

with  
**SHINSEGAE**

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# ABOUT THIS REPORT

Shinsegae publishes this TCFD Report to discuss its responsibilities for climate change and implement response strategies diligently. We will disclose our efforts to respond to climate change transparently and build consensus with stakeholders to overcome the crises associated with climate change .

### 🔍 Reporting Standards and Boundaries

This Report was prepared in adherence to the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations, which are the global standards for disclosing climate-related financial information, and the EU Sustainability Reporting Standards (ESRS). The reporting period is from January 1 to December 31, 2024, and activities and achievements related to climate change response in the first half of 2025 are also included. The primary reporting scope is centered on the domestic business sites of Shinsegae, and any discrepancies in the reporting scope and boundaries are specified separately in the notes.

### DISCLAIMER

This Report includes information on possible future scenarios, such as the analysis of climate change risks and financial impacts related to the management activities of Shinsegae. The investigative and analytical materials are based on information disclosed at present and reliable sources, but their accuracy and completeness cannot be guaranteed. They are reference materials provided based on data from the past. These materials cannot be used as evidence to prove legal responsibilities for the outcomes of investments made by institutional investors under any circumstances.

# INTRO

## TCFD Report

We publish this TCFD Report to identify our climate risks and opportunities and explore response measures in an attempt to address the intensifying climate change worldwide. Shinsegae aims to provide transparent information to stakeholders by disclosing its activities toward climate change response and carbon neutrality implementation.

Four Core Elements of TCFD Recommendations

### 1 Governance

- a) Supervision of the Board of Directors (p.6)
- b) Roles of the Management (p.6)



### 2 Strategy

- a) Risks and Opportunities (p.9~10)
- b) Business, Strategy and Financial Impact (p.11~14)
- c) Resilience Considering Scenarios (p.15~26)

### 3 Risk Management

- a) Identification of Risk (p.28)
- b) Risk Management (p.28)
- c) Integrated Risk Management (p.29)

### 4 Metrics & Targets

- a) Climate Change-related Targets (p.31)
- b) Greenhouse Gas Management Metrics (p.32)
- c) Climate Change Response Metrics (p.33~34)

# INTRO

## TCFD Roadmap

The TCFD is a consortium established by the Financial Stability Board (FSB) that provides guidelines to help companies effectively share information with investors and stakeholders regarding climate change. It identifies climate-related risks and opportunities and requires the disclosure of their financial impacts. Shinsegae declared its support for the TCFD in 2023, and has since disclosed climate-related information based on the TCFD framework (governance, strategy, risk management, metrics, and targets). In 2023, Shinsegae published its first TCFD report on climate change response activities and will continue to actively participate in climate change initiatives and transparently disclose related information to strengthen communication with internal and external stakeholders.

Shinsegae is actively pursuing greenhouse gas reduction activities by establishing a climate change response strategy aimed at achieving 2050 Net Zero targets. We have established a TCFD-based mid- to long-term roadmap to clearly define our long-term goals related to climate change and systematically set greenhouse gas (GHG) reduction targets. Additionally, we enhance our strategies to achieve these targets, thereby promoting sustainable growth and development.

2021

Systematization of environmental management (Sharing mission and vision)



- Establishment of ESG Committee
- Establishment of a dedicated ESG organization
- Introduction of the environmental management system (ISO14001 certification)
- Establishment of the decision-making system
- Establishment of a dedicated working-level organization

2022

Establishment of an environmental management strategy (Strategy, action plan, standards)



- Designation of all business sites as green stores
- Establishment of Net-Zero roadmap
- Establishment of eco-friendly package standards
- Refinement of greenhouse gas emission targets for all business sites
- Determination of directions and tasks for responding to transition risks (Regulations, markets)
- Analysis of Scope 3 inventory (Category 6: Business Trips at Business Sites)

2023

Disclosure of climate change decision-making system



- Declaration of support for TCFD
- Publication of TCFD Report
- Introduction of eco-friendly shopping bags
- Analysis of Scope 3 inventory (Category 5: Waste at Business Sites)

2024

Advancement of Environmental Management Strategy



- Re-certification of Environmental Management System ISO 14001
- Re-designation of Green Store Business Sites
- Analysis of Scope 3 inventory (Category 2: Capital Goods)

2030

32.8% reduction in carbon emissions compared to 2018



- 100% application of eco-friendly packages
- Expansion of renewable energy facilities
- Establishment of Scope 3 inventory

2050

Achievement of Net-Zero



- Achievement of Net-Zero at All Shinsegae Department Store Branches<sup>1)</sup>
- 1) Excluding management partnership stores

# GOVERNANCE

## Environmental Management Organization

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Shinsegae has established and operates an environmental management organization to oversee company-wide climate change response and other key environmental management issues. An ESG Committee is established under the Board of Directors to make decisions regarding company-wide environmental management for climate change. The management of Shinsegae proactively identifies risks and opportunities related to climate change issues and forms a decision-making consultative body to leverage these as value creation opportunities. The management operates dedicated environmental management organizations and working councils to identify environmental risks and develop environmental management strategies, regularly checking implementation status and monitoring related performance.

## Working Level Environmental Management Organization

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The Working Level Environmental Management Organization is a decision-making body that establishes environmental management strategies and implementation tasks, including climate change response. Considering the characteristics of the distribution business divided into the head office and stores, Shinsegae has formed a head office organization that establishes company-wide environmental management strategies and action plans, as well as a store organization that implements environmental management practices.

# GOVERNANCE

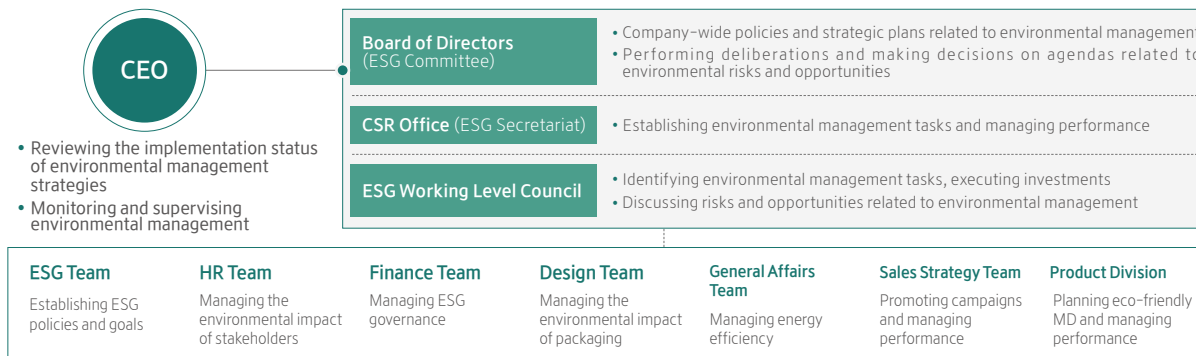
## Environmental Management Organization

Shinsegae has established and operates an environmental management organization to oversee company-wide climate change response and other key environmental management issues. An ESG Committee is established under the Board of Directors to make decisions regarding company-wide environmental management for climate change, while management regularly reviews the implementation status of strategies and monitors related performance. The ESG Working Level Council, under the ESG Committee, appoints the CSR Officer as the representative manager to identify environmental implementation tasks for each department and discusses key risks and opportunities in environmental management.

### Role and Responsibilities of the Board of Directors

The BOD of Shinsegae comprises seven directors in total, including three executive directors and four independent directors. The Board reviews climate change response strategies, including greenhouse gas reduction targets and detailed implementation plans, as well as other key environmental management agendas that may significantly impact management strategy and business performance. It provides feedback to enable management to make reasonable decisions aimed at maximizing corporate value through climate change response. When determining the compensation of directors, we reflect not only financial performance but also contributions to ESG activities by considering non-quantitative indicators, which are incorporated into bonuses.

### Environmental Management Organization Chart and Roles



### ESG Committee

Shinsegae has established an ESG Committee under the Board of Directors to efficiently respond to climate change risks and opportunities and to discuss major ESG-related decisions, including climate change. The ESG Committee formulates the company's mid- to long-term strategies and annual management plans related to climate change, and deliberates and approves important matters, including climate change response. The committee comprises two outside directors and one inside director, with an outside director serving as chairperson. According to Article 3 of the ESG Committee Operating Regulations, the committee reports its deliberations and outcomes to the Board semiannually. In 2024, it was held twice, with significant climate change-related agendas reported at least once annually.

### Role and Responsibilities of Management

The management of Shinsegae proactively identifies risks and opportunities related to climate change issues and forms a decision-making consultative body to leverage these as value creation opportunities. The management operates dedicated environmental management organizations and working councils to identify environmental risks and develop environmental management strategies, regularly checking implementation status and monitoring related performance. Additionally, it incorporates environmental management matters into the CEO's performance indicators and strives to efficiently manage the environmental management system. Moving forward, the management plans to increase the proportion of ESG-related KPIs in C-Level executives' performance indicators to strengthen the execution of environmental management strategies.

### Board of Directors and ESG Committee Agendas

Date	Category	Agenda Description
2024.06.14	Approval	Approval of performance and plan for ESG
	Report	Review of ESG Materiality Issues
	Approval	Approval of ESG-related policies
2024.11.14	Report	Report on performance and plan for ESG activities
	Approval	Deliberation on investments for Net Zero and environmental management
2025.04.15	Report	Report on performance and plan for ESG activities
	Report	Report on ESG Materiality
	Approval	Deliberation on investments for Net Zero and environmental management

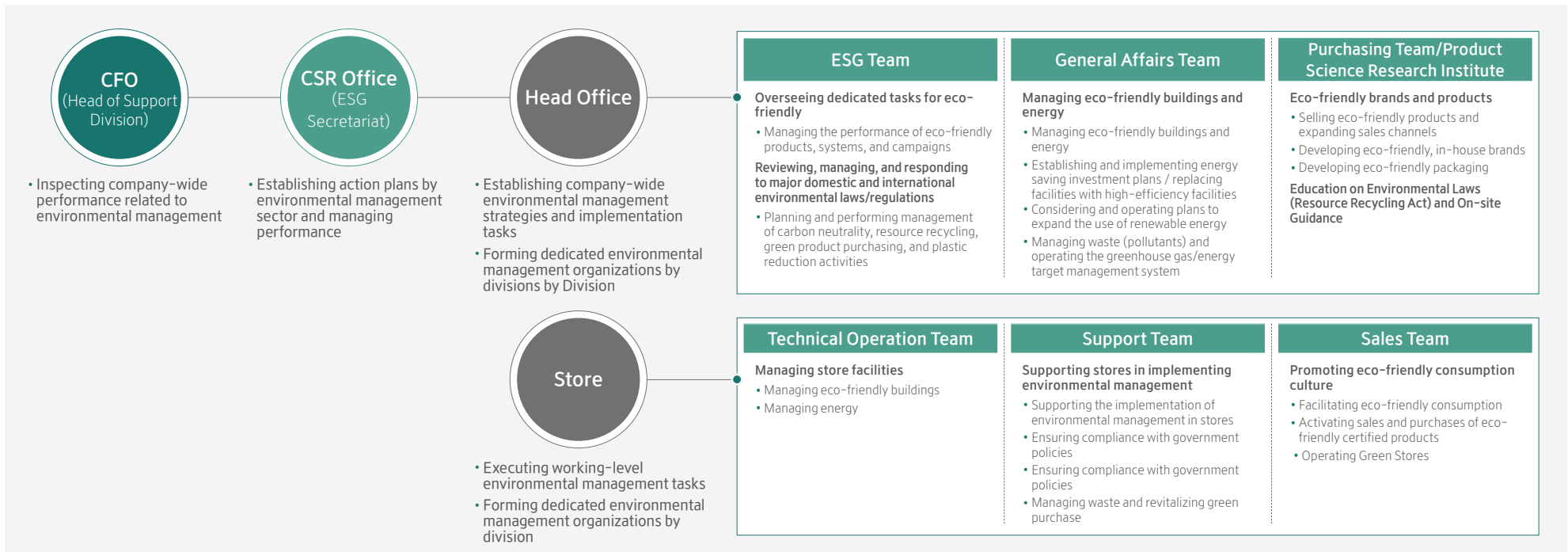
# GOVERNANCE

## Working Level Environmental Management Organization

The Working Level Environmental Management Organization is a decision-making body that establishes environmental management strategies and implementation tasks, including climate change response. Considering the characteristics of the distribution business divided into the head office and stores, Shinsegae has formed a head office organization that establishes company-wide environmental management strategies and action plans, as well as a store organization that implements environmental management practices. Additionally, Shinsegae has developed a linked system for eco-friendly management system that allows dedicated environmental management organizations to be formed by each sector, the head office and stores, to carry out tasks more efficiently.

