam email training for all employees(once a quarter) • Mock training on leakage and infringement accidents for head of information protection and officers, and information protection system managers(once every half year) <p>Check for vulnerabilities on website and technical vulnerabilities</p> <ul style="list-style-type: none"> • Checking for vulnerability of customer servicing websites/apps • Establishing action plans for the vulnerabilities found and verifying the results of the implementation

Inspection and monitoring

Hyundai Department Store conducts information security checks to prevent personal information leakage accidents in advance and to internalize a mindset of personal information protection of all employees. Each business office conducts monthly training and self-inspections to report the results to the manager and the information security department at the headquarters. The headquarters manages the information security items as the basis for the evaluation for all branches and conducts inspections and evaluations. Information security inspection is categorized into information system inspection, office/headquarters' information security status inspection, external developer incoming/withdrawal inspection, status inspection of consignees' customer information management. Each year, we conduct a Group-wide information protection audits by independent third-party agencies to strengthen the security system.

Information security inspection activities

Division	Main content
Group auditing	<ul style="list-style-type: none"> • Conducting vulnerability checks and deriving improvement items in the information protection management system to improve the level of information security management by Groups' affiliates
Inspection of the Information System	<ul style="list-style-type: none"> • Conducting vulnerability assessments in the system conducted by an external professional consultant(once a year) - Infrastructure vulnerability diagnosis: Static diagnosis of vulnerabilities in the security setting of the information system(Server, Network, DBMS, WEB/WAS, security solution) - Mock hack diagnosis: Dynamic diagnosis of vulnerabilities within the system, for applications
Clean desk checks	<ul style="list-style-type: none"> • For headquarters' workers that are absent due to working from home or telecommuting (employees and partner companies, etc.) • Implementation of random inspection in the year • Share and post check results after checking clean desk items offline * Check items <ol style="list-style-type: none"> 1. Unlocked personal/department lockers 2. Unattended notes on personal information and work materials (on desks, copiers, all conference rooms) 3. Unattended company laptops and using unapproved portable storage devices (personal USB, etc.), etc.
Status checks of headquarters/business office's information security	<ul style="list-style-type: none"> • Conduct on-site inspection based on employees' information security checklist • Conduct random inspection once a year at the Headquarter/business offices(21 sites) • Assessment of employee/partner companies' security standards
External developer incoming/withdrawal checks	<ul style="list-style-type: none"> • Project commitment management(format verification, security program installation, laptop lock/attaching security stickers) • Allow in-house network access through NAC(Network Access Control) • Request information security pledges/confidentiality pledges • Project withdrawal management(unlocking combination lock devices, unlocking IP allowance, laptop formatting)
Consignees' status check on customer information management	<ul style="list-style-type: none"> • On-site inspection based on consignee's personal information checklist • Inspection of 35 consignees(once a year) • Establishment of consignees' management system(drafting status table of consignees)

Appendix



- 081** ESG Data
- 091** GRI Content Index
- 096** SASB Index
- 097** TCFD Index
- 099** GHG Emissions Verification Statement
- 100** Third Party Verification Statement
- 102** Affiliated Associations/Awards
- 103** Departments involved in constructing this Report

ESG Data

Financial data

Consolidated Financial Statements

Unit: KRW million

Division	2019	2020	2021
Assets			
Current assets	1,365,316	1,985,913	1,945,334
Cash and cash equivalents	53,663	34,613	46,628
Short-term financial instruments	130,106	10,106	10,106
Financial assets at fair value through profit or loss	334,059	998,747	663,325
Trade and other receivables	617,038	592,789	777,042
Inventories	183,678	233,666	364,987
Other	46,772	115,992	83,246
Non-current assets	6,257,778	6,721,120	7,023,863
Financial assets at fair value through profit or loss	37,401	14,292	15,321
Financial assets at fair value through other comprehensive income	54,910	49,479	51,765
Investments in associates	526,814	537,020	565,623
Tangible assets	5,059,341	5,299,925	5,297,983
Intangible assets	40,851	81,243	77,918
Right-of-use assets	400,845	521,785	759,024
Other	137,616	217,376	256,228
Total assets	7,623,094	8,707,033	8,969,196
Liabilities			
Current liabilities	1,443,427	2,276,222	1,978,464
Repurchases and other liabilities	687,161	648,077	686,324
Short-term borrowings	22,000	505,000	116,000
Liquidity deposits received	20,618	20,680	21,774
Long-term borrowings for liquidity	-	100,000	120,000
Advance received	287,247	319,483	381,184
Deposit received	230,893	239,928	333,772
Unpaid expenses	8,201	9,140	8,834
Corporate tax liabilities	42,256	19,308	58,642
Current lease liabilities	39,185	49,942	106,701
Liquidity bonds	-	249,922	-
Other current liabilities	105,866	114,742	145,233

Unit: KRW million

Division	2019	2020	2021
Liabilities			
Non-current liabilities	1,200,381	1,398,519	1,765,104
Debentures	399,428	351,867	650,105
Long-term borrowings	100,000	200,000	100,000
Deposit guarantee	15,910	17,311	16,169
Net defined benefit liabilities	1,588	21,858	-
Appropriated liabilities	5,583	6,526	6,897
Non-current lease liabilities	371,970	512,137	708,191
Deferred tax liabilities	301,931	280,632	279,124
Other non-current liabilities	3,972	4,311	4,111
Other financial liabilities	-	3,877	508
Total liabilities	2,643,808	3,674,741	3,743,568
Capital			
Paid-in capital	117,012	117,012	117,012
Capital	117,012	117,012	117,012
Consolidated capital surplus	612,116	612,116	612,116
Consolidated retained earnings	3,648,398	3,694,780	3,869,032
Consolidated other comprehensive income accumulated	8,696	3,074	7,490
Consolidated other capital items	-144,215	-160,426	-184,719
Non-controlling stake	737,279	765,735	804,696
Total capital	4,979,286	5,032,292	5,225,628
Total capital and liabilities	7,623,094	8,707,033	8,969,196

Consolidated income statement

Unit: KRW million

Division	2019	2020	2021
Sales	2,198,950	2,273,152	3,572,433
Cost of sales	572,131	844,955	1,232,154
Gross profit	1,626,818	1,428,197	2,340,279
Sales and administrative expenses	1,334,573	1,292,333	2,075,914
Operating income(Loss)	292,245	135,864	264,365
Other income	35,377	52,901	58,836
Other expenses	16,211	47,671	32,680
Profit and loss of related companies	26,966	21,142	39,039
Financial return	18,892	20,046	31,306
Financial cost	18,656	35,360	44,005
Net income before tax expense(Loss)	338,613	146,923	316,861
Income tax expense	95,603	41,866	83,472
Consolidated net income(Loss)			
Shares owned by the controlling company	194,143	70,322	189,377
Non-controlling stake	48,868	34,735	44,012
Net income per share			
Basic net income per share(KRW/share)	8,639	3,172	8,652
Net income per diluted share(KRW/share)	8,639	3,172	8,652

