LOTTE HIMART

Sustainability Report 2025

LOTTE HIMART

INTRODUCTION
ESG MANAGEMENT
FOCUS ON MATERIAL ISSUES
ENVIRONMENTAL
SOCIAL
GOVERNANCE
ESG FACTBOOK

About this report

Report Overview

LOTTE HIMART publishes the Sustainability Report to share our efforts to create sustainable value with stakeholders. This report comprehensively covers the key policies, activities, and performance pursued in the Environmental, Social, and Governance areas to help stakeholders better understand our responsible management practices. In addition, we identified key ESG issues through a materiality assessment that reflects stakeholder opinions, and as a result, climate change, mutual growth with partner companies, and information security were selected as material issues. The selected material issues are reported in depth in the "Focus on Material Issues" chapter, covering the management direction and key performance of each issue.

Reporting Period

This report primarily covers economic, social, and environmental performance from January 1, 2025, to December 31, 2025, and includes some performance from the first half of 2026. For quantitative data, figures for the most recent three years (2023–2025) are also presented to enable trend analysis.

Reporting Scope

This report covers the LOTTE HIMART Headquarters and all branches, stores, and distribution centers nationwide.

Reporting Cycle

LOTTE HIMART publishes the Sustainability Report annually.

Report Assurance

This report was assured by the Korean Standards Association (KSA), an independent third-party assurance provider, to ensure the reliability and accuracy of the reported content. The third-party assurance statement, including detailed assurance opinions, is included in the ESG FACTBOOK.

Publication Information

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* This report is published as an interactive PDF that allows navigation to related pages and links to web pages.

Table of contents

Introduction

CEO Message 04
Company Overview 05
Business Overview 08

ESG Management

2025 ESG Highlights 14
ESG Promotion System 15
ESG Risk Management 17
Stakeholder Engagement 19

Focus on Material Issues

Double Materiality Assessment 21
Focus 1. Climate Action 25
Focus 2. Mutual Growth with Partner Companies 43
Focus 3. Information Security 53

ESG Performance

Environmental

Environmental Management 63
Eco-Friendly Products and Services 67
Resource Circulation 68

Social

Human Rights Management 71
Talent Management 76
Customer-Centered Management 84
Sustainable Supply Chain 88
Safety and Health Management 91
Social Contribution 98

Governance

Governance 101
Ethics and Compliance Management 109

ESG Factbook

ESG Data 113
GRI Index 122
SASB Index 126
UN SDGs Contribution 127
Key Awards and Association Memberships 129
Third-Party Assurance Statement 130
Greenhouse Gas Assurance Statement 131

INTRODUCTION
CEO Message
Company Overview
Business Overview
ESG MANAGEMENT
FOCUS ON MATERIAL ISSUES
ENVIRONMENTAL
SOCIAL
GOVERNANCE
ESG FACTBOOK

CEO Message

As Korea's leading home appliance specialty retailer closely connected to customers' everyday lives, LOTTE HIMART is pursuing a wide range of business initiatives under the vision of "Lifetime Care for Every Stage of Your Home Appliance Journey," providing home appliances and services tailored to customers' life stages. Through these efforts, LOTTE HIMART is evolving into "the most trusted destination for home appliance services," "a comprehensive home solutions provider that goes beyond home appliances," and "a trusted partner that takes responsibility for products throughout their entire lifecycle, from new appliances to pre-owned products." By providing lifetime care to our customers and pursuing sustainable growth, we will continue striving to create social value for a better future.

June 2026

First, we will further strengthen our climate action capabilities and accelerate our efforts to realize a circular economy.

Recognizing climate change as a critical business challenge, LOTTE HIMART is strengthening the foundation for systematically identifying and analyzing climate-related risks and opportunities beyond carbon reduction activities. The company is evaluating and analyzing the potential financial impacts of climate change to enable a more systemic climate action. In addition, LOTTE HIMART continues to expand the adoption of solar power generation facilities to accelerate its transition to renewable energy. The company is also advancing a circular economy through resource circulation initiatives, including the collection of end-of-life appliances, repair services, and certified pre-owned appliance programs. Going forward, we will continue our efforts to create sustainable value throughout the entire lifecycle of home appliances—from production and collection to life extension and reuse.

Second, we will foster a corporate culture where customers, employees, and local communities can grow together.

LOTTE HIMART is committed to practicing fair and responsible management to earn the trust of its customers and society. This year, we further strengthened our fair trade and information security risk management systems, resulting in zero incidents of violations related to fair trade regulations and information security. Going forward, we will continue to build trust with customers and stakeholders through a transparent and fair business culture and a robust information protection system. We are also committed to creating a safe and rewarding workplace for our employees. LOTTE HIMART has obtained ISO 45001 certification for its Occupational Health and Safety Management System across all business sites. In addition, parental leave has become widely adopted not only among female employees but also among male employees, helping to foster a corporate culture that supports a healthy work-life balance. We have also maintained a long-standing commitment to social contribution activities. To support the healthy development of children living in grandparent-headed families, we continue to provide living assistance to 200 households each year through our sponsorship program. Through these efforts over the past 20 years, we have helped children grow into independent adults. We also operate science and culture programs designed to foster creativity among future generations. Last year, 190 children and adolescents participated in these programs, bringing cumulative participation over the past eight years to 5,790. Going forward, LOTTE HIMART will continue to identify areas where local communities need support and fulfill its social responsibilities through meaningful and sincere social contribution initiatives.

Third, we will become a trusted company built on transparent and responsible governance.

LOTTE HIMART is strengthening its responsible management framework based on the belief that sound governance and ethical management are fundamental to sustainable management. In recognition of these efforts, we were selected as an Outstanding Company for Corporate Governance Report Disclosure in 2025, demonstrating our excellence in transparent information disclosure and corporate governance practices.
In addition, LOTTE HIMART further enhanced its ethics and compliance management framework by obtaining integrated certification for the ISO 37001 Anti-Bribery Management System and the ISO 37301 Compliance Management System. Building on this foundation, we will embed ethical decision-making and a culture of compliance throughout the organization, while proactively managing potential risks to strengthen stakeholder trust further.

Going forward, LOTTE HIMART will continue to drive customer-centric innovation and strengthen its ESG management practices in response to a changing business environment, creating sustainable value for all stakeholders.
We sincerely ask for your continued interest and support.

Thank you.

Company Overview

Company Overview

Simplifying Life with Every Appliance, LOTTE HIMART

LOTTE HIMART is Korea's leading home appliance specialty retailer, operating approximately 296 offline stores nationwide and an online shopping mall (www.e-himart.co.kr) as of December 2025, supported by a nationwide delivery system based on 11 distribution centers. In addition to selling home appliances, we provide life cycle-based care services, including home appliance repair, home cleaning, professional reinstallation, appliance insurance, and home interior services. Through these efforts, we are evolving into a specialized provider of "Customer Lifetime Care," delivering home appliances and services tailored to each stage of customers' lives. Based on a broad product portfolio that combines leading domestic and global brands with our own private brand (PB), we operate differentiated stores tailored to the characteristics of each commercial district to provide the best shopping experience. We will continue to grow as a company that supports customers throughout their home appliance journey by offering diverse products and services that reflect their evolving needs.

Company Overview and Key Performance (As of the end of December 2025)

Company Name	LOTTE HIMART Co., Ltd.	Total Assets	KRW 1.8 trillion
Business Type	Wholesale and retail of home appliances	Revenue	KRW 2.3 trillion
CEO	Chang Hee Nam	Number of Employees	3,776[1]
Headquarters Location	LOTTE HIMART Building, 156 Samseong-ro, Gangnam-gu, Seoul	Domestic Credit Rating	A+(Korea Investors Service)

1) Includes fixed-term employees.

ESG Ratings

Korea Institute of Corporate Governance and Sustainability

Overall ESG Rating **A**

* As of December 2025

Major Awards

Recognized as the Most Loved Brand in Korea

16 Consecutive Years

Recognized as The Most Trusted Brand Awards

17 Consecutive Years

* As of May 2026

Corporate Governance Report Disclosure

Recognized as an Outstanding Company

* As of December 2025

INTRODUCTION
CEO Message
Company Overview
Business Overview
ESG MANAGEMENT
FOCUS ON MATERIAL ISSUES
ENVIRONMENTAL
SOCIAL
GOVERNANCE
ESG FACTBOOK

Company Overview

Key Milestones

Since establishing its foundation in home appliance retail, LOTTE HIMART has evolved by strengthening its online and offline distribution competitiveness and innovating the customer experience, guided by its vision of "Lifetime Care for Every Stage of Your Home Appliance Journey."

2000~2009
Building Home Appliance Retail Infrastructure

2000
- Founded HIMART Co., Ltd. and established a network of over 200 directly managed stores nationwide
- Established a nationwide one-day delivery system and opened the e-himart online shopping mall

2003
- Opened a company-operated service center

2004
- Became the first company in the electronics retail industry to introduce the point-of-sale (POS) system

2005
- Introduced "Sales Master," the first internal certification system in the retail industry, officially certified by the Ministry of Employment and Labor

2009
- Received a commendation from the Minister of Knowledge Economy as an Excellent Service Quality Company at the National Quality Management Convention

2010~2014
Corporate Growth and Strengthening Brand Competitiveness

2010
- Became the first company in the electronics retail industry to exceed KRW 3 trillion in revenue

2011
- Listed on the KOSPI Market

2012
- Changed the company name to 'LOTTE HIMART Co., Ltd.'

2013
- Signed an MOU with the Ministry of Trade, Industry and Energy to expand the distribution of high-efficiency home appliances

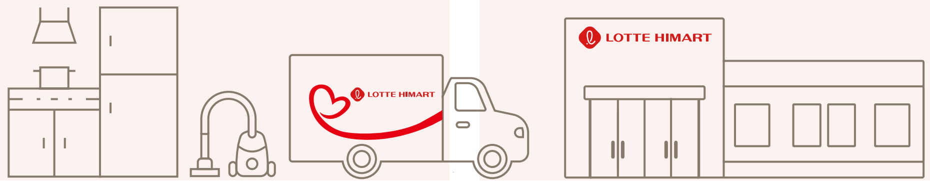
2015~2019
Strengthening Distribution Competitiveness through Channel Diversification and Private Brand Launch

2015
- Selected as one of the 100 Excellent Companies for Job Creation by the Ministry of Employment and Labor
- Obtained Family-Friendly Company certification from the Ministry of Gender Equality and Family

2016
- Launched the PB brand "HIMADE"

2017
- Opened an online-exclusive distribution center

2018
- Opened the "Omni Store" at Guri Station, an integrated online and offline store



2020~
Transition to a Customer Life Care Company and Strengthening Sustainability Management

2021
- Established the ESG Committee under the Board of Directors
- Published the first Sustainability Report, "For Your Family"

2022
- Selected as a Best Performer in Governance by the Korea Institute of Corporate Governance and Sustainability
- Ranked No. 1 in the Korean Standards Association Premium Brand Index (KS-PBI) hosted for 10 consecutive years

2023
- Signed an agreement with the Korea Commission for Corporate Partnership for the Partner Company ESG Support Program for the third consecutive year
- Launched a dedicated consultation channel for HIMART Care

2024
- Announced the new vision, "Lifetime Care for Every Stage of Your Home Appliance Journey, LOTTE HIMART," and the slogan, "Simplifying Life with Every Appliance, LOTTE HIMART"

2025
- Launched the new PB brand, PLUX
- Launched HIMART Subscription and Care Services
- Introduced "HIMART REUSE," a circular home appliance trading service

LOTTE HIMART
Sustainability Report 2025

INTRODUCTION
CEO Message
Company Overview
Business Overview
ESG MANAGEMENT
FOCUS ON MATERIAL ISSUES
ENVIRONMENTAL
SOCIAL
GOVERNANCE
ESG FACTBOOK

Company Overview

Vision

With "Lifetime Care for Every Stage of Your Home Appliance Journey" as its vision, LOTTE HIMART provides home appliances and care services tailored to each stage of customers' lives, supporting a reliable home appliance experience throughout the entire journey, from purchase to maintenance.

Brand Vision

Lifetime Care for Every Stage of Your Home Appliance Journey, LOTTE HIMART

Brand Mission

At LOTTE HIMART, we bring you peace of mind for all things home appliances. Our curated selection of top products and dedicated care services are designed to support every stage of your life.

Brand Value

Selection	Curation	Care Service
A diverse selection that enables product comparison and hands-on experience	The best curation just for you	End-to-end care
• A global home appliance brand • Trendy new product recommendations • Product selection that appeals to enthusiasts • Private Brand (PB) products that reflect the value of home appliances • Pre-owned home appliances that have completed thorough quality inspection	• 1:1 customized consultations by 3,000 professional curators • Optimal product and service recommendations based on customer needs • Korea's first integrated online and offline video consultation service • AI chatbot-based search, comparison, and recommendations for the products users want	• Korea's No. 1 home appliance-specialized insurance service • Korea's first 100% promise fulfillment guarantee service for appointment times, follow-up management, and repair quality • Integrated Lifetime Care service across all online and offline channels

Brand Personality

Smart · Specialized · Proactive

Brand Slogan

Simplifying Life with Every Appliance, LOTTE HIMART

Business Overview

Sales Channels

Offline Stores

LOTTE HIMART provides systematic services from purchase to delivery and installation based on approximately 296 offline stores nationwide. We also create experience-oriented shopping environments by operating stores tailored to local market characteristics and customer demand. In addition, professionally trained consultants with extensive knowledge of home appliances and services provide personalized consultations tailored to customers' needs at each stage of their lives. Offline stores serve not only as sales channels but also as key customer touchpoints that support overall customer services, including repair service registration for home appliances and IT products. By expanding repair service registration regardless of the original place of purchase, we are enhancing customer convenience and continuously expanding the role of our home appliance retail channels. In addition, we are strengthening store competitiveness through renovations focused on medium- and large-sized stores. As of 2025, the number of renovated stores increased to 22. These renovated stores achieved approximately 39% year-on-year sales growth, demonstrating that our "experience-oriented store" strategy centered on integrated consultation services is delivering tangible results.

Store Format Innovation

Home Interior Stores Integrating Interior Design, Furniture, and Home Appliances
Hobby & Mobile Stores Offering Hands-on IT Product Experiences and Expert Consultation

▲ Experience-Based Gaming Zone (Seocheongju Lotte Mart Store)

▲ Specialized Mobile, Living & Kitchen Store (Godeok Store)

▲ Typing Experience Shop (Jamsil Store)

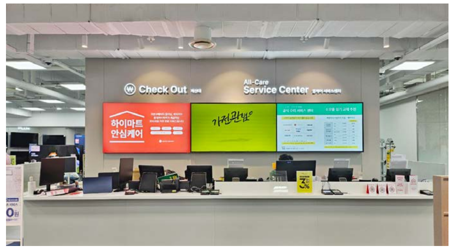
▲ Integrated Interior, Home Appliance & Furniture Store (Jwacheon Store)

Multi-Brand Comparison

Compare and Choose from a Wide Range of Brands, from Leading Domestic Brands to Global Brands

Lifetime Care Service

A Variety of Service Offerings, Including Home Care, Appliance Care, and Repair Services, Designed to Support Customers Throughout Their Home Appliance Journey



INTRODUCTION
CEO Message
Company Overview
Business Overview
ESG MANAGEMENT
FOCUS ON MATERIAL ISSUES
ENVIRONMENTAL
SOCIAL
GOVERNANCE
ESG FACTBOOK

Business Overview

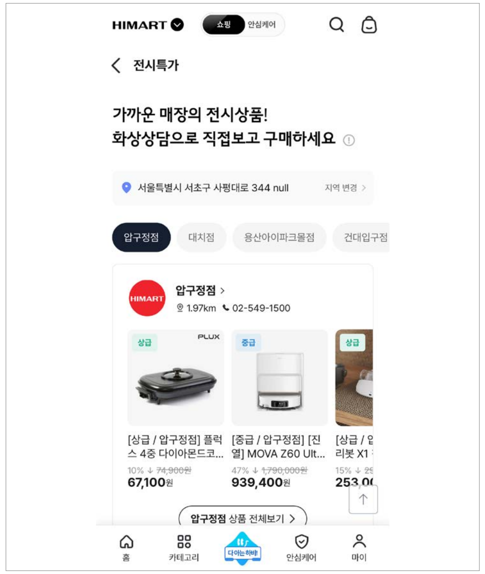
Sales Channels

Online Shopping Mall

LOTTE HIMART offers an integrated online-to-offline shopping experience through our specialized home appliance online shopping mall and provides differentiated products and services that support customers throughout their entire purchasing journey. Through our online platform, we offer a wide range of differentiated products across various price points to meet customer needs, including online-exclusive products, PLUX Private Brand (PB) products, subscription products, display products from offline stores, unopened special-price products, and HIMART-certified pre-owned products (REUSE). Customers can receive expert consultations from curators nationwide regardless of location. Their consultation and purchase histories can also be managed in an integrated manner through "My Care," regardless of whether they use online or offline channels. Based on this, we aim to enhance customer satisfaction through our "Lifetime Care" service, which covers not only home appliance purchases but also repairs, cleaning, consumables replacement, reinstallation, and trade-in compensation for pre-owned products throughout the entire product lifecycle, from purchase to after-sales support. In April 2026, we launched HAVI, an AI shopping agent that enables customers to interact conversationally rather than simply entering search keywords. HAVI provides accurate information on product specifications, intended uses, and usage instructions while recommending products tailored to individual needs, thereby enhancing shopping convenience and supporting more informed purchasing decisions. In addition, HIMART Live (Heart Live) offers a differentiated shopping experience through real-time interactive communication, where products are showcased directly and store employees personally answer customers' questions. Through these efforts, the average monthly number of unique visitors to our online shopping mall increased by approximately 40%, from 3.3 million in 2023 to 4.61 million in 2025. Along with continued growth in customer traffic, sales have also shown a steady upward trend, strengthening our foundation for online-centered growth.

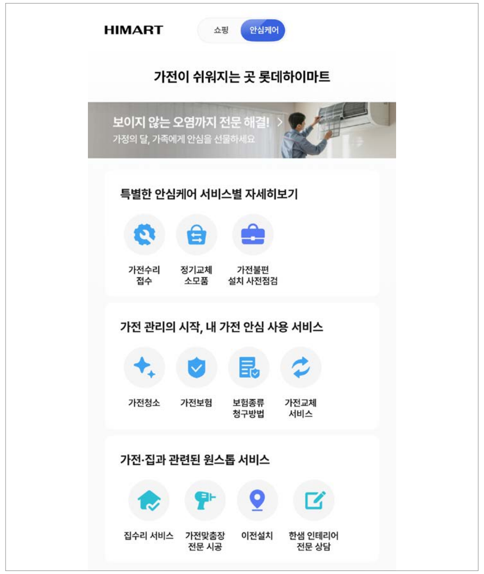
Display Appliances

View and purchase display products from offline stores through video consultations



Lifetime Care Service

Providing "Lifetime Care" services covering appliance care, installation, and after-sales support beyond product purchases

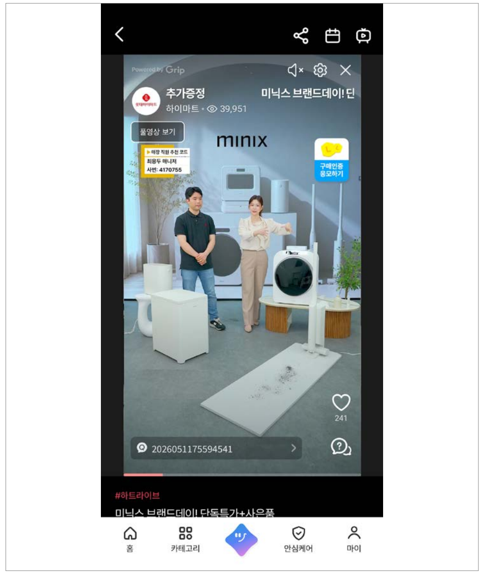


Interactive Problem-Solving Platform

Convenient and informed purchasing through HAVI, an AI shopping agent

Heart Live

Delivering a differentiated shopping experience through expert product explanations and real-time interactive communication with customers



Business Overview

Private Brand (PB) Products

PLUX

LOTTE HIMART operates Private Brand (PB) products to meet customers' diverse home appliance needs. In 2025, we launched PLUX, a new PB brand designed to reflect evolving market trends and changing lifestyles. Based on the principles of reasonable prices and reliable quality, PLUX offers a wide range of products across all home appliance categories, from large home appliances to mobile accessories. With "Young Minded, Small Family" as its key customer segment, PLUX provides products that balance the functions, design, and customer needs required in everyday life, centered on its core values of Essential, Design, and Fit. In addition, through data-driven product planning and user experience-centered design, PLUX is expanding its categories mainly in the small appliance and household appliance segments, supporting customers in enjoying a smarter lifestyle experience.

PLUX Brand Introduction

Target Customer

Young Minded, Small Family

Brand Value

Essential	Design	Fit
"Essential home appliances true to the basics"	"Designs that perfectly fit my space and personality"	"A perfect fit for my needs"

Brand Manifesto

PLUX embodies only the essential values needed in everyday life and connects them to a smarter daily experience.

Brand Slogan

New Home Appliances for Small Families, PLUX

Key PLUX Products

▲ Keyboard

▲ Ceiling Fan

▲ Rice Cooker

▲ Refrigerator

Business Overview

HIMART Care

LOTTE HIMART provides "HIMART Care" services throughout the entire life cycle of home appliances, from product purchase to installation, cleaning, repair, reuse, and disposal. Through these services, we are evolving into a "Lifetime Care for Every Stage of Your Home Appliance Journey" company that supports customers every step of the way. HIMART Care services go beyond one-time sales consultations and aim to provide lifelong care consultations throughout the entire process of customers' home appliance use. To improve customer accessibility, we operate dedicated consultation centers in our stores.

Life-cycle Care Service

Disposal

• Free collection of waste home appliances

Reuse

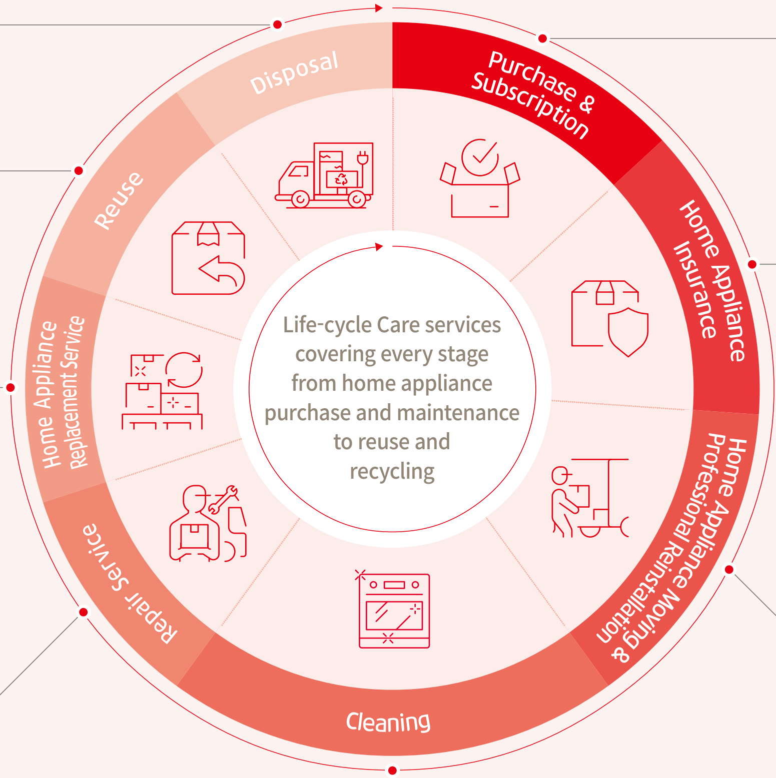
• Cash compensation for used home appliances
• Systematic refurbishment
• Sales of certified pre-owned products that have completed the refurbishing process

Home Appliance Replacement Service

• Replacement with new home appliances at half price every year, regardless of brand

Repair Service

• Official repair services for Korea's widest range of brands



Purchase & Subscription

• Service recommendations tailored to customer occasions
• Home appliance consultations for move-in, relocation, and newlyweds

Home Appliance Insurance

• Coverage for both new and existing appliances throughout their service life

Home Appliance Moving & Professional Reinstallation

• Home appliance moving and reinstallation services provided regardless of brand

Cleaning

• Reliable and comfortable cleaning services provided directly by home appliance experts

Business Overview

HIMART Care

Home Appliance Care and Home Care

Home Appliance Cleaning

LOTTE HIMART provides cleaning services for everyday home appliances, including air conditioners, washing machines, dryers, and air purifiers. Professional engineers systematically clean and manage the inside of each appliance using specialized equipment tailored to each product and eco-certified cleaning agents, helping customers use their products in a more hygienic and comfortable environment. We also support the stable use of seasonal appliances through the "Premium Air Conditioner Cleaning Service," which combines air conditioner cleaning with pre-inspection.

Home Appliance Repair

LOTTE HIMART operates repair services mainly for small and medium-sized home appliances and PCs. Customers can request repairs through approximately 296 stores nationwide and the HIMART Shopping Mall. For customers who have difficulty visiting stores, we also provide a door-to-door pickup service using our delivery system. Professional repair technicians with an average of more than 10 years of experience perform the services, and we continuously manage their technical capabilities and service quality through regular training. Currently, we provide repair services for approximately 170 domestic and global brands, including ASUS, HP, Roborock, Shark, and Apple, and are expanding the scope of repair categories and supported brands.

Home Appliance Moving & Professional Reinstallation

Home Appliance Moving & Professional Reinstallation is a service that professionally handles the entire process of dismantling, transportation, and reinstalling home appliances so that customers can continue using their appliances in a new environment. The service has been expanded to cover all products that can be installed by us, regardless of where they were purchased. In addition, repair costs resulting from malfunctions are covered for one year following the service, providing customers with greater peace of mind.

Home Appliance Replacement

LOTTE HIMART's Home Appliance Replacement service is a differentiated customer care service that provides customers who purchase home appliances from us with replacement benefits for up to three years at approximately half the price of a new product each year in various situations, including damage, malfunction, aging, and change of mind. In addition, the service includes an extended warranty plan for up to five years (or accidental damage insurance coverage for mobile devices), establishing an integrated after-sales management system that encompasses both repair and replacement services. This differentiated service provides customers with greater peace of mind while enhancing our service competitiveness and customer loyalty.

Home Appliance Insurance

LOTTE HIMART Home Appliance Insurance is a service that helps reduce the burden of breakdowns or damage that may occur during the use of home appliances, allowing customers to use their products with greater peace of mind. Through extended warranty insurance, which allows customers to extend the warranty period for up to five years, and repair-cost insurance for used home appliances, which can also be applied to products already in use, we help ease the burden of repair costs that may arise after purchase.

Home Cleaning

LOTTE HIMART provides a range of Home Cleaning services to enhance customers' convenience in daily life. We professionally operate and manage essential residential services, including packing and moving services, move-in cleaning, sick house syndrome treatment, installation of noise-reduction floor mats, mattress cleaning, and window screen replacement. Through these services, we help improve customers' living environments and provide greater convenience in daily life.

Reuse

LOTTE HIMART-certified Pre-owned Reuse is a new service in which we directly purchase used home appliances from customers and resell them as pre-owned products after undergoing a systematic refurbishment process and product inspection. Through our Certified Pre-owned Reuse service, we connect every stage of the appliance journey—from purchase, repair, and cleaning to repurchase—realizing our vision of "Lifetime Care" by supporting customers from beginning to end.


▲ Refurbishment Center (Cleaning Room)


▲ Refurbishment Center (Studio)


▲ Reuse Appliances


▲ Reuse Mobile Devices

ESG MANAGEMENT

2025 ESG Highlights	14
ESG Promotion System	15
ESG Risk Management	17
Stakeholder Engagement	19

INTRODUCTION
ESG MANAGEMENT
2025 ESG Highlights
ESG Promotion System
ESG Risk Management
Stakeholder Engagement
FOCUS ON MATERIAL ISSUES
ENVIRONMENTAL
SOCIAL
GOVERNANCE
ESG FACTBOOK

2025 ESG Highlights

2025 Sustainability Highlights

E | ENVIRONMENTAL
Environmentally Conscious Business

1 Establishment of a Climate Disclosure Response System

- Establishment of a Climate Scenario-Based Risk Assessment Framework
- Quantitative Analysis of Climate-Related Financial Impacts

2 Expansion of Renewable Energy Adoption

- Expansion of Solar Power Generation Facilities

2025 12 sites → 2026 17 sites → 2028 26 sites

3 Realization of Resource Circulation Value through Home Appliances

- Collection of End-of-Life Appliances
- Appliance Repair
- NEW Certified Pre-Owned Products (Newly Introduced in 2025)

S | SOCIAL
Sincerity Toward Society, Value Created Together

1 Fair Trade Law Violations, Information Security Violations

ZERO
- Zero violations of fair trade regulations
- Zero information security-related issues

2 Fostering a Safe Workplace and Family-Friendly Culture

Business Sites Certified to ISO 45001: 100%

Normalization of Parental Leave Use Among Male Employees: Men 96%, Women 100%

3 Driving Meaningful Social Contribution Activities for Shared Growth with Local Communities

Sponsorship and Living Assistance for Grandparent-Headed Households
Approximately KRW 8.2 billion contributed over 20 years (200 households in 2025)

Science and Culture Program Participation
Educational opportunities for approximately 5,800 children over 8 years (400 children in 2025)

G | GOVERNANCE
Transparent and Trusted Governance

1 Transparent Governance Disclosure

Recognized as an Outstanding Company for Corporate Governance Report Disclosure (KRX)

2 Acquisition of International Standards Certifications

- ISO 37001 Anti-Bribery Management System
- ISO 37301 Compliance Management System

Integrated Certification

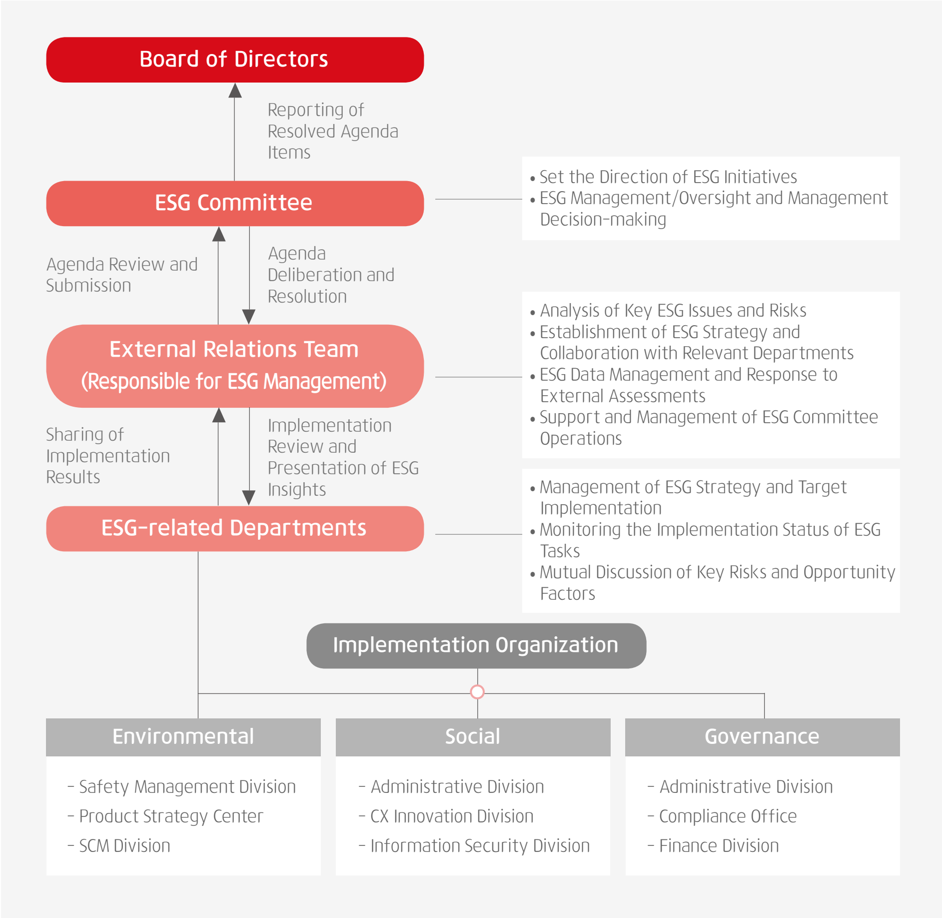
INTRODUCTION
ESG MANAGEMENT
2025 ESG Highlights
ESG Promotion System
ESG Risk Management
Stakeholder Engagement
FOCUS ON MATERIAL ISSUES
ENVIRONMENTAL
SOCIAL
GOVERNANCE
ESG FACTBOOK

ESG Promotion System

ESG Promotion Organization

LOTTE HIMART has established a governance structure centered on the ESG Committee under the Board of Directors to systematically promote company-wide ESG management. We also operate a collaborative framework between the dedicated organization responsible for ESG practices and relevant departments. The Board of Directors reviews and approves major policies and strategic directions for ESG management, while the ESG Committee sets the direction of ESG initiatives, oversees ESG-related risk management, and makes key decisions. In addition, the dedicated ESG organization and relevant departments are responsible for implementation in each area and systematically promote ESG tasks through cross-departmental collaboration.

ESG Management Promotion System



Board of Directors and ESG Committee

The ESG Committee, composed of three external directors, sets the direction for company-wide ESG initiatives and oversees and supervises overall management. Matters that have a significant impact on major agenda items and business operations are reported to the Board of Directors. In 2025, the Committee held a total of five meetings to review and approve nine agenda items. In addition, we operated external training programs to enhance the ESG expertise of external directors.

Training Status for External Directors in 2025

Schedule	Training Institution	Key Details	Attendance Rate
April	Korea Productivity Center	• Climate change response and greenhouse gas management measures	100%

ESG Committee Operation Status in 2025

Round	Date	Key Agenda Items	Attendance Rate
1st	March 2025	• Report on the 2025 ESG operation plan	100%
2nd	April 2025	• Establishment of a greenhouse gas data management system plan	100%
3rd	June 2025	• Revision of the Human Rights Management Policy • Report on the results of the human rights impact assessment • Report on the publication of the Sustainability Report	100%
4th	July 2025	• Status and plans for energy-efficient product operations • Status and plans for safety and health risk management	100%
5th	December 2025	• Status and plans for solar power generation operations • Results of external ESG assessments	100%

ESG Working-Level Organization

The External Relations Team (responsible for ESG management) is the dedicated organization that oversees company-wide ESG operations, carrying out the full range of ESG activities, including analyzing ESG trends, identifying risks, establishing strategies, managing implementation tasks, and handling data management and information disclosure. ESG-related departments are responsible for implementation tasks in the environmental, social, and governance areas and collaborate with the dedicated organization to ensure that company-wide ESG management is carried out effectively.

ESG Promotion System

ESG Promotion Strategy

LOTTE HIMART has set 'Lifetime Care & Consulting Specialist for Customers' as the core direction of both its ESG strategy and business strategy. By promoting sustainability management based on the entire lifecycle of home appliances, we have established a strategic framework that reflects ESG values across overall business operations. In addition, based on a home appliance ecosystem that cares for every aspect of customers' lives, we aim to realize sustainability management that creates positive environmental and social value throughout the entire process, from product sales to collection and recycling. To this end, LOTTE HIMART has identified three core ESG promotion strategies: 'Good Products,' 'Net-Zero,' and 'Resource Circulation.' We have also established a total of nine implementation tasks and are carrying them out in phases. We regularly review our promotion strategies and implementation tasks by reflecting changes in the internal and external ESG environment and market trends. Through these efforts, we continue to strengthen both business competitiveness and sustainability.

ESG Strategy System

ESG Vision

"Lifetime Care & Consulting Specialist for Customers"

Lifetime-based Care Consultation & Pursuit of Sustainable Social Value

Business Value Chain	Product Sales	Product Installation & Logistics	Product Use & Disposal
ESG Promotion Strategy	**Good Products** Expand the Energy-Saving and Partner Companies' ESG Culture	**Net-Zero** Reducing Carbon Emissions through Infrastructure Improvements	**Resource Circulation** Waste Reduction and Resource Circulation
Key Implementation Tasks	**Expansion of Energy-Efficient Products** • Increase the share of sales of high-efficiency appliances • Conduct promotional activities such as special exhibitions for eco-friendly products • Sell home solar power generation products	**Expansion of Solar Power Generation** • Establishment and operation of solar power facilities (12 sites) • Establish mid- to long-term renewable energy expansion plans	**Enhancement of Certified Pre-Owned Reuse** • Purchase and refurbish used appliances and sell certified pre-owned appliances • Open refurbishment center sales (Paju, Gongju) • Expand the used mobile device business
	Support for the ESG Capabilities of Small and Medium-sized Enterprises • Provide ESG management consulting for small and medium-sized partners. • Conduct partner self-assessments and related training	**Advancement of Delivery Systems** • Optimization of delivery routes and delivery sequences by vehicle type • Reduction of carbon emissions through shorter transportation distances	**Enhancement of Repair Services** • Certify carbon reduction effects of repair services • Expand repair services to new brands and product categories
	Expansion of Small and Medium-sized Enterprises' Innovative Products • Develop PB products through joint planning with small and medium-sized partner companies • Participate in purchasing consultation events to identify small and medium-sized enterprise products	**Transition of Business/Delivery Vehicles to EVs** • Convert business vehicles to eco-friendly vehicles • Gradual transition in line with the commercialization of 2.5-ton electric truck technology	**Waste Appliance Collection Services** • Achieve collection targets through expansion of waste appliance recovery • Implement customer campaigns for collecting small and medium-sized waste appliances

INTRODUCTION
ESG MANAGEMENT
2025 ESG Highlights
ESG Promotion System
ESG Risk Management
Stakeholder Engagement
FOCUS ON MATERIAL ISSUES
ENVIRONMENTAL
SOCIAL
GOVERNANCE
ESG FACTBOOK

ESG Risk Management

Risk Management System

LOTTE HIMART systematically identifies and manages risks that may arise in the course of business operations based on its company-wide risk management process. Considering our business characteristics and distribution structure, we define key risks in both financial and non-financial areas, and establish and implement response strategies based on the impact of each risk type. In addition, we review key risk factors by reflecting changes in the internal and external business environment and regulatory trends, and continue to strengthen our proactive risk management capabilities by advancing our response system.

Risk Management by Risk Type

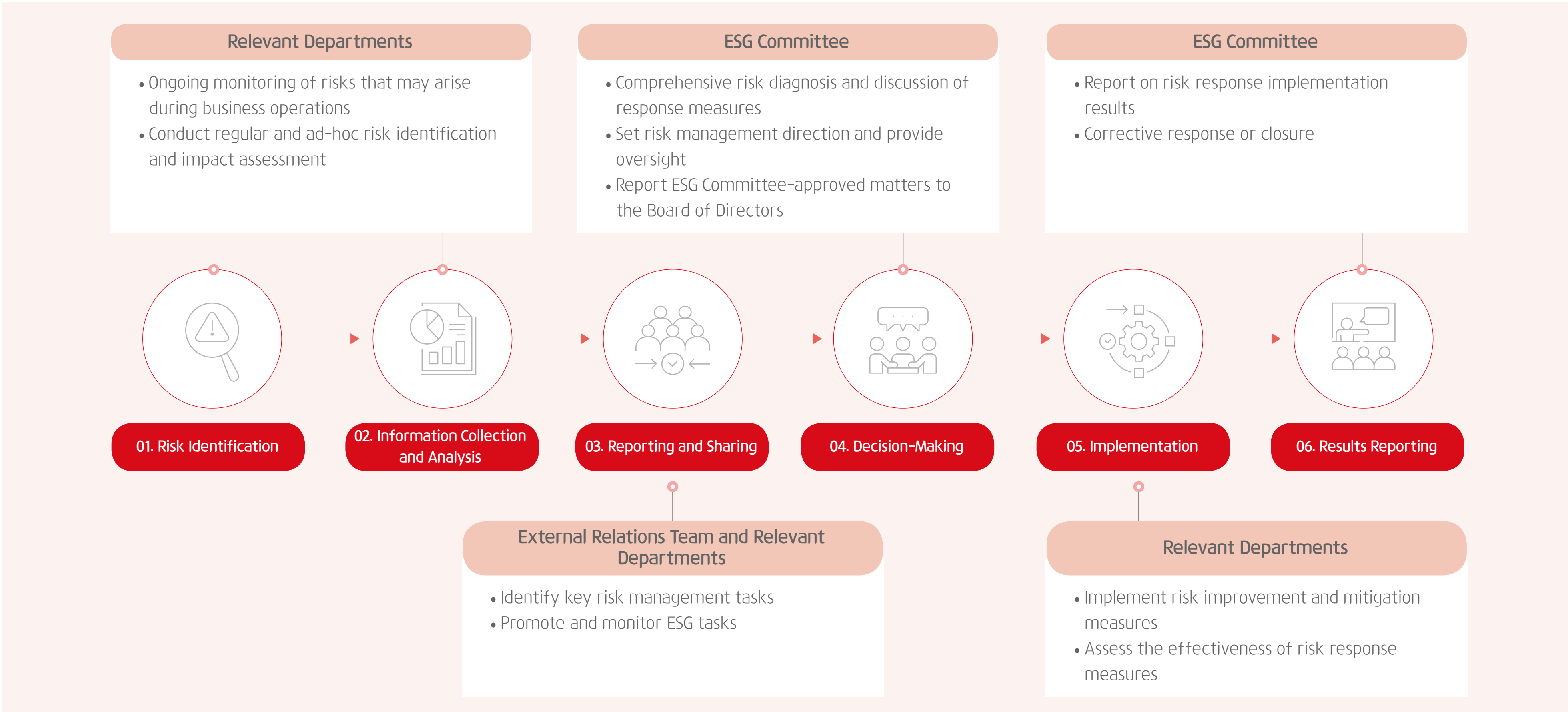
Type	Risk Type	Risk Impact	Response Strategy
Financial	Finance	• Increased financial uncertainty due to changes in liquidity, credit, interest rates, and exchange rates	• Establish mid- to long-term funding management plans • Monitor changes in domestic and overseas capital markets
Non-Financial	Environment	• Increased energy use and operating costs due to the climate crisis • Increased legal sanctions and cost burden due to stricter environmental regulations	• Reduce energy use and expand renewable energy facilities • Strengthen resource circulation activities • Expand eco-friendly products and services
	Safety and Health	• Human and material losses in the event of fires and safety accidents at business sites • Legal liability and cost burden in the event of industrial accidents	• Advance the business site safety management system • Conduct regular safety inspections • Provide safety awareness training for employees
	Information Security	• Reduced corporate trust if customer information is leaked or damaged • Legal liability and reputational risk in the event of security incidents	• Strengthen the information security management system • Provide security training for employees
	Supply Chain	• Reduced corporate reputation due to ESG risks of partners	• Establish and communicate the Partner Code of Conduct • Support ESG management consulting for partners
	Employment and Labor	• Damage to corporate image due to human rights violations involving employees and partners • Reduced organizational competitiveness due to talent outflow	• Strengthen the human rights risk management system • Provide human rights training for employees • Establish a fair evaluation and compensation system
	Consumer Rights and Interests	• Legal disputes due to infringement of consumer rights and interests • Reduced customer trust due to lower product and service quality	• Strengthen the consumer complaint response process • Operate service quality management programs, including customer satisfaction surveys
	Compliance	• Sanctions and fines due to violations of laws and regulations • Reduced corporate reputation due to the spread of negative media coverage when violations occur	• Strengthen internal control and monitoring systems • Conduct compliance training and campaigns to raise awareness

ESG Risk Management

Risk Management Process

LOTTE HIMART manages the entire ESG risk management process in an integrated manner, from identification and assessment to response and monitoring, based on our risk management and reporting process. Relevant departments identify risk factors based on the characteristics of their work, assess their impact, and work with the ESG-dedicated organization to define key management tasks. Major risks and improvement measures are reported to the ESG Committee, which reviews response directions and priorities and makes decisions. Approved matters are then reported to the Board of Directors and stipulated in internal operating regulations. Afterward, relevant departments carry out response tasks, while we continuously advance our management level through company-wide monitoring and effectiveness assessments.

Risk Management Process



Stakeholder Engagement

LOTTE HIMART categorizes its stakeholders into three groups—core, strategic, and other stakeholders—based on their legal, financial, and operational responsibilities and impacts, in accordance with ISO 26000. We manage key issues mainly with core stakeholders, including employees, customers, and partners, and strategic stakeholders, including the government, investors, and local communities. We also listen to their opinions through online and offline communication channels tailored to the characteristics of each stakeholder group. The expectations and requirements collected from stakeholders are reflected in our management activities, including system improvements, service enhancement, and risk management. By linking them with our materiality assessment and ESG strategy, we strengthen the execution of sustainability management. Going forward, we will continue sincere communication to maintain healthy, trust-based relationships with our stakeholders.

Stakeholder Communication and Engagement Status

Category	Employees	Customers	Partner Companies	Government and Relevant Agencies	Shareholders and Investors	Local Communities
Communication Channels	• Labor-management committee (quarterly) • Junior board (quarterly) • Grievance handling center(ongoing) • Internal communication channels, including Hi-TALK and intranet (ongoing)	• Customer satisfaction surveys (ongoing for customers who make purchases) • Customer center and store consultations (ongoing) • VOC channels (ongoing) • Website and online channels	• Outreach meetings (ongoing) • Mutual growth meetings (ongoing) • Partner company reporting channel (ongoing)	• Government and agency public hearings • Policy roundtables and seminars	• Regular shareholders' meeting • Extraordinary shareholders' meetings (as needed) • Disclosure materials (ongoing) • Domestic NDRs (quarterly) • Company briefings (as needed)	• Cooperative organization meetings (ongoing) • Social contribution program operation channels (ongoing)
Issues of Interest	• Employee welfare benefits • Respect for human rights • Fair evaluation and compensation	• Product safety and quality • Customer experience and service satisfaction • Personal information protection • Transparent information on store operations and products	• Fair trade and mutual growth • Expansion of sales channels	• Compliance with laws and regulations • Participation in government projects	• Transparent information disclosure • Enhancement of corporate value • Sound governance • Risk management	• Management of the Company's environmental and social impacts • Expansion of social contribution • Mutual growth with local communities
Response Activities	• Collect employee feedback and improve systems • Operate welfare and work environment improvement programs for work-life balance • Operate a human rights violation reporting center	• Establish a dedicated organization and strengthen customer satisfaction policies • Strengthen customized products and services for customers • Operate personal information protection and security systems	• Operate mutual growth programs, including financial and training support • Support the expansion of online and offline sales channels	• Fulfill legal responsibilities • Participate in public-private partnership projects, including the establishment of a public-private waste home appliance collection system	• Provide transparent management disclosures • Strengthen risk management and internal control processes	• Develop and operate social contribution programs • Carry out the family matching program for grandparents raising grandchildren

FOCUS ON MATERIAL ISSUES

Double Materiality Assessment	21
Focus 1. Climate Action	25
Focus 2. Mutual Growth with Partner Companies	43
Focus 3. Information Security	53

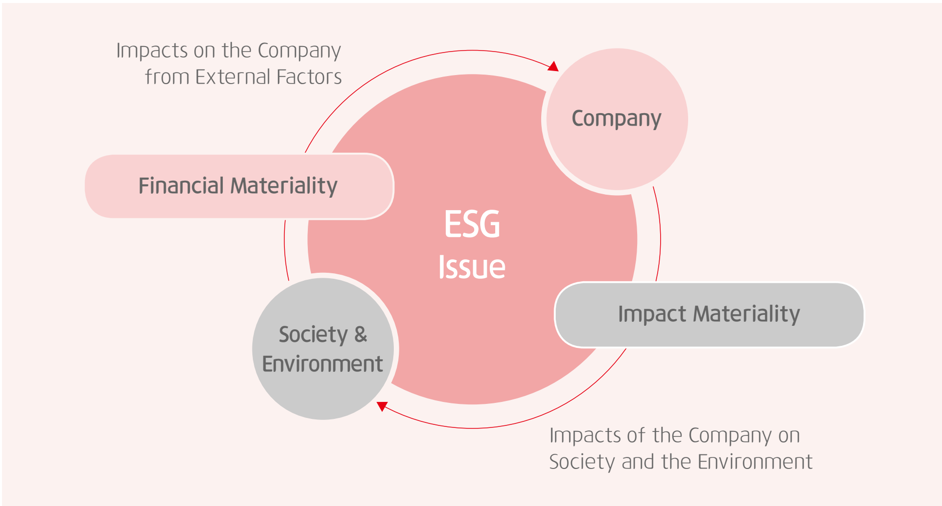
Double Materiality Assessment

Double Materiality Assessment Process

Lotte HIMART conducts a double materiality assessment annually to communicate transparently with stakeholders and identify key sustainability issues that require focused management. The double materiality assessment is a methodology used to identify material issues by considering both the impact of social and environmental factors on the company's financial performance (financial materiality) and the impact of the company's business activities on society and the environment (impact materiality). The 2025 assessment was conducted in accordance with the materiality assessment implementation guidance outlined in ESRS[1] and EFRAG IG 1[2], and was carried out based on individual IROs[3]. In addition, material issues were identified by incorporating the perspectives of various stakeholders, including employees from relevant departments, business partners, and external experts in the environmental, social, and governance fields throughout the IRO assessment process.