Shinsegae holds meetings as needed when major issues related to climate change response and sustainable growth arise, along with conducting regular quarterly operational meetings. Each organization identifies environmental risks at the business unit level, formulates strategies accordingly, and reports implementation results to management, thereby fulfilling the company's social responsibility.

### Environmental Management Operational Organization Chart and Roles



# STRATEGY

## STEP 1 Determining Climate Change Risks and Opportunities

Shinsegae has identified and assessed climate change risks and opportunities to respond to the impacts arising from climate change. By considering literature analysis, benchmarking of industry peers, and analysis of global initiatives comprehensively, Shinsegae has determined important risks and opportunities associated with climate change.

## STEP 2 Materiality Assessment

To evaluate priority factors related to climate change, we conducted a materiality assessment based on the business impact over the short, medium, and long term. Factors were evaluated on a 5-point scale based on the likelihood and impact of business influence, combining analyses by external experts and reviews from relevant internal departments. Issues with an average score of 4 (high) or higher were selected as material issues.

## STEP 3 Climate Scenario Analysis

In order to review the climate change scenario, Shinsegae adopted the IEA scenario for transition risks and analyzed the IPCC SSP scenario for physical risks to derive potential financial impacts. Major risks with high likelihood and business impact were selected to analyze their financial impacts. For other factors, we also considered qualitative impacts comprehensively.

## STEP 4 Establishing Response Strategies

Through quantitative scenario analysis of the risks and opportunities identified, Shinsegae established four strategic directions and conducted resilience assessments. We plan to minimize climate change risks and utilize business opportunities effectively by re-certifying the environmental management system, establishing the three principles of adopting eco-friendly packaging operations, transitioning to renewable energy, and building eco-friendly distribution infrastructures.

# STRATEGY

## Process of Climate Change Response Strategies

Shinsegae continuously monitors business risks and opportunities arising from climate change, evaluates the financial impact of significant risk/opportunity factors on the company, and secures corporate sustainability. In accordance with the TCFD recommendations, we identify key climate risks and opportunities affecting the business, and assess their financial impacts through scenario analysis to be reflected in our business strategies. To this end, we have established a four-step climate change response strategy process to enhance the resilience of our climate change response strategy.



### Time frames of Climate Change

Shinsegae analyzes the timing of climate change-related impacts by setting short-term (1 year), medium-term (5 years), and long-term (20 years) horizons to minimize uncertainties until future goals are achieved and to enhance linkage between business plans and environmental targets within the climate change response strategy process.

Type	Ending Year	Remarks
Short-term	2025	Shinsegae practices ESG environmental management, including obtaining the ISO 14001 environmental management system certification, to accomplish a leading position in climate change response by 2025.
Medium-term	2029	We plan to establish an environmental management system capable of complying with environmental laws and regulations and coping with external evaluations by 2030.
Long-term	2044	We aim to achieve Net Zero by 2050 and establish a long-term plan to build eco-friendly distribution infrastructures.

# STRATEGY

## Determining Climate Change Risks and Opportunities

STEP 1 Determining Climate Change Risks and Opportunities

STEP 2 Materiality Assessment

STEP 3 Climate Scenario Analysis

STEP 4 Establishing Response Strategies

Shinsegae has collected a pool of transition and physical risks and opportunity factors through literature analysis, domestic and international regulatory analysis, incorporating requirements of global initiatives and evaluation agencies, and benchmarking analysis of peer industries. The issue pool consists of a total of 33 factors, and, in accordance with TCFD recommendations, risks are broadly classified into transition risks and physical risks. Transition risks arise during the shift to a low-carbon economy, while physical risks are divided into acute risks, caused by increased frequency and intensity of extreme climate events such as floods and typhoons, and chronic risks, resulting from long-term changes in climate patterns such as droughts, water shortages, and sea level rise. Opportunity factors are categorized into resource efficiency, energy sources, products and services, markets, and resilience, with detailed elements identified.

Category	Type	Definition	Risks	Category	Type	Definition	Opportunities				
Transition Risks	Policies and Laws	Risks from government policy changes and legal regulations addressing climate change	R1	Rise in carbon prices due to strengthened GHG regulations	Opportunities						
			R2	Expansion and strengthening of disclosure obligations for GHG							
			R3	Litigations from environmental or civil organizations or local community							
	Technology	Risks related to the pace of development and adoption of low-carbon technologies	R4	Expansion of low-power and eco-friendly logistics services				Resource Efficiency	Opportunities to reduce costs and enhance competitiveness by improving the efficiency of Energy and resources	OA	Enhanced efficiency in procuring major raw and side materials and transport means for sales and logistics (Reduced logistics costs)
			R5	Increased energy consumption in buildings due to the enhancement of product quality levels (introduction of equipment, etc.)				Energy Sources	Opportunities to lead the market through the transition to renewable Energy, reduction of Energy costs, and stable supply	OB	Enhanced efficiency in manufacturing and distribution processes (Reduced usage of raw and side materials, cost saved through waste reduction)
			R6	Increased costs of R&D for low-carbon products and technologies						OC	Relocation to buildings with high resource and energy efficiencies (Reduced costs of building operation and maintenance)
	Market	Risks arising from market shifts and demand fluctuations due to climate change responses	R7	Customers' demand to set and implement targets for reduction of carbon footprint				OD	Reduction of environmental impact through eco-friendly packaging	OE	Expanded use of eco-friendly energy (renewable) technologies
			R8	Uncertainty in market demand for products contributing to climate response				OF	Reduction of carbon credit costs through offset credits or creation of revenues from selling reduction credits		
			R9	Increased preference for eco-friendly packaging materials				OG	Increased stability of energy supply through the use of distributed power sources, such as on-site solar power and green hydrogen fuel cells		
	Reputation	Risks of damage to reputation and trust due to insufficient or failed response to climate change	R10	Public perception of products as high carbon emitters or anti-environmental products				OH	Expansion of the low-carbon product		
			R11	Decline in reputation due to low ratings in various evaluations regarding climate response and environmental management activities				OI	Development of products contributing to climate change adaptation		
			R12	Increased negative feedback from stakeholders				OJ	Increased customer preference for eco-friendly, low-carbon products		
Physical Risks	Acute	Risks affected by short-term impacts from extreme climate events (e.g., hurricanes, floods, heatwaves)	R13	Increase in the frequency and intensity of extreme weather events (Floods)	OK	Entry into new markets related to energy and climate change response					
			R14	Increase in the frequency and intensity of extreme weather events (Typhoons)	OL	Construction of next-generation, eco-friendly logistics and distribution service infrastructures					
	Chronic	Risks continuously occurring due to long-term climate changes (e.g., sea level rise, average temperature increase)	R15	Intensified droughts	Resilience	Opportunities to secure organizational resilience and long-term sustainability in response to climate change	OM	Introduction of equipment to strengthen capabilities for responding to heavy rains and floods			
			R16	Increased water scarcity			ON	Supply of eco-friendly raw materials through the substitution or diversification of raw materials			
			R17	Increased incidence of extreme heat waves							
			R18	Coastal flooding due to rising sea levels							
			R19	Increased incidence of wildfires							

# STRATEGY

## Materiality Assessment

STEP 1 Determining Climate Change Risks and Opportunities

**STEP 2 Materiality Assessment**

STEP 3 Climate Scenario Analysis

STEP 4 Establishing Response Strategies

Shinsegae selected an Issue Pool consisting of 12 transition risks, 7 physical risks, and 14 opportunities related to climate change. These issues were evaluated on a 5-point scale based on the likelihood and impact of financial or business effects over short-term, medium-term, and long-term periods. The evaluation was carried out by combining external expert analysis and reviews from relevant internal departments. Issues with an average score of 4 (high) or higher in terms of likelihood and impact were selected as material issues. For some risks and opportunities, we analyzed their impact on financial performance or financial position (assets) to evaluate the impact level. We considered qualitative strategic impacts for other issues that were not subjected to financial impact analysis.

### Materiality Assessment Legend

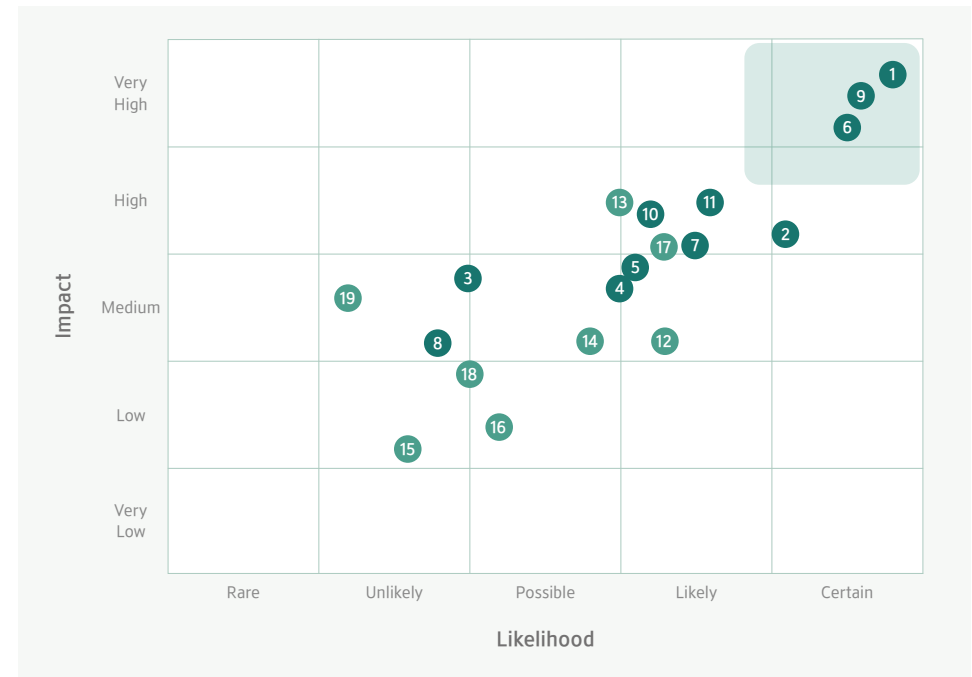
● Material Risks ● Key Opportunities ○ Very Low ● Low ● Medium ● High ● Very High

Category	Type	Risk Element	Materiality		
			Short-term	Medium-term	Long-term
Transition Risks	Policy and Laws	R1 Rise in carbon prices due to strengthened GHG regulations	●	●	●
		R2 Expansion and strengthening of disclosure obligations for GHG emissions	●	●	●
		R3 Litigations from environmental or civil organizations or local community stakeholders	○	●	●
	Technology	R4 Expansion of low-power and eco-friendly logistics services	●	●	●
		R5 Increased energy consumption in buildings due to the enhancement of product quality levels (introduction of equipment, etc.)	●	●	●
		R6 Increased costs of R&D for low-carbon products and technologies	●	●	●
	Market	R7 Customers' demand to set and implement targets for reduction of carbon footprint	●	●	●
		R8 Uncertainty in market demand for products contributing to climate response	●	●	●
		R9 Increased preference for eco-friendly packaging	●	●	●
	Reputation	R10 Public perception of products as high carbon emitters or anti-environmental products	○	●	●
		R11 Decline in reputation due to low ratings in various evaluations regarding climate response and environmental management activities	○	●	●
		R12 Increased negative feedback from stakeholders	●	●	●
Physical Risks		Acute	R13 Increase in the frequency and intensity of extreme weather events (Floods)	●	●
	R14 Increase in the frequency and intensity of extreme weather events (Typhoons)		●	○	●
	Chronic	R15 Intensified droughts	○	●	●
		R16 Increased water scarcity	●	●	●
		R17 Increased incidence of extreme heat waves	●	●	●
		R18 Coastal flooding due to rising sea levels	○	○	○
		R19 Increased incidence of wildfires	○	●	●

### Results of Material Risk Assessment

Among the transition risks arising from changes in policies, markets, and technologies related to climate change, Shinsegae has identified the burden of direct and indirect carbon costs resulting from the strengthening of GHG reduction regulations as the most significant issue. Additionally, increased costs of R&D for low-carbon products and technologies and increasing preference for eco-friendly packaging materials were also selected as material risks. On the other hand, physical risks such as river flooding, rising sea levels, wildfires, and water shortage due to climate change are not expected to cause serious impacts until 2030. Nonetheless, these factors could emerge as significant long-term risks and must be monitored continuously.

