

# 2024 SUSTAINABILITY REPORT

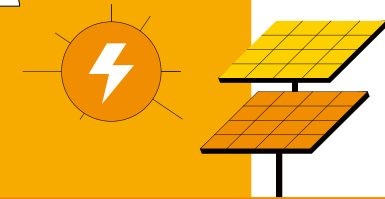
LOTTE CORPORATION



# ABOUT THIS REPORT

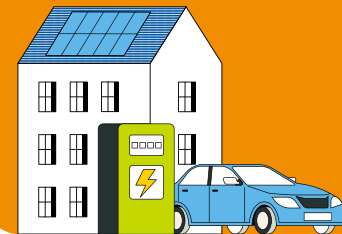
## MATERIAL ESG TOPICS

- Climate Change Response
- Human Resources Management
- Enhancement of Information Security
- Responsible Product and Service Management
- Establishment of Advanced Corporate Governance
- Ethics and Compliance Management



## GENERAL ESG TOPICS

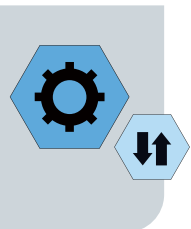
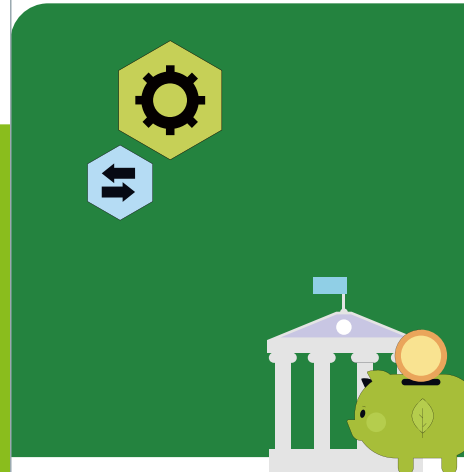
- Strengthening Environmental Management
- Facilitating Circular Economy



- Organizational Culture and Labor Relations
- Workplace Safety Management
- Sustainable Supply Chain Management
- Strategic Social Contributions



## Risk Management



LOTTE Corporation has been publishing an annual sustainability report since 2021, sharing the company's mid-to long-term strategies and goals, business performance, and ESG management status with stakeholders. Going forward, we will continue to publish a sustainability report every year to transparently disclose its endeavors for sustainable growth and social value creation.

## REPORTING PERIOD

This report mainly contains information on activities and performance from January 1 through December 31, 2024. To enable the identification of trends, data for the previous three years from 2025 to 2024 were reported in case of quantitative performance. In addition, considering the timeliness of information, some ESG activities and performance include data up to May 2025.

## REPORTING SCOPE

The scope of this report includes activities and performance of LOTTE Corporation and those pursued at the Group level. Financial information is based on the consolidated financial statements of LOTTE Corporation in accordance with the Korean International Financial Reporting Standards (K-IFRS). To promote stakeholder understanding, footnotes were used to indicate content that was written based on separate financial statements. Additionally, if any information presented in previous reports has been revised or rewritten, we provide explanations in the form of footnotes.

## REPORTING PRINCIPLES AND REPORT STANDARDS

This report was created in accordance with the Global Reporting Initiative (GRI) Standards 2021—international sustainability management reporting standards. Additionally, it has been prepared in accordance with the disclosure standards of the Task Force on Climate-related Financial Disclosures (TCFD), EU's Corporate Sustainability Reporting Directive (CSRD), and International Sustainability Standards Board (ISSB).

## EXTERNAL ASSURANCE

LOTTE Corporation has obtained third-party verification from an independent assurance agency, Samjong KPMG LLC in accordance with the IASE3000 assurance standards set forth by the International Auditing and Assurance Standards Board (IAASB) to secure the reliability of the preparation process and the information disclosed in this report. The Independent Assurance Statement can be found in the Appendix section of this report.

## CONTACT INFORMATION

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### COVER STORY

The cover design of the LOTTE Corporation 2024 Sustainability Report illustrates LOTTE Group's innovation by riding the wave of change through future-oriented business strategies and ESG-centered value creation. Moving forward, LOTTE Group will complete the new LOTTE, taking the lead in the ESG wave.

### INTERACTIVE PDF

This report has been published as an interactive PDF, allowing readers to move to pages in the report, and including shortcuts to related web pages and video clips.




# TRANSLATE VISION INTO VALUE

01

## LOTTE HERITAGE

In 2017, in celebration of its 50th anniversary, LOTTE Group announced a new vision “Lifetime Value Creator” as it reoriented its growth strategy toward qualitative development aimed at long-term sustainability. This vision statement reflects the core values that LOTTE pursues, encapsulating its commitment to delivering the highest value to customers throughout every stage of their lives. In the same year, LOTTE transitioned to a holding company structure, establishing a more professional and transparent management system. As the central axis of the Group’s responsible management, LOTTE Corporation is now steering the group’s transformation and innovation while upholding its core values.

**Our founding philosophy of “contributing to the enrichment of human life” has been both the starting point and ultimate goal of LOTTE. It has also served as a driving force behind our growth into a trusted global brand. LOTTE is adding sustainability to innovation, creating a more valuable future.**

 [LOTTE at a Glance](#)

# TRANSCEND NUMBERS FOR VALUE

02

## LOTTE ESG

Since declaring the LOTTE Group ESG Statement in 2021, we have strengthened the systematic approach to managing environmental, social, and governance (ESG) matters, while enhancing transparency in information disclosure. Beyond numerical achievements and performance indicators, we embed ESG values across our entire business operations from a sustainability-oriented perspective to enhance corporate value. In this effort, LOTTE Corporation is setting a clear direction for ESG management at the group level, while supporting each affiliate in establishing and implementing ESG strategies tailored to their operations, thereby reinforcing the link between sustainability and corporate value.

**At the core of LOTTE's ESG is a unique perspective that integrates ESG factors into value creation. With consistent strategy and genuine commitment, LOTTE is enhancing its ESG execution capabilities and advancing value-driven sustainable growth**



Our Commitment

# TRANSFORM TOMORROW, TODAY

03

## NEW LOTTE

As reflected in our Mission which states “We enrich people’s lives by providing superior products and services that our customers love and trust,” LOTTE Group has grown alongside its customers. Beginning with the food business in 1967, LOTTE has expanded into various sectors including retail, chemicals, hotel, and construction and infrastructure. Today, we operate in 27 countries around the world, offering differentiated values aimed at sustainable growth and long-term corporate value enhancement. In particular, we are reinforcing the fundamental competitiveness of our existing businesses while actively entering high-value-added sectors to drive future growth and elevate LOTTE’s overall value.

**The vision of New LOTTE becomes reality when we embrace change and innovation for a better present and a more beneficial future for all. We will continue to explore the unique, differentiated value that only LOTTE can offer by adding ESG to that value to unlock a new future.**

 LOTTE Business



# CEO MESSAGE

I would like to extend my sincere gratitude to all stakeholders for your continued interest and support for LOTTE Corporation's ESG initiatives.

This year marks the fifth publication of LOTTE Corporation's Sustainability Report. Through this report, we aim to sincerely convey the direction and practices of sustainable management pursued by LOTTE Corporation and the Group affiliates.

## Sustainable Business Strategy

Last year, amid ongoing global economic uncertainty, the business environment remained challenging, characterized by stagnation in domestic and international markets, increased raw material prices, and interest rate hikes. Nevertheless, LOTTE Corporation's consolidated sales grew by KRW 597.2 billion year-on-year to KRW 15,757.0 billion. However, operating revenue decreased by approximately 30% to KRW 340.5 billion, underscoring the urgent need to improve profitability.

In response to these challenges, LOTTE Group launched an emergency management system in July 2024 and is now fully focused on four key tasks—restructuring its portfolio, turning around performance, enhancing employee productivity, and restoring financial soundness.

As the Group undergoes transformation, LOTTE Corporation is concentrating on its role of setting strategic direction and leading efforts to improve business fundamentals for sustainable growth.

We are going beyond short-term recovery and focusing our capabilities on securing core competitiveness and building a future-oriented business portfolio in the mid to long term.



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# CEO MESSAGE



李東雨

**Dong-Woo Lee**

CEO & Vice Chairman, LOTTE Corporation

LOTTE Chemical, for example, is accelerating the transition of its portfolio toward high value-added specialty products, aiming to reduce its basic materials-based structure, currently accounting for over 60%, to below 30% by 2030. LOTTE Shopping is enhancing its competitiveness in the global retail business by capitalizing on robust growth in Southeast Asian markets, including Vietnam.

These strategic shifts are part of our execution toward a sustainable future and are closely aligned with the ESG management principles championed by LOTTE Corporation.

### Genuine ESG Implementation

LOTTE Corporation ensures that each affiliate develops and implements ESG strategies suited to its business by organically linking ESG KPIs to management strategy.

LOTTE Wellfood aims to become a sustainable food company by increasing the sales proportion of its Health & Wellness (H&W) product lineup, which takes ESG value into consideration, to 16.3% by 2027. LOTTE Chilsung Beverage established the "2030 Plastic Reduction Roadmap" which targets a 20% reduction in plastic usage by 2030. It is also promoting packaging lightweighting and the use of recycled materials. Other affiliates are also approaching their businesses from an ESG perspective and striving to enhance corporate value through sustainable growth.

LOTTE Corporation is also fully committed to promoting sustainability that benefits the environment. Under the "LOTTE Carbon Neutral Roadmap," our chemical businesses set a goal to reduce carbon emissions by 14.5%, and the non-chemicals by 35% by 2030 compared to 2018 levels. Specific actions include improving energy efficiency and transitioning to eco-friendly fuels. In 2024, we systematized our net zero performance tracking and simulation capabilities to further enhance our management systems. In 2025, we plan to evaluate the impact of ESG factors on business performance by analyzing the financial implications of climate-related risks and opportunities.

Trust must always take precedence over performance in our ESG management, and any action that undermines this trust cannot be justified. To this end, LOTTE Corporation continues to strengthen ethical and compliance management in accordance with global standards. Following the introduction of the ISO 37301 compliance management system in 2023, we have been conducting annual operation reviews of the system. In 2024, we carried out joint audits with our domestic parent company on key overseas subsidiaries to examine their overall risk control systems. Moving forward starting in 2025, we will implement compliance activities on a regular or ad-hoc basis, depending on local circumstances.

### New LOTTE Realized Through ESG Management

Change Today, Create Tomorrow.

LOTTE Group will build a better future through change and innovation. We will pursue sustainable growth based on ESG management, while adhering to firm principles and flexibly responding to change in the process. As the strategic core of LOTTE Group's transformation, LOTTE Corporation will provide unwavering support to achieve our goals.

Thank you.

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# LOTTE AT A GLANCE

Since launching its food business in 1967, LOTTE has expanded into sectors such as retail, chemicals, hotel, and construction and infrastructure, growing alongside customers and staying close to their daily lives. Under a holding company structure, we established a more efficient and transparent management system and, by leveraging capabilities built across diverse industries, has become a trusted brand among domestic and global customers. We uphold sustainability and innovation as our core values and continue to take on new challenges to build a better future.

## Vision & Mission of LOTTE Group

### Mission

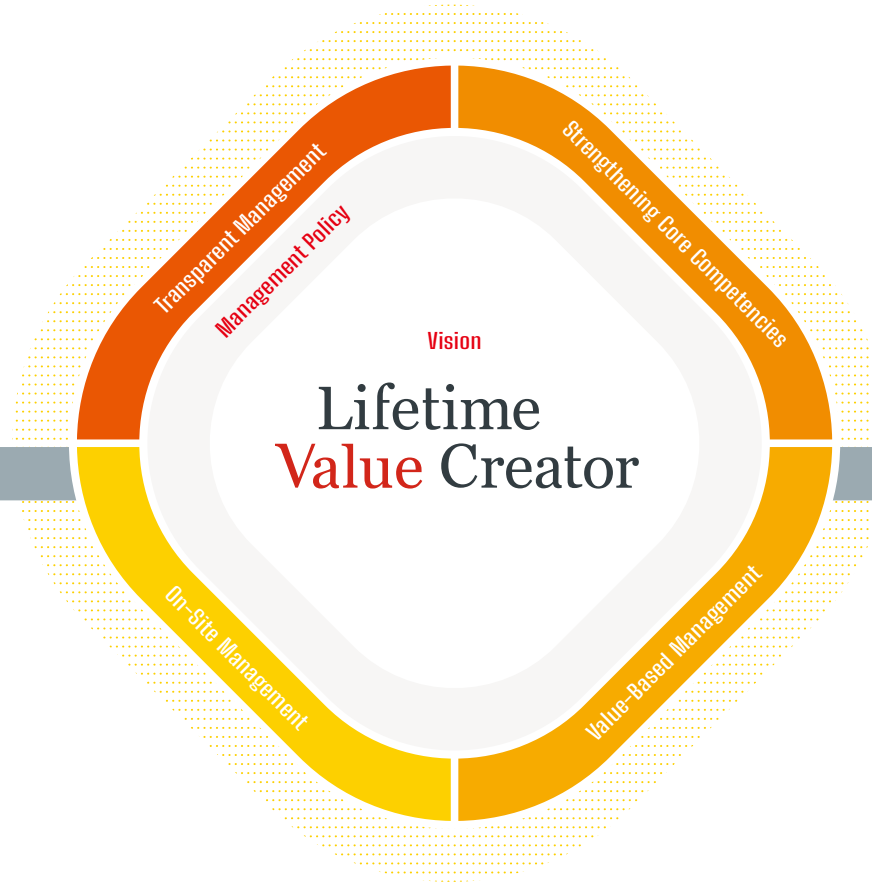
We enrich people's lives by providing superior products and services that our customers love and trust.

### Vision

In 2017, LOTTE has chosen to focus on qualitative growth and declared a new vision to promote sustainable growth over the next 50 years. "Lifetime Value Creator" represents our resolution to make LOTTE a brand that provides our customers with the very best value throughout their lives.

### Management Policy

LOTTE's Management Policy is a collection of our business insights and the basis of our business strategy to determine "what, why, and how to do." The key factors to success are competent human resources and excellent business strategies. LOTTE's Management Policy reinforces our management principles based on these two key factors.



#### Transparent Management

Transparent and honest management to fulfill our social duties and responsibilities



#### Strengthening Core Competencies

Strengthening core competencies in our main business areas and expanding their scope to related businesses



#### Value-Based Management

Higher value for customers and sustainable profitability and value creation



#### On-Site Management

Accurate evaluation and quick decision-making

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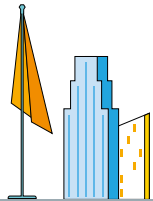


# LOTTE AT A GLANCE

## MILESTONES

In the late 1960s, LOTTE launched its first business, recognizing the growth potential of Korea's food industry, which was followed by the expansion into retail, hotel, chemicals, and construction, developing in step with the nation's economic growth. In the 1990s, we entered the global market, broadening our reach, and in 2017, we transitioned to a holding company structure to professionalize group-wide management. Today, we are accelerating the advancement of our business portfolio and investment in future industries, building on decades of accumulated expertise.

### Beginning and Pioneering



1960s-1970s

### Establishing a Foundation for Global Expansion



1980s

### Paradigm Shift to Global Management



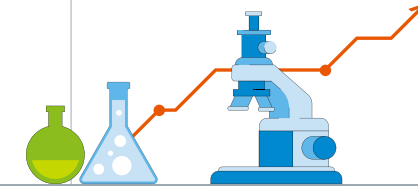
1990s

### Leap Towards Becoming a World-Class Enterprise



2000s

### Challenge Towards a Sustainable Company



2010s

### Advancement of the Group Business Portfolio

- 1966**
  - Established Dongbang Alumi Industry (currently LOTTE ALUMINUM)
- 1967**
  - Established LOTTE Confectionery (currently LOTTE Wellfood)
- 1973**
  - Established LOTTE Hotel
- 1974**
  - Established LOTTE Int'l
  - Acquired Chilsung Hanmi Beverage (currently LOTTE Chilsung Beverage)
- 1976**
  - Acquired Honam Petrochemical Corp (currently LOTTE Chemical)
- 1978**
  - Acquired Pyeonghwa Engineering & Construction (currently LOTTE Engineering & Construction)
- 1979**
  - Established LOTTERIA
  - Established LOTTE Shopping

- 1980**
  - Acquired Korea Fuji Film, Co.
- 1982**
  - Established Daehong Communications
  - Established LOTTE Giants
  - Established LOTTE Property & Development
- 1983**
  - Established LOTTE Central Research Institute
  - Established LOTTE Distribution business headquarters (currently People Networks)
- 1984**
  - Established LOTTE Hotel Busan
- 1985**
  - Established LOTTE Canon (currently Canon Korea)
- 1989**
  - Established the business headquarters of LOTTE World

- 1994**
  - Acquired Korea Seven
- 1995**
  - Established LOTTE Capital
- 1996**
  - Established LOTTE Logistics (currently LOTTE Global Logistics)
  - LOTTE Data Communication Company (currently LOTTE Innovate)
- 1998**
  - Established LOTTE Mart
- 1999**
  - Established LOTTE Cinema (currently Cultureworks)

- 2000**
  - Established LOTTE.com (currently LOTTE e-commerce)
  - Established LOTTE Super
- 2006**
  - Acquired Woori Home Shopping (currently LOTTE Home Shopping)
- 2009**
  - Acquired Doosan Liquor BG (currently LOTTE Chilsung Beverage Liquor Division)

- 2010**
  - Acquired Buy The Way
  - Acquired Malaysia's Titan Chemical
  - Acquired Philippines' Pepsi (PCPPI)
- 2012**
  - Acquired Hi Mart (currently LOTTE Hi Mart)
- 2015**
  - Established LOTTE Members
  - Acquired KT Rental (currently LOTTE Rental)
- 2016**
  - Acquired Samsung Fine Chemicals (currently LOTTE Fine Chemical)
- 2017**
  - Celebrated the 50th Anniversary of LOTTE Group
  - Grading opening of LOTTE World Tower
  - Launched LOTTE Corporation

- 2020**
  - Launched the integrated LOTTE Chemical
- 2021**
  - Declared LOTTE Group ESG Management
- 2022**
  - Launched an integrated corporation of LOTTE Confectionery and LOTTE Foods
  - Acquired MINISTOP
  - Established LOTTE BIOLOGICS
- 2023**
  - Acquired Iljin Materials (currently LOTTE Energy Materials)
- 2024**
  - LOTTE Data Communication Company changed its name to LOTTE Innovate
  - Split-off of LOTTE ALUMINUM (Establishment of LOTTE Infracell and LOTTE Packaging Solutions)

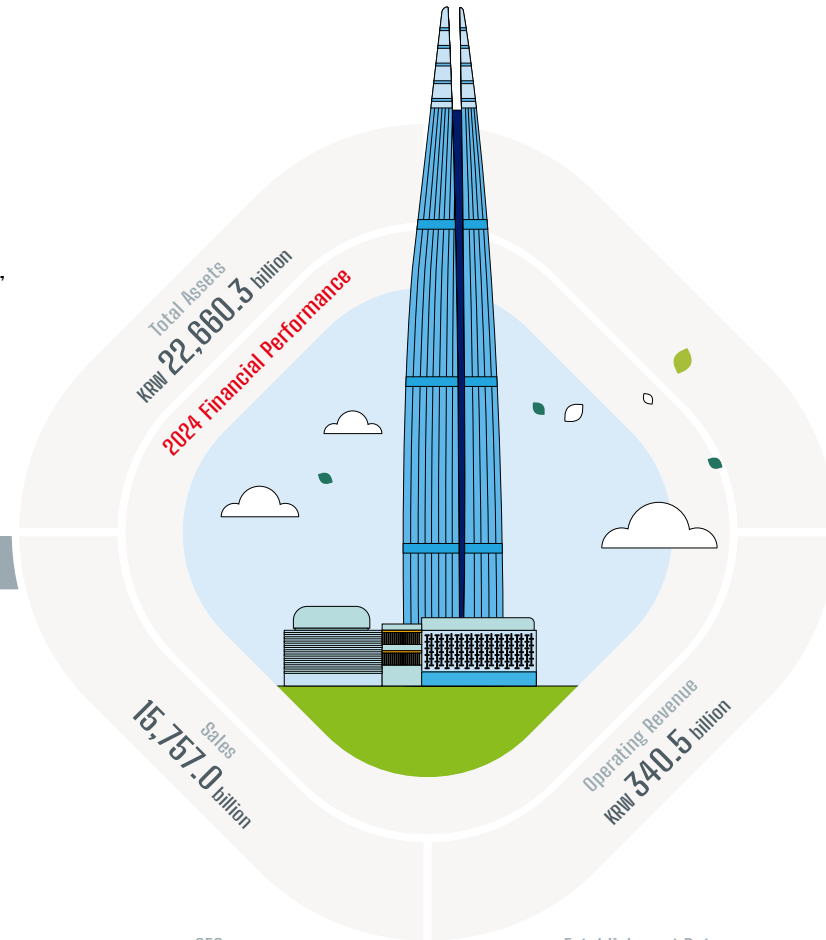
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# LOTTE AT A GLANCE

## OPERATIONS

In 2017, LOTTE Group adopted a holding company structure to pursue sustainable, qualitative growth. By separating business operations from investment activities, the group enhanced management efficiency and transparency. LOTTE Corporation supports the Group affiliates in improving growth and profitability, advancing business portfolios, establishing mid-to long-term strategies, expanding R&D investment, and strengthening ESG governance. Through these efforts, we play a central role in increasing the overall corporate value of LOTTE Group.



### Overview of LOTTE Corporation

#### Shareholder Composition



		(Unit: %)	
<b>Related parties</b>	<b>40.52</b>	<b>Treasury stock</b>	<b>32.51</b>
Dong-Bin Shin	13.04	Foreigners <sup>1)</sup>	2.71
HOTEL LOTTE	11.10	Institutions	7.97
LOTTE ALUMINUM	5.06	National Pension Service	5.44
Others	11.32	Individuals, etc.	16.29

\* Common stocks, As of the end of December 2024

<sup>1)</sup> Deduct the shares held by related parties from the foreign ownership disclosed in the KRX information system

#### Creation of Economic Value and Distribution to Stakeholders in 2024

(Unit: KRW million)

<b>Shareholders and investors</b>	Dividends and interest expenses	553,313
<b>Government</b>	Tax (by country)	59,455
<b>Employees</b>	Remuneration and employee benefits	2,305,442
<b>Local communities</b>	Investments in local communities (donations, social contribution expenses)	19,677
<b>Others</b>	Procurement cost of raw materials and services	10,261,838

\* Consolidated basis

Company Name  
**LOTTE Corporation**

Address of Headquarters  
**300, Olympic-ro, Songpa-gu, Seoul 05551, Korea**

Global Network  
**27 countries**

\* As of the end of December 2024

CEOs  
**Dong-Bin Shin  
Dong-Woo Lee**

Major Business  
**Pure holding company**

No. of Employees  
**279 persons**

Establishment Date  
**March 24, 1967**  
(spin-off to be newly launched on October 1, 2017)

Entities Subject to Consolidation  
**79 companies**  
(1st tier 20, 2nd tier 48, 3rd tier or over 11)

Credit Rating  
**Corporate Bond AA-**

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# LOTTE BUSINESS

LOTTE Group has built a successful business portfolio across food, retail, chemicals, hotel, and construction/rental/infrastructure, connecting with global customers in 27 countries worldwide. All LOTTE affiliates are striving to achieve the Group's management goal of "enhancing corporate value through sustainable growth." To this end, they carefully consider how they can deliver innovation and differentiated value unique to LOTTE in the global marketplace, while taking agile, proactive steps to do so. Particularly, the Group is reinforcing the fundamental competitiveness of its existing businesses while expanding into high-value-added sectors to drive future growth and enhance the value of LOTTE's overall business.

## OUR BUSINESS OF TODAY

LOTTE Group is enhancing its global competitiveness and strengthening its brand value across its core business areas, including food, retail, chemicals, hotel, and infrastructure. To proactively respond to today's rapidly evolving global business environment, the group is working to strengthen its core competitiveness and enhance profitability, with the goal of securing a differentiated competitive advantage.

 [Business Portfolio](#)

## OUR BUSINESS FOR TOMORROW

Amid a rapidly changing business environment, LOTTE Group carefully identifies new growth opportunities and boldly acts on them to establish sustainable momentum. In 2022, we identified four strategic growth domains—Bio & Wellness, Mobility, Sustainability, and New Life Platform. In 2024, we accelerated our AI transformation to strengthen core competitiveness and cultivate future businesses that will drive the next phase of LOTTE's growth.

 [New Growth Business](#)

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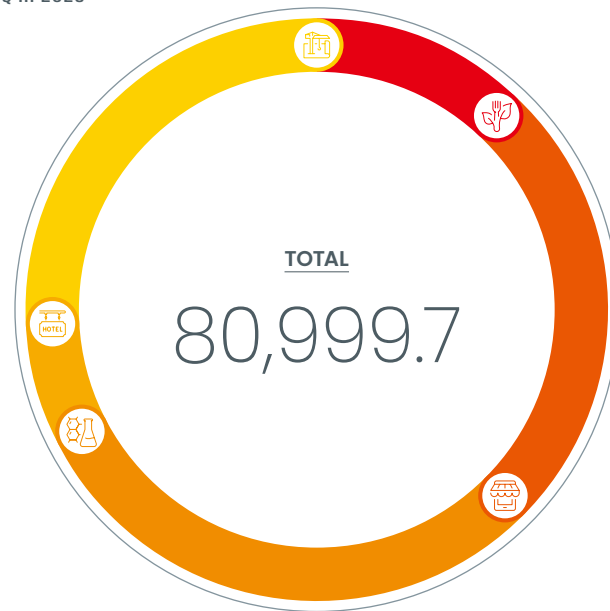


## BUSINESS PORTFOLIO

LOTTE Group's business areas are organized under a headquarters (HQ) system, divided into the following segments—Food & Beverage HQ, Retail HQ, Chemicals HQ, HOTEL LOTTE, and Construction/Rental/Infrastructure. The HQ system classifies the Group affiliates as either major Group affiliates or subsidiaries based on shareholding relationships and common industry characteristics. The CEO of each major Group affiliate is responsible for the vision and strategic direction of their business divisions and subsidiaries. Under the HQ system, LOTTE Corporation is focused on securing future growth drivers, developing key talent, and advancing ESG management, while supporting responsible management across its group companies.

### Sales by Business HQ in 2023

(Unit: KRW billion)



● Food & Beverage HQ	9,906.5
● Retail HQ	20,362.1
● Chemicals HQ	24,612.3
● HOTEL LOTTE	5,403.3
● Construction/Rental/Infrastructure	20,715.5



## FOOD & BEVERAGE HQ

The Food & Beverage HQ began in 1967 with the founding of LOTTE Confectionery and has since grown into Korea's largest food group, encompassing confectionery, beverages, alcoholic drinks, food ingredients, processed foods, and dining services. LOTTE's food and beverage affiliates are leading the food industry with their excellence in technology, quality, and marketing. They are creating new food cultures through differentiated brand strategies, diverse food service franchises, and globally competitive research, safety, and hygiene practices. LOTTE Wellfood, newly launched through the merger of LOTTE Confectionery and LOTTE Foods in 2022, has achieved annual sales exceeding KRW 4 trillion in 2023, paving its way from a leader in the domestic food industry to a global food corporation.



### MAJOR GROUP AFFILIATES

LOTTE Wellfood, LOTTE Chilsung Beverage, LOTTE GRS

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## RETAIL HQ

Since the 1970s, the Retail HQ has led the development of Korea's retail industry, and today, it delivers unique experiences and enjoyment to customers through both online and offline services and content. With the goal of becoming "the first shopping destination for customers," LOTTE is actively innovating its retail channels and diversifying store formats. As part of this effort, it began full-scale operation of its e-grocery business in collaboration with the UK's Ocado in late 2022, centered on a state-of-the-art logistics hub. Furthermore, as of September 2023, the cumulative number of visitors to LOTTE Mall Westlake Hanoi, opened in Vietnam in September 2023, has surpassed the estimated figure of 15 million, strengthening LOTTE's presence in the Asian market and supporting its growth into a global retail leader.



### MAJOR GROUP AFFILIATES

LOTTE Members, LOTTE Shopping (LOTTE Department Store, LOTTE Mart/Super, LOTTE e-commerce), LOTTE Hi-Mart, LOTTE Home Shopping, Korea Seven



## CHEMICALS HQ

Since the 1970s, the Chemicals HQ has supported the growth of Korea's chemical industry through ongoing technological development, quality innovation, and capacity expansion. Affiliates under the Chemicals HQ, such as LOTTE Chemical, LOTTE Fine Chemical, LC Titan, and LC USA, have established production and sales hubs in major countries worldwide, supplying a diverse range of chemical products, from basic materials to high-value specialty products, to over 120 countries. In 2023, the acquisition of LOTTE Energy Materials, a global leader in battery copper foil, expanded LOTTE's business area. In 2024, it accelerated its transition to high-value-added operations, strengthening its position as a top-tier global chemical company.



### MAJOR GROUP AFFILIATES

LOTTE ALUMINUM, LOTTE Energy Materials, LOTTE MCC, LOTTE Fine Chemical, LOTTE Chemical, LC Titan

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## HOTEL LOTTE

HOTEL LOTTE has driven the development of Korea's tourism and cultural industries through extensive infrastructure, a broad network, top-tier talent, and premium services. LOTTE Hotels&Resorts, a global hotel and resort chain, and LOTTE Duty Free, one of the world's largest duty-free operators, continue to expand their presence across Asia, the United States, Europe, and Oceania. Attractions such as LOTTE World Adventure and the observatory atop the 123-story, 555-meter-high LOTTE Tower in Seoul are recognized for their excellence in tourism and entertainment. While maintaining the No. 1 domestic market share, HOTEL LOTTE is actively expanding its overseas business to grow into a global tourism enterprise that fosters new cultural experiences.



### MAJOR GROUP AFFILIATES

LOTTE Hotel Busan,  
HOTEL LOTTE (LOTTE Hotels&Resorts, LOTTE Duty Free, LOTTE World)



## CONSTRUCTION/RENTAL/INFRASTRUCTURE

The Construction/Rental/Infrastructure is working to enrich everyone's daily life through a diverse range of businesses that promote greater convenience and prosperity. LOTTE's construction division is recognized as a leading global contractor, built on unmatched technical expertise, extensive experience, and specialized know-how. LOTTE is also acknowledged for its strong capabilities across a wide range of sectors, including rental services, logistics, ICT, finance, marketing, entertainment, asset management, bio, and sports. Additionally, we contribute to social welfare and the arts through our welfare and cultural foundations, helping foster a more inclusive and compassionate society.



### MAJOR GROUP AFFILIATES

Daehong Communications, LOTTE Engineering & Construction, LOTTE Global Logistics, LOTTE Rental, LOTTE BIOLOGICS, LOTTE Ventures, LOTTE Giants, LOTTE Innovate, LOTTE Capital, LOTTE Cultureworks

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## NEW GROWTH BUSINESS

# TRANSFORMING THE CORE TO UNLOCK FULL POTENTIAL

## BIO & WELLNESS

In 2022, LOTTE Group identified four new growth domains as part of its strategy for sustainable growth and enhanced corporate value: We are focused on identifying and developing new growth engines across four strategic domains—Bio & Wellness, Mobility, Sustainability, and New Life Platform. Within the Bio & Wellness domain, we are fostering businesses centered on bio contract development and manufacturing organization (CDMO), senior care, and food-tech-based new businesses.

The bio CDMO business is a core strategic business that LOTTE Group is pursuing for the future, with LOTTE BIOLOGICS at its center. Established in June 2022 as a subsidiary of LOTTE Corporation, LOTTE BIOLOGICS has been actively seeking global expansion opportunities. With the goal of becoming a global top 10 CDMO by 2030, the company is focusing on the successful completion of its Songdo Bio Campus and securing contracts with global pharmaceutical companies. To this end, the company plans to build three biopharmaceutical plants by 2030, securing a total antibody drug production capacity of 360,000 liters. At its Syracuse campus in the United States, LOTTE Biologics is also establishing a platform for the production of antibody-drug conjugate (ADC) therapeutics, a next-generation cancer treatment technology, and has officially started engaging in sales activities to secure contracts.



# 360,000 L



Plan to build 3 bio plants in Songdo, Incheon, securing antibody drug production facilities with a total capacity of 360,000 liters by 2030



In the senior care area, LOTTE is developing its premium senior residence brand VL (Vitality & Liberty) through Hotel LOTTE, which integrates the Group's unique life care expertise. Starting in 2025 in Busan, followed by Seoul's Magok district, LOTTE plans to open urban-style senior communities that combine a systematic medical care system with premium services—expanding its presence in this sector based on differentiated competitiveness.

Food-tech-based new businesses are being driven primarily by LOTTE Wellfood and LOTTE Fine Chemical. The two companies are conducting in-house R&D to improve the quality of next-generation food ingredients, such as health supplements and alternative proteins, and are continuously building capabilities to enter new markets based on these efforts. Meanwhile, LOTTE Group is actively nurturing food-tech startups as part of its efforts to build a sustainable food-tech ecosystem. In 2024, LOTTE Ventures successfully completed the 4th cohort of its food-tech startup accelerator program "Food Changers", and LOTTE Central Research Institute provided technical support to tenant startups at its shared office Food-Tech Valley, fostering co-growth with early-stage innovators.

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## AI TRANSFORMATION

LOTTE Group is driving AI transformation as an innovative measure to strengthen its fundamental competitiveness. In September 2023, we have established a dedicated organization and strategy for AI transformation. As part of this effort, the "AI/DT TF" was newly created within LOTTE Corporation, promoting AI projects in collaboration with the Group affiliates.

In alignment with the AI strategy, LOTTE is identifying and implementing AI tasks at both the Group and company levels. To facilitate practical implementation, we hold a monthly "AI Task Force Council," comprised mainly of representatives from the Food & Beverage, Retail, and Chemicals HQs as well as HOTEL LOTTE. It operates under LOTTE Corporation's coordination to share progress, highlight best practices, and prevent redundant investment in overlapping initiatives across sectors. In doing so, LOTTE Corporation plays a central role in maximizing synergies and investment efficiency in the AI transition.

LOTTE Group also defined strategic objectives for each stage of its value chain—from procurement and production to sales, marketing, and customer service—as part of its efforts to secure sustainable competitiveness. To this end, we have identified key AI tasks to address management risks such as rising labor costs, input price increases, and inefficiencies. We have identified four key AI tasks—demand forecasting & automatic ordering, dynamic pricing, personalized recommendations, and customer service automation. After evaluating the effectiveness of each task, LOTTE Corporation is prioritizing and advancing projects deemed to have the greatest impact.

LOTTE Corporation monitors all AI projects across the group to verify financial impact. Key performance indicators (KPIs) are standardized using sales revenue and operating profit benchmarks, and performance analyses are conducted to evaluate progress. High-performing AI projects are shared across relevant group companies, with plans developed to deploy them more broadly. Through this process, LOTTE Group is embedding AI capabilities and maximizing the impact of AI adoption through synergistic collaboration.

### 4 Key AI Tasks by Value Chain

Value Chain	Procurement/ Production	Sales	Marketing	Customer Management
<b>Core AI Initiative</b>	Demand forecasting & automatic ordering	Dynamic pricing	Personalized recommendations	Customer service automation
<b>Strategic Objective</b>	Reduce purchasing costs and inventory levels to improve profit	Boost sales by increasing opportunities and improving margins	Increase sales by raising average revenue per customer	Reduce costs by improving labor efficiency (e.g., call centers)

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**KEY MILESTONES & FUTURE PLANS**

# Riding the wave of change, flowing with AI

LOTTE Group's "Grand AI Transformation" is underway, gaining momentum through clear strategic direction and strong participation from group companies. In January 2025, ahead of the annual Value Creation Meeting (VCM), we held an AI project showcase, where nine Group affiliates introduced outstanding AI tasks and discussed future competitiveness. In March 2024, we held the "2024 CEO AI Conference" for CEOs across all Group affiliates to review AI trends and strengthen organizational capabilities.

In 2025, LOTTE Corporation plans to collaborate with LOTTE Innovate to consult on the effectiveness and usability of AI projects launched in 2024. Based on this, we will derive industry- and business-specific AI projects for further implementation. Looking forward, LOTTE Group will develop unique business models powered by proprietary AI technology to further reinforce its core business competitiveness and ensure a successful transformation.

**Group Affiliates' Case Study**

**LOTTE Innovate**

**"Aimember" – AI platform, transforming the paradigm of business operations**



"Aimember" is a proprietary AI platform of LOTTE developed by LOTTE Innovate. Designed to drive business innovation across the LOTTE Group, it is an enterprise-level AI service that offers secure commercial AI models as well as private AI services based on LOTTE's own foundation model. In 2023, the platform was deployed across all Group affiliates to both internalize essential AI technologies and safeguard corporate data. As of now, over 30,000 employees across 61 Group affiliates actively use Aimember. In December 2024, a cloud-based SaaS version was launched for external use, followed by the May 2025 release of an on-premises version meeting strict security standards for the financial sector. In August 2025, new features will be added, including specialized AI agent functions such as voice synthesis, document review, a generative image studio, and AI assistant chatbots, along with a community environment where users can engage and collaborate. Looking ahead, we will provide superior performance and secure services, driving AI transformation that redefines the paradigm of business operations, through Aimember.



**LOTTE Shopping**

**"LaiLAC" – Generative AI Implementation Council Specializing in Retail**



"LaiLAC (Lotte AI Lab Alliances & Creators)" serves as LOTTE Shopping's generative AI implementation council through which the company strives to maximize the efficiency of its retail operations and accelerate growth in the global retail market. As of 2024, LOTTE Shopping is running 23 AI tasks, including personalized marketing, automated purchasing and sales operations planning (S&OP), and enhanced dynamic pricing. Along with the successful implementation of these AI tasks, the company aims to advance as a retail tech specialized company by driving data commerce initiatives and strengthening the online grocery business.



   
A robot responsible for security and safety, dooroo eye!

**Start-up X LOTTE Innovate**  
**"dooroo eye" Equipped with Innovative DNA**



"dooroo eye" is an autonomous security robot co-developed by LOTTE Innovate and Neubility, launched in July 2024. Equipped with autonomous driving and IoT technologies, Doorooeye patrols the perimeters of factories and buildings at low speeds, detecting security or safety anomalies and notifying the central control system. With real-image dual cameras, the robot can detect hazardous materials, fires, and intrusions. It is currently undergoing proof of concept (PoC) testing with unmanned security companies. Having achieved Level 4 autonomous driving capabilities, the team is also planning the development of a fire suppression robot capable of initial containment and delay.

Meanwhile, Neubility, a startup specializing in autonomous driving robots, also participated in the 2024 LOTTE Investment Showcase, held ahead of the 2024 VCM, sharing its innovative DNA as a startup with LOTTE Group.

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# 02. STRATEGY & MATERIALITY

IN THIS SECTION \_\_\_\_\_ Our Commitment  
Our Strategy  
Our Materiality



# MESSAGE FROM CHAIRPERSON OF ESG COMMITTEE



**Nam-gyoo Park**

Chairperson of the ESG Committee, LOTTE Corporation

Dear Stakeholders,

We are pleased to share LOTTE's ESG activities and achievements through the LOTTE Corporation Sustainability Report. On behalf of the ESG Committee, I sincerely thank all stakeholders for your continued interest and trust.

As an outside director of LOTTE Corporation and Chairperson of the ESG Committee, I have been involved with LOTTE Group's ESG management over the past four years. During this time, I have witnessed LOTTE's steadfast efforts to integrate ESG values into all aspects of its business operations. In the process, LOTTE Corporation has established a Group-wide ESG strategy and carbon neutral roadmap, while also introducing key guiding documents including the Statement on Human Rights, the Statement on Environmental Management, and the Code of Conduct for Partner Companies, thereby setting a clear direction for LOTTE Group's ESG management. Additionally, by supporting ESG performance management and carbon reduction activities across its affiliates, LOTTE Corporation has built the necessary foundation to ensure that ESG goals move beyond declarations and become embedded in day-to-day business practices.

Going forward, LOTTE Corporation aims to take a proactive approach to comply with mandatory ESG disclosure regulations, while strengthening the effectiveness of its operating systems and the implementation of its ESG strategies. Furthermore, we will examine a broad range of ESG issues, such as compliance, information security, and climate risk, from a multi-dimensional perspective, reinforcing the link between sustainability and corporate value from a long-term perspective.

LOTTE Corporation remains open to learning and committed to action. The ESG Committee will continue to anticipate and guide the direction of change and offer principled recommendations so that LOTTE Corporation may evolve in the right direction and fulfill its responsibilities as a sustainable enterprise. With your warm support and unwavering trust, we look forward to seeing LOTTE grow into a healthier and more sustainable company.

Thank you.

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# MESSAGE FROM HEAD OF CORPORATE STRATEGY OFFICE

To all stakeholders who have accompanied LOTTE Corporation on its ESG journey, I extend my deepest gratitude.

Amid a rapidly evolving market environment and growing societal demands, ESG has emerged as a core pillar of management and a practical means of advancing sustainability. LOTTE Corporation is focused on strengthening practical collaboration and establishing an execution-oriented foundation to enhance ESG performance across the Group. We are continuously reinforcing support systems to enable each Group affiliate to implement ESG practices tailored to its business characteristics and mid-to long-term strategies.

Particularly, LOTTE Corporation is accelerating the advancement of the Group's environmental and energy management systems in the field of environmental management. In 2024, we launched a new integrated system that combines net zero performance tracking with simulation functions, further enhancing our emissions monitoring and compliance verification capabilities. As a result, we achieved a meaningful milestone, exceeding the Group-wide carbon reduction target of 9.597 million tons (set across 18 affiliates) by approximately 6.9%, reaching 8.934 million tons in actual reductions.

Led by the Group's Eco-friendly Management Task Force Team, we share environmental strategies across affiliates, actively supporting green business collaboration, and reinforcing execution in environmental and energy investments and cost management. We hold quarterly ESG working group meetings and environmental management seminars to ensure coherence between ESG strategy development and execution, while also systematically strengthening the ethics and compliance systems of each company.

As the hub of Group-wide innovation, LOTTE Corporation will continue enhancing the execution of ESG management. Sustainable growth cannot be achieved overnight. Only when grounded in sincere practices and consistent strategy can true transformation for the future take shape. We will therefore remain flexible in the face of change but unwavering in our principles.



**Jun-Hyung Rho**

President & CSO,  
LOTTE Corporation

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# ESG STRATEGY

## ESG Goals and Strategic Direction

LOTTE Group has been advancing sincere ESG management with the goal of achieving sustainable growth. We have established ESG governance across the Group, revised related policies and regulations, and built a framework for disclosure and data management. Dedicated ESG departments have been established, and ESG committees have been formed within the boards of directors (BOD) at each listed affiliate to ensure consistent execution of the Group's ESG strategy. In response to the global trend toward mandatory ESG disclosures, LOTTE Group is preparing to implement an integrated ESG data system aimed at enhancing data management capabilities and transparency in information disclosure. Additionally, by upgrading the LETS (LOTTE Environment & Energy Total Service) system, we are managing environmental data, such as greenhouse gas emissions, energy usage, and emissions trading, more systematically while improving data consistency and reliability.

We are also making continuous efforts to enhance our capabilities in responding to climate change. LOTTE Group set in the place the Eco-friendly Management Task Force Team, through which we set greenhouse gas (GHG) reduction targets and strategic direction, while also formulating detailed short- and mid-to long-term reduction plans, taking into account the Group's technological capabilities and investment capacity. Efforts have been particularly focused on the Chemicals HQ, where carbon regulations are most pressing, in order to build a sustainable portfolio of the Group and enhance corporate value.

In 2025, LOTTE Group aims to strengthen ESG management from the perspective of "overcoming crises and preparing for the future." In the short term, we will establish an ESG management system that minimizes risks amid an uncertain business environment. In the long term, we will strengthen the Group's green business portfolio to drive sustainable growth, seek out opportunities in times of crisis, and proactively create new opportunities for the future.

### Strategic ESG Management Tasks



#### Achieving Net Zero

- Establish net zero strategies and management systems (establishment of the LOTTE Carbon Neutral Roadmap, performance tracking management)
- Incorporate climate risks and climate-related business strategies



#### Data-Driven ESG

- Establish ESG management indicators (development of standards for non-financial performance data management)
- Build and enhance data management systems (establishment of process non-financial performance data management and internal controls for ESG data)



#### Enhancing Corporate Value through ESG

- Establish pre-screening measures for future business investment risks (including ESG risk assessment and mitigation plan at the investment stage)
- Review ESG-based portfolios (corporate value enhancement by comprehensively considering both financial value and ESG value to promote sustainable management)



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## ESG KPIs and Implementation Status

### ESG KPI Framework

In 2021, LOTTE Group established its ESG management roadmap and officially launched its ESG management by announcing its commitment through the ESG Management Declaration Ceremony, both internally and externally. To support the practical implementation of ESG management, we created an ESG key performance indicator (KPI) framework and incorporated ESG performance into the performance evaluations of CEOs of the Group affiliates.

LOTTE Corporation analyzed the ESG performance of the Group affiliates in 2021, identified areas for improvement, and developed tailored KPIs for each company. The selection of indicators, evaluation criteria, and weightings were determined through sufficient communication and collaboration between LOTTE Corporation and its affiliates. Based on strong commitment and a shared understanding of the goals, ESG KPI implementation began in 2022.

### Enhancing ESG KPI Management

To promote sustainability management and increase corporate value, LOTTE Corporation classifies the Group affiliates into three tiers—Group A, B, and C—based on the level of ESG management required, thereby managing ESG performance systematically. To realize ESG management at the level of leading global companies, we are annually improving ESG evaluation metrics and continuously expanding the Group affiliates subject to evaluation. In 2025, companies previously categorized as the Group C but showing high carbon emissions or greater ESG demands from customers were reclassified to the Group, thus strengthening ESG oversight.

Moving forward, LOTTE Corporation will continue to set mid-to long-term ESG goals at the Group level and enhance the efficiency and effectiveness of ESG execution by operating an ESG KPI system that enables each Group affiliate to lead and manage ESG initiatives with autonomy and accountability.

### Status of ESG KPI Implementation of the Group Affiliates

Classification	2022	2023	2024	2025 (Plan)
Group A	10 companies	11 companies	12 companies	12 companies <sup>1)</sup>
Group B	10 companies	9 companies	9 companies	16 companies <sup>2)</sup>
Group C	-	-	23 companies	14 companies <sup>3)</sup>

<sup>1)</sup> LOTTE E&C, LOTTE Global Logistics, LOTTE Rental, LOTTE Shopping, LOTTE Energy Materials, LOTTE Wellfood, LOTTE Innovate, LOTTE Fine Chemical, LOTTE Chilsung Beverage, LOTTE Chemical, LOTTE Hi-Mart, HOTEL LOTTE

<sup>2)</sup> Daehong Communications, LOTTE GS Chemical, LOTTE GRS, LOTTE-Nestlé, LOTTE Property & Development, LOTTE BIOLOGICS, LOTTE Versalis Elastomers, LOTTE MCC, LOTTE INEOS Chemical, LOTTE Infracell, LOTTE Capital, LOTTE Cultureworks, LOTTE Home Shopping, Korea Seven, LC TITAN, LC USA

<sup>3)</sup> LOTTE Members, LOTTE Ventures, LOTTE International, LOTTE Asahi Liquor, LOTTE AMC, LOTTE Giants, LOTTE JTB, LOTTE GFR, LOTTE R&D Center, People Networks, Uniqlo, Canon Korea, Korea Fujifilm, STL



LOTTE Corporation sets the overall direction for the Group's ESG management and ensures that the Group-wide ESG strategy is consistently implemented in alignment with each Group affiliate's strategy through ongoing monitoring and coordination.



This systematic approach has driven cultural adoption of ESG and active participation across the Group.

While the global economy faces an era of hyper-uncertainty, looking at business through the lens of ESG is essential to turning crises into opportunities. Therefore, LOTTE Group will continue to advance ESG management as a proactive approach to creating opportunities and preparing for the future. In this process, LOTTE Corporation will support these efforts to help secure future growth engines and build sustainable business models.

### Whan-Hee Lee

Vice President,  
Strategic Planning Team of LOTTE Corporation



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# VALUE-UP PLAN

## Value-Up Goals and Strategic Direction

The Value-Up (corporate value enhancement) program is a government-led initiative aimed at addressing the undervaluation of the domestic stock market. Even before the program became national policy, LOTTE Group had already been considering ways to sustainably enhance corporate value. In July 2024, a task force was formed at the Group level to ensure consistency in disclosures, and eight out of 11 listed LOTTE affiliates publicly released their corporate value enhancement plans between September and November. On November 26, 2024, LOTTE Corporation announced its mid-to long-term shareholder return policy for 2024–2026 and disclosed a Value-Up Plan centered on a shareholder return ratio of 35% or more, including dividends and treasury stock cancellation.

To assess its current position, LOTTE Corporation benchmarked itself against major Korean holding companies, comparing price-to-book ratio (PBR), dividend payout ratio, and shareholder composition. Based on this analysis, we identified three key objectives for enhancing corporate value as follows:

### Corporate Value Enhancement Goal



#### Investment Stocks Value-up

First, we will enhance the value of equity investments by strengthening existing businesses and managing the portfolio more effectively.



#### Strengthening Shareholder Return

Second, we will strengthen the shareholder return policy. In addition to cash dividends, we will present a shareholder return ratio, which includes not only cash dividends but also treasury stock cancellation, and operate a more stable and predictable shareholder return policy by reviewing measures such as changes to the dividend record date and implementing interim dividends.



#### Leading ESG Management

Third, we will lead in ESG management by focusing on achieving net zero by 2050, adhering to the Diversity Charter, and improving compliance with key governance indicators.



<sup>1)</sup> Shareholder return rate = (Total dividend amount + Total treasury stock cancellation amount) / Separate net income

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## Value-up Implementation Status

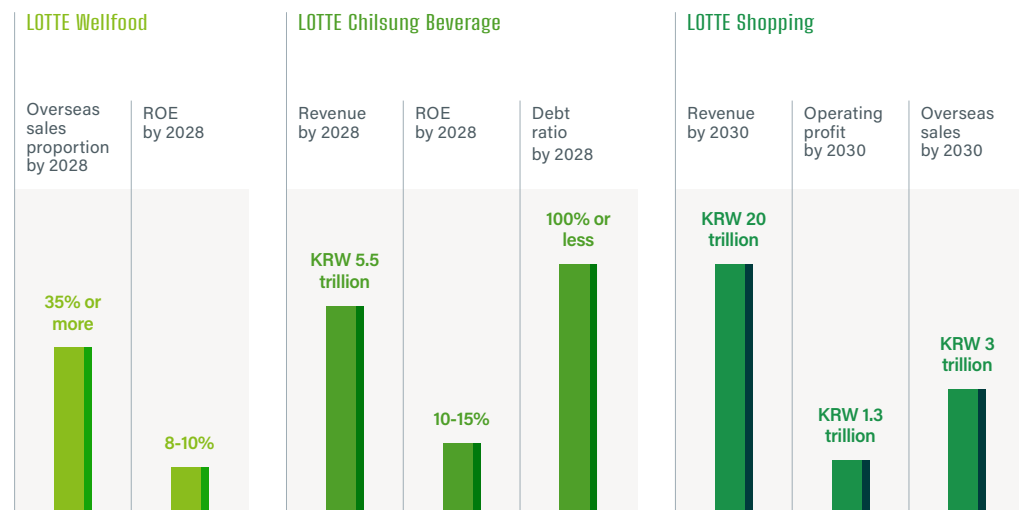
To achieve the goals, LOTTE Corporation has established specific action plans and implementation measures. Despite growing uncertainties at home and abroad, we continue to maintain momentum in our Value-Up, striving to enhance corporate value in a way that benefits all stakeholders, including shareholders.