1) European Sustainability Reporting Standards
2) European Financial Reporting Advisory Group Implementation Guidance
3) Impact, Risk, Opportunity

Double Materiality Concept



Double Materiality Assessment Process

Issue Pool Identification	A long-list of potential issues was identified based on ESRS 1 and the Materiality Assessment Implementation Guidance (IG 1). During the long-list development process, key issues were identified in accordance with the ESRS framework and further expanded into detailed subtopics. To reflect industry characteristics, global disclosure standards and ESG assessment frameworks such as SASB and MSCI were also reviewed. In addition, material issues identified by domestic and international industry peers were cross-analyzed to supplement industry-relevant topics, resulting in a short-list issue pool consisting of 14 issues.
IRO Identification	Based on the short-list issues, risks and opportunities that LOTTE HIMART may face were identified from a financial materiality perspective, while positive and negative impacts of the Company's business activities on society and the environment were identified from an impact materiality perspective. Relevant IROs were selected by considering the entire value chain, including the Company's own operations, upstream activities such as raw material procurement and logistics, and downstream activities such as product distribution, customer use, and end-of-life disposal.
IRO Assessment	A survey was conducted among internal and external stakeholders to assess the identified IROs. Financial materiality and impact materiality were evaluated using a five-point scale based on the 'likelihood of occurrence' and the 'magnitude of impact'. A total of 53 respondents participated in the survey, including 46 internal employees as well as external experts and business partners across environmental, social, and governance areas.
Material Issue Selection	Based on the IRO assessment results, a total of five issues exceeding the threshold in either financial materiality or impact materiality were identified as material issues. The threshold was established at 15% or higher than the average score for financial and impact materiality.

Assessment Criteria

Financial Impact	Risk	Opportunity
	Magnitude, Likelihood	Magnitude, Likelihood
Social and Environmental Impact	Positive Impact	Negative Impact
	Magnitude, Scope, Likelihood	Magnitude, Scope, Likelihood, Irremediability

Double Materiality Assessment

Stakeholder Engagement

LOTTE HIMART enhanced the participation of internal and external stakeholders to improve the objectivity of the assessment and incorporated their perspectives into the selection of material issues. During the issue pool identification stage, personnel from the dedicated ESG team developed a short-list based on global disclosure standards and benchmarking analyses of industry peers. During the IRO assessment stage, employees from relevant departments, business partners, and external experts in the environmental, social, and governance fields participated in surveys to evaluate financial, social, and environmental impacts. Based on the assessment results, the material issues were finalized through management reporting and final review.

Stakeholder Engagement Methods

Stage	Method	Participants	Description
IRO Identification	Working-level review	Personnel from the dedicated ESG team	• Review of the validity of positive and negative impacts, risks, and opportunities related to the Short-list
IRO Assessment	Stakeholder survey	Dedicated ESG team, relevant departments, business partners, and external experts in environmental, social, and governance areas	• Assessment and prioritization of identified IROs, as well as collection of feedback on material issue management and sustainability improvements
Material Issue Selection	Management meeting	Management	• Reporting of materiality assessment results, including IRO identification and assessment, and discussion of response measures linked to the business model and management strategy

Stakeholder Feedback

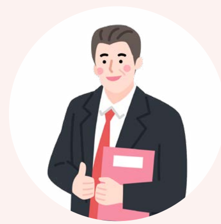
To provide a positive working environment for employees, LOTTE HIMART should offer a variety of training and development programs that support both professional and personal growth. In addition, it is important to clearly identify employees' learning needs and design training programs that effectively address those needs.

Education Innovation Team

Ensuring fairness in transactions with business partners is considered one of the key values in LOTTE HIMART's ESG management. To support this, it is necessary to continuously strengthen compliance systems through measures such as the use of standard contracts, enhancement of the Compliance Program (CP) for fair trade, and expansion of employee training. In addition, it is necessary to establish a proactive risk prevention system and reinforce compliance review procedures when issues involving business partners arise.

Compliance Team

In the home appliance retail industry, indirect emissions (Scope 3) generated during the product production and usage stages account for a larger proportion than direct emissions. Therefore, environmental management that considers the supply chain and product life cycle is important. In addition, as global environmental regulations such as the EU Ecodesign Regulation continue to strengthen, a product management system that considers factors such as energy efficiency, recyclability, and repairability is required.



External Environmental Expert
(Korean Standards Association)

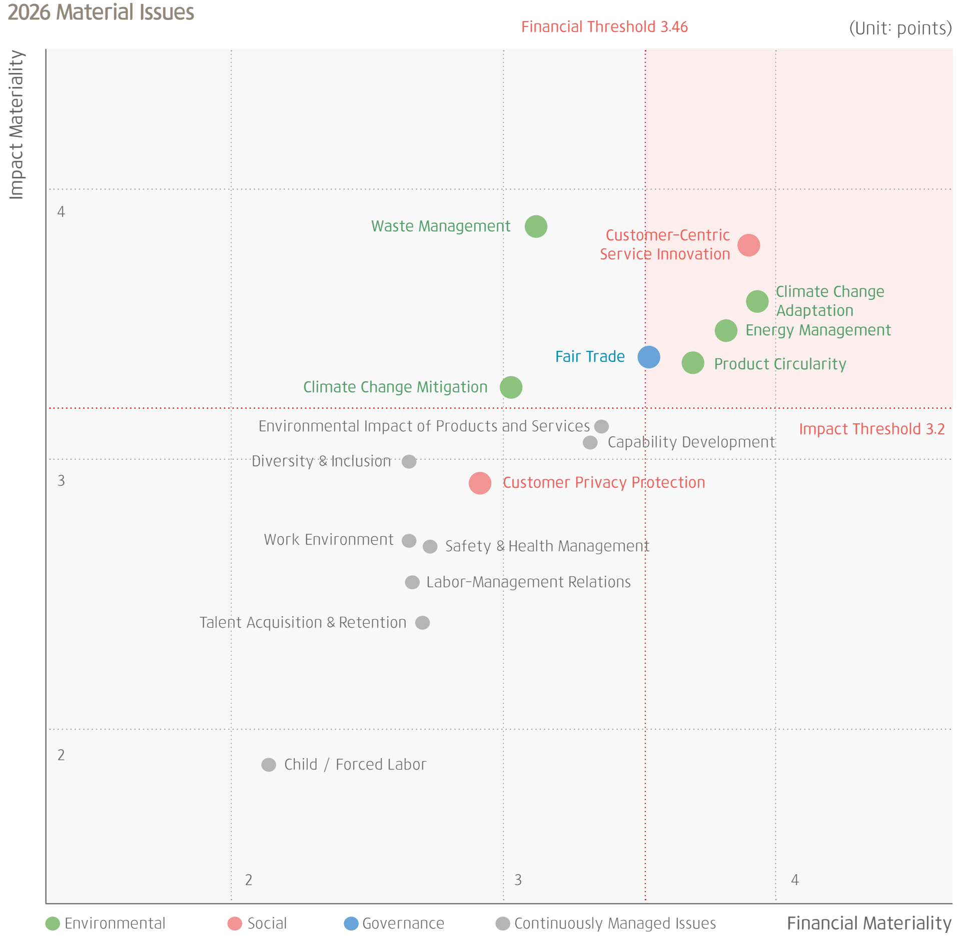
Double Materiality Assessment

Double Materiality Assessment Results

Based on the results of the double materiality assessment, LOTTE HIMART identified five material issues that exceeded the threshold[1] in either financial materiality or impact materiality. Climate Action, Product Circularity, Customer-Centric Service Innovation, and Fair Trade were confirmed as material issues that continue to be managed from the previous year. In addition, Customer Privacy Protection was maintained as a material issue in consideration of our business characteristics and strategic importance. We are implementing systematic management and response activities centered on these identified material issues.

1) A threshold was set at scores at least 15% above the average IRO score (Financial: 3.03, Impact: 2.78), with the threshold set at 3.46 for Financial Materiality and 3.20 for Impact Materiality.

2026 Material Issues



Category	Issue Name	Comparison with Previous Year	Reason for Issue Selection
E	Climate Action	Maintained	As a retail company operating nationwide stores and distribution centers, greenhouse gas emissions from logistics and delivery processes, as well as energy management at business sites, are directly linked to business competitiveness. Therefore, strengthening carbon management capabilities was identified as an important environmental management factor and selected as a material issue.
	Product Circularity	Maintained	The issue exceeded the threshold in relation to raw materials and parts sourcing, as well as waste management. It was selected as a material issue due to the identified risks of rising raw material costs driven by increasing demand for recycled and environmentally friendly materials, as well as the need to manage environmental impacts through the operation of waste appliance collection and recycling systems were identified, leading to its selection as a material issue.
S	Customer-Centric Service Innovation	Maintained	In the home appliance retail industry, service quality and customer experience at customer touchpoints directly influence corporate competitiveness. Expanding customer lifecycle-based services was identified as a key factor for strengthening long-term customer loyalty and brand competitiveness and was therefore selected as a material issue.
	Customer Privacy Protection	Maintained	With the strengthening of the Personal Information Protection Act (PIPA), data breaches involving the large volumes of customer information processed through online shopping platforms, membership services, delivery operations, and after-sales services could result in increased financial impacts, including regulatory fines and reputational damage. Considering the company's business characteristics and strategic importance, this issue was selected as a material issue.
G	Fair Trade	Maintained	Given the characteristics of the retail industry, fair transactions and mutually beneficial cooperation with business partners are key elements for maintaining a stable supply chain and ensuring sustainable business competitiveness. As inadequate partner management may lead to legal and financial risks associated with violations of fair trade regulations, this issue was selected as a material issue.

* The issues of Climate Change Adaptation, Climate Change Mitigation, and Energy Management were consolidated into a single issue category, Climate Action.
* Compared to the previous year, the topic of Human Rights Respect was excluded.

Double Materiality Assessment

Material Topic Management Approach

Material Topic Management Approach

Category	Issue Name	Factor		Key IRO	Materiality[1] Likelihood of Occurrence	Materiality[1] Impact Severity	Time Horizon	Location	Management Approach
Environment	Climate Action	Financial	O	Increased sales due to growing demand for heating and cooling appliances, driven by abnormal weather conditions such as more frequent heatwaves and cold waves	4.00	3.86	Short-term	Own	Strengthen sales of seasonal products such as air conditioners, air purifiers, and dryers, and link with HIMART Care services
		Financial	O	Responding to consumer demand and increasing sales through expanding the proportion of purchases and sales of energy-efficient home appliances	4.11	3.44	Short-term	Own	Enhance the sourcing of high energy-efficiency rated products and conduct eco-friendly promotional campaigns
		Financial	R	Increased electricity and fuel costs at stores and distribution centers due to energy price fluctuations and supply instability, resulting in higher operational expense	4.11	3.11	Short-term	Own	Monitor monthly energy consumption through the LETS system and replace store lighting with LEDs and inverter HVAC systems
		Financial	R	Increased risks related to supply terms and price negotiations as suppliers face rising production costs due to higher energy prices	4.11	3.44	Mid- to Long-term	Upstream	Support partners in establishing GHG and energy management policies through ESG support programs
		Impact	P	Reduction of GHG emissions through eco-friendly packaging materials and expanded use of electric vehicles across the value chain	3.29	3.29	Mid- to Long-term	Own, Downstream	Apply FSC-certified eco-friendly shopping bags and optimize delivery routes to reduce transportation distances through route optimization and improved dispatch efficiency.
		Impact	P	Reduction in fossil fuel consumption through the expansion of renewable energy facilities such as solar power systems	3.78	3.33	Mid- to Long-term	Own	Introduce and expand solar power generation facilities at business sites
		Impact	N	Increased greenhouse gas emissions due to the expanded operation of heating and cooling systems during extreme weather conditions such as heatwaves and cold spells	3.79	3.43	Short-term	Own	Promote energy-saving practices through employee environmental education and awareness campaigns
	Product Circularity	Financial	R	Higher raw material costs due to increasing demand for recycled and environmentally friendly materials and stricter regulations, as well as reduced sales resulting from a growing number of products failing to meet applicable standards.	3.78	3.44	Mid- to Long-term	Own	Ensure compliance by operating in-house quality testing labs and obtaining eco-friendly certifications during PB product development
		Impact	P	Reduced environmental burden by promoting the use of recycled resources through expansion of products using recycled materials	3.57	3.33	Mid- to Long-term	Upstream	Strengthen the foundation for a circular economy through the use of eco-friendly packaging materials and the operation of a used home appliance reuse business
		Impact	P	Expansion of waste appliance recycling and reduction of waste generation through free waste appliance collection services	4.40	3.40	Short-term	Downstream	Register all 296 stores nationwide as small waste appliance collection points and operate a public-private collection system
Social	Customer-Centric Service Innovation	Financial	O	Improved accessibility through life-cycle-based HIMART Care consultation services and customer-friendly service offerings, leading to increased use of value-added services such as after-sales service, resale, and cleaning.	4.18	3.67	Mid- to Long-term	Own	Operate dedicated HIMART Care consultation centers in stores and lifecycle care service systems
		Financial	O	Improved customer satisfaction and increased sales through development of PB products reflecting customer needs	4.24	4.17	Mid- to Long-term	Own	Develop PLUX(PB) products and expand categories based on VOC and product review analysis
		Impact	P	Improved customer access to product information and consultation convenience through the advancement of AI-powered consultation systems	4.06	3.71	Mid- to Long-term	Own	Strengthen conversational product recommendations and hyper-personalized marketing through the AI shopping agent "HAVI"
	Customer Privacy Protection	Financial	R	Potential fines and administrative penalties arising from personal information breaches involving consumer data collected and processed through online shopping malls, membership programs, delivery services, and after-sales service operations, particularly under strengthened PIPA requirements	2.67	3.08	Short-term	Own	Maintain ISMS certification and operate a regulatory compliance framework through annual reviews and revisions of information security policies and guidelines
		Impact	N	Financial losses and privacy violations affecting customers and partners due to system hacking and personal data breaches	2.58	3.33	Short-term	Own, Downstream	Conduct 24/7 real-time threat detection and blocking, as well as cybersecurity incident response drills, through the Integrated Security Operations Center
Governance	Fair Trade	Impact	P	Strengthening the sustainable growth of business partners and local employment stability through expanded shared growth programs	3.67	3.27	Mid- to Long-term	Upstream	Operate financial, educational, and market access support programs under the 4C mutual growth cooperation framework

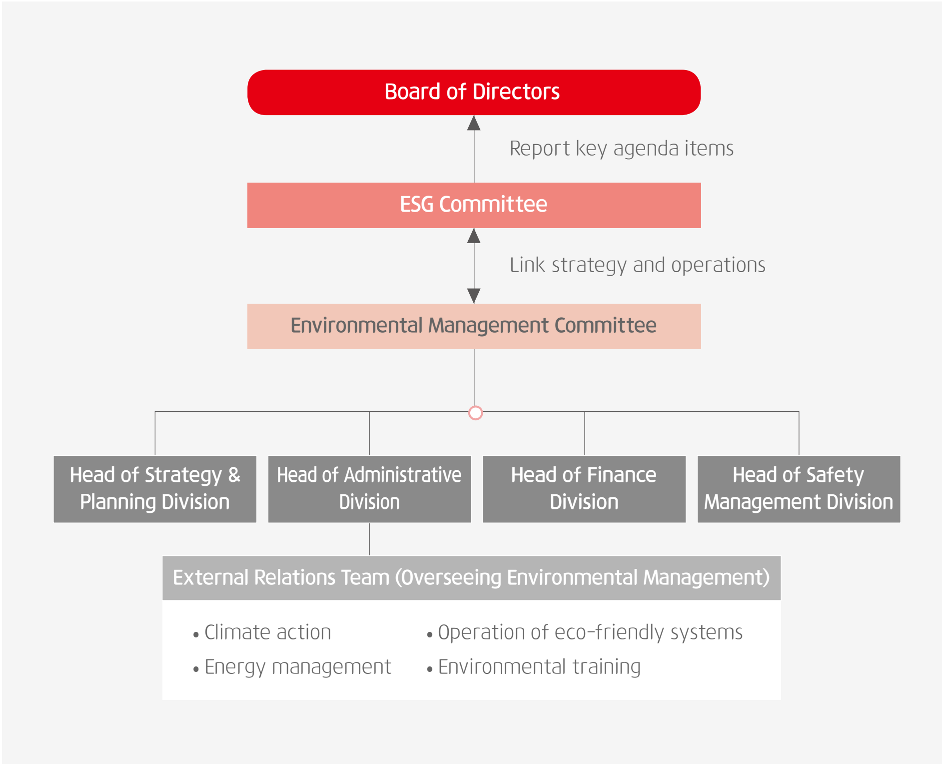
1) On a five-point scale

Focus 1 Climate Action

Governance

LOTTE HIMART operates a governance system consisting of the ESG Committee under the Board of Directors and the Environmental Management Committee at the management level to achieve net-zero by 2040 and systematically manage climate-related risks and opportunities. The Board of Directors manages and oversees ESG strategies and goals, including climate-related matters, while the ESG Committee deliberates on climate action policies and strategies and reviews their implementation status. At the management level, the Environmental Management Committee and working-level organizations lead and manage climate action activities and environmental management tasks.

Climate Action Organizational Structure



Decision-Making Body for Managing and Overseeing Risks and Opportunities

(1) Decision-Making Body and Responsibilities

Board of Directors

The LOTTE HIMART Board of Directors serves as the highest decision-making body for climate-related risks and opportunities and assumes roles and responsibilities for ESG strategies and goals, including climate-related matters. The Board receives reports from the ESG Committee on key agenda items and implementation results, and makes final decisions on matters that may have a material impact on business operations.

ESG Committee

LOTTE HIMART manages climate action as a key environmental issue through the ESG Committee and regularly reviews climate-related risk and opportunity assessments and response strategies. The Committee also manages and oversees the direction and implementation status of carbon reduction activities, such as expanding eco-friendly products, introducing renewable energy, and transitioning delivery vehicles to electric vehicles. In addition, it regularly reviews key climate-related agenda items, convenes extraordinary meetings when necessary, and reports the outcomes of key discussions to the Board of Directors. The roles and authorities of the Committee are stipulated in the ESG Committee Regulations.

2025 ESG Committee Climate-Related Activities

Meeting Date	Key Agenda Items	Attendance Rate
April 2025	Proposal to Establish a GHG Data Management System	100%
July 2025	Energy-Efficient Product Operation Status and Plan	100%
December 2025	Solar Power Generation Operation Status and Plan	100%

ESG Committee Regulations on Climate-Related Matters

Category	ESG Committee Regulations
Definition	ESG-related activities refer to activities aimed at minimizing non-financial risks and maximizing opportunities to enhance sustainable corporate value, including but not limited to the following: ① Environment: Managing environmental impacts, including the creation of an eco-friendly ecosystem and climate action
Authority	The Committee establishes ESG management strategies and policies, deliberates and approves key implementation plans, and manages and oversees related activities.

Focus 1 Climate Action

Governance

Decision-Making Body for Managing and Overseeing Risks and Opportunities

(2) Developing Management and Oversight Capabilities

LOTTE HIMART provides climate action training for the Board of Directors and the ESG Committee to strengthen their capabilities in managing and overseeing climate-related risks and opportunities. The Board of Directors and the ESG Committee continue to enhance their understanding of climate-related policies, GHG management, and the direction of net-zero implementation, considering the impact of climate change on business operations and financial decision-making. To support this effort, they participate in training programs offered by external professional organizations and the LOTTE Group to stay informed of changes in domestic and global climate regulations and response trends. In 2025, they participated in the "Climate Action and GHG Management" training held as part of LOTTE Group's training program for external directors.

2025 Board Training on Climate-Related Matters

Training Institution	Training Course Name	Attendance Rate
Korea Productivity Center	Climate action and GHG management	100%

(3) Identifying and Managing Risk and Opportunity Information

LOTTE HIMART manages information on climate-related risks and opportunities mainly through the ESG Committee. The ESG Committee receives regular reports at least once a year from the Environmental Management Committee and working-level organizations on the status of responses to climate-related risks and opportunities. Key environmental issues and progress discussed by the Environmental Management Committee are shared with the ESG Committee, which reviews the progress of climate action activities and future plans based on this information. Major climate-related agenda items are continuously reviewed at regular ESG Committee meetings, and extraordinary meetings are convened when necessary to report the results of discussions to the Board of Directors.

(4) Linking Key Decision-Making with Climate Action

LOTTE HIMART operates "Good Products," "Net-Zero," and "Resource Circulation" as its core ESG strategies, and reflects climate-related risks and opportunities in its business operation strategies, mainly through the "Net-Zero" strategy. Key initiatives include operating solar power generation facilities, transitioning delivery vehicles to electric vehicles, and improving the vehicle dispatching system. Major matters that may have a material impact on business operations are reported to the Board of Directors and reflected in final decision-making.

(5) Targets and Progress Management

Setting Targets and Managing and Overseeing Progress

LOTTE HIMART manages climate-related targets and implementation status through the ESG Committee and the Environmental Management Committee. The External Relations Team, which serves as our dedicated environmental organization, sets energy savings and carbon emissions reduction targets. In 2025, we reduced electricity consumption by 8.5% and carbon emissions by 8.4% year-on-year. To achieve net-zero by 2040, we have set a target to reduce emissions by 35% by 2030 compared to 2018 levels and continue to manage implementation progress.

Operating Climate-Related Performance Indicators for Management

LOTTE HIMART reflects ESG-related items in the CEO's key performance indicators (KPIs) to strengthen ESG management. Approximately 10% of the CEO's KPIs consist of ESG-related tasks. In the environmental area, key evaluation items include strengthening eco-friendly products and services, advancing GHG data management, and implementing the net-zero roadmap. Through this, we continue to manage the implementation status of climate-related targets and initiatives.

2025 CEO KPIs Related to Climate Change

Category	Key Details
Strengthening Eco-Friendly Products and Services	Strengthening eco-friendly products and services
GHG Management	Advancing GHG data management
Implementing the Net-Zero Roadmap	Implementing environmental management activities and carbon reduction targets

INTRODUCTION
ESG MANAGEMENT
FOCUS ON MATERIAL ISSUES
Double Materiality Assessment
Focus 1. Climate Action
Focus 2. Mutual Growth with Partner Companies
Focus 3. Information Security
ENVIRONMENTAL
SOCIAL
GOVERNANCE
ESG FACTBOOK

Focus 1 Climate Action

Governance

Role of Management

(1) Management Operating System

LOTTE HIMART operates the Environmental Management Committee as the environmental management decision-making body at the management level. Chaired by the CEO, the Committee is composed of executives from the Strategy & Planning, Administrative, Safety Management, and Finance divisions. It reviews the impact of environmental issues, including climate change, on business operations and management activities, and establishes environmental management strategies and mid- to long-term directions. The Committee also reviews climate-related risks and opportunities, checks the status of key initiatives and environmental management activities to achieve net-zero by 2040, and makes related decisions. Matters discussed by the Environmental Management Committee are implemented and managed through relevant departments, ensuring that environmental impact reduction and climate action activities are reflected in business operations.

(2) Management Control and Monitoring Procedures

LOTTE HIMART identifies and evaluates key environmental risks and opportunities, including those related to climate change, based on the ISO 14001 Environmental Management System. In addition, we manage and verify monthly data on GHG emissions and energy consumption through the Lotte Environmental & Energy Total Service (LETS) and regularly check GHG emissions status and progress against targets based on this data. The scope and standards for data calculation are operated under the Group-wide integrated management system to ensure the accuracy and reliability of environmental data.

Strategy

Climate-Related Risks and Opportunities

(1) Identification of Climate-Related Risks and Opportunities

LOTTE HIMART identified climate-related risks and opportunities for major stores and distribution centers to systematically review the impact of climate change on business operations and financial performance. The sites subject to analysis were selected based on both quantitative and qualitative criteria. For stores, materiality was assessed using sales revenue, book value, and floor area, while for distribution centers, inventory volume, book value, and floor area were used to evaluate the significance of each site. In addition, both owned and leased assets were included, and geographic distribution was considered to avoid concentration in specific regions. Qualitative factors, such as operational characteristics and regional representativeness, were also reflected in selecting the final sites. Based on these criteria, one headquarters site, three stores, and one distribution center were selected as key sites for analysis. The results of this analysis are used to review the potential financial impacts of climate change and to establish mid- to long-term response directions and business operation strategies.

Status of Key Business Sites

Category	Business Site	Selection Rationale
Headquarters	Daechi Store	LOTTE HIMART Headquarters Building
Store	Cheomdan Store	Major leased store
Store	Suwon Store	Major owned store in the Gyeonggi region
Store	Haeundae Store	Store selected in consideration of regional diversity
Distribution Center	Icheon Hub Distribution Center	Key logistics hub

INTRODUCTION
ESG MANAGEMENT
FOCUS ON MATERIAL ISSUES
Double Materiality Assessment
Focus 1. Climate Action
Focus 2. Mutual Growth with Partner Companies
Focus 3. Information Security
ENVIRONMENTAL
SOCIAL
GOVERNANCE
ESG FACTBOOK

Focus 1 Climate Action

Strategy

Risk and Opportunity Factors

Category			Potential Risks and Opportunities	Time Horizon		
				Short Term	Medium Term	Long Term
Physical Risk	Acute	P1	Rising costs for preventing extreme weather events and natural disasters, such as typhoons and floods		●	●
	Chronic	P2	Rising energy costs at business sites due to the operation of heating and cooling systems	●		
Transition Risk	Policy and Regulation	T1	Increasing business risks due to failure to respond to government policies amid stricter environmental regulations		●	
	Technology	T2	Increasing facility investment costs for GHG reduction due to the adoption of and transition to low-carbon technologies		●	●
	Legal	T3	Decline in corporate image due to an increased likelihood of lawsuits resulting from non-compliance with laws		●	●
	Market	T4	Decline in sales of low-energy-efficiency products due to changes in customer preferences	●	●	
Opportunity	Resource Efficiency	O1	Reduction of GHG emissions and energy costs through the use of high-efficiency equipment and eco-friendly energy in stores	●		
	Energy Source	O2	Reduction of electricity costs through renewable energy supply contracts and participation in power generation projects		●	●
	Market	O3	Increase in eco-friendly sales and acquisition of loyal customers through expanded eco-friendly and energy-efficient products	●		
		O4	Increase in sales of seasonal products due to extreme weather	●	●	
		O5	Enhancement of environmental management competitiveness through proactive responses to environmental regulations		●	
	Resilience	O6	Mitigation of mid- to long-term risks through natural disaster prevention facilities		●	●

(2) Linking Strategic Decision-Making with Planning Time Horizons

LOTTE HIMART, based on its 2040 net-zero target and mid- to long-term GHG reduction plan, manages climate-related risks and opportunities from short-term (~2026), medium-term (~2030), and long-term (~2050) perspectives. We are implementing response strategies focused on improving energy efficiency, strengthening natural disaster preparedness, and enhancing operational efficiency at business sites in the short term. We are pursuing transition activities to expand the adoption of renewable energy and achieve our carbon emissions reduction targets in the medium term. We plan to continue expanding renewable energy transition and GHG reduction activities with the goal of achieving net-zero by 2040 in the long term. We also make strategic decisions from a mid- to long-term perspective by comprehensively considering the impact of climate-related risks and opportunities on business operations and financial performance.

Focus 1 Climate Action

Strategy

Business Model and Value Chain

LOTTE HIMART's business model is structured around a value chain that covers the entire home appliance life cycle, reflecting the characteristics of the home appliance retail business. This value chain spans from purchasing home appliances to operating stores and distribution centers, selling, delivering, installing, and providing after-sales services to customers, and refurbishing used home appliances. As of 2025, we sell home appliances through 296 offline stores nationwide and our online mall, while operating a nationwide logistics network centered on the Icheon Hub Distribution Center. In addition, through our HIMART Care Service across the entire home appliance life cycle, we provide repair, maintenance, and refurbishment services, while promoting extended product use and resource circulation activities.

(1) Current and Expected Impacts on the Business Model and Value Chain

LOTTE HIMART analyzed the current and expected medium-term impacts of climate-related risks and opportunities across the entire value chain of our home appliance retail business, considering our business strategic planning period. Our value chain is divided into three stages: Upstream, which refers to the procurement of products from home appliance manufacturers; Own Operations, which encompasses the operation of stores, headquarters, and distribution centers; and Downstream, which includes customer sales, delivery, installation, after-sales services, and the refurbishment of used home appliances.

Risk Factor

Category			Value Chain	Current Impacts	Expected Impacts
Physical Risk	Acute	P1	Own	Impacts on facility operations and logistics processing at stores and distribution centers due to extreme weather events, such as typhoons and floods	Increased losses from facility damage at stores and distribution centers, as well as greater investment burden for preventive facilities, and potential restoration costs and business losses resulting from the increasing frequency and intensity of extreme natural disasters such as typhoons and floods
	Chronic	P2	Own	Increased demand for heating and cooling and higher energy consumption at stores and distribution centers due to an increasing number of extreme weather days, such as heat waves and cold waves	Expected increases in energy consumption for heating and cooling at stores and distribution centers along with higher energy cost burdens resulting from rising electricity prices, driven by an increasing number of extreme weather days, such as heat waves and cold waves
Transition Risk	Policy and Regulation	T1	Upstream, Own	Changes in product operation and sales standards due to stronger environmental regulations in the home appliance industry	Increased regulatory compliance burden across the entire value chain, including procurement, operations, and sales as environmental regulations in the home appliance industry become more stringent, with potential restrictions on product and service sales and resulting business losses in the event of inadequate compliance
	Technology	T2	Own	Expanded application of renewable energy and energy efficient technologies driven by the transition toward carbon neutrality and low-carbon technologies	Expected facility investment costs for renewable energy transition initiatives, including the further expansion of solar power facilities, full-scale introduction of PPA contracts, and REC purchases to achieve net-zero by 2040
	Legal	T3	Own	Expansion of the scope of environmental management due to stricter environmental laws and regulatory requirements	Potential litigation costs and fines in the event of non-compliance with environmental laws, as well as possible operating losses due to a decline in corporate image
	Market	T4	Down	Changes in the sales mix due to increasing customer preference for eco-friendly home appliances	Expected increase in demand for eco-friendly home appliances, with potential risks of reputational decline and reduced sales of low-efficiency products if the eco-friendly and high-efficiency product lineup is not sufficiently expanded

Focus 1 Climate Action

Strategy

Opportunity Factor

Category			Value Chain	Current Impacts	Expected Impacts
Opportunity	Resource Efficiency	O1	Own	Reduced energy costs and greenhouse gas emissions through improvements in energy management facilities and the transition to renewable energy at business sites	Expected increase in GHG emissions reductions and energy cost savings through the expanded adoption of high-efficiency equipment and transition to renewable energy
	Energy Source	O2	Own	Reduction in electricity costs through renewable energy supply contracts and participation in power generation projects	Expected renewable energy transition, electricity cost savings, and GHG emissions reductions through the introduction of PPA contracts from 2030
	Market	O3	Downstream	Increase in demand for eco-friendly and energy-efficient products driven by the spread of eco-friendly consumption trends	Expected increase in sales of eco-friendly home appliances and energy-efficient products and acquisition of loyal customers driven by the spread of eco-friendly consumption trends
		O4	Downstream	Changes in seasonal appliance consumption patterns due to an increase in heat wave days and fine dust levels	Expected increase in sales of seasonal appliances, such as air conditioners, air purifiers, and dryers, if the number of heat wave days and fine dust concentration continue to rise
	Resilience	O5	Own	Enhanced environmental management competitiveness through proactive responses to environmental laws	Expected reduction in the likelihood of potential litigation costs and fines through compliance with environmental laws, as well as enhanced competitiveness through eco-friendly marketing
		O6	Own	Mitigation of mid- to long-term risks through natural disaster prevention facilities	Expected reduction in facility damage and restoration costs through strengthened natural disaster prevention facilities and an advanced BCP system

(2) Concentrated and Expected Impacts on the Value Chain

LOTTE HIMART reviewed the impacts across our value chain using the SSP scenarios from the IPCC Sixth Assessment Report and the NGFS scenarios to analyze physical and transition risks and opportunities arising from climate change. The analysis identified abnormal temperatures as the most significant chronic physical risk and the growing demand for seasonal home appliances as the most significant market opportunity, both of which were assessed as having high likelihood and impact. Given our business structure, which relies on the operation of stores and distribution centers nationwide, we have a high level of energy consumption for heating and cooling. As a result, we expect operating cost burdens to increase due to higher energy consumption and rising electricity prices if extreme weather conditions, including heat waves and cold spells, persist. In addition, natural disasters, such as typhoons and floods, may cause damage to facilities at stores and distribution centers, increase restoration costs, and disrupt operations, which are expected to affect the stability of business site operations.

Meanwhile, extreme weather conditions also present business opportunities from a sales perspective. Increased demand for air conditioners due to a growing number of extreme heat days, as well as increased demand for air purifiers and dryers due to higher fine dust levels, is directly contributing to increased sales of seasonal home appliances. Accordingly, we expect continued revenue growth driven by seasonal appliance sales in the future.

INTRODUCTION
ESG MANAGEMENT
FOCUS ON MATERIAL ISSUES
Double Materiality Assessment
Focus 1. Climate Action
Focus 2. Mutual Growth with Partner Companies
Focus 3. Information Security
ENVIRONMENTAL
SOCIAL
GOVERNANCE
ESG FACTBOOK

Focus 1 Climate Action

Strategy

Strategy and Decision-Making

Current and Expected Changes to the Business Model

LOTTE HIMART is implementing direct and indirect mitigation and adaptation measures to respond to physical and transition risks and opportunities arising from climate change. Current measures (FY) focus on improving energy efficiency at business sites, introducing renewable energy facilities, expanding eco-friendly and high-efficiency products, and reducing GHG emissions in logistics. Expected measures (FY+1–2050) will be implemented based on the mid- to long-term implementation plan to achieve net-zero by 2040, with a focus on expanding the transition to renewable energy and further enhancing operational efficiency at business sites.

Current and Expected Measures for Direct Mitigation and Adaptation

Category			Current Efforts (FY)	Expected Efforts (FY+1 ~2050)
Physical Risk	Acute	P1	Conducting regular natural disaster risk assessments for stores and distribution centers and performing frequent facility inspections to prevent losses	Strengthening loss prevention capabilities through natural disaster response training and reinforcement of preventive facilities
	Chronic	P2	Providing employees with guidelines on flexible electricity use by time period and conducting energy-saving campaigns	Advancing the energy consumption monitoring system for each business site and improving store operational efficiency
Transition Risk	Policy and Regulation	T1	Continuously monitoring environmental regulatory trends and proactively implementing Scope 3 emissions reduction activities	Establishing response strategies in line with the strengthening of global environmental regulations and reflecting them in business operations
	Technology	T2	Replacing store LED lighting (6,747 units in 2025), switching to inverter-type high-efficiency heating and cooling systems (32 units in 2025), and introducing solar power generation facilities (12 sites in 2025)	Expanding business sites with solar power facilities, with 18 sites planned for operation in 2026, and introducing PPA contracts on a full scale after 2030
	Legal	T3	Frequently monitoring environmental law violations and disclosing corrective actions	Continuously monitoring environmental regulatory trends and advancing the response system
	Market	T4	Expanding customer access to eco-friendly products through eco-friendly promotional campaigns	Increasing the share of eco-friendly product lines and strengthening marketing to promote eco-friendly consumption
Opportunity	Resource Efficiency	O1	Expanding the adoption of high-efficiency facilities and energy-saving devices to improve store operational efficiency	Reducing GHG emissions and energy costs further through the wider adoption of high-efficiency facilities
	Energy Source	O2	Operating solar power generation facilities at 12 business sites and expanding the use of renewable energy	Expanding the use of renewable energy and promoting power transition centered on solar power and PPAs
	Market	O3	Conducting promotional activities and marketing focused on eco-certified home appliances, such as Eco-Label products and Grade 1 energy-efficiency products	Continuously expanding the eco-friendly product lineup and securing loyal customers in response to the spread of eco-friendly consumption trends
		O4	Operating sales strategies for seasonal appliances, such as air conditioners, air purifiers, and dryers, in response to increasing heat waves and fine dust levels	Advancing product operation and sales strategies in response to changes in demand for seasonal appliances caused by climate change
		O5	Enhancing environmental management competitiveness by analyzing environmental regulatory trends and strengthening eco-friendly marketing	Enhancing market competitiveness through proactive responses to environmental regulations and stronger eco-friendly management
	Resilience	O6	Conducting regular natural disaster risk assessments and facility inspections at each business site to prevent potential losses	Strengthening natural disaster prevention facilities and advancing the BCP[1] system

1) Business Continuity Plan: A plan to secure the continuity of core operations and recovery capabilities in the event of emergencies such as natural disasters.

Current and Expected Measures for Indirect Mitigation and Adaptation

Category	Current Efforts (FY)	Expected Efforts (FY+1 ~2050)
Logistics Collaboration	Optimizing delivery routes in collaboration with logistics partners, promoting the transition to eco-friendly transportation, and operating electric forklifts at distribution centers	Expanding EV charging facilities at regional distribution centers nationwide and gradually transitioning to large electric trucks
Partner Company ESG Support	Providing ESG consulting and training for small and medium-sized partner companies through ESG consulting specialists	Operating ESG assessment and training programs for partner companies and strengthening environmental management across the supply chain
Resource Circulation Collaboration	Operating a small waste appliance collection system across 296 stores nationwide and obtaining verification of the carbon reduction effects of repair services	Expanding waste appliance collection and strengthening the used home appliance reuse business
Employee Awareness Enhancement	Providing environmental training and running energy-saving campaigns for employees	Raising environmental awareness through ESG newsletters and ESG training programs

INTRODUCTION
ESG MANAGEMENT
FOCUS ON MATERIAL ISSUES
Double Materiality Assessment
Focus 1. Climate Action
Focus 2. Mutual Growth with Partner Companies
Focus 3. Information Security
ENVIRONMENTAL
SOCIAL
GOVERNANCE
ESG FACTBOOK

Focus 1 Climate Action

Strategy

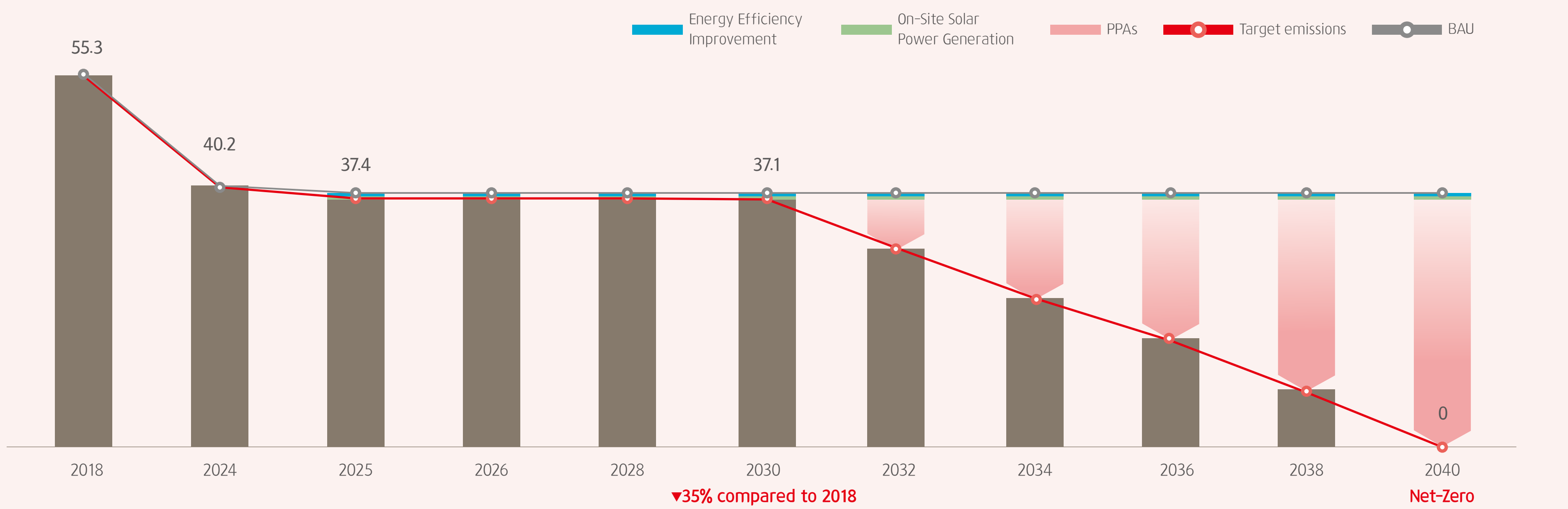
Strategy and Decision-Making

Climate-Related Transition Plan

LOTTE HIMART has established and is implementing a climate-related transition plan with the goal of reducing GHG emissions by 35% by 2030 compared to 2018 levels and achieving net-zero by 2040. The transition plan focuses on improving energy efficiency, transitioning to renewable energy, and expanding the procurement of eco-friendly electricity to reduce GHG emissions generated from business site operations. In addition, to achieve our mid- to long-term net-zero target, we are gradually expanding our renewable energy procurement system and plan to continue advancing low-carbon transition initiatives linked to improvements in operational efficiency across our business sites.

Net-Zero Roadmap

(Carbon dioxide emissions / Unit: 1,000 tCO_2-eq)



① Energy Efficiency Improvement Reducing emissions through improvements in energy facility efficiency
② On-Site Solar Power Generation Installing solar power facilities and generating and consuming electricity on-site
③ Power Purchase Agreements (PPAs) Reducing carbon emissions by expanding the use of renewable energy

Focus 1 Climate Action

Strategy

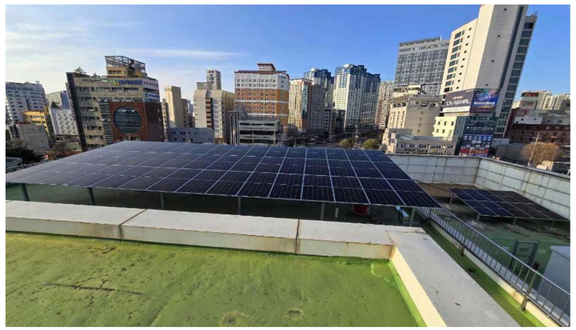
Strategy and Decision-Making

[Key Strategy 01] Energy Efficiency Improvement

LOTTE HIMART is carrying out energy efficiency improvement activities at our stores to reduce GHG emissions generated from business site operations. In 2025, we installed a total of 6,747 high-efficiency LED lights, mainly at newly opened and renovated stores, achieving an energy efficiency improvement effect of approximately 38% compared to general lighting. In addition, we replaced outdated electric heating and cooling systems with high-efficiency inverter-type heating and cooling systems, which are approximately 35% more energy efficient than existing equipment, converting heating and cooling facilities at a total of 32 stores. Through these activities, we achieved an annual GHG emissions reduction effect of 426 tCO_2-eq.

[Key Strategy 02] On-Site Solar Power Generation

LOTTE HIMART began operating solar power facilities in April 2025 as part of our climate action through the transition to renewable energy. We installed solar power facilities at seven business sites, including the Icheon Hub Distribution Center, and expanded operations to a total of 12 business sites through additional installations in November 2025. Through these facilities, we generated approximately 480 MWh of renewable electricity in 2025 and achieved a GHG emissions reduction effect of approximately 220 tCO_2-eq. Based on this, we are promoting GHG emissions reduction and the expanded use of renewable energy, and plan to continue expanding solar power facilities at our business sites going forward.



▲ Solar Panel Facilities

[Key Strategy 03] GHG Reduction in the Logistics Stage

❶ Delivery System Optimization

LOTTE HIMART has improved our delivery system by focusing on delivery route enhancement and delivery operation efficiency to reduce GHG emissions generated in the logistics stage. To enhance delivery routes, we conduct advance dispatch three days prior to delivery and assign delivery sequences by reflecting customers' requested times, thereby minimizing arbitrary route changes. In addition, we optimize delivery routes using our Transportation Management System to reduce unnecessary carbon emissions, and we have introduced an automated dispatch system based on optimal delivery zones to improve logistics operational efficiency.

Delivery System Improvement Status

Category	Before	After	Impact
Route Distance Optimization	Straight-line distance-based routing	Actual driving route-based routing	Reduced travel distance
Dispatch Logic Redesign	- Dispatch confirmation through Transportation Management System (TMS) - Order release and product picking through Warehouse Management System (WMS)	- Initial dispatch through TMS - Advance identification of postponed or canceled deliveries through customer confirmation calls - Secondary dispatch and final confirmation through TMS - Order release and product picking through WMS	- Reduced greenhouse gas emissions through lower forklift operating hours, shorter vehicle travel distances, and improved load utilization - Advance identification of postponed and canceled deliveries

❷ Transition to Electric Vehicles

LOTTE HIMART is expanding our eco-friendly transportation system by establishing electric vehicle (EV) transition targets for delivery vehicles in collaboration with logistics partners and by providing awareness-improvement training for delivery drivers. In addition, we are reviewing the installation of EV charging facilities at six distribution centers across regions nationwide, and we are discussing transition plans with partners and delivery drivers in line with the trend toward commercializing EVs for large trucks of 2.5 tons or more. We are also gradually converting forklifts at distribution centers to electric forklifts.

Category	Delivery Vehicles	Forklifts	Total
Total Vehicles (units)	323	92	415
Electric Vehicles (units)	6	77	83
Ownership Ratio	1.8%	83.7%	20.0%

Focus 1 Climate Action

Strategy

Financial Position, Financial Performance, and Cash Flows

(1) Impact of Climate-Related Risks on Financial Position, Financial Performance, and Cash Flows

LOTTE HIMART quantitatively analyzed the impact of physical and transition risks arising from climate change on our financial position, financial performance, and cash flows. Based on the results of the climate materiality assessment, we selected physical and transition risk items that may lead to direct cost increases and investment burdens and can be objectively estimated using historical operational data, insurance data, and other relevant information. In contrast, items with limitations in quantitative estimation due to high uncertainty over the timing and magnitude of financial impacts were excluded from the analysis. In the analysis, we used national climate change standard scenarios and NGFS scenarios to estimate facility damage losses caused by extreme weather events, energy cost burdens resulting from increased electricity consumption, the impact of rising electricity tariffs, and transition costs that may arise in the process of implementing net-zero initiatives. We also estimate scenario-based financial impacts based on business site operational data and our net-zero roadmap. In doing so, we comprehensively consider operating costs and facility investment burdens that may arise in the process of responding to climate change and reflect them in mid- to long-term climate risk management and financial decision-making. In addition, in 2025, climate response costs such as facility management labor costs and insurance premiums were incurred and are being managed. As the Company is not subject to allowance allocation under the GHG emissions trading scheme, no direct costs were incurred under the emissions trading system.