### Material Risk Selection Results



# STRATEGY

## Materiality Assessment



### Potential Impact of Risks and Response Plan

Category	Type	Risk Element	Potential Impact	Response Plan	
Transition Risks	Policy and Laws	Rise in carbon prices due to strengthened GHG regulations	Occurrence of costs due to increases in the ratio of paid allocation of GHG emission credits	Conducting activities to reduce carbon dioxide Monitoring domestic and overseas GHG regulations and industrial trends continuously	
		Expansion and reinforcement of obligations for disclosure of GHG emissions	Increased costs for management and reduction to respond to emissions information disclosure	Monitoring our emissions to meet GHG regulations Building inventory for increasing the accuracy of emissions disclosure	
		Litigations from environmental or civil organizations or local community stakeholders	Occurrence of litigation costs due to non-compliance with climate change regulations and non-fulfillment of disclosure standards	Monitoring climate change regulations and disclosure standards	
	Technology	Expansion of low-power and eco-friendly logistics services			
		Increased water and energy consumption in buildings due to enhancement of product quality levels (introduction of equipment, etc.)	Increased costs for introducing new energy facilities	Improving energy efficiency through the replacement of outdated facilities	
		Increased R&D for low-carbon products and technologies	Occurrence of R&D costs for introducing low-carbon technologies	Expanding R&D on eco-friendly products and technologies	
	Market	Customers' demand to set and implement carbon footprint reduction targets	Occurrence of costs for setting carbon footprint targets and establishing action plans	Establishing plans for environmental labels and certifications	
		Uncertainty in market demand for products contributing to climate response			
		Increased preference for eco-friendly packaging materials	Reduction in revenues from existing products due to changes in consumer preference	Providing information about the environmental benefits of low-carbon products and climate response products Expanding the use of sustainable products, such as eco-friendly packaging materials	
	Reputation	Products being perceived as high carbon emitters or anti-environmental products			
Decline in reputation due to low ratings in various evaluations of climate response/environmental management activities		Reduction in investments and decline in revenues due to negative reputation among stakeholders	Disclosing climate change-related information, including GHG emissions, annually		
Rise in negative feedback from stakeholders					
Physical Risks	Acute	Increased incidence of extreme weather events (floods)	Loss of assets and reduction in production volume due to floods and typhoons	Establishing emergency plans for natural disasters Obtaining insurance coverage to mitigate asset damage and loss	
		Increased incidence of extreme weather events (typhoons)			
	Chronic	Intensification of droughts	Rise in costs for purchasing raw and side materials due to increased climate variability	Promoting related businesses, such as recycling of packaging material and zero plastic	
		Worsening of water scarcity			
		Increased incidence of extreme heat waves	Rise in power costs due to increased air conditioner operations	Investing in insulation materials for buildings and implementing businesses for increased energy efficiency	
		Coastal flooding due to rising sea levels	Reduction in production efficiency due to extreme climate patterns	Building climate and energy monitoring systems	
		Increased incidence of wildfires			

# STRATEGY

## Materiality Assessment

STEP 1 Determining Climate Change Risks and Opportunities

**STEP 2 Materiality Assessment**

STEP 3 Climate Scenario Analysis

STEP 4 Establishing Response Strategies

### Materiality Assessment

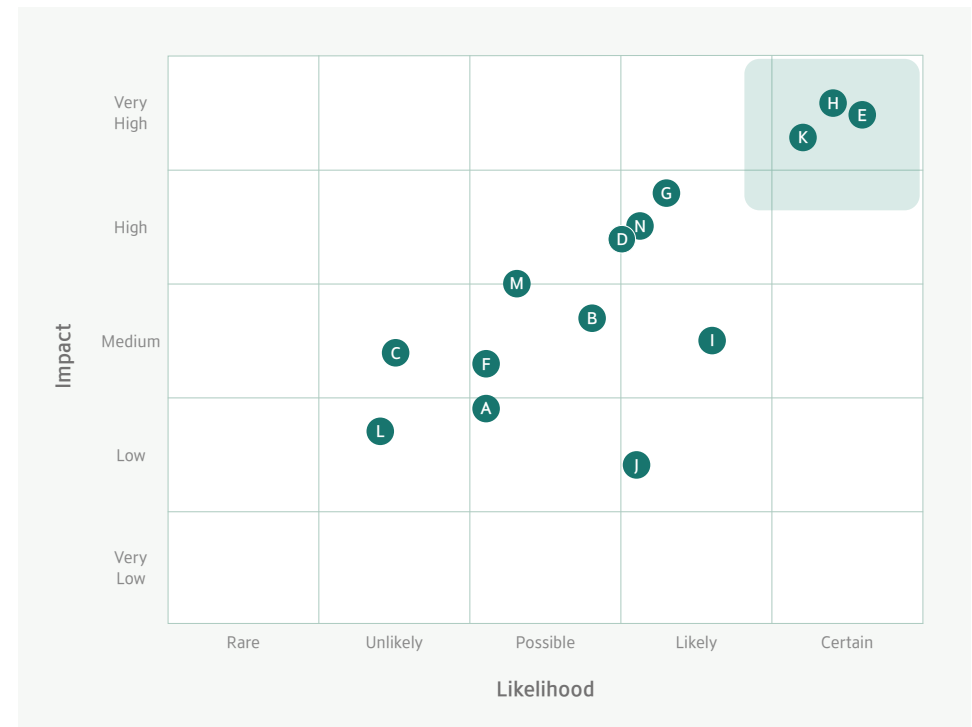
Economic and social environmental changes due to climate change act as risks to businesses, while also serving as strategic opportunities. Major opportunities identified include: ‘Expansion of eco-friendly energy (renewable) technologies;’ ‘Expansion of low-carbon product business;’ and ‘Entry into new markets related to energy and climate change response.’ The expansion of eco-friendly energy technologies and products is expected to serve as a means to secure competitive advantage in the future and present new opportunities for Shinsegae. Moreover, there is global competition to dominate the market based on energy-saving capabilities and measures. By developing sustainable and eco-friendly models, Shinsegae will reduce energy consumption and seize the opportunity to pioneer new businesses.

### Materiality Assessment Legends

● Material Risks ● Key Opportunities ○ Very Low ● Low ● Medium ● High ● Very High

Category	Type	Opportunity Element	Materiality		
			Short-term	Medium-term	Long-term
Opportunities	Resource efficiency	OA Enhanced efficiency in procuring major raw and side materials and transport means for sales and logistics (reduced logistics costs)	●	●	●
		OB Enhanced efficiency in manufacturing and distribution processes (reduced usage of raw and side materials, costs saved through waste reduction)	●	●	●
	OC Relocation to buildings with high resource and energy efficiencies (reduced costs of building operation and maintenance)	●	●	●	
	OD Reduction of environmental impact through eco-friendly packaging	●	●	●	
Energy sources	OE <b>Expansion of eco-friendly energy (renewable) technologies</b>	●	●	●	
	OF Reduction of carbon credit costs through offset credits or creation of revenues from selling reduction credits	●	○	●	
	OG Increased stability of energy supply through the use of distributed power sources, such as on-site solar power and green hydrogen fuel cells	○	●	●	
Products and Services	OH <b>Expansion of low-carbon product business</b>	●	●	●	
	OI Development of products contributing to climate change adaptation	●	●	●	
	OJ Increased preference of customers for eco-friendly, lowcarbon products	●	●	●	
Market	OK <b>Entry into new markets related to energy and climate change response</b>	●	●	●	
	OL Construction of next-generation, eco-friendly logistics and distribution service infrastructures	●	●	●	
Resilience	OM Introduction of equipment to strengthen	○	○	●	
	ON Supply of eco-friendly raw materials through the substitution or diversification of raw materials	○	●	●	

### Results of Material Opportunity Selection



# STRATEGY

## Materiality Assessment



### Potential Impact of Opportunities and Response Plan

Category	Type	Opportunity Element	Potential Impact	Response Plan
Opportunities	Resource efficiency	Enhanced efficiency in procuring major raw and side materials and means of transport for sales and logistics (reduced logistics costs)	Reduction of GHG emissions and fuel purchase costs by replacing existing vehicles with eco-friendly ones for product transport	Reviewing plans for transitioning to electric vehicles
		Enhanced efficiency in manufacturing and distribution processes (reduced usage of raw and side materials, costs saved through the reduction of waste)	Improvement of energy efficiency and savings on electricity bills through the replacement of outdated facilities and process improvements	Introducing a cloud-based energy management system
		Relocation to buildings with high resource and energy efficiencies (reduced costs of building operation and maintenance)		
		Reduction of environmental impact through eco-friendly	Reduction in production costs through the advancement of eco-friendly packaging technology	Developing eco-friendly packaging technology continuously
	Energy sources	Expansion of eco-friendly energy (renewable) technologies	Reduction of risk burden due to price increases in energy procurement	Expanding investment in renewable energy
		Reduction of carbon credit costs through offset credits or generation of revenues from selling reduction credits	Increase in revenues from emission credits through GHG reduction projects	Managing carbon emissions and monitoring the emissions trading scheme
		Increased stability of energy supply through the use of distributed power sources, such as on-site solar power and green hydrogen fuel cells	Securement of energy sources through self-generation of renewable energy	Promoting plans to expand solar power facilities, such as introducing solar collectors
	Energy sources	Expansion of the low-carbon product business		
		Development of products contributing to climate change adaptation	Increase in sales due to rising demand for low-carbon products and services	Creating an upcycling ecosystem and promoting zero plastic packaging
	Market	Increased customer preference for eco-friendly, low-carbon products	Enhancement of an eco-friendly corporate image through proactive response to climate change	Facilitating the Adoption of Green Products
Entry into new markets related to energy and climate change response		Rise in sales due to improved access to consumers in climate-vulnerable areas and increased sales opportunities for climate-responsive products	Expanding businesses in new global markets (climate-vulnerable areas)	
Resilience	Establishment of next-generation eco-friendly logistics and distribution service infrastructure	Expansion of sales channels for eco-friendly products	Activating the operation of green stores and promoting green marketing	
	Introduction of equipment to strengthen responses to heavy rains and floods	Increased resilience of infrastructures for securing eco-friendly raw materials to natural disasters	Strengthening the risk management system for responding to natural disasters (establishing manuals, analyzing scenarios, and monitoring)	
		Supply of eco-friendly raw materials through the substitution or diversification of raw materials		

# STRATEGY

## Climate Scenario Analysis



Shinsegae utilizes various climate scenarios to analyze risk and opportunity factors in order to assess the impact of climate change on business prospects. Through climate-related materiality assessments, key risks with high likelihood and significant business impact are identified, and potential financial impact analyses are conducted for each scenario. Climate change scenarios consider assumptions ranging from a transition to a carbon-neutral economy and intermediate reduction levels to the continuation of current policies leading to worsening climate crises, reviewing the short-, medium-, and long-term impacts of climate change. To this end, we adopt climate scenarios presented by internationally recognized organizations, such as the IPCC and IEA, applying the latest climate-related policies and recommendations from international bodies.

### Analysis Method of Transition Risk Scenario

#### Analysis of Transition Risk

- **Definition** : Transition risk refers to risks that may arise from policy, social, and economic changes occurring during the transition to a low-carbon economy.
- **Overview of Analysis** : The Korean government has announced its national NDC and is promoting policies to reduce greenhouse gas emissions, requiring the management of greenhouse gas emissions. Accordingly, Shinsegae is conducting a risk analysis of carbon tax price increases as a transition risk arising during the shift to a low-carbon economy and is developing a response plan.
- **Selection of Scenario** : Transition risk scenario analysis applied all three scenarios—STEPS, APS, and NZE—provided by the IEA’s World Energy Outlook 2022, which annually publishes carbon price forecasts by energy source for data utilization.
- **Scope of Analysis Targets** : We estimated our GHG emissions forecast by applying the national sectoral GHG reduction targets to the GHG emissions of Shinsegae. Carbon price projections of each IEA scenario adopted were applied to the analysis of financial impact of carbon tax prices on Shinsegae.
- **Method of Analysis** : Using the three scenarios presented by the IEA and the GCAM model (key input data), we analyzed the carbon price data projections until 2050 based on global standards. The absolute emissions of Shinsegae were applied to determine the financial impact.

