



LOTTE GLOBAL LOGISTICS

2022 LOTTE GLOBAL LOGISTICS SUSTAINABILITY REPORT



ABOUT THIS REPORT

Report Overview

Lotte Global Logistics actively promotes ESG management based on the vision of "Delivering Sustainable Values to Future Generations." This report is the first sustainability report encompassing Lotte Global Logistics' ESG strategies, tasks, achievements, and goals. We will continue to publish sustainability reports to transparently disclose and communicate with stakeholders about Lotte Global Logistics' ESG management.

Reporting Period and Scope

This report covers the period from January 1, 2022, to December 31, 2022, and further gives information on specific key achievements up to the first quarter of 2023. The reporting scope includes Lotte Global Logistics' domestic headquarters and all business locations. The reporting scope is specified through footnotes or explanations for data reported, including some business locations.

Reporting Standards

This report was prepared in accordance with the Global Reporting Initiative (GRI) Standards 2021, the international reporting standard for sustainability. In addition, disclosures about sustainability issues that may affect corporate finances have been included, reflecting the Sustainability Accounting Standards Board's (SASB) Heavy Air Freight and Logistics standard.

Report Assurance

This report has undergone third-party assurance by BSI Group Korea, an independent assurance agency, to ensure the reliability and completeness of the writing process and data.

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Cover Story

The cover of Lotte Global Logistics' first Sustainability Report features the company's image of "transmitting sustainable values to future generations." Through the report, we hope to convey our sincere commitment to being an environmental, social, and governance (ESG) leader in the logistics industry.



2022 LOTTE GLOBAL LOGISTICS SUSTAINABILITY REPORT

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Lotte Global Logistics is earnestly promoting ESG management to become the “ESG leader in the domestic logistics industry,” connecting the world with competitive logistics and the future through sustainable leadership.



Environmental:
Minimizing Environmental Impacts through Green Logistics

We will strengthen our green logistics capabilities to deliver hope to future generations.

Social:
Smart Logistics to Realize Customer Value

We provide optimal logistics services to our customers, creating logistics innovation that makes the planet smaller.

Governance:
Sustainable Logistics for Win-Win Growth

We will build a supply chain-wide ESG management system to achieve shared growth.



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CEO MESSAGE

Lotte Global Logistics, which has been practicing sustainable logistics activities since its establishment in 1996, continues working to establish itself as the “ESG leader in the domestic logistics industry,” connecting the world with competitive logistics and the future through sustainable leadership.

To all our stakeholders who are part of Lotte Global Logistics,

We are delighted to present Lotte Global Logistics' first Sustainability Report, showcasing our commitment to sustainable logistics practices.

We sincerely thank you for your continued encouragement and unwavering support.

Lotte Global Logistics, which has played a pivotal role in the Korean logistics industry since its establishment in 1996, is a comprehensive logistics company that provides one-stop services in all areas of logistics, including parcel service, SCM (warehouse, transport and shipping), and international logistics (stevedoring, forwarding, and international express), both domestically and overseas. Furthermore, we are strengthening logistics innovation based on our smart logistics automation capabilities by implementing full-scale automation facilities in our distribution centers.

Recently, we have all had to go through a period of fear and change because of the global economic downturn and the impact of COVID-19. However, during this era of remote interactions, we have learned the importance of “connection.”

Lotte Global Logistics seeks to reaffirm its vision of “Connecting World, Enrich Life” and aspires to go beyond just offering logistics services to acting as a “messenger of sustainable value.”

Believing that our small efforts can make a big difference, we promise to all stakeholders that we will sincerely promote ESG management.

First, we will strengthen our green logistics capabilities to deliver hope to future generations.

With the goal of “Green Logistics 2040”, Lotte Global Logistics is committed to enhancing all aspects of our core logistics business's environmental friendliness.

We voluntarily participate in the “K-EV100” agreement to convert our fleet to electric and hydrogen vehicles by 2030. We are also expanding our infrastructure to use renewable energy by installing solar power generation facilities in important distribution centers to contribute to carbon neutrality. Lotte Global Logistics will continue to lead the industry by practicing green logistics.

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Second, we will spread warmth by making social responsibility activities a part of our daily routine.

Lotte Global Logistics operates a diverse and fair recruitment process to create employment, a corporate social responsibility, and a talent development system for each job and position to ensure that all employees become logistics experts. We also continue to expand our safety inspections and related investments across all of our locations to ensure the safety of each and every one of our valued field workers.

Lotte Global Logistics also works to internalize social responsibility activities within the organization and extend them to the broader community through various campaigns. We will spread goodness in our society by building consensus on social responsibility activities such as "step donation" and "used toy donation" campaigns.

Third, we will convey our commitment to integrity through transparent governance.

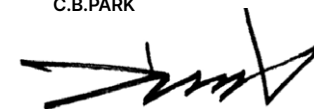
Lotte Global Logistics strives to establish a transparent governance structure so that we can turn our commitment to sustainable management into action.

Despite being an unlisted company, we have appointed external directors who are industry experts to participate in major management decisions. In 2021, we established an ESG Committee within the board of directors to review and decide on ESG strategies, policies, and key tasks. We also build ESG management systems across the supply chain by supporting our partners' sustainability efforts. We will continue to expand our communication with stakeholders to further strengthen our transparent governance.

Lotte Global Logistics will keep working to establish itself as the "ESG leader in the domestic logistics industry," connecting the world with competitive logistics and connecting the future through sustainable leadership. Along the way, we'll actively engage with our stakeholders and listen to your feedback. We look forward to your continued support and encouragement.

Thank you.

July 2023
CEO
C.B.PARK






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ABOUT LOTTE GLOBAL LOGISTICS

**Logistics innovation makes the planet smaller.
This is the customer value that Lotte Global Logistics pursues.**

COMPANY OVERVIEW

(As of December 2022)

Company Name	Lotte Global Logistics	Headquarters Location	10, Tongil-ro, Jung-gu, Seoul (Yonsei Severance Foundation Building)
Date of Establishment	October 14, 1996	Business	Comprehensive Logistics (domestic logistics / parcel service / international logistics)
CEO	Park Chan-bok		
Employees	2,259		



Smart Logistics

We aspire to logistics that think and move on their own. Based on the data, we will provide the best logistics services for our customers. Lotte Global Logistics will realize smart logistics based on intelligence and automation.



Last-Mile Leader

Effectively respond to distribution and logistics trends and lead the way in customer service. Create a mobile-enabled IT environment for happy, genuine delivery all the way. We will enhance our clients' value by providing various last-mile services, including fresh delivery and timely delivery.



A better way to connect with the world

We provide a seamless global one-stop service across all areas of logistics, from warehouse management to shipping and air transportation, stevedoring, and local inland delivery, through close links between domestic and overseas locations.



Strengthening logistics innovation to realize customer value

By establishing the Logistics Research Institute in 2017, we continue pursuing innovation in each sector. We will lead the next ten years of logistics by strengthening strategic alliances with advanced logistics companies, enhancing consulting capabilities, and accelerating automation and unmanned operations.

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MAIN HISTORY

- 1996** • Established Lotte Logistics
- 1998** • Launched Lotteria logistics service
- 1999** • Launched Lotte Mart logistics service
- 2000** • Launched Lotte.com logistics service
- 2001** • Launched Lotte Supermarket logistics service
- 2007** • Expanded logistics in the Group's food, chemical, and manufacturing businesses
- 2009** • Entered the 3PL market
 - Established overseas bases
 - Established a subsidiary in China in 2009
 - Established a subsidiary in Indonesia in 2010
 - Established a subsidiary in Vietnam in 2015
 - Established a subsidiary in Kazakhstan in 2016
- 2010** • Invested in large-scale logistics infrastructure
 - Acquired and opened Icheon Distribution Center
 - Opened Gimpo Online Center
- 2016** • Acquired Hyundai Logistics
 - Participated in the parcel service business (launched a new brand, Lotte Courier)
 - Extensively expanded overseas network (4 → 18 overseas companies)
- 2017** • Established Lotte Logistics Research Institute
- 2019** • Launched the integrated logistics company, Lotte Global Logistics Co., Ltd.
- 2020** • Signed an MOU with the Ministry of Environment to expand the supply of electric freight vehicles
 - Selected for the first time as the Quality Management System Excellent Company two times in a row
 - Selected as the 2020 "Best Safety and Health Business Places" for the Service Field
 - Selected as the 2020 "Korea's Best Job Creating Company"
 - Held the topping out ceremony of the Jincheon Mega Hub Terminal
 - Awarded the 58th Firefighting Day Commendation from the Minister of the Interior and Safety
- 2020** • Acquired ISO19600 (compliance management systems) and 37001 (anti-bribery management systems) international certifications simultaneously
 - Selected as the 2020 Best HRD(Human Resource Development) Company
 - Started to officially operate eco-friendly cold chain electric freight vehicles for the first time in Korea
- 2021** • Awarded a prize for "excellent transportation company that has marked 100 days free of business freight vehicle accident"
 - Awarded Korea Excellent Logistics Company Prize at the "ICN Awards" (by Incheon International Airport Corporation)
 - Concluded a consortium agreement for Green Ammonia Ocean Transportation Bunkering (Lotte Global Logistics, Lotte Fine Chemical, HMM, POSCO, Korean Register, Korea Shipbuilding & Offshore Engineering)
 - Issued overseas ESG bonds for the first time in the logistics industry
 - Successfully transported 3,400-ton single heavy cargo to Indonesia by sea for the first time in Korea
 - Obtained compliance management systems and anti-bribery management systems certifications (ISO 37301 & ISO 37001) simultaneously for the first time in the industry
 - "Jincheon Mega Hub Terminal" Received the Smart Logistics Center "Preliminary Certification Grade 1" from the Ministry of Land, Infrastructure and Transport
 - Signed a business agreement for "Green Logistics Conversion Solution Business" for the first time in the industry
- 2022** • Officially opened Jincheon Mega Hub Terminal
 - Officially opened Yangsan Integrated Smart Automation Center
 - Established the automation for the entire logistics process at the Icheon Automation Center
 - Won the Minister of Employment and Labor Award at the Fair Recruitment Best Practices Contest
 - Launched "Lotte Delivery Direct GO", an online delivery contract service



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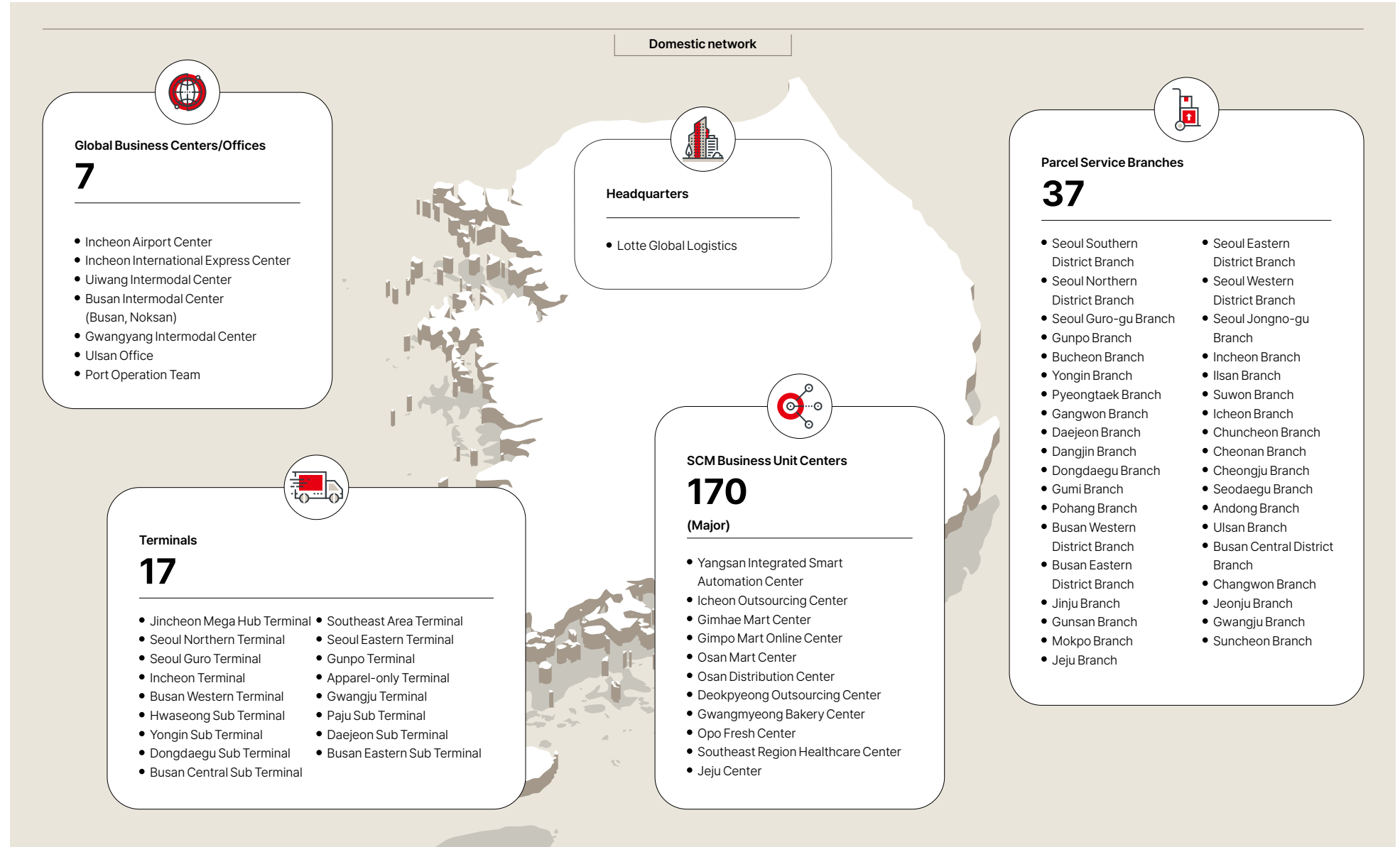
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DOMESTIC AND INTERNATIONAL NETWORKS





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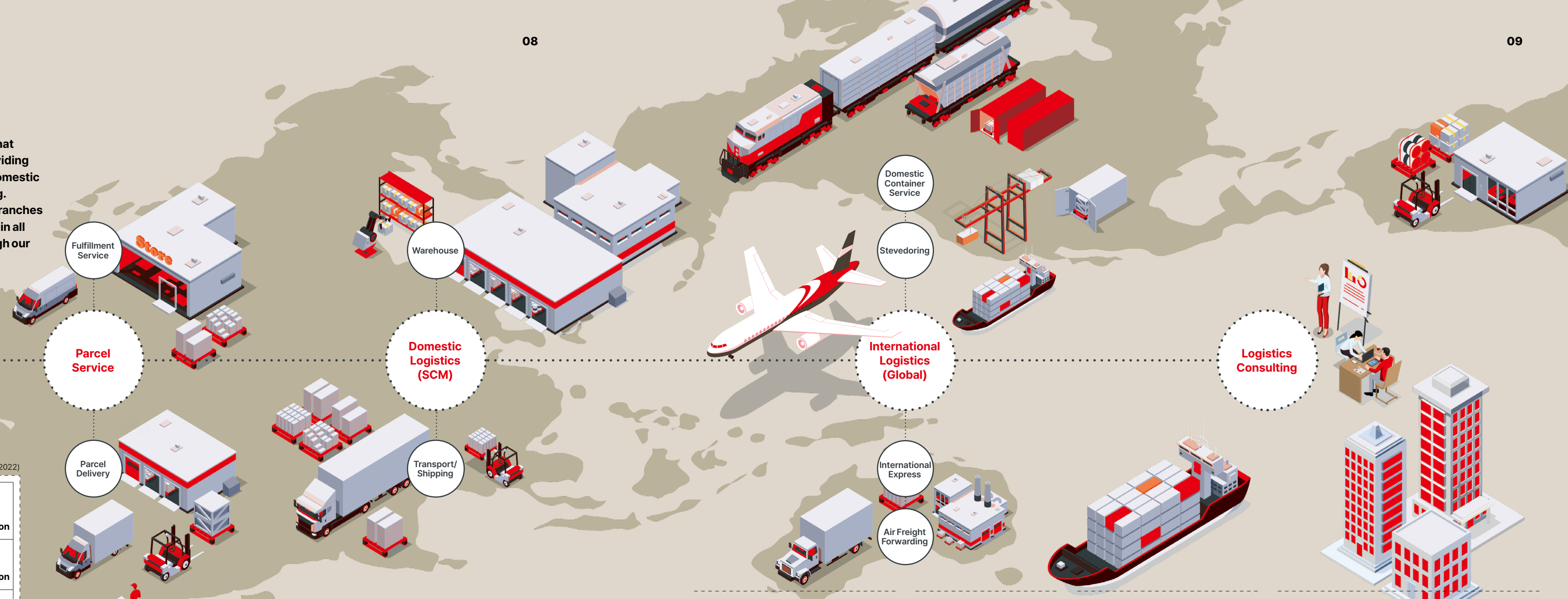
Global Networks



China	SHANGHAI HYUNDAI ASIA SHIPPING INTERNATIONAL FREIGHT FORWARDING CO., LTD.(China)	Shanghai (corporate)	Kazakhstan LOTTE GLOBAL LOGISTICS KAZAKHSTAN CO., LTD.	Almaty (corporate)		
		Wuxi (branch)		Uzbekistan LOTTE GLOBAL LOGISTICS CO., LTD. (IN UZBEKISTAN)	Tashkent (branch)	
		Shenzhen (branch)			Philippines LOTTE GLOBAL LOGISTICS PHILIPPINES, INC.	Manila (corporate)
		Dongguan (branch)		United Kingdom LOTTE GLOBAL LOGISTICS (UK) CO., LTD.		London (corporate)
		Tianjin (branch)				Germany LOTTE GLOBAL LOGISTICS (GERMANY) GMBH
Hong Kong	LOTTE GLOBAL LOGISTICS (HONGKONG) CO., LIMITED	Hong Kong (corporate)	Hungary LOTTE Global Logistics Hungary Kft.	Budapest (corporate)		
		Hanoi (branch)		LOTTE GLOBAL LOGISTICS (NORTH AMERICA) INC.	Dallas (corporate)	
		Vietnam	LOTTE VINATRANS GLOBAL LOGISTICS (VIETNAM) CO., LTD		Ho Chi Minh City (transportation corporate)	India LOTTE Global Logistics (INDIA) Private Limited
LOTTE GLOBAL LOGISTICS VIETNAM CO., LTD.	Long Hau (warehouse corporate)				United States LOTTE GLOBAL LOGISTICS (USA) INC.	
	India			LOTTE Global Logistics (INDIA) Private Limited		New Delhi (corporate)
Singapore		LOTTE Global Logistics (SINGAPORE) PTE. LTD.	Singapore (corporate)		Chicago (branch)	
	Indonesia		PT. LOTTE GLOBAL LOGISTICS INDONESIA	Jakarta (corporate)	New York (branch)	

BUSINESS OVERVIEW

Lotte Global Logistics is a comprehensive logistics company that strives to become a Global Top-tier Logistics Company by providing services in various business sectors such as parcel service, domestic logistics (SCM), international logistics (Global), and consulting. As of the end of December 2022, the company operated 283 branches and had a fleet of 16,000 vehicles. One-stop logistics services in all areas are provided to over 42,000 customer companies through our domestic and 13 overseas subsidiaries.



Key Financial Results

(As of December 2022)

Total Assets	KRW 2,653,968 million	Operating Revenues	KRW 62,604 million
Total Capital	KRW 575,914 million	Net Profit	KRW 26,902 million
Sales	KRW 3,998,309 million	Credit Rating	A (NICE Investors Service)

* All financial results are presented on a consolidated basis.

16,000 vehicles 283 branches 13 overseas subsidiaries 42,000 customer companies



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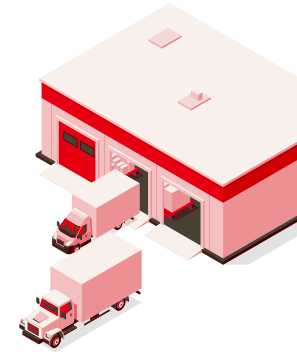
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Parcel Service



Parcel Delivery

Based on Jincheon Mega Hub Terminal and a network of 17 terminals, 37 branches, and 1,000 agents in major regions nationwide, Lotte Global Logistics provides customer satisfaction services in the personal delivery and B2C delivery sectors through more than 10,000 couriers nationwide who are trained in excellent customer service.

Fulfillment Service

Lotte Global Logistics guarantee optimal e-commerce fulfillment services that link order data with shipping. Through automation and IT convergence of a series of processes such as product registration, ordering, packaging, shipping, and CS management, Lotte Global Logistics are securing fulfillment capabilities to handle "personalized consumption" and "small quantities of various products."

Domestic Logistics (SCM)



Warehouse

Lotte Global Logistics provide warehouses with room temperature, cold storage, and frozen storage options, allowing customers to store their goods with peace of mind, and our professional staff offers warehouse operation services that maximize the productivity of customers' businesses. Lotte Global Logistics provides advanced comprehensive logistics services to customers through the best supply chain management (SCM) in Korea. By consulting with logistics experts, Lotte Global Logistics can dramatically improve shippers' current logistics processes and realize cost savings for our clients by streamlining their logistics operations. Lotte Global Logistics provide a variety of customized specialized logistics networks, including food distribution and franchise logistics agencies, healthcare specialized logistics services, warehouse inventory management services, wholesale and retail distribution businesses, and distribution services.

Transport/Shipping

Lotte Global Logistics transport general cargo, special cargo, oil, petrochemicals, etc., between logistics bases and to customers and provide factory/facility relocation and office relocation services. In addition, Lotte Global Logistics consign products from shipper companies, manage all product logistics from order processing to sales outlets or actual consumers, and perform various packaging tasks from domestic transportation packaging to export packaging.



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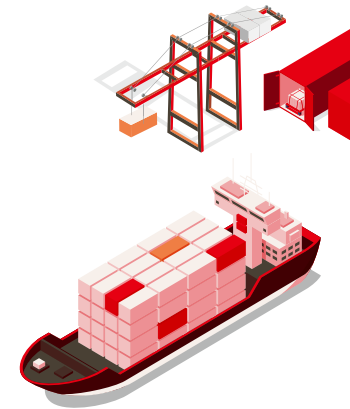
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International Logistics (Global)



Logistics Consulting



Stevedoring

Lotte Global Logistics fully meets the expectations of shipping lines with state-of-the-art equipment and systems at Busan New Port, which is emerging as a hub container terminal. We provide customers with prompt and accurate services through the seamless performance of a continuum of services ranging from transportation to storage as well as the loading and unloading of containerized cargo (except for steel products and heavy goods).

Domestic Container Service

Lotte Global Logistics utilize various infrastructures and advanced systems, such as dedicated container piers, yards, and bonded warehouses, to provide safer and more efficient import and export container transportation services.

Ocean Freight Forwarding

To make logistics management more effective and expand our customer service, Lotte Global Logistics provides the movement conditions of cargo worldwide in real-time through our high-tech logistics information system. Lotte Global Logistics also offer the best shipping service to customer companies through our One-Stop Service, which integrates various ocean transportation and logistics technologies.

Air Freight Forwarding

Lotte Global Logistics possesses professional logistics expertise for high-tech products specialized in air transportation and project equipment transportation through long-term transportation agreements with major enterprises, such as SK Hynix, Hyundai Heavy Industries, and Hyundai Mobis.

International Express

Lotte Global Logistics provide fast customs clearance and accurate delivery services for importing and exporting overseas e-commerce goods, personal parcels, samples, etc., in major world regions.

We provide optimal consulting services such as operation efficiency, optimization, and cost reduction through logistics diagnosis and process improvement.



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Introducing New Business

Lotte Global Logistics established the New Business Division in May 2021 to lead the company's continuous growth by developing eco-friendly and smart solutions and services. The New Business Planning Team, Consulting Team, and Smart Logistics Solution Business Team are carrying out various projects.

New Business Portfolio				
Smart logistics business	Smart mobility	Resource circularization initiatives	Value Added logistics business	Expansion of overseas business
<ul style="list-style-type: none"> - Smart logistics solution - Smart fulfillment 	<ul style="list-style-type: none"> - Green car sales marketing business - PBV business - Platform and services business 	<ul style="list-style-type: none"> - Circular resource distribution/logistics - Resource circularization solution/platform - Eco-friendly logistics container business - Hydrogen and Ammonia Business 	<ul style="list-style-type: none"> - Developing new industries and services: Installation logistics, platforms, etc. 	<ul style="list-style-type: none"> - Indonesia, Vietnam, Hungary - North America (US, Mexico)



R&R by team

New Business Planning Team

- Creating a company-wide new business strategy
- New business discovery and initial execution (proof of concept, pilot project, etc.)
- Creating and supporting execution strategies for new businesses (M&A, investments, etc.)
- Open innovation (internal and external competitions, startup discovery, etc.)

Consulting Team

- Consulting-based strategic shipper identification and support for winning orders
- Creating and executing a new business strategy
- Supporting large sales proposals
- Existing Customer Process Innovation (PI) Consulting

Smart Logistics Solution Business Team

- Defining smart logistics solutions and securing capabilities based on open innovation
- Smart logistics solution business proposal, design, and execution
- Smart logistics solution support (new business, consulting)



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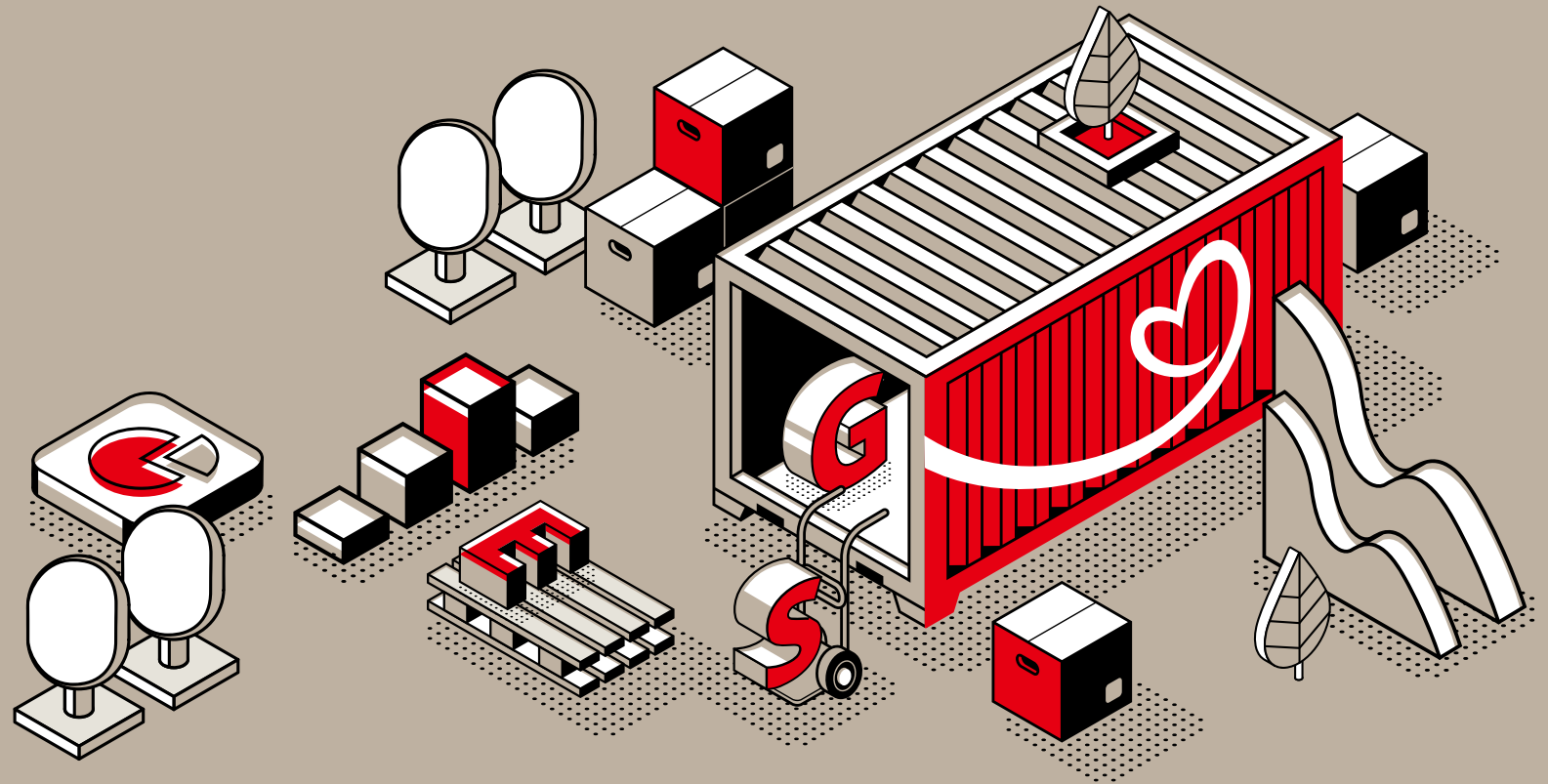
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ESG FUNDAMENTALS

Lotte Global Logistics is a comprehensive logistics company that strives to become a Global Top-tier Logistics Company by providing services in various business sectors such as parcel service, domestic logistics (SCM), international logistics (Global), and consulting.



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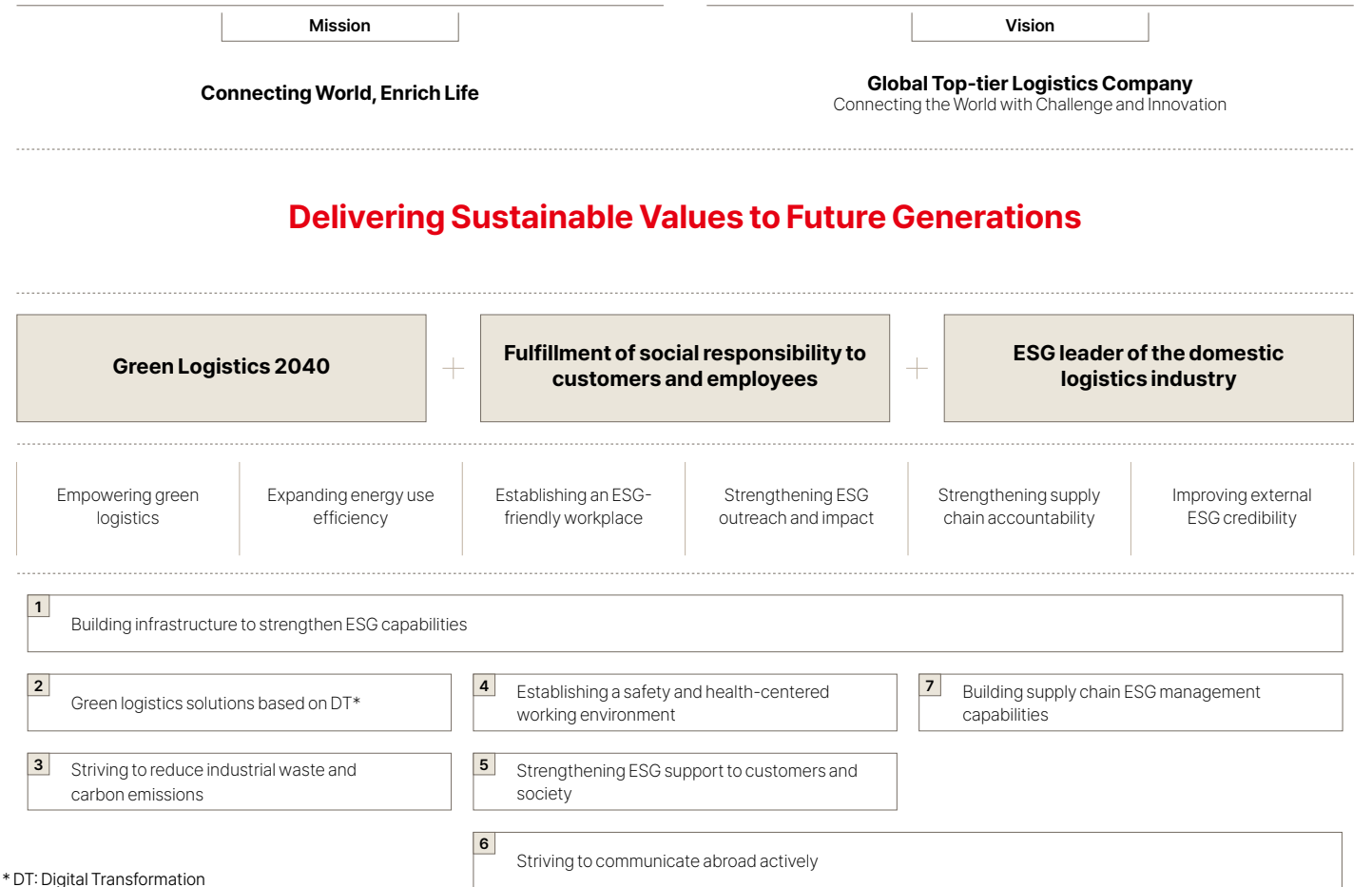
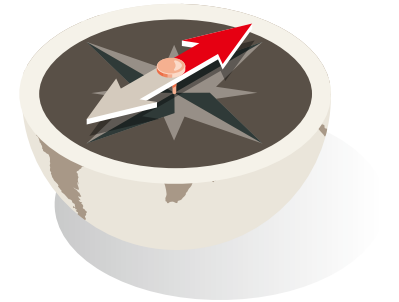
ESG MANAGEMENT SYSTEM



ESG Management System

Strategies for the promotion of ESG

Lotte Global Logistics aims to build a sustainability management system with various stakeholders. Based on the logistics industry, we will strengthen green logistics capabilities, practice social responsibility, and implement transparent management to ultimately achieve our ESG vision of "Delivering sustainable values to future generations" and become a model company for ESG management in the logistics industry.



*DT: Digital Transformation



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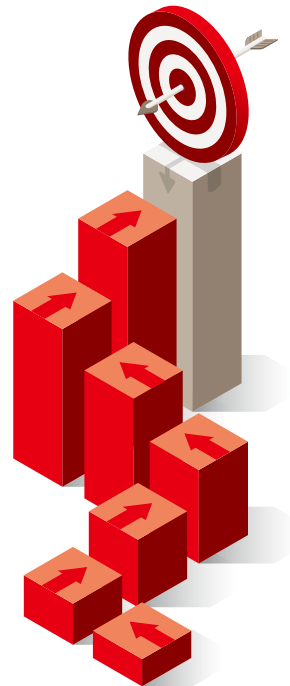
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Seven main tasks

To achieve its ESG strategy goals, Lotte Global Logistics has selected seven major initiatives, including core activities, to be implemented by 2030.



Seven Main Tasks

Aligning the seven tasks with the UN SDGs

Main activity



Building infrastructure to strengthen ESG capabilities



Securing ESG management capabilities considering IPO timelines and group ESG timelines
Enforcing operational governance, scaling management infrastructure, and expanding external authentication



Green logistics solutions based on DT



Introducing packaging and logistics pickup/delivery solutions using eco-friendly materials
Securing eco-friendly packaging materials and introducing a route optimization system



Striving to reduce industrial waste and carbon emissions



Energy usage process transformation
Progressively achieving RE100 and driving company-wide Net Zero



Establishing a safety and health-centered working environment



Enhancing remote and always-on monitoring of health and safety activities
Real-time health checks, always-on training/activity monitoring



Strengthening ESG support to customers and society



Conducting substantive external ESG activities
Strengthening the authenticity of corporate social responsibility, introducing new green programs



Striving to communicate abroad actively



Obtaining an objective ESG external assessment
Objectivity of external opinions, external ESG assessments, and participation in global initiatives



Building supply chain ESG management capabilities



Expanding ESG impact on domestic supply chain
Partner ESG capacity support program, ESG risk management system operation



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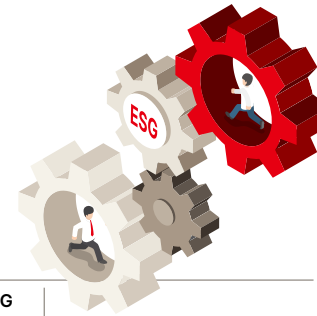
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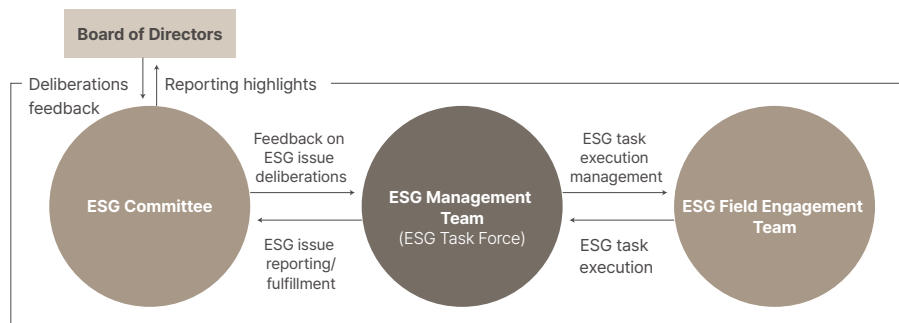
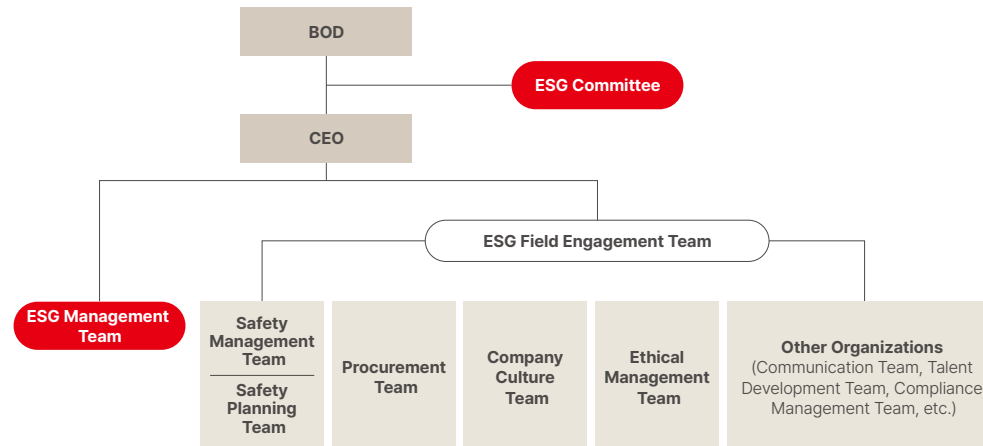
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ESG Governance



Organizational system for the promotion of ESG



Dedicated ESG management organization | Lotte Global Logistics has been operating a dedicated ESG organization since the second half of 2021 to effectively respond to stakeholders' requests to strengthen ESG management. The dedicated ESG organization is responsible for systematically planning, executing, and managing the company's ESG management activities and reports to the ESG Committee on major issues.

ESG committee | Companies are increasingly being asked by stakeholders, including shareholders and investors, to make decisions based on a balanced consideration of not only financial aspects, such as revenue generation and shareholder value enhancement, but also non-financial values, such as their role in responding to climate change and corporate social responsibility. Lotte Global Logistics established the ESG Management System in 2021 to respond to the enhanced ESG management requirements and established an ESG Committee within the Board of Directors after enacting the ESG Committee Regulation. The ESG Committee is responsible for establishing the company's ESG strategy and policies, and for reviewing and advising on ESG initiatives. It also monitors the progress of major tasks under the ESG strategy and serves as the highest decision-making body to ensure the implementation of ESG management. Here are the key functions, members, and when the ESG Committee meets. The ESG Committee shall report its deliberations and resolutions to the Board of Directors, and the Chairman of the Board of Directors may resolve the matters reported by the Committee again, if necessary, by counting the matter as a resolution.

Function	<ul style="list-style-type: none"> • Make decisions about ESG strategy and policy formulation • Monitor progress on ESG key commitments • Discuss other board-delegated ESG matters
Composition	<ul style="list-style-type: none"> • Chairman: Lee Ki-kwon Director (Former minister of employment and labor) • Commissioner: Choi Byung-il Director, Lee Chung-bae Director, Choi Myung-ho Director (as of March 31, 2023, three outside directors + one inside director)

Board and ESG committee operations

Type	Holding date	Agenda
Board of directors	May 16, 2022	(Deliberation) Appointment of ESG committee members
ESG committee	August 9, 2022	(Report) Progress on ESG management tasks for 2022 (Report) Status of promotion of new and renewable energy Utilization in distribution centers (Deliberation) Promotion of human rights management
ESG committee	December 15, 2022	(Report) ESG management promotion activities (Implemented in 2022 and planned for 2023)
Board of directors	February 10, 2023	(Report) ESG management promotion activity plan

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Internalizing ESG management
ESG training | To internalize ESG for all employees, we held an “ESG of our company” training in June 2022 at the LGL Together Day training. Through the ESG training, all employees of Lotte Global Logistics learned about the management philosophy of the founder of the LOTTE Group, which incorporated ESG principles and current ESG management practices within the group.