Short-, Medium-, and Long-Term Financial Impacts (Quantitative)

(Unit: KRW 100 million)

Category	Risk Factor		Scenario Used	Financial Impact		Expected Financial Impact	Related Account Items	Methodology for Estimating Financial Impacts
				Minimum	Maximum			
Physical Risk (Acute)	P1	Damage losses caused by climate change	SSP1-2.6 / SSP5-8.5	207.8	207.8	Expected to increase facility investment and restoration costs for stores and distribution centers and cause operating losses due to the increasing frequency of extreme natural disasters, such as typhoons and floods	Repair Expenses, Facility Maintenance Expenses, Disaster Losses	Reflecting the inflation rate in the average damage loss amount over the past four years
Physical Risk (Acute)	P1	Labor costs for damage management caused by climate change	SSP1-2.6 / SSP5-8.5	105.3	105.3	Expected to increase safety management labor costs due to expanded proactive safety inspections and preventive activities for climate action	Labor Costs	Reflecting annual climate response labor costs, work proportion, and the annual labor cost increase rate
Physical Risk (Chronic)	P2	Increase in electricity costs due to higher electricity consumption caused by temperature rise (heat waves)	SSP1-2.6 / SSP5-8.5	65.1	126.0	Expected to increase energy cost burdens at business sites due to expanded heating and cooling use and rising electricity prices caused by more heat waves and cold waves	Electricity Costs	Estimating the increase in electricity costs due to higher electricity consumption
Transition Risk (Policy and Regulation)	T1	Increase in electricity costs due to rising electricity tariffs	NGFS Net Zero 2050 / NDCs	1,109.2	1,700.1	Expected to continuously increase electricity cost burdens from store and distribution center operations over the mid- to long term due to rising electricity tariffs	Electricity Costs	Reflecting the increase in electricity costs based on the Net Zero and NDC scenarios
Transition Risk (Technology)	T2	Carbon transition costs	NGFS Net Zero 2050 / NDCs	93.2	492.2	Expected to expand selling and administrative expenses and capital expenditures as emissions reduction strategies, such as solar power facilities, PPAs, and RECs, are pursued in the process of transitioning to renewable energy and achieving net-zero	Facility Investment Costs, Selling and Administrative Expenses	Estimating the cost of implementing emissions reduction strategies based on the net-zero roadmap

INTRODUCTION
ESG MANAGEMENT
FOCUS ON MATERIAL ISSUES
Double Materiality Assessment
Focus 1. Climate Action
Focus 2. Mutual Growth with Partner Companies
Focus 3. Information Security
ENVIRONMENTAL
SOCIAL
GOVERNANCE
ESG FACTBOOK

Focus 1 Climate Action

Strategy

Short-, Medium-, and Long-Term Financial Impacts (Qualitative)

Category			Risk and Opportunity Factors	Expected Financial Impact	Related Account Items
Transition Risk	Legal	T3	Litigation, penalties, and decline in corporate image due to non-compliance with environmental laws	Expected to reduce operating profit due to litigation costs and penalties in the event of non-compliance with environmental laws, as well as lower sales resulting from a decline in corporate image	Provision for Litigation, Sales
	Market	T4	Decline in sales of low-energy-efficiency products due to changes in customer preferences	Expected to reduce sales due to a decline in sales of low-efficiency product lines as demand for eco-friendly and high-efficiency products increases	Sales
Opportunity	Resource Efficiency	O1	Energy cost savings through the introduction of high-efficiency facilities and renewable energy	Expected to increase electricity cost savings through the expanded adoption of high-efficiency LED lighting and heating and cooling systems, as well as increased on-site solar power generation	Electricity Costs
	Energy Source	O2	Electricity cost savings through expanded renewable energy procurement using PPAs and RECs	Expected to ease cost burdens from fluctuations in market electricity prices through the introduction of PPA contracts and expanded transition to renewable energy after 2030	Electricity Costs
	Market	O3	Expansion of sales of eco-friendly and energy-efficient products	Expected to increase sales through higher sales of Grade 1 energy-efficiency products and eco-certified products in line with the spread of eco-friendly consumption trends	Sales
		O4	Increase in sales due to higher demand for seasonal appliances caused by extreme weather	Expected to increase sales of related products due to higher demand for seasonal appliances, including air conditioners amid more heat wave days and air purifiers and dryers amid higher fine dust levels	Sales
	Resilience	O5	Reduction of potential costs and enhancement of competitiveness through proactive responses to environmental laws	Expected to generate mid- to long-term cost savings by reducing the risk of litigation costs and administrative fines through proactive responses to environmental laws	Provision for Litigation
		O6	Reduction of facility damage and restoration costs through strengthened natural disaster prevention facilities	Expected to reduce restoration costs in the event of facility damage caused by extreme weather and secure business continuity	Repair Expenses

(2) Impact on the Next Fiscal Year

LOTTE HIMART reviewed the potential impact of climate-related risks and opportunities on our financial position and cash flows for the next fiscal year and identified items that may cause material adjustments to the carrying amounts of assets or liabilities. We are gradually expanding on-site solar power generation facilities with the goal of achieving net-zero by 2040, and plan to expand the solar power facilities currently operated at 12 business sites in 2025 to 18 business sites in 2026. In 2026, capital expenditures for the expanded introduction of solar power facilities are expected to be approximately KRW 230 million, and this investment is expected to affect cash flows in the short term. In the next fiscal year, material adjustments may occur to the carrying amount of property, plant and equipment due to investment in on-site solar power generation facilities.

Focus 1 Climate Action

Strategy

Climate Resilience

(1) Implications of the Climate Resilience Assessment

LOTTE HIMART analyzed the impacts of changes in the physical climate environment, stronger net-zero policies, energy price fluctuations, and market and technology changes on our business operations and finances using publicly available climate change scenarios. Given the nature of our business, which involves operating stores and distribution centers, physical and transition risks directly affect business operations. Accordingly, we applied both SSP scenarios, which enable comparisons of impacts across different temperature pathways, and NGFS scenarios, which reflect varying levels of transition intensity, to comprehensively assess our business resilience across a range of climate pathways. The analysis results are used for business site operations, energy costs, facility investment, and mid- to long-term financial planning, and are systematically reflected in climate risk management and management decision-making.

Implications of the Assessment of Physical Risks for LOTTE HIMART

Impact Assessment Based on Scenario Analysis	LOTTE HIMART assessed the impact of changes in four key climate factors, including summer days, heat wave days, cold wave days, and heavy rainfall days, on business site operations by applying the IPCC SSP1-2.6 (low-emissions) and SSP5-8.5 (high-emissions) scenarios. The analysis found that summer days increased more than twice as fast under the high-emissions scenario compared to the low-emissions scenario, while heat wave days showed an even steeper increase than summer days. Under the high-emissions scenario (SSP5-8.5), both the likelihood of financial and operational impacts on asset operations and business continuity was assessed to be high due to increased cooling loads and greater facility operation burdens.	
Scope of Analysis	LOTTE HIMART conducted scenario analysis covering the period from 2026 to 2050 for the Daechi, Cheomdan, Suwon, and Haeundae Stores, as well as the Icheon Hub Distribution Center. The financial impact was calculated by converting the results derived from these five representative business sites to a company-wide scale.	
Financial Impact	• The key financial impacts estimated on a cumulative basis during the 2026–2050 analysis period are as follows: - Increase in electricity costs due to heat waves: approximately KRW 6.51 billion under SSP1-2.6/ approximately KRW 12.60 billion under SSP5-8.5 - Preventive management labor costs: approximately KRW 10.53 billion - Leakage prevention and property insurance costs: approximately KRW 20.78 billion	• The results of analyzing the impact of climate change on business site operations using historical business site operation data and meteorological data are as follows: - Increase in summer days: Cheomdan > Icheon Distribution Center > Daechi > Suwon > Haeundae - Decrease in cold wave days: Icheon Distribution Center > Suwon > Daechi > Cheomdan > Haeundae - Increase in summer electricity consumption: Relatively higher at Daechi Store (74.5%) and Suwon Store (37.4%) - Increase in winter electricity consumption: Highest at Icheon Hub Distribution Center (39.5%)
Implications of the Assessment of Strategy and Business Model	The analysis found that the impact of climate change tends to appear more in the form of increased extreme weather events, such as heat waves and heavy rainfall, rather than changes in average temperature. As the increase in heating and cooling energy costs and the likelihood of facility damage caused by climate change varied by business site, the need for differentiated responses by region and business site was identified. In particular, proactive investment is needed to reinforce cooling facilities and address rising energy costs, mainly at business sites highly affected by heat waves. Reviewing flood prevention and drainage design standards in response to increasing rainfall intensity was also identified as an important task. Based on these analysis results, LOTTE HIMART plans to continuously monitor climate vulnerabilities across its business sites and advance its response system to improve the accuracy and reliability of climate-related disclosures.	
LOTTE HIMART's Response	① Expansion of Cooling Facilities and Peak Load Response - Promoting the introduction of high-efficiency cooling systems and the distributed operation of peak electricity loads, mainly at business sites with high sensitivity to heat waves, including Cheomdan, Icheon Distribution Center, and Daechi. ② Strengthening Flood Prevention and Drainage Design - Applying facility design standards focused on rainfall intensity and using financial risk transfer through property insurance coverage. ③ Operation of a Natural Disaster Response System - Operating a proactive management system to prepare for acute climate disasters, such as typhoons and floods, including facility safety investments and securing response personnel.	

Focus 1 Climate Action

Strategy

Implications of the Assessment of Transition Risks for LOTTE HIMART

Impact Assessment Based on Scenario Analysis	LOTTE HIMART assessed the financial impacts of rising electricity prices and carbon transition costs by applying the NGFS Net Zero 2050 and NDCs scenarios. The impact of rising electricity prices was assessed to be greater under the Net Zero 2050 scenario, where the low-carbon transition progresses more strongly, while carbon transition costs were assessed to be greater under the NDCs scenario, where policy intensity is relatively lower.
Scope of Analysis	LOTTE HIMART conducted scenario analysis covering the period from 2026 to 2050 for the Daechi, Cheomdan, Suwon, and Haeundae Stores, as well as the Icheon Hub Distribution Center. The financial impact was calculated by converting the results derived from these five representative business sites to a company-wide scale.
Financial Impact	• The key financial impact analysis results associated with transition risks are as follows: - Increase in electricity prices (cumulative basis for five sites): approximately KRW 9.86 billion under Net Zero 2050 / approximately KRW 6.43 billion under NDCs - Converted to all business sites: approximately KRW 170.01 billion under Net Zero 2050 / approximately KRW 110.92 billion under NDCs - Carbon transition costs (based on implementation of our net-zero roadmap): approximately KRW 9.32 billion under Net Zero 2050 / approximately KRW 49.22 billion under NDCs • The analysis found that under the Net Zero 2050 scenario, higher electricity prices are maintained, improving the economic feasibility of internal reduction activities. In contrast, under the NDCs scenario, while emissions reduction activities generate economic benefits in the early stages, the marginal cost of abatement increases over time, resulting in an accumulation of transition-related costs in the long term.
Implications of the Assessment of Strategy and Business Model	The analysis found an asymmetric structure in which the impact of rising electricity prices is greater under a strong low-carbon transition pathway, while carbon transition costs are greater under a pathway with relatively lower policy intensity. This identified the importance of comparing the economic feasibility of electricity price increases and PPA contract prices by scenario, as well as calculating marginal abatement costs for short-, medium-, and long-term reduction pathways. We have established a financial impact estimation system that links NGFS scenarios with our own net-zero roadmap. Going forward, we plan to continue improving the precision of our analysis to respond to updates to NGFS scenarios and effectively manage the impact of transition risks on our management strategy.
LOTTE HIMART's Response	① Establishment and implementation of a phased emissions reduction roadmap to achieve net-zero by 2040. ② Diversification of renewable energy procurement through the expansion of solar power generation from 12 sites in 2025 to 18 sites in 2026, with full introduction of PPAs planned from 2030.

Information on Input Variables

Scenario and Source	• SSP Scenarios (SSP1-2.6, SSP5-8.5) - Based on the IPCC Sixth Assessment Report and the Korea Meteorological Administration's climate change scenarios • NGFS Scenarios (Net Zero 2050, NDCs, Current Policies) - Use of NGFS Climate Scenarios
Alignment with Latest International Agreements	Aligned with major latest international agreements, including the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement
Analysis Year	2026
Scope of the Analysis Period	2026-2050 (applying short-, medium-, and long-term periods)
Scope of Business Sites Analyzed	Analysis conducted based on five representative business sites

Information on Uncertainty

Category	Uncertainty
Electricity Price	Possibility of long-term fluctuations due to differences in electricity price projections by NGFS scenario
Carbon Price	Uncertainty in estimating financial impacts due to differences in carbon price projections across NGFS scenarios
Climate Scenario Analysis Model	Complexity and uncertainty inherent in scenario assumptions

Key Assumptions Used in the Analysis

Category	Assumptions
Climate-Related Policies	Assumes increases in electricity costs and changes in the electricity procurement structure by reflecting Korea's mid- to long-term net-zero policies, including 2050 net-zero and the 2035 NDC
Macroeconomic Trends	Assumes that rising energy prices and labor costs will affect store operating costs by reflecting key variables such as economic growth rates, labor costs, energy prices, and interest rates
Regional Climate Variables	Assumes increases in electricity consumption and operating costs due to more summer days caused by rising average temperatures in Korea, as well as losses from flooding and water leakage damage due to more frequent heavy rainfall
Energy Use and Mix	Assumes the gradual expansion of renewable energy procurement through PPAs and RECs and the implementation of energy efficiency improvements to achieve net-zero electricity by 2040
Technology Development	Reflects the level of technological development by scenario: Net Zero 2050 assumes rapid deployment of renewable energy, ESS, and high-efficiency facilities; NDCs assumes gradual expansion; and Current Policies assumes limited technological development

Focus 1 Climate Action

Risk Management

Climate-Related Risk and Opportunity Management Process

LOTTE HIMART operates a climate-related risk and opportunity management process to identify, analyze, and continuously manage climate change risks and opportunities across our business value chain.

Climate Change Risk/Opportunity Management Process[1]

01 Risk and Opportunity Identification	02 Risk/Opportunity Management and Response	03 Update and Reporting	04 Monitoring and Evaluation
❶ Identification of Risks and Opportunities Based on the TCFD Framework ❷ Classification of physical risks (acute and chronic), transition risks (policy, technology, market, and reputation), and opportunity factors ❸ Development of a risk pool through benchmarking analysis ❹ Identification of a total of 12 risk and opportunity items	❶ Assessment of likelihood and financial impact severity on a five-point scale ❷ Ranking based on average values and identification of material issues ❸ Quantification of financial impacts through scenario analysis ❹ Establishment of an emissions reduction roadmap and response strategies based on the identified priorities	❶ Continuous monitoring of climate-related policy and regulatory trends and NGFS scenario updates ❷ Review of identified risk and opportunity items through regular reassessment ❸ Reporting of assessment results and response strategies through the ESG Committee ❹ Reporting of analysis results and response status to management and stakeholders	❶ Checking the implementation status of established climate action strategies and detailed tasks ❷ Checking the implementation progress of the reduction roadmap and GHG emissions reduction process ❸ Identifying follow-up actions based on identified improvement areas ❹ Strengthening execution capabilities by advancing the analysis system

1) No changes to the risk and opportunity management process compared to the previous year.

Input Variables and Parameters

Input Variables and Parameters	Data Sources
Climate Scenarios	IPCC AR6 SSP scenarios (SSP1-2.6, SSP5-8.5) NGFS Climate Scenarios (Net Zero 2050, NDCs)
Climate Factor Data	Korea Meteorological Administration Climate Information Portal — summer days, heat wave days, cold wave days, and heavy rainfall days by site
Energy Consumption and GHG Emissions	Company data (third-party verification conducted)
Electricity Price and Carbon Price Projections	Electricity price projections by NGFS scenario (KRW/kWh), marginal abatement costs, and K-ETS allowance prices
Asset Information and Financial Data	Sales, book value, and floor area of five representative business sites (Daechi, Cheomdan, Suwon, Haeundae, and Icheon Hub), Safety Operations labor costs and labor cost increase rate

INTRODUCTION
ESG MANAGEMENT
FOCUS ON MATERIAL ISSUES
Double Materiality Assessment
Focus 1. Climate Action
Focus 2. Mutual Growth with Partner Companies
Focus 3. Information Security
ENVIRONMENTAL
SOCIAL
GOVERNANCE
ESG FACTBOOK

Focus 1 Climate Action

Risk Management

Climate-Related Risk and Opportunity Management Process

Importance Analysis of Risk and Opportunity Assessment Results

LOTTE HIMART conducted a priority assessment to quantitatively determine the importance of identified climate change risks and opportunities and derive key management targets. Each factor was assessed on a five-point scale for its financial and non-financial impact on our business and its likelihood of occurrence. Priorities were then determined based on the combined score of the two indicators (likelihood × impact).

Importance Analysis Results and Priority Setting

Category			Potential Risks and Opportunities
Physical Risk	Acute	P1	Rising costs for preventing extreme weather events and natural disasters, such as typhoons and floods
	Chronic	P2	Rising energy costs at business sites due to the operation of heating and cooling systems
Transition Risk	Policy and Regulation	T1	Increasing business risks due to failure to respond to stricter environmental regulations
	Technology	T2	Increasing facility investment costs for GHG reduction due to the adoption of and transition to low-carbon technologies
	Legal	T3	Decline in corporate image due to an increased likelihood of lawsuits resulting from non-compliance with laws
	Market	T4	Decline in sales of low-energy-efficiency products due to changes in customer preferences
Opportunity	Resource Efficiency	O1	Reduction of GHG emissions and energy costs through the use of high-efficiency equipment and eco-friendly energy in stores
	Energy Source	O2	Reduction of electricity costs through renewable energy supply contracts and participation in power generation projects
	Market	O3	Increase in eco-friendly sales and acquisition of loyal customers through expanded eco-friendly and energy-efficient products
		O4	Increase in sales of seasonal products due to extreme weather
		O5	Enhancement of environmental management competitiveness through proactive responses to environmental laws
	Resilience	O6	Mitigation of mid- to long-term risks through natural disaster prevention facilities

Focus 1 Climate Action

Metrics & Targets

Climate-Related Metrics

(1) GHG Emissions and Energy Consumption

LOTTE HIMART systematically manages GHG emissions and energy consumption in line with national net-zero policies and global climate action trends. LOTTE HIMART has established a GHG inventory in accordance with ISO 14064-1 and calculates Scope 1, 2, and 3 emissions. It also ensures data reliability through third-party verification every year.

GHG Emissions

(Unit: tCO_2-eq)

Category		2018 (Base Year)	2023	2024	2025
Total Emissions		55,308	51,895	47,811	44,337
Scope 1	Business Vehicles City Gas	396	379	364	373
Scope 2[1]	Electricity	54,912	43,406	39,870	36,390
Scope 1+2		55,308	43,785	40,234	36,764
Scope 3	Delivery Vehicles[2]	-	8,110	7,577	7,573

1) Scope 2 data was selected using the location-based method.
2) Scope 3 delivery vehicle (Category 4) data was calculated internally without third-party verification.

Energy Consumption

(Unit: GJ)

Category	2018 (Base Year)	2023	2024	2025
Energy Consumption[1] (Scope 1+2)	1,117,410	884,447	839,610	767,000
Intensity[2]	27.17	33.89	35.63	33.35

1) Total energy consumption within the organization
2) Based on KRW 100 million in sales

Measurement Approach

Category	Measurement Basis
Scope 1, 2	Guidelines on Emissions Reporting and Certification under the GHG Emissions Trading System
Scope 3	Internal calculation method (fuel consumption estimated based on GPS mileage × average fuel efficiency)

Input Variables and Assumptions

Category	Activity Data	Calculation Scope	Key Assumption
Scope 1	• LNG (bills) • Kerosene (purchase receipts) • Gasoline (corporate vehicle management log)	Fuel consumption of business vehicles, heating at headquarters, in-house cafeteria, and resort facilities	Application of fuel-specific emission factors
Scope 2	Electricity (KEPCO bills)	Electricity consumption at business sites, including headquarters, regional offices, stores, and distribution centers	• Checking consumption through KEPCO Power Planner (smart electricity metering infrastructure) • For some leased sites where meter measurement is not available, calculating consumption using an average value based on floor area
Scope 3	Transport vehicle fuel consumption	Fuel consumption measurement of transport vehicles	• Estimating fuel consumption by measuring mileage through GPS devices and applying average fuel efficiency • Introduction of a transport vehicle mileage measurement system in March 2022

Focus 1 Climate Action

Metrics & Targets

Climate-Related Metrics

(2) Business Activities Aligned with Climate-Related Opportunities

LOTTE HIMART identified the sale of eco-friendly products as a business activity aligned with climate-related opportunities. In response to stronger energy efficiency regulations and the accelerated low-carbon transition, we prioritize the identification and sale of high-energy-efficiency products, contributing to customers' energy savings and improved efficiency. We have also set a target of achieving a 60% share of eco-friendly product sales as a percentage of total sales.

2025 Eco-Friendly Sales Status

Category	Business Activity	Account Item	Amount (KRW 100 million)	Ratio (%)
Opportunity	Sales of eco-friendly products	Sales	9,001	39

(3) Capital Deployed for Climate-Related Risks

LOTTE HIMART deployed capital expenditures to respond to climate-related risks, including increased electricity consumption and higher energy costs caused by extreme weather such as heat waves and cold waves, as well as transition cost burdens resulting from stronger net-zero policies. In 2025, we invested approximately KRW 1.18 billion to replace LED lighting and transition to high-efficiency heating and cooling systems to improve energy efficiency at business sites, and to introduce on-site solar power generation facilities to reduce carbon emissions through the transition to renewable energy.

2025 Eco-Friendly Investment Status

Investment Item	Unit	Investment Cost
Replacement of LED Lighting	KRW thousand	305,962
Transition to High-Efficiency Heating and Cooling Systems		215,317
On-Site Solar Power Generation Facilities		658,710

Climate-Related Targets

(1) Information on Climate-Related Targets

Climate Targets

LOTTE HIMART recognizes the impact of climate change on business operations and the environment as an important management issue, and has established a 2040 net-zero target in consideration of Korea's GHG reduction policies and net-zero direction. With 2018 set as the base year, we aim to reduce GHG emissions (Scope 1+2) by 35% by 2030 and achieve net-zero by 2040 through continuous GHG reduction activities. This target applies to overall business operations, including headquarters, stores nationwide, and distribution centers.

Alignment of Climate Targets with National GHG Reduction Policies

LOTTE HIMART operates our climate targets and reduction direction in consideration of the national GHG reduction target (NDC) and global net-zero transition trends. As Korea's GHG reduction policies become stronger and carbon reduction requirements in the industrial sector continue to expand, the importance of managing GHG emissions generated from business operations is increasing. Accordingly, we have set improving energy efficiency at business sites and expanding the use of renewable energy as key directions. In addition, considering the growing international discussions on net-zero and stronger requirements for climate action, we are improving our energy use structure and carrying out GHG reduction activities and low-carbon transition efforts, thereby maintaining alignment with national policies and global climate action directions.

GHG Types Included in the Target

Category	CO_2	CH_4	N_2O	HFCs	PFCs	SF_6	NF_3
Scope 1	●	●	●	-	-	-	-
Scope 2[1]	●	●	●	-	-	-	-

1) Targets are set using the location-based method

Focus 1 Climate Action

Metrics & Targets

Climate-Related Targets

(2) Review and Monitoring of Climate Targets

LOTTE HIMART regularly checks and monitors GHG emissions by business site to manage the implementation level of our GHG reduction targets. Internally, we manage emissions status by business site on a monthly basis, and monthly emissions performance is reviewed by the executive of the responsible department through the electronic approval process. In addition, we use Lotte Holdings' environmental management system (LOTTE LETS) to set annual target emissions, monitor monthly emissions performance, and manage the progress of carbon reduction against targets. Through this process, we regularly check actual emissions against targets, target achievement rates, and reduction performance. The results of the annual performance analysis are used to establish mid- to long-term GHG reduction activities and management directions.

2025 GHG Emissions Target and Implementation Status

(Unit: tCO_2-eq)

Category	2025 Emissions	2025 Target[1]	Emissions Against Target
Scope 1	373	357	+16
Scope 2	36,390	39,073	▼2,638
Scope 3	7,573	7,425	+148

1) The 2025 target emissions were set based on a 2% reduction from 2024 emissions.

Stakeholder View & Voice

Hwang Hyun-joo
ESG Management, External Relations Team

LOTTE HIMART plans to gradually implement energy efficiency improvements, expand renewable energy use, and introduce PPAs to achieve our targets of reducing GHG emissions by 35% by 2030 and achieving net-zero by 2040. We are currently replacing lighting with high-efficiency LED lighting, transitioning to high-efficiency heating and cooling systems, and expanding on-site solar power generation facilities across stores and distribution centers nationwide. We also plan to continuously advance our climate scenario analysis system and systematically reflect the analysis results in investment and management decision-making.

In addition, as indirect emissions (Scope 3) account for a large share due to the nature of the retail business, we will continue to improve the scope of Scope 3 emissions calculation and data accuracy. We will also strengthen the carbon emissions management system across the supply chain through collaboration with key business partners.

Going forward, LOTTE HIMART will recognize climate action not merely as regulatory compliance, but as a key element of enhancing corporate competitiveness and creating sustainable value. Through more systematic management and proactive responses, we will continue to strengthen our climate action capabilities.

INTRODUCTION
ESG MANAGEMENT
FOCUS ON MATERIAL ISSUES
Double Materiality Assessment
Focus 1. Climate Action
Focus 2. Mutual Growth with Partner Companies
Focus 3. Information Security
ENVIRONMENTAL
SOCIAL
GOVERNANCE
ESG FACTBOOK

Focus 2 Mutual Growth with Partner Companies

Governance

Organizational Structure

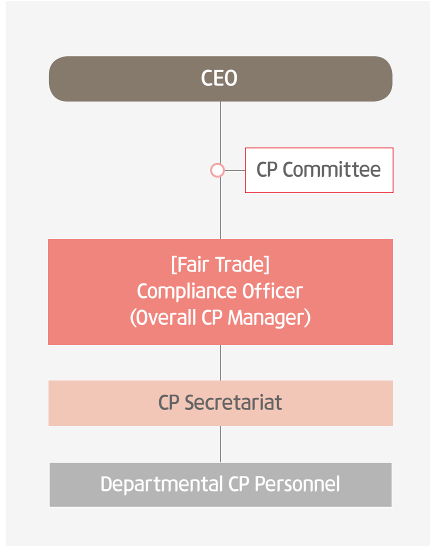
LOTTE HIMART has operated our internal Compliance Program (CP) since 2016 to ensure compliance with fair trade-related laws and regulations and has established a management framework centered on a dedicated organization. The Compliance Officer serves as the overall person responsible for the CP, overseeing its operation and planning while reporting key matters. The CP Secretariat and personnel from relevant departments carry out implementation and monitoring activities to proactively prevent potential legal violations. To ensure clear accountability and authority, the Compliance Officer is required to be appointed by the Board of Directors, and the Head of the Compliance Office currently serves in this role. Meanwhile, mutual growth-related work is led by the External Relations Team under the Administrative Division. Through stronger cooperation with partner companies and the operation of mutual growth programs, we are building sustainable cooperative relationships.

CP Committee

LOTTE HIMART operates the CP Committee to establish the fundamental policies and disciplinary standards of its Compliance Program (CP). The Committee enhances the effectiveness of the compliance management system by reviewing and approving disciplinary actions for legal violations, as well as providing follow-up measures and advisory functions.

Fair Trade and Mutual Growth Organizational Chart

Compliance Program Organizational Chart



Key Roles and Responsibilities by Organization

Category	Roles and Responsibilities
Compliance Officer	• Overall person responsible for the Compliance Program • Oversees and reports on the operation and planning of fair trade compliance activities
CP Secretariat	• Responsible for the day-to-day operation of the Compliance Program (CP) • Supports the Compliance Officer in carrying out compliance-related responsibilities
Departmental CP Personnel	• Review assigned business activities and identify vulnerable areas • Monitor potential legal violations and implement preventive measures
CP Committee	• Establishes the fundamental policies and disciplinary standards of the Compliance Program (CP) • Reviews, approves, and advises on disciplinary actions and corrective measures related to legal violations
External Relations Team	• Serves as the primary communication channel with business partners • Develops and operates Mutual Growth Programs

INTRODUCTION
ESG MANAGEMENT
FOCUS ON MATERIAL ISSUES
Double Materiality Assessment
Focus 1. Climate Action
Focus 2. Mutual Growth with Partner Companies
Focus 3. Information Security
ENVIRONMENTAL
SOCIAL
GOVERNANCE
ESG FACTBOOK

Focus 2 Mutual Growth with Partner Companies

Governance

Fair Trade Policy

LOTTE HIMART has established fair trade compliance principles tailored to our business environment to foster a transparent and fair trade culture. These principles provide employees with clear standards for complying with applicable laws and regulations. We continuously provide training on fair trade compliance principles to employees to raise their compliance awareness and prevent violations in advance. In addition, in transactions with partner companies, we comply with relevant laws and regulations, including the Act on Fair Transactions in Large Retail Business. We have also established and operate internal regulations designed to prevent violations and revised these regulations in 2025 to reflect the latest regulatory requirements. The fair trade compliance principles and related regulations are shared with employees through our intranet and work communication channels. They are also disclosed on the partner company portal, encouraging partner companies to participate in creating a fair trade culture from the partner onboarding stage.

Key Provisions of Fair Trade Regulations

Category	Details
A. Guidelines on the Selection and Operation of Partner Companies	• Prohibit interference with transactions with other business operators and requirements for exclusive transactions • Prohibit requests for economic benefits • Prohibit the imposition of disadvantages through the abuse of a superior bargaining position • Prohibit unfair returns and refusals to accept goods • Comply with standards and procedures for terminating transactions with partner companies
B. Guidelines on the Operation of Special Purchase Transactions	• Comply with cost-sharing standards for special purchase transactions
C. Guidelines on the Dispatch and Utilization of Partner Company Employees	• Comply with dispatch procedures and conditions, including prior written requests and written agreements based on voluntary participation • Comply with procedures for additional dispatches during the year
D. Guidelines on the Operation of Sales Incentives	• Allow sales incentives only for direct purchase transactions • Comply with agreement procedures and conditions, allowing only performance, new product, display fixture, and award incentives • Comply with standards governing changes to payment conditions
E. Guidelines on Cost Sharing for Promotional Events and Interior Work	• Comply with agreement procedures and conditions, including prior written agreements specifying promotional event and construction details • Prohibit partner companies from bearing more than 50% of promotional event costs (except for voluntary or partner company-specific promotional events)
F. Guidelines on Compliance with the Subcontracting Act	• Prohibit unfair determination or reduction of subcontract payments • Prohibit unfair order cancellations, refusals to accept goods, and returns • Prohibit coercion to provide technical data and unauthorized use of such data • Prohibit unfair interference in management • Prohibit acts that circumvent the Linkage of Price for Delivery system
G. Guidelines on Requests for the Provision of Management Information	• Prohibit unfair requests for the provision of management information • Comply with applicable procedures and standards when management information is required

Fair Trade Regulations

INTRODUCTION
ESG MANAGEMENT
FOCUS ON MATERIAL ISSUES
Double Materiality Assessment
Focus 1. Climate Action
Focus 2. Mutual Growth with Partner Companies
Focus 3. Information Security
ENVIRONMENTAL
SOCIAL
GOVERNANCE
ESG FACTBOOK

Focus 2 Mutual Growth with Partner Companies

Strategy

Impacts, Risks and Opportunities (IRO)

LOTTE HIMART operates our business based on transactions with a wide range of manufacturing partner companies due to the nature of the home appliance retail business. The fairness of transactions with partner companies and the stability of these relationships are directly linked to our business competitiveness. Accordingly, fair trade compliance and the effectiveness of partner company management are key factors that significantly impact not only legal and reputational risks but also customer trust and service quality. In particular, inadequate partner company management or fair trade-related controversies may lead to financial losses, such as regulatory fines, as well as a decline in brand trust and risks to business operations. Conversely, strengthening trust-based relationships with partner companies and expanding mutual growth programs can help ensure the stable operation of partner companies and enhance their quality competitiveness, which may lead to long-term revenue growth and greater business stability. Reflecting these business and industry characteristics, we have identified fair trade and mutual growth with partner companies as key Impacts, Risks and Opportunities (IROs) and continue to advance our related management systems.

Detailed IRO

Category	Type	Detailed IRO	Impact Level
Financial	Risk	Inadequate partner company management or fair trade-related controversies may result in legal liabilities, including violations of fair trade laws, leading to costs such as regulatory fines	MEDIUM
Financial	Opportunity	Strengthen the foundation for long-term business stability and revenue generation by proactively managing partner company risks and improving supply stability and quality reliability	MEDIUM
Impact	Positive	Promote the sustainable growth of partner companies and employment stability in local communities by expanding mutual growth programs for partner companies	HIGH
Impact	Negative	Insufficient ESG management and monitoring of partner companies may increase negative social and environmental impacts, including environmental damage, labor rights violations, and ethical misconduct	LOW

Stakeholder View & Voice

Taesun Choi, Manager
Responsible for Fair Trade, Compliance Team

To maintain sustainable relationships with partner companies, it is important to secure fairness and transparency throughout the entire transaction process — from contract signing to ordering, delivery, sales, and settlement. In particular, since fair trade risks can lead not only to financial losses such as administrative fines but also to a decline in trust from both partners and customers, building a prevention-oriented management system is more important than reactive responses. To this end, we operate the Fair Trade Compliance Program (CP) and continuously strengthen our institutional management framework, including the use of standard contracts, legal review processes, and stage-by-stage transaction manuals. We also conduct fair trade training, run a Daily Quiz, and carry out semiannual comprehensive inspections to enhance fair trade awareness across operations, while consistently managing legal deadline compliance in contract signing and payment processes. Going forward, I believe we must further advance our system-based controls and monitoring framework to strengthen trust and mutual growth with partner companies.

Focus 2 Mutual Growth with Partner Companies

Strategy

Response Strategy Direction

LOTTE HIMART implements our 4C strategy led by the External Relations Team, the dedicated organization for mutual growth with partner companies, to enhance the competitiveness of partner companies, strengthen cooperation and communication, and realize fair trade. We support partner companies so that their outstanding products and technologies can lead to tangible customer value creation and revenue growth. We also operate various mutual growth programs by leveraging our nationwide distribution network. Going forward, we will continue to work toward building a mutual growth ecosystem based on close cooperative relationships to support the continued capability enhancement and growth of partner companies.

4C Mutual Growth Cooperation Framework

Competitiveness	Cooperation	Communication	Compliance
Financial and training support, capability-building programs	Expansion of domestic and global sales channels through cooperation	Resolution of grievances by expanding communication channels	Creation of a fair trade and mutual growth culture

Strategy 1 Strengthening Competitiveness

Financial Support for Small and Medium-sized Partner Companies

LOTTE HIMART provides various financial support programs to help partner companies build a stable foundation for business operations. Together with the Industrial Bank of Korea, we have established a Shared Growth Fund worth KRW 50 billion to provide partner companies with preferential interest rates. In particular, we provide small and medium-sized partner companies with preferential interest rate benefits of 1.14 percentage points or higher. In addition, to improve financing convenience for small and medium-sized partner companies, we operate a network loan scheme that enables them to receive loans from financial institutions based on their delivery payments. We also pay the full amount of product payments in cash to help partner companies manage their funds smoothly and reduce their financial burden. For small and medium-sized partner companies that have signed fair trade agreements, we make cash payments within 10 days. Every year, before the Lunar New Year and Chuseok holidays, we also provide early payment of product payments to support their stable operations.

Financial Support Programs for Small and Medium-sized Partner Companies

Category	Key Details	Purpose of Support	Expected Effects
Shared Growth Fund	Established a KRW 50 billion fund jointly with the Industrial Bank of Korea and provides preferential interest rate benefits to small and medium-sized partner companies	Reduce financial costs	Ease the burden of financing and strengthen management stability
Network Loan	Supports loans from financial institutions based on delivery payments	Improve financing convenience	Facilitate access to working capital and improve liquidity
Cash Payment System	Pays 100% of product payments in cash	Ease financial burden	Support stable fund management
Early Payment	Makes payments within 10 days for partner companies that have signed fair trade agreements	Secure transaction stability	Strengthen trust in cooperative relationships
Advance Payment Before Holidays	Provides advance payment of product payments before Lunar New Year and Chuseok	Respond to short-term funding needs	Secure operational stability during peak seasons

Focus 2 Mutual Growth with Partner Companies

Strategy

Operation of Mutual Growth Academy Education

LOTTE HIMART has been operating the Mutual Growth Academy since 2016 to support the capability building of partner companies' employees through various education programs. The program fully covers all education expenses and consists of approximately 200 online courses, including management and language studies, as well as offline education courses affiliated with external agencies and special lectures by professional instructors. Through this program, we systematically enhance the job capabilities and expertise of partner companies' employees.

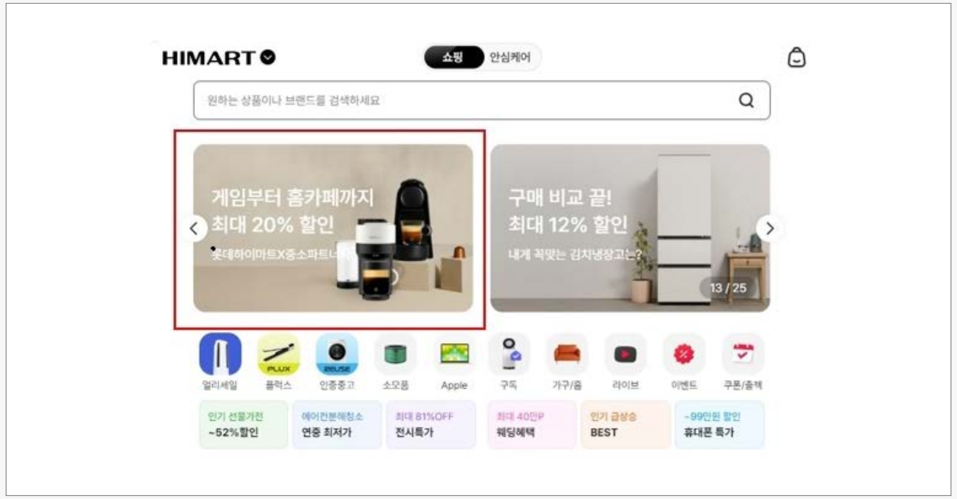
Welfare Support for Small and Medium Partner Companies

LOTTE HIMART continues to operate various support programs to improve welfare benefits for small and medium-sized partner companies and their employees. Every year, we provide home appliance cleaning services to employees of small and medium-sized partner companies and send snack sets to partner companies' business sites to help improve the work environment and boost morale. In addition, we invite employees of partner companies to the 'LOTTE Sharing Happiness Concert' held at the LOTTE Concert Hall, providing opportunities to communicate with our CEO and executives and participate in cultural events. Furthermore, in July and August 2025, we strengthened support activities that consider safety and health by providing water and beverages to CS Master staff to prevent heat-related illnesses among installation engineers during extreme heat.

Strategy 2 Strengthening Cooperation

Market Access Support for Small and Medium-Sized Partner Companies

LOTTE HIMART is implementing a phased mutual growth strategy that connects market access support, creation of sales opportunities, and global market entry to support the sustainable growth of small and medium-sized partner companies. We regularly operate the "Mutual Growth Special Event" on the LOTTE HIMART Online Shopping Mall to effectively promote partner companies' products and help them secure stable sales channels. The special event is held every month, and in 2025, a total of 34 partner companies participated. Based on this, we create practical sales opportunities by expanding customer touchpoints and promoting sales while helping partner companies strengthen their market competitiveness. Furthermore, through the LOTTE Brand Expo, we provide customized support, including buyer matching and purchasing consultations, to partner companies seeking to enter overseas markets, thereby supporting their entry into the global market. Through this phased support system, we will continue to help partner companies grow into competitive companies not only in Korea but also in the global market.



▲ Mutual Growth Special Event Photo

Focus 2 Mutual Growth with Partner Companies

Strategy

Strategy 3 Strengthening Communication

Partner Company Meetings

LOTTE HIMART holds meetings with small and medium-sized partner companies to strengthen trust and promote practical mutual growth. The meetings are held in two formats: online Zoom meetings and in-person meetings through direct visits. During these meetings, we explain support programs, including financial support, market access support, and education support, while the External Relations Team directly listens to partner companies' difficulties and uses them as a basis for discussing cooperation measures. Going forward, we will continue to strengthen the foundation for mutual growth through ongoing communication and collaboration.

Operation of Reporting Channels for Partner Companies

Establishment of the Technology Misappropriation Reporting Center

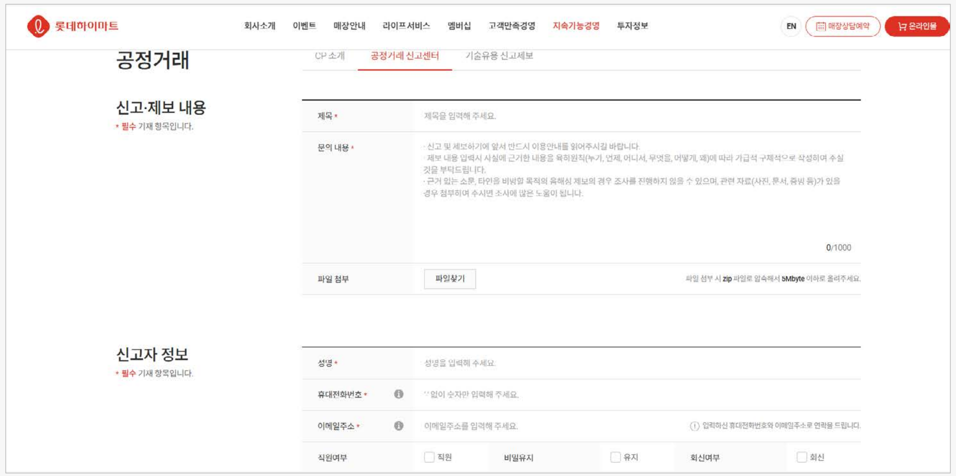
LOTTE HIMART established and began operating the Technology Misappropriation Reporting Center in July 2025 to protect partner companies' technologies and promote a fair trade environment. The center was established to prevent the misappropriation of technical data, unreasonable demands, and unfair trade practices that may arise during business transactions and to support a swift and fair response when damage occurs. The reporting center is available to all stakeholders, including partner companies' employees. Through the online submission channel, stakeholders can report suspected cases of technology misappropriation and fair trade violations at any time. Submitted reports are carefully reviewed by the dedicated department to verify the facts, and investigations and follow-up actions are carried out in cooperation with relevant departments when necessary. During the investigation process, we ensure objectivity and fairness in handling reported cases while strictly protecting the anonymity and confidentiality of reporters to prevent secondary harm. For confirmed violations, we establish and implement corrective measures and recurrence prevention measures in accordance with relevant regulations. Through the operation of the Technology Misappropriation Reporting Center, we strengthen the protection of partner companies' rights and interests and aim to create a fair trade environment based on mutual growth. Going forward, we will continue to improve the system and conduct monitoring to enhance ethics and transparency across the supply chain.

Technology Misappropriation Reporting Center

Fair Trade Reporting Center

LOTTE HIMART operates the Fair Trade Reporting Center, a platform for consulting and reporting violations of laws and regulations, including the Monopoly Regulation and Fair Trade Act, and unfair trade practices. The center is accessible to anyone through the LOTTE HIMART website and is available not only to employees but also to third parties, including partner companies. The identity of informants and the contents of reports are strictly protected, and all consultation records are kept confidential. Reports received through the center are managed directly by the Compliance Team, which verifies the facts and takes necessary improvement measures. In 2025, we received one report related to refusal to accept returns, and appropriate action was completed.

Fair Trade Reporting Center



▲ Partner Reporting Center

INTRODUCTION
ESG MANAGEMENT
FOCUS ON MATERIAL ISSUES
Double Materiality Assessment
Focus 1. Climate Action
Focus 2. Mutual Growth with Partner Companies
Focus 3. Information Security
ENVIRONMENTAL
SOCIAL
GOVERNANCE
ESG FACTBOOK

Focus 2 Mutual Growth with Partner Companies

Strategy

Strategy 4 Fair Trade

CP Committee Operation

LOTTE HIMART is strengthening our ongoing compliance management system through the CP Committee by proactively preventing unfair practices and ensuring recurrence prevention. The CP Committee oversees the overall operation and management of the Compliance Program (CP) and deliberates and decides on key matters such as the establishment of fair trade education and inspection plans and sanctions against violators. The committee was introduced in June 2016 and has been operated continuously since then. In 2025, we held the 13th and 14th CP Committee meetings, received reports on the results of the fair trade investigation, and identified and implemented system improvement tasks accordingly, thereby minimizing fair trade risks.

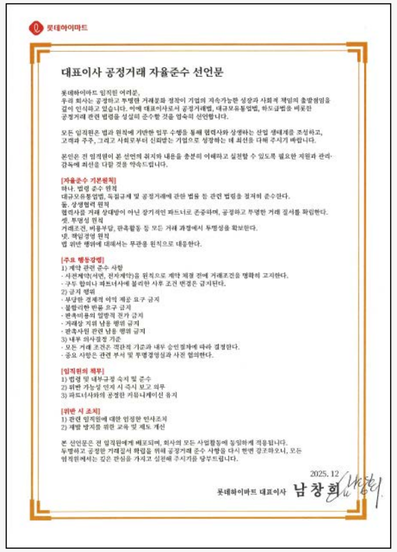
The 2025 CP Committee's Key Agenda

Category	Date	Key Agenda Items
The 13th	2025.07.01	• Report on results of the second-half 2024 investigation • Key activity plan for the 2025 Fair Trade CP • Change of Compliance Officer
The 14th	2025.11.12	• Report on results of the first-half 2025 investigation • Key activity plan for the 2026 Fair Trade CP • Revision of fair trade regulations • Fair trade education for employees of the On-Off MD Group

Communicating Commitment to Fair Trade Compliance

LOTTE HIMART continues to communicate our commitment to fair trade compliance by publishing a letter from the CEO on our partner company business support site. Every year, during the Lunar New Year and Chuseok holidays, we emphasize the "No Gift Giving and Receiving" campaign and encourage stakeholders to actively use the reporting channel in the event of any improper conduct. In addition, in December 2025, the CEO's "Fair Trade Voluntary Compliance Declaration" was distributed company-wide to help establish a fair and transparent transaction culture and support sustainable growth. The declaration includes the basic principles of voluntary compliance, key codes of conduct, employees' responsibilities, and strict measures in the event of violations, clearly reaffirming our company-wide commitment to compliance.

Fair Trade Voluntary Compliance Declaration



롯데하이마트

대표이사 공정거래 자율준수 선언문

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본인은 전 임직원이 본 선언의 취지와 내용을 충분히 이해하고 실천할 수 있도록 필요한 지원과 관리·감독에 최선을 다할 것을 약속드립니다.

[자율준수 기본원칙]
하나. 법령 준수 원칙
대규모유통업법, 독점규제 및 공정거래에 관한 법률 등 관련 법령을 철저히 준수한다.
둘. 상생협력 원칙
협력사를 거래 상대방이 아닌 장기적인 파트너로 존중하며, 공정하고 투명한 거래 질서를 확립한다.
셋. 투명성 원칙
거래조건, 비용부담, 판촉활동 등 모든 거래 과정에서 투명성을 확보한다.
넷. 책임경영 원칙
법 위반 행위에 대해서는 무관용 원칙으로 대응한다.