Consolidated comprehensive income statement

Unit: KRW million

Division	2019	2020	2021
Net income	243,011	105,057	233,389
Other comprehensive income	-32,975	-7,333	13,181
Items that may subsequently be reclassified as income and loss			
Change in equity method surplus	-	-90	-
Equity in other comprehensive income of related companies	-902	-1,598	2,584
Income from valuation of derivatives	-	65	227
Items that are not subsequently reclassified as income and loss			
Equity in related company recalculation elements	-892	42	927
Equity in other comprehensive income of related companies	-717	-106	-77
Other comprehensive income-Gain on valuation of fair value equity products	-19,392	-3,984	1,682
Recalculation of net defined benefit liabilities	-11,072	-1,663	7,837
Total comprehensive income	210,036	97,724	246,569
Attribution of total comprehensive income			
Shares owned by the controlling company	162,239	63,083	201,149
Non-controlling stake	47,797	34,641	45,421

Key financial performance

Unit: KRW 100 million

Division	2019	2020	2021
Total assets	76,231	87,070	89,692
Sales	21,989	22,732	35,724
Operating income	2,922	1,359	2,644
Net income	2,430	1,051	2,334

Tax management(Corporate tax expense)

Division		Unit	2019	2020	2021
Hyundai Department Store	Amount of tax paid	Sales*	KRW million	1,385,244	1,245,063
		Earnings before tax*	KRW million	258,918	133,274
		Unpaid corporation tax (Paid corporation tax)	KRW million	57,020	31,200
		Corporate tax expense	KRW million	63,261	31,375
		Tax rate	%	22	22
		Effective tax rate**	%	22.02	23.41
Hanmoo Shopping	Amount of tax paid	Sales*	KRW million	549,850	505,370
		Earnings before tax*	KRW million	141,860	100,466
		Unpaid corporation tax (Paid corporation tax)	KRW million	21,722	22,982
		Corporate tax expense	KRW million	33,572	23,496
		Tax rate	%	22	22
		Effective tax rate**	%	15.31	22.88
Hyundai Department Store Duty Free	Amount of tax paid	Sales*	KRW million	368,834	622,398
		Earnings before tax*	KRW million	-75,918	-98,568
		Unpaid corporation tax (Paid corporation tax)	KRW million	-	-
		Corporate tax expense	KRW million	-	-
		Tax rate	%	22	22
		Effective tax rate**	%	0	0

* Based on non-consolidated financial statements

** Paid corporation tax/Earnings before tax

Defined benefit pension system debt appropriation

Division		Unit	2019	2020	2021
Hyundai Department Store	Forecast amount	KRW million	175,895	194,859	204,479
	Accumulated pension assets	KRW million	173,270	176,990	210,214
Hanmoo Shopping	Forecast amount	KRW million	24,563	28,363	27,365
	Accumulated pension assets	KRW million	26,463	28,788	32,405
Hyundai Department Store Duty Free	Forecast amount	KRW million	3,753	6,689	9,173
	Accumulated pension assets	KRW million	2,606	2,015	8,106

Credit ratings

Division		2019	2020	2021
Commercial paper	Korea Investors Service	-	A1	A1
	Korea Ratings	A1	-	-
	NICE Investors Service	A1	A1	A1
Corporate bonds	Korea Investors Service	AA+	AA+	AA+
	Korea Ratings	AA+	AA+	AA+
	NICE Investors Service	-	AA+	AA+

R&D investment costs

Division	Unit	2019	2020	2021
R&D costs	KRW million	1,629	3,017	3,478
R&D cost compared to sales	%	0.07	0.13	0.10

Economic Value Allocation

Division		Unit	2019	2020	2021
Shareholders*	Dividends	KRW million	20,301	22,323	22,089
Employees*	Salaries and Bonuses	KRW million	196,720	206,114	219,199
	Benefits expenses	KRW million	62,425	62,099	67,658
	Retirement benefits	KRW million	21,768	28,300	27,276
Government*	Corporate tax	KRW million	95,603	41,866	83,472
Community***	Social contribution fund	KRW million	3,410	2,620	2,804
Partner companies***	Cost of purchase**	KRW million	292,880	427,551	179,607
	Shared growth support costs****	KRW million	3,645	3,590	4,167

* Based on consolidated criteria

** Partner company order amount by support division

*** Calculation criteria: Hyundai Department Store Co., Ltd. + Hanmoo Shopping Co., Ltd.

**** Calculation criteria: 89p, total amount of sales channel support, management support, and welfare support from partner companies' shared growth support

Types of shares and voting rights* status

Division	Number of issued shares(Share)	Ratio(%)
Preferred shares	-	-
Common shares – Voting shares	21,855,186	93.4
Common shares – Own shares	1,547,255	6.6
Total number of issued shares	23,402,441	100

* Under the Commercial Act, voting rights are one per share, and the Company does not grant dual class rights

Stock ownership status of shareholders of more than 5%

Division	Number of shares owned(Shares)	Ratio(%)
Chung Ji-sun	3,998,419	17.09
National Pension Service	2,683,774	11.47
Hyundai Green Food	2,819,226	12.05

Major association fees paid

Division	Unit	2019	2020	2021
Department Store Association	KRW million	209	221	223
Korea Chamber of Commerce and Industry	KRW million	120	93	84
Korea Listed Companies Association	KRW million	14	14	14
COEX MICE Cluster Committee	KRW million	10	10	5
Cheongju Chamber of Commerce and Industry	KRW million	11	4	4

* Hyundai Department Store complies with the domestic 'Political financing regulations', which prohibits political donations from companies, and does not provide any political funds and lobbying funds. However, we sponsor associations with ensured political neutrality those with a purpose of public interest for the development of the industry.