'22년 2분기 한마음이Day
6월22일(수), 10시~12시

Session 1 | 연사특강 | 10:00~11:30(90min.)
인지심리학자 김경일 교수의 심리학 특강 xLGL고민상담소
 불안한 시대를 살아가는 우리에게 건네는 인지심리학의 위로와 통찰

- 타인의 'want'가 아닌 나의 'like'를 찾아
- 고갈된 마음을 채우는 방법
- 적절한 삶, 내적 만족감을 위한 여정

Session 2 | 당사 ESG경영 추진 현황 | 11:30~11:45, 15min.
Session 3 | 웰윤상 추첨 | 11:45~12:00, 15min.

1. ESG의 의미
 ESG: Environment, Social, Governance
 재무적인 측면과 비재무적인 부분도 균형있게 고려함으로써 기업의 가치를 높이고 지속 가능한 성장을 이루는 것 의미

Sharing our ESG efforts | ESG management must be accompanied by consensus and active participation from all employees. Lotte Global Logistics continuously shares ESG management activities monthly to raise awareness of ESG management among all employees. We actively promote ESG management activities by posting various topics, such as the status of ESG strategy implementation and ESG-related issues, on the company's website in the form of posters.



지속가능경영보고서 소개

ESG와 관련해 자주 언급되는 키워드 중 하나가 지속가능경영보고서입니다. 정부는 2025년부터 주요 상장사를 대상으로 지속가능경영보고서 공시 의무를 강화 할 예정이며, 2030년 부터 모든 상장사로 공시 의무 대상을 확대할 계획입니다. 우리 회사도 올해 7월 지속가능경영보고서 발간을 목표로 업무를 진행하고 있는 바, 이번 달에는 지속가능경영 보고서에 대해 소개해드리겠습니다.

< 지속가능경영보고서 정의 및 필요성 >

- 지속가능경영보고서 정의 -
 - 환경(E), 사회(S), 거버넌스(G) 이슈 관련 개선 사항 등 비재무적 지표를 중심으로 지속가능경영 관련 정보를 담은 보고서
 - 기업의 ESG 성과 및 정보를 다양한 이해관계자 (고객, 투자자, 주주, 임직원, 정부기관 등) 에게 커뮤니케이션 하기 위한 수단
- 지속가능경영보고서 발간 필요성 -
 - 지속가능경영보고서 공시 의무화
 - 25년 ~ 25년 자율공시 기간
 - 25년 ~ 코스피 상장사 (자산 2조원 이상)
 - 30년 ~ 전 코스피 상장사
 - 화주사 공급망 관리 차원 ESG 경영 실적 요구
 - ※ SK하이닉스, 현대오일뱅크, BAT코리아 등

< 당사 발간 일정 및 국내 보고서 공시 현황 >

- 지속가능경영보고서 발간 절차 -
 - ~2월 환경분석 및 중대성평가 (미디어 분석, 이해관계자 설문조사 등)
 - ~5월 보고서 작성 (유관부서 인터뷰 및 관련 내용 작성)
 - ~6월 검증서 보고서 검증
 - ~7월 디자인 및 번역 감수
- 국내 지속가능경영보고서 공시 현황 -

연도	발간 수
'18년	14
'19년	20
'20년	38
'21년	78
'22년	128

올해 첫 발간 예정인 우리 회사 지속가능경영보고서 제작에 임직원 여러분의 많은 지원 부탁드립니다.

ESG 경영 추진 과제 소개


우리 회사는 2021년 '지속가능한 가치를 미래세대로 전달합니다' 라는 ESG 비전을 수립한 후, 다양한 ESG 활동을 전개하고 있습니다. 2022년에는 환경(E), 사회(S), 거버넌스(G) 분야에서 총 17개의 활동을 실행하였으며, 금년에는 26개 ESG 과제를 선정하여 실천 예정입니다. 그 중 일부를 아래와 같이 소개해 드리오니, ESG 과제 실행에 임직원 여러분의 적극적인 참여를 당부드립니다.

※ '23년 ESG 경영 과제 : 환경(E) 15개, 사회(S) 6개, 거버넌스(G) 5개

- E (환경)**
 - < 친환경 운송수단 도입 > '23년 전기차 30대 추가 도입 (적정사 기준)
 - < 친환경 캠페인 활동 > 반려해변 데크 참여, SNS 친환경 챌린지 등
- S (사회)**
 - < 안전보건관리 체계 고도화 > 물류센터/파트너사 점검, 안전 교육 강화
 - < 임직원 대상 ESG 내재화 > ESG 인재육성체계 수립 및 ESG 교육 확대
- G (거버넌스)**
 - < 지속가능경영보고서 발간 > 당사 첫 지속가능경영 보고서 발간 실시
 - < 준법지원인 제도 도입 > 준법지원인 제도 도입 등 컴플라이언스 경영 강화



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Stakeholder interview
Employees



“We hope that Lotte Global Logistics, with its market competitiveness, will continue to evolve as a company that leads in ESG management.”

Lotte Global Logistics has organized and operates a Company Development Council within the company, and as a member of the council, I strive to improve the working environment and work efficiency of employees. Lotte Global Logistics is a highly competitive logistics company with diverse business areas and advanced technology. We operate in various areas, such as parcel service, SCM, and global, and introduce logistics automation systems and advanced equipment at each business site. With the rise of ESG management, environmental issues are becoming increasingly important, especially within the logistics industry. In line with these requirements, Lotte Global Logistics is also building an eco-friendly service environment by converting its freight vehicles to eco-friendly electric vehicles and installing solar panels at its distribution centers to use renewable energy. In addition, to minimize and efficiently manage waste, we exchange opinions on eco-friendly packaging with various logistics experts and provide packaging consulting to some shippers, which is an ESG activity that reflects the nature of our business. We hope to further expand and strengthen these activities in the future and grow Lotte Global Logistics into a leading company in ESG management in the logistics industry.

Park Kwang-won
Lotte Global Logistics Manager



Stakeholder interview
Shareholders and Investors

“We have high expectations for Lotte Global Logistics, anticipating further growth. We hope that they will listen to the voices of stakeholders and respond effectively to social and economic issues.”

Lotte Global Logistics provides reliable logistics services based on its large-scale logistics infrastructure. Moreover, Lotte Global Logistics is expanding its market share by having a network not only in Korea but also overseas, so the company is expected to grow even more in the future. However, we believe that various socio-economic issues such as the minimum wage hike, the freighters' strike, logistics unit price negotiations with partners, and courier unit price increases will affect Lotte Global Logistics' ESG management. If Lotte Global Logistics continues its multifaceted efforts by listening to the voices of stakeholders on these social and economic issues, successful sustainability management will be achieved. Based on the management's interest in and practice of ESG management, we expect Lotte Global Logistics to continue to communicate with various stakeholders so that their voices can be reflected.

Kim Jeong-tae
H Private Equity Senior Manager





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STAKEHOLDER ENGAGEMENT

Identification of key stakeholders



- Groups for which Lotte Global Logistics has legal, financial, or operational responsibility
- Groups that influence Lotte Global Logistics' performance
- Groups affected by Lotte Global Logistics operations

Key stakeholders: core, strategic stakeholders

Type	Definition	Stakeholder groups
Core stakeholders	Stakeholders essential for corporate survival	Employees, customers, and partners
Strategic stakeholders	Stakeholders crucial to the company in responding to specific issues	Shareholders and investors, communities, governments, and related organizations
Other (environmental) stakeholders	Other stakeholders	Media, marginalized, peer groups, professionals

Lotte Global Logistics categorizes its stakeholders into three groups: core stakeholders, strategic stakeholders, and other stakeholders, and defines customers, employees, partners, shareholders and investors, local communities, and government and related organizations as core stakeholders based on their legal, financial, and operational responsibilities and impacts, which are the criteria for stakeholder classification provided by ISO 26000. Lotte Global Logistics operates online and offline communication channels for transparent communication with key stakeholders, and actively listens to their concerns and opinions and reflects them in its management activities. We will continue to communicate transparently with our stakeholders to maintain a healthy relationship of trust.

Communication channels and issues of interest to key stakeholder groups

Stakeholder	Issues of interest	Communication channel	Our response
Customers	<ul style="list-style-type: none"> Listening to customer feedback Increasing customer satisfaction Protecting customer privacy 	<ul style="list-style-type: none"> Homepage (Voice of the Customer) SNS channel Customer service center Customer satisfaction surveys 	<ul style="list-style-type: none"> 24/7 help desk Providing chatbot and VMS services Conducting regular customer satisfaction surveys Expanding privacy efforts (courier customer privacy activities, security training, etc.)
Employees	<ul style="list-style-type: none"> Securing and nurturing talent Horizontal organizational culture Work-life balance Promoting compensation and benefits Addressing employee grievances 	<ul style="list-style-type: none"> Job fairs Company Development Council LGL Together Day and Camp Junior Board Ombudsman Center Imagination and Innovation Hub operations 	<ul style="list-style-type: none"> Expanding training for distribution logistics professionals Improving employee engagement Improving HR and appraisal systems Running a wellness program for work-life balance Overhauling the employee grievance process
Partners	<ul style="list-style-type: none"> Partner selection and management Fairtrade and shared growth Enhancing partner communication Partner support 	<ul style="list-style-type: none"> Partner Meetings Partner workshops Operating partner reporting channels 	<ul style="list-style-type: none"> Financial support and capacity building (consulting, training support, etc.) Providing safety consulting Early payment for services Improving your courier's work experience
Shareholders and investors	<ul style="list-style-type: none"> Boosting enterprise value Risk Management Transparent disclosure Communicating key ESG issues 	<ul style="list-style-type: none"> Shareholders' meeting Management disclosure IR activity Sustainability Report 	<ul style="list-style-type: none"> Transparent management disclosures Risk monitoring/response process Management by risk type
Communities	<ul style="list-style-type: none"> Social contribution using core competencies Fulfillment of corporate social and environmental responsibilities 	<ul style="list-style-type: none"> Website SNS channel Media coverage 	<ul style="list-style-type: none"> Eliminating surcharges for island areas connected to the mainland by bridges (land bridges) Implementing social contribution programs for vulnerable groups Expanding eco-friendly community outreach (yard sales, used toy donation events, etc.)
Government and related organizations	<ul style="list-style-type: none"> Legal and regulatory compliance Transparent tax payments 	<ul style="list-style-type: none"> Policy meetings Association and organization networks 	<ul style="list-style-type: none"> Compliance activities Compliance with relevant laws and regulations Government policy engagement

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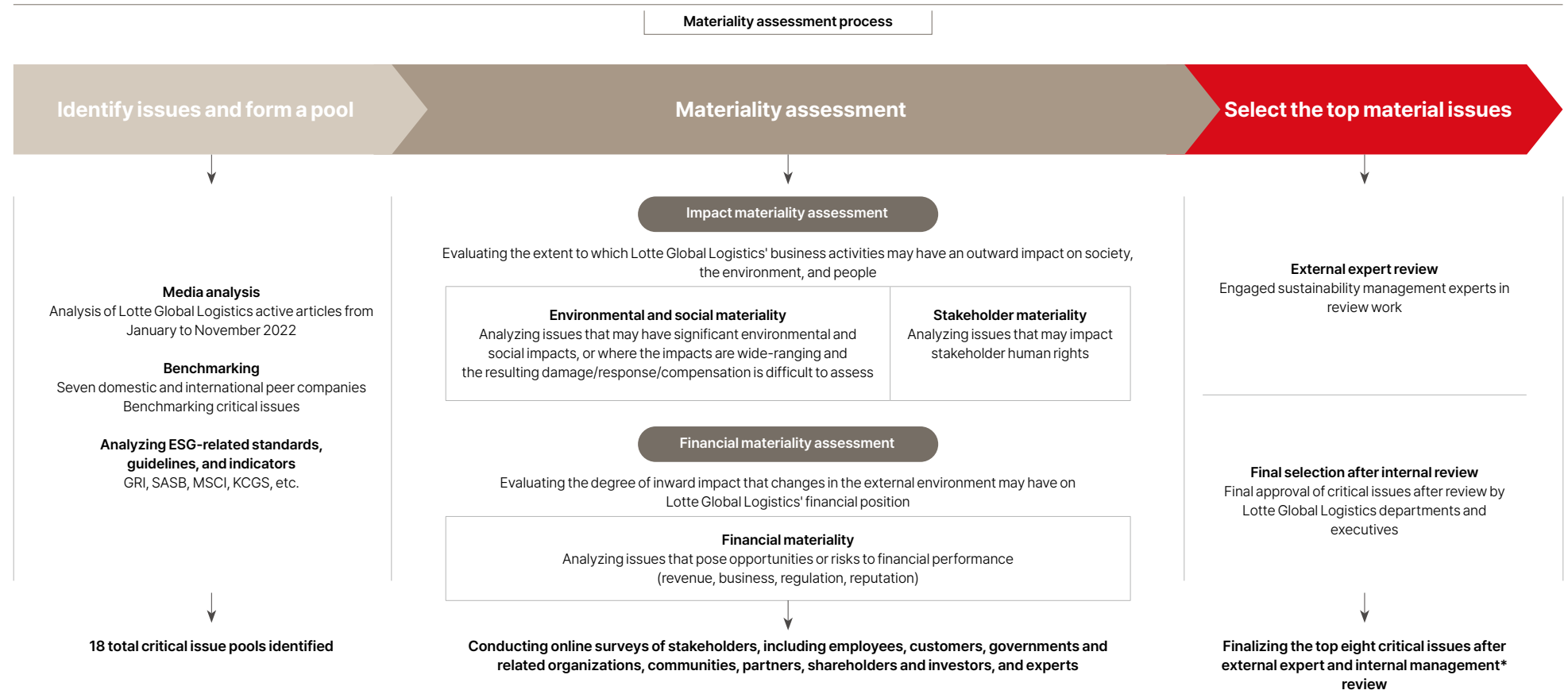
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DOUBLE MATERIALITY ASSESSMENT

Materiality Assessment Overview

Lotte Global Logistics plans to conduct a materiality assessment every year to identify key issues in the ESG field and communicate transparently with stakeholders. We will publish our first Sustainability Report in 2023, and we have recently conducted a double materiality assessment, which is a major topic of discussion in the global non-financial disclosure standardization process. Double materiality assessment is a materiality assessment methodology proposed by the EU Corporate Sustainability Reporting Directive (CSRD) that combines the impact materiality from society and the environment with financial materiality when assessing material issues for corporate sustainability. Lotte Global Logistics identified the top material issues by collecting opinions from stakeholders through a double materiality assessment, and based on this, selected the main reporting topics and organized the contents of the Sustainability Report.



* ESG Committee annually review ESG materiality assessment results and top material issues



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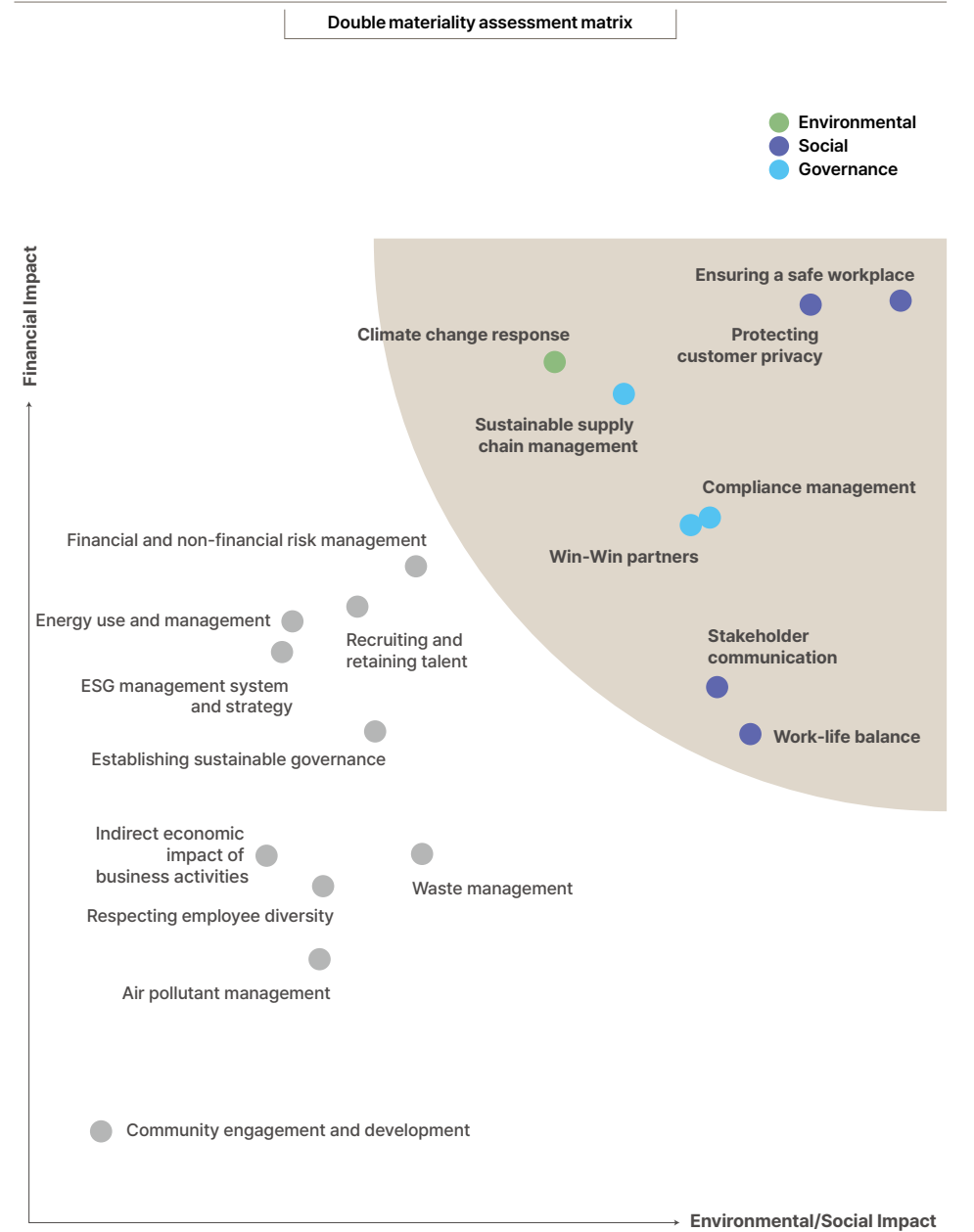
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Double Materiality Assessment Result

After final validation, which took into account both social/environmental and financial materiality, 8 out of 18 issues were selected as top material issues. Lotte Global Logistics' sustainability activities and performance in relation to each issue are transparently disclosed throughout the report.

Top material Issues	Impact materiality	Financial materiality	GRI content index
1 Ensuring a safe workplace	High	High	GRI 403
2 Protecting customer privacy	High	High	GRI 418
3 Sustainable supply chain management	Medium	High	GRI 308, 414
4 Compliance management	High	Medium	GRI 205
5 Win-win partners	High	Medium	Non-GRI
6 Stakeholder communication	High	Medium	Non-GRI
7 Work-life balance	High	Medium	Non-GRI
8 Climate change response	Medium	High	GRI 305





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MANAGING MATERIAL ISSUES

Top material Issues	Context & our approach	Key performance	Next plans
<p>Ensuring a safe workplace</p> 	<p>The recent implementation of the Serious Accidents Punishment Act has strengthened the responsibilities and obligations of companies and their employees, and further emphasized the importance of creating a safe and healthy work environment. Lotte Global Logistics strives to protect the safety and health of all employees by making accident prevention and strengthening the safety and health management system a top priority in corporate management. In particular, to establish an autonomous safety and health management system, we continuously identify and monitor all harmful and dangerous factors that may occur in the workplace through risk assessment. We also maintain the safety and health management system in optimal condition through continuous monitoring of safety and health organizations, regulations, and guidelines.</p>	<ul style="list-style-type: none"> • 0.16 occupational injury rate in 2022 (76% lower than the peer group average (0.66)) • 0 serious accidents in 2022 • Strengthening health and safety management systems <ul style="list-style-type: none"> - Enhancing a health and safety organization - Revising the Health and Safety Manual - Planning a health and safety budget • Conducting partner health and safety consulting 	<ul style="list-style-type: none"> • Building a risk-assessment-driven safety and health system • Serious Accidents Punishment Act Response Consulting • Meeting with partner representatives • Introducing and training on fire prevention solutions • Regional health and safety workshops
<p>Protecting customer privacy</p> 	<p>Cyber threats such as ransomware and hacking attacks have become endlessly evolved and sophisticated worldwide in recent years. To actively respond to cyber threats and safely manage customer personal information, Lotte Global Logistics has established information security systems and infrastructures and always strengthened security monitoring for rapid response. In addition, we are closely cooperating with related group organizations for active and proactive cyber threat response activities and have strengthened training and inspection of employees in charge of personal information.</p>	<ul style="list-style-type: none"> • 0 privacy breaches in 2022 • Maintaining information security management system (ISMS) certification • Running system self-inspection once a year • Conducting partner security checks once a year • Providing employee security training once a year • Conducting quarterly employee PC/office security self-checks • Conducting quarterly mock virus email trainings • Revisions to the Information Security Management Regulation and its 11 detailed guidelines 	<ul style="list-style-type: none"> • Continuous security inspections of systems, employees, and partners • ISMS certification follow-up and certification maintenance • Information security campaigns (production and distribution of videos and posters with security tips)
<p>Sustainable supply chain management</p> 	<p>Sustainable supply chain management is an increasingly important part of ESG management. Lotte Global Logistics is committed to sustainable supply chain management, and as part of this, we are implementing a program to support our partners' ESG management. Through this, we thoroughly check issues such as environment, safety, labor and human rights, and ethical standards of our partners, and implement a supply chain risk management policy to ensure that individual issues do not become a risk factor for the entire supply chain.</p>	<ul style="list-style-type: none"> • Implementing partner ESG management support programs (For the purpose of strengthening supply chain competitiveness and win-win cooperation) 	<ul style="list-style-type: none"> • Adopting supply chain ESG management system • Expanding the scope of supply chain ESG management/assessment and granting benefits/penalties based on assessment
<p>Compliance management</p> 	<p>Compliance management means conducting legal business activities in compliance with legal requirements. By practicing compliance management, companies can minimize legal risks and grow to be more trusted by customers and society. Lotte Global Logistics considers these values seriously and strives to comply with domestic and international regulations and maintain a fair-trade order by establishing a compliance system. For this purpose, we evaluate risks across the business, block them in advance, and conduct internal control activities and training to strengthen employees' compliance capabilities.</p>	<ul style="list-style-type: none"> • Revisions to the Antitrust Compliance Program (CP) • Publishing a legal guidebook • Installing an antitrust compliance monitoring council • Compliance (antitrust) risk assessment • Monitoring subcontracting agreements • Checking the implementation status of the "Declaration for Environmental Improvement and Win-Win Cooperation in the Logistics Market" • Adopting compliance controls and hiring a compliance officer • Employee compliance training 	<ul style="list-style-type: none"> • Continuing to improve compliance practices and systems • Continuing compliance training and developing employee job-specific training • Strengthening compliance systems • Continuing to monitor applicable laws and regulations • Measuring and improving risk at every stage of a subcontracting transaction • Implementing Compliance Week and empowering employees to engage in voluntary compliance activities

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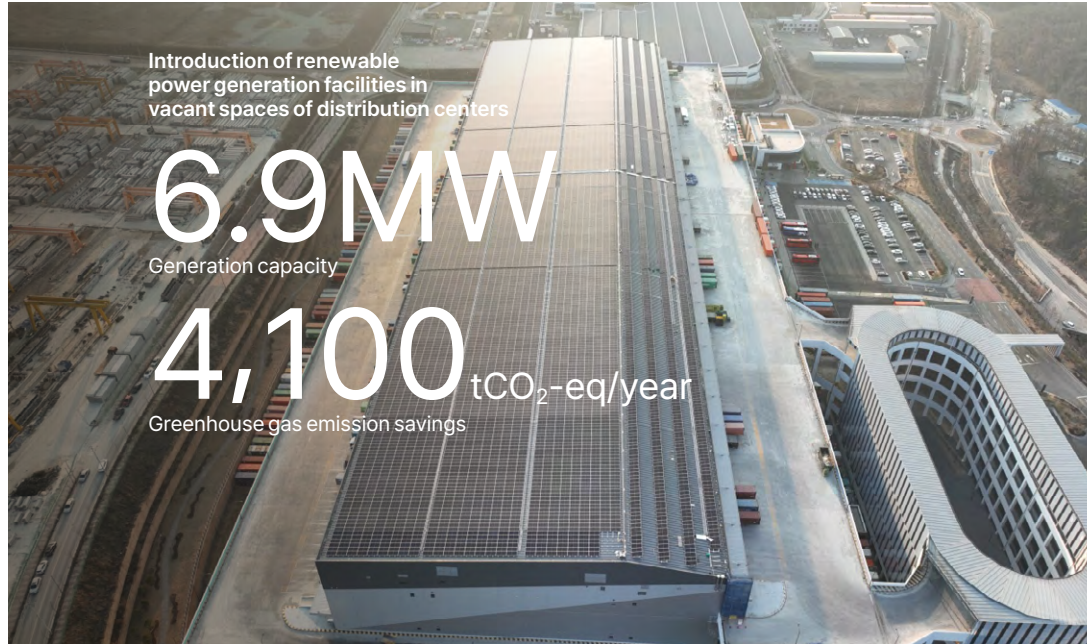
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Top material issues	Context & our approach	Key performance	Next plans
 <p>Win-win partners</p>	<p>Recognizing that a company can never grow alone, Lotte Global Logistics maintains win-win relationships with various partners and continues its shared growth activities to support them. Not only do we lay the foundation for shared growth by providing financial support to our partners to help them strengthen their capabilities, but we also strive to build a healthy work environment by providing non-financial support such as improving working conditions and providing various welfare programs. We will continue to expand our support to solidify a sustainable and healthy cooperation system with our partners.</p>	<ul style="list-style-type: none"> • Joining the Shared Growth Fund (KRW 5 billion paid, total of KRW 10 billion created) • KRW 1.05 billion in shared growth funds for partners • Supporting heat/cold weather supplies for delivery drivers(e.g., distribution center air conditioning, fan installation, cold weather supplies such as hot packs/neck warmers/ear plugs) 	<ul style="list-style-type: none"> • Continued operation of the Shared Growth Fund • Continuous hot/cold weather support for drivers
 <p>Stakeholder communication</p>	<p>Listening to the opinions of various stakeholders surrounding a company is an essential element in promoting sustainable development. Lotte Global Logistics identifies customers, employees, partners, shareholders and investors, local communities, governments, and related organizations as key stakeholders, and operates online and offline communication channels to transparently communicate with them, actively listening to their concerns and opinions and reflecting them in management activities. For example, in October 2022, after collecting opinions from residents, we became the first company in the industry to abolish surcharges for island areas connected to the mainland by bridges (land bridges). We also actively collect opinions and grievances from employees on internal systems and policies through the Company Development Council.</p>	<ul style="list-style-type: none"> • Industry-first elimination of surcharges for land bridge areas • Strengthening outreach channels (more communication with parliament and the government) • Launching nine community service campaigns • Expansion of SNS promotion • Preparing annual operating reports and reporting to shareholders • Running a Company Development Council 	<ul style="list-style-type: none"> • Continuing to expand stakeholder engagement • First publication of sustainability report
 <p>Work-life balance</p>	<p>Work-life balance not only helps to improve employees' job satisfaction, but it is also a crucial factor in an organization's long-term productivity and sustainable growth. Lotte Global Logistics operates various policies to ensure a work-life balance for its employees. In addition to fundamental systems, we operate a variety of programs that meet the practical needs of employees, such as leaving work early, extended lunchtime, half-day off, leader-free days, family anniversary vacations, and gift-giving programs. In addition, we communicate with employees from time to time to create systems that they can actually utilize, and we strive to ensure work-life balance at the highest level in the industry. Through this, we will create a company culture where employees can find pleasure in both their company and personal lives.</p>	<ul style="list-style-type: none"> • Establishing a WLB* system with employee feedback (Take the afternoon off, Happy Lunch, Noriday, etc.) *WLB (Work-Life Balance) • Improving the WLB system to reflect site characteristics <ul style="list-style-type: none"> - Happy Ticket: expiration type → accumulation type, - Happy Lunch: on-site only, Happy Ticket conversion when not using Happy Lunch, etc. 	<ul style="list-style-type: none"> • Designing a WLB system that considers workplace characteristics (Minimizing blind spots in system operation considering work environment characteristics such as headquarters/field division) • Improving employee satisfaction by increasing communication around WLB
 <p>Climate change response</p>	<p>Domestic and international environmental regulations are strengthening, including the declaration of national carbon neutrality and the introduction of the Carbon Border Adjustment Mechanism (CBAM). Currently, environmental problems caused by the climate crisis have reached a critical stage globally, and responding to climate change is no longer an option but a necessity. Lotte Global Logistics is making continuous efforts to ensure that future generations can live on a healthy planet with a sense of responsibility for environmental issues. With the goal of achieving carbon neutrality by 2040, we are actively implementing eco-friendly management policies and strategies to reduce carbon emissions through energy conversion of transportation vehicles and the use of renewable energy at distribution centers.</p>	<ul style="list-style-type: none"> • Third-party PPA agreements for renewable energy use • Introduction of electric freight vehicles and hydrogen trucks • Improving energy efficiency with a distribution center LED lighting conversion • Reducing fuel use and carbon emissions with optimal delivery routing 	<ul style="list-style-type: none"> • 2040 Net-Zero practice • 35% reduction in carbon emissions in 2030 (compared to 2018) • Gradual expansion of third-party PPAs for renewable energy use • Expanding eco-friendly electric freight vehicles to achieve K-EV100

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Establishment of Human Rights Management Charter and Declaration of Human Rights Management

Revamped grievance process and revised human rights policy



Conducting ethical management surveys of partners

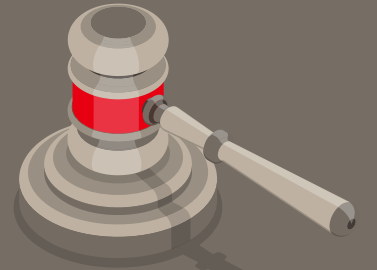
1,572

Survey responses from 1,572 workers from partner companies
In-depth interviews to identify improvements



ISO 37301 & ISO 37001

The logistics industry's first joint ISO 37301 and ISO 37001 certification



Introducing a supply chain ESG assessment

Labor and human rights, ethics, health, safety and environment, and information security assessments



Won the Minister of Employment and Labor Award at the 2022 Fair Recruitment Best Practices Competition





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Minimizing Environmental Impacts through Green Logistics

Promoting Environmental Management

Responding to Climate Crisis

Adopting Green Transportation

Energy Use and Management

Circularizing Resources

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Minimizing Environmental Impacts through Green Logistics



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35 Adopting Green Transportation | 37 Energy use and Management | 39 Circularizing Resources

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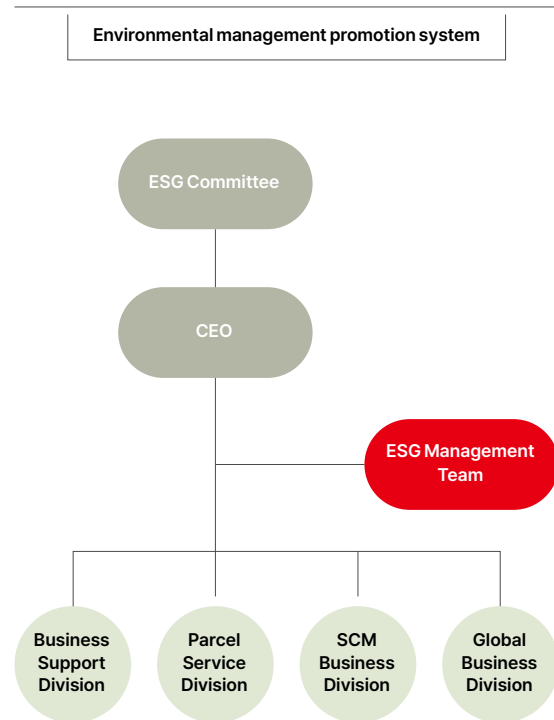
- Promoting Environmental Management
- Responding to Climate Crisis
- Adopting Green Transportation
- Energy Use and Management
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PROMOTING ENVIRONMENTAL MANAGEMENT



Environmental Management Promotion System

As part of its ESG strategy to achieve carbon neutrality, Lotte Global Logistics has established "Green Logistics 2040" as a goal. It recognizes environmental value as a key factor in its management activities.

To promote efficient environmental management, we have established an environmental management organization and continuously conduct environmental management improvement activities by maintaining the ISO 14001 certification of our environmental management system. We are also making various efforts to build a sustainable logistics system in the future, such as introducing eco-friendly vehicles and building energy-efficient distribution centers.

Establishing an environmental management organization

Lotte Global Logistics established the ESG Management Team, dedicated to environmental management, to systematize environmental management work within the company and strengthen its expertise. In addition, the ESG Committee under the Board of Directors was launched to build a system for establishing and implementing the company's overall ESG management strategy. The team continuously reports environmental management performance and status to the ESG Committee. It also strives to identify adverse environmental impacts in advance and continuously improve environmental management indicators.

Environmental management policy

Lotte Global Logistics's environmental management policy is based on domestic laws, including the Constitution of the Republic of Korea, the Framework Act on Environmental Policy, and the Framework Act on Carbon Neutrality and Green Growth for Coping With Climate Crisis, as well as international laws, including the United Nations Framework Convention on Climate Change and the Convention on Biological Diversity. We pursue environmental protection and sustainability by minimizing negative impacts on the environment during management activities and business execution by complying with environmental management policies. In addition, Lotte Global Logistics has established and operates the Environmental Management Charter as a standard for proper behavior and value judgment that all employees must comply with to practice environmental management.

Environmental management charter

Lotte Global Logistics Co., Ltd. recognizes environmental values as a core element of its business activities and establishes the Environmental Management Charter as a standard for proper behavior and value judgment that all executives and employees must comply with during management activities and business execution to practice environmental management.

We pledge to honor and live by this charter.

1. We help people realize their right to live in a healthy and comfortable environment and strive to preserve the environment in our management activities and business operations.
2. We endeavor to prevent environmental pollution by complying with the Constitution of the Republic of Korea and domestic and international environmental laws and regulations.
3. We establish and implement an environmental management system, including setting goals and action plans and establishing related organizations, so that we can conserve and efficiently use resources and energy, minimize the generation of greenhouse gas (GHG) emissions and environmental pollution, and implement management that fulfills social and ethical responsibilities (hereinafter "environmental management").
4. In all our business activities, we strive to reduce the emission of pollutants at the source through the use of less polluting raw materials, improvements in processes, and promotion of resource conservation and recycling, and to minimize the harmful impact on the environment from the use and disposal of our products.
5. Recognizing that the climate crisis is a common human problem, we actively participate in the efforts of the government and international community to curb the increase in global average temperature and strive to achieve a carbon-neutral society.
6. Recognizing that biodiversity is important, we strive to utilize components of biodiversity and reduce our negative impacts on biodiversity in all of our business activities in a manner and at a rate that does not cause a decline in biodiversity.
7. We endeavor to increase stakeholders' access to information by regularly and transparently disclosing environmental management performance information, including GHG emissions and reduction performance and sustainable development information.
8. We strive to establish and implement measures to introduce and promote our partners' environmental management systems, such as providing them with information about their environmental management systems and performance, to solidify our win-win cooperation relationship and achieve shared growth.

We pledge to do our best to establish and spread environmental management as described above.

All employees of Lotte Global Logistics Co., Ltd.

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Activities to Strengthen Environmental Management

Issued green bonds for low-carbon and green initiatives

Lotte Global Logistics issued KRW 50 billion in green bonds in 2021 to raise funds for green projects to reduce carbon emissions.

Through projects such as the introduction of the Business Process Outsourcing (BPO) platform, the next-generation delivery system, and eco-friendly electric freight vehicles, we are aiming for direct effects of reducing transportation distances by reducing unnecessary operations and enabling real-time control of delivery vehicles to reduce carbon emissions, as well as additional effects of improving the working environment and safety of delivery workers.

Received the highest green bond ESG finance certification rating (GB1)

The ESG Assessment evaluates the extent to which a company allocates funds raised through the issuance of green bonds to eligible projects and the extent to which it secures management, operations, and transparency related to the funds raised, and Lotte Global Logistics has achieved GB1, the highest of five ratings from the Korea Investors Service. Since the issuance of the green bond in 2021, Lotte Global Logistics has been subjected to ESG assessments every year and has received the highest ratings in 2021 and 2022. The results of the ESG assessment can be found on the Korea Exchange website.

List of ESG bond-funded projects

Type	Project	Details	Performance and planning
Environment (Green)	Logistics BPO platform	Building a data-based logistics platform	2018-2020 (KRW 18.4 billion refinanced) 2021-2023 (KRW 8 billion)
	Next-generation delivery system	Integrating and modernizing delivery system operations	2018-2020 (KRW 14.4 billion refinanced)
	Eco-friendly electric freight vehicles	Buying and switching to green vehicles	2021-2025 (KRW 5.2 billion)

Green bond issuance summary

Publisher
Lotte Global Logistics Co., Ltd.

Financial products
49th-2nd Public Bonds

Issuance amount
Total of KRW 50 billion

Representative organizer
NH Investment & Securities Co., Ltd.; Korea Investment & Securities Co., Ltd.; KB Securities Co., Ltd.

Date of publication
January 29, 2021

Due date
Five (5) years (Senior)



Green bond assessment results

Final evaluation

GB1

Part 1. evaluation

E1

Part 2. evaluation

M1



Eco-friendly campaign "Take the waybill off the box"

지구를 웃게하는 ☺
#박장폐소 캠페인
(박스에 운송장 떼어내소) 올바른 택배박스 분리배출은 지구를 박장대소에게 아끼는 친환경 활동입니다.

분리배출 시, 박스에 운송장을 떼어내지 않으면 재활용이 어렵다는 것, 알고 계신가요?
'박장폐소' 캠페인을 통해 롯데글로벌로지스에서 제공하는 '친환경 운송장 제거도구'로 택배박스의 운송장과 테이프를 잘 떼어내어 올바른 분리배출을 실천해 봅시다!

참여안내

- 2022. 5. 9(월) 캠페인 참여 신청 페이지 OPEN 예정
- 신청순 500명 (친환경 운송장 제거도구 무료 제공)

참여방법 : 제공받은 제거도구를 사용해 '박장폐소' 실천 → '인스타그램'에 참여 인증
자세한 참여방법은 신청 페이지에 공지 예정

이벤트

- 캠페인 참여자 중 50명 추첨하여 '롯데시네마 모바일 티켓' (2매/인) 지급

In May 2022, Lotte Global Logistics launched the "Take the Waybill Off the Box" campaign to promote the virtuous cycle of resources by properly separating parcel boxes. "Take the Waybill Off the Box" means "removing the shipping slip from the box," and the campaign aims to "save the earth" by practicing proper separation. The campaign was conducted through the company's official social network accounts (SNS; e.g., YouTube, Instagram, etc.) to promote that it is difficult to recycle the boxes if the adhesive foreign substances on the boxes are not removed properly and to certify that individual SNS by practicing proper separation. Lotte Global Logistics produced an "eco-friendly waybill removal tool" made of 100% recycled plastic container lids for the campaign. It provided the waybill removal tool to 1,000 people through eco-friendly online and offline stores called "NoPlasticSunday." In the future, we will continue actively participating in environmental protection by promoting eco-friendly activities through various channels.