[주요 행동강령]
1) 계약 관련 준수 사항
- 사전계약(서면, 전자계약)을 원칙으로 계약 체결 전에 거래조건을 명확히 고지한다.
- 구두 합의나 파트너사에 불리한 사후 조건 변경은 금지된다.
2) 금지 행위
- 부당한 경제적 이익 제공 요구 금지
- 불합리한 반품 요구 금지
- 판촉비용의 일방적 전가 금지
- 거래상 지위 남용 행위 금지
- 판촉사원 관련 남용 행위 금지
3) 내부 의사결정 기준
- 모든 거래 조건은 객관적 기준과 내부 승인절차에 따라 결정한다.
- 중요 사항은 관련 부서 및 투명경영실과 사전 협의한다.

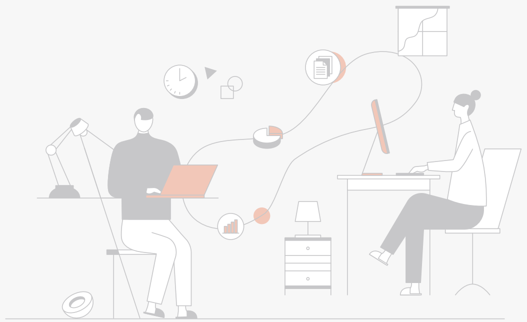
[임직원의 책무]
1) 법령 및 내부규정 숙지 및 준수
2) 위반 가능성 인지 시 즉시 보고 의무
3) 파트너사와의 공정한 커뮤니케이션 유지

[위반 시 조치]
1) 관련 임직원에 대한 엄정한 인사조치
2) 재발 방지를 위한 교육 및 제도 개선

본 선언문은 전 임직원에게 배포되며, 회사의 모든 사업활동에 동일하게 적용됩니다.
투명하고 공정한 거래질서 확립을 위해 공정거래 준수 사항을 다시 한번 강조하오니, 모든 임직원께서는 깊은 관심을 가지고 실천해 주시기를 당부드립니다.

2025. 12
롯데하이마트 대표이사 남 창 희

▲ Fair Trade Voluntary Compliance Declaration



INTRODUCTION
ESG MANAGEMENT
FOCUS ON MATERIAL ISSUES
Double Materiality Assessment
Focus 1. Climate Action
Focus 2. Mutual Growth with Partner Companies
Focus 3. Information Security
ENVIRONMENTAL
SOCIAL
GOVERNANCE
ESG FACTBOOK

Focus 2 Mutual Growth with Partner Companies

Strategy

Revision of the Fair Trade Voluntary Compliance Manual

LOTTE HIMART has prepared and distributed a voluntary compliance manual that includes fair trade-related laws and regulations, as well as CP standards and procedures, so that all employees can easily understand and put them into practice. Employees actively use the manual as practical guidelines and training materials to prevent violations of laws and regulations. In December 2025, we revised the manual to reflect fair trade-related laws and compliance requirements, as well as various court precedents and adjudication cases. To help working-level employees understand the content quickly and accurately, the manual was organized with Q&A sections, checklists, and other practical materials. The Fair Trade Voluntary Compliance Manual was distributed to all employees through our company website and internal bulletin board. It is also disclosed on our company website so that various stakeholders, including partner companies, can access and review the relevant information.

Fair Trade Voluntary Compliance Manual

Fair Trade Education

LOTTE HIMART has established, revised, and distributed explanatory materials on the Monopoly Regulation and Fair Trade Act and related business guidelines. We provide training for the CEO and executives at least once a year, as well as regular job-specific training, to enhance employees' understanding and practical application of fair trade principles. We also conduct training for all employees to prevent unfair practices that may occur in transactions with partner companies and to promote a company-wide culture of fair trade compliance. In 2025, we provided various fair trade-related training sessions for MDs and team leaders in the On-Off MD Group, as well as employees with managerial responsibilities at sales sites. After the training, we conduct regular evaluations to check employees' level of understanding. Based on the evaluation results, we reward outstanding employees and organizations to raise awareness of fair trade and prevent related risks in advance. In addition, whenever major fair trade issues arise, we distribute business guidelines to all employees on an ad hoc basis, supporting a prompt response to the changing regulatory environment.

Fair Trade Education Status by Job Function

Education Target	Education Title	Education Date
Product MD	Guide to Improving the Contract System Screen and Promotion Proposal	Feb. 2025
	Guide to Improving the Settlement Registration Screen	Mar. 2025
	Marketing Division Labeling and Advertising Guide	Aug. 2025
	Fair Trade Dark Pattern Touch Class Training (1st and 2nd sessions)	Sept. 2025
	Fair Trade Education (regular assessment conducted)	Sept. 2025
	MD Training on the Establishment and Revision of Standard Contracts	Dec. 2025
Team Leader of On-Off MD Group	Fair Trade Education (regular assessment conducted)	Sept. 2025
The Management	Fair Trade Education	Sept. 2025

Fair Trade Education Status for Sales Field Employees

Education Title	Education Content	Education Date
Compliance FAQ	Basic legal and fair trade education, including employees in leadership positions	Feb. 2025
Training for Newly Appointed Position Holders	Fair trade and related law compliance policies	Nov. 2025

INTRODUCTION
ESG MANAGEMENT
FOCUS ON MATERIAL ISSUES
Double Materiality Assessment
Focus 1. Climate Action
Focus 2. Mutual Growth with Partner Companies
Focus 3. Information Security
ENVIRONMENTAL
SOCIAL
GOVERNANCE
ESG FACTBOOK

Focus 2 Mutual Growth with Partner Companies

Risk Management

LOTTE HIMART systematically identifies risks related to unfair trade practices and unfair competition through its risk management process. To effectively control these risks, we also carry out management activities such as system digitalization and comprehensive investigations. Centered on the Compliance Program (CP), we implement multifaceted response strategies, including education, inspections, monitoring, and the operation of internal regulations. For violations, we take strict measures and establish recurrence prevention measures.

Computerization of Contract System

LOTTE HIMART uses the e-contract platform 'Glosign' to strengthen transparency across the entire contract signing process and proactively prevent unfair trade practices, such as placing orders before contract signing and unjust order cancellations. In addition, all contracts with partner companies are reviewed in advance by the Compliance Team to ensure the appropriateness and compliance of the contract process. In 2025, we enhanced the system's information accessibility so that contract information entered by MDs and the progress of approvals could be shared with relevant departments in real time. We also improved operational efficiency to facilitate smoother communication with partner companies.

Fair Trade Investigation

LOTTE HIMART conducts a fair trade investigation every year to establish a company-wide culture of voluntary fair trade compliance and proactively prevent unfair trade practices. We comprehensively identify and manage fair trade-related risks by conducting inspections in various formats, including written surveys, on-site inspections, PC inspections of responsible personnel, and interviews, for all relevant departments that conduct transactions with partner companies. Based on the investigation results, awards are given to outstanding employees and departments in fair trade voluntary compliance. When violations are confirmed, the cases are referred to the Sanctions Committee for appropriate action. In addition, identified improvement items are reflected in the fair trade work system to continuously strengthen the level of internal control. The results of the fair trade investigation are discussed by the CP Committee and then reported to the Board of Directors, and are used to improve the company-wide management and supervision system.

Fair Trade Investigation Process

STEP 01	Conducting the Investigation	• Target: All relevant departments (departments engaged in transactions with partner companies) • Methods: Written surveys, on-site inspections, PC inspections, and interviews
STEP 02	Risk Identification and Inspection	• Identification of potential unfair trade practices • Identification of risks by area
STEP 03	Evaluation and Action	• Awards for outstanding employees and departments • Referral to the Sanctions Committee and implementation of measures when violations are detected
STEP 04	Improvement and System Reflection	• Identification of improvement tasks • Reflection in the fair trade work system
STEP 05	Governance Reporting	• Discussion by the CP Committee • Reporting to the Board of Directors

Fair Trade Investigation Checklist

Inspection Area		Inspection Items
1	Contracts	• Whether contracts were executed and delivered in advance e.g., whether product orders or preparation were instructed without a product contract, whether contract delivery was delayed, etc.
2	Incentives	• Whether incentives were received without an annual incentive agreement, including incentives for new products, performance, special display stands, and awards • Whether incentives were received in accordance with the agreed terms
3	Promotional Expenses (Promotion Costs)	• Whether a prior agreement was executed before carrying out promotional expenses or promotions • Whether the agreed cost-sharing ratio was followed e.g., receiving promotional expenses for unsold products, receiving amounts exceeding the agreed cost-sharing ratio, etc.
4	Promotional Staff	• Whether agreements were executed and official letters were received before operating promotional staff • Whether the pre-agreed number of promotional staff was used and operating principles were followed e.g., operating promotional staff without a promotional staff agreement when signing product contracts, etc.
5	Returns	• Whether the return process manual for non-defective products was followed
6	Others	• Whether logistics expenses were received in accordance with agreements, including the use of logistics centers without agreements • Whether advertising expenses and information provision fees were received in accordance with agreements • Whether unfair practices occurred, such as improper requests for management information • Whether violations of fair trade-related laws occurred, such as improper requests for economic benefits

INTRODUCTION
ESG MANAGEMENT
FOCUS ON MATERIAL ISSUES
Double Materiality Assessment
Focus 1. Climate Action
Focus 2. Mutual Growth with Partner Companies
Focus 3. Information Security
ENVIRONMENTAL
SOCIAL
GOVERNANCE
ESG FACTBOOK

Focus 2 Mutual Growth with Partner Companies

Metrics & Targets

LOTTE HIMART sets and manages various quantitative metrics and targets to effectively manage fair trade and mutual growth and build a sustainable supply chain.

Management Metrics

Anti-competitive Behavior

Category	Unit	2023	2024	2025
Number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices	cases	0	0	0

Fair Trade Education for Sales Field Employees in Leadership Positions

Education Title	Education Content	Number of Completers	Completion Rate
Training for Newly Appointed Supervisors	Education on the Act on Fair Transactions in Large Retail Business	40	100%
Training for Newly Appointed Store Managers and Deputy Store Managers	Guidelines for Sales Field Operations	40	100%
Training for Prospective Deputy Store Managers	Education on the Labeling and Advertising Act, etc.	14	100%

Partner Company Complaint Handling

Category	Unit	2023	2024	2025
Operation of Complaint Handling Process	Y/N	Y	Y	Y
Number of Complaints Received and Handled	Cases	3	2	2

Partner Company Support

Category	Support Details	Unit	2023	2024	2025
Financial Support for Partner Companies	Total amount	KRW 100 million	2,299	2,458	1,843
	Mutual Growth Fund		500	500	500
	Improvement of payment terms		1,756	1,726	1,311
	Early payment of product payments before holidays		43	232	32

Management Targets

LOTTE HIMART has established and operates various management targets to strengthen our fair trade and compliance management framework. We maintain a target of zero violations of fair trade-related laws and regulations and continuously manage a 100% completion rate for fair trade and Compliance Program (CP) training among employees. In addition, we monitor our compliance with the seven-day response deadline for legal review requests and incorporate the number of overdue days into our KPI system to enhance the effectiveness and timeliness of our response processes. Furthermore, we aim to achieve a Daily Quiz accuracy rate of at least 90% and continue to expand initiatives to improve fair trade-related systems. Through these efforts, we strive to foster a fair trading culture that can be meaningfully experienced by our business partners.

INTRODUCTION
ESG MANAGEMENT
FOCUS ON MATERIAL ISSUES
Double Materiality Assessment
Focus 1. Climate Action
Focus 2. Mutual Growth with Partner Companies
Focus 3. Information Security
ENVIRONMENTAL
SOCIAL
GOVERNANCE
ESG FACTBOOK

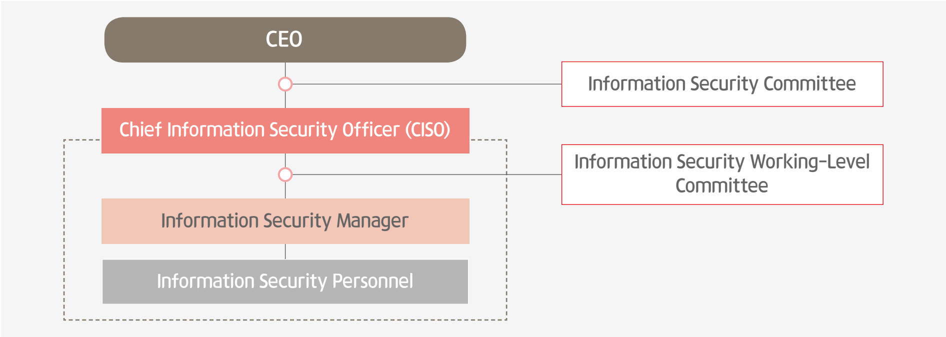
Focus 3 Information Security

Governance

Organizational Structure

LOTTE HIMART has established and operates a company-wide dedicated information security organization and information security consultative bodies to operate its information protection management system and effectively manage and oversee information security activities. Under the CEO, who holds the highest decision-making authority, we operate a dedicated information security organization centered on the Chief Information Security Officer (CISO), with information security managers and personnel carrying out working-level tasks. Through this structure, we systematically manage the entire process, from establishing information security policies to implementation and inspection. We have also established the Information Security Committee and the Information Security Working-Level Committee to strengthen the link between strategic decision-making and execution. The Information Security Committee is chaired by the CEO and deliberates and decides on major information security policies and strategies. The CISO, Chief Privacy Officer (CPO), and information security officers from each division participate in the committee to support company-wide decision-making. The Information Security Working-Level Committee is centered on the CISO and includes information security personnel from each department. It is responsible for practical operations, including implementing information security policies, reviewing current issues, and identifying improvement tasks. The information security manager serves as the administrative secretary to improve operational efficiency. Through this multi-layered governance structure, we systematically manage information security risks and continues to advance our level of personal information protection and information security.

Information Security Organization Chart



Key Roles and Responsibilities by Organization

Category	Roles and Responsibilities
Chief Information Security Officer (CISO)	• Overall guidance and supervision of information security activities
Dedicated Information Security Organization	• Presents clear company-wide directions for information security • Encourages employee participation • Provides active support through assignment of responsibilities and regular reviews
Information Security Committee	• Deliberates and decides on major company-wide information security matters - Chairperson: CEO - Vice Chairpersons: CISO, Chief Privacy Officer (CPO) - Members: Information security officers from each department - Secretary: Information Security Manager
Information Security Working-Level Committee	• Exchanges and coordinates opinions among department personnel and resolves issues • Shares information security trends - Chairperson: Head of Information Security Division (CISO) - Members: Information security and personal information protection personnel from each department - Secretary: Information Security Manager

Appointment Criteria for the Chief Information Security Officer and Personnel

LOTTE HIMART appoints the Chief Information Security Officer (CISO) as an executive-level professional with at least five years of practical experience in information security and information technology, in accordance with domestic laws and regulations related to information security, to strengthen our information security management and oversight system. In addition, to enhance the expertise of our dedicated information security and personal information protection organization, we appoint personnel with relevant knowledge and experience. Through this, we have established a systematic and stable foundation for information security operations.

INTRODUCTION
ESG MANAGEMENT
FOCUS ON MATERIAL ISSUES
Double Materiality Assessment
Focus 1. Climate Action
Focus 2. Mutual Growth with Partner Companies
Focus 3. Information Security
ENVIRONMENTAL
SOCIAL
GOVERNANCE
ESG FACTBOOK

Focus 3 Information Security

Governance

Information Security Policy

LOTTE HIMART establishes and operates information security policies, as well as guidelines and procedures covering administrative, physical, technical, and personal information protection areas, to clearly define its information security operation standards. Relevant policies and implementation documents are revised every year to reflect key issues, including the latest laws and systems, changes in the internal and external environment, and IT and business changes. After deliberation by the Information Security Committee and approval by the CEO, they are announced company-wide. The Information Security Policy applies to all employees and partner companies, and covers all business sites, including stores, logistics centers, and the online shopping mall. In addition, when policies and guidelines are revised, LOTTE HIMART transparently discloses the details through employee training and the internal intranet.

Information Security Policy

Privacy Policy

LOTTE HIMART ensures the security of personal information through technical, administrative, and physical protection measures and transparently discloses our Privacy Policy through our online shopping mall and corporate website. To help users better understand the policy, we separately provide the full Privacy Policy, the "Easy-to-Understand Privacy Policy," and the "Policy on the Operation and Management of Fixed Visual Information Processing Devices." We have also clearly designated a department responsible for handling personal information-related grievances and respond promptly and actively to user inquiries and reports.

Privacy Policy

Information Security Policy

1 PLAN	2 DO	3 CHECK	4 ACT
Establishment of the Information Security Policy	Announcement and Dissemination of the Information Security Policy	Policy Inspection	Policy Improvement
Deliberation and resolution by the committee	Policy announcement and dissemination through training and bulletin board posting	Periodic inspection and monitoring	Reflection of deficiencies and revisions to relevant laws and regulations

Key Provisions of the Information Security Policy

Category		Key Items	Details
Operation of Information Security Regulations		• Establishment and revision of regulations • Maintenance and use	Policy on the establishment and operation of information security regulations
Information Security Organization		• Organizational structure • Responsibilities and roles • Committee operation	Policy on the information security organization, roles, and operations
Personal Information Protection		• Establishment of a personal information protection organization • Collection, use, and provision of personal information • Management and control of personal information processing systems	Policy on establishing and applying measures to protect personal information Minimization of risks caused by leakage, damage, or other incidents involving personal information
Human Security		• Management at the time of hiring • Management of job changes • Compliance requirements during work • Information security training	Policy on administrative and human security
Physical Security		• Designation of protected areas and access control • Transfer and disposal of information assets • Protection measures for IT facilities and offices • Security measures for external personnel and partner companies	Policy on physical security Policy to protect information assets from physical threats
System Security	Information Asset Classification and Handling	• Management responsibilities and authority for information assets • Management of security grades for information assets	Policy on system security System-based protection policy to protect information assets
	Access Control	• Operation and management of user accounts, passwords, and access rights • Access control for information systems	
	Operational Security	• Establishment and operation of information systems and networks • Segregation of access rights, cryptographic control, and failure management	
	User Security	• PC security and mobile security	
	Security Incident and Continuity Management	• Establishment of a security incident response system • IT disaster recovery plan • Emergency measures	

Focus 3 Information Security

Strategy

Impacts, Risks, and Opportunities (IRO)

LOTTE HIMART recognizes information security and personal information protection as key management areas directly linked to customer trust as a retail company that collects and processes customers' personal information through various customer touchpoints, including the online shopping mall, membership services, and delivery and installation services. In particular, due to the nature of the home appliance retail business, a large amount of customer information is used across both online and offline transactions. As data is also processed through system connections with partner companies, the importance of managing information leakage and cybersecurity risks continues to increase. With the strengthening of relevant regulations, including the Personal Information Protection Act (PIPA), any information leakage incident may lead not only to financial losses such as administrative fines, but also to negative impacts such as harm to customers and partner companies and a decline in corporate trust. According to the results of the 2026 materiality assessment, the likelihood and impact of information security-related risks were found to be relatively low. However, we recognize information security as a strategically important issue for maintaining customer trust and securing business continuity. Accordingly, we continue to strengthen our information security and personal information protection.

Detailed IRO

Category	Type	Detailed IRO	Impact Level
Financial	Risk	In the event of leakage of consumer personal information collected and processed through the online shopping mall, membership services, delivery, and A/S processes, administrative fines and penalties may be imposed under the strengthened Personal Information Protection Act (PIPA).	MEDIUM
Impact	Negative	Damage may occur to customers and partner companies, including financial losses and infringement of personal information, due to information system hacking and personal information leakage.	MEDIUM

Stakeholder View & Voice

Hyunhwa Cha, Manager
Information Security Officer, Information Security Division

LOTTE HIMART processes personal information across various customer touchpoints, including its online shopping mall, membership services, and delivery and installation services. As a result, the Company recognizes the importance of systematically addressing a wide range of information security risks, such as unauthorized access by internal personnel, account management risks involving external partners, and external cyberattacks. In particular, because customer information is shared with business partners during delivery and installation processes, information security is regarded not merely as an IT management function but as a critical factor in maintaining customer trust and corporate competitiveness.

To address these risks, LOTTE HIMART operates an information security management framework based on Information Security Management System (ISMS) certification. The Company also strengthens preventive security activities through employee information security training, Information Security Day campaigns, outsourced service provider assessments, and on-site audits. In addition, vulnerability assessments are being expanded across enterprise-wide IT assets, including servers, networks, and database systems.

Looking ahead, LOTTE HIMART plans to further enhance its information security and personal information protection framework by obtaining ISMS-P certification and introducing automated vulnerability assessment solutions, thereby strengthening its capability to respond proactively to evolving cybersecurity risks.

INTRODUCTION
ESG MANAGEMENT
FOCUS ON MATERIAL ISSUES
Double Materiality Assessment
Focus 1. Climate Action
Focus 2. Mutual Growth with Partner Companies
Focus 3. Information Security
ENVIRONMENTAL
SOCIAL
GOVERNANCE
ESG FACTBOOK

Focus 3 Information Security

Strategy

Response Strategy

LOTTE HIMART systematically manages various information security risks that may arise in the retail environment, with personal information protection and the provision of safe digital services as key priorities. To respond to increasingly stringent laws and regulations and growing security requirements across the supply chain, we have established our company-wide information security system and continue to expand the scope of management to include partner companies. In particular, through an information security management system based on prevention, inspection, response, and improvement, as well as operations supported by organization, training, and technology, we proactively respond to personal information protection and cybersecurity risks while continuously advancing our security level.

Integrated Information Security Management System (Cybersecurity & Privacy Governance)

Building a trust-based digital environment by achieving zero customer information leakage and security incidents

Prevention	Inspection	Response	Improvement
Preemptive Risk Prevention	Vulnerability Identification and Management	Damage Minimization and Swift Response	Continuous Advancement of Security Level
• Operation of information security policies and guidelines covering administrative, technical, physical, and personal information areas • Compliance with laws and regulations and maintenance of ISMS certification • Employee training by regular, ad hoc, and job-specific programs • Partner company training, including personal information processors • Investment in IT system advancement	• Information security level diagnosis, once a year • IT infrastructure vulnerability diagnosis, once a year • On-site inspections covering administrative, technical, physical, and personal information areas • Written and on-site inspections of partner companies • Operation of 'Information Security Day' to raise employee awareness • Security incident response drills, including disaster recovery simulation drills and simulated virus email drills	• Operation of integrated security monitoring - Real-time detection and blocking, 24 hours a day, 365 days a year - Detection of abnormal signs and automated response • Operation of security incident response system - Severity classification: Critical, Alert, Caution, and Attention - Formation of a crisis management TFT	• Establishment of an incident analysis and recurrence prevention system • Implementation inspections and management of improvement items • Advancement and upgrade of security solutions • Revision and update of policies and guidelines at least once a year

ISMS-Based Integrated Security Management

Governance	Training System	Inspection System	Technical System
• Appointment of the CISO under the CEO and establishment of a dedicated organization • Operation of the Information Security Committee and Information Security Working-Level Committee	• Company-wide training • Quarterly personal information protection training • Customized training for new employees and by job function • Partner company training	• Internal comprehensive inspections • Partner company inspections • Simulation drills	• Operation of integrated security monitoring for detection, blocking, analysis, and response • Advancement of technologies in response to cybersecurity threats

INTRODUCTION
ESG MANAGEMENT
FOCUS ON MATERIAL ISSUES
Double Materiality Assessment
Focus 1. Climate Action
Focus 2. Mutual Growth with Partner Companies
Focus 3. Information Security
ENVIRONMENTAL
SOCIAL
GOVERNANCE
ESG FACTBOOK

Focus 3 Information Security

Strategy

Four Key Information Security Initiatives

LOTTE HIMART has established and manages four key information security initiatives with the goal of achieving "zero cases of customer information leakage and security incidents." We continuously monitor changes in information security-related laws and regulations, maintain our ISMS[1] certification, and regularly revise our information security policies and guidelines to reflect the latest standards. We have also strengthened inspections to identify and manage potential security vulnerabilities across our operations in advance, including on-site inspections of external offices at key business sites such as logistics centers, activation centers, and branches, as well as regular inspections of partner companies that handle personal information. In particular, we are proactively responding to information security risks and building a safe digital environment through company-wide strategic approaches, including improvements to security solutions and enhanced technical response capabilities, strengthened suspicious activity detection functions, and advanced simulation training for employees.

1) ISMS: Information Security Management System

Four Key Information Security Initiatives

	Strategic Direction	Key Initiatives
1	Compliance with Legal Requirements	• Compliance with statutory information security disclosure requirements • ISMS certification • Revision of information security policies/guidelines
2	Strengthening Information Security Inspections	• On-site inspections of external offices, including logistics centers, activation centers, and branches • Inspections of partner companies entrusted with personal information processing
3	Improving Security Solutions	• Review and update of security policies • Regular inspections and upgrades • Advancement of suspicious activity detection and automation of monitoring
4	Raising Employee Awareness	• Advancement of simulation training • Strengthening of information security activities

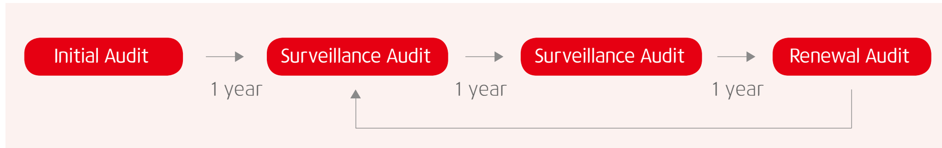
Strengthening Information Security Investment

LOTTE HIMART invested approximately KRW 2.9 billion in 2025 to carry out security enhancement activities, including the Data Loss Prevention (DLP) system and security controls for door-to-door sales operations. This accounted for 9.7% of our total IT investment and helped strengthen the protection of customer information and related data, as well as transaction stability.

Maintaining Information Security Management System (ISMS) Certification

LOTTE HIMART first obtained Information Security Management System (ISMS) certification in 2015 as an entity subject to mandatory ISMS certification under Article 47 of the Act on Promotion of Information and Communications Network Utilization and Information Protection. Since then, we have maintained our ISMS certification by establishing and systematically operating a sustainable information security management system. We undergo an annual information security audit by an independent third party to maintain our ISMS certification and enhance our level of information security. In November 2024, we renewed the certification for all nine application systems subject to ISMS certification. In 2025, we completed improvements for all five deficiencies identified during the certification maintenance review and maintained the certification.

ISMS Certification Process



Category	Details	Implementation Criteria (Applicable Year)
Initial Audit	Audit to obtain information security management system certification	Upon initial certification acquisition (2015)
Surveillance Audit	Audit to verify whether the information security management system is being continuously maintained	Every 1st and 2nd year after the initial audit, including renewal audits
Renewal Audit	Audit conducted before the expiration date of the validity period (three years) for the purpose of renewing the validity period	Every 3rd year after the initial audit, including renewal audits

Focus 3 Information Security

Strategy

Raising Employee Awareness

Information Security Training

LOTTE HIMART provides online and offline information security training for all employees to introduce the latest security issues and trends, major security incident cases and response measures, internal regulations related to information security, and cases of non-compliance found during security inspections. Through this training, we encourage employees to continuously practice information security. In particular, we operate personal information protection training once every quarter, four times a year, through a mobile training platform, with participation by all members, including contract workers at the Headquarters, branch offices, and stores. To enhance training effectiveness, the curriculum includes practical topics such as the importance of destroying personal information and proper handling methods, as well as cases of personal information exposure by attachment file type. In addition, we conduct online information security training for all employees at least once a year and provide mandatory training for new hires upon joining. We also provide group training for new hires and newly appointed store managers and deputy store managers to strengthen job-specific security capabilities.

Information Security Campaign

LOTTE HIMART holds an "Information Security Day" event on the first Monday of every month, through which all employees carry out various information security activities, including destroying documents containing customer information, conducting office and PC security inspections, and administering information security awareness surveys. Through the regular operation of these activities, we are creating an environment in which employees naturally practice information security principles in their work. By combining training, inspections, and awareness assessments, we continuously strengthen each employee's information security capabilities and internalize an organizational culture committed to safely protecting customer personal information.

Information Security Training Overview

Category	Training Target	Training Content	Training Frequency
Online Training (Video broadcast, Touch Class)	All employees	• Office/PC security • Information security practice guide • Legally mandatory training: personal information protection	At least once a year
Group Training	New job assignees (new hires, prospective store managers/sales managers)	• Basic concepts of information security	As needed
Partner Company Training	Personal information processors	• Precautions for handling customer information and security incident cases	At least once a year

Key Activities of Information Security Day

Category	Key Activities	Target	Frequency
Compliance with Document Management Regulations	• Document transfer and shredding (destruction of customer information)	All employees	Once a month
Raising Employee Awareness of Information Security	• Video training • Office security inspections		
Diagnosis of Information Security Awareness Level	• Information security survey		

INTRODUCTION
ESG MANAGEMENT
FOCUS ON MATERIAL ISSUES
Double Materiality Assessment
Focus 1. Climate Action
Focus 2. Mutual Growth with Partner Companies
Focus 3. Information Security
ENVIRONMENTAL
SOCIAL
GOVERNANCE
ESG FACTBOOK

Focus 3 Information Security

Risk Management

Security Inspections

Information Security Level Diagnosis

LOTTE HIMART conducts an information security level diagnosis once a year to prevent security incidents and enhance our level of information security. Through this process, we review our company-wide information security management system, identify vulnerabilities, and carry out improvement activities. The information security level diagnosis is conducted across four areas: administrative, technical, physical, and personal information. It combines checklist-based self-inspections with in-depth reviews of detailed items in each area. In the administrative area, we review compliance with relevant laws and regulations, while in the technical area, we inspect vulnerabilities in IT infrastructure and systems. In the physical area, we check access control and CCTV operation status, and in the personal information area, we review the appropriateness of personal information retention and destruction procedures. In addition, we conduct theme-based inspections to closely review key security issues and identify improvement tasks, while also carrying out interviews and on-site inspections to ensure an effective diagnosis. After the diagnosis, we continuously monitor the implementation status of improvement tasks through follow-up inspections and take supplementary measures for any deficiencies, thereby steadily advancing our level of information security. In 2025, we completed on-site inspections of the Headquarters and 92 stores. In 2026, we plan to expand the scope of on-site inspections to logistics centers, activation centers, branches, and major partner companies entrusted with personal information processing.

Information Security Level Diagnosis Overview

Category	Key Details
Self-Inspection	• Conducted across four areas: administrative, technical, physical, and personal information • Checklist-based self-inspection
On-Site Inspection	• Full-scope inspection across four areas - Administrative: review of legal compliance - Technical: diagnosis of infrastructure and web vulnerabilities - Physical: access control and CCTV management - Personal information: retention and destruction of personal information • Inspection of and response to security issues through theme-based inspections • Interviews and on-site inspections, including remote video inspections
Implementation Management	• Continuous monitoring of implementation status through follow-up inspections

Inspection of Personal Information Management Status

LOTTE HIMART conducts annual information security inspections of partner companies entrusted with personal information processing in accordance with Article 26(4) of the Personal Information Protection Act. The inspections are carried out based on a total of 20 items across four areas: administrative, human, physical, and technical security. Through this process, we comprehensively check whether our partner companies have established and operate appropriate information security systems. In 2025, we conducted inspections of 50 partner companies entrusted with personal information processing and completed inspections for 100% of the target companies. During the inspection process, some deficiencies were identified in outsourced service areas such as home cleaning and remodeling, along with cases where training materials were not submitted or were insufficient. We took follow-up measures for the relevant partner companies, including providing guidelines and additional guidance. In addition, we conducted more detailed follow-up inspections on the status of technical security measures identified as requiring improvement in the 2024 inspection results. In 2026, we plan to select key partner companies based on the results of document-based inspections and expand on-site inspections.

Inspection of Personal Information Management Status Overview

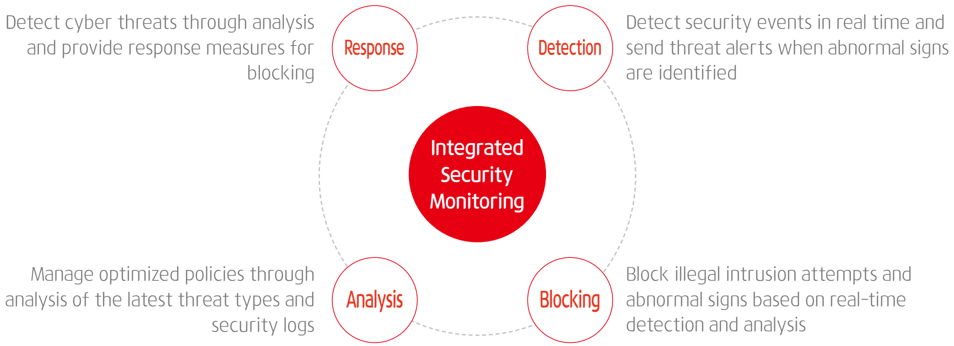
Category	Inspection Type	Target and Method
On-Site Inspection	Checklist-based self-inspections and sample store on-site inspections (twice a month)	• Target: Stores nationwide and logistics centers • Method: Manager interviews, on-site inspections, and document reviews
	On-site visits (once a quarter)	• Target: Headquarters offices • Method: Document reviews, office inspections, and physical security inspections
Inspection of Entrusted Partner Companies	Document-based inspections (once a year)	• Target: Partner companies entrusted with personal information processing • Method: Use of the Partner Company Support System

Focus 3 Information Security

Risk Management

Security Monitoring

LOTTE HIMART works with LOTTE Group's Integrated Security Monitoring Center to establish and operate a 24/7, year-round monitoring system that enables real-time detection of and rapid response to external attacks, protecting its critical information assets from external threats.



Response Drills

Cyber Incident Response Drills

LOTTE HIMART conducts disaster recovery simulation drills and simulated virus email training to raise employees' awareness of cyber incidents and personal information leakage incidents and to ensure effective response in the event of cyber incidents or external attacks. In particular, to prepare for IT disasters, we design and operate our disaster recovery system by analyzing the expected scale of damage and business impact for each system. We conduct disaster recovery simulation drills twice a year to ensure that our company-wide systems can quickly return to normal operation in the event of a disaster. In addition, we conduct simulated virus email training four times a year to prevent ransomware infections and phishing incidents through internal emails.

Cyber Incident Response Drill Overview

Category	Target and Method
Disaster Recovery Simulation Exercise	IT Disaster Response and System Recovery Training
Simulated Phishing Email Exercise	Simulation Training to Prevent Phishing Attacks and Malware Infections via Email

Simulated Virus Email Training Process

Step1	Step2	Step3
Send training emails and identify infected users	Send warning emails to users infected for the first time	Investigate incident cases involving repeated or consecutive infections and require submission of a written explanation

Cyber Incident Response System

LOTTE HIMART has established and operates a cyber incident response system to respond quickly and minimize damage in the event of personal information breaches or information leakage incidents. When a cyber incident occurs, we define the incident type in accordance with our internal regulations and classify it into four levels: critical, alert, caution, and attention. Based on this classification, we systematically operate response organizations and procedures. We also establish preventive protection measures and identify and block security threats in advance through regular drills and monitoring. In addition, we strengthen our company-wide response capabilities through vulnerability analysis of our information security systems and a collaborative response system with relevant departments. We conduct disaster recovery simulation drills twice a year and simulated virus email training four times a year, while maintaining a continuous response system through integrated security monitoring. In the event of an information security incident, we effectively respond to cybersecurity threats through systematic measures, including the formation of a crisis management task force and the prompt implementation of damage compensation procedures.

Focus 3 Information Security

Risk Management

Security Incident Prevention and Response Measures

Preventive Protection Measures	• Analyze system vulnerabilities and operate and manage security systems • Establish and operate a cooperative response system with relevant departments
Response System in the Event of an Incident	• Form a crisis management task force and report to regulatory authorities • Seek advice from specialized institutions and establish measures to prevent recurrence • Establish procedures for compensating damage caused by incidents
Training and Monitoring	• Simulated virus email training four times a year • Disaster recovery simulation drills twice a year • Simulated hacking drills once a year • Integrated security monitoring

Personal Information Breach Response Process

1. Detect incident occurrence
2. Report to the department manager
3. Report to the Chief Privacy Officer
4. Report to the Information Security Committee and form the Crisis Management TFT
5. Identify the scope of affected information, time of occurrence, and circumstances of the Incident
6. Take measures to minimize damage and prepare response measures
7. Discuss response measures with specialized institutions
8. Discuss compensation with affected individuals
9. Implement measures to prevent recurrence

※ Notify affected individuals of the breach
※ If more than 1,000 records are leaked, take additional measures

Metrics & Targets

LOTTE HIMART establishes and manages the measures needed to create a safe digital environment, given that it handles various types of sensitive information, including customer information and corporate information.

Management Metrics

Information Security Policy Implementation

Category	Unit	2023	2024	2025
Information security policy and system audits	Times	2	2	2

Protection of Customer Personal Information

Category	Unit	2023	2024	2025
Number of information security-related issues	Cases	0	0	0
Total number of confirmed cases of customer information leakage, theft, or loss	Cases	0	0	0
Number of customers whose personal information was leaked	Persons	0	0	0
Share of personally identifiable information (PII) leaked	%	0	0	0

Information Security Training Status

Training Target	Number of Eligible Trainees	Number of Trainees Who Completed Training	Completion Rate
All employees	3,637	3,637	100%

Management Targets

LOTTE HIMART has established and operates key information security management targets to strengthen our information security framework. We manage a target of improving the simulated malware infection rate by 2% compared to the previous year and are pursuing a 100% implementation rate for essential security solutions as well as a 100% deployment rate of disaster recovery systems. In addition, we manage the aging rate of our IT assets at 0.8% and aim to reduce it to 0% over the long term. We also strive to maintain a 100% implementation rate for information security improvement initiatives, working toward building a stable and robust information security management system.

ENVIRONMENTAL

Environmental Management	63
Eco-Friendly Products and Services	67
Resource Circulation	68

Environmental Management

Environmental Governance Promotion System

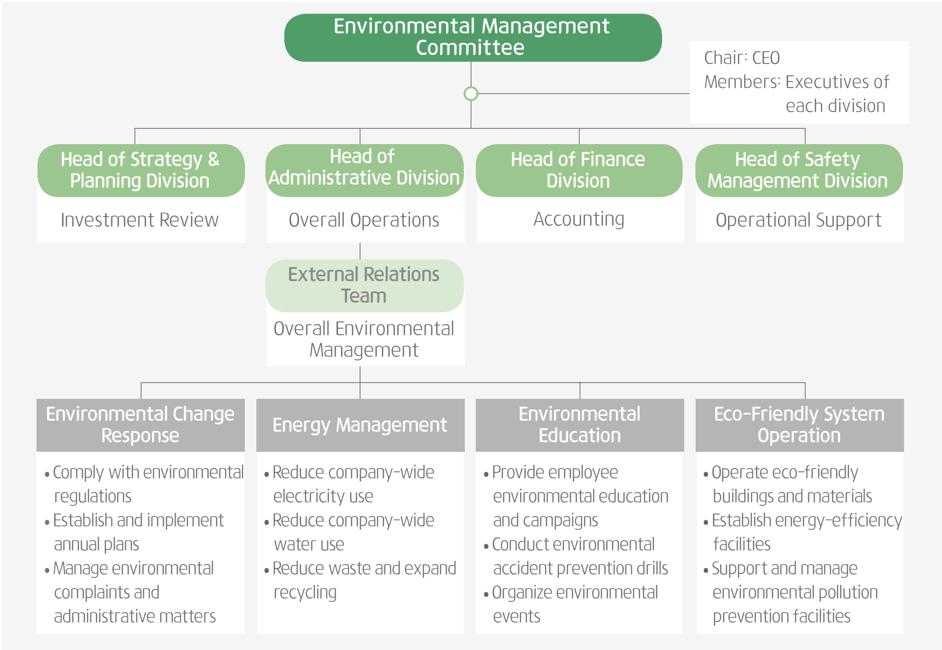
Governance

LOTTE HIMART operates the Environmental Management Committee to promote systematic environmental management. To enable quick and effective decision-making and practical environmental management, the Environmental Management Committee is chaired by the CEO and composed of executives from each division.

The Environmental Management Committee establishes our environmental management strategy and mid- to long-term direction, and regularly reviews and evaluates the performance of our environmental management system. Major environmental issues and achievements discussed by the Committee are reported to the ESG Committee, which regularly reviews and manages our overall environmental management activities based on these reports.

Meanwhile, the External Relations Team serves as the dedicated environmental management organization under the Environmental Management Committee. It establishes our environmental management goals and works with relevant departments to systematically carry out activities to reduce environmental impact and related management activities to achieve these goals.

Environmental Management Organization Chart



Environmental Management Policy

LOTTE HIMART has established six environmental management policies aimed at minimizing environmental impact and promoting efficient energy use. Based on these policies, we pursue management activities that prioritize the environment across all business operations. In addition, we promote sustainable development by practicing eco-friendly management together with employees, customers, and partner companies, while sharing our vision and direction for environmental management with stakeholders.

Employees independently identify and carry out improvement tasks related to environmental management in line with the environmental management policies, and their performance is evaluated based on the level of goal achievement. In addition, to strengthen sustainable partnerships based on the value of mutual growth, we continue to expand environmental management activities together with partner companies, including support for strengthening their environmental management capabilities.

Environmental Management Policy

Environmental Management Policy

LOTTE HIMART seeks sustainable development by practicing eco-friendly management together with employees, customers, and partner companies in order to minimize environmental impact and use energy efficiently.

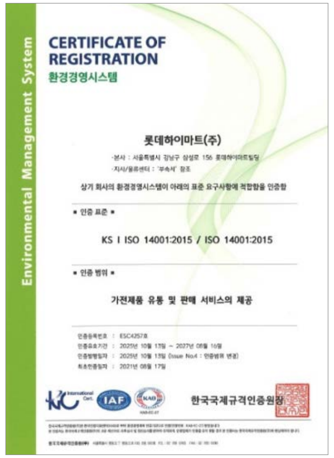
- All employees strive to protect the environment by reducing environmental impact and saving energy through their respective roles in eco-friendly management, including environmental and energy management.
- We fulfill our responsibilities as a sustainable company by carrying out our social responsibilities related to eco-friendly management and faithfully complying with domestic laws and regulations.
- We set eco-friendly goals and implementation plans and evaluate performance to ensure continuous improvement.
- We support the material resources needed for eco-friendly management and operate a systematic management system to improve performance.
- We maintain sustainable mutual growth relationships and practice responsible management by sharing our policies and supporting programs so that partner companies can participate in eco-friendly management.
- We work to improve the efficient use of resources and energy required in our business activities, and strive to purchase, distribute, and manufacture eco-friendly products.

Environmental Management

Environmental Governance Promotion System

Environmental Management Certification

LOTTE HIMART has established an environmental management system based on ISO 14001, the international standard for environmental management systems, to systematically manage our environmental impact. Since first obtaining certification in August 2021, we have renewed the certification every year by continuously advancing the system. In addition, in accordance with ISO 14001 standards, we have established internal management processes to identify and assess major environmental risks and opportunities. Based on this, we continue to carry out environmental management activities to minimize negative environmental impacts.



▲ Environmental Management System Certificate

Establishment of the Green U Smile Slogan

LOTTE HIMART established our environmental management slogan, "Green U Smile," to embed the purpose and direction of our eco-friendly management campaign, demonstrate our commitment to environmental practices externally, and fulfill our social responsibilities. Green U Smile represents our commitment to practicing environmentally responsible management together with our shareholders, customers, and employees as part of our social responsibility efforts. It also conveys the meaning that society and we can realize the value of coexistence and create a future where everyone can smile together.

Green U Smile Slogan

Environmental Management Promotion Strategy

LOTTE HIMART has established the '4-Green' environmental management strategy and continues to advance and operate it each year. This strategy is divided into four areas: policy, stores, products, and culture. Based on these areas, we define detailed implementation tasks and carry out systematic environmental management activities. In addition, by regularly reviewing and evaluating the performance of each area, we strengthen the execution of our environmental management strategy and pursue continuous improvement.

4-Green Promotion Strategy

GREEN U SMILE

Policy (Green - Policy)	Store (Green - Store)	Product (Green - Product)	Culture (Green - Culture)
Establishing policies and driving changes in employee awareness for the successful embedding of environmental management	Minimizing environmental impact from store operations	Planning and operating environmentally conscious products/services	Conducting environmental management campaigns to embed an eco-friendly culture
• Establish environmental management policies • Eco-friendly awareness training • Environmental management system certification (ISO 14001)	• Use solar energy • Use eco-friendly shopping bags • Replace store lighting with LED • Replace with inverter air conditioners and heaters • Strengthen in-store waste separation	• Strengthen energy-efficient products • Use eco-friendly packaging • Collect waste appliances • Strengthen HIMART Safe Care service • Sell certified pre-owned appliances • Sell home solar power generation products	• Implement eco-friendly campaigns • Strengthen eco-friendly management promotion

INTRODUCTION
ESG MANAGEMENT
FOCUS ON MATERIAL ISSUES
ENVIRONMENTAL
Environmental Management
Eco-Friendly Products and Services
Resource Circulation
SOCIAL
GOVERNANCE
ESG FACTBOOK

Environmental Management

Environmental Governance Promotion System

Opportunity and Risk Management

LOTTE HIMART has selected climate change, resource circulation, hazardous substance management, and water resource management as key environmental issues and is responding to them strategically by linking them with the Company's overall management direction. Senior management identifies major environmental risks and opportunities that may have a significant impact on the Company through the operation of the Environmental Management Committee and assesses their potential financial impact in advance. In addition, the ESG Committee regularly receives, reviews, and manages related reports, thereby maintaining a systematic management framework for environmental risks and opportunities.

Risk Assessment and Response Strategies by Key Environmental Issue

Key Environmental Issue	Climate Change	Resource Circulation	Hazardous Substance Management	Water Resource Management	Environmental Laws and Regulations
Risk	• Increased energy costs • Recovery costs and business losses due to natural disasters • Increased investment costs for greenhouse gas reduction facilities	• Increased costs for recycling used home appliances • Increased waste treatment costs	• Damage to corporate image due to hazardous substance leaks • Environmental restoration costs caused by hazardous substance leaks	• Increased water use costs	• Damage to corporate image in the event of violations • Administrative fines in the event of violations
Opportunity	• Increased sales of seasonal products such as air conditioners, air purifiers, and dryers • Increased sales through a sales strategy centered on high-efficiency energy products • Mid- to long-term reduction in energy costs through high-efficiency energy facilities	• Expansion of repair services and reuse initiatives → Securing potential customers and increasing sales • Building an eco-friendly corporate image • Cost savings through the direct reuse of recyclable waste, such as paper boxes and plastics	• Enhanced environmental management competitiveness by preventing hazardous substance leaks	• Mid- to long-term cost savings through the introduction of water-saving facilities	• Strengthened foundation for environmental management • Elimination of risks related to image damage and administrative fines caused by legal violations
Short-term Target (~2027)	• Reduce carbon emissions by 10% compared with 2018, the base year for carbon reduction	• Achieve 100% waste recycling	• Zero hazardous substance emissions	• Reduce water use intensity by 3%	• Zero legal violations
Mid-term Target (~2030)	• Reduce carbon emissions by 35% compared with 2018, the base year for carbon reduction	• Achieve 100% waste recycling	• Zero hazardous substance emissions	• Reduce water use intensity by 4%	• Zero legal violations
Long-term Target (~2040)	• Achieve carbon neutrality by 2040	• Achieve 100% waste recycling	• Zero hazardous substance emissions	• Reduce water use intensity by 5%	• Zero legal violations
Response Strategy	• Implement energy-saving campaigns • Regularly conduct natural disaster response drills and risk assessments • Improve customer access to eco-friendly products through eco-friendly product promotions • Secure renewable energy supply through PPA contracts • Expansion of Solar Power Generation Facilities	• Sign an MOU with E-Cycle Governance • Conduct used home appliance collection campaigns • Enhance customer touchpoints (MOT) for used home appliance collection • Reduce waste generation through zero-waste campaigns • Reduce treatment costs through an integrated waste treatment management system • Re-commercialize used home appliances through the Used Home Appliance Reuse business	• Conduct regular facility inspections to prevent hazardous substance leaks	• Implement water-saving campaigns • Install water-saving facilities	• Conduct self-inspections and regular verification by external agencies

Environmental Management

Environmental Governance Promotion System

Targets and Performance

LOTTE HIMART establishes quantitative environmental targets to practice environmental management systematically and operates a performance management system based on target achievement. The External Relations Team, the dedicated environmental organization, sets environmental management targets at an achievable yet challenging level based on performance trends over the past three years. The environmental management targets are divided into five areas: energy saving, carbon emissions reduction, resource circulation activities, the establishment of environmental awareness, and autonomous environmental management. They are finalized through the Environmental Management Committee after internal review and consultation with relevant departments. Through this systematic target management and implementation process, we continue to manage our environmental management performance and also achieved all of our environmental management targets for 2025.