Government aid

Division	Unit	2019	2020	2021
Government subsidies	KRW million	290	0	0
Tax relief and deductions	KRW million	56	345	69

Environmental data

GHG Emissions

Division			Unit	2019	2020	2021
GHG emissions	Hyundai Department Store	Scope1	tCO ₂ eq	15,881	14,319	17,453
		Scope2	tCO ₂ eq	133,223	130,219	148,745
		Scope1+Scope2	tCO ₂ eq	149,094	144,529	166,188
		GHG emission intensity	tCO ₂ eq/ KRW 100 million	3.58	3.71	3.47
	Hanmoo Shopping	Scope1	tCO ₂ eq	5,357	4,614	5,188
		Scope2	tCO ₂ eq	56,384	54,400	63,292
		Scope1+Scope2	tCO ₂ eq	61,741	59,014	68,476
		GHG emission intensity	tCO ₂ eq/ KRW 100 million	3.61	3.66	3.64
	Total	Scope1	tCO ₂ eq	21,239	18,933	22,640
		Scope2	tCO ₂ eq	189,608	184,620	212,033
		Scope1+Scope2*	tCO ₂ eq	210,835	203,543	234,660
		GHG emission intensity**	tCO ₂ eq/ KRW 100 million	3.59	3.70	3.52
Target amount of GHG emissions	Hyundai Department Store (final free allocation)		tCO ₂ eq	160,995	167,332	165,854
	Hanmoo Shopping(emission allowance)		tCO ₂ eq	67,538	63,794	73,896
Reduced amount of GHG emissions****	Hyundai Department Store		tCO ₂ eq	1,618.45	2,985.81	1,255.14
	Hanmoo Shopping		tCO ₂ eq	1,131.48	1,478.44	797.12

* Increased emissions due to new business facilities(Daejeon Outlet in June 2020, SPACE1 in November 2020, and The Hyundai Seoul in February 2021)

** Calculation criteria: Total consumption/Gross sales

** Calculation criteria: Hyundai Department Store Co., Ltd. + Hanmoo Shopping Co., Ltd.

*** Total GHG emissions: We eliminated decimal points for each business site when calculating Scope1 and Scope2. Therefore, the calculated sum of Scope1 and Scope2 may be different than adding Scope1 and Scope2.

**** Based on: YoY reduction amount(Reduction due to energy savings through facility operation and investment)

**** Scope 2

Energy

Division			Unit	2019	2020	2021
Energy consumption*	Hyundai Department Store	Fuel	TJ	311	280	336
		Electricity	TJ	2,641	2,587	2,989
		Steam	TJ	125	127	151
		Solar	TJ	1	1	2
		Total energy consumption	TJ	3,079	2,997	3,479
		Energy consumption intensity	TJ/KRW 100 million	0.074	0.077	0.072
	Hanmoo Shopping	Fuel	TJ	104	90	101
		Electricity	TJ	1,120	1,083	1,257
		Steam	TJ	56	50	83
		Total energy consumption	TJ	1,282	1,224	1,443
		Energy consumption intensity	TJ/KRW 100 million	0.075	0.076	0.077
	Total	Fuel	TJ	415	370	437
		Electricity	TJ	3,762	3,671	4,247
		Steam	TJ	182	178	235
		Total energy consumption*	TJ	4,360	4,220	4,920
		Energy consumption intensity**	TJ/KRW 100 million	0.074	0.077	0.074
Energy savings***	Hyundai Department Store	Reduced facility operation****	TJ	3.8	17	8
		Breakdown of investment savings*****	TJ	8.7	5	1.7
	Hanmoo Shopping	Reduced facility operation	TJ	8.1	10.8	3.2
		Breakdown of investment savings	TJ	0.4	0.2	2.6

* The sum of total energy consumption and energy source consumption may be different due to eliminating the decimal point by energy source

** Calculation criteria: Total consumption/Gross sales

** Calculation criteria: Hyundai Department Store Co., Ltd. + Hanmoo Shopping Co., Ltd.

*** Based on: YoY reduction amount

**** Reduction of facility operation: Adjustment of usage hours of exhaust fans in underground parking lots, reduction of usage hours of air conditioner, adjustment of lighting operation in underground parking lots, etc.

***** Breakdown of investment savings: LED lamp replacement, outdated boiler replacement, high efficiency transformer replacement, etc.

Water*

Division	Unit	2019	2020	2021
Water intake	Tap water	ton	2,958,553	2,554,018
	Groundwater	ton	239,834	208,497
	Industrial water	ton	0	35,445
	Total amount of water intake(①)	ton	3,198,387	2,797,960
Amount of water recycled(②)		ton	224,143	221,542
Percentage of water recycled		%	7.01	7.92
Total water consumption(① + ②)		ton	3,422,530	3,019,502
Water consumption intensity*		ton/KRW 100 million	58.26	54.83

* Based on environmental information disclosure system reporting standards

* Calculation criteria: Total sales of Hyundai Department Store Co., Ltd. + Hanmoo Shopping Co., Ltd.

Waste*

Division	Unit	2019	2020	2021
Amount of waste generated	Waste including waste synthetic resin	ton	9,529	7,769
	Food waste	ton	7,369	5,401
	Other waste	ton	1,691	1,611
	Designated waste	ton	9	12
	Total***	ton	18,600	14,804
Waste disposal	Incineration	ton	2,184	1,658
	Landfill	ton	7	20
Volume of waste recycled	Waste including waste synthetic resin	ton	7,425	6,156
	Food waste	ton	7,369	5,401
	Other waste	ton	1,604	1,554
	Designated waste	ton	9	12
	Total***	ton	16,408	13,124
Percentage of waste recycled**		%	88.22	88.66

* Based on environmental information disclosure system reporting standards

** Calculation criteria: Total amount of waste recycled/Total amount of waste generated

*** When calculating total waste, waste synthetic resin, food waste, designated waste, and other waste were totaled and decimal points were eliminated

Raw materials*

Division	Unit	2019	2020	2021
Amount of raw material consumed	Renewable raw materials(paper)**	kg	-	-
	Non-renewable raw materials(plastic)***	kg	-	-
	Total amount of consumption	kg	-	-

* Started collecting data since 2021

** Paper: Based on calculation of 100% recycled paper shopping bag

*** Plastic: Based on calculation of directly purchased fruit and vegetable packaging containers(using 90% recycled plastic)

Environmental investment

Division	Unit	2019	2020	2021
Environmental investment amount	Equipment	KRW million	3,514	92
	Electricity	KRW million	10,732	1,210
	Other*	KRW million	702	1,163

* Replaced with eco-friendly boilers in 2020 due to new office investment and changes in laws and regulations

** New offices in 2020(Daejeon, SPACE1, The Hyundai Seoul)

*** Replaced filters of all branches in 2019

Green purchases

Division	Unit	2019	2020	2021
Green purchase amount	Green purchases	KRW million	1,194	1,067
	Eco-friendly packaging	KRW million	442	460