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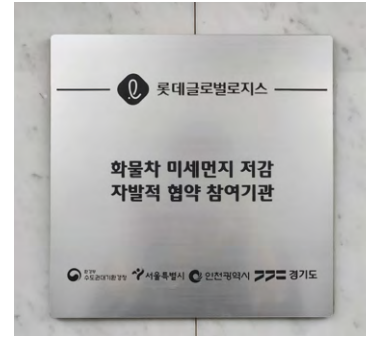
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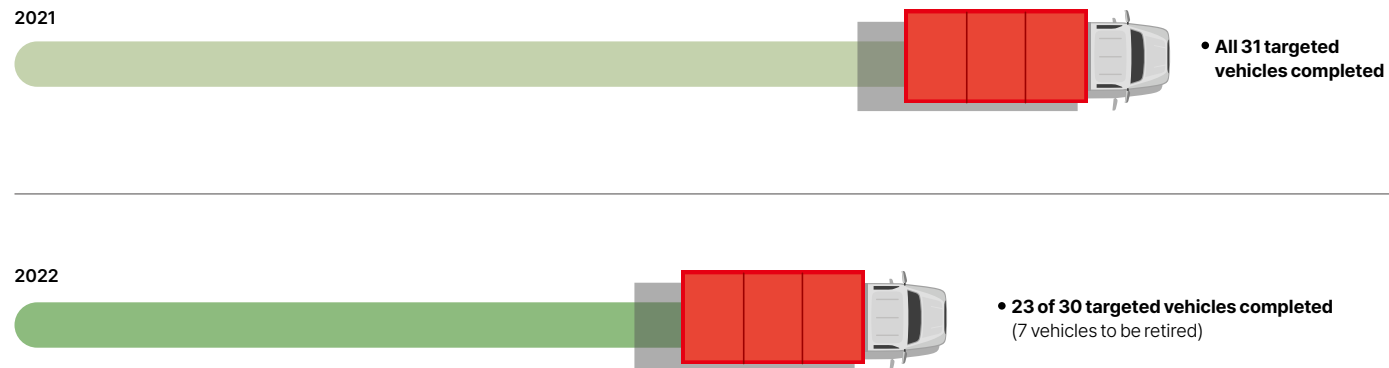
Participating in the voluntary agreement to reduce particulate matter from freight vehicles

On June 25, 2021, Lotte Global Logistics signed the "Agreement on Low Emission Measures for Freight Vehicles" hosted by the Ministry of Environment at the Korea Chamber of Commerce and Industry in Seoul. Along with the low-emission measures, Lotte Global Logistics is implementing follow-up management through filter cleaning twice annually for vehicles with emission-reduction devices. The company also actively promoted the project by hanging banners and bulletin boards supporting low-emission measures at each regional branch. Through this project, we are promoting the participation of old diesel vehicles in low-emission measures and the zeroing of old diesel vehicles (Class 5 vehicles) without low-emission features in metropolitan and nonmetropolitan areas.



Voluntary Agreement to Reduce Particulate Matter from Freight Vehicles

Current status of old, untreated diesel vehicles toward zero emissions (including retired vehicles)



Biodiversity Conservation Activities

Lotte Global Logistics recognizes biodiversity conservation as an essential social responsibility and will establish a biodiversity conservation plan according to the European Union (EU)'s Corporate Sustainability Due Diligence Directive (CSDDD). The CSDDD encourages companies to conduct due diligence to manage biodiversity in their supply chains and develop biodiversity conservation strategies. Lotte Global Logistics actively embraces these guidelines and aims to strengthen its biodiversity conservation activities further.



1. Preserving the ecosystem

- Enhancing ongoing ecosystem monitoring and conservation efforts
- Securing ecosystem sustainability by strengthening connections with neighboring ecosystems



2. Protecting creatures

- Cataloging protected species and creating conservation plans
- Collaborating with local communities to sustain conservation efforts



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RESPONDING TO CLIMATE CRISIS

Climate Change Response System

Climate change response goals

Lotte Global Logistics has established "Green Logistics 2040" as a climate change response goal to achieve carbon neutrality by 2040. To achieve our goal, we have developed a mid- to long-term carbon neutrality road map, aiming to accomplish a 35% reduction of GHG emissions from 2018 emissions by 2030 and achieve carbon neutrality by 2040.

Climate action organization

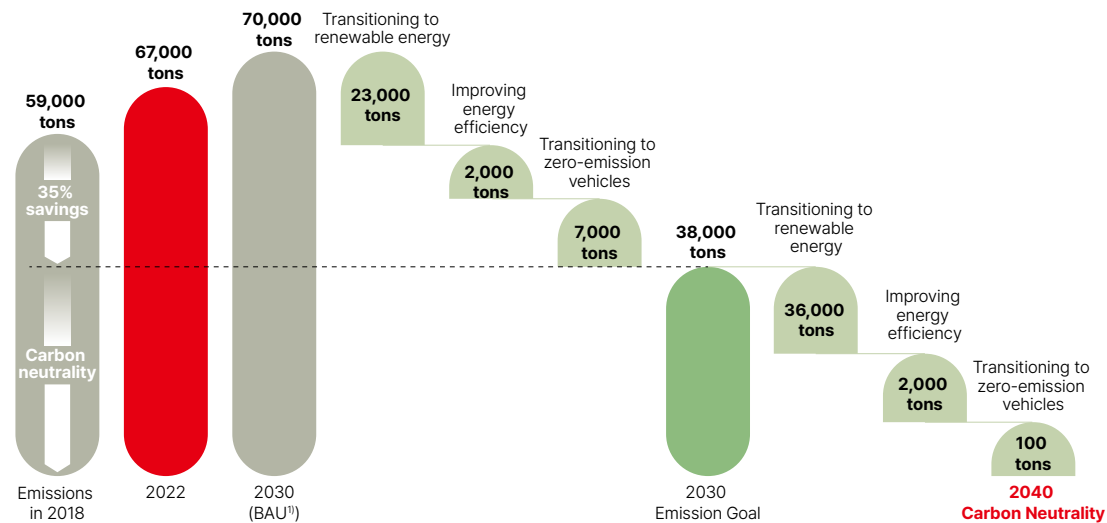
The ESG Management Team is a dedicated climate change response organization that conducts major activities related to climate change response. The ESG Committee is briefed on key risks, opportunities, and issues related to climate change and reviews and takes necessary actions.

Climate change response strategy

Lotte Global Logistics has selected three strategies to achieve carbon neutrality in 2040: 1) switching to renewable energy, 2) improving energy efficiency, and 3) shifting to zero-emission vehicles. We have established a road map to replace fossil fuel-generated electricity at our distribution centers with renewable electricity to transition to renewable energy. We also established a yearly implementation strategy based on detailed measures, such as signing third-party power purchase agreements (PPAs) and acquiring renewable energy credits (RECs). In addition, we aim to minimize electricity consumption at our distribution centers by improving energy efficiency. To this end, we have established and plan to implement a detailed implementation strategy for energy efficiency improvement. Lastly, we signed the K-EV100 agreement with the Ministry of Environment to convert to zero-emission vehicles. Based on this, we have established a strategy to convert to zero-emission vehicles for transportation and delivery freight vehicles and will continue to implement it.



Climate change response goals



1) Business as usual (BAU): Carbon emissions under no mitigation activities

Climate change response strategy

Type	Measures	Detailed implementation plan
Transitioning to renewable energy	Power Purchase Agreement (PPA) contract	Driving PPAs for self-storage and long-term lease centers - Analyzing PPA promotion targets - Reviewing and promoting cost and benefit estimates
	Purchasing Renewable Energy Credits (RECs)	Purchasing RECs when underachievement is expected - Analyzing reductions against annual goals - Purchasing shortfall RECs
Improving energy efficiency	Streamlining operations	Improving operational efficiency - Identifying distribution centers for energy audits - Evaluating energy and implementing savings measures * Controlling unused power, managing switchgear, introducing LEDs, etc.
	Savings investments	Adopting electricity-saving technologies - Promoting the adoption of inverter refrigerators/freezers
	Savings campaigns	Promoting energy-saving campaigns
Transitioning to zero-emission vehicles	Transitioning to electric vehicles (EVs)	Transitioning from diesel to electric freight vehicles
	Transitioning to Hydrogen Vehicles	Transitioning from diesel to hydrogen freight vehicles



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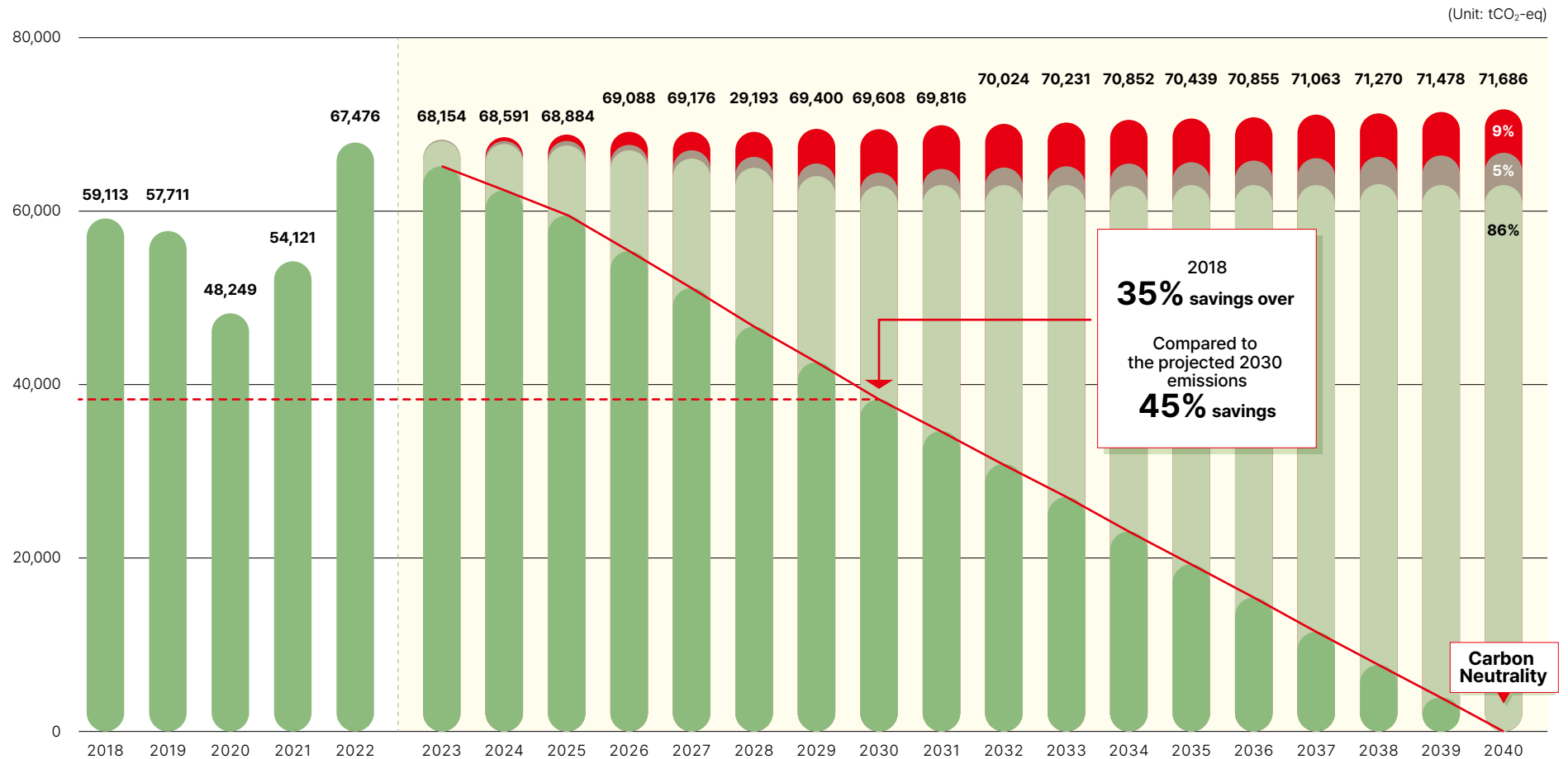
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The 2040 carbon neutrality road map following the implementation of the climate action strategy

Target emissions, Transitioning to renewable energy, Improving energy efficiency, Transitioning zero-emission vehicles



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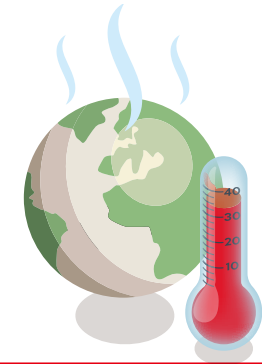
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Analyzing the Risk Factors of Climate Change Response

According to the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations, Lotte Global Logistics analyzed climate change-related risk factors by categorizing them into physical and transition risks. Physical risks are those caused by external factors, such as natural disasters, changes in weather conditions, and changes in natural ecosystems that may occur because of climate change. In contrast, transition risks are those resulting from significant changes in the structure of the energy transition industry in response to climate change. For each risk item, we analyze and manage the risk factors, potential financial impact, and response activities, and we will continue to monitor and manage factors that could negatively affect the company.



Type	Risk factors	Potential financial impact	Response activities
Physical risks	Natural disaster risks (short-term)  <ul style="list-style-type: none"> - Cargo accidents due to natural disasters (typhoons, floods, wildfires, etc.) - Customer reputation damage due to delivery delays caused by natural disaster impact and recovery - Warehouse infrastructure and facility damage due to natural disasters 	<ul style="list-style-type: none"> - Increased costs to prevent and recover from natural disasters and climate change - Increased cargo claims costs and related premiums - Increased labor costs due to the creation of a dedicated organization for mitigation and prevention - Decrease in the company's operating income as it incurred costs to restore its distribution center infrastructure and facilities - Impairment of the value of intangible assets due to natural disasters and climate change - Incurred full implementation costs to improve warehouse infrastructure structure (Structure Assessment – Planning – Implementation – Evaluation) 	<ul style="list-style-type: none"> - Conducting impact analysis of potential natural disaster exposure - Analyzing areas exposed to natural disasters, such as typhoons, floods, and wildfires - Analyzing the impact of natural disasters and rapid changes in climate change on logistics systems - Improving infrastructure resilience to natural disasters and climate change - Need to develop a comprehensive mitigation strategy to address physical risks
	Climate change risks (mid- to long-term)  <ul style="list-style-type: none"> - Changes in logistics delivery patterns due to climate change (sea level rise, average temperature rise) 		
Transition risks	Policy and regulatory risks  <ul style="list-style-type: none"> - Reduction in complimentary certified emission reductions (CERs) and increase in CER prices due to the implementation of the carbon neutrality law - Increasing climate change-related environmental regulations - Increased climate change-related environmental litigation 	<ul style="list-style-type: none"> - Increased financial burden due to fewer allowances and higher cost of purchasing allowances - Reduced reputational risk of not submitting CERs - Increased environmental fines and litigation costs 	<ul style="list-style-type: none"> - Calculation of the marginal cost of investing in emissions reductions versus purchasing CERs - Analyzing environmental laws and regulations and preparing a response system - Forming an environmental compliance organization to prevent litigation
	Energy risks  <ul style="list-style-type: none"> - Negative environmental impact assessment due to the use of fossil fuel-generated electricity - Difficulty predicting energy costs with variable power rates - Air pollution emissions from the use of diesel trucks 		
	Brand risks  <ul style="list-style-type: none"> - Decreased green brand image in case of higher carbon footprint compared to competitors - Declining consumer and investor appetite due to adverse environmental impacts 	<ul style="list-style-type: none"> - Declining revenue due to fewer customers - Reduced inflows due to fewer new investors 	<ul style="list-style-type: none"> - Implementing life cycle assessment (LCA) and calculating carbon footprints for products and services - Identifying and investing in ways to reduce carbon emissions throughout the life cycle of products and services - Supply chain management for negative environmental impact assessment

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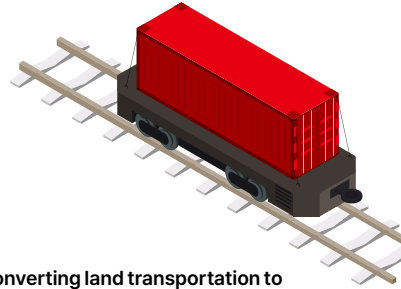
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Carbon Reduction Activities

Expanding rail transportation to reduce carbon

Lotte Global Logistics is promoting the conversion from land transportation to rail transportation, a low-carbon, green transportation mode. By doing so, we strive to realize sustainable logistics while reducing social and environmental costs. As of 2022, there are two sections, Uiwang(Obong)-Busan New Port and Uiwang(Obong)-Singwangyang, with 530 conversion cases and a total of 11,064 tons of conversion volume. In 2023, we plan to expand our rail transportation volume by about 16% year-on-year to continue our efforts to reduce carbon emissions.



Converting land transportation to rail transportation

Uiwang(obong) → Singwangyang
Number of conversions

138 cases

Conversion volume

1,656 tons

Uiwang(obong) → Busan new port
Number of conversions

392 cases

Conversion volume

9,408 tons



Managing vehicle load factors for carbon reduction

Since 2022, we have been implementing vehicle load factor management by introducing a dispatching process. This process reduces the number of freight vehicles in operation relative to the volume of goods transported, reducing carbon emissions. In 2023, we plan to strengthen our load factor management efforts further by upgrading our computerized dispatching system.

Adopting Fleet Management System (FMS) for carbon reduction

Lotte Global Logistics introduced a fleet management system (FMS) solution in collaboration with Socar, a startup company that provides car-sharing services, starting in the second half of 2022. By equipping trucks with Internet of Things (IoT) terminals that can monitor real-time vehicle data, such as fuel consumption, sudden acceleration, and idling, we are improving drivers' driving habits and implementing carbon reduction activities to improve the fuel efficiency of trucks. We are also striving to minimize the amount of fuel used by shortening the driving distance to the transportation destination through the optimization of the routing of vehicles using the FMS.

Managing vehicle load factors for carbon reduction

Type	Unit	2021	2022	Increase and decrease
Shipment volume	million boxes	980	1,033	+5%
Load factor	box/unit	1,357	1,476	+9%
Number of vehicles	thousands	723	700	-3%

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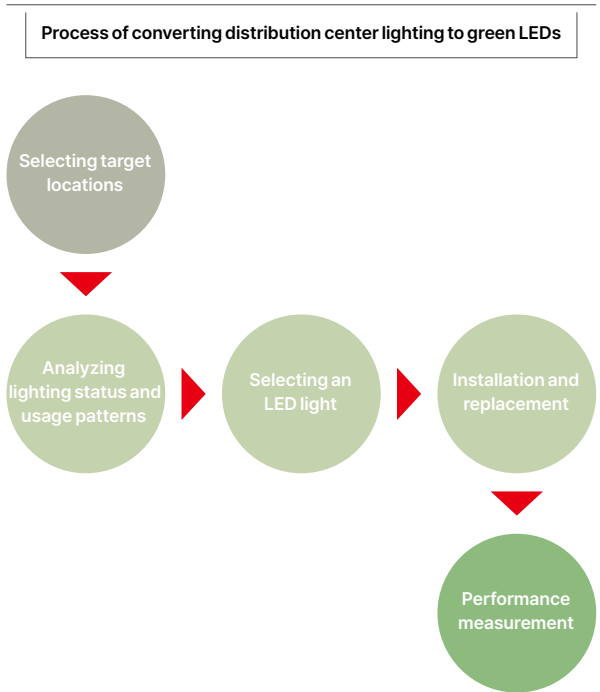
Establishing logistics energy IT management system

Lotte Global Logistics has introduced and operates a logistics energy IT management system to manage energy usage in the entire logistics delivery process. Using the system, we analyze energy usage patterns in the logistics delivery process and calculate and manage carbon emissions. Through this, we have established a mid- to long-term carbon neutrality road map to reduce carbon emissions and utilize it for third-party verification by securing data consistency.



Switching to green LEDs for distribution center lighting

Lotte Global Logistics has switched to LED lighting in its distribution centers to reduce electric energy consumption and carbon emissions. The LED conversion project replaces the existing fluorescent lighting system with an LED lighting system, offering energy savings of about at least 49% to the existing lighting system due to its low power usage and excellent cooling. To secure objective data on the carbon emission reduction effect, we utilized the methodology for lighting replacement projects of the "Korea Voluntary Emission Reduction (KVER) Program Methodology" and saved about 2,691 tCO₂-eq from 2020 to 2022. We will also continue to expand the installation of LEDs in the infrastructure of our distribution centers.



Stakeholder interview
Governments and related organizations

“Lotte Global Logistics is a company that cares about carbon neutrality and hopes that the successful operation of the Mega Hub Terminal will positively impact society and the economy as a whole.”

The Korea Integrated Logistics Association (KILA) conducts research on the logistics industry and proposes policies to strengthen the industry's competitiveness and promote member companies' rights and interests. As a member of KILA, Lotte Global Logistics proposes various opinions on administrative and legislative matters. We are particularly interested in environmental issues, such as climate change and carbon neutrality.

Recently, eco-friendly vehicles have become an issue in the logistics industry, but the conversion to eco-friendly vehicles has been limited because of constraints, such as cost burden. However, Lotte Global Logistics introduced the first cold chain electric freight vehicle in Korea in 2020 and has been actively expanding the use of eco-friendly vehicles to date. In addition, we built the Mega Hub Terminal in 2022 with more advanced technology and on a larger scale than the existing hub terminal, positively impacting the economy and society.

We hope that Lotte Global Logistics will continue to pay attention to ESG management, including the environment, and that the successful operation of the Mega Hub Terminal will set a good example for the logistics industry in terms of socioeconomic aspects.

Heo Seol
Korea Integrated Logistics Association Deputy Director



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ADOPTING GREEN TRANSPORTATION



Transitioning to Eco-Friendly, Zero-Emission Vehicles

Joining the K-EV100 agreement

Since May 2021, Lotte Global Logistics has participated in the Korean zero-emission vehicle conversion project "K-EV100*." We plan to convert 900 company-owned vehicles, including freight vehicles and business passenger vehicles, to eco-friendly transportation modes such as electric and hydrogen vehicles by 2030.

* K-EV100: A campaign for companies to publicly declare and implement the conversion of their owned and leased vehicles to eco-friendly transportation (electric or hydrogen vehicles) by 2030.

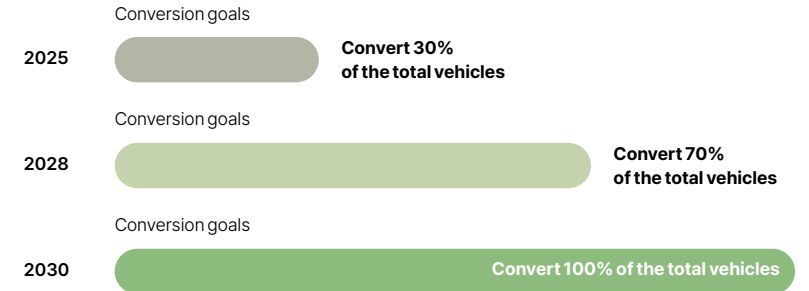
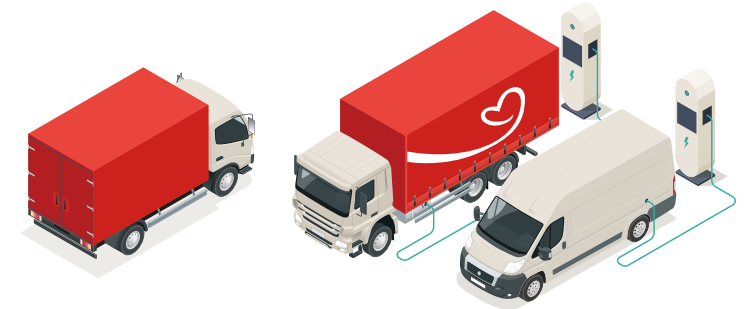
Introducing the electric freight vehicles

Starting with introducing one-ton electric freight vehicles in 2019, we have been converting one-ton diesel freight vehicles to electric freight vehicles every year. As of the end of 2022, 66 one-ton electric freight vehicles were utilized for transportation at about 23 delivery sites, and we are working with our transportation partners to introduce and expand the use of electric freight vehicles for short-distance supermarket deliveries. In the future, we will continue the introduction of electric freight vehicles, not only for one-ton vehicles but for all vehicles we use for transportation.

Building an EV charging infrastructure

Lotte Global Logistics continues to invest in building EV charging infrastructure for stable EV operation and has installed 44 fast and slow chargers at distribution center sites nationwide as of 2022. We will continue to expand EV charging infrastructure in line with the expansion of electric freight vehicle adoption and changes in the external environment.

Ministry of environment K-EV100 conversion road map



Environmental effects through electric vehicle conversion

Type	Transitioning to electric vehicles (EVs)		
	Vehicles converted	Carbon emissions savings (tCO ₂ -eq)	Energy savings (TJ)
Direct management	66	520	6.54
Partners	82	646	8.13
Sum	148	1,166	14.67

* Cumulative from 2020 to 2022

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Promoting the adoption of hydrogen freight vehicles

Lotte Global Logistics is promoting the introduction of hydrogen freight vehicles to convert the import and export transportation of state-of-the-art semiconductor products to eco-friendly transportation. In May 2021, we prepared for the introduction of hydrogen freight vehicles by confirming the purchase conditions with relevant organizations, such as the Ministry of Environment, the Seoul Metropolitan Government, and automobile manufacturers. In December 2022, we received confirmation of local government subsidies. As a result, we introduced hydrogen freight vehicles in April 2023. Based on this first introduction, we plan to gradually convert Incheon Airport Center's heavy-duty freight vehicles owned to hydrogen freight vehicles (one refrigerated vehicle will be converted to a hydrogen freight vehicle in 2024). In the future, Lotte Global Logistics aims to become an eco-friendly logistics company that operates core products of future industries, such as semiconductors and bio, using eco-friendly transportation.

* Expected effect (hydrogen freight vehicles = zero carbon emissions): 56 CERs reduction per year compared to the same diesel car (21,000 liters of diesel consumption per year = 56 CERs)

Introduction hydrogen trucks



Introducing the first lightweight cargo box for electric freight vehicles

In October 2022, Lotte Global Logistics became the first to introduce lightweight cargo boxes (box trucks) on its electric freight vehicles. Logistics companies, such as Lotte Global Logistics, purchase vehicles from automobile manufacturers and then install additional cargo boxes on the freight vehicles to ensure the cargo's safe loading and movement. Normally, cargo boxes are made of steel for strength; however, Lotte Global Logistics has installed cargo boxes made of lightweight composite materials newly developed by SK Geo Centric on its new electric freight vehicles.

The weight of the lightweight composite cargo box on the electric freight vehicle is about 285 kg, about 25% lighter than the weight of a typical steel cargo box, which is 383 kg. In addition, despite being made of lightweight materials, its strength and durability are not far behind steel.

The introduction of lightweight cargo boxes in electric freight vehicles will improve the electricity cost (km/kWh) by reducing the vehicle's weight and increasing the mileage per charge compared to vehicles with steel cargo boxes, thereby reducing cargo vehicles' carbon emissions.

Lotte Global Logistics plans to expand the introduction of lightweight cargo boxes to newly intro-

Introducing the first lightweight cargo box for electric freight vehicles



duced vehicles after comprehensively reviewing the effectiveness of improving electricity costs and user convenience of vehicles with lightweight cargo boxes.

Participating in smart mobility development

Lotte Global Logistics has signed a strategic business agreement with Daechang Motors, a manufacturer specializing in electric commercial vehicles, to develop electric commercial vehicles and is jointly promoting the "Smart Mobility Business" to build an eco-friendly mobility ecosystem.

Collaborative efforts

1. Collaboration to sell and distribute small electric commercial vehicles (one-ton class)
2. Collaboration on PBV development and sales
3. Development and operation of future mobility technologies and services (autonomous driving, platforms, subscription services, etc.)

Lotte Global Logistics will continue to do its best to become a leader in the logistics industry that practices green logistics by proactively introducing and applying smart mobility through active cooperation with EV-related companies and government agencies.

Smart mobility MOU



Expanding the introduction of electric freight vehicles to Lotte Mart stores for short-distance delivery

In October 2020, Lotte Global Logistics introduced Korea's first eco-friendly cold chain electric freight vehicles to deliver fresh food to supermarkets. To ensure stable operation, we piloted the electric freight vehicles for one month, starting with deliveries to Lotte Mart stores in Seoul, and successfully completed tests on their 150 km driving range and refrigeration/freezing performance at -20 °C. The cold chain electric freight vehicle efficiently reduces GHG emissions and improves the freshness of food products as the refrigeration/freezing equipment is operated even when the vehicle is stationary or idle.

Since then, Lotte Global Logistics has opened five 100 kW rapid charging facilities at the Lotte Mart Online Center to expand the adoption of EVs for short-distance delivery of supermarkets, minimizing the disadvantages of operating cold chain electric trucks with relatively high power consumption. In 2022, 40 electric freight vehicles were operated for delivery in the Seoul metropolitan area.

As of April 2023, we are operating 55 cold chain electric freight vehicles in the Chungcheong and Yeongnam regions and the Seoul metropolitan area. We will continue to expand the number of eco-friendly delivery vehicles by December 2023.





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ENERGY USE AND MANAGEMENT

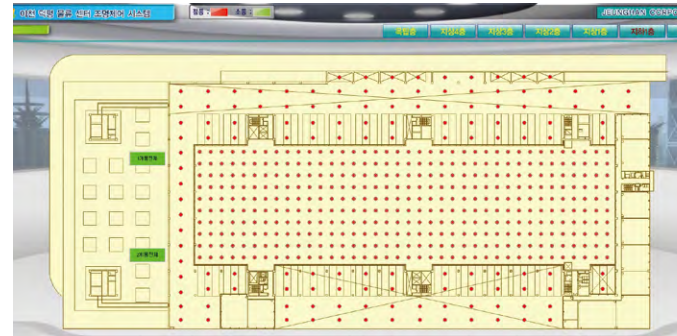
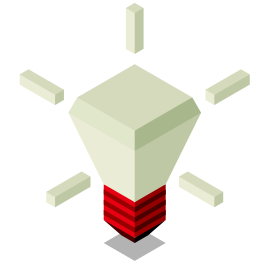
Energy Efficiency and Conversion

Building a distribution center lighting schedule control

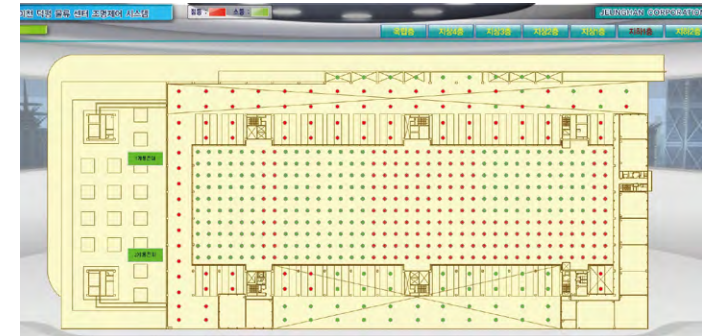
In the operation of large warehouses, tenants have different lease areas and operating hours, resulting in unnecessary power usage as the lights in the warehouse are not turned off even after the end of business hours. To improve energy efficiency, Lotte Global Logistics has established a lighting control system by setting the turn-off time of lights in the exit area to reduce unnecessary power consumption and lower electricity bills. The company aims to reduce electricity use by more than 10% year-on-year in 2023 by controlling lights in places where lighting is not required by the time of day.

Switching to LED lighting in all workplaces

Lotte Global Logistics has promoted the conversion of all business site lighting to LEDs to minimize the energy consumption that occurs in the operation of business sites. We plan to continue our efforts to minimize energy consumption through continuous LED conversion activities in the future.



Before distribution center lighting schedule control



After distribution center lighting schedule control

Current status of LED conversion business in 2022

Name of business	Quantity (EA)	Time of use (hr/year)	Before conversion			After conversion			Carbon emission reduction (tCO ₂ -eq)
			Capacity (W)	Annual usage (kW)	Annual carbon emissions (tCO ₂ -eq)	Capacity (W)	Annual usage (kW)	Annual carbon emissions (tCO ₂ -eq)	
Ulsan K-7 Center	149	8,760	64	83,535	38	40	52,210	24	14
Daegu K-7 Center	136		250	297,840	137	100	119,136	55	82
Hwaseong K-7 Center	36		400	126,144	58	100	31,536	14	43
	107		64	59,988	28	40	37,493	17	10
Suji Collection Center	38	3,650	250	34,675	16	100	13,870	6	10
Sum				602,182	277		254,245	116	159



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Introducing power saver test

As cold storage centers operate refrigeration and freezing facilities 24 hours a day, energy consumption is considerable. As such, Lotte Global Logistics is taking various measures to reduce the energy consumption of power sources continuously generated in cold storage centers. One of these measures is the conduct of efficiency tests on power-saving devices since April 2022, which will be expanded if their effectiveness is confirmed.

Testing the effectiveness of a power-saver installation (installing two refrigeration loads)

TR-1 (20-minute test before and after LV-1)

	Before installing the power saver (CESS)	After installing the energy saver (CESS)	Rate of change
Voltage (V)	375.4	377.8	0.6%
Current (A)	0.39	0.35	-10.8%
Active power (kW)	257.03	231.62	-9.9%
Apparent power (kVA)	259.40	233.18	-10.1%
Integrated power (kWh)	85.60	77.60	-9.3%

* Transformer (TR): the no. 1 transformer installed on site
 * Low-Voltage Switchgear (LV): a "switchboard" installed on-site for a specific purpose (location)
 * TR-1 (LV-1): "the no. 1 switchboard installed in the transformer no. 1;" applicable for electric heat and lighting.

TR-2 (20-minute test before and after LV-5)

	Before installing the power saver (CESS)	After installing the energy saver (CESS)	Rate of change
Voltage (V)	374.1	377.7	1.0%
Current (A)	0.46	0.41	-12.2%
Active power (kW)	292.52	266.12	-9.0%
Apparent power (kVA)	303.15	268.86	-11.3%
Integrated power (kWh)	97.50	89.00	-8.7%

* TR-2 (LV-5) is for refrigerators

Setting a road map for renewable energy transition and building green solar power infrastructure



Jincheon Mega Hub Terminal



Dongdaegu Sub Terminal

Lotte Global Logistics has established a road map for renewable energy conversion to achieve carbon neutrality by 2040 and continuously evaluates and monitors its performance. Since 2022, we have been building an eco-friendly 7 MW solar power generation infrastructure by utilizing vacant spaces at our distribution centers and converting them to new and renewable energy. The installed eco-friendly solar power plant generates approximately 8,942,500 kWh of renewable electricity annually, and the infrastructure has been built so that the electricity generated can be used directly for the courier terminals and supply chain management (SCM) distribution centers. This is expected to reduce GHGs, equivalent to approximately 4,100 tCO₂-eq annually.

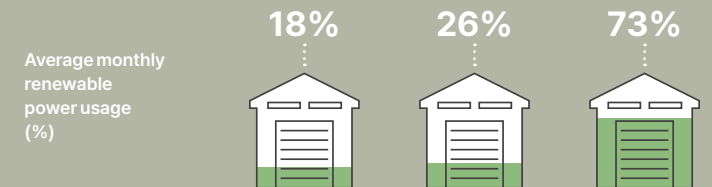
As we advance, Lotte Global Logistics will continue to expand its green logistics process by including factors for the use of renewable energy in the entire process when building new distribution centers and gradually expanding the proportion of renewable energy to reduce the source of carbon emissions (kgCO₂-eq/Box) in the entire logistics delivery process.

Renewable energy conversion road map

Type	2023	2024	2025	...	2030	...	2040	Ratio (%) (Compared to the 2022 emissions)
Annual power generation (MWh)	8,858	11,413	13,968	...	26,743	...	52,293	-
Carbon emission reduction (tCO ₂ -eq)	4,069	5,243	6,417	...	12,286	...	24,024	36%

Use of electricity through eco-friendly solar power generation

Type		Jincheon Mega Hub Terminal	Icheon Outsourcing Center Building A	Icheon Outsourcing Center Building B
Electric energy consumption (MWh)	Estimated electric energy consumption	20,929	6,854	5,258
	Korea electric power	17,157	5,119	1,486
	Renewable power	3,772	1,734	3,772



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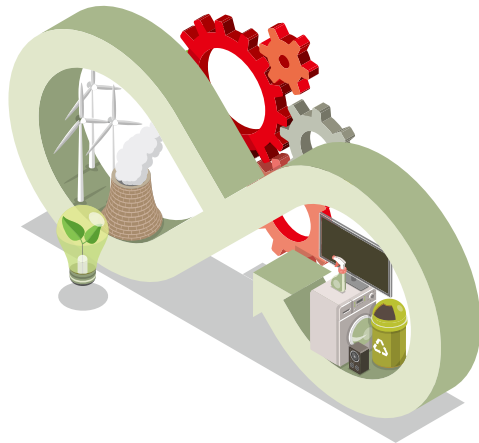
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CIRCULARIZING RESOURCES



Circular Resource Management

Establishing a resource recycling platform and management system for distribution centers

In December 2021, we signed a business agreement with HRM Corporation, a resource recycling platform company, and introduced the resource recycling platform, Ecoya, to 10 of our distribution centers. Through this platform, we have laid the foundation for integrated waste data management in the distribution centers, including the status of all waste treatment processes, recycling rates, and carbon reduction effects. Based on this data, we are building a virtuous cycle system for resources in the distribution centers, including enhancing transparency in waste management, increasing recycling rates, and developing eco-friendly recycling logistics materials. We also plan to step up eco-friendly new businesses such as the waste distribution logistics business and external resource recycling solution business.

Screen from the recycling platform



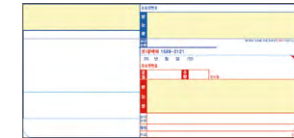
Waste Reduction Efforts

Reducing paper usage

Reducing the size of a waybill | Lotte Global Logistics is implementing a plan to gradually reduce the size of courier invoices to minimize the environmental impact caused by the invoices, which are essential in the delivery process. The newly created invoices are about 40% smaller than the previously used ones, which has the effect of saving 133 30-year-old trees per month. Lotte Global Logistics will be replacing various types of invoices in stages, and the reduction has been completed for invoices used by the company itself. In the future, invoices of large customers will also be reduced through a consultation process.

Waybill size

As-is

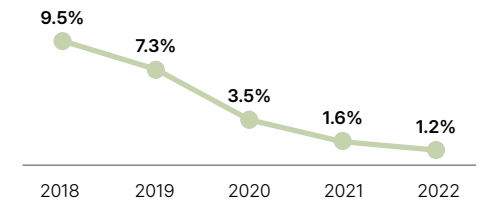


To-be



Minimizing the use of handwritten courier waybills | To reduce the use of handwritten waybills (4P: four (4)-ply waybills), Lotte Courier invested KRW 800 million to provide mobile printers to delivery drivers. As of 2022, 6,300 mobile printers are in use, and the waybills used are labeled waybills (2P: two (2)-ply waybills), which are smaller than conventional waybills, reducing paper usage. We will continue to work on reducing waste in the future.

Handwritten waybill utilization rate



Introducing eco-friendly waybills | Among the courier label waybills, the "Standard Label E Type Multiple Item Waybill" has been changed from a three-ply structure to a two-ply structure, and the waybill has been changed to a bisphenol all-free special thermal paper material. By doing so, we are reducing the amount of paper used and switching to an eco-friendly material waybill. In the short term, we aim to replace the existing tri-fold waybill. Meanwhile, in the long term, we aim to expand the application to other waybill items by continuously improving inconveniences by reflecting opinions from business divisions and sites.

Introducing eco-friendly waybills

(Unit: EA, KRW 1,000)

Year of purchase	Quantity	Amount
2022	208,000	2,912
2023	792,000	11,088
Sum	1,000,000	14,000

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Enforcing courier transactions without a waybill | Lotte Global Logistics is in the process of introducing a “waybill-free delivery service” to reduce the number of waybills used in the delivery process. The introduction of the “waybill-free delivery service” will save about 1.8 million A4 sheets of paper annually, equivalent to saving 547 trees. In September 2022, we built a test box and conducted the third round of testing at branches nationwide. In 2023, we will purchase demo equipment and conduct continuous testing to achieve a 100% arrival rate by the second half of 2023. The service will be initially introduced to Lotte Group affiliates and gradually expanded.

Simplifying cargo accident settlement paperwork | Due to the nature of the courier business, cargo accidents can often occur during transportation. We are conducting the settlement process through an electronic system to minimize the number of written agreements required to prove the settlement between the parties to an accident. The electronification of the settlement process saves about 10,000 A4 sheets of paper per month.

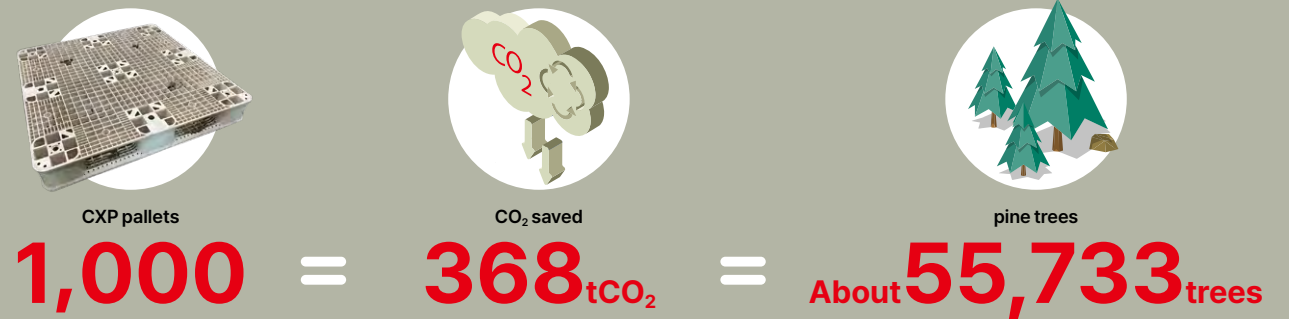


Developing eco-friendly shipping supplies

Recently, the global plastic-free movement has been accelerating because of environmental pollution caused by increased plastic waste. Lotte Global Logistics is promoting a project to replace plastic shipping supplies (pallets*, totes**, etc.), which are essential for logistics sites, with eco-friendly materials and introduce them to logistics sites. Cellulose Cross-linked Polymer (CXP), a new wood-based material, is an eco-friendly material that utilizes forestry byproducts, has thermoplastic properties, can be injection molded and mass-produced, and has excellent carbon storage effects. Lotte Global Logistics will develop eco-friendly shipping supplies by collaborating with CXP manufacturers and introduce the developed shipping supplies to distribution centers to replace existing plastic products. Replacing 1,000 plastic pallets used at existing logistics sites with CXP materials will reduce carbon dioxide by about 368 tons, equivalent to planting 55,733 pine trees. The company also plans to establish a resource circulation system by recycling damaged products and providing green logistics services. Lotte Global Logistics plans to expand its carbon neutrality, green logistics practices, and resource circulation business by developing and introducing eco-friendly shipping supplies.