2025 Environmental Management Targets and Performance

Category	2025 Environmental Management Target	2025 Achievement Status
Energy Saving[1]	Reduce electricity consumption by 2% compared to the previous year	Achieved (8.5% reduction compared to the previous year)
Carbon Emissions Reduction[2]	Reduce carbon emissions by 2% compared to the previous year	Achieved (8.4% reduction compared to the previous year)
Resource Circulation activities[3]	Recycle 100% of waste	Achieved (100% recycled)
Establishment of Environmental Awareness	Provide environmental training for employees at least twice a year	Achieved (three sessions in total)
Autonomous Environmental Management	Zero violations of environmental laws and regulations	Achieved (zero cases)

1) 2024 energy consumption: 947,531 GJ / 2025 energy consumption: 876,802 GJ
2) 2024 carbon emissions: 40,234 tCO_2-eq / 2025 carbon emissions: 36,764 tCO_2-eq
3) Resource circulation activities: Waste recycling performance only includes box and styrofoam waste.

Environmental Management System

LOTTE HIMART enters environmental data, including greenhouse gas emissions and energy consumption, into the LOTTE Environmental Energy Total Service (LETS) system operated by the Group every month and has the data verified. Based on this, we regularly review energy consumption and greenhouse gas emissions, and continuously monitor our progress against targets by accumulating data on a monthly basis. In addition, we ensure the accuracy and reliability of environmental data by operating a Group-wide integrated management system for the data calculation scope and criteria.

Environmental Management Activities

Environmental Training and Campaigns for Employees

LOTTE HIMART operates environmental training through a mobile training platform to help employees better understand eco-friendly products and services and raise their awareness of key environmental issues. Through this training, we share LOTTE HIMART's environmental management direction and deliver relevant knowledge, thereby strengthening employees' environmental awareness. In addition, we run monthly environmental campaigns on various environmental topics to promote company-wide eco-friendly practices.

2025 Environmental Training Status

Training Timing	Details
June	Eco-friendly effects of repair services
September	Energy-efficient home appliance
December	Collection of used home appliances and resource circulation of electronic products

E-Cycle School Resource Circulation Education

LOTTE HIMART participated in the 'E-Cycle School' program organized by E-Cycle Governance[4] and provided education on electronic product resource circulation to 10 schools in Seoul. Through the E-Cycle School program, we communicated the importance of electronic product resource circulation and the need for environmental protection to students. We also introduced LOTTE HIMART's resource circulation activities, HIMART Care, and used home appliance collection service.

4) E-Cycle Governance: A non-profit organization established under Article 21 of the Act on Resource Circulation of Electrical and Electronic Equipment and Vehicles for the purpose of research and technology development to improve the collection of waste electrical and electronic products and eco-friendly recycling technologies.

Eco-Friendly Products and Services

Eco-Friendly Product Roadmap

LOTTE HIMART has established an eco-friendly product roadmap to systematically operate eco-friendly products. In 2022, through the ESG Committee, we defined environmental label products, environmentally friendly products, and high-efficiency home appliances as the criteria for eco-friendly products, and established a mid- to long-term plan for eco-friendly product operations. Based on this, we are expanding the sourcing of eco-friendly products and operating a management system to increase the share of eco-friendly products in total sales through continuous performance monitoring. In addition, we are gradually expanding various events and promotions centered on eco-friendly products, contributing to the spread of eco-friendly consumption.

Eco-Friendly Product Operation Roadmap

Increasing sales by establishing eco-friendly product criteria and expanding the product lineup

1	2	3
Define eco-friendly products and improve internal/external product accessibility	Expand eco-friendly product sourcing and advance management capabilities	Eco-friendly product-centered operations (sales/marketing/management)

Eco-Friendly Product Promotion Events

Eco-Friendly Product Sales

Promoting the Sale of Energy-Efficient Products

LOTTE HIMART prioritizes the sourcing and sale of energy-efficient products to encourage customers to use eco-friendly home appliances, thereby contributing to energy saving and improved efficiency. We have also set a target of achieving a 60% sales ratio for energy-efficient products and are promoting customer purchases of energy-efficient home appliances by providing various benefits.

In addition, to spread an eco-friendly consumption culture, we have operated various promotional events, including eco-friendly product promotions. We also participate in Korea Electric Power Corporation's High-Efficiency Home Appliance Purchase Support Program, helping customers purchase a wide range of eco-friendly products, including energy-efficient products, and take part in energy-saving activities.

Sales of Home Solar Power Products

LOTTE HIMART sells solar power-related products to help expand the adoption of eco-friendly energy. Major products include solar modules, inverters that convert electricity generated from solar power into usable electricity, portable solar modules, energy storage systems, and solar lighting products. In particular, we signed an MOU with Hanwha Qcells, an eco-friendly energy solutions company, to promote the wider adoption of eco-friendly energy. Through this partnership, we are working to raise customer awareness of eco-friendly energy and support the broader use of sustainable energy solutions.

▲ Signing of MOU with Hanwha Qcells

Eco-Friendly services

LOTTE HIMART operates repair services as part of its efforts to manage the entire lifecycle of products after home appliance sales. This service helps customers repair products more conveniently and use them for longer, minimizing inconvenience during use while contributing to resource circulation by extending product life. Customers can request repairs through the in-store 'HIMART Safe Care' center, and we provide free inspections to check whether products can be repaired, reducing the burden on customers. Repair services are provided by professional repair technicians with an average of more than 10 years of experience, and service quality is continuously improved through ongoing training. In addition, we are expanding the range of serviceable items and brands through cooperation with various manufacturing partners and currently hold official certifications for more than 170 domestic and overseas brands.

LOTTE HIMART also quantitatively manages the environmental value created through its repair services. In collaboration with Greenery Co., Ltd., a consulting firm specializing in the voluntary carbon market, we measured the carbon reduction effect of our repair services and received certification from an external specialized institution for a total carbon reduction effect of 453 tCO_2-eq as of 2023. Through this, we objectively demonstrate the environmental contribution of our resource circulation activities and plan to continue expanding the scope of carbon reduction certification along with the expansion of eco-friendly services.

▲ Repair Service

INTRODUCTION
ESG MANAGEMENT
FOCUS ON MATERIAL ISSUES
ENVIRONMENTAL
Environmental Management
Eco-Friendly Products and Services
Resource Circulation
SOCIAL
GOVERNANCE
ESG FACTBOOK

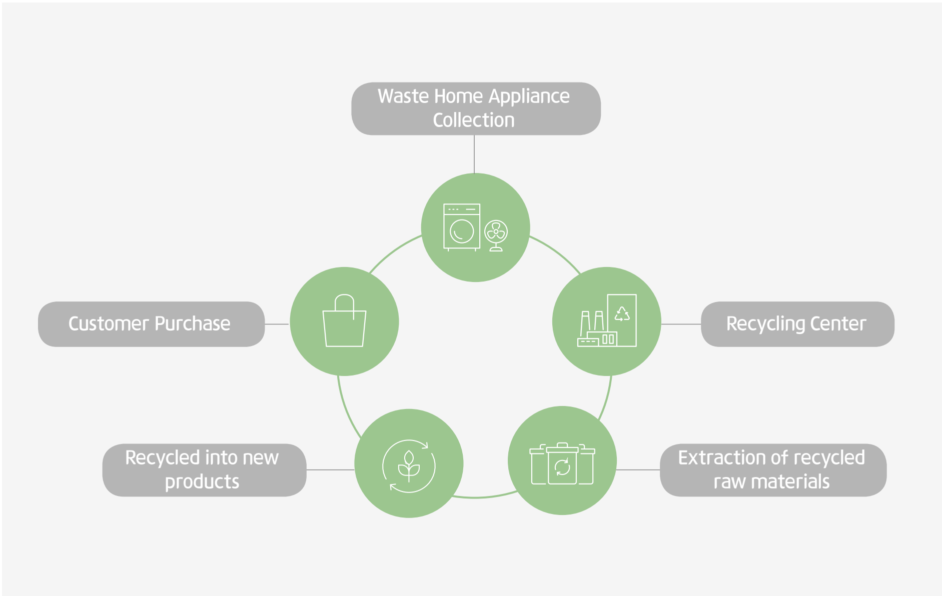
Resource Circulation

Product Sales and Store Operations

Waste Home Appliance Collection Service

LOTTE HIMART practices resource circulation by collecting waste home appliances free of charge during the delivery and installation of products purchased by customers. The collected waste home appliances are gathered at distribution centers and then transported to designated recycling centers, where they are disassembled and processed through eco-friendly procedures. In addition to large waste home appliances that can be collected during delivery, we are expanding resource circulation for small and medium-sized waste home appliances. To this end, we have registered approximately 296 stores nationwide as 'small waste home appliance collection points' on the Korea Resource Circulation Information Center website and operate collection boxes for small and medium-sized waste home appliances inside our stores. In addition, we signed an MOU with the Korea Environment Corporation, E-Cycle Governance, and private companies to improve the public-private collection system for small and medium-sized waste home appliances. Through this, we help consumers dispose of small and medium-sized waste home appliances more easily. We also install and operate 'MINTIT,' an AI-based used phone purchase ATM, to expand resource circulation for used mobile phones.

Resource Circulation of Waste Home Appliances



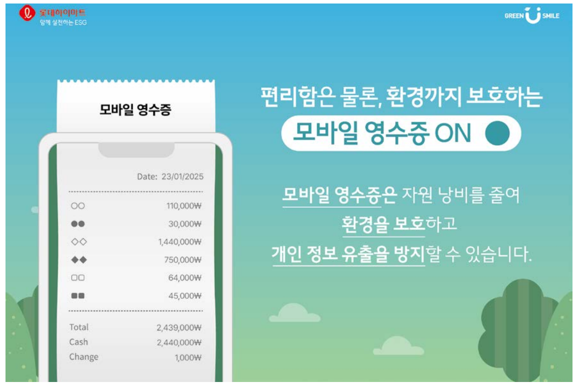
Operation of Eco-Friendly Packaging Materials[1]

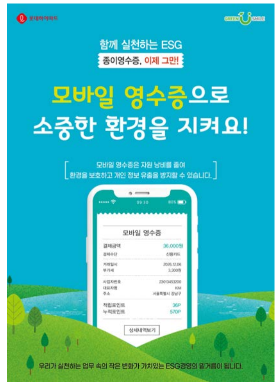
LOTTE HIMART has introduced and operates eco-friendly packaging materials to reduce waste generation. Eco-friendly materials are applied to customer shopping bags used at offline stores, and all of these shopping bags have obtained Forest Stewardship Council (FSC) certification, which verifies that the forest resources used were responsibly sourced. In addition, we are expanding the use of paper-based tape and cushioning materials for packaging online-exclusive products.

1) Eco-friendly packaging materials: Packaging materials that replace plastic or have obtained eco-friendly certification to reduce environmental impact.

Use of Electronic Shelf Labels and Mobile Receipts

LOTTE HIMART replaced existing acrylic price tags with electronic shelf labels to reduce paper use and save resources. Electronic shelf labels digitize product information and allow real-time updates, thereby improving the efficiency of store operations. In addition, we have introduced a mobile receipt issuance service since 2018 and have continued to operate mobile receipt campaigns for customers who make purchases. Mobile receipts not only contribute to environmental protection by reducing paper use, but also improve the convenience of receipt storage and help prevent the risk of personal information leaks that may occur during the disposal process.





Resource Circulation

Logistics and Delivery

Delivery and Store Waste Management

LOTTE HIMART has established and operates a resource circulation system to effectively collect and recycle packaging waste, such as boxes and Styrofoam, generated during delivery, in order to increase the waste recycling rate. This system is operated based on cooperation among nationwide stores, distribution centers, and recycling partners.

Waste generated during home appliance delivery and installation is collected immediately after delivery is completed, while waste generated at stores is collected through paper waste collection boxes placed inside stores. The collected waste is gathered at regional distribution centers and then transferred to waste recycling partners, where it is recycled into recycled paper or Styrofoam materials for construction.

In addition, for work that may generate designated waste, such as transformer replacement work, including waste transformers and waste insulating oil, we comply with relevant laws and regulations by entrusting waste treatment to licensed designated waste treatment companies in accordance with the Waste Control Act.

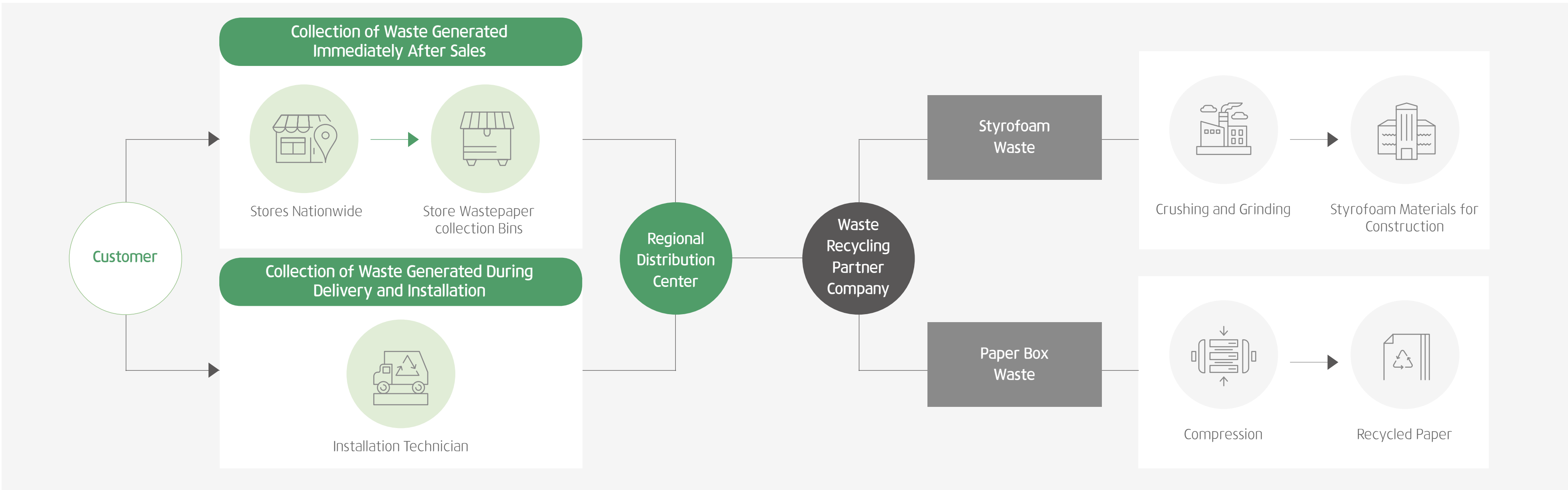
Waste Recycling Performance[1]

(Unit: tons)

Category	Generated Amount	Recycled Amount	Recycling Rate
Box Waste	3,481	3,481	100%
Styrofoam Waste	821	821	100%
Total	4,302	4,302	100%

1) Waste recycling performance only includes box and Styrofoam waste.
※ Same criteria as submitted to the Waste Management System ('Allbaro')
※ Based on the volume entrusted to waste recycling partners for treatment.

Waste Recycling System



SOCIAL

Human Rights Management	71
Talent Management	76
Customer-Centered Management	84
Sustainable Supply Chain	88
Safety and Health Management	91
Social Contribution	98

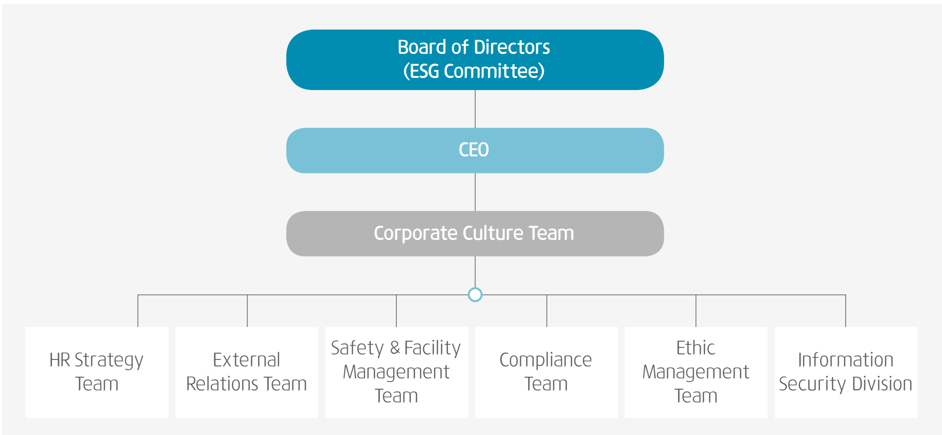
Human Rights Management

Human Rights Management Policy and Governance

Organizational Structure

LOTTE HIMART has established ESG governance to systematically operate human rights management. The ESG Committee, the highest decision-making body, discusses major human rights issues, approves related policies, and manages and oversees overall related activities. The CEO makes decisions on key human rights management matters and reviews major performance. The Corporate Culture Team serves as the dedicated organization for human rights management. Based on the Human Rights Management Charter, it establishes guidelines so that all internal and external stakeholders can put human rights management into practice. It also plans and implements action plans accordingly and reports them to the CEO and the ESG Committee. In addition, relevant departments, including the Management Team, Information Security Division, and Safety and Facility Management Team, manage human rights risks in their respective areas and establish management indicators, while continuously identifying risks and deriving improvement tasks.

Human Rights Management Organization Chart



Human Rights Management Charter

LOTTE HIMART has established and operates a Human Rights Management Charter based on humanism to respect the human rights of all stakeholders, including employees, and to systematically manage human rights infringement risks that may arise in the course of business. We have also built and comply with a human rights management system that reflects domestic and international human rights standards and guidelines, including the Universal Declaration of Human Rights, the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the ILO Core Conventions, the Human Rights Management Manual for Public Institutions by the National Human Rights Commission of Korea, and the draft Human Rights Management Guidelines by the Ministry of Justice. Based on these principles, we established our Human Rights Management Charter, covering the prohibition of forced labor and child labor, compliance with working conditions, prohibition of discrimination, and guarantee of freedom of association. The Charter was approved by the ESG Committee and disclosed on our website and internal intranet. Employees must comply with the human rights management policy for all stakeholders they encounter in the course of work, including internal employees, employees of partner companies, and customers, and pledge each year to faithfully implement the related requirements. In June 2025, we revised the Human Rights Management Charter through a resolution of the ESG Committee. Major revisions included expanding the scope of application, advancing the grievance handling process, and strengthening the human rights management system.

LOTTE HIMART Human Rights Management Charter

LOTTE HIMART Human Rights Management Charter

Principles of Respect for Human Rights
- Prohibition of discrimination
- Prohibition of assault and forced labor
- Safety & health
- Freedom of association
- Protection of customers' human rights, etc.

Grievance Handling
- Operation of grievance handling channels
- Scope of grievance handling
- Grievance handling procedures and methods

Establishment of a Human Rights Management System
- Establishment of human rights management plans
- Human rights management lead department
- Partner support

Human Rights Management

Human Rights Management Policy and Governance

Mid- to Long- Term Human Rights Management Roadmap

LOTTE HIMART has established and operates a human rights management roadmap through 2030, structured across short-, mid-, and long-term phases. We established a foundation for responding to human rights issues by 2024 and aim to further enhance related systems and processes while embedding a culture of respect for human rights throughout the organization over the long term. In addition, we proactively manage human rights risks through the expansion of human rights impact assessments, strengthened training programs, and the operation of grievance handling mechanisms.

Mid- to Long-Term Human Rights Management Goals

1 Short-term (2022~2024)	2 Mid-term (2025~2027)	3 Long-term (2028~2030)
Establish a Human Rights Management System	Advance the Human Rights Management System	Embed a Culture of Respect for Human Rights
Human Rights Management Guidelines and Policies		
Establish and distribute the Human Rights Management Charter	Revise and supplement human rights policies through proactive analysis of laws, systems, and the external environment	Same as mid-term
Human Rights Management System		
Establish a system for handling human rights infringement cases	Evaluate and improve the effectiveness of the human rights risk management process	Advance human rights management remedy procedures and the implementation monitoring system
Human Rights Impact Assessment		
Design the human rights impact assessment and analyze human rights risks	Conduct human rights impact assessments LOTTE HIMART: 100% Partner companies: 20%	Expand the scope of human rights impact assessments LOTTE HIMART: 100% Partner companies: 100%
Human Rights Training		
Once a year	Twice a year	Three times a year

Human Rights Risk Management

Human Rights Impact Management Framework

LOTTE HIMART conducts human rights monitoring across all business sites, including domestic headquarters, branches, and distribution centers, to identify actual and potential human rights risks and prevent, mitigate, and improve them. We continuously monitor human rights risks at business sites through the human rights violation reporting center and internal grievance handling system, and systematically identify potential risks through human rights impact assessments. In addition, when human rights risks are identified, we promptly conduct investigations and take corrective actions. We also derive and reflect improvement tasks to prevent the recurrence of similar risks and continuously advance human rights management.

Human Rights Impact Management Framework

1	Improvement of Internal Framework	• Review human rights management governance • Establish mid- to long-term goals
2	Establishment of Assessment Process	• Establish the human rights impact assessment process
3	Conduct Human Rights Impact Assessment	• Conduct human rights impact assessment surveys of all employees at business sites • Conduct interviews with vulnerable groups based on the human rights impact assessment results
4	Derivation of Risks and Mitigation Measures	• Analyze human rights impact assessment results • Identify potential human rights risks • Derive human rights risk mitigation measures
5	Risk Improvement and Disclosure	• Implement human rights risk mitigation measures • Conduct monitoring • Internal reporting and external disclosure

Human Rights Management

Human Rights Risk Management

Human Rights Impact Assessment

LOTTE HIMART conducts human rights impact assessments to systematically identify the status of human rights issues and potential human rights risks affecting its employees and to proactively implement improvement measures. The assessment framework was developed based on major global human rights guidelines and established after reviewing its suitability in consideration of our business characteristics and external requirements. For key issues identified through the assessment, in-depth interviews are conducted with vulnerable groups to gain a more detailed understanding of human rights risks. The findings are then incorporated into our human rights management practices to support mitigation and remediation activities. To ensure anonymity, the human rights impact assessment is conducted through an external online system, while in-depth interviews are carried out by external professional organizations to enhance objectivity. Identified human rights risks are managed through continuous monitoring and improvement activities, and we plan to further strengthen our human rights management system on an ongoing basis.

Human Rights Impact Assessment Process

STEP 01	STEP 02	STEP 03
Conduct Human Rights Impact Assessment	Risk Identification and Assessment	Risk Mitigation and Improvement
• Conduct preliminary training on human rights • Conduct human rights impact assessments for employees	• Identify actual and potential human rights risks and areas for improvement • Conduct interviews with vulnerable groups	• Monitor the implementation status of improvement activities

Definition of Vulnerable Groups in Human Rights

Vulnerable Group	Potential Risk Areas	Risk Management
Women	• Discrimination in the recruitment process • Discrimination in wages, transfers, assignments, and promotions • Workplace harassment and sexual harassment • Difficulty balancing work and family life	• Set targets for hiring female talent • Strengthen training on workplace harassment and sexual harassment • Strengthen childcare and family care systems
Customer-Facing Employees	• Work-related stress	• Operate a professional psychological counseling program • Operate systems to encourage flexible work and the use of annual leave
Employees in Lower Job Grades	• Workplace harassment • Discrimination by job grade	• Strengthen the operation and promotion of the Human Rights Violation Reporting Center and grievance handling system
Dispatched Workers	• Workplace harassment • Discrimination by job type	• Strengthen the operation and promotion of the Human Rights Violation Reporting Center and grievance handling system • Conduct corporate culture campaigns

Overview of the Human Rights Impact Assessment

Category	Key Details
Purpose	Review the status of human rights infringements and identify potential human rights risks
Target	LOTTE HIMART employees(Full-time, contract, dispatched, and part-time employees, including those at headquarters, branches, distribution centers, and stores)
Period	March 7–21, 2025
Organized by	LOTTE HIMART Corporate Culture Team and a third-party verification institution
Method	Online survey to identify direct and indirect experiences related to human rights issues, and in-person interviews with vulnerable groups
Survey Areas	Prohibition of discrimination, compliance with lawful working hours, safety and health, information security, workplace sexual harassment, and workplace harassment

Issues Identified Through the Survey

Identified Issue	Key Details
Prohibition of Discrimination	Recruitment process, performance evaluation, promotion and compensation, use of parental leave, return from parental leave, and discrimination by job type
Compliance with Lawful Working Hours	Compliance with statutory working hours and reduced working hours for pregnant employees
Safety and Health	Management of industrial accidents, safety training, and mental health issues such as work-related stress
Information Security	Consent procedures for personal information collection and risk management, including information leaks
Workplace Sexual Harassment	Physical, verbal, and visual sexual harassment, and remedy procedures
Workplace Harassment	Inappropriate words, behavior, and actions, unfair work instructions, and remedy procedures

Human Rights Management

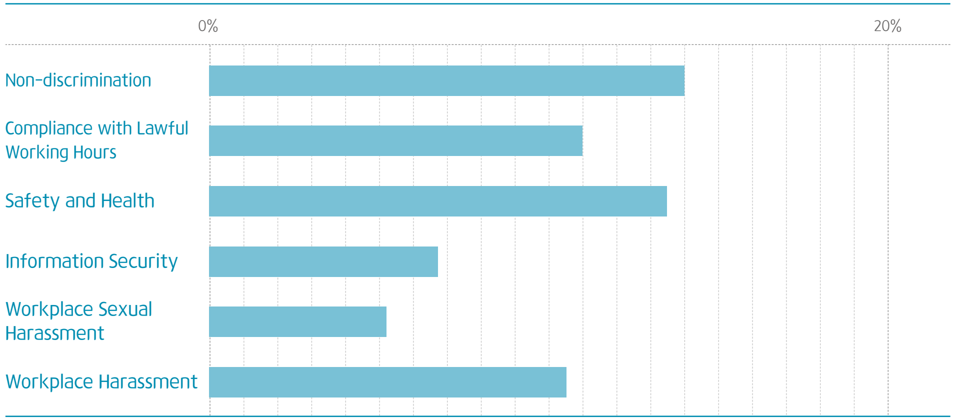
Human Rights Risk Management

Human Rights Impact Assessment

Analysis of Human Rights Impact Assessment Results and Selection of Key Issues

LOTTE HIMART analyzes the characteristics of major human rights issues and the level of management required based on the results of the human rights impact assessment. We identify areas that require focused management and take appropriate action. In the analysis process, we identified the likelihood of human rights issues and vulnerable groups, focusing on negative responses that reflected employees' direct and indirect experiences. As a result, the areas of prohibition of discrimination, safety and health, and information security were found to require relatively higher levels of management. We selected these areas as key human rights issues and continue to carry out related risk management and improvement activities.

Negative Response Rate by Issue



* Information Security was included as a key management issue after comprehensively considering the negative response rate, comparison results against peer companies, and employee awareness.

Implementation of Improvement Tasks for Key Issues

LOTTE HIMART is implementing improvement measures to systematically and effectively manage the key human rights issues identified. Based on the key issues derived from the assessment, we establish and implement improvement tasks to strengthen our human rights management. We also plan to regularly review the status of human rights-related matters and continue advancing our human rights management system.

Improvement Measures by Key Issue

Non-discrimination	Key Issue	• Fair evaluation, compensation, and personnel transfers
	Improvement Measures	• Strengthen individual feedback on evaluation results - Provide specific feedback on individual evaluation results and strengthen activities to improve work direction • Improve job satisfaction through the internal 'Job Posting' system and the inter-affiliate transfer program 'In Career'
	Improvement Effect	• Job satisfaction improved by 5.6% year-on-year (Source: LOTTE Group Organizational Culture Diagnosis)
Safety and Health	Key Issue	• Mental health management related to stress from the work environment
	Improvement Measures	• Manage employee stress through the EAP (Employee Assistance Program) - Strengthen promotion when providing guidance on welfare benefits and employee support programs • Build a culture that respects work-life boundaries through activities such as the in-house Value Creation Culture Campaign
	Improvement Effect	• The work-life balance item in the employee satisfaction survey improved from 34.1 points to 36.5 points (Source: Lotte Group Organizational Culture Diagnosis)
Information Security	Key Issue	• Information security and personal information protection
	Improvement Measures	• Strengthen information security training and processing procedures - Strengthen training not only on customer personal information protection, but also on work-related activities such as personal information disposal - Strengthen personal information processing procedures when customer information is used
	Improvement Effect	• Reduction in Information Security Management System Deficiencies: 7 Cases → 5 Cases

INTRODUCTION
ESG MANAGEMENT
FOCUS ON MATERIAL ISSUES
ENVIRONMENTAL
SOCIAL
Human Rights Management
Talent Management
Customer-Centered Management
Sustainable Supply Chain
Safety and Health Management
Social Contribution
GOVERNANCE
ESG FACTBOOK

Human Rights Management

Human Rights Management Initiatives

Human Rights Violation Reporting Center

LOTTE HIMART has established and operates a dedicated Human Rights Violation Reporting Center on its official website so that all stakeholders encountered in the course of business, including employees, employees of partner companies, and customers, can immediately report any human rights violations they experience. In particular, anyone who experiences a human rights violation by one of our employees may submit a report through this center. Reports received are investigated by our Ethic Management Team and Corporate Culture Team in accordance with the reporting procedure. When a human rights violation report is received, we promptly verify the facts, take corrective action, and, if necessary, proceed with internal disciplinary procedures. During the investigation process, we ensure objectivity based on clear evidence and supporting grounds. In addition, special care is taken to prevent secondary harm to victims and good-faith reporters, while strictly protecting the confidentiality of report details. We also establish improvement measures to prevent recurrence and conduct continuous monitoring. Matters received separately from human rights issues are referred to the relevant departments for handling. In 2025, two human rights violation reports were received through the Human Rights Violation Reporting Center, and both cases were resolved.

Internal Grievance Handling System

LOTTE HIMART appoints and operates female expert members, including two in-house lawyers, and grievance counseling members, including two members of the Corporate Culture Team, one of whom is an in-house certified labor attorney, to ensure the professionalism and fairness of our internal grievance handling system. When an employee grievance is received, we respond promptly and actively and establish measures to prevent recurrence, thereby preventing human rights violations within the company. In addition, the organization responsible for human rights proactively manages grievances that may arise in the workplace by strengthening preventive activities and systematizing the follow-up management process. Employees may raise grievances through various channels, including email, anonymous reports via KakaoTalk, the company website, and the intranet. All received cases are handled fairly under strict security procedures. We also continuously review and manage follow-up actions to ensure their effectiveness. In 2025, a total of 18 cases were received and processed through the internal grievance handling system, and appropriate measures were completed for the 17 cases in which the facts were confirmed, in accordance with the internal grievance handling procedure.

Internal Grievances Handling and Human Rights Violation Reporting Process

1	Report Receipt	Reports are received through various channels, including email, anonymous reports via KakaoTalk, the company website, and the internal Hi-People system.
2	Victim Consultation	Confirm the facts of the received report or complaint.
3	Investigation and Action	Take corrective action and disciplinary action after fact-checking.
4	Follow-up Monitoring	Conduct monitoring and review measures to prevent recurrence

Internal Grievance Cases Received and Processed

Category	2023	2024	2025[1]
Cases Received	52	21	18
Cases Processed	48	19	17
Resolution Rate	92.3%	90.5%	94.4%

1) All cases resolved, excluding one case in 2025 in which neither the reporter nor the accused could be identified.

Psychological Counseling Service

LOTTE HIMART provides an external psychological counseling service to support employees' psychological well-being and create a healthy work environment. Employees can receive professional counseling on a wide range of topics, including mental health, difficulties at work and in daily life, workplace conflicts, psychological and emotional issues, family matters, and legal matters. In 2025, we provided a total of 33 professional counseling sessions to 13 employees, with all counseling costs fully covered by us. Through this, we aim to ease employees' psychological burden and enhance work engagement and organizational stability.

Human Rights Training for Employees

LOTTE HIMART provides human rights training for all employees, including contract workers, to raise human rights awareness and prevent human rights violations. The training is conducted regularly once a year in accordance with statutory mandatory training requirements and includes workplace harassment prevention, workplace sexual harassment prevention, and disability awareness improvement training. In addition, through our in-house mobile learning channel, 'Touch Class,' we provide training on the concept of human rights management and LOTTE HIMART's Human Rights Management Policy, helping all employees continuously recognize and practice human rights management.

Status of Regular Human Rights-Related Training

Category	Workplace Harassment Prevention Training	Workplace Sexual Harassment Prevention Training	Disability Awareness Improvement Training
Purpose	Prevent physical and mental distress among employees and deterioration of the work environment	Protect employees' sexual self-determination and prevent deterioration of the related work environment	Create stable working conditions for employees with disabilities
Frequency	Once a Year	Once a Year	Once a Year
Target	All employees	All employees	All employees
Method	Online Training	Online Training	Online Training

INTRODUCTION
ESG MANAGEMENT
FOCUS ON MATERIAL ISSUES
ENVIRONMENTAL
SOCIAL
Human Rights Management
Talent Management
Customer-Centered Management
Sustainable Supply Chain
Safety and Health Management
Social Contribution
GOVERNANCE
ESG FACTBOOK

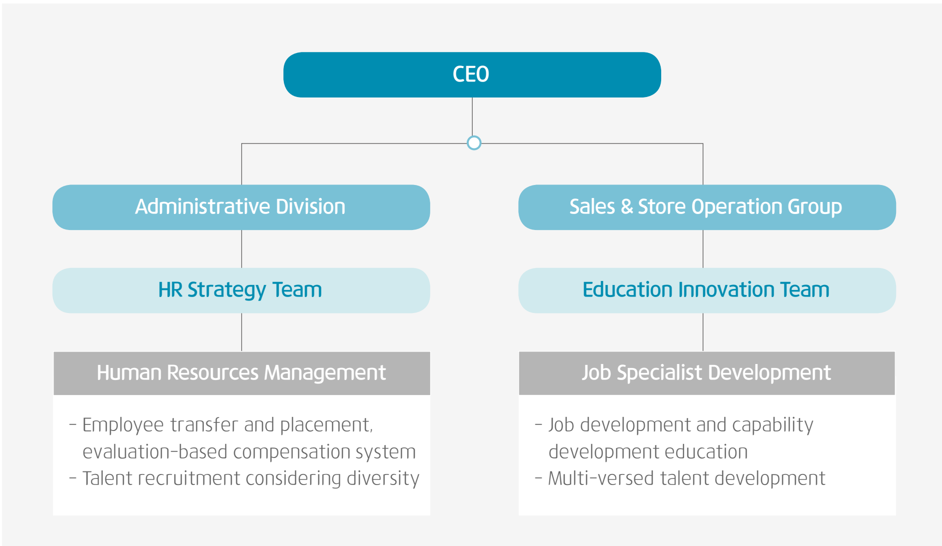
Talent Management

Human Resources Management System

Organizational Structure

LOTTE HIMART strives to hire individuals with the knowledge and qualities required as responsible corporate citizens and to nurture talent who can continuously grow together with us. Based on a fair and reasonable performance evaluation system, we operate capability development programs and a compensation system to motivate employees and support organizational performance. Human resources management is systematically carried out, led primarily by the HR Strategy Team and the Education Innovation Team. The HR Strategy Team establishes recruitment strategies that consider equity and diversity to select talent and operates a fair performance evaluation and compensation system. The Education Innovation Team plans and operates capability development programs by job function and level to help employees grow into highly skilled professionals.

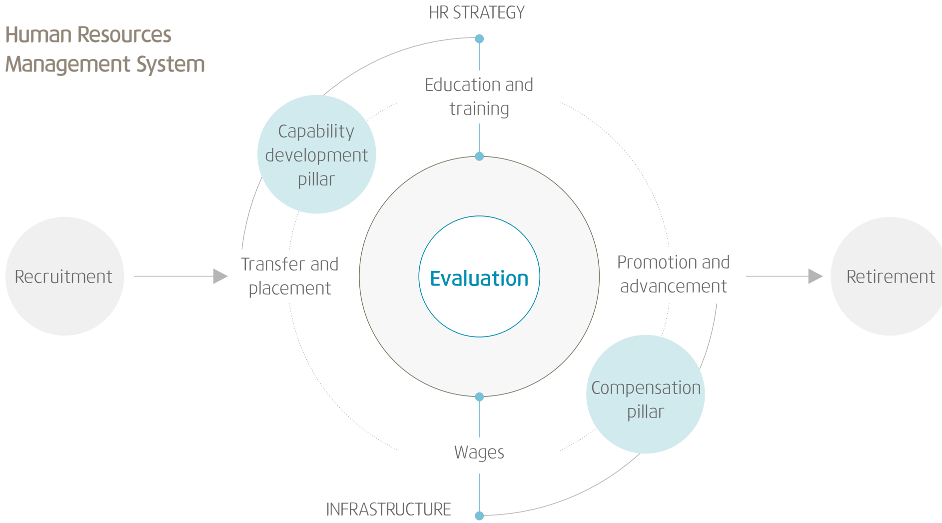
Human Resources Management Organizational Structure



Human Resources Management Systems

LOTTE HIMART systematically operates transfer and placement, education, promotion, and compensation systems across the entire process from recruitment and development to evaluation, rewards, and retirement. Through this, we are building a human resources management system that supports both employee growth and organizational development.

Human Resources Management System



Transfer and Placement	• Talent placement considering both individual employee and organizational growth • Transfer reflecting individual preferences through career development plans, such as Job Posting program
Education and Training	• Systematic training programs by job type and position level • Strengthening professional competencies and developing leadership talent
Promotion and Advancement	• Fair system management based on performance and capabilities
Compensation	• Performance-based individual salary system • Compensation aligned with individual performance evaluations • Tiered, cumulative reward system based on performance

Talent Management

Talent Recruitment

Ideal Talent Profile

Customer Orientation
A person who identifies customers' needs and leads customer happiness and value creation by providing the utmost kindness and the best service

Ownership
A person who performs all tasks autonomously and proactively with a sense of ownership of the company

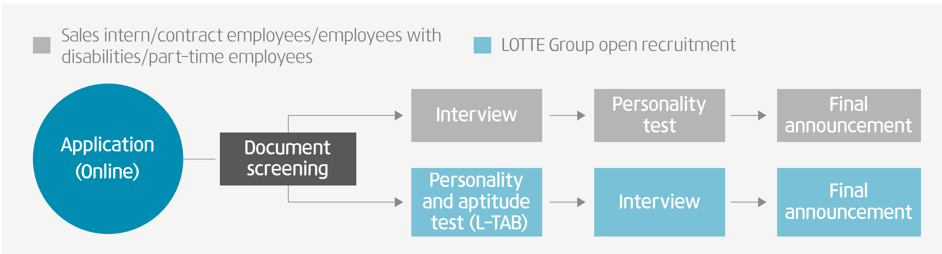
Innovation
A future-oriented person who responds actively and proactively to a rapidly changing market environment and always leads change

Professional
A person who always pursues excellence through continuous self-development and creative thinking

Talent Recruitment

LOTTE HIMART operates a transparent and fair recruitment process based on the principles of 'valuing diversity' and 'open recruitment' to secure excellent retail specialists. The recruitment process consists of document screening, personality and aptitude testing (L-TAB), and practical/executive interviews, and comprehensively evaluates applicants' job competencies as well as their personality, values, and development potential. In addition, we operate a rolling application system that allows candidates to apply for relevant positions or departments at any time, even when there are no separate job openings, thereby expanding accessibility and opportunities for applicants.

Talent Recruitment Process



Diversified Talent Acquisition Channels

LOTTE HIMART is transitioning to a job-centered recruitment system to enhance organizational efficiency and competitiveness, and attracts top talent through a wide range of recruitment channels. For new hires, we actively operate rolling recruitment, and in the second half of 2025, we participated in the LOTTE Group university recruitment fair to communicate directly with students preparing for employment and provide information on our vision, organizational culture, and recruitment process. Through these efforts, we enhanced applicants' understanding of the Company and connected this to securing top talent. In addition, we recruit experienced employees to secure talent with the experience and expertise aligned with our business strategy. Recruiting experienced employees plays an important role in improving organizational efficiency and securing talent who can contribute immediately. Through talent equipped with specialized knowledge, practical experience, industry networks, and market understanding, we bring new perspectives and direction to the organization and promote work innovation.

Diversity and Equity

LOTTE HIMART ensures that applicants are not subject to discrimination based on gender or disability by selecting candidates based on job-related expertise and the competencies required for the role. To ensure fairness in recruitment, we do not collect information unrelated to job performance, such as marital status or family relationships, during the recruitment process. We also consider diversity and equity in talent selection by expanding regional recruitment for store sales positions. For veterans and foreign nationals, we apply preferential treatment policies in accordance with relevant laws and regulations, and persons with disabilities and veterans receive preferential treatment during recruitment in accordance with applicable laws. To enhance workforce diversity, we have set goals of achieving an employment rate of persons with disabilities of at least 3.5% and a female talent ratio of at least 30% by 2026. In 2025, the employment rate of persons with disabilities reached 3.17%, exceeding the statutory mandatory employment rate of 3.1%.

Employment Status of Employees with Disabilities and Female Talent

Category	2023	2024	2025	2026 Goals
Employees with disabilities[1]	3.43%	3.14%	3.17%	3.5%
Female talent[2]	36.5%	29.1%	29.1%	30.0%

1) Based on standards reported to the Korea Employment Agency for Persons with Disabilities (double count for persons with severe disabilities, full-time workers, monthly average)
2) Ratio of female employees to total employees

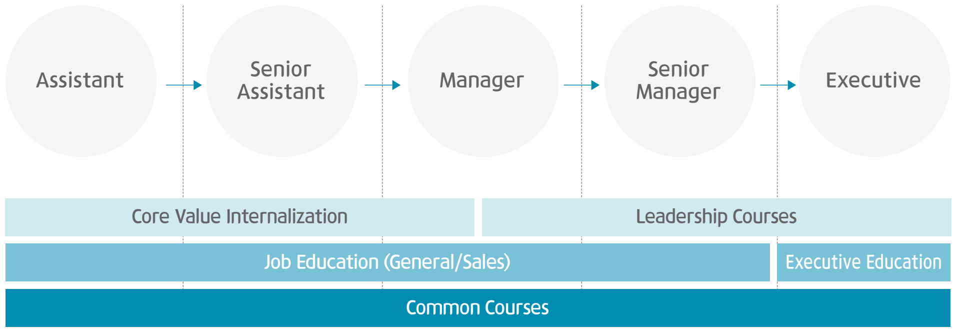
Talent Management

Talent Development

Talent Development System

LOTTE HIMART provides tailored education based on a systematic talent development system to continuously strengthen employees' job capabilities and expertise. The Education Innovation Team operates an education system that reflects the characteristics of each position level and role and plans and operates various education programs focused on improving job expertise, strengthening leadership capabilities, and cultivating core talent. New sales employees complete Introductory Education for Newly Hired SM Interns to internalize our core values in the early stage of employment. They then systematically build practical capabilities through job-based training programs, including category-specific learning content, new product education, and POS training. In addition, we provide leadership development programs for newly appointed store managers and deputy store managers to help them adapt to their roles, and operate programs for executives, including ACP (for promoted executives), ECP (for new executives), and the Leadership Forum (regular training for executives), to strengthen leadership capabilities.

Talent Development System



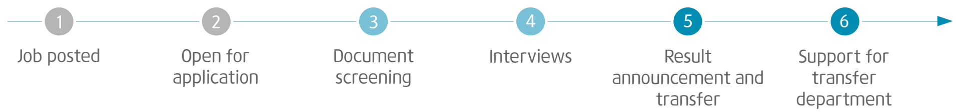
Implementation Strategy for Advancing the Talent Development System

Enhancing Job Expertise	• Monthly content education and new product education to foster specialized consulting professionals • Meister Coaching Program enabling one-on-one employee coaching
Strengthening Leadership Capabilities	• Job type-specific, self-directed learning promotion programs • Capability-building programs for newly appointed store managers and deputy store managers • Refresher education for store managers and deputy store managers • Performance management training for evaluators
Cultivating Core Talents	• Capability-building program for executive candidates (High Potential) • Management capability enhancement program for key talent (LOTTE MBA)

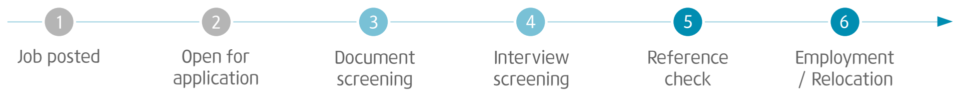
Internal Job Transfer Program

LOTTE HIMART operates the 'Job Posting' system, an internal recruitment program, to actively utilize internal talent, minimize work disruptions, and efficiently place suitable personnel in the right roles. The Job Posting system supports employees' career development by allowing internal employees to apply for transfers when vacancies arise within the organization. By placing employees with the competencies and interest required for specific roles at the right time, we improve job satisfaction and enhance workforce efficiency. In addition, through 'In Career', an internal talent relocation system between group companies, we support employees in transferring to their desired roles or affiliates. Through this, we promote employees' proactive career development while also supporting the efficient use of outstanding talent within the group.

Job Posting Operation Process



In Career Operation Process



INTRODUCTION
ESG MANAGEMENT
FOCUS ON MATERIAL ISSUES
ENVIRONMENTAL
SOCIAL
Human Rights Management
Talent Management
Customer-Centered Management
Sustainable Supply Chain
Safety and Health Management
Social Contribution
GOVERNANCE
ESG FACTBOOK

Talent Management

Talent Development

Capability Development Program for Employees

Customer-Oriented Education

LOTTE HIMART strives to ensure that customers experience a consistently high level of service across all stores by fostering talented employees. We enhance consultation quality by providing product training and sharing and learning best sales practices, while strengthening employees' capabilities to recommend products that meet customer needs. In addition, to improve customer satisfaction, we conduct monthly customer satisfaction and customer complaint improvement training programs to continuously strengthen comprehensive consultation capabilities.

Developing Retail Specialists

LOTTE HIMART systematically operates its talent development process by dividing it into job capability development and career development programs. The job capability development program consists of specialized education programs, including 'Category-Specific Learning Content Education' to strengthen professional product knowledge and the 'Meister Coaching Program' to strengthen customer consultation and sales capabilities. The career development program is operated based on education and evaluations by role and position level, supporting step-by-step growth and strengthening leadership capabilities. In addition, we operate the Commissioned Academy Program to support employees' self-development and degree acquisition, helping them continuously develop their capabilities.

Job Development

Education with Category-Specific Learning Content
- Twice-monthly training sessions to deepen product knowledge for sales employees

Education on New and Seasonal Products
- Pre-sales education on specifications, product lineups, and sales points of new products
- Strategic education on seasonal products based on home appliance market data

Data Processing System Education
- Training for all sales employees on the use of data processing systems, including POS, sales tools, and our new systems.