### Listed Company Value-up

As a holding company, investment equities make up the majority of LOTTE Corporation's assets. Recognizing that enhancing the value of its equity holdings is essential to improving overall corporate value, LOTTE Corporation plans to support the value-up plan of its major listed and unlisted subsidiaries and affiliates, ensuring that gains in their valuations contribute directly to its own.

### Corporate Value-up Goals of Major Listed Subsidiaries and Affiliates



#### Shareholder Return Policy

- Around 35% of average shareholder return rate (consolidated) for 2024-2028
- Implementation of interim dividend
- 30% or more of shareholder return rate (consolidated) by 2028
- Implementation of interim dividend
- 35% or more of shareholder return rate (consolidated)
- Minimum DPS of KRW 3,500
- Consideration of interim dividend implementation

\* Please note that the above financial goals and shareholder return policy are forward-looking statements, and actual future performance may differ from the contents stated or implied in this material due to changes in the business environment and mid-to long-term plans.

Major listed subsidiaries and affiliates of LOTTE Corporation include LOTTE Wellfood, LOTTE Chilsung Beverage, and LOTTE Shopping. Each company has established financial targets and shareholder return policies that reflect both their current corporate status and investor interests. Detailed information is available through their respective Value-Up disclosures. Key unlisted subsidiaries include LOTTE GRS, which operates LOTTERIA and various other domestic and international food service brands; Korea Seven, which manages the global convenience store brand 7-Eleven; and LOTTE Biologics, one of the group's core emerging businesses. Financial targets and implementation plans for these affiliates can be found in LOTTE Corporation's disclosure materials for the Corporate Value-Up Plan.



Corporate value-up goals of key unlisted subsidiaries

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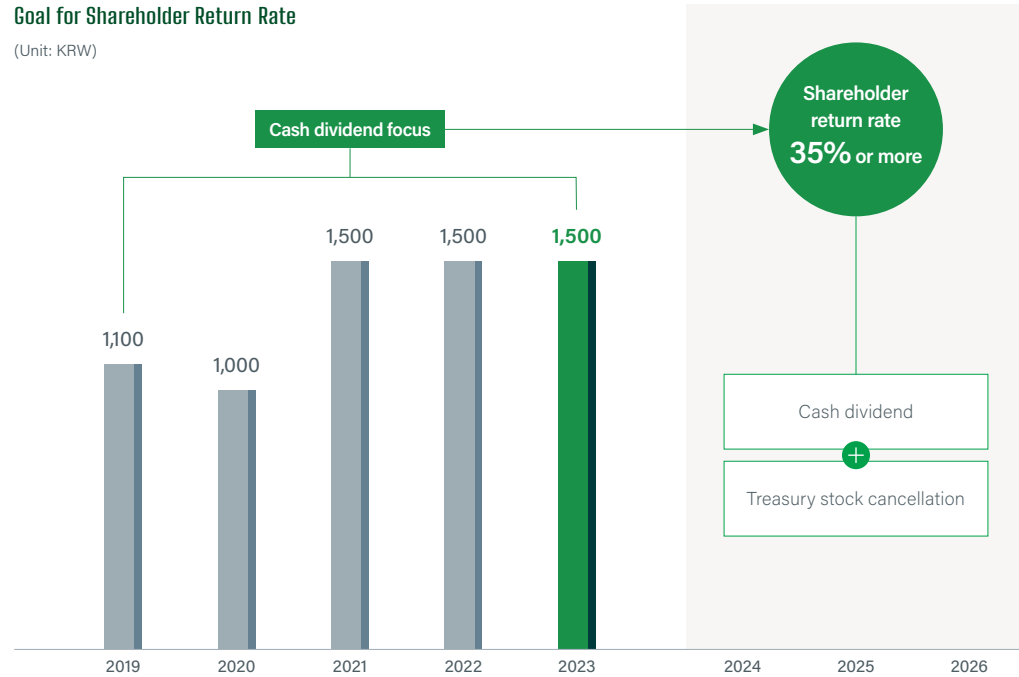


## Strengthening Shareholder Return

At its establishment in 2017, LOTTE Corporation set a target dividend payout ratio of 30%, and has since maintained a relatively high payout ratio and yield compared to other holding companies through shareholder-friendly policies. The company has implemented a stable dividend policy based on its business performance, determining dividend payouts through a comprehensive assessment of its investment plans and operating results, with a primary focus on cash dividends.

### Goal for Shareholder Return Rate

(Unit: KRW)



Targeting a shareholder return rate of 35% or more

Considering the implementation of interim dividends

Considering the cancellation of treasury stocks

Pursuing changes to the dividend record date<sup>4)</sup>

<sup>4)</sup> Starting with the 2024 year-end dividends, the procedure has been improved to allow investment decisions after confirming the dividend amounts.

	2019	2020	2021	2022	2023	2024
Dividend yield	2.8%	2.9%	4.9%	4.6%	5.3%	5.8%
Dividend per share (KRW)	1,100	1,000	1,500	1,500	1,500	1,200

<sup>1)</sup> Shareholder return rate = (Total dividend amount + Total treasury stock cancellation amount) / Separate net income

<sup>2)</sup> Including both common and preferred shares

<sup>3)</sup> Amendments to the relevant Articles of Incorporation for changes in the dividend procedure were completed at the 2024 annual general meeting.

In 2024, LOTTE Corporation announced its Corporate Value-Up Plan, outlining a mid-to long-term shareholder return policy to improve investor predictability. The policy was further strengthened by setting a target shareholder return ratio<sup>1)</sup> of over 35%, including both cash dividends and treasury stock cancellation. In March 2025, the company disclosed the Report on Treasury Shares, announcing plans for the utilization of its treasury stock holdings, which account for 32.3%<sup>2)</sup>. To further enhance dividend predictability, LOTTE Corporation revised the dividend record date<sup>3)</sup>, allowing investors to make investment decisions after the dividend amount has been confirmed, starting with the 2024 year-end dividend. Additionally, we are reviewing the introduction of interim dividends to further improve predictability and transparency in our dividend policy.

LOTTE Corporation is committed to increasing shareholder satisfaction and market confidence through these efforts. Building on this foundation, we aim to sustain long-term growth and establish a virtuous cycle that returns the results of this growth to shareholders and other stakeholders, thereby enhancing corporate value.

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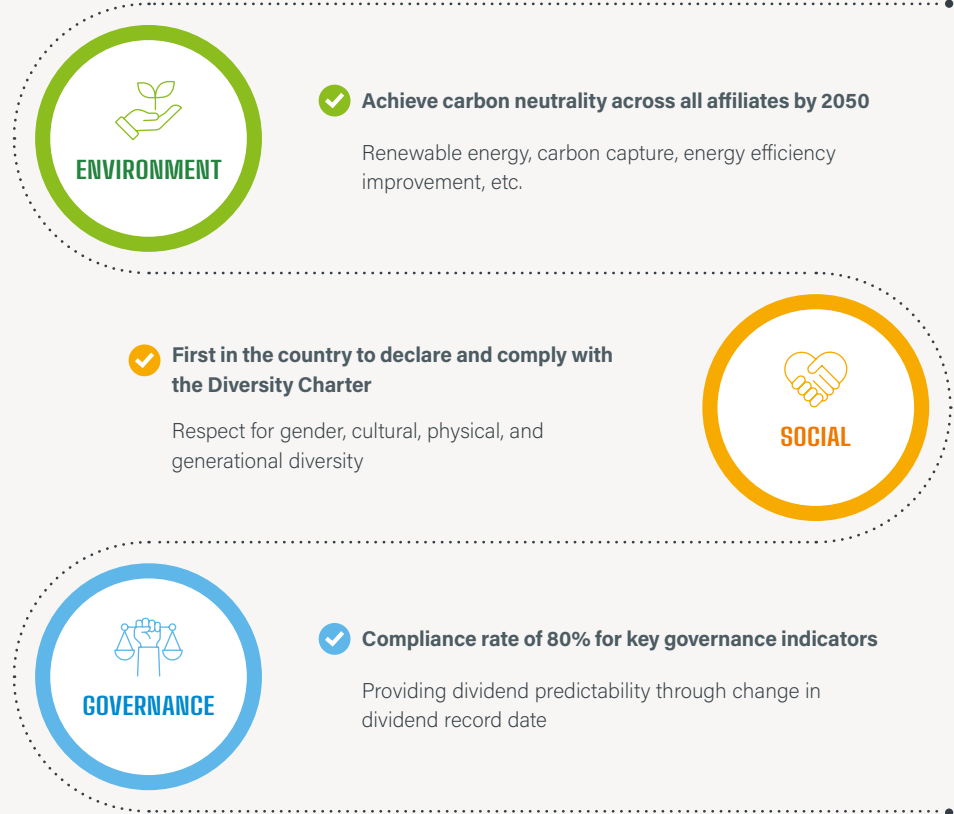
## Leading ESG Management

As one of its three corporate value-up goals, LOTTE Corporation has selected "leading ESG management." The company is particularly focused on achieving net zero (E), complying with the Diversity Charter (S), and improving adherence to key governance indicators (G).

In the environmental sector, LOTTE declared its commitment to net zero through the LOTTE Group ESG Statement in 2021, formulated Carbon Neutral Roadmap 1.0 in 2022, and upgraded to Roadmap 2.0 in 2024. This enhanced version emphasizes economic feasibility and practicality. We aim to achieve net zero across our non-chemical affiliates by 2040 and across chemical affiliates by 2050. To meet these targets, we are implementing the Carbon Neutral Roadmap centered on expanding renewable energy use, adopting carbon capture technologies, and improving energy efficiency.

In the social sector, we are committed to compliance with the LOTTE Group Diversity Charter, institutionalizing family-friendly systems and promoting a DEI (Diversity, Equity, Inclusion) culture. In 2013, LOTTE Group became the first Korean company to formally adopt and declare a diversity charter. Since then, we have been making steady progress in expanding diversity, particularly in advancing gender equality, and have driven visible changes across the organization.

### ESG Goals



In the governance sector, we have set a goal to improve the compliance rate of core indicators from the previous 73.3% to 80.0% by addressing the "lack of predictability regarding cash dividends," which was marked as "non-compliant" last year. To this end, we amended the Articles of Incorporation at the 57th annual general meeting (AGM) held on March 28, 2024, thus allowing the BOD to determine the dividend record date. Consequently, the previously fixed dividend record date of December 31 each year was changed to follow the finalization of the dividend amount. For the 2024 year-end dividend, the record date was set as March 31, 2025, after the dividend amount was confirmed.

However, although the 2024 AGM was held on a non-concentrated date, we did not participate in the Korea Listed Companies Association's shareholder meeting dispersion program. As a result, compliance for this item was downgraded from "compliant" to "non-compliant," leaving our overall governance compliance rate unchanged at 73.3% from the previous year.

We will work to improve in this area and further raise our compliance rate moving forward.

For more detailed information, please refer to the Climate Change Response, Human Resource Management, and Establishment of Advanced Corporate Governance parts under the Material ESG Topics section.

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# STAKEHOLDER ENGAGEMENT

## Stakeholder Communication

LOTTE Corporation defines shareholders and investors, the Group affiliates, employees, government, local communities, and non-profit organizations and associations as major stakeholder groups. Based on communication channels for each stakeholder, we listen to their opinions, identify main subjects of interest, and reflect them in our management process.

Classification	Shareholders and Investors	Group Affiliates	Employees	Government	Local Communities	NGOs and Associations
						
Main Interests of Stakeholders	<ul style="list-style-type: none"> <li>• Maximizing shareholder value</li> <li>• Stable financial performance</li> <li>• Business outlook</li> <li>• Governance transparency</li> <li>• ESG risk management</li> </ul>	<ul style="list-style-type: none"> <li>• Directions for the Group operations</li> <li>• Sharing information among the Group affiliates</li> <li>• Fair trading</li> </ul>	<ul style="list-style-type: none"> <li>• Fair performance evaluation and compensation</li> <li>• Grievance handling</li> <li>• Employee benefits</li> <li>• Respecting female leadership</li> <li>• Supporting employees' capacity building</li> </ul>	<ul style="list-style-type: none"> <li>• Obeying the law</li> <li>• Job creation</li> <li>• Tax payment</li> </ul>	<ul style="list-style-type: none"> <li>• Communication with local communities</li> <li>• Contributions to local communities</li> </ul>	<ul style="list-style-type: none"> <li>• Governance transparency</li> <li>• Social responsibility toward local communities and the environment</li> <li>• Expanding investments in eco-friendly management</li> </ul>
Communication Channels	<ul style="list-style-type: none"> <li>• Annual general meeting and extraordinary general meetings</li> <li>• Corporate day</li> <li>• IR disclosure materials (business report, corporate governance report, sustainability report)</li> </ul>	<ul style="list-style-type: none"> <li>• Regular VCM (Value Creation Meeting)</li> <li>• ESG Working-Level Council</li> <li>• LOTTE Personnel Code of Conduct</li> <li>• Environmental Management Seminar</li> <li>• Compliance Officer Sharing Meeting</li> <li>• Compliance Forum</li> </ul>	<ul style="list-style-type: none"> <li>• Labor-Management Council</li> <li>• Corporate Ethics Counseling Center including Sinmungo</li> <li>• Smart working platforms</li> <li>• People of LOTTE Group</li> <li>• LOTTE Diversity Forum</li> </ul>	<ul style="list-style-type: none"> <li>• Policy meetings and seminars</li> </ul>	<ul style="list-style-type: none"> <li>• Local government briefings and meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Press releases</li> <li>• Relevant councils or meetings</li> </ul>

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# DOUBLE MATERIALITY ASSESSMENT

## Materiality Assessment Process

LOTTE Corporation conducts the materiality assessment to identify ESG risks and opportunities and then incorporates the findings into its strategic planning. Rather than conducting an annual materiality assessment, we conduct it biennially in order to allow sufficient time for strategic planning and execution. Following the previous assessment in 2023, the 2025 materiality assessment has been enhanced to reflect changes in the internal and external business environment as well as trends in stakeholders' expectations related to sustainability. In response to the growing global demand for sustainability disclosures, the scope of the materiality assessment was expanded to better manage and report on sustainability issues across the company's consolidated entities. As part of this year's assessment, LOTTE Corporation included its listed consolidated subsidiaries—LOTTE Wellfood, LOTTE Innovate, and LOTTE Chilsung Beverage—within the scope of the materiality analysis, with the aim of identifying material issues from the perspective of key stakeholders based on a consolidated view. Furthermore, material issues were broadly considered across the Group's entire portfolio, including businesses beyond the listed subsidiaries. To reflect stakeholders' expectations in the materiality assessment process more effectively, the company also collected and analyzed sustainability-related feedback and requests received through various channels throughout 2024.

As a result of the materiality assessment, such factors as climate change, corporate governance, human resource management, ethical management and anti-corruption, responsible product and service management, and information security have been identified as LOTTE Corporation's material issues from the perspective of sustainability for 2024–2025. In this section, we present the risks and opportunities associated with each issue, along with our strategic approaches to addressing them.

### Selection of Key Issues Based on Double Materiality



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# DOUBLE MATERIALITY ASSESSMENT

## Results of Materiality Analysis

As a result of evaluating the materiality of 14 sustainability-related issues relevant to LOTTE Corporation's business, six issues—including climate change, corporate governance, human resource management, ethical management and anti-corruption, and information security—were selected as priority issues from the perspective of double materiality. LOTTE Corporation classifies these issues as significant risks and opportunities that can have a significant material impact on corporate value, and aims to respond to them systematically. Based on this, we will engage in communication with our key stakeholders, such as shareholders, employees, customers, and business partners. Furthermore, these priority issues will be incorporated into the company-wide ESG strategic planning for continuous management.



Issue	LOTTE Corporation and major subsidiaries perspective <sup>1)</sup>		The Group portfolio perspective			
	Impact materiality	Financial materiality	Food & Beverage	Retail	Chemical	Infrastructure
Climate change	●●●●●	●●●●●	☑	☑	☑	☑
Corporate governance	●●●●●	●●●●●	☑	☑	☑	☑
Human resource management	●●●●●	●●●●●	☑	☑	☑	☑
Ethical management and anti-corruption	●●●●●	●●●●●	☑	☑	☑	☑
Responsible product and service management	●●●●●	●●●●●	☑		☑	
Information security	●●●	●●●●●		☑		☑
Safety and health	●●●●	●●●●	☑		☑	
Supply chain management	●●●●	●●●●	☑	☑	☑	☑
Risk management	●●●●	●●●●	☑	☑	☑	☑
Water resource management	●●●	●●●●	☑			
Minimization of environmental impact of packaging materials and waste	●●●	●●●●	☑			
Human rights management	●●●●	●●●	☑	☑	☑	☑
Diversity and inclusion	●●	●●●	☑	☑	☑	☑
Social contributions	●●●	●●	☑	☑	☑	☑

<sup>1)</sup> LOTTE Chilsung Beverage, LOTTE Wellfood, LOTTE Innovate

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# DOUBLE MATERIALITY ASSESSMENT

## Introduction of Material Issues

### I. Climate Change Response

Issue description	Stakeholder	Impact materiality (Environmental and social impact pathways and level)		Financial materiality (Business impact pathways and level)		Page
		Potential impact pathways	Assessment result	Potential impact pathways	Assessment result	
Enhancing regulatory responsiveness by proactively addressing physical and transition risks caused by climate change, establishing and implementing strategies to reduce greenhouse gas (GHG) emissions, and securing cost efficiency and a foundation for sustainable growth in the long term	• Environment • Shareholders	<ul style="list-style-type: none"> <li>Acceleration of climate change and increased risk of natural disasters due to rising greenhouse gas emissions (e.g. supply chain disruptions, damage to production facilities)</li> <li>Reduction of GHG emissions and mitigation of climate change by transitioning to renewable energy and improving energy efficiency</li> <li>Mitigation of negative impact related to products and improved consumer perception of eco-friendly products by expanding the eco-friendly product lineup and increasing the use of eco-friendly packaging materials</li> </ul>	●●●●● Significant	<ul style="list-style-type: none"> <li>Loss of revenue and increased insurance premiums in the event of production disruptions caused by climate risks (e.g. heatwaves, heavy rainfall, typhoons)</li> <li>Increased raw materials procurement and logistics costs due to supply chain disruptions caused by abnormal weather events</li> <li>Higher cost of regulatory compliance due to increased carbon taxes and emissions trading prices (increased operating expenses and reduced EBIT)</li> <li>Greater operational cost burden due to increased cost of transitioning to low-carbon technologies</li> <li>Expansion of sustainable market share through the development of eco-friendly products and services</li> <li>Reduction of electricity costs and acquisition of tax benefits through the transition to renewable energy and improvement of energy efficiency</li> </ul>	●●●●● Significant	p. 35-45

	Impact materiality perspective	Financial materiality perspective
●	Negative	Risk
●	Positive	Opportunity

LOTTE Corporation's response strategies
<ul style="list-style-type: none"> <li>Analyze climate change risks and opportunities at regular meetings such as the ESG Committee and incorporate them in corporate management decision-making</li> <li>Establish a net zero plan based on 6 reduction measures—energy efficiency, renewable energy, energy transition, carbon capture, hydrogen energy, and the transition to zero-emissions vehicles</li> <li>Develop a mid-to long-term Group-level climate change response strategy with four pillars—Green Place (energy efficiency), Green Change (transition to decarbonized energy sources), Green Innovation (innovative eco-friendly solutions), and Green Cycle (leading green industry platform)</li> <li>Formulate mid-to long-term strategies that take into account climate change scenarios and business linkage to secure engines of sustainable growth, for example, Lotte Chemical's entry into new green businesses.</li> <li>Increase the utilization of electric vehicles (EV) by customers and employees (with the focus on the Group affiliates in retail and service sector) by installing more EV charging stations</li> <li>Promote the introduction and increased use of renewable energy within the Group affiliates on a continuous basis</li> </ul>

### 2. Human Resources Management

Issue description	Stakeholder	Impact materiality (Environmental and social impact pathways and level)		Financial materiality (Business impact pathways and level)		Page
		Potential impact pathways	Assessment result	Potential impact pathways	Assessment result	
Enhancing organizational productivity and innovation by developing employees' capabilities, expanding diversity and inclusion, and creating a safe and healthy work environment, thereby strengthening corporate competitiveness by attracting and retaining top talents	• Employees	<ul style="list-style-type: none"> <li>Insufficient employee welfare programs and a lack of career development opportunities which may lead to lower job satisfaction and higher turnover rates among employees</li> <li>Enhancing organizational capabilities and raising employees' satisfaction with their work by strengthening employee capabilities and creating a healthy work environment</li> <li>Increasing work engagement and productivity by improving welfare programs that consider a healthy work-life balance</li> </ul>	●●●●● Important	<ul style="list-style-type: none"> <li>Inadequate management of human resources may lead to higher turnover rates, resulting in higher recruitment and training costs.</li> <li>A decline in welfare and capability development levels may result in a loss of key talents and weaken competitiveness in terms of talent acquisition within the industry.</li> <li>Investing in employee welfare and capability development, and fostering an inclusive organizational culture will strengthen organizational stability and secure corporate competitiveness.</li> </ul>	●●●●● Significant	p. 46-54

LOTTE Corporation's response strategies
<ul style="list-style-type: none"> <li>Operate a standing organization, "HR Inno Community," to drive HR innovation across the Group affiliates</li> <li>Establish the Group HR direction based on "Market-driven HR" and "Value-driven HR" principles</li> <li>Execute 19 key tasks to realize the Group-level HR direction, continuously advancing HR innovation projects focused on boosting productivity and enhancing core competencies</li> <li>Establish the AI capability development direction for employees in preparation for the AI+X era                             <ul style="list-style-type: none"> <li>I. Fostering AI literacy; II. Strengthening creative thinking and problem-solving skills; III. Enhancing AI expertise</li> </ul> </li> <li>Became the first company in Korea to announce the Diversity Charter in 2013</li> <li>Hold quarterly LOTTE Corporation Labor-Management Council meetings</li> </ul>

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## Introduction of Material Issues

### 3. Information Security

Issue description	Stakeholder	Impact materiality (Environmental and social impact pathways and level)		Financial materiality (Business impact pathways and level)		Page	LOTTE Corporation's response strategies
		Potential impact pathways	Assessment result	Potential impact pathways	Assessment result		
Strengthening cybersecurity measures and personal data protection systems to prevent legal and financial risks caused by information leaks, while enhancing trust with customers and stakeholders	<ul style="list-style-type: none"> <li>Consumers</li> <li>Employees</li> <li>Shareholders</li> </ul>	<ul style="list-style-type: none"> <li>In case of customer data leakage, direct damage may occur to customers.</li> <li>If the information protection management system is insufficient, investor trust may decline.</li> </ul>	●●● Informative	<ul style="list-style-type: none"> <li>In case of customer data leakage, legal costs for response may occur.</li> <li>Trust decline caused by customer data leakage may lead to long-term revenue downturns and potential stock price impacts due to decreased investor confidence.</li> </ul>	●●●●● Significant	p. 55-61	<ul style="list-style-type: none"> <li>Operate the Committee on Information Security (chaired by the CEO of LOTTE Corporation) and the Committee on Information Security, with the focus on internal and external security incidents, compliance trends, security policies, and strategies for strengthening information security</li> <li>Appoint the Chief Information Security Officer (CISO) and the Chief Privacy Officer (CPO)</li> <li>Establish and present the Group Information Security Principles for all Group affiliates</li> <li>Obtain the Information Security Management System (ISMS) certification and conduct annual information security and personal data protection training programs for all employees</li> </ul>

### 4. Responsible Product and Service Management

Issue description	Stakeholder	Impact materiality (Environmental and social impact pathways and level)		Financial materiality (Business impact pathways and level)		Page	LOTTE Corporation's response strategies
		Potential impact pathways	Assessment result	Potential impact pathways	Assessment result		
Strengthening responsibility across all processes, including product and service safety, quality, and customer information protection, to secure customer trust, enhance brand value, and contribute to maintaining long-term market competitiveness.	<ul style="list-style-type: none"> <li>Consumers</li> </ul>	<ul style="list-style-type: none"> <li>In the event of product recalls or safety accidents, consumer trust may decline, while the risks of lawsuits and legal sanctions may increase.</li> <li>Errors in product information or the omission of warning labels may lead to consumer health and safety issues and cause a loss of trust in the medium to long term.</li> <li>Strict management of product and service quality can increase consumer satisfaction.</li> </ul>	●●●●● Significant	<ul style="list-style-type: none"> <li>In case of product defects and safety issues, costs may incur to address customer complaints and recalls.</li> <li>If product defects and safety issues persist or responses are inadequate, it may lead to short-term and mid-to long-term revenue declines and damage to brand value.</li> <li>By rigorously enhancing product and service quality to improve customer purchasing experience, long-term brand value can be increased and market competitiveness expanded.</li> </ul>	●●●●● Important	p. 62-65	<ul style="list-style-type: none"> <li>Operate a company-wide product quality management council for three major subsidiaries (LOTTE Chilsung Beverage, LOTTE Wellfood, LOTTE Innovate), each with dedicated quality management teams</li> <li>The three major subsidiaries have obtained key product safety and quality certifications such as FSSC 22000 (Food Safety Certification) and ISO 9001 (Quality Management Systems).</li> </ul>

	Impact materiality perspective	Financial materiality perspective
●	Negative	Risk
●	Positive	Opportunity

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## Introduction of Material Issues

### 5. Corporate Governance

Issue description	Stakeholder	Impact materiality (Environmental and social impact pathways and level)		Financial materiality (Business impact pathways and level)		Page
		Potential impact pathways	Assessment result	Potential impact pathways	Assessment result	
Enhancing shareholder value not only for LOTTE Corporation but also the entire portfolio through efforts to strengthen governance independence and transparency; and securing stakeholders' trust through the establishment of a professional and effective BOD and transparent information disclosure	• Shareholders	<ul style="list-style-type: none"> <li>A decline in governance transparency may result in agency problems and violations of shareholders' rights due to internal control failures.</li> <li>The transparent disclosure of financial and non-financial information improves investor trust and reduces information asymmetry.</li> </ul>	●●●●● Significant	<ul style="list-style-type: none"> <li>In case of deterioration in governance soundness, shareholder trust declines and stock price is impacted.</li> <li>Efforts to enhance the BOD's independence, expertise, and diversity can improve decision-making effectiveness, leading to long-term growth of corporate value.</li> </ul>	●●●●● Significant	p. 66-74

### 6. Ethical Management and Anti-corruption

Issue description	Stakeholder	Impact materiality (Environmental and social impact pathways and level)		Financial materiality (Business impact pathways and level)		Page
		Potential impact pathways	Assessment result	Potential impact pathways	Assessment result	
Establishing and operating ethical standards and internal control systems to ensure fair and transparent corporate operations, minimize the legal risks, and to enhance stakeholders' trust and our corporate reputation	• Shareholders • Consumers • Partner companies	<ul style="list-style-type: none"> <li>When unethical acts occur, sanctions by regulatory authorities and a decline in investor trust arise.</li> <li>When violations of fair trade occur, unfair competition among partner companies intensifies, leading to market order disruptions.</li> </ul>	●●●●● Important	<ul style="list-style-type: none"> <li>The occurrence of unethical behavior may lead to inefficient spending and an unnecessary deterioration of profitability.</li> <li>Exposure to issues arising from ethical management risks may result in lower levels of trust among investors and have a potentially negative impact on stock prices.</li> <li>Establishing an ethical corporate culture can build long-term corporate trust and enhance brand value.</li> </ul>	●●●●● Significant	p. 75-82

	Impact materiality perspective	Financial materiality perspective
●	Negative	Risk
●	Positive	Opportunity

LOTTE Corporation's response strategies
<ul style="list-style-type: none"> <li>Strengthen the BOD's independence through the operation of an independent lead director (ILD) system</li> <li>Operate evaluation systems for the BOD and non-executive directors to enhance the board's operational efficiency</li> <li>Apply guidelines on BOD expertise and diversity across all Group affiliates</li> <li>Enhance the management and supervision of the Group's internal control system by operating a council of dedicated teams to the ICFR management system</li> </ul>

LOTTE Corporation's response strategies
<ul style="list-style-type: none"> <li>Acquired the ISO 37301 certification to promote compliance and ethical management in line with the global standards (as of December 2024, 15 Group affiliates including LOTTE Corporation have obtained the certification)</li> <li>Presented the Group's compliance management principles to all Group affiliates and established a compliance risk management system extending to major overseas subsidiaries</li> <li>Established the "LOTTE Compliance Committee" as a direct organization under the CEO to strengthen the Group-wide compliance management system, and held regular quarterly meetings with the participation of external experts</li> </ul>

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# 03. MATERIAL ESG TOPICS

IN THIS SECTION

● Climate Change Response

● Human Resources Management  
Enhancement of Information Security  
Responsible Product and Service Management

● Establishment of Advanced Corporate Governance  
Ethics and Compliance Management



# CLIMATE CHANGE RESPONSE



To achieve sustainable growth, companies must proactively address climate risks and establish a systematic climate change strategy. Accordingly, LOTTE Corporation analyzes climate risks through its ESG Committee and incorporates the findings into its management decision-making. Additionally, the company formulates mid-to long-term strategies based on climate change scenarios and systematically implements concrete measures to reduce greenhouse gas emissions, such as expanding electric vehicle (EV) charging stations and adopting renewable energy sources.

For the 2024 reporting year, an analysis of climate change impacts was conducted to ensure the effectiveness of LOTTE Group's climate change response strategy and to meet information needs of stakeholders. The analysis covered climate-related risks and opportunities for five major business entities within the Group—LOTTE Corporation, LOTTE Shopping, LOTTE Wellfood, LOTTE Innovate, LOTTE Chilsung Beverage, and LOTTE Chemical. These companies were selected based on criteria such as greenhouse gas (GHG) emissions impact by industry, financial impact, and sensitivity to market and regulatory changes. Through this process, LOTTE Group seeks to develop and execute a more advanced climate strategy across the entire organization.

## GOVERNANCE

- Board of Directors and Executive Management

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# GOVERNANCE

## Board of Directors and Executive Management

### Roles of the ESG Committee and Executive Management

LOTTE Corporation has established an ESG Committee under its board of directors (BOD), the company's highest permanent decision-making body. The ESG Committee reports on and resolves key ESG-related agendas, including responses to climate change. As the key decision-making body guiding climate action, the ESG Committee defines the strategic direction for developing LOTTE Group's carbon neutrality roadmap and facilitates the monitoring and decision-making processes related to ESG risks managed by LOTTE Corporation. In 2024, the ESG Committee reviewed and approved various climate-related agendas, including the updated Carbon Neutral Roadmap and revisions to the ESG KPIs, which incorporate GHG reduction targets. Additionally, LOTTE Corporation integrates ESG management performance, such as progress on the Carbon Neutral Roadmap, into the CEO's performance evaluation to ensure that ESG management goes beyond declarations and are firmly embedded in the company's business strategy and operations.

### Composition and Roles of the ESG Committee

Composition	Director name	Contents
3 non-executive directors	Nam-Gyoo Park (Chairperson) Pyung-Oh Kwon Kyung-Chun Lee	<p><b>Purpose</b></p> <ul style="list-style-type: none"> <li>Providing directions in establishing LOTTE Group's Carbon Neutral Roadmap, and supporting the monitoring and related decision-making regarding ESG risks managed by LOTTE Corporation</li> </ul>
1 executive director	Jun-Hyung Rho	<p><b>Authorities and Roles</b></p> <ul style="list-style-type: none"> <li>Decision-making on the establishment and implementation of the company-wide ESG management strategy plan</li> <li>Monitoring of key task performance according to ESG management strategy</li> <li>Decision-making to maximize ESG-based business opportunities and minimize risks</li> </ul>

### Key Resolutions Related To Climate Change in 2024

Agenda item	Date	Approval status	Board attendance rate
Approval of the revision (draft) to the 2024 ESG KPIs	Mar. 05	Approved	100%
Approval of the update to LOTTE Carbon Neutral Roadmap (draft)	Mar. 05	Approved	100%
Approval of the publication of the Governance Report and Sustainability Report; and Disclosure of Environmental Information	May 27	Approved	100%
Approval of the 2024 ESG KPI operational results	Sep. 27	Approved	100%

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# STRATEGY

## Climate-Related Risks and Opportunities

### List of Climate-Related Risks and Opportunities

Climate change is significantly affecting business and society around the world. In response, LOTTE Corporation systematically identifies and manages climate-related risks and opportunities across its four major business sectors—Food & Beverage, Retail, Chemicals, and Infrastructure—and the holding company. The rising costs of emission allowances and energy, attributable to tighter regulations on GHG emissions, are classified as common risks across all sectors. Other risks and opportunities have been analyzed in consideration of the unique characteristics of each industry. This year, scenario-based financial impact assessments were conducted to analyze sector-specific effects of emission allowance costs. The company plans to continue refining its scenario analysis scope and methodology for more advanced and proactive management in the future.

### List of Climate-Related Risks and Opportunities

Classification	No.	Classification	Type	All sectors/ By industry	Time Frame	Impacted Value Chain	Scope of coverage				Business impacts and response activities
							Food & beverage	Retail	Chemical	Infra-structure	
Transition Risks	T1	Policy and Legal	Strengthened GHG emissions allowance regulations	All sectors	Medium, long term	Operation	●	●	●	●	The Korean government considers GHG reduction in the industrial sector as a critical task for achieving its Nationally Determined Contribution (NDC) and carbon neutrality goals. Accordingly, it plans to strengthen the 4th Basic Plan for the Emissions Trading Scheme (ETS) in 2025 compared to previous versions. As a result, ongoing costs such as emission allowance purchases and investments for GHG reduction are expected to increase in the future.
	T2	Policy and Legal	Strengthened plastic regulations	By industry	Short, medium term	Upstream Operation Downstream	●	●	●		Globally, regulations on plastic use and waste are tightening, particularly targeting single-use plastics, non-recyclable packaging, and microplastics—areas closely related to the business operations of LOTTE Group affiliates. In response, each affiliate implements relevant countermeasures, which have already led to investment costs that are expected to continue increase in the future.
	T3	Market	Increased energy cost	All sectors	Short, medium, long term	Operation	●	●	●	●	As power generation companies face rising energy transition costs to achieve net zero, energy costs are expected to increase. This is likely to lead to higher electricity procurement costs and additional investments in energy efficiency equipment, resulting in continued additional expenses in the future.
	T4	Market	Increased cost of raw materials	By industry	Short, medium term	Operation	●		●		Due to the global transition efforts to address climate change, instability in the supply and demand of crude oil and petroleum products is increasing, and volatility in grain prices is rising as a result of extreme weather events. Consequently, raw material prices are expected to increase. While there are limitations in conducting detailed impact assessments, this issue is recognized as a critical factor for the business, and continuous monitoring is being carried out.
	T5	Technology	Development of low-carbon and eco-friendly technologies	By industry	Short, medium, long term	Operation	●		●	●	As net zero and climate change response emerge as core issues in global business management, demand for low-carbon and eco-friendly technologies is rapidly increasing. This trend is expected to lead to decreased sales due to declining competitiveness of existing products, as well as increased investment costs for business transition. In response, each Group affiliate is actively pursuing transition efforts to turn these risks into opportunities.

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## Climate-Related Risks and Opportunities

List of Climate-Related Risks and Opportunities

Classification	No.	Classification	Type	All sectors/ By industry	Time Frame	Impacted Value Chain	Scope of coverage				Business impacts and response activities
							Food & beverage	Retail	Chemical	Infra-structure	
Physical Risks	T6	Chronic	Increased extreme weather events such as heat wave and extreme cold	All sectors	Short, medium, long term	Upstream Operation	●	●	●	●	An increase in the number of scorching heat days is expected to lead to higher energy costs and a decline in asset value. Considering the characteristics of each business, we are implementing scenario-based physical risk assessments and gradually expanding the scope of management.
	T7	Acute	Risk of production interruption due to natural disasters	All sectors	Short, medium, long term	Upstream Operation	●	●	●	●	To date, there have been no cases of production disruptions caused by natural disasters. However, climate scenario-based physical risk assessments are being carried out, taking into account the unique characteristics of each business. The scope of these assessments is expected to gradually expand over time.
Opportunities	O1	Products and Services	Expansion of eco-friendly materials and circular economy platforms	By industry	Medium, long term	Operation	●	●	●		Global interest in the circular economy, which emphasizes waste reduction and resource efficiency, is increasing. The use of eco-friendly materials and business models based on resource circulation are emerging as new growth opportunities. Accordingly, each Group affiliate is actively engaging in response activities to secure additional business opportunities, with plans to continue expanding these efforts.
	O2	Markets	Establishment of low-carbon and smart infrastructure	By industry	Medium, long term	Operation		●		●	To support the transition to net zero and strengthen climate risk response, enhancing energy efficiency and building infrastructure integrated with digital-based smart technologies are becoming increasingly important. To seize additional business opportunities, the Group affiliates in the retail and infrastructure sectors are making continuous investments and implementing response measures, with plans to further expand these efforts.
	O3	Markets	Innovation in low-carbon product portfolios and brand	By industry	Medium, long term	Operation	●	●	●		As consumer and investor demands for a carbon neutral society continue to grow globally, the development of low-carbon products and the transition to eco-friendly brands are emerging as key drivers of corporate competitiveness. In response, we are strengthening our portfolio with eco-friendly and low-carbon products and pursuing a brand strategy that places sustainability at its core.

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## Analysis of Climate-Related Risks and Opportunities

### All Sectors **TI Strengthened GHG Emissions Allowance Regulations**

Classification by type	All sectors (Food & Beverage, Retail, Chemicals, Infrastructure)
Time frame	Medium, long term
Likelihood	Almost certain
Financial impact	Major
Value chain	Operation

\* Comprehensive analysis of likelihood of occurrence and financial impact by industry using a qualitative scale of 1 to 5 points

**Background** With the announcement of the 4th Basic Plan for the Emissions Trading Scheme (ETS) in January 2025, regulations are expected to tighten, including an increase in the paid allocation ratio and a reduction in allowable emissions compared to the previous planning period. In the mid-to long-term, further strengthening of emissions regulations is anticipated in line with Korea's 2035 NDC announcement and related measures.

**Impact on LOTTE Corporation** While the direct impact on the holding company itself is limited due to its relatively low emissions on a separate basis, five out of the six Group affiliates included in this year's analysis (LOTTE Corporation, LOTTE Chemical, LOTTE Wellfood, LOTTE Chilsung Beverage, LOTTE Shopping, and LOTTE Innovate), excluding the holding company, are designated entities under the ETS and are therefore obligated to reduce their emissions. Compliance with these obligations may lead to increased costs, including investments in reduction measures or additional purchases of emission allowances.

**Key Assumptions for Financial Impact Analysis** The analysis assumes that each Group affiliate's annual Scope 1 and 2 emissions under the business as usual (BAU) scenario remain constant, while the total volume of emission allowances gradually decreases and the proportion of paid allowances increases over time. Carbon credit prices were estimated based on projections from the International Energy Agency (IEA) scenario. During the period, it was assumed that the revenue of each company increases in proportion to BAU emissions, and resilience analysis was conducted through an evaluation of the purchase cost of emission allowances (risk exposure) against revenue.

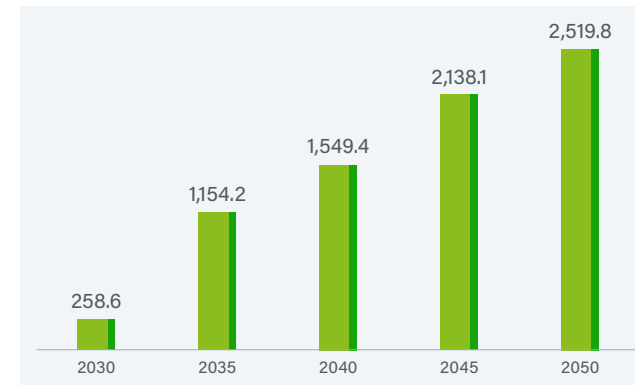
### Carbon Price Outlook by Scenario

Climate scenario	Unit	2030	2035	2040	2050
STEPS (Korea)	USD/ton	56	65	73	89
APS (Global)	USD/ton	135	160	175	200
NZE (Global)	USD/ton	140	180	205	250

**Financial Impact and Resilience Analysis Results** Based on the IEA's Announced Pledges Scenario (APS), the purchase cost of emission allowances is expected to reach approximately KRW 258.6 billion by 2030. Assuming an increase in the proportion of paid allowances and a reduction in total emission allowances after 2030, this cost is projected to continue rising, potentially reaching KRW 2.5 trillion by 2050. From a resilience perspective, purchase cost of emission allowances against revenue during the period from 2025 to 2050 is estimated at about 4%. If economically viable reduction measures are implemented, these costs are considered manageable.

**Response Status and Plans** Since establishing the Carbon Neutral Roadmap 1.0 centered on major Group affiliates in 2022, LOTTE Group has developed Carbon Neutral Roadmap 2.0 in 2024. The Group is continuously implementing reduction activities to minimize exposed risk costs and plans to further refine its climate scenario analysis and response strategies by enhancing the analysis scope and methodologies in the future.

Emissions Allowance Purchase Cost by Year (Unit: KRW billion)



\* Including the holding company, the total of major Group affiliates by major business divisions of LOTTE Corporation (LOTTE Corporation, LOTTE Chemical, LOTTE Wellfood, LOTTE Chilsung Beverage, LOTTE Innovate)

\*\* Based on the APS scenario

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# STRATEGY

## Analysis of Climate-Related Risks and Opportunities

**All Sectors** T3 Increased Energy Cost  
**By Industry** O2 Establishment of Low-Carbon and Smart Infrastructure

	(T3) Increased energy cost	(O2) Establishment of low-carbon and smart infrastructure
Classification by type	All sectors (Food & Beverage, Retail, Chemicals, Infrastructure)	By industry (Retail, Infrastructure)
Time frame	Short, medium, long term	Medium, long term
Likelihood	Almost certain	Almost certain
Financial impact	Major	Major
Value chain	Operation	Operation

\* Comprehensive analysis of likelihood of occurrence and financial impact by industry using a qualitative scale of 1 to 5 points

**Background** According to the 11th Basic Plan for Long-term Electricity Supply and Demand announced in March 2025, the share of renewable energy is expected to increase to 21.7% by 2030. Power generation companies are now in a position where investment is essential for energy transition. Over the long term, the cost of this transition may lead to an increase in electricity prices.

**Impact on LOTTE Corporation** While the holding company itself consumes a relatively small amount of electricity on a separate basis and is therefore subject to limited impact, the five Group affiliates within this year's analysis scope (LOTTE Chemical, LOTTE Wellfood, LOTTE Chilsung Beverage, LOTTE Shopping, and LOTTE Innovate) are highly dependent on electricity for their operations. The sharp increase in industrial electricity rates last year has already had a considerable short-term impact and may adversely affect profitability.

**Key Assumptions for Financial Impact Assessment** It was assumed that each affiliate's annual BAU electricity consumption would remain constant, with electricity costs estimated using current rates and growth projections from NGFS (Network for Greening the Financial System) scenarios. Revenue was assumed to grow in proportion to BAU emissions, and resilience was assessed by comparing electricity cost increases against revenue.

### Electricity Cost Forecast by Scenario

NGFS scenario	Unit	2030	2035	2040	2050
Delayed Transition (Korea)	Price increase rate compared to 2025	-8%	27%	47%	33%
NDC (Korea)	Price increase rate compared to 2025	31%	31%	30%	29%
NZE2050 (Korea)	Price increase rate compared to 2025	35%	53%	48%	27%

**Financial Impact and Resilience Analysis Results** According to the NGFS NDC scenario analysis, additional electricity costs are expected to reach approximately KRW 311.5 billion by 2030. After achieving the NDC target in 2030, additional electricity costs are projected to remain limited, supported by external factors such as improved price competitiveness of renewable energy. By 2050, the additional electricity cost is expected to reach KRW 376.6 billion. In terms of resilience, the increase in electricity costs against revenue over the period from 2025 to 2050 is estimated to be around 1%, which is considered manageable.

### Additional Electricity Cost by Year

(Unit: KRW billion)

2030	2035	2040	2045	2050
311.5	383.2	390.5	398.2	376.6

\* Including the holding company, the total of major Group affiliates by major business divisions of LOTTE Corporation (LOTTE Corporation, LOTTE Chemical, LOTTE Wellfood, LOTTE Chilsung Beverage, LOTTE Innovate)

\*\* Based on the NDC scenario

**Response Status and Plans** LOTTE Group established its Carbon Neutral Roadmap 1.0 in 2022, centered on major Group affiliates, and followed up with the formulation of Carbon Neutral Roadmap 2.0 in 2024. As part of the implementation measures for the reduction roadmap, the Group is mitigating the risk of rising electricity costs by enhancing energy efficiency. For data centers in particular, which are most sensitive to electricity cost increases, additional efforts are being made to operate eco-friendly data centers. We plan to continue monitoring the upcoming 2035 NDC announcement and electricity price trends, while further refining the scope and methodology of our financial impact assessments to strengthen overall management.

### CASE STUDY

## LOTTE Innovate, Operating Eco-Friendly Data Centers



LOTTE Innovate has installed various HVAC systems to maintain optimal server room temperature and ensure efficient data center operations.

Each center is equipped with a precision air-conditioning pre-cooling system capable of hybrid operation (air cooling in summer, water cooling in winter and transitional seasons), which is actively utilized to improve the data center's power usage effectiveness (PUE). Particularly, the 4th center operates advanced energy management systems such as pre-cooling and cold aisle containment (CAC)<sup>1)</sup> control. Additionally, to prepare for outdoor temperatures exceeding 35°C in the summer, all centers are equipped with misting systems to prevent excessive power consumption.

<sup>1)</sup> A system that adjusts precision air conditioners by measuring the temperature and pressure in each containment zone

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# STRATEGY

## Analysis of Climate-Related Risks and Opportunities

### By Industry T2 Strengthened Plastic Regulations & O1 Expansion of Eco-Friendly Materials and Circular Economy Platforms

	(T2) Strengthened plastic regulations	(O1) Expansion of eco-friendly materials and circular economy platforms
Classification by type	By industry (Food & Beverage, Retail, Chemicals)	By industry (Food & Beverage, Retail, Chemicals)
Time frame	Short, medium term	Medium, long term
Likelihood	Most likely	Most likely
Financial impact	Major	Major
Value chain	Upstream, Operation, Downstream	Operation

\* Comprehensive analysis of likelihood of occurrence and financial impact by industry using a qualitative scale of 1 to 5 points

**Background and Impact on LOTTE Corporation's Business** In March 2022, the 5th United Nations Environment Assembly (UNEA) adopted a resolution to establish a legally binding international plastics treaty aimed at ending plastic pollution. Currently, this treaty is under discussion through five sessions of the Intergovernmental Negotiating Committee (INC). Although the 5th session of the treaty negotiations in 2024 did not reach an agreement, related consultations are ongoing. Furthermore, as the use of recycled materials becomes mandatory in developed countries and global companies strengthen their eco-friendly management, the demand for recycled materials continues to increase, especially among customers in sectors such as electric vehicles, automobiles, and electronics. LOTTE Group operates in industries within the plastics value chain, including chemicals, retail, and food, and is enhancing response efforts across its affiliates accordingly.

### (Chemicals / Food & Beverage) Plastic reduction activities and promotion of new business (recycled plastic business)

**LOTTE Chemical**

**Recycled Plastics Business Roadmap and Target Setting**

As advanced economies increasingly mandate the use of recycled materials and corporate demand for eco-friendly products intensifies, customer-driven demand for recycled materials is steadily growing led by the electrical, automotive, and home appliance sectors in particular. In response, LOTTE Chemical is expanding its business in recycled and bio-based product sales and strives to enhance product sustainability through research and development aimed at promoting the circular economy.



**LOTTE Chilsung Beverage**

**Establishment of the 2030 Plastic Reduction Roadmap**

LOTTE Chilsung Beverage has established a plastic reduction roadmap to respond to regulations and meet the expectations of various stakeholders. In the first half of 2024, the ESG Committee reviewed and approved the roadmap. Under this plan, the company aims to reduce the use of virgin plastic<sup>1)</sup> by 20% by 2030, concentrating on two main strategies—lightweighting and incorporating recycled materials.



<sup>1)</sup> Virgin plastic refers to plastic made from raw materials extracted from petroleum. It is distinct from "recycled plastic," which is produced by reprocessing waste plastic.

### By Industry T5 Development of Low-Carbon and Eco-Friendly Technologies & O3 Innovation in Low-Carbon Product Portfolios and Brand

	(T5) Development of low-carbon and eco-friendly technologies	(O3) Innovation in low-carbon product portfolios and brand
Classification by type	By industry (Food & Beverage, Chemicals, Infrastructure)	By industry (Food & beverage, Retail, Chemical)
Time frame	Short, medium, long term	Medium, long term
Likelihood	Most likely	Most likely
Financial impact	Major	Major
Value chain	Operation	Operation

\* Comprehensive analysis of likelihood of occurrence and financial impact by industry using a qualitative scale of 1 to 5 points

**Background and Impact on LOTTE Corporation's Business** In addition to regulations targeting carbon emissions at production sites, customer demand for low-carbon and eco-friendly products and services continues to grow. In the food and retail sectors, there is increasing demand for low-carbon logistics services and eco-friendly products, while in the chemical industry, demand is rising for low-carbon and recycled products. Each Group affiliate is responding according to its specific circumstances, recognizing these trends as both a means to mitigate risks and as opportunities to access new markets.

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# STRATEGY

## Analysis of Climate-Related Risks and Opportunities

**By Industry** T5 Development of Low-Carbon and Eco-Friendly Technologies & O3 Innovation in Low-Carbon Product Portfolios and Brand

(Chemicals / Retail) Development of eco-friendly technology and promotion of product sales expansion

### LOTTE Chemical

#### Expansion of Product Life Cycle Assessment (LCA)

In 2024, LOTTE Chemical generated and provided approximately 397 cases of LCA data reports, covering 16% of its total products. These LCA results are widely used not only to meet customer requirements but also for eco-friendly product certifications, internal environmental impact analyses, and to guide environmental considerations and improvements during the early stages of product development. Additionally, the company is advancing its internal LCA framework to enhance data quality and ensure analytical reliability, while continuously promoting systematic management and the adoption of evaluation methods aligned with international standards.



### LOTTE Shopping

#### Sustainable Products

LOTTE Mart/Super has established sustainability criteria for products based on five key sourcing principles, which are reflected in their product management strategies, including the development of private brand (PB) products and the direct procurement of fresh foods. These criteria incorporate 47 domestic and international certification standards, along with LOTTE's own guidelines, which assess and analyze the environmental and social impacts throughout the entire product life cycle—from raw material selection, manufacturing and processing, to consumption and disposal. Currently, 17 internal standards have been established, including those for natural materials, paper packaging, label-free designs, and upcycled/recycled products. These standards continue to be refined, taking into account environmental and social impact as well as business relevance.



