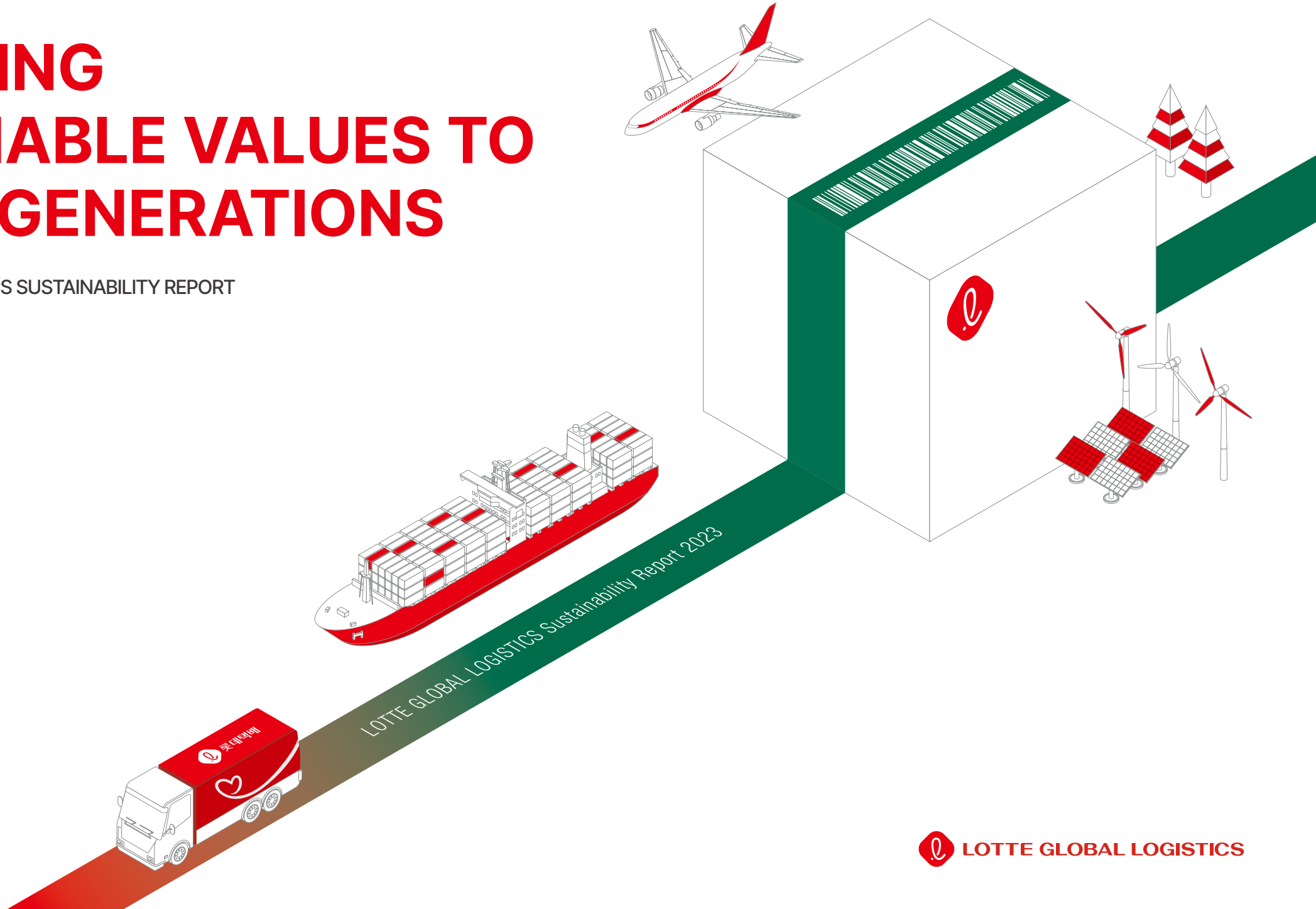


# DELIVERING SUSTAINABLE VALUES TO FUTURE GENERATIONS

2023 LOTTE GLOBAL LOGISTICS SUSTAINABILITY REPORT



# ABOUT THIS REPORT

## Overview

Lotte Global Logistics has published its sustainability reports with the aim of transparently sharing its philosophy for ESG management and its progress. This second report provides an account of our efforts and subsequent achievements in economic, environmental, societal, and governance areas. In the coming years, we will actively engage with stakeholders to incorporate their opinions into our business operations, which will be annually disclosed in our future sustainability reports in a transparent manner.

## Reporting Period and Scope

This report covers the period from January 1, 2023, through December 31, 2023. It also highlights key business operations from the first half of 2024. The quantitative value of financial performance in the report encompasses the subsidiaries of Lotte Global Logistics on a consolidated basis while other qualitative and non-financial performance data covers the domestic headquarters and all business sites of the separate corporation, Lotte Global Logistics. Data pertaining to certain business sites are marked with notes or additional explanations for clarity.

## Reporting Principles and Framework

This report has been prepared in accordance with the Global Reporting Initiative(GRI) Standards 2021. This year, we've also aligned our reporting with the Road Transportation standards, which are part of the Sustainability Accounting Standard Board(SASB) Standards, to ensure that we disclose all relevant data. Additionally, we comply with the core set of Stakeholder Capitalism Metrics(SCM) as outlined by the International Business Council of the World Economic Forum(WEF-IBC). This adherence allows us to present our data in a more standardized and objective way.

## Data Assurance

To ensure the reliability and integrity of the data and the process involved in creating this report, this report has been verified by BSI Group Korea, an independent verifier.

Publisher	<b>Lotte Global Logistics</b> 10, Tongil-ro, Jung-gu, Seoul, Republic of Korea
Date of Publication	June 2024
Contact	ESG Management Team Tel. 02-2170-3094 E-mail : junseob.shin@lotte.net

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# CEO Message

**Dear esteemed stakeholders,**



My name is Kang Buong-ku, and as the CEO of Lotte Global Logistics since 2024, I have been steering our company towards sustainable management. I would like to take this opportunity to express my heartfelt gratitude to all of you for your steadfast interest and support in our journey towards sustainable growth and progress.

In 2023, a series of daunting challenges cast a dark shadow over business environment. These range from soaring global inflation to trade conflicts among key countries, including the dispute between the United States and China. Additionally, government policies of high interest rates, aimed at curbing inflation, exacerbated the situation by contracting consumption. This, in turn, decelerated the growth of the logistics industry. Furthermore, the prolonged trade conflict among main countries had an adverse impact on export and import trade volume.

In the face of formidable external and internal challenges in 2023, Lotte Global Logistics made significant, multifaceted efforts. These included enhancing profitability, investing in the automation of our logistics system, and expanding our presence into key overseas markets such as the United States and Vietnam. These concerted efforts have resulted in the creation of a well-balanced business portfolio spanning all business domains, including parcel delivery service, Supply Chain Management (SCM), and global operations. This has laid a solid foundation for our qualitative growth.

Furthermore, our endeavors in ESG management were intensified with the objective of delivering sustainable values to future generations. To this end, we adopted renewable energy sources that emit zero greenhouse gases (GHGs) at our key logistics centers, including the Jincheon Mega Hub Terminal, while steadfastly introducing electric and hydrogen-electric trucks in line with the paradigm shift towards eco-friendly automobiles. In addition, we strengthened our safety and health management system to ensure a safe working environment. All these efforts culminated in zero serious accidents in 2023, and a workplace accident rate that was significantly lower than the industry average.

The year 2024 is anticipated to be the one of increased uncertainty and volatility, stemming from a confluence of multiple crises including escalating logistics operation costs, subdued domestic demand, and tightened decarbonization regulations. This climate requires companies to undertake a range of activities to demonstrate their sustainability both domestically and internationally more than ever before. In response to this, Lotte Global Logistics is committed to evolving into a global logistics company that validates its sustainability to all stakeholders. We will strive in the following directions to achieve this goal.

**First, we will become a driving force of innovation and transformation.**

At the beginning of this year, I set forth four strategies to establish us as a leading player in the global logistics industry. These are 'proactively serving customers with distinguished services,' 'expanding our logistics operations to foster global business growth,' 'developing new businesses to create new growth engines,' and 'advancing our logistics network through close cooperation among internal organizations and collaborations with external partners.' All these four strategies boil down to innovation and change. We promise that we will never relent in innovating and transforming ourselves, thereby bringing sustainable values to stakeholders.

**Second, we will embed environmental management into our operations to expedite implementation.**

The worsening climate change has led to the introduction of environmental regulations in many countries, which has now become a global standard. Keeping pace with the circumstances, our government has steadily tightened environmental regulations related to GHG reductions, transition to eco-friendly vehicles, and reduction of packaging material use. The only way for companies to maintain their sustainability is to minimize their environmental impact. In line with these trends, Lotte Global Logistics will incorporate environmental practices, such as switching to renewable energy sources, using eco-friendly vehicles, and optimizing energy use, to reach net-zero by 2040.

**Third, we will fulfill our social responsibilities through our sincere commitment to ESG management.**

We will be dedicated to delivering our values to various stakeholders, including our employees, partners, and local communities. For our employees, we will foster a fair, performance-oriented corporate culture and create a safe workplace that they can be proud of. For our partners, we will uphold fair trade practices and enhance close cooperation to solidify sustainable partnerships. For local communities, we will conduct a variety of social contribution activities to achieve co-prosperity.

I look forward to your continued interest and support as we strive to become a reliable company that ushers in a sustainable future on the global stage, beyond Korea.

**Thank you very much.**



Lotte Global Logistics / CEO Kang Buong-ku



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# Lotte Global Logistics at a Glance

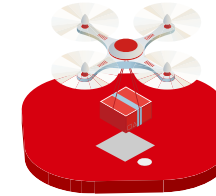
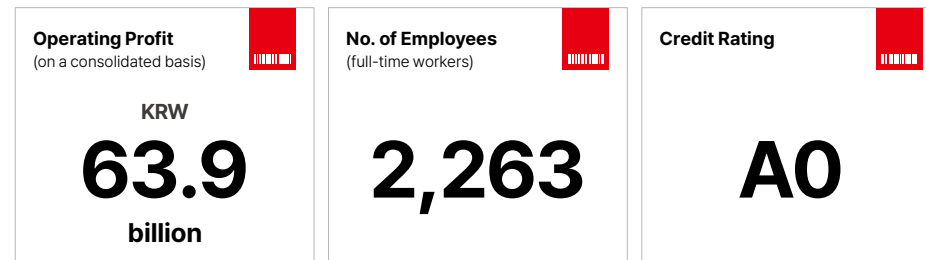
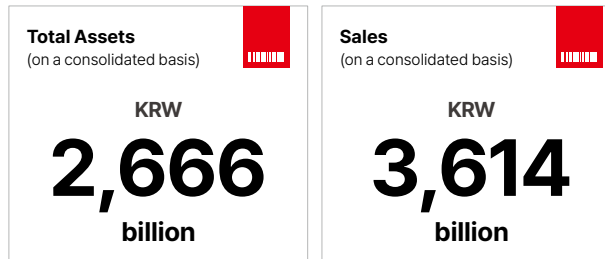
Logistics innovation that connects the world closer, that is what we pursue as our customer value.

**Company Overview**

(as of March 2024)

<b>Company Name</b>	Lotte Global Logistics
<b>CEO</b>	Kang Buong-ku
<b>Date of Establishment</b>	October 14, 1996
<b>HQ Location</b>	10 Tongil-ro, Jung-gu, Seoul, Republic of Korea (Yonsei Severance Foundation Building)
<b>Business Area</b>	Comprehensive logistics (parcel service / domestic logistics / international logistics)

(As of December 2023)



**Smart Logistics**

What we envision is a self-thinking, self-moving logistics system. We provide optimized logistics services driven by data. Lotte Global Logistics will realize smart logistics built on intelligence and automation.



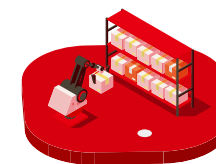
**A Better Way to Connect with the World**

Leveraging our seamless connections among domestic and overseas hubs, we offer a global one-stop service across the entire logistics process, ranging from warehouse management, marine / air transportation, loading and unloading in ports to inland transportation.



**Last-Mile Leader**

We pride ourselves on our effective responses to distribution and logistics trends, which place us in a leading position in customer service. The establishment of a mobile-enabled IT environment enables us to ensure happy and genuine deliveries. Our various Last-Mile Services, including fresh delivery and on-time delivery, provide a competitive edge for our clients.

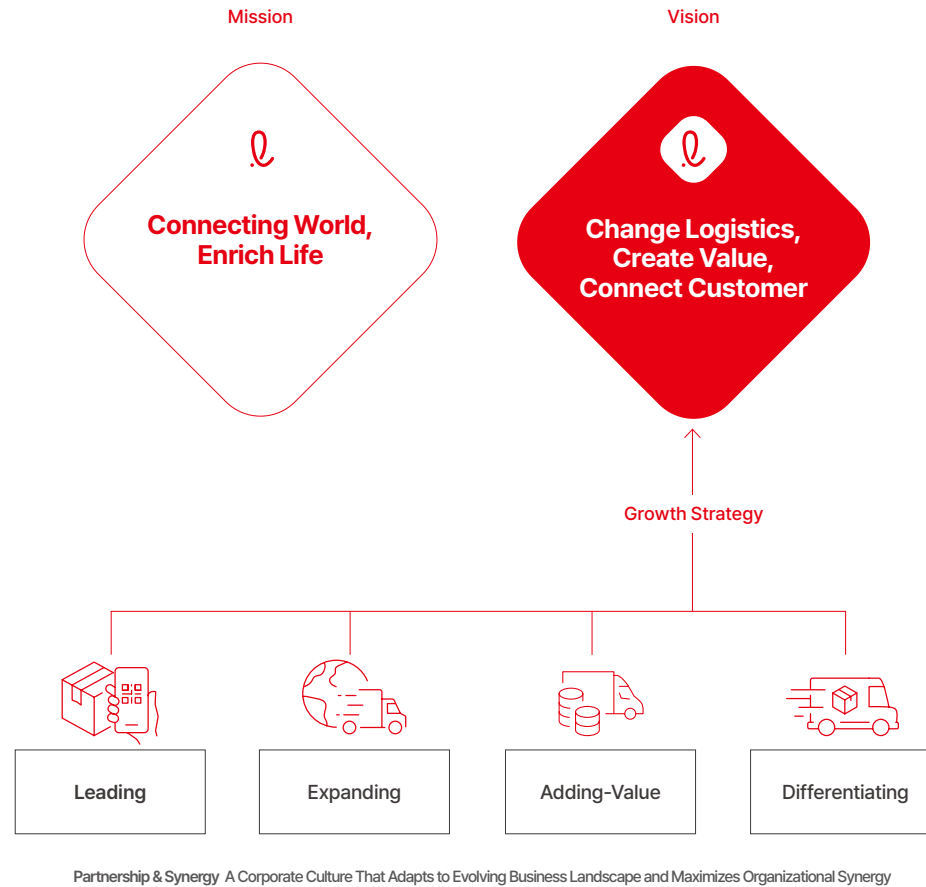


**Refining Our Skills for Innovative Logistics to Elevate Customer Values**

Since the establishment of Logistics Research Institute in 2017, we have been steadfast in our pursuit of innovation. This includes establishing strategic partnerships with advanced logistics companies, strengthening our consulting capabilities, and accelerating automation in logistics and unmanned operations. Through these combined efforts, we aim to lead the logistics industry.

# Lotte Global Logistics at a Glance

## Vision & Mission



## Company History

- 1996** • Founded 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 service scope to include the Lotte 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** • Equipped with 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 our new brand, Lotte Courier)
  - Expanded the range of our overseas network
- 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 for two consecutive years
  - 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
  - Acquired ISO 19600 (compliance management systems) and ISO 37001 (anti-bribery management systems) international certifications simultaneously
  - Selected as the 2020 Best HRD (Human Resource Development) Company
- 2020** • Started the official operation of eco-friendly cold chain electric freight vehicles for the first time in Korea
- 2021** • Awarded a prize for 'excellent transportation company achieving zero freight vehicle accidents for 100 days'
  - Awarded Korea Excellent Logistics Company Prize at the 'ICN Awards'
  - 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 certifications for compliance management system and anti-bribery management system (ISO 37301 & ISO 37001) simultaneously for the first time in the industry
- 2022** • Officially opened Jincheon Mega Hub Terminal
  - Officially opened Yangsan Integrated Smart Automation Center
  - Built an automated 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
- 2023** • Jincheon Mega Hub Terminal earned the Smart Logistics Center 'Preliminary Certification Grade 1' from the Ministry of Land, Infrastructure and Transport
  - Signed a business agreement on 'Green Logistics Conversion Solution Business' for the first time in the industry
  - Ranked 1st in the parcel delivery sector in the National Customer Satisfaction Index(NCSI)
  - Obtained a quality certification for air transportation of lithium batteries
  - Yangsan Integrated Smart Automation Center certified as 'excellent building in fire safety management'
  - Achieved No.1 place in the parcel delivery sector in the Korean Standard Service Quality Index(KS-SQI)
  - Acquired a Consumer Centered Management(CCM) certificate

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# Domestic and Global Networks

## Domestic Network

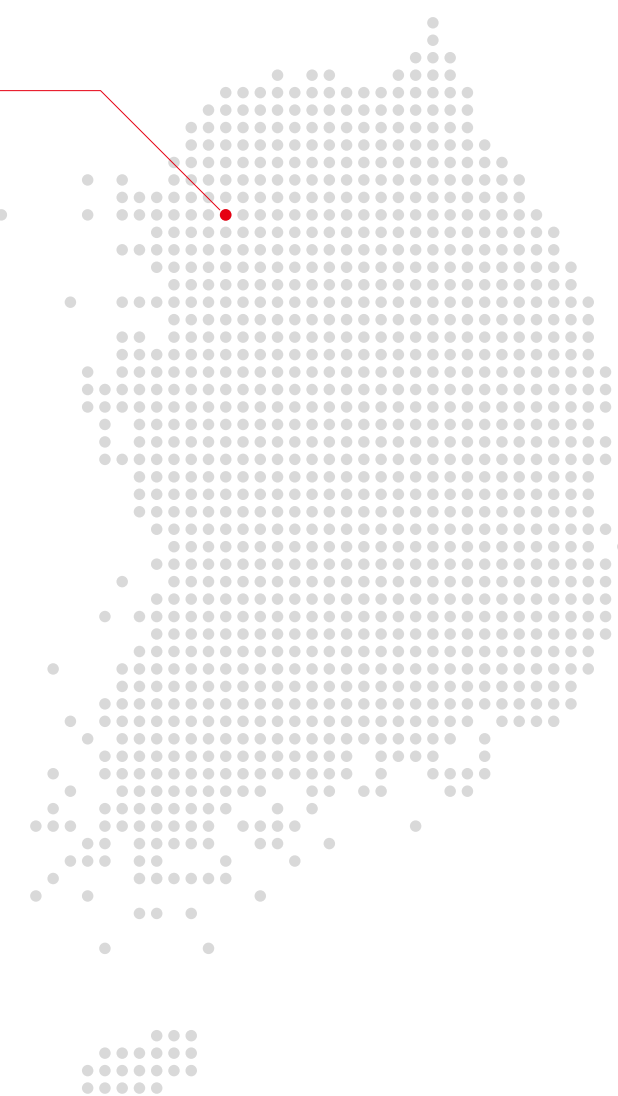
**Headquarters**

- Lotte Global Logistics

**Terminals**

**19**

- Jincheon Mega Hub Terminal
- Southeast Area Terminal
- Gunpo Terminal
- Seoul Northern Terminal
- Seoul Eastern Terminal
- Seoul Guro Terminal
- Incheon Terminal
- Busan Western Terminal
- Gwangju Terminal
- Apparel-only Terminal
- Hwaseong Sub Terminal
- Yongin Sub Terminal
- Dongdaegu Sub Terminal
- Busan Central Sub Terminal
- Paju Sub Terminal
- Daejeon Sub Terminal
- Busan Eastern Sub Terminal
- Gimpo Sub Terminal
- Cheonan Sub Terminal



**Parcel Service Branches**

**37**

- Seoul Southern District Branch
- Seoul Northern District Branch
- Seoul Guro-gu Branch
- Gunpo Branch
- Bucheon Branch
- Yongin Branch
- Pyeongtaek Branch
- Gangwon Branch
- Daejeon Branch
- Dangjin Branch
- Dongdaegu Branch
- Gumi Branch
- Pohang Branch
- Busan Western District Branch
- Busan Eastern District Branch
- Jinju Branch
- Gunsan Branch
- Mokpo Branch
- Jeju Branch
- Seoul Eastern District Branch
- Seoul Western District Branch
- Seoul Jongno-gu Branch
- Incheon Branch
- Ilsan Branch
- Suwon Branch
- Icheon Branch
- Chuncheon Branch
- Cheonan Branch
- Cheongju Branch
- Seodaegu Branch
- Andong Branch
- Ulsan Branch
- Busan Central District Branch
- Changwon Branch
- Jeonju Branch
- Gwangju Branch
- Suncheon Branch

**SCM Business Unit Centers**

**173**

(MAIN)

- Yangsan Integrated Smart Automation Center
- Icheon Outsourcing Center
- Gimhae Mart Center
- Gimpo Mart Online Center
- Osan Mart Center
- Osan Distribution Center
- Deokpyeong Outsourcing Center
- Gwangmyeong Bakery Center
- Opo Fresh Center
- Southeast Region Healthcare Center
- Jeju Center

**Global Business Centers / Offices**

**7**

- Incheon Airport Center
- Incheon International Express Center
- Uiwang Intermodal Center
- Busan Intermodal Center (Busan, Noksan)
- Gwangyang Intermodal Center
- Ulsan Office
- Port Operation Team

# Domestic and Global Networks

## Global Network



Asia		
<b>China</b>	Shanghai Hyundai Asia Shipping International Freight Forwarding Co., Ltd.	Shanghai (corporate), Wuxi (branch), Shenzhen (branch), Dongguan (branch), Tianjin (branch)
<b>Hong Kong</b>	LOTTE Global Logistics (Hongkong) Holdings Co., Limited	Hong Kong (corporate)
<b>Vietnam</b>	LOTTE VINATRANS GLOBAL LOGISTICS (VIETNAM) CO., LTD. LOTTE GLOBAL LOGISTICS VIETNAM CO., LTD.	Ho Chi Minh City (transportation corporate), Hanoi (branch) Long Hau (warehouse corporate)
<b>Kazakhstan</b>	LOTTE Global Logistics Kazakhstan Co., Ltd	Almaty (corporate)
<b>Uzbekistan</b>	LOTTE GLOBAL LOGISTICS CO., LTD. (IN UZBEKISTAN)	Tashkent (branch)
<b>India</b>	LOTTE Global LOGISTICS INDIA PRIVATE LIMITED	New Delhi (corporate)
<b>Indonesia</b>	PT. Lotte Global Logistics Indonesia	Jakarta (corporate)
<b>Philippines</b>	LOTTE GLOBAL LOGISTICS PHILIPPINES, INC.	Manila (corporate)
<b>Singapore</b>	LOTTE GLOBAL LOGISTICS (SINGAPORE) PTE. LTD	Singapore (corporate)
<b>Malaysia</b>	LOTTE GLOBAL LOGISTICS (MALAYSIA) SDN. BHD	Johor Baru (corporate)

Americas		
<b>United States</b>	LOTTE GLOBAL LOGISTICS (NORTH AMERICA) INC.	Dallas (corporate), Houston (branch), LA (branch), Chicago (branch), New York (branch)

Europe		
<b>Germany</b>	LOTTE Global Logistics (Germany) GmbH	Hamburg (corporate), Frankfurt (branch)
<b>Hungary</b>	LOTTE GLOBAL LOGISTICS HUNGARY Kft.	Budapest (corporate)
<b>United Kingdom</b>	LOTTE GLOBAL LOGISTICS (UK) CO., LTD.	London (corporate)

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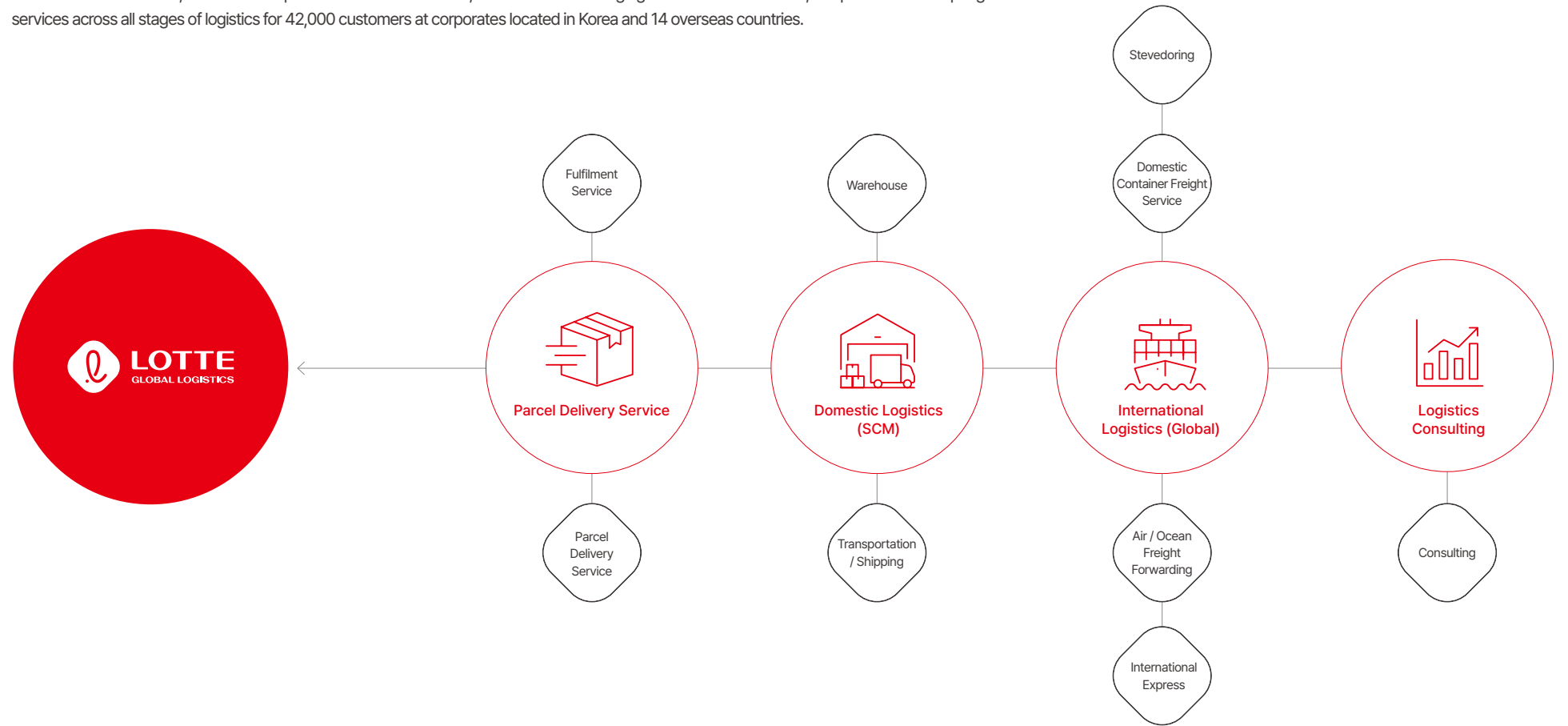
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# Business Overview

On its journey towards realizing the vision, 'change logistics, create value, connect customer,' Lotte Global Logistics has exerted its utmost efforts in its business domains, encompassing parcel delivery service, domestic logistics (SCM), international logistics (global), and consulting service. As of the end of December, our network spans 291 branches with 17,000 vehicles. Leveraging this extensive network, we provide one-stop logistics services across all stages of logistics for 42,000 customers at corporates located in Korea and 14 overseas countries.