#### IEA Scenario

- The International Energy Agency (IEA) is an international organization established after the 1973 oil crisis to strengthen energy security among OECD countries. Currently, it conducts various activities including global energy market analysis, policy recommendations, and international cooperation.
- The IEA annually publishes the World Energy Outlook, which forecasts global energy demand by source and greenhouse gas emissions considering worldwide energy policies and technological development paths, and releases carbon price forecasts and future energy price projection data.
- The IEA presents three main scenarios—STEPS (Stated Policies Scenario), APS (Announced Pledges Scenario), and NZE (Net Zero Emissions by 2050 Scenario)—taking into account national climate policies and the applicability of climate technologies.

Category	Key Assumptions	2050 Target Temperature	2050 Carbon Price
STEPS	Stated Policies Scenario (STEPS): Scenario reflecting existing announced policy measures and targets.	2.5°C	89\$
APS	Announced Pledges Scenario (APS): Scenario fully implementing Nationally Determined Contributions (NDCs) and carbon neutrality goals announced and pledged by governments worldwide.	1.7°C	200\$
NZE	Net Zero Emissions by 2050 Scenario (NZE): Scenario achieving global carbon neutrality by 2050 with 100% energy access by 2030.	1.4°C	250\$

# STRATEGY

## Climate Scenario Analysis



### Analysis Method of Physical Risk Scenario

#### Analysis of Physical Risk

- **Definition** : Physical risk refers to risks related to economic costs arising from increased extreme weather events such as typhoons, floods, or heatwaves, and changes in long-term climate patterns.
- **Overview of Analysis** : Shinsegae analyzed the financial impact of seven physical risks—including abnormal temperatures, sea level rise, drought, and heavy rainfall—on corporate asset losses.
- **Selection of Scenario** : To reflect actual greenhouse gas reduction efforts by countries and changes in society and economy, the physical risk scenario analysis adopted SSP scenarios. Four SSP scenarios disclosed in the IPCC 6th Assessment Report were applied, and scenario-based analyses were conducted using S&P Global's Climonomics® hazard modeling for achieving Net Zero by 2050.
- **Scope of Analysis Targets** : The analysis period was set from 2020 to 2050, and a physical risk analysis was performed for major domestic business sites<sup>1)</sup> of Shinsegae.
- **Method of Analysis** : For the assets subject to analysis, we evaluated the impact of seven climate risks (extreme temperature, drought, wildfire, water stress, coastal flooding, flooding of fluvial basins, and tropical cyclone) using global climate risk forecasts, socioeconomic data, and econometric models. The evaluation was based on the loss of asset value and rate of loss occurring every ten years until 2050.

1) We selected Shinsegae Gangnam Store and Centum City, places showing high sales impact and contrasting geographical positions, as major business sites for the analysis

#### IPCC Scenario

The Intergovernmental Panel on Climate Change (IPCC) is an international organization jointly established in 1988 by the World Meteorological Organization (WMO) and the United Nations Environment Programme (UNEP) to address climate change issues. The IPCC Assessment Report (AR), developed with contributions from scientists worldwide, provides the scientific basis and policy directions for climate change.

- The IPCC scenarios present SSP (Shared Socioeconomic Pathways) and RCP (Representative Concentration Pathways).
- The RCP scenarios were introduced in the IPCC 5th Assessment Report and predict greenhouse gas concentrations based on radiative forcing caused by human activities. They are categorized as RCP 2.6 (low emissions), RCP 4.5 (medium-low emissions), RCP 6.0 (medium-high emissions), and RCP 8.5 (high emissions) according to greenhouse gas concentration levels up to 2100.
- The SSP scenarios were presented in the IPCC 6th Assessment Report, integrating future socioeconomic changes and future adaptation/mitigation efforts to climate change based on radiative forcing intensity (the existing RCP concept) as of 2100. The first digit of the SSP scenario indicates socioeconomic efforts related to climate change adaptation and mitigation, while the second digit represents the degree of radiative forcing in 2100.

Category	Key Assumptions	Target Temperature by 2100
SSP 1-2.6	strong carbon emission reduction scenario assuming minimal fossil fuel use due to renewable energy technology development and environmentally sustainable economic growth. Assumes minimal fossil fuel use and environmentally sustainable economic growth.	Approximately <b>1.8°C</b> temperature increase
SSP 2-4.5	moderate carbon emission reduction scenario assuming an intermediate stage of climate change mitigation and socioeconomic development. Assumes an intermediate stage.	Approximately <b>2.7°C</b> temperature increase
SSP 3-7.0	scenario where carbon emissions at the end of the century are twice the current level, with passive climate change mitigation policies and delayed technological development leading to a vulnerable social structure to climate change. Assumes passive mitigation policies and delayed technological development resulting in vulnerability to climate change.	Approximately <b>3.6°C</b> temperature increase
SSP 5-8.5	scenario where carbon emissions in 2050 are twice the current level, focusing on rapid industrial technology development with high fossil fuel use and expanded indiscriminate development. Assumes high fossil fuel use and expanded indiscriminate development with rapid industrial technology advancement.	Approximately <b>4.4°C</b> temperature increase

# STRATEGY

## Climate Scenario Analysis



### Transition Risk – IEA Scenario

#### Overview of Transition Risk Analysis

##### Policies and Laws Potential Financial Impact of Rise in Carbon Tax Prices

Shinsegae selected the ‘rise in carbon tax prices’ as a major risk factor and analyzed the potential financial impact by reflecting the carbon tax price projections of each IEA scenario and the GHG emissions status of Shinsegae. We estimated our GHG emissions forecast by applying the national sectoral GHG reduction targets to the GHG emissions of Shinsegae.

##### Reputation Potential Financial Impact of Increased Consumer Preference for Low-Carbon Products

There is a concern that companies’ failure to meet consumer preferences for low-carbon products could lead to a decline in sales. Shinsegae’s reputational risk response strategy is driving sales of eco-friendly products and services are increasing annually. Based on the sales data of Shinsegae, we analyzed the financial impact of risks associated with the sale of low-carbon products.

##### Technology Potential Financial Impact of Low-Carbon Technologies

As the global necessity for the development of low-carbon technologies increases, companies are establishing plans for transitioning to low-carbon business. Similarly, Shinsegae analyzed the financial impact of adopting low-carbon technologies, such as the improvement of energy efficiency, self-generation of renewable energy, and the transition to electric vehicles, as such applications are directly linked to increased investment and operating costs. Using the lifetime cost of each reduction technology provided in the 6th Assessment Report (AR6) by the Working Group 3 of the IPCC, Shinsegae determined the expected future investments and operating costs based on the reduction ratios of each low-carbon technology project being planned and promoted by Shinsegae.

#### Key Assumptions

##### Prediction of Carbon Tax Imposition Costs Using Carbon Price Projections (Unit: USD)

Base Year	IEA STEPS	IEA APS	IEA NZE 2050
2030	42	135	140
2040	67	175	205
2050	89	200	250

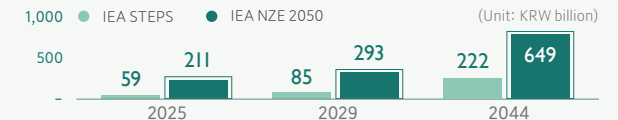
Using Shinsegae’s sales ratios and sales trend data for eco-friendly products and services, we estimated the amounts of sales loss by analyzing the future proportion of sales from low-carbon products. The sales losses over the short, medium, and long terms were estimated for each year based on actual five-year data, and they may differ from the actual amounts.

##### IPCC Net Lifetime Cost (Unit: USD/tCO<sub>2</sub>e)

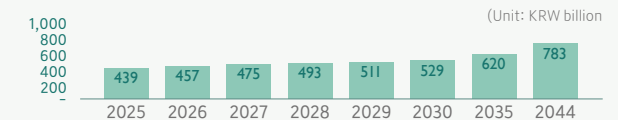
Method of Reduction	Net Lifetime Cost
Improvement of energy efficiency	0 ~ 20
Fuel conversion (electrification, bioenergy, hydrogen, etc.)	20 ~ 200
Self-generation of renewable energy (solar power, wind power, etc.)	0 ~ 200
New buildings with high energy efficiency	0 ~ 200
Transition to electric vehicles	Cost lowered by reduction

#### Financial Impact Analysis Results

The impact of increases in carbon tax price is expected to grow in line with the strengthening of regulations. If we apply the NZE scenario, the estimated costs will be KRW 21.1 billion in 2025 (short-term), KRW 29.3 billion in 2029 (medium-term), and KRW 64.9 billion in 2044 (long-term).



If Shinsegae fails to meet the demand for low-carbon products that satisfy consumer needs, the sales losses are projected to be KRW 43.9 billion in 2025 (short-term), KRW 51.1 billion in 2029 (medium-term), and KRW 78.3 billion in 2044 (long-term).



Among the transition risks, the investment and operating costs associated with the adoption of low-carbon technologies are expected to increase gradually based on the planned reduction amount. The expected costs are estimated to be KRW 590 million in 2025 (short-term), KRW 640 million in 2029 (medium term), and KRW 860 million in 2044 (long-term).



# STRATEGY

## Climate Scenario Analysis

STEP 1 Determining Climate Change Risks and Opportunities

STEP 2 Materiality Assessment

STEP 3 Climate Scenario Analysis

STEP 4 Establishing Response Strategies


### Physical Risk – IPCC Scenario

S&P Global’s Climonomics® hazard modeling scenario analysis

#### 7 Major Climate Risk Factors



Extreme Temperature




Drought



Wildfire




Water stress



Coastal Flooding



Fluvial Basin Flooding



Tropical Cyclone

#### SSP Scenario

SSPI-2.6	SSP2-4.5
SSP3-7.0	SSP5-8.5

### Analysis Method

For the assets subject to analysis, we evaluated the impact of seven climate risks (extreme temperature, drought, wildfire, water stress, coastal flooding, flooding of fluvial basins, and tropical cyclone) using global climate risk forecasts, socioeconomic data, and econometric models. The evaluation was based on the loss of asset value and rate of loss occurring every ten years until 2050.



**Risk Analysis**

Projection of changes in 7 major risk factors compared to the past based on global climate modeling and latest research (IPCC, NASA, NOAA, etc.) climate change scenarios.



**Asset Vulnerability Analysis**

Analysis of vulnerability and impact according to the 7 major risks based on the geographic location and asset type information of Shinsegae-owned assets.



**Financial Impact Analysis Based on Asset Value Loss Amount**

Financial impact analysis based on external 7 major risk scenarios and vulnerability analysis results for each analyzed asset.

### Scope of Analysis

The analysis period was set from 2020 to 2050, and a physical risk analysis was performed for major domestic business sites\* of Shinsegae.

\* We selected Shinsegae Gangnam Store and Centum City, places showing high sales impact and contrasting geographical positions, as major business sites for the analysis

### Analysis Results

#### Asset Losses from Increased Physical Risks

↓

As a result of analyzing the impact of physical risks for Shinsegae Gangnam Store and Centum City, rates of asset loss for all scenarios from 2020 to 2050, including SSP1-2.6, SSP2-4.5, SSP3-7.0, and SSP5-8.5, were classified to be lower than the level of significance. The factor with the highest impact on Shinsegae Gangnam Store and Busan Store from 2030 to 2050 was identified as the extreme temperature phenomenon. Coastal flooding, droughts, wildfires, water stress, and flooding of fluvial basins were analyzed to have low impacts. Even the extreme temperature phenomenon until 2050, which showed the highest impact value, did not show a loss rate exceeding the medium level.