Counseling Skills
- Education on how to recommend products and services based on the customer lifecycle
- Education on comprehensive consultation skills to improve customer satisfaction

Capability Development

Education course for prospective position holders (Store managers and deputy store managers)
- Education on mindset, attitude, product expertise, and store management strategies for prospective position holders
- Conducting online collective education and store operation strategy discussion programs

Onboarding education for new and experienced hires
- Education on LOTTE HIMART's history, vision, and core values
- Understanding of LOTTE HIMART systems and key business strategies

In-house instructors (Meister, POS in-house instructor)
- Coaching for employees developing their in-house instructor competencies
- Regular workshops to enhance in-house instructor capabilities

Executive promotion qualification education
- Education to build essential job knowledge for executives (accounting, strategy, organizational behavior, etc.)

Talent Management

Talent Development

Capability Development Program for Employees

Touch Class, Self-Directed Learning Platform

LOTTE HIMART operates 'Touch Class', a mobile-based learning platform, to support employees' self-directed learning and capability development. Through 'Touch Class', employees can learn a wide range of content anytime, anywhere, including job-related education, mandatory legal training, new and trending product information, and consumer electronics trends. In addition, we continue to expand a culture of self-directed learning by utilizing the 'My Company' board on Acropolis, LOTTE Group's learning platform.

Meister and Coaching Programs

LOTTE HIMART pursues 'Meisters' as top customer-centered specialists and key talent who demonstrate not only quantitative performance, such as sales results, but also qualitative capabilities, including communication skills and customer understanding. Meisters are selected in four areas based on job and market characteristics: large installation appliances, IT/Hobby, living/kitchen, and mobile. Based on their expertise in each area, Meisters play a role in creating customer demand and delivering differentiated customer experiences. In 2025, we selected a total of 43 Meisters, with three to four Meisters selected by each regional office. Through the Meister Workshop, we systematized sales strategies, know-how, and key capabilities, and developed standardized training materials. Based on this, we operate the Meister Coaching Program for employees with high growth potential and employees who wish to develop their capabilities, thereby systematically fostering professional talent.

Meister Coaching Program

Category	Details
Large Installation Appliance Meister	Creates demand for weddings and moving through collaboration with the furniture and interior industries
IT/Hobby Meister	Expands new demand by attracting niche enthusiast customers
Living/Kitchen Meister	Proposes new lifestyles based on a wide range of brands
Mobile Meister	Serves as a mobile specialist for a key strategic product category with a strong market base

Commissioned Academy Program

LOTTE HIMART operates a commissioned academy program to support employee self-development while systematically fostering key talent. Starting with the associate degree course with Myongji College and Yeungjin University in 2016, we introduced a bachelor's degree course in 2017 through partnerships with Kyung Hee University, Chungnam National University, and Dong-A University. Through partnerships with these universities, employees are offered degree acquisition opportunities based on educational support benefits, including tuition discounts. In 2025, a total of 15 employees earned degrees through this program.

Prospective Store Manager Training

LOTTE HIMART selects outstanding prospective store managers and operates the 'Prospective Store Manager Training' program to help them build the capabilities required for the store manager role in advance and quickly create results after appointment. This program consists of six days of in-person training and a comprehensive evaluation, and systematically covers the core practical capabilities required of store managers, including store sales and operation strategies, compliance requirements, internal and external customer management, and leadership. In addition, participants take part in three days of store OJT to experience the actual role of a store manager in advance and receive practice-oriented training on establishing store operation strategies. Through this program, we developed a total of 14 prospective store managers in 2025.

Support System for Employees Scheduled to Retire

LOTTE HIMART operates an outplacement support program to help employees scheduled to retire proactively plan their future and reduce anxiety during the employment transition process. Through a consignment contract with a professional outplacement education institution, we provide career planning education, employment and start-up consulting, and job placement programs. The program consists of job search support, exploration of alternative career paths, and job placement services. In 2025, we provided the reemployment support program to seven employees scheduled for involuntary retirement.

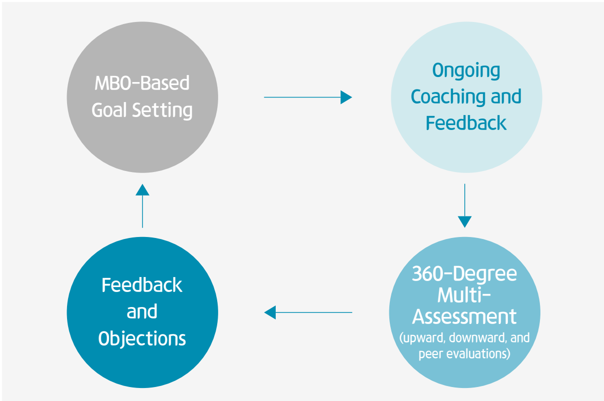
Talent Management

Performance Evaluation and Compensation

Performance Evaluation and Compensation System

LOTTE HIMART objectively evaluates employee performance and provides corresponding compensation based on a fair and reasonable performance evaluation and compensation system. Through this, we build trust in performance evaluations across the organization and create an environment where employees can fully demonstrate their capabilities. Performance evaluations are conducted twice a year, in the first and second half of the year, for all employees, including contract workers, based on the MBO system. The evaluation consists of quantitative assessments that reflect team and individual achievements, as well as qualitative assessments that comprehensively consider job capabilities and values. To support fair evaluations and performance improvement, we also operate systems such as interim reviews, objections, 360-Degree Multi-Assessment, coaching, and feedback. Performance evaluation results are linked to the compensation system, and performance bonuses are paid differentially based on the results. In addition, position-specific allowances are separately determined and paid according to the roles and responsibilities of each position. Through this, we strengthen employee motivation and enhance work engagement.

Performance Evaluation System



Ongoing Coaching and Feedback

LOTTE HIMART operates coaching and interim review systems to ensure continuous coaching and feedback on performance and capabilities between supervisors and employees. Through this, we support employee growth based on ongoing coaching and feedback, strengthen collaboration and teamwork within the organization, and contribute to enhancing overall organizational competitiveness.

360-Degree Multi-Assessment

LOTTE HIMART operates the 360-Degree Multi-Assessment to evaluate individual and team performance from multiple perspectives and support the continuous improvement and growth of employees. Through peer evaluations, we strengthen collaboration and communication among employees within and across departments, contributing to performance improvement across the organization. In addition, we conduct upward and downward evaluations as part of the capability evaluation process to encourage feedback between supervisors and employees. Based on this, we systematically support employees in enhancing their capabilities.

Objection System

LOTTE HIMART operates an objection system to ensure fair performance evaluations and protect employee rights. Details regarding the objection procedure and submission period are announced separately after the release of performance evaluation results for the first and second half of the year. Employees who believe their evaluation results differ from their actual achievements and capability level may file an appeal directly with the HR department without requiring separate approval from their supervisor. For submitted appeals, an initial interview is conducted to determine whether the appeal will be accepted. If the appeal is not accepted, the case is further reviewed by the Assessment Deliberation Committee, after which the final result is notified to the employee.

Operation of Reward Program

LOTTE HIMART operates a reasonable reward program to motivate employees and enhance organizational commitment. Reward criteria and targets are designed to reflect our core strategies and promote organizational vitality. The program is operated fairly and systematically by setting goals and recognition criteria aligned with work performance and the direction of organizational operations.

LOTTE HIMART Reward Program

Category	Reward Criteria	Target
Execution of Strategies	Rewards for achievements aligned with company strategy	Outstanding sales stores
Performance Excellence	Rewards for individuals who achieve assigned targets	Installation technicians, sales staff, MD
Contributor Award	Rewards for individuals or groups contributing to company competitiveness	Regular awards, LOTTE HIMART Person, Best Colleague, Outstanding Field Communication, etc.

Implementation of Fast-Track Promotions

LOTTE HIMART operates a fast-track promotion system to move away from seniority-based HR management and strengthen a reward system based on performance and capabilities. After granting fast-track promotions to two employees in 2022, we resumed fast-track promotions for the first time in four years. In 2026, a total of four employees received fast-track promotions.

Talent Management

Corporate Culture

Corporate Culture System

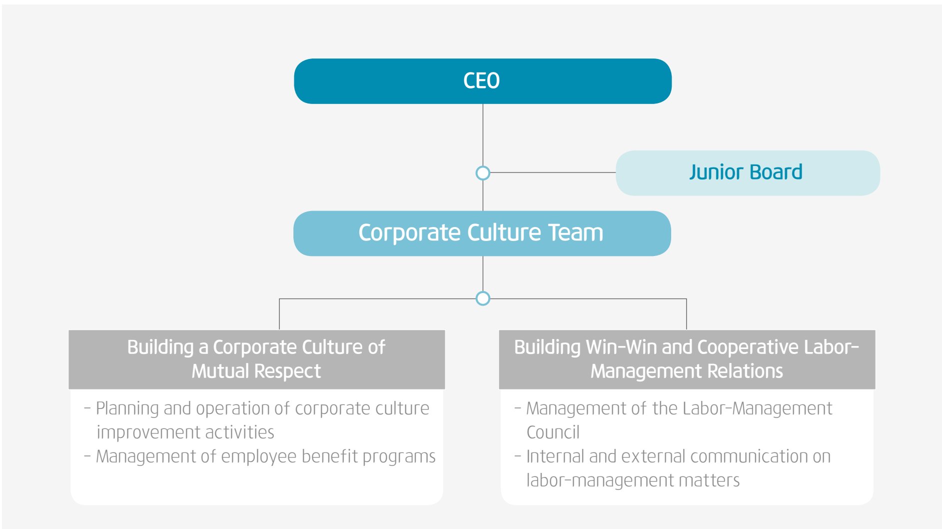
Organizational Structure

LOTTE HIMART builds a corporate culture of mutual respect based on win-win and cooperative labor-management relations and systematically manages its corporate culture through the Corporate Culture Team so that opinions from the field can be effectively communicated to management. We also operate the Junior Board directly under the CEO to further promote internal communication. The Junior Board consists of up to six employees at the staff and assistant manager levels, with the purpose of improving understanding across generations and organizations and identifying ideas from new perspectives. As a direct 'hotline' communication channel with the CEO, the Junior Board selects various topics each month, proposes ideas and improvement suggestions, collects employee opinions through field visits, and delivers them to management. In addition, it holds regular meetings with the CEO four times a year to discuss key tasks, plans and operates corporate culture improvement activities, and shares the results company-wide.

Corporate Culture Diagnosis

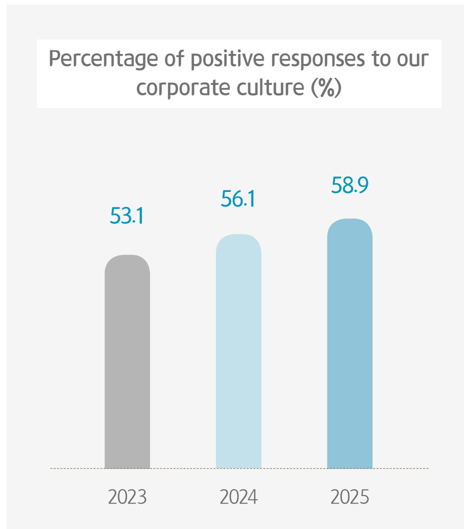
LOTTE HIMART participates in a corporate culture diagnosis led by LOTTE Group every year to regularly evaluate the level of our corporate culture, identify areas for improvement, and establish and implement systematic improvement tasks. Corporate culture consists of the shared 'values and behaviors' between the organization and its employees, as well as the 'policies and systems' that support them. Based on these two aspects, we conduct a comprehensive diagnosis of our corporate culture. In particular, the diagnosis reviews the company's way of working, including values and behaviors, and its support systems, including policies and systems, to evaluate both the level of corporate culture perceived by employees and their satisfaction. In 2025, the corporate culture diagnosis results showed a 58.9% positive response rate, marking a 2.8 percentage point increase from the previous year and reflecting a continuing trend of improvement.

Corporate Culture Management Organizational Structure



Corporate Culture Management Diagnosis Framework

Corporate Culture Diagnosis Results



Talent Management

Corporate Culture

Corporate Culture System

Corporate Culture Programs and Activities

LOTTE HIMART operates various programs to support employees' work-life balance and fosters a family-friendly corporate culture that encourages employees to use these programs voluntarily. As part of these efforts, LOTTE HIMART became the first in the industry to be certified as a family-friendly company by the Ministry of Gender Equality and Family in 2015 and has maintained this certification for ten consecutive years.

Work Hour and Flexibility Programs

Category	Details
Flexible Work System	• Allowing employees to choose their preferred working hours from six options • Compensatory leave for overtime work
PC ON/OFF	• Switching computers on and off based on working hours in sync with the flexible work system • Switch on: 10 minutes before working hours / Switch off: 5 minutes after working hours • Computers are not available during holidays, annual leave, and vacations
Annual Leave System	• Refresh Leave: Reimbursement of accommodation costs for up to two nights for employees taking three or more days of annual leave • Two additional vacation days per year in addition to statutory annual leave
Hi-five	• Allowing employees to leave early at 5 p.m. on their or their spouses' birthdays and wedding anniversaries

Programs for Pregnancy, Childbirth, and Childcare

Category	Details
Pregnancy	• Reduced working hours during pregnancy • Financial support for infertility treatments • Leave for infertility treatments
Childbirth	• Gifts for childbirth • Mandatory parental leave (up to 2 years) • Mandatory parental leave for male employees (at least one month)
Childcare	• Leave support for childcare when a child enters elementary school • Tuition support for pre-school and college-age children (separate congratulatory payment for college admission) • Vehicle rental support for multi-child families

Culture of Mutual Respect

Category	Details
Fearless Leader	• A program to select and encourage innovative leaders • All employees recommend leaders, from managers to executives, through a mobile survey, and final awardees are selected and recognized by a screening panel
Heart Talk	• Face-to-face and virtual roundtable meetings hosted by the CEO • Builds alignment and enhances business execution momentum by sharing the company's strategic direction and vision
Value-Creating Culture Enhancement Campaign	• An awareness improvement campaign focused on basic workplace practices • Provides action items such as improving how colleagues are addressed, encouraging annual leave use, and practicing proper phone etiquette

▼ Value-Creating Culture Enhancement Campaign

Operation of the Labor-Management Council

LOTTE HIMART operates a Labor-Management Council to build stable labor-management relations and a sound working environment. The Labor-Management Council consists of six employee representatives and six employer representatives and discusses various matters, including working conditions and employee benefits, through regular quarterly meetings. In particular, we focus on issues arising in the field through field-centered council operations. Through this, we proactively identify key risks related to labor practices and contribute to improving the working environment and enhancing work efficiency. In 2025, a total of four regular meetings were held to discuss various topics, including working conditions.

Affiliate Joint Programs

LOTTE HIMART strengthens a family-friendly corporate culture that enhances employees' and their families' sense of belonging and supports work-family balance through affiliate joint programs such as the 'LOTTE Family Skyrun' and the 'LOTTE Love Family Festival.' These programs serve as integrated events that break down boundaries among affiliates. By promoting communication within the group and sharing common values, they contribute to strengthening organizational solidarity and collaborative governance across affiliates.

▲ LOTTE Family Skyrun

▲ LOTTE Love Family Festival

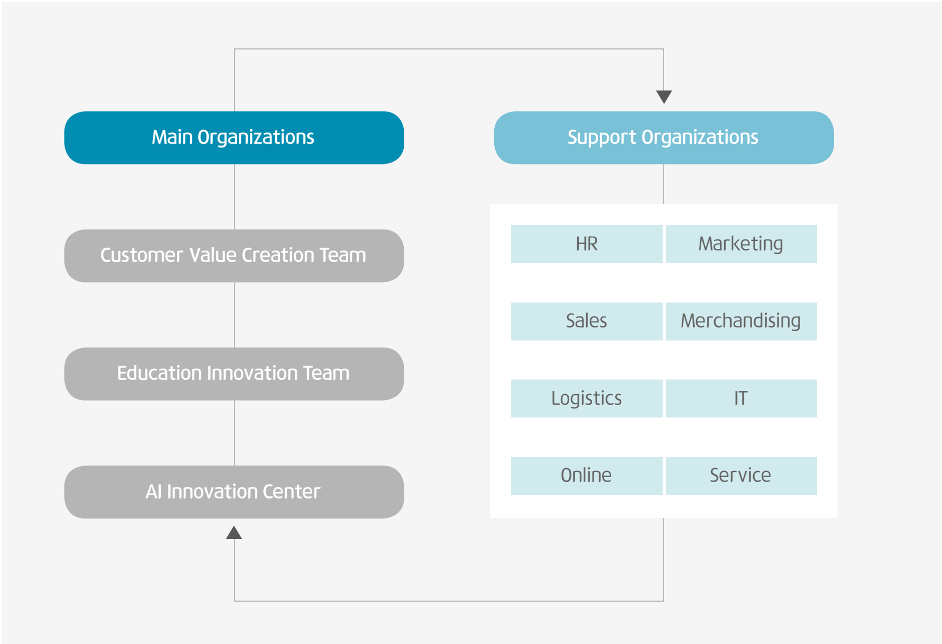
Customer-Centered Management

Customer Satisfaction Management System

Organizational Structure

LOTTE HIMART operates a dedicated customer satisfaction management organization to provide customers with the best shopping experience. The dedicated organization consists of the Customer Value Creation Team, the Education Innovation Team, and the AI Innovation Center. It works organically with support organizations, including HR and marketing, to achieve customer satisfaction management goals and respond effectively to customer feedback. The Customer Value Creation Team establishes company-wide customer satisfaction management strategies and continuously improves issues faced by internal and external customers through customer satisfaction management and VOC analysis. The Education Innovation Team develops professional consultation staff to improve the quality of consultation on products and services. The AI Innovation Center strengthens customer convenience and accessibility by developing and advancing AI-based systems.

Customer Satisfaction Management Organizational Structure



Strategy and Goals

LOTTE HIMART sets customer satisfaction as a top priority and establishes and implements management strategies to protect customer rights and enhance customer satisfaction. We have defined the customer lifecycle and analyzed purchasing patterns to build a system that provides personalized consultation services. Through this system, we provide home appliances and care services that meet customers' needs across the entire lifecycle, from product purchase to installation, repair, replacement, and disposal. We are also continuously improving consultation quality by developing customer-friendly professional consultation tools and training consultation staff with specialized knowledge of products and services. Going forward, we plan to strengthen customer satisfaction management by advancing our personalized consultation system from a mid- to long-term perspective and continuously developing products and services that reflect customer experience data.

Establish and Implement Business Strategies for Customer Lifetime Care Services

Short-Term(~2025)

Customer Lifecycle Management
- Defining the lifecycle of LOTTE HIMART customers
- Developing a step-by-step roadmap for a customer lifecycle system to deliver personalized services

Implementation of Sales Responsibility System
- Matching customers with professional counselors
- Providing personalized 1:1 customer lifetime care services

Development of Professional Consultation Tools
- Building a customer consultation system with enhanced user convenience
- Introducing AI-based product and service recommendation tools

Mid-to Long-Term(after 2026)

Development of Personalized Consultation System
- Personalized product recommendations and tailored pricing/benefit offers
- Improved customer communication and consultation convenience through chat-based consultations

Expanding Customer Choice
- One-stop expert consultations across appliances, furniture, and interior solutions
- Introducing personalized consultation tools tailored to living spaces
- Expanding sourcing of international brands

Actively Reflecting Customer Experiences
- Analyzing VOC and product reviews
- Developing PLUX products based on customer responses (preferences/pain points)

Customer-Centered Management

Customer Satisfaction Management System

Risk Management

LOTTE HIMART proactively identifies potential risks that may arise across the entire shopping journey and implements systematic improvement activities. We conduct customer satisfaction surveys covering the entire process from product and service purchase to installation and product use, collecting customer feedback and identifying potential risk factors. We also conduct unannounced in-store inspections to identify gaps in the customer service process. By regularly reporting inspection results to management, we promptly reflect key risk factors and improvement measures in our operations.

Risk Response Strategies for Customer Satisfaction Management

Store	• Personal information protection • Safety accidents during shopping	• Conduct unannounced inspections for personal information protection • Strengthen personal information protection education • Increase workplace safety inspections
Products	• Product information • Inventory management • Safety of products	• Optimize product operations and display management • Improve product information registration management • Enhance product safety testing
Consultation and Purchase	• Providing promotional information • Providing professional consultation service	• Provide continuous training to improve consultation quality • Check the use of consultation tablets to prevent misinformation about applicable benefits • Monitor the use of after-sales management systems
Shipping	• Delivering on our promises to customers • Installation quality of delivery drivers	• Advance systems to prevent incorrect deliveries • Conduct regular training for delivery drivers and installation technicians to improve customer service • Operate a system to verify installation quality

Customer Satisfaction Management Activities

Customer Damage Compensation Process

LOTTE HIMART discloses its customer complaint handling manual on its website and handles complaints fairly in accordance with the Framework Act on Consumers and internal procedures. When a customer complaint is received, it is promptly shared with relevant departments according to the type of complaint, such as product or installation defects, delivery delays, or in-store accidents. After review by the relevant departments, we inform the customer of the resolution based on applicable laws and implement improvement measures to prevent the same issue from recurring. Customer complaints can be submitted through various channels, including offline stores nationwide, the customer center, and our website.

Customer Complaint Handling Manual

1 Customer Complaint Received	2 Review of Submitted Issue	3 Issue Review and Analysis	4 Notification to Customer
Via stores, customer service center, and website bulletin board	Shared with relevant departments	Relevant departments review and assess the submitted issue, including fact-checking and determination of responsibility	The resolution, based on confirmed facts, root cause analysis, and the Framework Act on Consumers, is delivered to the customer in a courteous manner.

Notification for Customers in the Event of Damage

When LOTTE HIMART is Responsible	When LOTTE HIMART is not Responsible	
Commitment to prevent recurrence and compensate customer damage	Customer accepts the explanation	Customer does not accept the explanation
	Guidance on the internally determined resolution	Efforts to persuade the customer and resolve the dispute
Offer a sincere apology	Express appreciation	Provide accurate information
Promise to prevent recurrence	Provide Customer Satisfaction Service Information and Check for Additional Inquiries	Make active efforts to resolve the issue (e.g., actively cooperate when a consumer dispute mediation case is filed with an external organization)

Customer-Centered Management

Customer Satisfaction Management System

Customer Satisfaction Survey

LOTTE HIMART regularly conducts customer satisfaction surveys to improve services based on customer feedback. To systematically identify customer opinions and improvement needs, we operate a survey system based on the customer lifecycle and conduct surveys by dividing the entire process, from the purchase and use of home appliances to disposal, into seven stages.

2025 Customer Satisfaction Status (Cumulative Basis for 2025)

Type	Survey Items		Customer Satisfaction Score
Home Appliance Purchase	• Response attitude • Product explanation	• Benefit explanation • Additional guidance, etc.	4.89
Delivery and Installation	• Installation quality • Promise fulfillment	• Result confirmation • After-sales warranty, etc.	4.90
Appliance Cleaning	• Response attitude • Service guidance • Promise fulfillment	• Process guidance • Result confirmation • After-sales warranty, etc.	4.89
Home Cleaning			4.85
Relocation Installation			4.90
Insurance			4.86
Repair			4.82

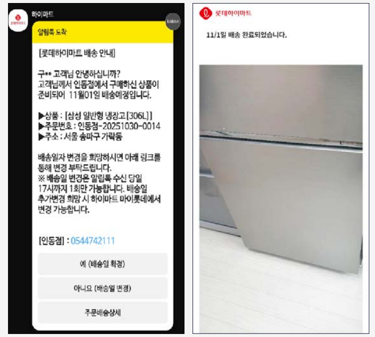
※ Based on a 5-point scale.

Examples of Reflecting Feedback through Customer Satisfaction Surveys

LOTTE HIMART actively reflects customer feedback received through VOC to continuously improve service convenience and customer satisfaction.

Delivery Service Improvement

To address numerous customer concerns received through VOC regarding the inconvenience of changing delivery dates, we improved the system by moving away from the previous one-way delivery notification process and enabling customers to directly select their preferred delivery dates through notification messages, thereby enhancing customer convenience. In addition, by providing product installation photos after completion of installation services, we enable customers to review the results of the service and enhance service reliability.



▲ Delivery Date Selection Mobile Notification and Product Installation Photos

Product and Quality Improvement

To improve product quality by reflecting customer feedback received through VOC, rear covers were applied to refrigerator machine rooms to reduce noise and condensation. More recently, customer feedback related to adapter defects was reflected, and component specifications were improved in cooperation with the manufacturer. In addition, prompt exchange and refund procedures are operated for defective products, contributing to customer safety and trust.

▲ Improvement of Defective Adapter Components and Specification Changes

Customer-Centered Management

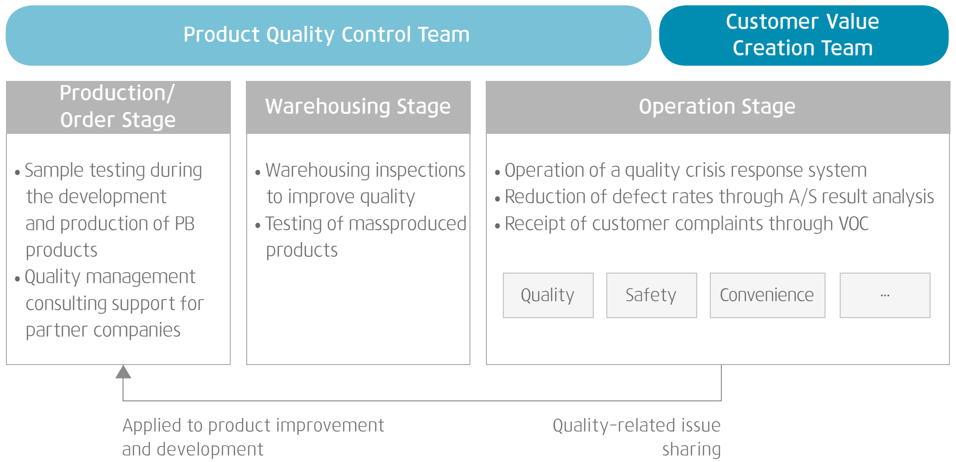
Customer Satisfaction Management System

Product Quality and Safety Management

Product Quality Management System

LOTTE HIMART has established and operates a systematic quality management process across the entire process from product development to production, operation, and after-sales management to ensure product quality and safety. During the product development and production stages, we conduct sample tests in our in-house quality test lab to select products that meet our standards. Products that pass the sample test undergo repeated performance tests to verify quality reliability and obtain the Korea Certification (KC) mark and Energy Efficiency Standard from domestic certification bodies. Before product launch, we conduct various verification tests to confirm quality conformity. After launch, we monitor monthly defect rates and promptly share any identified defects with manufacturers to implement improvement measures. In 2025, we conducted pre-sale inspections and conformity checks on a total of 93 SKUs, and no cases requiring significant improvements were identified. In addition, we continue to carry out post-quality management activities, such as providing regular feedback on A/S results and conducting annual inspections to verify the consistency of KC-certified components and compliance with energy efficiency standards.

Product Quality Management Process



Quality Risk Management

LOTTE HIMART systematically manages product quality-related risks based on preventive and follow-up management processes. Before products are sold, we re-inspect and re-review products that have completed verification to confirm that product labeling information matches certification information issued by KC certification bodies and other relevant organizations. In addition, we control and manage product quality based on verification data throughout the entire process, from product development and planning to final launch. For improvements identified during the verification process, we work with partner companies to carry out quality improvement activities, such as structural improvements and component replacements. After products are sold, we immediately respond to any product issues, analyze the cause, and apply corrective measures. When an incident is reported, we promptly retrieve the product to identify the cause, share the issue with relevant departments and the manufacturer, and establish measures to prevent additional incidents. We also conduct follow-up monitoring of improvement measures to prevent the same issue from recurring.
In addition, all PB products are covered by product liability insurance to prepare for unexpected incidents. For defects that occur within the warranty period, we provide appropriate compensation measures, such as exchanges, refunds, or free repairs, in accordance with the Criteria for Settlement of Consumer Disputes. We also use repair service data to identify products with high defect rates and conduct additional inspections in our in-house quality test lab to determine the exact cause, thereby preventing the recurrence of quality risks in PB products.

Product Quality Safety Testing

LOTTE HIMART operates an in-house quality test lab at its Chang-dong Office to conduct detailed inspections of PB products, including their performance, stability, and user convenience. Across the development, production, and operation stages of PB products, two in-house quality management specialists conduct quality inspections. We verify product safety and quality through approximately 26 test items, including power consumption, temperature rise tests, leakage current, withstand voltage tests, and product performance measurements. We also use specialized equipment, such as thermal imaging cameras and magnetic field meters, to strengthen user safety. For products directly imported from overseas factories, LOTTE HIMART works with global safety certification agencies to conduct on-site inspections of local production facilities and manage product quality. For large products that are difficult to test in-house, such as refrigerators and TVs, we conduct detailed inspections at logistics warehouses and review manufacturers' quality management standards to ensure quality reliability.


▲ Thermal Imaging Camera


▲ Magnetic Field Meter

Sustainable Supply Chain

Partner Companies Management System

Supply Chain Implementation Organization

LOTTE HIMART conducts our business based on cooperation with a wide range of partner companies and separates the roles of each organization to systematically manage risks and opportunities that may arise in the supply chain. At the partner company selection stage, the MD Group and the Corporate Culture Team evaluate and select partner companies based on objective and reasonable criteria. After selection, we provide benefits to outstanding partner companies through regular monitoring and follow-up evaluations, while implementing systematic management measures, such as restricting bidding opportunities for partner companies that do not meet the required standards. In addition, the Compliance Team reviews contracts based on the Fair Trade Code of Conduct and strengthens employees' compliance and ethical awareness through Compliance Program (CP) training. The External Relations Team operates various support programs in ESG management, finance, and education to support the continuous growth of partner companies and contribute to building a supply chain ecosystem based on mutual growth.

Supply Chain Implementation Organizational Structure

Selection and Management of Partner Companies

LOTTE HIMART operates an onboarding evaluation process to select partner companies in a fair and systematic manner. When selecting partner companies, we evaluate product sales capabilities, including product development capabilities and price competitiveness, as key criteria, while also applying comprehensive standards such as credit evaluations and operational capability assessments. Through this evaluation process, only companies that meet the required score are considered for final selection as onboarding partner companies after consultation among relevant departments.

Status of Partner Companies

Category	Unit	2023	2024	2025
Number of Partner Companies	Companies	1,640	1,244	1,518
Transaction amount with domestic partner companies	KRW 100 million	21,989	21,005	20,261
Ratio of Transactions with domestic partner companies to total purchase amount	%	99.2	99.0	98.6

INTRODUCTION
ESG MANAGEMENT
FOCUS ON MATERIAL ISSUES
ENVIRONMENTAL
SOCIAL
Human Rights Management
Talent Management
Customer-Centered Management
Sustainable Supply Chain
Safety and Health Management
Social Contribution
GOVERNANCE
ESG FACTBOOK

Sustainable Supply Chain

Partner Companies ESG Management

ESG Code of Conduct for Partner Companies

LOTTE HIMART established and publicly announced our ESG Code of Conduct for Partner Companies in 2023 following approval by the ESG Committee, in order to strengthen partner companies' ESG capabilities and prevent ESG risks that may arise in the supply chain. The Code was developed by reflecting key global guidelines, including LOTTE Group's Code of Conduct, the UN Universal Declaration of Human Rights, and the ILO Fundamental Conventions. In addition, we require partner companies to sign an agreement to comply with the Code when entering into contracts, thereby embedding compliance with ESG standards into our management system. The ESG Code of Conduct for Partner Companies is posted on the partner-company webpage, Hi-web, and LOTTE HIMART's official website, ensuring transparent disclosure of related information.

Code of Conduct for Partner Companies

Composition of Code of Conduct for Partner Companies

Environmental Protection	Respect for Human Rights	Safety Management	Compliance and Ethical Management	Management System
Compliance with environmental laws and regulations, climate crisis response, resource circulation, air pollution, water resources, hazardous chemicals	Labor laws and regulations, prohibition of discrimination, wages and benefits, working hours, humane treatment, freedom of association, protection of underage workers, prohibition of forced labor	Safety management laws and regulations, safety diagnosis status, establishment of a safety management system, safety education	Prohibition of unlawful gains, management transparency, prevention of unfair trade, subcontractor management, personal information protection, intellectual property rights protection, reporting system	Sustainable management system, risk management process

Partner Companies ESG Management System

LOTTE HIMART recognizes that, as the importance of managing supply chain ESG risks has grown, ESG management of partner companies has become an essential element for sustainable partner company operations. Considering our business structure, which involves close cooperation with a wide range of partner companies, we recognize that partner companies' ESG capabilities have a significant impact on our business operations and external reputation. Accordingly, we present ESG standards of conduct to partner companies and require them to comply with these standards, while checking their level of implementation through related assessments. In addition, we have established and operate an ESG management system that supports partner companies in actively responding to our ESG assessments and improvement measures.

ESG Risk Management System

1	Policy Development and Goals	• Establish ESG Code of Conduct for Partner Companies • Establish ESG evaluation indicators for partner companies
2	Partner Company Self-Assessment	• Use ESG evaluation indicators for partner companies • Conduct partner company self-assessments
3	Document Review and On-Site Inspection	• Review supporting documents for evaluation indicators • Conduct on-site inspections through business site visits
4	Improvement and Monitoring	• Prepare evaluation result reports • Develop comprehensive improvement plans and provide feedback

INTRODUCTION
ESG MANAGEMENT
FOCUS ON MATERIAL ISSUES
ENVIRONMENTAL
SOCIAL
Human Rights Management
Talent Management
Customer-Centered Management
Sustainable Supply Chain
Safety and Health Management
Social Contribution
GOVERNANCE
ESG FACTBOOK

Sustainable Supply Chain

Partner Companies ESG Management

Partner Companies ESG Evaluation

LOTTE HIMART systematically manages ESG risks in the supply chain and supports the enhancement of partner companies' ESG capabilities through partner company ESG self-assessment evaluations. The evaluation questions reflect factors specific to our business, such as the proportion of Grade 1 energy-efficient products, the safety environment inspection process for product installation, and distribution vehicle operation management, as well as relevant laws and regulations by area and the Code of Conduct for Partner Companies. Through ESG self-assessment evaluations, partner companies are supported in reviewing their ESG status, identifying improvement tasks, and applying them to actual management activities.

Composition of Partner Company Evaluation Indicators

Environmental Protection	Respect for Human Rights
• Composition of high energy-efficiency products • Use of eco-friendly packaging • Product waste management	• Violations related to labor and human rights • Compliance with laws related to employee wages
Safety Management	**Compliance and Ethical Management**
• Safety management manuals and training • Installation safety inspections • Safety inspections for logistics vehicles	• Ethics-related violations • Compliance with intellectual property rights and trade secrets

Partner Company ESG Support Program

LOTTE HIMART supports SME partner companies in preventing ESG risks and strengthening their management capabilities through the Partner Company ESG Support Program. Since becoming the first company in the retail industry in 2021 to sign an MOU with the Korea Commission for Corporate Partnership to support ESG management among SME partner companies, we have continued to operate the ESG support program every year. The program includes the development of customized ESG indicators and guidelines, ESG education and capability diagnosis, and support for on-site inspections and consulting, so that SME partner companies can effectively respond to global ESG requirements. Through this program, we help partner companies improve their understanding of ESG and strengthen their management capabilities. Through the 2025 support program, partner companies established ESG-related policies in areas such as environmental management policy, greenhouse gas and energy management, human rights, safety and health, ethics, and information protection, and improved deficiencies identified through the initial diagnosis. For matters requiring further improvement, they also established mid- to long-term tasks and prepared implementation directions to continuously strengthen management.

In addition, outstanding companies among the partner companies participating in the support program are issued a "Certificate for Excellent ESG SMEs" under the name of the Korea Commission for Corporate Partnership and are provided preferential benefits for financial transactions. In 2025, 25 partner companies participated in the support program, and 12 of them were issued the "Certificate for Excellent ESG SMEs." Going forward, we plan to continue supporting partner companies in strengthening their ESG management capabilities by further advancing our ESG guidelines for partner companies and expanding participation in the support program. Through these efforts, we will contribute to building a mutually beneficial ecosystem in which we grow together as true business partners.

Partner Company ESG Support Program Process

Development and Sharing of Evaluation Indicators	• Reflect global standards, domestic laws, and industry characteristics • A total of 64 indicators
Education and Capability Diagnosis	• Conduct online training • Submit a self-assessment checklist after completing the training
On-Site Consulting	• Visit business sites and review preliminary diagnosis results • Propose short-term improvement measures
Verification of Partner Company Improvements	• Verify implementation of improvements through a second visit
Issuance of Confirmation	• Certify excellent ESG SMEs and issue confirmations

Safety and Health Management

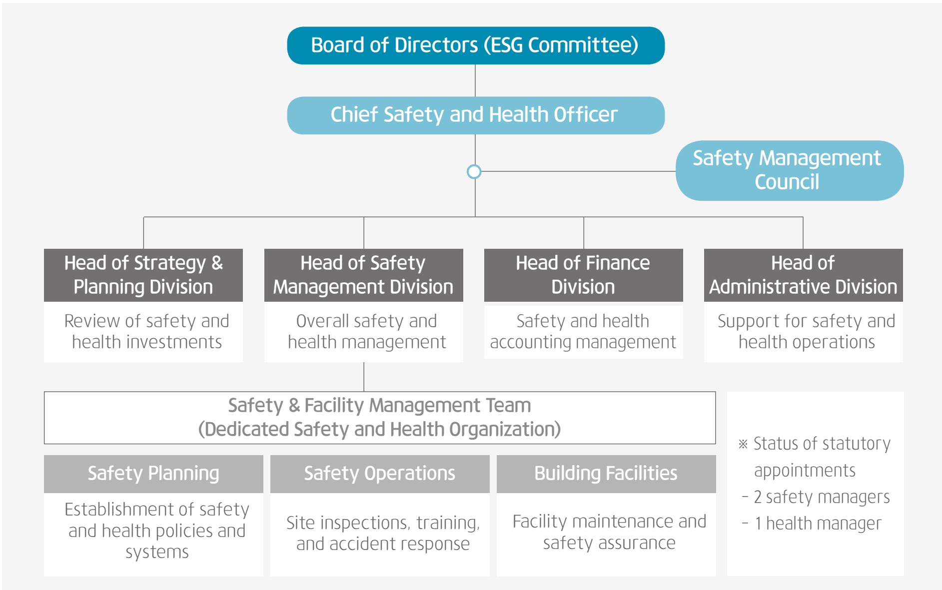
Safety and Health Management System

Organizational Structure

Safety and Health Management Organizational Structure

LOTTE HIMART operates a systematic occupational health and safety management system led by the Safety and Health Management Officer. As the highest decision-making body for occupational health and safety management, the Board of Directors regularly reviews and approves safety and health policies and strategic directions, while overseeing and supervising operational performance. Under the Chief Safety and Health Officer, each division head supports occupational health and safety activities, while the Safety & Facility Management Team within the Safety Management Division is responsible for practical operations. The team consists of functions responsible for safety planning, safety operations, and building facilities management, and carries out key responsibilities including major accident prevention, operation of the occupational health and safety management system, workplace risk assessments, and site inspections.

Safety and Health Management Organizational Structure



Safety Management Council

LOTTE HIMART operates the Safety Management Council every quarter as a key decision-making body for safety and health matters. The Council discusses key agenda items, including major facility investment plans, seasonal safety action plans for summer and winter, measures to prevent the recurrence of safety accidents, and follow-up actions. In addition, the Council shares opinions from worksites and identifies improvement tasks based on them, thereby promoting effective decision-making to create a safe working environment.

Occupational Safety and Health Committee

LOTTE HIMART holds the Occupational Safety and Health Committee once every quarter, with an equal number of employer and employee members, to deliberate and resolve safety and health issues, including industrial accident prevention policies, risk assessment results, and safety and health training plans. In accordance with the Occupational Safety and Health Act, some of the major agenda items deliberated and resolved by the Committee are submitted to the Board of Directors as reporting items, and the management and supervision system is strengthened through approval by the Board of Directors once a year. In addition, the agenda items discussed by the Committee and the results of its resolutions are transparently disclosed through the company intranet so that all employees can access them, thereby improving communication within the organization.

Regional Safety Personnel Organization

LOTTE HIMART operates a field-centered safety management system by assigning safety personnel with professional safety-related qualifications to each region. These safety personnel belong to the Safety & Facility Management Team and conduct inspections and training by visiting business sites nationwide, including stores and distribution centers, to minimize safety blind spots and strengthen active communication with worksites.

Safety and Health Management

Safety and Health Management System

Policy and Strategy

LOTTE HIMART places the safety of all stakeholders, including employees, partner companies, and customers, as its top priority and has established and operates a Safety and Health Management Policy to strengthen the company-wide safety and health system. This policy is publicly disclosed on our website, and based on this policy, we systematically carry out company-wide safety and health management activities.

Safety and Health Management Policy

Safety and Health Management Policy

Based on the core value of respect for life, all employees of LOTTE HIMART comply with the Safety and Health Management Policy through active participation and practice, and strive to help ensure healthy and pleasant lives for workers, customers, and all stakeholders.

01. Safety and Health as the Top Priority
When making major policy decisions, the company gives top priority to safety and health.

02. Establishing a Preventive Culture
We establish a culture of proactive risk prevention by identifying and improving potential risk factors across all business sites in advance.

03. Establishing a Swift Response System
Through continuous education and training, we establish an accurate and swift response system for emergency situations.

04. Active Employee Participation
We continuously provide resources to improve the safety and health environment and encourage the active participation of employees.

05. Compliance with Laws and Regulations
We strictly comply with all internal and external laws and regulations related to safety and health.

Safety-related Work Standards and Manuals

LOTTE HIMART classifies and defines the design standards for safety management manuals into fire safety, electrical safety, and architectural safety in accordance with the Occupational Safety and Health Act and related regulations and works to secure the safety of business sites from the design stage. We also reflect risk factors identified through business site safety inspections in the safety management manual each year and distribute the manual to all business sites to ensure safety management based on the same standards. In addition, we continuously revise safety management standards, construction site manuals, and other related materials by reflecting the latest laws and regulations in each relevant field and share them internally to enhance the consistency and effectiveness of our safety management system.

Safety Management Work Manuals

Safety and Health Manual	Safety rules to be followed by employees
Construction Site Safety Management Manual	Safety rules to be followed by partner companies during on-site construction work
LOTTE HIMART Safety Design and Construction Standards	Facility safety standards to be followed during construction, including new construction, relocation, renovation, and maintenance

Mid-to Long-Term Strategy and Goals

LOTTE HIMART has established mid- to long-term strategies and goals to strengthen workplace safety management. We systematically manage key indicators, including the lost time injury rate (LTIR), the number of serious accidents, and the safety and health management system certification rate.

Safety and Health Strategy and Goals

Strategy	Details	Management Indicator	Mid-to Long-Term Goals		
			2025	2026	2027
Workplace Safety Management	• Manage safety accident prevention • Enhance incident response systems • Strengthen employee awareness through training	Lost Time Injury Rate (LTIR)[1]	0.065%	0.058%	0.052%
		Number of serious accidents[2]	0 cases	0 cases	0 cases
Strengthening the Safety Management System	• Expand the scope of externally certified business sites(expand to all branches and distribution centers from 2025)	Safety and health management system certification rate for business sites	100%	100%	100%

1) Lost Time Injury Rate: (Number of injured workers/working hours of workers subject to industrial accident compensation insurance)*200,000
2) Serious accident: An industrial accident involving a severe level of harm, such as death

Safety and Health Management

Safety and Health Management System

Policy and Strategy

Safety and Health Management System Certification

LOTTE HIMART obtained ISO 45001 certification, the international standard for occupational health and safety management systems, in 2023 to protect the safety and health of employees, and has maintained the certification to date. We also continue to renew the certification and, based on this, plan to further advance our safety and health management system and related processes.

Safety and Health Management System Certification Status

Category	Status
Number of target business sites[1)]	318 sites
Number of certified business sites[2)]	318 sites
Certification rate	100%
Certification validity period	December 4, 2023 – December 3, 2026

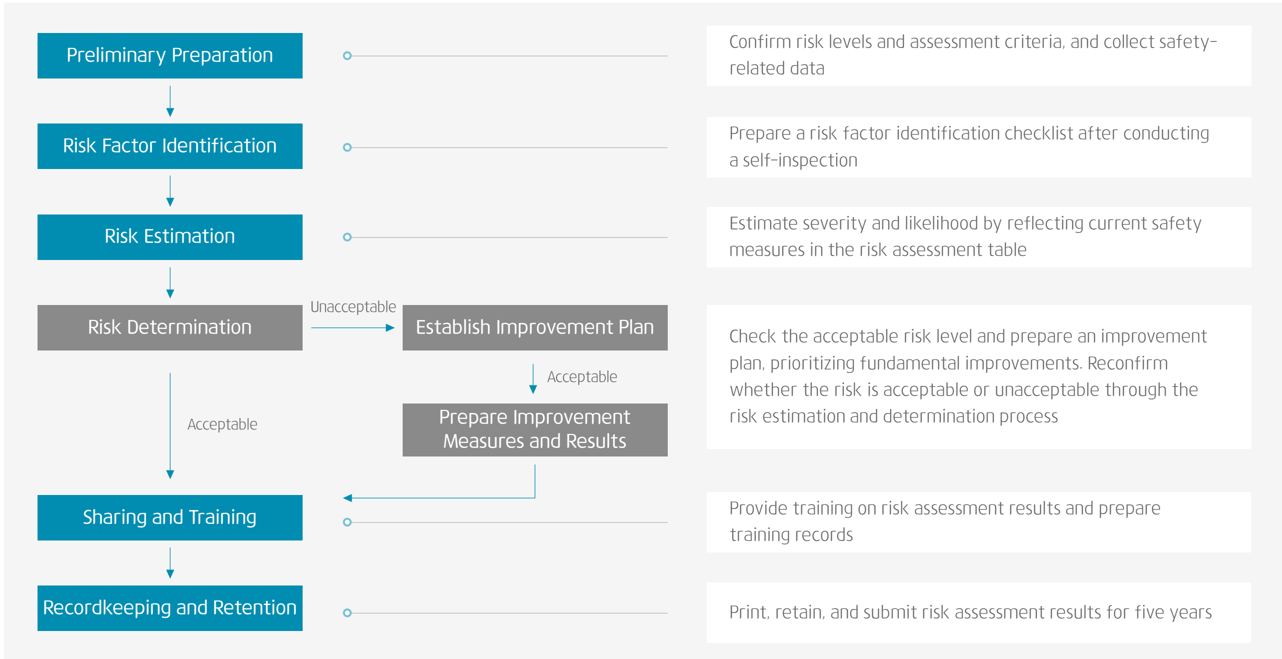
1) Number of target business sites: Selected mainly from the company's core business sites
2) Number of certified business sites: Headquarters, 11 distribution centers, 10 branches, and 296 stores

Risk Management

Risk Assessment

LOTTE HIMART conducts risk assessments at least once a year with participation from all employees to manage safety and health risks. Risk assessment is a core activity of the safety accident prevention system based on the Serious Accidents Punishment Act and the Occupational Safety and Health Act. It is aimed at identifying and improving potential risk factors at business sites in advance. We also continue to identify additional risk factors through regular safety inspections and employee feedback, and immediately implement corrective actions for identified risk factors. In addition, once every half year, we regularly review and discuss the appropriateness and effectiveness of risk assessment results and improvement measures, and comprehensively review major risk factors, necessary investments, and whether risks have recurred. Afterward, agenda items and results deliberated through management review are disclosed on the internal intranet so that all employees can review them, thereby enhancing management transparency and implementation effectiveness.

Risk Assessment Process



INTRODUCTION
ESG MANAGEMENT
FOCUS ON MATERIAL ISSUES
ENVIRONMENTAL
SOCIAL
Human Rights Management
Talent Management
Customer-Centered Management
Sustainable Supply Chain
Safety and Health Management
Social Contribution
GOVERNANCE
ESG FACTBOOK

Safety and Health Management

Safety and Health Management System

Risk Management

Operation of the Risk Rating System (RRS)

The Risk Rating System (RRS) is an internal safety management system designed to systematically manage safety levels by assessing the risk level of each business site once a year and classifying the results into five grades, from S to D. This system provides optimized safety guidance for each grade and aims to gradually improve the safety management capabilities of responsible managers. The assessment is conducted based on a total of 10 indicators, focusing on management factors excluding facility-related factors. Business sites that receive lower grades are required to strengthen their own safety management activities in accordance with the provided guidance. Through this process, we operate the system to help improve safety levels step by step.