**17,000** vehicles | 
 **291** branches | 
 Overseas corporates in **14** countries | 
 **42,000** clients



# Business Overview

## Parcel Service



## Parcel Delivery Service

With a broad network that includes the Jincheon Mega Hub Terminal, 19 strategically located terminals nationwide, 37 branches, and 1,000 agents, our 10,000 well-trained couriers are committed to providing customer satisfaction in both personal and B2C delivery sectors.

## Fulfillment Service

We offer an optimized E-commerce fulfillment service that seamlessly connects customer order data with delivery. The automation of the entire delivery process, which includes product registration, ordering, packaging, delivery, and customer service(CS) handling, is enhanced by IT integration. This gives us the capability to handle 'personalized consumption' and 'orders for a variety of products in small quantities.'

## Domestic Logistics (SCM)



## Warehouse

We take pride in our exceptional warehouse operation service, provided by experts and offering options such as room temperature, cold storage, and frozen storage, which empowers our customers to enhance their business capabilities. Furthermore, we offer a comprehensive suite of logistics services through top-notch domestic supply chain management(SCM). Our consulting service, provided by a team of logistics professionals, ensures significant improvements in the current logistics processes of shippers, enhances the efficiency of their logistics operations, and reduces costs. Additionally, our logistics network enables us to provide services tailored to the specific needs of customers across various sectors, including food distribution and franchise logistics agencies, specialized healthcare logistics service, warehouse inventory management service, wholesale and retail distribution business, and distribution service.

## Transportation & Shipping

We transport a wide range of freight, including general cargo, special cargo, oils, and petrochemical products, to logistics hubs and customers. We also offer services for plant / facility relocation and office relocation. Our consignment service for shippers covers the entire process ranging from order handling to product shipment to sales outlets or final customers. Additionally, we provide packaging services for domestic delivery and exports to foreign countries.

## International Logistics (Global)



## Stevedoring

Leveraging our state-of-the-art facilities and systems at the Busan New Port Container Hub Terminal, we offer a comprehensive suite of services. These services range from stevedoring and shipment to storage, all executed in an accurate and swift manner, thereby meeting the expectations of our shippers.

## Domestic Container Freight Service

Capitalizing on diverse infrastructure, such as container piers, yards, and bonded warehouses, all supported by cutting-edge systems, we provide safe and efficient transportation services for import and export containers.

## Ocean Freight Forwarding

Our One-Stop Service, backed by exceptional logistics technologies, is capable of real-time tracking of freight shipments and various modes of maritime transport, including container service, bulk shipping, and project cargo service. This service enables us to provide best-in-class marine transportation.

## Air Freight Forwarding

With a proven track record of signing long-term contracts for air freight forwarding with large companies such as SK Hynix, HD Hyundai Heavy Industries, and Hyundai Mobis, we possess our in-depth expertise in various types of air shipping from high-tech products to project equipment shipments.

## International Express

Our international express service ensures quick clearance and precise delivery of e-commerce goods for both import and export in key regions across the world, as well as personal parcels.

## Logistics Consulting



## Consulting

Taking advantage of our professional logistics consulting and rich experience in conducting projects, we assist both local and overseas customers in refining their logistics processes based on diagnostic results, optimizing their network and transportation through simulations, formulating their mid to long-term logistics master plans, and automating their logistics systems.

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## New Business



## New Business Introduction

In May 2021, we launched a New Business Division with the aim of driving sustainable growth through the development of green, smart logistics solutions and services. Currently, we have established the New Business Planning Team, the Consulting Team, and the Smart Logistics Solution Business Team. These teams are responsible for advancing a variety of projects that will serve as engines for future growth.

### ■ New Business Portfolio



#### Smart Logistics

- Smart logistics solution
- Smart fulfillment
- Delivery robot demonstration project

#### Smart Mobility

- PBV business
- Platform and service business

#### Resource Circulation

- Circular resources distribution / logistics
- Solutions / platform for resource circulation
- Eco-friendly logistics container business

#### Value-added Logistics

- Development of new businesses and services
- Installation logistics, platform, etc.

#### Global Business Expansion

- Indonesia, Vietnam
- North America (US, Mexico)
- Kazakhstan
- Philippines



### ■ R&R BY TEAM



#### New Business Planning Team

- Draw up companywide strategies for new businesses
- Identify new business opportunities and put them into action (PoC, pilot projects, etc.)
- Establish action plans for each business and provide necessary assistance (M&A, investment, etc.)
- Foster open innovation (internal and external contests, identification of startups, etc.)



#### Consulting Team

- Strategically identify shippers through consulting and provide assistance in securing contracts
- Formulate strategies for new businesses and support their implementation
- Lend support for large-scale business proposals
- Provide Process Innovation (PI) consulting services for existing customers



#### Smart Logistics Solution Business Team

- Define the smart logistics solution and build capacity based on open innovation.
- Create business proposals for smart logistics solutions, design them, and execute them.
- Provide assistance for smart logistics solutions (new businesses, consulting)






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# Delivering the Future

## Polishing Our Global Competitiveness

Lotte Global Logistics has been playing a leading role in the global arena with its profound expertise across various sectors including logistics, transportation, clearance, and other areas.

### Building Global Networks

#### Establishing a Hub in Hungary, the Bridgehead for Rechargeable Battery Makers

With a focus on securing new growth engines, we have consistently developed global networks. As part of these efforts, we planned to expand into Eastern Europe, where rechargeable battery manufacturers are entering. In early 2021, we launched the LOTTE Global Logistics (Germany) GmbH Hungarian Branch Office in Budapest, Hungary as our new hub in this region.

Since our entry, we have expanded our presence into the logistics for chemicals and raw materials, providing logistics services for LOTTE Chemical Hungary Ltd. and LOTTE Aluminium Hungary Kft. This has broadened the scope of our business portfolio. Furthermore, with the aim of diversifying the areas in logistics we serve, such as entering the rechargeable battery raw materials sector, a corporate was incorporated in Hungary in December 2022. In the coming years, our corporate in Hungary, serving as the hub of Eastern Europe, will take on the role of strengthening the logistics network connecting Asia, the Commonwealth of Independent States(CIS), and Europe. This will meet the growing demand from domestic companies entering this region. Furthermore, in close collaboration with our overseas corporates, our Hungarian corporate will realize one-stop global logistics services, thereby delivering greater value to our customers.

#### On the Verge of Entering Mexico, a Key Manufacturing Hub in North America

Since the pandemic, Mexico has emerged as a production and logistics hub in North America for several reasons. These include the increasing trend of reshoring and nearshoring as a way to circumvent the risks to the global supply chain posed by overdependence on China. The escalating economic disputes between the US and China make Mexico an appealing alternative to bypass the US's trade restrictions on China. Moreover, the benefits of non-tariff exports in North America, as defined by the USMCA(United States-Mexico-Canada Agreement), have become a compelling reason for many leading global automakers as well as our companies to enter this region. Recently, Mexico has taken over the place of the top trading partner of the US from China, leading to an increase in the volume of exports and imports in the country. The current international political landscape, marked by the decoupling of the US and China, is likely to increase Mexico's role as a central hub for manufacturing and logistics in North America. Keeping pace with it, we plan to establish a new corporate in Mexico to expand our presence in the region. In the first half of 2024, a hub center will be up and running in Laredo, a region bordering the US, to expand our logistics business at the border. We will also secure a local distribution network based on the advanced material volume of LOTTE Chemical.

### Demonstrating Our Air Transportation's Compliance with International Standards

#### Becoming CEIV Li-Batteries and Pharma Certified

In 2023, Lotte Global Logistics obtained the Center of Excellence for Independent Validators(CEIV) certification, a clear demonstration of its expertise in professional air freight forwarding, a high value-added service. The acquisition of the CEIV, a certification program created by the IATA, serves as an indicator that our air freight forwarding service meets global industrial standards and exemplifies excellence in forwarding. We started with the CEIV Li-Batteries certification in May 2023, followed by the CEIV Pharma certification in February 2024. We aim to become CEIV Fresh certified within 2024.



CEIV Li Batteries Certificate



CEIV Pharma Certificate



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# Delivering the Future

## Signing Strategic MOUs

### Diversified Last-Mile Services

We have introduced a variety of last-mile\* services, including same-day and early morning delivery options, enhancing our logistics services for our customers in response to the rapidly evolving demands of the last-mile market. Furthermore, we signed a Memorandum of Understanding(MOU) T Map Mobility in November 2022 to facilitate our new services and another MOU with Team-Fresh in November 2023 to bolster our logistics service capabilities. We will continue to innovate our customer-oriented activities, meeting all preferred delivery service requirements of our customers.

\* Last-mile : A final stage of goods delivery

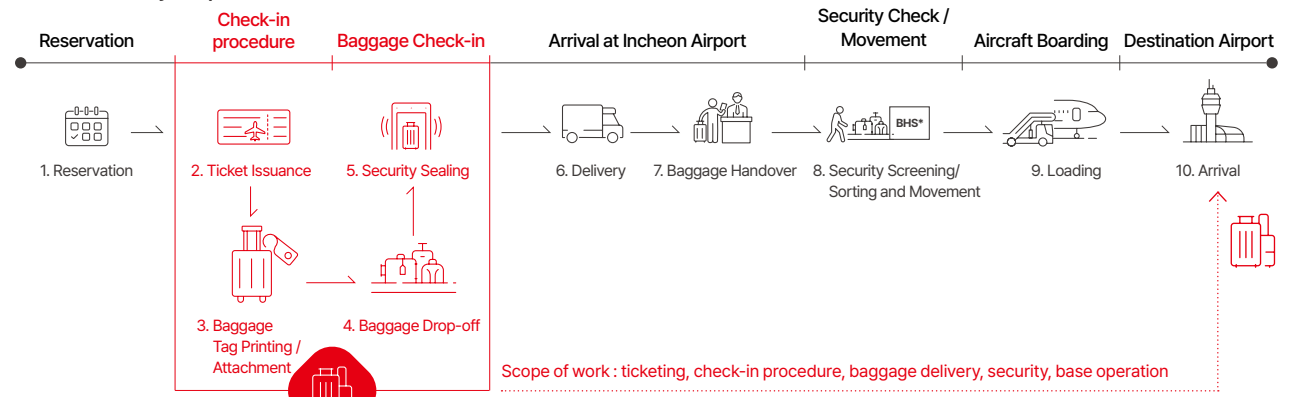


MOU with Team-Fresh

### Easy-Drop Service

Since the end of 2023, we have been offering the Easy-Drop service, which enables travelers to leave the country without carrying any luggage. This service involves issuing airline tickets and inspecting passenger baggage at a city center. Upon arrival at the destination airport, the baggage is promptly retrieved without any additional procedures or baggage claim at Incheon Airport. Customers who utilize this service can enjoy a hands-free travel experience, and the advance check-in service allows them to save time and alleviate the burden of managing their luggage.

#### Process of Easy-Drop Service



\* BHS(Baggage Handling System) : Baggage entry gate at the Incheon Airport, which is an automatic sorting system for each airline upon baggage entry



MOU with Incheon International Airport Corporation

- Realization of hands-free travel that allows customers to collect their baggage directly at the destination airport subsequent to registration at the base, thereby circumventing the check-in procedures and baggage check-in at Incheon Airport.
- Advance check-in service enables customers to make efficient use of their time following baggage check-in, reducing the physical effort related to luggage transport. (It allows a leisurely journey to the airport, hands-free, after sightseeing.)
- After baggage check-in, customers' luggage is securely transported to Incheon Airport via the Easy-Drop System. (A robust three-tier security system records the CCTV footage of the baggage's transit path.)



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## Logistics System for Rechargeable Battery Recycling

### Partnership for Expansion of Rechargeable Battery Recycling Business

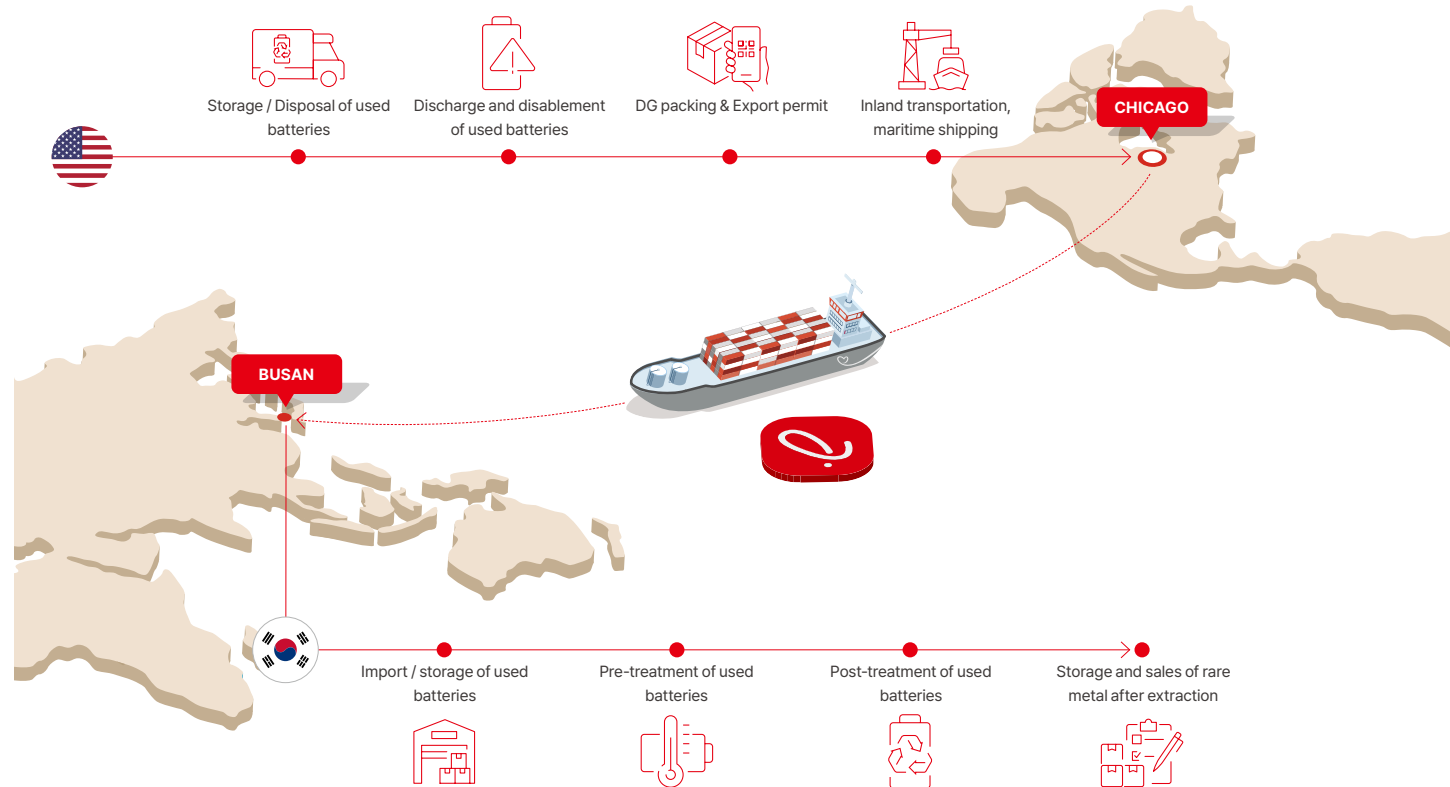
In August 2023, Lotte Global Logistics signed an MOU with Young Poong, Korea's largest non-ferrous metal smelting company, to establish a comprehensive rechargeable battery recycling supply chain management(SCM). Young Poong, as a specialized recycling company, has facilities and capabilities for diagnosis, inspection, pre-processing, and post-processing necessary for the rechargeable battery recycling processes. Our business partnership with Young Poong aims to create a seamless used battery recycling value chain, develop tailored logistics solutions for each stage, and offer these solutions to battery recycling companies, such as Young Poong. Our cooperation encompasses the following strategic initiatives:

- Strategic partnership to form a rechargeable battery alliance, aiming to fortify a stable supply chain
- Logistics optimization consulting and logistics solutions for rechargeable batteries, ensuring a consistent supply of raw materials and enhancing the competitive edge of the recycling business
- Various research and development activities and technological innovations in the realms of rechargeable battery logistics and recycling
- Strategic collaborations to identify and foster new business opportunities in line with the growth of the rechargeable battery market

### Identification of Global Value Creation Models

We have established an import process for EV battery packs, modules, and related components from both domestic and overseas sources, aiming to secure a stable supply of used batteries required for our battery recycling business. Through cooperative relationships with battery manufacturers, including Samsung SDI, we have gained experience in transporting EV batteries and energy storage devices. On the foundation of this, we are implementing a strategy to intensively foster the logistics business for used battery recycling. Our goal is to establish a circular economy integrated logistics solution that spans the entire life cycle, from collecting used batteries to extracting rare metals.

### Import Process for Used Rechargeable Batteries (US → KR)



# Delivering the Future

## Overseas Logistics Consulting Services

### Indonesia

#### **Company D, food / material manufacturing industry**

We delivered logistics consulting services to Company D's Indonesian corporation. We devised a network optimization and process enhancement plan for the 21 bases in Indonesia owned by Company D. Through simulation analysis, we tailored a logistics solution specifically optimized for the unique island region's logistics environment.

### Philippines

#### **Company P, beverage manufacturing industry**

We carried out a consulting project, proposing integrated transportation operations in the LUZON region of the Philippines. We meticulously crafted a plan to enhance the efficiency through the simulation reflecting multiplexing and interconnected transportation, followed by conducting a pilot test. Based on the analysis, we suggested detailed cost-saving measures and an operation plan that accurately reflected real operating costs in partnership with our Philippines-based corporation.

### Kazakhstan

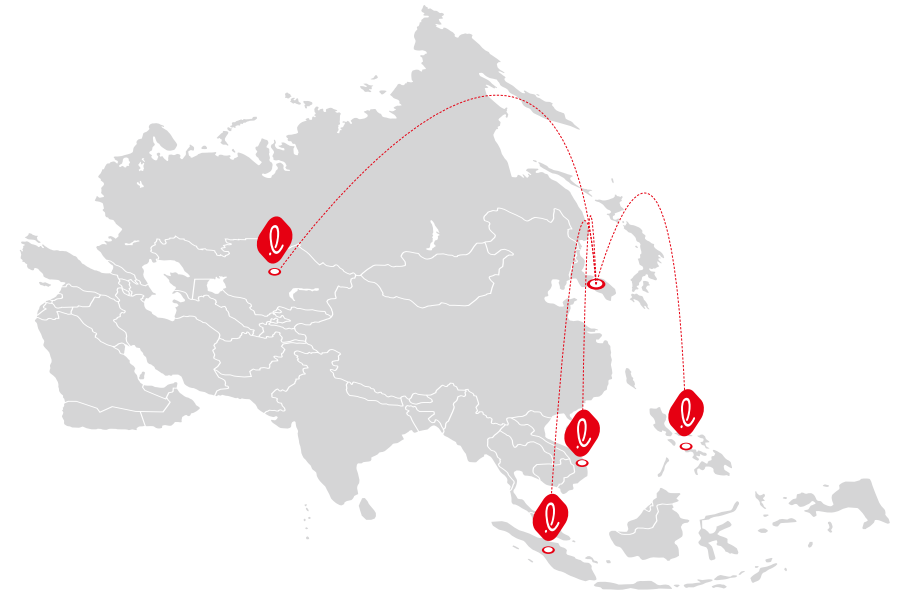
#### **Company R, confectionery manufacturing industry**

We proposed an integrated operation of the Almaty logistics center for Company R in Kazakhstan. With the goal of optimizing the operation of procurement and sales logistics, we have derived plans to improve logistics center operation and unloading productivity. We came up with a plan to enhance overall warehouse operations by expanding shipping capacity and reallocating inventory, suggesting measures to raise the unloading productivity by upgrading unloading equipment, unloading movement lines, and processes.

### Vietnam

#### **Company K, electronic / automotive parts manufacturing industry**

We conducted an assessment of Company K's Vietnamese corporation factory located in Thái Nguyên Province. Based on the analysis, we established short-term improvement plans and logistics strategies to address both immediate and mid to long-term changes. This included optimizing warehouse layouts and implementing process improvements tailored to the factory's logistics characteristics. In addition, we developed a comprehensive mid to long-term logistics response plan considering anticipated cargo volume growth and business plans.



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# Delivering the Future

## Logistics Service Innovation

Our innovative logistics services are garnering recognition due to our automation and smart system integration. By harnessing cutting-edge technology and pioneering solutions, Lotte Global Logistics will deliver a logistics experience that is not only more efficient but also smarter, positioning itself at the forefront of the logistics sector.

### Automized and Intelligent Logistics

We are in the process of expanding our robot-based distribution logistics automation center. We have developed our own warehouse control system that seamlessly manages a diverse array of robots and automation equipment. We introduced a layer picker capable of handling heavy boxes as well as Korea's first shuttle-type autonomous mobile robot(AMR) into our smart logistics facility. Furthermore, the integration of our \*KIVA system, which is composed of a robot arm sorter, robotic arm box breaker, shuttle-type AMR, and a conveyor-based workstation, has resulted in a 37% manpower reduction from the previous system.

\* KIVA : Jacking robot applied to Amazon warehouse



AMR in Icheon Super Center



Layer picker in Yangsan Integrated Automation Center

### Development and Adoption of Automation Equipment

We have developed and introduced cutting-edge technologies, solutions, products, and processes designed for automation and smart logistics systems. To facilitate a seamless adoption, we have established a test bed, which is a laboratory that replicates the real-world operational environment. This allows us to pinpoint areas for improvement and carry out impartial performance assessments. The automation equipment and technologies we introduced in 2023 are as follows.