Sales of eco-friendly products

Division	Unit	2019	2020	2021
Food	Eco-friendly certified agricultural products	KRW million	20,000	20,080
	Animal welfare eggs	KRW million	2,337	2,394
	Animal welfare-certified products	Korean beef*	KRW million	-
		Pork meat	KRW million	140
		Poultry	KRW million	177
			754	777
Living	KRW million	22,372	27,899	39,353
Life	KRW million	678	722	734

* Started collecting data since 2021

Social data

Employee status

Division			Unit	2019			2020			2021		
				Female	Male	Total	Female	Male	Total	Female	Male	Total
Total number of employees			person	1,596	1,292	2,888	1,684	1,293	2,977	1,792	1,316	3,108
Work type	Permanent	Full time	person	1,529	1,284	2,813	1,613	1,285	2,898	1,699	1,307	3,006
		Part time	person	25	5	30	22	4	26	24	6	30
	Non-permanent	Full time	person	42	3	45	49	4	53	69	3	72
		Part time	person	0	0	0	0	0	0	0	0	0
Rank	Employee		person	1,524	712	2,236	1,595	694	2,289	1,681	709	2,390
	Mid-level*		person	67	539	606	84	560	644	106	566	672
	Executive		person	5	41	46	5	39	44	5	41	46
Job group	Executive		person	5	41	46	5	39	44	5	41	46
	Office positions		person	1,286	1,243	2,529	1,381	1,246	2,627	1,513	1,266	2,779
	Service positions		person	301	6	307	294	5	299	269	6	275
	Other positions		person	4	2	6	4	3	7	5	3	8
Age	Under 30 years old		person	879	222	1,101	825	182	1,007	832	206	1,038
	30-50 years old		person	651	901	1,552	784	931	1,715	869	903	1,772
	Over 50 years old		person	66	169	235	75	180	255	91	207	298

* Mid-level: Manager level or higher

Recruitment and turnover

Division		Unit	2019	2020	2021
Total number of new hires		person	390	311	506
Gender	Male	person	69	52	98
	Female	person	321	259	408
Age	Under 30 years old	person	339	265	455
	30-50 years old	person	41	40	46
	Over 50 years old	person	10	6	5
Open positions filled by internal candidates		person	0	20	0
Total number of turnovers and retirees		person	363	239	352
Gender	Male	person	45	36	56
	Female	person	318	203	296
Age	Under 30 years old	person	262	162	213
	30-50 years old	person	90	65	127
	Over 50 years old	person	11	12	12
Number of voluntary turnover by rank	Assistant manager or higher	person	43	40	65
	Skilled positions or below	person	299	174	260
Number of voluntary turnover by gender	Male	person	34	25	43
	Female	person	308	189	282
Voluntary turnover rate*		%	11.8	7.2	10.5

* (Number of voluntary turnovers within the reporting year/Total number of employees at the end of the reporting year) x 100

Employee diversity

Division		Unit	2019	2020	2021
Status of female employees	Percentage of female executives*	%	10.9	11.4	10.9
	Percentage of women in managerial positions**	%	11.1	13.0	15.8
	Percentage of female employees	%	55.3	56.6	57.7
Status employees with disabilities	Percentage of employees with disabilities	%	3.1	3.1	3.0
Status of veteran employees	Number of veteran employees	person	36	37	38
	Percentage of veteran employees	%	1.2	1.2	1.2

* Ratio of female executives to all executives

** Managerial positions: Managers to executives

Performance evaluation and remuneration status

Division		Unit	2019	2020	2021	
Performance evaluation		Number of employees eligible for performance evaluation	person	2,888	2,977	3,108
		Percentage of employees that conducted performance evaluations	%	100	100	100
Remuneration ratio*	Managerial positions**	Total	%	80.4	81.7	80.9
		Chief Manager	%	97.5	93.5	98.8
		Manager	%	90.4	88.6	87.2
		Assistant manager	%	93.5	94.6	92.5
	Non-managerial(skilled)***		%	104.5	97.1	93.1
	Ratio wage of new college-graduate entrants(assistant managers) compared to statutory minimum wage****	Male	%	223.0	220.9	226.0
		Female	%	218.9	216.8	221.8

* Female's basic salary compared to male, PS(Profit Sharing) included

** Managerial positions: Managers to executives

*** Non-managerial positions: Skilled, etc.

**** Included in the contract to comply with the minimum wage of non-employees in accordance with the Labor Standards Act

Childcare leave

Division		Gender	Unit	2019	2020	2021
Targets and users	Number of employees eligible for childcare leave*	Male	person	364	362	379
		Female	person	145	191	229
	Number of employees that used childcare leave	Male	person	4	5	1
		Female	person	43	63	61
Percentage of employees returning to work	Number of employees returning after childcare leave	Male	person	4	3	1
		Female	person	34	38	31
	Percentage of employees returning to work**	Male	%	67	75	50
		Female	%	92	95	76
Employee retention rate	Number of employees who returned from childcare leave and remained for 12 months	Male	person	3	4	3
		Female	person	20	32	35
	12-month employee retention rate***	Male	%	100	67	75
		Female	%	74	86	88

* Calculation of employees that registered for family event funds with children under the age of 8 years

** (Number of employees that returned after childcare leave/Total number of employees scheduled to return after childcare leave) x 100

*** (Number of employees retained for 12 months after returning from childcare leave/number of employees that returned from childcare leave in the previous reporting period) x 100

Support for retirees

Division		Unit	2019	2020	2021
Retiree assistance program	Personnel that received support for employees who changed jobs	person	24	19	27
	Support amount for employees who changed jobs	KRW million	126	124	178
	Personnel that received tuition support	person	8	4	6
	Tuition support amount	KRW million	27	18	26
	Personnel that received re-employment training support	person	13	6	11
	Re-employment training support amount	KRW million	21	10	20

Training and education

Division		Unit	2019	2020	2021
Training hours and cost****	Total hours of training*	Hours	107,671	87,092	119,294
	Total cost of training	KRW million	689	408	516
	Hours of training per person	Hours	16.5	13.3	18.1
	Cost of training per person	KRW million	0.22	0.13	0.15
Rank Course Pass System(required training)		person	2,469	2,507	2,498
Personnel who have completed legal compulsory training	Information security/sexual harassment prevention/improvement on disability awareness training	person	2,925	2,970	3,150
	Internal accounting management training	person	2,559	2,776	2,628
Personnel who have completed professional training	Live commerce training	person	-	-	199
	Digital transformation training**	person	-	-	120
	Business university	person	27	25	25
Personnel that have received other training	Ethical training***	person	219	297	432
	Shared growth training (for partner employees)	person	114	58	91
	Fair trade training	person	1,231	1,220	1,188
	Organizational culture improvement training(Team unit training)	person	191	-	182
	Language manners and intergenerational empathy training	person	-	-	5,334