**By Industry** T6/T7 Damage Due to Increased Natural Disasters and Extreme Weather & T4 Increased Cost of Raw Materials

	(T6/T7) Damage due to increased natural disasters and extreme weather	(T4) Increased cost of raw materials
Classification by type	All sectors (Food & Beverage, Retail, Chemicals, Infrastructure)	By industry (Food & Beverage, Chemicals)
Time frame	Short, medium, long term	Short, medium term
Likelihood	Most likely	Most likely
Financial impact	Major	Major
Value chain	Upstream, Operation	Operation

\* Comprehensive analysis of likelihood of occurrence and financial impact by industry using a qualitative scale of 1 to 5 points

**Background and Impact on LOTTE Corporation's Business** In 2024, for the first time since the Industrial Revolution, the global average temperature exceeded 1.5°C. The frequency and severity of damages caused by extreme weather and natural disasters continue to rise. In industries such as food and chemicals, where reliance on overseas sourcing of raw materials is high, these climate impacts pose significant risks to supply chain stability. Accordingly, LOTTE is identifying and managing the physical risk exposure of key business sites based on the SSP (Shared Socioeconomic Pathways) scenario framework set by the IPCC<sup>1)</sup>. Currently, we are conducting activities such as analyzing physical risks to assess the extent of exposure to damages at business sites, preparing response measures, and establishing and operating monitoring systems. Moving forward, we plan to gradually enhance and refine our management approach.

<sup>1)</sup> IPCC (Intergovernmental Panel on Climate Change): An organization composed of experts from UN member states, established to assess comprehensive countermeasures related to global warming

(Chemicals / Food & Beverage) Identification and management of physical risk exposure

### LOTTE Chemical

#### Physical Risk Identification and Assessment

LOTTE Chemical conducted risk assessments for its global subsidiaries using the CIP (Climate Impact Platform) Tool based on the SSP scenarios presented in the IPCC's 6th Assessment Report. The risks expected to cause the greatest damage were identified as heatwaves and storms. To respond, measures such as flexible working hours during heatwave periods and the installation and reinforcement of embankments around raw and auxiliary material storage tanks have been implemented.



### LOTTE Chilsung Beverage

#### Establishment of Physical Risk Monitoring System

To monitor climate risks for the most important assets in the value chain of LOTTE Chilsung Beverage, physical risks were analyzed for 11 major plants (six beverage plants and five liquor plants) based on SSP scenarios up to 2040. The analysis of rising energy costs from heatwaves and asset value losses from flooding indicated that overall risk levels are low. However, the Gyeongsan Plant (due to heatwaves) and the Opo Plant (due to both heatwave and flood risks) were identified as having the highest levels of exposure among the sites assessed. A risk monitoring and reporting system has been established to continuously manage these risks.



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# RISK MANAGEMENT

## Climate Risk and Opportunity Identification Process

Regarding climate risks and opportunities, risks and opportunities are identified based on the KSSB (Korea Sustainability Standards Board) framework, followed by the selection of material risks and opportunities considering industry-specific characteristics. For material risks where scenario analysis is feasible, analysis is conducted to incorporate the findings into the development of response strategies.



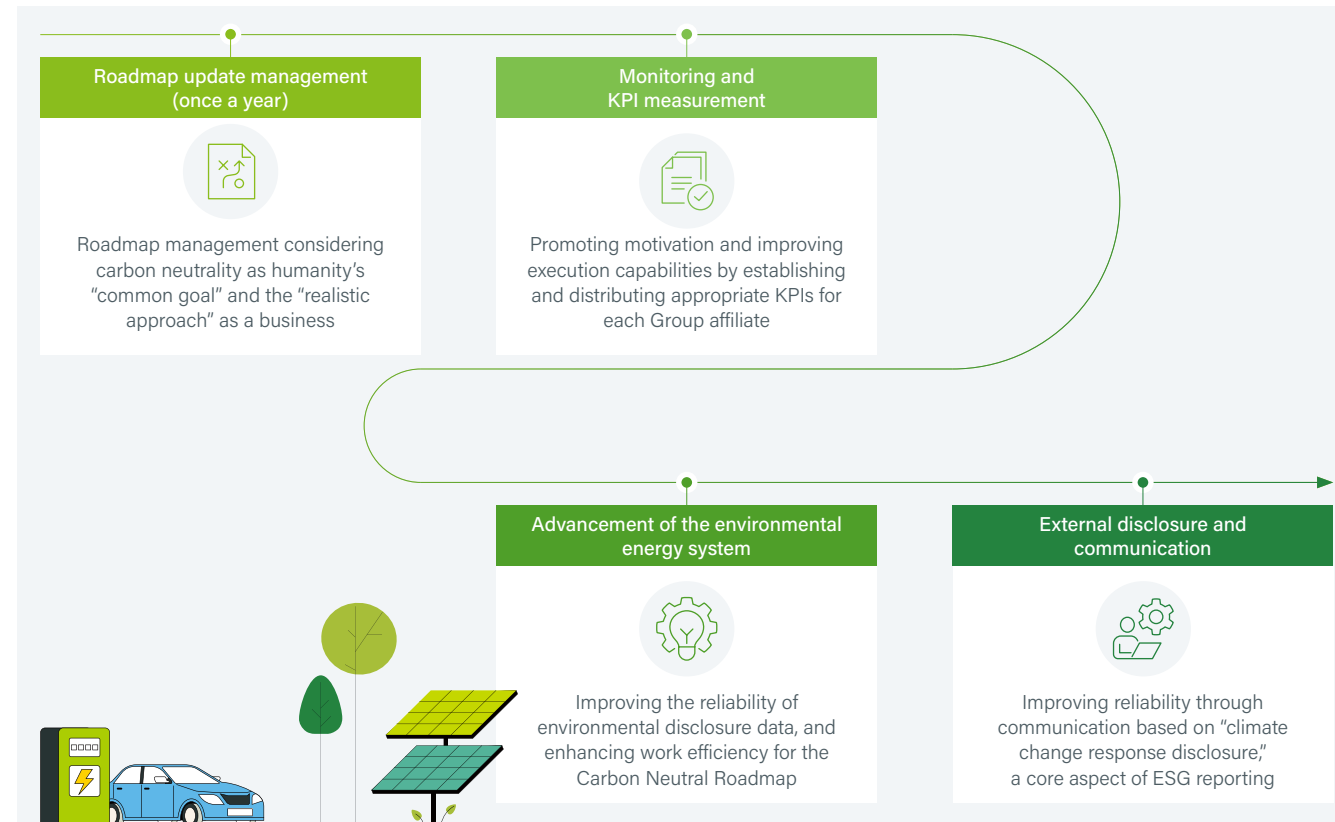
## Climate Risk and Opportunity Assessment Process

When establishing response strategies, a system is in place to set and allocate KPIs by each Group affiliate, establish evaluation criteria, and annually refine and update them.

## Scope of Risk and Opportunity Identification

LOTTE Corporation has established and manages a Group-wide net zero goal. This year, scenario analysis and detailed assessments of risks and opportunities were conducted based on key Group affiliates within the four major business sectors—Food & Beverage, Retail, Chemicals, and Infrastructure—and the holding company. Moving forward, we plan to gradually expand the scope of detailed analysis.

### LOTTE Climate Change Response System



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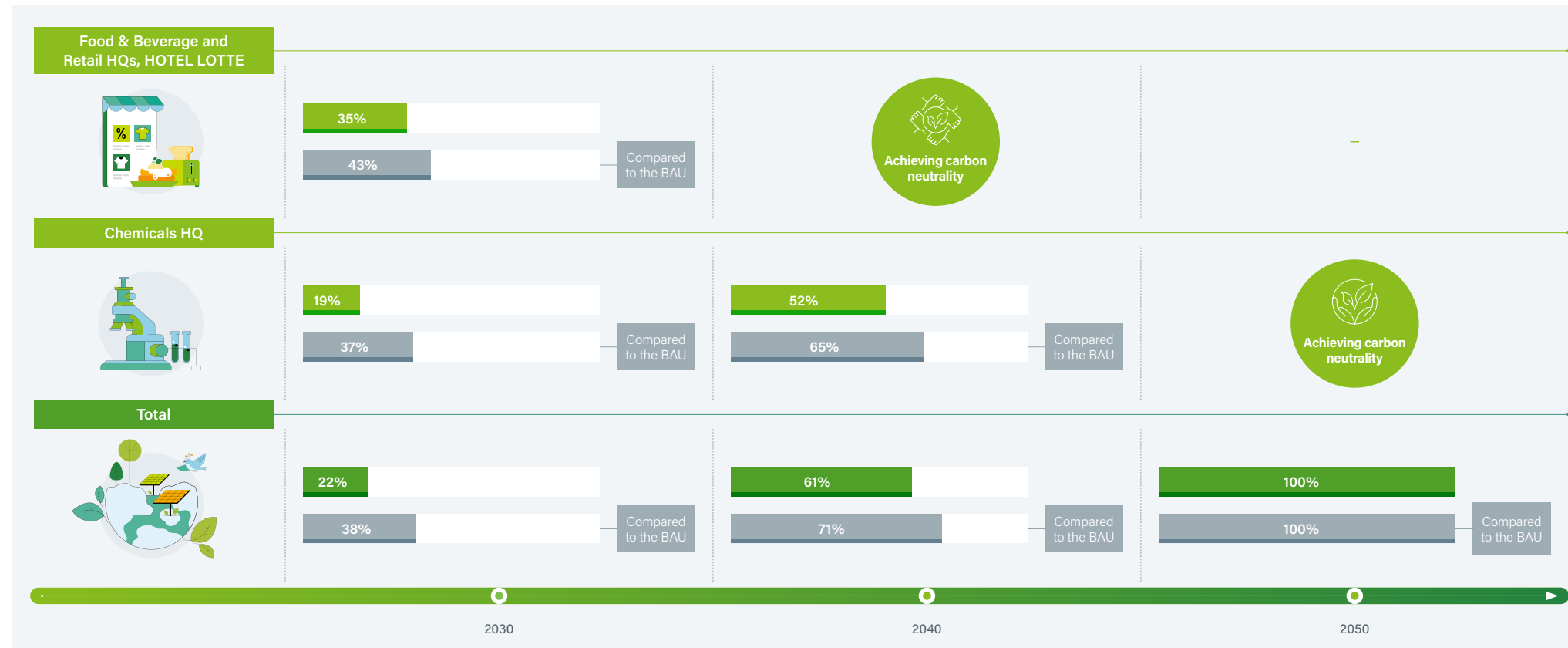


# METRICS & TARGETS

## Carbon Emissions Targets and Performance

LOTTE Group continuously manages its carbon emissions targets through annual KPI monitoring and roadmap updates. In 2024, the Group's total carbon emissions amounted to 8.934 million tons—4.481 million tons for Scope 1 and 4.453 million tons for Scope 2. Under its Carbon Neutral Roadmap 2.0, LOTTE Group aims to reduce emissions generated at its business sites in Korea by 22% by 2030 and by 61% by 2040 compared to 2018 levels, and to achieve net zero across all operations by 2050. To meet these targets, we have developed and implemented detailed reduction measures. Six key reduction strategies include energy efficiency, renewable energy, energy transition, carbon capture, hydrogen energy, and the transition to zero-emissions vehicles. Group affiliates are pursuing practical and effective reduction activities, while the Group-level "Eco-friendly Management Task Force Team" was established to formulate short- and mid-to long-term reduction plans and evaluate the implementation performance of each affiliate. Additionally, we manage net zero as part of our ESG KPIs. Thanks to these enhanced climate actions, we have outperformed in carbon emissions reduction by 7% compared to our 2024 target. We will continue to strive for net zero through consistent annual target management.

LOTTE Group's Net Zero Achievement Rate (compared to 2018)

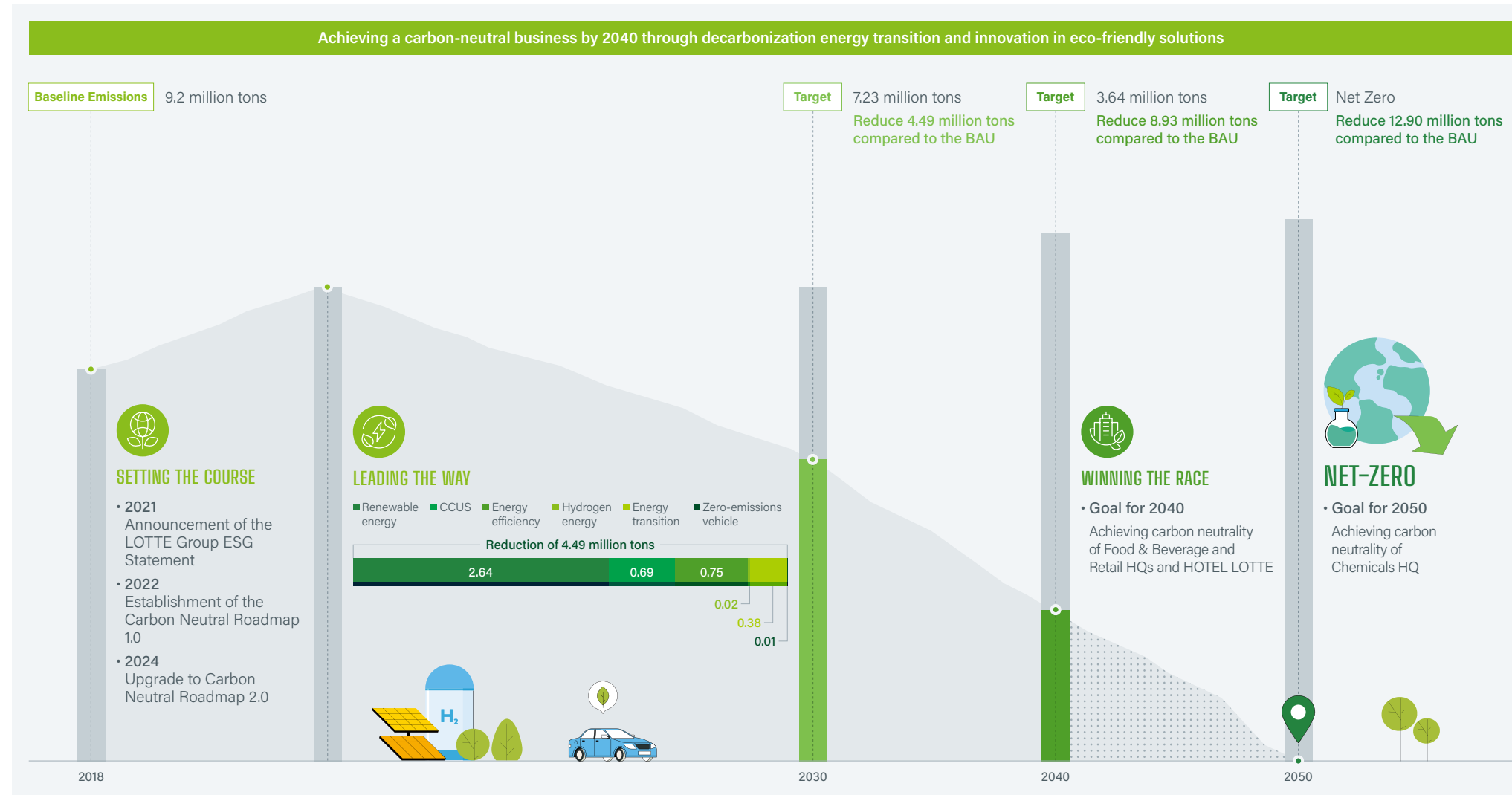


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# METRICS & TARGETS

## Carbon Emissions Targets and Performance

### LOTTE Carbon Neutral Roadmap 2.0



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# HUMAN RESOURCES MANAGEMENT



Human resources are a critical asset and a source of competitiveness for a company. To strengthen corporate competitiveness, it is essential to attract and retain outstanding talent while fostering employee capabilities. LOTTE Corporation recruits talent through a fair and transparent process and ensures equitable and rational performance evaluation and compensation. Furthermore, we support greater employee engagement through various talent development programs and welfare policies, while also cultivating a safe, healthy work environment and a corporate culture that respects and embraces diversity, thereby enhancing organizational productivity and innovation.

## GOVERNANCE

- HR Management System
- DEI Management System

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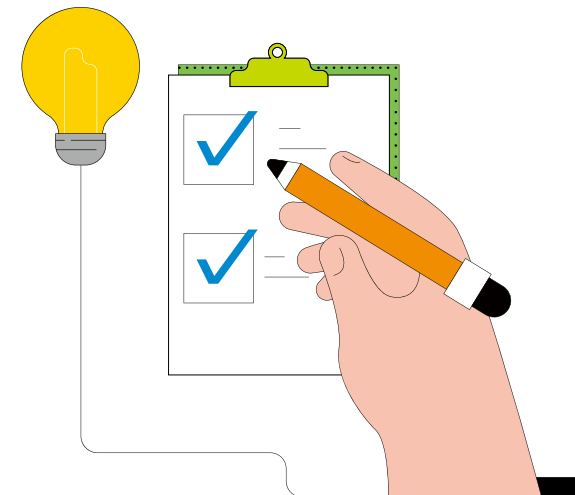
- HR Management Strategy
- Advancement of the Recruitment System
- Establishment of Employment Branding
- Strengthening Employee Capabilities
- Creating DEI Culture
- Global HR Management

## RISK MANAGEMENT

- Deriving HR Takes Based on HR Strategy
- Creating a Workforce Structure from a Mid- to Long-term Perspective

## METRICS & TARGETS

- Promotion of LOTTE HRD Index Implementation



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# GOVERNANCE

## HR Management System

### LOTTE Corporation HR Innovation Division

The HR Innovation Division at LOTTE Corporation is responsible for overseeing the company's overall human resources management to support successful business execution. Its key roles include securing future CEOs and executive leaders, driving HR strategies to enhance productivity, and advancing global HR practices. Through these efforts, the Division enables HR departments across the Group affiliates to play a more active and strategic role as business partners.

Additionally, LOTTE Corporation operates various communication channels to share HR strategic directions and promote collaboration among the Group affiliates. These include strategic workshops for discussing HR strategies and communities for developing joint alternatives on key HR agendas. We also promote a vibrant and healthy organizational culture through such activities as the Organizational Culture TFT, composed of on-site employees, and the Junior Board. Through these collaborative and participatory efforts between LOTTE Corporation's HR Innovation Division and the Group affiliates, we effectively manage and innovate human resources.

### Group Talent Development Council

LOTTE Academy, which oversees talent development across LOTTE Group, collaborates with the talent development departments of each Group affiliate to operate the Group Talent Development Council. With the goal of enhancing the sustainable competitiveness of all Group affiliates, the Council discusses human resource development (HRD) strategies and directions, supporting employees' capability development and improving organizational effectiveness and problem-solving capacity. Based on the discussions regarding talent development and management strategies, the Council identifies and implements the Group-wide talent development tasks. In 2024, the Council held in-depth discussions on long-term development plans for young high-potential talent, the current status of upskilling and reskilling, strategies for nurturing local talent at overseas subsidiaries, methods for enhancing job-specific expertise, and the capability development of HRD personnel, further advancing HRD practices across the Group.

### LOTTE Academy

LOTTE Academy functions as the Group's "Leader Academy," responsible for nurturing core talent such as CEO successors, enhancing executive capabilities, and developing future senior management. It also plays the role of a "Change Agent," driving the implantation of innovative thinking and change management. Furthermore, LOTTE Academy contributes to strengthening members' adaptability and proficiency in AI transformation and digital transformation (DT), while supporting the development of creative thinking and problem-solving capabilities to address business challenges in the field. Based on a deep understanding of the Group affiliates' business areas, LOTTE Academy also serves as a "Center of Excellence (CoE)" that advises on overall HR activities across the Group affiliates. To this end, it directly operates upskilling programs for strategically important roles and works in partnership with each affiliate's HR development teams to foster industry- and function-specific experts.

### Diversity Charter

All LOTTE employees shall embrace diversity; pursue an open, impartial organizational culture where anyone can become a leader depending on his or her skills; and provide products and services that our customers love and trust, creating social value needed at this time. We therefore make pledge as follows:

#### 1. We respect gender diversity.

We shall provide equal opportunities to men and women, offer active support so that they can sufficiently demonstrate their capabilities within the organization, and take the lead in implementing women-friendly systems, including childbirth and infant care.

#### 2. We respect cultural diversity.

We shall take the lead in transcending nationality and race when recruiting and fostering talent who will lead our global business, and do our best to establish an open organizational culture so that our employees can unlock their full potential.

#### 3. We respect physical diversity.

We shall embrace physical differences due to innate, acquired disabilities and provide optimal working environments so that our employees can demonstrate their unique skills. We also shall fulfill our social responsibilities and thus feel a sense of accomplishment in contributing to the company and society.

#### 4. We respect generation diversity.

We shall strive to establish an organizational culture of communication and harmony where our employees can freely express their opinions and take action, irrespective of their job position and age.

## DEI Management System

### DEI Policy

In 2013, LOTTE Group recognized the value of diversity, equity, and inclusion (DEI) ahead of others and became the first Korean company to declare a Diversity Charter that respects diversity in gender, culture, physical ability, and generation, and commits to eliminating discrimination. The LOTTE Group Diversity Charter is applied across the Group, including talent recruitment and development, communication programs, and overseas operations, fostering an inclusive corporate culture that drives creativity and innovation throughout the Group.

LOTTE Group also respects human rights as fundamental rights and freedoms granted to all individuals. We strive to build a culture of trust where employees can fully demonstrate their capabilities without any prejudice or unlawful discrimination. To promote a culture of human rights and expand DEI values, we established the LOTTE Group Statement on Human Rights in 2022 and disclosed it on our official website for stakeholders. The LOTTE Group Statement on Human Rights is founded on internationally recognized human rights principles and standards, such as the UN Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the UN Convention on the Rights of the Child. It outlines the expected behavior and core values that all LOTTE employees are required to uphold in both their business practices and daily activities.

 Lotte Group Statement on Human Rights

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# STRATEGY

## HR Management Strategy

### People of LOTTE

LOTTE Group places greater value on potential to shape the future than on present capabilities. We therefore seek passionate and responsible individuals who grow personally while contributing to the advancement of society. With top priority on attracting and developing global talent, we are committed to securing individuals who are both ambitious and creative.

### HR Strategy and Direction

LOTTE Group has established tailored HR strategies for each Group affiliate and focuses on ensuring fairness in HR systems and strengthening employees' execution capabilities. From a mid-to long-term perspective, we are building an HR ecosystem that fosters future-ready talent, promotes a performance-oriented corporate culture, and supports leadership transformation. In particular, to cultivate future-ready talent, we strive to secure high-potential individuals in advance and provide them with opportunities to grow as professionals.

### People of LOTTE



In implementing HR strategies, LOTTE Academy and the HRD departments of each Group affiliate go beyond the traditional role of HR administrative staff, striving to act as partners that provide HRD solutions. Grounded in an understanding of each business sector, they aim to contribute to securing and developing the core competencies necessary for executing business strategies. To this end, efforts are underway to strengthen HRD functions and expertise across the Group. Representative activities include hosting workshops for HRD professionals and operating consultative bodies to discuss HRD matters. These efforts help advance work related to human capital development, while tailored training programs enhance the execution capabilities of HRD personnel.

LOTTE Group's HR direction is centered on "Market-Driven HR," which strengthens employee competitiveness in line with market changes and responds to market needs, and "Value-Driven HR," which supports not only current performance but also the creation of sustainable competitiveness from a long-term perspective. Following the establishment of its HR direction in 2022, LOTTE Group focused on implementing 19 key tasks in 2023, and in 2024, advanced its innovation agenda with a focus on productivity and core competency enhancement.

### HR Innovation Tasks

LOTTE Group has identified key HR innovation tasks as strategic HR aligned with business strategy, fair and transparent HR, externally open HR, and competency-oriented HR. In particular, LOTTE Academy and the HRD departments of the Group affiliates are working closely together to promote strategic HR aligned with business strategy and competency-oriented HR.

**HR Innovation led by the Group Affiliates** LOTTE Group recognizes that all its affiliates are pursuing innovation in response to a rapidly changing environment. Accordingly, the focus is on affiliates-led HR strategy development aligned with each company's business strategy and on implementing member-centered HR strategies. Since establishing specialized HR strategies for each affiliate requires a deep understanding of their business strategies, HR teams of Group affiliates collaborate closely with planning and strategy departments to review strategic objectives and implementation tasks, thereby setting the direction for their HR strategies.

In implementing affiliates-led HR strategies, LOTTE Group established the Integrated HR Innovation TFT in July 2022 with the goal of driving fundamental change and innovation. Chief Human Resource Officers (CHROs) by business sector and HR executives from the Group affiliates led continuous communication and information sharing while executing key implementation tasks. After sharing the results of over a year of activity in October 2023, the TFT concluded its operations. In 2024, to further accelerate affiliates-led HR innovation, LOTTE Group launched a permanent body, the HR Inno Community.

In 2024, the HR Inno Community focused on six key tasks—fostering of next-generation leaders, mid-to long-term workforce planning, global talent development, transition to job-based HR, AI and HR analytics, and organizational culture improvement. Participating Group affiliates identified and implemented detailed tasks tailored to their specific needs under each task, and the project concluded with a final presentation of results in December 2024. In April 2025, new mid-to long-term implementation tasks were selected, including skill-based HR, employee engagement, workforce planning, advancement of job-based HR, advancement of global HR, and HR business partner, which are currently being carried out as annual projects.

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## Advancement of the Recruitment System

As economic and social changes accelerate and uncertainty grows, the importance of securing Right People—specialist talent who are best suited for the role—has become increasingly critical. In response, LOTTE Group has fully transitioned to a year-round recruitment system, allowing each Group affiliate to hire the talent they need at the right time. In 2024, we introduced a “predictable year-round recruitment” system to enhance applicant visibility by pre-announcing hiring schedules in March, June, September, and December. Additionally, we launched the new “I'M Recruitment” process, which eliminates credential-based screening and focuses solely on job-related competencies. This not only offers applicants a wider range of opportunities but also contributes to building a more diverse talent pool within the Group. Through the advancement of its recruitment system, LOTTE Group is improving candidate convenience while reinforcing fairness in evaluation and better securing the Right People.

## Diversifying Talent Acquisition Channels

LOTTE Group is focused on expanding external channels to secure a wide range of talent. Through university-industry collaboration programs such as internships, sponsored students, and joint research, the Group is strengthening partnerships with universities and graduate schools known for their strengths in relevant fields to identify and secure high-potential talent early.



Recruitment Website of LOTTE Group

Additionally, we utilize programs that connect graduates and trainees from external education institutions with recruitment opportunities. In 2023, LOTTE was selected as a participating company in a digital talent development program jointly promoted by the Ministry of Employment and Labor and Busan Metropolitan City. As part of this initiative, we are collaborating with specialized training institutions in the Busan area to operate six-month programs, including tailored projects led by mentors from IT-based Group affiliates such as LOTTE Innovate, LOTTE Members, and LOTTE e-Commerce.

## Fair Recruitment

LOTTE Group ensures equal opportunities for all applicants by implementing competency-based and blind recruitment practices for new hires, without regard to educational background, region of origin, or appearance. The Group has established and distributed the LOTTE Fair Recruitment Guidebook to all Group affiliates, updating it annually to maintain transparency and fairness in the recruitment process. Since 2014, LOTTE has also demonstrated its commitment to fair hiring by providing feedback to unsuccessful candidates and conducting biannual post-audits of all completed recruitment processes. These internal audits serve as a regular monitoring mechanism to uphold fairness and continuously improve the recruitment system.

## Establishment of Employment Branding

LOTTE Group is strengthening its recruitment branding efforts. As part of this initiative, we share the employee experience (EX), built through the experiences of our employees, with potential applicants. Through various channels such as university job fairs and JOB-café, we promote our organizational culture, recruitment and job-related information, and growth programs. Additionally, recruitment and corporate culture content is shared via YouTube, ensuring easy access any time for all applicants.

## L-Recrui TV

LOTTE Group delivers a wide range of candid recruitment and job-related content through its dedicated YouTube channel, LRecrui TV, which was launched in 2020. The channel introduces LOTTE Group through engaging content such as “video blogs” that showcase the daily lives of employees and “Balance Game,” where staff members introduce the company while playing games. Since 2023, the Group has expanded communication by producing the “LOTTE is” series, which offers honest, on-the-ground reviews of the company, with additional episodes created in 2024. As of December 2024, LRecrui TV has approximately 59,000 subscribers, features a total of 137 videos, and has surpassed 120,000 views for content released.

## Job Fairs and JOB-Café

LOTTE Group provides employment information and career consultations to job seekers through offline recruitment events. In 2024, we participated in job fairs held at nine universities, including Seoul National University, Yonsei University, Korea University, and KAIST. A total of 27 Group affiliates sent job representatives and employees to meet with approximately 5,000 college students. Additionally, LOTTE Group held its own recruitment event, JOB-café, twice during the year. At these events, job representatives from 32 Group affiliates met with 3,600 applicants. Alongside employment information and introductions to the Group affiliates’ products and services, commemorative gifts were provided to support and encourage job seekers.

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# STRATEGY

## Strengthening Employee Capabilities

LOTTE Group is making multifaceted efforts to enhance employee capabilities, led by LOTTE Academy and the talent development departments of the Group affiliates. We provide various programs such as onboarding training for new and experienced hires, mindset training for managers, and organizational revitalization workshops. Each affiliate has established its own competency development system, focusing on improving business insight and professional expertise.

To enhance employee understanding of their company's industry and business areas, each Group affiliate offers training programs covering key industry issues and trends, the value creation processes of the company's main products and services, as well as new business initiatives and competitive strategies. Additionally, to enhance job-specific expertise, we promote skill development by aligning educational programs with each affiliate's job framework, ensuring they address the specific competencies required for each role. Furthermore, we are striving to enhance job competency through lectures by in-house Subject Matter Experts (SMEs) and external specialized training programs.

### Leadership Development

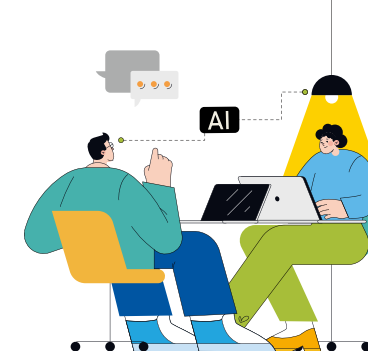
LOTTE Academy has established a core talent development system for the Group and operates various long-term programs aimed at nurturing the next generation of leaders, supporting key talents to advance into prepared and capable leaders.

**GIANTs Project** In line with its CEO succession plan, LOTTE Group has been operating the "GIANTs Project" since 2023 for selected CEO candidates who shall participate in a two-year intensive course.

Through "Course A," they develop competencies in self-management, business insight, and organizational leadership required of a LOTTE Group CEO. In "Course B," they undergo a process of experiencing and being assessed on the roles of a CEO in enhancing corporate value. Through this program, candidates are expected to build and demonstrate the capabilities necessary to become qualified CEOs.

In 2024, we operated Course B, during which participants explored ways to enhance corporate value through an IR pitching simulation based on real-world investor relations scenarios. They also engaged in discussions on their company's competitiveness from the perspective of investors. Additionally, insight field trips were organized both domestically and abroad to support participants in exploring growth and competitive strategies for various markets. In 2025, following the 2023 cycle, Course A will be offered once again. The program will focus on reviewing each company's strategy from the perspective of disruptive innovation, formulating new strategic directions, and strengthening decision-making capabilities from a financial standpoint.

**Hi-Potential Leader Course** The Hi-Potential Leader Course targets S Grade key talents, or executive candidates, selected from each Group affiliate, with the goal of developing the capabilities necessary to succeed in future leadership roles. The management capability section provides comprehensive knowledge across various business domains, with a particular focus on enhancing financial decision-making skills essential for executives. The leadership section is based on LOTTE Group's "4S Leadership Model," supporting participants in demonstrating effective leadership. The project section features a hands-on "LIVE CASE STUDY," where participants address real business issues drawn from their respective fields. Upon completion, participants receive an individual comprehensive feedback report based on multi-faceted evaluations from each section. These reports serve as key references for the development of the Group's core talent pool and the selection of executives.



### CASE STUDY

## LIVE CASE STUDY, Learning Through Real Group Issues

LOTTE Group operates the "LIVE CASE STUDY" within its in-house training courses at LOTTE Academy to foster proactive and self-driven talent.

LOTTE Group's LIVE CASE STUDY brings real business issues faced by the Group affiliates into the classroom, enabling participants to explore and develop practical solutions. The program is designed to help learners gain hands-on experience through direct engagement with real-world challenges. Cases are identified either through proposals from business units or by research teams composed of participants who analyze on-site issues and suggest topics. A wide range of agendas, including product competitiveness, brand enhancement strategies, and new business development, are selected as case subjects.

In the Hi-Potential Leader Course for key talents and the LOTTE MBA Course for next-generation leaders, LIVE CASE STUDY topics include new business and global strategies related to the Group's future growth drivers, as well as innovation strategies utilizing AI. In the onboarding course for new employees, LIVE CASE STUDY is conducted using the Design Thinking methodology. Through these experiences, participants develop the ability to approach and solve business problems from diverse perspectives in a more practical and hands-on manner.

Moving forward, LOTTE Group will continue to implement the LIVE CASE STUDY by identifying diverse cases, conducting in-depth analyses, and proposing and applying practical solutions.

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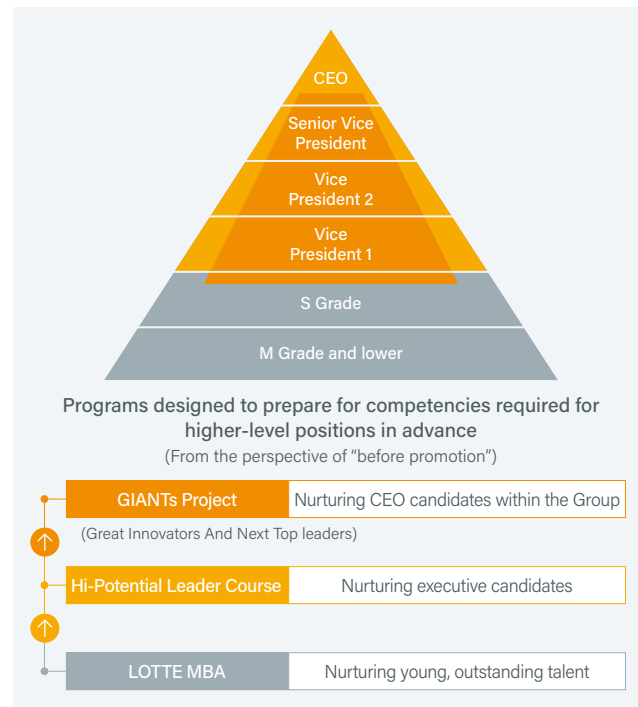


# STRATEGY

## Strengthening Employee Capabilities

**LOTTE MBA** LOTTE Group is also committed to nurturing the next generation of leaders from a long-term perspective. Centered on M Grade employees (mid-level managers), we foster “Young Hi-Potential Leaders” through the LOTTE MBA course offered by LOTTE Academy. This course provides opportunities to develop key perspectives required for future business leaders, including insight into new business, a global outlook, business innovation, and an entrepreneurial mindset. Through this program, participants not only strengthen the capabilities needed to drive business performance but also grow into well-rounded leaders with a comprehensive perspective.

### LOTTE Group Core Talent Development System

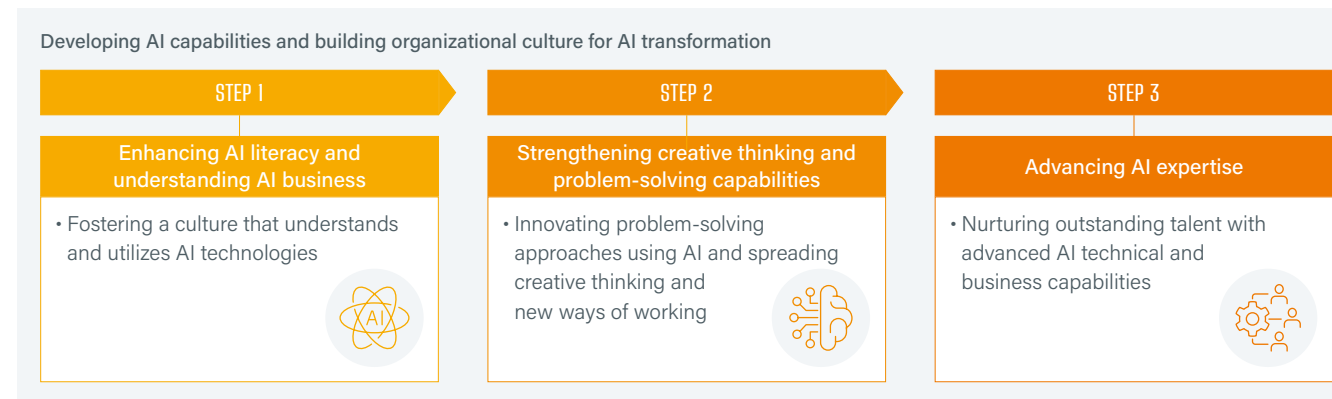


### AI Capability Development

In preparation for the AI+X era, LOTTE Group has established an “AI Capability Development Model” based on three pillars—enhancing AI literacy, strengthening creative thinking and problem-solving skills, and advancing AI expertise—through which the Group is consistently working to build and strengthen AI capabilities among its employees. The first stage of “enhancing AI literacy” plays a crucial role in fostering a culture of AI utilization within the organization. To this end, LOTTE Group operates an online training course titled “AI Literacy Course” for all employees, while also holding seminars such as the CEO AI Conference for executives, thereby promoting an environment where AI technologies are better understood and actively applied daily.

Through the second stage of “strengthening creative thinking and problem-solving skills,” we aim to secure and develop professionals equipped with both advanced AI knowledge and the ability to apply it to business contexts. In the third stage of “strengthening creative thinking and problem-solving skills,” we seek to foster a LOTTE-style AI + Design Thinking culture by innovating problem-solving approaches and work processes through the creative and effective application of AI.

### LOTTE Group Capability Development Model



Each Group affiliate is working in collaboration with LOTTE Academy to organize AI-related contests, publish newsletters, design AI training courses, and implement change management programs to enhance employee understanding of and engagement with the AI Capability Development Model. Based on this model, LOTTE Group will continue to strengthen employees’ AI capabilities, establishing a cultural foundation and building professional expertise to lead future businesses amid the global wave of AI transformation.

LOTTE Innovate, one of LOTTE Corporation’s major consolidated subsidiaries, operates a core technology course to develop experts in new technologies. Focusing on key fields of the Fourth Industrial Revolution such as AI, cloud computing, data analytics, and security, the course offers a variety of lectures and practical programs led by both internal and external experts. From 2022 to 2024, a cumulative total of 9,942 employees have completed the program.

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# STRATEGY

## Strengthening Employee Capabilities

In 2024, the company launched a foundational course to enhance ABC (AI, Big Data, Cloud) technical capabilities, its core business areas, enabling all employees to develop these skills; 486 employees completed the course. Additionally, a new ABC Expert Course was introduced to cultivate long-term technology specialists, with 66 employees completing the program. In 2025, a follow-up advanced course was opened to further deepen expertise. Through these ongoing efforts, Lotte Innovate plans to continuously nurture key talent.

## In-house Venture Support

LOTTE Chilsung Beverage, one of LOTTE Corporation's major consolidated subsidiaries, has been operating an in-house venture program since 2018 to discover new growth drivers and foster innovative talent. Over the past seven years, a total of 131 new business ideas have been proposed, with 13 teams ultimately selected to operate as task forces. In 2024, 26 ideas were submitted, and three teams were selected for their proposals: a customized wine storage solution business ("Wine Cloud"), an upcycling workshop utilizing waste plastic, and a beanless coffee distribution business.<sup>1</sup>

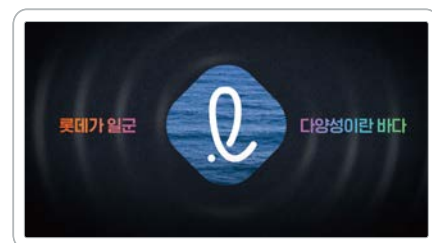
Each year, teams selected for final approval receive one year of financial support covering salaries and operational costs. They are also provided with independent external office space and ongoing consulting to assist with business development and preparation. Following a review by the Investment Review Committee, selected ventures may be spun off as independent entities with guaranteed managerial autonomy. In the event of business failure, participants are guaranteed employment stability through a policy that permits rejoining the company within five years.

## Creating DEI Culture

LOTTE Group is carrying out various activities to ensure that the values of DEI become a core part of its competitive strength and corporate culture. Since its launch in 2012, the "LOTTE Diversity Forum" has been serving as an annual platform for communication, aimed at building an inclusive workplace and strengthening employees' sense of belonging. In 2024, under the slogan "Be in harmony; Inclusion," the 13th forum emphasized the importance of creating an inclusive culture that enhances the Group's execution and performance. Over 1,000 employees participated in the event, exploring ways to foster greater inclusivity through expert lectures and panel discussions on DEI topics.

## Corporate Culture That Respects Diversity

In 2019, LOTTE Group officially declared its support for the United Nations' Women's Empowerment Principles (WEPIs) and has since been actively promoting not only the quantitative expansion of female talent but also qualitative growth from a long-term perspective. To this end, we are continuously promoting initiatives such as expanding job diversity for women, building a pipeline of female leaders, and operating leadership programs for women. Since 2014, LOTTE Group has run a "Women's Leadership Mentoring Program," in which female executives mentor women in managerial positions, supporting their self-directed learning and development. As a result of these ongoing efforts, the number of female employees as of 2024 year-end has more than doubled since the proclamation of the LOTTE Diversity Charter in 2013, and the number of women in managerial positions has increased more than fivefold.



▶ 2024 LOTTE Diversity Forum

As a global company, LOTTE Group is firmly committed to promoting cultural and ethnic diversity. Since launching its overseas operations in 2006, the Group has continuously expanded global footprint and, as of 2024 year-end, it operates a wide range of businesses across 27 countries. The number of local employees working at overseas subsidiaries has reached approximately 48,000. To foster cultural understanding and share the Group's strategies and vision, LOTTE Group hosts a variety of annual events, including global roundtables (site visits), global conferences, and the Global Leaders Forum. As we continue to expand local hiring, we are placing strong emphasis on managing DEI effectively to strengthen employees' sense of belonging and connection to their local communities. These efforts are intended to enhance the competitiveness of overseas subsidiaries and, ultimately, contribute to the long-term growth of LOTTE Group's corporate value.

## Creating Culture that Embraces Persons with Disabilities

Since 2019, LOTTE Group has implemented a plan to expand employment opportunities for people with disabilities, achieving positive outcomes in terms of job creation and social integration. The Group's employment rate for individuals with disabilities has consistently exceeded the average among large business groups, reaching 3.14% in 2021, 3.16% in 2022, 3.20% in 2023, and 3.21% in 2024. Canon Korea, which operates Angel With, a standard workplace for people with disabilities<sup>1)</sup>, recorded a disability employment rate of 7.09%.

<sup>1)</sup> A business model that employs a large number of people with disabilities who face relative difficulty in securing jobs in the general labor market, aiming to create stable employment and a foundation for social integration.

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# STRATEGY

## Strengthening Employee Capabilities

LOTTE Wellfood, LOTTE Chilsung Beverage, and HOTEL LOTTE (LOTTE Hotels&Resorts) are also contributing to disability employment through the operation of standard workplaces. Additionally, LOTTE Chemical created in-house cafés that employ baristas with disabilities, helping to create job stability. LOTTE Corporation also operates a sports team for persons with disabilities, expanding its efforts to support disability employment through various channels. In doing so, LOTTE Group promotes the economic independence of individuals with disabilities and leads the way in creating an inclusive workplace culture where employees with and without disabilities can grow and succeed together.

LOTTE Innovate continues various efforts to expand inclusion, including hiring socially vulnerable groups, increasing employment opportunities for people with disabilities, and partnering with standard workplaces for persons with disabilities. As of 2024 year-end, LOTTE Innovate employs 98 persons with disabilities (based on twice the number of severely disabled persons), recording a disability employment rate of 3.4%, exceeding the mandatory employment quota of 3.1%. Since 2021, it has contracted with organizations that train athletes with disabilities, employing disabled athletes to provide stable training opportunities and supplying training uniforms twice a year. Additionally, through employment contracts and partnerships with standard workplaces for people with disabilities, LOTTE Innovate contributes to expanding disability employment.

### LOTTE Affiliates' Standard Workplaces for Persons with Disabilities

#### Canon Korea

- Angel With Inc (subsidiary): Product consulting and production manufacturing for Canon Korea office equipment

#### HOTEL LOTTE (LOTTE Hotels&Resorts)

- Smile With: Dishwashing at hotels

## Global HR Management

As a leading global company, LOTTE Group had 315 expatriates dispatched to 27 countries across 23 Group affiliates as of the end of 2024, alongside approximately 48,000 local employees. LOTTE Group has implemented HR systems aimed at motivating and supporting its overseas employees, enabling them to perform at their best with confidence and ease in their local environments. Led by LOTTE Corporation's HR Innovation Division, the Group has established comprehensive expatriate support programs that consider not only the employees working abroad but also their families, with an aim to enable LOTTE employees to demonstrate their capabilities worldwide and maintain stable lives.

### Global Conference

In August 2024, LOTTE Group held a Global Conference aimed at strengthening the management capabilities of overseas subsidiaries and enhancing the sense of belonging among local hires. This event expanded the scope of the 2023 HR conference, which was initially limited to HR personnel, to include managers across finance, compliance, and other administrative functions. A total of 47 participants attended, engaging in discussions about the Group's current business status and future direction. LOTTE Group plans to hold the Global Conference annually for outstanding local managers to further enhance communication between the parent company and overseas subsidiaries. Over the mid-to long-term, we aim to strengthen capabilities of our overseas subsidiaries, while promoting the retention and development of outstanding local leaders.

### Global Leaders Forum

The Global Leaders Forum is a platform for overseas subsidiary heads to share the Group's direction and vision. In 2024, 27 subsidiary heads participated to discuss LOTTE Group's global strategy, providing local leaders with opportunities to deepen their understanding of the Group. LOTTE Group plans to hold the Global Leaders Forum annually to create a space for discussing and setting the direction on expanding global business—an essential task for the Group's medium- to long-term growth.

### Expatriate Compensation System

LOTTE Group renewed its expatriate compensation system to help overseas assignees overcome local challenges and fully focus on their work. In February 2025, we held a briefing session for HR team leaders and practitioners from 23 Group affiliates expanding overseas, with approximately 70 participants. During this session, feedback on the expatriate compensation system was collected, the materials from the session were shared with the Group affiliates, and opinions from current and former expatriates were gathered and incorporated into the system update. The renewed expatriate compensation system will be in effect from February 2025 through January 2027. A guidebook outlining the compensation system has been produced and distributed to the 23 Group affiliates. The guidebook is also available in English to ensure local employees may understand the compensation details.

#### LOTTE Wellfood

- Sweet With, Food With: Product packaging

#### LOTTE Chilsung Beverage

- Green With: Running a cafeteria at the head office and washing factory overalls in plants

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# RISK MANAGEMENT

## Deriving HR Takes Based on HR Strategy

LOTTE Group defines and develops detailed activities as HR tasks to ensure systematic execution of its HR strategy. Each HR task is specified through a project definition document that outlines the review background, key activities, responsible parties, and processes, including detailed implementation plans. These HR tasks, derived through this process, are expected to provide a solid foundation for each affiliate's CEO to effectively drive their business strategies in the future.

## Creating a Workforce Structure from a Mid-to Long-term Perspective

To maintain a healthy workforce structure of employees who drive business strategy execution over the mid to long term, thorough simulations must be conducted in advance. The size of the workforce by rank is constantly changing due to various factors such as promotions, retirements, and new hires. Moreover, the ideal workforce structure varies depending on the business type and strategic direction of each affiliate. Therefore, each Group affiliate is moving away from the traditional method of simply adjusting the previous year's workforce. Instead, they are defining the necessary organizational capabilities based on business strategies and HR strategies, through which they determine the required workforce size by organization and position level, and establish a mid-to long-term workforce structure.

# METRICS & TARGETS

## Promotion of LOTTE HRD Index Implementation

LOTTE Group recognizes that nurturing talented individuals and enhancing their capabilities are fundamental to securing sustainable competitive advantage and continues to invest in talent. To measure and monitor the performance of talent development activities, LOTTE Academy developed and implemented a Group-wide common metric called the LOTTE HRD Index.

The LOTTE HRD Index is composed of sustainable and measurable indicators focusing on the current status of talent development, levels of investment related to talent growth, establishment of HR and HRD infrastructure, efforts to enhance employees' capabilities, and the cultivation of core competencies aligned with each affiliate's business strategy. LOTTE Group plans to regularly assess the human capital readiness of each affiliate using the LOTTE HRD Index and further strengthen talent development activities.

### LOTTE HRD Index Components

Area	Item	Indicator Details (Draft)	Checkpoints
Group-wide	Investment/ Infrastructure	Talent development investment level	Overall investment and foundational conditions related to talent development
		Talent development organization and personnel	
	HR capability enhancement	Employee capability enhancement	Level of investment and efforts toward enhancing employee expertise and developing leadership capabilities
		Leadership capability enhancement	
Organizational capability enhancement	Organizational culture	Company-wide necessary activities and standards to strengthen organizational competitiveness	
	Risk management		
Affiliate-specific	Affiliate-specific core capability development	Degree of efforts by each affiliate to secure human capabilities in strategic task areas	
	Group-level strategic tasks		

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# ENHANCEMENT OF INFORMATION SECURITY



The safe management and protection of corporate data and customer information is a key pillar of sustainable management, enabling responsible governance. LOTTE Corporation proactively responds to cybersecurity threats to prevent legal and financial risks such as data breaches, while strengthening the trust of stakeholders. In particular, we have established an information security governance system chaired by the CEO, which is systematically managed to promote a culture of information security throughout the organization.

## GOVERNANCE

- Information Security Principles
- Information Security Organization

## STRATEGY

- Establishment and Operation of the Information Security System
- Enhancement of Information Security Awareness
- Information Security Status Disclosure

## RISK MANAGEMENT

- Preemptive Information Security Risk Assessment and Response
- Enhancement of Information Security Management System

## METRICS & TARGETS

- Information Security Performance Metrics
- Information Security Goals



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# GOVERNANCE

## Information Security Principles

As technological advancements continue to accelerate the automation and digitalization of work environments, the importance of information security is increasingly emphasized. In response, LOTTE Group has established and operates a structured information security governance system to proactively address information security threats. The Group also enhances its information security standards by transparently disclosing relevant information.

LOTTE Group has established and implemented the "Group Information Security Policy" to ensure system stability against cyber threats such as hacking and ransomware, protect users' personal information, and strictly comply with information security regulations. This policy serves as the foundation for formulating the "Group Information Security Principles," reflecting updates in relevant laws, institutional frameworks, global and internal environmental changes, advancements in IT technology, and shifts in business models. Through this approach, the Group affiliates effectively respond to a wide range of security risks.