#### Major Automation Equipment Applied to Test Bed



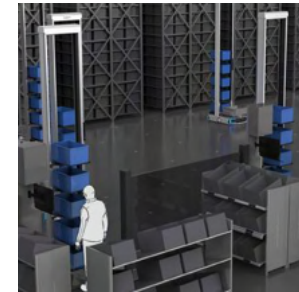
Depalletizer  
AI vision-based depalletization technology



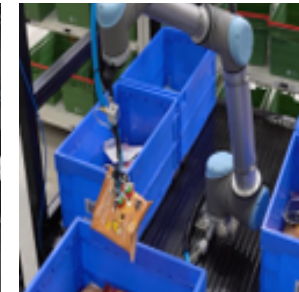
High-load Shuttle-type AMR\*  
Product movement / storage control technology between facilities



Shuttle-type AMR  
Product movement / storage control technology between facilities



Robot-picking Workstation  
Wired and wireless DAS / DPS\*\* technology



Piece-picking Solution (Collaborative Robot)  
Product picking technology using collaborative robots



Robot Sorter  
Clothing and small product sorting technology

\* AMR : Autonomous Mobile Robot

\*\* DAS : Digital Assorting System, DPS : Digital Picking System



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# Delivering the Future

**Special Note**

## Advancement of Jincheon Mega Hub Terminal to a Fulfillment Automation Center

In August 2023, Lotte Global Logistics completed the advancement of Jincheon Mega Hub Terminal, turning it into a cutting-edge fulfillment automation center designed to accommodate multiple shippers. Jincheon Mega Hub Terminal stands as a delivery hub terminal, spanning about 165,289m<sup>2</sup>, equivalent to 23 soccer fields. It serves as a nexus for 210 delivery bases and boasts a 33-kilometer-long conveyor system empowered by advanced automation technology, capable of handling up to 1.5 million pieces of cargo daily. At this terminal, we leverage sophisticated artificial intelligence(AI) to deliver swift and precise logistics management services, improving our logistics prowess.

- AI 3-way recognition sorting system that distinguishes boxes of different sizes or types
- A load balancing technology that automatically adjusts AI classification criteria when there is an increase in volume of a certain size
- A wheel sorter conveyor system that automatically sorts logistics items from across the country by each delivery terminal base
- Autostore that automatically manages products using cube-shaped grids and robots
- A mobile robot sorter tailored for the distribution of clothing and small to medium-sized products to customers and retail outlets

Jincheon Mega Hub Terminal acquired the highest grade (Grade 1) of the Smart Logistics Center Certification by the Ministry of Land, Infrastructure and Transport in March 2023. This certification recognizes logistics centers that demonstrate advanced automation in logistics processing functions, including receiving, storage, and sorting, as well as outstanding efficiency, safety, and environmental sustainability in fundamental operations of warehouse management systems.



Jincheon Mega Hub Terminal View



Presorter System



Highest Grade in the Smart Logistics Center Certification

\* WCS : Warehouse Control System  
\*\* ECS : Equipment Control System  
\*\*\* PLC : Programable Logic Control

**Major Logistics Automation Technology Adopted in Jincheon Mega Hub Terminal**

**AI 3-way Recognition Sorting System**

This is an advanced automatic sorting system that utilizes AI to accurately identify cargo items, regardless of their irregular shapes or sizes, including those wrapped in plastic bags or cloth, in addition to the standard recognition of regular rectangular boxes.



**Autostore**

The Autostore system utilizes grids that assemble into a cubic structure within the logistics warehouse. Robots navigate atop this grid to locate and retrieve containers holding ordered products. They then transport these containers to a delivery port. This design significantly increases storage efficiency, securing three to four times more space compared to traditional shelving systems.



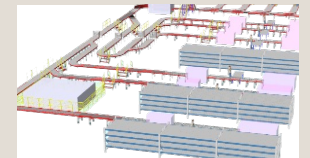
**Mobile Robot Sorter**

The mobile robot sorter is specially designed for the distribution of clothing and small to medium-sized items to customers and retail outlets, demonstrating exceptional efficiency in fulfillment operations and third-party logistics (3PL) for apparel. Lotte Global Logistics developed its own WCS\* that controls these robots. This system automates order processing for B2C customers and B2B apparel logistics within the fulfillment sector, significantly enhancing the efficiency and adaptability of our logistics operations.



**Wheel Sorter Conveyor System**

We developed WCS, ECS\*\*, and PLC\*\*\* systems, culminating in the creation of the 'direction sorting and packing conveyor' system. It enabled automation in the entire process from picking to distribution, packing, automatic printing and attachment of invoices, and automatic sorting of the delivery terminal for customer orders at the logistics site, thereby providing innovative logistics services with a single, efficient process.



**Digital Twin**

We have implemented digital twin technology within our preliminary simulations at the Jincheon Fulfillment Automation Center. By leveraging this advanced technology, we are able to perform real-time monitoring, which significantly enhances our capabilities in maintenance estimation, asset management, and decision-making.







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# Delivering the Future

## Logistics Delivery Robot Demonstration Project

In our efforts to respond to the changing last-mile delivery landscape, Lotte Global Logistics entered into a business agreement with ROBOTIS, a company specialized in autonomous robotic technology. This collaboration is focused on the development and demonstration of advanced logistics delivery robots.



**Cooperation Details**

1. Develop and operate logistics delivery robots
2. Apply and demonstrate the use of logistics delivery robots in various indoor and outdoor settings, while supporting their commercialization
3. Create and apply business models using the logistics delivery robots
4. Identify potential markets and assess the effectiveness of logistics delivery robot operations

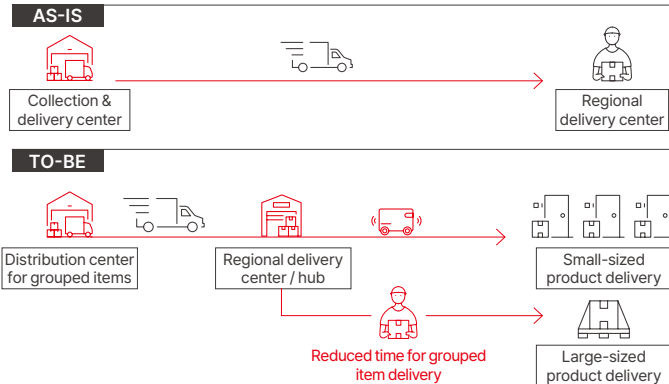
In 2023, the demonstration project for logistics delivery robots tested PoC of a variety of service models, including delivery linked to micro fulfillment centers(MFC\*), parcel delivery, and connections with offline stores, alongside different delivery scenarios such as nighttime, adverse weather conditions, and door-to-door delivery services. The outcomes demonstrated that the delivery robot could navigate autonomously for 115.5 km with a high level of self-driving rate at 92.7%, indicating its significant potential in revolutionizing last-mile delivery solutions.

In 2024, we plan to increase the number of delivery robots to eight and continue our demonstration project with an objective to deliver over 10,000 products door-to-door to our customers by developing our own delivery robot operation system and integrating it with electric vehicles. Moving forward, we will seek ongoing partnerships with enterprises specializing in autonomous robotics and relevant governmental bodies. Our goal is to establish a future-oriented last-mile delivery ecosystem, underpinned by our own technological advancements.

\* MFC(Micro Fulfillment Center) :

An ultra-small urban logistics center that can handle the entire stages from storage to delivery of products within the city

■ Demonstration Project Scenarios for Inspection Targets



■ Demonstration Project Outcomes

Autonomous driving rate

**92.7%**

---

Number of deliveries

**304**  
(daily average : 19 per robot)

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Delivery distance

**115.5km**  
(daily average : 7.22km per robot)

## PoC Project for Autonomous Truck Driving

With an aim to become a leader in the commercial autonomous driving sector, we are conducting a PoC project for self-driving freight vehicles on the highway main roads in collaboration with Mars Auto, a startup in autonomous trucking. Autonomous driving technologies are categorized into six levels, ranging from Level 0 to Level 5. These levels are determined by the extent of the system's control in vehicle operation and the driver's role in controlling the vehicle. Currently, the autonomous truck driving demonstrations conducted on main road highways have reached Level 3, and this level of autonomy is operated in the segments between interchanges(IC) on the highways. Our first Proof of Concept(PoC) project was successfully executed along a 255 km stretch of the Sejong-Busan highway from April to September 2023. From 2024, we aim to extend the autonomous driving operational section to 593 km, encompassing the Jincheon-Yangsan (308 km) and Sacheon-Icheon (285 km) sections for our second PoC project. The initial demonstration project for autonomous trucks verified the safety and enhanced fuel efficiency of the self-driving technology. Looking ahead, we plan to broaden the middle mile autonomous driving sections in line with the revisions to the 'Autonomous Driving Vehicle Act.' On top of that, we are reviewing to operate a specialized terminal (transfer hub) for autonomous freight vehicles.

■ Autonomous Driving Technology level

Level	Name	Driving concentration	Automated section	Example
Lv. 0	No Automation	Always required	-	Blind spot warning
Lv. 1	Driver Assistance	Always required	Certain section	Maintain lane or cruise function Maintain lane or cruise function
Lv. 2	Partial Automation	Always required (The steering wheel must be held at all times.)	Certain section	Maintain lane and cruise function
Lv. 3	Conditional Automation	Upon system request (Holding the steering wheel is unnecessary. The driver only intervenes in emergencies.)	Certain section	Driving support in congested section
Lv. 4	High Automation	Not necessary within the automated section	Certain section	Local unmanned taxi
Lv. 5	Full Automation	Not necessary for the entire section	All section	Fully autonomous driving without a driver

※ Classified as autonomous vehicle from level 3  
Source : Ministry of Land, Infrastructure and Transport

■ 2nd PoC Project

Category	Details	Remarks
Vehicle	11 ton, 3-axis, room temperature, wing body (18PLT)	Hyundai Pavise
Autonomous driving line	Line bound to Seoul: Jincheon → Yangsan (IC to IC: 308 km)	Total 315km
	Line bound away from Seoul: Sacheon → Icheon (IC to IC: 285 km)	Total 298km



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# Delivering the Future

## Smart Fulfillment and Green Urban Delivery Pilot Project

In 2023, Lotte Global Logistics initiated a 'same-day fast delivery service' using an eco-friendly EV truck at an urban MFC located in Daehwa-dong, Goyang-si, Gyeonggi-do. The pilot aimed to provide the best logistics services leveraging smart MFCs situated near customers. In detail, we delivered products from small businesses near the MFC to Goyang City customers by 18:00 on the same day, and items from small online sellers in Seoul to customers in Seoul by 22:00 on the same day. Besides, we collaborated with two startups, Floatic and Wemeet Mobility, which specialize in logistics automation for the PoC project for over five months. We carried out the project utilizing Floatic's warehouse automation robots and Wemeet Mobility's distribution automation solution, testing the potential of advancement in smart MFC operations.



## Transshipment Shuttle System Pilot Operation

In 2023, we took part in the pilot operation as a shipping company to enhance the Busan Port Authority's port logistics integration platform called CHAINPORTAL. This pilot project represents the second phase of the transshipment shuttle system(TSS)\*. As a result of our dedicated involvement and commitment to Busan Port's development, we were honored with the top position among the six participating companies, receiving the Excellent Participating Company Award. Going forward, we will continue to work with the Busan Port Authority to ensure that customers using Busan Port can enjoy more efficient transportation services.

\* Transshipment Shuttle System(TSS) :  
A logistics coordination system that pre-connects terminal and transport company data, enabling the transmission of extensive vehicle and freight details at once to facilitate the efficient distribution of cargo upon a transport vehicle's arrival at the terminal





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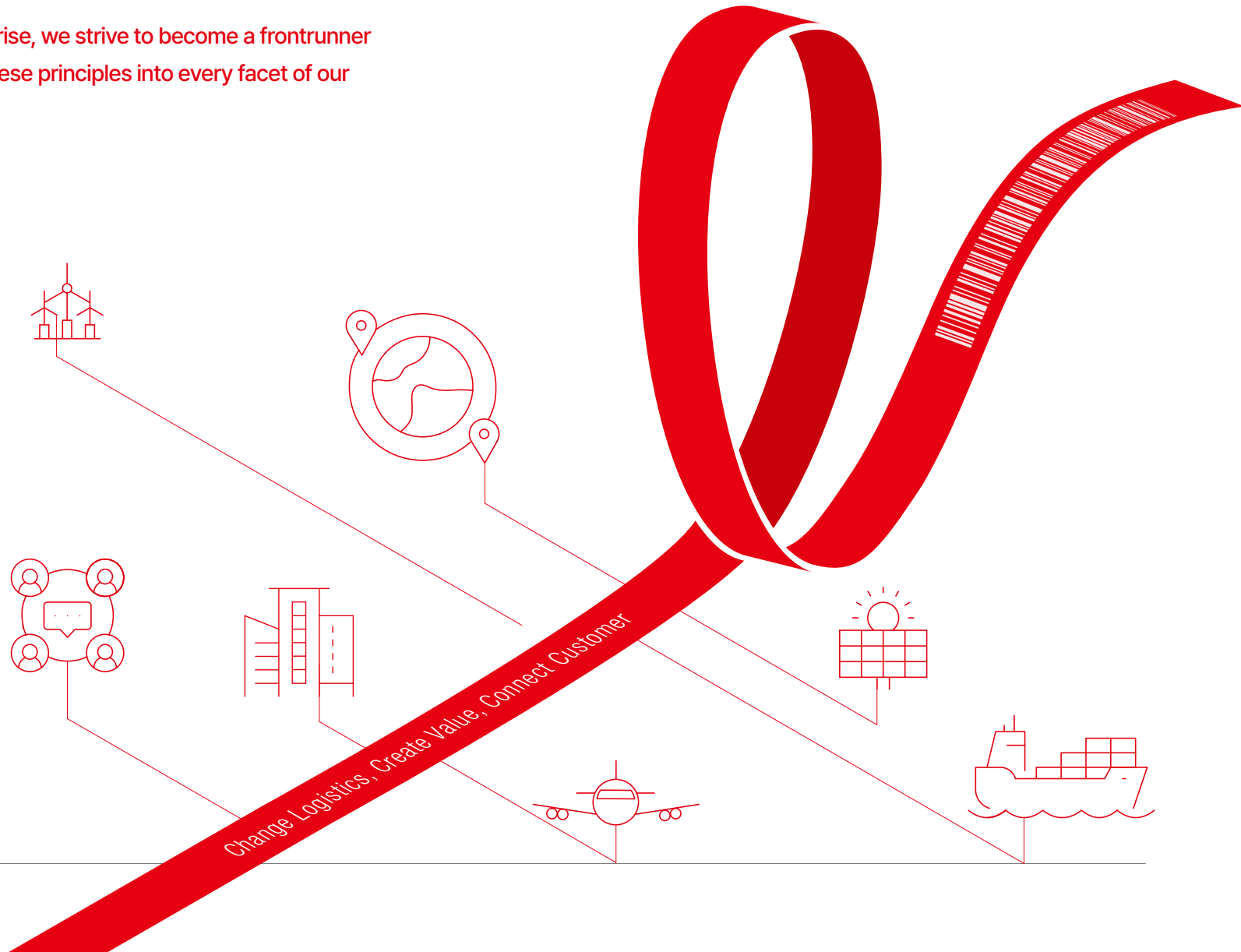
# ESG Fundamentals

As a comprehensive logistics enterprise, we strive to become a frontrunner in ESG, embedding and practicing these principles into every facet of our operations.



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- 020 ESG Management System
- 024 Double Materiality Assessment
- 028 Stakeholder Engagement



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# ESG Management System

## ESG Strategy

### ESG Management Goals

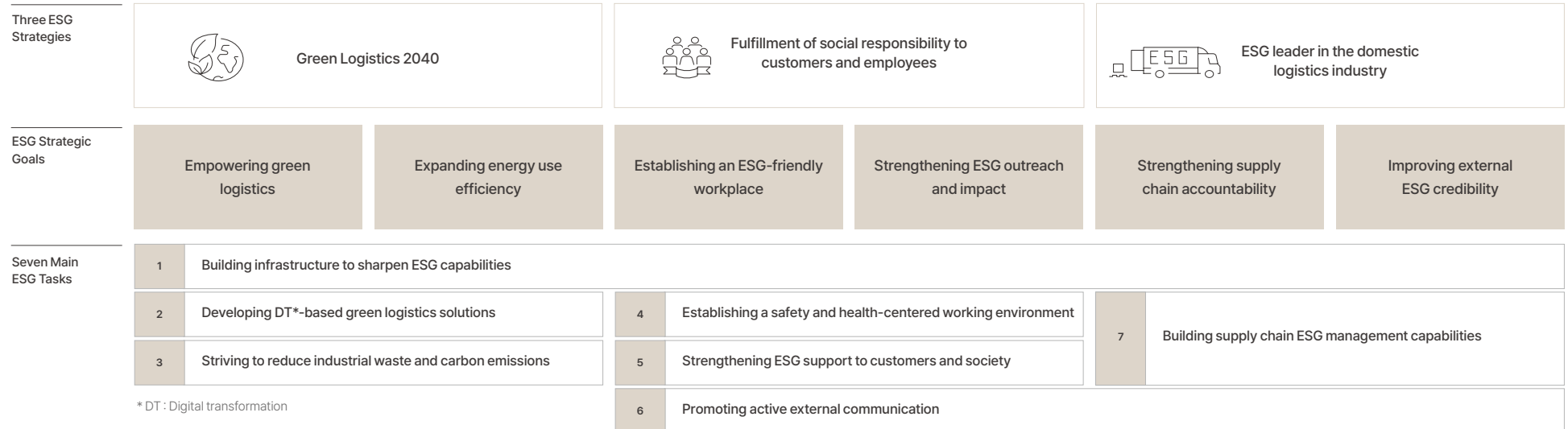
Lotte Global Logistics has built a robust and sustainable management framework on the foundation of the logistics business, engaging our diverse stakeholders. Our ambition is to set the benchmark for ESG practices in the logistics field while realizing our vision of 'delivering sustainable values to future generations' by enhancing our green logistics capabilities, upholding our social responsibilities, and adhering to principles of transparency in our management.

#### ESG Management Strategy System



ESG Vision

## Delivering Sustainable Values to Future Generations



# ESG Management System

## Seven Main ESG Tasks

We have identified seven pivotal tasks, encompassing major commitments to be undertaken by 2030 in pursuit of our ESG strategic goals. We are committed to transparently reporting our progress and milestones, thereby ensuring the effective execution of these tasks.

Main ESG Tasks	UN SDGs	Our Commitment	2023 Performance
1. Building infrastructure to sharpen ESG capabilities		Sharpening ESG management capabilities considering the IPO schedule and the Group's ESG timeline	<ul style="list-style-type: none"> <li>- Established 2040 Carbon Neutrality Roadmap</li> <li>- Issued ESG bonds (USD 30 million)</li> <li>- Provided ESG training for employees and shared our activities</li> </ul>
2. Developing DT-based green logistics solutions	 	Securing leadership in the logistics industry by expanding packaging using eco-friendly materials, introducing smart logistics systems, and internalizing related technologies	<ul style="list-style-type: none"> <li>- Advanced Jincheon Mega Hub Terminal to a fulfillment automation center</li> <li>- Developed and verified smart MFC utilization technology</li> <li>- Introduced resource circulation platform, ECOYA</li> </ul>
3. Striving to reduce industrial waste and carbon emissions	  	Transforming energy usage process	<ul style="list-style-type: none"> <li>- Adopted eco-friendly transportation (electric trucks, hydrogen electric trucks)</li> <li>- Participated in smart green mobility development</li> <li>- Signed business agreements for rechargeable battery resource circulation</li> <li>- Tested parcel delivery transactions without waybills</li> <li>- Expanded the use of eco-friendly packages</li> </ul>
4. Establishing a safety and health-centered working environment	 	Providing a safe work environment through prevention-focused safety and health activities	<ul style="list-style-type: none"> <li>- Checked and improved workplace safety index (Q.C.S)</li> <li>- Prepared for hot or cold weather</li> <li>- Provided safety and health training and safety material for foreign workers</li> <li>- Offered consulting to partner companies on the Serious Accidents Punishment Act</li> </ul>
5. Strengthening ESG support to customers and society	  	Carrying out practical external ESG activities	<ul style="list-style-type: none"> <li>- Promoted the resource virtuous cycle activities with donation goods</li> <li>- Expanded our support for underprivileged groups in blind spots</li> </ul>
6. Promoting active external communication		Pursuing ESG management in line with objective and professional standards and actively sharing results	<ul style="list-style-type: none"> <li>- Conducted the human rights impact assessment</li> <li>- Acquired consumer centered management certification</li> <li>- Participated in World Climate Industry EXPO(WCE)</li> </ul>
7. Building supply chain ESG management capabilities	  	Increasing the ESG impact of our domestic supply chain	<ul style="list-style-type: none"> <li>- Conducted ESG evaluation toward our suppliers</li> <li>- Assisted our partner companies with ESG training and diagnostic evaluation</li> </ul>

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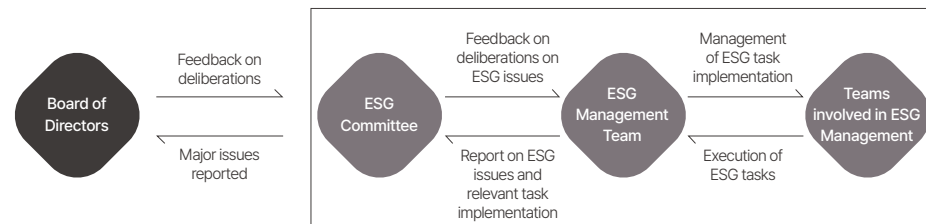
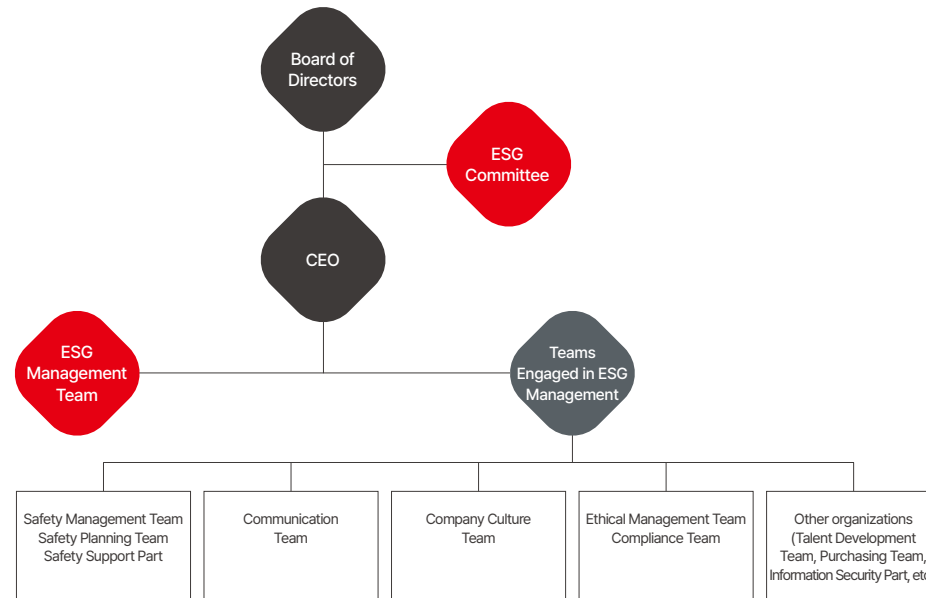
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# ESG Management System

## ESG Governance

### ESG Organizational Structure



### Dedicated ESG Management Organization

In response to the growing demand for enhanced ESG management from stakeholders, Lotte Global Logistics established an organization dedicated to ESG management in the second half of 2021. This organization is responsible for planning ESG operations systematically, implementing and managing them, and reporting pending issues to the ESG Committee. The team will analyze both external and internal ESG-related trends and take a close look at stakeholders' opinions from multiple angles to deliver better ESG performance.

### ESG Committee

With the objective of considering not only financial aspects but also non-financial values such as climate action, corporate responsibilities, and sound governance, as well as responding to stakeholders' demands, we set up our ESG management system in 2021 along with the establishment of the ESG Committee within the Board of Directors (BOD). The ESG Committee is responsible for steering ESG management by formulating strategies and policies, examining their implementation, providing relevant advice, and monitoring the progress of key tasks. Furthermore, as the top decision-making body in terms of ESG management, the committee reports deliberated ESG issues to the board. The Chairman of the board is authorized to bring the reported agenda items to the table for reexamination if necessary.