# STRATEGY

## Climate Scenario Analysis

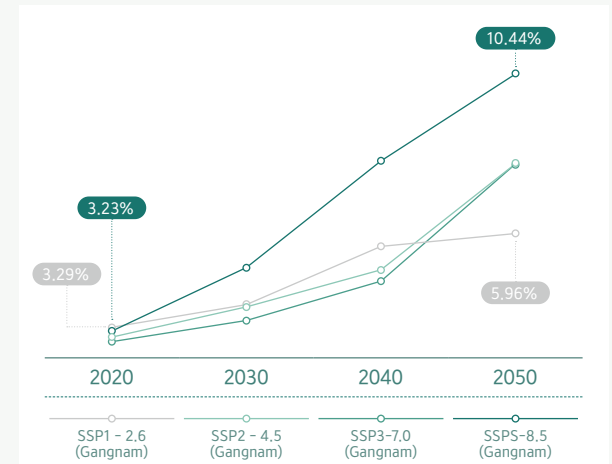


### Analysis Results by SSP Scenario for Shinsegae Gangnam Store

#### (Detailed) Analysis of MAAL and Financial Impact of Physical Risks on Shinsegae Gangnam Store

Modeled Average Annual Loss (MAAL) ● Extremely Low 0-1 ● Low 1-6 ● Medium 6-15 ● Medium-High 16-50 ● High 50-100

Category	SSP1-2.6			SSP2-4.5			SSP3-7.0			SSP5-8.5		
	2030	2040	2050	2030	2040	2050	2030	2040	2050	2030	2040	2050
Physical Risk	Tropical cyclones											
	Rising sea levels											
	Coastal flooding											
	Flooding of fluvial basins											
	Droughts											
	Wildfires											
	Extreme temperatures											
	Water stress											



\*\* 2020 refers to the range of the period from 2020 to 2029.

\* Modeled Average Annual Loss (MAAL): Ratio of predicted loss amount to current asset value

- For Shinsegae Gangnam Store, under the SSP 5-8.5 scenario, the risk of asset loss due to extreme temperatures is projected to increase by about 7.21% in 2050 compared to 2030.
  - According to the methodology of S&P Global, the extreme temperature phenomenon is defined as number of days exceeding the 90th percentile of the historical daily maximum temperature for a region among annual maximum temperatures. The average ratio is projected to increase from 4.12% in 2030 to a maximum of 10.44% in 2050 under the SSP 5-8.5 scenario.
- The analysis shows that even the extreme temperature phenomenon until 2050 did not show a loss rate exceeding the medium level. Factors such as tropical cyclones, droughts, wildfires, and water stress are not expected to show significant changes after 2030.

\* Significant Risk Level: Annual average asset loss rate of 16% or higher (S&P Global rating "Red")

# STRATEGY

## Climate Scenario Analysis



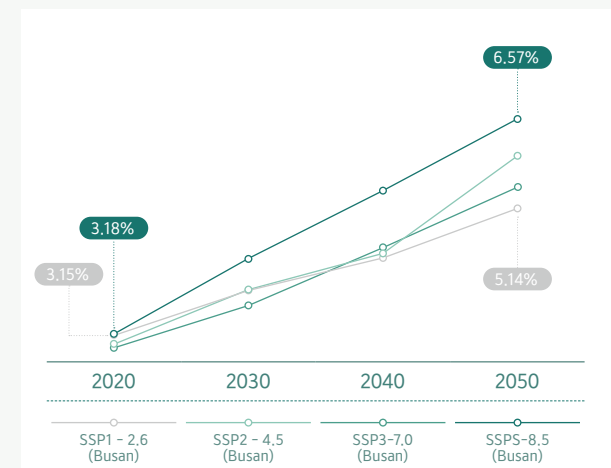
### Analysis Results by SSP Scenario for Shinsegae Centum City

#### (Detailed) Analysis of MAAL and Financial Impact of Physical Risks on Shinsegae Centum City

Modeled Average Annual Loss (MAAL)

● Extremely Low 0-1 ● Low 1-6 ● Medium 6-15 ● Medium-High 16-50 ● High 50-100

Category	SSP1-2.6			SSP2-4.5			SSP3-7.0			SSP5-8.5		
	2030	2040	2050	2030	2040	2050	2030	2040	2050	2030	2040	2050
Physical Risk	Tropical cyclones											
	Rising sea levels											
	Coastal flooding											
	Flooding of fluvial basins											
	Droughts											
	Wildfires											
	Extreme temperatures											
	Water stress											



\*2020 refers to the range of the period from 2020 to 2029.

- For Shinsegae Centum City, under the SSP 5-8.5 scenario, the risk of asset loss due to extreme temperatures is projected to increase by about 2.19% in 2050 compared to 2020.
  - According to the methodology of S&P Global, the extreme temperature phenomenon is defined as the number of days exceeding the 90th percentile of the historical daily maximum temperature for a region among annual maximum temperatures. The average ratio is projected to increase from 4.38% in 2030 to 6.57% in 2050 under the SSP 5-8.5 scenario.
- The analysis shows that even the extreme temperature phenomenon until 2050 did not show a loss rate exceeding the low level. Factors such as tropical cyclones, droughts, wildfires, and water stress are not expected to show significant changes after 2030.

# STRATEGY

## Climate Scenario Analysis



### Resilience of Climate Scenario Response Strategies

Shinsegae has analyzed the resilience of its organizational strategy to review the impact of its strategies to address the risks and opportunities associated with each climate scenario. For transition risks, the IEA NZE scenario for high intensity carbon reduction was adopted. Physical risks were reviewed by applying the IPCC SSP 5-8.5 scenario. To achieve Net Zero by 2050, Shinsegae will ensure sustainability by transitioning to renewable energy, establishing operational plans, and expanding its low-carbon businesses based on green products. Although we do not expect to encounter serious physical risk impacts until 2050, we will build a response system for climate change and serious industrial accidents by monitoring long-term risks caused by extreme temperatures and other phenomena continuously.

#### Climate Change Scenario

#### Transition Risks



##### IEA NZE Scenario

- The Net Zero Emissions by 2050 (NZE) scenario assumes immediate efforts by governments to reduce GHG emissions, achieving Net Zero in the energy sector by 2050.
- According to the IEA NZE scenario, the maximum carbon tax will reach 250 USD/tCO<sub>2e</sub>q by 2050



##### Resilience

- We will attain zero energy by transitioning to renewable energy and achieve Net Zero by 2050.
- We will replace old machinery and systems with high-efficiency equipment, consider transitioning to renewable energy, and establish operational plans.
- We will ensure sustainability by expanding green products and low-carbon businesses such as the acquisition of green building certification.

#### Physical Risks



##### IPCC SSP 5-8.5 Scenario

- This scenario assumes that control policies to reduce GHG emissions cannot be implemented effectively, resulting in a global average temperature rise of 4.2 °C by 2100.
- In this scenario, climate change is further accelerated by the rise in temperature, exacerbating physical risks such as floods, droughts, extreme temperature, wildfires, and rising sea levels



##### Resilience

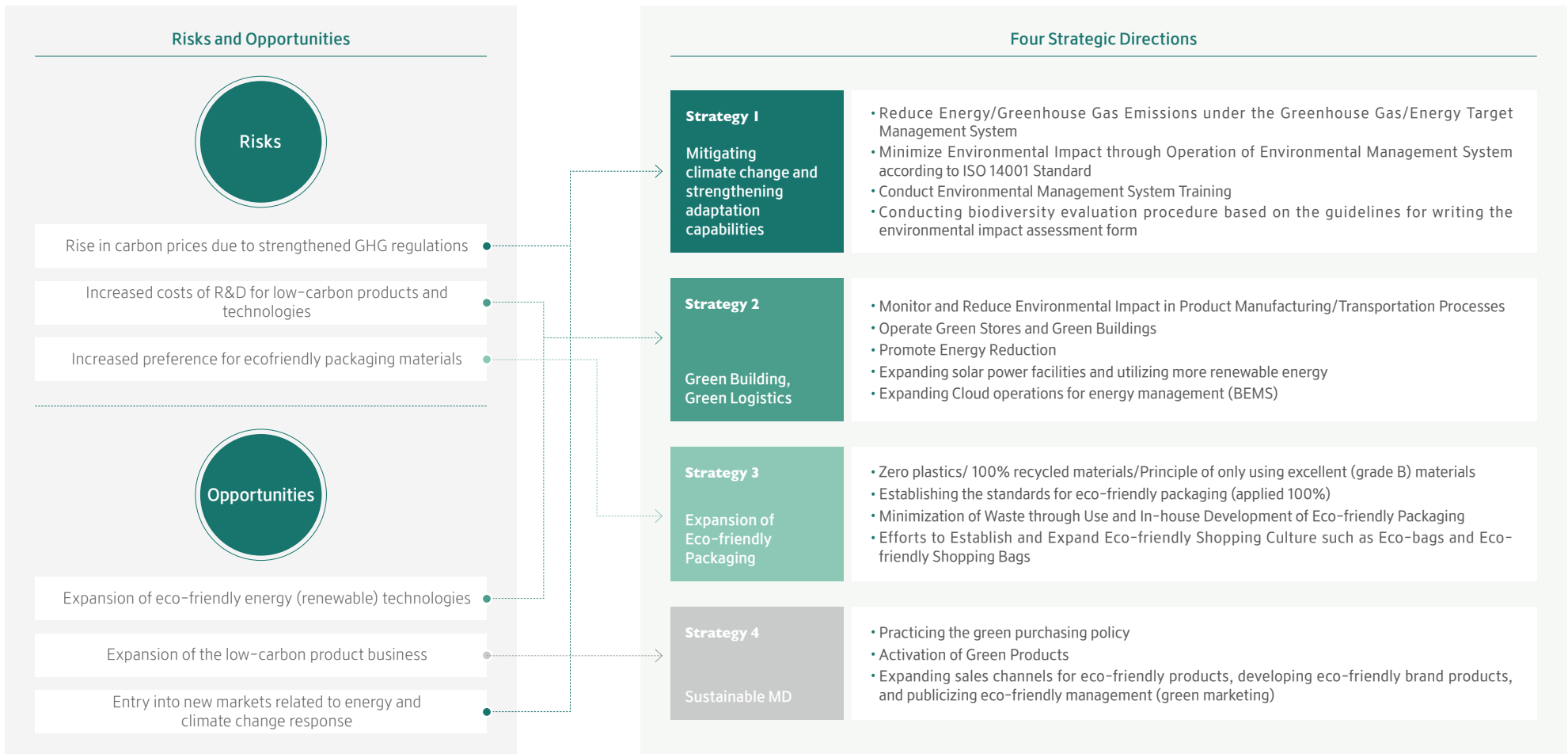
- Based on the modeling results of S&P Global, even under the 2050 RCP 8.5 scenario, the asset loss rate due to physical risks is expected to remain low until 2050, suggesting no serious impacts.
- However, the risk of asset loss due to extreme temperatures is projected to exceed 10% by 2050. We will establish climate change response strategies through continuous monitoring and build a system for responding effectively to serious industrial accidents.

# STRATEGY

## Establishment of Response Strategy



Shinsegae has established four strategic directions in accordance with material risks and opportunities to minimize risks due to climate change and utilize business opportunities effectively.



Process of Climate Change Response Strategies

Determining Climate Change Risks and Opportunities

Materiality Assessment

Climate Scenario Analysis

Establishment of Response Strategy

# STRATEGY

## Strategy 1 Mitigating Climate Change and Strengthening Capabilities for Adaptation

STEP 1 Determining Climate Change Risks and Opportunities

STEP 2 Materiality Assessment

STEP 3 Climate Scenario Analysis

STEP 4 Establishing Response Strategies

### Environmental Management Policy

Shinsegae systematically operates environmental management policies and manuals to minimize environmental impacts from corporate activities, and based on this, promotes environmental performance and improvements across all business sites. Going forward, we plan to continuously enhance the environmental management system in compliance with ISO 14001 standards to strengthen climate change response capabilities and proactively manage environmental risks.