** Pallet: A structure used to stabilize cargo during pickup, storage, and unloading transportation by trucks, forklifts, etc.
 ** Tote: A durable, box-like container that can be used repeatedly to store and transport goods.



* Each pine tree absorbs 6.6 kg CO₂ per year

CXP pallet

Sustainability practices

- Realizing carbon neutrality (Net Zero)
- Establishing a resource circulation system
- Expanding into sustainable carbon reduction business

Achieving green logistics

- Creating a sustainable logistics environment by reducing plastic use
- Providing green logistics solution service
- Reducing waste within the logistics value chain

Economics

- Improving logistics efficiency with wood-based multiuse pallets
- Saving money with a resource circulation system (recycling)

Safety

- Excellent flexural and compressive strength
- High cold and heat resistance (-70°C/-140°C)

Versatile application

- Applicable to existing plastic injection molds
- Creating standardized logistics pallets for a variety of industries

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Introducing Recycling and Renewable Resources

Green uniforms

Since 2021, Lotte Global Logistics has been using recycled nylon yarn* to produce winter jumpers for site uniforms, even expanding to vests. Recycled nylon yarn can recycle wasted resources while maintaining the same quality as conventional fabrics. The eco-friendly uniforms are provided to employees working in the sites, such as corporate centers and branches, and employees of partner companies, such as agency couriers and logistics delivery drivers.

* Recycled nylon yarn: recycled from marine waste (such as discarded fishing nets) or byproducts from producing textile products.



Green uniforms purchase

(Unit: suit, KRW 1,000)

Year of purchase	Items	Quantity	Amount
2021	Winter jumpers	6,097	201,201
2022	Vests	7,122	130,333
2023	Vests	169	3,093
Total		13,388	334,627

Eco-friendly calcium chloride

In November 2022, Lotte Global Logistics introduced eco-friendly calcium chloride utilizing marine waste starfish for snow removal. The product does not cause road corrosion and has three times the melting endurance of regular chemicals.

Eco-friendly calcium chloride

(Unit: EA, KRW 1,000)

Year of purchase	Quantity	Amount
2022	657	14,334

Biomass resin polybags

In 2022, Lotte Global Logistics applied 25% biomass* material to plastic bags (polybags) for courier services for new customers. The product is made from biomass resin that received the EL-727 environmental label when it was introduced in March 2022.

* Biomass: organic waste from industrial activities (sawdust, rice husks, agricultural/forestry byproducts, etc.)

Biomass resin polybags

(Unit: EA, KRW 1,000)

Year of purchase	Quantity	Amount
2022	171,300	32,539

Enforcing reverse logistics to encourage multiuse containers

The rapid growth of the online market due to the COVID-19 pandemic has led to the generation of waste, such as plastic and paper, increasing social concern about environmental pollution. The government has announced policies such as restricting the use of plastics to reduce waste resources, and changes in consumer perceptions of eco-friendliness are reflected in the value-oriented consumption trend, calling for eco-friendly activities by companies.

In line with these social trends, the multiuse container recycling platform "Itgreen" and Lotte Global Logistics have partnered to provide solutions for multiuse container recycling using the company's nationwide logistics infrastructure as part of its eco-friendly management. Starting with multiuse containers, we will expand the number of recycled items, such as multiuse courier boxes, to establish a reverse logistics process for a virtuous cycle of resources and strive to establish ourselves as a leading green logistics company.



multiuse container bag



multiuse containers



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TALENT MANAGEMENT

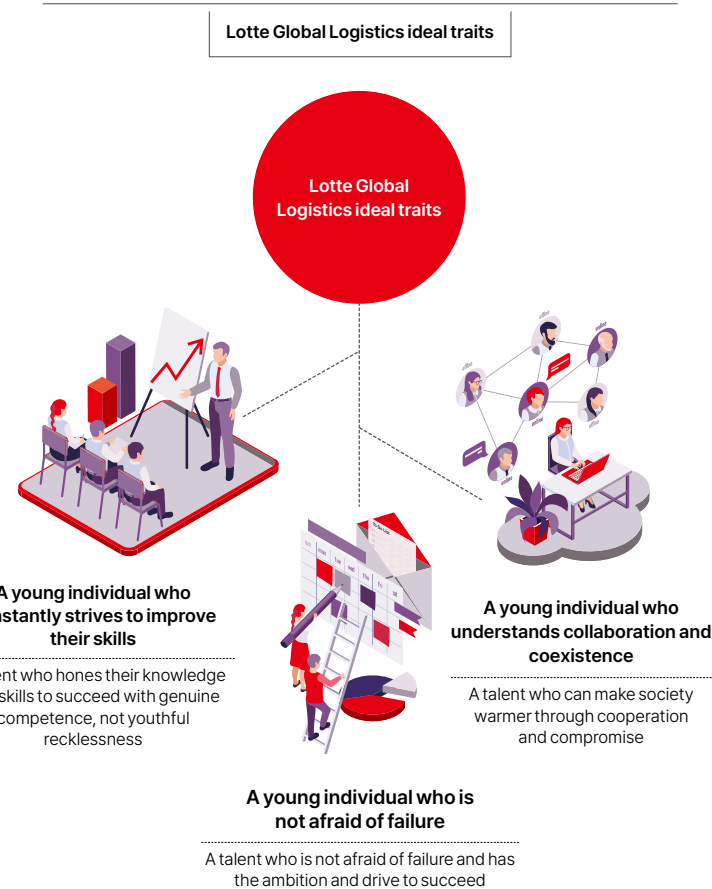
Lotte Global Logistics Fair Recruitment
KEY WORD
 Recruiting with a transparent and diverse view of the job seeker's abilities up close



Talent Recruitment

Lotte global logistics ideal traits

Lotte Global Logistics checks and manages internal recruitment procedures and processes from time to time to prevent discrimination based on gender, education, age, region of origin, disability status, etc. Based on this, we were selected as an excellent company for fair recruitment in 2022 by the Ministry of Employment and Labor.



Talent recruitment process

Lotte Global Logistics applies the one-day and one-stop interview process for all recruitment processes, including career employees, new recruits, and diversity recruiting. This helps job seekers by reducing unnecessary time spent during the hiring process, making it more comfortable.

Lotte Global Logistics ideal traits		Talent recruitment process			
Classification	Career recruitment (S-A Grade)	New hires		Diversity recruitment (including people with disabilities)	
		A grade	JA grade		
Recruitment process	Document screening	Document screening	Document screening	Document screening	
	Interviews and personality test	Cognitive aptitude test	Personality test	Interview	
	Reputation checks and salary negotiations	Interview	Interview	Personality test	
	Screening and onboarding	Screening and onboarding	Screening and onboarding	Screening and onboarding	

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Running an industry-academia collaboration internship program

Lotte Global Logistics strives to recruit excellent and suitable talents from home and abroad through industry-academia collaboration.


Running an internship program for domestic branches |

Through an agreement with Chung-Ang University, we hold a logistics class every first semester and run an internship program twice a year.

Running an internship program for foreign offices |

We run an internship program for foreign offices once a year in partnership with Hankuk University of Foreign Studies. Each outstanding graduate of the internship program receives preferential treatment when applying for future positions, with exemptions from the initial document screening process.

Stakeholder interview
New hire



Three words come to mind when considering recruitment at Lotte Global Logistics: kindness, humanity, and friendliness. I got the impression that they strictly adhere to a structured evaluation system. It seemed like they systematically evaluated applicants' stories and potential by asking a series of continuous questions rather than relying on instinctive judgments. In addition, it was good that the interview was conducted in one day without the hassle of multiple rounds, such as the first and second interviews.

Helping Build and Empower Talent

Talent development system

At Lotte Global Logistics, the competence of each employee is highly valued. Therefore, we run various programs not only for training at the LOTTE Human Resources Development Institute but also for our own training. In addition, every year, we update our talent development system under "LGL Together Campus" by identifying human resource development (HRD) trends and employee needs.

In 2023, we run five classes of DT, Job, Harmony, Leader, and Theme, and provide courses for employees in each class.





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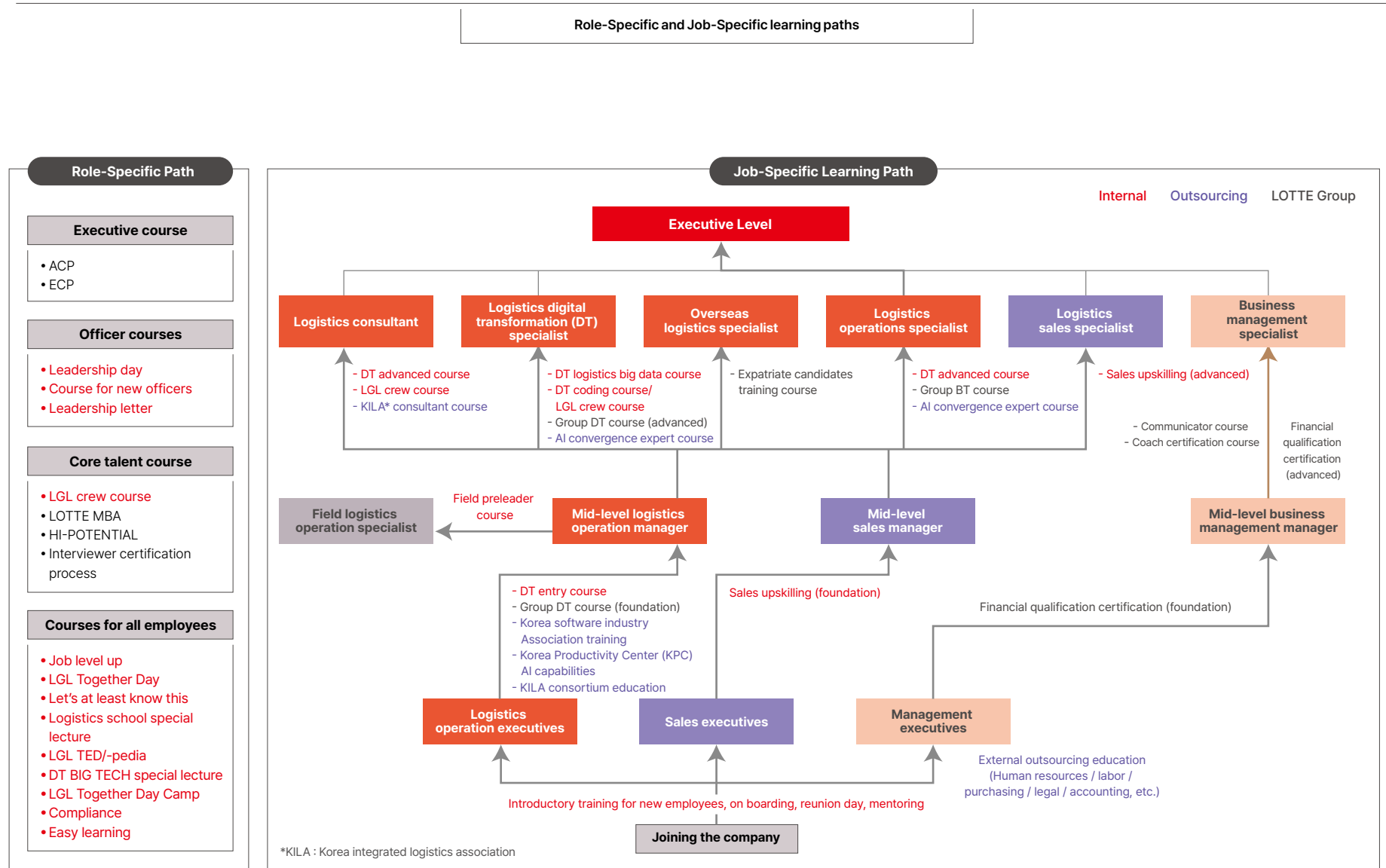
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LGL Together Camp System

DT CLASS



If you are in your early 40s, you might have seen the cartoon “2020 Space Wonder Kiddy” that aired on Sundays during your childhood. The main character rides a flying robot around the skies in the year 2020. In 2018, the Dubai Police announced that they would start training on a similar hoverbike. As we live in an era where imagination becomes a reality, digital literacy seems to be an essential skill. Our company aims to enhance the “DT Talent Development System” related to this aspect.

DT talent management system

	Basic	Intermediate	Advanced
	Excel skill-up course		
DATA analysis	[Level 1] Python foundation	[Level 2] Python intermediate	
	[Level 1] SQL foundation	[Level 2] SQL intermediate	
		[Level 3] Logistics big data course	
		KRU course	
DT mindset	DT trends lectures (LGL Together Day special lecture, logistics research Institute monthly seminar)		

* Separate courses from the lotte human resources development institute
* DT class homepage: <https://lgldhd.wixsite.com/igldhd>

Logistics and Job CLASS



Whenever we survey our employees, they tell us that the most important training they need is “assigned duty.” The word duty (職) means inscribing the knowledge of life (音) into the ear (耳) with a knife or spear (戈). It means that it is important to listen well. We have prepared the following courses to help you internalize the work expertise that can only be obtained in our company.

Class overview

Job specific training	We'll train on job duties that weren't covered last year.
Job manual	We'll gradually upgrade the job manual we published at the beginning of the year.
Special lecture on logistics school	We invite an outside logistics expert to look at logistics from a fresh perspective.
Accounting/payables/finance	We have made it a regular course because the importance of accounting and payables is growing.
Understanding the field (automation center)	You can gain insights into your logistics operations by learning from the best practices.

Employee Engagement CLASS



Purple has historically been associated with royalty and nobility and is mainly used to make garments for the nobles in question. In the past, purple dye was extracted from shells, which were extremely rare and expensive. When put into perspective, this precious color combines red and blue, somewhat like a combination of water and fire. Purple is almost like “harmony.” When two colors that don't go together are mixed, you end up with the purple, which is worn by royalty and symbolizes nobility.

Class overview

LGL Together Day, LGL Together Camp	On LGL Together Day, a day of harmony among all employees, we're launching a new employee-wide One Mind Camp.
Workplace collaboration course	We recommend this program to those wanting to get along with the team or the field.
Team harmony course	We recommend this course for those who want to get to know their teammates better.
JA, career on boarding	We're here to help new hires get settled in.
In-person mentorship	We offer mentoring to any employee who wants it, as long as they've been with us for less than a year!
Reunion day	It gives you the strength to look back at your first year and move forward.
LGL TED-pedia, golden bell	We'll keep it going like last year. We hope to see many of you there.

Leader's CLASS



In Tongyeong's Yi Sun-sin Park, there is a statue of Admiral Yi Sun-sin. Looking closely at the statue, you will notice Admiral Yi pointing somewhere. Do you know where he is pointing? It is directly toward the coast of Hansando Island, where the Battle of Hansan Island took place. I realized that what the leaders look at and how they act determines a company's leadership. With this in mind, we have prepared leadership programs that emphasize having a clear direction and effectively guiding employees to create a successful organization.

Leadership contents

LEADER	...▶ I want to get along with my team members, but it's not going as smoothly as I'd like...	▶ Leadership Day (headquarters, all officers in the field)
	...▶ Is there any content that explains leadership in a way that is easy to understand?	▶ Leadership Letter
FOLLOWER	...▶ If I were to become a leader someday, are there things I should know in advance?	▶ Followership Course + Field Preleader Course
	...▶ I'm in my first year; what should I do?	▶ Course for new officers

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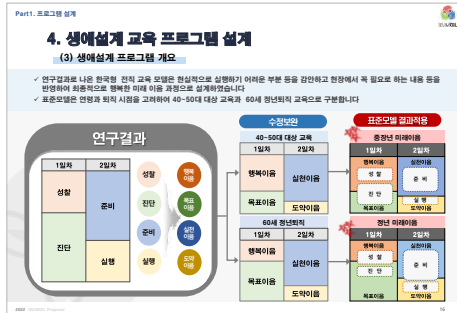
Certified as an excellent human resource development company (HRD) | Lotte Global Logistics was certified as an excellent company for human resource development by the Ministry of Trade, Industry and Energy and the Ministry of Education in 2020 and has maintained the certification as of 2022. We will continue to do our best to foster human resources that lead the logistics industry through systematic human resource management.

Retiree assistance program | We provide outplacement training for employees about to retire, and we collaborate with external reemployment process specialists to provide career planning, job placement, job search, or startup-related training.

Best human resource developer certification



Outplacement training



Publishing leadership letters

Leadership has become even more important since the COVID-19 pandemic, and given that Lotte Global Logistics has many leaders in the field, we publish the "Leadership Letter" to help us think about leadership at all times. Twice a year, the Talent Development Team writes contributions on the leadership needed for our company and distributes them to the headquarters and business sites.

Publishing a "Leadership Letter"



Nurturing Future Talent

Industry-academia cooperation to nurture logistics talent

Establishing an MOU to foster data-driven distribution and logistics industry professionals | Lotte Global Logistics signed an MOU with Chung-Ang University in 2022 to train logistics professionals. Through this, the company's logistics experts and Chung-Ang University master's and doctoral students have jointly researched logistics projects and will continue to develop this program in the future.



Signed an MOU with Chung-Ang University to train logistics professionals

Establishing an MOU with Inha University Graduate School of Logistics |

Lotte Global Logistics has signed an MOU with Inha University's Graduate School of Logistics to conduct LGL Keyman Retention & Upgrade (KRU) training to grow the company's core talent. Through this course, we are conducting research on logistics big data analysis and on-site process improvement. We are also helping participants improve their capabilities to grow into talented people who will lead the company in the future.



LGL KRU training

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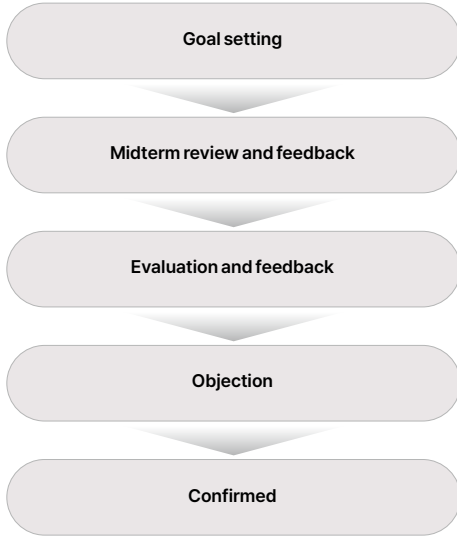
Fair Performance Evaluations and Rewards

Performance evaluation system

Lotte Global Logistics implements an evaluation system that comprehensively judges organizational and individual performance. We strive to ensure the fairness and acceptability of the appraisal system through annual appraisal training, feedback, and appeal procedures. We are also creating an appraisal system that is acceptable to employees by applying absolute ratings for lower evaluation levels and a multifaceted appraisal system that evaluates supervisors, subordinates, and coworkers from different perspectives.

Reasonable wages and compensation

Lotte Global Logistics pursues reasonable compensation at the highest level in the industry. We provide wage increases and performance pay based on business performance every year. We also apply differential compensation to employees based on individual performance.



- Developing job specialists
- Career management through job rotation
- Establishing a system considering Career Paths
- Performance-based evaluations and rewards
- Increasing evaluation transparency with feedback
- Building a culture of communication (regular, occasional)
- Organizational and leadership diagnostics
- Task Force Team (TFT) operations to improve company culture

Work-Life Balance

Lotte Global Logistics has introduced and operates various work-life balance (WLB) programs apart from the basic welfare system to enhance employees' job satisfaction and support their efficient work performance.

Happy ticket

It's a once-a-month, two-hour early get-off that employees can use on any day of their choosing, with no approval process, and can even be used during the workday to catch up on personal matters. In 2023, we expanded the program to be available twice a month.

Family day

Every Wednesday and Friday, we have an on-time clock-out system, where we send out an all-employee email and internal broadcast at 5:50 p.m., 10 minutes before clock-out time, to encourage employees to leave work on time.

Half-day off / partial-day off

This system allows employees to split their annual leave from a full day [eight (8) hours] to four (4) hours (half-day) to two (2) hours (half-and-half), giving them more freedom and flexibility to use their time off.

Happy lunch

This program extends the lunch break from one hour to one and a half hours every Friday. Employees can take advantage of Happy Lunch to connect with their coworkers and take time for personal development.

Time zone commuting

We operate a total of five types of time zone commuting systems (adjusting work time in 30-minute increments from 8:00 to 10:00). It is useful for employees who need to attend childcare or self-development.

PC-OFF system

We utilize the PC-OFF system to eliminate overtime and unnecessary work and free up employees' time. We support employees' work-life balance with features such as notifications when clock-out time is approaching, restrictions on PC use while on vacation, and special approval from team leaders to use PCs after clock-out time.

Joint annual leave

At the beginning of each year, around the holidays, we encourage employees to use their annual leave to allow them to plan their vacations in advance. The joint annual leave program contributes to employees' culture of annual leave use.

2022 Joint annual leave and family day leave announcement

1. Use personal annual leave for holidays, before or after certain holidays, and on sandwich days.
2. Select up to two days among the effective dates.

* Use annual leave on a separate date for necessary personnel who must go to work for unavoidable reasons.

Effective date	Holiday
1/28, 2/3	Korean New Year holiday
2/28, 3/2	Independence Movement Day
5/4, 5/6	Children's Day
6/3, 6/7	Memorial Day
8/12, 8/16	National Liberation Day of Korea
9/8, 9/13	Chuseok holiday
10/13, 10/17	Company's Foundation Day
12/23, 12/26	Christmas










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Employee Benefits

Lotte Global Logistics operates various welfare programs to improve the welfare and satisfaction of its employees.



<p>Using condo resorts</p> 	<ul style="list-style-type: none"> • Access to condos (with memberships to six resorts) at low prices (for bearer members) during peak seasons, holidays, etc.
<p>Support for family events</p> 	<ul style="list-style-type: none"> • Support for family events Providing supplies, expenses, and leave for employees and their families during the family event • Additional funeral services KRW 3 million worth of additional services, including labor, vehicles, and coffin supplies, were provided for yourself, your spouse, your children, and your parents' funerals. If not used, 50% of the total value will be paid to the salary. • Bereavement leave (for parents, spouses, children, siblings, etc.) • Special leave Celebration leave (wedding, graduation, parental 60th or 70th birthday, sibling wedding, etc.)
<p>Other benefits</p> 	<ul style="list-style-type: none"> • Support for physical fitness (or vacation) expenses Providing an amount for employee health promotion and recreation once a year • Paying for holiday travel Travel and gift support for employee holiday homecomings
<p>Rewarding long-term employees</p> 	<ul style="list-style-type: none"> • Rewarding long-term employees Mementos and rewards based on the anniversary (October 14) (10–30 years of service, gold plaques and awards, and travel expenses support)
<p>Workplace social clubs</p> 	<ul style="list-style-type: none"> • Club activity fees Support for club activities in various genres, such as sports, crafts, calligraphy, etc., and celebration grants for new clubs (KRW 300,000) • Club tickets 2 hours of early clock-out for social club activities once a month
<p>Student loan interest assistance</p> 	<ul style="list-style-type: none"> • Student loan interest assistance Full tuition loan interest coverage until final disbursement for employees repaying the Korea Student Aid Foundation's "Post employment Repayment Student Loan."
<p>Health promotion programs</p> 	<ul style="list-style-type: none"> • Medical checkup Support for medical checkups for employees age 35 or older, or in a leadership position, and their spouses • Enroll in group accident insurance Provision of actual insurance for injuries and illnesses based on coverage



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Healthy Organizational Culture

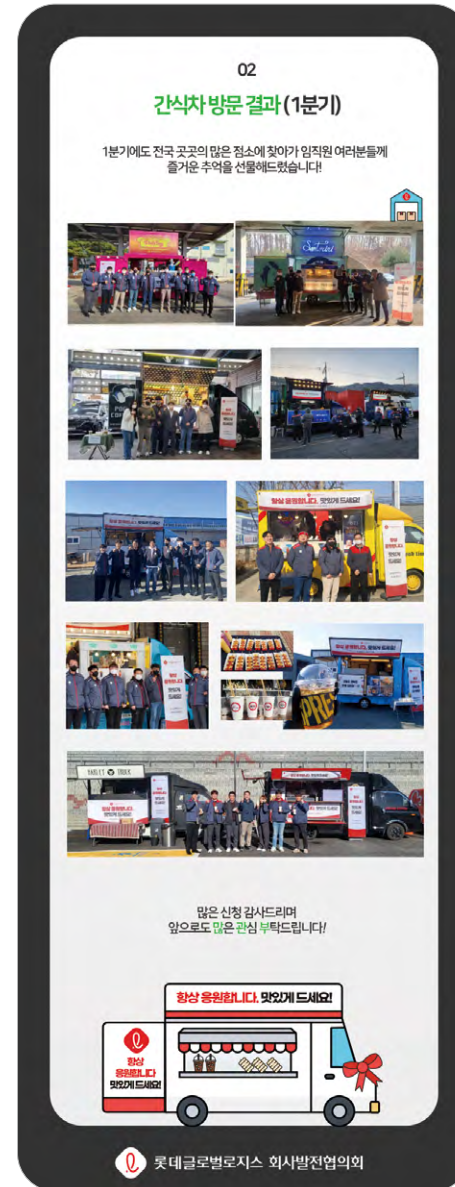
Lotte Global Logistics operates the Company Development Council and Junior Board to establish a horizontal corporate culture. Through these, we listen to the opinions of various employees and consult with management to create a healthy and enjoyable organizational culture.

Company development council | The Company Development Council comprises an equal number of members from the employee's and the employer's sides (six each). The members are elected by direct vote of the employees and are organized into different business divisions, genders, and positions to ensure that the opinions of as many employees as possible can be heard. The Company Development Council is held every quarter and has introduced new programs, such as joint labor-management events (e.g., providing snack trucks on-site) and No Leader Days, which employees have well received. In addition, we are continuously striving to improve company productivity, improve employees' working environments, and resolve their concerns.

Noriday, no leader day | Noriday (No Leader Day) is a system that allows officers to take annual leave on a designated day once a month and was implemented according to the resolution of the Company Development Council. Through the No Leader Day, we aim to encourage employees to take the initiative and secure work autonomy.

Target positions	Executives, Team Leaders, Branch Managers, Center Managers, Office Managers, Division Managers
Content	Monthly annual leave on the officer's designated day - It is necessary to maintain an emergency contact system at the headquarters. - If no remaining annual leave is due to the promotion of annual leave use, the date must be changed and reported
When to enforce	Starting august 2022
Specified date	Rotation by headquarters wednesday-friday of the 4th week of the month

About labor-management events (on-site snack truck support)



Junior board

Lotte Global Logistics operates a "Junior Board" organization centered on the MZ generation to promote intergenerational communication and build a flexible, horizontal organizational culture. The Junior Board holds monthly meetings with the CEO to express their opinions and communicate freely.





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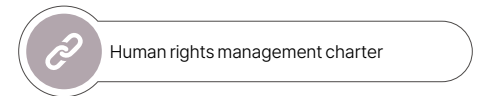
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RESPECT FOR HUMAN RIGHTS AND DIVERSITY



Proclamation of the Statement on Human Rights

Lotte Global Logistics respects and protects the human rights of all stakeholders, including employees, partners, and customers, and aims for “human rights management” that can positively change not only the lives of customers but also our society. On October 13, 2022, we established and promulgated the Human Rights Management Charter as a standard for proper behavior and value judgment that all executives and employees must comply with in the course of management activities and business execution to become a company that added value to the lives of human beings and pledged to observe and implement this charter faithfully.



Human rights management charter

01. We respect all human dignity and value and prioritize human rights in managing our business.
02. We respect international human rights principles and covenants, including 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.
03. We establish and implement systems and policies, including human rights management systems, to embed respect for human dignity and value across our corporate culture and the spectrum of business management activities.
04. We strive to protect and advance marginalized communities' human rights and respect the human rights of everyone whose lives we touch, including our employees, customers, government authorities, partners, and local communities.
05. We do not discriminate based on race, gender, education, age, disability, religion, place of birth, political stance, or any other grounds when hiring or in the workplace. We also pursue an organizational culture of mutual respect and understanding.
06. We do not condone forced or child labor in any shape or form and comply with the minimum working age established by international standards and local laws in the jurisdictions in which we conduct business.
07. We comply with the working hour and minimum wage regulations in the jurisdictions in which we conduct business.
08. We foster working conditions that prioritize our officers' and employees' health and safety.
09. We guarantee the basic rights of the people as stipulated in the Constitution to protect and promote the human rights of our employees.
10. We endeavor to prevent human rights violations in the workplace, such as workplace harassment or sexual harassment, and to provide remedial measures.
11. We pursue win-win development with our partners on an equal footing and support and cooperate with them in practicing human rights management.
12. We protect personal information acquired in the course of business.
13. We prevent human rights violations during business and timely provide adequate remedial measures.

We pledge to do our utmost to implement and advance human rights management as set forth above.

All officers and employees of LOTTE Group

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Overhauling the Employee Grievances Process

To spread a culture of respect for human rights, Lotte Global Logistics reorganized the existing grievance-handling process upon the Human Rights Management Charter proclamation in 2022. To prevent and remedy human rights violations by internal and external stakeholders related to the company's business activities, a dedicated organization, the Human Rights Violation Reporting Center, was established and operated to focus on grievance handling. In addition, reception channels have been expanded to facilitate counseling and reporting human rights violations. The identities of informants and victims are thoroughly protected from being disclosed while handling the content.

Report human rights violations

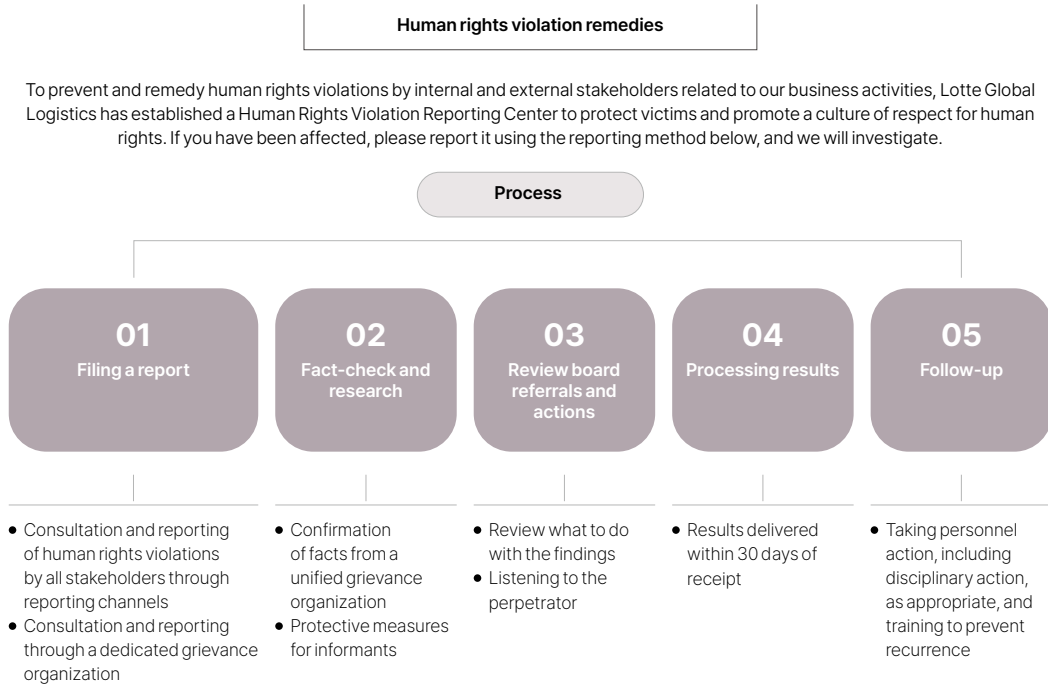
What to apply for	Consultation and reporting of human rights violations followed by our business activities
Phone call	010-7495-7282
Email	lglgwp@lotte.net
KakaoTalk	Add "Lotte Global Logistics Grievance Counseling" as a friend.
Mailing address	(04527) In front of the Company Culture Team, 10, Tongil-ro, Jung-gu, Seoul (Yonsei Severance Foundation Building 12)

Promoting Human Rights Management Culture

Based on the Human Rights Management Charter, Lotte Global Logistics strives to create a culture in which all executives and employees respect and consider each other and successfully establish a culture in which all stakeholders and employees' human rights are respected.



Posters promoting human rights management (posted at all worksites)



Grievance counseling channel promotion sticker (in meeting rooms, restrooms, etc.)

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Respecting Diversity

Fostering female leaders

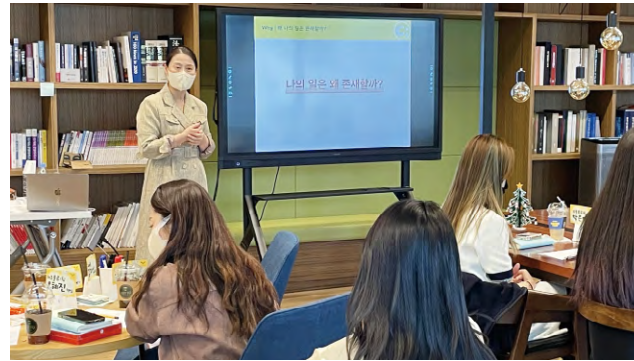
Lotte Global Logistics runs a female mid-level management leadership course every year to capitalize on the strengths of women leaders and strengthen collaboration among women leaders.

Female-friendly systems

In addition to legal programs, such as shortening working hours during pregnancy and childcare and operating workplace daycare centers, Lotte Global Logistics operates various in-house programs related to family friendliness, including Family Day, family anniversary leave, wedding and childbirth gifts, and early clock-out systems.

Family friendly management certification | Lotte

Global Logistics operates various family-friendly systems to help employees balance work and family. It has been certified as a family-friendly company by the Ministry of Gender Equality and Family in recognition of its efforts.



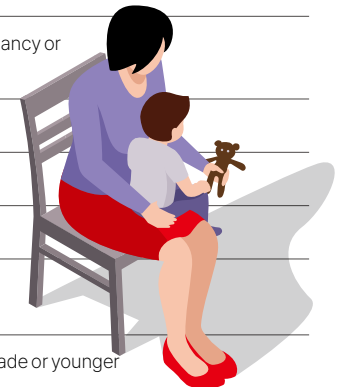
2022 Female mid-level management leadership course



Workplace daycare center

Family friendly management certification

Shorter working hours during pregnancy	<ul style="list-style-type: none"> Reduced work hours of 2 hours per day for female workers within 12 weeks of pregnancy or after 36 weeks (no reduction in pay)
Maternity leave	<ul style="list-style-type: none"> 90 days of maternity leave before and after the childbirth
Baby shower gifts	<ul style="list-style-type: none"> Celebration gifts (infant formula/diapers) within 12 months of birth
Congratulatory gifts for pregnancy	<ul style="list-style-type: none"> Providing a fruit set and a pamphlet on female-friendly policies
Shorter working hours during childcare	<ul style="list-style-type: none"> Can apply for shorter working hours in lieu of parental leave
Parental leave	<ul style="list-style-type: none"> Can apply to care for a child who is eight (8) years old or younger or in the second grade or younger
Child school admission care leave	<ul style="list-style-type: none"> 1 to 12 months of leave available when your child enters elementary school
Workplace daycare center	<ul style="list-style-type: none"> Running a daycare center for employees' children <ul style="list-style-type: none"> Jointly operated by three affiliated companies (Korea Seven, Lotte Insurance, and Lotte Global Logistics) Monthly parking passes for eligible staff when using a daycare center High parental satisfaction with standard childcare curriculum, special activities, and field trips
Supporting the education of women with parental leave	<ul style="list-style-type: none"> Support training for female talent on maternity and parental leave, those planning to take parental leave, and those returning to work after a leave
Others	<ul style="list-style-type: none"> Providing a women's break room (with single-seat recliners and heat packs) to improve the work environment for women Providing personal care products in women's restrooms, etc.





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Improving the Workplace for People with Disabilities

Expanding employment of people with disabilities

Lotte Global Logistics operates a recruitment system for people with disabilities to expand the number of people with disabilities. In addition, we continue to identify jobs that actively recruit people with disabilities, such as the CS call center for parcel services who can work from home. As a result, we have exceeded the mandatory employment rate for people with disabilities for the last three years.

Supporting necessary items for employees with disabilities

To improve the working environment for people with disabilities, we survey in March and September every year and provide them with necessary items. In March 2023, we listened to the opinions of employees with disabilities, allowing us to provide them with necessary items, such as chair backs and safety shoes, by April.



Employment status of people with disabilities

(Unit: person)

Category	2020	2021	2022
Full-time workers	2,023	2,112	2,217
Mandatory employment rate	3.1%	3.1%	3.1%
Number of mandatory hiring employees	62	65	68
Actual number of employees	66	67	73
Excessive number of employees	4	2	5

Immediate openings for people with disabilities



- Discovering various jobs (office support, logistics operations, sports teams, etc.)
- Running a hiring pool of people with disabilities
- Suggesting jobs that match candidate specifics
- Validation and placement through job interviews

Parasports teams to increase employment of people with disabilities

Lotte Global Logistics supports the development of parasports while expanding employment for people with disabilities through the operation of parasports teams. We currently operate a total of 12 athletes in two sports, archery and table tennis, and hold regular meetings with the athletes to provide them with uniforms and assistive technology devices needed for training. In terms of uniforms, we provide the sports teams with disabilities (archery and table tennis) with uniforms tagged with the company's logo twice a year to help them improve their training effectiveness by strengthening their sense of belonging and raising their self-esteem. In addition, we provide additional rewards for winning in official competitions to encourage them to participate in training actively. For the archery team, which has its own training center, we provide various support, such as delivering breakfast to the training center.



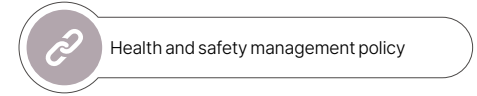
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ENSURING A SAFE WORKPLACE

Health and Safety Management Systems

Lotte Global Logistics has identified safety and security as a top priority for corporate management. It operates a health and safety management system based on the Occupational Safety and Health Act and the international safety standard ISO 45001. This health and safety management system applies to all workers at all Lotte Global Logistics locations.



Key elements of the health and safety management system

Lotte Global Logistics conducts continuous health and safety improvement activities through the four cycles of Plan, Do, Check, and Act based on its core values and five major health and safety management goals.

Core values of safety, health, and environment management

- Pursuit of safety knowledge
- Leadership for safety culture
- Human respect
- Environmental conservation

Goals of safety, health, and environment management

- Assessing risk to build self prevention system
- Building a health and safety partnership
- Improving the administrator's health and safety management
- Improving the workplace environment in logistics
- Managing major hazard machinery and equipment accident prevention



Health and safety management policy

Lotte Global Logistics Co., Ltd. contributes to sustainable social development by making safety and security the top priority of corporate management based on the philosophy of respect for human beings and promoting activities to ensure the safety and health of all employees.

[Legal]
Comply with safety and health-related laws and regulations and improve safety and health levels through stricter management standards.

[Value]
Prioritize the safety of our employees and partners' employees in all business activities.

[Environment]
Create a safe and comfortable workplace through proactive safety and health management.

[Cooperation]
Maintain and develop partnerships to strengthen the safety and health win-win cooperation system.

[Participation]
All employees are encouraged to actively participate in establishing the best safety culture.

[Education]
All employees are trained to improve safety awareness and take the lead in preventing industrial accidents through education and training.