LOTTE Corporation has established and implemented comprehensive Information Security Regulations that cover all areas of security management, including administrative, physical, technical, and personal data protection, based on the principles of safeguarding the company's core information and personal data. These regulations outline the fundamental principles of security and specify detailed compliance requirements for each area. They are published on the company intranet to ensure easy access and understanding for all employees. Furthermore, to meet the growing demands of compliance, LOTTE Corporation continuously reviews changes in laws, relevant systems, and internal and external environments. Based on these reviews, revisions are prepared and incorporated into the Information Security Regulations with the approval of the CEO, ensuring that the company's security policies remain up to date.

### Group Information Security Principles

- We shall consider information security in achieving management goals.
- Our employees shall be responsible for abiding by the responsibilities and obligations stipulated in the Group Information Security Regulations and relevant laws.
- As a principle, information security laws and regulations applicable to the company's industry and size shall take precedence. However, in areas not addressed by such laws and regulations, the Group Information Security Regulations shall take priority.



### LOTTE Group Information Security Regulations

- Group Information Security Policy
- Group Information Security Administrative Protection Guidelines
- Group Information Security Physical Protection Guidelines
- Group Information Security Technical Protection Guidelines
- Group Information Security Personal Data Protection Guidelines



### LOTTE Corporation Information Security Regulations

- Information Security Regulations
- Internal Personal Data Management Guidelines
- Physical Information Security Management Guidelines
- Information System Security Management Rules
- Information Asset Management Rules
- Personnel Information Security Management Guidelines
- Information Security Inspection Rules
- Incident Response Rules
- Information Security Organization Management Guidelines
- Contractor Information Security Management Guidelines
- Encryption Management Rules



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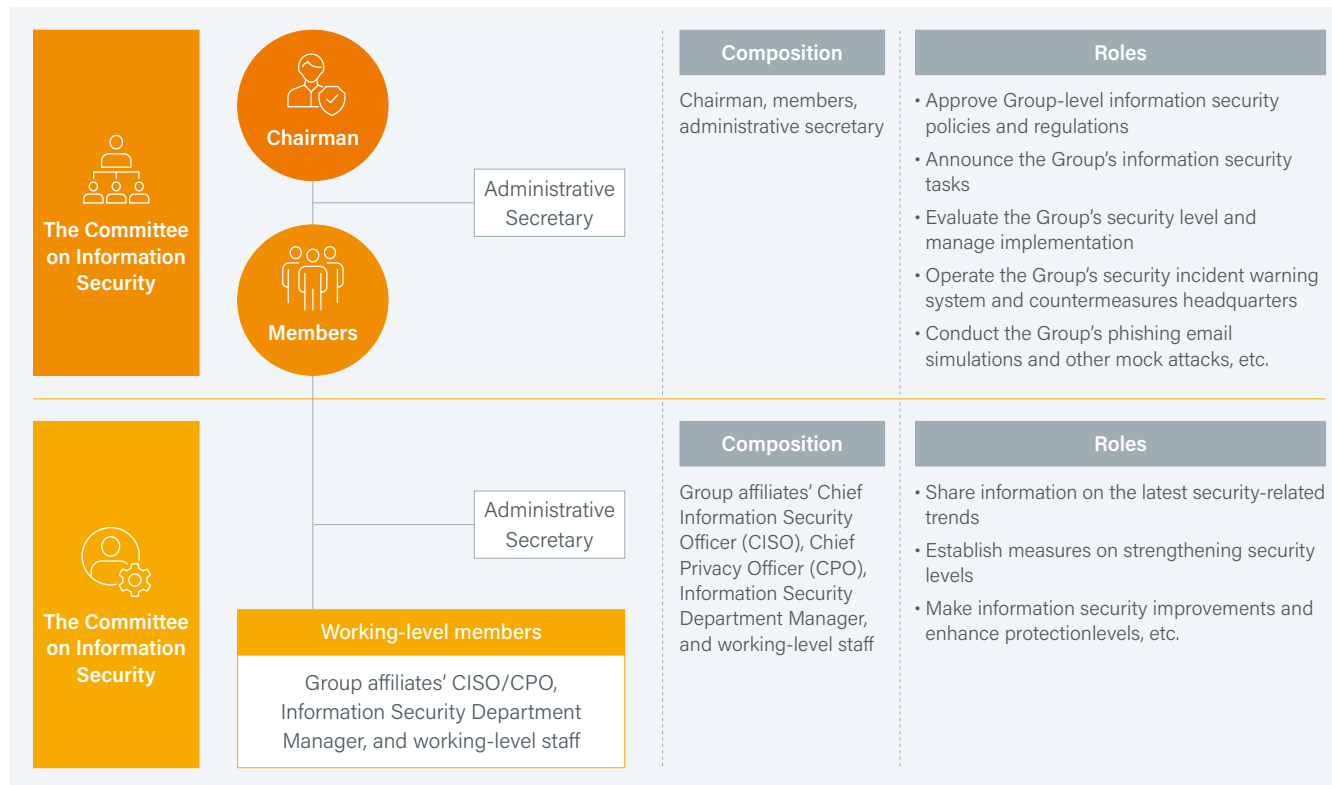
## Information Security Organization

LOTTE Group establishes and strengthens its information security strategy and operations through the Committee on Information Security, chaired by the CEO of LOTTE Corporation, and the Committee on Information Security. The Group's information security organization builds a security framework tailored to its environment and culture. It also develops response measures through consultation on information security policies, major security issues, and the current state of security across the Group.

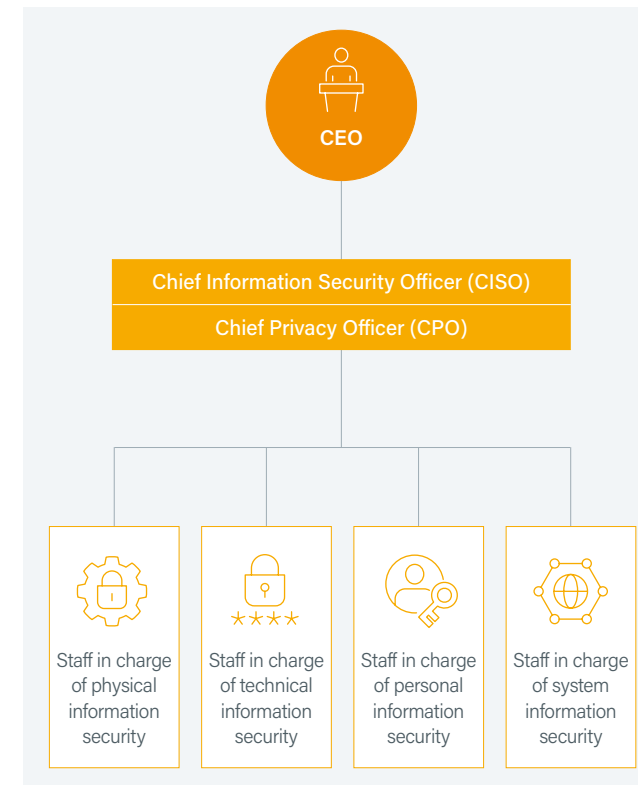
LOTTE Corporation appoints a Chief Information Security Officer (CISO) and a Chief Privacy Officer (CPO), who play central roles in information security and are granted overarching authority to direct and oversee the company's information security and personal data protection efforts. Additionally, the company has established a dedicated information security organization to actively respond to data leakage prevention and other information security compliance issues.

To strengthen the execution of information security, LOTTE Corporation holds a quarterly Working Council on Information Security with the participation of security personnel responsible for each domain, including physical security, technical security, and personal data protection. This working-level council aims to establish a unified information security management system and focuses on discussing and improving responses to internal and external security incidents, compliance trends, security policies, and strategies for enhancing information security.

Information Security Organization Chart of LOTTE Group



Information Security Organization Chart of LOTTE Corporation



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# STRATEGY

## Establishment and Operation of the Information Security System

### Information Security Management System

LOTTE Corporation operates a comprehensive range of security solutions—including antivirus, document encryption, media control, and network/server access control—as well as a network and email-based APT (Advanced Persistent Threat) defense system to block the inflow of malicious code, ensuring the protection of its information assets. Additionally, a real-time security monitoring system is in place to detect and respond to cyberattacks from external sources. When anomalies are detected, intrusion attempts are immediately analyzed and investigated, and necessary countermeasures are taken. Furthermore, prior to the launch of new or updated systems, the company conducts security validations such as penetration testing and infrastructure vulnerability assessments.

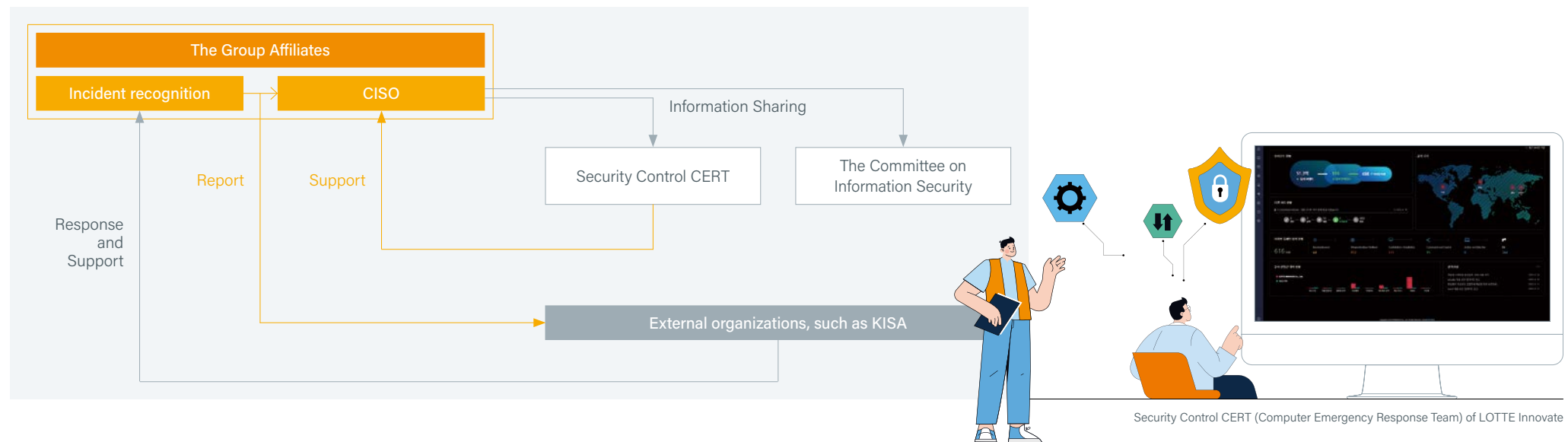
### Security Incident Prevention System

Group affiliates immediately report incidents through the Group's information security portal system when a security incident occurs. Additionally, the Security Control CERT (Computer Emergency Response Team) of LOTTE Innovate, which provides professional security monitoring services, promptly analyzes reported incidents to determine their cause and circumstances and actively supports the Group affiliates' incident response efforts. Furthermore, to prevent recurrence of similar incidents, the Team carefully documents the incident's pathway, causes, and response measures taken, and shares this information with all Group affiliates to strengthen the overall security posture of the Group.

### Disaster Recovery Response System

LOTTE Corporation ensures the stable operation of critical systems and prepares for risks arising from disasters by systematically managing a disaster recovery system built upon damage assessments and business impact analyses for each system. Quarterly drills are conducted regularly to verify the effectiveness of the disaster recovery system, continuously enhancing the company's ability to respond to emergencies. Improvements identified through these drills are promptly implemented to strengthen the resilience of the systems.

### Security Incident Response System of the Group



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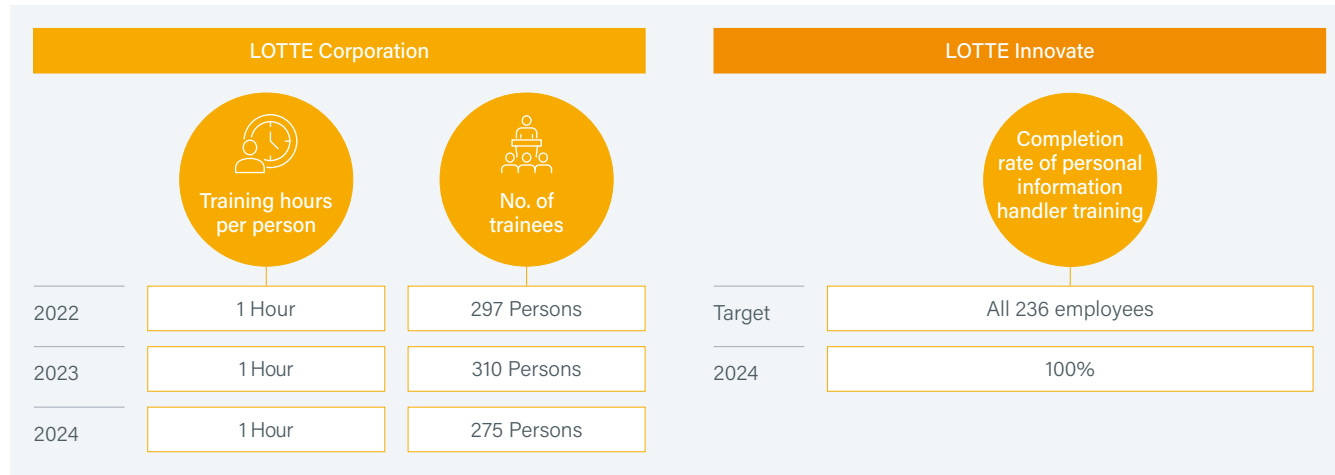
## Enhancement of Information Security Awareness

### Employee Training on Information Security

LOTTE Group operates a variety of training programs to strengthen employees' information security awareness and improve their expertise, including CISO information security courses, information security specialist courses, personal data handler training, and courses on personal data protection and information security.

LOTTE Corporation actively promotes campaigns, training, and security audit activities to strengthen employees' security awareness. Mandatory annual information security training is conducted to enhance employee awareness, while information security officers receive specialized training reflecting the latest laws and the Group policies to reinforce their professional capabilities.

### Employee Training on Data Protection and Personal Information Security



LOTTE Innovate, one of LOTTE Corporation's major consolidated subsidiaries, conducted online training on personal data protection and information security for all employees in 2024. Additionally, in accordance with internal personal data management guidelines, mandatory personal data protection training is provided at least once a year to all personal data handlers. In 2024, three mandatory in-person training sessions were held for all 236 personal data handlers. Those unable to attend in person completed optional online training, resulting in a 100% completion rate.

### Information Security Campaign

LOTTE Corporation observes "Information Security Day" every month, providing employees with information, issues, and key updates related to information security. Through this campaign, the company enhances basic information security knowledge and awareness among its workforce.

## Information Security Status Disclosure

### Implementation of Information Security Status Disclosure

LOTTE Corporation conducted a voluntary disclosure in 2024 to provide transparent and objective information on information security and was recognized as an outstanding company in information security investment. The company has been disclosing information security data for three consecutive years since 2022, diligently responding to disclosures and publicly sharing efforts to strengthen information security and related activities, thereby contributing to enhanced corporate trust and strengthened ESG management.

### Information Security Disclosure in 2024

Classification	Investment	No. of people
Information technology	KRW 13,839,816,175	37.3
Information security	KRW 1,981,867,460	5.3
Ratio of Information security	14.3%	14.2%

- Activities
- System mock hacking and infrastructure assessment
  - Diagnosis of IT project vulnerability and security review
  - Mock virus training periodically (Quarterly)
  - Information Protection Day (Monthly)
  - Checking the status of personal information
  - Conducting information security training for personal information handlers and employees
  - Checking office security (quarterly)
  - Organization and operation of the Information Protection Working Committee
  - Amendment of information protection regulations and guidelines
  - Establishment of annual plan for information protection
  - Inspection and improvement of information protection status
  - Security inspection for retirees
  - Inspection of personal information trustee
  - Establishment of information security management system and acquisition of certification
  - Signing up for personal information protection liability insurance

More information about the LOTTE Corporation's information security disclosure in 2024 is available at the Comprehensive Information Security Disclosure Portal of Korea Internet & Security Agency

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# RISK MANAGEMENT

## Preemptive Information Security Risk Assessment and Response

In response to the increasing trend of cyberattacks using malicious emails disguised as work-related messages, LOTTE Corporation conducts regular simulated virus training quarterly to enhance employees' security awareness and readiness against cyber threats. Customized security training is provided to employees identified as at risk during these exercises, aiming to prevent security incidents and improve information security awareness among staff. Additionally, to ensure the reliability of information systems and strengthen security, the company performs annual penetration testing and infrastructure vulnerability assessments. Through these systematic security checks, potential risks are proactively identified, and prompt corrective actions are taken to continuously reinforce the company's information security system.

## Enhancement of Information Security Management System

### Information Security Management System Certification

LOTTE Corporation obtained its initial Information Security Management System (ISMS) certification in 2023 following the designation of ISMS certification as a mandatory requirement. In 2024, through a follow-up inspection, the company evaluated and improved its internal security policies and business processes. It maintains ISMS certification by adhering to security standards across various areas, including information security, system operational stability, network security, and external intrusion response.

LOTTE Chilsung Beverage, one of LOTTE Corporation's major consolidated subsidiaries, completed the ISMS-P certification surveillance audit in August 2024. Through this certification, the company's corporate website and online shipping system (OSS) were officially recognized for having an excellent information security management system.

LOTTE Innovate has also strengthened its information security management system by obtaining and continuously renewing various domestic and international information security standards and certifications, including ISMS and ISO 27001, thereby enhancing information security reliability and competitiveness.

### Diagnosis of the Group's Information Security Level

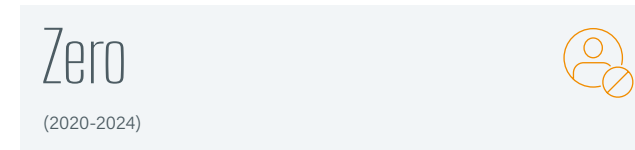
To improve information security management and establish a systematic management structure, LOTTE Group, led by the Committee on Information Security, conducts an annual comprehensive assessment covering four areas: management, physical security, technical security, and personal data protection. Identified improvements from the assessment are systematically managed, and their implementation status is continuously monitored.

Separate from the Group-wide regular assessments of information security levels, LOTTE Corporation conducts its own annual evaluations to strengthen its information security management system. Issues identified through this process are addressed through proactive improvement efforts, thereby enhancing the company's overall information security capabilities.

### Operation of Information Security Index

To continuously improve information security and ensure stable service delivery, LOTTE Group operates a Group-wide information security indicator system. This system encompasses various activities related to information security, including the ratio of security investment relative to IT spending, security inspections, employee training, and the implementation of security systems. By monitoring the Group's information security operations, the overall security level is continuously enhanced, and the indicators themselves are refined to address deficiencies and reinforce areas requiring additional management.

### Leakage of Personal Information



### Information Security System Certifications of the Group Affiliates

Classification	Group affiliates	Note
Information Security Management System (ISMS)	7 companies	LOTTE Global Logistics, LOTTE Shopping (LOTTE Department Store, LOTTE Mart/Super, LOTTE e-commerce), LOTTE Corporation, LOTTE Cultureworks, LOTTE Hi-Mart, FRL Korea, HOTEL LOTTE (LOTTE Hotels&Resorts)
Information & Personal Information Management System (ISMS-P <sup>1)</sup> )	10 companies	LOTTE Engineering & Construction, LOTTE Members, LOTTE Innovate, LOTTE GRS, LOTTE Capital, LOTTE Chilsung Beverage, LOTTE Home Shopping, Canon Korea, Korea Seven, HOTEL LOTTE (LOTTE Duty Free, LOTTE World)
Information Security Management System ISO 27001 <sup>2)</sup>	7 companies	LOTTE ALUMINUM, LOTTE Innovate, LOTTE Fine Chemical, LOTTE Chemical, Canon Korea, LOTTE Chilsung Beverage, LOTTE Innovate, HOTEL LOTTE (LOTTE Hotels&Resorts, LOTTE Duty Free, LOTTE World)

<sup>1)</sup> Information security certification system in Korea

<sup>2)</sup> International information security standard certification

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# RISK MANAGEMENT

## Enhancement of Information Security Management System

### Inspection of Personal Information Management System

To ensure systematic personal data management, LOTTE Corporation has established and implemented an internal management plan. This plan includes comprehensive measures for personal data protection, covering encryption, collection, storage, and disposal procedures. Clear standards have been set to ensure security, and a system has been implemented to analyze abnormal patterns in access, retrieval, and modification logs related to personal data processing systems. In addition, unauthorized access control and audits are automated, and the personal data handlers for each system report the monthly audit results to the CPO.

LOTTE Corporation regularly conducts assessments of personal data processors to ensure that the personal data of customers and employees is being safely managed and protected. Through both document-based and on-site inspections, the company ensures that the personal data management standards of its processors are maintained at the same level as those of LOTTE Corporation. These efforts continuously enhance the company's credibility in personal data protection.

### Strengthening Cybersecurity with Generative AI

In response to the growing use of generative AI technology to create and distribute new forms of malware, LOTTE Corporation is enhancing its response capabilities through AI-powered security automation. As part of its cyber security monitoring automation strategy, the company uses generative AI to assess whether employees' personal data is being securely protected, enabling early detection and prevention. Additionally, AI-powered security monitoring robots and AI agents have been introduced to elevate the overall security level across the Group.

# METRICS & TARGET

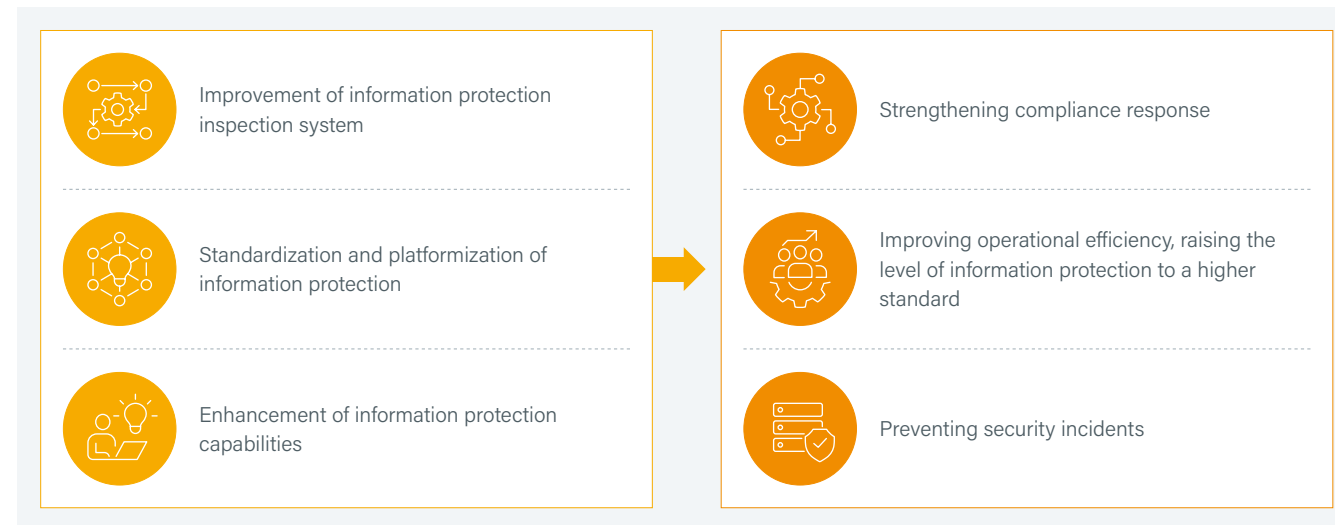
## Information Security Performance Metrics

LOTTE Group manages information security performance metrics with the goal of achieving an overall Group-wide average of 80% or higher across metrics such as security investments, activities, system implementations, and incident responses.

## Information Security Goals

To ensure business continuity and reliability against internal and external security threats, LOTTE Group manages information security governance, fosters synergy, and oversees performance management. On the back of these efforts, we practice sustainability management.

### Practicing Sustainability Management through Information Protection



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# RESPONSIBLE PRODUCT AND SERVICE MANAGEMENT



LOTTE Group responsibly manages all products and services offered under the LOTTE brand. Based on this commitment, LOTTE Corporation builds customer trust, enhances brand value, and secures long-term market competitiveness. Major subsidiaries of LOTTE Corporation— LOTTE Wellfood, LOTTE Innovate, and LOTTE Chilsung Beverage—strengthen accountability throughout the entire product and service lifecycle by operating product quality management councils and dedicated quality management teams.

Based on the consolidated materiality assessment reflecting LOTTE Group’s key issues in the 2024 reporting year, “Responsible Product and Service Management” was identified as a material issue. This reflects the significance of the issue for major subsidiaries that directly provide products and services— LOTTE Wellfood, LOTTE Innovate, and LOTTE Chilsung Beverage. Therefore, the cases introduced in this section are primarily centered on these subsidiaries rather than LOTTE Corporation itself.

## GOVERNANCE

- Quality and Safety Management System of the Group Affiliates

## STRATEGY

- Strengthening Product Quality Management Capabilities
- Enhancing Customer Satisfaction

## RISK MANAGEMENT

- Product Safety and Quality Certifications
- Monitoring and Response Process for Incident Occurrences
- Customer-Centric Quality Assessment and Management

## METRICS & TARGETS

- Key Metrics for Responsible Product and Service Management



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# GOVERNANCE




LOTTE Group is focused on ensuring the quality and safety of its products and services in order to realize its mission that states “We enrich people’s lives by providing superior products and services that our customers love and trust.” To this end, we establish dedicated management teams tailored to the characteristics of its affiliates and implement a company-wide quality management process to practice systematic quality management.

## Quality and Safety Management System of the Group Affiliates

LOTTE Chilsung Beverage recognizes its responsibility for consumer health and public safety. To this end, it has established and operates a company-wide food safety management system aimed at ensuring product quality and food safety. The Safety and Quality Division, a department reporting directly to the CEO, oversees the overall system, while the Quality Assurance Team analyzes product safety and its potential impact on consumers. Each production plant has a dedicated quality team that manages product quality during the manufacturing process, and the Quality Assurance team also handles consumer response and post-market quality improvement, maintaining a coordinated system across the company’s quality-related departments.

LOTTE Wellfood operates a food safety management system to provide products that all consumers can enjoy with confidence. The Quality Safety Team at its headquarters oversees the company-wide food safety system, conducting proactive safety management by assessing product safety and potential consumer impacts. The Team regularly receives feedback on key issues and customer claims from manufacturing plants to identify areas for improvement. Based on these insights, quality exchange meetings are held with production sites and related departments to share best practices and strengthen collaboration for recurrence prevention. Additionally, the Food Labeling Team at the company headquarters consistently manages and reviews all product labeling and advertising to ensure accurate and transparent consumer information. The team also continuously monitors changes in relevant laws and regulations to enhance the reliability of product labeling and safety.

LOTTE Innovate operates a company-wide quality management process structured around three stages—sales acquisition, execution, and operations. Centered on internal committees, the company conducts regular checks at each stage to systematically manage quality. This approach enables early identification and proactive response to potential quality risks during service delivery, ensuring customer-centered quality management.

	 Chief Management Officer	 Dedicated Quality Committee	 Dedicated Quality Organization
 <b>LOTTE Chilsung Beverage</b>	CEO	Company-wide Quality Committee	Safety and Quality Division
 <b>LOTTE Wellfood</b>	CEO	Company-wide Quality Committee	Quality Safety Team, Food Quality and Safety Team
 <b>LOTTE Innovate</b>	CEO	Company-wide Quality Committee	Quality Management Team

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# STRATEGY

## Strengthening Product Quality Management Capabilities

LOTTE Group operates quality inspection and management systems to enhance the quality of its products and services. The Group also continuously invests in training programs aimed at strengthening quality management capabilities across its employees and the entire value chain.

### Key Quality Management Activities of the Group Affiliates

LOTTE Chilsung Beverage conducts testing and analysis of raw materials and finished products through its Quality Assurance Team to ensure safety. Potential quality risks within the manufacturing process are identified and addressed in advance through regular on-site inspections. When quality issues requiring improvement are discovered, product shipments are immediately put on hold and are only released after corrective actions and verification procedures are completed. Additionally, the company clearly informs relevant practitioners of the handling and storage guidelines during the storage and distribution stages to ensure that product quality is maintained until it reaches consumers.

LOTTE Wellfood places strong emphasis on collaboration across the entire value chain to produce high-quality products. As part of this effort, the company operates the "LOTTE Food Safety Academy (LFSA)," a shared growth training program aimed at enhancing food safety management capabilities of small-to medium-sized partner companies. LFSA is managed by the Safety Center, a specialized food safety organization within the LOTTE Central Research Institute. It offers a structured and detailed curriculum based on a comprehensive analysis of each partner company's weaknesses and needs. The program is also offered free of charge to non-partner companies, thereby expanding its positive impact across the broader food industry. Additionally, regular hygiene inspections are conducted for partner companies and raw material suppliers through the Safety Center and external experts. Based on the evaluation results, improvement activities are implemented to ensure that food safety standards across the supply chain align with global standards.

LOTTE Innovate operates employee quality competency enhancement programs to establish a strong quality culture and proactively respond to quality requirements. The company has developed a detailed quality management manual tailored to each stage of work, helping employees clearly understand the quality standards and procedures relevant to their specific roles and processes. In addition, it fosters professional talent through programs designed to strengthen capabilities in quality risk prevention and management.

## Enhancing Customer Satisfaction

As a "Lifetime Value Creator," LOTTE Group strives to deliver the highest value to its customers by actively listening to their voices and using that feedback as a foundation for quality improvement. Each Group affiliate operates a dedicated customer communication team and works to enhance the accessibility of customer communication channels, enabling more effective collection of customer feedback. This input is actively reflected in the improvement of products and services.

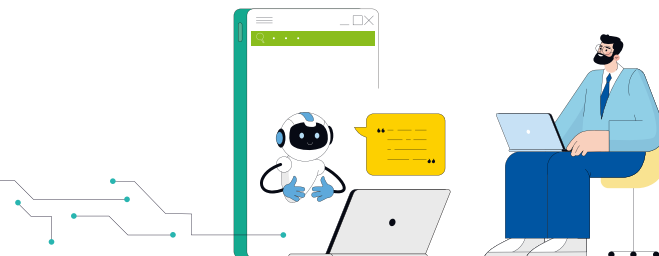
LOTTE Innovate has built an efficient communication system with customers based on its IT capabilities. Following the introduction of a speech-to-text (STT) system in 2021, a text summarization feature that condenses consultation content into a single sentence was added in 2023. In 2024, AI Voicebot and Consultation Guidebot services were established. In 2025, the company plans to advance its AI Voicebot, Guidebot, STT, and text analytics (TA) services on the back of its technological capability in AI contact center, while also expanding its business areas leveraging these technologies.



LFSA support for small and medium-sized partner companies



LOTTE Innovate, strengthening corporate client services



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# RISK MANAGEMENT

## Product Safety and Quality Certifications

To promote quality management that meets key domestic and international standards, LOTTE Group obtains product safety and quality certifications recognized for their credibility. The Group regularly renews these certifications and maintains rigorous quality control standards.

### Quality Certifications of the Group Affiliates

Group affiliates	Certification	Scope
LOTTE Wellfood	FSSC 22000 Certification (Food safety certification)	All plants
	ISO 22000 Certification (Food safety management system)	All plants
LOTTE Innovate	ISO 9001 Certification (Quality management system)	All business sites (HQ, Seoul Center, Yongin Center, Daejeon Center)
	ISO 20000 Certification (IT service management system)	All data centers (Seoul Center, Yongin Center, Daejeon Center)
	CMMI Maturity Level 3 (Software development capability and organizational maturity certification)	All project execution departments (Strategic Project Division)
LOTTE Chilsung Beverage	HACCP Certification (Food safety management certification)	1 business site (Opo Plant)
	Quality Certification for Kids Food	1 business site (Opo Plant)
	FSSC 22000 Certification (Food safety certification)	8 business sites (5 for beverage, 3 for liquor)
	Organic Processing Certification (Organic agricultural, marine, and livestock products certification)	8 business sites (5 for beverage, 3 for liquor)

\* As of the end of December 2024

## Monitoring and Response Process for Incident Occurrences

LOTTE Group operates an internal response process at the Group affiliates level to promptly address product quality and safety issues. LOTTE Chilsung Beverage has established and operates an incident response process to address issues that may affect consumer safety, health, or product quality. The company actively monitors for product anomalies through both internal and external channels, and promptly takes initial action in collaboration with relevant departments when a risk is identified. In cases of critical quality risks, an emergency response meeting is convened to ensure a rapid and coordinated organizational response.

## Customer-Centric Quality Assessment and Management

To respond to rapidly changing markets and evolving customer needs, LOTTE Group makes continuous efforts to assess and improve quality from the customer's perspective. LOTTE Wellfood operates the "Q Project" to assess product quality from the customer's perspective and identify areas for improvement. Through consumer evaluation panels, it compares and analyzes consumers' perceptions of product performance with the actual sensory characteristics of the products. Based on this analysis, brands and products requiring improvement are selected, and improvement plans are developed in collaboration with the R&D department. In 2024, it enhanced the quality of five priority brands and products and successfully transitioned them to production and plans to strengthen market competitiveness in 2024 through the Q Project, with a focus on global and strategic brands.

# METRICS & TARGET

## Key Metrics for Responsible Product and Service Management

LOTTE Group has established and monitors relevant indicators to manage product and service quality as well as customer satisfaction.

Classification	Unit	Group affiliates	2022	2023	2024
VOC handling rate	%	LOTTE Wellfood	100	100	100
		LOTTE Chilsung Beverage	100	100	100
Customer satisfaction level	Points	LOTTE Innovate	80.5/100	82.0/100	82.0/100

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# ESTABLISHMENT OF ADVANCED CORPORATE GOVERNANCE



Sound and transparent governance ensures fairness and efficiency in decision-making and serves as the foundation for enhancing corporate accountability and trust. LOTTE Corporation is continuously developing and refining institutional mechanisms to ensure that improved corporate value, built upon advanced governance practices, leads to greater shareholder value. In particular, we are solidifying the foundation for sustainable growth by establishing a board of directors (BOD) equipped with professionalism and effectiveness, and by securing stakeholders' trust through transparent information disclosure.

### GOVERNANCE

- Composition of the BOD
- BOD Committees

### STRATEGY

- Independence of the BOD
- BOD Capabilities
- BOD Operation
- Enhancing Shareholder Value

### RISK MANAGEMENT

- Appointment and Evaluation of Non-executive Directors
- BOD Evaluation and Compensation
- Executive Evaluation and Compensation
- Compliance with Key Governance Indicators

### METRICS & TARGETS

- Key Governance Indicators



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# GOVERNANCE

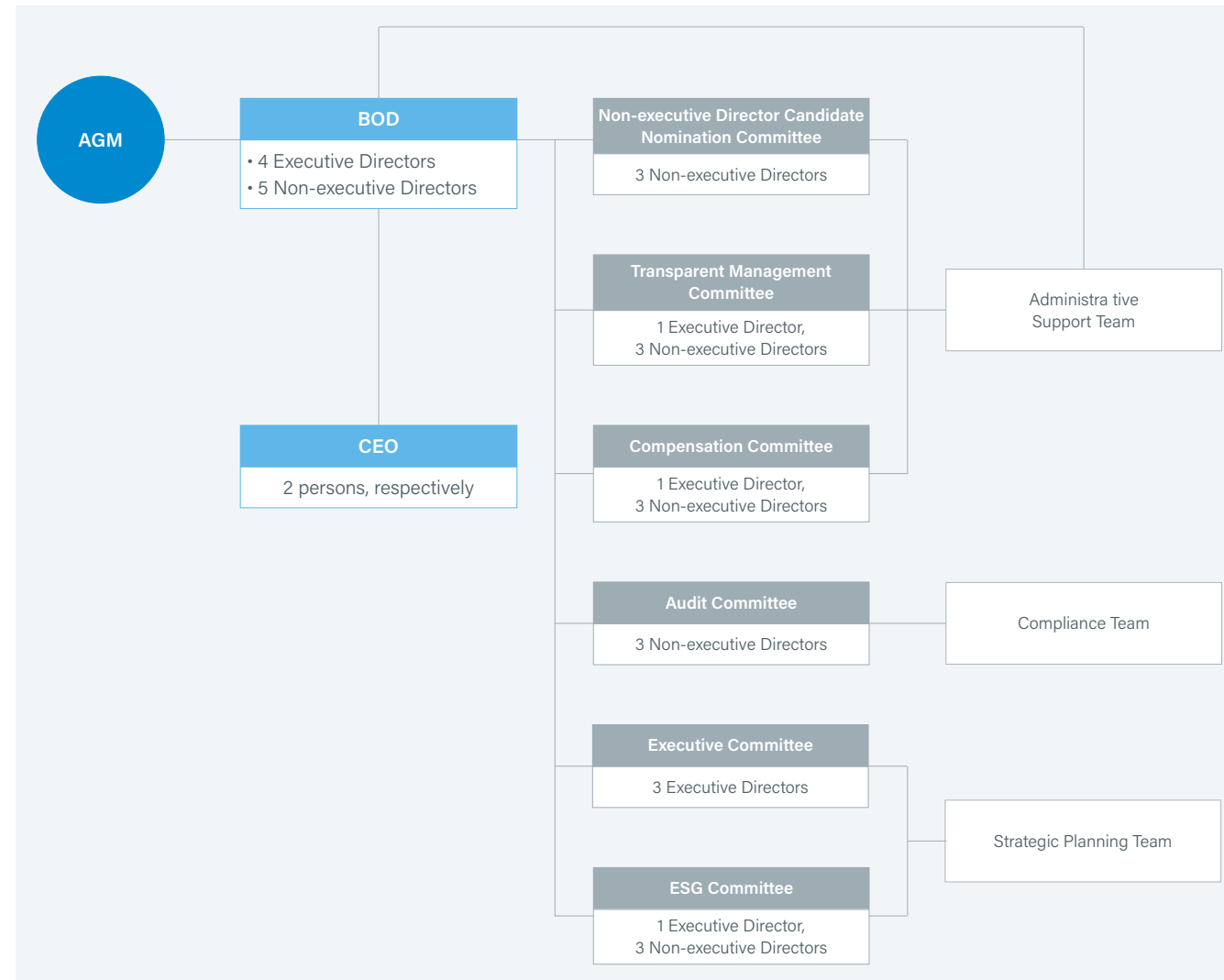
## Composition of the BOD

To enhance corporate value and protect the rights and interests of shareholders and other stakeholders, LOTTE Corporation has established and operates a BOD as the company's highest permanent decision-making body. The BOD holds the authority to appoint the CEO and supervises the execution of duties by the executive management. In addition, it resolves matters stipulated by laws or the Articles of Incorporation, matters delegated through an annual general meeting (AGM), and key issues related to the company's basic management policies and business execution.

To ensure effective performance of duties in accordance with laws and internal regulations related to the BOD, the CEO concurrently serves as the Chair of the BOD. This dual role is intended to enhance the efficiency of board operations and ensure the swift execution of board decisions. To strengthen the independence of decision-making and oversight functions within the BOD, the company introduced and implemented the independent lead director (ILD) system through a board resolution in March 2024. Under this dual structure, the BOD maintains its independence from executive management and controlling shareholders by comprising a majority of independent directors and engaging in deliberate and effective discussions and decision-making. As of the end of March 2025, five out of the nine board members are non-executive directors, accounting for approximately 55.6% of the BOD.

To ensure the independence and fairness of the nomination and appointment process for directors, LOTTE Corporation operates the Non-executive Director Candidate Nomination Committee, which is composed entirely of non-executive directors. Based on internal regulations, the Committee selects candidates who meet the qualifications stipulated by relevant laws and then reviews each candidate's independence from the company and its largest shareholder, as well as their professional competencies required by a global enterprise. The committee ultimately recommends those deemed to best serve the interests of both the shareholders and the company.

## Organization of the BOD



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# GOVERNANCE

## Composition of the BOD

### BOD Composition

Classification	Name	Gender	Major career	Position and committee activity	Date of appointment – Date of termination (Current term)	BOD attendance rate in 2024
Executive Directors	Dong-Bin Shin	Male	(Current) Vice Chairman, The Federation of Korean Industries (Current) Vice Chairman, Korea-Japan Economic Association (Current) CGF Board Member (Current) Asia Business Council Member	CEO	Mar. 28, 2024 - Mar. 28, 2026 (2 years)	90%
	Dong-Woo Lee	Male	(Current) CEO & Vice Chairman, LOTTE Corporation (Former) CEO, LOTTE Hi-Mart (Former) CEO, LOTTE World	CEO Executive Committee	Mar. 26, 2025 – Mar. 26, 2027 (2 years)	100%
	Jung-Uk Goh	Male	(Current) Head of Financial Innovation Office & President, LOTTE Corporation (Former) CEO, LOTTE Capital (Former) Head of Sales 2nd Division, LOTTE Capital	Transparent Management Committee Executive Committee Compensation Committee	Mar. 28, 2024 - Mar. 28, 2026 (2 years)	100%
	Jun-Hyung Rho	Male	(Current) Head of Corporate Strategy Office & President, LOTTE Corporation (Former) CEO, LOTTE Innovate (Former LOTTE Data Communication Company) (Former) Head of DT Business Division, LOTTE Innovate (Former LOTTE Data Communication Company)	ESG Committee Executive Committee	Mar. 28, 2024 - Mar. 28, 2026 (2 years)	100%
Non-executive Directors	Pyung-Oh Kwon	Male	(Former) CEO, Korea Trade-Investment Promotion Agency (Former) Ambassador to Saudi Arabia (Former) Minister of Trade and Investment, Ministry of Commerce, Industry and Energy	Lead Independent Director Compensation Committee ESG Committee Non-executive Director Candidate Nomination Committee	Mar. 28, 2024 - Mar. 28, 2026 (2 years)	100%
	Kyung-Chun Lee	Male	(Current) Managing Partner, ClassHankyul Law Firm (Former) Director, Seoul Bankruptcy Court (Former) Chief Judge, Seoul High Court	Transparent Management Committee Compensation Committee ESG Committee	Mar. 28, 2024 - Mar. 28, 2026 (2 years)	100%
	Hae-Kyoung Kim	Female	(Former) CEO, KB Credit Information (Former) Vice President, KB Credit Information (Former) Head of KB Kookmin Bank (Gangdong/North)	Transparent Management Committee Compensation Committee Audit Committee	Mar. 28, 2024 - Mar. 28, 2026 (2 years)	100%
	Young-Kyung Seo	Female	(Current) Visiting Professor, Graduate School of International Studies, Yonsei University (Former) Member, Monetary Policy Board, Bank of Korea (Former) Director, Sustainable Growth Initiative, Korea Chamber of Commerce and Industry	Audit Committee Transparent Management Committee Non-executive Director Candidate Nomination Committee	Mar. 26, 2025 – Mar. 26, 2027 (2 years)	N/A
	Nam-Gyoo Park	Male	(Current) Professor of Business Administration, Seoul National University (Former) Associate Dean of the College of Business Administration, Seoul National University (Former) President, the Korean Creativity Society	ESG Committee Non-executive Director Candidate Nomination Committee Audit Committee	Mar. 28, 2024 - Mar. 28, 2026 (2 years)	100%

\* As of the end of March 2025



# GOVERNANCE

## BOD Committees

To enhance the expertise and efficiency of BOD operations, LOTTE Corporation has established and operates six committees within the BOD—the Audit Committee, Transparent Management Committee, Compensation Committee, Non-executive Director Candidate Nomination Committee, ESG Committee, and Executive Committee. The Audit Committee and the Non-executive Director Candidate Nomination Committee are composed entirely of non-executive directors, while the Transparent Management Committee, Compensation Committee, and ESG Committee consist of a majority of non-executive directors.

In March 2022, LOTTE Corporation increased the number of non-executive directors by one each for the Compensation Committee, Non-executive Director Candidate Nomination Committee, and ESG Committee to enhance both understanding of the company and overall expertise. The Executive Committee, which serves as the company's executive body, is composed solely of executive directors. It deliberates and resolves matters delegated by the BOD, excluding those stipulated by laws and the Articles of Incorporation, and conducts preliminary reviews of agenda items before they are submitted to the BOD.

### Committee within Board of Directors

Committee name	Chairperson	Member	Role and Authority
Audit Committee	Young-Kyung Seo	Hae-Kyoung Kim, Nam-Gyoo Park	<ul style="list-style-type: none"> <li>Audit of directors' performance of duties and review of financial statements</li> <li>Request for business reports from directors and others, and investigation into the company's operations and financial status</li> <li>Appointment, replacement, and dismissal of external auditors</li> </ul>
Transparent Management Committee	Kyung-Chun Lee	Hae-Kyoung Kim, Young-Kyung Seo, Jung-Uk Goh	<ul style="list-style-type: none"> <li>Large-scale internal transactions under Article 26 of the Monopoly Regulation and Fair Trade Act, and transactions falling under Article 542-9(3) of the Commercial Act</li> <li>Authority to review and approve transactions between related parties</li> </ul>
Compensation Committee	Hae-Kyoung Kim	Pyung-Oh Kwon, Kyung-Chun Lee, Jung-Uk Goh	<ul style="list-style-type: none"> <li>Approval of the total remuneration limit for registered directors to be submitted to the AGM</li> <li>Approval of individual remuneration for registered directors, including performance-based bonuses</li> </ul>
Non-executive Director Candidate Nomination Committee	Pyung-Oh Kwon	Nam-Gyoo Park, Young-Kyung Seo	<ul style="list-style-type: none"> <li>Verification and recommendation of non-executive director candidates through a fair and transparent process, ensuring they are not disqualified under applicable laws and that they serve the best interests of shareholders and the company</li> </ul>
ESG Committee	Nam-Gyoo Park	Pyung-Oh Kwon, Kyung-Chun Lee, Jun-Hyung Rho	<ul style="list-style-type: none"> <li>Decision-making on the establishment and implementation of the company-wide strategic management plan for ESG</li> <li>Monitoring of the progress of key tasks based on ESG strategies</li> <li>Decision-making to maximize ESG-driven business opportunities and minimize related risks</li> </ul>
Executive Committee	Dong-Woo Lee	Jung-Uk Goh, Jun-Hyung Rho	<ul style="list-style-type: none"> <li>Deliberation and resolution on matters delegated to the Executive Committee by the BOD, excluding those stipulated by laws and the Articles of Incorporation</li> <li>Review of matters requiring preliminary examination before submission to the BOD</li> </ul>

\* As of the end of March 2025

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# STRATEGY

## Independence of the BOD

Directors are appointed at the AGM. Candidates for director positions to be appointed at the AGM are selected by the BOD (for executive directors) and the Non-executive Director Nomination Committee (for non-executive directors), and finalized as agenda items to be submitted to the AGM. Pursuant to Article 382 (Appointment of Directors) and Article 542-8 (Appointment of Non-executive Directors) of the Commercial Act, individuals disqualified under these provisions cannot serve as non-executive directors of the company.

Among LOTTE Corporation's non-executive directors, there have been no instances of candidates being disqualified under the stated criteria, nor any cases of directors becoming disqualified after their appointment. In March 2024, the company introduced the LID system through a BOD resolution to further strengthen independent decision-making and oversight functions within the BOD.

### Status of Non-executive Director's Concurrent Positions

Director with concurrent position		Concurrent company	
Name	Position	Company name	Position
Pyung-Oh Kwon	Non-executive director	Jusung Engineering	Non-executive director
Nam-Gyoo Park	Non-executive director	KOLON MOBILITY GROUP	Non-executive director
Young-Kyung Seo	Non-executive director	Samsung Card	Non-executive director

\* As of the end of March 2025

### Qualifications for Non-executive Directors

According to Article 382, Paragraph 3 and Article 542-8 of the Commercial Act, the following individuals cannot serve as Non-executive Directors of LOTTE Corporation:

1. If the largest shareholder is a natural person, the person, his or her spouse, and their lineal ascendants-descendants
2. If the largest shareholder is a corporation, the directors, auditors and employees of the corporation
3. If a person and his specially related person, as defined by the Presidential Decree, who are shareholders of a listed company own the largest number of shares excluding shares without voting rights based on the total number of issued shares, the person himself (hereinafter referred to as the "largest shareholder") and his specially related person

## BOD Capabilities

### BOD Expertise, Accountability, and Diversity

LOTTE Corporation has established policies through its Corporate Governance Charter to ensure the expertise, accountability, and diversity of the BOD. Directors are appointed through the Non-executive Director Candidate Nomination Committee and the AGM. The BOD is composed of four executive directors who are corporate management experts and five non-executive directors with expertise in accounting, auditing, finance, law, and management, enabling objective oversight of corporate management from diverse individual perspectives. Moreover, the company prioritizes candidates who are able to make decisions independently from diverse viewpoints without restrictions on race, nationality, region of origin, religion, or professional background. To strengthen checks and balances on management, non-executive directors without significant interests in the company are appointed, enhancing transparency and accountability.

Furthermore, to enhance the expertise and diversity of the BOD, LOTTE Corporation added a provision to its Articles of Incorporation in March 2022, approved at the AGM, stipulating that the BOD shall not be composed entirely of one gender. In December 2023, the BOD approved the establishment of the Guidelines on BOD Expertise and Diversity, which have been distributed to the Group affiliates. Additionally, starting in 2024, the company introduced the Board Skills Matrix (BSM) to publicly disclose the competencies of BOD members, actively engage with investors, thereby enhancing the understanding and trust in the composition of the BOD.

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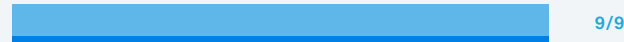


# STRATEGY

## BOD Capabilities

### Board Skills Matrix of LOTTE Corporations' BOD

#### Leadership Management



#### Core Industry



#### Global



#### Finance & Accounting



#### ESG Strategy



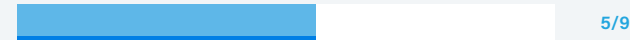
#### M&A



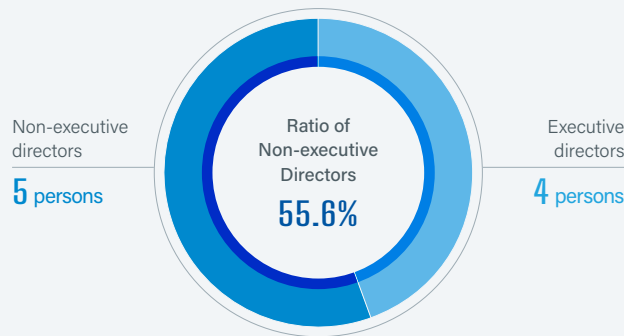
#### Branding & Marketing



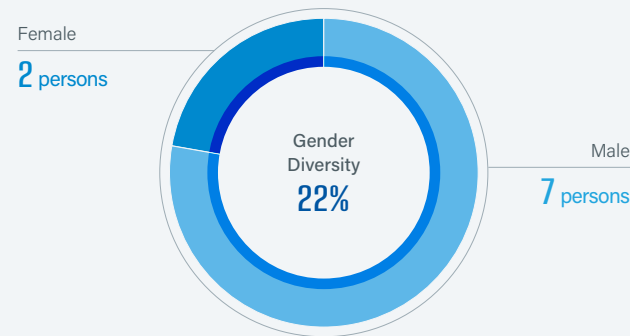
#### Legal & Public Policy Response



#### Ratio of Non-executive Directors



#### Gender Diversity



LOTTE Group Guidelines on BOD Expertise and Diversity

### Education and Support for Non-executive Directors

In accordance with the Corporate Governance Charter, non-executive directors may request the company to provide information necessary for performing their duties or seek advice from external experts. Furthermore, recognizing the importance of understanding the nature of a holding company, regular training sessions are provided on key management matters of the holding company and the Group affiliates to support non-executive directors in performing their roles effectively.