#### Function

- Make decisions on ESG strategies and policies
- Keep track of the progress of key ESG tasks
- Deliberate on ESG management issues entrusted by the board

#### Composition

- As of March 31, 2024, three outside directors and one inside directors
  - Chairman : Outside Director Lee Ki-kwon (Former Minister of Employment and Labor)
  - Commissioners : Outside Director Choi Byung-il, Outside Director Lee Chung-bae, Director Choi Myung-ho

### Board and ESG Committee Operations

Category	Date of Convocation	Agenda Items
Board of Directors	February 10, 2023	(Report) <ul style="list-style-type: none"> <li>• Action plan for ESG management in 2023</li> <li>• Plan related to compliance officer in 2023</li> </ul>
		(Resolution) <ul style="list-style-type: none"> <li>• Approval of the safety and health plan in 2023</li> </ul>
Board of Directors	October 31, 2023	(Resolution) <ul style="list-style-type: none"> <li>• Approval of the amendment on the regulations on internal accounting control system</li> </ul>
ESG Committee	May 11, 2023	(Report) <ul style="list-style-type: none"> <li>• Current status of ESG management task developments in 2023</li> <li>• Issuance of the sustainability report</li> <li>• Establishment of a roadmap for net-zero by 2040</li> </ul>
ESG Committee	January 24, 2024	(Report) <ul style="list-style-type: none"> <li>• ESG management activities (activities conducted in 2023 and a plan for 2024)</li> </ul>

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# ESG Management System

## Embedding ESG Management into Our Management

### ESG Education

With the aim of instilling ESG management into all our employees, we developed a talent development system in January 2023, informed our employees about the system, and shared exemplary ESG practices from various sectors with them. As part of these efforts, we invited a professor from Inha University to deliver a lecture on the trends in green logistics policies in July 2023 while also providing education on the eco-friendly logistics project carried out in Gimcheon. In August, an ESG session delivered by a professor from Pai Chai University was added to the course for prospective leaders. Additionally, a lecture offering an ESG case study was provided as part of the upskilling program to give a general picture of ESG activities.

#### ESG Education Programs Provided in 2023

	Date	Education Beneficiaries	No. of Employees Educated
Lecture on the trends in green logistics policies	July 2023	Employees	30
Leadership course for prospective leaders - ESG session	August 2023	Leaders	115
Upskilling course - ESG case study	August 2023	Employees in charge	12



Lecture on ESG and Green Logistics



Lecture on The Trends in Green Logistics Policies

### Sharing Our ESG Efforts

We firmly believe that the implementation of ESG management begins with the interest of all employees in ESG management. Therefore, to raise our employees' awareness of ESG management, we have been sharing our ESG-related operations on our in-house website every month since 2022. The content of these posts covers various ESG-related topics, such as the progress of ESG strategy implementation and relevant issues. By doing so, we help our employees better understand ESG management and encourage them to join the efforts towards fully-fledged ESG management.

**ESG Management Promotional Notice**

**2023 상반기 ESG 활동 안내**  
우리 회사는 ESG 경영을 실현하기 위해 다양한 활동을 실시하고 있습니다. 양적한 여가분들의 적극적인 참여와 협조로 2023년 상반기에 실시한 ESG 경영 활동 중 일부를 아래와 같이 소개해드립니다. 앞으로도 많은 관심과 참여 부탁드립니다.

- 수소전기자동차 도입: 인천공항에서 카 렌즈에 수소전기차 도입, 업계 최초 무연동 수소화물차 도입
- 스마트 중립 경영 위약회 출범: 고객에 중심이 되는 기업 활동을 추구하기 위한 스마트중립경영체계 구축
- 대형 물류센터 신축 공사: 인천공항 물류센터 신축 공사 진행 중
- 친환경 물류활동: 친환경 물류센터 신축 공사 진행 중
- 배출권 거래: 인천공항 물류센터 신축 공사 진행 중
- 친환경 물류활동: 친환경 물류센터 신축 공사 진행 중

**신재생에너지 생산 및 사용 개시**  
우리 회사는 친환경적 물류경영을 위한 설비를 통해 생산한 신재생에너지를 직접 사용하는 100% PPA를 2023년 10월 10일 협약에 성공하였습니다. 신재생에너지 사용으로 연간 약 4,100톤(tCO<sub>2</sub>e)의 탄소배출량을 감소할 수 있게 되었습니다. 이는 우리 회사 연간 탄소배출량의 약 6% (2022년 배출량: 67,476톤)에 해당하는 양입니다. 같은 제3자 PPA 도입 관련, 아래와 같이 주요 내용을 소개해 드립니다.

- 제 3자 PPA (신재생에너지, Power Purchase Agreement)란?
  - 전력 생산자 / 중개기관(전력 / 구매의뢰자) 3자간 협약하여 계약금과 같은 신재생에너지로 생산된 전력을 구매하기 위한 계약
- 제 3자 PPA 추진 배경
  - 친환경 물류센터 신축 공사(2023년 가계 준공)
  - 부담금 최소화 (2023년 10월 10일 계약)
  - 국가 탄소중립기반법 등
  - 그중 2040 탄소중립 일괄 이행
  - 초기 대규모 발전 설비 투자 부담 없이 재생에너지 사용 기반 마련 가능
- 제 3자 PPA 계약 주요 내용
 

구분	내용
계약 기간	25년
전력량	5.6 MW
발전 (신재생에너지) 용량	동대구Sub 1.3 MW (태양광용량 4MW)

일제 실시하는 탄소배출량 감축을 위해 양적한 여가분들의 적극적인 관심과 협조 부탁드립니다.

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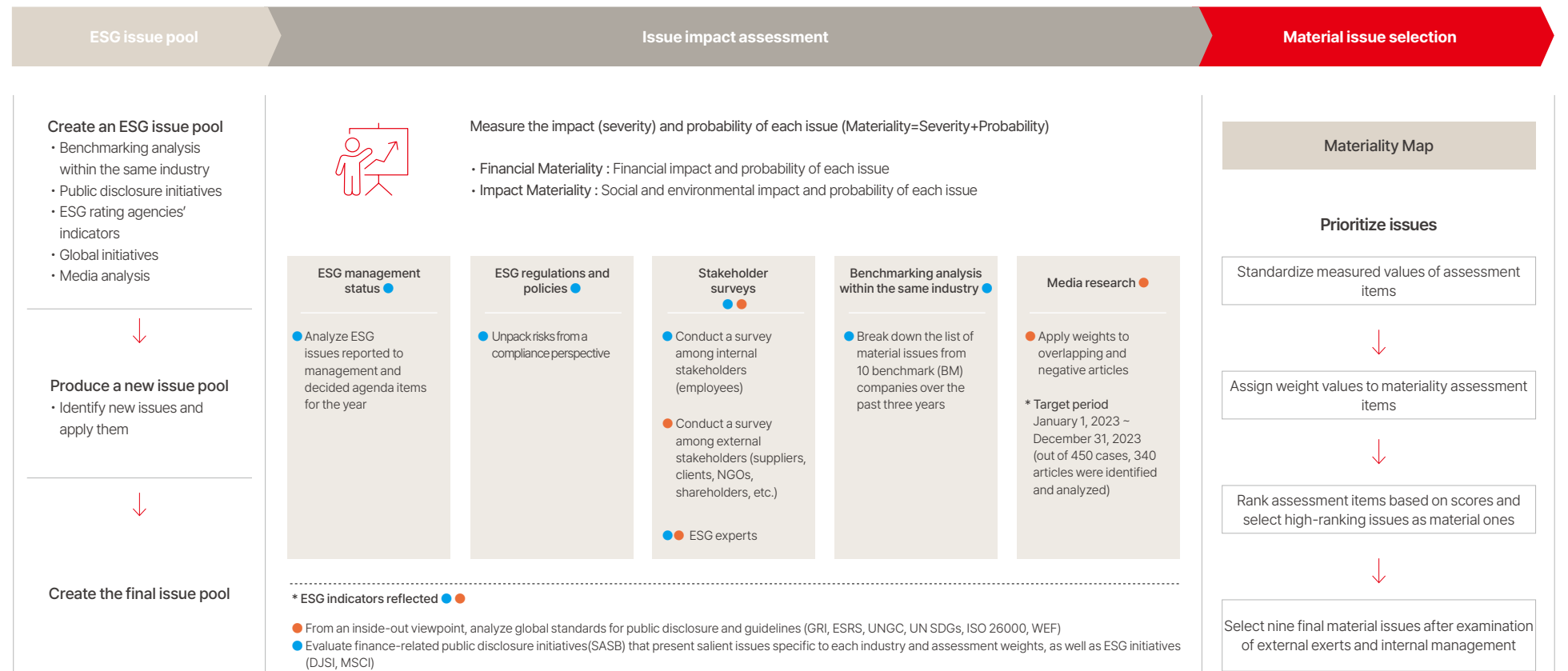
# Double Materiality Assessment

## Double Materiality Assessment Conducted

### Assessment Overview

Lotte Global Logistics conducts a double materiality assessment annually, the results of which are used to publish a sustainability report each year. The assessment is carried out from comprehensive risk perspectives across social, environmental, governance, and economic sectors, with both internal and external stakeholders participating. This report incorporates the European Sustainability Reporting Standards (ESRS) to identify the characteristics of the impact of each issue. And the assessment was made on the 'severity' and 'probability' of each impact. The GRI Standards 2021 and the ESRS require companies to carry out double materiality assessments and address the material issues based on the results of the assessments in their sustainability reports

### Assessment Process





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# Double Materiality Assessment

## Assessment Results

Area	Issue	Impact Materiality			Financial Materiality			Final Result
		Impact	Probability	Materiality	Impact	Probability	Materiality	
	Environmental management system	●○○	●●○	●○○	●○○	●○○	●○○	●○○
	Climate change	●●●	●●●	●●●	●●●	●●●	●●●	●●●
	Green logistics service	●●●	●●●	●●●	●●○	●●●	●●●	●●●
	Circular economy	●○○	●●●	●●○	●○○	●○○	●○○	●○○
	Environmental impact	●○○	●○○	●○○	●○○	●●○	●○○	●○○
	Service accountability	●●●	●●●	●●●	●●●	●●●	●●●	●●●
	Fair trade and shared growth	●●●	●●●	●●●	●○○	●●●	●●●	●●●
	Sustainable supply chain	●○○	●●●	●●○	●●○	●●●	●●●	●●●
	Human rights	●○○	●○○	●○○	●●○	●○○	●●○	●○○
	Talent management	●●○	●○○	●○○	●●●	●○○	●○○	●●○
	Corporate culture and benefit package	●●●	●●●	●●●	●●●	●●●	●●●	●●●
	Safety and health	●●●	●●●	●●●	●●●	●●●	●●●	●●●
	Data security	●●○	●●●	●●●	●●●	●●●	●●●	●●●
	Engagement in local communities	●○○	●○○	●○○	●○○	●○○	●○○	●○○
	ESG management and communication	●○○	●○○	●○○	●○○	●○○	●○○	●○○
	Governance	●○○	●○○	●○○	●●●	●○○	●●○	●○○
	Risk management	●●●	●○○	●○○	●●●	●○○	●○○	●●○
	Ethics and compliance	●●●	●●●	●●●	●●●	●●○	●●●	●●●
	Financial performance	●○○	●○○	●○○	●○○	●●●	●●○	●○○
	New growth engine and business diversification	●●○	●○○	●●○	●○○	●○○	●○○	●○○
	Automation and smartification in logistics	●●●	●●●	●●●	●○○	●●○	●○○	●●○

### High-Ranking Issues

- Issue**
- Safety and health
  - Climate change
  - Ethics and compliance
  - Green logistics service
  - Fair trade and shared growth
  - Service accountability
  - Corporate culture and benefit package
  - Data security
  - Sustainable supply chain

Tier 1 ●●●● : Top 9 issues in terms of impact  
 Tier 2 ●●○, ●○○ : 12 mid- to low-ranking issues in terms of impact

# Double Materiality Assessment

## Our Approach to Material Issues

Category	Context & Our Approach	Key Performance	Next Plans
 <p><b>Safety and Health</b></p>	<p>Placing safety and health at the heart of our operations, we lay emphasize on business continuity by striving for zero accidents and zero disasters. This ensures the safety of all our employees and stabilizes their productivity. Furthermore, we aim to reduce insurance costs and enhance work efficiency by fostering a safe workplace. To this end, we have strengthened our systems for workplace accident prevention and safety and health management, making every effort to safeguard the safety and health of all our employees. To establish an autonomous safety and health management system, we conduct risk assessments on a regular basis to monitor potential hazards and risk factors in our workplace. We are also actively improving our safety and health organizations, regulations, and guidelines to ensure the optimal status of our safety and health management system.</p>	<ul style="list-style-type: none"> <li>Set goals for safety and health management</li> <li>Updated the safety management and reporting system</li> <li>Reached zero serious accidents</li> <li>Achieved a workplace accident rate of 0.15% (a decrease compared to 0.16% in the previous year)</li> <li>Provided consulting on serious accidents for 32 partners</li> </ul>	<ul style="list-style-type: none"> <li>Earn higher average comprehensive scores on Workplace Safety Index (Q.C.S)</li> <li>Forge an LGL safety ecosystem</li> <li>Advance our safety and health management system by providing education on safety and health and related consulting for partner companies</li> </ul>
 <p><b>Climate Change</b></p>	<p>Climate action is a global overarching issue. Fully cognizant of our responsibility, we have been establishing our climate change response system. To curb climate-related risks, we have coordinated our business strategies and operations, managed initial investments, responded to climate change, and complied with increasingly stringent external and internal environmental regulations, such as the adoption of the Carbon Border Adjustment Mechanism (CBAM) and the declaration of carbon neutrality. To accomplish our goal of net-zero emissions by 2040, we have established reduction targets and put our green management policies and strategies into action.</p>	<ul style="list-style-type: none"> <li>Obtained the highest grade for our green bonds from the ESG finance assessment for three consecutive years</li> <li>Established a roadmap for net-zero emissions by 2040                             <ul style="list-style-type: none"> <li>Set target emissions</li> <li>Draw up reduction plans</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Maintain the highest grade for our green bonds from the ESG finance assessment.</li> <li>Implement measures to follow the roadmap for achieving carbon neutrality by 2040</li> </ul>
 <p><b>Ethics and Compliance</b></p>	<p>Compliance management is an integral part of preventing damage to corporate trust and financial loss. Lotte Global Logistics is committed to abiding by both external and internal regulations, as well as adhering to fair trade practices. In addition, we evaluate risks across the entire business and enhance our internal control activities to prevent risks in advance. Furthermore, we offer ethics and compliance education to our employees to help them develop relevant skills. As for our partners, we support them in complying with the same ethics and regulations.</p>	<ul style="list-style-type: none"> <li>Raised awareness of ethics and compliance management                             <ul style="list-style-type: none"> <li>Trained employees at both domestic and international business sites / corporates</li> </ul> </li> <li>Achieved zero financial / non-financial sanctions</li> </ul>	<ul style="list-style-type: none"> <li>Disseminate awareness of ethics and compliance management.</li> <li>Advance the inspection system for both internal and external anti-corruption and compliance</li> </ul>
 <p><b>Green Logistics Service</b></p>	<p>We play a contributing role in protecting the environment through our green logistics services and simultaneously strive to build a sustainable business model with greater economic efficiency. To this end, we are considering the introduction of eco-friendly transportation modes, such as electric freight vehicles or hydrogen-electric trucks. The adoption of transportation packaging materials and pallets made of eco-friendly materials is also under review. Investments are also being made in developing technologies capable of recycling and saving energy at logistics centers. On top of that, we are exploring logistics routes that enable us to minimize our environmental footprint and optimizing our logistics networks by analyzing data and leveraging artificial intelligence technologies.</p>	<ul style="list-style-type: none"> <li>Introduced 30 electric freight vehicles and one hydrogen-electric truck at Incheon Airport and in Pyeongtaek, respectively</li> <li>Transitioned an additional three sections of railroad transportation</li> <li>Signed a third-party Power Purchase Agreement (PPA) for 6.9MW to switch to renewable energy at logistics centers</li> <li>Developed eco-friendly logistics containers and minimized the amount of waste from waybills</li> </ul>	<ul style="list-style-type: none"> <li>Expand the adoption of environmentally-friendly transportation modes</li> <li>Scale up the transition to renewable energy sources at logistics centers</li> <li>Boost the usage of eco-friendly packaging</li> <li>Operate waybill-free delivery services</li> </ul>

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# Double Materiality Assessment

## ■ Our Approach to Material Issues

Category	Context & Our Approach	Key Performance	Next Plans
	<p><b>Fair Trade and Shared Growth</b></p> <p>For the prevention of unfair trade practices that undermine business growth, we seamlessly manage our trade relations with partner companies. We ensure strict compliance with fair trade principles during transactions while intensifying our monitoring of unfair trade practices or any other violations. In addition, we maximize the synergy effect through collaboration with partners in pursuit of continuous growth and progress.</p>	<ul style="list-style-type: none"> <li>Operated a program designed to ensure autonomous fair trade</li> <li>Rewarded long-standing agents (approximately KRW 134 million provided as rewards)</li> <li>Provided additional scholarships for the children of couriers (approximately KRW 60 million provided in assistance)</li> <li>Offered necessary items for scorching summers and chilly winters, and provided vehicle rental support for mutual growth (approximately KRW 620 million)</li> </ul>	<ul style="list-style-type: none"> <li>Elevate our risk management of unfair transactions</li> <li>Enhance communication related to fair trade both internally and externally</li> <li>Provide more assistance during scorching summers, chilly winters, and special seasons</li> <li>Expand the rewards program for agents and partners</li> <li>Operate a Q&amp;A platform dedicated to fair trade</li> </ul>
	<p><b>Service Accountability</b></p> <p>We contribute to enhancing the rights and interests of consumers by providing stable and quality services. With the aim of meeting customer demand and building trust, we offer appropriate and consistent services. We elevate customer preference and loyalty towards our services, which places us in a commanding position. Furthermore, we optimize our services through our commitment to enhancing service stability and quality, and by reflecting customers' opinions. Through all these combined efforts, we strive for sustainable growth and progress.</p>	<ul style="list-style-type: none"> <li>Acquired the Consumer Centered Management (CCM) certification                             <ul style="list-style-type: none"> <li>Launched a CCM Committee</li> </ul> </li> <li>Achieved top rankings in two external parcel service assessments (ranked first in KS-SQI and NSCI)</li> </ul>	<ul style="list-style-type: none"> <li>Improve indicators related to customer-perceived services</li> <li>Adopt an Artificial Intelligence Contact Center (AICC)</li> <li>Continue activities to maintain a Consumer Centered management approach.</li> </ul>
	<p><b>Corporate culture and Benefit Package</b></p> <p>Aiming to improve social solidarity and mutual understanding among employees, we actively seek to promote the health and wellness of our employees. Moreover, we cultivate a culture where cooperation and communication among employees are encouraged, thereby increasing work efficiency and productivity. All these endeavors culminate in enhanced collaboration and communication within the company, as well as an improved sense of social responsibility and solidarity.</p>	<ul style="list-style-type: none"> <li>Refined our regulations on family events (expanded the scope of beneficiaries of condolence leave)</li> <li>Enhanced our Work-Life Balance (WLB) initiatives, reflecting employees' opinions</li> <li>Added three business sites eligible for assistance during hot summer and cold winter seasons</li> <li>Promoted a culture of open communication</li> </ul>	<ul style="list-style-type: none"> <li>Improve our corporate culture system, taking into account the nature of our business.</li> <li>Enhance the work-life balance of our employees through a more empowered communication council and increase their satisfaction.</li> <li>Provide increased financial assistance for long-distance commuting</li> </ul>
	<p><b>Data Security</b></p> <p>We are witnessing the constant evolution of various cyber threats, such as ransomware, phishing, and hacking. In response, we have established a data security system and infrastructure for the safe management of customers' personal data. We monitor at all times so that we can proactively respond to potential threats in a swift manner. Additionally, we have established a close cooperation system among the group and relevant organizations externally. Internally, employees have been trained on data security and checked regularly. By doing this, we have ramped up our data security level.</p>	<ul style="list-style-type: none"> <li>Identified the areas in need of a Disaster Recovery (DR) system and formulated plans for them</li> <li>Conducted employee-driven autonomous inspections on a quarterly basis (with an inspection implementation rate of 94.8%)</li> <li>Audited our partners (companies handling personal data) for their management status of personal data (with an inspection implementation rate of 100%)</li> </ul>	<ul style="list-style-type: none"> <li>Continue to deliver the establishment of Disaster Recovery (DR) systems</li> <li>Tighten employee-driven autonomous inspections on a quarterly basis</li> <li>Raise employees' security awareness</li> </ul>
	<p><b>Sustainable Supply Chain</b></p> <p>With the objective to improve the ESG value chain of the logistics industry, we thoroughly manage risks and opportunities in our supply chain. In particular, we focus on potential risk identification and systematic management for the stable supply of human and material resources. These efforts have contributed to better stability and reliability of our supply chain and an optimal logistics process, which has, in turn, led to increased customer satisfaction. On top of that, our intensified collaboration with partner companies has set the stage for a more stable business environment.</p>	<ul style="list-style-type: none"> <li>Established a process for the ESG management of the supply chain for the next three years</li> <li>Introduced a support program for ESG management of partner companies                             <ul style="list-style-type: none"> <li>Provided assistance for ESG education and diagnosis</li> <li>Adopted a system to assign bonus points to partner companies that excel in ESG management</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Implement the ESG management process for the supply chain</li> <li>Expand the support program for partner companies in their ESG management</li> </ul>

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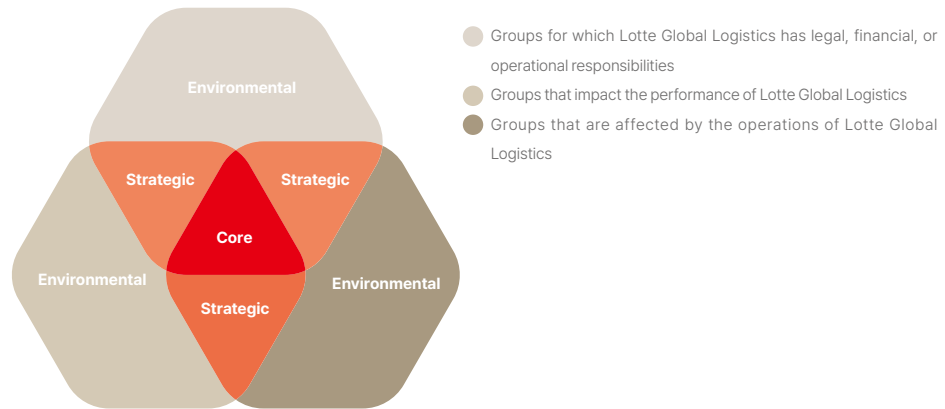
# Stakeholder Engagement

## Communication with Stakeholders

In accordance with ISO 26000, which presents the standards for stakeholder classification, we have categorized stakeholders into core, strategic, and other stakeholders. Among them, we have defined customers, employees, partner companies, shareholders and investors, local communities, and the government and related organizations as key stakeholders.

For the sake of transparent communication with them, a variety of online and offline channels are being operated at Lotte Global Logistics. Their concerns and opinions are integrated into our business operations. In the coming years, we will maintain healthy and reliable relationships with them through constant communication.