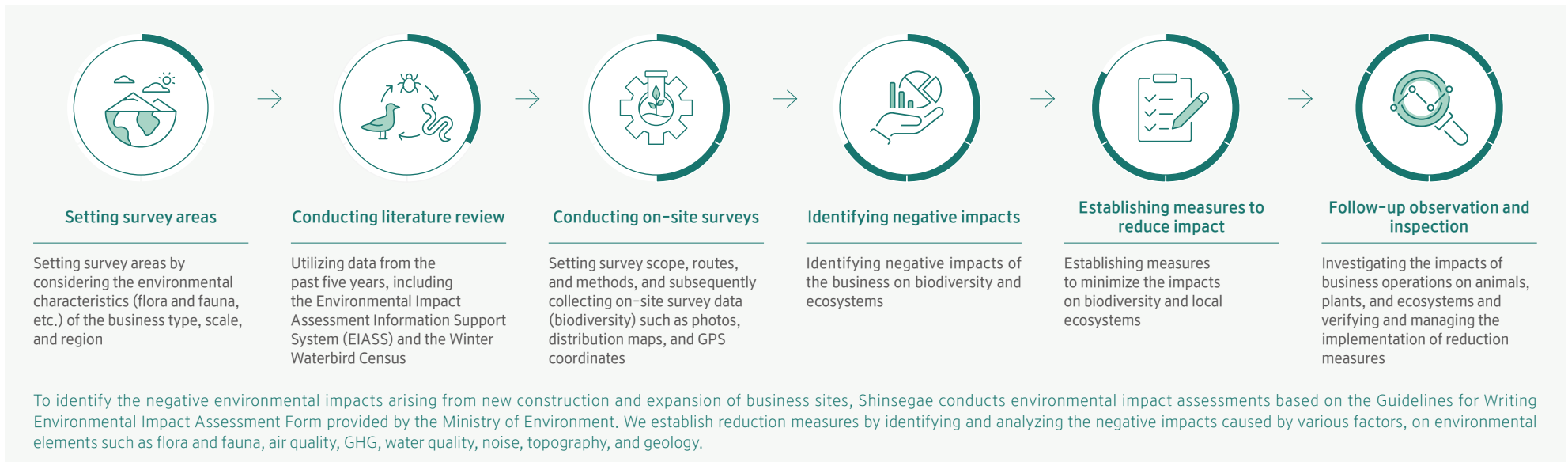


### Environmental Management System Certification ISO 14001

Shinsegae has established and implemented an environmental management system for all business sites based on ISO 14001, the international standard for environmental management systems. Starting with certification of the Head Office and stores in 2021, re-certification was completed in 2024, and follow-up audits are being conducted in 2025. Shinsegae will continue to regularly review the company-wide environmental management system and manage environmental performance by business site to enhance capabilities in climate change response and reducing environmental impacts.



### Procedures for Evaluation of Biodiversity



# STRATEGY

## Strategy 2 Green Building, Green Logistics

STEP 1 Determining Climate Change Risks and Opportunities

STEP 2 Materiality Assessment

STEP 3 Climate Scenario Analysis

STEP 4 Establishing Response Strategies

### Green Building Practices

Shinsegae operates the largest number of Green Stores in the industry, reducing environmental burdens, promoting green consumption, and creating a pleasant shopping environment. The Green Store designation system, led by the Ministry of Environment, expands the sale of Green Products and designates retail stores that implement eco-friendly facilities and operations to reduce greenhouse gases and energy consumption. As of June 2025, Shinsegae operates a total of 12 designated Green Store locations. Currently, Times Square, Shinsegae South City, Gimhae, Starfield Hanam, and Masan stores are undergoing Green Store re-designation. Annual post-management audits are conducted for each location to continuously manage validity periods and renew before expiration. Going forward, based on facilities and operational systems that meet Green Store standards, Shinsegae plans to systematically expand the eco-friendly transformation of its distribution infrastructure.

### Energy Reduction Investment

Shinsegae has actively pursued internal energy reduction activities by replacing equipment with high-efficiency and environmentally friendly systems to improve energy efficiency and reduce greenhouse gas emissions. In 2024, Shinsegae invested approximately 998 million KRW in energy reduction-related projects, an 11% increase compared to 2023, achieving annual energy cost savings of KRW 257 million through new investments. Moving forward, based on a mid- to long-term investment strategy for optimizing in-store energy use, annual reduction targets will be set and equipment investments will continue to expand. Additionally, quantitative analysis of reduction effects will enhance investment efficiency, and the energy management system will be further advanced.

### Installation of BEMS (Building Energy Management System)

Shinsegae has installed a cloud-based BEMS (Building Energy Management System) to enhance store energy efficiency and continuously monitor energy consumption to reduce greenhouse gas emissions. Shinsegae's BEMS system performs sensor-based 24-hour monitoring across various energy consumption areas, collects and analyzes data, and energy experts optimize energy use through an integrated control platform. In 2024, pilot installations were conducted at the Head Office and Daegu Shinsegae, with plans to expand to all stores after verifying system effectiveness. Going forward, the integrated energy management platform centered on BEMS will be advanced to increase transparency and efficiency in energy use and strengthen a sustainable distribution system.

Estimated Energy Cost Savings

**KRW 229 million/year**

\* KRW 109 million (Head Office) / KRW 120 million (Daegu Shinsegae)

Energy Savings

**17.42 TJ**

\* 7.51 TJ (Head Office) / 9.91 TJ (Daegu Shinsegae)

### Transition to Renewable Energy

#### Wastewater Recycling

Shinsegae has installed reclaimed water systems in each store and implemented wastewater recycling and water savings by installing water-saving foam faucets and ultra-low flush toilets. Each store manager inspects water-saving performance quarterly and continuously monitors water usage.



Reclaimed Water Facility

#### Geothermal Heating and Cooling System

Shinsegae has installed geothermal heating and cooling systems at Uijeongbu Store, Daegu Shinsegae, and Daejeon Shinsegae Art&Science to achieve efficient heating and cooling. This effort aims to minimize electricity consumption for heating and cooling.



Geothermal-Based Heating and Cooling System

#### Expansion of Solar Panel Facilities

Shinsegae operates eco-friendly stores by installing solar panels at Uijeongbu Store, Centum City, Daegu Shinsegae, and Daejeon Shinsegae Art&Science to utilize renewable energy. The generated electricity is used for store operations, contributing to reduced power consumption.



Uijeongbu Store Solar Panels

#### Expansion of Electric Vehicle Charging Stations

Shinsegae aims to install electric vehicle charging stations at all stores to indirectly reduce environmental impact through expanded electric vehicle infrastructure. In 2024, charging stations were expanded at Times Square Store, Daegu Shinsegae, Gwangju Shinsegae, Masan Store, and Shinsegae South City.



Shinsegae South City Electric Vehicle Charging Station

# STRATEGY

## Strategy 3 Expansion of Eco-friendly Packagi

STEP 1 Determining Climate Change Risks and Opportunities

STEP 2 Materiality Assessment

STEP 3 Climate Scenario Analysis

STEP 4 Establishing Response Strategies

### Detailed Criteria and Characteristics of Eco-friendly Packaging

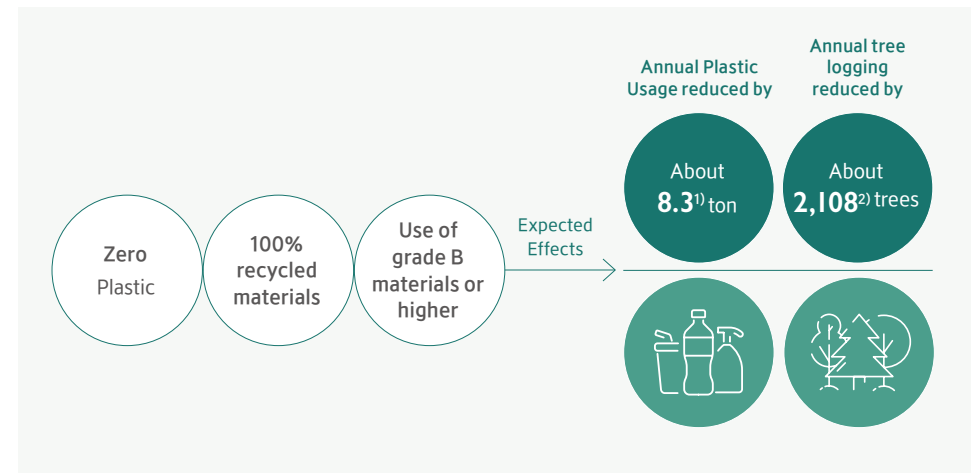
- Use of recycled materials that can be recycled easily
- Use of recycled materials that are hard to recycle
- Mixing of recycled materials that are easy to recycle
- Use of recycled materials that cannot be recycled further
- Mixing of recycled materials that are hard to recycle
- No use of recycled materials, easily recyclable
- Mixing of recycled materials, not recyclable
- No use of recycled materials, hard to recycle
- No use of recycled materials, not recyclable



In response to the increasingly stringent waste regulations, Shinsegae has established eco-friendly packaging standards to practice genuine environmental management as a retail company. These standards classify and manage packaging into five grades considering comprehensive environmental impact, including the use of recycled materials and recyclability. Based on the standards, Shinsegae strives every year to increase the ratio of recycled paper used in its packaging materials.

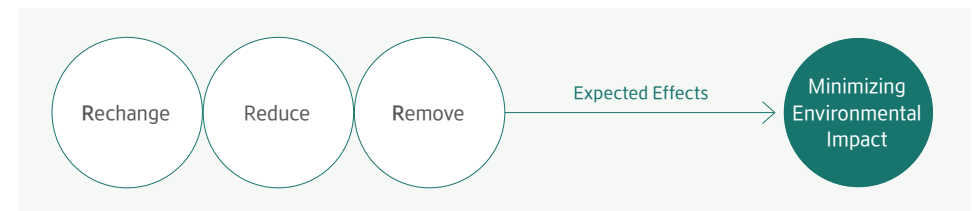
### Three Principles of Eco-friendly Package

Shinsegae has established in-house principles to guide eco-friendly packaging operations, striving to create positive environmental impacts. These principles apply to all packaging sectors, except for cases where they pose critical harm to customer safety or where there are technical constraints.



1) Calculated based on the estimated reduction in plastic use resulting from replacing plastic packaging with Bagasse pulp.  
2) Calculated based on the carbon absorption amount of one pine tree, 9.2 kg.

### Eco-friendly Package 3R Campaign



# STRATEGY

## Strategy 4 Sustainable MD

STEP 1 Determining Climate Change Risks and Opportunities

STEP 2 Materiality Assessment

STEP 3 Climate Scenario Analysis

STEP 4 Establishing Response Strategies

### Green Purchasing

Shinsegae, as a green distributor, strives to enable sustainable consumption by purchasing and using green products. The calculation criteria for green purchasing are based on the purchase amount of eco-friendly certified products approved by the Ministry of Environment, such as Environmental Label, low-carbon products, environmental performance, Carbon Footprint, and environmental marks. Going forward, Shinsegae will continue to promote the purchase and consumption of green products to contribute environmentally in line with the nature of its business activities and to positively influence customers.

### Green Products

To activate the sale of sustainable products, Shinsegae has established definitions and standards for green products and set goals to promote the culture of green consumption by encouraging demand and distribution of green products. Based on these goals, we enhance customer accessibility to green products to encourage green consumption and expand various activities that internalize green consumption, such as the Carbon Neutrality Point System. Moving forward, Shinsegae will continuously strive to contribute to the formation of a green consumption culture by consistently promoting and encouraging the benefits and advantages customers can gain from consuming green products.

### Green Product Expansion Goals



### Criteria for Calculating Green Product Sales



- Products Certified with Environmental Label
- Products Certified with Environmental Performance Label (Including Low-Carbon Product Certification, Carbon Footprint Certification, etc.)

### Green Purchasing Regulations of Shinsegae

#### Definition of Green Products

“Green products” refer to products that help minimize the input of energy and resources and the generation of GHG and pollutants compared to other products or services for the same purpose.

#### Policy for Facilitating the Purchase and Distribution of Green Products

- Shinsegae regards the realization of a sustainable society as its social mission and promotes eco-friendly management activities with customers.
- To induce the purchase of green products among customers, Shinsegae strives to facilitate the distribution of green products by installing green product sales areas within stores, selling and promoting green products and establishing operational plans.
- When purchasing supplies for use in stores and offices, Shinsegae prioritizes green products to practice green purchasing.
- To spread a healthy culture of green consumption among customers, Shinsegae provides accurate environmental information and engages in environmental management partnership activities with customers.
- To facilitate the distribution of green products, Shinsegae places efforts to develop and supply eco-friendly brand products.
- Shinsegae curtails the generation of packaging waste by reducing the use of packaging materials and the frequency of packaging and by eliminating unnecessary packaging.
- Shinsegae endeavors to minimize the generation of waste in stores and to recycle as much waste as possible, disposing of any remaining waste safely in ways that have less impact on the environment.
- To reduce the environmental load from energy use, Shinsegae uses high-efficiency energy equipment and strives to reduce energy consumption through the efficient operation of logistics vehicles.

# RISK MANAGEMENT

## Processes for Identifying and Evaluating Climate Risks and Opportunities

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Shinsegae has established a risk consultative body to manage issues related to climate change successfully, conducting risk analyses and assessments related to climate change each quarter. Significant climate risks and opportunities identified will be reflected in future company-wide management strategies to develop detailed improvement plans.