#### BOD Education in 2024

Date	Entity conducting education	Attending non-executive directors	Key education content
Feb. 14	The Company	All	• Board activities and major matters related to company management
Mar. 13	The Company	All	• Board activities and major matters related to company management
Jun. 19	The Company	All	• LOTTE Group seminar on global minimum tax implementation
Jun. 24	The Company	All	• Board activities and major matters related to company management
Aug. 26	The Company	All	• Board activities and major matters related to company management
Nov. 28	The Company	All	• Board activities and major matters related to company management

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## BOD Operation

LOTTE Corporation has established the BOD Operational Regulations that specifically define the authority, responsibilities, and operational procedures of the BOD. To ensure efficient and rational board management, based on the BOD Operational Regulations, along with the Articles of Incorporation and BOD Regulations, the company is making optimal management decisions for the benefit of the corporation and shareholders. In accordance with the BOD Regulations, our board meeting is divided into regular board meetings, held at least once per quarter, and special board meetings convened as needed. Regular BOD meetings are held quarterly to approve financial statements and to convene the AGM, while special BOD meetings are convened as necessary to address urgent matters.

### BOD Performance in 2024

No. of meetings held

10

Agenda items 23 resolution matters, 10 report matters

### BOD Attendance Rate in 2024

Overall average

99%

Executive director's attendance rate

97%

Non-executive director's attendance rate

100%

### Details on BOD Meetings in 2024

No.	Date	Classification	Agenda		Approval status	Attendance/ Capacity				
				Details						
1	02.14	Resolution		1. Approval of the 57th Financial Statements 2. Approval of the 57th Business Report	Approved Approved	8/8				
		Report		1. Report on the 2023 operation status of separate and consolidated internal accounting control system 2. Guarantee payment for LOTTE BIOLOGICS USA	- -					
2	03.13	Resolution		1. Approval of amendments to the 57th Financial Statements and Business Report 2. Convening of the AGM and determination of agenda items 3. Matters related to the 2024 LOTTE Giants advertising campaign	Approved Approved Approved	8/8				
		Report		1. Report on the evaluation of the 2023 separate and consolidated internal accounting control system operation	-					
3	03.28	Resolution		1. Appointment of the CEO 2. Appointment of committee members 3. Amendment of the BOD Regulations 4. Appointment of the independent lead director 5. Execution of 2024 donation to the LOTTE Foundation for Arts 6. Issuance of hybrid bonds 7. Delegation of authority to the Executive Committee for payment guarantees	Approved Approved Approved Approved Approved Approved Approved	9/9				
			Resolution		1. Participation in the paid-in capital increase of LOTTE Asset Development		Approved			
			Report		1. Report on the activities of the Compliance Officer 2. Approval of the management review for the ISO 37301 compliance management system 3. Payment guarantee for LOTTERIA Vietnam		- - -			
				Resolution			1. Participation in the paid-in capital increase of LOTTE BIOLOGICS 2. Payment guarantee for overseas subsidiaries	Approved Approved		
			6	08.26	Report			1. Analysis of holding company's business performance and annual forecast report	-	9/9
			7	09.27	Resolution			1. Issuance of hybrid bonds 2. Participation in the paid-in capital increase of LOTTE Asset Development	Approved Approved	9/9
							Resolution		1. Capital supplement agreement with subsidiaries 2. Liquidation of a subsidiary 3. Change in the capital increase amount for a subsidiary	
9	11.28	Report		1. Report on the Corporate Value-up Plan	-	8/9				
10	12.26	Resolution		1. Approval for the renewal of the Group brand usage contract and transaction amount 2. Approval of major internal transactions between the Group affiliates 3. Delegation of bond issuance to the CEO	Approved Approved Approved	9/9				
			Report		1. Report on the 2025 business plan		-			



# STRATEGY

## BOD Operation

### 2024 Committee Meetings under the BOD

Committee name	No. of meetings held
Audit Committee	8
Transparent Management Committee	5
Compensation Committee	5
Non-executive Director Candidate Nomination Committee	2
ESG Committee	4
Executive Committee	1



Please refer to the 58th Business Report to find more information about the major agenda items of the Committees under the BOD of LOTTE Corporation in 2024

## Enhancing Shareholder Value

### Stock Information

Per the Articles of Incorporation, shareholder voting rights are specified as one vote per share, with no voting rights for preferred stock. Accordingly, LOTTE Corporation grants fair voting rights to shareholders based on the type and number of shares they hold. As of December 2024, LOTTE Corporation's total issued shares are 104,909,237 common shares and 805,603 preferred shares. The number of shares eligible to exercise voting rights is 67,265,035, which is 63.6% of the total issued shares.

### Protection of Shareholder Rights and Interests

LOTTE Corporation implemented and operates systems to encourage shareholder participation in the AGM and to promote the exercise of voting rights, ensuring that shareholder opinions are actively reflected in the company's decision-making process. In February 2021, the company introduced an electronic voting system to allow shareholders to exercise their voting rights through various means. Additionally, when convening an AGM, we notify shareholders of the date, venue, and agenda items at least two weeks in advance, enabling shareholders to review proposals thoroughly before voting. Regardless of whether shareholder proposals meet the legal requirements, LOTTE Corporation will continue to listen to diverse perspectives and do its utmost to support the mutual growth of the company and its shareholders.

### Disclosure of Corporate Information

LOTTE Corporation publishes its quarterly earnings release materials on the investor relations (IR) website following the submission of its audit reports. Additionally, the company actively conducts IR activities on an ongoing basis after each earnings announcement through various channels such as non-deal roadshows (NDRs), in-person meetings, video conferences, and conference calls with major domestic and international institutional investors.

### Treasury Stock Cancellation

LOTTE Corporation obtained shareholder approval at the AGM on March 25, 2022, for the retirement of 182,020 Class 2 preferred shares (treasury stock) that were acquired in response to the exercise of appraisal rights by dissenting shareholders during the merger and spin-off merger on April 2, 2018. Following the statutory creditor objection period, the company completed the relisting and cancellation of the 182,020 preferred shares—part of its treasury stock holdings comprised of 34,103,937 common shares and 265,048 preferred shares—on May 11, 2022. As a result of this treasury stock cancellation, the total number of issued preferred shares decreased from 987,623 at the end of 2021 to 805,603 at the end of 2022.

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# RISK MANAGEMENT

## Appointment and Evaluation of Non-executive Directors

LOTTE Corporation has established and operates the Non-executive Director Candidate Nomination Committee, composed entirely of Non-executive Directors. To strengthen the capabilities of the BOD, candidates are appointed after a thorough evaluation of their competencies across various dimensions, including leadership, business acumen, and risk management. In accordance with Article 11 of the Corporate Governance Charter, the company has also established evaluation criteria for non-executive directors. These evaluations are conducted annually and incorporate both quantitative factors (such as meeting attendance and committee participation) and qualitative factors (such as expertise and contributions). The results are used to encourage and support effective participation by Non-executive Directors and are considered when reviewing reappointment at the end of their terms.

## BOD Evaluation and Compensation

In accordance with Article 11 of the Corporate Governance Charter, LOTTE Corporation reflects the results of the BOD's management performance evaluations appropriately in its compensation. The remuneration or expenses necessary for the performance of directors' duties are determined by the BOD within the limits approved by the AGM. The Compensation Committee ensures objectivity and transparency in the compensation process for registered directors by reviewing and resolving matters such as the proposed compensation limit to be submitted to the AGM, approval of individual compensation for registered directors, and other BOD-delegated matters related to executive compensation. Details of this compensation policy are disclosed through the Corporate Governance Charter and the business report.

## Executive Evaluation and Compensation

LOTTE Corporation conducts fair and objective evaluations of individual executives each year, using a variety of criteria including business performance, leadership, and organizational culture, in order to establish a responsible corporate governance system. Individual executive compensation is determined based on the Executive Compensation Regulations, taking into account the nature of their responsibilities, management performance, and the future business environment. In addition, the Compensation Committee deliberates and resolves matters delegated by the BOD related to executive compensation, thereby ensuring fairness and transparency. Details of the company's compensation policy are disclosed through the Corporate Governance Charter and the Business Report.

## Compliance with Key Governance Indicators

LOTTE Corporation is working to improve its corporate governance with a focus on protecting shareholder rights, enhancing the transparency of the BOD, and strengthening the independence of the Audit Committee, with a goal of achieving an 80% compliance rate with the key governance indicators. In 2024, the company amended its Articles of Incorporation to allow the BOD to determine the dividend record date by resolution, thereby adjusting the record date to follow dividend confirmation and resolving the reason for non-compliance with the relevant indicator. Additionally, the appointment of a female non-executive director and the independent operation of the Audit Committee allowed the company to meet the key indicators at the same level as the previous year. LOTTE Corporation will continue to enhance its internal procedures and implement phased action plans to achieve 80% compliance with the key governance indicators by 2026.

# METRICS & TARGETS

## Key Governance Indicators

Classification	Content	Expected effects
Ratio of non-executive directors on the board	55.6%	Enhancing independence and transparency
Proportion of female executive directors	22.2% (11% increase year-on-year)	Expanding diversity
Operation and convening of committees	Operation of 6 steering committees (25 meetings held)	Enhancing expertise and transparency
Implementation of lead independent director (LID) system	Adopted in 2024	Strengthening independence of the BOD
Operation of non-executive directors' council	8 times	Enhancing management expertise and understanding
Strengthening independence of Audit Committee	Composing the Audit Committee entirely with non-executive directors	Strengthening internal controls
Training and field activities for non-executive directors	6 times	Enhancing management expertise and understanding

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# ETHICS AND COMPLIANCE MANAGEMENT



Sustainable corporate growth requires fair and transparent business operations. LOTTE Corporation has Sustainable corporate growth requires fair and transparent business operations. LOTTE Corporation has obtained ISO 37301 certification to promote compliance and ethical management aligned with global standards. Based on this, the company has established ethical standards and operates an internal control system. In addition, we propose compliance management principles to all Group affiliates and strengthen the Group-wide compliance management framework to foster a sustainable management culture.

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- Compliance Management Framework
- Ethical Management Framework

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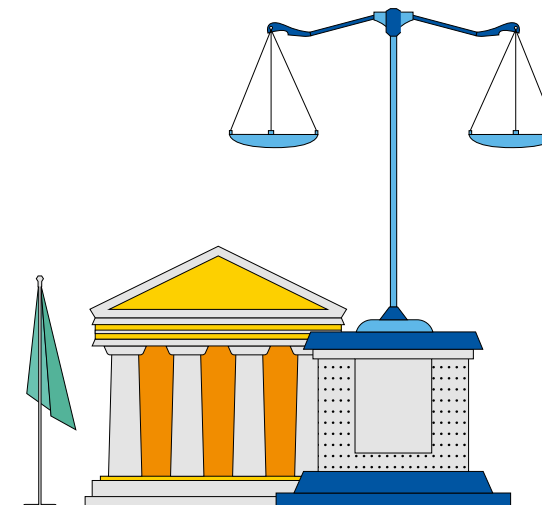
- Compliance Activities
- Ethical Management Activities

## RISK MANAGEMENT

- Assessment of Compliance Level
- Strengthening Compliance Capabilities
- Acquisition of International Standard Certification

## METRICS & TARGETS

- Key Metrics for Compliance



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# GOVERNANCE

## Compliance Management Framework

### Compliance Committee

To establish the Group-wide compliance policies and audit the compliance activities of the Group affiliates, LOTTE Group established the LOTTE Compliance Committee in December 2017. This committee, which reports directly to the CEO, is composed of external experts and the heads of relevant departments within LOTTE Corporation. The Compliance Committee holds regular quarterly meetings to deliberate and decide on the introduction of LOTTE Group's compliance policies and the establishment of compliance guidelines. The details of its activities are disclosed on the company's website.

### Composition of the Compliance Committee

Chairperson	In-bok Lee, Former Supreme Court Justice
Internal members	Jung-Uk Goh, Head of Financial Innovation Division, LOTTE Corporation
	Eun-jae Park, Head of Legal & Compliance Division, LOTTE Corporation
	Doo-Hwan Park, Head of HR Innovation Division, LOTTE Corporation
External members	Inbae Kim, Professor of Economics, EWHA Womans University
	Ojoon Kwon, Representative Lawyer at Ojoon Kwon Law Office Jonggeun Park, Representative Lawyer at Dambak Law firm

\* As of the end of April 2025



[More information about activities of the Compliance Committee is available on our website.](#)

### Operating Status of the Compliance Committee in 2024

No.	Date	Agenda items
22	Mar. 21	<ul style="list-style-type: none"> <li>Regulations and precautions on abuse of market dominant position</li> <li>Plan for establishing compliance management system for overseas affiliates</li> </ul>
23	Jun. 13	<ul style="list-style-type: none"> <li>Regulations and precautions on abuse of superior bargaining position</li> <li>ISO 37301 compliance management system operation results</li> </ul>
24	Sep. 10	<ul style="list-style-type: none"> <li>Prohibition and precautions on unfair cost shifting</li> <li>Progress of the Group anti-corruption program implementation</li> </ul>
25	12.12	<ul style="list-style-type: none"> <li>Revision of compliance evaluation indicators for the Group affiliates</li> <li>Revision of global compliance work guidelines</li> </ul>

### Compliance Officer

In December 2020, LOTTE Corporation appointed Eun-jae Park, Head of the Legal & Compliance Division, as the Compliance Officer pursuant to Article 542-13 of the Commercial Act. The Compliance Officer monitors whether employees are complying with the internal compliance standards and reports the findings to the CEO and the BOD. In addition, he also serves as the Compliance Officer under the ISO 37301 Compliance Management System, operating the system and reporting the results to the CEO and the BOD. In 2024, a report on the activities of the Compliance Officer and a management review of the ISO 37301 Compliance Management System were presented at the BOD meeting held in May. LOTTE Corporation plans to continue reporting annually to the BOD on compliance goals and outcomes.

### Compliance Goals and Performance Management

In accordance with the compliance control standards and the ISO 37301 Compliance Management System, LOTTE Corporation sets compliance control and compliance goals and reports the details to the CEO and the BOD. Additionally, the company also reports the results of monitoring the achievement of compliance control and compliance goals, the audit results of the compliance management system, and the evaluation results based on the compliance performance indicators. The BOD oversees the performance of the CEO and the Compliance Officer's roles in operating the compliance management system, while the CEO is responsible for managing the goals and performance of the compliance management system.

LOTTE Corporation reviews and evaluates the current status of compliance activities for its domestic Group affiliates. Based on these evaluations, we are firmly establishing the foundation for compliance management while also supporting the Group affiliates to identify areas for improvement from the evaluation results and strengthen their own compliance. Starting in 2025, we plan to collect and evaluate records of compliance risk management activities, including risk identification and assessment, control measure checks, and the establishment of improvement plans. Meanwhile, for overseas Group affiliates, we will regularly or occasionally collect and review their compliance activity details to lay the groundwork for global sustainable management.

### Administrative Compliance Charter

Established in 2017, the LOTTE Group Administrative Compliance Charter outlines the compliance obligations and responsibilities of both employees and the company. In accordance with the Administrative Compliance Charter, LOTTE Group provides regular compliance training to all employees and operates a compliance management system. LOTTE Corporation has made the Administrative Compliance Charter available on its official website in English, Chinese, Japanese, Vietnamese, and Indonesian.

[Administrative Compliance Charter](#)

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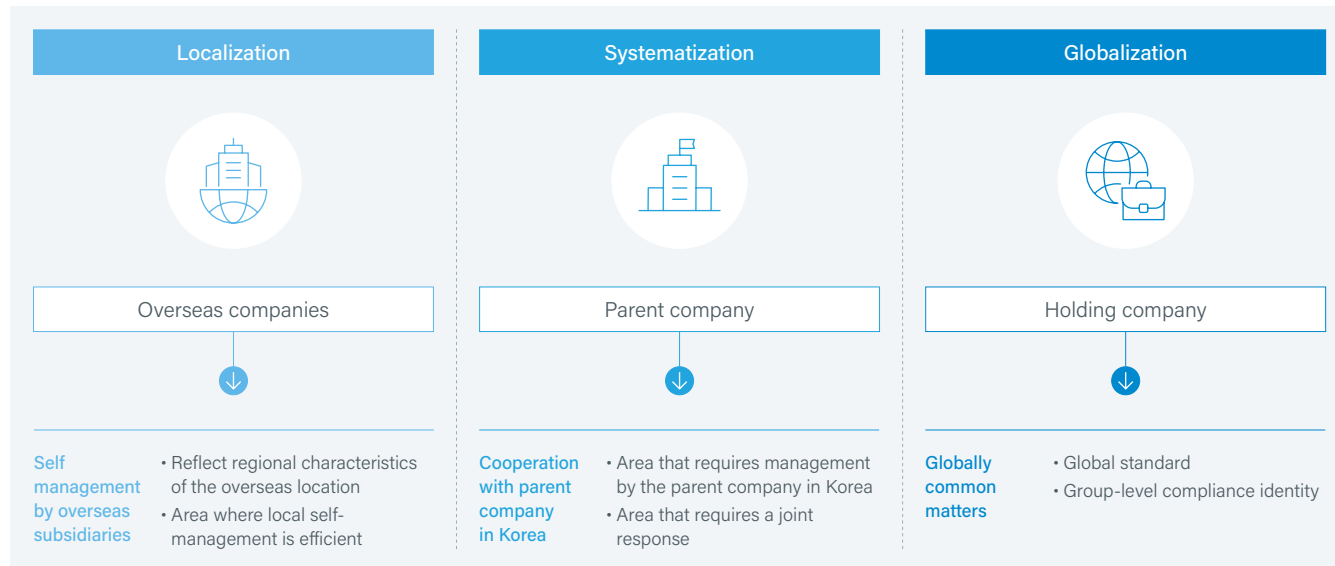
# GOVERNANCE

## Compliance Management Framework

### Global Compliance Management System

LOTTE Corporation is responsible for establishing the compliance management system for LOTTE Group and disseminating it to both domestic and overseas Group affiliates. The Group affiliates implement the LOTTE Group's compliance principles in their respective operations. In 2024, LOTTE Corporation conducted on-site inspections of major overseas subsidiaries together with the domestic parent company to help establish compliance risk management systems. These inspections identified areas for improvement regarding internal regulations, contract management, risk controls at overseas subsidiaries, and the domestic parent company's oversight and monitoring procedures. Starting in 2025, we plan to collect and review compliance activities from overseas subsidiaries on a regular or ad-hoc basis, depending on their size and local circumstances.

### Global Compliance Management System



### Global Compliance Work Guidelines

In May 2020, LOTTE Corporation established the Global Compliance Work Guidelines to enable Group affiliates and overseas subsidiaries to effectively carry out compliance-related tasks. The guidelines cover areas such as the establishment and operation of dedicated compliance teams, management of compliance risks, implementation of compliance programs, provision of compliance training and monitoring, employee pledges, reporting, investigation and sanctions related to violations, rewards for compliance adherence, and reporting of related activities. Each Group affiliate is required to institutionalize the key contents of the guidelines in their internal regulations and ensure that all employees comply accordingly. In January 2025, we distributed a revised version of the guidelines to the Group affiliates, incorporating additional content such as compliance with the LOTTE Personnel Code of Conduct and the establishment of compliance risk management systems at overseas subsidiaries.

## Ethical Management Framework

### LOTTE Personnel Code of Conduct

The LOTTE Personnel Code of Conduct outlines ethical standards all LOTTE Group employees must follow, including the prohibition of workplace bullying, sexual harassment, discrimination, unfair dealings with partners, corruption, improper solicitation, insider trading, and dishonest marketing. It reflects domestic and international laws and social and ethical requirements. LOTTE Corporation publishes the Code on the Group website and provides annual training to Group affiliate employees. In January 2025, the Code was revised to reflect societal changes and stakeholder expectations.

 [LOTTE Personnel Code of Conduct](#)

### Global Anti-Corruption Guidelines

LOTTE Corporation has established the Global Anti-Corruption Guidelines to provide international standards and expand on the LOTTE Personnel Code of Conduct, ensuring that employees of the company, domestic Group affiliates, and overseas subsidiaries comply with anti-corruption laws in each country and foster a transparent and sound corporate culture. These guidelines cover compliance with anti-corruption laws, prohibition of bribery, and procedures for reporting and handling violations. LOTTE Corporation has distributed the guidelines to all Group affiliates and instructed them to modify or adapt them as appropriate based on local laws and conditions. Both the Korean and English versions of the guidelines are publicly available on the Group's official website.

 [Global Anti-Corruption Guideline](#)

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## Compliance Activities

### Compliance Training

LOTTE Corporation provides training on the LOTTE Personnel Code of Conduct to all employees. Compliance training is also conducted for newly appointed executives, new hires, and experienced recruits. Additionally, various mandatory legal training programs are offered, including personal data protection and information security, prevention of workplace harassment and sexual harassment, and raising awareness about persons with disabilities in the workplace.

LOTTE Corporation also supports the enhancement of compliance capabilities across Group affiliates and strengthens the expertise of relevant departments by operating a range of in-depth training programs tailored to each affiliate's business characteristics, employee positions and ranks, job relevance, and key regulatory issues. Leading activities include holding compliance workshops for team leaders and staff in charge of fair trade at Group affiliates, and providing industry-specific training in sectors such as franchising, e-commerce, and retail. Furthermore, training was conducted to ensure accurate compliance with the Korea Fair Trade Commission's corporate group policies and disclosure systems. This training also included guidance on the newly introduced Supply Price Linkage System and Disclosure of Subcontract Payment Information in 2023.

One of LOTTE Corporation's major consolidated subsidiaries, LOTTE Innovate, has been conducting various activities targeting domestic and overseas subsidiaries to minimize legal issues arising from business expansion. Since 2022, it has been providing training for domestic subsidiaries and reviewing and improving the compliance management system since 2023. In 2024, training was conducted for all subsidiaries including overseas subsidiaries, and all employees submitted compliance pledges to promote compliance awareness.

### Compliance Forum

Since 2022, LOTTE Corporation has been hosting a Compliance Forum for compliance officers of its Group affiliates. In 2024, the "2024 LOTTE Group Compliance Forum" was held with the participation of 121 compliance officers, team leaders, and managers from 42 Group affiliates. The forum featured keynote speeches by Eun-jae Park, Head of the Legal & Compliance Division of LOTTE Corporation, and Jongsub, Professor of Finance at Seoul National University, as well as presentations of best practices by the Group affiliates. In addition, in-depth discussions were held on the compliance operation direction and plans for 2025.

### Operation of the Ethics Hotline (Sinmungo)

LOTTE Group operates an ethics hotline called "Sinmungo" on the LOTTE Corporation website, through which it receives reports on misconduct such as abuse of authority for personal or third-party gain, violations of internal accounting control regulations, corrupt practices, workplace sexual harassment or bullying, and other acts that go against social responsibility. All stakeholders, including employees, can freely access Sinmungo via the Korean and English versions of the LOTTE Corporation website and may submit reports either anonymously or under their real names. In addition, reports can be submitted via email or post. To ensure a safe reporting environment, the identity of whistleblowers is strictly protected, and disciplinary or other necessary measures are taken against any employee who breaches this protection policy. In 2024, a total of 471 reports were received through Sinmungo, all of which were reviewed and resolved in accordance with internal procedures.

 Reporting unfair and legal acts

### Status and Types of the Sinmungo Reporting

	Classification	2022	2023	2024
Important matters	Corruption	47	48	114
	Partner complaints	61	9	0
	Safety	0	0	0
	Quality	2	1	0
	Sexual harassment	10	0	0
	Unfair recruitment	3	6	5
	Workplace harassment	24	24	0
	Personnel complaints, etc.	11	1	0
	<b>Sub total</b>		<b>158</b>	<b>89</b>
Simple matters	Customer complaints	77	158	3
	Compliment, suggestions, etc.	134	348	349
	<b>Sub total</b>		<b>211</b>	<b>506</b>
<b>Total</b>		<b>369</b>	<b>595</b>	<b>471</b>

\* Based on the sum of the entire Group

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## Compliance Activities

### Monitoring of Internal Monitoring Activities Within the Group Affiliates

LOTTE Corporation regularly collects and monitors the compliance activity reports of major Group affiliates. In September 2024, regular monitoring was conducted for 31 Group affiliates, recording a high average score of 98.0 points. The results confirmed that most Group affiliates are actively engaged in compliance policy enactment and revision, implementation of fair trade-related systems, compliance training, monitoring activities, and operation of reporting systems.

In January 2025, LOTTE Corporation held an informational session for its Group affiliates to explain the evaluation plan for their risk management activities and requested that they strengthen operational-level controls over risks to enable more direct and effective risk management. Following regular monitoring, we provide detailed results and improvement items to the Group affiliates and plan to continuously review progress and support improvement efforts.

## Ethical Management Activities

### Code of Conduct Training and Campaigns

In 2020, LOTTE Corporation mandated LOTTE Personnel Code of Conduct training across all Group affiliates. In 2024, the training materials were designed to provide a comprehensive overview of the Code of Conduct, introduce domestic and international cases of compliance violations, and emphasize the importance of adhering to the Code.

In 2024, LOTTE Corporation delivered a CEO Compliance Message, urging employees to comply with relevant laws and the LOTTE Personnel Code of Conduct, and to actively participate in compliance activities such as training and monitoring. The message also called for collective efforts to establish a strong culture of compliance within the organization.

### Ethical Management Activity Exchange within the Group

Classification	2022	2023	2024
Ethical management team meetings by HQ	3 times, 81 persons (Online)	4 times, 136 persons	4 times, 154 persons

### Sharing Ethical Management Activities within the Group

LOTTE Group holds exchange meetings and conferences for ethical management officers of the Group affiliates on a constant basis to share recent issues, activity cases, and future directions related to ethical management.

### Written Pledge on Compliance

All employees of LOTTE Corporation annually submit a Written Pledge on Compliance, affirming their commitment to comply with all applicable laws, regulations, and internal rules in the performance of their duties. In 2024, the pledge was collected from all employees. In February 2025, the pledge was revised to include compliance with the LOTTE Personnel Code of Conduct, and execution of the updated pledge was completed across the organization.

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# RISK MANAGEMENT

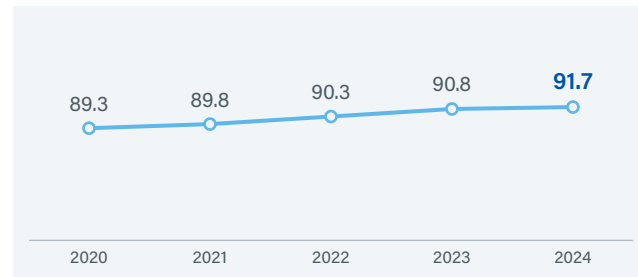
## Assessment of Compliance Level

Since 2015, LOTTE Group has conducted an annual survey of employees at its Group affiliates based on the LOTTE Personnel Code of Conduct to assess the overall level of compliance awareness and practice. In 2024, the survey was conducted, targeting all 42,982 employees of LOTTE Group, with 23,914 respondents (55.6% response rate). The overall score was 91.7 points, showing an increase of 0.9 points from 90.8 in 2023. Among the assessment areas, the three categories with relatively lower scores were trust among employees, trust with shareholders, and embedding a compliance culture. To improve in these areas, LOTTE Group will continue its efforts to promote mutual respect among members, fair opportunities and treatment, enhancement of shareholder value, and the establishment of a culture of ethical business practices.

LOTTE Corporation regularly compiles and evaluates the compliance capabilities and activities of its major Group affiliates. The compliance assessment includes the area of fair trade. Evaluation in the compliance domain is conducted by reviewing and monitoring items such as compliance awareness, training, inspection and monitoring activities, and related systems and frameworks. As a result of the compliance area assessment, 31 Group affiliates achieved a high average score of 98.0 points. LOTTE Corporation provided each affiliate with detailed results and areas for improvement, supporting their independent efforts to enhance compliance practices.

### Compliance Level Assessment Result

(Unit: Points)



## Strengthening Compliance Capabilities

### CP Internalization Activities for the Group Affiliates

To proactively prevent fair trade-related risks and foster a transparent corporate culture throughout LOTTE Group, LOTTE Corporation is making various efforts to promote the adoption of its Compliance Program (CP) within the Group. Since the establishment of LOTTE Corporation, the company has provided policy-based support for the introduction of CP by key Group affiliates as part of its proactive fair trade risk management policy. As a result, major Group affiliates have now introduced and operate the program.

LOTTE Chilsung Beverage, one of LOTTE Corporation's major consolidated subsidiaries, introduced a CP to prevent unfair trade and build a fair trade culture. The company established the eight components of the compliance program to proactively prevent its employees from committing violations during their work by ensuring they are well-versed in fair trade-related laws and regulations. Additionally, it conducts regular training for its business departments on revisions to relevant laws and regulations. In 2024, the company pursued activities such as a preliminary review of business risks, operating the Supply Price Adjustment System, and obtaining external CP certification. In recognition of these efforts, the company achieved an AA rating in the CP evaluation organized by the Fair Trade Commission.

LOTTE Corporation received CP consulting from the Fair Competition Federation from July to November 2022 to introduce and efficiently operate the program. Based on the consulting results, the LOTTE Compliance Committee passed the resolution on "Operation of holding company CP" in December 2022. Subsequently, in February 2023, the LOTTE Corporation BOD resolved on "matters relating to the operation of holding company CP". In 2023, we also established new business procedures for subcontracting transaction compliance within the LOTTE Corporation compliance management portal. As of 2024, we have reviewed risks and provided opinions on 55 subcontracting transaction cases. Building on these efforts, as the representative company of LOTTE Group, LOTTE Corporation plans to diagnose risks in its business from a fair trade perspective and systematically operate the CP as a preemptive preventive measure.

### Compliance Guidelines

LOTTE Corporation has been establishing and distributing Compliance Guidelines<sup>1)</sup> since 2022, with the approval of the LOTTE Corporation Compliance Committee, to strengthen the fair trade capabilities of Group affiliates and enhance procedural standards. These guidelines present key trends in fair trade issues and propose standardized and efficient management procedures. In 2024, LOTTE Corporation issued a series of guidelines covering key regulatory areas under the Fair Trade Act. These included recent case examples and compliance measures related to abuse of superior bargaining position, as well as recent enforcement cases and important precautions concerning improper cost transfer practices. These guidelines enable Group affiliates to prevent unfair trade practices and manage compliance risks proactively and preemptively. LOTTE Corporation will continue to engage in close communication and provide policy support to help Group affiliates prevent fair trade-related risks and establish internal control procedures for managing core risk areas.

<sup>1)</sup> 2024 Compliance Guidelines Distribution Status: Guidelines on Abuse of Market-Dominant Position (April 2024), Guidelines on Abuse of Superior Bargaining Position (June 2024), and Guidelines on Improper Cost Transfer (October 2024).

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# RISK MANAGEMENT

## Acquisition of International Standard Certification

### Compliance Management System Certification

To promote compliance and ethical management that aligns with global standards, LOTTE Corporation introduced the ISO 37301 Compliance Management System and established a compliance policy in May 2023. Eun-jae Park, Head of the Legal & Compliance Division, was appointed as the Compliance Officer. In April 2024, the company analyzed compliance risks, established risk control goals, and reviewed and evaluated the achievement of the control goals that were set in 2023. Subsequently, in August, the company underwent its first post-certification audit for ISO 37301 conducted by the Korea Management Register and received a conformity decision, successfully maintaining its certification.

Risk analysis and assessment for the compliance management system are conducted based on each department's respective duties by identifying foreseeable risks. They are then evaluated according to likelihood of occurrence and potential impact, and categorized into three levels: Major, Medium, and Minor. For risks rated Medium or higher, each department is required to set appropriate control objectives and methods, with a focus on ensuring the effectiveness of the control measures during the response process.

Following the analysis of compliance risks and the setting of control goals and measures, the company operates the control measures in accordance with the established plan. The results of this operation are reviewed and evaluated annually through monitoring the achievement of the control goals. This risk management process is reflected not only in the compliance management system but also in the company's compliance control standards. In 2025, LOTTE Corporation plans to identify key compliance risks based on major laws, internal regulations, and past compliance violations. The company will conduct a detailed review of the current control measures for these risks. If any control measures are found to be insufficient, new controls will be developed and implemented to strengthen the management of related risks.

### ABMS Certification

LOTTE Group goes beyond mere compliance with anti-corruption laws by operating the ISO 37001 Anti-Bribery Management System (ABMS) to promote ethical management in line with global standards. LOTTE Corporation supports the expansion of certified Group affiliates by providing assistance with certification processes and awarding additional points in Group affiliate evaluations. As of December 2024, 14 major Group affiliates have adopted and are operating the ISO 37001 ABMS.

### Group Affiliates' International Standard Certifications

LOTTE Chilsung Beverage became the first company in Korea's beverage and liquor industry to obtain international certifications for the Compliance Management System (ISO 37301 in 2021) and the Anti-Bribery Management System (ISO 37001 in 2019). These certifications recognize the company's establishment of systems that meet international standards for compliance and anti-bribery. Follow-up and renewal audits for the certifications are conducted annually.

LOTTE Innovate obtained ISO 37001 certification in 2023 and expressed its strong commitment to compliance by acquiring an integrated certification with ISO 37301 in 2024. The company continues to operate and improve its anti-bribery management system through annual certification audits and is actively working to raise employee awareness to foster a culture of fair and transparent management.

### ISO 37301 Anti-Bribery Management System Certification of LOTTE Group

14 companies



LOTTE Engineering & Construction, LOTTE Global Logistics, LOTTE Rental, LOTTE Shopping (LOTTE Department Store, LOTTE Mart/Super, LOTTE e-commerce), LOTTE Innovate, LOTTE Fine Chemical, LOTTE Chilsung Beverage, LOTTE Capital, LOTTE Cultureworks, LOTTE Chemical, LOTTE Hi-Mart, LOTTE Shopping, Korea Seven, HOTEL LOTTE (LOTTE Hotel&Resort, LOTTE Duty Free)

\* As of December 31, 2024

### ISO 37301 Compliance Management System Certification of LOTTE Group

15 companies



LOTTE Global Logistics, LOTTE Rental, LOTTE Property & Development, LOTTE Shopping (LOTTE Department Store, LOTTE Mart/Super, LOTTE e-commerce), LOTTE Wellfood, LOTTE Innovate, LOTTE Fine Chemical, LOTTE GRS, LOTTE Corporation, LOTTE Chilsung Beverage, LOTTE Cultureworks, LOTTE Chemical, LOTTE Home Shopping, Korea Seven, HOTEL LOTTE (LOTTE Hotels&Resorts, LOTTE Duty Free)

\* As of December 31, 2024

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# METRICS & TARGET

## Key Metrics for Compliance

### Fair Trade Education in 2024

Date	Type	Topics	No. Group affiliates targeted
Jan.	Training for corporate group and disclosure officers	Trends in corporate group policies and practical systems, introduction of the Supply Price Adjustment System, education on the Fair Trade Commission disclosure system	67
Mar.	Group affiliates compliance training	Trends in the Fair Transactions in Franchise Business Act and compliance considerations	1
Apr.	Group affiliates Compliance Training	Fair trade issues in the E-commerce sector	1
	Corporate group disclosure training	Education on disclosure obligations for companies belonging to disclosure-subject corporate groups, including corporate group status disclosures	90
Mar.	Group affiliates compliance workshop	Compliance system enhancement focused on key risks, fair trade enforcement trends and implications	30
Jul.	Advanced training on Act on Fair Transactions in Large Retail Business	Analysis of recent major cases under the Act on Fair Transactions in Large Retail Business	6
	Subcontracting disclosure training	Training on disclosure of subcontracting payment terms for principal contractors of large business groups subject to disclosure	55
Aug.	Training on corporate group disclosure	Training on disclosure obligations for companies in reportable corporate groups	93

### Code of Conduct Education

Classification	Unit	2022	2023	2024
Completion rate of the Group affiliate employees	%	93	98	96
No. of the Group affiliate employees who completed the course	Persons	37,488	40,300	36,381

### Compliance Performance Evaluation

LOTTE Corporation operates a compliance management system (ISO 37301) and conducts annual compliance performance evaluations based on defined compliance performance indicators. These indicators consist of four components: organizational culture, leadership, compliance management, and social responsibility. In the 2024 performance evaluation, the company achieved a score of 4.3 points out of 5. The evaluation results were included in the compliance management review report and reported to the CEO and the BOD. The company plans to make improvements by reinforcing management's commitment and actively addressing identified areas for improvement.

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# 04. GENERAL ESG TOPICS

## IN THIS SECTION

Strengthening Environmental Management  
Facilitating Circular Economy

Organizational Culture and Labor Relations  
Workplace Safety Management  
Sustainable Supply Chain Management  
Strategic Social Contributions

Risk Management



# STRENGTHENING ENVIRONMENTAL MANAGEMENT

LOTTE Group aims to achieve net zero by 2040 (2050 for the Chemicals HQ) and is establishing a climate change response system while promoting eco-friendly management across all stages of the value chain. In particular, the ESG Committee of LOTTE Corporation discusses key environmental issues such as LOTTE Carbon Neutral Roadmap, LETS system enhancement, and environmental information disclosure, advancing our environmental management.



## Implementation System

### Environmental Management Policies

LOTTE Group is committed to delivering the valuable benefits of a clean environment to all stakeholders, recognizing environmental responsibility as a core aspect of its business, with the goal of supporting sustainable development and enhancing quality of life. To this end, we have established the Statement on Environmental Management to clearly define the standards of conduct and principles of judgment that all executives and employees must follow in the course of business operations and management activities. This charter includes compliance with laws and regulations, the establishment of an environmental management system, minimization of pollutants, fulfillment of agreements, and the assumption of social and ethical responsibilities. It is publicly disclosed through the LOTTE Group website.

[Statement on Environmental Management](#)

### Key Areas of LOTTE Group's Eco-friendliness and Themes

LOTTE Group seeks to achieve both economic value creation and environmental sustainability by improving environmental performance throughout all stages of its business activities. LOTTE Group's approach to environmental management is centered on promoting sound and sustainable growth while minimizing environmental impact.

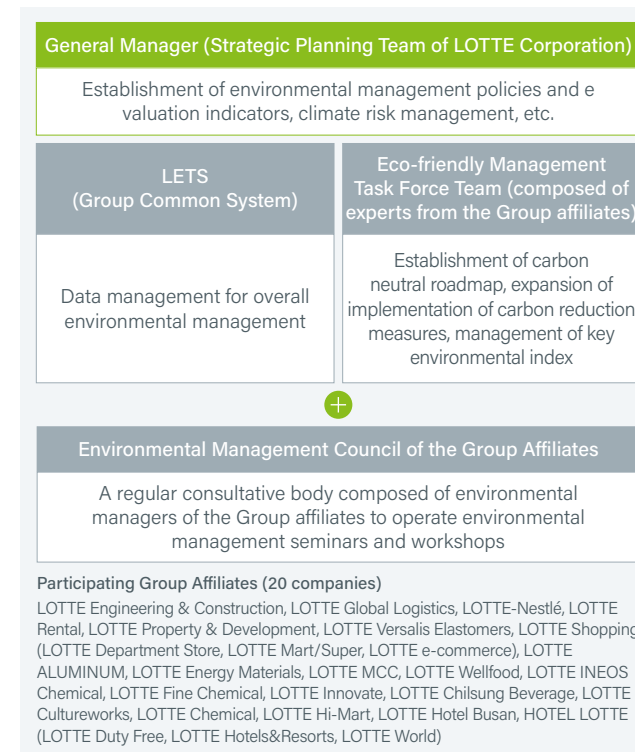
### Environmental Management System

LOTTE Corporation operates a collaborative system centered around the Strategic Planning Team, working with environmental and ESG departments of major Group affiliates. In 2024, aiming to advance net zero strategy and strengthen cooperation in eco-friendly business initiatives, the company operated the Eco-friendly Management Task Force Team composed of environmental and energy experts from 11 Group affiliates. The Team is responsible for verifying and monitoring environmental data and has actively promoted the expansion of renewable energy and resource circulation projects. The ESG Committee, the company's highest decision-making body on ESG matters, oversees ESG-related issues. In 2024, it discussed key environmental topics such as managing LOTTE Carbon Neutral Roadmap, enhancing the LOTTE Environment & Energy Total Service (LETS) system, and disclosing environmental information at the holding company level.

### Key Areas of LOTTE Group's Eco-friendliness and Themes

- **Response to climate change:** Establish eco-friendly production processes; Establish low-carbon logistics; Build eco-friendly stores
- **Virtuous resource circulation:** Establish a virtuous cycle of recycling plastics; Expand the use of eco-friendly packaging; Reduce the amount of discarded food
- **Water resource protection:** Reduce water consumption and conduct water quality improvement activities
- **Sustainable production and consumption:** Expand sustainable sourcing and eco-friendly product development

### Environmental Management Organizations of LOTTE Group



\* As of April 2025

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# STRENGTHENING ENVIRONMENTAL MANAGEMENT

## Implementation System

### Environmental Management System Certification

LOTTE Group promotes systematic environmental management through ISO 14001 certification, the international standard for environmental management systems. As of April 2024, 17 Group affiliates have obtained the ISO 14001 certification.

### ISO 14001 Environmental Management System Certification of LOTTE Group

17 companies



LOTTE Engineering & Construction, LOTTE Global Logistics, LOTTE-Nestlé, LOTTE Versalis Elastomers, LOTTE ALUMINUM, LOTTE MCC, LOTTE Wellfood, LOTTE Innovate, LOTTE INEOS Chemical, LOTTE Fine Chemical, LOTTE Chilsung Beverage, LOTTE Cultureworks, LOTTE Chemical, LOTTE Hi-Mart, LOTTE Home Shopping, LOTTE Hotel Busan, HOTEL LOTTE (LOTTE Duty Free, LOTTE Hotels&Resorts, LOTTE World)

\* As of April 2025

## Activities and Performance

### Environmental Management Verification

LOTTE Group operates the Eco-friendly Management Task Force Team, composed of environmental experts from Group affiliates, to review the current state of environmental management and enhance its environmental practices. Environmental management verification is conducted annually. Based on the verification results, corrective actions for nonconformities and recommendations are carried out in accordance with the Environmental Management Guidelines. From August to September 2024, environmental management verification was conducted across the Group affiliates. Immediate actions were taken to address identified issues, and mid-to long-term improvement plans have been established and are being implemented for certain items.

### Environmental Management Activities

Environmental Investment LOTTE Group is continuously carrying out activities such as research and development of clean technologies and the introduction of pollution reduction facilities to minimize environmental impacts arising from its business operations.

### Green Procurement of LOTTE Group in 2024

KRW 149,231 million



14% increase year-on-year

\* Based on 13 companies

LOTTE Engineering & Construction, LOTTE Global Logistics, LOTTE-Nestlé, LOTTE Versalis Elastomers, LOTTE Shopping (LOTTE Mart/Super, LOTTE e-commerce), LOTTE ALUMINUM, LOTTE Wellfood, LOTTE Innovate, LOTTE Fine Chemical, LOTTE Chilsung Beverage, LOTTE Cultureworks, LOTTE Chemical, HOTEL LOTTE (LOTTE Duty Free, LOTTE Hotels&Resorts, LOTTE World)

### Green Procurement

LOTTE Group encourages green procurement activities by purchasing eco-friendly products that minimize environmental impact throughout the entire lifecycle of products, including production, distribution, and use. To this end, LOTTE Group purchases products certified with the Environmental Mark<sup>1)</sup> and GR Mark<sup>2)</sup> each year and actively prioritizes those with GR Mark certification.

### Environmental Education

LOTTE Corporation holds group environmental management seminars by inviting external experts to enhance the expertise of personnel in charge of environmental and ESG matters. Through these seminars, the personnel gain up-to-date trends and professional knowledge while also having the opportunity to share best practices among Group affiliates. In 2024, a total of four seminars were held, with a focus on strengthening capabilities in climate crisis response and ESG-related environmental practices.

### Environmental Management Communication

LOTTE Group regularly shares LOTTE Group's and its affiliates' environmental and ESG management activities through its official blog, maintaining active communication with stakeholders. This communication helps convey LOTTE Group's commitment to sustainable management both internally and externally and contributes to enhancing transparency in its sustainability practices and corporate management.

[🔗 LOTTE Group official blog\\_#ESG Management](#)

<sup>1)</sup> Eco-label: A voluntary certification system to select a green product that can reduce energy and resource consumption and minimize the generation of pollutants throughout the entire process of the product, and to include a logo and explanations.

<sup>2)</sup> GR Mark: A certification standard provided by the Korean Agency for Technology and Standards to excellent recycled products. The mark is attached to recycled products whose quality has been improved through improvement of existing technology, or development of new technology.

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# STRENGTHENING ENVIRONMENTAL MANAGEMENT

## Activities and Performance

### LOTTE Environment & Energy Total Service System

Since 2018, LOTTE Group has been operating the LOTTE Environment & Energy Total Service (LETS) system to enhance the efficiency and accuracy of environmental data management. The system provides integrated management of various environmental data, including greenhouse gas and energy management, emissions trading, and environmental pollution indicators.

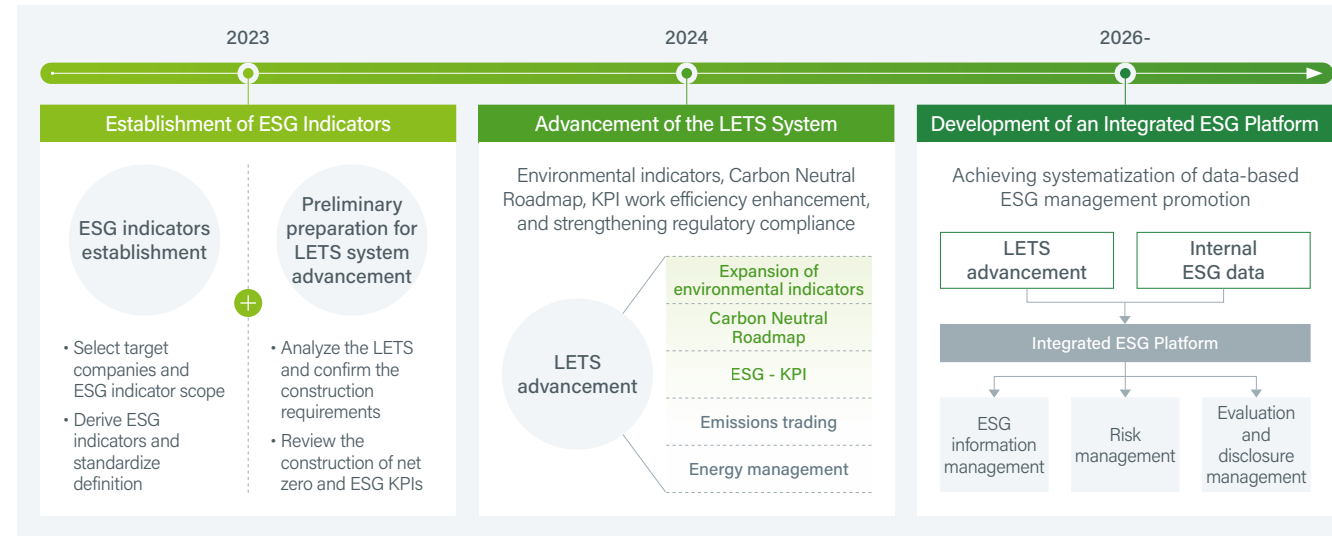
In 2023, LOTTE Group developed a standardized ESG indicator framework by integrating global ESG disclosure and evaluation metrics. In 2024, we launched a major enhancement of the LETS system, further advancing indicator management and data reliability to meet global standards. Additionally, a carbon neutrality roadmap management function was added to strengthen the monitoring and forecasting of carbon emissions. These efforts laid the foundation for operating an integrated ESG platform and further advanced our capabilities in environmental data management.

### Net Zero Performance Management Indicators

Since 2023, LOTTE Group has incorporated net zero implementation elements—such as climate governance, carbon emissions management, emissions intensity control, and investment execution performance—into its ESG KPIs for evaluation purposes.

In 2024, to further advance and systematize these efforts, we established the Group-specific indicators for net zero implementation. To enhance data reliability, each Group affiliate's carbon data is collected monthly under the responsibility of their executives. LOTTE Corporation provides guidance to Group affiliates so they can independently review and utilize their carbon neutral performance indicators. Additionally, we analyze and evaluate performance annually, providing feedback on the results.

### Plan for Building an Integrated ESG Management Platform



### Composition of Net Zero Performance Management Indicators

<b>Climate change governance</b>		<ol style="list-style-type: none"> <li>Operation of climate-related organizations, education, and processes</li> <li>Establishment of 2024 reduction targets and mitigation plans</li> <li>Development of a framework for risks, opportunities, and financial impacts related to climate change and implementation processes for mitigation plans</li> <li>Performance reporting to management (once a month, focusing on GHG emissions, progress in mitigation implementation, etc.)</li> <li>Submission of climate change-related agenda to the ESG Committee (or C-level executive committee) at least once per year</li> </ol>				
<b>Carbon emissions management</b>		Achieve less than 70% of the target reduction	Achieve 70% or more of the target reduction	Achieve 80% or more of the target reduction	Achieve 90% or more of the target reduction	Achieve 100% or more of the target reduction
<b>Carbon intensity management</b>		Less than 1.5% reduction in carbon intensity year-on-year	1.5% or more reduction in carbon intensity year-on-year	2% or more reduction in carbon intensity year-on-year	2.5% or more reduction in carbon intensity year-on-year	3% or more reduction in carbon intensity year-on-year
<b>Investment execution performance</b> <small>(based on actual expenditure amounts)</small>		Achieve less than 70% of the plan	Achieve 70% or more of the plan	Achieve 80% or more of the plan	Achieve 90% or more of the plan	Achieve 100% or more of the plan

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# FACILITATING CIRCULAR ECONOMY

LOTTE Group is promoting eco-friendliness across its entire value chain, from manufacturing to distribution. To this end, we are establishing and advancing resource circulation risk management processes and taking the lead in advancing a circular economy across all business sectors by implementing our unique “5Re” (Reduce, Replace, Redesign, Reuse, Recycle) model to promote resource circulation.



## Implementation System

### Circular Economy System

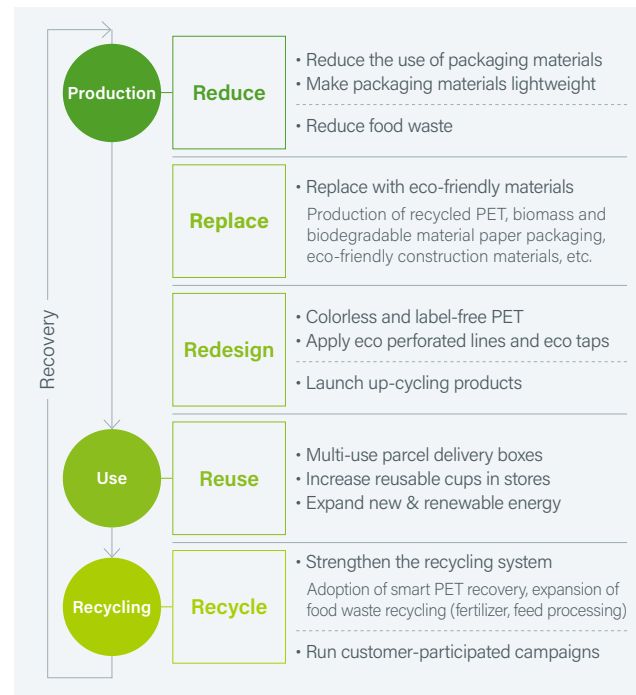
LOTTE Group is advancing eco-friendly management across its entire value chain, from manufacturing to distribution. To achieve this, LOTTE Group is strengthening eco-friendly elements in all activities, including raw materials, packaging, sales, and disposal.