January 1, 2022
Kim Tae-woong, Chief Security Officer (CSO) of the Safety Environment Innovation Division

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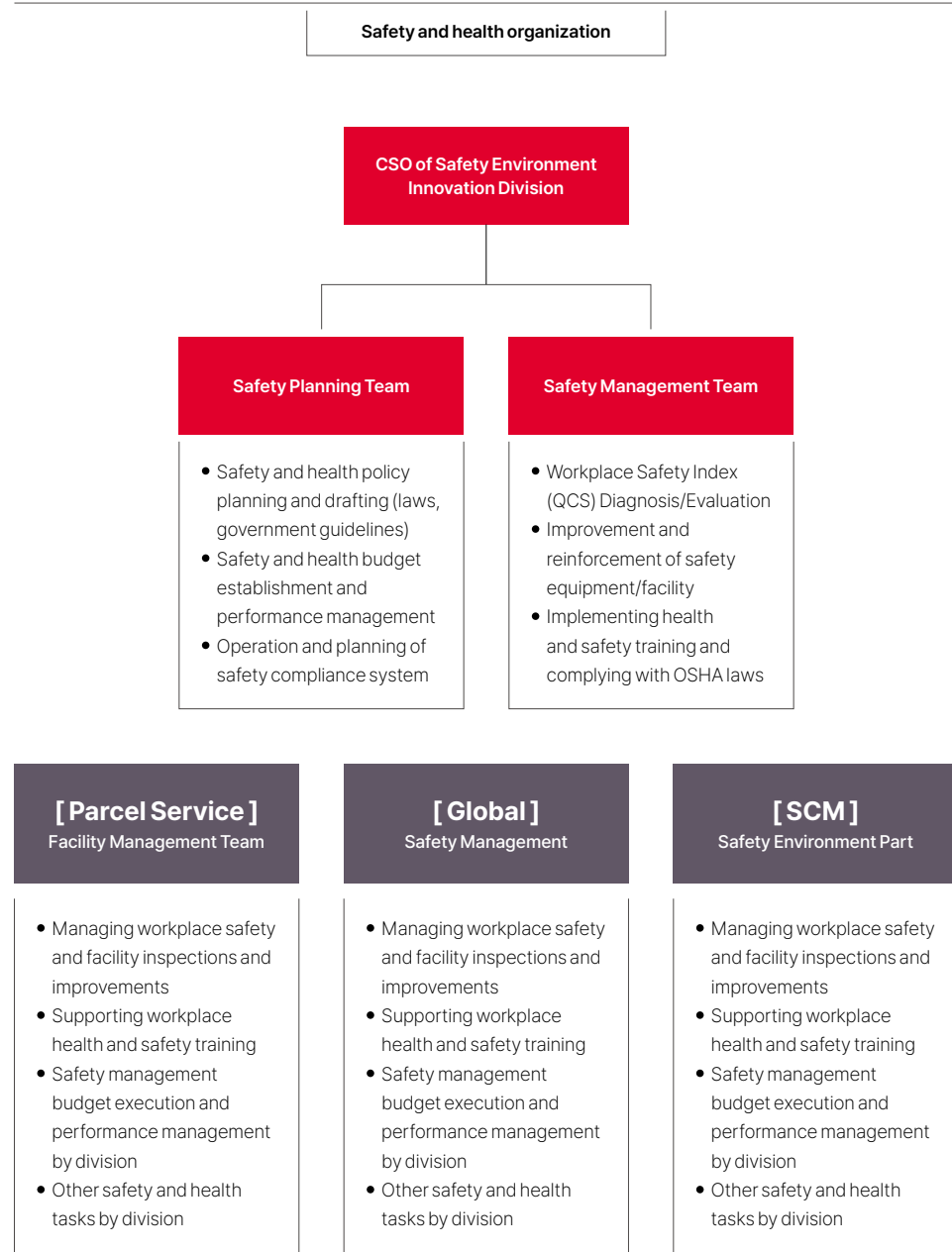
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Lotte safety management system "lotte safety"

Lotte Global Logistics conducts efficient safety management through "Lotte Safety," a web and mobile program dedicated to safety management. Through Lotte Safety, the head of each workplace and safety managers can check safety diagnosis results, risk factors and improvement results, workplace safety education and training and key dates, and information and materials necessary for safety management tasks. In addition, we strive to prevent accidents by sharing key management points and accident cases that workplaces should prepare for during vulnerable periods, such as issuing weather special reports.

Lotte safety details

- Safety diagnosis:** Registration and monitoring of various safety inspection results and improvements
- Safety training:** Safety events, regular and special safety and health training, risk assessment, etc.
- Work sharing:** Safety notices (related laws, issues, accident reports, weather, etc.)
- Safety archive:** Registration of safety and health training materials, manuals, guidelines, and best practices for improvement
- Statistical analysis:** Analyzing safety activities, diagnosis results, accidents, etc.



Occupational safety and health committee
 Lotte Global Logistics has established Occupational Safety and Health Committees for each headquarters (Parcel Service, SCM, and Global) to ensure the working environment's and workers' safety. The Occupational Safety and Health Committee is held once a quarter with equal numbers of representatives from the employer side (general manager, team leader, etc.) and the employee side (workers at the workplace) to discuss worker safety and health issues, work environment improvements, and opinions from business partners. In addition, workplaces subject to the requirements of the Occupational Safety and Health Act have a workplace-specific occupational safety and health committee, which meets once a quarter in compliance with the requirements of the Occupational Safety and Health Act.

Safety communication system
 We have systematized procedures for sharing and communicating safety and health-related matters, regularly communicating with workers at the workplace, and documenting safety-related communications.

Safety and health council	monthly
Supervisors' meeting	weekly
On-site TBM*	daily

* Toolbox meeting (TBM, safety inspection meeting before work): An activity in which workers, led by a supervisor, gather near the work site before work for about 10 minutes to review the work and hazards and to check and discuss safe work procedures with each other.

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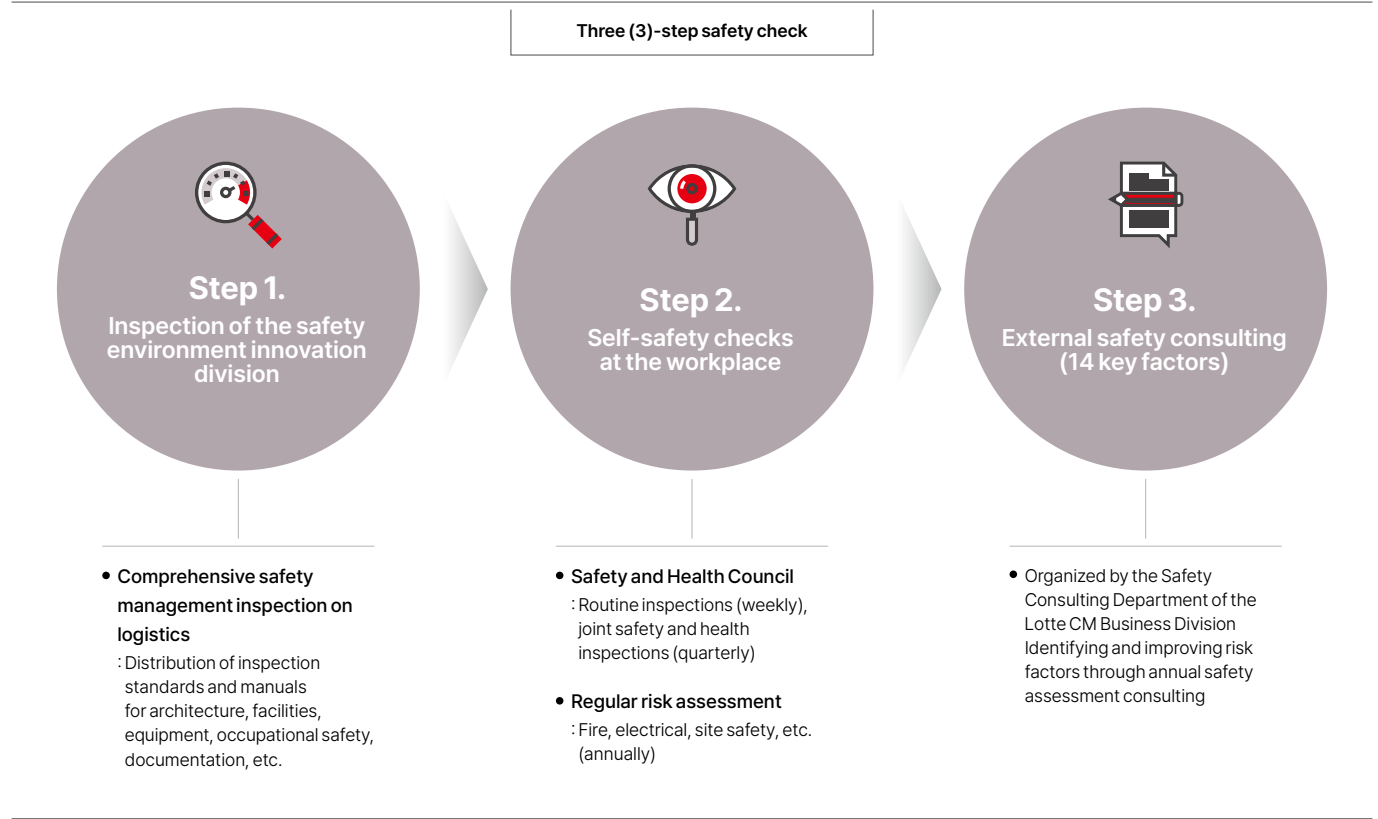
Three (3)-step safety check

Lotte Global Logistics strives to prevent risk factors related to safety and health through the Three (3)-Step Safety Check, which includes inspection of the safety and environment innovation division, in-house safety inspections at workplaces, and external safety consulting.

Safety 119 system

Lotte Global Logistics prevents accidents by taking preemp-tive measures to improve workplace risk factors through the Safety 119 System. Examples of improvements made through the Safety 119 System in 2022 are as follows.

- **Automatic fire extinguishing patches on outlets:** prevent electrical fires and more
- **Ensuring visibility of fire extinguishers:** enhances first response in an emergency
- **Installation of in-rack sprinklers:** prevents fires and more
- **Environmental improvements:** speed limit signs, improved lighting in sorting areas, parking, and pedestrian walkways
- **Installing conveyor safety devices (pull cord switches, gap guides):** prevents crush injuries Installing extractor fans: improves working conditions through air circulation
- **Installing post (rack) protectors:** prevents falling accidents due to forklift collisions, etc.
- **Providing safety equipment:** safety shoes, hard hats, X-type suspenders, etc., to prevent fall accidents
- **Forklift approach warning system:** prevents collision disasters due to pedestrian approach recognition
- **Installation of forklift LED safety lines:** prevents accidents by prohibiting pedestrian forklift access
- **Mezzanine automatic opening and closing device installation:** prevents fall disasters and increases work efficiency
- **Installing snow melting:** prevents ramp vehicle slippage
- **Installation of GOBO lights:** ventilation around forklifts and pedestrians
- **Installation of anti-fatigue mats:** prevents musculoskeletal diseases
- **Forklift lights:** prevents pallet track damage



Safety 119 system applied cases

Forklift LED safety line



Extractor fans



Mezzanine automatic opening and closing device installation



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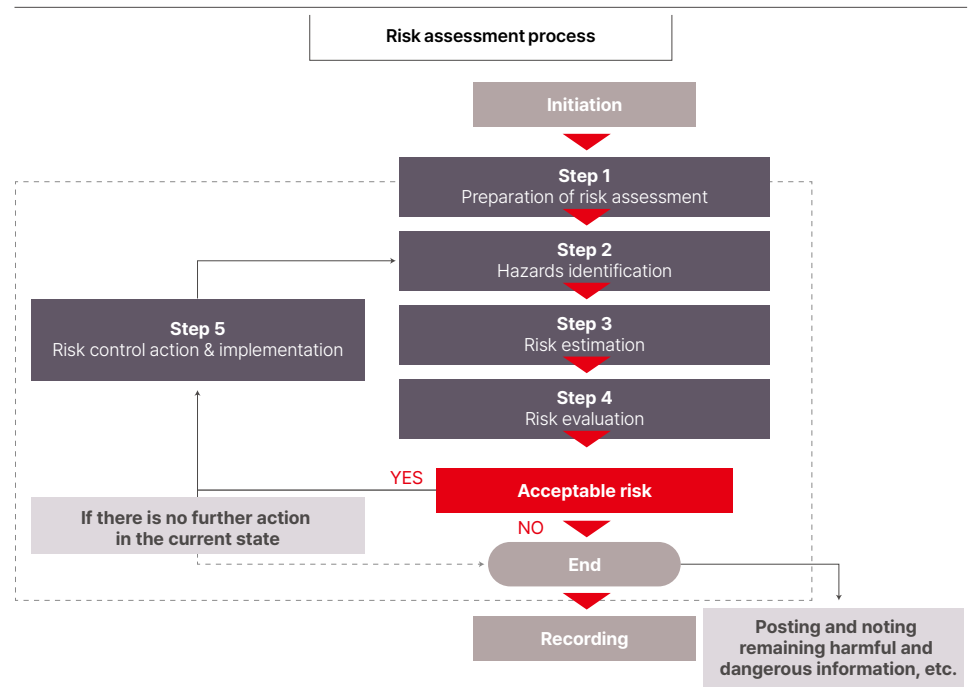
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Health and Safety Enforcement Activities

Risk assessment

To ensure the safety of workers and stakeholders in the work environment, Lotte Global Logistics continuously identifies and manages potential harmful and dangerous factors through risk assessment. Risk assessments are conducted with the participation of Lotte Global Logistics and partner companies' workers and are performed regularly and on an ad hoc basis (near misses and accidents). The assessment results are reported to the CSO and the head of each business division, and measures are taken to ensure that all workers in the workplace are aware of potential harm and risk factors through the TBM.

Lotte Global Logistics standardizes risk assessments for each process and sets standards for the same items, risk factors, and risk levels for each business site. We also produce and distribute training videos on risk assessment methods and provide relevant training to employees at all business sites to support effective risk assessment. In addition, we are conducting a risk assessment-centered inspection of the status of autonomous safety management according to the road map for reducing major accidents. Through practical risk assessments, we check the effectiveness, including identifying risk factors and checking the maintenance status of improvements.

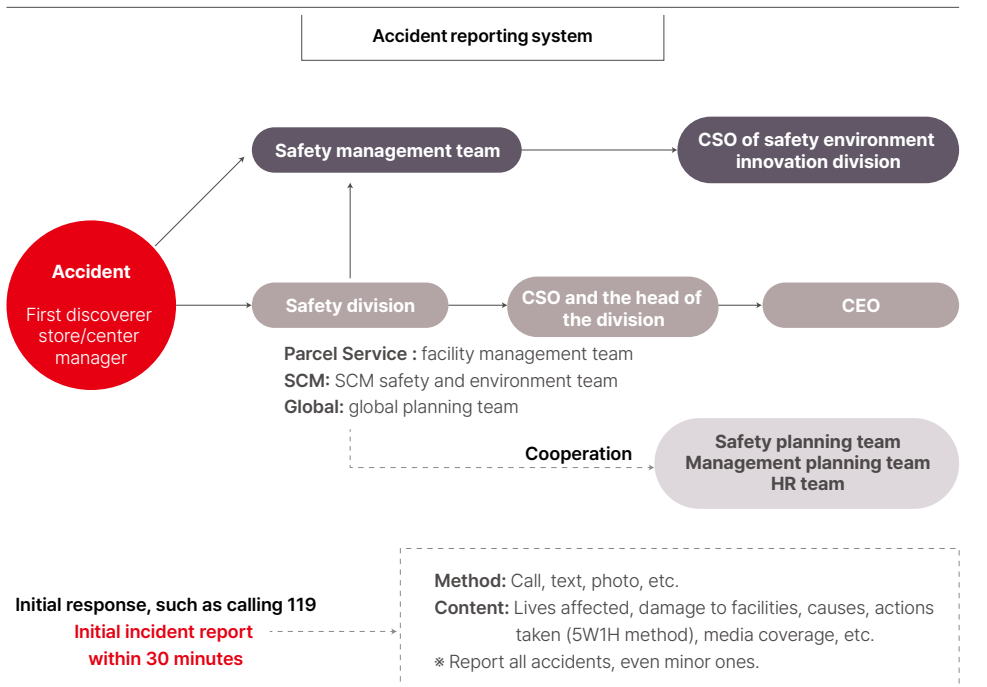


Accident investigation

In a safety and health accident, Lotte Global Logistics prevents the recurrence of accidents through prompt handling and clear cause analysis. In the event of an accident, including all minor accidents, an initial incident report is submitted to the Safety Management Team and the Safety Division, followed by an inspection of the accident site to identify risk factors and take remedial measures. In addition, to prevent recurrence, a report on measures to prevent recurrence is prepared, and risk assessments are conducted from time to time to prevent the same accident from occurring.

Right to stop work

Lotte Global Logistics has standards and procedures in place to stop work if there is a risk of a disaster occurring. Workers in the workplace are authorized to stop work, evacuate, and report to their supervisor if a disaster is imminent. If there are reasonable grounds for a work stoppage, the employee cannot be fired or otherwise adversely treated.





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Business division site safety improvement activities

We conduct regular and special inspections at business division sites to improve safety. For regular inspections, we conduct Quality, Cleanliness, and Safety (QCS) inspections twice a year under the leadership of the Safety Management Team. The first (February–May) and second (June–September) QCS inspections are conducted for the Parcel Service Division, SCM Business Division, and Global Business Division.

In addition, special inspections are conducted from November to January every year. Risk factors are eliminated and improved for seven days after the special inspection, and the improvement effect is continuously tracked and managed.

Workplace environmental improvement activities

Electrical, fire construction, etc | We provide direct construction execution and business support to ensure the optimal functioning of logistics operations across facilities, such as electricity, fire protection, and architecture.

Environmental improvements (offices, break rooms, etc.)

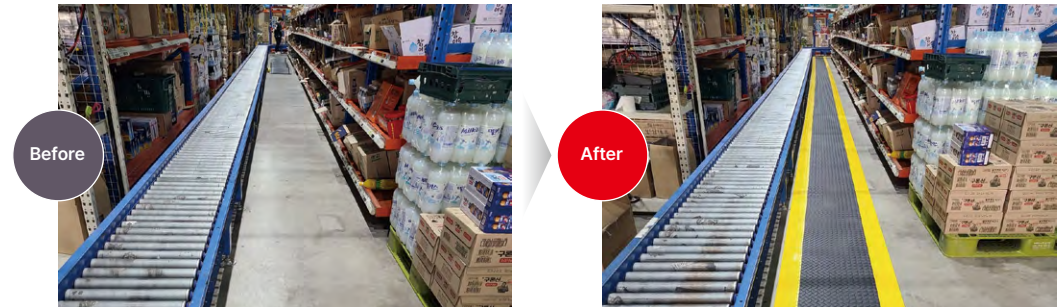
| We continuously implement environmental improvements to ensure a comfortable working environment for all employees (customers, our company, partners, etc.) working at our logistics sites.

The 4th of every month is the safety day

Lotte Global Logistics holds the “Safety Day” event on the 4th of every month. The Safety Day event consists of performing safety inspections and training, sending out safety day texts, and conducting safety education and fire drills for those in charge. This event raises safety awareness among all employees and enables them to prevent and deal with potential safety risks in advance.

Examples of workplace environmental improvements

Anti-fatigue mat
Prevent musculoskeletal disorders by absorbing shock and reducing fatigue when working in a standing position for long periods (improved work environment)



Pull code switch
As a device for instantaneous conveyor stoppage, pulling the wire shown in the photo from any position immediately stops the conveyor (previously, it had to be stopped by pressing an emergency stop button installed at a designated location).



GOBO light
Prevent accidents by drawing attention to forklifts and pedestrians





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Supporting and campaigning for workplace safety and health activities

Lotte Global Logistics supports activities to ensure the safety of workers at the headquarters and business locations and raises safety awareness through various safety campaigns.

- Support for installing automated external defibrillators (AEDs) at our headquarters and locations
- Support for installing blood pressure monitors at our headquarters and locations
- Support for heat illness prevention supplies: neckband fans, ice mufflers, glucose, etc.
- Support for acquiring forklift driver qualification: textbooks and examination fees support
- Support for forklift driver statutory training: training fees assistance
- Support for hypothermia items: cold protection items (vests, hot packs, etc.)
- Safety event activities: joint public-private drills, Safety Days (every 4th of the month), and safety resolution contests
- Campaign activities: traffic safety campaign (utilizing SNS), pleasure box (COVID-19 prevention supplies, etc.) campaign
- Establishment of safety signage online mall: order safety-related signs (safety signs, banners, posters, and other items)
- Production of safety environment manual: distribution of a comprehensive safety management manual applied to the characteristics of the workplace (industrial safety, facility maintenance, etc.)

Promoting safety culture

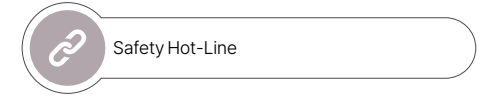
Opening a safety hot-line | The Safety Hot-Line was established in 2022 to collect safety-related grievances and opinions from Lotte Global Logistics workers and its partners. Through the hotline, workers can report and voice their opinions on potential and actual risk factors at any time, and we check the contents of the reports and take improvement measures when necessary.

Imagination innovation hub | The Imagination Innovation Hub is a channel for employees to report near misses, share safety best practices, and propose ideas for improving the safety environment to spread the safety culture.

Employees can access the Imagination Innovation Hub to report near misses and propose accident prevention measures based on their experiences that could have resulted in accidents even if they did not directly cause them. They can also share safety best practices, such as establishing solutions to hazardous risk factors in the workplace and reducing the scope of damage by responding quickly in actual situations. In addition, they can freely propose various ideas to improve and ensure a safe environment, such as suggestions for improving safety and health-related facilities or equipment and suggestions for improving the system.

Sharing health and safety information and conducting surveys | We communicate major safety and health trends and issues to employees of Lotte Global Logistics and its partners once a week. We also publish a safety newsletter, "LGL Safety News," once a month to provide domestic and international safety and health information and accident cases.

We also measure the level of safety and health awareness among employees through semiannual surveys and reflect the results in safety and health improvement activities through analysis.



안전 HOT-LINE

작업을 하던 중 **유해-위험 요인**을 발견했다면 주저하지 말고 **안전 Hot-Line**으로 제보해 주십시오.

작업 환경 위험-유해요인 제보	안전 시설물 안전시설 파손-고장 신고	안전 문화 예방교육-캠페인 제안
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일직원이ら면?
 > MOIN 로그인 후 롯데글로벌로지스 접속
 > 메인페이지 바로가기에서 "안전 HOT-LINE" 클릭

파트너사 직원이ら면?
 > 롯데글로벌로지스 홈페이지 접속
 > [ESG경영-안전환경경영] 메뉴

모바일로 간편하게 접속하기
 > 휴대폰으로 오른쪽 QR코드 스캔

QR코드 스캔
화면인 바로가기

롯데글로벌로지스 SAFETY NEWS VOL.15
2023.03.30.

(사진) 건강 계단 안내 및 문구와 고압축 보관함, 안전의류센터, 2023-03-24

Safety AD 신상출시 안전사안물

Notice 사고피해민원 계단 및 사무실 추락 원장(포차) 후회하고	Story "안전력업가이드" 안전을 지키는 화물고령 "건강장사, 민생문답"	Report 국가별 중·장년층에 공표 2022 산업기후예측	Issue # 화물기중중권리 # 신안방개편
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Partner Health and Safety Management

Helping partners build and implement health and safety management systems

Lotte Global Logistics provides consulting on the Serious Accidents Punishment Act to support partners in establishing and implementing safety and health management systems. From August 2022 to March 2023, we provided consulting to 16 partners; in 2023, we plan to provide consulting to 30 partners (2-3 per month). We share the final results with our partners and ask them to apply improvements through continuous monitoring. In the future, we plan to check our partners' safety and health management systems through qualitative assessments and conduct performance evaluations of our risk improvement activities on-site.

Consulting on the serious accident punishment act for partners

- Establishment of a safety and health management system: appointment of a manager; establish a dedicated organization, regulations and policies, and an Occupational Safety and Health Committee; etc.
- Support for the fulfillment of safety and health obligations: compliance with laws and regulations, accident response procedures, statutory training, safety and health budgeting, etc.
- Support for risk assessment: conducting risk assessments, implementing improvement measures and training, etc.

Expected results of consulting on the serious accidents punishment Act for partners

- Systematization of safety and health management work through the prevention of accidents
- Recording and documentation of safety and health-related measures and activities
- Minimizing the risk of major accidents and establishing a response system in case of accidents

Health and Safety Education

Health and safety training for all employees at workplaces

Lotte Global Logistics conducts safety and health training for all employees at its business locations.

1. Statutory safety and health training (for all employees at the workplace)

- Training for new hires (upon recruitment)
- Regular safety and health training (monthly)
- Special safety and health training (when recruited)
- Substance safety and health training (when handling substances)

2. Training other than statutory mandatory education (for all employees at the workplace)

- Fire Safety Training (training at the Korea Fire Safety Institute)
- Risk assessment methods, documentation, etc.
- Prevention of major accidents and preparation of occupational safety and health documents
- Training on facility safety management such as fire, electricity, etc.

※ Confirmation and management of training through Lotte Safety

Health and safety training for partner company managers

To improve the safety management level of our partners and prevent industrial accidents, we designate one on-site manager for each partner and conduct quarterly online safety training.

Safety and health training topics for partners

- Hazard identification and risk assessment methods
- Logistics work disaster cases and preventive measures
- Fire safety and first aid tips (CPR, bleeding, etc.)

Creating safety education videos

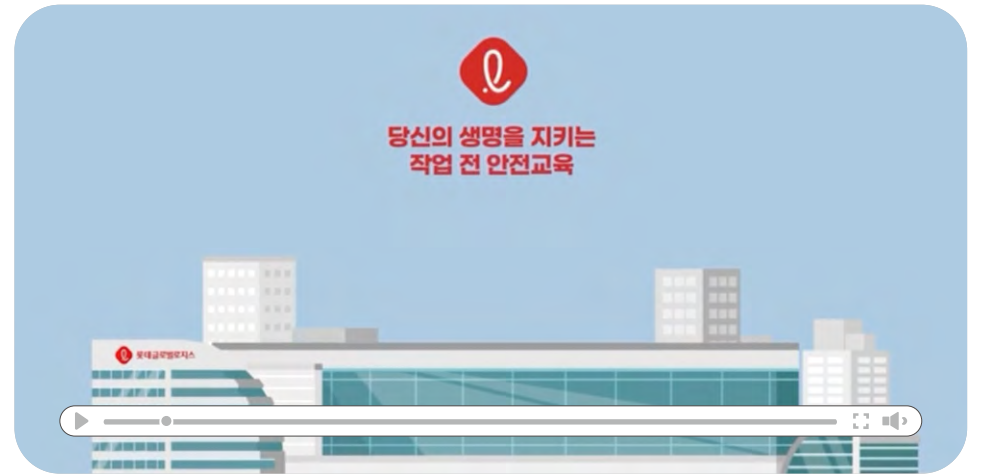
Safety education videos based on actual workplace accidents are produced and distributed to prevent accidents at the courier workplace and raise safety awareness among workers. Workers watch the safety education videos before they start sorting at the terminal. In 2023, we will continue our efforts to prevent accidents through the improvement of the training quality by covering more safety-related topics.



Safety education video

Site visits and training

Through meetings with safety practitioners at business sites, we provide training on filling out legal documents related to workplace safety and health and disseminating accident cases. We listen to opinions on workplace safety and health to make improvements. We also provide cardiopulmonary resuscitation (CPR) training in cooperation with public health centers at our headquarters and business locations. Training is underway with a target of 128 sites, with approximately 80% of training completed as of the first quarter of 2023.



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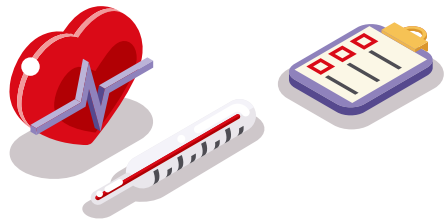
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Employee Wellness Programs

Lotte Global Logistics supports comprehensive health checkups and group insurance enrollment for employees. We also offer discounted golf and fitness memberships through our affiliate services.

Employee medical checkup | Lotte Global Logistics support comprehensive medical checkups for employees who are 35 years old or older or in a responsible position, and we also support checkups for their spouses.

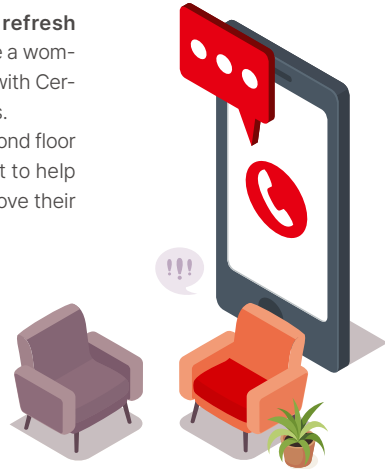


Women's break room "Oasis"



Getting group accident insurance | Lotte Global Logistics has group accident insurance for all employees. Employees may receive support for expenses related to accidental death and dismemberment, subsequent disability, hospitalization, outpatient medical expenses, reimbursement of actual and noncovered medical expenses (up to the third degree), and general cancer diagnosis expenses through group accident insurance.

Operating women's break rooms and refresh rooms, etc | Lotte Global Logistics operate a women's break room called "Oasis," equipped with Ceragem's single-seat recliners and heat packs. We also operate a refresh room on the second floor with massagers and Ceragem equipment to help employees recover from fatigue and improve their work focus.



Psychological counseling program | Lotte Global Logistics has partnered with an external professional company specializing in an employee assistance program (EAP) to support employees' emotional management.

We provide counseling for workplace stress and personal issues, - such as family problems and childcare stress, supporting employees' psychological stability and healthy work life.

"Counseling For You" services

For whom	Lotte Global Logistics employees
How to use	In-person, video, phone
Counseling topics	Workplace interpersonal relationships, work stress, organizational adjustment, psychological testing, parenting
Frequency of use	Up to eight times per person per year



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Improving the Health of Agency Couriers



Medical checkups for 10,000 couriers nationwide

The growth of online markets, along with COVID-19, has increased the volume of deliveries, raising concerns about the health of delivery drivers. Together with the Ministry of Employment and Labor and the Korea Occupational Safety and Health Agency (KO-SHA), Lotte Global Logistics is working to secure the healthy labor rights of delivery drivers by conducting healthcare support projects for the delivery industry and delivery drivers.

Lotte Global Logistics conducts medical examinations for about 10,000 agency delivery drivers, including blood tests and health checks appropriate to the characteristics of each job, such as cerebrocardiovascular, respiratory, and musculoskeletal systems. Considering that it is difficult to visit a medical checkup center due to the nature of the job, medical professionals visit logistics sites nationwide with a medical checkup bus, and the company covers the entire cost. We also encourage high-risk groups and those with a family history of certain conditions to participate in in-depth medical checkups through Happy Calls. In addition, we continuously strive to ensure a healthy working environment for our couriers by providing ice water, neck fans, and hot packs free of charge during hot and cold seasons.



Stakeholder interview
Government and related organizations

“Lotte Global Logistics is a company that practices customer satisfaction through safety management and transportation; continuous attention to safety management is necessary.”



Through a logistics business agreement with Lotte Global Logistics, SK hynix entrusts the storage and transportation of products, such as semiconductors. Consequently, Lotte Global Logistics provides reliable logistics services based on its long-established logistics infrastructure and trust. As the semiconductor manufacturing industry requires importing and exporting expensive or sensitive equipment, safety issues that may arise during the distribution process are crucial to SK hynix. Lotte Global Logistics has effectively responded to our request for a deeper focus on safety awareness, ensuring that SK hynix's products and equipment are handled reliably and promptly without any accidents. In this regard, we felt that Lotte Global Logistics is a reliable company that fully reflects the opinions of its customers. We hope that Lotte Global Logistics will continue to pay attention to safety management and grow into a company that provides satisfactory logistics services to its customers.

Kwon Young-joon
SK hynix TL

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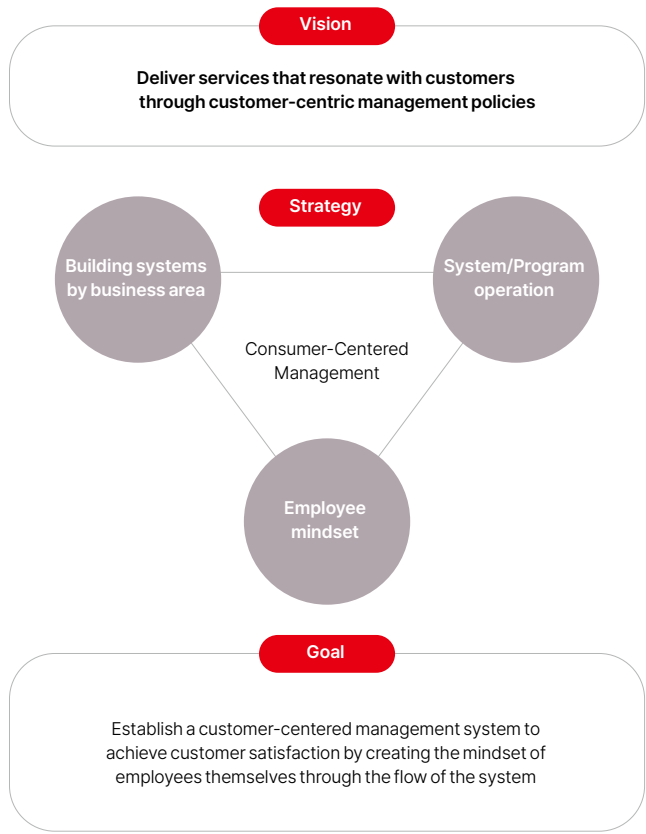
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IMPROVING CUSTOMER SATISFACTION

Customer satisfaction management strategy



Listening to Customer (VoC)

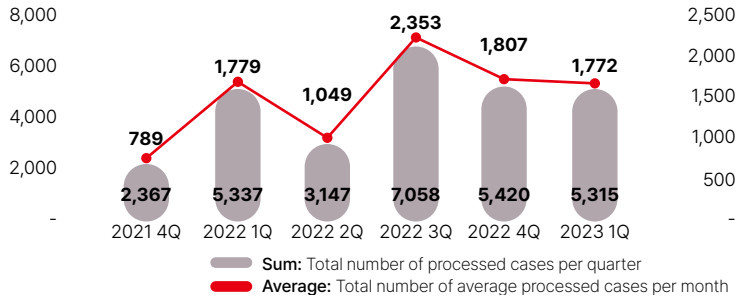
A 24-hour customer center

Since September 2021, Lotte Global Logistics has been operating a 24-hour customer center to provide customer support services after business hours to streamline business efficiency and improve customer satisfaction.

The 24-hour customer center allows customers to record their inquiries by voice, and the voice is automatically converted into text, which is then checked and processed by a dedicated agent.

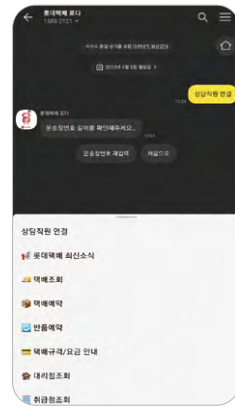


Number of 24/7 customer service calls handled



Introduction of real-time chat consultation

In December 2022, Lotte Global Logistics officially opened Live Chat Consultation. It is a service that allows customers and agents to have a one-on-one consultation via chat on mobile or PC. In response to the recent increase in preference for mobile consultation channels, we have introduced "Live Chat Consultation" in addition to our existing consultation service, chatbot "LODA," to provide customers with the convenience of consultation. The introduction of chat consultation not only improves customer accessibility but also reduces the emotional labor of counselors, thereby increasing internal and external satisfaction. We will continue to improve and expand our communication channels to provide differentiated customer service.



Implementing the "Kindness Festival"

Lotte Global Logistics is implementing the "Kindness Festival (Selection and Reward of Outstanding Agents)" for its parcel service agents to improve customer satisfaction and motivate and raise awareness of customer-centered services. The company selects and rewards outstanding agents after reviewing compliments received through the "Customer Satisfaction Evaluation" automatically sent to customers upon delivery, the Lotte Global Logistics Customer Center, or the "Voice of the Customer" section on the website. In 2022, 101 excellent agents were selected, and we plan to improve and expand the Kindness Festival program in 2023 to improve customer satisfaction.



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Customer Satisfaction Survey

Running regular customer satisfaction surveys

Lotte Global Logistics conducts customer satisfaction surveys twice yearly (first and second half) for major shippers to realize customer value.

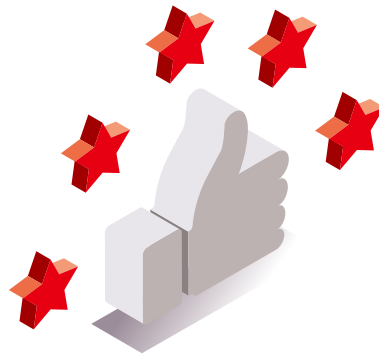
About 117 customers are surveyed online; the survey link is sent via email and text for their responses. There are eight survey items covering relationship building (image); communication (active feedback, regular meetings, sharing information on logistics trends); business cooperation; logistics improvement; management capabilities; safety activities; competitiveness; and ESG activities.

According to the latest three-year survey, the company's customer service satisfaction remains high, with an average score of 4.0, especially in building relationships and sharing logistics trends. For areas with low satisfaction scores, we work with relevant teams to provide prompt feedback and improvement measures, which are utilized when establishing operational and sales strategies.

Lotte Global Logistics will continue to strive to improve customer service by actively reflecting on customer suggestions so that we can provide differentiated logistics services.

Achieved first place in the Korean service quality index (KSQI)

KS-SQI(Korea Standard-Service Quality Index) is a model jointly developed by the Korean Standards Association (KSA) and the Seoul National University Management Research Institute, reflecting the characteristics of Korea's service industry and consumers. It is a comprehensive indicator of the overall quality level of the service industry by surveying customers who have purchased and used a company's products and services to determine the degree of service quality.



First Place in the 2023 National Customer Satisfaction Index (NCSI) for parcel service

Lotte Global Logistics ranked no. 1 in the 2023 National Customer Satisfaction Index (NCSI) survey for the parcel business.

The NCSI is a leading customer satisfaction metric jointly developed by the Korea Productivity Center and the University of Michigan and is a quantified model that measures the level of satisfaction a customer has with a company's products and services. In the 2023 courier/parcel business sector survey, Lotte Global Logistics received good marks for its logistics technology innovations and customer-friendly service policies, including "introducing one-on-one chat consultation," "conducting customer participation events, such as blog reviews and heart delivery events," "conducting a home delivery service satisfaction survey," and "introducing an artificial intelligence (AI) three-classification system and presorting technology."

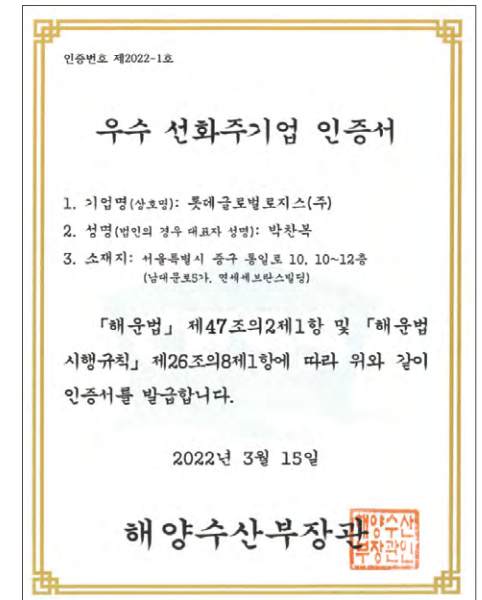
Lotte Global Logistics will continue to grow as a company that practices consumer-centered management and contributes to the development of society by leveraging its first-place ranking in this survey.

Three-year customer satisfaction survey results

Category	2020	2021	2022
Score	4.0/5points	4.2/5points	4.0/5points
Building relationships (images)	4.1/5points	4.2/5points	4.3/5points
Logistics trend sharing information	4.0/5points	4.3/5points	4.5/5points
Response rate	72.8%	71.4%	71.2%

Certified Excellent Shipping Company

In recognition of its efforts to pursue customer satisfaction and mutual growth, Lotte Global Logistics was certified as an "Excellent Shipping Company" in March 2022 by the Ministry of Oceans and Fisheries and audited by the Korea Ocean Business Corporation. As a five-year priority project of the Ministry of Oceans and Fisheries, the Excellent Shipping Company Certification System provides incentives to shipping lines and shipper companies that contribute to fair and stable maritime transportation to strengthen maritime imports and exports and grow together as shipping companies. Lotte Global Logistics has been certified as an excellent shipping company in the first half of 2022 and will continue to strive for the mutual growth of shipowners and shippers and improve customer trust.