* Calculation criteria: Hours of courses × those who completed training

** Digital transformation training: DT strategist course, DA and GA intensive course

*** New employee training/Experienced employee introductory training/Applicable only to skilled positions introductory training

**** Indistinguishable by gender and rank

Labor relations

Division		Unit	2019	2020	2021
Percentage of collective agreement coverage*		%	36.2	34.9	35.0
Union membership rate**		%	32.2	31.2	30.7
Status of labor council issues	Number of items	items	235	137	214
	Percentage of actions completed	%	100	100	100
Grievance handling report and report status***	Number of reports received	items	2	6	6
	Percentage of actions completed	%	100	100	100

* Calculation criteria: Senior employees or lower/former employees(excluding executives)

** Calculation criteria: Senior employees or lower/former employees(excluding executives)

*** All grievances received were inquiries about working conditions, such as job transfers. No reports received on human rights-related matters

Shared growth with partner companies

Division			Unit	2019	2020	2021
Number of partner companies* in the support division		Number of partner companies	companies	2,876	3,102	3,270
		Number of major partner companies**	companies	747	783	794
Partner company order amount in the support division			KRW 100 million	2,929	4,276	1,796
Number of partner companies in the product division		Number of partner companies	companies	4,607	4,429	4,352
		Number of major partner companies***	companies	339	317	313
Amount of shared growth support	Fund support	Shared growth grant	KRW 100 million	35	39	40
		Shared growth fund	KRW 100 million	119	129	123
	Sales channel support	Events for small and medium-sized business' products (dedicated stores, etc.)	KRW 100 million	11.4	8.8	10.5
		Korea Fashion Market	KRW 100 million	-	8.5	12.1
		Support for outstanding small and medium-sized companies' overseas sales channels	KRW 100 million	1.2	Discontinued due to COVID-19	
	Management support	Training and consulting support	KRW 100 million	0.6	0.1	0.2
		Collaborative projects (including interior support)	KRW 100 million	5.7	2.1	1.3
		Small and medium-sized enterprises' margin reduction	KRW 100 million	10.6	11.4	11.5
	Welfare support	Family love program (Scholarship+incurable disease) KRW 100 million	KRW 100 million	2.95	1.30	1.87
		Outstanding partner company employee award	KRW 100 million	2.7	2.6	2.9
		Merit award for partner companies	KRW 100 million	1.3	1.1	1.3

* Construction/design/construction supervision/furniture/equipment purchase/IT/VMD/printing, etc.

** Partner companies that participates in at least two bids per year

*** Number of small and medium-sized partner companies who have signed the fair trade and shared growth agreements with our company(Eligible for priority support for shared growth support projects)

Social contribution

Division	Unit	2019	2020	2021
Social contribution fund	KRW million	3,410	2,620	2,804

Customer care

Division	Unit	2019	2020	2021
Customer satisfaction rate(out of 10 points)	Points	8.64	8.50	8.83*
Number of VOCs received	items	28,943	22,778	24,703
Status on VOCs handled	%	100	100	100

* Customer satisfaction goal for 2021: 8.5 points or more/maintaining 100% VOC handling rate

Safety and health

Division		Unit	2019	2020	2021
Safety and health training	Managers	person	114	58	91
	Managing directors	person	190	197	204
	Regular training	person	2,838	2,891	2,965

Occurrence of business accidents, disasters/diseases*

Division		Unit	2019	2020	2021
Employees	Total working hours per year**	Hours	6,007,040	6,192,160	6,464,640
	Number of business accidents and disasters (percentage)***	case(%)	1(0.03)	0(0)	1(0.03)
	Number of business casualties(percentage)	case(%)	0(0)	0(0)	0(0)
	Number of business disasters(percentage)****	case(%)	1(0.03)	0(0)	1(0.03)
	Number of serious accidents(percentage)	case(%)	0(0)	0(0)	0(0)
	Number of deaths from business illnesses	case	0	0	0
	Number of cases of business illnesses	case	0	0	0

* Partner companies: unable to calculate

** Calculation criteria: (Total number of employees at the end of the year) x (Working hours of 40 hours per week x 52 weeks)

*** Calculation criteria: (Total number of lost time incident/Total working hours) x 200,000

**** 2019, 2021 Simple injuries

**** Maintain the goal of 'zero cases' of industrial disaster occurrence by year

Information protection

Division			Unit	2019	2020	2021
Information security accidents		Number of customer information leakage	items	0	0	0
		Amount of monetary damage caused by leakage of customer information	KRW million	0	0	0
		Number of complaints filed by external parties for violation of customer privacy and verified within the organization	items	0	0	0
Training	Employees	Members of direct office employees	person	2,925	2,970	3,150
	Partner companies	Training at the time of entry	company	3,344	3,273	3,515
			person	26,210	25,676	32,189
		Privacy Day training	company	4,607	4,429	4,352
			person	35,634	37,735	39,626

Status of legal and regulatory violations

Division	Unit	2019	2020	2021
Number of legal sanctions related to fair trade	items	1*	0	0
Number of fines, sanctions, and warnings related to marketing and labeling	items	0	0	0
Number of violations of environmental laws	items	0	0	0

* We paid KRW 290 million in November 2019, and more information can be found on page 301 in the 2021 Business Report.