### Key Stakeholder Identification



Key stakeholders : Core and strategic stakeholders

Category	Definition	Stakeholder Group
<b>Core Stakeholders</b>	Stakeholders indispensable to the survival of companies	Employees, customers, partner companies
<b>Strategic Stakeholders</b>	Essential stakeholders in terms of responses to specific issues	Shareholders and investors, local communities, and the government and related organizations
<b>Other (environmental) Stakeholders</b>	Other stakeholders in addition to core and strategic ones	Media, the socially marginalized, peer group, experts,

### Communication Channels and Issues of Concern of Key Stakeholder Groups

Stakeholders	Issues of Concern	Communication Channels	Our Responses
<b>Customers</b>	<ul style="list-style-type: none"> <li>Listening to customers' feedback and opinions</li> <li>Enhancing customer satisfaction</li> <li>Safeguarding customer privacy</li> </ul>	<ul style="list-style-type: none"> <li>Homepage (Voice of the Customer)</li> <li>SNS channel</li> <li>Customer service center</li> <li>Customer satisfaction surveys</li> </ul>	<ul style="list-style-type: none"> <li>Operating a 24/7 help desk</li> <li>Providing chatbot and VMS services</li> <li>Conducting regular customer satisfaction surveys</li> <li>Expanding efforts to protect data privacy (courier customer privacy activities, security training, etc.)</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Securing and nurturing talent</li> <li>Cultivating a horizontal corporate culture</li> <li>Achieving work-life balance</li> <li>Promoting compensation and benefits</li> <li>Addressing employees' grievances</li> </ul>	<ul style="list-style-type: none"> <li>Job fairs</li> <li>Company development council</li> <li>LGL together day and camp</li> <li>Junior board</li> <li>Ombudsman center</li> <li>Imagination and innovation hub</li> </ul>	<ul style="list-style-type: none"> <li>Providing more training for distribution logistics professionals</li> <li>Stepping up employee engagement efforts</li> <li>Improving HR and appraisal systems</li> <li>Running a wellness program for work-life balance</li> <li>Overhauling the employee grievance process</li> </ul>
<b>Partners</b>	<ul style="list-style-type: none"> <li>Selecting and managing partners</li> <li>Ensuring fair trade and shared growth</li> <li>Ramping up communication with partners</li> <li>Lending support for partners</li> </ul>	<ul style="list-style-type: none"> <li>Partner meetings</li> <li>Partner workshops</li> <li>Partner reporting channels</li> </ul>	<ul style="list-style-type: none"> <li>Providing financial assistance and building capacity (consulting, training support, etc.)</li> <li>Offering safety consulting</li> <li>Making early payments for services</li> <li>Improving work environments for couriers=</li> </ul>
<b>Shareholders and Investors</b>	<ul style="list-style-type: none"> <li>Elevating enterprise values</li> <li>Managing risks</li> <li>Transparently disclosing data</li> <li>Communicating key ESG issues</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders' meetings</li> <li>Management disclosure</li> <li>IR activities</li> <li>Sustainability report</li> </ul>	<ul style="list-style-type: none"> <li>Transparent management disclosures</li> <li>Risk monitoring / response process</li> <li>Management by risk type</li> </ul>
<b>Local Communities</b>	<ul style="list-style-type: none"> <li>Making social contributions leveraging our core business capabilities</li> <li>Fulfilling our corporate social and environmental responsibilities</li> </ul>	<ul style="list-style-type: none"> <li>Website</li> <li>SNS channel</li> <li>Media coverage</li> </ul>	<ul style="list-style-type: none"> <li>Eliminating surcharges for island areas connected to the mainland by bridges (land bridges)</li> <li>Implementing social contribution programs for the vulnerable</li> <li>Expanding our eco-friendly community outreach (used toy donation, charity bazaar for donated item sales, etc.)</li> </ul>
<b>Government and Related Organizations</b>	<ul style="list-style-type: none"> <li>Complying with laws and regulations</li> <li>Making transparent tax payments</li> </ul>	<ul style="list-style-type: none"> <li>Policy meetings</li> <li>Networks of associations and organizations</li> </ul>	<ul style="list-style-type: none"> <li>Conducting compliance activities</li> <li>Adhering to the relevant regulations</li> <li>Engaging in the governments' policies</li> </ul>

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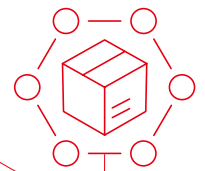
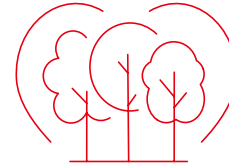
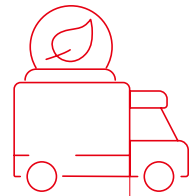
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# ESG Core Value Report

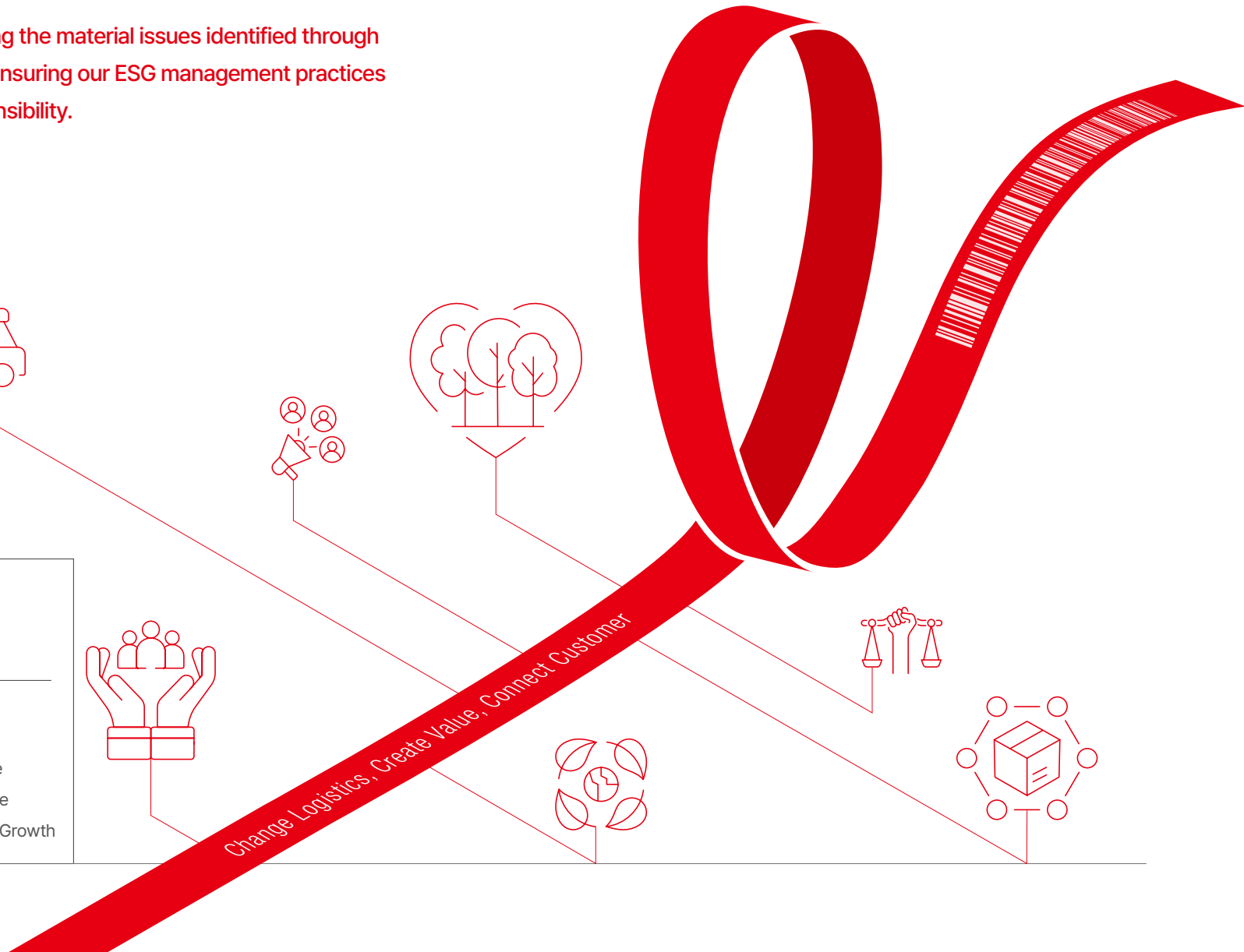
We place a high priority on addressing the material issues identified through our double materiality assessment, ensuring our ESG management practices are executed with heightened responsibility.

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Change Logistics, Create Value, Connect Customer



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# Impact Issue 1 | Safety and Health

## Creating a Safety- and Health-First Work Environment

A safe work environment is an integral part of building trust with employees as well as securing business continuity. Being aware of this, we have placed the safety and health of all employees at the heart of our management. Based on this, we ensure seamless proactive risk management and the establishment of an autonomous safety management system, which enables us to become a workplace marked by zero accidents and zero disasters. Furthermore, strenuous efforts are being made to contribute to creating a safe and healthy society.

### Strategy

Aiming to build a safety ecosystem that encompasses both our employees and partner companies, we have established an autonomous prevention system along with partnerships built on the consensus for safety and health. Moreover, we relentlessly monitor hazard and risk factors that can cause accidents in our workplace to eliminate them. And we upgrade the safety and health organization and revise relevant regulations and guidelines to keep our safety and health management optimized.

\* For more information about our safety and health management, please refer to the 'Social -Safety and Health' section in our ESG Fact Book.

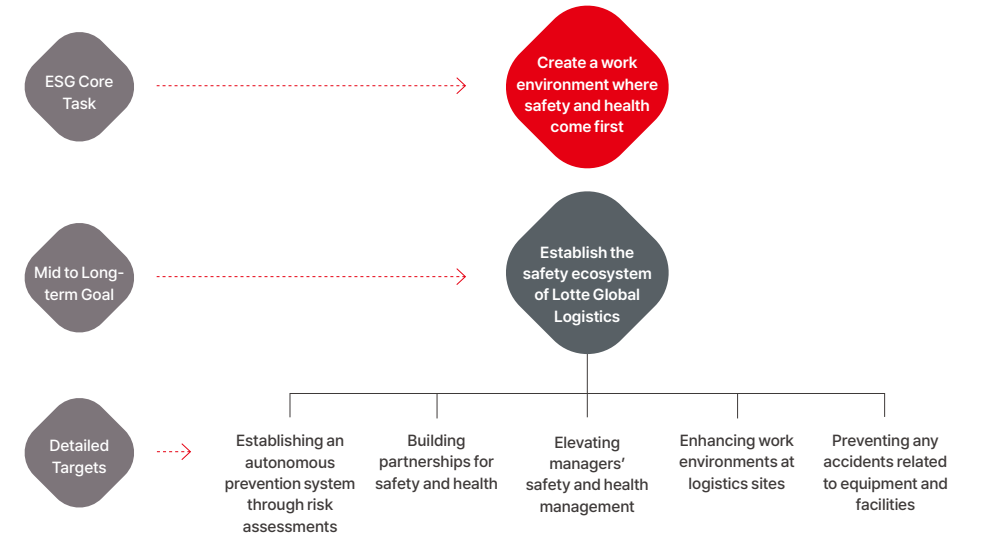
**Safety and Health**

▪ 2023 Key Fact

Attained zero serious accidents	0	Surpassed the goal in comprehensive scores on Workplace Safety Index (Q.C.S) (exceeding the target of 85 points)	87.4 points
Offered consulting regarding serious accidents to partners	32	Standardized risk assessment and provided relevant education	

▪ Results of Materiality Assessment

Issue	Impact Materiality		Financial Materiality	
	Impact	Probability	Impact	Probability
Safety and Health	●●●	●●●	●●●	●●●



### Organizational Structure

In order to prevent serious accidents and ensure efficient safety management, we appointed a Chief Safety Officer(CSO) to establish a safety and health management system with the CSO assuming the central role. In 2023, we divided 296 business sites located throughout the nation into seven areas, assigning safety managers to each area. In 2024, we launched a Safety Support Part, which is responsible for operating safety affairs by area, stabilizing the safety management of new business sites, and assisting in the establishment of safety management systems at overseas business sites.



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# Impact Issue 1 | Safety and Health

## Our Approach to Risk Management

As the Serious Accidents Punishment Act has come into force, the risk management capabilities to proactively identify and mitigate risk factors in workplaces have grown in importance more than before. In 2022, with the objective of preventing workplace accidents, we established a safety management organization. The Chief Safety Officer(CSO) plays a pivotal role in this organization, spearheading the development of an autonomous safety and health management system. In addition, we have instituted the Occupational Safety and Health Committee. In addition to these measures, we conduct a variety of activities, including on-site inspections that are based on workplace risk assessments. We diligently monitor all types of hazards and risk factors in our workplaces and take immediate action to mitigate them. To infuse safety awareness throughout our corporate culture, we ameliorate facilities and provide relevant education, taking into account both our employees and partner companies' workers.

### Steps for Safety Management Audit

<b>STEP 01</b>	<p>Self-safety inspections at business sites</p> <ul style="list-style-type: none"> <li>Ⓞ Supervisor's safety check : firefighting, electricity, on-site safety, etc. (once a day)</li> <li>Ⓞ Joint inspections in cooperation with partner companies                             <ul style="list-style-type: none"> <li>- Walk-around inspection : inspections under the supervision of the managers from the contractor and our supervisors (once a week)</li> <li>- Safety and Health Council : listening to the opinions of partner companies on accident prevention and take on-site measures (once a month)</li> <li>- Joint safety check : site inspections with the participation of supervisors and employees from the both primary contractor and sub-contractor (once a quarter)</li> </ul> </li> </ul>
<b>STEP 02</b>	<p>Inspection on Q.C.S (Quality, Cleanliness, Safety) by the Safety &amp; Environment Innovation Division</p> <ul style="list-style-type: none"> <li>Ⓞ Regular check (twice a year)                             <ul style="list-style-type: none"> <li>* Subparagraph 3, Article 4, Enforcement Decree of the Serious Accidents Punishment Act</li> <li>- Firefighting, electricity, safety, environment, documents, etc. (reflected in the company-wide KPIs)</li> <li>- Evaluate the results of self-inspections and deliver continuous management</li> </ul> </li> <li>Ⓞ Thematic check                             <ul style="list-style-type: none"> <li>- Period when the demand for parcel service soars, new business sites, checks on seasonal wind and flood damage and fire prevention, etc.</li> </ul> </li> </ul>
<b>STEP 03</b>	<p>Lotte CM safety inspection</p> <ul style="list-style-type: none"> <li>- Safety management assessment of Group subsidiaries with a common standard : safety management of business sites, equipment and facilities, etc. (once a year)</li> </ul>
<b>STEP 04</b>	<p>Safety inspections on partner companies</p> <ul style="list-style-type: none"> <li>- Eligibility assessment for contractors : safety management check for contracting partners (twice a year)</li> <li>* Subparagraph 9, Article 4, Enforcement Decree of the Serious Accidents Punishment Act</li> </ul>
<b>STEP 05</b>	<p>Surveys on the safety level at business sites</p> <ul style="list-style-type: none"> <li>- Self-diagnosis for safety level : environments at business sites, supervisors' safety activities, safety engagement level, etc. (once a year)</li> </ul>

## Indicators and Goals

Lotte Global Logistics is committed to establishing a standardized autonomous safety management system. We are also dedicated to enhancing the awareness of safety and health to ensure the safety of all our employees at their workplaces. Furthermore, we have expanded the scope of our safety and health management to include our partner companies by offering consulting services and broadening assistance programs. Through these multifaceted efforts, we are working hard towards the establishment of a robust ecosystem for safety and health.



### Goals and Targets

<p>Serious accidents</p> <p><b>Zero</b></p>	<p>In workplace accident rate</p> <p><b>0.10</b> %</p>	<p>Improve the safety management level of our partners</p>
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# Impact Issue 2 | Climate Change

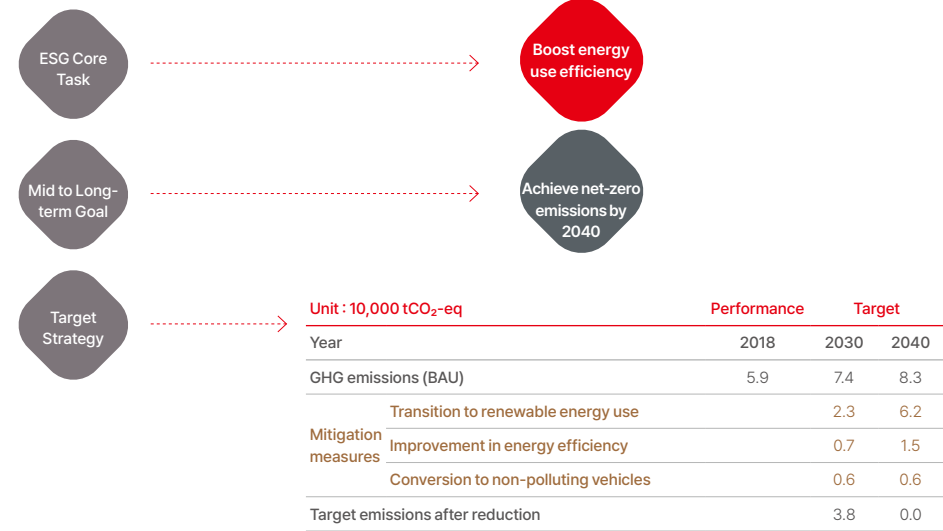
## Green Logistics 2040

Climate change, stemming from global warming, has become a global threat, with some regions experiencing extreme environmental and societal changes. The Paris Agreement was announced against this backdrop, aiming to curb global warming to under 1.5°C. These circumstances require our society to take active measures to reduce greenhouse gas(GHG) emissions and adjust to climate change. We respect the net-zero policy driven by the government and, based on this, we have set a roadmap for achieving carbon neutrality by 2040. This roadmap will guide us in implementing diverse policies to lessen GHG emissions, fulfilling our responsibility as a member of society and paving the way for a better future.

### Strategy

In 2023, Lotte Global Logistics established a 'roadmap for achieving carbon neutrality by 2040' along with three strategies to accomplish this goal. Based on these strategies, we have set targets to reduce GHG emissions by 35% compared to the levels of 2018 by 2030, and to reach net-zero emissions by 2040.

\* For more information about our climate action, please refer to the 'Environmental-Climate Action' section in our ESG Fact Book.



### Climate Change

2023 Key Fact

- Established a roadmap for achieving carbon neutrality by 2040
- Reduced GHG emissions by 7% (compared to 2022)
- Achieved the highest grade for our green bonds in ESG finance assessment for three consecutive years
- Operated solar energy generating facilities at full capacity

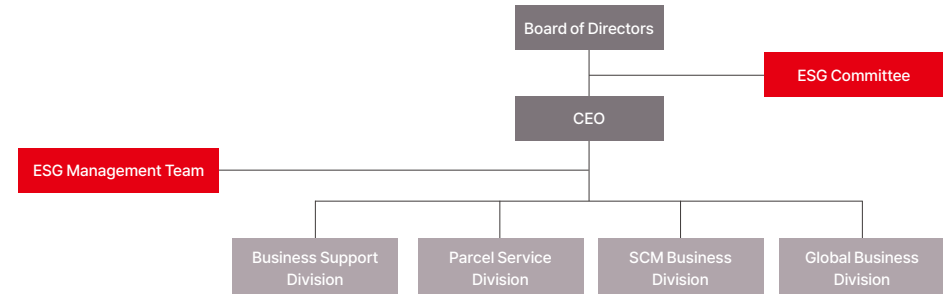
Three consecutive years at the highest grade

Results of Materiality Assessment

Issue	Impact Materiality		Financial Materiality	
	Impact	Probability	Impact	Probability
Climate Change	●●●	●●●	●●●	●●●

### Organizational Structure

Lotte Global Logistics has put in place a well-organized process to combat climate change. The ESG Committee, which is the top decision maker in terms of ESG affairs and operates under the board, plays a pivotal role in making decisions on the formulation of ESG strategies and policies, as well as in tracking the progress of key ESG tasks. In addition, the ESG Management Team, which operates under the CEO, is responsible for conducting main activities related to climate change and also serves as an organization to coordinate opinions with relevant organizations.





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## Impact Issue 2 | Climate Change

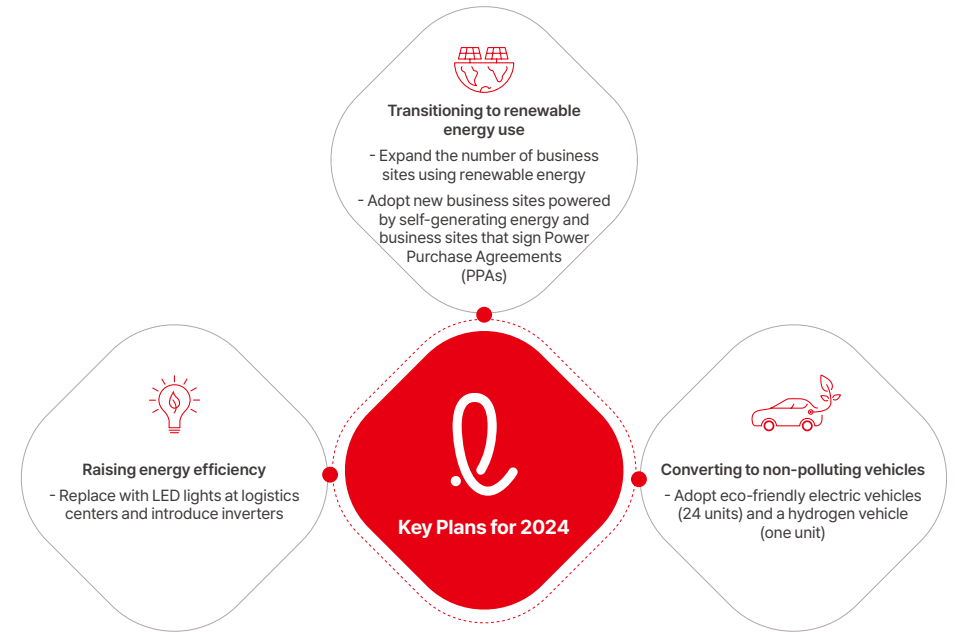
### Our Approach to Risk Management

Lotte Global Logistics has developed a climate change response process in alignment with the TCFD recommendations to systematically address climate-related changes. We also analyze and manage both financial and non-financial risks and opportunities. The process for analyzing risks posed by climate change includes scenario analysis and the breakdown of risks and opportunities by region. Based on this, we focus on identifying the impact on specific aspects of the organization and managing it. We plan to persistently mitigate factors that could have a negative impact. Along the way, we have appointed outside directors to ensure that the ESG Committee, comprised of three outside directors and one inside director, makes objective and swift decisions.

Category	Our Responses	
Physical risks	Climate-related risks (short-term)	<ul style="list-style-type: none"> <li>- Analyze the impact of exposure to potential natural disasters</li> <li>- Examine the regions exposed to natural disasters, such as typhoons, floods, wildfires, etc.</li> </ul>
	Climate-related risks (mid to long-term)	<ul style="list-style-type: none"> <li>- Study the impact on our logistics system derived from natural disasters and radical climate changes</li> <li>- Formulate strategies for comprehensive management in response to physical risks</li> </ul>
Transition risks	Policy and legal risks	<ul style="list-style-type: none"> <li>- Calculate the marginal costs of investment for carbon reduction compared to the purchase cost of carbon credits</li> <li>- Analyze environmental laws and draw up measures to respond to them</li> <li>- Establish an organization dedicated to environmental compliance to prevent any potential litigations against the company</li> </ul>
	Energy risks	<ul style="list-style-type: none"> <li>- Transition to renewable energy sources by signing contracts for their supply</li> <li>- Switch from diesel-fueled freight vehicles to those powered by electric or hydrogen energy</li> </ul>
	Brand risks	<ul style="list-style-type: none"> <li>- Implement the Life Cycle Assessment(LCA) of products and services and calculate their carbon footprint</li> <li>- Derive carbon reduction measures across the entire process of products and services and make necessary investments</li> <li>- Manage our supply chain to assess any negative environmental impacts</li> </ul>

### Indicators and Goals

In order to attain our goal of Green Logistics 2040, we have defined three strategies: 'transitioning to renewable energy sources,' 'improving energy efficiency,' and 'switching to non-polluting vehicles.' Based on these strategies, we will strive to reach net-zero emissions through constant pursuit of eco-friendly innovation, thereby delivering sustainable values.



### Goals and Targets

<p>Achieve net-zero</p> <p><b>2040</b></p>	<p>Use self-generated renewable energy</p> <p>about <b>50,000 MWh</b></p>	<p>Achieve the K-EV100 target</p> <p>by <b>2030</b></p>
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# Impact Issue 3 | Ethics and Compliance

## Enhancing Our Ethical Management to Earn More External ESG Trust

Corporate ethical and compliance management is indispensable for upholding a sound market order and building trust with stakeholders. As per our definition, 'ethical management' involves not only the fulfillment of economic and legal responsibilities but also the ethical accountabilities that are socially expected as our duties. Based on this, we make every effort to be transparent and responsible in our business operations. Internally, multifaceted efforts are underway. These include creating an environment that encourages employees to autonomously abide by compliance management and to build sound trade relationships with partners. As for partners, we also assist them in achieving the same standards of ethical and compliance management.

### Strategy

To boost our external reputation in ESG management, we have been working on the advancement of our ethical and compliance management, and preventing any damage to our trustworthy image and financial losses. To this end, a corporate culture that prioritizes ethical and compliance management is being nurtured, with strategies to set the system for fair trade practices at our partner companies. Additionally, we regularly monitor and improve systems to ensure efficient ethical and compliance management

**Ethics and Compliance**

▪ 2023 Key Fact

Reached 100% in compliance statement return rate

# 100 %

Accomplished zero financial and non-financial sanctions imposed

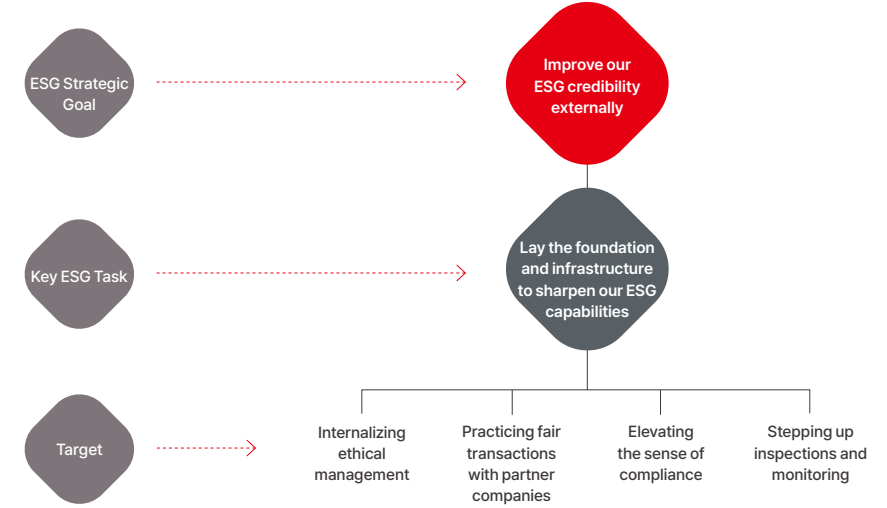
# zero

Conducted compliance training for staff at our overseas corporates

▪ Results of Materiality Assessment

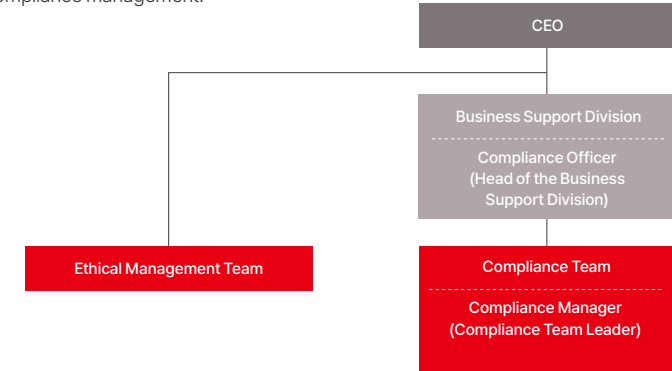
Issue	Impact Materiality		Financial Materiality	
	Impact	Probability	Impact	Probability
Ethics and Compliance	●●●	●●●	●●●	●●○

\* For more information about our ethical and compliance management, please refer to the 'Governance' section in our ESG Fact Book.