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Empowering Smart Logistics

Jincheon Mega Hub Terminal

In January 2022, Lotte Global Logistics opened Asia's largest mega hub terminal in Jincheon, Chungcheongbuk-do, to lead the domestic parcel service market. It has 3 floors, with a total area of about 50,000 m², 23 times the size of a soccer field. Inside, conveyors with a total extension of 33 km are installed, handling up to 1.5 million pieces of cargo per day and connecting cargo to 210 delivery locations. By building an automated terminal with state-of-the-art equipment based on big data and AI, we have made a quantum leap in streamlining operations and improving service quality. The most prominent feature of the Mega Hub Terminal is the automation system using AI. The "AI three-way recognition sorting system" enables different sizes and types of boxes to be separated and loaded. In addition, we utilize the load-balancing technology that automatically changes the AI's classification criteria when the volume of cargo of a certain

size increases among medium, large, small, and variant to prevent cargo bottlenecks and maximize operational efficiency by setting the discharge route to the shortest path (optimal transfer route). In addition, the Mega Hub Terminal minimizes the lead time required for vehicle movement by automatically assigning destinations through the Dock Management System (DMS), which identifies the work history of all vehicles entering and exiting the hub and the dock situation to be moved in real time. With the Mega Hub Terminal, we have simplified the logistics system from "point-to-point" to "hub-and-spoke" and reduced it to two steps or less. This simplification reduces the chances of misdelivery, loss, and damage to cargo delivered to customers. Lotte Global Logistics will continue to build smart bases to enhance customer satisfaction through better service and faster delivery.



Jincheon Mega Hub Terminal acquires the highest grade of "Smart Logistics Center" certification

On September 9, 2021, Lotte Global Logistics received the highest "Preliminary Certification Grade 1" grade in the Smart Logistics Center Certification System evaluation organized by the Ministry of Land, Infrastructure and Transport through the construction of the Mega Hub Terminal. Then, on March 28, 2023, the Mega Hub Terminal was upgraded from "Preliminary Certification Level 1" to "Full Certification Level 1." By introducing advanced logistics facilities, equipment, and operating systems, we obtained certification as a warehouse that can perform well in terms of low cost, high efficiency, safety, and eco-friendliness. We will continue to promote the construction of advanced logistics facilities and automation centers to expand the certification of smart logistics centers.

* Smart Logistics Center Certification: It is a system introduced by the Ministry of Land, Infrastructure and Transport to foster the advanced logistics industry. It is aimed at distribution centers that are highly advanced and automated in logistics processing functions, such as warehousing, storage, and sorting. It has excellent efficiency, safety, and eco-friendliness in basic areas, such as warehouse management systems.





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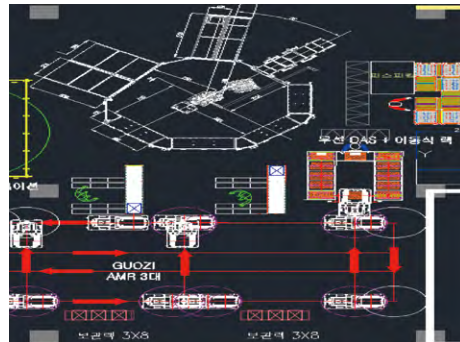
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Introducing automation

Lotte Global Logistics continuously develops customized automation plans for logistics centers to strengthen its smart logistics capabilities. Various automation technologies are tested and applied to identify the optimal automation plan for each situation through the reproduction of a scaled-down logistics center, and the following automation equipment technologies were introduced by Lotte Global Logistics in 2022.



Automation equipment and system development test beds



Implemented automation	Purpose of the Introduction	Picture
Depalletizer ¹⁾	Developing AI vision-based depalletization technology	
5 m AMR ²⁾	Moving goods between facilities Developing control techniques	
Workstation ³⁾	Wired and wireless Digital Assorting System (DAS) / Digital Picking System (DPS) ⁴⁾ Technology development	
10m AMR	Developing high-load shuttlebot technology	
Robotic/Manned Workstation	Developing robotic/manned product distribution technology	
Peace picking solution	Developing product-picking technology using collaborative robots	
Garment robot sorter ⁵⁾	Develop and test garment sorting technology	

- 1) Depalletizer: disassemble boxes that came on pallets, etc.
- 2) AMR: autonomous mobile robot
- 3) Workstation: workbench
- 4) DAS/DPS: a system that enables the picking and sorting of products
- 5) Robot Sorter: sorting system with articulated robots

Building a robotic, advanced logistics automation center

Lotte Global Logistics built a robot-based distribution logistics automation center. We have developed our own warehouse control system to control various types of robots and automation equipment directly. We also commercialized and applied a shuttle-type autonomous mobile robot (AMR) for the first time in Korea.

* KIVA* (robotic arm sorter, robotic arm box breaker, shuttle-type AMR, conveyor-based workstation) was applied to reduce workforce by 37% compared to the previous system.

* KIVA: a jacking robot applied to Amazon warehouse

Building a logistics automation center



이천 슈퍼센터 자동화



(다관점 로봇팔) 디팔렛타이저 이용

박스를 팔렛트에서 분리 후 컨베이어 투입



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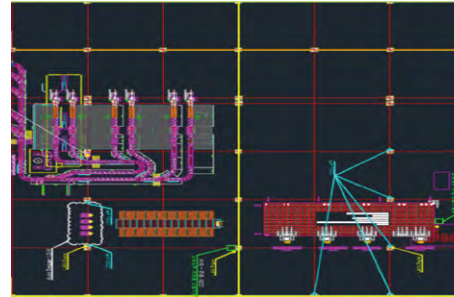
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Building a fulfillment automation center

We are building a state-of-the-art fulfillment automation center capable of multishipper processing, which is expected to be completed in August 2023. The automation facilities include a wheel sorter-based conveyor system for automatic sorting at our local courier terminals, a robot-based T-Sort system for apparel shippers, and a corresponding Autostore system.



Building a fulfillment automation center

Automation facility	Description	Picture
Wheel sorter conveyor	Automatically packing and sorting customer orders at each parcel terminal	
T-Sort	Automatically distributing small packages by customer order	
Autostore	Automatically receiving and storing customer goods	

MOU for logistics business cooperation

Lotte Global Logistics is promoting digital transformation based on decades of logistics know-how to develop the existing labor-intensive logistics industry into a technology-intensive industry. As part of this, we are collaborating with various companies through MOUs.

MOU for logistics business cooperation and new business promotion

In November 2022, we signed a business agreement with T Map Mobility to cooperate in logistics and activate new businesses. Through our collaboration with T Map Mobility, we plan to improve the efficiency of the distribution system in intermediate logistics (middle mile) and promote digitalization in the last mile, the final delivery stage, to provide a better delivery experience to our customers.

MOU for smart fulfillment and eco-friendly urban delivery pilot project

In August 2022, we signed a business agreement with three startups to pilot smart fulfillment and eco-friendly urban delivery in the city center. Through this MOU, we jointly built an unmanned and automated "Micro Fulfillment Center (MFC)" that can store and deliver goods in the city center by the end of 2022. From January 2023, we introduced eco-friendly EV cargo vehicles to pilot a fast delivery service on the same day.

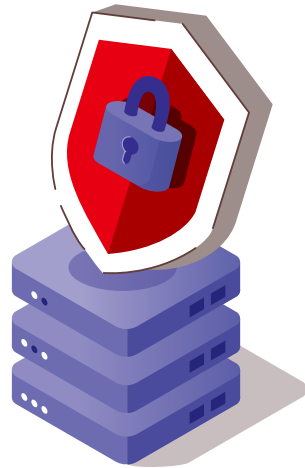
MFCs are automated, ultrasmall logistics centers with the advantage of being located close to customers and using automated facilities to reduce the time and cost of delivering goods. They have recently emerged as a major trend in the distribution and logistics industry. Through the pilot project, Lotte Global Logistics will verify advanced logistics technologies that can be utilized in urban MFCs and develop a standard operating model to expand the MFC business.



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PRIVACY AND DATA SECURITY



Privacy and Data Security Policies and Regulations

Privacy and data security policies and regulations

Lotte Global Logistics takes customer privacy earnestly and is committed to protecting the personal information you provide to receive our services.

For information protection and data security, we have established and operated the Company Information Protection Management Regulation and 11 detailed security guidelines, continuously reorganized for the digital security environment. We also comply with legal privacy regulations and guidelines that we are required to follow, such as the Personal Information Protection Act.

Data security scheme

Lotte Global Logistics encrypts and stores important information, such as customer personal and confidential information, in an internal network per the Information Protection Management Regulations.

In addition, access to the database server is strictly managed so that only preauthorized administrators can access it through enhanced security solutions (DB access control, server access control, etc.) and user authentication.

Establishing Information Protection System and Certifying the Management System

Information security systems

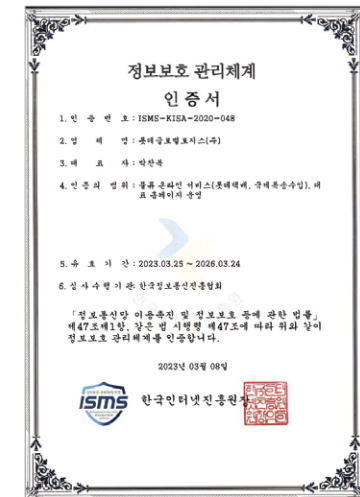
Lotte Global Logistics is building a security infrastructure for the safe operation of information systems. To this end, we install firewalls, web firewalls, (IPS1), (SSL2) security certificates, etc., to prevent external infringements and strengthen the protection of customer personal information from unauthorized or abnormal access.

- 1) Intrusion Prevention System (IPS): blocks illegal access to our network
- 2) Secure Socket Layer (SSL): ensures the safety of data transfers

ISMS certification

Lotte Global Logistics has been working to strengthen security by obtaining the Information Security Management System (ISMS) certification since 2020. We undergo renewal audits every three years, and after renewal, we undergo a follow-up audit every year. Through this, we continue proactively responding to external security threats and strive to ensure that personal information is handled and managed more safely.

- 11 Information security guidelines**
- 1 Human Security Management Guidelines
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Authentication scope: Logistics online services

Expiration period: 2023.03.25-2026.03.24

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Privacy and Data Security Management Organizations

Lotte Global Logistics operates the Chief Information Security Officer (CISO) organization under the CEO to perform various tasks, such as information protection planning, operation, incident response, and review of security guidelines. To carry out organic work within the organization, the responsibilities are divided into specialized areas, such as administrative information protection, personal information protection, physical information protection, and technical information protection. We regularly analyze, evaluate, and improve information protection vulnerabilities to take proactive measures and implement necessary ones.



* The same individual acts as the chief information security officer and the privacy officer.

Privacy and Data Security Activities

Privacy self-checks

Lotte Global Logistics conducts quarterly self-checks on 19 items in three areas (administrative, technical, and physical security) related to employee PC and office security to improve the level of personal information protection for employees. It conducts implementation checks on improvements made after the checks.

Data security check

We regularly conduct security checks on data access in response to the recent increase in data security threats. Through data retention management, we restrict data access by masking processing after three months from the completion of delivery, and when the business purpose is fulfilled or the legally prescribed retention period has expired, we promptly destroy it irreversibly.

Classification of items	Item number	Item name
Administrative security	01	Have you installed all the required information security solutions provided by your company?
	02	Do you set a password if you store files with personal information on your PC?
	03	Do you control the use of external storage media, such as USB and external hard drives?
	04	Are you setting a password if you forward DRM-free personal information files externally via email or USB?
	05	Are you setting a password for Windows sign-in?
	06	Are your login passwords set according to safe password practices?
	07	Are you changing your login password periodically, at least every 90 days (one quarter)?
	08	Are you using a screen saver with the proper settings?
	09	Are you deactivating unused Guest accounts?
Technical security	10	Are you deleting the default shared folder?
	11	Did you turn off the autorun feature for external storage media?
	12	Are you restricting the use of remote desktops?
	13	Are you using Windows 10 and have the latest updates?
	14	Do you have an antivirus program installed and enabled?
	15	Are you using authorized business software?
Physical security	16	Are you collecting documents immediately after printing, copying, scanning, or using your multifunction device?
	17	Do you keep important documents and external storage media in a locked location when you leave the office or travel for extended periods?
	18	Are PC files and documents containing personal or sensitive information kept for a minimum period and then destroyed?
	19	Are PC files and documents containing personal or sensitive information destroyed in a way that cannot be restored?



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Partner security checks

We conduct annual security checks to raise the level of personal information protection among our partners and improve their awareness. We conduct security inspections for more than 1,000 partners who sign business consignment contracts with us and provide us with personal information to perform business. We provide security guides so they can take immediate action on improvements resulting from the inspection and collect security pledges and personal information destruction confirmations during the inspection.

Information security pledge

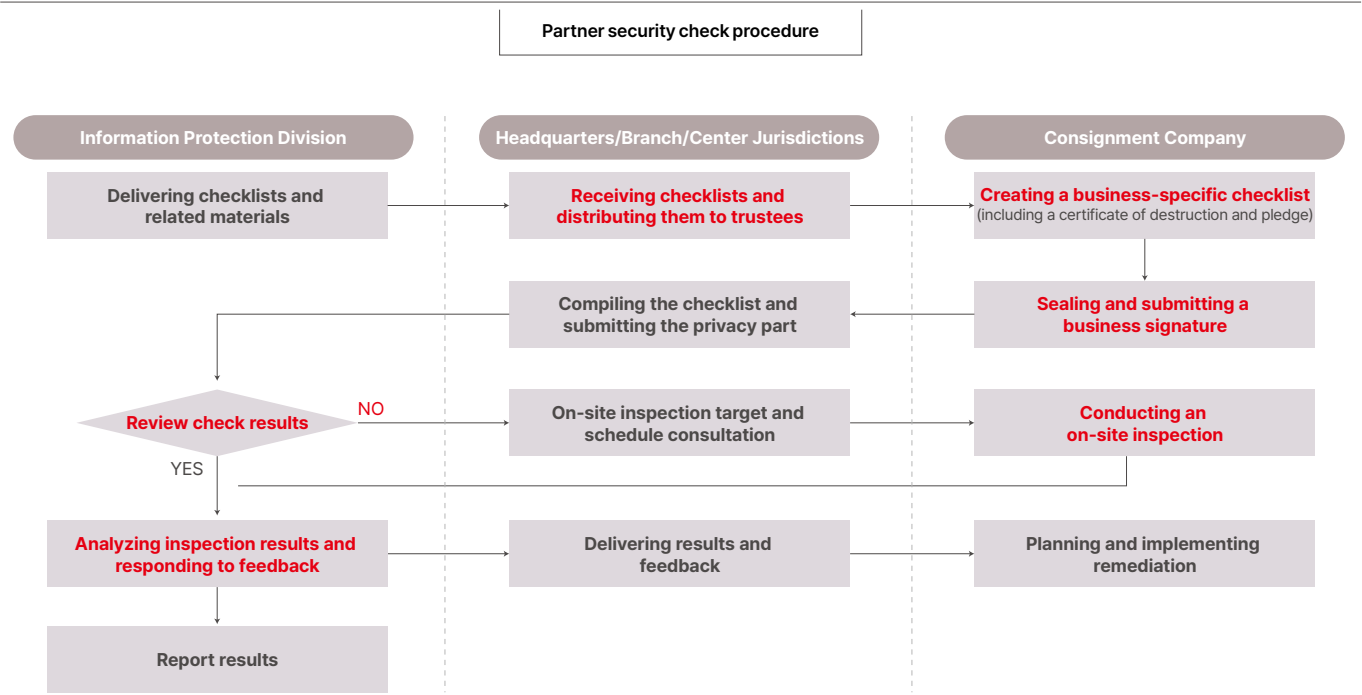
Confirmation of personal information destruction

Mock virus training

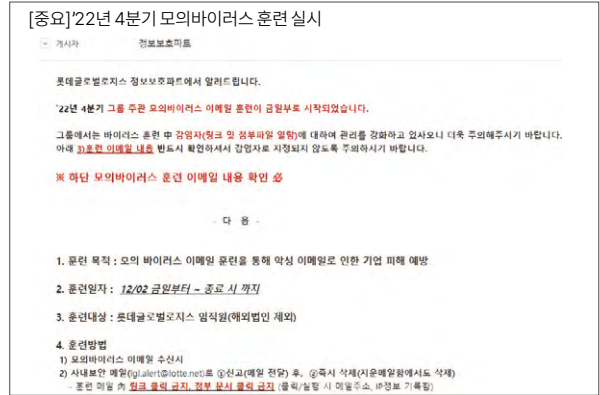
We conduct mock virus email drills once a quarter to raise employees' security awareness against the threat of external malware and ransomware attacks.

Employee privacy training and campaigns

Lotte Global Logistics conducts regular annual information protection training to strengthen the level of personal information management for all employees. Through this training, we emphasize the importance of employees' efforts to protect personal information, including careful handling and prohibitions (misuse, leakage, and disclosure of personal information) when conducting business in line with the latest security trends.



Mock virus drill announcement screen



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COMMUNITY INVESTMENT AND CONTRIBUTION



Social Responsibility Framework

The social contribution system and directions

Lotte Global Logistics has expanded the core values contained in Lotte Delivery's slogan, "Sincere Delivery," into its corporate social contribution philosophy, establishing a social contribution vision of "Sharing Sincerity" and striving to fulfill its corporate social responsibility.

We encourage our employees to participate in voluntary service and discover new support targets and various support methods every year to provide practical help to our neighbors in need. We are also actively promoting social contributions to expand activities related to the logistics industry.

Organizations that promote CSR

Lotte Global Logistics has organized a dedicated social contribution organization and personnel under the direct supervision of the CEO. The social contribution organization is responsible for identifying, planning, implementing, and managing social contribution programs.

Salary merit system

Since 2017, Lotte Global Logistics has operated the Salary Merit System, in which each employee donates a certain amount of money from their monthly salary with their consent. We also utilize a "matching grant" approach, whereby the company matches the funds raised, allowing us to give back even more to those in need. In 2022, an average of 700 employees per month participated in the Salary Merit System, raising about KRW 36 million. The funds were used for various sharing activities for visually impaired individuals, single mothers, and children who are underprivileged.

Key CSR Activities

Hands-on ICT education for underprivileged children

In 2022, Lotte Global Logistics provided hands-on training in smart mobility [remote control (RC) cars, AI autonomous vehicles] and drones to 57 children from five childcare centers in Seoul. In 2023, we will continue to support underprivileged children who are underserved in digital education so they can grow up to be great ICT workers.

Infant formula support for single mothers

Lotte Global Logistics provides 50 containers of infant formula per month through the Jusarang Community, which operates a baby box* for single-mother families who have difficulty purchasing necessities due to financial difficulties. Infant formula is an item most needed by single mothers, and a total of 1,200 boxes of infant formula were delivered for two years starting in July 2020. We will continue to give back various personalized assistance for single mothers and women.

* Baby Box: a device to protect newborns from being abandoned

Sponsored supplies for underprivileged children

Lotte Global Logistics provides necessary goods to children who are underprivileged, preventing

Hands-on ICT education for underprivileged children



them from being socially and educationally marginalized. Since 2021, we have been working with Save the Children to deliver kits consisting of children's favorite items to children on Children's Day and Christmas. In the two years leading up to 2022, we donated KRW 150 million worth of goods to 887 children nationwide, and the donations from our employees made the program even more meaningful. We also utilize our courier infrastructure to provide free delivery services from "pick up" to "delivery" in various regions of the country when providing goods for the underprivileged.

Volunteer to create e-books for visually impaired individuals

From March 2021 to February 2022, Lotte Global Logistics employees regularly participated in e-book production volunteer activities at the "Open Library with IT," a public library for persons with disabilities. Employees scanned books and transcribed and edited the extracted texts so the visually impaired could conveniently access books in voice or braille. An average of 33 employees participated each time, with 715 participants through December 2022. We also supported the purchase of 871 books for the visually impaired to read a wider variety of books.

Sponsored supplies for underprivileged children



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Happy Friday Plogging



Cleaning up the ocean by participating in the Korea Ministry of Oceans and Fisheries's Adopt-a-Beach Program

Stakeholder interview
Community

“Lotte Global Logistics is a company that makes social contributions by taking care of children who are underprivileged, and I look forward to seeing its active efforts in the future.”

Lotte Global Logistics actively sponsors children who are underprivileged with Save the Children. In particular, Lotte Global Logistics utilizes courier services to deliver gifts to more children efficiently. Lotte Global Logistics also carefully considers the preferences and needs of children when organizing gift items. Each year, we provide back-to-school supplies in February, Christmas gift kits in December, and other timely items for children, and we also organize gift kits with items like Bluetooth earphones and smartwatches based on their preferences. I could feel the love and sincerity of Lotte Global Logistics for the underprivileged in these details. We hope that Lotte Global Logistics's in-person events, which were temporarily suspended due to COVID-19, will resume, and we look forward to doing more social contribution activities together in the future.

Lee Hee-seong
External Relations Team 2 Team Leader, Save the Children

Eco-friendly social contribution activities

Lotte Global Logistics conducts eco-friendly social contribution activities that can be practiced in everyday life for employees and local citizens. We offer a variety of programs, such as eco-friendly campaigns using social media, returning recyclables to the community, and event benefits, to generate interest and participation in environmental protection.

“Happy Plogging” on Friday | In October 2022, Lotte Global Logistics conducted a month-long “plogging” volunteer program in which employees voluntarily participated as part of environmental cleanup activities. Plogging combines the words “to pick up” and “jogging” and is an eco-friendly activity that involves picking up trash while running or walking briskly. The scavenger hunt was organized using Lotte Global Logistics’s “Happy Lunch,” a 30-minute lunch break every Friday. A total of 80 employees participated in the volunteer program, picking up and separating trash around Seoul Station, Sungnyemun Gate, and Namsan, where our headquarters is located. Lotte Global Logistics will continue to take small but big actions with our employees to create a cleaner urban environment.

Cleaning up the ocean by participating in the Korea Ministry of Oceans and Fisheries's Adopt-a-Beach Program | Lotte Global Logistics participated in the “Adopt-a-Beach Program*,” a program in which companies or organizations take over a specific beach in their region and care for it like their own pet, in partnership with the Ministry of Oceans and Fisheries and the Korea Marine Environment Management Corporation. We are committed to promoting a clean and healthy ocean environment through environmental cleanups and campaigns.

* Adopt-a-Beach Program: an activity in which a company or organization responsibly protects a specific beach, like caring for a pet

Employee engagement bazaar "A Beautiful Day"

| In June 2022, we organized the “Beautiful Day” event with the social enterprise “Beautiful Store.” For the event, Lotte Global Logistics employees voluntarily donated a total of 2,500 items, including books, clothing, and miscellaneous goods. The donated items were sold at the Beautiful Store Anguk, which held a “Beautiful Day with Lotte Global Logistics” event, and employees volunteered as store assistants to help visitors make purchases. All proceeds from the event were used to support Beautiful Store’s “Beautiful Hope” project, which supports the underprivileged in the community.

Used toy donation event

| In December 2022, Lotte Global Logistics held a used toy donation event with the social enterprise “Elephant Factory.” The event is an eco-friendly social contribution activity that receives donations of unused toys from households, repairs and disinfects them, repackages them, and delivers them to children who are underprivileged. Five hundred people were asked to donate toys through the company's official SNS, and the donated toys were collected free of charge from each household through Lotte Delivery. The collected toys were carefully repaired and disinfected by Lotte Global Logistics employees, and 600 toys with final inspection were delivered to childcare facilities for Christmas.

Used toy donation events

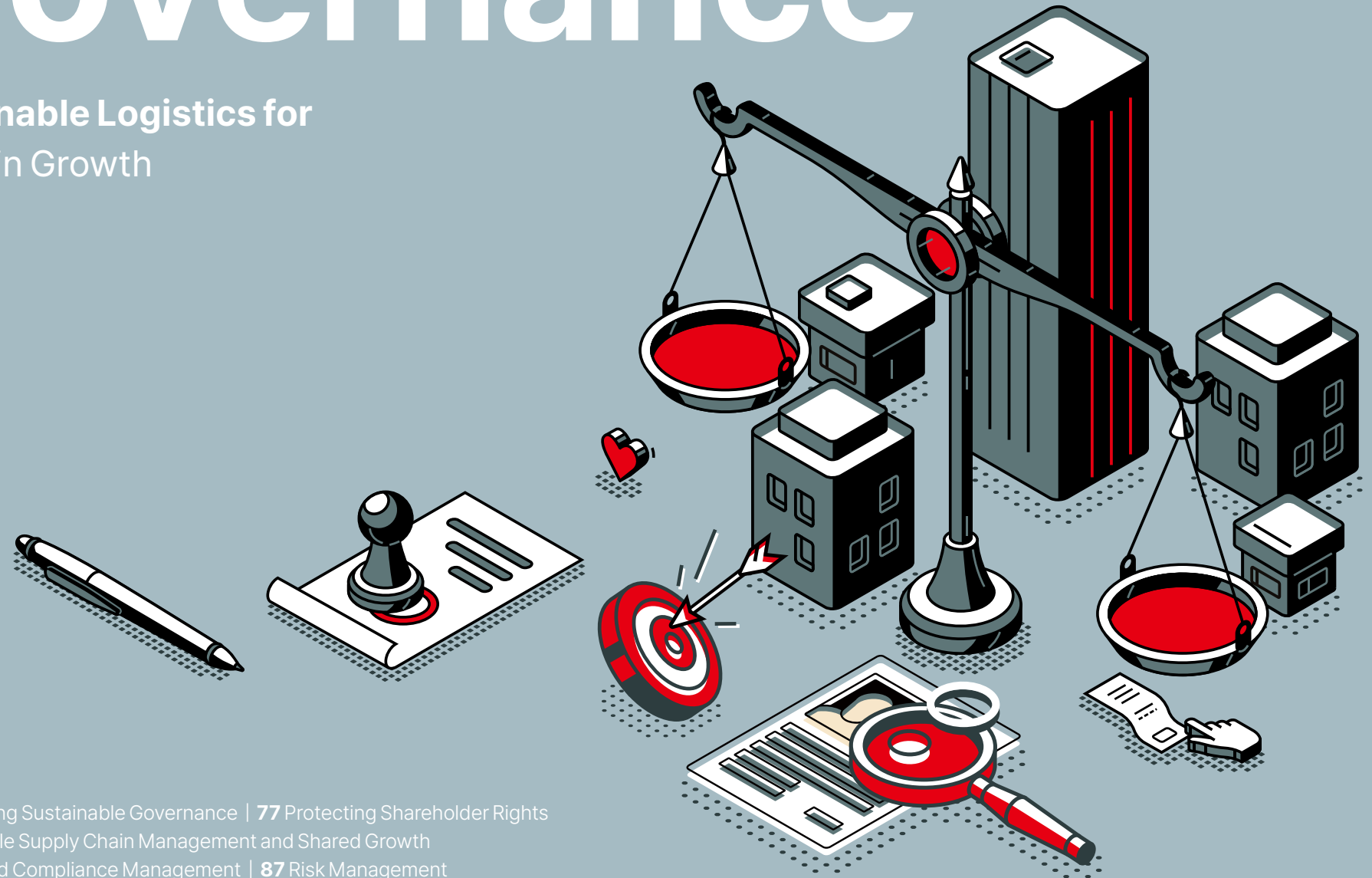




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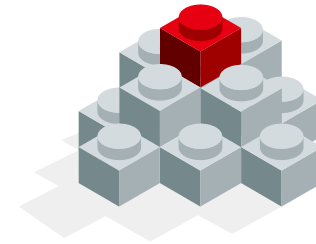
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ESTABLISHING SUSTAINABLE GOVERNANCE



Composition of the BOD

Type	Name	Gender	Year of birth	Term of office	Position and responsibilities	History
Inside directors (Five)	Park Chan-bok	Male	1961	March 27, 2023 – March 26, 2025	<ul style="list-style-type: none"> CEO Chairman of the Board 	(2019~Present) CEO of Lotte Global Logistics (2017~2018) CEO of Lotte Logistics
	Kim Gong-su	Male	1969	March 29, 2023 – March 28, 2025	<ul style="list-style-type: none"> Head of the Global Business Division 	(2020~Present) Head of the Global Business Division, Lotte Global Logistics (2021~Present) Head of the Overseas Business Division, Lotte Global Logistics (Adjunct)
	Choi Myung-ho	Male	1965	March 27, 2022 – March 26, 2024	<ul style="list-style-type: none"> Head of the Business Support Division ESG Committee Member 	(2021~Present) Head of the Business Support Division, Lotte Global Logistics (2018~2021) Head of the Finance Division, Lotte Global Logistics
	Kim Tae-woong	Male	1969	March 31, 2022 – March 30, 2024	<ul style="list-style-type: none"> Head of the Safety Environment Innovation Division 	(2021~Present) Head of the Safety Environment Innovation Division, Lotte Global Logistics (2016~2021) HR Team Leader, Lotte Global Logistics
	Chang Ki-ryong	Male	1966	March 27, 2023 – March 26, 2025	<ul style="list-style-type: none"> Head of the Parcel Service Division 	(2018~Present) Head of the Parcel Service Division, Lotte Global Logistics (2013~2017) Head of the Agency Management Team, Lotte Global Logistics
Outside directors (Three)	Choi Byung-il	Male	1958	March 27, 2023 – March 26, 2025	<ul style="list-style-type: none"> Outside directors ESG Committee Member 	(Present) Professor at the Graduate School of International Studies, Ewha Womans University
	Lee Ki-kweon	Male	1957	March 27, 2023 – March 26, 2025	<ul style="list-style-type: none"> Outside directors ESG Committee Chairperson 	(Former) Minister of Employment and Labor
Other non-executive directors (One)	Lee Chung-bae	Male	1961	April 2, 2022 – April 1, 2024	<ul style="list-style-type: none"> Outside directors ESG Committee Member 	(Present) Professor of International Logistics at the School of Business and Economics, Chung-Ang University
	Jo Sung-kwon	Male	1981	July 1, 2022 – June 30, 2024	<ul style="list-style-type: none"> Other non-executive directors 	(Present) Vice President of Investments at H Private Equity (Former) Managing Director of Investment at Medici Investment

Composition of the Board of Directors

To establish sound and transparent governance, the Board of Directors and management of Lotte Global Logistics make decisions and fulfill responsibilities through mutual cooperation. The Board of Directors comprises five inside directors, including the CEO, three outside directors, and one other non-executive director, totaling nine members. The CEO also serves as the chairperson of the Board to enhance efficiency, minimize decision-making procedures, and resolve major issues through responsible management.

Board Diversity and Independence

Lotte Global Logistics prioritizes candidates who can make independent judgments from various perspectives, including, but not limited to, race, nationality, gender, region of origin, and religion. To check and supervise management, we appoint outside directors who do not have material interests in the company to enhance transparency and accountability.

Procedure for Appointment of Directors

Lotte Global Logistics strives to secure board expertise, accountability, and diversity and accordingly appoints directors after approval by the shareholders' meeting. When appointing directors, we scrutinize requirements excluded under the Commercial Code (such as conflicts of interest). We also consult with the Group in advance to check the governance structure within the Group, whether they are stakeholders, and whether they hold dual positions. When appointing outside directors, we do not focus on a specific field but rather compose experts in various fields from academia and institutions so that they can perform their supervisory functions with an objective view of corporate management.

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Operating Board of Directors

Lotte Global Logistics's Board of Directors operates efficiently and rationally to make the best management decisions for the benefit of the company and its shareholders. For this purpose, the Articles of Incorporation and Regulations of the Board of Directors are in place, and the Board of Directors' Operating Regulations, which specify the Board's authority and responsibilities and operating procedures, are in place.

The Board is divided into regular meetings, which are held at least once every quarter, and extraordinary meetings, which are held from time to time when urgent matters arise, according to the Board of Directors Regulations.

The Board discusses material issues that have significant potential or an actual impact on the company and seeks to resolve them. In 2022, a total of 25 items were resolved and reported to the Board.

BOD operation 2022

Number of board meetings held (times)

6 times

Number of agendas (cases)

25 cases

Inside director attendance

96.4%

Outside director attendance

96.0%

BOD operation

Type	2020	2021	2022	
Number of agendas (cases)	25	27	25	
Number of board meetings held (times)	8	10	6	
Attendance (%)	Inside director	93.8	92.5	96.4
	Outside director	82.5	80.0	96.0

Board Committee

Lotte Global Logistics operates an ESG Committee under the Board of Directors.

ESG committee

Lotte Global Logistics established the ESG Committee in 2021 to fulfill its environmental and societal responsibilities and pursue sustainable growth through transparent governance.

The ESG Committee makes decisions on establishing ESG strategies and policies, monitors the progress of major ESG implementation tasks, and discusses other ESG management matters delegated by the Board of Directors. To ensure independence and diversity, the ESG Committee comprises one inside director and three outside directors.

Board Education and Empowerment

Lotte Global Logistics conducts continuous education and business site inspections to strengthen the board members' capabilities.

In 2022, the board members visited the Jincheon Mega Hub Terminal to better understand of the terminal process and the role of sorters. They also enhanced their expertise in green logistics and safety management through due diligence on the distribution center's solar power generation system and safety control system.



Board committee types and status

Committee	Major roles	Composition and term	2022 Number of times held
ESG committee	<ul style="list-style-type: none"> Decision-making on establishing ESG strategies and policies Monitoring the progress of major ESG implementation tasks Review of the other ESG management matters delegated by the Board of Directors 	<ul style="list-style-type: none"> Appointment and removal of members by board resolution Composition of three or more directors, at least two-thirds of whom must be outside directors Term of office of committee members is the same as that of directors 	2



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PROTECTING SHAREHOLDER RIGHTS

Director remuneration in 2022 (Unit: KRW million)

Type	People	Total payout*	Average payout per person
Registered director	5	2,032	454
Outside director	3	201	67
Audit**	1	-	-

* Includes wages, bonuses, and cash equivalent welfare benefits (meals, etc.)

** One auditor is unpaid

Percentage of total annual remuneration for CEO and employees in 2022 (Unit: KRW million)

CEO total remuneration	Employee salary (median)	Ratio (times)
882	57	15.5

* Median employee salary excludes CEO (highest paid) salary

Percentage increase in CEO and employee remuneration in 2022

CEO total remuneration increase rate	Employee remuneration increase rate (median)	Ratio (times)
61.2%*	8.3%	7.4

* 8.5% (1.02 times), excluding the impact of remuneration increases caused by job promotions

Board Evaluation and Compensation

Board evaluation and remuneration

Lotte Global Logistics conducts an annual review of whether the Board of Directors appropriately fulfills its roles and responsibilities as required by laws and regulations.

The remuneration of Lotte Global Logistics's directors is determined within the limits of director remuneration approved by the general meeting of shareholders. The remuneration of inside directors is determined by comprehensively considering their position, rank, leadership, and expertise in accordance with the Regulations on the Payment of Executive Remuneration. Considering their independence, outside directors' remuneration is paid as a fixed salary without performance bonuses related to management performance. The information is also disclosed every quarter through the Financial Supervisory Service's Data Analysis, Retrieval and Transfer System (DART).

Outside director evaluation

Regarding the evaluation of outside directors' activities, we comprehensively review their attendance at board meetings, opinions and contributions to board agendas, and whether they provide effective advice as experts in specific fields on an annual basis. The results are used to support effective outside director activities and to consider their reappointment after the end of their term.

Inside director evaluation

We use key management indicators and ESG indicators to evaluate the activities of inside directors. To strengthen ESG management, we set key performance indicators (KPIs) for ESG management items (such as occupational safety, labor management, supply chain management, corporate governance, and carbon neutrality implementation) in conjunction with financial indicators and manage them intensively to reflect them in the evaluation.

Shareholder Status

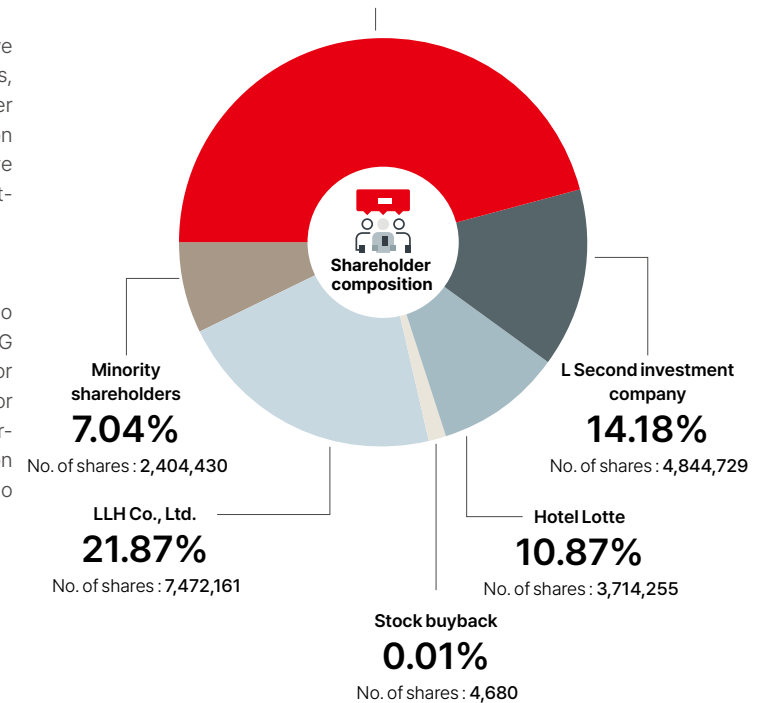
Lotte Global Logistics's Articles of Incorporation stipulate that shareholders have one voting right for each share and grant equitable voting rights based on the type and number of shares held by shareholders.

Shareholder composition and holdings

Total shares
34,172,005

Lotte corporation
46.04%

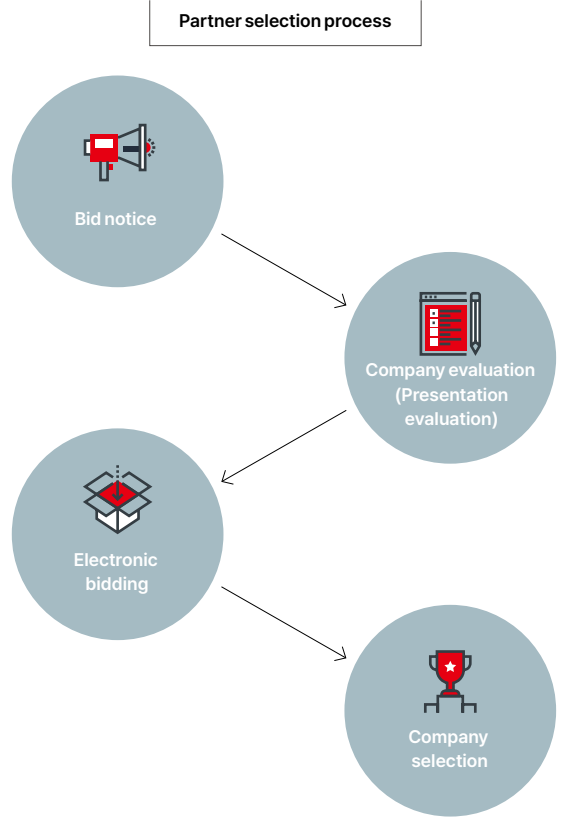
No. of shares : 15,731,750



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SUSTAINABLE SUPPLY CHAIN MANAGEMENT AND SHARED GROWTH



Partner Selection and Evaluation

Lotte Global Logistics works with transportation and labor contracting partners. In the case of transportation contracting, we have partners in sectors, such as domestic delivery, courier, airline, and shipping. Regarding labor contracting, we have partners in sectors such as warehousing, customs clearance, loading and unloading, agency operation, and courier service (CS). We select partners through a fair evaluation process and ensure transparency in the evaluation and selection process. Furthermore, to strengthen logistics competitiveness and reduce supply chain management risks, Lotte Global Logistics concludes service level agreements (SLAs) with partners to manage service levels with objective indicators and allows partners to renew contracts based on these indicators. From 2023, we are strengthening our supply chain ESG management by introducing ESG capability assessment of partners on non-financial factors such as ethics, safety and health, environment, and human rights, in addition to financial factors when selecting new partners.