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GRI 301: Materials 2016	301-2	Recycled input materials used	86	
Waste and Recycling				
GRI 103: Management approach 2016	103-1,2,3	Management approach	25, 30-38	
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	32	
	306-2	Management of significant waste-related impacts	32-38	
	306-3	Waste generated	86	
	306-4	Waste diverted from disposal	86	
	306-5	Waste directed to disposal	86	
Talent acquisition and retention				
GRI 103: Management approach 2016	103-1,2,3	Management approach	25, 41-45, 76-77	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	87	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	44-45	
	401-3	Parental leave	88	
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	76-77	
	403-2	Hazard identification, risk assessment, and incident investigation	76-77	
	403-3	Occupational health services	76-77	
	403-4	Worker participation, consultation, and communication on occupational health and safety	76-77	
	403-5	Worker training on occupational health and safety	76-77	
	403-6	Promotion of worker health	76-77	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	53, 77	
	403-9	Work-related injuries	90	
	403-10	Work-related ill health	90	
GRI 404: Training and education 2016	404-1	Average hours of training per year per employee	89	
	404-2	Programs for upgrading employee skills and transition assistance programs	41-42, 89	
	404-3	Percentage of employees receiving regular performance and career development reviews	88	



GRI Standard	Disclosure	Title	Page	Note
Responsible Partner Management				
GRI 103: Management approach 2016	103-1,2,3	Management approach	25, 53-58	
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	53	
Human Rights Management				
GRI 103: Management approach 2016	103-1,2,3	Management approach	25, 44-45, 70-71	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	70-71, 87-88	
	405-2	Ratio of basic salary and remuneration of women to men	88	
Customer Safety and Health				
GRI 103: Management Approach 2016	103-1,2,3	Management approach	31, 48, 67, 78-79	
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	48	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	-	No violations
GRI 417: Marketing and Labeling 2016	417-2	Incidents of non-compliance concerning product and service information and labeling	90	
	417-3	Incidents of non-compliance concerning marketing communications	90	
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	90	Maintain goal of no occurrence of customer information leakage incidents



SASB Index

Multiline and Specialty Retailers Distributors

Sustainability Disclosure Topics & Accounting Metrics

Topic	Code	Accounting metric	Page	Note
Energy Management in Retail & Distribution	CG-MR-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	85	
Data Security	CG-MR-230a.1	Description of approach to identifying and addressing data security risks	78-79	
	CG-MR-230a.2	(1) Number of data breaches, (2) percentage involving personally identifiable information(PII), (3) number of customers affected	90	
Labor Practices	CG-MR-310a.1	(1) Average hourly wage and (2) percentage of in-store employees earning minimum wage, by region	88	
	CG-MR-310a.2	(1) Voluntary and (2) involuntary turnover rate for in-store employees	87	
	CG-MR-310a.3	Total amount of monetary losses as a result of legal proceedings associated with labor law violations	-	N/A
Workforce Diversity & Inclusion	CG-MR-330a.1	Percentage of gender and racial/ethnic group representation for (1) management and (2) all other employees	88	
	CG-MR-330a.2	Total amount of monetary losses as a result of legal proceedings associated with employment discrimination	-	N/A
Product Sourcing, Packaging & Marketing	CG-MR-410a.1	Revenue from products third-party certified to environmental and/or social sustainability standards	86	
	CG-MR-410a.2	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	77	
	CG-MR-410a.3	Discussion of strategies to reduce the environmental impact of packaging	32-36	

Activity Metrics

Topic	Code	Note
Number of: (1) retail locations and (2) distribution centers	CG-MR-000.A	(1) Retail locations: 24 (2) Distribution center: None
Total area of: (1) retail space and (2) distribution centers*	CG-MR-000.B	(1) Retail: 1,152,674m ² (2) Distribution center: None

* Based on operating area

TCFD Index

In accordance with the Task Force on Climate-related Financial Disclosures(TCFD) recommendations, Hyundai Department Store discloses the direction of the company's response to climate change in four areas: governance, strategy, risk management, indicators and goals, in accordance with the stakeholders' requests for disclosure of information related to climate change response.

Category	Recommended Disclosures	Details	CDP Reference																																																
Governance	a. Describe the board's oversight of climate-related risks and opportunities.	The ESG Management Committee, under the Board of Directors, oversees the risks and opportunities associated with climate change, eco-related investments and plans through more than one semi-annual deliberation/decision.	C1.1																																																
	b. Describe management's role in assessing and managing climate-related risks and opportunities.	The chief executive actively expresses his commitment to environmental management both internally and externally, integrates the company's basic management strategy and policy with environmental management strategies and policies, and reflects the basic principles of sustainable development. The Chairman of the ESG Management Committee is the Chief Sustainability Officer(CSO)and has roles and responsibilities related to climate change. The ESG Steering Committee is responsible for climate change and ESG-related practices and reports relevant strategies and issues to the ESG Management Committee.	C1.2																																																
Strategy	a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Hyundai Department Store analyzed the risks/opportunities related to climate change based on TCFD recommendations and ISO14001(Environmental Management System). In order to systematically respond to the risks/opportunities derived, we set and carry out the response direction for each item. We want to systematically identify the real and potential impact on our business, strategy and financial planning by considering future climate change scenarios.	C2.1, C2.3, C2.4, C2.3, C2.4, C3.1, C3.2, C3.3, C3.4, C3.2																																																
	b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	<table><tr><th rowspan="2">Types</th><th rowspan="2">Risk and opportunity factors</th><th colspan="4">Potential financial impact</th><th rowspan="2">Direction of response</th></tr><tr><th>Risk</th><th>Opportunities</th><th>Size of Impact</th><th>Cycle of influence</th></tr><tr><td rowspan="2">Policy and Legal</td><td>Carbon pricing</td><td><ul style="list-style-type: none">• Increase in energy costs• Increase in additional capital expenditures and other costs to reduce GHG emissions</td><td><ul style="list-style-type: none">• Increased consumer interest in eco-friendly consumption• Improve corporate confidence of stakeholders(including customers)</td><td>● ●</td><td>Short term</td><td><ul style="list-style-type: none">• Establishment/implementation of medium-to long-term roadmap for carbon neutral• Infrastructure construction through resource efficiency and expansion of energy-saving equipment</td></tr><tr><td>Free of plastic</td><td><ul style="list-style-type: none">• Increased cost due to material conversion(plastic → eco-friendly) (e.g. mandatory use of recycled raw materials)</td><td><ul style="list-style-type: none">• Create a social atmosphere of plastic reduction• Provide customers with a variety of experiences through expanding the range of handling brands/products</td><td>● ●</td><td>Short term</td><td><ul style="list-style-type: none">• Transition from plastic to eco-friendly materials• Eco-friendly MD identification and event branding</td></tr><tr><td>Reputation</td><td>Strengthened climate change response requests from investors and stakeholders</td><td><ul style="list-style-type: none">• Stock price drops, entry and customer withdrawals upon lack of commitment and effort to respond to climate change</td><td><ul style="list-style-type: none">• Increased brand image of social enterprise through active climate change response activities and carbon emission reduction achievements</td><td>● ●</td><td>Short term</td><td><ul style="list-style-type: none">• Transparent information disclosure• Establishment/implementation of medium-to long-term reduction targets</td></tr><tr><td rowspan="2">Physical environment changes</td><td>Symptoms of abnormal climate phenomena such as typhoons, floods, heavy snow</td><td><ul style="list-style-type: none">• Increase in the cost of recovery and loss of business opportunities in the event of disasters• Cost of investment in safety/ disaster prevention facilities</td><td><ul style="list-style-type: none">• Increase in customer confidence by building secure department stores• Reduction of natural disaster response premiums</td><td>● ● ●</td><td>Acute (long-term)</td><td><ul style="list-style-type: none">• Build emergency response manuals and strengthen capabilities for rapid response• Enhance stability of facilities• Sign up for insurance in case of natural disasters</td></tr><tr><td>Rise in average temperature, fine dust, yellow dust</td><td><ul style="list-style-type: none">• Increase in operating costs for air conditioning and air conditioning facilities</td><td><ul style="list-style-type: none">• Increase in the number of internal customers and sales through management of pleasant sales environment</td><td>● ● ●</td><td>Chronic (long-term)</td><td><ul style="list-style-type: none">• Improve energy efficiency• Promote forest creation activities• Installation of air conditioner filters to improve indoor air quality</td></tr><tr><td colspan="4">Size of Impact: ● Low ●● Mid ●●● High</td></tr></table>		Types	Risk and opportunity factors	Potential financial impact				Direction of response	Risk	Opportunities	Size of Impact	Cycle of influence	Policy and Legal	Carbon pricing	<ul style="list-style-type: none">• Increase in energy costs• Increase in additional capital expenditures and other costs to reduce GHG emissions	<ul 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Category	Recommended Disclosures	Details	CDP Reference
Risk management	a. Describe the organization's processes for identifying and assessing climate-related risks.	Hyundai Department Store has an ESG risk management system to preemptively respond to legal amendments and changes in the internal and external environment in relation to ESG issues, including climate change, that may have a significant impact on the company. In March 2021, we established ESG risk management guidelines so that all employees can respond to and systematically act on climate change-related risks in carrying out their tasks. In April 2021, the environmental management policy was established and applied throughout their business activities through ISO14001 (Environmental Management System) certification by all headquarters and department stores. More information about risk identification, assessment, and management processes can be found in the Risk Management section (75p).	C2.1, C2.2
	b. Describe the organization's processes for managing climate-related risks.	<p>Climate change risk management process</p> <pre> graph LR A((All department and sales office take action)) --> B((Identify risk/opportunity factors)) B --> C((Reflect to management and environmental management strategies)) C --> D((Execute environmental management)) D -- "Environmental performance assessment Identification of cause and post measures" --> A </pre>	C2.1, C2.2
	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.		C2.1, C2.2
Metrics and targets	a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	More information can be found on 27-30p.	C4.2, C9.1
	b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	More information can be found on 29p, 85p.	C6.1, C6.3, C6.5
	c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	More information can be found on 27-39p, 85-86p.	C4.1, C4.2