## Integrated Processes for Managing Climate Change Risks

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Shinsegae recognizes that all departments have roles and responsibilities in managing and responding to climate change risks. By applying methods based on our environmental management system, we incorporate material climate change issues into our company-wide risk management system for effective management.

# RISK MANAGEMENT

## Processes for Identifying and Evaluating Climate Risks and Opportunities

Companies' success with climate response begins with the thorough identification of material business issues arising from climate change and the accurate understanding of their impacts. Shinsegae has established a risk consultative body to manage climate change issues more efficiently. The Chief Operating Officer (COO) is in charge of analyzing and assessing climate change risks each quarter. The material climate risks and opportunities selected through analysis are reflected in the company-wide management strategy, and detailed improvement plans are developed through strategic evaluations of performance.

### Risk Management Process

<p><b>Bodies Responsible for Implementation</b></p> 	<p><b>Listing of Risks and Opportunities</b></p> 	<p><b>Process</b></p> 	<p><b>Criteria for Selecting Critical Issues</b></p>																																						
<ul style="list-style-type: none"> <li>Supervision and review: ESG Team</li> <li>Data provision and opinions: Relevant departments within Shinsegae (Purchasing Team, General Affairs Team, ESG Team, Sales Team, etc.) Each relevant department participates in the assessment of important risks and opportunities, identifying and evaluating risks that are most highly associated with Shinsegae.</li> </ul>	<ul style="list-style-type: none"> <li>Selection of industry-specific agendas based on the system for classification of climate change risks and opportunities and examples under the TCFD Guidelines</li> <li>Customization of agendas through external benchmarking and internal workshops</li> </ul>	<ol style="list-style-type: none"> <li>Definition of climate-related risks specific to Shinsegae</li> <li>Establishment of the evaluation schedule and evaluation TF (ESG Team)</li> <li>Identification and evaluation of important risks and opportunities (ESG Team and relevant departments)</li> <li>Monitoring and action planning for each material risk and opportunity (ESG Team and designated departments)</li> <li>Reporting and approval of materiality assessment results and response plan</li> </ol>	<p>After diagnosing the likelihood and impact of issues based on expert evaluations and opinions from relevant departments of Shinsegae, issues with an average score of 4 or higher are selected as material issues.</p>																																						
<p><b>Materiality Assessment</b></p> 	<p><b>Cycle</b></p> 	<p><b>Final Selection of Material Issues</b></p> 	<table border="1"> <tr> <td rowspan="5">Impact</td> <td>Critical (5 points)</td> <td></td> <td></td> <td>Material</td> <td>Material</td> <td>Material</td> </tr> <tr> <td>Significant (4 points)</td> <td></td> <td></td> <td></td> <td>Material</td> <td>Material</td> </tr> <tr> <td>Moderate (3 points)</td> <td></td> <td></td> <td></td> <td></td> <td>Material</td> </tr> <tr> <td>Minor (2 points)</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Neglectable (1 points)</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td>Critical (1 points)</td> <td>Unlikely (2 points)</td> <td>Possible (3 points)</td> <td>Likely (4 points)</td> <td>Certain (5 points)</td> </tr> </table>	Impact	Critical (5 points)			Material	Material	Material	Significant (4 points)				Material	Material	Moderate (3 points)					Material	Minor (2 points)						Neglectable (1 points)								Critical (1 points)	Unlikely (2 points)	Possible (3 points)	Likely (4 points)	Certain (5 points)
Impact	Critical (5 points)				Material	Material	Material																																		
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		Critical (1 points)	Unlikely (2 points)	Possible (3 points)	Likely (4 points)	Certain (5 points)																																			
<ul style="list-style-type: none"> <li>Evaluation based on the likelihood and impact of risks and opportunities (using a 5-point scale)</li> <li>Combination of quantitative financial evaluation and qualitative evaluation on strategic importance when evaluating the impact</li> <li>Classified into short-term (-1 year), medium-term (-5 years), and long-term (-20 years)</li> </ul>	<p>Implemented annually and reported by the ESG Team at the BOD meeting</p>	<ul style="list-style-type: none"> <li>Selection of material risks and opportunities by considering the time of occurrence and financial impact of physical risks</li> </ul>	<p>Likelihood</p>																																						

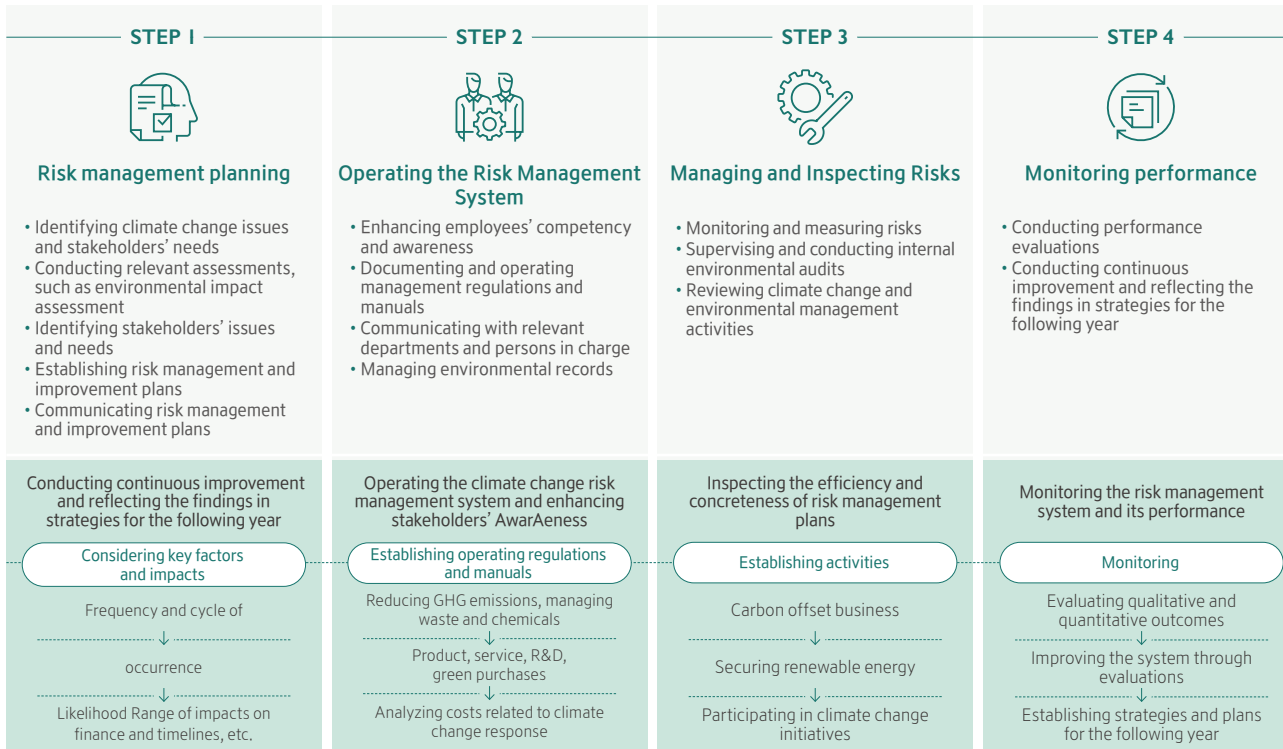
# RISK MANAGEMENT

## Integrated Processes for Managing Climate Change Risks

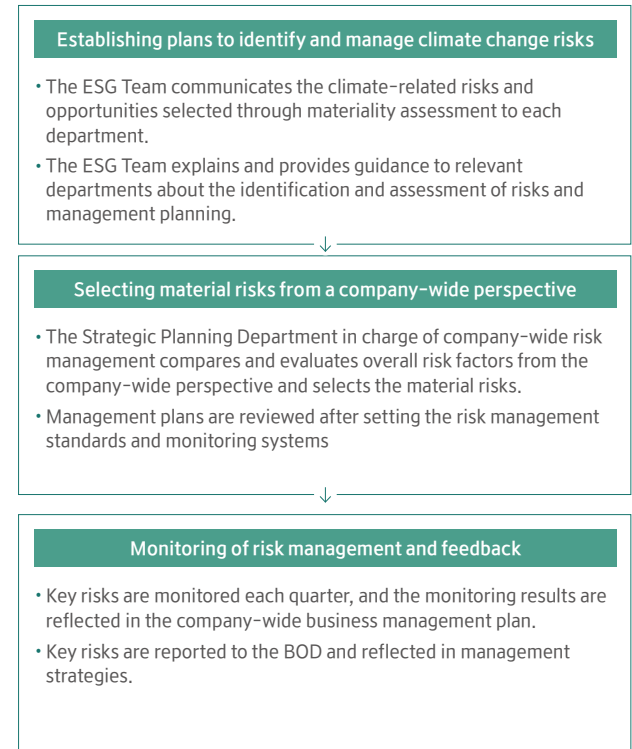
### Execution System to Comprehensively Consider Climate Risks within the Company-wide Risk Management System the Company-wide Risk Management System

Shinsegae has established a risk council to manage climate change issues more efficiently, conducting quarterly climate change risk analysis and assessment centered on the Chief Risk Officer (CRO). Shinsegae applies three methods based on its environmental management system to integrate material climate change issues into company-wide risk management effectively. First, climate risks and opportunities identified through the materiality assessment process are shared with relevant departments and responsible persons to ensure they are reflected when identifying and evaluating company-wide risks. Second, the Strategic Planning Department and the ESG Team in charge of company-wide risk management compare and evaluate the significance of all risk factors and select the major risks. Third, performance monitoring on key risks is conducted each quarter, and the results of monitoring are reflected in the strategic and management plans for the following year. Second, the Strategic Planning Department and the ESG Team in charge of company-wide risk management compare and evaluate the significance of all risk factors and select the major risks. Third, performance monitoring on key risks is conducted each quarter, and the results of monitoring are reflected in the strategic and management plans for the following year.

#### Company-wide Risk Management Process Related to Climate Change



#### Establishing strategies and plans for the following year



# METRICS & TARGETS

## Management of Metrics for Four Major Response Strategies

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To predict climate change risks and opportunities, it is important to set and manage climate-related metrics. Shinsegae discloses its key metrics and methods in line with the four climate change strategies to facilitate the understanding of external stakeholders.

## Current Status of Shinsegae's 2050 Net Zero Goals and Indicators



















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Shinsegae has set a goal to achieve Net Zero by 2050 based on the national NDC targets. Through continuous monitoring of GHG emissions and energy usage, we plan to review our annual reduction activities and achieve the Net Zero goals. In addition to GHG, we also disclose detailed three-year quantitative data for water resources, waste, and eco-friendly business performance.

# METRICS & TARGETS

## Management of Metrics for the Four Major Response Strategies

Shinsegae sets and manages key performance indicators related to its four major strategies, as well as metrics to monitor important risks and metrics to facilitate the implementation of strategies. The measurement results are used not only to identify issues in the process of strategy implementation and reflect them in decision-making, but also to help external stakeholders understand the material issues and response performance of Shinsegae.