### Organizational Structure

Lotte Global Logistics operates the Ethical Management Team directly under the CEO as the organization dedicated to ethical management. In accordance with our compliance system and relevant standards, we provide necessary assistance to the compliance officer within the Business Support Division. Additionally, we have assigned the Compliance Team with the responsibility of risk management and the implementation of compliance management.



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# Impact Issue 3 | Ethics and Compliance

## Our Approach to Risk Management

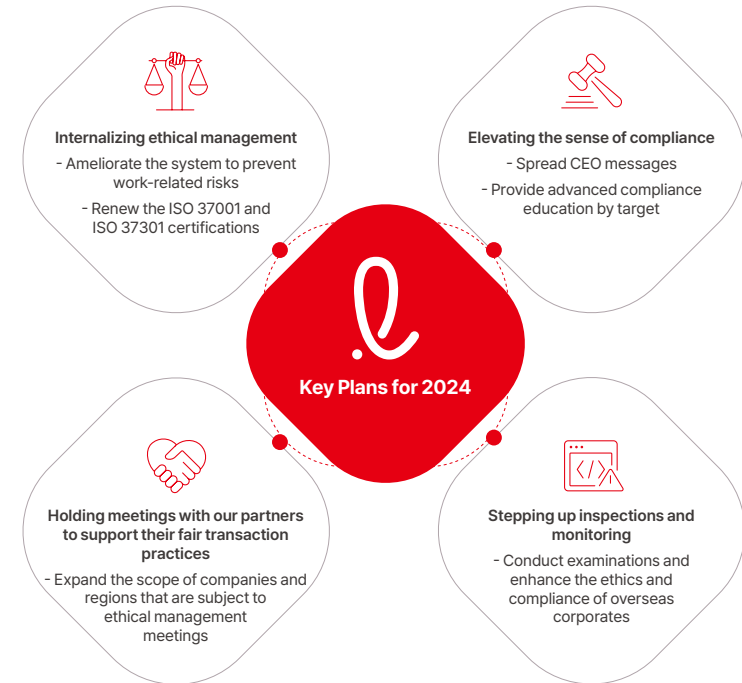
Corruption significantly undermines corporate reputation and results in social and financial losses, emerging as a grave social issue. In response to this, we have implemented a compliance system designed to prevent and mitigate risks associated with fair trade, corruption, and occupational safety. Using this system, we have identified the scope of risk areas and regulations to adhere to. Moreover, we are making multifaceted efforts to reduce risks, which include raising compliance awareness among employees and conducting campaigns to promote a culture of compliance. As part of our efforts to optimize our compliance system, we have provided more relevant education for our employees, monitored the system, and made necessary improvements. Our utmost efforts are well evidenced by the acquisition of ISO 37001 (Anti-bribery management system) and ISO 37301 (Compliance Management System). In addition, we put in place the 'Compliance Monitoring Council' led by the Antitrust Compliance Administrator, who serves as the Chairman. The council is responsible for discussing and monitoring issues related to compliance. It also launches various campaigns and offers educational programs to firmly establish a culture of compliance within our organization.

### Goals and Targets

 <p>Ensure ethical management, conduct monitoring activities, and provide more relevant education</p> 	 <p>Advance the compliance system at domestic business sites</p> 	 <p>Establish a global compliance system</p> 
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## Indicators and Goals

Lotte Global Logistics is committed to complying with both domestic and international regulations, as well as adhering to the order of fair trade. As part of our efforts, we have assessed our entire business operations to identify potential risks and have enhanced our internal control measures to nip these risks in the bud. Furthermore, we provide education to our employees to sharpen their capacity for ethics and compliance. Our support also extends to our partners, ensuring that they adhere to the same ethical standards and regulations.



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# Impact Issue 4 | Green Logistics Service

## Developing DT-based Solutions for Green Logistics

The transportation sector is a major contributor to GHG emissions, accounting for 13.5% of total emissions, with road transport constituting the vast majority (95%). In response to these issues, we are seeing the adoption of numerous policies and laws, as well as a growing demand for companies to fulfill their social responsibilities. From a business management perspective, climate change is a crisis, but it is also an irreversible trend bringing about unprecedented changes across all aspects of our economy and society. In this context, the only way to lead in the future market is to identify opportunities in the rapidly evolving business environment and transform our business structure towards sustainability. Lotte Global Logistics recognizes the gravity of non-financial values from ESG elements. As such, we are focused on identifying and nurturing new growth engines that will guide us towards a low-carbon business model, characterized by green logistics services.


### Strategy

In order to address our task of 'developing DT-based solutions for green logistics,' we have formulated strategies. These involve the adoption of a smart logistics system and the establishment of infrastructure that favors the environment, with the aim of enhancing our capabilities for environmentally friendly logistics. To this end, we have outlined detailed strategies that cover the entire process from logistics and modes of transportation to logistics targets and packaging. Additionally, we have intensified collaboration among relevant organizations to create synergy.

**Green Logistics Service**

**2023 Key Fact**


Launched a waybill-free delivery service




Achieved a 12% conversion rate to eco-friendly vehicles

12%

Introduced 11-ton commercial hydrogen-electric freight trucks



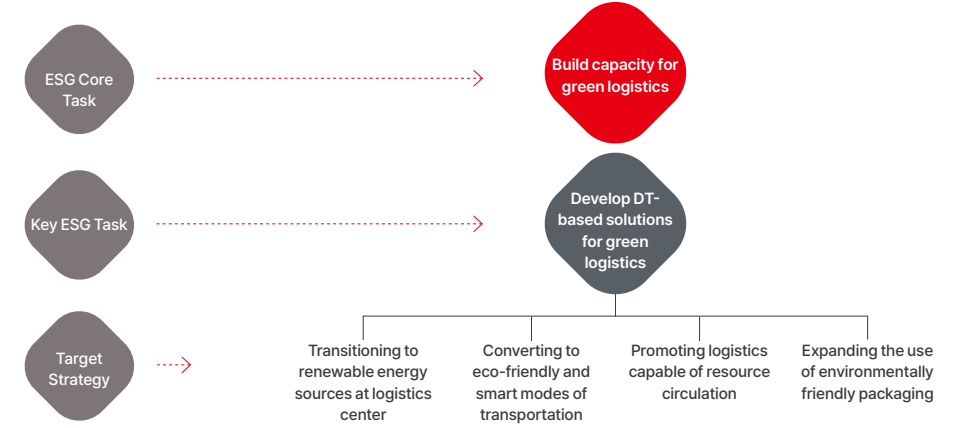
LEP90 product certified as biomass



**Results of Materiality Assessment**

Issue	Impact Materiality		Financial Materiality	
	Impact	Probability	Impact	Probability
Green Logistics Service	●●●	●●●	●●○	●●●

\*For more information about our green logistics service, please refer to the 'Environmental - Efforts in Carbon Footprint Reduction - Green Transportation' section in ESG Fact Book.



### Organizational Structure

Lotte Global Logistics ensures a close collaboration between the ESG Management Team and the organizations involved in logistics services to provide eco-friendly logistics services. The ESG Management Team plays multiple roles in this process, which include sharing relevant issues and information, coordinating among relevant organizations, reporting ongoing tasks concerning green logistics and decisions to the ESG Committee, and supporting the resolution process. Among the relevant organizations, the New Business Division is responsible for the waste battery recycling business, eco-friendly packaging, and resource circulation businesses. Meanwhile, the Logistics Research Institute strives to develop relevant technologies, such as a robot sorter required for the establishment of smart logistics centers, and internalizes them. The Purchasing Team is in charge of procuring environmentally friendly products. Other business divisions also play their part in applying and executing such green logistics services.



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# Impact Issue 4 | Green Logistics Service

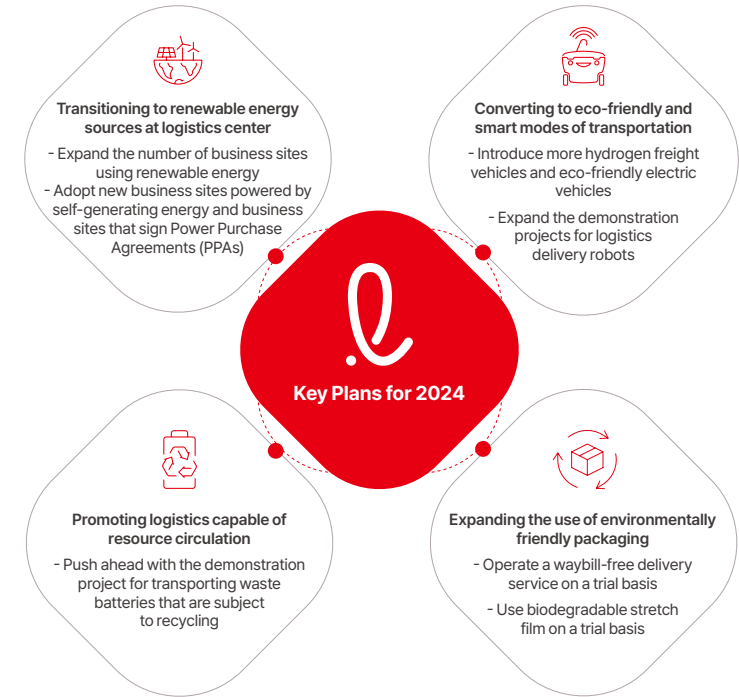
## Our Approach to Risk Management

Green logistics services are influenced by both local and international policies for carbon reduction, as well as by customer needs and associated costs. In recent years, more stringent carbon regulations, policies for sustainable management data disclosure, and supply chain regulations in the EU and US have emerged as major external factors affecting the provision of eco-friendly logistics services.

Against this backdrop, we monitor domestic and international ESG-related policies and communicate with clients to grasp the demand for and trends in environmentally friendly logistics. Furthermore, we garner various information from major logistics service providers both domestically and internationally, green product manufacturers, and holding companies. Based on this information, we have developed our mid- to long-term strategies and offer green logistics services in a timely manner. Internally, we identify tasks necessary to achieve our mid to long-term strategies and incorporate them into the KPIs of relevant organizations. With an emphasis on the fact that the rising costs incurred by changing environments can be offset by providing non-financial value, we remain steadfast in identifying environmentally friendly logistics services and responding to relevant risks.

## Indicators and Goals

With 'Green Logistics 2040' in mind, we have focused all our capabilities on making our logistics services environmentally friendly. Starting at our logistics centers, we will adopt more power-generating facilities fueled by renewable energy sources. This will not only allow us to generate our own renewable energy but also establish ourselves as a renewable energy supplier in various regions. When it comes to modes of transportation, we will accelerate the conversion to eco-friendly options in alignment with the roadmap defined by K-EV100. Leveraging the know-how we have gained through our rich experience in the logistics industry, we will establish a logistics supply chain for waste battery recycling, which will act as a new growth engine. Additionally, our adoption of a parcel service that does not require invoice issuance is a representative effort to show our commitment to green logistics along with the utilization of eco-friendly technologies to manufacture pallets and packaging materials. Through all these efforts, we aim to lead the green logistics market.



## Goals and Targets

 <p>Expand the use of eco-friendly / smart modes of transportation</p> 	 <p>Achieve comprehensive logistics solutions for the circular economy</p> 	 <p>Commercialize environmentally friendly logistics containers</p> 
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# Impact Issue 5 | Fair Trade and Shared Growth

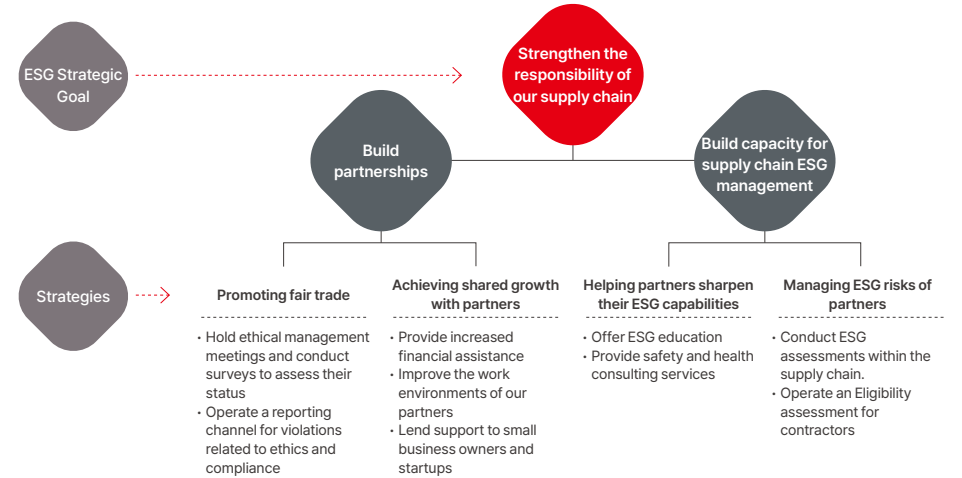
## Establishing Sustainable Partnerships in Pursuit of Shared Growth

The establishment and maintenance of stable networks are essential for promoting sustainable growth in companies within the logistics industry. As logistics services, such as parcel delivery, have become a daily part of our lives, the importance of a robust delivery network has grown. Fully cognizant that partners in various forms, including parcel service agents, that constitute the logistics chain, are our allies in sustainable growth, we have drawn up measures for co-prosperity with partners based on robust trust. Based on this, we strive to offer high-quality logistics services that cater to customers anywhere to the best of our ability.

### Strategy

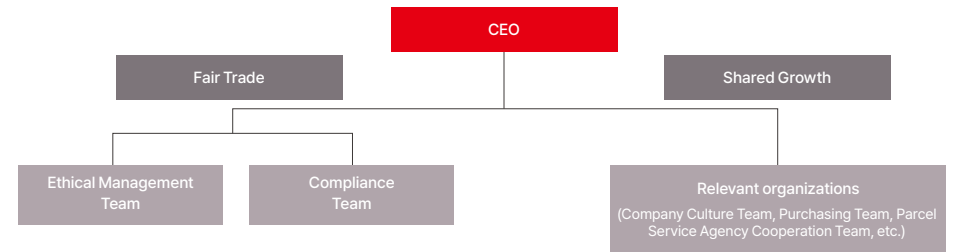
Aiming to strengthen the responsibility of our supply chain, we are seeking shared growth underpinned by effectiveness with our partners. To this end, we ensure strict compliance with the principles of fair trade when engaging with partners, keeping a close eye on any unfair trade practices or illegal activities. Additionally, to maximize the synergy effect among industries, we have developed various measures to boost cooperation with partners and to assist our partners in enhancing their ESG capabilities.

\* For more information about our fair trade and shared growth, please refer to the 'Governance - Our Efforts for Ethical and Compliance Management / Shared Growth with Partners' section in our ESG Fact Book.



### Organizational Structure

For the sake of shared growth with partners, we operate an organization dedicated to ensuring fair trade practices and supporting required capacity building. In particular, we have implemented the Antitrust Compliance Program (CP) created by the Fair Trade Commission to ensure fair trade. As part of this program, the CEO has publicly declared his firm commitment to abide by antitrust laws and has appointed an Antitrust Compliance Administrator to oversee the successful implementation of the CP. Our Ethical Management Team and Compliance Team play a central role in sharing information and monitoring activities to establish proper cooperative relationships. Regarding the capacity building of partners, teams at the forefront of engaging with partners, such as the Purchasing Team and Parcel Service Agency Cooperation Team, collaborate to identify fundamental ways of assisting partners according to their needs and deliver it to them in an efficient manner.



### Fair Trade and Shared Growth

**2023 Key Fact**

Conducted on-site meetings

Instituted a reward system for agents

Surveyed partners for their opinions of ethical management

Expand the response system during scorching summers and freezing winters

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**Results of Materiality Assessment**

Issue	Impact Materiality		Financial Materiality	
	Impact	Probability	Impact	Probability
Fair Trade and Shared Growth	●●●	●●●	●○○	●●●

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# Impact Issue 5 | Fair Trade and Shared Growth

## Our Approach to Risk Management

A more complex business ecosystem leads to a more complicated supply chain. With the rising demand for management of the entire value chain, including the OECD Due Diligence Guidance for Responsible Supply Chains, the risks related to supply chain have a direct impact on corporate survival and competitiveness.

In this context, we regularly assess our partners' perceptions of our ethical management and operate a reporting channel for any unfair practices. This is to address risks related to corruption and unethical conduct that could occur in our relationships with them. To assist the Antitrust Compliance Administrator, we established the compliance teams (as of 2023, Compliance Team and Ethical Management Team). We intensify our efforts to ensure fair trade at the operational level through the 'Compliance Monitoring Council,' which is comprised of those in charge of compliance from each division. As of December 2023, a total of 144 employees responsible for compliance are engaged with the council.

In terms of our value chain, we have broadened the scope of our ESG risk management to encompass our partners. In doing so, we offer ESG-related educational programs for partners who are struggling to manage their ESG issues, leveraging our resources and expertise while providing consulting services regarding the Serious Accidents Punishment Act. Furthermore, we provide support to promote shared growth, including financial assistance and improvements to the work environment, for our partners' employees, thereby helping them reduce their risks. Alongside this, we have introduced a system for supply chain ESG assessment with objective assessment criteria, and we are expanding it to more partners. This allows us to understand their ESG management capabilities and strengthen our partnerships for mutual prosperity.

### ▪ Roadmap for ESG Risk Management in the Supply Chain

2023	2024	2025
<p>&lt;Adoption of an ESG management system for our supply chain&gt;</p> <ul style="list-style-type: none"> <li>Notified LOTTE Group partners about the ESG Code of Conduct and collected their compliance statements (issued from the holding company, and the same applies to us)</li> <li>Selected key partners</li> <li>Operated support programs for ESG management (provide assistance for key partners in their ESG education and assessment)</li> <li>Granted benefits based on the results of the assessments (assigned additional points to excellent partners in terms of ESG management when bidding for a contract)</li> </ul>	<p>&lt;Expansion of supply chain ESG management scope&gt;</p> <ul style="list-style-type: none"> <li>Goal : Raise partners' awareness of ESG management</li> <li>Select key partners (all partners 10% → 40%)</li> <li>Implement support programs for ESG management (same assistance provided in 2023)</li> <li>Assign benefits according to the results of the assessments (same benefits assigned in 2023)</li> </ul>	<p>&lt;Reinforcement of ESG management in our supply chain&gt;</p> <ul style="list-style-type: none"> <li>Goal : Assist partners in building their ESG management capabilities</li> <li>Set new criteria for key partners to meet</li> <li>Execute support programs for ESG management</li> <li>Change assessment method to ensure objectivity and manage accumulated data (self-assessment → standard assessment)</li> <li>Review benefits granted according to the results of the assessments (consider increasing additional points when bidding)</li> </ul>

## Indicators and Goals

We envision a virtuous cycle of co-prosperity, where long-term trades with partners, underpinned by close cooperative relationships, lead to enhancements in ESG capabilities, products, and services. This ultimately culminates in higher levels of customer satisfaction. To this end, we provide quarterly and regular education for partners to help them change their perceptions and enhance their capabilities. Based on the results of regular evaluations of our partners' capabilities, we motivate outstanding partners with rewards and encouragement. For partners with poor results, we offer intensive education and share our know-how, thereby encouraging them to transform into better partners. In this way, we strive to maintain stable partnerships with them.



### ▪ Goals and Targets

<p>Achieve zero violations in fair trade</p>	<p>Expand assistance to partners for shared growth</p>	<p>Advance the system for managing ESG risks in the supply chain</p>
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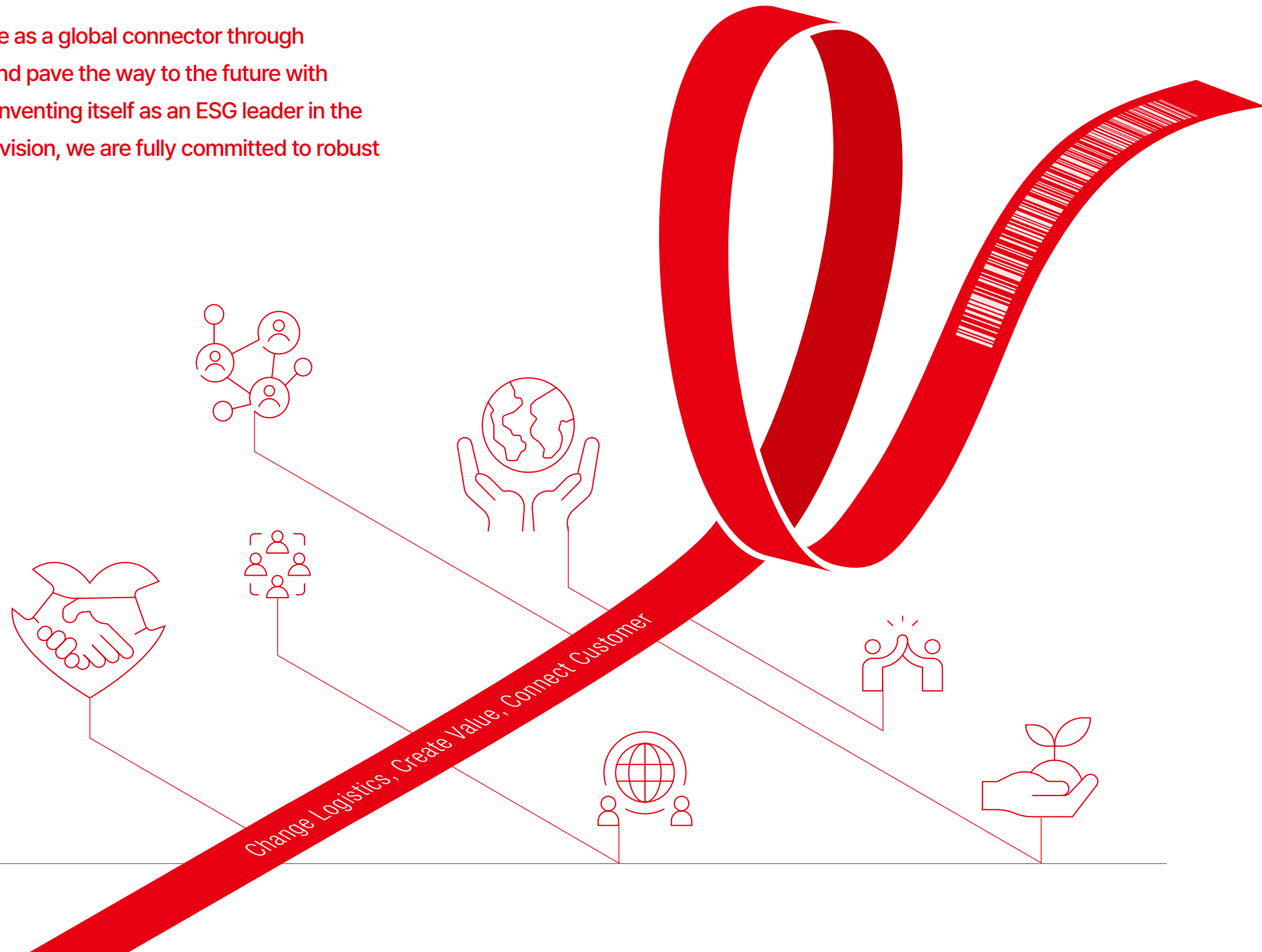
# ESG Fact Book

Lotte Global Logistics aims to serve as a global connector through its competitive logistics services and pave the way to the future with sustainable leadership, thereby reinventing itself as an ESG leader in the logistics industry. In pursuit of this vision, we are fully committed to robust ESG management.



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# Environmental Management

## Environmental Management System

As part of our efforts towards carbon neutrality, we have developed our ESG strategy, called 'Green Logistics 2040,' placing environmental value at the heart of our business operations. To ensure efficient environmental management, we have established an organization dedicated to environmental management, maintained the ISO 14001 certification, and constantly carried out activities to improve environmental management. In addition, multifaceted efforts are in full swing to create a future-proof, sustainable logistics system, such as introducing eco-friendly modes of transportation and establishing highly energy-efficient logistics centers.