GHG Emissions Verification Statement

Hyundai Department Store Co., Ltd.

Verification Scope

Korean Standards Association has conducted verification for GHG emissions under reasonable level of assurance, based on GHG report provided by Han Moo Co., Ltd. which includes Scope1 and Scope2 emissions.

Verification Standards and Guidelines

To conduct verification activities, verification team applied verification standards and guidelines. The standards and guidelines are as follows.

- GHG&Energy Target Scheme, Korea ETS guideline provided by Ministry of Environment, Republic of Korea
- KS Q ISO 14064-1,2,3 : 2018
- 2006 IPCC Guidelines for National Greenhouse Gas Inventories

Verification Conclusion

As a result of verification activities, verification team has found no significant errors, omissions, and misstatements. Therefore, Korean Standards Association confirms that following emissions data are adequately quantified.

2021 Emissions(Scope1, Scope2)

Year	Unit	Scope 1	Scope 2	Total
2021	tCO ₂ eq	17,453	148,745	166,188

※ Decimal place is not considered when calculating the emission of each workplace.

July 18, 2022

KOREAN STANDARDS ASSOCIATION

Han Moo Co., Ltd.

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Verification Conclusion

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2021 Emissions(Scope1, Scope2)

Year	Unit	Scope 1	Scope 2	Total
2021	tCO ₂ eq	5,187.739	63,291.813	68,476

※ Decimal place is not considered when calculating the emission of each workplace.

July 18, 2022

KOREAN STANDARDS ASSOCIATION

Third Party Verification Statement

Relating to Hyundai Department Store Co., Ltd.'s Sustainability Report for the calendar years 2019-2021

This Assurance Statement has been prepared for Hyundai Department Store Co., Ltd. in accordance with our contract but is intended for the readers of this Report.

Terms of engagement

LRQA was commissioned by Hyundai Department Store Co., Ltd.(Hyundai Department Store) to provide independent assurance on its 'Hyundai Department Store Sustainability Report 2021' ('the report') against the assurance criteria below to a 'moderate level of assurance and materiality of professional judgement' using 'Accountability's AA1000AS v3', where the scope was a Type 2 engagement.

Our assurance engagement covered Hyundai Department Store's operations and activities in domestic for the calendar years 2019-2021 and specifically the following requirements:

- Evaluating adherence to the AA1000 AccountAbility Principles¹⁾ of Inclusivity, Materiality, Responsiveness and Impact
- Confirming that the report is in accordance with GRI Standards²⁾ and core option
- Evaluating the accuracy and reliability of data and information for only the selected indicators in the GRI Content Index listed below:
 - GRI 102(General): 102-17
 - GRI 200(Economic): 201-1, 201-2
 - GRI 300(Environmental): 301-1, 301-2, 306-1, 306-2, 306-3, 306-4, 306-5
 - GRI 400(Social): 401-1, 401-2, 401-3, 404-1, 404-2, 404-3, 405-1, 405-2, 414-1, 416-1, 416-2
 - THE HYUNDAI r-PET Project Performance³⁾

Our assurance engagement excluded the data and information of Hyundai Department Store's suppliers, contractors and any third-parties mentioned in the report.

LRQA's responsibility is only to Hyundai Department Store. LRQA disclaims any liability or responsibility to others as explained in the end footnote. Hyundai Department Store's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of Hyundai Department Store.

LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that Hyundai Department Store has not, in all material respects:

- Met the requirements above
- Disclosed accurate and reliable performance data and information as all errors or omissions identified during the assurance engagement were corrected
- Covered all the issues that are important to the stakeholders and readers of this report.

The opinion expressed is formed on the basis of a moderate level of assurance and at the materiality of the professional judgement of the verifier.

Note: The extent of evidence-gathering for a moderate assurance engagement is less than for a high assurance engagement. Moderate assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a moderate assurance engagement is substantially lower than the assurance that would have been obtained had a high assurance engagement been performed.