Strategy	Key Metrics				Scope and Method of Measurement
 <p>Mitigating climate change and strengthening capabilities for adaptation</p>	 <p>GHG Scope 1, 2, 3 emissions</p>	 <p>Environmental Education Performance</p>	 <p>Water Use</p>	 <p>Activities for preservation of biodiversity</p>	<ul style="list-style-type: none"> <li>• GHG Emissions (Scope 1&amp;2, Scope 3 Category 2. Capital Goods, Category 5. Waste, Category 6. Business Travel)</li> <li>• Number of environmental management training sessions conducted and number of participants completed</li> <li>• Urban water, groundwater, recycling water, water reused</li> <li>• Number of biodiversity preservation activities</li> </ul>
 <p>Green Building, Green Logistics</p>	 <p>Total energy usage (usage by energy source)</p>	 <p>Green Store Operation Performance</p>	 <p>Investment in facilities for energy saving</p>	 <p>Ratio of transition to renewable energy</p>	<ul style="list-style-type: none"> <li>• Usage by energy source, such as fuel, electric power, heat, etc.</li> <li>• Number of green stores</li> <li>• Investment performance and results in energy reduction</li> <li>• Performance and plan for the expansion of solar power facilities</li> </ul>
 <p>Expansion of Eco-friendly Packaging</p>	 <p>Emissions associated with waste</p>	 <p>Eco-friendly packaging performance</p>	 <p>Ratio of recycled paper used in packaging materials</p>		<ul style="list-style-type: none"> <li>• Waste generation by type, waste recycling rate</li> <li>• Resource savings achieved through the introduction of eco-friendly packaging</li> <li>• Number of cases of using recycled paper in packaging materials</li> </ul>
 <p>Sustainable MD</p>	 <p>Stores Selling Eco-friendly Products</p>	 <p>Eco-friendly Purchasing</p>	 <p>Eco-friendly Sales</p>		<ul style="list-style-type: none"> <li>• Number of stores selling eco-friendly products, sales volume of eco-friendly products</li> <li>• Eco-friendly sales ratio</li> <li>• Sales performance of animal welfare livestock, low-carbon fruits and vegetables, and ASC-certified seafood</li> </ul>

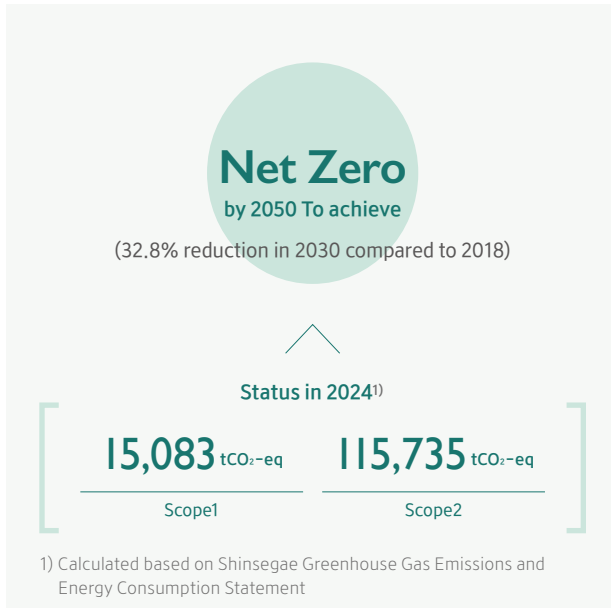
# METRICS & TARGETS

## Current Status of Shinsegae's 2050 Net Zero Goals and Indicator

### GHG Management Target

Shinsegae has set a target to achieve Net Zero for Scope 1 and 2 greenhouse gas emissions by 2050 based on the national NDC target and continuously monitors greenhouse gas emissions. Among GHG emission sources, direct emissions (Scope 1) originate from boilers within business sites, company vehicles, and emergency power generators. Indirect emissions (Scope 2) result primarily from the consumption of electric power at business sites and the use of hot water supplied externally by district heating corporations. We set annual targets for reducing energy consumption and monitor reduction activities continuously.

### GHG Emissions Management Targets and Status in 2024



### GHG Emissions (Scope 1, 2, 3)

Category	Unit	2022	2023	2024				
		Shinsegae <sup>1)</sup>	Shinsegae <sup>1)</sup>	Shinsegae <sup>1)</sup>	Daejeon Shinsegae <sup>1)</sup>	Gwangju ShinsegAae	Dongdaegu Complex Center <sup>1)</sup>	
GHG Emissions	SCOPE1+2 <sup>2)</sup>	tCO <sub>2</sub> eq	123,221	124,768	130,818	21,912	8,603	23,534
	SCOPE1 <sup>2)</sup>	tCO <sub>2</sub> eq	14,290	15,160	15,083	2,351	1,078	1,732
	SCOPE2 <sup>2)</sup>	tCO <sub>2</sub> eq	108,931	109,607	115,735	19,561	7,525	21,802
	SCOPE3 – Capital Good (Category 2) <sup>3)</sup>	tCO <sub>2</sub> eq	-	-	464	10	45	22
	SCOPE3 – Wast (Category 5) <sup>4)</sup>	tCO <sub>2</sub> eq	2,372	2,836	1,892	445	55	609
	SCOPE3 – Business Trips (Category 6)	tCO <sub>2</sub> eq	294	671	658	15	30	26
	SCOPE1&2 Emission Intensity <sup>5)</sup>	tCO <sub>2</sub> eq/100 million KRW	6.60	6.53	6.57	11.55	4.69	8.28
Year-over-Year Greenhouse Gas Reduction <sup>2)</sup>		tCO <sub>2</sub> eq	-4,231	-1,546	-6,050			

1) Calculated based on the Greenhouse Gas Emissions and Energy Consumption Statement 2) Revised due to changes in 2023 data calculation standards  
 3) Calculated from 2024 due to Scope 3 Inventory enhancement 4) Corrected due to data errors in 2022 and 2023  
 5) Revised due to changes in data calculation standards for 2022 and 2023

### Scope 3 Management

The ratio of Scope 3 GHG emissions is approximately 2% based on the inventory established in 2024, calculated based on business trips, outside duties, and waste emissions by employees. Newly measured greenhouse gas emissions from the capital goods sector were included in 2024, and external verification was conducted for the first time on Scope 3 capital goods emissions. We are considering the expansion of the boundary of Scope 3 calculations in the future.

Scope 3 Category	Definition	Calculation Method
Capital Goods	Greenhouse gas emissions generated during the production of capital goods purchased by the company	Greenhouse gases emitted throughout the entire life cycle of purchased capital goods were calculated. However, emissions during the use phase of capital goods were excluded from calculation as they are included in Scope 1 or Scope 2.
Waste	Emissions generated from recycling and non-recycling of waste produced at business sites	Greenhouse gas emissions from waste generation and treatment processes at 12 Shinsegae stores were calculated.
Business Trips and outside duties	Greenhouse gas emissions caused by employees' business trips and field work using transportation not owned or controlled by the company were calculated based on travel distances from work addresses to trip destinations.	

# METRICS & TARGETS

## Energy Management

Category	Unit	2022	2023	2024				
		Shinsegae <sup>1)</sup>	Shinsegae <sup>1)</sup>	Shinsegae <sup>1)</sup>	Daejeon Shinsegae <sup>1)</sup>	Gwangju Shinsegae	Dongdaegu Complex Transfer Center <sup>1)</sup>	
Energy Consumption	Total Energy Consumption <sup>2)</sup>	TJ	2,562	2,591	2,720	455	179	490
	Fuel <sup>2)</sup>	TJ	280	297	296	46	21	34
	Electricity <sup>2)</sup>	TJ	2,256	2,278	2,403	409	157	456
	Steam	TJ	26	16	21	0	0	0
	Energy Intensity <sup>3)</sup>	TJ/100 million KRW	0.14	0.14	0.14	0.24	0.10	0.17
Energy Reduction Compared to Previous Year <sup>2)</sup>		TJ	-88	-30	-128			

1) Calculated based on Greenhouse Gas Emissions and Energy Consumption Statement 2) Revised due to change in 2023 data calculation criteria 3) Revised due to change in 2022 and 2023 data calculation criteria

## Water Management

Category	Unit	2022	2023	2024			
		Shinsegae <sup>1)</sup>	Shinsegae <sup>1)</sup>	Shinsegae <sup>1)</sup>	Daejeon Shinsegae	Gwangju Shinsegae	Dongdaegu Complex Transfer Center
Total Water Usage	ton	3,603,465	2,149,507	2,201,562	537,865	123,300	429,379
Usage of urban water or water supply facilities	ton	3,220,449	1,723,602	1,838,816	272,484	88,538	349,243
Usage of groundwater	ton	94,703	172,138	115,645	259,358	26,256	0
Usage of recycled water– reuse water	ton	288,313	253,767	247,101	6,023	8,506	80,136
Water reused	ton	383,016	253,767	247,101	6,023	8,506	80,136

1) Calculated including 9 Shinsegae Department Store Co., Ltd. locations and 7 other business sites (such as the Human Resources Development Center).

# METRICS & TARGETS

## Waste Management

Category	Unit	2022	2023	2024					
		Department Store	Department Store <sup>1)</sup>	Department Store <sup>2)</sup>	Shinsegae	Daejeon Shinsegae	Gwangju Shinsegae	Dongdaegu Complex Transfer Center	
Total Waste Emission	ton	19,998.2	21,577.0	17,993.4	11,316.0	2,363.7	1,289.1	3,024.6	
Recyclable Waste	Food Waste	ton	5,272.6	5,948.8	4,953.7	3,064.4	700.0	303.0	886.2
	Waste Cooking Oil	ton	92.0	81.6	79.8	59.8	3.6	4.6	11.8
	Waste oils	ton	88.8	57.3	47.3	35.0	4.5	4.0	3.8
	Waste Fluorescent Lamps <sup>3)</sup>	ton	2.1	1.0	0.4	0.4	0	0	0
	Waste Paper	ton	6,782.5	6,594.7	5,501.6	3,473.2	730.6	394.6	903.1
	Scrap cans (Cans, Aluminum, etc.)	ton	92.0	107.9	106.6	85.3	8.4	3.1	9.9
	Plastics	ton	228.9	490.1	725.4	95.5	31.5	550.4	18.7
	Glass <sup>3)</sup>	ton	174.6	224.8	148.8	91.8	42.8	0	14.2
Non-recyclable Waste	Domestic waste	ton	6,301.7	7,548.9	6,083.5	4,069.3	842.3	29.4	1,171.9
	Incinerable Waste (Wood, etc.)	ton	962.9	521.8	346.4	341.3	0	0	5.1
Amount of waste recycled <sup>3)</sup>	ton	12,733.6	13,506.2	11,563.6	6,905.4	1,521.5	1,259.7	1,847.7	
Ratio of waste recycled	%	64%	63%	64%	61%	64%	98%	61%	
Amount of waste discharge <sup>3)</sup>	ton	7,264.6	8,070.8	6,429.8	4,410.6	842.3	29.4	1,176.9	

1) Calculated including 12 department store units and 2 other business sites (such as the Urban Training Center) in the Department Store Business Division

2) Calculated including 12 department store units and 5 other business sites (such as the Urban Training Center) in the Department Store Business Division

3) Correction due to data error in 2023

## Environmental Investment and Performance of the Eco-friendly Business

Category	Unit	2022	2023	2024				
		Department Store	Department Store	Department Store	Shinsegae	Daejeon Shinsegae	Gwangju Shinsegae	Dongdaegu Complex Transfer Center
Amount of environmental investments – energy-saving investment	Million KRW	472.4	899.0	998.0	448.0	0	550.0	0
Eco-friendly business sites – number of green Stores	EA	11	12	12	9	1	1	1
Number of stores selling eco-friendly products	EA	12	12	12	9	1	1	1
Number of eco-friendly products sold (including NB, PB)	EA	269	183	827	282	180	161	204
Total Purchase Amount	Million KRW	7,552	10,008	13,865	10,347	896	917	1,705
Eco-friendly purchasing performance	Million KRW	659	887	2,130	1,449	181	188	312
Eco-friendly Purchasing Ratio	%	8.73%	8.86%	15.36%	14.00%	20.20%	20.50%	18.30%
Eco-friendly Sales Performance	Million KRW	43,080	31,476	42,487	27,323	4,140	7,409	3,615
Eco-friendly Sales Ratio <sup>1)</sup>	%	1.73%	1.23%	1.60%	1.37%	2.18%	4.04%	1.27%

1) Correction due to changes in data calculation standards for 2022 and 2023

# APPENDIX

TCFD INDEX

# TCFD INDEX

Topic		TCFD Recommendation	Page
Governance	Board's oversight	a) Describe the Board's oversight of climate-related risks and opportunities. (Procedures and frequency of discussions, oversight of performance monitoring, etc.)	p.6
	Management's Role	b) Describe the management's role in assessing and managing climate-related risks and opportunities.	p.6
Strategy	Risks and Opportunities	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	p.9~10
	Businesses, strategy, and financial	b) Describe the impact climate-related risks and opportunities have on the organization's businesses, strategy, and financial planning.	p.11~14
	Resilience Considering Scenarios	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2 °C or lower scenario.	p.15~26
Risk Management	Identification of risks	a) Describe the organization's processes for identifying and assessing climate-related risks.	p.28
	Risk Management	b) Describe the organization's processes for managing climate-related risks.	p.28
	Integrated Risk Management	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	p.29
Metrics and Targets	Targets related to climate change	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	p.31
	Metrics for GHG management	b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	p.32
	Metrics for climate change response	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	p.33~34

SHINSEGAE