LOTTE Corporation operates a collaborative system with environmental organizations from major Group affiliates, centered around its Strategic Planning Team. In 2024, to accelerate the establishment of LOTTE Group's circular model and its commercialization, we separately operated a “Resource Circulation Subcommittee” within the Eco-friendly Management Task Force Team.

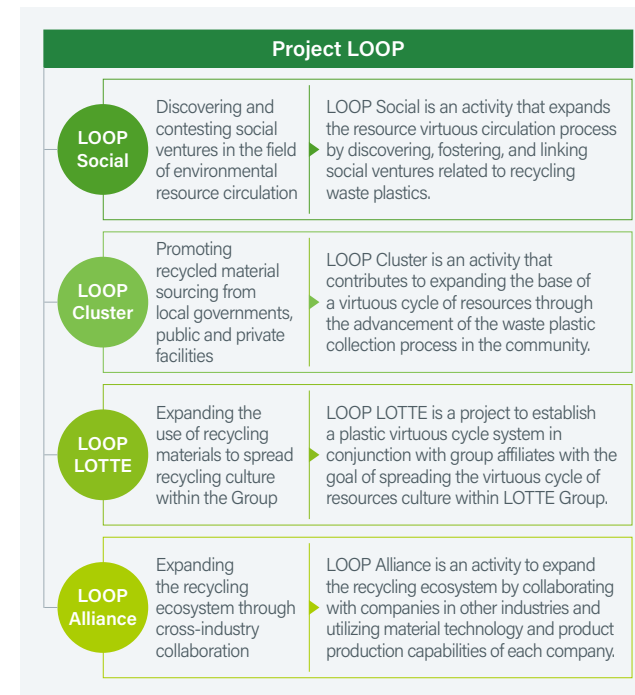
### LOTTE Group's Virtuous Resource Circulation Structure

LOTTE Group is applying its '5Re' practical model for resource virtuous cycles across all business areas. In 2024, based on collaboration with Group affiliates, LOTTE Group established its unique circular model, 'Project LOOP.' It will expand resource virtuous circulation projects based on this model to solidify a commercialization structure. It will also continue activities to reduce plastic waste, conduct campaigns and projects that can be implemented in daily life, and further promote new product development by designating resource circulation as a new growth green business.

### 5Re Execution Model



### Project LOOP – LOTTE Resource Circulation System



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# FACILITATING CIRCULAR ECONOMY

## Implementation System

There are risks such as strengthening regulations, increasing waste disposal costs, confrontation with stakeholders, and technical limitations, as well as opportunities such as reducing waste emissions through resource recycling and developing new markets through resource circulation systems. LOTTE Group will promote performance management through collaboration with the Group affiliates under the 2025 resource circulation risk management process.

### Resource Circulation Risk Management Process



### Mid- to Long-Term Resource Circulation Roadmap

LOTTE Group is implementing a mid- to long-term resource circulation roadmap centered around the Chemicals HQ and Food & Beverage HQ. Particularly, Chemicals HQ aims to enhance product sustainability by expanding the recycling and bio-based product sales business by 2030, alongside conducting research and development to promote the circular system.

## Activities and Performance

### Virtuous Resource Circulation Project

**Establishing a Virtuous Plastic Recycling System** LOTTE Group has established and continues to develop its unique “virtuous plastic recycling system” which comprises reducing plastic usage, separation and collection, raw material recycling, and minimizing plastic waste. This initiative is based on the fact that the entire value chain for PET, a plastic material—from raw material production, packaging creation, product manufacturing, to distribution and sales—exists within the Group. In 2024, LOTTE Chemical and HOTEL LOTTE spearheaded pilot projects for plastic virtuous circulation, and LOTTE Chemical plans to enhance the virtuous plastic recycling system based on the technological expertise the company possesses.

**Expanding Eco-Friendly Packaging** To expand eco-friendly packaging and facilitate the circular economy, LOTTE Group is reducing the use of unnecessary disposable items and expanding eco-friendly packaging. To this end, LOTTE Group has formed a consultative body among Group affiliates to discuss methods for developing and applying eco-friendly packaging. We focus on initiatives such as container lightweighting, material simplification, and research into biodegradable vinyl materials. In the case of LOTTE Chilsung Beverage, the company is expanding eco-friendly packaging by increasing label-free products and promoting technological innovation such as ultra-lightweight containers.

**Reducing Food Waste** With a strong focus on sustainability, LOTTE Group conducts ongoing R&D aimed at reducing food waste. The Group quantifies waste by affiliate and breaks it down by production, processing, and distribution stages to identify specific reduction opportunities. Additionally, we strive to minimize discarded food through the development of freshness-enhancing technologies and works to minimize final landfill waste by researching recycling methods such as processing waste into fertilizer and animal feed. Lotte Wellfood is actively developing a waste oil-to-energy project, focusing on biodiesel production, and significantly expanded the project in 2024.



### CASE STUDY

## LOTTE Wellfood, Actively Pursuing Waste Resource Virtuous Circulation

LOTTE Wellfood is pushing forward with waste resource virtuous circulation activities through the use of waste cooking oil.

Since starting its bio-fuel raw material supply business in 2022, the company has been conceptualizing and expanding a supply chain that can utilize waste cooking oil across the entire biofuel market. This project extends beyond biodiesel to include bio-marine fuel and bio-aviation fuel as well.

In December 2023, having acquired a waste collection and transport business license, LOTTE Wellfood is collecting and transporting waste cooking oil using directly purchased tank lorries and supplying it to refining and oil companies. As of April 2025, the company operates four tank lorries, ensuring a stable supply of volume. Additionally, considering the limited nature of domestic waste cooking oil resources, the company is reviewing the operation of separate storage tanks for efficient management of waste cooking oil. LOTTE Wellfood plans to establish a circular value chain business model to distribute the edible oil it

Additionally, LOTTE Wellfood has obtained the ISCC EU<sup>1)</sup> certification for waste cooking oil, soybean oil, and canola oil, considering entry into the global market, which has enabled the company to secure the capability to supply ISCC-certified materials for export products to Europe.

<sup>1)</sup> A system that certifies the sustainable production of biomass, circular resources, bio-based materials, and renewable energy, based on the EU's mandatory biofuel application standards.

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# ORGANIZATIONAL CULTURE AND LABOR RELATIONS

LOTTE Group strives to foster a value-creation culture in which all employees work together to generate greater value. We also strive to foster a creative labor-management culture where the company achieves continuous growth through joint creative activities, leading to employee happiness. To this end, we are strengthening communication and collaboration among employees and exploring ways for sustainable labor-management coexistence.



## Implementation System

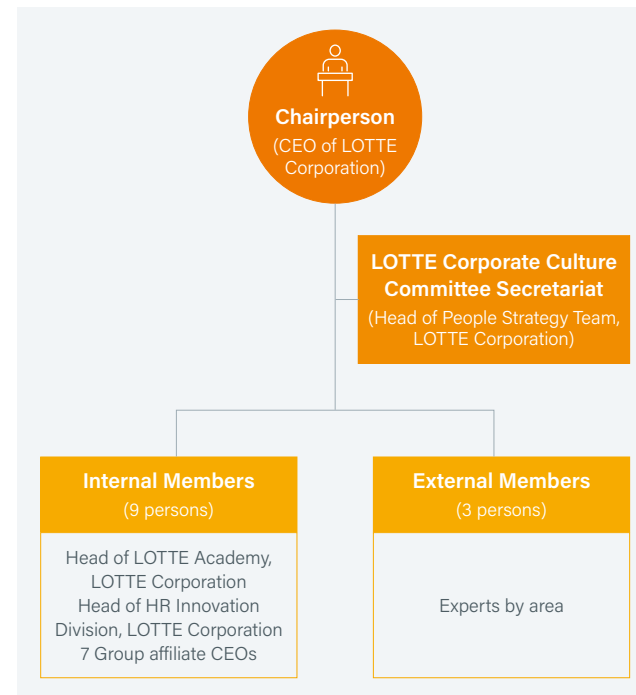
### LOTTE Corporate Culture Committee

The LOTTE Corporate Culture Committee is a key decision-making body that establishes major policies for corporate culture innovation. It is comprised of the CEO of LOTTE Corporation, HR executives, CEOs of the Group affiliates, and external experts. This committee leads strategic decision-making for sustainable growth from a corporate culture perspective. The committee meets regularly once a quarter to discuss important issues related to corporate culture and formulate policies by reflecting the opinions of various stakeholders.

### Operations of LOTTE Corporate Culture Committee in 2024

Classification	Date	Key Discussion Topics
1st regular meeting	Jan.	Sharing and deriving solutions for group-affiliated companies' corporate culture issues
2nd regular meeting	May	Strategies for embedding self-leadership (followership) that support employee growth
3rd regular meeting	Sep.	DEIB management strategies to enhance corporate productivity and performance
4th regular meeting	Dec.	Planning 2024 corporate culture activities and establishing a corporate culture direction for 2025

### Organization and Key Roles of LOTTE Corporate Culture Committee



#### 1. Establishing and maintaining the organizational culture vision

The Committee establishes LOTTE Group's long-term organizational culture visions and continuously reviews and adjusts strategies to maintain them.

#### 2. Establishing corporate culture policies and strategies

The Committee develops policies and initiatives related to organizational culture, establishing implementation plans across the entire Group. This includes DEIB (Diversity, Equity, Inclusion, Belonging) policies.

#### 3. Promoting internal communication

The Committee leads effective communication with diverse employees across the Group, fostering harmony and cooperation within the organization.

#### 4. Performance monitoring

The Committee sets key indicators through organizational culture diagnosis and periodically analyzes them to identify areas of improvement.

#### 5. Risk assessment and response

The Committee identifies cultural risks and establishes processes to minimize them. It also builds procedures for swiftly responding when unexpected cultural challenges arise.

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# ORGANIZATIONAL CULTURE AND LABOR RELATIONS

## Implementation System

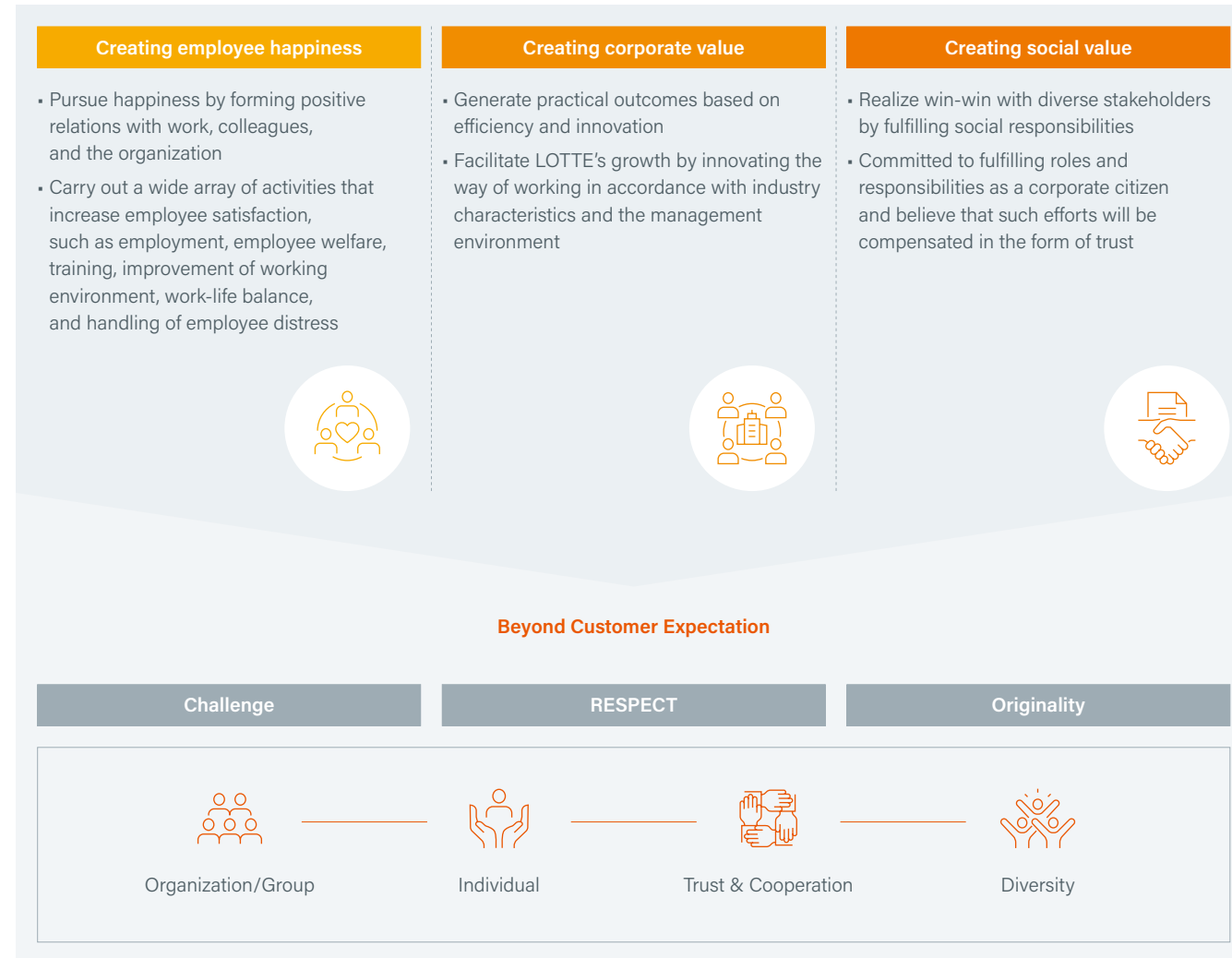
### Establishing a Value Creation Culture

LOTTE Group strives to foster an organizational culture in which all employees work together with shared purpose to generate greater value. We are therefore building our unique value-creation culture, which enhances "employee happiness" through respect for diverse lifestyles, "corporate value" through the fusion of various ideas and innovation, and "social value" through coexistence with various stakeholders.

To realize a value creation culture, LOTTE Corporation is reviewing mid-to-long-term organizational culture systems and policies through external corporate benchmarking related to organizational culture, trend research, and drawing implications. To encourage tangible improvements in our organizational culture, we are preparing for on-site consulting support. We plan to design and implement customized change programs for each Group affiliate to enhance work methods, organizational unity, and leader trustworthiness. The effectiveness of these programs will be from time to time assessed to gauge employee perceptions, allowing us to continuously improve them.

We are also preparing to upgrade our data analysis system through the renewal of the value creation culture assessment, enabling detailed analysis of the organization's cultural implementation level and identification of each company's specific weaknesses. Based on this, we plan to design various programs that support the identification of improvement areas and lead to actual behavioral change.

### Corporate Culture System



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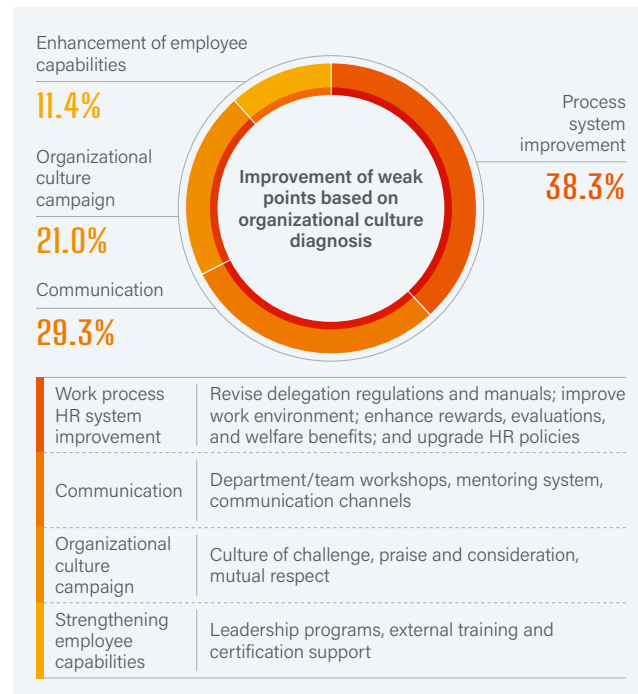


# ORGANIZATIONAL CULTURE AND LABOR RELATIONS

## Implementation System

**Organizational Culture TFT** LOTTE Group aims to foster customized organizational cultures for each Group affiliate. To achieve this, each Group affiliate has formed an Organizational Culture TFT, empowering them to autonomously manage the changes required during the organizational culture innovation process. The Organizational Culture TFT analyzes the results of the annual organizational culture diagnosis conducted for each Group affiliate. It identifies weaknesses, then establishes and implements improvement plans to address them. In 2024, 360 employees from the Group affiliates participated, identifying 176 improvement tasks. The TFT primarily focused on strengthening internal communication, eliminating and modifying inefficient work processes, and improving existing processes.

### Organizational Culture TFT Activities in 2024



**Junior Board** All LOTTE Group affiliates operate a Junior Board as a communication bridge between on-site employees and management. The Junior Board consists of employees in their 20s and 30s from various departments, including management support, marketing, and production. They directly discuss ideas for improving organizational culture with the CEO, focusing on areas such as innovation in work methods and fostering communication across generations and hierarchies, thereby driving tangible changes in organizational culture. In 2024, 263 employees participated, generating a total of 264 tasks to implement organizational culture improvement activities.

### Junior Board Activities in 2024



## CASE STUDY

### LOTTE Innovate, Facilitating the Operation of Employee-Led Communication Councils

LOTTE Innovate has formed employee-led communication councils and is driving various organizational culture improvement activities.

The employee-led communication council, the CA Committee, originated from the "Wannabe Committee," which embodied the meaning of "Let's create a company where everyone is happy and wants to work!" It consists of a Junior Board and a Leader Board, and since 2021, members of the CA Committee have been officially appointed concurrently as part of the "GWP Promotion TFT" to strengthen employee representation.

The CA Committee serves as an employee council for internal organizational culture improvement activities, undertaking tasks related to organizational culture enhancement and on-site communication. In 2024, the Committee planned and held relay meetings by job level with the CEO, and hosted the "Inno-Link Day" event to facilitate communication between headquarters and field departments. LOTTE Innovate plans to continue engaging in communication activities with its executives and employees throughout 2025.



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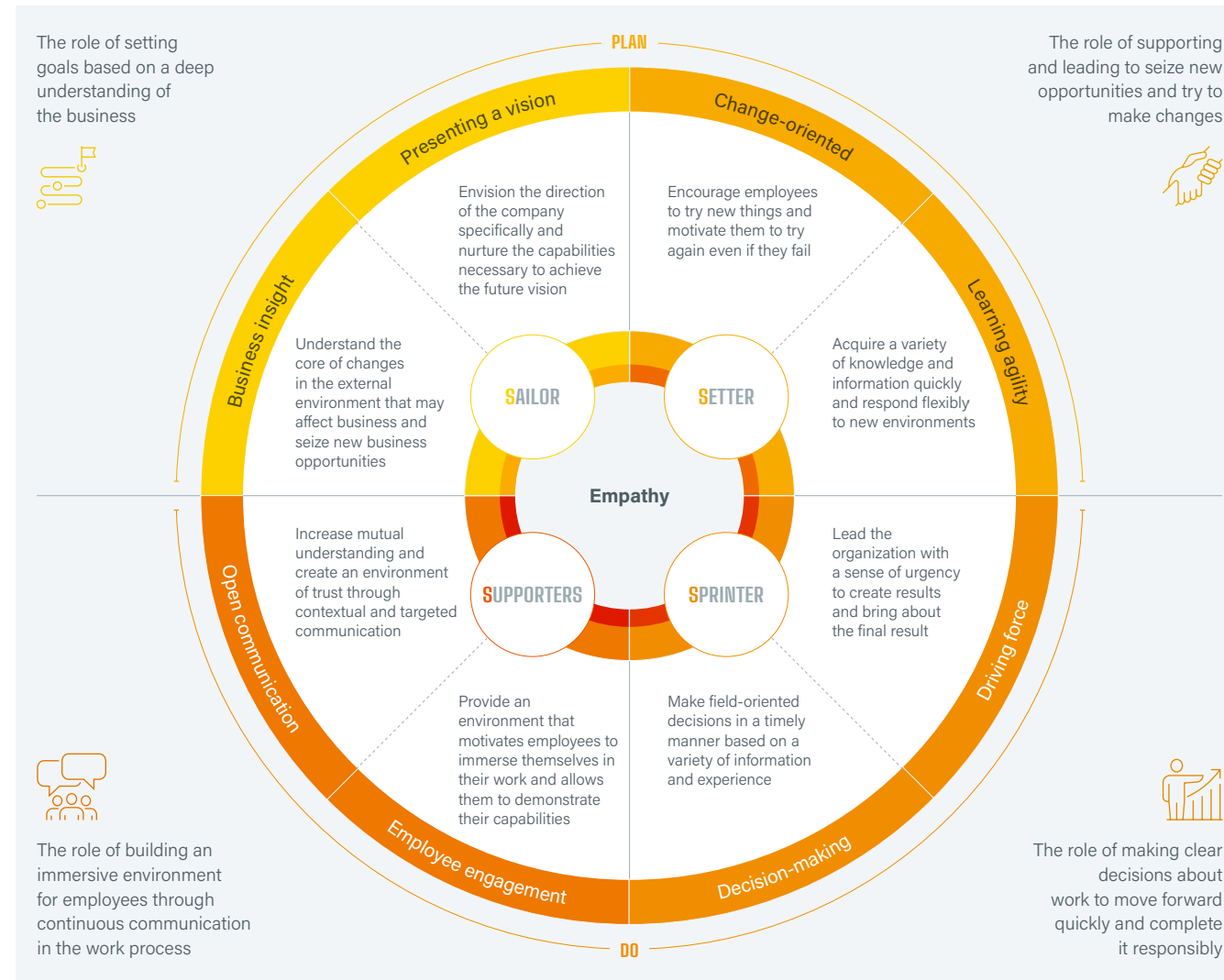
**Transforming the Way of Working** LOTTE Group is implementing the "ERRC Campaign" to enhance employee work efficiency and innovate its work culture. This campaign focuses on eliminating unnecessary tasks and concentrating on core work to strengthen productivity and efficiency. ERRC is a strategic tool that identifies and utilizes four factors: Eliminate (elements to remove from work), Reduce (elements to decrease), Raise (elements to enhance), and Create (elements to innovate). By leveraging this, LOTTE Group gathers employee feedback, reviews work processes, and conducts on-site due diligence. This approach leads to improvements in inefficient practices, increased productivity, and even reduced working hours.

## Internalizing Leadership

**4S Leadership** LOTTE Group aims to foster a corporate culture that constantly challenges and an organizational culture that spontaneously drives maximum performance. LOTTE Group is promoting the '4S Leadership' model (Sailor, Setter, Sprinter, Supporter) to help individuals connect with organizational objectives, maintain motivation, and take proactive steps to achieve outcomes.

To define diverse roles and competencies for leaders and internalize 4S Leadership on-site, LOTTE Group has established and is implementing the "4S Leadership Diagnosis and Feedback - Best Practice Dissemination System." After conducting a leadership diagnosis in September 2022, we provided individual reports to help leaders identify their strengths and weaknesses. Based on these reports, it encouraged self-learning to help leaders improve their leadership weaknesses. Furthermore, we integrated 4S Leadership content into all leadership training programs for managers across the Group to promote leadership internalization. Additionally, we operate the "Fearless Leader" program, which selects outstanding leaders who actively demonstrate 4S Leadership in the field and shares their best practices. In 2024, over 40 Fearless Leaders were selected. Video content introducing four leaders, chosen through a vote by the LOTTE Group Junior Board, was produced and shared across all Group affiliates via LOTTE SSUL TV.

## 4S Leadership Model



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# ORGANIZATIONAL CULTURE AND LABOR RELATIONS

## Implementation System

**Self-Leadership** LOTTE Group aims for an organizational culture that supports junior employees in strengthening their job expertise and growing into future leaders. To this end, we have established a self-leadership framework to define the DNA that has driven LOTTE's success, and the roles required of juniors in the current environment. It presents six fundamental attitudes and approaches for junior employees to grow as work experts and leaders, from the perspectives of "Work (task execution)" and "People (relationship building)," thereby building new ways of working and a new culture.

In May 2024, to internalize self-leadership across the Group affiliates, LOTTE Group produced a promotional video to disseminate the importance and behavioral guidelines of self-leadership. Following this, in June, an online self-leadership course was launched, with over 26,000 employees from 55 Group affiliates completing the training over six months. Through the synergy of 4S Leadership and Self-Leadership, we are building "a creative and viable organizational culture."

## Establishment of Creative Labor-Management Culture

LOTTE Group defines a progressive and cooperative labor-management culture as a 'creative labor-management culture'. We are continuously strengthening a virtuous cycle structure where the company achieves sustainable growth through joint creative labor-management activities, thereby creating employee happiness. To realize this creative labor-management culture, LOTTE Group has established "LOTTE's Creative Labor-Management Culture System", which includes a labor-management charter and a practice pledge. Based on this, we are joining forces to enhance trust and cooperation between labor and management.

**Labor-Management Council** LOTTE Corporation established a Labor-Management Council in December 2017, based on the participation and cooperation of employees and employers, to promote employee welfare and the sound development of the company. The Council has been operating regularly once per quarter.

## 'Ground Rules' of Self-Leadership

Work (Task execution)	Approach to My Work	Basic Attitude in Company Life	Acceptance of Diverse Perspectives	Method of Taking on New Challenges
	I am the sole expert in my work!	Company Rules! I stick to what needs to be followed.	Express point of view, embrace feedback!	Start fast, fail fast!
People (Relationship building)	Communication with Superiors		Collaboration with Colleagues	
	Reports are based on logic and data!		Share what you know, ask about what you don't!	

## LOTTE's Creative Labor-Management Culture System

Labor-Management Charter	Creative labor-management culture "based on trust and cooperation"		
	CHARTER 1	Based on a culture of mutual respect and consideration, the company's labor union (workers) respects the company's management rights, and the company respects labor rights of the labor union (workers).	
	CHARTER 2	The company and labor union (workers) will resolve labor-management issues through communication based on common sense and reasonableness within the legal framework of each company.	
	CHARTER 3	The company and labor union (workers) will recognize growth as their top-priority goal for LOTTE's sustainable management and jointly execute growth, thereby engaging in mutual cooperation for creation of employee happiness and creation of social value.	
	CHARTER 4	To realize the value of the value creation culture, the company and labor union (workers) will continue its succession and development at each company.	
Practice Pledge	Creating Corporate Value	Creating Employee Happiness	Creating Social Value
	<ol style="list-style-type: none"> <li>Pursue efficiency: To improve work efficiency, LOTTE people improve existing work processes and take active part in change.</li> <li>Creative mindset: LOTTE people establish an environment where creativity can be demonstrated to manifest creative thinking.</li> <li>Strengthen communication: For open communication, LOTTE people listen attentively to employee opinions and create various channels to listen to employees' voices.</li> <li>Achieve outcomes: LOTTE people make their best efforts to enhance the quality of products and services, which are outcomes of work.</li> </ol>	<ol style="list-style-type: none"> <li>Balance between work and life: LOTTE people create the best environment possible to strike right balance between work and family life.</li> <li>Women-friendly: Through respect and consideration, LOTTE people ensure maternal protection and foster female talent.</li> <li>Partnership: LOTTE people do not simply stand by and watch colleagues' difficulties or predicaments, and show consideration and interest even for personal issues.</li> <li>Creating happiness: LOTTE people understand that happiness is created through passionate devotion and put this understanding into practice.</li> </ol>	<ol style="list-style-type: none"> <li>Ethical conduct: LOTTE people do not engage in conduct that deteriorates the company's social value by violating internal regulations and procedures as well as laws.</li> <li>Social contribution: As members of society, LOTTE people participate in local community issues and fulfill their social roles and responsibilities.</li> </ol>
	Creative Energy		
	Creative Foundation (Trust and Cooperation)		

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# ORGANIZATIONAL CULTURE AND LABOR RELATIONS

## Implementation System

Centered around the Labor-Management Council, labor and management are strengthening their relationship through continuous communication. Both parties are also striving to actively respond to the management environment and achieve goals by exerting their best efforts in their respective positions. Furthermore, we are consistently working to foster a foundation of mutual trust through transparent and ethical management, while simultaneously fulfilling our social responsibilities. We will do our utmost to promote common interests for both labor and management, such as enhancing employee welfare and improving productivity, through their participation and cooperation.

### Composition and Operation of LOTTE Corporation's Labor-Management Council

Classification	Details
Composition	<ul style="list-style-type: none"> <li>Consist of 12 members, with the same number of members from labor and management who have the authority to discuss and make decisions on matters that are directly/indirectly related to workers' labor conditions</li> </ul>
Meeting cycle	<ul style="list-style-type: none"> <li>Quarterly</li> </ul>
Major activities	<ul style="list-style-type: none"> <li>Share information and form labor-management partnership                             <ul style="list-style-type: none"> <li>Share information on the management plan and situation, which is an essential precondition for worker participation</li> </ul> </li> <li>Build a participative organization and high-commitment human resource management system                             <ul style="list-style-type: none"> <li>Discuss what all workers should do for improved productivity, what workers need, and what should be done for workers to actively take part in change</li> </ul> </li> </ul>

### Major Activities and Achievements in 2024 of LOTTE Corporation's Labor-Management Council

Classification	Content
Improvement of employee cafeteria	Raising employee satisfaction by increasing meal allowance, improving the environment, and offering special and healthy meal options
Installation of tumbler washers	Considering environmental contribution by discouraging the use of single-use items
Designating collective annual leave days in 2025	Agreeing on a 5-day collective annual leave including traditional Korean holidays and sandwich days

## Activities and Performance

### LOTTE Organizational Culture Diagnosis

Led by LOTTE Academy, LOTTE Group conducts annual organizational culture diagnoses for each Group affiliate through employee surveys. LOTTE Group's diagnostic efforts, which began in 2014 with an organizational effectiveness diagnosis, evolved into an engagement diagnosis in 2018 and a value-creation culture diagnosis in 2020. In 2024, we established a diagnostic system focused on organizational culture innovation.

We set "innovation" as our organizational culture goal, designing the diagnosis with a focus on work methods, work environment, and employee empathy and satisfaction. The organizational culture was categorized into "way of working" and "support system," measuring the current state of LOTTE's organizational culture through a total of nine categories and 46 questions. The diagnosis was conducted targeting over 44,000 employees from the Group affiliates. Results were generated at the company, division, department, team, and regional levels to understand the current status of each organization's culture. Based on the results, we are exploring future directions for improvement.

### Composition of the 2024 Organizational Culture Diagnosis



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# ORGANIZATIONAL CULTURE AND LABOR RELATIONS

## Activities and Performance

### Diagnosis of Leadership

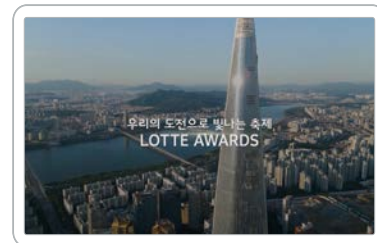
Since 2014, LOTTE Group has been conducting an annual online survey-based 'Leadership Diagnosis' targeting over 3,000 team leaders and higher. LOTTE Academy provides diagnostic data on leaders' capabilities and leadership styles, enabling the identification of their strengths and weaknesses, as well as understanding employee perceptions of leaders and areas for improvement.

For leader competency, LOTTE Group diagnoses leadership competency levels for each of the Sailor, Setter, Sprinter, and Supporter types, based on its 4S Leadership model. As for leadership style, we identify the behavioral patterns leaders primarily employ to influence their team members. Through the diagnostic process, leaders are able to recognize the difference between their self-perception and their team members' perceptions. This encourages leaders to acknowledge their own roles and improve their leadership competencies. Simultaneously, we are working to build a better organizational culture by structuring teams and assigning tasks and roles according to leadership styles.

### Sharing Values and Promoting Communication

**LOTTE AWARDS** The LOTTE AWARDS is an annual recognition program, held since 2021, that honors employees across LOTTE Group who have driven challenge and innovation and enhanced brand value. Awards are given in six categories: Sales & Marketing, R&D, Production & Procurement, AI & DX, Win-Win & Shared Growth, and Challenge. Notably, in 2024, the AI & DX category was newly established to emphasize the importance of LOTTE Group's digital transformation and AI conversion and to propagate it throughout the Group.

In 2024, a total of 90 candidate cases were submitted for the LOTTE AWARDS, and eight teams were selected through evaluations by a judging panel composed of executives and external experts. The Grand Prize was awarded to HOTEL LOTTE for the successful opening of the West Lake Hanoi shopping mall in Vietnam. The Excellent Prize was awarded to seven teams—LOTTE Duty Free for acquiring the business license for Melbourne Airport in Australia, LOTTE Chemicals HQ for winning the bid for general hydrogen power generation, HOTEL LOTTE for opening the Jamsil Christmas Market, LOTTE GRS for the generative AI-created burger music campaign, LOTTE Central Research Institute for establishing the Total Sensory System (five-sense analysis equipment), LOTTE Engineering & Construction for developing AI-based earth retaining construction safety monitoring technology, and LOTTE Chemical for developing high-strength ultra-high molecular weight polyethylene (UHMWPE) in its basic materials business.



▶ 2024 LOTTE AWARDS

**LOTTE SSUL TV** LOTTE Group operates the "LOTTE SSUL TV" YouTube channel to foster a horizontal communication environment within the organization by showcasing LOTTE Group's organizational culture. In 2024, we produced a total of 42 content pieces covering topics such as directions for organizational culture improvement, intergenerational communication, job role V-logs, Group affiliate corporate culture systems, and work methods. Notably, to create content targeting the millennials and Generation Z, 10 employee creators in their 20s and 30s, working in various roles, were selected. We strive to deliver the authentic voices of our employees through their contributions.



🔗 LOTTE SSUL TV

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# ORGANIZATIONAL CULTURE AND LABOR RELATIONS

## Activities and Performance

### Family-Friendly System

**Pregnancy and Childbirth Support** LOTTE Corporation supports employees with leave for infertility treatment and covers the costs of infertility procedures. To ensure a comfortable and safe working environment during pregnancy, we operate maternity protection lounges and a reduced-hour work system for pregnant employees. As part of our support for growing families, we provide gifts and financial congratulations for childbirth, including an additional KRW 2 million per child for employees with two or more children.

**Parental Leave** LOTTE Group recognized the importance of creating an environment where female talent can confidently use parental leave to foster their capabilities, leading to the introduction of an automatic parental leave system. This system, implemented in 2012, automatically processes leave after maternity leave without the need for a separate application. In 2017, we extended the parental leave period for female talent by an additional year. Concurrently, LOTTE Group became the first Korean company to introduce a "mandatory parental leave system for male employees," requiring them to use parental leave within three months of childbirth and expanding leave pay support.

**Childcare Leave** LOTTE Group has introduced a childcare leave system that allows employees to take leave for one month to one year when their children enter elementary school. This aims to alleviate the burden on employees balancing work and parenting during this critical period. We've also extended the parental leave period to a maximum of two years and six months, thereby fostering an environment where employees can effectively balance work and family life.

**LOTTE Family Day** In April 2024, LOTTE Corporation hosted the "Family Day - The Day Junior New Recruits Join the Company" with employees' children. A total of 99 participants from 32 employee families with kindergarten and elementary school-aged children attended a "junior new recruit" welcoming ceremony. This was followed by a session to create support cards for parents and a tour of LOTTE World Tower. Additionally, programs like family photo shoots, magic shows, and commemorative gift presentations helped foster a sense of belonging and pride in the company among employees and their families.

**Family-Friendly Company Certification** LOTTE Corporation has consistently operated various family-friendly systems, including family health support and family participation programs, to help employees alleviate the burdens of childbirth and childcare and better focus on their work. Recognizing these efforts, LOTTE Corporation obtained the "Family-Friendly Company Certification" from the Ministry of Gender Equality and Family in December 2024.

**Leisure-Friendly Company Certification** LOTTE Corporation has been certified as a "Leisure-Friendly Company" by the Ministry of Culture, Sports and Tourism in November 2024. This acknowledgment stems from our dedication to supporting employees' work-life balance through measures such as paid leave policies (4 days of SEASON LEAVE, 3 days for 10 years of service), full implementation of the annual leave promotion system, and various in-house support programs.



LOTTE Family Day

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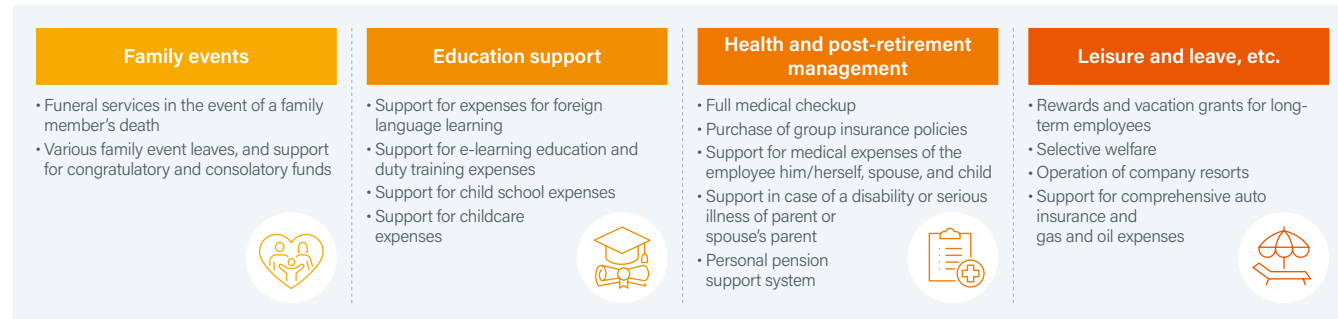
## Activities and Performance

### Welfare System

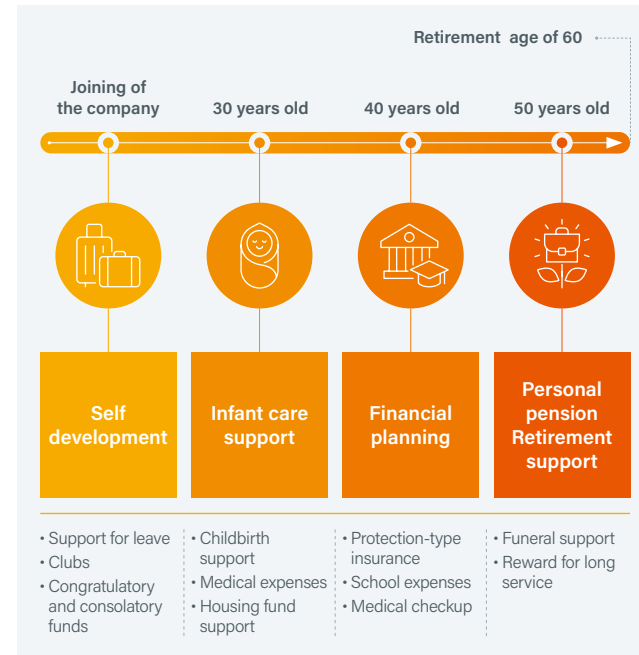
LOTTE Group offers a range of family-friendly programs designed to support employees at every stage of life, aiming to foster a work environment where everyone can find joy and motivation in their work. Through these efforts, we aim to enhance the quality of life for employees and improve their work immersion.

In 2012, LOTTE Group became the first major Korean corporation to introduce an "automatic parental leave system for women," ensuring that when female employees apply for maternity leave, it automatically transitions into parental leave without extra steps. Since 2017, we have also institutionally supported male employees' involvement in childcare through a "mandatory parental leave system for men." We've extended parental leave beyond the statutory one year, allowing for an additional year, and also operate leave and treatment cost support for infertility. For returning employees, we offer tailored educational programs such as "Mom's Healing" for women and "Daddy's School" for men. Since 2024, we have provided a multi-person vehicle free of charge upon the birth of an employee's third child. Additionally, we have expanded the eligible age for reduced working hours for childcare from the statutory eight years old to 12, making work-life balance even more manageable. To foster a flexible work environment, we introduced a flexible work system in 2016 and have been implementing a PC-OFF system since 2017.

### Welfare System of LOTTE Corporation



### Lifetime Welfare System of LOTTE Group



### CASE STUDY

#### LOTTE Wellfood, Operating an EAP

LOTTE Wellfood operates an Employee Assistance Program (EAP) to help employees manage their emotional well-being and remove factors that hinder work immersion.



LOTTE Wellfood introduced the EAP in 2019 to provide psychological counseling for personal and family issues. To enhance the positive effects of the program, the company expanded the scope of support from employees themselves to include their parents, spouses, and children. In 2024, the company increased the number of available counseling slots to 200 and extended counseling support to include overseas assignees and their families. This adjustment ensures that employees who need EAP services can access the program in a timely manner. Looking ahead, LOTTE Wellfood plans to broaden counseling topics to include financial and legal matters, aiming to provide greater individual assistance while also designing the program to boost employee work immersion from a company-wide perspective.



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# WORKPLACE SAFETY MANAGEMENT

LOTTE Group strives to foster a value-creation culture in which all employees work together to generate greater value. We also strive to foster a creative labor-management culture where the company achieves continuous growth through joint creative activities, leading to employee happiness. To this end, we are strengthening communication and collaboration among employees and exploring ways for sustainable labor-management coexistence.



## Implementation System

### Safety Management Organization

**Organization Dedicated to Safety Management** LOTTE Group is dedicated to establishing a systematic approach that proactively prevents accidents and avoids the recurrence of similar risks. Following our Group-wide safety management innovation plan, each Group affiliate has elevated its safety management organization to be directly under the CEO. We are also enhancing safety management systems and manuals. As of 2024, all 34 Group affiliates (four of which operating joint departments) operate dedicated safety management organizations. Among these, 18 affiliates have structured their dedicated organizations at the executive level to drive more robust safety management. These 34 Group affiliates, which generated a total revenue of KRW 74,630.5 billion in 2024, invested KRW 715.6 billion in safety management (approximately 0.96% of their total revenue) to prevent safety accidents.

**Safety Management Council** Since the second half of 2024, the Safety Management Council has been held twice a year, involving department heads and team leaders from the primary safety management departments of our Group affiliates. Concurrently, we also hold a Working Safety Management Council attended by working-level staff. During these councils, we share current safety-related issues, accident cases and countermeasures, and best practices. We are also promoting enhanced safety management capabilities by expanding communication and collaboration among Group affiliates.

### Status of Dedicated Safety Management Organization in LOTTE Group

Classification	Total	Directly under the CEO		Not directly under the CEO		
		Executive level	Non-executive level	Non-executive level	Concurrent department	Employee in charge
No. of the Group affiliates	34 companies	18 companies	9 companies	3 companies	4 companies	-

### 2024 Safety Management Council Meetings

Classification	Safety Management Council Meetings by Team Leader		Working-level Safety Management Council Meetings
	H1	H2	H2 (initial implementation)
Date	01.31	07.18	10.22-10.25
Participants	70 persons	63 persons	79 persons
Key content	<ul style="list-style-type: none"> <li>Announcement of Safety Management Level Measurement Results</li> <li>Sharing of Safety Accident Occurrences within the Group</li> <li>Advancement of the Group's Safety Management System</li> <li>Plan to Strengthen Group Safety Consulting</li> </ul>	<ul style="list-style-type: none"> <li>Analysis and issues from the first half safety diagnosis</li> <li>External lecturer's lecture (Serious Accidents Punishment Act): Application cases, precedents, and safety culture education</li> <li>Safety management cases of the Group affiliates</li> <li>Key matters in risk assessment</li> </ul>	<ul style="list-style-type: none"> <li>Explanation of safety management level measurement indicators</li> <li>Presentation of safety management status and key issues of the Group affiliates</li> <li>Sharing of best practices from workplaces and site visits</li> <li>Listening to feedback from safety practitioners</li> </ul>

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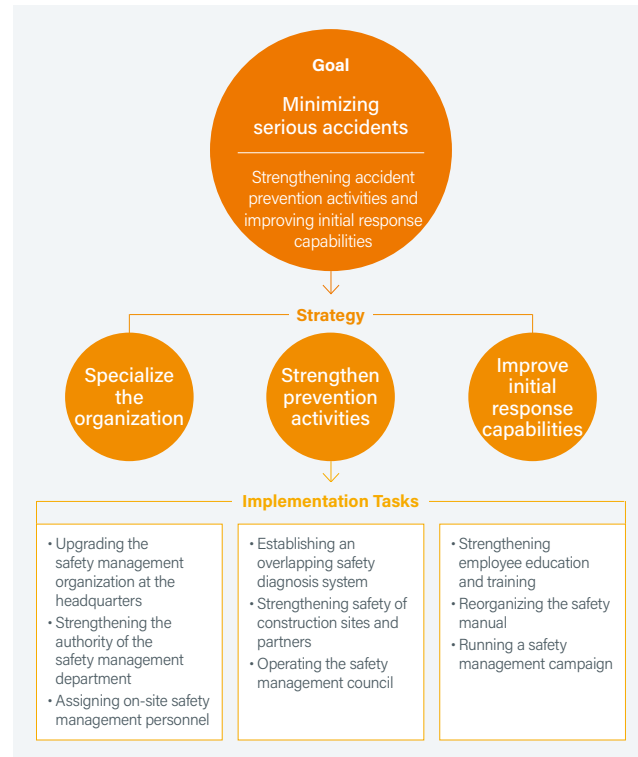
# WORKPLACE SAFETY MANAGEMENT

## Implementation System

### Safety Management Innovation Measures

The LOTTE Group announced the LOTTE Group Safety Management Innovation Measures in 2021 to create a workplace where its members can work safely, and has been making significant investments in accident prevention. Furthermore, in line with the Ministry of Employment and Labor's Serious Accidents Reduction Roadmap, which focuses on strengthening prevention through risk assessment and promoting a safety-conscious culture among workers, we are additionally implementing "3 steps to reinforce preventive diagnosis of risk factors at business sites."

### LOTTE Group Safety Management Innovation Measures



We are prioritizing the strengthening of its preventive efforts and fostering a safety culture led by employees. This focus contributed to a 28% reduction in accidents in 2024 from the previous year, with a total of 21 cases reported.

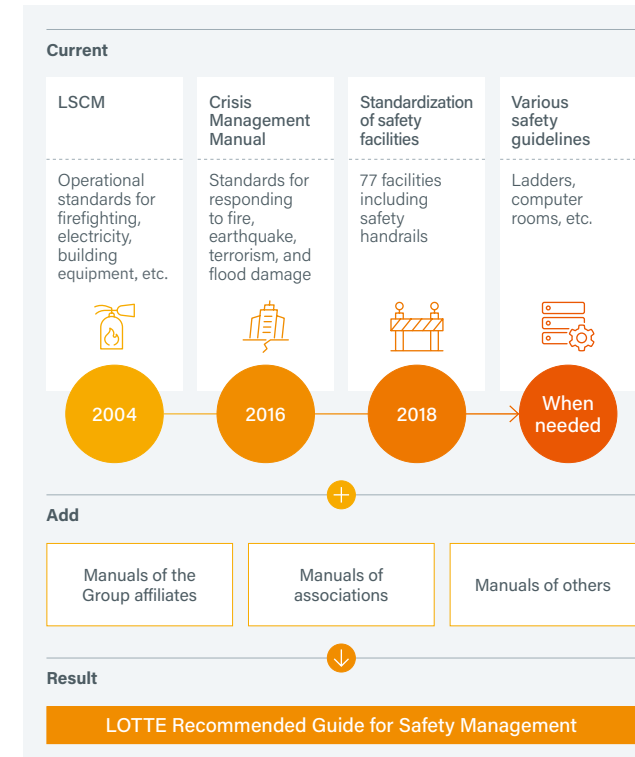
### 3 Steps to Reinforce Preventive Diagnosis of Risk Factors at Business Sites



### Safety Management Guide

**Recommended Guide for Safety Management** LOTTE Group, in April 2022, collaborated with the Korea Industrial Safety Association to produce and distribute the Recommended Guide for Safety Management, aiming to enhance safety and health management standards. This guide was developed by incorporating new safety standards based on existing safety manuals and guidelines.

### Composition of the Recommended Guide for Safety Management



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# WORKPLACE SAFETY MANAGEMENT

## Implementation System

**Improving Recommended Guide for Safety Facility Design and Construction** To fundamentally improve risk factors causing safety accidents by establishing standards in the design and construction phases when new buildings are constructed or renovated, LOTTE Group created the “Recommended Guide for Group Safety Facility Design and Construction” in 2017 and has been continuously improving it. In 2022, in addition to the existing 98 cases (25 cases in the 1st phase, 73 cases in the 2nd phase), standardization work was carried out for an additional 56 cases and disseminated to all Group affiliates. Among these, seven cases were immediately applied to existing workplaces for improvement measures.




To enhance the effectiveness of the guide, we analyzed recurring deficiencies and gathered feedback from on-site practitioners in 2024. Based on these findings, we plan to integrate various safety management guides and create the “LOTTE Comprehensive Safety Guide” in 2025, which will be applicable to all Group affiliates.

**Composing Safety Management Guide by Vulnerable Period** Each year, during vulnerable periods such as typhoons and cold waves, we compile and disseminate safety management guides. These guides include information on weather special reports, key management points for workplaces specific to each type of report, and similar accident cases from the same period. Additionally, in preparation for emergencies, we establish or update emergency contact networks and assign individual responsibilities to workers to enable immediate response in case of an incident. During warnings for droughts, typhoons, and other wind/flood disasters, we provide information such as predicted affected areas and estimated times to help minimize accident damage.

### Safety Management Guide and Countermeasures

	Classification	Details
Vulnerable period	2 weeks prior to the Lunar New Year holidays	Recommended guide for safety management during the Lunar New Year holidays
	In February	Recommended guide for safety management during the thawing season
	In April	Recommended safety guide for dry conditions and strong winds
	In May	Recommended guide for safety management in summer
	2 weeks prior to Chuseok	Recommended guide for safety management during Chuseok holidays
	In October	Recommended guide for safety management in winter
	In December	Recommended guide for safety management during New Year's holidays
Storm and flood damage	In the event of weather warnings	Typhoon, cold wave, heavy rain, heavy snowfall, dry weather alert, etc.

### Sharing Safety Management Information

Vulnerable period	Safety information	Safety accidents
<p>10 cases, including typhoons and cold waves</p> <p>▼</p> <ul style="list-style-type: none"> <li>• Real-time weather warning status by date</li> <li>• Key management points for each business site by special report</li> <li>• Cases of similar accidents during the same period</li> </ul> 	<p>21 cases, including Serious Accidents Punishment Act and Occupational Safety and Health Act</p> <p>▼</p> <ul style="list-style-type: none"> <li>• Enactment of safety-related laws and account details related to safety</li> <li>• Countermeasure for each detailed content of the law</li> <li>• Sharing of best practices of the Group affiliates, etc.</li> </ul> 	<p>24 cases, including group accidents</p> <p>▼</p> <ul style="list-style-type: none"> <li>• Monthly analysis results of safety accidents within the group</li> <li>• Same industry and social issues and accidents</li> <li>• Sharing measures to prevent recurrence of various safety accidents</li> </ul> 

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# WORKPLACE SAFETY MANAGEMENT

## Implementation System

### Safety Management System

Since 2017, LOTTE Group has been operating LOTTE Safety, our safety management system, to identify safety management status and issues in real-time and manage them systematically. Users of LOTTE Safety can access necessary information and data, such as risk factors and improvement results from safety diagnoses, activity status including workplace safety education, training, and key schedules, and safety management guidelines. Through the safety situation room, they can also share information on safety accident occurrences and accident analysis data. Furthermore, to foster a "safety first" consensus, we disseminate the importance of safety management monthly through the LOTTE Safety system, based on accident cases within LOTTE Group and the same industry. We plan to enhance motivation for safety management by expanding opportunities for rewarding performance, including operating a safety management award system and providing incentives.