LRQA's approach

LRQA's assurance engagements are carried out in accordance with our verification procedure. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Assessing Hyundai Department Store's approach to stakeholder engagement to confirm that issues raised by stakeholders were captured correctly. We did this through reviewing documents and associated records.
- Reviewing Hyundai Department Store's process for identifying and determining material issues to confirm that the right issues were included in their Report. We did this by benchmarking reports written by Hyundai Department Store and its peers to ensure that sector specific issues were included for comparability. We also tested the filters used in determining material issues to evaluate whether Hyundai Department Store makes informed business decisions that may create opportunities that contribute towards sustainable development.
- Auditing Hyundai Department Store's data management systems to confirm that there were no significant errors, omissions or mis-statements in the report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification. We also spoke with those key people responsible for compiling the data and drafting the report.
- Checking that the GRI Content Index allows stakeholders to access sustainability indicators.

1) <https://www.accountability.org>

2) <https://www.globalreporting.org>

3) Hyundai Department Store's own disclosures which was reported in the GRI Content Index but not covered by the topic-specific Standards of the GRI

Observations

Further observations and findings, made during the assurance engagement, are:

Inclusivity

We are not aware of any key stakeholder groups that have been excluded from Hyundai Department Store's stakeholder engagement process.

Materiality

We are not aware of any material issues concerning Hyundai Department Store's sustainability performance that have been excluded from the report. It should be noted that Hyundai Department Store has established extensive criteria for determining which issue/aspect is material and that these criteria are not biased to the company's management.

Responsiveness

The ESG management committee as part of ESG governance of Hyundai Department Store encourages the organization's contributions to sustainability development. Especially the ESG management committee's commitment to 3R policies(recycle, replace and reduce) for migrating the negative environmental impact of packaging materials and contributing to resource circulation as a retailer is considered as one of responsible practices.

Impact

Hyundai Department Store should make the materiality test process in place more effective by improving the procedure to identify and understand its negative outward impacts in sustainability context.

Reliability

Hyundai Department Store should establish documented data management process to ensure transparency and consistency of reporting sustainability performance data.

LRQA's standards, competence and independence

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition and ISO/IEC 17021 Conformity assessment – Requirements for bodies providing audit and certification of management systems that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

This verification engagement is the only work undertaken by LRQA for Hyundai Department Store and as such does not compromise our independence or impartiality.

24 September 2022

Tae-Kyoung Kim

LRQA Lead Verifier

On behalf of LRQA

17th Floor, Sinsong Building, 67 Yeouinaru-ro, Yeongdeungpo-gu, Seoul, Korea



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Affiliated Associations/Awards

Affiliated Associations

Department Store Association
Korea Chamber of Commerce and Industry
Korea Listed Companies Association
Cheongju Chamber of Commerce and Industry
COEX MICE Cluster Committee

Awards and Certifications

2021. 12	Presidential Commendation at the Eco-friendly Merit Award in the Carbon Neutral Practices Sector by the Ministry of Environment
2021. 12	Re-certification of Customer-centered Management(CCM) by the Korean Consumer Agency
2021. 12	Commendation from the Ministry of the Interior and Safety for supporting children of firefighters that has died in the line of duty
2021. 12	Commendation from the Ministry of the Interior and Safety for Outstanding safety management of multi-use facilities
2021. 12	Commendation from the Ministry of Culture, Sports, and Tourism for the promotion of the Tokyo Paralympics
2021. 11	Obtained the Welfare Community Contribution Recognition System by the Ministry of Health and Welfare
2021. 11	Prime Minister's Award for Shared growth of small and medium-sized enterprises by the Ministry of SMEs and Startups
2021. 10	Silver Award Good Design(GD) Product Selection from the Ministry of Trade, Industry, and Energy
2021. 10	Bronze Award Good Design(GD) Product Selection from the Ministry of Trade, Industry, and Energy
2021. 10	Ranked No. 1 in Customer Satisfaction in the department store section for 4 consecutive years by KMA
2021. 05	Obtained the International Environmental Management System, ISO14001 certification by the Korea Standards Association
2020. 12	Creative Award at the Mécénat Grand Prize by Korea Mécénat Association
2020. 10	Certification as excellent organization that sponsors culture and art by the Ministry of Culture, Sports, and Tourism
2020. 06	Korea Service Award Hall of Fame by Korea Standards Association
2020. 06	Outstanding company award for labor and management culture by the Ministry of Employment and Labor
2020. 06	Certified as an outstanding company in labor and management culture by the Ministry of Employment and Labor
2019. 11	Re-certification of Customer-centered Management(CCM) by the Korean Consumer Agency

Departments involved in constructing this Report

Department in charge	Position	
ESG Steering Committee	Managing Director	Yang Myeong-sung
	Chief Manager	Lee Eun-soo
	Manager	Cho Hoon
	Assistant Manager	Cho Hun-sang
	Assistant Manager	Jeong Ji-ho
	Manager	Eom Yoon-kyung
	Manager	Seo Mi-seon
	Manager	Kim Dong-jin
	Manager	Ha Jee-hoon
	Manager	Kang Seok-hoon
	Manager	Kwon Gu-hyun
	Manager	Kim Kyung-han
	Manager	Lee Woo-jong
	Manager	Yang Kyung-rok
	Assistant Manager	Kang Hye-won
	Manager	Jung Kyung-dae
	Manager	Kim Dang-won

Participating department	Position	
Planning and Coordination Department	Manager	Lee Byung-man
	Manager	Han Seung-hun
	Manager	Hwang Tae-young
	Manager	Moon Chan
	Manager	Kim Hyun-joon
	Assistant Manager	Lee Kyung-jae
Sales Strategy Center	Manager	Kim Sung-ho
	Assistant Manager	Choi Yoon-jeong
Management Support Department	Manager	Kim Doo-sub
	Manager	Park Jung-ho
	Manager	Kong Seung-hyuk
	Assistant Manager	Shin Dong-wook
	Assistant Manager	Yun Young-in
Digital Business Department	Manager	Kim Min-jeong
Outlet Business Department	Team Leader	Lee Won-ryong
Hyundai Children's Book Museum MOKA	Chief Curator	Choi Won-ok
Hyundai Department Store Duty Free	Assistant Manager	Lim You-hwan

Hyundai Department Store Sustainability Report 2021

Department in charge Hyundai Department Store's ESG Steering Committee
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 Website <http://www.ehyundai.com/>

THE HYUNDAI



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