Risk Level Assessment Indicators

On-site Visit Assessment (60%)	Fire Drill	Performance of the role of the self-defense fire brigade
	Regulatory Documents	Fire safety plan, partner company inspection, and risk assessment table
	Internal Documents	Safety manual, final closing manager, and four types of bulletin board notices
	Accident Prevention	Recurrence of deficiencies identified in the previous inspection
	Safety Signs	Posting of the safety sign inspection checklist
	Pledge Compliance	Compliance with the 2025 pledge
Monitoring Assessment (40%)	Safety Accidents	Minor incidents or above, excluding simple water leaks
	Risk Improvement Rate	Improvement measures, excluding facility-related cases
	Group System	Long-term inactivity and password errors
	Wastepaper Storage Area Management	Storage of combustible materials outside business hours

Regular Safety Inspection

LOTTE HIMART conducts systematic safety inspections across all stores and distribution centers, focusing on the early identification of potential accident risk factors at business sites and proactive improvement measures. Based on the principle of "prevention-oriented safety management," we take immediate action on matters requiring improvement identified through inspections and establish and implement fundamental recurrence prevention measures from a mid- to long-term perspective. In 2025, through safety inspections, we identified improving the effectiveness of the document management system and the timely replacement of electrical equipment that has exceeded its service life as key improvement tasks. Based on these tasks, we continue to secure facility safety and strengthen our accident prevention management.

Construction Site Safety Management

LOTTE HIMART conducts on-site inspections at construction sites at least once a week and systematically evaluates whether construction partner companies comply with safety rules. If basic safety rules are not followed, such as workers failing to wear safety helmets, we issue a warning notice. If the same partner company receives three or more warnings, we apply strict management standards, including immediate removal from the site and restrictions on future bidding participation. In addition, considering the potential risks at construction sites, we carry out thorough prevention-oriented safety management. To improve the safety level of partner companies, we conduct safety evaluations every year. If a partner company fails to meet the required score, we take necessary measures, including restrictions on bidding participation.

Safety and Health Management

Safety and Health Management System

Risk Management

Response to the Serious Accidents Punishment Act

LOTTE HIMART has established a systematic safety and health management system to provide a safe working environment for all employees. We continue to improve our safety management level with the goal of building company-wide zero-accident workplaces. All workers may stop hazardous work in accordance with stop-work standards and procedures. In the event of an emergency, they are guaranteed the right to immediately stop work and evacuate to a safe place. In addition, when reasonable grounds are recognized for such action, the Safety and Health Management Officer applies the principle of not imposing any disadvantageous treatment, such as disciplinary action, on workers who stop work. We also prevent similar cases from recurring through procedures such as removing the relevant risk factors and establishing recurrence prevention measures. When necessary, we continue to improve our safety and health management system.

Safety and Health System for Preventing Serious Accidents

No.	Details
1	Establish company-wide safety management regulations and manuals
2	Assign safety managers by region
3	Conduct company-wide safety inspections and improve 100% of risk factors twice a year
4	Conduct theme-based inspections by period and issue
5	Conduct and improve risk assessments for all business sites
6	Operate the Occupational Safety and Health Committee
7	Conduct regular safety and health training for employees and supervisors
8	Conduct safety inspections for construction site workers and inspect the safety status of facility construction
9	Conduct safety accident prevention campaigns and education and training
10	Operate the SAFE MASTER program to develop internal safety experts, etc.

Accident Response Process

LOTTE HIMART operates a systematic accident response process for all business sites and employees. The accident response process consists of five stages: situation awareness, initial response, cause investigation, development of countermeasures, and closure. The tasks to be performed at each stage are clearly defined. Led by the Safety and Health Management Officer, the Safety & Facility Management Team oversees and operates accident and emergency response activities. To prevent the recurrence of accidents, we also conduct company-wide sharing and training for all employees. In addition, to respond quickly to emergency situations such as accidents and natural disasters, we establish and evaluate emergency scenarios. Based on these scenarios, we regularly conduct emergency response education and drills at least once a month.

Accident Response Process Flowchart

1	Situation Awareness	Immediately report after the business site manager in charge takes initial measures
2	Initial Response	Share accident information with the person in charge and take necessary action
3	Cause Investigation	Investigate the cause of the accident and identify the damage status
4	Development of Countermeasures	Establish measures to prevent similar accidents and recurrence
5	Closure	Report results and share them across all business sites

Safety and Health Management

Safety and Health Management Activities

Safety and Health Training

LOTTE HIMART operates a systematic safety and health training program to raise safety awareness among all employees. We designate the first day of every month as "Safety Inspection Day" and conduct regular inspection activities, and we carry out fire and earthquake evacuation drills led by the in-house fire brigade. In addition, we operate "Safety Education Month" to provide training on the prevention of and response to accidents that may occur during work, including CPR, electrical safety, and fire safety. To continuously maintain and manage our Occupational Safety and Health Management System (ISO 45001), relevant departments also provide internal auditor training, thereby strengthening safety and health management capabilities.

Safety Training Program

Frequency	Target	Details
As needed	All employees	Training on accident cases and prevention measures; training on seasonal risk factors, including fire prevention and storm and flood damage
Monthly	All employees	Fire and earthquake evacuation drills
Quarterly	Business site managers	Business site safety management training
Semiannually	Supervisors	Supervisor training
	Department-level safety and health managers	ISO 45001 internal auditor training
	Other employees	Occupational Safety and Health training
Annually	Employees in managerial positions	Training to improve awareness of safety management

SAFE MASTER Qualification Program

LOTTE HIMART operates the "SAFE MASTER" qualification program to foster specialized personnel equipped with proper safety knowledge and practical response skills. The program was the first in the industry to receive certification from the Human Resources Development Service of Korea, and its qualification exam consists of written and practical assessments across four subjects: safety and health, fire safety, electrical safety, and first aid. Since 2023, we have expanded the program to all employees to enhance safety expertise and awareness. As of December 2025, a total of 928 SAFE MASTER-certified employees were active.

▲ SAFE MASTER Certification Exam

Employee Health Management

LOTTE HIMART operates a health management room at the Headquarters, where a health manager is stationed, to strengthen employee health management and follow-up care. We also provide annual comprehensive health checkups for all employees to prevent work disruptions caused by health issues and improve their quality of life. For employees with abnormal findings in their checkup results, we provide continuous follow-up and tracking management through consultations. In addition, we support health checkups for the spouses or immediate family members of employees in positions at the store manager level or above, as well as employees aged 40 or older, thereby contributing to the health of employees' families.

Safety and Health Management

Safety and Health Management Activities

Partner Company Safety Management

Support for Partner Companies in Establishing Occupational Safety and Health Management Systems

LOTTE HIMART provided support for the consulting and audit costs required to obtain ISO 45001 certification, the occupational health and safety management system standard, to help partner companies establish their own safety and health management systems. Through this support, partner companies have laid a foundation for identifying and managing in advance various risk factors that may arise during business operations, and can secure more systematic safety and health management and a stable operating environment.


심 사 보 고 서


심 사 보 고 서

Partner Company Safety and Health Management

LOTTE HIMART contributes to creating a safe working environment for our partner companies through various support activities. To this end, we hold a Safety and Health Council meeting once a month to promptly share the status of safety management at business sites and legal issues, and to carry out improvement activities for identified issues. We also hold meetings at least once a year with partner companies that manage key facilities such as fire and electrical systems or perform high-risk work. Through these meetings, we listen to difficulties that arise during work and actively provide support for areas requiring improvement. In addition, we provide supplies and training materials needed for fire safety education and drills to strengthen the safety capabilities of partner companies. We also conduct safety level evaluations to manage qualified contractors among partner companies that perform hazardous work, such as construction, facility management, and maintenance. If an evaluation score falls below the required standard, we apply penalties for a certain period and carry out systematic management activities.

Partner Company Safety and Health Support Activities

Operation of Regular Meetings	Safety and Health Council, partner company meetings, and joint inspections with partner companies
Provision of Work Manuals and Guides	Provision of distribution center safety management manuals and risk assessment guides
Facility Management and Inspections	Management of fire safety management plans, support for fire inspections, and management of wastewater treatment facilities

VR Safety Experience Training

LOTTE HIMART operates a VR Safety Experience Training Center at our distribution center. The training is designed to allow employees to experience various safety incident scenarios that may occur during product distribution and installation in a virtual environment. Through this program, we help employees systematically build the capabilities needed to respond appropriately in the event of an incident. In addition, experience-based training raises awareness of safety incident prevention and contributes to improving safety awareness at work sites.

Social Contribution

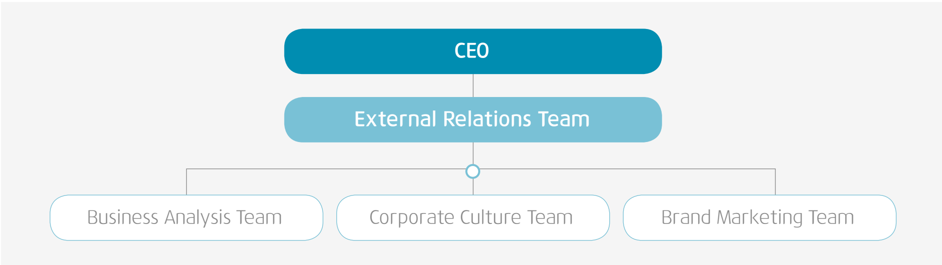
Social Contribution Framework

Organizational Structure and Strategy

LOTTE HIMART carries out social contribution activities centered on the External Relations Team, our dedicated organization for social contribution, while management regularly monitors reported performance. The External Relations Team establishes the direction and mid- to long-term goals for social contribution with the aim of actively fulfilling social responsibilities and contributing to a sustainable society. We also operate donation programs in which both the company and employees participate, and systematically carry out a wide range of social contribution activities.

LOTTE HIMART has set children as the main beneficiaries of our social contribution programs. Based on this direction, we plan and operate programs that use our core capabilities under themes linked to our business, including home appliances and science. In addition, to operate social contribution activities with high social value, we review the performance measurement system for each activity and quantitatively measure and manage the social value created by selected activities.

Social Contribution Organizational Structure



Key Partner Organizations

Partner Organization	Details of Cooperation
Community Chest of Korea	• Discuss programs using employee donations • Match and support implementing organizations suited to the nature of each program
ChildFund Korea	• Plan programs such as the Hi-Science Concert & Science Class and the Happy Three-Generation Campaign • Plan and operate other social contribution programs and support projects

Social Contribution Strategy

Goal

Contribute to the Development of a Sustainable Society by Actively Fulfilling Social Responsibilities

Brand

Hi

We reach out first and say 'Hi' to neighbors in need.
We help neighbors in need live in a higher-quality 'High' environment.

Strategic Direction

Spread a Culture of Sharing	A World Where Children Are Happy
Coexist with local communities through the active participation of employees	Social contribution activities for children centered on science themes

Representative Programs

Happy Three-Generation Campaign	Hi-Science Concert & Science Class

Mid- to Long-Term Operational Goals

Category		2026	2027	2028
Number of Support Activities		6	6	8
Number of Sponsored Children		200	200	200
Science Concert	Number of Events Held	1	1	2
	Number of participating children	150	150	200
Science Class	Number of Events Held	2	2	4
	Number of participating children	200	200	400

Social Contribution

Social Contribution Activities

LOTTE HIMART continues to operate various social contribution programs, including the "Happy Three-Generation Campaign," which supports grandparent-headed families based on employee donations, as well as the "Hi-Science Concert" and "Hi-Science Class." We also carry out a range of donation-based and participation-based social contribution activities, including participation in the "Super Blue Marathon" to improve awareness of people with disabilities.

2025 Major Social Contribution Activities and Performance

(Unit: KRW million)

Category	Happy Three Generation Campaign	Hi-Science Concert / Science Class / Ecological Exploration	Super Blue Marathon
Details	Regular support for daily necessities	Hosting of Hi-Science Concert and Science Class	Support for prizes for marathon winners
Input	220	110	1.8
Performance	220	110	5.2

※ Input: Donation amount
※ Performance: Beneficiary cost savings, based on the value of in-kind support.

▲ Happy Three-Generation Campaign

▲ Super Blue Marathon

▲ Hi-Science Concert

▲ Hi-Science Class

Happy Three-Generation Campaign

Since 2006, LOTTE HIMART has operated the "Happy Three-Generation Campaign," which forms sponsorship relationships with children from grandparent-headed families who live with their grandparents without parental care and provides them with regular support. The campaign has been funded by voluntary employee donations and contributes to the stable living conditions of grandparent-headed families by providing daily necessity kits every other month. Through this campaign, we help improve the living environment of children from vulnerable groups and provide ongoing emotional support.

2025 Happy Three-Generation Campaign Operation Status

Number of Sponsored Children per Year	Annual Sponsorship Amount for Sponsored Children
200 children	KRW 100 million

Operation of Science Culture Programs for Children: Hi-Science Concert, Science Class, and Ecological Exploration

"Hi-Science Concert & Hi-Science Class" is a science education program that helps children learn the scientific principles applied to home appliances in an easy and engaging way. It is one of LOTTE HIMART's representative social contribution activities and has been operated every year since 2018. "Hi-Science Concert" provides children with new and enjoyable experiences through science. "Hi-Science Class" is operated as an outreach education program that visits local children's centers nationwide, helping children with relatively limited educational opportunities easily understand scientific principles. In addition, we contribute to creating quality jobs by hiring instructors for Science Class mainly from among women whose careers have been interrupted.

In addition, in 2025, we newly introduced "Hi-Ecological Exploration," a nature and biodiversity exploration education program. This hands-on program is held at Yangjaecheon Stream near the Headquarters, where children observe various living organisms, including insects and birds, together with professional researchers. The program also contributes to biodiversity research by providing exploration results to research institutions.

Number of Participants by Science Culture Program in 2025

Science Concert	Science Class	Ecological Exploration
170	200	30

GOVERNANCE

Governance 101
Ethics and Compliance Management 109

Governance

Board Composition and Operations

Board Composition

LOTTE HIMART's Board of Directors consists of seven directors in total, including three internal directors and four external directors, one of whom is female, and meets the board composition requirements under the Commercial Act. In addition, for prompt decision-making and efficient organizational operations, the CEO has been elected as Chair of the Board in accordance with internal regulations and concurrently serves in this role. Board members have diverse capabilities and expertise in their respective fields and make decisions based on independent judgment, free from financial interests with the company. As our highest decision-making body, the Board deliberates and resolves matters related to basic management policies and key business affairs, while overseeing the execution of duties by management. In addition, relevant departments, including the External Relations Team and HR Strategy Team, provide the information and resources needed to support the Board in performing its duties professionally and efficiently.

Board Independence

LOTTE HIMART appoints external directors from among candidates whose independence has been verified and who have been recommended by the Nomination Committee to ensure fair and transparent appointment of external directors. In addition, independent external directors reviewed by the Nomination Committee make up a majority of the Board, establishing a Board operation system centered on external directors. Through this structure, we enable the Board to faithfully perform its core role of overseeing and checking management.

Senior External Director System

The Senior External Director system supports balanced Board operations and mutual checks by appointing a Senior external director to represent the external directors. The Senior external director is responsible for convening and chairing external director meetings, requesting support to improve the efficiency of Board operations, and supporting system improvements to strengthen the accountability of external directors. LOTTE HIMART introduced the Senior External Director System in March 2024 to institutionally ensure the independence of external directors. In March 2026, Director Il Joo Kim was elected as the Senior external director through consultation among the external directors, and we have been operating the system accordingly.

Board Diversity

LOTTE HIMART has appointed one female external director to the Board. We also seek to build a Board composed of members with diverse backgrounds, including gender, experience, and nationality, and strive to respond flexibly to the changing business environment based on diverse perspectives and experience. Going forward, we plan to appoint directors based on capabilities such as expertise and accountability, without being limited by gender or other criteria.

Board Expertise

To protect the rights and interests of stakeholders and enhance corporate value, directors with expertise and capabilities are appointed. Accordingly, the Board is composed of experts in various fields, including finance, accounting, law, and risk management, enabling multifaceted decision-making. In addition, we provide training on various topics to help external directors better understand the business and support them in fulfilling their roles responsibly.

Board and Committee Training Status

Training	Details	External Director Attendance Rate
External Director ESG Training	Climate change response and greenhouse gas management	100%
LOTTE HIMART On-Site Board Meeting	Introduction to the new-concept mobile-specialized store, Motopia Godeok Branch	100%
LOTTE Group External Director Conference	Strengthening understanding of the Group and sharing future strategies	100%
Audit Committee Member Conference	Changes in governance systems and the need to advance internal control	100% (Audit committee members)

Governance

Board Composition and Operations

Board Skill Matrix

(As of March 2026)

Category		Internal Director				External Director		
		Chang Hee Nam	Young Hyeok Kim	Sang Yoon Park	Il Joo Kim	Kang Soo Lee	Kwang Yun Byun	Mi Kyung Jang
Expertise	Leadership (e.g., CEO, CFO)	●	●	●	●	●	●	●
	Finance/Accounting			●		●		●
	Risk Management	●	●	●	●	●	●	●
	Global Business	●	●		●			
	ESG				●	●	●	
	Marketing / Brand Strategy	●			●		●	
	E-commerce	●			●		●	
First Appointment Date		2023.03.27	2025.03.20	2022.03.22	2024.03.25	2024.03.25	2026.03.19	2026.03.19
Year of Birth		1966	1972	1971	1967	1968	1969	1964
Gender		Male	Male	Male	Male	Male	Male	Female
Position		CEO	Internal Director	Head of Finance Division	Chairperson of the ESG Committee	Chairperson of the Audit Committee Chairperson of the Remuneration Committee	Chairperson of the Transparency Management Committee	Chairperson of the Nomination Committee
Key Career Highlights		Former) CEO of Super Business Division, LOTTE Shopping	Current) Team leader of Management Innovation Team 2, LOTTE Holdings	Former) Team leader of Finance Team 1, Financial Innovation Office, LOTTE Holdings	Former) Head of the Global Marketing Center, LG Electronics	Current) Deputy CEO of Dasan Accounting Corporation	Current) CEO of New Wave Commerce	Former) Vice President of the Credit Management Division, NH NongHyup Capital

1) Directors Sang Yoon Park, Kang Soo Lee, and Il Joo Kim were reappointed.
2) Expiration of Directors He Ri Choi's, Jin Young Kim's, and Dae Sik Hong's terms.
On March 19, 2026, Mi Kyung Jang and Kwang Yun Byun were appointed as directors. (Kwang Yun Byun's term of office commenced on March 31, 2026)

Governance

Board Composition and Operations

Board Operations

The Board is convened once every quarter by the Chair of the Board in accordance with Article 31 of the Articles of Incorporation. When urgent agenda items arise, the Board holds ad hoc meetings. A Board meeting is duly constituted with the attendance of a majority of directors, and resolutions are passed with the approval of a majority of directors present. To prevent any specific interested party from gaining benefits or suffering disadvantages, directors with a special interest in a given agenda item are restricted from exercising voting rights on that item. Matters discussed and resolved by the Board are recorded and managed in the meeting minutes.

Board Operations Status in 2025

Number of Meetings Held	Agenda Items	External Director Attendance Rate
13	39	98.5%

Major Board Approvals and Reports in 2025

No.	Date	Major Agenda Items
1	2025-01-03	• 2025 safety and health operation plan
2	2025-02-05	• Approval of the 38th fiscal year financial statements and business report • Approval of the 2025 business plan • Report on the operation status of the 2024 Internal Accounting Management System • Report on asset sale • Matters approved by the Transparency Management Committee
3	2025-02-19	• Approval of changes to the 38th fiscal year financial statements • Convocation of the 38th Ordinary Shareholders' Meeting and decision on meeting agenda items • Change of the Fair Trade Compliance Officer • Report on the Audit Committee's evaluation of the Internal Accounting Management System
4	2025-03-20	• Appointment of CEO • Matters approved by the Remuneration Committee • Report on the 2024 Board evaluation process • Launch of new PB brand and channel diversification plan
5	2025-04-24	• Report on Q1 2025 financial statements • Report on plan to propose a new purchasing experience: HIMART Subscription • Report on the results of the 2024 Board evaluation
6	2025-05-22	• Report on plan to establish experience-based specialty stores • Report on land sale of Bongseon Branch
7	2025-06-26	• Approval of LOTTE RMN business contract • E-commerce progress and future plans • Apple repair service implementation plan • Matters approved by the ESG Committee
8	2025-07-24	• Establishment of compliance and anti-bribery policies and appointment of Compliance Officer for the introduction of integrated ISO 37001 & 37301 certification • Delegation of authority to the CEO for bond issuance in 2025 • Report on H1 2025 financial statements • Plan to propose a new purchasing experience: resale • Preparations related to amendments to the Commercial Act • Report on the operation status of the Fair Trade Compliance Program
9	2025-09-25	• Report on the status and plan of visiting consulting • Report on preparations related to the new government's labor policy • Report on management review of the anti-bribery and compliance management systems
10	2025-10-30	• Report on Q3 2025 financial statements • Disclosure of implementation status of the corporate value enhancement plan
11	2025-11-20	• 2026 business strategy • Results of the Fair Trade CP Committee
12	2025-11-26	• Report on 2026 executive appointments
13	2025-12-18	• Impact of the introduction of IFRS 18 and response measures • Matters approved by the ESG Committee

Governance

Board Composition and Operations

Committees under the Board

LOTTE HIMART has composed each committee under the Board entirely of external directors to ensure its independent operation. In addition, each committee consists of experts with experience and expertise aligned with the purpose of its establishment, thereby enhancing the professionalism of decision-making.

Committee Roles and Composition

Committee	Members	Key Roles
Audit Committee	Kang Soo Lee(Chairperson), Kwang Yun Byun, Mi Kyung Jang	• Investigate the Company's business affairs and property status • Approve Internal Accounting Management Regulations and evaluate their operation status • Perform other audit-related duties of the Company
Transparency Management Committee	Kwang Yun Byun(Chairperson), Il Joo Kim, Kang Soo Lee	• Review and approve large-scale internal transactions • Grant prior approval for transactions with the Company's largest shareholder and specially related parties
Nomination Committee	Mi Kyung Jang(Chairperson), Kwang Yun Byun, Il Joo Kim	• Recommend external director candidates • Form and review the external director candidate pool
Remuneration Committee	Kang Soo Lee(Chairperson), Kwang Yun Byun, Mi Kyung Jang	• Determine the remuneration and performance-based reward system • Establish and revise standards for executive remuneration and performance-based rewards • Determine executive compensation payments
ESG Committee	Il Joo Kim(Chairperson), Kang Soo Lee, Mi Kyung Jang	• Establish ESG management strategies and policies • Review and approve major ESG implementation plans • Manage and oversee ESG activities

Audit Committee

LOTTE HIMART includes members with extensive experience in accounting and finance to ensure the expertise of the Audit Committee. In accordance with the Audit Committee Regulations, the Audit Committee consists of three external directors and is operated so that it can perform its roles and responsibilities from an independent position. To appoint Audit Committee members with expertise, we specify the qualifications for Audit Committee members in Article 7 of the Audit Committee Operating Regulations. When selecting Audit Committee candidates, we review whether they have expertise in areas such as law, accounting, and finance. We also provide training necessary for the Audit Committee to perform its audit duties. In 2025, training was conducted on changes in governance systems and the need to advance internal control.
The Audit Committee performs duties such as internal audit activities, approval of the appointment of external auditors, and evaluation of the operation status of the Internal Accounting Management System. In February 2026, we introduced a procedure requiring the Audit Committee's consent for the appointment and dismissal of members of the internal audit (support) department, thereby enhancing the independence of the audit organization and the transparency and objectivity of audit activities. In addition, the Audit Committee receives support from the Compliance Officer, related support organizations, and the Internal Accounting Team. The Audit Committee Operating Regulations also expressly grant the Committee the authority to seek assistance from external experts at the company's expense.

Audit Committee Composition

Composition		Key Career Highlights	Notes
Position	Name		
Chairperson	Kang Soo Lee	• Executive Director of KPMG Samjong Accounting Corp.(2000~2017) • Auditor of Parkyoung Academy(2016~2019) • Deputy CEO of Dasan Accounting Corporation (2017~Present)	Accounting Expert
Member	Kwang Yun Byun	• Chair of the Korea Online Shopping Association (2017~2021) • Vice Chair of the Korea Internet Corporations Association (2019~2021) • CEO of New Wave Commerce (2021~Present)	-
Member	Mi Kyung Jang	• Executive Vice President of the Treasury Division, NH NongHyup Bank(2018~2020) • Executive Vice President of the Credit Review Division, NH NongHyup Bank(2020~2021) • Vice President of the Credit Management Division, NH NongHyup Capital(2021~2021)	-

INTRODUCTION
ESG MANAGEMENT
FOCUS ON MATERIAL ISSUES
ENVIRONMENTAL
SOCIAL
GOVERNANCE
Governance
Ethics and Compliance Management
ESG FACTBOOK

Governance

Board Composition and Operations

Committees under the Board

External Auditor

LOTTE HIMART is regularly audited by an independent external auditor to ensure the transparency and fairness of its accounting information. When appointing an external auditor, the Audit Committee comprehensively considers factors such as the auditor's size, audit capabilities, independence, and industry expertise. In addition, meetings are held with the Audit Committee to review the audit details and quality.

Audit Opinion

Fiscal Year	Auditor	Audit Opinion	Note
39th(2025)	Samil PwC	Unqualified	None
38th(2024)	Deloitte Korea	Unqualified	None
37th(2023)	Deloitte Korea	Unqualified	None

Board Performance Evaluation

LOTTE HIMART conducts a self-evaluation of the overall Board of Directors once a year. The evaluation covers five areas: the Board's roles and responsibilities, structure, operation, evaluation system, and committees under the Board, and is conducted based on a total of 32 detailed items. Each committee is also evaluated once a year, focusing on compliance with regulations, independence, and expertise.

External Director Evaluation

The evaluation of external directors is conducted by regularly reviewing whether external directors appropriately fulfill their roles and responsibilities in accordance with relevant laws and internal regulations, followed by a final evaluation once a year. The evaluation consists of four categories: contribution to the Board, influence, expertise, and active participation, ensuring an objective assessment. The results are used to improve the efficiency of external director activities and related support, as well as to review reappointment after the end of their terms.

Internal Director Evaluation

The evaluation of internal directors is calculated by reflecting financial indicators such as operating profit and the sales target achievement rate, as well as non-financial indicators such as ESG performance and compliance with laws and regulations, and is conducted once a year through evaluations by division. In particular, in July 2021, LOTTE Group announced the ESG Statement, which reflects ESG management performance in the performance evaluation of CEOs of group companies to strengthen and systematically manage ESG management across the group. Based on this, ESG-related items account for approximately 10% of the CEO's key performance indicators (KPIs).

2025 CEO ESG KPIs

Category	Details
Environmental	Strengthening eco-friendly products and services; advancing greenhouse gas data management; implementing the carbon neutrality roadmap
Social	Advancing the human rights management system; managing information protection operations
Governance	Activating the ESG Committee
Other	Advancing ESG disclosure

Governance

Board Composition and Operations

Board Remuneration

The Remuneration Committee is responsible for establishing and revising remuneration standards for Board members, reviewing the Board's remuneration system, and determining remuneration payments. The Committee is composed entirely of external directors to enhance the independence and transparency of remuneration decision-making, and it annually approves the individual remuneration of internal directors and reports it to the Board of Directors. In addition, director remuneration is reasonably determined and paid within the remuneration limit approved at the General Meeting of Shareholders, comprehensively taking into account the responsibilities, risks, and time commitment involved in performing their duties.

Internal Director Remuneration

LOTTE HIMART determines the base salary of internal directors by considering factors such as human resource management regulations, executive roles and contributions, and professional expertise. We then determine internal director remuneration by incorporating performance-based incentives reflecting the results of performance evaluations.

Criteria for Calculating Internal Director Remuneration

Category	Details
Salary	Calculated in consideration of the executive's contribution to their role, expertise, and other relevant factors
Bonus	Calculated in consideration of financial indicators, such as operating profit and sales target achievement rate, as well as non-financial indicators, such as ESG performance, compliance management, and consumer satisfaction indicators
Stock Options	Calculated as performance-linked compensation tied to management performance targets or market indices
Other Earned Income	Paid in accordance with employee benefit standards

External Director Remuneration

LOTTE HIMART sets fair remuneration levels for external directors by taking into account the level of their legal responsibilities, the size of the company, and other relevant factors. Through the Remuneration Committee, we review the appropriateness of external director remuneration and ensure that remuneration is determined at a reasonable level by comprehensively reflecting the responsibilities, risks, and time commitment involved in performing their duties. In addition, to prevent any potential impairment of the independence of external directors, we apply the principle of not linking evaluation results to remuneration.

Governance

Shareholder-Friendly Management

Stock Issuance and Voting Rights

As of December 31, 2025, the total number of issued shares of LOTTE HIMART was 23,607,712, all of which were common shares. The largest shareholder is LOTTE Shopping Co., Ltd., which holds a 65.25% stake. We hold 472,000 treasury shares, representing 2% of total issued shares, and do not grant voting rights to treasury shares. We also operate an Employee Stock Ownership Association to motivate employees, and as of the end of 2025, the association held 30,652 shares.

Types of Shares and Voting Rights

(Unit: shares)

Category	Type of Shares	Number of Shares	Note
Total Number of Issued Shares	Common Shares	23,607,712	-
Number of Shares without Voting Rights	Common Shares	472,000	Treasury Shares
Number of Shares with Exercisable Voting Rights	Common Shares	23,135,712	-

Shareholder Return Policy

LOTTE HIMART continues to strengthen our shareholder return policy, including paying dividends at the end of each fiscal year, so that enhanced corporate value can lead to increased shareholder value. In addition, since 2017, we have excluded the impact of one-off gains and losses, such as goodwill impairment, when calculating dividends, and aim to maintain a dividend payout ratio of approximately 30% based on net income.

Dividend Payments by Year

Business Year	Stock Type	Cash Dividend		
		Dividend per Share[1]	Total Dividend	Dividend Yield[2]
2025	Common Stock	KRW 300	KRW 6.9 billion	4.1%
2024	Common Stock	KRW 300	KRW 6.9 billion	4.1%
2023	Common Stock	KRW 300	KRW 6.9 billion	2.9%

1) Dividend per share refers to the total annual amount paid per share.
2) Dividend yield refers to the ratio of the dividend per share to the arithmetic average of the closing prices formed on the exchange market during the one-week period immediately preceding the date two trading days before the shareholder registry closing date.

Shareholders' Rights Protection

Notice of Shareholders' Meeting

LOTTE HIMART provides notices and public announcements when convening a General Meeting of Shareholders, including the date, time, venue, and agenda items of the meeting, in accordance with Article 363 of the Commercial Act and Article 18 of the Articles of Incorporation. We provide such notices and announcements at least three weeks in advance, earlier than the statutory deadline of two weeks before the General Meeting of Shareholders, to inform shareholders in advance of key information related to the meeting, including the venue, agenda items, and schedule. Through this, we help ensure that shareholders have sufficient time to review the agenda items. However, for the Extraordinary General Meeting of Shareholders held in January 2025, the notice was provided two weeks before the meeting in accordance with the statutory notice period under the Commercial Act to enable the prompt review and implementation of new business initiatives.
We also disclose information related to the General Meeting of Shareholders, including the date of the meeting and agenda items, through the Financial Supervisory Service's Data Analysis, Retrieval and Transfer System (DART) and the Korea Exchange's Korea Investor's Network for Disclosure System (KIND) on the same day that the Board of Directors resolves to convene the General Meeting of Shareholders, under the disclosure title "Resolution to Convene General Meeting of Shareholders."
In addition, we issue a public notice of the General Meeting of Shareholders and provide separate notices to shareholders holding 1% or more of shares through methods such as registered mail, thereby supporting shareholders in exercising their voting rights after fully reviewing the agenda items.

e-Voting System

LOTTE HIMART has been operating the e-voting system since the 2016 Ordinary Shareholders' Meeting to help shareholders exercise their voting rights more easily. At the March 2026 Ordinary Shareholders' Meeting, 312,201 shares, representing 1.93% of shares with voting rights, were voted through the e-voting system.

Governance

Shareholder-Friendly Management

Shareholders' Rights Protection

Strategic Choice of Shareholders' Meeting Date

LOTTE HIMART aims to encourage greater participation by shareholders, including minority shareholders, by holding our Ordinary Shareholders' Meeting outside the March concentration dates for listed companies. The Ordinary Shareholders' Meeting in March 2026 was also held outside the concentration dates for shareholders' meetings (① March 25, ② March 27, ③ March 30) for the convenience of shareholders and to encourage greater participation from minority shareholders.

Proxy Solicitation System for Exercising Voting Rights

LOTTE HIMART requests the Korea Securities Depository to conduct proxy solicitation to ensure the effective exercise of shareholders' voting rights. In addition, we provide individual notices on matters related to the General Meeting of Shareholders to shareholders holding 1% or more of shares.

Transparent Disclosure

LOTTE HIMART strives to provide shareholders and market stakeholders with accurate and timely information on our overall management. When major management matters are decided by the Board of Directors or its committees, or when matters that may have a material impact on investment decisions occur, we promptly disclose the relevant information to the market. In recognition of our transparent communication with external investors, based on continuous compliance management and shareholder-friendly governance practices, we were selected by the Korea Exchange as an "Excellent Company for Corporate Governance Report Disclosure 2025" in December 2025.

Status of Shareholders' Meetings

Category	39th Ordinary Shareholders' Meeting	38th Ordinary Shareholders' Meeting	Extraordinary Shareholders' Meeting	37th Ordinary Shareholders' Meeting
Whether Ordinary Shareholders' Meeting	Yes	Yes	No	Yes
Date of Resolution to Convene	2026-02-25	2025-02-19	2024-11-21	2024-02-20
Date of Notice of Convocation	2026-02-25	2025-02-19	2024-12-18	2024-02-21
Date of Shareholders' Meeting	2026-03-19	2025-03-20	2025-01-03	2024-03-25
Venue	Headquarters / Seoul	Headquarters / Seoul	Headquarters / Seoul	Headquarters / Seoul
Whether Shareholders' Meeting Concentration Dates Were Avoided	Yes (①3/25, ②3/27, ③3/30)	Yes (①3/21, ②3/27, ③3/28)	-	Yes (①3/22, ②3/27, ③3/29)
Whether Written Voting Was Conducted	No	No	No	No
Whether e-Voting Was Conducted	Yes	Yes	Yes	Yes
Whether Proxy Solicitation Was Conducted	Yes	Yes	Yes	Yes

INTRODUCTION
ESG MANAGEMENT
FOCUS ON MATERIAL ISSUES
ENVIRONMENTAL
SOCIAL
GOVERNANCE
Governance
Ethics and Compliance Management
ESG FACTBOOK

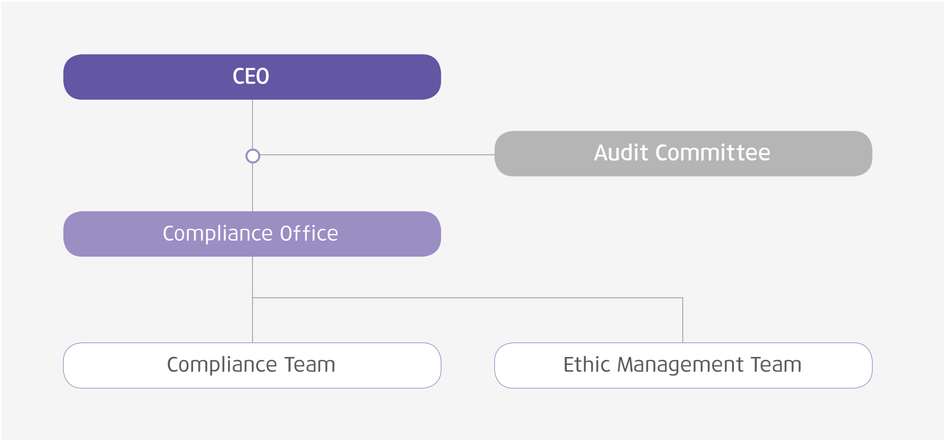
Ethics and Compliance Management

Ethics and Compliance Management System

Organization Structure

LOTTE HIMART has established the Compliance Office under the direct supervision of the CEO and operates the Ethic Management Team and the Compliance Team under it, in order to ensure the authority and independence of the ethics management organization and its members. The Ethic Management Team reports major anti-corruption and compliance issues, internal audit activities, and future internal audit plans to the Audit Committee under the Board of Directors once a quarter, and takes appropriate follow-up measures. The team also conducts internal audit activities, improves related systems, provides ethics training and campaigns to raise employees' ethical awareness, and improves the data monitoring system to prevent unethical conduct. To prevent risks of legal violations, the Compliance Team obtained integrated certification from the Korea Compliance Certification Institute (KCCA) for ISO 37001 (Anti-Bribery Management System) and ISO 37301 (Compliance Management System), international standards developed by the International Organization for Standardization (ISO), and conducts fair trade-related monitoring and employee training.

Ethics and Compliance Management Organizational Chart



Policy and Operating System

Anti-Corruption and Compliance Management Policy

LOTTE HIMART revised its compliance management policy with the approval of the Board of Directors in April 2022. The Anti-Corruption and Compliance Management Policy newly established and strengthened key anti-corruption standards, including the prohibition of money laundering, the prohibition of receiving facilitation payments, and the explicit stipulation of regulations related to third parties. In addition, the Anti-Corruption Compliance Regulations reflect the amendments to the Act on the Prohibition of Improper Solicitation and the Receipt of Money, Goods, etc., which took effect in June 2022, and expand the scope of prohibited improper solicitation and the permitted standards for congratulatory and condolence expenses.

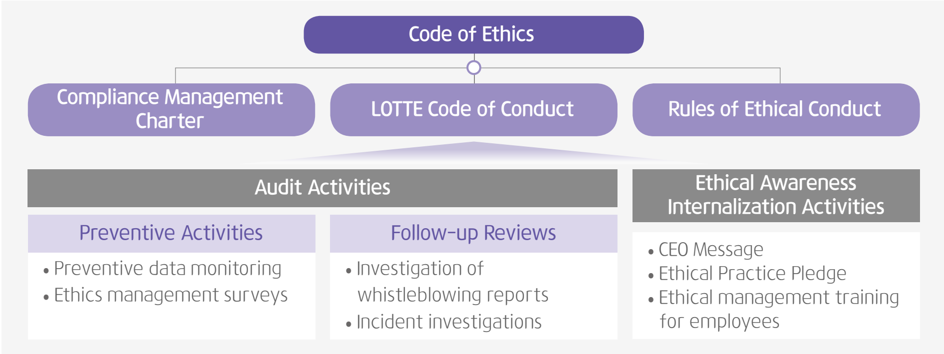
LOTTE HIMART Anti-Corruption and Compliance Management Policy

Rules of Ethical Conduct and Code of Conduct

LOTTE HIMART presents the standards for proper behavior and the principles of value-based judgment that all employees must follow through the LOTTE HIMART Rules of Ethical Conduct. These rules were established based on the LOTTE Code of Conduct, which was enacted in 2015, and are operated and managed by reflecting domestic and international laws as well as social and ethical requirements. Key provisions include standards for overall ethics management, such as the prohibition of workplace bullying, sexual harassment, and discrimination; unfair trade practices against partner companies; corruption and improper solicitation; insider trading; and dishonest marketing.

LOTTE HIMART Rules of Ethical Conduct
LOTTE Code of Conduct

Ethics Management Operating System



Ethics and Compliance Management

Ethics and Compliance Management Activities

Ethics Audit

The LOTTE HIMART Ethic Management Team performs ethics audit duties in accordance with Articles 3 and 5 of the Ethics Management Operation Regulations. The team conducts regular audits of all business sites on an ongoing basis to review compliance with ethical standards and anti-corruption policies, and also conducts special audits when necessary. In accordance with Articles 9 and 11 of the Ethics Management Operation Regulations, the team reports the investigation results to the CEO within a specified period after the completion of the audit. In addition, when a serious violation of regulations is identified, the team takes appropriate measures, such as referring the case to the Personnel Committee, improving related systems, correcting violations, and implementing improvement measures.

2025 Status of Ethics Audits

Total Number of Business Sites	Business Sites Assessed for Corruption Risk	Ratio of Business Sites Assessed for Corruption Risk
367	367	100%

2025 Status of Ethics Code Violations and Measures

Number of Ethics Code Violations	Number of Measures Taken for Ethics Code Violations	Action Rate
10	10	100%
Action Results	2 dismissals, 1 demotion, 2 suspensions, 5 salary reductions	

Emphasizing Partner Companies' Compliance Management

LOTTE HIMART requires all partner companies to sign an agreement on compliance management and adherence to the Code of Conduct for Partner Companies when entering into contracts, thereby emphasizing the practice of compliance management by partner companies. In addition, we conduct an annual management transparency assessment for all employees and partner companies to review the level of our ethics management. The assessment covers key areas such as ethics management, anti-corruption, and fair trade compliance, and is conducted through an online survey by an external specialized institution to ensure objectivity and reliability. The results are used as an objective indicator to assess the level of management transparency, and identified areas for improvement are shared with relevant departments for follow-up action. In 2025, the overall management transparency assessment score was 96.6 points, reflecting employees' high level of understanding and compliance with ethics management, as well as their commitment to practicing ethical principles and values.

Improving Employees' Ethical Awareness

Ethical Practice Pledge

LOTTE HIMART continuously reminds employees of the standards of conduct and principles of value-based judgment required to practice ethics management, and strives to internalize ethical awareness across the organization. Accordingly, we conduct an annual Ethical Practice Pledge for all employees based on the Rules of Ethical Conduct and Code of Conduct. The pledge is organized around the theme of trust with five key stakeholder groups: customers, employees, partner companies, shareholders, and society. In 2025, all employees participated in the Ethical Practice Pledge, achieving a 100% participation rate.

Ethics Management Training

LOTTE HIMART operates online and offline training programs for all employees, including contract and dispatched workers, to help them understand the fundamentals and principles of ethics management. We provide training for all employees focused on store sales management using the "Accident Prevention System" and major accident cases, and also conduct training on "Practicing Ethics Management by Theme" for new hires by job function, including the sharing of accident cases. In 2025, a total of 3,776 employees, including contract and dispatched workers, completed anti-corruption and ethics training, achieving a 100% completion rate.

Ethics Campaign Survey

LOTTE HIMART is building an organizational culture of voluntary compliance with the Code of Ethics through an ethics campaign survey for sales employees. Through the survey, we measure employees' level of ethical awareness and review the implementation of ethics management activities. In addition, we operate a compliance mystery shopping program for stores to prevent unethical conduct that may occur during the sales process.

Ethics and Compliance Management

Ethics and Compliance Management Activities

Operation of Ethics Management Reporting Channels

LOTTE HIMART operates various reporting channels that stakeholders can use in a timely manner when needed, thereby establishing an ethics management culture and spreading awareness of ethical practices. Any internal or external stakeholder may report unethical conduct through the Misconduct Reporting Center on our website, and reports may also be submitted by email or through the Ethics Hotline by phone. In addition, we operate a separate reporting channel dedicated to partner companies, supporting the establishment of a fair transaction order with our partner companies.

LOTTE HIMART strictly follows the principles of whistleblower protection in accordance with the Whistleblower Protection Regulations. All reports may be submitted anonymously, and the identity of the whistleblower and the details of the report are strictly managed as confidential information by the Ethic Management Team. When a report is received, we proceed with a fair investigation process based on the Rules of Ethical Conduct after receiving the relevant consent form.

LOTTE HIMART Misconduct Reporting Center

Reports Handling Process

1 Receipt of Report	2 On-Site inspection	3 Investigation	4 Notification of Investigation Results to Relevant Parties
• Misconduct Reporting Center • Hotline(phone) • Email	• Consultation and investigation with the whistleblower, the reported person, and third parties	• Internal review of investigation results and implementation of follow-up measures	• Notification of the results of fact-checking to the whistleblower and the reported person

2025 Status of Reporting and Whistleblowing Channel Operations

	Number of Reports Received	Number of Cases Handled	Handling Rate
Misconduct	3 cases	3 cases	100%

Integrated Certification for Anti-Bribery and Compliance Management Systems

The Anti-Bribery Management System (ISO 37001) and Compliance Management System (ISO 37301) are international standards established by the International Organization for Standardization (ISO). They provide criteria for assessing whether a company's anti-bribery and compliance management systems and policies are effectively established and operated in accordance with international standards. LOTTE HIMART first obtained ISO 37001 certification in 2018 to advance our anti-bribery management system, and we have continued to maintain the certification through renewal audits every three years and annual surveillance audits. In 2025, we also newly obtained ISO 37301 certification, officially demonstrating that our compliance and ethics management system meets international standards. In addition, we continue to strengthen corruption risk management and enhance employees' awareness of compliance and ethics by analyzing company-wide corruption risks and establishing control objectives every year.

▲ ISO 37001 Certificate

▲ ISO 37301 Certificate

ESG FACTBOOK

ESG Data	113
GRI Index	122
SASB Index	126
UN SDGs Contribution	127
Key Awards and Association Memberships	129
Third-Party Assurance Statement	130
Greenhouse Gas Assurance Statement	131

ESG Data

Environmental

Energy

Major Category	Middle Category	Subcategory	Unit	2023	2024	2025
Energy consumption	Energy consumption within the organization	Fossil fuel consumption	GJ	6,632	6,470	6,563
		Electricity consumption		877,815	833,140	760,436
		Total energy consumption within the organization		884,447	839,610	767,000
	Energy consumption outside the organization	Fossil fuel consumption		117,885	107,921	109,802
		Total energy consumption outside the organization		117,885	107,921	109,802
	Total energy consumption	Total energy consumption		1,002,332	947,531	876,802
Energy intensity	Fossil fuel energy intensity		GJ/ KRW 100 million	0.25	0.27	0.29
	Electricity intensity			33.63	35.35	33.06
	Total energy intensity			33.89	35.63	33.35
Energy consumption reduction[1]			GJ	868	1,765	4,614
Energy consumption target	Energy consumption target		GJ	1,112,183	982,285	928,580
	Target performance compared to energy consumption		%	90	96	94

1) Figures for 2023 and 2024 represent reductions from LED lighting replacement. The figure for 2025 represents reductions from LED lighting replacement and solar power generation.

Greenhouse Gases

Major Category	Middle Category	Subcategory	Unit	2023	2024	2025
Greenhouse gas (GHG) emissions	Direct GHG emissions	Scope 1 emissions	tCO_2-eq	379	364	373
		Scope 2 emissions		43,406	39,870	36,390
	Other indirect GHG emissions[1]	Scope 3 emissions		8,110	7,577	7,573
GHG emission intensity	GHG emission intensity	Scope 1 emission intensity	tCO_2-eq/ KRW 100 million	0.01	0.02	0.02
		Scope 2 emission intensity		1.66	1.69	1.58
		Scope 1+2 emission intensity		1.68	1.71	1.6
		Scope 3 emission intensity		0.31	0.32	0.33
GHG emissions reduction	GHG emissions reduction	GHG emissions target (Scope 1+2)	tCO_2-eq	48,514	42,909	39,429
		GHG emissions reduction		4,729	2,675	2,667
		Progress toward GHG reduction target (performance vs. target)	%	90.30	93.80	93.20

1) Self-calculated data not subject to third-party verification.