LOTTE Safety Management System

After the system's development, we enhanced it in 2023 due to the creation of legally mandated documents stemming from the full revisions of the Serious Accidents Punishment Act and the Industrial Safety Act. Improvements to certain menus and the design were also needed. New menus were added, including support for legal documentation, risk assessments, and construction site management. We also improved existing menu functionalities and completely revamped the design. As of December 2024, approximately 3,000 safety managers are using LOTTE Safety. Operating this system allows us to provide a smart safety management environment, facilitating diverse information exchange and activities within the system.

### Major Components of LOTTE Safety and Information Provision

#### Safety diagnosis



The Group safety consulting (3,012 cases),  
Internal safety inspections (12,490 cases),  
surveys (1,381 cases), etc.

#### Safety activities



Training and education (54,257 cases),  
Safety events (15,067 cases),  
Occupational safety documents (1,143 cases), etc.

#### Work sharing



Work notices (1,285 cases),  
Media clippings (425 cases),  
Open forum (1,668 cases), etc.

#### Safety data room



Business sites status (13,880 cases),  
Best practices (2,379 cases),  
Legal information (5,497 cases), etc.

### Certification of Safety and Health Management System

LOTTE Group is expanding its acquisition of international standard certifications for safety and health management systems to create a safe environment across the entire organization. We consistently advocate for the application of standard safety and health system management throughout all processes. This includes encouraging new certifications and renewals for Group affiliates' safety and health management systems, and providing bonus points when measuring the safety management level of certified Group affiliates. As of 2024, 25 Group affiliates have obtained the ISO 45001 certification, and one Group affiliate has achieved the KOSHA-MS certification.

### ISO 45001 (Occupational Health and Safety Management System) Certification of LOTTE Group

19 companies



LOTTE Engineering & Construction, LOTTE Global Logistics, LOTTE-Nestlé, LOTTE Property & Development, LOTTE Shopping (LOTTE Mart/Super), LOTTE ALUMINUM, LOTTE MCC, LOTTE Wellfood, LOTTE Innovate, LOTTE INEOS Chemical, LOTTE Fine Chemical, LOTTE R&D Center, LOTTE Cultureworks, LOTTE Chemical, LOTTE Hi-Mart, LOTTE Home Shopping, LOTTE GRS, Canon Korea, HOTEL LOTTE (LOTTE Hotels&Resorts, LOTTE Duty Free, LOTTE World)

\* As of December 2024

### KOSHA-MS (Safety and Health Management System) Certification of LOTTE Group

1 company



1 company

\* As of December 2024

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# WORKPLACE SAFETY MANAGEMENT

## Activities and Performance

### Safety Management Diagnosis

**Regular Safety Diagnosis Consulting for the Group Affiliates' Business Sites** To build a sustainable safety management system through more systematic and smart safety management, LOTTE Group continuously identifies similar issues within LOTTE Group related to major domestic and international disasters and seeks improvement measures. Furthermore, we are establishing an accident prevention system and developing response plans in line with strengthened safety-related regulations, such as the Serious Accidents Punishment Act and the Industrial Safety and Health Act. Simultaneously, we are strengthening the Group safety management consulting to oversee implementation. Additionally, if high-risk or socially sensitive workplaces emerge, we conduct special safety consulting to proactively eliminate risk factors and resolve issues.

To prevent safety accidents at Group affiliates' business sites through the discovery and improvement of risk factors, the Safety Consulting Part of LOTTE CM Division leads the regular safety diagnosis consulting for the Group affiliates' business sites. We provide five-year safety diagnosis analysis results to help identify vulnerable areas and locations within workplaces. This is done by classifying risk factors into seven types, six locations, and three levels of importance. Additionally, we share accident cases from Group affiliates and the same industry to support the development of countermeasures for similar accidents.

In 2024, we conducted on-site safety diagnoses at 500 business sites across 37 Group affiliates, identifying 5,731 risk factors and providing solutions for improvement. For 2025, we plan to conduct safety diagnoses at 495 domestic business sites across 36 Group affiliates. Furthermore, to elevate safety awareness at overseas business sites, we intend to conduct safety diagnoses at 25 business sites across 12 Group affiliates in 6 countries to identify risk factors. We also plan to conduct education and training for fire and emergency circumstances, along with safety training for expatriate employees and local business site managers.

### Measures to Strengthen the Group Affiliates' Safety Management Consulting

	Special Safety Diagnosis	Establishment of Safety Management Guide	System Support
Scope of work	High-risk and vulnerable business groups	Prevention of recurrence of risk factors	Checking if the guide is fulfilled
Target	<ul style="list-style-type: none"> <li>Overseas business sites</li> <li>Construction and sites</li> <li>Large logistics centers</li> <li>Communal living communities</li> <li>Lack of level measurement</li> </ul>	<ul style="list-style-type: none"> <li>Response to the Industrial Safety and Health Act</li> <li>Response to the Serious Accident Punishment Act</li> <li>Overseas Business Site Manuals</li> <li>Construction and site management guide</li> <li>Safety management operation guide</li> </ul>	<ul style="list-style-type: none"> <li>LOTTE Safety system support                             <ul style="list-style-type: none"> <li>Contract documents for projects subject to the Industrial Safety and Health Act</li> <li>Management of on-site equipment history</li> <li>Application for external construction work</li> </ul> </li> <li>Provision of various kinds of legal data</li> </ul>
Expected effect	Identification and improvement of risk factors in high-risk business groups	Solving fundamental problems and responding to safety-related laws and regulations	Establishment of safety management informatization and accumulation of big data

### Result of the 2024 Regular Business Site Safety Diagnosis Consulting

1. Performance							
Classification	Unit	Total	Food & Beverage <sup>1)</sup>	Retail <sup>2)</sup>	Chemicals <sup>3)</sup>	Hotel <sup>4)</sup>	Others <sup>5)</sup>
Group affiliates	Companies	32	9	3	7	3	10
Business sites	Locations	500	52	262	32	41	113
Total risk factors	Cases	5,731	758	2,629	781	644	919
Average cases	Cases	11.5	14.6	10.0	24.4	15.7	8.1

<sup>1)</sup> LOTTE-Nestlé, LOTTE Wellfood, LOTTE R&D Center, LOTTE Chilsung Beverage, LOTTE GRS, Baekhak Beverage, Sanchung Beverage, Chung buk Soju, Ch Beverage  
<sup>2)</sup> LOTTE Shopping (LOTTE Department Store, LOTTE Mart/Super), LOTTE Hi-Mart, LOTTE Home Shopping  
<sup>3)</sup> LOTTE ALUMINUM, LOTTE Energy Materials, LOTTE Engineering Plastics, LOTTE MCC, LOTTE INEOS Chemical, LOTTE Fine Chemical  
<sup>4)</sup> LOTTE Property & Development, LOTTE Hotel Busan, HOTEL LOTTE (LOTTE Duty Free, LOTTE World)  
<sup>5)</sup> LOTTE Engineering & Construction, LOTTE Global Logistics, LOTTE Rental, LOTTE Foundation for Arts, LOTTE Innovate, LOTTE Academy, LOTTE Giants, LOTTE Cultureworks, Canon Korea, Korea Fujifilm

#### 2. Diagnostic Analysis Results

- Average number of risk factors decreased by 0.2 cases year-over-year (11.7 cases in 2023 → 11.5 cases in 2024)
- Occurrence status by risk type: Fire (22.8%), Safety (20.7%), Electricity (18.3%).
- Occurrence Status by Location: Maintenance (23.7%), Ancillary facilities (23.6%), Operating facilities (21.3%)

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# WORKPLACE SAFETY MANAGEMENT

## Activities and Performance

**Measuring Safety Management Level of the Group Affiliates** To boost interest in safety, expand autonomous safety management, and improve overall safety management through focused oversight of high-risk Group affiliates and business sites, the Safety Consulting Part of LOTTE CM Division conducts annual safety management level measurements for Group affiliates and business sites. We individually share identified deficiencies with each Group affiliate based on the measurement results. By leveraging accumulated big data, we analyze vulnerable areas and shortcomings in safety management at each business site to proactively prevent safety accidents. In 2024, we measured the safety management levels of 500 business sites across 37 Group affiliates. Based on these diagnostic results, we initiated improvement activities such as comprehensive safety diagnoses for underperforming Group affiliates and targeted support for underperforming business sites (including two safety diagnoses in 2025).

### Worker Safety Education and Training

To improve the safety awareness and initial response capabilities of our employees, we mandate regular safety education and training sessions, along with safety events, by designating various themes. All safety-related education, training, and event results conducted at our business sites are registered in LOTTE Safety. This allows headquarters to approve their proper execution, and the results are reflected in the safety management level measurements to prevent any omissions. We also analyze and share data on employee attendance rates and areas needing improvement.

### Results of the 2024 Safety Management Level Measurement

- Period & Targets: Jan. 1, 2024 to Dec. 31, 2024 for 500 business sites of 37 Group affiliates
- Measurement Indicators and Scores

Target	Headquarters (30%)				Business sites (70%)				Total
Item	Dedicated organization	Safety activities	Accident rate	Addition/deduction	Safety assessment	Safety activities	Level of interest	Addition/deduction	
Scoring	20 points	60 points	20 points	±10 points	50 points	30 points	20 points	±10 points	200 points

#### Rating Criteria

Classification	Level S	Level A	Level B	Level C	Note
HQ + Business sites	90 points or more	80-89 points	70-79 points	Less than 70 points	Absolute grading
	Excellent	Average	Attention	Caution	

#### Measurement Results

- Overall feedback and results notice for the Group affiliates (individual notices sent to each relevant Group affiliate)
- The average safety level of the Group affiliates increased by 1.98 points compared to 2023, with a rise of 5 A-grade Group affiliates (a decrease of 5 B-grade companies, and other grades remaining consistent)
- During next year's safety consulting, we will provide focused support to business sites that show insufficient safety management levels or continuous decline.

### Safety Education and Training System

Classification	Education			Training		
	New workers	Construction workers	Regular education	Morning signal training	Emergency response team training	Disaster response and evacuation drills <sup>1)</sup>
Cycle, period	Prior to on-site deployment	Pre-construction engagement	Twice every six months	Once a day	More than twice a month	Once a month (on a rotating basis)
Host	Safety manager or supervisor	Safety manager or supervisor	Business site manager	Team leader, part leader, etc.	Business site manager or leader	Business site manager
Trainee	New workers (including partners, dispatched workers, and part-time workers)	Construction workers	All employees	Team and part members	Assigned personnel	All employees
Content	Initial fire-fighting, evacuation, etc.	Initial fire-fighting, reporting tips, flammables handling, etc.	Theoretical education and practical training	Locations of fire extinguishers, fire hydrants, and emergency exits	Initial response	Disaster response and evacuation

<sup>1)</sup> Fire, terrorism, earthquakes, storm, and flood damage

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# WORKPLACE SAFETY MANAGEMENT

## Activities and Performance

**Training for New Workers** For all new workers (including partner company employees, dispatched workers, part-time workers, and all other workers within the workplace), basic training is mandatory before assigning them to workplace tasks. Common training themes include initial fire extinguishing tips, tips for reporting and disseminating the situation, and practice using fire extinguishers and fire hydrants. We train workers at publicly used establishments on the location of fire shutters and emergency exits and the evacuation of customers while training flammables handlers on how to handle flammables, manage hazardous materials, and use fire blankets, etc.

**Training for Construction Workers** Before our partners' construction workers are assigned to construction, we provide compulsory training on initial fire extinguishing tips, such as workplace safety rules, flammables handling tips, location and usage of fire extinguishers and hydrants. For those who have completed the training, we attach their training certificate for relevant business sites to their safety helmets (non-adherents are expelled).

**Regular Education** In order to enable practical response in the event of an occupational accident, we conduct practical training on firefighting facilities attended by all workers in the workplace, theoretical training (every quarter) on initial suppression and customer evacuation, public-private joint training (at least once a year), firefighting skills contests, and lectures from some invited, related organizations.

**Morning Signal Drill** We clearly indicate the location of fire extinguishers, fire hydrants, emergency exits, etc. to secure their visibility and ensure that their locations are imprinted in the minds of our employees while conducting a "morning signal drill" in which workers point to the locations of the safety facilities and repeat them three times together before starting work every day.

**Training for Emergency Response Team** We designate an emergency response team (daytime, nighttime), which is an initial response team consisting of a small number of elites, in advance, and conduct training on emergency dispatch and first response at bi-weekly intervals. The head of a business site is dispatched along with the emergency response team and takes charge of conducting training following due process.

**Evacuation Drills** To induce customer evacuation and properly respond to situations such as fire, earthquake, terrorism, we create the same environment as a real fire, such as power outages, fire shutters, and emergency alarms and conduct drills with the top priority of customer safety and evacuation guidance within the business site.

### Performance of Regular Education in 2024

Classification	Group affiliates (Companies)	Business sites (Locations)	Number of workers (Persons)	Number of attendees (Persons)	Attendance rate (%)
<b>Total</b>			<b>149,504</b>	<b>146,477</b>	<b>98.0</b>
Q1			38,185	37,444	98.1
Q2	39	499	37,343	36,527	97.8
Q3			37,112	36,301	97.8
Q4			36,864	36,205	98.2



LOTTE Property & Development, conducting fire safety education for children



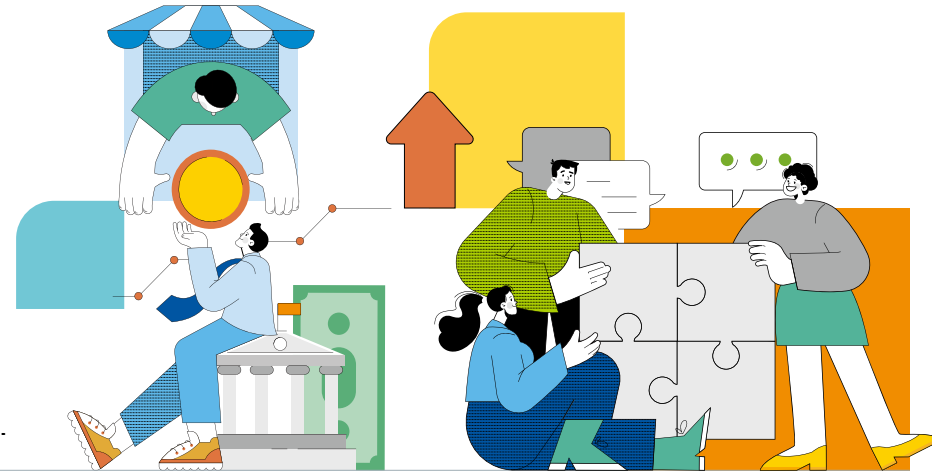
LOTTE E&C, providing safety education animations for construction sites

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# SUSTAINABLE SUPPLY CHAIN MANAGEMENT

The sustainable supply chain pursued by LOTTE Group is a practice that responsibly integrates social, environmental, and financial considerations across the entire value chain, from the sourcing of goods and services to their production and distribution. To this end, we are expanding the scope of its internal and external cooperation through various win-win programs, leading the way in creating value for a sustainable future.



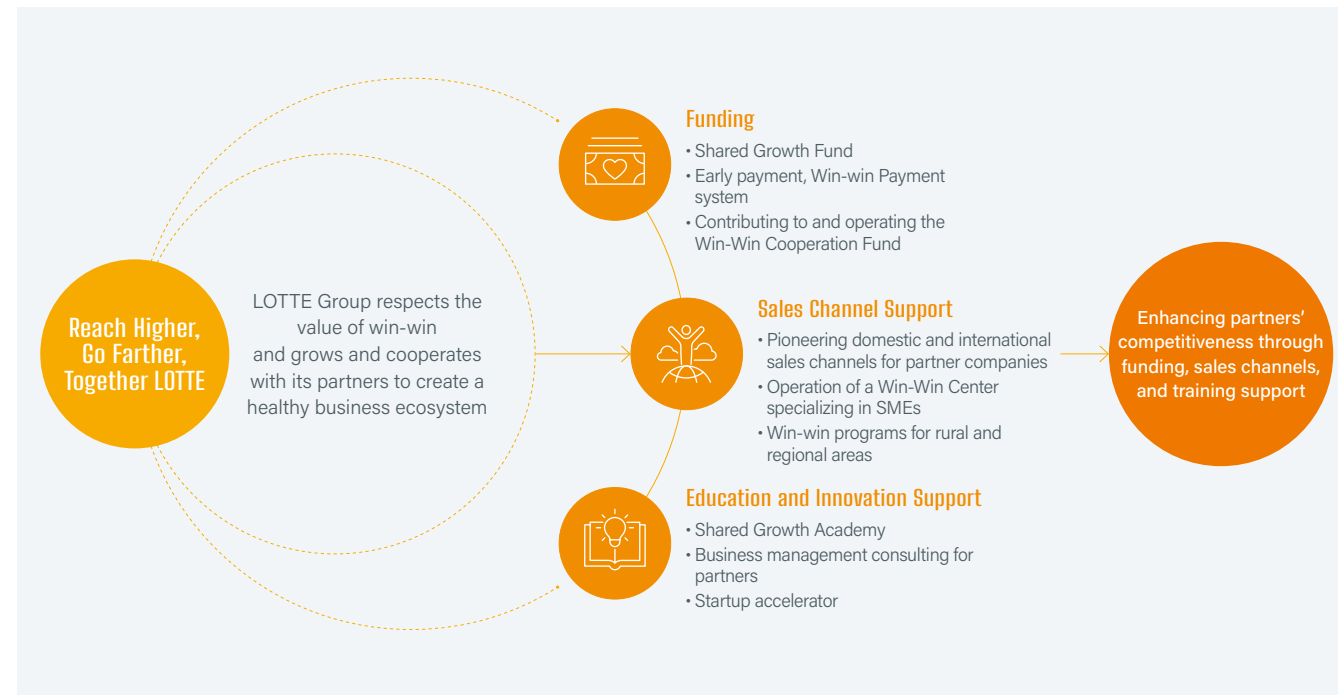
## Implementation System

### Direction for Shared Growth

LOTTE Group respects the value of mutual growth and strives to create a healthy business ecosystem, growing together with our partner companies based on mutual trust. Furthermore, we view shared growth with our partners as a key driver of sustainable management. We implement practical, meaningful win-win support programs and are broadening their reach to include small business owners and farming and fishing communities.

**Code of Conduct for LOTTE Group Partner Companies** In June 2022, LOTTE Group established and published a Partner Company Code of Conduct. This code outlines requirements for our partners across six areas: environmental protection, human rights respect, safety management, quality control, compliance and ethical management, and management systems. These requirements are based on international guidelines such as the UN Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the UN Convention on the Rights of the Child, the Core Conventions of the International Labor Organization (ILO), and the Responsible Business Alliance (RBA) Code of Conduct. LOTTE Group hopes that all partner companies will comply with this code and participate in our ESG management.

### LOTTE Group's Win-Win Growth System



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# SUSTAINABLE SUPPLY CHAIN MANAGEMENT

## Activities and Performance

### Support Programs for Partner Companies

LOTTE Group implements various practical win-win cooperation programs to enhance the competitiveness of our partner companies, including support for funding, sales channels, education, and innovation. Additionally, to vitalize cooperation between large enterprises and SMEs, we have signed and are implementing the "Agreement on Strengthening the Ecosystem of Partner Companies (formerly Voluntary Agreement to Alleviate Polarization)"<sup>1)</sup> with the National Commission for Corporate Partnership (NCCP).

As a result of continuously implementing diverse shared growth and win-win cooperation programs, LOTTE Group has consistently improved its ratings in the Win-Win Index Evaluation conducted by the NCCP. In 2024, LOTTE Chemical and LOTTE E&C both achieved an "Excellent" grade in this evaluation. Furthermore, at the 2024 Korea Shared Growth Awards, organized by the NCCP, LOTTE Chemical received the grand prize in the category of Autonomous Agreement for Alleviating Polarization, while LOTTE Wellfood was awarded the grand prize in the Community Shared Growth category. Finally, at the 2024 Shared Growth Week Commemoration Ceremony, LOTTE Home Shopping received the Prime Minister's Commendation at the Government Awards for Shared Growth between Large, Medium, and Small Enterprises.

<sup>1)</sup> A win-win cooperation program aimed at resolving the polarization issue between large and small-to-medium enterprises and strengthening the competitiveness of small and medium-sized partners. It's an agreement where companies voluntarily select and implement support programs.

**Win-win Payment System** Since 2018, LOTTE Group has been operating the Win-win Payment System in partnership with the Korea Foundation for Cooperation of Large & Small Business, Rural Affairs (KOFCA). This system facilitates smooth payment of supply costs between large and small-to-medium enterprises. The Win-win Payment System allows all partner companies down the supply chain to convert their supply payments into cash early, at a low discount rate comparable to that of a large corporation, when the large corporation issues bonds with no right of recourse. LOTTE Group was the first major corporation to introduce this system across all our group affiliates. Currently, we process 100% of our credit payments, excluding cash payments, through this win-win payment system.

**Early Payments to Partner Companies** Given that partners need additional funds to pay salaries and bonuses ahead of the important traditional holidays, such as Lunar New Year's and Chuseok, LOTTE Group ensures early payment of transaction amounts during these peak holiday periods, assisting our partner companies in managing their funds smoothly.

### LOTTE Group Performance of Early Payments to Partners

Classification	Unit	2023 Lunar New Year	2023 Chuseok	2024 Lunar New Year	2024 Chuseok	2025 Lunar New Year
Target	Companies	13,605	10,837	13,831	12,116	11,067
Amount	KRW billion	695.3	588.2	880.0	1,048.9	686.3

### Agreement on Strengthening the Ecosystem of Partner Companies

Signed the agreement amounting to

KRW 2,922.4 billion



10 Group affiliates, cumulative from 2018 to 2024)

LOTTE Shopping (LOTTE Department Store, LOTTE Mart/Super), HOTEL LOTTE (LOTTE Duty Free), LOTTE ALUMINUM, LOTTE Wellfood, LOTTE Innovate, LOTTE Chemical, LOTTE Hi-Mart, LOTTE Home Shopping, LOTTE GRS, Korea Seven



Korea Shared Growth Awards

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# SUSTAINABLE SUPPLY CHAIN MANAGEMENT

## Activities and Performance

**Win-Win Cooperation Fund** LOTTE Corporation makes efforts not only for shared growth with its partner companies but also for win-win growth with the local community. In 2021, we contributed KRW 15 billion to KOFGA, creating a fund for win-win growth investment and a fund for mutual growth in rural areas. Utilizing these funds, we support domestic and international market expansion for SMEs, provide welfare benefits for employees of partner companies, and operate various mutual growth programs for the development of local communities and rural areas.

### Operation Status of KOFGA Funds

	Key Projects	Target	Executed Amount
Domestic and international market expansion support	Support for overseas expansion of partner companies	580 companies	KRW 2,400 million
	Startup accelerating program	34 companies	KRW 1,650 million
Partner company welfare support	LOTTE Shared Growth Concert	837 companies	KRW 790 million
Win-win growth with local communities and rural areas	Emergency relief and support for low birth rate & grandparent-led families in rural areas	About 3,850 households	KRW 2,200 million
	Plastic circular economy program	SuperBin	KRW 900 million
	Rural economic revitalization program	Inje-gun, Gangwon-do	KRW 800 million
	Seokchon Lake water quality improvement program	Songpa-gu, Seoul	KRW 600 million

\* Cumulative from 2021 to 2024

**Education and Innovation Support** LOTTE Group is committed to enhancing the professional capabilities of our partner companies' employees. We do this by providing educational programs equivalent to those offered to our own employees and by delivering effective management consulting tailored to our partners' specific needs. In terms of education and innovation support, we operate a Shared Growth Academy to provide training for our partners. We also run ESG support programs for small and medium-sized partners, contributing to the widespread adoption of ESG management. Additionally, we offer consulting services, such as big data utilization for sales improvement, and operate a startup accelerator program.

**Support for Overseas Expansion of Partner Companies** LOTTE Group is dedicated to helping our partners secure sales channels both domestically and internationally. To achieve this, we operate specialized win-win distribution stores for SMEs. Additionally, in collaboration with the Ministry of SMEs and Startups, we are running the "LOTTE-KOREA BRAND EXPO" to support excellent Korean small and medium-sized enterprises, venture companies, and startups in pioneering overseas markets. The LOTTE-KOREA BRAND EXPO is the largest overseas market entry support program in Korea. It is a collaborative effort involving LOTTE Corporation and various Group affiliates from retail (LOTTE Mart & Super, LOTTE Department Store, LOTTE Hi-Mart, LOTTE Home Shopping, Korea Seven) and food (LOTTE Wellfood, LOTTE GRS). The expo aims to expand sales channels for companies facing difficulties in entering overseas markets.

### Achievements of LOTTE-Korea Brand Expo

Classification	Unit	Germany	U.S.	Australia	Indonesia	Mexico	Vietnam
SME	Compa-nies	50	150	100	100	100	90
Consultation amount	KRW billion	37.5	66.0	80.9	39.4	29.6	17.7
No. of consultations	Cases	217	501	595	396	538	420

The participating companies consist of excellent Korean small and medium-sized enterprises, venture companies, and startups in high-consumer-interest sectors such as food and beverages, beauty, and apparel. The expo facilitates export consultations with international buyers and hosts Hallyu (Korean Wave) cultural events to promote Korean cultural content. LOTTE Group plans to expand its win-win support for market pioneering, currently centered on retail group affiliates, to include our food and chemical group affiliates. We will continue to promote overseas market entry support programs for our partners, tailored to the specific characteristics of each business sector.



LOTTE-KOREA BRAND EXPO

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# SUSTAINABLE SUPPLY CHAIN MANAGEMENT

## Activities and Performance

**Support for Partner Companies' Employee Benefit** To foster shared growth and a culture of mutual prosperity between large and small enterprises, LOTTE Group invites employees of our partner companies to attend cultural performances, such as classical orchestra concerts. These events also serve as a platform for communication, with executives from LOTTE Corporation and key group affiliates attending to express gratitude and engage with partner company employees. At the event held in March 2025, various activities were organized for the concert attendees from partner companies, and commemorative gifts featuring products from LOTTE Group affiliates were distributed. Additionally, for the second consecutive year, the head of the NCCP attended and participated in a "Shared Growth Ceremony," wishing LOTTE and its partner companies continued collaboration. We plan to expand communication with its partners through regular cultural performances in the future.

### LOTTE Shared Growth Concert



- **Venue**  
LOTTE Concert Hall
- **Attendees**
  - 2023: Total of 1,074 employees from 212 partner companies
  - 2024: Total of 1,109 employees from 308 partner companies
  - 2025: Total of 1,224 employees from 307 partner companies
- **Performances**
  - A classical music concert with commentary
  - Popular performances such as Gagok (a genre of traditional Korean vocal music), K-pop, and pop songs by famous artists to improve attendees' satisfaction

### CASE STUDY

## LOTTE Group, Participating in the ESG Support Project for Suppliers hosted by NCCP

LOTTE Group actively promotes ESG support for its partner companies, believing that securing partner companies who meet ESG standards also enhances global competitiveness.

LOTTE Group actively promotes ESG support for its partner companies, believing that securing partner companies who meet ESG standards also enhances global competitiveness. The importance of ESG management is growing, but it is realistically difficult for SMEs to adopt an independent ESG management system due to a lack of capital and personnel. To address this, since 2019, five Group affiliates, including LOTTE Department Store and LOTTE Chemical, have been participating in the "ESG Support Project for Suppliers," a key initiative of the National Commission for Corporate Partnership (NCCP). Through this collaboration, each Group affiliate contributes to the Win-Win Cooperation Fund to promote ESG support projects and submits a performance plan together with its partner companies. Subsequently, based on NCCP's ESG standard guidelines for SMEs, on-site due diligence, ESG management consulting, and evaluations are conducted.

Through its participation in this project, LOTTE Group is driving significant growth among its partner companies. The five Group affiliates have shared their ESG management know-how with 305 partner companies, and among them, 247 companies received "Outstanding ESG SME Confirmation<sup>1)</sup>" from the NCCP. Additionally, benefits such as support from LOTTE Group's market development programs, preferential fund interest rates, and bonus points in regular partner company evaluations are provided. These efforts have also garnered external recognition; three collaboration cases between LOTTE Group affiliates and their partner companies were included in 'the Collection of Best Practices for Partner ESG Support Projects,' published by the NCCP in April 2023.

<sup>1)</sup> Issued to partner companies with excellent compliance rates for ESG evaluation indicators. SMEs that receive this confirmation can receive preferential interest rates from four banks (Shinhan Bank, IBK Industrial Bank of Korea, Kookmin Bank, BNK Kyongnam Bank), preferential treatment for participating in export support projects by the KOTRA, and incentives for environmental and energy technology support from the Korea Institute of Energy Research, among other benefits.

#### KEY SUPPORT ACTIVITIES

- Develop customized ESG indicators by industry and company type
- Provide ESG education and capability diagnosis for partner company employees
- Conduct on-site due diligence in connection with experts
- Provide ESG management consulting and conduct evaluation

#### ACHIEVEMENTS IN NCCP'S ESG SUPPORT PROJECT FOR SUPPLIERS

Participating Group Affiliates

**5** companies

LOTTE Shopping (including LOTTE Department Store, LOTTE Mart/Super), HOTEL LOTTE (LOTTE Duty Free), LOTTE Innovate, LOTTE Chemical, LOTTE Hi-Mart

→ 247 Partner Companies were Issued "Outstanding ESG SME Confirmation"

Partner Companies Supported

**305** companies

(2019 - 2024)

\* Number of companies that completed their final evaluation as of March 2025



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# STRATEGIC SOCIAL CONTRIBUTIONS

LOTTE Group is seeking ways to contribute to solving social issues by engaging in strategic social contribution activities, leveraging the expertise of our Group affiliates and collaborating with various stakeholders. Particularly, we are undertaking various forms of sharing activities focused on areas such as women & children, love for the country, co-prosperity, and global, utilizing our capabilities and resources.



## Implementation System

### CSV Framework

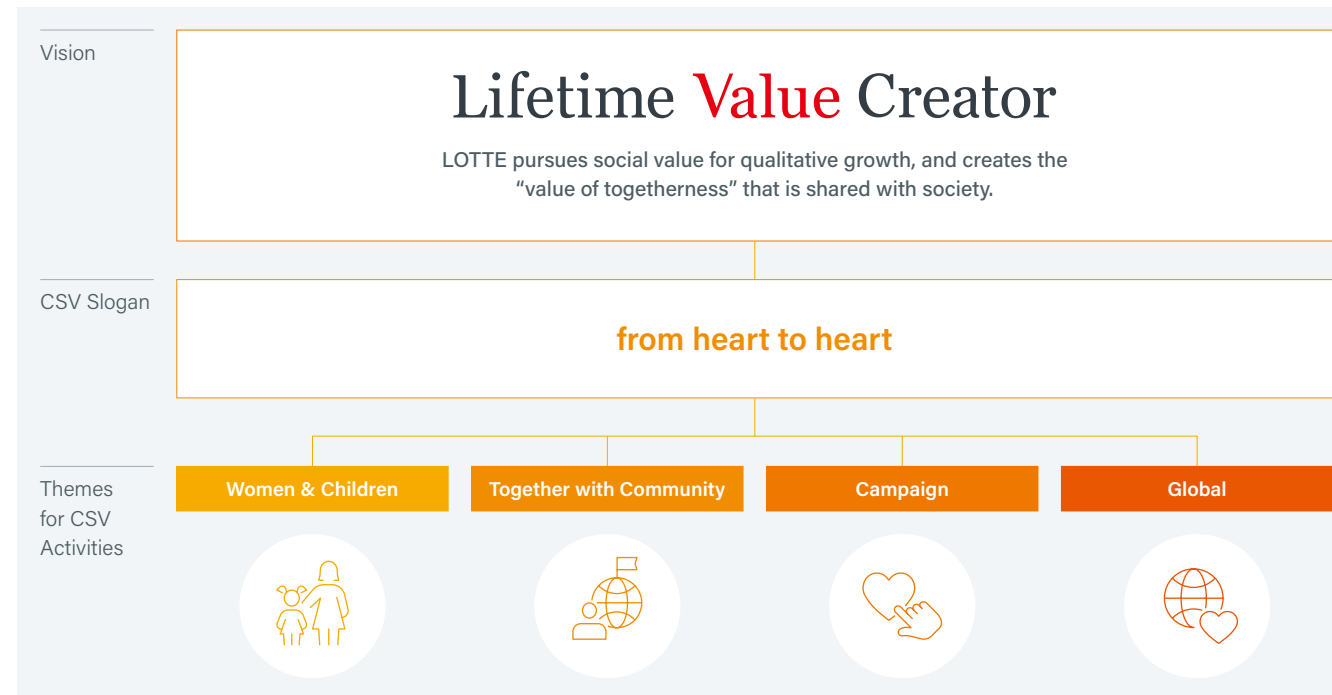
LOTTE Group is dedicated to building social infrastructure and undertaking various sharing activities for marginalized groups to foster a more prosperous society. We are also pursuing more systematic and practical support projects by leveraging the capabilities and resources of each of our industry sectors, including retail, food & beverage, hotel, and chemicals.

Through our CSV (Creating Shared Value) activities, we aim to pursue social value for qualitative growth and realize our vision of "Lifetime Value Creator," sharing the value created in that process with society. Centered around the slogan "Heart to the Heart," which expresses the ripple effect of empathy created when LOTTE Group's sincerity reaches the hearts of community members, we have established three main themes—women & children, love for the country, and community.

### CSV Implementation Organization

LOTTE Group realizes the value of mutual growth and sharing by engaging in various philanthropic activities throughout local communities, primarily through the Charlotte Volunteer Group, which comprises both labor and management from our group affiliates. In 2024, we held a workshop for all social contribution managers across our group affiliates to share our CSV strategy and discuss the direction of social contributions, including listening to expert lectures.

### CSV System of LOTTE Group



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# STRATEGIC SOCIAL CONTRIBUTIONS

## Implementation System

### Donation and Sponsorship Process

LOTTE Group recommends that our group affiliates standardize their donation and sponsorship processes and execute them according to established criteria. This ensures rationality in decision-making and procedural legitimacy.

For LOTTE Corporation, donations and sponsorships exceeding KRW 500 million are decided through the BOD. It is stipulated that a legal review opinion from the Legal Team must be requested for agenda items submitted to the BOD. The CSV team at LOTTE Corporation verifies the legal entity of the donation recipient, the purpose of the donation, and past activity records to review the legitimacy and appropriateness of the donation, and implements follow-up measures based on the review results. If necessary, it consults with the Compliance Team.

### Direction for CSV Activities

**Major Projects in 2024** In 2024, LOTTE Group focused on advancing its flagship CSV programs, including Mom's Happiness Dream Attic, Mom's Happiness Playground, and Youth Library. The Mom's Happiness Dream Attic project expanded beyond regional children's center remodels to include health promotion programs for proper child health management and cultural experience programs for emotional support. Also, the Mom's Happiness Playground project involved creating new indoor playgrounds, allowing children to enjoy play activities without being affected by negative external environmental factors like fine dust. Additionally, we successfully carried out the Seokchon Lake water quality improvement project in collaboration with several Group affiliates, including LOTTE Property & Development. We plan to expand integrated programs that create synergy through organic collaboration with the Group affiliates.

**CSV Direction for 2025** We plan to implement life-cycle-specific CSV activities that encompass all generations, from infants to the elderly, centering around our representative social contribution brand—Mom's Happiness. Additionally, we will continue to discover new projects that reflect social issues such as low birth rates and an aging population, contributing to a more abundant life for humanity.

• **Goal:** Promoting life-cycle-specific social contribution activities that encompass all generations, centering around our representative social contribution brand, "Mom's Happiness"



• **Plan:** Promoting major projects tailored to each life stage

Infants & Toddlers



• **Life Sprout:** Support for birthing families residing in farming and fishing communities.

Children & Adolescents



• **Mom's Happiness Dream Attic:** Local community child center remodeling project, with a goal to complete the 100th center by 2025  
 • **Mom's Happiness Playground:** Public indoor playground development project, with two new facilities scheduled to open in 2025  
 • **Sponsorship for KOREA SKI ASSOCIATION:** Sponsorship for the discovery and development of ski and snowboard athletes

Youth



• **Youth Library:** Library installation project for military bases with limited cultural access, including a book concert held for the Navy  
 • **VALUE for ESG:** An ESG-themed university student volunteer group, with plans to operate its 4th volunteer group in October

Middle-Aged & Seniors



• **Grandparent-Grandchild Caring:** A project to improve the residential environment for grandparent-grandchild households

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# STRATEGIC SOCIAL CONTRIBUTIONS

## Activities and Performance

### CSV Program

#### Infants & Toddlers



**Life Sprout** The “Life Sprout” project is part of LOTTE Group’s initiative to bridge welfare gaps across different life stages. In October 2024, in collaboration with the Salvation Army and the KOFGA, we delivered “birth kits” to 300 birthing families (including those expecting) residing in rural farming and fishing communities in Gyeongsangnam-do province. These kits contained essential items needed during and after pregnancy and childbirth, such as health supplements, snacks for pregnant women, and various maternity and childcare products. We plan to expand the scope and reach of this support by connecting with more Group affiliates in the future.



Life Sprout Kit donation ceremony

#### Children & Adolescents



**Mom’s Happiness – Playground, Dream Attic Projects** Since 2017, LOTTE Group has been running the “Mom’s Happiness Playground” and “Mom’s Happiness Dream Attic” projects, with an aim to create more equal opportunities for children in both educational and recreational settings.

The Mom’s Happiness Playground project involves children and guardians in the playground design phase to create eco-friendly playgrounds. A key feature of this project is the incorporation of LOTTE’s unique identity, using “LOTTY FRIENDS” characters from LOTTE World in both educational content and design. Since 2023, the project has shifted its focus from outdoor playgrounds to creating indoor public playgrounds. In 2024, by adding Mom’s Happiness Playgrounds in Nam-gu, Ulsan, and Uijeongbu, Gyeonggi-do, the total number of locations nationwide reached 30. In recognition of these continuous support activities, the project was awarded the Prime Minister’s Commendation at the 13th National Sharing Awards.



Mom’s Happiness Playground

The Mom’s Happiness Dream Attic project focuses on improving the environment of regional children’s centers, which are responsible for children’s play and learning. These centers are transformed into spaces featuring eco-friendly wooden bookshelves and digital learning areas. In 2024, we opened an additional six Dream Attics, bringing the total number of established locations nationwide to 93. We also held a design competition for the Dream Attic spaces, resulting in more unique and distinctive environments. Beyond the physical spaces, we provide separate digital education and online learning support for the children using the Dream Attics. In October 2024, we offered children and their guardians the opportunity to experience cultural activities by inviting them to LOTTE World (Jamsil, Busan).

### Establishment of the Mom’s Happiness Playground

30 locations

(Cumulative from 2017 to 2024)



### Establishment of the Mom’s Happiness Dream Attic

93 locations

(Cumulative from 2017 to 2024)



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# STRATEGIC SOCIAL CONTRIBUTIONS

## Activities and Performance

### Youth



**Youth Library and Proud Army Family Awards Sponsorship** Initiated in 2016, the “Youth Library” project establishes reading and relaxation spaces, primarily in frontline military units with challenging environments. It creates study cafes and other facilities, reflecting the needs of Army, Air Force, and Navy personnel and the specific characteristics of military bases. In 2024, we opened six new locations, and hosted “Book Concert” events for service members using the Youth Library, offering opportunities for communication through books via various programs like author lectures, talk shows, and musical performances. Notably, in 2024, announcer Kim Dae-ho and golf coach Pak Se-ri had a session to communicate with Air Force personnel. Furthermore, since 2021, we have also been sponsoring military personnel and their families who dedicate themselves to the nation, through the Proud Army Family Awards, organized annually by the Army Headquarters.

**VALUE for ESG** VALUE stands for “Value Creators in Universities” and “VALUE for ESG” is LOTTE Group’s college student volunteer group established to collaborate with young people in contemplating and resolving community issues from an ESG perspective. In 2024, a total of 157 teams applied, and 20 teams were selected to carry out social contribution activities on various themes, including environmental protection, ethical consumption, and support for vulnerable groups, in cooperation with partner organization World Vision. Notable activities included participating in LOTTE Mart’s year-end campaign to deliver gifts to child patients and their families at Bobath Memorial Hospital, and involvement in LOTTE Chemical’s resource circulation activities.

### Middle-Aged & Seniors



**Grandparent-Grandchild Caring** The “Grandparent-Grandchild Caring” is a social contribution project that aims to improve the aging residential environments of 50 grandparent-grandchild households in rural farming and fishing communities nationwide, and supports travel for grandparents and grandchildren. This project was designed to reduce welfare gaps for grandparent-grandchild households and create a safer, more comfortable living environment in response to the challenges of low birth rates and an aging society. The first residential environment improvement project was successfully completed in February 2025. In addition to environmental improvement projects, LOTTE Group plans to continuously identify and pursue additional areas of support with the Group affiliates to address welfare blind spots.

### Others



**Seokchon Lake Water Quality Improvement Project** LOTTE, in collaboration with Songpa-gu Office, has been carrying out the Seokchon Lake Water Quality Improvement Project since 2021. As a result of this project, the basic water quality has been enhanced and algae formation suppressed using an eco-friendly photocatalyst method, improving the lake’s turbidity and clarity. The transparency of Seokchon Lake has increased from 0.6 meters to a maximum of 2 meters, and most items in the water quality environmental standards have received a Grade 1 rating.

In May 2024, five LOTTE Group affiliates (LOTTE Property & Development, LOTTE Department Store, LOTTE Corporation, LOTTE Chilsung Beverage, and LOTTE GRS) signed a business agreement with Songpa-gu Office, Green Future Foundation, and GENKS for the “2024 Seokchon Lake Water Quality Improvement” project. Alongside water quality improvement efforts, we’re conducting various environmental cleanup activities, including tree planting and ecological monitoring. Furthermore, leveraging the cleaner Seokchon Lake, LOTTE Property & Development has hosted the “LOTTE Aquathlon” annually since 2022. This event, held every July, involves swimming 1.5km across Seokchon Lake and climbing 123 flights of stairs at Lotte World Tower. In 2024, over 800 people participated.



Youth Library “Book Concert”



2024 VALUE for ESG



LOTTE Aquathlon

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# STRATEGIC SOCIAL CONTRIBUTIONS

## Activities and Performance

**Disaster Relief Projects** LOTTE Group has established an emergency relief cooperation system with related organizations like the Korea Disaster Relief Association and KOFCA. When national disasters such as earthquakes, wildfires, or heavy rainfall occur, we support community recovery efforts by securing disaster relief funds and preparing relief kits. In March 2025, we donated KRW 1 billion to the Community Chest of Korea to aid in the swift recovery of areas affected by a major wildfire and to support the victims. Group affiliates including LOTTE Retail HQ, LOTTE Wellfood, LOTTE Fine Chemical, and Hotel LOTTE also participated by providing daily necessities.

**Official Sponsor of the Korea Ski Association** As the leading company of the KOREA SKI & SNOWBOARD ASSOCIATION, LOTTE Group is at the forefront of technical and information exchange. We have established business agreements with ski associations from strong snow sports nations like the United States, Canada, and Finland to bolster the competitiveness of Korea's snow sports. As a result of these efforts, we achieved excellent results, with athletes winning medals at the 9th Asian Winter Games Harbin 2025 and The Torino 2025 FISU Winter World University Games. We are also providing full support to ensure our athletes perform well at the Milano Cortina 2026 Olympic Winter Games, scheduled for February 2026.

### CASE STUDY

## LOTTE Group, Hosting the 2024 SUPERBLUE Marathon for People With or Without Disabilities

LOTTE Group is organizing the SUPERBLUE Marathon, an event where people with or without disabilities come together, to convey a message of harmony and coexistence.

Now in its 9th year in 2024, the SUPERBLUE Marathon is a race where people with and without disabilities run together, tying blue shoelaces that symbolize independence and attention. This event aims to address misconceptions about disabilities. The "BLUE" in SUPERBLUE stands for "Beautiful Language Use (will) Echo," signifying the "correct use of disability terminology" campaign, which means "beautiful words create resonance."

Over 8,000 people, including all LOTTE Group employees and individuals with and without disabilities, participate annually in the SUPERBLUE Marathon. In addition to the race, various performances and events organized by Group affiliates are also held. In 2024, LOTTE World, LOTTE Chilsung Beverage, LOTTE Chemical, LOTTE Canon Korea, and HOTEL LOTTE supported these events with performances and booth activities. The "Sean Shine Running Class" program, run by ambassador and singer Sean, also took place, supporting teams of individuals with developmental disabilities and those without to run smoothly together during the marathon. Furthermore, starting in 2024, promotional materials with Braille were distributed during the half-course for visually impaired participants. A new SUPERBLUE walking course (1.6km) was also introduced for participants with disabilities and families who might find longer distances challenging.



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## CASE STUDY

### LOTTE Ventures, Running the Startup Discovery and Growth Program “L-CAMP”

Since 2016, LOTTE Group has been operating the “L-CAMP” program to discover startups with innovative ideas and support their growth.

With LOTTE Ventures at its core, the L-CAMP program aims to create social value and drive innovation that benefits everyone. Through this program, startups enhance their corporate value, and LOTTE Group invests the generated returns into more companies. By fostering this virtuous cycle, LOTTE Group plays a role in strengthening the startup ecosystem and promoting long-term economic sustainability. L-CAMP participants, selected annually through open recruitment, can receive continuous support not only during their initial startup phase but also throughout their growth stages. L-CAMP provides participants with expert mentoring, market validation for their items, and office hours (corporate competency enhancement training), and hosts demo days to attract follow-up investments. From 2016 to 2024, L-CAMP selected and supported a total of 199 startups. In 2025, we plan to select startups that can generate synergy with LOTTE Group's existing and new businesses, with a focus on potential collaboration with Group affiliates.



Additionally, LOTTE Ventures plans and operates a “global accelerator” program that supports networking with Korean entrepreneurs conducting business overseas and local training programs to strengthen global business capabilities for outstanding domestic startups. L-CAMP JAPAN, a project to support startups' overseas expansion, is a collaboration between LOTTE Ventures Japan and the Busan Center for Creative Economy & Innovation. It was first launched in 2023 with the cooperation of corporate venture capital (CVC) firms from both South Korea and Japan. In 2024, the second phase of L-CAMP JAPAN added programs to support domestic startups' entry into Japan and Japanese startups' entry into Korea. In 2025, we plan to recruit participants for the fourth L-CAMP Silicon Valley and the third L-CAMP JAPAN, and to conduct startup ecosystem support programs utilizing the Lotte Ventures global network.

#### L-CAMP OPERATIONAL PERFORMANCE

Number of startups selected

# 199

Supported enterprise value

# Approximately KRW 1,995.3 billion

(2.5-fold growth compared to their value at the time of investment)

#### L-CAMP OPERATIONAL PERFORMANCE IN 2024

- 12th L-CAMP & 6th Busan: 367 companies applied, 9 were selected (41:1 competition rate) → 5 received direct investments
- 4th Food Changers: 107 companies applied, 3 were selected (36:1 competition rate) → 1 received direct investment
- Key Programs
  - Expert mentoring and support for market validation of business items
  - Business meetings and collaboration with LOTTE Group affiliate practitioners
  - Office Hour: lectures on corporate culture, accounting practices, insights from senior startups, and business plan writing
  - Booth support at the Agri-Food Startup Expo (AFRO) for selected Food Changer companies (1,951 visitors attended)
  - Demo Day held on November 7, 2024, attended by 107 participants including LOTTE Group affiliates, venture capital, and related institutions

### LOTTE Hi-Mart, Supporting Science Dreamer through HI-Science Concert & HI-Science Classroom

LOTTE Hi-Mart runs science dreamer support programs to help children develop their interest in science by engaging with home appliances in a fun and familiar way.

“HI-Science Concert” and “HI-Science Classroom” are LOTTE Hi-Mart’s flagship social contribution programs, launched in 2018. The HI-Science Concert is a one-day event held in a concert-style format, featuring a science talk concert with influencers, mini home appliance crafting, and a science magic show. HI-Science Classroom is conducted in the form of classes at local community child centers in rural areas, allowing children to learn scientific principles easily and enjoyably. Instructors for the program are primarily recruited from among career-interrupted women with backgrounds in science and education, providing employment opportunities for them.

#### 2024 operating performance and mid-to long-term plans

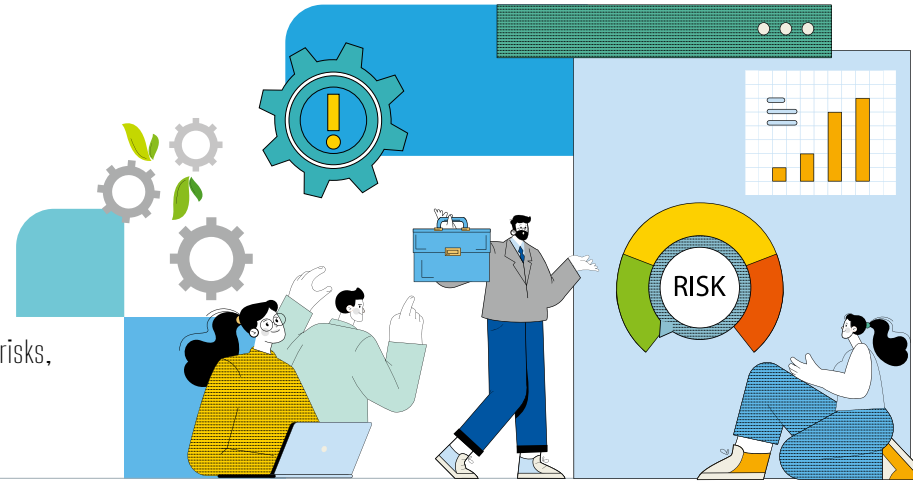
Classification	Unit	2024	2025	2026	2027
Number of operations	Times	3	3	3	3
Number of participating children	Persons	328	350	350	350

#### OPERATIONAL STATUS OF HI-SCIENCE CONCERT & HI-SCIENCE CLASSROOM

<p>Number of participating children</p> <h1>4,480</h1>	<p>Number of events held</p> <h1>19</h1> <p><small>* Cumulative total from 2018 to 2024</small></p>
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# RISK MANAGEMENT

Lotte Corporation has established a risk management system based on compliance control standards and ISO 37301, proactively and systematically managing major non-financial risks, such as management and financial risks, industrial safety, environmental management, and information security. This enables us to maintain stable and sustainable organizational operations, even amidst a changing external environment.