Supply chain ESG management measures

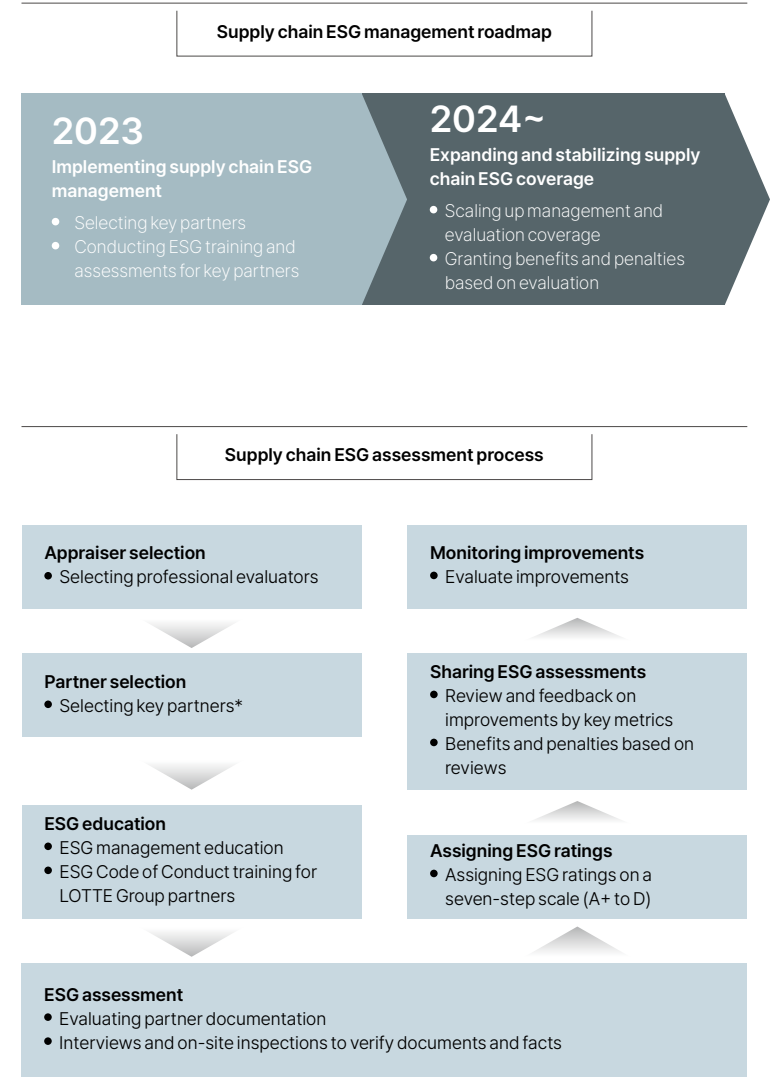
- Establishment of code of conduct for Lotte group partners
- Supply chain ESG education and ESG performance evaluation (self / due diligence)
- Partner ESG risk management



Establishment of code of conduct for Lotte group partners

Lotte Group is promoting ESG management to become a company that adds value to human life, recognizing that responding to climate change and building a sustainable ecosystem is a common task for all humanity...LOTTE Group hopes all partners will join our ESG management by adhering to this Code.

Partner ESG Assessment



* Key partners are selected based on transaction value, number of contracts, etc.
 * Will be excluded from future partner selection if significant adverse environmental and social impacts are found in the supply chain


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Shared Growth and Win-Win Partnerships

Recognizing that a company can never grow alone, Lotte Global Logistics maintains win-win partnerships and continues its shared growth activities to support them.

Financial support
Creating shared growth fund and early payment of goods | Lotte Global Logistics conducts financial support activities for win-win cooperation with its partners. We joined the Industrial Bank of Korea (IBK)'s Shared Growth Fund to create a KRW 10 billion fund, supported by low-interest loans to help our partners stabilize their operations. Since 2020, we have also been making early payments for goods to ease the burden on our partners' financial management ahead of the holidays.

Improving working conditions for partner workers (delivery drivers)
Staffing for sorting shipments | Since February 2021, Lotte Global Logistics has been employing a sorting workforce at its business locations to reduce the workload of delivery drivers. Starting with 1,000 people in February 2021, additional 4,100 people were hired in January 2022, while 4,400 were hired in January 2023 to perform sorting tasks. During the sorting tasks, delivery drivers take a break, shortening their working hours by about two hours per day and reducing labor intensity. In the future, we plan to promote work efficiency by adjusting the sorting area layout and reducing workers' workload, ensuring quick and smooth sorting.

Introducing "wheel sorter," an automated cargo sorter
 Lotte Global Logistics is introducing wheel sorter* in the construction of new SUB terminals and delivery centers to reduce the workload of delivery drivers and improve their working environment. In 2022, Lotte Global Logistics invested KRW 31.2 billion to introduce wheel sorters to 4 terminals. Currently, 10 terminals and delivery centers are equipped with wheel sorters. In 2023, we will invest KRW 39 billion to install wheel sorters in 14 delivery centers. In the future, we will continue to improve the working environment of delivery drivers by sequentially installing wheel sorters, accounting for the volume of deliveries and site conditions.




wheel sorter

* Wheel Sorter: an automated machine that automatically sorts cargo for delivery drivers. In the past, a human would have to look at a waybill address with their eyes to sort and load their shipments into their vehicles. However, a wheel sorter is a scanner that recognizes the waybill information and automatically sorts and sends it to the location of the driver's vehicle.

Support for hot and cold weather
 Lotte Global Logistics installed 4,112 air conditioners, ceiling fans, and other cooling devices to prevent heat-related illnesses for employees of our partners working at distribution centers nationwide during hot weather. Since 2020, we have also been providing portable cooling boxes and ionic beverages to prevent dehydration for delivery drivers who are often active in the hot outdoors, providing about 230,000 bottled water in 2022. In December, the coldest month of the year, we provide cold-proof items to protect the body temperature of our field workers. We distributed a total of 300,000 cold-proof items, such as hot packs, neck warmers, and earplugs, to prevent safety accidents and support stable work performance in winter.

Stakeholder interview
Partners

"Lotte Global Logistics is a great company that listens and communicates with its partners, and we hope that in an emergency, there will be active communication and support that considers its partners."



Go Se-jeong
Jeju Logistics Director

Jeju Logistics is Lotte Global Logistics's local transportation partner in Jeju Island. Lotte Global Logistics constantly communicates with its partners to create optimal solutions in the course of business, which is why we have grown together as business partners for over 10 years. For Lotte Global Logistics to practice and strengthen its sustainability management successfully, we believe that it is necessary to be flexible in dealing with emergencies. When situations such as cargo strikes and rapidly rising oil prices occur, it is difficult for partners to cope with the difficulties alone. If Lotte Global Logistics communicates more with its partners in an emergency and takes an active approach to problem-solving, we can maintain a mutually beneficial relationship for a long time. I look forward to Lotte Global Logistics becoming a company that reflects the opinions of various partners and thinks about ESG management together.

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2022 Long-term agency rewards
total of 60 agencies

2022 Scholarships for children
About KRW 4,100 million

2021-2022 Vehicle rental subsidy for delivery drivers
total of 532 drivers



Benefits for partners (agencies) and partner workers (delivery drivers)

Introducing excellent agency rewards | Starting in 2023, Lotte Global Logistics will evaluate agencies' customer service and operational capabilities, and reward those with excellent management capabilities. In addition, we will train agencies with weak capabilities to improve the competitiveness of both agencies and the company.

Supporting agency sports day | To maintain a win-win relationship with the agencies, the company provided KRW 15 million worth of support, movie tickets, and restaurant vouchers when the agency association sports day was held in April 2023.

Long-term agency rewards | Lotte Global Logistics promises continuous cooperation to agencies that have been operating for more than 10 years and provides them with merit plaques and merit payments in recognition of their contributions. In 2022, Lotte Global Logistics provided a total of 60 agents with merit pay and hotel vouchers worth about KRW 140 million to continue their cooperation.

Extending scholarships for children | Lotte Global Logistics is committed to enhancing the welfare of delivery drivers by providing annual scholarships to college and high school children of delivery drivers. The scholarships are awarded based on the criteria of KRW 1 million per college student and KRW 500,000 per high school student, and about 40 to 50 children of delivery drivers receive scholarship benefits every year through this program. In 2022, we expanded the number of college students from 15 to 30, allowing more people to benefit from the program, providing approximately KRW 41 million in support. In addition, to ensure fairness in the selection of applicants, we use quantitative indicators, such as the delivery driver's CS level, the service length, and whether the driver has acquired a special business license plate (ship license plate). In 2023, we plan to expand the amount of scholarship support to KRW 60 million.

Delivery driver vehicle rental support | Since 2021, Lotte Global Logistics has been jointly supporting rental expenses with the Lotte Delivery Agency Council to support the smooth delivery activities of its agencies and reduce the burden of rental costs on delivery drivers when they cannot carry out normal delivery activities because of family events or health reasons. From 2021 to 2022, Lotte Global Logistics provided about KRW 55 million to 318 delivery drivers who were quarantined during the COVID-19 pandemic. In the future, Lotte Global Logistics will continue to expand its support for rental expenses for the mutual development of its agencies and delivery drivers.

Vehicle rental cost support history

(Unit: people, KRW 1,000/VAT excluded)

Category	Number of people	Grants
2021	212	35,437
2022	320	78,648
Sum	532	114,086



Long-term agency rewards

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Helping to Fuel the Entrepreneurial Ecosystem

Increasing investment and collaboration to advance startups

Lotte Global Logistics continuously invested in relevant funds to discover and support innovative logistics startups. By investing in three funds (worth KRW 6.4 billion) for four years (2019–2022), we are directly and indirectly participating in the startup ecosystem in the logistics industry and realizing win-win value by partnering with companies with technology and know-how.

We also support startups by utilizing the compa-

ny's various resources. We conduct evaluations of startup business models and products, and provide various assistance, such as education, mentoring, and funding from the early stages. By doing so, we help startups grow stably and build a better business ecosystem. In the future, Lotte Global Logistics will continue to support the development of the startup ecosystem. Through this, we will secure differentiated competitiveness in the logistics industry and develop innovative business models and services.



Startup investment history

(Unit: KRW 100 million)

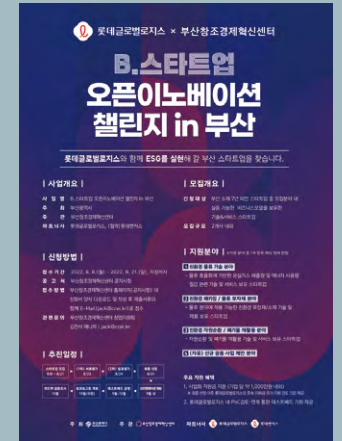
Category	2019	2020	2021	2022	Sum
Lotte startup fund	21	9	-	-	30
Lotte smart non-face-to-face mobility fund	-	-	9	7	16
LOTTE-KDB innovation fund	-	-	9	9	18
Total	21	9	18	16	64

B. startup open innovation challenge in Busan

Lotte Global Logistics, in collaboration with the Busan Center for Creative Economy and Innovation, held the “B. Startup Open Innovation Challenge in Busan,” an open innovation program to discover green logistics startups.

The program identifies startups with promising technologies and services and provides them with opportunities for technology and service market proof of concept (PoC) through collaboration with Lotte Global Logistics. Lotte Global Logistics provided various support to the two selected companies, including KRW 10 million in commercialization support and a testbed opportunity through reviewing and connecting with PoC using logistics infrastructure for four months.

Lotte Global Logistics will continue to expand a virtuous cycle of sustainable mutual growth by discovering and collaborating with startups with technological capabilities.




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“Eco-friendly smart Micro Fulfillment Centers (MFC)” for SMEs and startups

Based on the “Smart Fulfillment and Eco-friendly Urban Delivery Pilot Project” conducted since August 2022, we are promoting the construction and operation of a full-scale eco-friendly smart MFC in 2023.

Through the operation of eco-friendly smart MFCs, we provide effective small-volume inventory management and differentiated delivery services to startups and local small businesses, and aim to develop it as a representative model of win-win cooperation.

Traditional small businesses centered on offline stores are struggling to meet the same-day delivery needs of customers due to limited space and workforce. The eco-friendly Smart MFC provides delivery services through differentiated automation technology and electric freight vehicles to small businesses, helping them to secure competitiveness and revitalize the local economy.

Inside the smart MFC

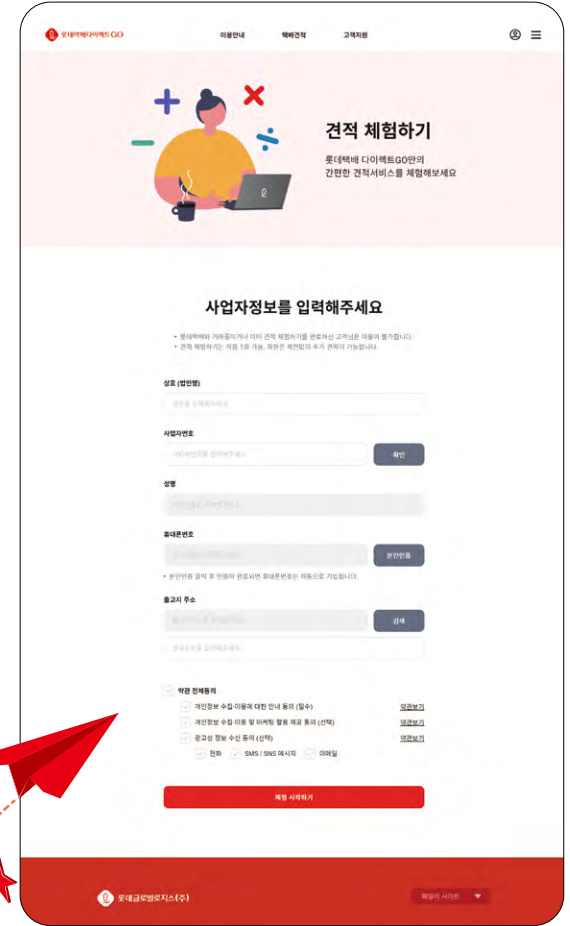


“Lotte Delivery Direct GO,” a win-win service for small businesses

When making a purchase, consumers tend to compare the price of the item and the cost of delivery to make a rational choice. “Lotte Delivery Direct GO” was launched to meet these customers’ needs and grow with small businesses in the fast-growing online market.

“Lotte Delivery Direct GO” provides an easy-to-use mobile interface to request a courier quote and apply for a contract.

Through this, small businesses can save unnecessary time and costs on contracting couriers and receive faster and more convenient services. Most importantly, this service allows small businesses to enjoy economic benefits by reducing courier costs. Lotte Global Logistics will offer various promotions and service improvements to help small businesses compete with reasonable courier costs.



Lotte delivery direct go

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ETHICAL AND COMPLIANCE MANAGEMENT



Ethical and Compliance Management System

Lotte Global Logistics strives to realize transparent and responsible management through ethics-oriented living. The company defines “ethical management” as a fundamental obligation that includes fulfilling the company’s economic, legal, and ethical responsibilities expected by society. Based on this, we conduct management activities based on compliance with corporate ethics as a principle of behavior. This statement is a prerequisite for ensuring the continued trust and autonomy of the stakeholders surrounding the company.

Code of ethics
 Lotte Global Logistics has established a Code of Ethics that includes responsibilities and obligations to customers, employees, shareholders, the nation and society, the international community, and environmental preservation. Recognizing the urgency of ethical and compliance management, Lotte Global Logistics employees are committed to implementing the Code of Ethics to pursue the common interests of customers and all stakeholders based on free and fair competition and to maintain the company’s honor and personal dignity.

Employee compliance statement
 Lotte Global Logistics conducts the annual Compliance Statement to spread the culture of compliance and ethical management and strengthen the commitment of all employees. Lotte Global Logistics employees sign the Compliance Statement once a year to express their commitment to comply with all laws, regulations, company rules, and guidelines related to their duties and faithfully observe the Code of Ethics and various internal control standards. In 2022, all eligible employees signed the Statement.

Obtaining international standards for compliance and anti-bribery management systems
 In 2021, Lotte Global Logistics became the first company in the domestic logistics industry to obtain ISO 37301* certification for compliance management systems and ISO 37001**, the international standard for anti-bribery management systems, through the renewal process. Based on this system, Lotte Global Logistics is continuously strengthening its compliance management by proactively managing compliance risks, systematizing compliance laws and regulations, and monitoring them regularly.

* ISO 37301 (Compliance Management Systems): a system that evaluates legal requirements, guidelines, industry codes, social ethics, etc., in the overall management.
 ** ISO 37001 (Anti-Bribery Management Systems): a system to identify and control possible corruption within an organization proactively.

Employee code of conduct

Code of ethics

Compliance Statement

As an employee of Lotte Global Logistics, I acknowledge and firmly commit to the company's business principles of fair competition and transparent management. I will faithfully adhere to the following:

1. I understand and practice the company's management principles and core values, performing tasks fairly and transparently based on a strong sense of compliance with laws.

(omitted)

I pledge to comprehend and comply with the above content thoroughly and am willing to accept penalties for any violations according to relevant regulations and discipline by the bylaws.

Ethical management–dedicated division
 Lotte Global Logistics operates the Ethical Management Team as a department directly under the CEO to promote and manage systematic ethical management. The Ethical Management Team conducts training, constant monitoring, and internal audits to prevent corruption within the organization.





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Employee code of conduct

1 We create value to maximize profits for our customers and shareholders.

- With the belief that customers are the foundation of the company's existence, we respect their opinions and strive to create value for them.
- Through customer-centered management activities, customers' interests are the basis for all decisions and employee actions.

2 We create an organizational culture of mutual trust and respect.

- Do not engage in verbal, physical, or visual behavior that is offensive to others.
- Respect the privacy of individuals and do not engage in unreasonable discriminatory behavior, malicious slander, or libel against others.
- Eliminate cross-organizational barriers and foster a collaborative organizational atmosphere through open communication.

3 We respect social norms and uphold the honor of Lotte Global Logistics.

- Be an exemplary member of society and take the lead in all social contribution activities, including community service.
- I will uphold the dignity of Lotte Global Logistics employees and will not engage in any unethical behavior that may be criticized by society in connection with the performance of my duties.
- Do not do business with companies that engage in socially questionable or unethical behavior, such as tax evasion, accounting fraud, or environmental pollution.

4 We protect the company's sensitive information and share useful information.

- Non-public or sensitive information of the company, customers, or suppliers must be protected.
- Useful information should be communicated to the appropriate person as soon as it is recognized.
- Do not intentionally disseminate misleading information or make false reports by manipulating documents, counts, etc.

5 We will not use company assets or information for personal gain.

- Do not use company, customer, or supplier information acquired during your employment with the company to gain an unfair advantage for yourself or others.
- The company's budget should be transparent and efficiently executed.
- Do not engage in acts that cause loss of company property or impairment of business performance, such as embezzlement (misappropriation) of public funds, leakage of property, or use of company assets for private purposes.

6 We do not engage in unjustified behavior with stakeholders in connection with our work.

- While performing their duties, the employee shall not conclude a contract with the company in the name of themselves or their relatives, etc., as a supplier or partner. (However, exceptions shall be made in cases where prior approval of the Ethical Management Team is obtained under the same terms and conditions as other vendors).
- Do not receive money, lend money, or request business that may interfere with the legitimate performance of business with stakeholders (people or organizations that have a business relationship with the company or have the potential to do business with the company).
- Do not offer or receive any money or goods, except common sense souvenirs and gifts.
- Do not provide or receive entertainment or convenience that exceeds the level of common sense for stakeholders, and do not engage in behavior prohibited by the beneficiary party's regulations even if it is unavoidable.
- Family events shall not be disclosed to stakeholders who may be affected by the incident, and even if unavoidable, the amount of congratulations and condolences allowance received shall be at a level that is customary in society, according to the purpose of the abovementioned provisions.
- Do not provide money or goods directly or indirectly to public officials or other third parties who may influence public officials to gain or maintain business interests.
- Do not offer, promise, or provide financial or other benefits to anyone in order to obtain business benefits, and do not engage in improper exercise of authority and activities.

7 We shall observe a sound and fair-trade order.

- All transactions shall be conducted transparently and fairly in a mutually equal position, and we shall fully discuss the terms and procedures of the transaction.
- We respect the legitimate rights of our suppliers and do not use our superior position to make any form of payment or unfair demands.

8 We protect the environment and do not waste resources.

- In carrying out our business, we shall comply with all laws and regulations related to the environment and make active efforts in the environmental protection movement.
- We shall endeavor to protect the environment and conserve resources through continuous research and technology development.

9 As a global logistics company, we respect the culture and customs of all regions and countries.

- We recognize ethical conflicts caused by differences in culture and tradition between countries and strive to resolve them fairly.
- As corporate citizens of the country, we respect the laws and practices of that country and contribute to the development of the local community.

10 We are committed to establishing an ethical corporate culture.

- All employees shall faithfully comply with the Code of Ethics as a behavior and value judgment standard.
- We shall notify the Ethics Management Team if we recognize that our actions or those of others violate the Code of Ethics.
- Separate standards shall be established as necessary for the efficient operation of the Code of Conduct.

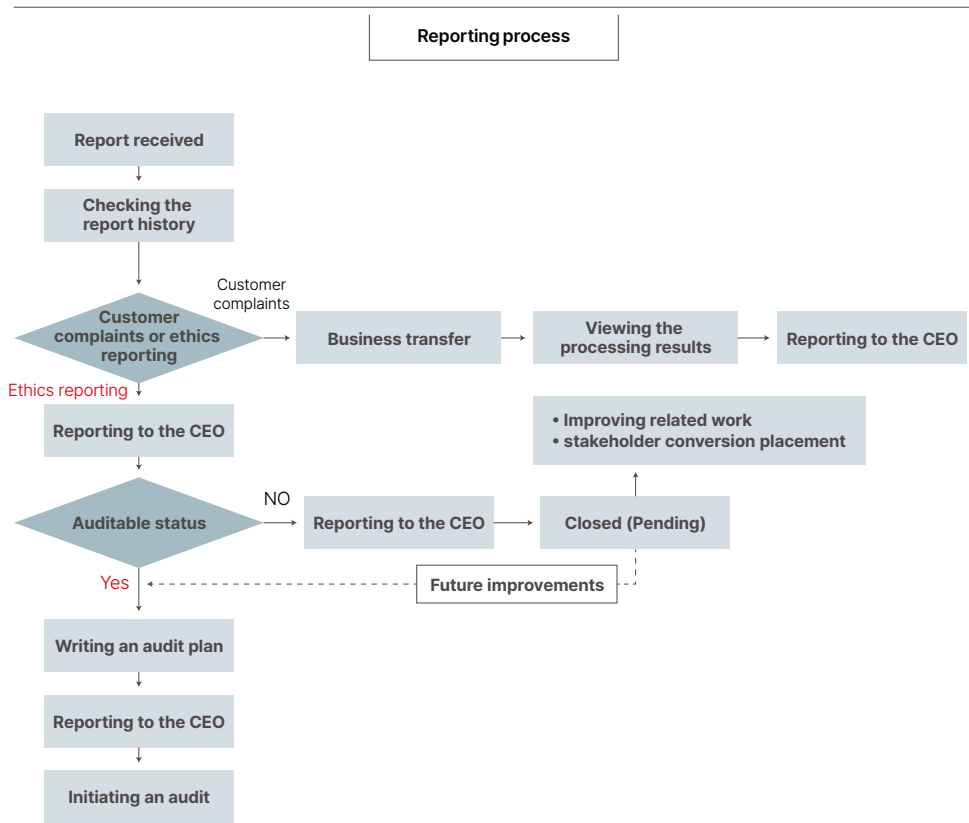
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Reporting ethics and compliance issues

Reporting channel "Ethics HOT-LINE" | Lotte Global Logistics operates the "Ethics HOT-LINE" reporting channel for all stakeholders, including not only employees, but also employees of partners and customers, to report wrongful practices in terms of ethics, improvements to policies, and improper behavior of employees.

The Ethics HOT-LINE can be accessed in Korean and English through the company's website, and reports can be made under a name or anonymously or through other reporting channels, such as email, post, fax, telephone, and on-site visit.



Compliance and Ethics Enforcement Activities

Improving policies and business processes in line with compliance control standards

"Compliance control" is a process of policies and control activities to prevent misconduct and respond to legal risks by systematically identifying all laws and regulations that the company must comply with and self-checking employees' compliance with laws and regulations.

Lotte Global Logistics established the Compliance Control Standards in October 2022 to ensure that the company and its members comply with laws and regulations, realize fair and transparent company management, and strive for sound development of the company and securing customers' trust.

In 2023, based on the Compliance Control Standards, we will monitor and validate of the overall compliance management system and operation status. Through this, we will actively conduct activities to ensure that all departments in the company strictly comply with laws and regulations and prevent various legal risks.

Advanced compliance and ethics training

Lotte Global Logistics is strengthening employee training on compliance and fair trade to prevent and minimize risks in response to increasing stringent compliance demands.

In 2022, we implemented specialized training programs tailored to each position, rank, and work characteristics. For example, all executives, including the CEO, were trained on anti-graft and bribery prevention, and department heads were trained on fair trade more than 10 times a year.

In addition, we distributed training materials related to compliance cases to all employees, conducted anti-corruption and fair-trade prevention training, and conducted the Compliance Weekly Test (CWT) every week to measure training effectiveness and call attention continuously. In 2023, we plan to establish "Compliance Training Standards" and con-



tinue to conduct more systematic and advanced training to raise the level of ethical awareness among employees.

Implementing and enforcing a compliance officer program

In 2022, Lotte Global Logistics appointed a "compliance officer" through a resolution of the Board of Directors to establish and implement compliance education and training programs, check compliance with compliance control standards, and independently perform practical compliance control tasks.

The compliance officer can report directly and timely to the Board of Directors or CEO regarding the performance of their duties and has the authority to perform compliance control independently and effectively.

Through risk mapping activities, the compliance officer of Lotte Global Logistics reviewed the size and frequency of legal risks to categorized major legal risk activities; checked the company's systems and regulations, standard contract contents, and subcontracting transactions; and reported the results to the Board. In particular, special training and additional checks were conducted for departments deemed to be at high risk of violating laws and regulations identified through monitoring, and measures were taken to prevent and respond to legal risks.


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Monitoring antitrust compliance
Installing an antitrust compliance monitoring council | Lotte Global Logistics established the Antitrust Compliance Monitoring Council in April 2022 to raise employees' interest in antitrust and respond to appropriate trade issues. The Antitrust Compliance Administrator chairs the council and consists of department heads (team leaders, branch managers, managers, etc.) and vice presidents of each department. The committee meets monthly for antitrust monitoring, education, problem identification, and improvement suggestions. In 2023, we are expanding the monitoring and training scope to include fair trade, anti-corruption, safety, and other compliance areas.

Anti-collusion activities | Collusion is an unfair act that prevents fair and accessible market competition and undermines a company's interests. Such acts can have a long-term impact by causing economic losses and damaging the company's image and customer trust. Lotte Global Logistics prohibits such unfair acts and continuously monitors the activities of its employees from various angles to pursue fair competition. In particular, it operates a "whistle-blower system" that protects those who report collusion, imposes pre- and post-reporting obligations on employees if they attend meetings with their peers, and improves business processes to comply with relevant guidelines to raise awareness of collusive behavior. In addition, we educate all employees on collusion to ensure that they always observe fairness and ethics in their management activities.

"Tone at the top," a statement of intent from the CEO
 Lotte Global Logistics strives to create a corporate culture in which all company members share awareness and consciousness of compliance management and practice it. To this end, the CEO semi-annually expresses his commitment to compliance management and shares it with the entire company. This commitment by the CEO reminds employees of the importance and obligations of internal control. It plays a significant role in forming a corporate culture where all employees fulfill their social responsibilities. Through such compliance management, the company strives for sustainable growth and development.

Publishing a legal guidebook
 In October 2022, we published the Legal Guidebook to provide Lotte Global Logistics employees with antitrust guidelines and standards for legal disputes. The guidebook summarizes critical cases that can serve as the basis for our legal and compliance work and helps employees acquire basic legal knowledge related to our business. We will continue supplementing the guidebook to ensure fair trade with shippers and partners.



Strengthening ethical management activities for partners
Sending regular ethical management letters to partners | We send regular ethical management letters to our partners to inform them about our compliance and raise their awareness of ethical management. Every holiday and quarter, we send out emails about not giving or receiving gifts, cases of ethical management violations that are easy to violate inadvertently, and information on reporting channels.

Survey on the ethical management of partners | Lotte Global Logistics periodically conducts surveys of its partners regarding their ethical management practices. Based on the survey results, we conducted in-depth interviews to identify our ethical management and improvement needs precisely and derive improvement directions. Through the in-depth interviews in 2022, we received positive feedback that the company's ethical management level is at a higher level than other companies and is continuously improving compared to the past. In addition, we received opinions that the regular ethical management letter is a significantly effective activity and should be continued without interruption. It should be further developed by expanding communication channels to provide moral management guides and conducting regular training. Therefore, in 2023, we plan to conduct regular in-person meetings with partners to disseminate ethical management-related cases.

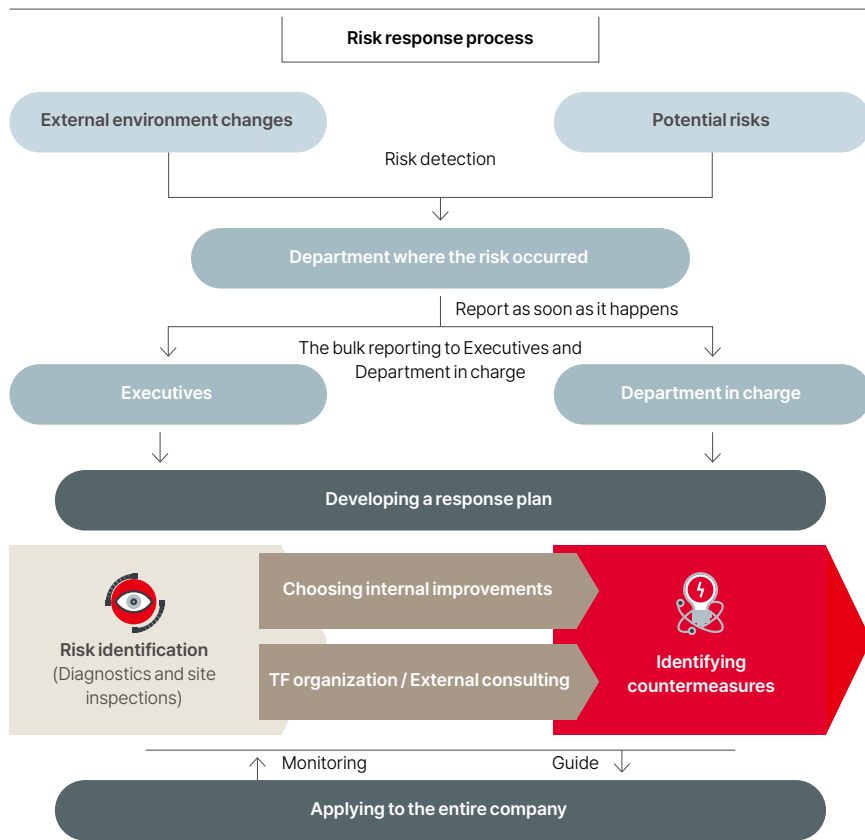
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Risk Management System

Lotte Global Logistics has established a risk response process to respond to crises that may arise in business activities proactively. Through constant monitoring and management of risks, we prevent the occurrence of risks in advance and respond to them promptly.



Internalizing a risk management culture

Lotte Global Logistics believes that it is essential for all employees and stakeholders to be concerned about sustainability and apply it to all parts of the business, so we strive to internalize a risk management culture. The company continuously manages risks that may arise in its industry, creates a safe working environment, and pursues win-win and shared growth with its partners beyond the partnership.

Mid to long-term risk

Lotte Global Logistics manages mid to long-term risks to protect the rights and interests of shareholders and contribute to responsible management and the sustainable growth and development of the company. By promoting the IPO, we are preparing for financial mid- to long-term risks and securing the foundation to expand our business

portfolio and strengthen the competitiveness of our existing businesses.

Risk management by type

Risk definitions and types | Lotte Global Logistics defines various risk factors that arise during business activities, external environmental changes such as laws and regulations, and potential risk factors across the business as risks. It categorizes them into financial and non-financial risk types to identify, evaluate, and improve risks.

Interest rate, exchange rate, oil price, tax, and business risks are classified and managed as financial risks to maintain financial stability. In contrast, risks that may arise outside of finance are classified as non-financial risks. Through this, we optimize management by exploring response strategies and implementation plans for each risk.

Risk management by type

Type	Risk	Description
Financial risks	Interest rate risk	Need to address funding liquidity risk due to rapid interest rate changes
	Exchange rate risk	Need to protect against exchange rate fluctuations when trading on the margin
	Oil price risk	The logistics industry is characterized by large fluctuations in profit and loss due to changes in oil prices.
	Tax risk	Need to address the risk of violating domestic and international tax laws
	Business risk (investments)	Need for increased pre-investment review to prevent profit and loss risks associated with large investments
Non-financial risks	Compliance risk	Need to be proactive to avoid penalties, fines, and reputational risk from regulations such as subcontracting laws, antitrust laws, and labor laws
	Security risk	Need to build a security system to prevent tangible and intangible damages caused by customer personal information leakage and prepare for external attacks
	Safety risk	Safety accident prevention activities are necessary to prevent fines and business suspensions that may occur due to violations of safety-related laws such as the Serious Accidents Punishment Act and the Occupational Safety And Health Act.
	Environmental risk	Increased natural disasters such as heavy rainfall, snowfall, and earthquakes due to climate change will impact the company's service delivery and require a response.

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Controls for Each Major Risk Type

Lotte Global Logistics has a company-wide management system to reduce the risks that may arise in its business activities. It strives to minimize losses through proactive measures when risks occur. Lotte Global Logistics' main financial and non-financial risk management measures are as follows.

Major financial risks

Interest rate risk | Lotte Global Logistics regularly conducts simulations of interest rate fluctuations in the mid-to-long term to prevent and minimize the impact of increasing financial costs on the company's liquidity. To proactively respond to rapidly changing market conditions, Lotte Global Logistics borrows funds at an appropriate interest rate level that considers major countries' monetary policies and market trends and manages stable funds while reducing interest rate risk through interest rate swaps or fixed interest rates.

Exchange rate risk | Lotte Global Logistics provides logistics services through a global network, exposing us to exchange rate risks related to foreign currency income and expenses. Therefore, we minimize risks through rigorous internal controls. We monitor the appropriate level of reserves for each currency daily and continuously review the subscription or sale of long-term financial instruments accordingly. In addition, we hedge against risks through exchange rate swaps for necessary foreign currency borrowings.

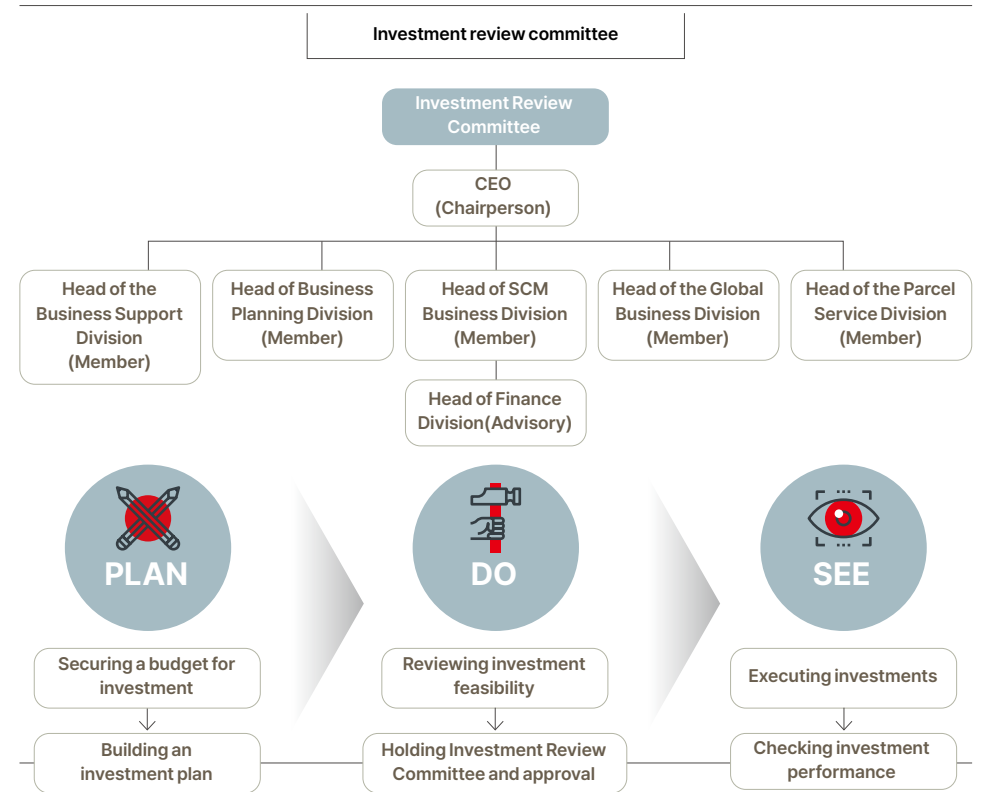
Oil price risk | Lotte Global Logistics is directly affected by fluctuations in oil prices because of the nature of our logistics business, and we are taking various measures to minimize the impact of oil price fluctuations on our business. We monitor oil price fluctuations through market indicators related to international oil prices and Korea National Oil Corporation's Opinet, and based on this; we enter into an integrated oil purchase contract with refineries annually. This allows Lotte Global Logistics to purchase oil at a discount from refiners, mitigating the impact of oil price increases. In addition, we respond to the risk of oil price fluctuations by introducing an oil price linkage system when signing logistics contracts with major shippers.

Tax risk | Lotte Global Logistics assesses and manages overall tax risks that may arise during its business activities, including strengthening the competitiveness of existing businesses, building new businesses, and investing in global companies, and complies with domestic and international laws and regulations. In assessing and managing overall tax risks, we make decisions based on domestic and foreign tax experts' and authorities' advice to prevent and minimize tax risks. In addition, we fully disclose tax information through external disclosures to prove that the company's management is transparent and secure objectively through external audits. In the case of overseas subsidiaries, transactions with related parties are conducted at Arm's Length Principle based on the laws and regulations of each country.

Business risk (investment) | We operate the Investment Review Committee to review and manage the value-up of existing businesses and the risk factors that may arise when promoting new businesses. The Investment Review Committee aims to minimize the company's systemic or accidental risks in response to changes in the internal and external business environment and various regulatory issues, and to secure a stable and sustainable management foundation through proactive responses. To this end, we analyze and manage risk factors from various aspects, includ-

ing market environment and prospects, business strategy and feasibility, related laws and systems, technical and economic evaluation, and funding plans, and determine whether to approve investment proposals.

After the investment, we conduct performance checks to ensure that the expected effects are realized, and we establish a management system to ensure that investment funds are used efficiently by conducting site visits and establishing countermeasures in case of improvement needs.




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Major non-financial risks

Compliance risk | Lotte Global Logistics has established a compliance system to prevent and minimize risks such as fair trade, anti-corruption, and occupational safety. We strive to reduce risks by establishing laws, regulations, and risk areas that employees must comply with, strengthening compliance awareness among company members, and conducting cultural diffusion activities. We train employees and monitor and improve the system to enhance the compliance system continuously. We also train our employees and monitor and improve our compliance system to continuously strengthen the system, and we continue receiving external evaluations through ISO 37301 (Compliance management systems).

Security risk | Security threats, both internal and external, are on the rise, including attacks by international hacker groups and leaks caused by poor

employee management. Lotte Global Logistics complies with the obligations relevant laws require to safeguard important information of customers and the company. Since 2020, we have maintained the nationally recognized Information Security Management System (ISMS) certification and have established and operated an information protection organization, including the Chief Information Security Officer (CISO). Every year, we train all employees to raise awareness of the importance of security, block illegal intrusions into the company through information protection H/W and S/W solutions, and prevent malware infections such as ransomware.

Safety risk | To respond to the Serious Accidents Punishment Act and prevent accidents, we are strengthening our safety organization and internal regulations and establishing an autonomous

safety and health management system. In 2022, we formed an organization that promoted safety management, appointed a CSO, and strengthened preventive inspection activities. We are internalizing safety culture awareness through facility improvement and safety education that considers employees in the workplace and our partners' employees. We also conduct on-site inspections and safety and health activities based on risk assessment. We continuously monitor and improve all harmful and dangerous factors that may occur in the workplace. Through this, we strive to provide a safe and healthy work environment by communicating with workers.

Environmental risk | In response to the climate crisis caused by global warming, domestic and international environmental regulations are being strengthened, such as the national carbon

neutrality declaration and the introduction of the Carbon Border Adjustment Mechanism (CBAM). Lotte Global Logistics recognizes the importance of responding to environmental risks. Accordingly, we strive to establish a response system for tangible and intangible damages that may occur if we fail to respond to environmental risks. As part of our efforts, we manage environmental risks by systematically identifying, evaluating, managing, and improving environmental risks through the introduction of ISO 14001 (Environmental management system). In addition, we are expanding the introduction of renewable energy at distribution centers and conversion to eco-friendly vehicles to reduce greenhouse gas (GHG) emissions, and we respond to environmental risks by systematically managing GHG emissions, waste emissions, and water usage by business site.



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Energy

Category	Unit	2020	2021	2022
Total fossil energy consumption	TJ	190.000	187.370	220.208
Diesel	TJ	181,834	179.907	212.699
Gasoline	TJ	1,295	1,349	1,405
Energy usage within the organization				
LNG	TJ	6.871	6.115	4.899
LPG	TJ	0.000	0.000	1.205
Electric energy consumption	TJ	720.016	858.409	1,089.389
Total energy usage within the organization	TJ	910.016	1,045.779	1,309.597
Energy (Unit: KRW)				
Fossil energy (Unit: KRW)	TJ/KRW 100 million	0.066	0.057	0.054
Electricity (Unit: KRW)	TJ/KRW 100 million	0.252	0.262	0.266
Total energy (Unit: KRW)	TJ/KRW 100 million	0.318	0.319	0.320
Energy usage savings				
Fossil energy savings ¹⁾	TJ	0.396	6.046	8.226
Electricity savings ²⁾	TJ	3.333	2.111	2.758
Total energy savings	TJ	3.729	8.156	10.984

1) Calculate the GHG emissions savings when switching to electric freight vehicles compared to diesel freight vehicles.