### Environmental Management Policy

Our environmental policy is grounded in both domestic laws, including the Constitution of the Republic of Korea, the Framework Act on Environmental Policy, and the Framework Act on Low Carbon, Green Growth, as well as international laws such as the United Nations Framework Convention on Climate Change and the Convention on Biological Diversity. This policy guides our management and business operations, presenting a set of directions to minimize our negative impact on the environment, protect the environment, and pursue sustainability. In addition, we have formulated an Environmental Management Charter which presents a set of standards for behaviors and value judgments for our employees to follow.

### Organizations Dedicated to Environmental Management

We have placed the ESG Management Team, which is responsible for environmental affairs, directly under the CEO to ensure that our environmental management is delivered in a systematic manner with profound expertise. We have also established the ESG Committee under the Board of Directors (BOD), which has laid the foundation for establishing strategies for ESG management and implementing them. The organization dedicated to environmental management reports the progress and status of environmental management to the committee on a regular basis. They identify elements that could negatively impact the environment in advance and take preventive measures. Their main task is to constantly strive for improvement in environmental management indicators, contributing to our commitment to eco-friendly management.

[Environmental Management Charter](#)

**Environmental Management Charter**

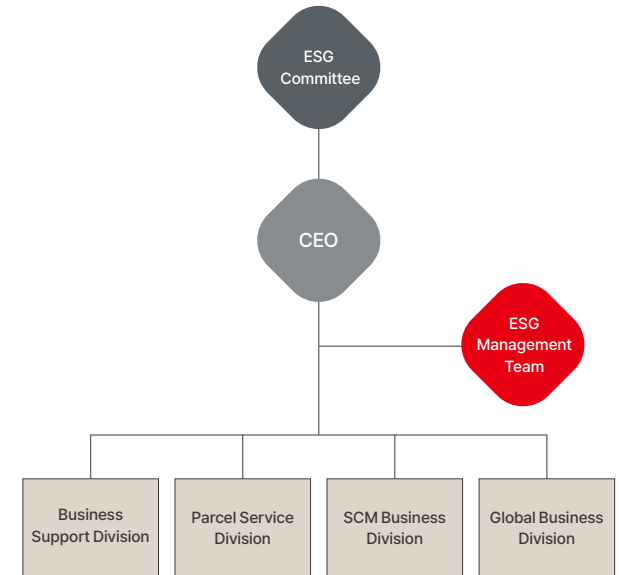
Lotte Global Logistics Co., Ltd. recognizes environmental values as a core element of its business activities and establishes the Environmental Management Charter as a standard for proper behavior and value judgment that all executives and employees must comply with during management activities and business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

- We 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.
- We endeavor to prevent environmental pollution by complying with the Constitution of the Republic of Korea and domestic and international environmental laws and regulations.
- 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").
- 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.
- 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.
- 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.
- 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.
- 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.**

### Organizational Structure for Environmental Management



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# Environmental Management

## Stepping Up Our Environmental Management Activities

### Issuing Green Bonds

In 2021, Lotte Global Logistics issued green bonds valued at KRW 50 billion. The purpose of this issuance was to invest in projects aimed at reducing GHG emissions as part of our green initiative. The funds were allocated to several projects, including the development of a BPO platform for logistics, the implementation of a next-generation parcel system, and the introduction of eco-friendly electric cargo vehicles. These investments are expected to minimize unnecessary operations, reduce travel distances, and enable real-time tracking of transportation vehicles, thereby lessening GHG emissions. In addition to these primary benefits, subsidiary effects are also anticipated including improvements in working conditions for parcel couriers and enhanced operational stability.

### Achieving GB1, the Highest Rating for Our Green Bonds

The ESG Assessment evaluates how funds from bonds are managed and operated, and whether this management is transparent, aiming to ensure that the funds are used for eligible projects with the right purpose. Since we issued green bonds in 2021, our bonds have been evaluated by the Korea Investors Service. We have achieved the highest rating, GB1, on a scale of five ratings, for three consecutive years. This remarkable outcome clearly demonstrates our high-level practices in terms of environmental, social, and governance aspects, and transparency. The results are available on the Korea Exchange website.

#### Summary of Green Bond Issuance

Issued by	Lotte Global Logistics Co., Ltd.
Name of financial product	49th-2nd Lotte Global Logistics (green)
Amount of issuance	KRW 50 billion in total
Lead organizer	Korea Investment & Securities Co., Ltd.
Date of issuance	January 29, 2021
Due date	January 29, 2026

#### Results of Green Bond Assessment



[Results of Green Bond Assessment >](#)

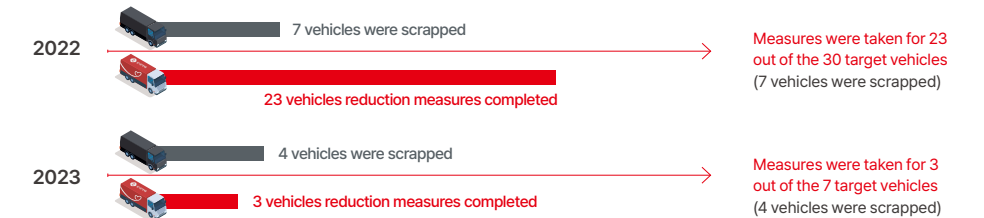
#### ESG Bond-financed Initiatives

Category	Project	Details	Fund Allocation and Future Spending Plans
	BPO platform for logistics	Building a data-driven logistics platform	2018 ~ 2020 (KRW 18.4 billion refinanced) 2021 ~ 2023 (KRW 8 billion)
Environment	Next-generation parcel system	Advancing parcel systems through streamlining	2018 ~ 2020 (KRW 14.4 billion refinanced)
	Eco-friendly electric cargo vehicles	Transitioning to eco-friendly vehicles through green purchases	2021 ~ 2025 (KRW 5.2 billion)

### Voluntarily Participating in the Agreement to Reduce Emissions from Freight Vehicles

In 2021, we signed an 'Agreement on Low Emission Measures for Freight Vehicles,' spearheaded by the Ministry of Environment. In accordance with this agreement, we have implemented biannual filter cleanings for the vehicles equipped with emissions-reducing devices as part of our follow-up measures. We have also promoted this low-emission project at our regional branches by displaying banners and notices on bulletin boards. Furthermore, we are actively pursuing a project aimed at eliminating obsolete diesel-fueled vehicles (Class 5 vehicles) in both capital and non-capital areas.

#### Progress of Project to Eliminate Diesel Vehicles Lacking Emission-Reducing Devices (Scrapped Vehicles Included)



### Participating in the World Climate Industry EXPO

On May 25, 2023, the LOTTE Group participated in the World Climate Industry EXPO(WCE) held at BEXCO, Busan. The WCE is a large-scale fair that represents the environment, climate, and energy sectors. In 2023, it was held under the theme 'Moving Forward, TOGETHER.' The LOTTE Group took part in the fair, showcasing a range of activities and technologies aimed at mitigating GHG emissions. Lotte Global Logistics also participated, demonstrating various initiatives, including its logistics center powered by solar energy, transition to green modes of transportation, and eco-friendly logistics containers.



LOTTE Group's Exhibit at the WCE

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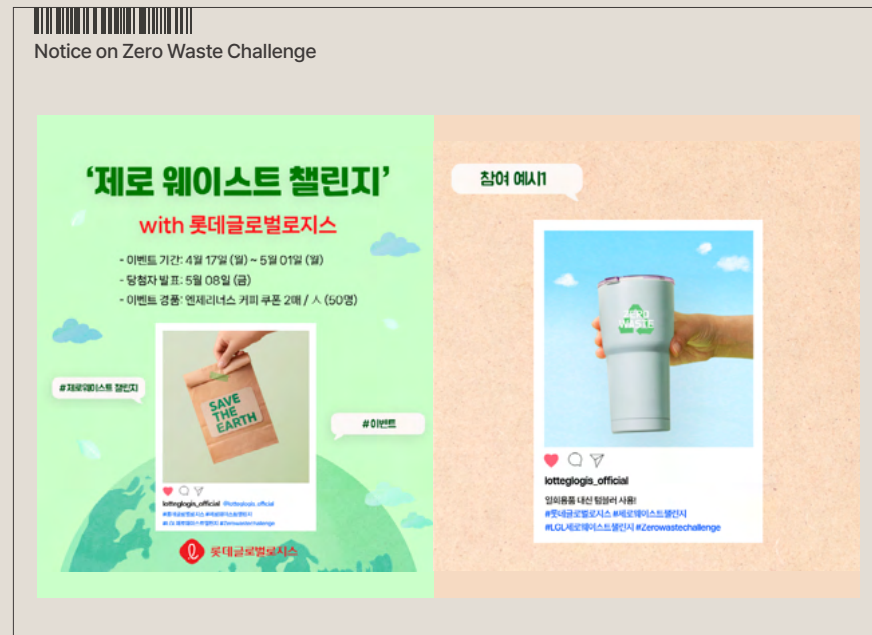
**Special Note**

## Green Campaigns in 2023

With the purpose of instilling the significance of green practices in our daily lives into all employees and our customers, we carried out a variety of initiatives and campaigns in 2023. As we move forward, we remain committed to promoting green logistics through constant campaigns.

### Zero Waste Challenge

To commemorate Earth Day in 2023 (April 22), we initiated an event called the 'Zero Waste Challenge' via our official SNS channel. Aiming to inspire people to favor multi-use products over single-use ones, this challenge fostered a collective effort to keep our planet clean and healthy. The campaign was designed so that customers could actively participate in green practices and share their experiences on our SNS channel for validation. The challenge ran for two weeks, with a total of 500 individuals participating and sharing their use of multi-use items such as tumblers and shopping bags.



## Upcycling Volunteer Programs Led by New Hires

As part of their onboarding program, our new hires participated in environmentally friendly social contribution activities. They engaged in upcycling activities, transforming waste leather into pencil cases. These were then donated to community children's centers, providing support to underprivileged children. In the years to come, we plan to conduct a variety of green volunteering programs led by our new employees, which will embed our ESG culture into every corner of the company.



Upcycling Volunteer Activities Led by New Hires

## Let's LotGreen (LotGreen Employees) Campaign

The 'Let's LotGreen (LotGreen Employees\*)' campaign is one of our key initiatives, with a particular focus on preventing wasteful use of resources, presenting a set of five eco-friendly practices at the workplace (the use of tumblers, stairs, reusable paper, etc.). To remind employees of these practices and inspire them to adopt them, we created characters for this green campaign. These characters were used on stickers, which were then placed in locations where these practices are most relevant, such as elevators, water purifiers, and official replicators. These stickers and notices were also distributed across all our business sites, leading to active participation from all our employees.

\* 'LotGreen Employees' : A compound term combining 'Lotte Global Logistics' and 'employees'



Promotional Materials for Let's LotGreen Campaign

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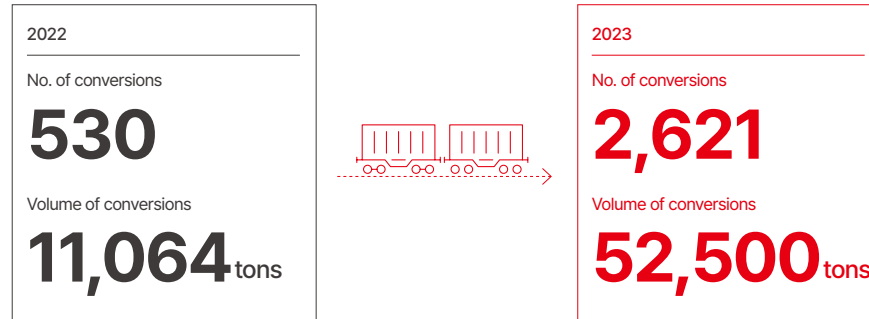
# Efforts in Carbon Footprint Reduction

## Green Transportation

### Advancing Towards More Railway-Based Transportation

With the objective to curtail environmental and social costs as well as to bring life to sustainable logistics, we have a project on track to transition to road shipment, a low-carbon and eco-friendly mode of transportation. In 2022, we switched two sections to railroad transportation : Uiwang to Singwangyang (20FT) and Uiwang to Busan New Port (40FT). This was followed by the conversion of three additional sections : Uiwang to Busan New Port (20FT), Uiwang to Busan North Port (40FT), and Busan New Port to Uiwang (40FT).

#### Transition from Land to Railroad Transportation



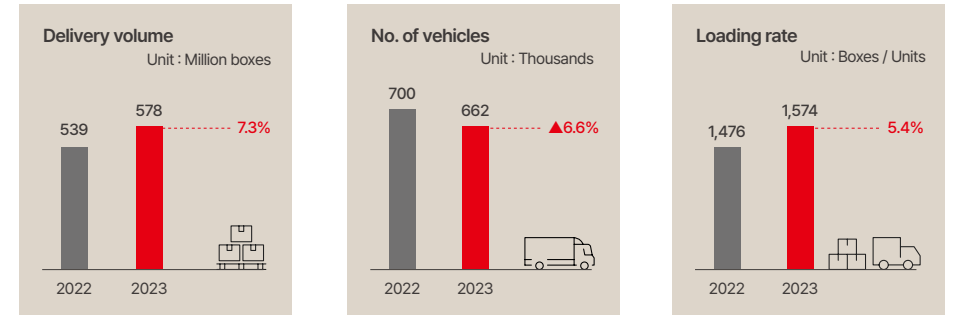
#### Transition to Rail Transport in 2023

Category	No. of Conversions	Volume of Conversions
Uiwang (Obong) → Singwangyang	52 (20FT containers)	624 tons
Uiwang (Obong) → Busan New Port	1,932 (815 for 20FT, 1,117 for 40FT)	36,588 tons (9,780 tons for 20FT, 26,808 tons for 40FT)
Uiwang (Obong) → Busan North Port	395 (40FT containers)	9,480 tons
Busan New Port → Uiwang (Obong)	242 (40FT containers)	5,808 tons

### Loading Efficiency Management for Carbon Reduction

Lotte Global Logistics has introduced a parcel truck dispatch process to enhance its loading efficiency. This has led to a decrease in the number of freight vehicles relative to the delivery volume, contributing to the mitigation of GHG emissions. In 2024, we have plans underway to upgrade the computerized dispatch system to improve the management of cargo loading rates.

#### Loading Rate Management

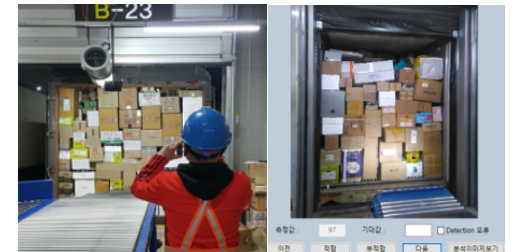


### Developing an AI System to Measure Volume Rate for Cargo Space Optimization

We are in the process of developing technologies to integrate an AI system into our logistics management system to intuitively optimize the volume rate. This technology is expected to provide validity for the criteria for vehicle dispatching, enabling us to achieve precise dispatch and prevent unnecessary vehicle operations. Ultimately, this will help us cut back on our carbon footprint.

#### Test Results of the AI Learning Model

- Training completed on 7,000 images (As of January 2024)
- Additional training in progress



AI Program on Train

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# Efforts in Carbon Footprint Reduction

## Promoting the K-EV100 Campaign

Since May 2021, we have been a part of 'K-EV100,' a Korean initiative aimed at transitioning towards zero-emission vehicles. As part of this campaign, we plan to replace approximately 900 of our cargo vehicles and commercial passenger cars with eco-friendly alternatives such as electric and hydrogen vehicles

\* K-EV100 : it refers to a campaign where companies publicly declare and commit to switching to green modes of transportation, specifically electric and hydrogen vehicles.



### ▪ Roadmap for K-EV100 Achievement Driven by the Ministry of Environment



### ▪ Environmental Effects from Transition to Green Vehicles

Category	No. Of Conversions	Carbon Reductions (tCO <sub>2</sub> -eq)	Energy Reductions (TJ)
Electric freight vehicles	96	756	9.5
Hydrogen-electric trucks	1	59	0.8
<b>Total</b>	<b>97</b>	<b>815</b>	<b>10.3</b>

\* Based on the total number of vehicles replaced until December 2023  
\* Owned and commissioned vehicles



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# Efforts in Carbon Footprint Reduction

## Transitioning Towards Electric Freight Vehicles

We are planning to transition all our transportation vehicles to electric freight vehicles. Our journey began in 2019 with the introduction of 1-ton electric cargo vehicles, marking the start of our shift from 1-ton diesel cargo vehicles to electric ones. As of the end of 2023, we have a fleet of 96 electric cargo trucks, each with a capacity of 1 ton, delivering goods across 31 logistics locations. In collaboration with our delivery partners, we are broadening the use of these vehicles for short-distance deliveries, such as to local marts and supermarkets.



Electric Freight Vehicles

## Forging a Charging Infrastructure for Electric Vehicles

To ensure the safe operation of electric vehicles, we have consistently invested in building a robust charging infrastructure. As of December 2023, our logistics centers are equipped with a total of 64 rapid and standard chargers. Plans for expanding the electric vehicle charging infrastructure in multiple ways are already in the pipeline, keeping pace with the adoption of more electric freight vehicles and changing external environments. In 2024, the implementation of rooftop electric vehicle chargers is being considered.



Charging Station for Electric Vehicles

## Introducing Electric Freight Vehicles for Cold Chain Transport

In October 2020, Lotte Global Logistics became the first company in Korea to adopt electric cargo vehicles for the cold chain transport of fresh products for marts. Following this, a test drive was conducted for deliveries in Seoul for Lotte Mart. The test, which involved a driving distance of 150 kilometers and the functionality of -20°C refrigeration / freezing, was successful. These cold chain electric cargo vehicles are an efficient mode of transportation capable of operating refrigeration / freezing equipment even when the vehicle is not moving or the engine is not started. This leads to GHG mitigation.

In a bid to expand the use of electric vehicles for short-distance deliveries for marts, we have installed five fast chargers for electric vehicles with a capacity of 100kW at Lotte Mart Online Centers. We have also placed electric cargo trucks in the capital area where the greatest impact is expected due to its high electricity consumption. As of December 2023, we operate a fleet of 62 electric freight vehicles for deliveries in the metropolitan area, and a fleet of 16 electric trucks for cold chain deliveries in the Chungcheong, Yeongnam, and Honam areas. In 2024, we plan to further expand the switch to electric vehicles for green delivery.

### Electric Freight Vehicles Used for Cold Chain Transportation

Area	No. of Vehicles (units, as of December 2023)
Capital and Gangwon	62
Chungcheong	8
Yeongnam	5
Honam	3
<b>Total</b>	<b>78</b>

## Introducing Hydrogen-electric Freight Vehicles

We began using a hydrogen-electric freight vehicle at our Incheon Airport Center in May 2023. This vehicle was the first to be registered as a bonded vehicle with the Korea Customs Service and has been used for air shipments of semiconductors for import and export. By December 2023, it had covered a distance of 45,019 kilometers, operating 20 times per month. In 2024, we plan to add another hydrogen-electric truck to our fleet. This will be followed by our participation in a demonstration project for a hydrogen-powered tractor in 2025. By doing so, as an environmentally friendly logistics company, we are committed to playing our part in making the semiconductor business greener. In the coming years, we promise to continue our efforts towards a better future through the increased adoption of hydrogen-electric freight vehicles and leadership in green transportation.



Hydrogen-electric Freight Vehicle at the Incheon Airport Center

**Expected Impact**  
(Hydrogen-electric Freight Vehicle = Zero Carbon Emissions) :

✓ Reduction of 56tCO<sub>2</sub>-eq per year in carbon credits compared to equivalent diesel vehicles



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# Efforts in Carbon Footprint Reduction

## Introducing Hydrogen-electric Freight Vehicles to Build a Green Logistics System in Partnership with Pyeongtaek City

In March 2023, we signed an MOU with Pyeongtaek City for the promotion of eco-friendly freight vehicles and the establishment of a logistics center. As per the MOU, the city provided funding for us to adopt a commercial 11-ton hydrogen vehicle equipped with a high-efficiency motor, a fuel cell stack, and a high-voltage battery, with capacities of 350kW, 180kW, and 72kW respectively. The vehicle can travel approximately 570 kilometers on a single charge. This MOU is a clear demonstration of our commitment to reducing carbon emissions. Moving forward, our multifaceted efforts will be made to towards a green logistics system and net-zero.



MOU Signed with Pyeongtaek City for Green Logistics System Creation

## Joining Forces in Developing Smart Mobility

In July 2023, we conducted a proof of concept (PoC) for purpose-built vehicle (PBV), through which the performance of the vehicle was verified. The actual driving test revealed that its fuel efficiency improved compared to the existing electric Porter, its battery capacity expanded, its driving distance extended by 100 kilometers, and its load capacity increased by around 15%. In terms of qualitative aspects, it noticeably reduced the stevedoring load and fatigue of delivery men from driving. Accordingly, we have decided to introduce 1-ton freight vehicles for purpose-built vehicles. In the years ahead, we will proactively adopt smart mobility in collaboration with EV-specialized companies and government institutions.

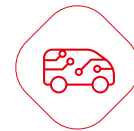
▪ **Actual Driving Test Revealed**

Driving Distance

**317km**  
Driving distance extended by 100 kilometers

Load Capacity

Increased by around **15%**



Concept Car for PBV Proof of Concept

## Participating in Smart Mobility PBV Business

In addition to electric vehicles for parcel delivery, we plan to use Purpose-Built Vehicles (PBVs) that are suitable for various transport environments in our logistics operations. We are targeting the adoption of PBVs tailored to Lotte by 2025. To this end, we have concluded an MOU with Kia to cooperate in creating an eco-friendly mobility ecosystem. According to the MOU, multiple endeavors will be made to identify and expand new businesses. These include cooperation for the transition to eco-friendly electric cargo vehicles, co-development of customized PBVs for Lotte logistics, provision of consulting services for optimizing the waste battery logistics supply chain, and conducting a demonstration project. We will also test new electric vehicle-related technologies. Furthermore, we will participate in a proof of concept for the waste battery business in Korea in partnership with Kia. This will help us design an optimal logistics network and present methods for conserving and operating waste batteries.







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# Efforts in Carbon Footprint Reduction

## Environmentally Friendly Facilities

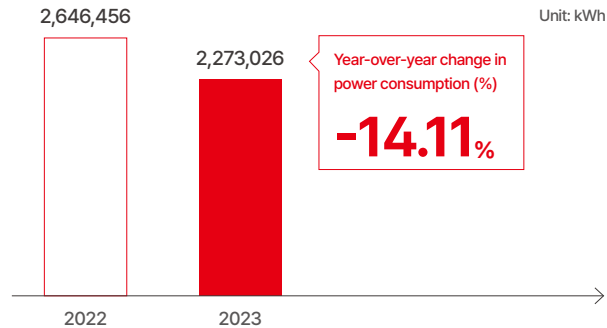
### Establishing an IT System for Logistics Energy Management

Lotte Global Logistics has integrated a logistics energy management IT system into our existing logistics system, which allows us to manage energy consumption throughout all stages of the delivery process. The system enables us to analyze our energy usage patterns across the entire logistics operation. Based on these results, we calculate and manage our GHG emissions. The insights gained from this analysis are used to establish a mid to long-term roadmap for achieving carbon neutrality, and are also utilized for third-party verification after securing data consistency.

### Rolling Out a Lighting Schedule Control System in Logistics Centers

With the objective of resolving issues that arise during the operation of large logistics warehouses, we utilize a lighting control system. This system empowers tenant companies to schedule light turn-off times in areas that are unoccupied, aligning with their operational hours and leased spaces. This strategy helps prevent unnecessary power usage, leading to a decrease in electricity bills. We expect the establishment of this system to save electricity by approximately 14%.

#### Efficiency Enhancements in Power Consumption at Business Sites with Lighting Control Systems

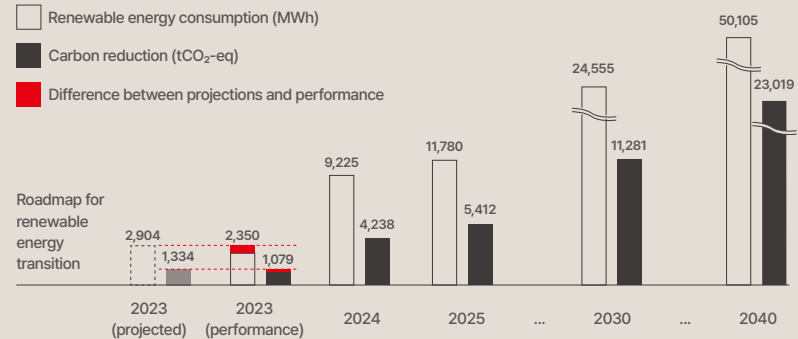


### Special Note

#### Our Roadmap for Renewable Energy Transition and Solar Power Infrastructure Development

We have mapped out a roadmap for transitioning to renewable energy with the goal of achieving carbon neutrality by 2040, and we are putting it into action. As part of these efforts, starting from 2022, we have established a solar power generation infrastructure with a capacity of about 7MW, which generates approximately 8,943MWh of renewable energy per year. A portion of the electricity produced by this facility is used at parcel service terminals and SCM logistics centers, following the signing of third-party Power Purchase Agreements (PPAs). The remaining electricity is supplied externally. We anticipate that this will result in a reduction of GHG emissions by around 4,100tCO<sub>2</sub>-eq. To increase the proportion of renewable energy use, we consider all elements related to renewable energy use throughout the entire process when we plan a new logistics center. These considerations are incorporated into our review checklist. Furthermore, a variety of activities will be undertaken to expand our green logistics operations. These include concluding third-party PPAs, constructing solar power generation facilities, accelerating the transition towards renewable energy, and reducing carbon emission intensity (measured in kgCO<sub>2</sub>-eq / Box) across all stages of logistics transportation.