INTRODUCTION
ESG MANAGEMENT
FOCUS ON MATERIAL ISSUES
ENVIRONMENTAL
SOCIAL
GOVERNANCE
ESG FACTBOOK
ESG Data
GRI Index
SASB Index
UN SDGs Contribution
Key Awards and Association Memberships
Third-Party Assurance Statement
Greenhouse Gas Assurance Statement

ESG Data

Environmental

Waste Generation and Disposal

Major Category	Middle Category	Subcategory	Unit	2023	2024	2025
Waste generation	Waste generated	Total waste generated	Tons	3,709	3,854	4,302
		General waste[1]	Tons	3,709	3,854	4,302
		Designated (hazardous) waste	Tons	0	0	0
	Waste generation reduction rate		%	13	-4	-12
	Target waste emissions	Waste emissions target	Tons	4,192	3,635	3,777
		Performance against waste emissions target	%	88	106	114
Waste disposal [2]	Waste disposal	Waste recycled (outsourced disposal)	Tons	3,709	3,854	4,302
		Total waste disposal	Tons	3,709	3,854	4,302

1) Waste Styrofoam, wastepaper
2) No incineration and landfill as all waste is delivered to recycling companies and fully recycled.

Environmental Management

Major Category	Middle Category	Subcategory	Unit	2023	2024	2025
Environmental management indicator	Sales revenue from products certified by third parties for eco-friendliness and/or social sustainability		KRW million	36.4	8.7	0
Environmental laws and regulations	Violations of environmental laws and regulations	No. of violations	Cases	0	0	0
		No. of cases corrected	Cases	0	0	0

ESG Data

Social

Employee Composition

Major Category	Middle Category	Subcategory	Unit	2023	2024	2025
All employees[1]	Headcount	Male	Persons	1,835	2,836	2,677
		Female		1,058	1,165	1,099
		Total		2,893	4,001	3,776
Temporary employees (Contract)	Headcount	Male		-	172	43
		Female		3	80	29
		Total		3	252	72
Regular employees (Regular)	Headcount	Male		1,827	2,646	2,614
		Female		1,042	1,060	1,044
		Total		2,869	3,706	3,658
Part-time employees (Part-time)	Headcount	Male		8	18	20
		Female		13	25	26
		Total		21	43	46

1) As of December 31, including employees who resigned on December 31.

External Workforce Status

Major Category	Middle Category	Subcategory	Unit	2023	2024	2025
Non-LOTTE HIMART workers working at our business sites (dispatched workers)[1]	Headcount	Male	Persons	51	30	22
		Female		95	59	32
		Total		146	89	54

1) AMDs working at the headquarters primarily provide support for MD operations and online business.

Collective Agreement

Major Category	Middle Category	Unit	2023	2024	2025
Collective agreement[1]	No. of employees covered by collective agreement	Persons	2,893	4,001	3,776
	Rate of total employees to whom the agreement applies	%	100	100	100

1) Although the collective agreement formally applies to labor union members, it is applied to all employees as the establishment or revision of systems that are favorable to employees.

Wages and Salaries

Major Category	Middle Category	Subcategory	Unit	2023	2024	2025
Average salary[1]	Female employees	Female executives' average base salary[2]	KRW million	71	155	164
		Female managerial employees' average base salary[3]		56	53	53
		Female non-managerial employees' average salary[4]		46	44	48
	Male employees	Male executives' average base salary[2]		219	186	199
		Male managerial employees' average base salary[3]		80	75	76
		Male non-managerial employees' average salary[4]		55	39	51
Average hourly wage	All employees		KRW thousand	23	18	22
Ratio of entry-level employees' wage	Wage of newly hired employees	Male	KRW million	-	39	44
		Female		32	38	36
	Ratio of entry-level wage to minimum wage	Male	%	-	156	174
		Female		131	155	145

1) Base annual salary (=base pay+performance-based bonus+overtime pay, excluding other allowances and additional bonuses); calculated based on employees or executives remaining at the end of the year.
2) Executive position: Non-registered executives, registered executives, and external directors
3) Managerial position: General office workers+store managers
4) Non-managerial position: Sales employees

INTRODUCTION
ESG MANAGEMENT
FOCUS ON MATERIAL ISSUES
ENVIRONMENTAL
SOCIAL
GOVERNANCE
ESG FACTBOOK
ESG Data
GRI Index
SASB Index
UN SDGs Contribution
Key Awards and Association Memberships
Third-Party Assurance Statement
Greenhouse Gas Assurance Statement

ESG Data

Social

Employment, Retention, Retirement

Major Category	Middle Category	Subcategory	Unit	2023	2024	2025
New hires	No. of new hires by age group	Under 30	Persons	2	57	28
		30 to 49		32	1,218	82
		50 or older		11	165	7
	No. of new hires by gender	Male		24	1,205	65
		Female		21	235	52
Employee turnover	Voluntary turnover status	Total no. of turnover		465	342	344
		No. of voluntary turnover		297	243	169
		No. of involuntary turnover		168	99	175
		Total employee turnover rate	%	14.3	8.5	9.1
		Voluntary turnover rate		10.3	6.1	4.5
		Involuntary turnover rate		5.8	2.5	4.6
	Turnover and retirement by age group	Under 30	Persons	90	71	30
		30 to 49		331	215	257
		50 or older		44	56	57
	Turnover and retirement by gender	Male		250	215	224
		Female		215	127	120
Retention	Average years of service	Average years of service	Year, month	About 11 years and 7 months	About 8 years and 7 months	About 9 years and 3 months
		Average years of service for male employees		About 12 years and 5 months	About 8 years and 2 months	About 9 years and 1 month
		Average years of service for female employees		About 10 years and 4 months	About 9 years and 6 months	About 9 years and 9 months

Family-friendly Management

Major Category	Middle Category	Subcategory	Unit	2023	2024	2025
Parental leave	No. of eligible employees[1]	Male	Persons	72	69	76
		Female		34	25	42
	No. of employees took parental leave[2]	Male		87	86	139
		Female		73	66	47
	No. of employees returned to work from the leave	Male		91	72	108
		Female		67	53	59
	No. of employees worked for at least 12 months after returning from the leave	Male		91	76	92
		Female		54	53	45
	Return rate	Male	%	100.0	84.7	87.1
		Female		72.8	80.3	88.1
	Rate of employees worked for at least 12 months after returning from the leave	Male		90.1	100.0	97.9
		Female		69.2	77.9	73.8
Maternity leave	No. of employees took maternity leave	Male	Persons	51	73	57
		Female		54	53	58

1) Employees who gave birth in 2024~2025
2) The number includes employees who gave birth before 2024 and took parental leave, making it higher than the number of eligible employees

INTRODUCTION
ESG MANAGEMENT
FOCUS ON MATERIAL ISSUES
ENVIRONMENTAL
SOCIAL
GOVERNANCE
ESG FACTBOOK
ESG Data
GRI Index
SASB Index
UN SDGs Contribution
Key Awards and Association Memberships
Third-Party Assurance Statement
Greenhouse Gas Assurance Statement

ESG Data

Social

Occupational Safety and Health

Major Category	Middle Category	Subcategory	Unit	2023	2024	2025
Workers under the occupation safety and health system	Occupational safety and health management system	No. of applicable employees	Persons	2,893	4,001	3,776
		Rate of applicable employees	%	95.2	97.8	98.6
	System receiving an internal audit	No. of applicable employees	Persons	2,893	4,001	3,776
		Rate of applicable employees	%	95.2	97.8	98.6
	System receiving an external audit/certification	No. of applicable employees	Persons	2,893	4,001	3,776
		Rate of applicable employees	%	95.2	97.8	98.6
Occupational injuries (Work-related injury)	Employees	No. of occupational injuries	Cases	4[1]	3	0
		Lost time injury rate (LTIR)	%	0.13	0.07	0
		No. of fatalities due to occupational injuries	Cases	0	0	0
		No. of serious accidents (excluding fatalities)		0	0	0
	Individuals who are not our employees	No. of occupational injuries	Cases	2	0	0
		Lost time injury rate (LTIR)	%	1.12	0	0
		No. of fatalities due to occupational injuries	Cases	1	0	0
		No. of serious accidents (excluding fatalities)		0	0	0
Occupational illnesses (Work-related illnesses)	Employees	No. of fatalities	Cases	0	0	0
		No. of illness cases (including fatalities)		0	0	0
	Individuals who are not our employees	No. of fatalities		0	0	0
		No. of illness cases (including fatalities)		1	0	0
Occupational safety and health education	Statutory education	No. of employees who completed education	Persons	2,712	3,549	3,337
	Supervisor education	No. of employees who completed education		398	330	325

1) Revised the number of approved occupational accidents in 2023 (from 5 to 4)

Training and Education

Major Category	Middle Category	Subcategory	Unit	2023	2024	2025
Employee educational hours[1]	Average educational hours per employee (total)		Hours	23.5	28.0	35.0
	Average educational hours per employee (by gender)	Male		24.4	29.2	33.9
		Female		21.9	25.9	37.3
	Average educational hours per employee (by age group)	Under 30		16.4	16.7	30.4
		30 to 49		24.6	29.5	36.0
		50 or older		28.6	24.0	25.9
Employee educational expenses	Total educational expenses		KRW million	408	466	471
	Average educational expense per employee			0.06	0.05	0.05
Rate of employees who received regular assessment on job performance and career development[2]	Rate of employees received regular assessments (total)		%	95.1	89.3	94.4
	Rate of employees received regular assessments (by gender)	Male		96.8	90.7	95.7
		Female		92.1	85.8	91.3
	Rate of employees received regular assessments (by age group)	Under 30		93.7	83.0	88.4
		30 to 49		96.0	91.2	95.4
		50 or older		89.4	77.7	89.8

1) Calculated based on the group-wide integrated online training system (EZ-learning)
2) Rate calculated excluding employees with leave of 45 days or more.

INTRODUCTION
ESG MANAGEMENT
FOCUS ON MATERIAL ISSUES
ENVIRONMENTAL
SOCIAL
GOVERNANCE
ESG FACTBOOK
ESG Data
GRI Index
SASB Index
UN SDGs Contribution
Key Awards and Association Memberships
Third-Party Assurance Statement
Greenhouse Gas Assurance Statement

ESG Data

Social

Diversity and Equal Opportunities

Major Category	Middle Category	Subcategory	Unit	2023	2024	2025
Status of employee composition by category	Employee composition ratio (by gender)	Male	%	63.6	70.9	70.9
		Female		36.5	29.1	29.1
	Employee composition ratio (by age group)	Under 30		15.4	9.2	6.3
		30 to 49		75.9	82.6	84.7
		50 or older		8.7	8.2	9.0
	Socially disadvantaged group	Persons with disabilities		3.4	3.1	3.2
		Patriots and veterans		0.6	0.5	0.5
Female managers	Number of female managers among all managerial positions	Headcount	Persons	73	84	95
	Ratio of female managers among all managerial positions	Ratio of female to all managerial positions	%	6.9	9.3	10.8
Female executives	Number of female executives	Headcount	Persons	0	1	1
	Ratio of female executives to all executives	Ratio of female executives to all executives	%	0	7.7	7.7
Socially disadvantaged group hires	Persons with disabilities hires	Headcount	Persons	8	35	7
		Ratio of newly hired persons with disabilities to total new hires	%	17.8	2.4	6.0

Human Rights

Major Category	Middle Category	Subcategory	Unit	2023	2024	2025
Prohibition of discrimination	Discrimination cases[1]		Cases	0	0	0
Human rights education	Employees	Training hours per person	Hours	2	2	3
		No. of people who completed education	Persons	2,839	4,126	3,788
	Security staff[2]	Headcount	Persons	7	4	4
		Ratio	%	100	100	100

1) We define gender, disability and etc discrimination as discrimination cases.
2) Human rights education for security personnel employed by dispatch agencies is conducted separately by those agencies.

Customer Satisfaction

Major Category	Middle Category	Subcategory	Unit	2023	2024	2025
Customer satisfaction	Customer opinions and complaints	No. of cases reported[1]	Cases	1,487	2,471[2]	3,480
		No. of cases addressed		1,487	2,471	3,480

1) Through 2023, only offline customer feedback and complaints were counted. Starting in 2024, data includes both online and offline channels.
2) 2024 Breakdown: 1,400 cases offline and 1,071 cases online

Customer Safety and Health

Major Category	Middle Category	Subcategory	Unit	2023	2024	2025
Customer Safety and Health	Safety and health impact assessment of products and services	No. of major product/service items (A)	Items	315	294	179
		No. of items subject to safety assessment among major product/service (B)		96	134	109
		Safety assessment ratio (B/A)	%	30.5	45.6	60.9

INTRODUCTION
ESG MANAGEMENT
FOCUS ON MATERIAL ISSUES
ENVIRONMENTAL
SOCIAL
GOVERNANCE
ESG FACTBOOK
ESG Data
GRI Index
SASB Index
UN SDGs Contribution
Key Awards and Association Memberships
Third-Party Assurance Statement
Greenhouse Gas Assurance Statement

ESG Data

Social

Supply Chain Sustainability

Major Category	Middle Category	Subcategory	Unit	2023	2024	2025
Procurement practices	Partner companies	No. of partner companies	Companies	1,640	1,244	1,518
	Domestic partner companies transactions	Purchase amount	KRW 100 million	21,989	21,005	20,261
		Ratio of purchase from domestic partner companies against total	%	99.2	99.0	98.6
Partner company support	Partner company financial support	Total amount	KRW 100 million	2,299	2,458	1,843
		Shared growth fund		500	500	500
		Payment condition improvement		1,756	1,726	1,311
		Early payments before holidays		43	231.9	32
Supply chain /supplier grievance handling	Existence of grievance handling progress		Y/N	Y	Y	Y
	No. of grievances		Cases	3	2	2
Supplier assessment	No. of partner companies assessed for ESG risks		Companies	20	20	20
	Negative environmental impacts in the supply chain and actions taken	No. of suppliers assessed for environmental impacts		20	20	20
		No. of suppliers identified as having negative environmental impacts		0	0	0
	Negative social impacts in the supply chain and actions taken	No. of suppliers assessed for social impacts		20	20	20
		No. of suppliers identified as having negative social impacts		0	0	0

Information Protection

Major Category	Middle Category	Subcategory	Unit	2023	2024	2025
Customer personal information protection-related complaints	No. of information security-related issues		Cases	0	0	0
Customer personal information theft and leakage	The total no. of confirmed customer information leaks, theft, and losses			0	0	0
	Personally identifiable information (PII) leakage ratio		%	0	0	0
	No. of compromised customers		Persons	0	0	0
	Information security policy and system audits	Annual basis	Times	2	2	2

Product and Service Labeling

Major Category	Middle Category	Unit	2023	2024	2025
Violations related to product/service information and labeling	Cases subject to fines or penalties for regulatory violations	Cases	0	0	0
	Cases receiving warnings for regulatory violations		0	0	0
	Cases of voluntary regulatory violations		0	0	0
Marketing communication-related violations	Cases subject to fines or penalties for regulatory violations		0	0	0
	Cases receiving warnings for regulatory violations		0	0	0
	Cases of voluntary regulatory violations		0	0	0

INTRODUCTION
ESG MANAGEMENT
FOCUS ON MATERIAL ISSUES
ENVIRONMENTAL
SOCIAL
GOVERNANCE
ESG FACTBOOK
ESG Data
GRI Index
SASB Index
UN SDGs Contribution
Key Awards and Association Memberships
Third-Party Assurance Statement
Greenhouse Gas Assurance Statement

ESG Data

Governance

Board of Directors

Major Category	Middle Category	Subcategory	Unit	2023	2024	2025
Board composition	Internal directors	Total number of internal directors	Persons	3	4	4
		Proportion of internal directors on the board	%	37.5	44.4	44.4
	External directors	Total number of external directors	Persons	5	5	5
		Proportion of external directors on the board	%	62.5	55.6	55.6
	Female directors	Number of female directors	Persons	1	1	1
		Proportion of female directors on the board	%	12.5	11.1	11.1
Board operation	No. of board meetings convened		Times	12	12	13
	Board attendance	Total	%	95.7	100.0	97.6
		Internal directors	%	91.7	100.0	96.7
		External directors	%	96.7	100.0	98.5
	Board agenda	Total number of agenda items	Cases	31	40	39
		Number of agenda items for which external directors voted against or proposed amendments	Cases	0	0	0
	Notice period before the board meeting		Days before	7	7	7

Compliance with Laws and Regulations

Major Category	Middle Category	Subcategory	Unit	2023	2024	2025
Compliance status	Cases of legal or regulatory non-compliance during the reporting period	Total no. of cases	Cases	0	0	0
		Fines imposed	KRW	0	0	0

Anti-corruption

Major Category	Middle Category	Subcategory	Unit	2023	2024	2025
Anti-corruption risk assessment	Sites received anti-corruption risk assessment	No. of organizational units received corruption risk assessment	Organi-zation	73	106	92
		Ratio of organizational units received corruption risk assessment	%	18.5	28.1	25.1
Notification and training on anticorruption policies and procedures	Board of Directors	Headcount	Persons	0	3	0
		Ratio	%	0	33	0
	Employees	Headcount	Persons	2,893	4,001	3,776
		Ratio	%	100	100	100
	Partner companies	No. of companies	Persons	1,150	858	871
		Ratio	%	100	100	100
Confirmed cases of corruption and corresponding actions taken	Confirmed case	No. of cases	Cases	2	3	3
	Actions taken	No. of dismissals or disciplinary actions	Cases	2	3	3
		No. of contract terminations or non-renewals due to corruption	Cases	0	0	0
	No. of convictions for anti-corruption/ bribery law violations	No. of convictions	Cases	0	0	0
		Total amount of fines imposed	KRW thousand	0	0	0
Anti-competitive behavior	No. of legal actions for unfair trade practices (e.g., anti-competitive behavior, monopolies)		Cases	0	0	0

INTRODUCTION
ESG MANAGEMENT
FOCUS ON MATERIAL ISSUES
ENVIRONMENTAL
SOCIAL
GOVERNANCE
ESG FACTBOOK
ESG Data
GRI Index
SASB Index
UN SDGs Contribution
Key Awards and Association Memberships
Third-Party Assurance Statement
Greenhouse Gas Assurance Statement

ESG Data

Financial Performance

Statement of Financial Position

Major Category	Category	Unit	2023	2024	2025
Summarized statements of financial position	Assets				
	Current assets	KRW million	660,763	553,721	478,545
	Non-current assets	KRW million	1,709,918	1,334,868	1,312,322
	Total assets	KRW million	2,370,681	1,888,589	1,790,867
	Liabilities				
	Current liabilities	KRW million	714,777	543,151	496,858
	Non-current liabilities	KRW million	406,113	417,843	351,074
	Total liabilities	KRW million	1,120,891	960,995	847,931
	Equity				
	Total equity	KRW million	1,249,790	927,595	942,935
	Total liabilities and equity	KRW million	2,370,681	1,888,589	1,790,867

Income Statement

Major Category	Middle Category	Unit	2023	2024	2025
Summarized statements of profit or loss	Sales	KRW million	2,610,137	2,356,657	2,300,096
	Sales costs	KRW million	1,931,981	1,680,386	1,619,363
	Gross sales profits	KRW million	678,156	676,271	680,733
	Sales, general, and administrative expenses	KRW million	669,933	674,550	671,093
	Operating Profit (loss)	KRW million	8,223	1,721	9,639
	Net income before tax (loss)	KRW million	(30,128)	(286,870)	(5,193)
	Corporate tax expense	KRW million	5,241	18,499	(2,750)
	Net income	KRW million	(35,369)	(305,369)	(2,443)

Distribution of Economic Value

Major Category	Middle Category	Subcategory	Unit	2023	2024	2025
Economic value generated and distributed	Distributed economic value	Salaries and bonuses	KRW million	173,138	187,511	209,448
		Welfare benefits	KRW million	32,019	34,760	40,399
		Dividends and interest expenses	KRW million	33,474	34,133	27,325
		Corporate tax	KRW million	5,241	18,499	-2,750
		Fines	KRW million	48	85	37
		Investments in social contribution	KRW million	495	780	1,003

INTRODUCTION
ESG MANAGEMENT
FOCUS ON MATERIAL ISSUES
ENVIRONMENTAL
SOCIAL
GOVERNANCE
ESG FACTBOOK
ESG Data
GRI Index
SASB Index
UN SDGs Contribution
Key Awards and Association Memberships
Third-Party Assurance Statement
Greenhouse Gas Assurance Statement

GRI Index

LOTTE HIMART reports its sustainability information in accordance with the GRI Standards for the reporting period from January 1, 2025, to December 31, 2025. At the time of this report's publication, no sector standard applicable to LOTTE HIMART's industry had been released, so no specific sector standard has been applied.

GRI	Disclosure	Page	Remarks
General Disclosures			
GRI 2: General Disclosures 2021	2-1 Organizational details	5	
	2-2 Entities included in the organization's sustainability reporting	2	
	2-3 Reporting period, frequency and contact point	2	
	2-4 Restatements of information		Noted separately within the data
	2-5 External assurance	130~131	
	2-6 Activities, value chain and other business relationships	8~12	
	2-7 Employees	5, 115	
	2-8 Workers who are not employees	115	
	2-9 Governance structure and composition	101~102	
	2-10 Nomination and selection of the highest governance body	101	
	2-11 Chair of the highest governance body	101	
	2-12 Role of the highest governance body in overseeing the management of impacts	15	
	2-13 Delegation of responsibility for managing impacts	15, 101	
	2-14 Role of the highest governance body in sustainability reporting	15	
	2-15 Conflicts of interest	103~104	
	2-16 Communication of critical concerns	15, 17, 18, 105	
	2-17 Collective knowledge of the highest governance body	101~102	
	2-18 Evaluation of the performance of the highest governance body	105	
	2-19 Remuneration policies	106	
	2-20 Process to determine remuneration	106	
	2-21 Annual total compensation ratio	Business Report 170, 173P	1) Total compensation of CEO: KRW 576 million (Business Report 173p) 2) Average salary per person: KRW 58,532 thousand (Business Report 170p) 3) Calculated using average instead of median for employees

INTRODUCTION
ESG MANAGEMENT
FOCUS ON MATERIAL ISSUES
ENVIRONMENTAL
SOCIAL
GOVERNANCE
ESG FACTBOOK
ESG Data
GRI Index
SASB Index
UN SDGs Contribution
Key Awards and Association Memberships
Third-Party Assurance Statement
Greenhouse Gas Assurance Statement

GRI Index

GRI	Disclosure	Page	Remarks
GRI 2: General Disclosures 2021	2-22 Statement on sustainable development strategy	4	
	2-23 Policy commitments	44, 54, 63, 71, 89, 109	
	2-24 Embedding policy commitments	44, 54, 63, 71, 89, 109	
	2-25 Processes to remediate negative impacts	17~18, 72~75, 110~111	
	2-26 Mechanisms for seeking advice and raising concerns	75, 111	
	2-27 Compliance with laws and regulations	119~120	
	2-28 Membership associations	130	
	2-29 Approach to stakeholder engagement	19	
	2-30 Collective bargaining agreements	115	

GRI	Disclosure	Page	Remarks
Material Topic & Topic Standards			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	21	
	3-2 List of material topics	23	
	3-3 Management of material topics	24	
Material topic 1	Product Circularity		
GRI 306: Waste	306-1 Waste generation and significant waste-related impacts	68~69	
	306-2 Management of significant waste-related impacts	68~69	
	306-3 Waste generated	69, 114	
	306-4 Waste diverted from disposal	69, 114	
	306-5 Waste directed to disposal	69, 114	

INTRODUCTION
ESG MANAGEMENT
FOCUS ON MATERIAL ISSUES
ENVIRONMENTAL
SOCIAL
GOVERNANCE
ESG FACTBOOK
ESG Data
GRI Index
SASB Index
UN SDGs Contribution
Key Awards and Association Memberships
Third-Party Assurance Statement
Greenhouse Gas Assurance Statement

GRI Index

GRI	Disclosure	Page	Remarks
Material topic 2	Customer-Centric Service Innovation		
GRI 416: Customer Health and Safety	416-1 Assessment of the health and safety impacts of product and service categories	87, 118	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	87, 118	No incidents of non-compliance concerning the health and safety impacts of products and services exist.
GRI 417: Marketing and Labeling	417-1 Requirements for product and service information and labeling	119	
	417-2 Incidents of non-compliance concerning product and service information and labeling	119	
	417-3 Incidents of non-compliance concerning marketing communications	119	
Material topic 3	Customer Privacy Protection		
GRI 418: Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	61, 119	
Material topic 4	Fair Trade		
GRI 206: Anti-competitive Behavior	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	52, 120	No anti-competitive behavior, anti-trust, and monopoly practices exist.
Material topic 5	Climate Action		
GRI 102: Climate Change 2025	102-1 Transition plan for climate change mitigation	31~32	
	102-2 Climate change adaptation plan	31	
	102-4 GHG reduction targets and progress	41, 113	
	102-5 Scope 1 GHG emissions	40, 113	
	102-6 Scope 2 GHG emissions	40, 113	
	102-7 Scope 3 GHG emissions	40, 113	
	102-8 GHG emissions intensity	113	
GRI 103: Energy 2025	103-2 Energy consumption and self-generation within the organization	33, 40, 113	
	103-4 Energy intensity	40, 113	
	103-5 Energy consumption reduction	33, 40, 113	
GRI 201: Economic Performance	201-2 Financial implications and other risks and opportunities due to climate change	34~37	

INTRODUCTION
ESG MANAGEMENT
FOCUS ON MATERIAL ISSUES
ENVIRONMENTAL
SOCIAL
GOVERNANCE
ESG FACTBOOK
ESG Data
GRI Index
SASB Index
UN SDGs Contribution
Key Awards and Association Memberships
Third-Party Assurance Statement
Greenhouse Gas Assurance Statement

GRI Index

GRI	Disclosure	Page	Remarks
Non-material Topics			
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	121	
GRI 205: Anti-corruption	205-1 Operations assessed for risks related to corruption	110, 120	
	205-2 Communication and training about anti-corruption policies and procedures	110, 120	
	205-3 Confirmed incidents of corruption and actions taken	110, 120	
GRI 401: Employment	401-1 New employee hires and employee turnover	77, 116	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	83	
	401-3 Parental leave	83, 116	
GRI 403: Occupational Health and Safety	403-1 Occupational health and safety management system	91, 93	
	403-2 Hazard identification, risk assessment, and incident investigation	94	
	403-3 Occupational health services	96	
	403-4 Worker participation, consultation, and communication on occupational health and safety	91	
	403-5 Worker training on occupational health and safety	96, 117	
	403-6 Promotion of worker health	96	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	93~95, 97	
	403-8 Workers covered by an occupational health and safety management system	117	
	403-9 Work-related injuries	117	
	403-10 Work-related ill health	117	
GRI 404: Training and Education	404-1 Average hours of training per year per employee	117	
	404-2 Programs for upgrading employee skills and transition assistance programs	78~80, 117	
	404-3 Percentage of employees receiving regular performance and career development reviews	81, 117	
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	77, 101, 118	
	405-2 Ratio of basic salary and remuneration of women to men	115	
GRI 406: Non-discrimination	406-1 Incidents of discrimination and corrective actions taken	77, 118	
GRI 410: Security Practices	410-1 Security personnel trained in human rights policies or procedures	118	
GRI 414: Supplier Social Assessment	414-2 Negative social impacts in the supply chain and actions taken	89~90, 119	

INTRODUCTION
ESG MANAGEMENT
FOCUS ON MATERIAL ISSUES
ENVIRONMENTAL
SOCIAL
GOVERNANCE
ESG FACTBOOK
ESG Data
GRI Index
SASB Index
UN SDGs Contribution
Key Awards and Association Memberships
Third-Party Assurance Statement
Greenhouse Gas Assurance Statement

SASB Index

The Sustainability Accounting Standards Board (SASB) recommends financial disclosure in accordance with 77 industry-specific standards established by the U.S. Sustainability Accounting Standards Board that reflect industry characteristics. Among them, LOTTE HIMART reports matters according to the Multiline and Specialty Retailers & Distributors standard, which corresponds to the retail industry sector.

Material Topic	Code	Accounting Metric	Page/Response
Sustainability Disclosure Topics & Accounting Metrics			
Energy Management in Retail & Distribution	CG-MR-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	40, 113
Data Security	CG-MR-230a.1	Description of approach to identifying and addressing data security risks	59~60
	CG-MR-230a.2	(1) Number of data breaches, (2) percentage that are personal data breaches, (3) number of customers affected	61, 119
Labour Practices	CG-MR-310a.1	(1) Average hourly wage, (2) percentage of in-store employees earning minimum wage, by region	115
	CG-MR-310a.2	(1) Voluntary and (2) involuntary turnover rate for in-store employees	116
	CG-MR-310a.3	Total amount of monetary losses as a result of legal proceedings associated with labour law violations	No labour law violations exist.
Workforce Diversity & Inclusion	CG-MR-330a.1	Percentage of gender and diversity group representation for (1) executive management, (2) non-executive management and all other employees	115, 118, 120
	CG-MR-330a.2	Total amount of monetary losses as a result of legal proceedings associated with employment discrimination	118
Product Sourcing, Packaging & Marketing	CG-MR-410a.1	Revenue from products third-party certified to environmental or social sustainability standards	41, 114
	CG-MR-410a.2	Discussion of processes to assess and manage risks or hazards associated with chemicals in products	65, 87
	CG-MR-410a.3	Discussion of strategies to reduce the environmental impact of packaging	68
Activity Metrics			
	CG-MR-000.A	Number of: (1) retail locations and (2) distribution centers	(1) Retail locations: 296 (2) Distribution centers: 11
	CG-MR-000.B	Total area of: (1) retail space and (2) distribution centers	(1) Retail space: 437,289m² (2) Distribution centers: 98,478m²

INTRODUCTION
ESG MANAGEMENT
FOCUS ON MATERIAL ISSUES
ENVIRONMENTAL
SOCIAL
GOVERNANCE
ESG FACTBOOK
ESG Data
GRI Index
SASB Index
UN SDGs Contribution
Key Awards and Association Memberships
Third-Party Assurance Statement
Greenhouse Gas Assurance Statement

UN SDGs Contribution

LOTTE HIMART is committed to making contributions to achieving the Sustainable Development Goals (SDGs) adopted at the 70th UN Development Summit in 2015. The UN SDGs, which advocate 'No One Left Behind,' consist of 17 major goals and 169 detailed targets to be achieved by 2030 across economic, social, and environmental dimensions to realize sustainable development. To contribute to sustainable development, LOTTE HIMART has aligned its ESG management performance with UN SDGs targets and is taking initiatives under 12 of the 17 major goals in 2025.

UN SDGs	Detailed Targets	Key Initiatives	Key Achievement
Goal 1. No Poverty	1.3 Implement appropriate social protection systems and measures, and achieve a practical expansion of the coverage of vulnerable groups	• Operated the Happy Three-Generation Campaign, which sponsors children in grandparent-headed families and provides bimonthly kits of daily necessities • Raised funds through voluntary employee donations and provided emotional support to children in vulnerable groups	• 200 sponsored children and KRW 100 million in donations in 2025 • KRW 220 million invested in the Happy Three-Generation Campaign in 2025
Goal 3. Good Health and Well-Being	3.4 Promote mental health and well-being through prevention and treatment	• Provided health checkups for all employees once a year • Operated a health management office with a resident health manager at the headquarters • Supported health checkups for position holders at the store manager level and above and for the immediate family members of employees aged 40 and older	• Provided health checkups for all employees • Conducted counseling and follow-up management for employees with abnormal findings
Goal 4. Quality Education	4.1 Ensure that all girls and boys complete free, equitable, and quality primary and secondary education leading to effective learning outcomes	• Operated the Hi-Science Concert and Hi-Science Class, where children learn the scientific principles applied in home appliances • Newly introduced "Hi-Ecological Exploration," an ecological exploration program held at Yangjaecheon Stream near the Headquarters	• 170 participants in the Hi-Science Concert in 2025 • 200 participants in the Hi-Science Class in 2025 • 30 participants in Hi-Ecological Exploration in 2025
	4.4 Substantially increase the number of adults who have relevant skills, including technical and vocational skills, for decent jobs	• Operated the customer-centric Meister system and coaching programs • Operated the Commissioned Academy Program to support employees' self-development and degree acquisition • Operated preliminary development training to foster prospective store managers	• Selected a total of 43 Meisters across four fields in 2025 • 15 employees earned degrees through the Commissioned Academy Program in 2025 • Fostered 14 prospective store managers in 2025
	4.7 Ensure that all learners acquire the knowledge and skills needed to promote sustainable development through education	• Provided resource cycle education on electronic products to students through the E-Cycle School program • Operated ESG support projects (education and consulting) for partner companies • Operated online and offline education programs through the Mutual Growth Academy	• 10 schools in Seoul covered by resource cycle education in 2025 • 20 partner companies assessed for ESG risks in 2025 • Operated approximately 200 online courses through the Mutual Growth Academy
Goal 5. Gender Equality	5.5 Ensure women's full and effective participation and equal opportunities for leadership in decision-making	• Hired new female talent and operated a fair, non-discriminatory recruitment process • Supported work-family balance by maintaining Family-Friendly Company certification from the Ministry of Gender Equality and Family	• Female talent ratio of 29.1% in 2025 • 95 female managers in 2025 (10.8% of all managers) • 1 female executive and 1 female external director in 2025 • Maintained Family-Friendly Company certification from the Ministry of Gender Equality and Family for 10 consecutive years
Goal 7. Affordable and Clean Energy	7.2 Substantially increase the share of renewable energy	• Installed and operated solar power facilities at business sites • Supplied renewable energy through PPA contracts • Signed an MOU with Hanwha Qcells to expand eco-friendly energy supply and sold residential solar power products	• Operated solar power generation at 12 sites in 2025 (1 logistics center and 11 stores)
	7.3 Increase the improvement rate in energy efficiency	• Replaced store LED lighting and upgraded outdated cooling and heating systems to inverter-type systems • Prioritized the identification and sales of high-efficiency appliances and operated eco-friendly promotional events • Participated in KEPCO's high-efficiency appliance purchase support program	• Reduced electricity consumption by 8.5% year on year in 2025 • Operated with a target of 60% for the sales share of high-efficiency appliances

INTRODUCTION
ESG MANAGEMENT
FOCUS ON MATERIAL ISSUES
ENVIRONMENTAL
SOCIAL
GOVERNANCE
ESG FACTBOOK
ESG Data
GRI Index
SASB Index
UN SDGs Contribution
Key Awards and Association Memberships
Third-Party Assurance Statement
Greenhouse Gas Assurance Statement

UN SDGs Contribution

UN SDGs	Detailed Targets	Key Initiatives	Key Achievement
Goal 8. Decent Work and Economic Growth	8.3 Promote development-oriented policies that encourage the formalization and growth of micro-, small- and medium-sized enterprises	• Established a joint Mutual Growth Fund with IBK and provided preferential interest rates to small and medium partner companies • Supported market access for small and medium partner companies through Mutual Growth promotional events and the LOTTE Brand Expo • Operated the Mutual Growth Academy and welfare support programs for small and medium partner companies • Provided advance payments for holidays and operated Network Loans	• Established a Mutual Growth Fund of KRW 50 billion and offered small and medium partner companies preferential interest rates of at least 1.14%p • 34 partner companies participated in Mutual Growth promotional events in 2025 • Made cash payments within 10 days to small and medium partner companies under fair trade agreements
Goal 9. Industry, Innovation and Infrastructure	9.4 Upgrade industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes	• Used FSC-certified shopping bags and expanded the use of paper-based tape and cushioning materials • Expanded sales of eco-friendly products, including high-efficiency appliances • Reduced paper use by introducing Electronic Shelf Labels and Mobile Receipts	• Obtained FSC certification for 100% of customer shopping bags at offline stores • Eco-friendly product sales of KRW 900.1 billion in 2025 (39% of total sales)
Goal 10. Reduce Inequalities	10.2 Empower and promote the social and economic inclusion of all, irrespective of origin, sex, disability or other status	• Selected talent with consideration for diversity and equity (recruitment without discrimination by gender or disability) • Provided preferential recruitment for veterans and persons with disabilities in accordance with relevant laws • Revised the Human Rights Management Charter through a resolution of the ESG Committee in June 2025 • Conducted a human rights impact assessment for all employees	• Employment rate of persons with disabilities of 3.17% in 2025 (exceeding the statutory mandatory rate of 3.1%; 2026 target of 3.5%) • 3,788 employees completed human rights education in 2025, with 3 hours of training per person
Goal 12. Responsible Consumption and Production	12.5 Substantially reduce waste generation through prevention, reduction, recycling, and reuse	• Registered nationwide stores as collection points for small waste appliances and signed an MOU on the waste appliance collection system with the Korea Environment Corporation, E-Cycle Governance, and private companies • Operated "MINTIT," an AI-based used phone purchase ATM • Introduced "HIMART REUSE," a resource-cycle appliance trading service, and established a refurbishment center • Operated repair services and obtained certification of carbon reduction effects in collaboration with Greenery Co., Ltd. • Operated a system to recycle 100% of box and Styrofoam waste from delivery and stores	• Registered 296 stores nationwide as collection points for small waste appliances • Waste recycling rate of 100% in 2025 (3,481 tons of boxes, 821 tons of Styrofoam, 4,302 tons in total) • Held official certifications for over 170 brands in Korea and abroad for repair services • Obtained external certification of carbon reduction for repair services (453 tCO_2-eq as of 2023)
Goal 13. Climate Action	13.2 Integrate climate change measures into strategies and planning	• Established and implemented the 2040 net-zero roadmap • Shifted from straight-line-distance-based delivery routes to actual driving-route-based planning • Installed EV charging stations at business sites and gradually transitioned to 2.5-ton electric trucks • Maintained ISO 14001 Environmental Management System certification and operated the ESG Committee	• GHG emissions of 36,764 tCO_2-eq in 2025 (down 8.4% year on year) • Convened the ESG Committee four times in 2025, reviewing and resolving 7 agenda items
Goal 16. Peace, Justice and Strong Institutions	16.5 Substantially reduce corruption and bribery in all their forms	• Maintained the ISO 37001 Anti-Bribery Management System for 8 consecutive years and newly obtained integrated certification for the ISO 37301 Compliance Management System • Conducted an ethics management survey (management transparency assessment) for all employees and partner companies • Operated the Ethical Practice Pledge and ethics management training • Operated the Fair Trade Reporting Center and a reporting center for technology misappropriation • Operated the Compliance Program (CP) and provided fair trade training for employees	• Management transparency assessment composite score of 96.6 in 2025 • 100% of employees participated in the Ethical Practice Pledge in 2025 • 3,885 employees completed anti-corruption and ethics training in 2025 (100% completion rate) • Conducted ethics audits at 367 business sites in 2025 (100%) • Completed corrective actions for all 10 cases of ethics violations in 2025 (100%)
Goal 17. Partnerships for the Goals	17.17 Encourage and promote effective public, public-private, and civil society partnerships, building on the experience and resourcing strategies of partnerships	• Signed an agreement on the "Partner ESG Support Project" with the Korea Commission for Corporate Partnership (for the third consecutive year) • Signed an MOU on the waste appliance collection system with the Korea Environment Corporation, E-Cycle Governance, and private companies • Signed an MOU on "expanding eco-friendly energy supply" with Hanwha Qcells and collaborated with Greenery Co., Ltd. on carbon reduction certification for repair services	• Established partner ESG policies and improved deficiencies through the ESG Support Project in 2025 • 20 partner companies assessed for ESG risks in 2025

INTRODUCTION
ESG MANAGEMENT
FOCUS ON MATERIAL ISSUES
ENVIRONMENTAL
SOCIAL
GOVERNANCE
ESG FACTBOOK
ESG Data
GRI Index
SASB Index
UN SDGs Contribution
Key Awards and Association Memberships
Third-Party Assurance Statement
Greenhouse Gas Assurance Statement

Key Awards and Association Memberships

Major Awards

Date	Award	Organizer	Details
January 2026	The Most Trusted Brand Awards	Digital Chosun	17 consecutive years
May 2026	Most Loved Brand in Korea	Chosun Biz	16 consecutive years
December 2025	Excellent Company for Corporate Governance Report Disclosure	Korea Exchange (KRX)	First Award

Membership Status

Organization	Year of Membership
Korea Chamber of Commerce and Industry	1999
Korea International Trade Association	1999
Korea Advertisers Association	2001
Korea Listed Companies Association	2011
Korea Investor Relations Service	2012
E-Cycle Governance	2012
Korea Enterprises Federation	2015
Korea Packaging Recycling Cooperative	2016
Korea On-Line Shopping Association (KOLSA)	2017
Korea Construction Engineers Association	2018
Korea Mobile Distributors Association	2019

Third-Party Assurance Statement

To the Management and Stakeholders of LOTTE HIMART

• Introduction

The Korean Standards Association (hereinafter the "Assurer") was requested by LOTTE HIMART (hereinafter the "Company") to provide independent assurance of the "LOTTE HIMART Sustainability Report" (hereinafter the "Report"). The Assurer reviewed the appropriateness of the data included in the report prepared by the Company and presented an independent assurance opinion. Responsibility for all claims and performance included in this Report rests with the Company.

• Independence

As an independent assurance provider, the Assurer does not maintain any relationship with the Company beyond the work of providing third-party assurance of the Report, is not engaged in any of the Company's business activities across its operations, and holds no relationship that could impair its independence or any affiliation intended for profit.

• Assurance Standard: AA1000AS v3

• Assurance Level and Type: Moderate (general level), Type 2

Note: Moderate-level assurance is based on limited collected evidence and therefore provides a lower level of reliability than High-level assurance.

• Assurance Scope

This assurance was performed focusing on the systems and activities related to the Company's sustainability management policies, targets, businesses, standards, and performance during the reporting period. In addition, it verified the environmental and social data as well as the financial data on economic performance in a broad sense, and the assurance of stakeholder engagement was limited to a review of the materiality assessment process.

- Whether the four principles of AA1000AP (AccountAbility Principles) 2018 are complied with
- Whether the Report was prepared in accordance with the GRI Standards 2021

(Topic Standards) 102-5, 102-6, 102-7, 102-8, 103-2, 103-4, 103-5, 201-1, 201-2, 205-1, 205-2, 205-3, 206-1, 306-1, 306-2, 306-3, 306-4, 306-5, 401-1, 401-2, 401-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-1, 404-1, 404-2, 404-3, 405-1, 405-2, 406-1, 410-1, 414-2, 416-1, 416-2, 417-1, 417-2, 417-3, 418-1

• Assurance Methodology

The Assurer used the following methods to collect information, data, and evidence related to the assurance scope.

· Confirmation of stakeholder engagement and the materiality assessment process by sustainability management experts
· Confirmation of environmental information disclosure data by environmental experts
· Confirmation of other performance and internal documents and underlying data

• Assurance Limitations

This assurance was conducted within a limited scope, based on the assumption that the data and information provided by the Company are complete and sufficient, through inquiries into and analysis of the data and a limited form of sampling.

• Assurance Findings and Opinion

The Assurer reviewed the content included in the draft Report within the limits of this assurance scope and presented its opinion, and the Report was revised accordingly. As a result, the Assurer did not identify any matters suspected of being materially misstated or inappropriately described. The Assurer presents the following opinion on the "LOTTE HIMART Sustainability Report."

The four principles of AA1000AP (AccountAbility Principles) 2018

• Inclusivity

- Did the Company include stakeholders in the process of responding strategically to sustainability?

The Assurer confirmed that, in promoting sustainability management, the Company recognizes stakeholder engagement as important and makes efforts to establish engagement processes. The Assurer confirmed that the Company selects its shareholders and investors, employees, consumers, local communities, the government, partner companies, and others as stakeholder groups, maintains communication channels tailored to each group, and gathers a range of opinions through them.

• Materiality

- Did the Company include material information for stakeholders' informed judgment in the Report?

The Assurer determined that the Company did not omit or exclude information material to stakeholders. The Assurer also confirmed that the Company conducted a materiality assessment based on key issues derived from its internal and external environment analysis and reported accordingly.

• Responsiveness

- Did the Company respond appropriately to stakeholders' demands and interests?

The Assurer confirmed that the Company reflects the opinions received from stakeholders in the Report and makes efforts to respond to stakeholders' demands and interests. The Assurer also did not find any evidence that the Company's response activities regarding material stakeholder issues were inappropriately reported.

• Impact

- Did the Company appropriately monitor its impact on stakeholders?

The Assurer confirmed that the Company monitors and identifies the impact of its business activities on stakeholders. The Assurer also confirmed that this is appropriately reflected in the Report.

• Reliability and Quality of Specific Sustainability Information

- Did the Company collect and disclose specific sustainability information through reliable processes?

The Assurer conducted reliability assurance of the sustainability performance and information on the topics subject to Type 2 assurance. To verify the relevant information, the Assurer conducted interviews with responsible personnel, and determined that the performance and information stated in the Report were collected and disclosed through reliable processes and on a reliable basis. The Assurer also did not find any evidence that the specific sustainability information was inaccurately reported.

June 2026

Chairman, Korean Standards Association **Moon Dong-min**

AA1000
Licensed Report
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문 동 민

INTRODUCTION
ESG MANAGEMENT
FOCUS ON MATERIAL ISSUES
ENVIRONMENTAL
SOCIAL
GOVERNANCE
ESG FACTBOOK
ESG Data
GRI Index
SASB Index
UN SDGs Contribution
Key Awards and Association Memberships
Third-Party Assurance Statement
Greenhouse Gas Assurance Statement

Greenhouse Gas Assurance Statement

Voluntary Greenhouse Gas Emissions Assurance Statement on the "LOTTE HIMART 2025 Greenhouse Gas Emissions Report"

Issue No.: KPQQA-GHG26-001

• Introduction

Korea Productivity Center Quality Assurance was requested by LOTTE HIMART to verify the "2025 Business Site Greenhouse Gas Emissions Report" (hereinafter the "Inventory Report"), which records LOTTE HIMART's greenhouse gas emissions for 2025.

The responsibility for preparing the Inventory Report based on ISO 14064-1 rests with the management of LOTTE HIMART. The responsibility of Korea Productivity Center Quality Assurance is to perform verification based on ISO 14064-3 and the verification procedures derived from it—as to whether the greenhouse gas emissions data recorded in the Inventory Report and the Report were prepared and calculated in accordance with the verification criteria—and to provide a verification opinion.

• Verification Scope

The verification scope for the Inventory Report is as follows.

1) Scope 1, 2: LOTTE HIMART Headquarters and nationwide branches, stores, and logistics centers

• Assurance Level

Reasonable assurance level

• Verification Criteria

1) ISO 14064-1:2018, ISO 14064-3:2019
2) WRI/WBCSD Greenhouse Gas Protocol
3) Guidelines for Reporting and Certification of Emissions under the Greenhouse Gas Emissions Trading Scheme
4) 2006 IPCC Guidelines for National Greenhouse Gas Inventories

• Verification Conclusion

Through the verification procedures applying the verification criteria, the following conclusions are presented on the greenhouse gas emissions data recorded in the Report.

1) LOTTE HIMART's 2025 greenhouse gas inventory report was prepared appropriately in accordance with the verification criteria.
2) As a result of the materiality assessment of LOTTE HIMART's 2025 greenhouse gas emissions, total emissions are below 500,000 tons and satisfy the 5% criterion.
   Materiality: 0.00% (Calculation formula: emissions arising from uncorrected errors / final confirmed reported greenhouse gas emissions × 100)
3) As a result of confirming, through sufficient and appropriate verification procedures at a reasonable assurance level, the greenhouse gas emissions information and data linkage of LOTTE HIMART recorded in the submitted Inventory Report, it is determined that the input, conversion, and output processes of the data were carried out appropriately in accordance with the verification criteria.
4) Accordingly, an "unqualified opinion" is presented on LOTTE HIMART's total greenhouse gas emissions for 2025.

Reporting Period		2025.1.1~2025.12.31
Greenhouse Gas Emissions (tCO_2eq)	Direct Emissions (Scope 1)	373.222
	Indirect Emissions (Scope 2)	36,390.404
	Total (Scope 1+Scope 2)	36,764

March 13, 2026

Korea Productivity Center Quality Assurance
President, Kang Jang-jin

롯데하이마트