## Implementation System

### Risk Management System

LOTTE Corporation manages all its risks based on compliance control standards and the ISO 37301 compliance management system. Major management and financial risks, such as changes in the business environment, business strategies, and large-scale investments, are reviewed by the Executive Committee, a committee within the BOD. The Compliance Officer, who is responsible for ensuring compliance with ISO 37301 (Head of Legal & Compliance Division), operates the risk management system according to the ISO 37301 compliance management system. Each year, the officer reports the risk management results and improvement plans to the BOD via the CEO. The BOD oversees the CEO regarding the operation of the compliance management system, including risk management. The CEO reviews the performance of the compliance management system, including risk management, and provides appropriate support.

Supporting the Compliance Officer are the Legal Team and the Compliance Team, under the LOTTE Corporation Legal & Compliance Division. The Compliance Team acts as the department responsible for ISO 37301 compliance management system certification, handling practical tasks such as reporting activities and responding to certification audits. Each department designates at least one internal auditor for the ISO 37301 compliance management system. This auditor is responsible for leading tasks related to their department's duties, including analyzing risks, setting control objectives and methods, and checking the results of objective achievement.

The head of each department reviews and approves these results. Furthermore, all employees are responsible for complying with the ISO 37301 compliance management system and cooperating in its operation.

To effectively respond to the continuously changing internal and external business environments, LOTTE Corporation is strengthening the role of its Executive Committee, which operates under the BOD. Beyond its existing review of major management and financial risks, the Executive Committee now also manages and oversees significant non-financial risks that the company operates with. These include risks related to disasters, industrial safety, health, environment, information security, and ethical management. For agenda items presented to the Executive Committee, risks are assessed by considering the reliability of information, likelihood of occurrence, severity, and accountability. Based on the assessment results, necessary measures are determined and implemented.

### Risk Management System



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# RISK MANAGEMENT

## Implementation System

### ICFR Management System

The ICFR (Internal Control of Financial Reporting) Management System is a framework introduced to ensure the preparation and disclosure of reliable accounting information. Under The Act on External Audit of Stock Companies (hereinafter referred to as the External Audit Act), all listed companies within LOTTE Group and unlisted companies with assets exceeding KRW 100 billion are obligated to operate an ICFR Management System. Notably, the certification level for listed companies' ICFR Management Systems is elevated to an audit, based on the asset size of their separate financial statements.

LOTTE Corporation has established an ICFR Management System in accordance with the law (Article 8 of the Act on External Audit). A dedicated Compliance Team has been set up directly under the Audit Team. This Compliance Team is responsible for overseeing the operation and evaluation of the ICFR Management System, as well as supporting the Audit Committee's duties. The Compliance Team independently performs tasks such as risk analysis, evaluation and reporting of internal control operation status, management of ICFR Management regulations, inspection of operation status, employee training, and change management.

### Fiscal Year Subject to Audit for the ICFR Management System of Listed Companies

Asset size at the end of the previous year	Fiscal year subject to audit	
	Based on separate financial statements	Based on consolidated financial statements
More than KRW 2 trillion	2019	2023
KRW 0.5 trillion to KRW 2 trillion	2020	2029

**Operation of a Council of Dedicated Teams to the ICFR Management System** To ensure the effective operation of its ICFR Management System, LOTTE Group has been operating "a council of dedicated teams for the ICFR management system" (hereinafter referred to as "the Council") since 2019, with participation from major Group affiliates. The Council serves as the focal point for LOTTE Group's ICFR Management System operation, discussing the direction of system establishment and operation. It also promotes continuous system improvement by sharing issues from each company and developing solutions.

The Council comprises various ICFR Management dedicated teams and personnel from within LOTTE Group. There are no restrictions on attendance, allowing diverse stakeholders, including managers and practitioners, to participate freely. Council members perform various roles, such as offering opinions on agenda items, sharing useful information, and participating in decision-making regarding the direction of the system's operation. When necessary, dedicated personnel from unlisted companies also join the listed company council. They share operational issues and discuss solutions with the listed company's dedicated teams, facilitating open communication and knowledge transfer. The overall operation and management of the Council are handled by the Compliance Team at Lotte Corporation

### Composition of the Council Dedicated to ICFR Management System

Classification	Key members
LOTTE Corporation Compliance Team	4 people (1 managing director, 1 senior manager, 2 managers)
LOTTE Group Listed Company Council	LOTTE Rental ICFR Team, LOTTE Shopping ICFR Team, LOTTE Energy Materials ICFR Management Part, LOTTE Wellfood Internal Control Team, LOTTE Innovate ICFR Management Team, LOTTE Fine Chemical ICFR Management Team, LOTTE Chilsung Beverage Internal Control Team, LOTTE Chemical Internal Control Team, LOTTE Hi-Mart Internal Control Team
LOTTE Corporation Consolidated Group Council	Daehong Communications Compliance Management Team, LOTTE Members Finance Team <sup>1)</sup> , LOTTE BIOLOGICS ICFR Management Part, LOTTE Wellfood Internal Control Team, LOTTE Innovate personnel in charge of ICFR management, LOTTE Chilsung Beverage Internal Control Team, LOTTE GRS ICFR Team, Korea Seven personnel in charge of ICFR management
Others	Department, organizations and personnel dedicated to ICFR management of the Group affiliates in Korea and overseas (LOTTE Global Logistics ICFR Management Part, HOTEL LOTTE Corporate ICFR Team, etc.)

<sup>1)</sup> The team of LOTTE Members is composed of one dedicated person and Anse Accounting Corporation, a PA (Private Accountant)

In 2023, the Council was further segmented for more detailed management. A quarterly council was operated for listed companies within LOTTE Group, and a monthly council was operated for key subsidiaries within the scope of evaluation and reporting based on the holding company's consolidated figures. This allowed for precise management of each intermediate control consolidated group within LOTTE Group and the consolidated group of the holding company. Additionally, to strengthen the expertise of LOTTE Group's dedicated teams, Lotte Group began hosting the LOTTE Group ICFR Dedicated Organization Workshop in 2023. This workshop includes ICFR dedicated teams and personnel from Group affiliates with total assets exceeding KRW 100 billion. The workshop consists of lectures by accounting firms and breakout group sessions. It provides in-depth education related to the ICFR Management System, as well as training on the latest accounting issues such as sustainability disclosure standards and global minimum tax, to enhance overall risk management capabilities.

Through these efforts, all Group affiliates have received unqualified opinions on their ICFR Management Systems since audits began in 2019. Lotte Group will continue to actively operate the Council. This will ensure the effective operation of the LOTTE Group ICFR Management System by fostering the sharing and utilization of extensive experience and expertise among Group affiliates.

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# RISK MANAGEMENT

## Implementation System

### Activities of the Council Dedicated to ICFR Management System

Classification	2022	2023	2024	Key activities
LOTTE Group Listed Company Council	12 times	4 times	4 times	Discussion on the annual operation plan, discussion on issues related to evaluation process and system operations, sharing of best practices by each company, discussion on mid- to long-term internal control strategies and objectives, etc.
LOTTE Corporation Consolidated Group Council	-	8 times	8 times	

### Workshops for the Council Dedicated to ICFR Management System

Classification	Education agency	Key education content
1st (July 21, 2023)	Samil PwC Samjong KPMG	Understanding of consolidated ICFR management system audit, advanced course on IT general controls, and advanced course on process-level controls
2nd (July 17, 2024)	Samil PwC EY Hanyoung	Essential skills for internal control design and evaluation, the public exposure draft for sustainability disclosure standards, the impact of the global minimum tax introduction, key checkpoints for preventing financial irregularities, and current trends in ICFR management, and emphases from external auditors

### Risks and Opportunities Related to Risk Management

LOTTE Group is dedicated to ensuring management stability and enhancing its brand value by implementing risk management frameworks both domestically and globally. LOTTE Corporation gathered and assessed the risk management activities of its key domestic Group affiliates in 2024, offering guidance on necessary enhancements. We'll begin evaluating these activities from 2025. Regarding overseas Group affiliates, building on the local due diligence we conducted in 2024, we will regularly collect and review their risk control status and the oversight from their domestic parent companies, starting in 2025.

If a company fails in risk management, it can lead to increased uncertainty in business operations in the short term and difficulties in sustainable management in the long term. Additionally, depending on the nature of the risks, there may be financial impacts such as legal costs and reduced business profitability. To address this, LOTTE Corporation has distributed a Risk Management Guideline in January 2025. This guideline includes risk identification and assessment, classification of risk levels, risk control measures, and methods for monitoring and evaluation, ensuring that all employees of Group affiliates understand and can appropriately manage the risks associated with their departments and the company. We will continue to review the risk management activities of the Group affiliates, share best practices, and strive to improve the overall risk management framework of LOTTE Group.

### Key Functions of LOTTE Corporation' Internal Monitoring System and Operation Status in 2024

Category	Key functions	Operational status
BOD	Supervise the execution of directors' duties and resolve the execution of significant company affairs	Held 10 times in total
Audit Committee	Audit the execution of directors' duties concerning company affairs and assets	Held 8 times in total
Internal Audit Department	Conduct audits on company operations and asset status	Management Audit Office (24 persons)
Compliance Team	Support the Audit Committee by assisting with duties and assignments	6 persons
Compliance Officer	Monitor compliance with internal control standards by company employees	Compliance Management Office (15 persons)

### Internal Monitoring System

LOTTE Corporation continuously improves and supplements its internal control policies. Based on the organizations and procedures set forth in laws, the Articles of Incorporation, and various internal regulations, internal monitoring is carried out. The internal monitoring system consists of the BOD, the Internal Audit Department, and other monitoring mechanisms. The BOD reviews and decides on matters defined by law or the Articles of Incorporation, matters delegated by general shareholders' meetings, basic management policies, and key issues related to the progress of business operations. The Internal Audit Department conducts audits related to the company's operations, including routine audits, regular audits, ad-hoc audits, special audits, and inventory audits. Other internal monitoring mechanisms include procedures for approval of transactions, approval and record-keeping of transactions, assignment of duties for the protection of related assets, documentation of transaction evidence and books, control over access to assets or documents, classification of access and usage rights, and independent, periodic verification procedures such as comparison and reconciliation.

Audit findings are immediately reported to the department head and management, and actions are taken according to the audit guidelines. Follow-up management is conducted at appropriate times. The Audit Committee evaluates the internal monitoring system annually and prepares an evaluation report, which is disclosed as part of the business report. There were no audit findings in 2024.

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# RISK MANAGEMENT

## Implementation System

### Risk Management Process

LOTTE Corporation identifies both existing and potential risks as much as possible, with the ISO 37301 compliance management system certification team and internal ISO 37301 auditors in each department playing a central role. We evaluate the company risks based on the likelihood of occurrence and impact, categorizing them as High (Major), Medium, or Low (Minor). The likelihood is scored based on factors such as whether the risk has occurred in the past and the potential for its occurrence in the future. The impact is scored based on the expected negative consequences if the risk materializes, as well as the degree of manageability.

The company's risk details are revised annually to reflect internal and external issues and environmental changes. The department responsible for the compliance management system certification guides employees, including internal auditors in each department, to establish appropriate control objectives and measures that align with the risk categories. After operating the compliance management system for the year, the achievement of the previous year's control objectives is reviewed and evaluated, and the results are reported to the CEO and the BOD.

In 2024, a total of 128 risks were analyzed according to the risk management process, including 4 Major risks, 45 Medium risks, and 79 Minor risks. For these risks, 248 control objectives, such as compliance training and monitoring, were established. Additionally, a review and evaluation of the achievement of control objectives for 2023 were conducted. Out of the 259 control objectives from the previous year, 257 were achieved, resulting in an achievement rate of 99.2%.

## Activities and Performance

### LOTTE Group Anti-Fraud Program

In response to growing societal concerns regarding internal financial controls, such as large-scale embezzlement incidents, LOTTE Corporation has implemented various control activities to prevent fraud across its domestic and international Group affiliates. Each year, LOTTE Corporation visits several Group affiliates to review and identify areas for improvement in their internal financial control processes and provides consulting on possible improvements. Furthermore, to ensure that the Group affiliates can independently assess and enhance the design of their key internal financial controls, LOTTE Group has introduced a new funding-related internal control assessment item in its compliance evaluation criteria for 2023, which is now operational. As a result of the 2023-2024 assessments of Group affiliates, no significant issues were found related to suspicious financial flows or major shortcomings or non-compliance in internal control processes.

In 2024, as the Financial Supervisory Service introduced a new disclosure system for "the design, operation, and results of internal control systems for financial fraud risk," we implemented the LOTTE Group Anti-Fraud Program. This program aims to standardize internal controls for the risk of fund irregularities, which were previously managed individually by each Group affiliate, by establishing the Group-wide guidelines. Additionally, it aims to enhance the level of fund fraud prevention across the Group, thereby enabling the timely prevention and detection of potential corruption and fraudulent activities, and fostering the sound development of LOTTE Group. Furthermore, the LOTTE Group Anti-Fraud Program is based on theoretical identification of fraud risks through business process analysis, supplemented by practical, risk-based control activities derived from collecting and analyzing domestic and international real-life incident cases.

LOTTE Corporation plans to complete the distribution of the program and the assessment of control activities across all domestic Group affiliates in the first half of 2025. By the end of the year, the program will be distributed to all international Group affiliates, and an assessment of the control activities will be completed. Additionally, we intend to faithfully disclose the results of its anti-fraud activities using this program, providing accurate and sufficient information to the market and stakeholders.

### Risk Management Activity Evaluation

LOTTE Corporation evaluates the performance of its ISO 37301 compliance management system annually. The performance indicators evaluate whether all organizations identify and assess compliance obligations and risks, set priorities, and manage them effectively; whether all employees understand and apply risk control objectives and measures; and whether the risk management process is regularly reviewed and overseen. As a result of the internal evaluation conducted in April 2024, we achieved a score of 4.3 points out of 5, a 0.1-point increase compared to the previous year. The evaluation results will be included in the ISO 37301 compliance management system management review report and will be reported annually to the CEO and BOD.

Starting in 2025, LOTTE Corporation will collect and review the risk management activities of its domestic and international Group affiliates, and propose areas for improvement. For key domestic Group affiliates, we plan to evaluate risk analysis and assessments, control objectives and measures, and operational evaluation results, and provide feedback based on these evaluations.

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# RISK MANAGEMENT

## Implementation System

### ICFR Management Activity

**Preparation of ICFR Management System Audit based on the Consolidated Financial Statements** In preparation for the ICFR audit based on consolidated financial statements, which will be implemented starting in 2023, LOTTE Corporation proactively worked to establish and operate an effective internal control system for consolidated financial statements. In 2022, as part of these efforts, we underwent ISAE 3000 and ISAE 3402 certification by our external auditor, Samil PwC.

**Attestation of ICFR for Consolidated Financial Reporting** LOTTE Corporation has established and operates the consolidated accounting system, "Confinas," to support LOTTE Group's consolidated financial reporting. With the implementation of the ICFR Management System audit for consolidated financial statements, internal control certification for Confinas, a key IT system related to the preparation of consolidated financial statements, became a requirement. Accordingly, we received certification from Samil PwC regarding the design appropriateness and operational effectiveness of the internal controls for the operation of the consolidated accounting system from 2022 to 2024. The result confirmed that the internal controls were deemed appropriate.

In this way, we provide reasonable assurance to a wide range of stakeholders that the internal controls of the consolidated accounting system are appropriately designed and effectively operated by obtaining ISAE 3402 certification for the consolidated accounting system.

**ICFR Audit** LOTTE Corporation conducts an annual review of the operation of its ICFR Management System and reports the results to the AGM, BOD, and Audit Committee. Additionally, in accordance with Article 8, Paragraph 5 of the External Audit Act, the company's Audit Committee evaluates the operation of the ICFR Management System and reports the findings to the BOD each business year.

In 2024, based on the ICFR Management System Design and Operation Concept Framework, the operational status of the ICFR management system was evaluated and determined to be effectively designed and operated from the perspective of materiality. The Audit Committee, upon receiving the report, concurred with this judgment. Additionally, the external auditor, Samil PwC, expressed an unqualified opinion on the system.

### ICFR Management System Certifications of LOTTE Corporation

Classification	ISAE 3000	ISAE 3402
Area of Certification	The internal accounting management system of LOTTE Corporation based on the consolidated financial statements standard	Design adequacy and operational effectiveness of internal controls for the operation of the consolidation support tasks and the "Confinas" system, a consolidated settlement support solution

### 2024 Assessment Result Reporting Status of the ICFR Management System

Date	Reporter	Reported body	Contents
Feb. 11, 2025	CEO	BOD, Audit Committee	Report on the operation status of separate and consolidated ICFR management systems in 2024
Mar. 11, 2025	Audit Committee	BOD	Report on the evaluation of the operation status of separate and consolidated ICFR management systems in 2024
Mar. 26, 2025	CEO	Shareholders	Report on the operation status of separate and consolidated ICFR management systems in 2024

### Assessment Results of the Operation Status of the ICFR Management System

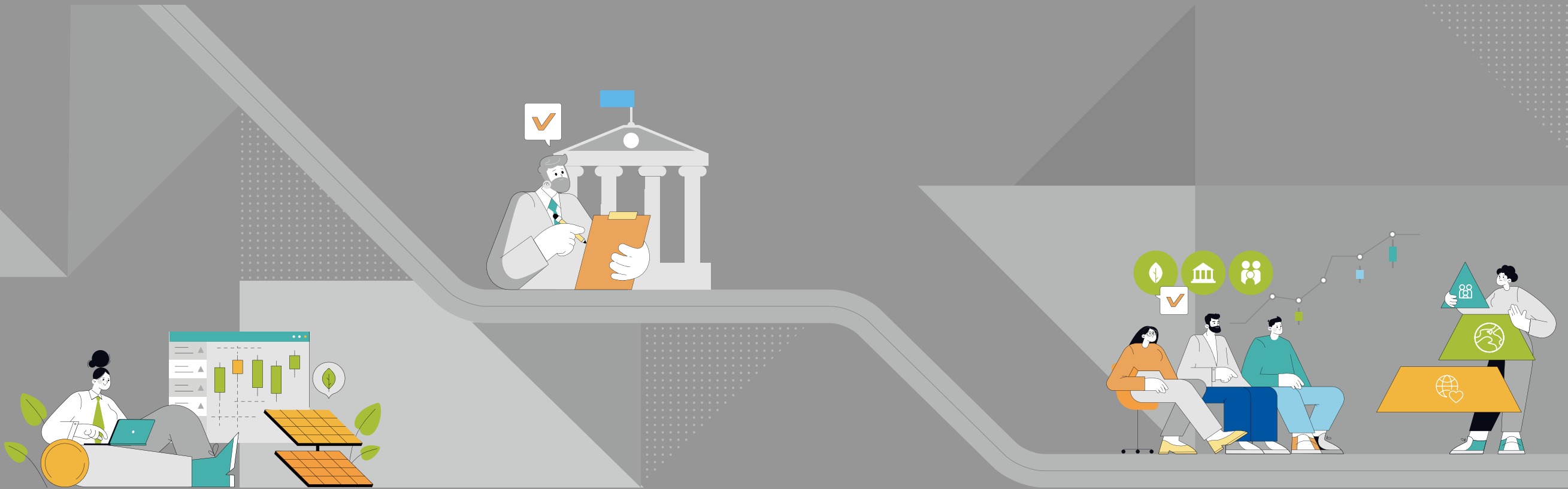
Fiscal year	Scope	Result by the company	Result by the Audit Committee	Result by an external auditor
56th (2022)	Separate	Unqualified	Unqualified	Unqualified
57th (2023)	Consolidated	Unqualified	Unqualified	Unqualified
	Separate	Unqualified	Unqualified	Unqualified
58th (2024)	Consolidated	Unqualified	Unqualified	Unqualified
	Separate	Unqualified	Unqualified	Unqualified

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# 05. FACTS & FIGURES

IN THIS SECTION \_\_\_\_\_ Financial Information  
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# FINANCIAL INFORMATION

## Summary of the Consolidated Statement of Financial Position

(Unit: KRW)

Classification	58th (As of the end of Dec. 2024)	57th (As of the end of Dec. 2023)	56th (As of the end of Dec. 2022)
Current assets	5,016,589,922,670	5,854,119,649,407	5,621,713,796,062
Cash and cash equivalents	1,254,824,478,888	1,579,854,555,114	1,403,904,622,235
Trade and other receivables	1,318,784,044,271	1,555,241,636,165	1,322,920,450,603
Other current financial assets	733,182,416,234	1,189,545,825,062	1,377,608,776,973
Inventories	1,429,094,324,979	1,296,611,415,511	1,275,635,909,605
Current tax assets	24,268,510,817	19,478,021,899	10,239,405,660
Other current non-financial assets	224,031,596,247	213,388,195,656	194,117,479,700
Assets held for sale	32,404,551,234	-	37,287,151,286
Non-current assets	17,643,687,771,227	17,306,311,097,051	16,553,702,869,988
Investments in associates and joint ventures	6,313,496,234,514	6,848,621,810,575	6,594,052,224,407
Trade and other receivables	36,186,900,719	17,737,398,288	17,022,069,360
Other non-current financial assets	833,587,584,684	871,958,308,825	888,770,326,261
Property, plant and equipment	7,610,763,889,601	6,736,288,618,116	5,868,771,676,366
Intangible assets	1,069,188,570,790	995,509,721,376	1,097,145,210,930
Investment property	624,194,340,436	624,893,901,228	712,299,327,546
Right-of-use assets	914,994,039,579	886,680,643,177	763,237,208,742
Net defined benefit assets	87,237,067,620	134,929,161,528	215,999,071,691
Deferred tax assets	82,994,319,117	92,687,599,553	85,131,505,236
Other non-current non-financial assets	71,044,824,167	97,003,934,385	311,274,249,449
<b>Total Assets</b>	<b>22,660,277,693,897</b>	<b>23,160,430,746,458</b>	<b>22,175,416,666,050</b>
Current liabilities	6,577,895,941,552	6,727,891,073,451	6,169,727,343,827
Non-current liabilities	6,882,617,406,890	6,759,698,065,506	6,239,430,587,486
<b>Total Liabilities</b>	<b>13,460,513,348,442</b>	<b>13,487,589,138,957</b>	<b>12,409,157,931,313</b>

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# FINANCIAL INFORMATION

## Summary of the Consolidated Statement of Financial Position

(Unit: KRW)

Classification	58th (As of the end of Dec. 2024)	57th (As of the end of Dec. 2023)	56th (As of the end of Dec. 2022)
Capital stock	21,142,968,000	21,142,968,000	21,142,968,000
Capital surplus	4,259,254,066,826	4,260,105,626,826	4,260,102,226,981
Capital adjustment	(2,143,605,998,042)	(2,425,914,978,659)	(2,416,384,057,962)
Accumulated other comprehensive income	321,118,401,957	17,321,807,176	35,132,874,063
Retained earnings	3,787,124,026,370	4,976,441,921,291	5,215,185,137,551
Non-controlling interests	2,954,730,880,344	2,823,744,262,867	2,651,079,586,104
<b>Total Equity</b>	<b>9,199,764,345,455</b>	<b>9,672,841,607,501</b>	<b>9,766,258,734,737</b>

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# FINANCIAL INFORMATION

## Summary of the Consolidated Statements of Comprehensive Income

(Unit: KRW)

Classification	58th (Jan.1, 2024 – Dec. 31, 2024)	57th (Jan.1, 2023 – Dec. 31, 2023)	56th (Jan.1, 2022 – Dec. 31, 2022)
Revenue	15,756,975,627,179	15,159,775,895,639	14,111,852,309,175
Operating profit	340,468,760,521	493,689,284,141	489,830,602,915
Profit(loss) before income tax	(886,622,654,541)	373,916,519,699	499,860,555,981
Profit(loss) for the year	(946,077,909,988)	163,660,188,554	336,571,001,704
Profit attributable to owners of the Parent Company	(1,018,805,985,752)	(15,357,995,337)	170,760,973,538
Non-controlling interests	72,728,075,764	179,018,183,891	165,810,028,166
Total comprehensive income(loss) for the year	(663,926,398,048)	12,078,877,927	362,812,301,757
Profit attributable to owners of the Parent Company	(767,749,123,890)	(128,929,924,097)	189,110,195,592
Profit attributable to non-controlling interests	103,822,725,842	141,008,802,024	173,702,106,165
Basic earnings per share of common stock	(14,389)	(215)	2,387
Basic earnings per share of preferred stock	(14,339)	(165)	2,437
Diluted earnings per share of preferred stock	(14,389)	(215)	2,387
Diluted earnings per share of preferred stock	(14,339)	(165)	2,437
Number of entities included in consolidation	88	89	90

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# NON-FINANCIAL INFORMATION

## Environment

	Unit	2022	2023	2024	
<b>Energy Consumed</b>					
Energy consumption	Total energy consumption (within the organization)	GJ	14,530.75	18,668.79	17,842.01
	Energy consumption – Fuel	GJ	4,960.52	4,948.33	4,591.21
	Energy consumption – Electricity	GJ	9,570.22	13,720.46	13,250.80
	Energy consumption – Steam	GJ	0	0	0
	Energy intensity per KRW 1 billion in sales	GJ/KRW billion	1.030	1.231	1.132
	Energy intensity per 1 employee	GJ/Person	49.42	61.21	63.95
<b>Water Usage</b>					
Water consumption <sup>1)</sup>	m <sup>3</sup>	4,877	6,673	5,987	
Water intake	Total water intake	m <sup>3</sup>	6,064	7,519	6,956
	Water intake – Surface water	m <sup>3</sup>	0	0	0
	Water intake – Ground water	m <sup>3</sup>	3,084	3,122	3,250
	Water intake – Third-party supplied water	m <sup>3</sup>	2,980	4,397	3,706
	Water withdrawal in water-stressed areas	m <sup>3</sup>	Not applicable	Not applicable	Not applicable
Water use and recycling	Total water recycled	m <sup>3</sup>	2,606	3,264	3,154

<sup>1)</sup> Water usage data for 2022 and 2023 has been partially revised following the refinement of the accounting standard

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# NON-FINANCIAL INFORMATION

## Environment

		Unit	2022	2023	2024
<b>GHG Emissions</b>					
Total GHG emissions (Scope 1+Scope 2)		tCO <sub>2</sub> eq	775.35	974.63	930.09
GHG emissions	Scope 1 (Separate basis in Korea)	tCO <sub>2</sub> eq	317.36	318.03	295.96
	Scope 2 (Separate basis in Korea)	tCO <sub>2</sub> eq	457.99	656.60	634.12
GHG emissions intensity per KRW 1 billion in sales (Scope 1 + Scope 2)	GHG emissions intensity per KRW 1 billion in sales	tCO <sub>2</sub> eq/KRW billion	0.05	0.06	0.06
	GHG emissions intensity per KRW 1 billion in sales (Scope 1)	tCO <sub>2</sub> eq/KRW billion	0.02	0.02	0.02
	GHG emissions intensity per KRW 1 billion in sales (Scope 2)	tCO <sub>2</sub> eq/KRW billion	0.03	0.04	0.04
GHG emissions intensity per 1 employee (Scope 1 + Scope 2)	GHG emissions intensity per 1 employee	tCO <sub>2</sub> eq/Person	2.64	3.20	3.33
	GHG emissions intensity per 1 employee (Scope 1)	tCO <sub>2</sub> eq/Person	1.08	1.04	1.06
	GHG emissions intensity per 1 employee (Scope 2)	tCO <sub>2</sub> eq/Person	1.56	2.15	2.27
<b>Air Pollutant Emissions</b>					
Air pollutant emissions	Nitrogen oxide (Nox) emissions	Tons	0	0	0
	Sulfur oxide (Sox) emissions	Tons	0	0	0
	Particulate matter (PM) emissions	Tons	0	0	0
	Volatile organic compounds (VOC) emissions	Tons	0	0	0

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# NON-FINANCIAL INFORMATION

## Environment

		Unit	2022	2023	2024
<b>Waste Management</b>					
Waste generation	Total waste generated	Tons	32.03	42.24	50.30
	Ratio of hazardous waste generated to total waste generated	%	0	0	0
Hazardous waste treatment	Total hazardous waste treated	Tons	0	0	0
	Hazardous waste treated – Incineration	Tons	0	0	0
	Hazardous waste treated – Landfill	Tons	0	0	0
	Hazardous waste treated – Others	Tons	0	0	0
Waste treatment	Total non-hazardous waste treated	Tons	32.03	42.24	50.30
	Non-hazardous waste treated – Recycle/Reuse	Tons	25.24	42.24	50.30
	Non-hazardous waste treated – Incineration	Tons	6.11	0.00	0.00
	Non-hazardous waste treated – Landfill	Tons	0.68	0.00	0.00
	Non-hazardous waste treated – Others	Tons	0	0	0
<b>Environmental Law Violations</b>					
	Number of compliance violations related to environmental permits, standards, and regulations	Cases	0	0	0

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# NON-FINANCIAL INFORMATION

## Social

		Unit	2022	2023	2024
<b>Gender Pay Gap</b>					
Average male-female wage gap ratio		%	92.57	96.86	98.56
<b>Employees<sup>1)</sup></b>					
Total employees	Total No. of employees	Persons	294	305	279
By gender	No. of employees – Female	Persons	89	92	81
	No. of employees – Male	Persons	205	213	198
By employment type	Total No. of regular employees	Persons	281	297	263
	No. of regular employees – Female	Persons	85	92	75
	No. of regular employees – Male	Persons	196	205	188
	Total No. of contract workers	Persons	13	8	16
	No. of contract workers – Female	Persons	4	0	6
	No. of contract workers – Male	Persons	9	8	10
By age	No. of employees – Under 30	Persons	23	16	13
	No. of employees – 30s and 40s	Persons	246	257	236
	No. of employees – 50 and over	Persons	25	32	30
<b>New Employee Hires</b>					
Total No. of new employees hired		Persons	155	46	41
By gender	No. of new employees hired – Male	Persons	97	31	27
	No. of new employees hired – Female	Persons	58	15	14
By age	No. of new employees hired – Under 30	Persons	24	3	5
	No. of new employees hired – 30s and 40s	Persons	124	38	35
	No. of new employees hired – 50 and over	Persons	7	5	1

<sup>1)</sup> The number of employees stated for 2023 in the previous year's report contained a tabulation error, and the corrected figures are reflected in this report.

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# NON-FINANCIAL INFORMATION

## Social

		Unit	2022	2023	2024
<b>Employee Turnover<sup>1)</sup></b>					
Total No. of turnover		Persons	50	31	61
By gender	No. of turnover – Male	Persons	36	20	37
	No. of turnover – Female	Persons	14	11	24
By age	No. of turnover – Under 30	Persons	8	2	4
	No. of turnover – 30s and 40s	Persons	37	23	52
	No. of turnover – 50 and over	Persons	5	6	5
Turnover rate	Voluntary turnover rate	%	18	10	23
	Turnover rate	%	18	10	23
<b>Employee Education &amp; Training</b>					
Training hours	Average training hours per person	Hours	65.2	75.1	64.6
	Average training hours per person – Male	Hours	62.9	73.1	64.4
	Average training hours per person – Female	Hours	70.7	79.7	65.4
	Average training hours per person – Under 30	Hours	46.9	55.3	42.3
	Average training hours per person – 30s and 40s	Hours	69.1	80.9	71.3
	Average training hours per person – 50 and over	Hours	30.8	42.3	31.3
Training expenditures	Total training expenditures	KRW million	351	442	440
	Training expenditures – Male	KRW million	201	301	305
	Training expenditures – Female	KRW million	150	141	135
	Training expenditures – Under 30	KRW million	12	11	4
	Training expenditures – 30s and 40s	KRW million	308	336	346
	Training expenditures – 50 and over	KRW million	30	94	90
	Employee education & training expenditures per person	KRW million/Person	1.18	1.39	1.31

<sup>1)</sup> Due to changes in the drafting criteria, some data for 2022 and 2023 has been revised.

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# NON-FINANCIAL INFORMATION

## Social

		Unit	2022	2023	2024
<b>Employee Evaluation &amp; Compensation</b>					
Evaluation & compensation ratio	Proportion of employees participating in regular performance evaluations	%	91.4	94.8	96.4
	Proportion of employees participating in regular performance evaluations – Female	%	89.4	92.1	90.3
	Proportion of employees participating in regular performance evaluations – Male	%	92.4	96.3	99.3
<b>Employee Diversity</b>					
Person with disabilities	Number of employees with disabilities	Persons	5	9	9
	Proportion of employees with disabilities	%	1.78	3.09	3.04
<b>Discrimination</b>					
Cases received	Number of grievances received through grievance handling channels	Cases	369	595	471
Cases resolved	Number of grievances resolved among those received through grievance handling channels	Cases	369	595	471
<b>Parental Leave</b>					
Eligible for parental leave	No. of employees eligible for parental leave	Persons	13	14	8
	No. of employees eligible for parental leave – Male	Persons	12	9	5
	No. of employees eligible for parental leave – Female	Persons	1	5	3
Employees who used parental leave	No. of employees who used parental leave	Persons	10	10	9
	No. of employees who used parental leave – Male	Persons	9	6	4
	No. of employees who used parental leave – Female	Persons	1	4	5
Retention rate after return-to-work	No. of employees who served for over 12 months after parental leave	Persons	4	11	5
	No. of employees who served for over 12 months after parental leave – Female	Persons	0	2	1
	No. of employees who served for over 12 months after parental leave – Male	Persons	4	9	4

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# NON-FINANCIAL INFORMATION

## Social

		Unit	2022	2023	2024
<b>Employee Injuries</b>					
Lost time injury	Lost time injury rate (LTIR)	Per 200,000 working hours		Unable to calculate the incident rate due to no occurrences of incidents	
	Lost time injury rate (LTIR) – Own workforce	Per 200,000 working hours			
	Lost time injury rate (LTIR) – Partner companies' workforce	Per 200,000 working hours			
	Lost time injuries (LTI)	Cases			
	Lost time injuries (LTI) – Own workforce	Cases			
	Lost time injuries (LTI) – Partner companies' workforce	Cases			
<b>Information Security</b>					
Corporate data and customer information leakage incidents	Number of issues related to information security	Cases	0	0	0
	Total number of verified customer data breaches (including theft and loss)	Cases	0	0	0
<b>Donations</b>					
Donations	Total amount of political contributions and other expenditures	KRW million	21,254	17,008	19,677
<b>Social Contribution Expenditures</b>					
Social contributions	Donations against sales	%	0.15	0.11	0.12

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# NON-FINANCIAL INFORMATION

## Governance

		Unit	2022	2023	2024
<b>Status of BOD</b>					
BOD Composition – Total	No. of BOD members	Persons	8	8	9
	No. of executive directors	Persons	3	3	4
	No. of other non-executive directors	Persons	0	0	0
BOD Composition – By type	No. of non-executive directors	Persons	5	5	5
	Portion of non-executive directors among BOD members	%	62.5	62.5	55.6
	No. of female executives who are neither controlling shareholders nor relatives among registered executives	Persons	1	1	2
BOD Composition – By gender	Male non-executive directors	Persons	4	4	3
	Female non-executive directors	Persons	1	1	2
	Portion of female directors among BOD members	%	12.5	12.5	22.2
BOD operation	No. of BOD meetings held	Times/Year	13	10	10
	Non-executive Directors' BOD attendance rate	%	98	96	100
<b>Audit Committee</b>					
Composition of the Audit Committee	Portion of non-executive directors among Audit Committee members	%	100	100	100
	No. of Audit Committee members who meet the legal requirements for accounting or financial expert	Persons	1	1	1
Operation of the Audit Committee	No. of Audit Committee meetings held	Times/Year	5	8	8
	Ratio of non-audit services provided by external auditors	%	52.8	54.1	79.2
<b>Compensation Committee</b>					
Composition of the Compensation Committee	Portion of non-executive directors among Compensation members	%	75	75	75
<b>Non-executive Director Candidate Nomination Committee members</b>					
Composition of the Non-executive Director Candidate Nomination Committee	Portion of non-executive directors among Non-executive Director Candidate Nomination Committee members	%	75	100	100

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# NON-FINANCIAL INFORMATION

## Governance

		Unit	2022	2023	2024
<b>CEO Compensation</b>					
Total compensation of the CEO		KRW million	6,165	6,449	5,972
CEO compensation level compared to employees		%	42.81	42.15	38.28
<b>Shareholder Return</b>					
Dividend	Cash dividend per share in the corresponding year	KRW million	1,500	1,500	1,200
	Stock cancellation over the past 3 years	Qualitative (Y/N)	No relevant matters for common shares 182,020 preferred shares canceled		Not applicable
<b>Ethical Management Education</b>					
Anti-corruption (ethics) education	Portion of employees within the organization who received anti-corruption training	%	93.0	97.6	95.8
	Portion of BOD members within the organization who received anti-corruption training	%	67	67	25
Anti-corruption (ethics) incidents	No. of violations related to anti-corruption regulations	Cases	0	0	0
Confirmed corruption/ bribery incidents	No. of convictions for violations of anti-corruption and anti-bribery laws	Cases	0	0	0
	Amount of fines imposed for violations of anti-corruption and anti-bribery laws	KRW million	0	0	0
<b>Creation and Distribution of Economic Value</b>					
Direct creation of economic value	Sales	KRW million	14,111,852	15,159,776	15,756,976
	Operating costs (procurement cost of raw materials and services)	KRW million	9,357,083	10,012,406	10,261,838
Distribution of economic value	Employee remuneration and benefits	KRW million	1,860,875	2,094,208	2,305,442
	Dividends and interest expenses	KRW million	349,858	479,401	553,313
	Tax (by country)	KRW million	163,290	210,256	59,455
	Investments in local communities (donations, social contribution expenses)	KRW million	21,254	17,008	19,677
Economic value held	Direct creation of economic value – Distribution of economic value	KRW million	2,359,493	2,346,496	2,557,251

<sup>1)</sup> Based on executive directors

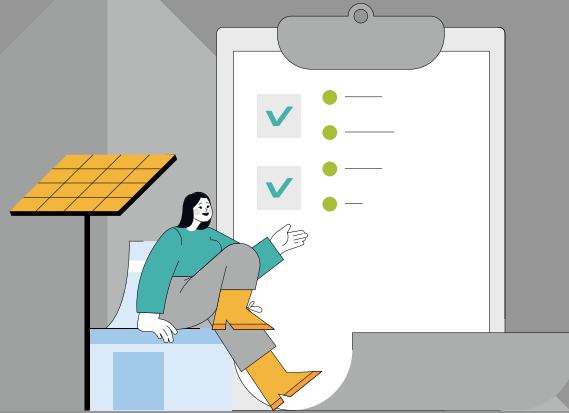
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# 06. APPENDIX

IN THIS SECTION

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- TCFD Index
- IFRS S2 Index
- ESRS Index
- Awards & Membership
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# GRI INDEX

STATEMENT OF USE	GRI 1 USED
LOTTE Corporation reports on its activities and achievements for the reporting period (from January 1, 2024, to December 31, 2024) in accordance with GRI Standards.	GRI 1: Foundation 2021

## Universal Standards

Classification	Disclosure	Requirement	Page	Note
Universal Standards 1	1-7	Publish a GRI content index	134	
The organization and its reporting practices	2-1	Organizational details	11	
	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	2	
	2-5	External assurance	145-146	
Activities and workers	2-6	Activities, value chain and other business relationships	9-15, P. 43-50 of Business Report	
	2-7	Employees	127-129, P. 553 of Business Report	
	2-8	Workers who are not employees	127	
Governance	2-9	Governance structure and composition	67-73	
	2-10	Nomination and selection of the highest governance body	67-72	
	2-11	Chair of the highest governance body	67	
	2-12	Role of the highest governance body in overseeing the management of impacts	69, 72-73	
	2-13	Delegation of responsibility for managing impacts	36, 69	
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	2-15	Conflicts of interest	67, 70	
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	2-17	Collective knowledge of the highest governance body	71	

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# GRI INDEX

## Universal Standards

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	2-19	Remuneration policies	P. 555 of Business Report	
	2-20	Process to determine remuneration	74, P. 555 of Business Report	
	2-21	Annual total compensation ratio	132	
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	2-23	Policy commitments	45, 47, 84-86	
	2-24	Embedding policy commitments	45, 47, 84-86	
	2-25	Processes to remediate negative impacts	76-82	
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	2-28	Membership associations	144	
Stakeholder engagement	2-29	Approach to stakeholder engagement	28	
	2-30	Collective bargaining agreements	-	
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	3-2	List of material topics	30	
	3-3	Management of material topics	31-33	

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# GRI INDEX

## Topic-specific Standards

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Economic Performance	201-1	Direct economic value generated and distributed	132, P. 175 of Business Report	
	201-2	Financial implications and other risks and opportunities due to climate change	37-42	
	201-4	Financial assistance received from government	11	
Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	-	
	202-2	Proportion of senior management hired from the local community	54	
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	205-1	Operations assessed for risks related to corruption	-	
Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	132	
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## Topic-specific Standards

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	302-3	Energy intensity	124	
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	303-4	Water discharge	124	
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Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	112	
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	305-2	Indirect (Scope 2) GHG emissions	125	
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	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	125	
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# GRI INDEX

## Topic-specific Standards

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	403-1	Occupational health and safety management system	98-101	
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	403-3	Occupational health services	101-104	
	403-4	Worker participation, consultation, and communication on occupational health and safety	98	
	403-5	Worker training on occupational health and safety	103-104	
	403-6	Promotion of worker health	97	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	103	
	403-9	Work-related injuries	130	
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Training and Educations	404-1	Average hours of training per year per employee	128	
	404-3	Percentage of employees receiving regular performance and career development reviews	129	
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# TCFD INDEX

Classification	Indicator	Page	Note
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	Management's role in assessing and managing climate-related risks and opportunities	36, 86	
Strategy	The climate-related risks and opportunities the organization has identified over the short, medium and long term	37-38	
	The impact of climate-related risks and opportunities on the organization's business, strategy and financial planning	39-42	
	The resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	39-42	
Risk Management	The organization's processes for identifying and assessing climate-related risks	43	
	The organization's processes for managing climate-related risks	43	
	How processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management	43	
Metrics and Targets	The metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	44-45	Energy consumption, GHG emissions
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	The targets used by the organization to manage climate-related risks and opportunities and performance against targets	45	

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# IFRS S2 INDEX

Classification	Requirements	Page
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	Management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities	36, 69
Strategy	The climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects	37-38
	The current and anticipated effects of those climate-related risks and opportunities on the entity's business model and value chain	39-42
	How the entity has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making	39-42
	The effects of climate-related risks and opportunities on the entity's financial position, financial performance and cash flows	39-42
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# AWARDS & MEMBERSHIP

## AWARDS

### 2024

- Received the Grand Prize at the Corporate Category in the 2024 Korea Compliance Awards
- Received the Prime Minister's Commendation at the 13th National Sharing Awards
- LOTTE Corporation 2023 Sustainability Report received the Bronze Award in 2024 Galaxy Awards
- LOTTE Corporation 2022 Sustainability Report received the Grand Award in 2024 ARC Awards and the Platinum Award in 2024 LACP Vision Awards

### 2023

- Received the NCRC Award to companies practicing child rights management (National Center for the Rights of the Child)
- LOTTE Corporation 2022 Sustainability Report received the Platinum Award in 2023 LACP Spotlight Awards and Bronze Award in 2023 Galaxy Awards
- LOTTE Corporation 2021 Sustainability Report received the Grand Award in 2023 ARC Awards

### 2022

- LOTTE Corporation 2021 Sustainability Report received the Grand Award in 2022 Galaxy Awards and the Gold Award in 2022 LACP Spotlight Awards

### 2021

- LOTTE Academy received the 1st Korea Human Resource Development Award (The Korean Association of Human Resource Development)
- Commendation from the Minister of Culture, Sports and Tourism in the sector of chair company at the 2nd Korea Sports Mecenat Awards (Ministry of Culture, Sports and Tourism)
- LOTTE Corporation 2020 Sustainability Report received the Gold Award in 2021 ARC Awards



## MEMBERSHIP

- The Federation of Korean Industries
- Korea Ski Association

\* As of December 2024



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# INDEPENDENT ASSURANCE STATEMENT

## Independent Assurance Statement

Lotte Corporation (hereinafter "Lotte Corp") engaged Samjong KPMG LLC to undertake an independent assurance engagement on its 2024 Sustainability Report (hereinafter "the Report"), prepared as of June 2025 and covering the fiscal year 2024. In response, we conducted an independent assurance engagement in accordance with the agreed scope and objective.

### Purpose and Scope of Assurance

The objective of this assurance engagement was to provide limited assurance as to whether the Report has been prepared, in all material respects, in accordance with the applicable reporting standards, namely the GRI (Global Reporting Initiative) Standards 2021, and the disclosure frameworks of the ISSB (International Sustainability Standards Board) and EU CSRD (Corporate Sustainability Reporting Directive). This assurance engagement does not cover the feasibility of achieving Lotte Corp's strategies, goals, or expectations. In accordance with the KPMG Sustainability Assurance Manual (KSAM)™, we assessed the reliability of non-financial information with reference to the principle of materiality, and verified whether the financial data disclosed in the Report was appropriately extracted from Lotte Corp's audited financial statements. For complete and accurate information on Lotte Corp's financial position and performance, readers are advised to refer to the company's financial statements audited by an external auditor, dated March 16, 2023.

### Responsibilities

Lotte Corp is responsible for the entirety of the Report content, as outlined under "Reporting Standards" in the About This Report section, and for preparing it in alignment with the GRI Standards 2021, ISSB guidance, and EU CSRD disclosure principles. Lotte Corp's management is responsible for establishing and maintaining appropriate performance management and internal control systems to ensure the reliability of reported sustainability information. Our responsibility is to conduct a limited assurance engagement and provide an independent conclusion based on the work performed.

### Independence

We comply with the Code of Ethics for Professional Accountants issued by the International Federation of Accountants (IFAC). We are independent of Lotte Corp and are prohibited from providing any services, including assistance in preparing the Report, that could compromise our independence. Samjong KPMG LLC maintains appropriate systems and procedures to monitor and ensure compliance with ethical standards and independence requirements. This assurance engagement was conducted in accordance with ISAE 3000 (International Standard on Assurance Engagements 3000) issued by the International Auditing and Assurance Standards Board (IAASB), which includes requirements for independence, ethical conduct, and the planning and execution of limited assurance engagements.

### Limitations

A limited assurance engagement provides a lower level of assurance than a reasonable assurance engagement. Accordingly, we may not have identified all significant matters that would have been disclosed in a reasonable assurance engagement. This assurance statement has been prepared solely for Lotte Corp in accordance with the terms of our engagement, and we do not accept or assume responsibility to any party other than Lotte Corp for our assurance work or this statement.

### Key Assurance Procedures

Our procedures were designed to determine whether the Report was prepared, in all material respects, in accordance with the stated reporting standards, and in line with the requirements of a limited assurance engagement. The procedures included the following:

- Verification that financial information disclosed in the Report was appropriately derived from Lotte Corp's audited financial statements;
- Inquiries regarding the procedures for identifying material topics considering Lotte Corp's key stakeholders;
- Interviews with relevant personnel responsible for collecting and reporting sustainability information;
- On-site visit to Lotte Corp's headquarters to assess processes and systems used for managing and reporting sustainability data;
- Assessment of whether Lotte Corp's sustainability governance, initiatives, and performance described in the Report are consistent with our overall knowledge and experience of the organization.

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# INDEPENDENT ASSURANCE STATEMENT

## Assurance Conclusion

Based on the procedures performed and the evidence obtained, we provide the following conclusions:

**Stakeholder Inclusiveness** Lotte Corp has identified key concerns of its primary stakeholders—including customers, employees, suppliers, local communities, NGOs, CSR associations, professional bodies, government agencies, and the media—and operates appropriate online and offline engagement channels. We found no material stakeholder group whose views were excluded from the engagement process.

**Sustainability Context** Lotte Corp has established internal processes to reflect the status and improvement areas related to ESG issues in executive decision-making and departmental business planning. We confirm that the Report appropriately contextualizes sustainability performance in relation to the broader context of corporate and social responsibility.

**Double Materiality** Lotte Corp applied a double materiality assessment framework in determining the key contents of the Report. We identified no material omissions related to significant sustainability performance.

**Completeness** The Report clearly defines its reporting boundary, period, and standards in the About This Report section. It has been prepared in a complete manner consistent with the defined scope and criteria.

Considering the applicable reporting standards, we conclude that the Report provides an appropriate and reliable basis for stakeholders to assess Lotte Corp's sustainability performance. We confirm that the 2024 Sustainability Report of Lotte Corp has been fairly and appropriately prepared in terms of content determination and application of reporting standards.

June 2025

**Kim Kyo Tae**

Chairman

Samjong KPMG LLC



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# IMPRINT

## Date of Publishing

June 2025

## Publishing Department in Charge

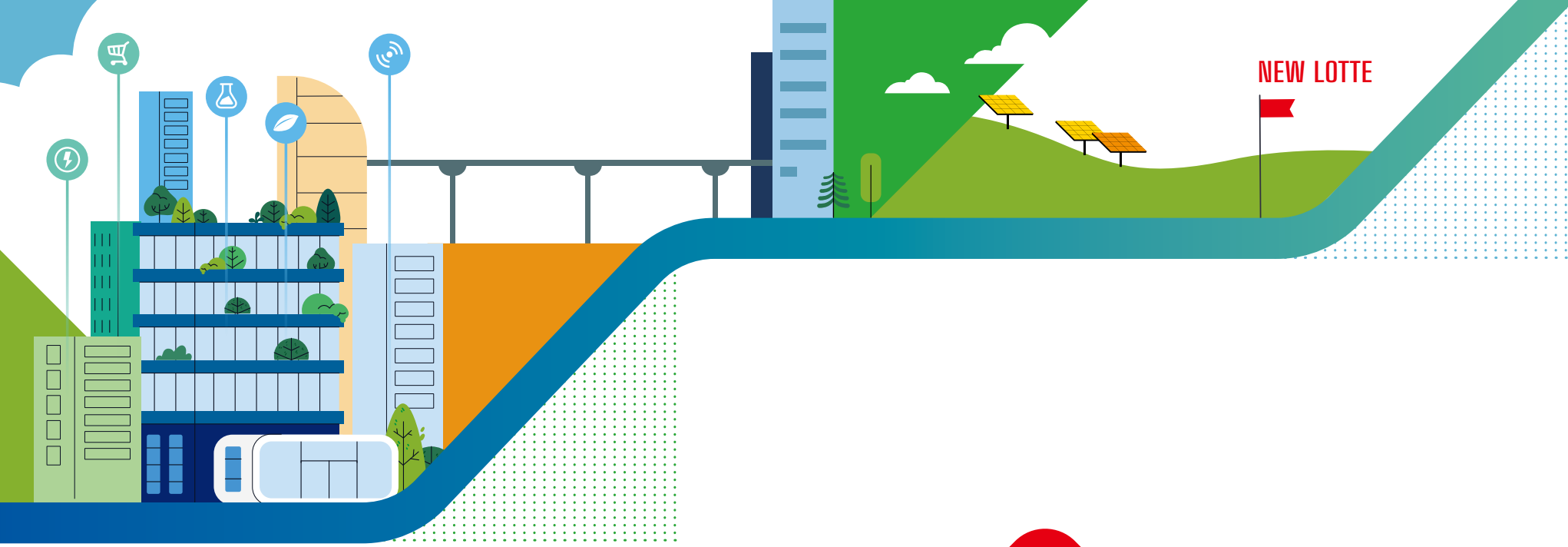
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