2) Calculate savings for a distribution center LED conversion with the KVER methodology.

Water and Wastewater

Category	Unit	2020	2021	2022
Water withdrawals¹⁾				
Fresh Water	Ton	11,475	12,071	12,259
Others	Ton	0	0	0
Water releases²⁾				
Fresh Water	Ton	11,475	12,071	12,259
Others	Ton	0	0	0
Water use³⁾	Ton	0	0	0

1,2) Based on headquarters' performance

3) Water withdrawals and releases are the same, and the amount of water used for our services is calculated as zero.



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Emissions

Category		Unit	2020	2021	2022
Direct greenhouse gas emissions	Scope1 Emissions	tCO ₂ -eq	13,279.657	13,041.640	15,344.899
	Scope2 Emissions	tCO ₂ -eq	34,969.556	41,079.387	52,132.996
Indirect greenhouse gas emissions	Scope1 Emissions (Unit: KRW)	tCO ₂ -eq/KRW 100 million	0.465	0.397	0.384
	Scope2 Emissions (Unit: KRW)	tCO ₂ -eq/KRW 100 million	1.223	1.251	1.304
	Scope3 Emissions (Unit: KRW)	tCO ₂ -eq/KRW 100 million	0.000	0.000	0.000
Reduction of GHG Emissions	Reduction of GHG Emissions	tCO ₂ -eq	1,604.653	2,394.141	2,396.864

Waste

Category		Unit	2020	2021	2022
Total waste generated ¹⁾		Ton	43.039	42.736	29.249
Total waste recycled (fully outsourced)		Ton	12.764	16.112	19.279
Total waste incineration and landfill (fully outsourced)		Ton	0.000	0.000	0.000

1) Waste generated by the nature of the business is entirely general waste.

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Employees

Category		Unit	2020	2021	2022
Total employees ¹⁾	Male	Person	1,740	1,824	1,883
	Female	Person	293	325	372
	Total	Person	2,033	2,149	2,255
Permanent employees	Male	Person	1,616	1,796	1,862
	Female	Person	251	310	362
	Total	Person	1,867	2,106	2,224

1) There are no non-guaranteed hours employees.



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Employees

Category	Unit	2020	2021	2022
Temporary employees	Male	124	28	21
	Female	42	15	10
	Total	166	43	31
Full-time employees	Male	1,732	1,803	1,874
	Female	282	305	358
	Total	2,014	2,108	2,232
Part-time employees	Male	8	21	9
	Female	11	20	14
	Total	19	41	23
Total number of employees in foreign locations	China	112	136	131
	Hong Kong	13	14	12
	Vietnam	209	215	209
	Kazakhstan	16	20	13
	Uzbekistan	6	6	7
	Indonesia	101	99	110
	Philippines	12	15	87
	India	5	5	4
	Singapore	7	6	2
	Germany	20	25	31
	United Kingdom	8	8	6
	United States	63	111	114
Total	Person	572	660	726

Workers who are not Employees

Category	Unit	2020	2021	2022
Workers who are not employees	Male	4,560	4,974	6,128
	Female	6	205	234
	Total	Person	4,566	5,179



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Collective Agreement

Category	Unit	2020	2021	2022	
Collective agreement ¹⁾	Number of workers covered by a collective agreement	Person	2,014	2,129	2,234
	Percentage of total workers covered by a collective agreement	%	100	100	100

1) The number of employees covered by a collective agreement is the total number of employees minus the number of senior executives (senior executives do not enter into a comprehensive conceptual mutual agreement that determines working conditions and terms of employment).

Position in the Marketplace

Category	Unit	2020	2021	2022	
The ratio of the starting wage to the minimum wage in the country where the business is located by gender	Entry-level wages (male) ¹⁾	KRW	31,535,600	32,025,797	34,184,315
	Entry-level wages (female) ¹⁾	KRW	31,695,696	32,578,668	35,091,520
	The ratio of the minimum wage to the starting wage (male) ²⁾	%	128	129	138
	The ratio of the minimum wage to the starting wage (female) ²⁾	%	128	131	141

1) The average annual salary for all new hires (A, JA) with high school graduation, an associate degree, and a bachelor's degree

2) The monthly minimum wage in 2022: KRW 1,914,440

Reserve for Retirement Benefits

Category	Unit	2020	2021	2022
Present value of defined benefit obligation	KRW 100 million	615.7	678.6	688.6
Fair value of plan assets	KRW 100 million	(627.6)	(697.6)	(921.0)
Net defined benefit assets	KRW 100 million	(11.9)	(19.0)	(232.4)

Win-win for Partners

Category	Unit	2020	2021	2022	
Amount of partner financing	Total amount	KRW 100 million	349	343	1,426
	Shared Growth Fund ¹⁾	KRW 100 million	-	-	100
	Paying for holiday items early	KRW 100 million	349	343	1,326

1) Shared Growth Fund started in 2022



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Employment

Category		Unit	2020	2021	2022	
Newly hired workers	Number of new hires by age	Under 30 years old	Person	60	174	224
		30 years or older to under 50	Person	35	129	122
		50 years or older	Person	2	10	6
	Percentage of new hires by age	Under 30 years old	Person	61.9	55.6	63.6
		30 years or older to under 50	Person	36.1	41.2	34.7
		50 years or older	Person	2.1	3.2	1.7
	Number of new hires by gender	Male	%	75	247	260
		Female	%	22	66	92
	Percentage of new hires by gender	Male	%	77.3	78.9	73.9
Female		%	22.7	21.1	26.1	
Turnovers and retirements	Number of turnovers and retirements by age	Under 30 years old	Person	43	96	106
		30 years or older to under 50	Person	88	152	168
		50 years or older	Person	8	21	36
	Turnover and retirement rates by age	Under 30 years old	Person	30.9	35.7	34.2
		30 years or older to under 50	Person	63.3	56.5	54.2
		50 years or older	Person	5.8	7.8	11.6
	Number of turnover and retirements by gender	Male	Person	112	228	253
		Female	Person	27	41	57
	Turnover and retirement rates by gender	Male	%	80.6	84.8	81.6
Female		%	19.4	15.2	18.4	
Parental leave	Number of workers eligible for parental leave ¹⁾	Male	Person	355	366	362
		Female	Person	23	28	29
	Number of workers on parental leave ²⁾	Male	Person	54	38	59
		Female	Person	22	28	27
	Number of workers returning to work after taking parental leave (A) ³⁾	Male	Person	54	39	51
		Female	Person	7	14	13

1) Workers with children aged nine and younger

2) Number of workers who took a leave of absence during the year (January 1-December 31)

3) Number of workers who returned to work during the year (January 1-December 31)



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Category		Unit	2020	2021	2022	
Parental leave	Number of workers who would be reinstated after parental leave (B) ¹⁾	Male	Person	55	39	55
		Female	Person	8	16	15
	Number of workers with 12 months of continuous work after taking parental leave (C) ²⁾	Male	Person	47	46	33
		Female	Person	10	7	11
	Return to work rate after parental leave (A/Bx100)	Male	%	98	100	93
		Female	%	88	88	87
12-month retention rate after return to work (C/Bx100)	Male	%	98	85	85	
	Female	%	91	100	79	
Number of workers who returned to work after taking parental leave in the previous reporting period (D) ³⁾	Male	Person	48	54	39	
	Female	Person	11	7	14	

1) Number of workers eligible for return to work during the year (January 1-December 31)

2) Number of returned workers with 12 months or more of continuous employment

3) Number of workers who returned to work in the previous year

Occupational Safety and Health

Category		Unit	2020	2021	2022
Workers covered by an occupational safety and health management system ¹⁾	Number of workers covered	Person	N/A	2,149	2,255
	Percentage of workers covered	%	N/A	100	100
	Number of non-workers covered	Person	N/A	0	0
	Percentage of non-workers covered	%	N/A	0	0
Workers covered by an occupational safety and health management system	Number of workers covered	Person	2,033	2,149	2,255
	Percentage of workers covered	%	N/A	100	100
	Number of non-workers covered	Person	N/A	0	0
	Percentage of non-workers covered	%	N/A	0	0
Occupational safety and health management system that completed ISO 45001	Number of workers covered	Person	N/A	2,149	2,255
	Percentage of workers covered	%	N/A	100	100
	Number of non-workers covered	Person	N/A	0	0
	Percentage of non-workers covered	%	N/A	0	0

1) Initial certification in 2021

2) People covered by headquarters' regular safety inspections



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Occupational Safety and Health

Category	Unit	2020	2021	2022	
	Accidental injury rate ¹⁾	%	0.09	0.04	0.16
	Types of occupational accidents	-	fall accidents	crush injuries/falling	fall/collision/crush
Accidental injury (on-the-job)	Workplace injuries				
	Number of accidental deaths ²⁾	Case	0	0	0
	Accidental death rate ³⁾	%	0	0	0
	Number of serious incidents (excluding deaths)	Case	0	0	0
	Rate of serious accidents (excluding deaths)	%	0	0	0
Non-worker workplace injuries	Accidental injury rate	%	0	0	0
	Number of accidental deaths	Case	0	0	0
	Accidental death rate	%	0	0	0
	Number of serious incidents (excluding deaths)	Case	0	0	0
	Rate of serious accidents (excluding deaths)	%	0	0	0
Illness (occupational disease)	Occupational illnesses of workers				
	Number of deaths	Case	0	0	0
	Number of illnesses (including deaths) ⁴⁾	Case	0	0	1
	Occupational illnesses of non-workers				
	Number of deaths	Case	0	0	0
	Number of illnesses (including deaths)	Case	0	0	0

1) Korea Workers' Compensation & Welfare Service (COMWEL) Injury Details (Accidental Injuries + Illness Injuries) * Injury Rate = [Number of Injuries (Accidental Injuries + Illness Injuries) / Number of Workers Covered by Workers' Compensation Insurance] x 100

2) Number of accidental deaths: Work-related fatalities for which bereavement benefits were paid by the COMWEL

3) (Number of Accidental Deaths / Number of Workers Covered by Workers' Compensation Insurance) x 10,000

4) Musculoskeletal disorders (herniated discs)

Training and Education

Category	Unit	2020	2021	2022	
Hours of worker training	Average training hours per worker	Hour	26.9	35.8	40.4
	Average training hours per male worker	Hour	26.1	34.1	38.7
	Average training hours per female worker	Hour	32.1	45.2	49.2
	Average training hours for office workers	Hour	29.1	43.5	48.4
	Average training hours for technical positions	Hour	22.0	22.0	22.0



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Training and Education

Category	Unit	2020	2021	2022	
Percentage of workers receiving regular reviews of job performance and career development	Percentage of total workers receiving regular performance reviews ¹⁾	%	100	100	100
	Percentage of male workers receiving regular performance reviews	%	100	100	100
	Percentage of female workers receiving regular performance reviews	%	100	100	100
	Percentage of office workers receiving regular performance reviews	%	100	100	100
	Percentage of technical positions receiving regular performance reviews	%	100	100	100

1) Conducted 100% of performance reviews for workers who have been with the company for at least three months for the year (excluding executives).

Diversity and Equal Opportunities

Category	Unit	2020	2021	2022		
Composition of workers by category	Percentage of workers (by gender)	Male	%	86	85	83
		Female	%	14	15	17
	Percentage of workers (by age)	Under 30 years old	%	16	18	20
		30 years or older to under 50	%	72	69	66
		50 years or older	%	12	13	14
Female management	Number of females in total management positions	Person	20	21	23	
	Percentage of females in total management positions	%	8	8	9	
Female executives	Number of female executives	Person	0	0	0	
	Percentage of female executives to the total number of executives	%	0	0	0	
Employees with disabilities	Number of employees with disabilities ¹⁾	Person	67	69	74	
	Percentage of employees with disabilities to the total number of employees	%	3	3	3	
Workers with national meritorious benefits	Number of workers with national meritorious benefits	Person	25	22	19	
	Percentage of workers with national meritorious benefits to the total workers	%	1	1	1	
Percentage of female workers' base salary and compensation versus males	Percentage of female office workers' base salary versus males ²⁾	Office job	%	96	96	97
		Specialized job	%	67	61	69

1) Created employment recognition criteria (recognition of two workers of severe and one mild)

2) Excluding executives (percentage of average base salary for all men and all women)



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Anti-discrimination

Category	Unit	2020	2021	2022
Number of discrimination incidents and remedial actions taken ¹⁾	Case	0	0	0

1) There were no incidents of discrimination based on race, color, gender, religion, political opinion, national origin, etc.

Protecting Consumer Privacy

Category	Unit	2020	2021	2022
Number of complaints filed by external parties and substantiated internally within the company	Case	0	0	0
Number of complaints filed by regulators	Case	0	0	0
Total number of confirmed breaches, thefts, and losses of customer information	Case	0	0	0

ESG DATA | Governance

Diversity and Equal Opportunities

Category	Unit	2020	2021	2022	
Composition of governance bodies and workers by category	Percentage of board members (by gender)				
	Male	%	100	100	100
	Female	%	0	0	0
	Percentage of board members (by age)				
	Under 30 years old	%	0	0	0
	30 years or older to under 50 ¹⁾	%	0	0	11
50 years or older ²⁾	%	100	100	89	

1) 1 in 9 total (As of 2022)

2) 8 in 9 total (As of 2022)

Position in the Marketplace

Category	Unit	2020	2021	2022
Percentage of senior executives hired from communities in which the locations are operated	Person	19	20	21
Total number of senior executives ¹⁾	Person	0	0	0
Number of senior executives from communities in which the locations are operated	Person	0	0	0
Percentage of senior executives from communities in which the locations are operated	%	0	0	0

1) Includes inside, outside, and other non-executive directors and unlisted officers



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Anti-corruption

Category		Unit	2020	2021	2022
Workplaces assessed for corruption risk	Number of unit organizations assessed for corruption risk ¹⁾	Number	34	40	43
	Percentage of unit organizations assessed for corruption risk ²⁾	%	100	100	100
Notice and training on anti-corruption policies and procedures	Number of board members who received notice or training	Person	9	9	9
	Percentage of board members who received notice or training	%	100	100	100
	Number of workers who received notice or training	Person	2,033	2,149	2,255
	Percentage of workers who received notice or training ³⁾	%	100	100	100
	Number of partners who received notice or training ⁴⁾	Number	N/A	N/A	N/A
Identified corruption cases and actions taken	Percentage of partners who received notice or training ⁵⁾	%	100	100	100
	Number of locations with corruption cases ⁶⁾	Number	18	10	6
	Number of workers fired or disciplined	Person	25	12	6
	Number of cases where contracts with partners were terminated or not renewed because of corruption	Case	0	0	0

1~2) Evaluation organization for ISO 37001 (& 37301 integrated) certification

3) Announcement on the internal portal about not giving or receiving holiday gifts and compliance with ethical management Compliance training (statutory obligation) for all employees every year

4) Number of partners fluctuates with each announcement, pledge, etc.

5) Collecting anti-corruption pledges in partner contracts and sending notification letters by email to all purchasing partners for ethical management announcements
*No partner criteria for exclusion.

6) Number of cases where discipline (warning or higher) occurred during the audit

* Corruption case characteristics

- False reporting

- Money lending between workers

- Gifts and loans to partners

- Bid rigging

- Poor management of partners (aiding and abetting)

- Competitive business, dual employment

- Fundraising, embezzlement

- False reporting, non-compliance with procedures

- Violation of COVID-19 prevention measures

- Violation of work guidelines (telecommuting, etc.)

- Sexual harassment, bullying, etc.



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Anti-competitive Practices

Category	Unit	2020	2021	2022
Number of legal actions for unfair trade practices such as anti-competitive behavior, monopolization, etc ¹⁾	Case	2	1	0

1) Two collusion-related counts (one penalty in 2020, one fine in 2021) * Period of conduct: 2008–2018; one fine for violation of disclosure obligations

Legal and Regulatory Compliance

Category	Unit	2020	2021	2022	
Cases of legal and regulatory non-compliance that occurred in the current reporting period	Total number of fines ¹⁾	Case	1	0	0
	Fine ²⁾	KRW	15,300,000	0	0
Cases of legal and regulatory non-compliance that occurred in the previous reporting period	Total number of fines ³⁾	Case	1	1	0
	Fine ⁴⁾	KRW	525,000,000	100,000,000	0

1) Based on high-impact cases from a compliance perspective (fines or penalties of KRW 10 million or more)

2) One penalty

3) Based on high-impact cases from a compliance perspective (fines or penalties of KRW 10 million or more)

4) One penalty and one fine each



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Economic Performance (on a consolidated basis)

Category	Unit	2020	2021	2022
Assets				
Current assets	KRW million	493,156	478,446	623,634
Cash and cash equivalents	KRW million	137,942	59,048	110,505
Accounts receivables and other receivables	KRW million	320,095	380,998	430,218
Other current assets	KRW million	35,119	38,400	82,911
Non-current assets	KRW million	1,551,106	1,812,822	2,030,334
Investing in affiliated companies	KRW million	22,642	18,857	21,170
Tangible assets	KRW million	734,208	951,650	1,029,244
Intangible assets	KRW million	69,439	61,240	58,282
Right-of-use assets	KRW million	522,135	588,300	705,237
Investment property	KRW million	114,787	118,510	108,291
Other non-current assets	KRW million	87,895	74,265	108,110
Total assets	KRW million	2,044,262	2,291,268	2,653,968
Liabilities				
Current liabilities	KRW million	481,525	646,252	777,165
Non-current liabilities	KRW million	1,041,027	1,100,771	1,300,890
Total liabilities	KRW million	1,522,552	1,747,023	2,078,055
Capital				
Equity attributable to owners of the parent company	KRW million	513,875	536,202	566,790
Capital	KRW million	170,860	170,860	170,860
Share premium	KRW million	365,261	365,261	365,261
Other components of equity	KRW million	2,353	8,769	10,595
Retained earnings (loss)	KRW million	(24,599)	(8,688)	20,074
Non-controlling interests	KRW million	7,835	8,043	9,123
Total capital	KRW million	521,710	544,245	575,913
Total liabilities and equity	KRW million	0	2,291,268	2,653,968

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Category	Unit	2020	2021	2022	
Sales	KRW million	2,858,439	3,282,449	3,998,309	
Cost of sales	KRW million	(2,678,549)	(3,090,323)	(3,745,409)	
Gross profit	KRW million	179,890	192,126	252,900	
Selling, general & administrative expenses (SG&A)	KRW million	(145,374)	(149,475)	(190,296)	
Operating income (loss)	KRW million	34,516	42,651	62,604	
Financial income	KRW million	10,968	5,921	15,910	
Financing costs	KRW million	(36,321)	(33,064)	(56,705)	
Equity method gain/loss	KRW million	1,664	1,580	2,003	
Income from the disposal of investment shares of subsidiaries and associates	KRW million	106	24	421	
Loss on disposal of investment shares of subsidiaries and associates	KRW million	0	(34)	(258)	
Other non-operating income	KRW million	9,750	24,582	20,961	
Other non-operating expenses	KRW million	(17,876)	(15,888)	(14,590)	
Net income before corporate tax expense (loss)	KRW million	2,807	25,772	30,346	
Income tax expenses	KRW million	824	(6,800)	(3,444)	
Current income	KRW million	3,631	18,972	26,902	
Other comprehensive income	KRW million	(4,002)	4,294	4,817	
Items not subsequently reclassified to gains and losses					
The remeasurement component of a defined benefit plan	KRW million	120	(2,627)	3,060	
Other comprehensive income (loss), gains and losses on fair value valuation financial assets	KRW million	(188)	71	(138)	
Items that may be subsequently reclassified to gains and losses					
Changes in equity under the equity method	KRW million	(79)	92	(51)	
Derivative valuation gains and losses	KRW million	(136)	422	(422)	
Gain or loss on translation of foreign operations	KRW million	(3,719)	6,336	2,368	
Total comprehensive income (loss)	KRW million	(371)	23,266	31,719	
Attribution of current income (loss)					
Owner of the parent company	KRW million	2,943	18,547	25,720	
Non-controlling interests	KRW million	688	425	1,182	
Attribution of total comprehensive income					
Total comprehensive income, equity attributable to owners of the parent company	KRW million	(1,011)	22,327	30,588	
Total comprehensive income, non-controlling interests	KRW million	640	939	1,131	
Earnings per share	Basic and diluted earnings per share	KRW million	86	543	753

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Category		Unit	2020	2021	2022	
Creating and distributing economic value	Creating direct economic value	Sales	KRW million	2,858,439	3,282,449	3,998,309
		Employees (salary and bonuses)	KRW million	103,101	111,338	126,263
		Employees (benefit costs)	KRW million	25,866	27,881	31,730
	Economic value distributed (on a separate basis)	Interest paid	KRW million	31,673	26,449	37,901
		Corporate tax	KRW million	(250)	2,973	2,436
		Community contributions	KRW 100 million	762	575	870
	Economic value retained (on a separate basis)		KRW million	2,697,287	3,113,233	3,799,109

Tax Reporting by Country

Category		Unit	2020	2021	2022
South Korea	Sales	KRW million	2,337,547	2,713,239	3,273,538
	Operating income	KRW million	23,662	37,739	51,795
	Corporate taxes paid	KRW million	(235)	209	511
China	Sales	KRW million	82,089	126,651	127,158
	Operating income	KRW million	795	989	983
	Corporate taxes paid	KRW million	249	228	337
Hong Kong	Sales	KRW million	23,641	22,604	21,906
	Operating income	KRW million	1,161	30	155
	Corporate taxes paid	KRW million	253	171	12
India	Sales	KRW million	16,794	19,533	13,611
	Operating income	KRW million	632	100	127
	Corporate taxes paid	KRW million	166	33	59
Cambodia	Sales	KRW million	806	0	
	Operating income	KRW million	231	(72)	
	Corporate taxes paid	KRW million	40	0	
Singapore	Sales	KRW million	35,405	52,118	85,711
	Operating income	KRW million	978	1,594	332
	Corporate taxes paid	KRW million	(178)	(200)	26
Malaysia	Sales	KRW million	0	0	0
	Operating income	KRW million	(4)	(3)	(4)
	Corporate taxes paid	KRW million	0	0	0



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Tax Reporting by Country

Category	Unit	2020	2021	2022	
United Kingdom	Sales	KRW million	13,907	15,997	16,301
	Operating income	KRW million	342	(235)	(53)
	Corporate taxes paid	KRW million	42	(46)	3
Italy	Sales	KRW million	0	0	0
	Operating income	KRW million	(8)	(3)	(27)
	Corporate taxes paid	KRW million	0	0	(30)
Germany	Sales	KRW million	17,781	31,095	31,738
	Operating income	KRW million	(304)	(134)	1,654
	Corporate taxes paid	KRW million	66	55	71
Netherlands	Sales	KRW million	0	0	0
	Operating income	KRW million	(192)	(24)	0
	Corporate taxes paid	KRW million	0	0	0
Vietnam	Sales	KRW million		26,734	34,820
	Operating income	KRW million		2,356	2,598
	Corporate taxes paid	KRW million		384	319
United States	Sales	KRW million	323,880	312,191	423,748
	Operating income	KRW million	5,080	(153)	2,903
	Corporate taxes paid	KRW million	1,506	2,214	329
Indonesia	Sales	KRW million	15,550	17,643	21,760
	Operating income	KRW million	(28)	481	799
	Corporate taxes paid	KRW million	8	174	0
Kazakhstan	Sales	KRW million	7,159	11,121	31,024
	Operating income	KRW million	198	375	520
	Corporate taxes paid	KRW million	(11)	70	87
Philippines	Sales	KRW million	3,949	6,078	7,542
	Operating income	KRW million	130	237	422
	Corporate taxes paid	KRW million	38	46	138
Hungary	Sales	KRW million	0	0	0
	Operating income	KRW million	0	0	0
	Corporate taxes paid	KRW million	0	0	0



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Public Policy

Category	Unit	2020	2021	2022	
Political contributions ¹⁾	By country	KRW	0	0	0
	By recipient/beneficiary	KRW	0	0	0
	Total political contributions	KRW	0	0	0

1) Article 31 of the Political Funds Act restricts contributions to political parties and specific politicians.

Credit Rating (corporate bonds)

Category	Unit	2020	2021	2022
Korea Investors Service	Rating	A	A	A
Korea Ratings	Rating	A	A	A
NICE Investors Service	Rating	A	A	A



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GRI CONTENT INDEX

Lotte Global Logistics reported its sustainability management by the GRI 2021 standards from January 1, 2022, to December 31, 2022.

GRI 1: Foundation 2021 applied (There are no applicable GRI Sector Standards for the logistics sector.)

General Disclosure

GRI Standard	Disclosure	Page	Note
	2-1 Organizational details	4, 6-7	
	2-2 Entities included in the organization's sustainability reporting	ABOUT THIS REPORT, 4	"2022 Business Report," p. 35 (All financial results are made on a consolidated basis; nonfinancial results are prepared based on a single company, Lotte Global Logistics.)
	2-3 Reporting period, frequency and contact point	ABOUT THIS REPORT	
	2-4 Restatements of information	-	Not applicable to the first report
	2-5 External assurance	114-116	
	2-6 Activities, value chain and other business relationships	8-12, 78	
	2-7 Employees	92-93	
	2-8 Workers who are not employees	93	
	2-9 Governance structure and composition	75-76	
GRI 2: General Disclosures 2021	2-10 Nomination and selection of the highest governance body	75	
	2-11 Chair of the highest governance body	75	
	2-12 Role of the highest governance body in overseeing the management of impacts	16, 76	
	2-13 Delegation of responsibility for managing impacts	16, 76	
	2-14 Role of the highest governance body in sustainability reporting	16, 20, 76	
	2-15 Conflicts of interest	75	Disclosure on "Status of Members of Large Corporate Groups" available
	2-16 Communication of critical concerns	16, 20, 76	
	2-17 Collective knowledge of the highest governance body	76	
	2-18 Evaluation of the performance of the highest governance body	77	
	2-19 Remuneration policies	77	
	2-20 Process to determine remuneration	77	
	2-21 Annual total compensation ratio	77	
	2-22 Statement on sustainable development strategy	2-3	



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General Disclosure

GRI Standard	Disclosure	Page	Note
GRI 2: General Disclosures 2021	2-23	Policy commitments	27, 51, 83
	2-24	Embedding policy commitments	27, 51-52, 78, 83, 85
	2-25	Processes to remediate negative impacts	52, 85, 87-89
	2-26	Mechanisms for seeking advice and raising concerns	52, 85
	2-27	Compliance with laws and regulations	101
	2-28	Membership associations	113
	2-29	Approach to stakeholder engagement	19
	2-30	Collective bargaining agreements	94

Material Topics

GRI Standard	Disclosure	Page	Note	
GRI 3: Material Topics 2021	3-1	Process to determine material topics	19-21	
	3-2	List of material topics	21-23	
Economic performance				
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	104	
	201-2	Financial implications and other risks and opportunities due to climate change	32	
	201-3	Defined benefit plan obligations and other retirement plans	94	We have a defined benefit and contribution plan, and we cover 100% of the pension operating expenses and deposit them through an external financial institution.
Market presence				
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	94	
	202-2	Proportion of senior management hired from the local community	99	
Indirect economic impacts				
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	72-73	
	203-2	Significant indirect economic impacts	72-73, 78-82	
Anti-corruption				
GRI 3: Material Topics 2021	3-3	Management of material topics	85-88	
	GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	100
		205-2	Communication and training about anti-corruption policies and procedures	100
	205-3	Confirmed incidents of corruption and actions taken	100	



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Material Topics

GRI Standard	Disclosure	Page	Note
Anti-competitive behavior			
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	101	
Tax			
GRI 207: Tax 2019	207-1 Approach to tax	88	
	207-2 Tax governance, control, and risk management	88	
	207-3 Stakeholder engagement and management of concerns related to tax	88	
	207-4 Country-by-country reporting	104-105	
Energy			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	91	
	302-3 Energy intensity	91	
	302-4 Reduction of energy consumption	35-38, 91	
	302-5 Reductions in energy requirements of products and services	35, 40	
Water and effluents			
GRI 303: Water and effluents 2018	303-3 Water withdrawal	91	
	303-4 Water discharge	91	
	303-5 Water consumption	91	
Emissions			
GRI 3: Material Topics 2021	3-3 Management of material topics	23, 30	
	305-1 Direct (Scope 1) GHG emissions	92	
GRI 305: Emissions 2016	305-2 Energy indirect (Scope 2) GHG emissions	92	
	305-4 GHG emissions intensity	92	
	305-5 Reduction of GHG emissions	33-41	
Waste			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	39-41	
	306-2 Management of significant waste-related impacts	39-41	
	306-3 Waste generated	92	
	306-4 Waste diverted from disposal	92	
	306-5 Waste directed to disposal	92	
Supplier environmental assessment			
GRI 3: Material Topics 2021	3-3 Management of material topics	22, 78	



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GRI Standard	Disclosure	Page	Note	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	78		
	308-2 Negative environmental impacts in the supply chain and actions taken	78		
Employment				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	95		
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	48-49		
	401-3 Parental leave	95-96		
Labor/management relations				
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	110	In accordance with Article 53 of the Employment Rules, termination notice will be provided at least 30 days in advance.	
Occupational health and safety				
GRI 3: Material Topics 2021	3-3 Management of material topics	22, 55		
	403-1 Occupational health and safety management system	55		
	403-2 Hazard identification, risk assessment, and incident investigation	57-59		
	403-3 Occupational health services	60, 62		
	403-4 Worker participation, consultation, and communication on occupational health and safety	56, 60-61		
	403-5 Worker training on occupational health and safety	61		
	403-6 Promotion of worker health	62		
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	61, 63		
	403-8 Workers covered by an occupational health and safety management system	96		
	403-9 Work-related injuries	97		
GRI 403: Occupational Health and Safety 2018	403-10 Work-related ill health	97		
	Training and education			
	GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	97	
		404-2 Programs for upgrading employee skills and transition assistance programs	44-47	
		404-3 Percentage of employees receiving regular performance and career development reviews	98	
	Diversity and equal opportunity			
	GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	75, 99	
		405-2 Ratio of basic salary and remuneration of women to men	98	



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Material Topics

GRI Standard	Disclosure	Page	Note
Non-discrimination			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	99	
Freedom of association and collective bargaining			
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	111	There are no workplaces and suppliers where the rights to freedom of association and collective bargaining are at risk of being violated.
Child labor			
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	111	There are no workplaces and suppliers at high risk for child labor violations.
Forced or compulsory labor			
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	111	There are no workplaces and suppliers at high risk for forced labor violations.
Supplier social assessment			
GRI 3: Material Topics 2021	3-3 Management of material topics	22, 78	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	78	
	414-2 Negative social impacts in the supply chain and actions taken	78	
Public policy			
GRI 415: Public Policy 2016	415-1 Political contributions	106, 111	Article 31 of the Political Funds Act restricts contributions to political parties and specific politicians.
Customer privacy			
GRI 3: Material Topics 2021	3-3 Management of material topics	22, 69-71	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	99	



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SASB INDEX

The Sustainability Accounting Standards Board (SASB) is a sustainability accounting standard established by the U.S. Sustainability Accounting Standards Board and recommends financial disclosures based on 77 industry-specific standards that reflect the characteristics of each industry. Lotte Global Logistics reports by the AIR FREIGHT & LOGISTICS standard.

Topic	Accounting Metric	Report Page	Code
Greenhouse Gas Emissions	Gross global Scope 1 emissions	92	TR-AF-110a.1
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	30-31	TR-AF-110a.2
Labor Practices	Total amount of monetary losses as a result of legal proceedings associated with labor law violations	N/A	TR-AF-310a.2
Employee Health & Safety	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	97	TR-AF-320a.1
Accident & Safety Management	Description of implementation and outcomes of a Safety Management System	55-59	TR-AF-540a.1

TCFD INDEX

The Task Force on Climate-Related Financial Disclosure (TCFD) is a global consultative panel established by the Financial Stability Board (FSB) at the request of the G20 to develop climate change-related disclosure measures. Lotte Global Logistics is actively participating in the response to climate change, identifying the financial impacts of climate change, and disclosing relevant information by the TCFD recommendations.

Type	Recommendations	Page
Governance	a. Describe the board's oversight of climate-related risks and opportunities.	30
	b. Describe management's role in assessing and managing climate-related risks and opportunities.	30
Strategy	a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	30, 32
	b. Describe the impact of climate-related risks and opportunities on the organization's business, strategy, and financial planning.	32
	c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	32
Risk Management	a. Describe the organization's processes for identifying and assessing climate-related risks.	32
	b. Describe the organization's processes for managing climate-related risks.	32, 89
	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	32
Metrics and Targets	a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	30-31, 38, 92
	b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	32, 89
	c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	30-31



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AWARDS, CERTIFICATIONS, AND MEMBERSHIPS

Awards

Date	Host	Award
2023.05	Korea Productivity Center	Ranked No. 1 in Home Delivery by National Customer Satisfaction Index (NCSI)
2022.12	Ministry of Employment and Labor	Won the Minister of Employment and Labor Award at the Fair Recruitment Best Practices Contest
2021.12	Ministry of Interior and Safety	Awarded by the Minister of the Interior and Safety for Safety Culture

Key Certification

Certification date	Host	Sector
2006.08	Ministry of Land, Infrastructure and Transport	Excellent Logistics Company Certification (Comprehensive Logistics Company)
2007.11		ISO 9001 (Quality management systems)
2008.08		ISO 14001 (Environmental management system)
2008.12	Transported Asset Protection Association (TAPA AMERICAS)	TAPA (Cargo Security and Safety Certification)
2012.03	Korea Customs Service	AEO certification
2016.03		ISO 13485 (Medical devices quality management system (Southeast Region Healthcare Center))
2016.11	Ministry of Land, Infrastructure and Transport	Excellent green logistics practice company certification
2017.12	Ministry of Gender Equality and Family	Family-friendly business certification
2018.09		ISO 37001 (Anti-bribery management systems)
2020.03	Korea Internet & Security Agency	Information Security Management System (ISMS)
2020.11	Human Resources Development Service of Korea	Best HRD Certification
2021.06		ISO 45001 (Occupational health and safety management systems)
2021.09		ISO 37301 (Compliance management systems)

Memberships

Organization Name
Korea Integrated Logistics Association (Chair)
The Federation of Korean Industries
Korea Economic Research Institute
Korea Chamber of Commerce and Industry, Seoul
International Air Transport Association (IATA)
Korea Railroad Logistics Association
Korea Customs Logistics Association (Uiwang CY, Uiwang bonded warehouse)
Korea Customs Logistics Association (bonded transportation)
Korea Trucking Association
BCTA Council
Korea Fair Competition Federation
Korea Industrial Safety Association
Korea AEO Association
Korea Certified Customs Attorneys Association
Korea International Freight Forwarders Association
Korea Outdoor Advertising Association



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INDEPENDENT ASSURANCE STATEMENT

To: The Stakeholders of LOTTE GLOBAL LOGISTICS CO.,LTD.

Introduction and Objectives of Work

BSI Group Korea (hereinafter "the Assurer") was requested to verify 2022 LOTTE GLOBAL LOGISTICS Sustainability Report (hereinafter "the Report"). This assurance statement applies only to the relevant information included in the scope of the assurance. LOTTE GLOBAL LOGISTICS is solely responsible for all information and assertion contained in the Report. The responsibility of the Assurer is to provide LOTTE GLOBAL LOGISTICS Management with independent assurance statement based on its expert opinions by applying the verification methodology for the specified assurance scope. It is also to provide the information to all stakeholders of LOTTE GLOBAL LOGISTICS.

Standards and Levels

This assurance was based on the AA1000AS (Assurance Standard) v3 (2020) Assurance Standard and confirmed that the Report was prepared in accordance with the GRI Standards, the international standards guidelines of sustainability reports. In accordance with the AA1000 AS, the assurance level was Moderate Level, and conducted against Type 1 to confirm compliance with the four principles of the AA1000 AP (AccountAbility Principles) 2018 and the Type 2 assurance that verified the quality and reliability of the information disclosed in the report. Type 2 was limitedly verified against the topic standards below, based on the data and information provided by the reporting organization.

- GRI Topic standards: 205-1~3, 302-1, 303-2~5, 303-3~5, 305-1~2, 305-4~5, 306-3~5, 308-1~2, 401-1, 401-3, 403-1~10, 404-1~3, 405-2, 414-1~2, 418-1

Scope

The scope of assurance applied to the Report is as follows;

- Report contents during the period from January 1st to December 31st 2022 included in the report, some data included 2023.
- Major assesstion included in the report, such as sustainability management policies and strategies, goals, projects, and performance, and the report contents related to material issues determined as a result of materiality assessment.
- Appropriateness and consistency of processes and systems for data collection, analysis and review

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

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



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Methodology

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

- Review of the system for sustainability management strategy process and implementation
- Review of materiality issue analysis process and prioritization by reviewing materiality issue analysis process and verifying the results
- Review of the evidence to support the material issues through interviews with senior managers with responsibility for them
- Verification of data generation, collection and reporting for each performance index

Limitation

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

Assurance Opinion

On the basis of our methodology and the activities described above, it is our opinion that

- The information and data included in the Report are accurate and reliable and the Assurer cannot point out any substantial aspects of material with mistake or misstatement.
- The report is prepared in accordance with the GRI Standards. (Reporting in accordance with the GRI standards)
- The assurance opinions on the four principles presented in the AA1000 AP (2018) are as follows.

AA1000 AP (2018)

Inclusivity | Stakeholder Engagement and Opinion

LOTTE GLOBAL LOGISTICS defined customers, employees, partners, shareholders/ investors, communities and government/related organizations as key stakeholder groups, and operated communication channels for each stakeholder group for engagement. LOTTE GLOBAL LOGISTICS reflected key issues drawn through stakeholder channels in sustainability management decisions and disclosed the process in the Report.

Materiality | Identification and reporting of material sustainability topics

LOTTE GLOBAL LOGISTICS established the strategy related to sustainability management and established the process to derive reporting issues. LOTTE GLOBAL LOGISTICS identified financial and social/environmental impacts and derived 8 critical issues based on the analysis of media research, benchmarking global advanced companies in its field, and analysis of major global initiatives related to sustainability.

Responsiveness | Responding to material sustainability topics and related impacts

LOTTE GLOBAL LOGISTICS established the management process for critical issues determined by the materiality assessment, implemented a response plan for each issue to appropriately respond to the derived critical issues that reflects the expectations of stakeholders. LOTTE GLOBAL LOGISTICS disclosed the process including policy, indicator, activity and response performance on material issues in the Report.

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

LOTTE GLOBAL LOGISTICS established the process to identify and evaluate the impact on organizations and stakeholders related to critical issues. LOTTE GLOBAL LOGISTICS used impacts, risk and opportunity factor analysis results for critical issues to make decisions to develop response strategies for each issue, and disclosed the process in the Report.



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Key areas for ongoing development

- It may be helpful to strengthen the stakeholder inclusivity by operating periodic stakeholder engagement processes, such as publishing annual sustainability reports and disclosure of sustainability performance indicators.
- It may be helpful to advance sustainability management system by specifying the scope and definition of each business sector's value-chain, such as SCM and global logistics, and specifying management standards such as processes and due diligence within the value chain.

Statement of independence and competence

The Assurer is an independent professional institution that specializes in quality, health, safety, social and environmental management with almost 120 years history in providing independent assurance services. No member of the assurance team has a business relationship with LOTTE GLOBAL LOGISTICS. The Assurer has conducted this verification independently, and there has been no conflict of interest. All assurers who participated in the assurance have qualifications as an AA1000AS assurer, have a lot of assurance experience, and have in-depth understanding of the BSI Group's assurance standard methodology.

Evaluation against GRI 'In Accordance' Criteria

The Assurer confirmed that the Report was prepared in accordance with the GRI Standards and the disclosures related to the following Universal Standards and Topic Standards Indicators based on the data provided by LOTTE GLOBAL LOGISTICS, the sector standard was not applied.

(Universal Standards)

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

(Topic Standards)

- 201-1~3, 202-1, 203-1~2, 205-1~3, 206-1, 207-1~4, 302-1, 302-3~5, 303-3~5, 305-1~2, 305-4~5, 306-1~5, 308-1~2, 401-1~3, 402-1, 403-1~10, 404-1~3, 405-1~2, 406-1, 407-1, 408-1, 409-1, 414-1~2, 415-1, 418-1

17th July 2023

S. H. Lim

BSI Group Korea, Managing Director



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2022 LOTTE GLOBAL LOGISTICS SUSTAINABILITY REPORT

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