\* Third-part PPA : It refers to an agreement on electricity supply between power generators and consumers through the intermediation of the Korea Electric Power Corporation.



Solar Power Infrastructure at Jincheon Mega Hub Terminal

#### Utilization of Power Generated from Solar Energy

Category	Jincheon Mega Hub Terminal	Icheon Outsourcing Center Building A	Icheon Outsourcing Center Building B	
Total power consumption	5,145	4,922	1,317	
Power consumption (MWh)	Power supplied by the Korea Electric Power Corporation	4,549	3,735	751
	Self-generated power generation	597	1,187	566
	Date of activation	October 2023	May 2023	October 2023
Proportion of solar power generation after activation	11.6%	24.1%	43.0%	



Solar Power Infrastructure at Dongdaegu Sub Terminal



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# Climate Action

## Governance

### Organizations Committed to Climate Action

The ESG Management Team is an organization dedicated to climate action, leading key activities related to combating climate change. Relevant organizations report key opportunities, risks posed by climate change, and related pending issues to the Board of Directors and the ESG Committee. Subsequently, the board and the committee review these issues and take necessary action.

### Reporting Climate Change-related Issues to the Board

In response to climate-related issues, we put a well-structured process in place and set it in motion. Our ESG Management Team works closely with climate specialists who possess expertise and reliability. They collect pertinent information for analysis and present it at routine meetings. This information is then reported to the ESG Committee for further deliberation. When required, suitable actions are taken at the board level, enabling the board to systematically recognize climate issues and incorporate them into the company's strategic decision-making process.

#### Organizational Structure for Climate Action



### Roles and Responsibilities of the Board and the ESG Committee

The Board of Directors and the ESG Committee closely examine climate issues during the oversight of key capital expenditures and disposals, set corporate goals, and deliver required tasks and monitor progress. To this end, the board and the ESG Committee assume the roles of determining strategic directions for climate action, and taking necessary measures for execution is one of their main duties. In the course of supervising key capital expenditures and disposals, they are also responsible for considering climate-related risks and opportunities, and assessing projects and investments, upon which they base their decisions. Furthermore, they are in charge of formulating appropriate policies and strategies to seize opportunities and mitigate risks, and they serve as advisors for execution.

### Supervising Progress on Climate-Related Objectives and Tasks

The board and the ESG Committee are continuously engaged in the supervision and monitoring of our climate objectives and the progress of related tasks. They establish climate-focused targets, conduct regular reviews, and formulate action plans as needed. Additionally, they offer the necessary guidance to achieve these targets. This advice forms the basis for our monitoring of ongoing projects and initiatives. We then implement the required measures, thereby refining our ability to respond effectively to climate change.

# Climate Action

## Strategy

Climate-related risks and opportunities can have both substantive and potential impacts on our businesses, strategies, and financial plans. Therefore, we conduct thorough analyses of the opportunities and risks arising from climate change. This allows us to manage these factors effectively and ensure the sustainability of our business operations.

### Analysis of Risks and Opportunities

Considering that climate-related issues can arise in any period, we categorize risks into short-term, medium-term, and long-term. In the short term, we anticipate risks such as equipment damage and delivery disruptions derived from extreme climate changes. In the medium term, we could face escalating operational costs resulting from changes in volume and transportation routes, along with threats to logistics facilities and increased energy costs due to rising sea levels.

- **Short-term risks** : Potential damage to equipment and disruption of deliveries arising from extreme climate events
- **Medium-term risks** : Necessity to reconfigure logistics processes stemming from increased operational costs from changes in transportation routes
- **Long-term risks** : Threats to facilities and increased energy costs due to rising sea levels

### Risk and Opportunity Assessment Process

Lotte Global Logistics puts in place a systematic process for assessing risks and opportunities. This process for evaluating climate-related risks involves analyzing the potential impacts of climate change and assessing their financial implications based on scenarios relevant to our operations. Furthermore, we conduct a regional analysis of risks and opportunities, enabling us to identify specific risks and opportunities and concentrate on their management.

### Financial Risks and Opportunities

The results of the climate-related risk and opportunity assessment indicate the following potential impacts on our finances:

- **Operating Revenues** : Climate risks could lead to an increase in energy costs and fines resulting from environmental issues. Simultaneously, they could present opportunities for profit generation through entry into new markets.
- **Capital Expenditures** : Improvements to eco-friendly facilities and technologies could necessitate capital expenditures. Consequently, a policy for capital allocation is required.
- **Acquisitions or Divestments** : Given the opportunities and risks posed by climate change, decisions regarding mergers or divestitures should be carefully evaluated.
- **Access to Capital** : In an effort to mitigate climate risks, access to capital should be examined, which will inform investment decisions.

## Climate Action Strategies

As part of our commitment to achieve carbon neutrality by 2040, we have identified three key strategies. The first strategy is our roadmap for transitioning to renewable energy, which involves replacing the use of fossil fuels with renewable energy to power our logistics centers. To this end, we have established strategies for implementation, supported by concrete action plans such as signing Power Purchase Agreements (PPAs) and purchasing Renewable Energy Certificates (RECs). The second strategy focuses on improving energy efficiency by minimizing power consumption at our logistics centers. We have formulated detailed action plans on how to enhance energy efficiency to achieve this target. The final strategy involves converting our freight vehicles to non-polluting alternatives. This is underpinned by detailed strategies aligned with the K-EV100 agreement with the Ministry of Environment.

Category	Detailed Strategies	Concrete Action Plans
Transition to renewable energy	Signing Power Purchase Agreements(PPAs)	Concluding PPAs for our owned centers and leased centers over the long term - Analyzing targets that are subject to PPAs - Examining the expected costs and their benefits
	Introducing self-generating solar power facilities	Installing solar power generation plants at logistics centers
Energy efficiency improvement	Purchasing Renewable Energy Certificates(RECs)*	Procuring RECs when we anticipate not meeting our transition target - Analyzing reductions against our yearly targets - Purchasing RECs to compensate for any shortfall in achieving our target
	Operational efficiency	Enhancing operational efficiency - Pinpointing logistics centers that need energy assessments - Carrying out energy assessments and taking measures for energy saving * Control electricity not on use, managing openings and closures, and adopting LED lights. etc.
	Investment in reducing power consumption	Introducing power-saving technologies - Adopting inverters for refrigeration and freezing units
Conversion to non-polluting vehicles	Campaigns for energy saving	Launching energy-saving campaigns
	Transition to electric vehicles	Switching from diesel-fueled freight vehicles to electric alternatives
	Transition to hydrogen vehicles	Switching from diesel-fueled freight vehicles to hydrogen-electric ones

\* Renewable Energy Certificate

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# Climate Action

## Risk Management

In alignment with the TCFD recommendations, we have classified climate-related risks into two categories: physical and transition. Physical risks refer to risks stemming from external elements, such as natural disasters, changing weather conditions, and evolving ecosystems. On the other hand, transition risks are derived from a large-scale shift in the structure of energy transition business in response to climate change. We have analyzed these risks by type, their potential financial impacts, and countermeasures for management. We plan to monitor and manage all factors that could have an adverse impact on a constant basis.

Category	Climate-related risks	Potential Financial Impacts	Our Action	
Physical Risks	Nature-related Risks (short-term)	<ul style="list-style-type: none"> <li>- Freight accidents caused by natural disasters (typhoons, floods, wildfires, etc.)</li> <li>- Damage to customer reputation due to delivery delays resulting from natural disasters and subsequent recovery efforts</li> <li>- Damage to infrastructure and facilities of logistics centers due to natural disasters</li> </ul>	<ul style="list-style-type: none"> <li>- Rising costs for the prevention and recovery of natural disasters arising from climate change</li> <li>- Increasing compensation costs for freight accidents, along with rising insurance costs</li> <li>- Increases in labor costs incurred by the organization of dedicated teams for the establishment of countermeasures and prevention</li> <li>- Damage to the value of intangible assets due to natural disasters derived from climate change</li> </ul>	<ul style="list-style-type: none"> <li>- Analyze the potential impact of exposure to natural disasters</li> <li>- Conduct studies on regions prone to natural disasters, such as typhoons, floods, wildfires, etc.</li> <li>- Evaluate the impact on our logistics system resulting from natural disasters and rapidly changing climate conditions</li> <li>- Improve the infrastructure framework in preparation for natural disasters and climate change</li> <li>- Formulate comprehensive management strategies in response to physical risks</li> </ul>
	Climate-related Risks (medium- to long-term)	<ul style="list-style-type: none"> <li>- Changes in logistics transport patterns caused by climate change (rising sea levels and increasing average temperatures)</li> </ul>	<ul style="list-style-type: none"> <li>- Costs incurred by the remodeling of infrastructure at logistics centers across the entire process (structure assessment – plan formulation – remodeling – assessment)</li> </ul>	
Transition Risks	Policy and Legal	<ul style="list-style-type: none"> <li>- Decrease in free allowance allocation and increased price of GHG emissions due to the implementation of the Framework Act on Carbon Neutrality</li> <li>- More stringent climate-related environmental regulations</li> <li>- Increased exposure to climate-related litigation</li> </ul>	<ul style="list-style-type: none"> <li>- Expanding financial burdens resulting from a decrease in emissions allowance and an increase in the purchasing costs of carbon credits</li> <li>- Degradation of company reputation caused by the non-submission of carbon credits</li> <li>- Fines incurred due to environmental law violations and rising litigation costs</li> </ul>	<ul style="list-style-type: none"> <li>- Calculate the marginal cost of investments in reducing GHG emissions against the purchasing costs of carbon credits</li> <li>- Analyze environmental laws and formulate countermeasures</li> <li>- Establish an organization responsible for managing environmental compliance to prevent litigation</li> </ul>
	Energy	<ul style="list-style-type: none"> <li>- Negative results of environmental impact assessments due to the use of fossil fuels for power generation</li> <li>- Difficulty in estimating energy costs stemming from fluctuating electricity prices</li> <li>- Air pollutants emitted from diesel-powered freight vehicles</li> </ul>	<ul style="list-style-type: none"> <li>- Rising energy costs over the short-term period arising from the use of renewable energy sources for power generation (fixed prices of electricity)</li> <li>- Increasing energy costs over the long-term period resulting from the use of fossil fuels for power generation (fluctuating prices of electricity)</li> <li>- Fines incurred due to the impact of air pollutants</li> <li>- Investment costs incurred for the creation of infrastructure for charging stations for electric and hydrogen vehicles</li> </ul>	<ul style="list-style-type: none"> <li>- Transition to renewable energy by signing contracts for the supply of electricity generated from renewable energy sources</li> <li>- Switch from diesel-powered freight vehicles to electric or hydrogen-electric vehicles</li> </ul>
	Reputation	<ul style="list-style-type: none"> <li>- Damage to the eco-friendly brand image when a higher level of carbon footprint occurs</li> <li>- Decrease in consumer and investor preferences due to negative environmental impacts</li> </ul>	<ul style="list-style-type: none"> <li>- Sales decreases due to a decline in customers</li> <li>- A reduction in capital due to a decrease in new investor contributions</li> </ul>	<ul style="list-style-type: none"> <li>- Implement the Life Cycle Assessment (LCA) for our products and services, and calculate our carbon footprint</li> <li>- Devise measures to mitigate GHG emissions across the entire process related to products and services</li> <li>- Manage our supply chain to identify and mitigate any adverse environmental impacts</li> </ul>

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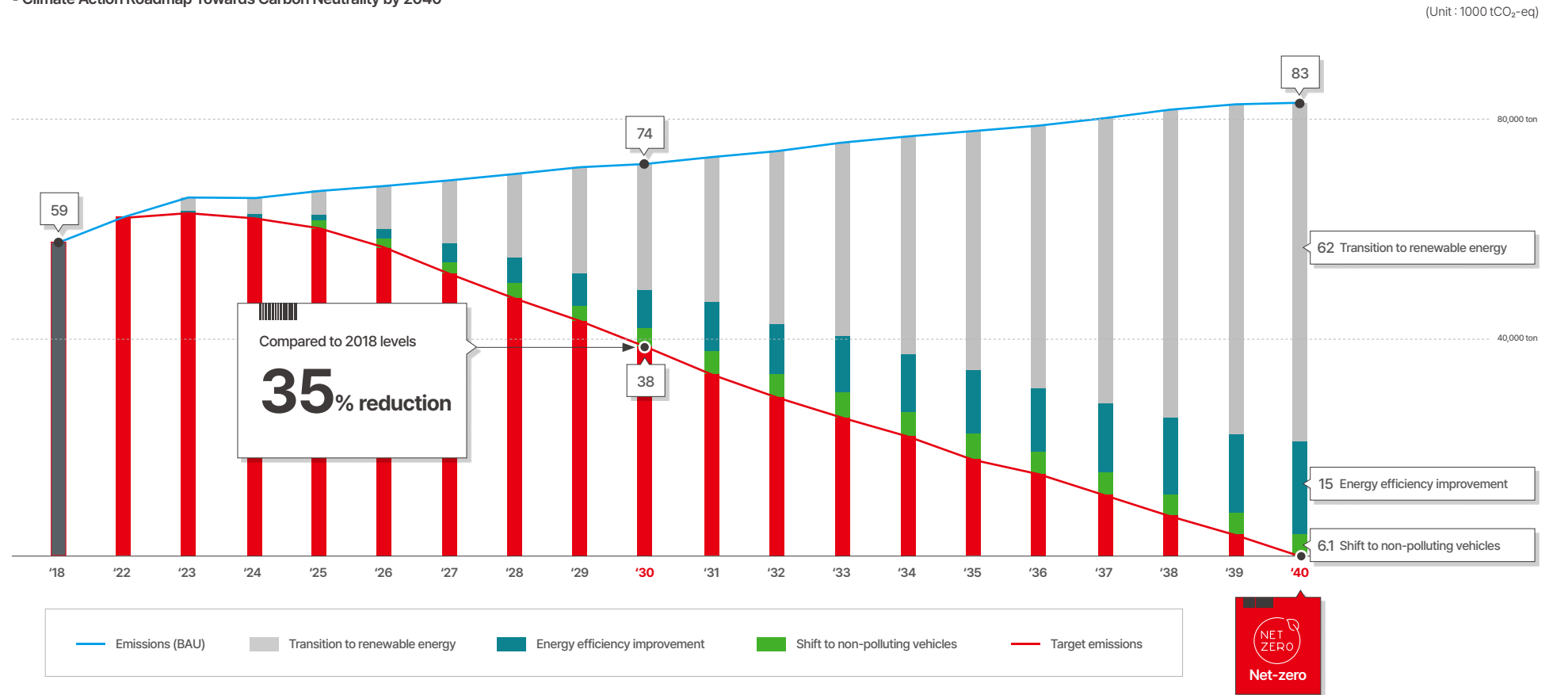
# Climate Action

## Targets and Metrics

### Establishing Our Carbon Emission Reduction Roadmap

In our commitment to a sustainable future and our role as a responsible global logistics company, we have outlined the climate action objective of Green Logistics 2040. To accomplish this vision, we have developed a mid- to long-term roadmap focused on reducing GHGs by 35% compared to 2018 levels by 2030 and attaining carbon neutrality by 2040. Building upon this roadmap, we will persistently prioritize energy management and further initiatives like carbon capture alongside the expansion of renewable energy utilization.

#### Climate Action Roadmap Towards Carbon Neutrality by 2040



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# Environmental Impact Management

## Resource Circulation

We are dedicated to upholding our Environmental Management Charter by prioritizing resource circulation and minimizing pollutant emissions to alleviate environmental effects.

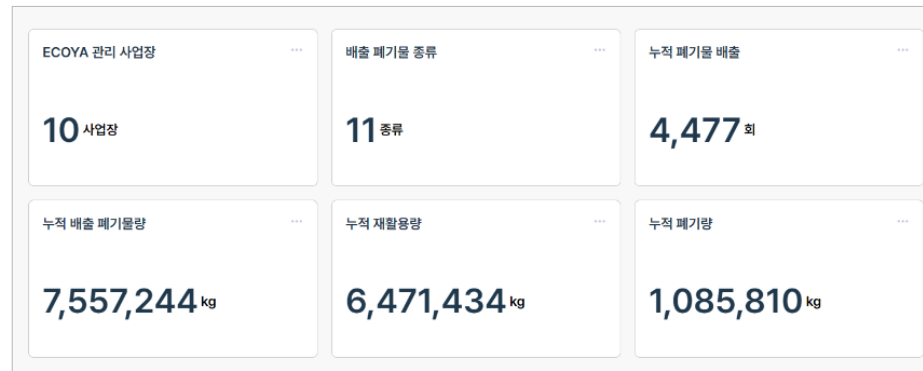
In line with this commitment, we are actively exploring, planning, and promoting various initiatives aimed at transcending conventional logistics practices and spearheading innovations in the field. As part of our renewed focus, we are advancing initiatives that include seizing opportunities in battery recycling driven by the anticipated long-term growth resulting from the global proliferation and increased adoption of EVs. Additionally, we are engaged in the development of eco-friendly storage and transportation containers within logistics facilities, alongside repurposing waste materials from logistics infrastructure for efficient resource circulation and reuse.

### Resource Circulation Management System

#### ECOYA, Resource Circulation Platform

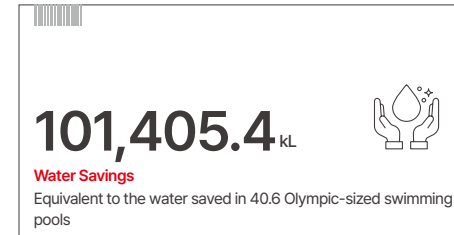
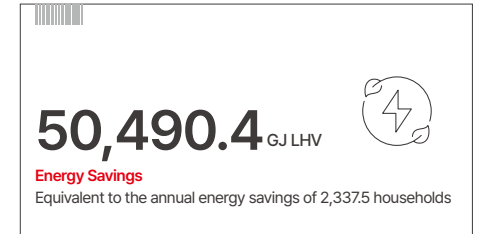
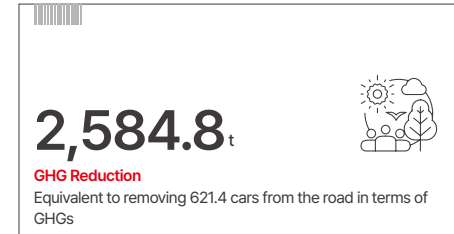
In 2021, we entered into a business agreement with HRM, a resource circulation platform company, to implement the ECOYA resource circulation platform. This platform has been successfully deployed across 10 logistics centers and terminals, facilitating transparent integration and management of data pertaining to waste processing, recycling rates, and carbon reduction efforts. Leveraging the insights derived from this platform, we are establishing a resource circulation system for logistics centers and progressively planning for waste distribution logistics and external resource circulation solution businesses.

#### Resource Circulation Data Management Screen Sample

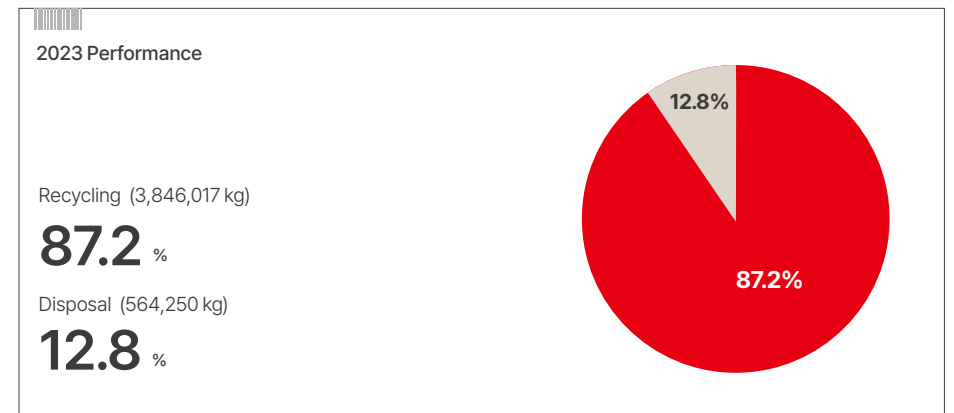


#### Overall Impact of Resource Circulation (across ECOYA-Managed Business Sites)

\* Based on NSW EPA



#### Recycling / Waste Disposal Volume (Based on ECOYA)



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# Environmental Impact Management

**Special Note**

## Waybill-Free Delivery Service

We are promoting the implementation of a 'waybill-free delivery service' to minimize the use of waybills throughout the delivery process. This initiative has the potential to save approximately 1.8 million sheets of A4 paper annually, equating to the preservation of 180 trees. To assess its feasibility, we conducted a six-month trial from June to December 2023 at various branches and terminals nationwide. During the final assessment, we achieved an impressive 97% arrival rate based on the D+1 standard. Building on these promising results, we commenced piloting the 'waybill-free delivery service' in February 2024. Initially, this service will be rolled out to LOTTE Group affiliates, with plans for gradual expansion.

※ 10,000 A4 sheets of paper produced from a 30 year-old tree (source : slowalk)



Parcel without Waybill



## Efforts Towards Waste Generation Reduction

### Progressive Reduction of Waybill Sizes

We are lessening our environmental footprint by downsizing the waybills utilized in our parcel services. The new, smaller waybills result in a 40% reduction compared to the previous size, culminating in decreased paper usage and contributing to the preservation of trees. As of December 2023, our internal efforts to reduce waybill usage within the company have been successfully completed, and we are currently implementing a phased approach to replace various external waybills. In 2022, we initiated the first phase by reducing the size of return waybills, followed by the introduction of smaller waybills for major clients (like Lotte Home Shopping, Hyundai Home Shopping, and Home & Shopping) in 2023 as part of the second phase. The reduction in waybill size by 2023 has led to the preservation of approximately 484 thirty-year-old trees annually. Moving forward, our next phase involves further downsizing refrigerated / frozen product-specific waybills to sustain our commitment to minimizing the environmental impact associated with waybill usage.

### Size Reduction

(Unit : cm)

Category	Return waybills	Home shopping / refrigerated / frozen product -specific waybills
As-Is	25 × 10	20 × 10
To-Be	15 × 10	12 × 10



Downsizing of return waybills

**To-Be (15 × 10)**



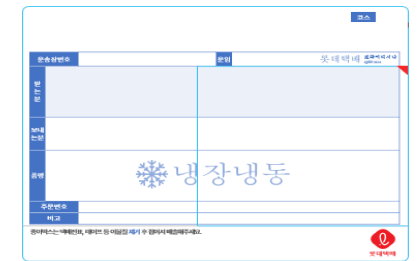
Downsizing of waybills for home shopping products

**To-Be (12 × 10)**



Downsizing of waybills for refrigerated / frozen products (planned)

**To-Be (12 × 10)**



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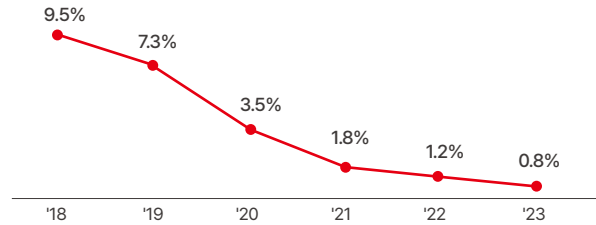
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# Environmental Impact Management

## Environmental Impact Management

We have taken measures to minimize the reliance on manual waybills, which typically consist of four sheets. By equipping couriers with mobile printers, we have streamlined the process, resulting in a reduction in paper usage. The waybills generated through these mobile printers are smaller in size compared to traditional ones and are composed of two layers, further contributing to paper conservation efforts. In 2023, a total of 5,500 mobile printers were deployed, facilitating a notable decrease in manual waybill usage, which now stands at 0.8% of the total, marking a 0.44% decrease from the previous year.

### Manual Waybill Usage Rate



### Introducing Eco-friendly Waybills

In 2022, we made a significant shift by transitioning the 'Standard Label E Type Multi-Item Waybill' from a triple-layer structure to a double-sheet structure and utilizing bisphenol all-free special thermal paper. We consistently refined the user experience incorporating feedback from business divisions and field operations, leading to a remarkable 1,417% increase in the adoption of these eco-friendly waybills in 2023 compared to 2022. Looking ahead, we are committed to expanding the use of sustainable materials across other types of waybills.

### Usage Trend of Eco-friendly Standard Label E Type Multi-Item Waybill

(Unit : EA)

Purchase Year	Quantity
2022	208,000
2023	2,948,000
<b>Total</b>	<b>3,156,000</b>

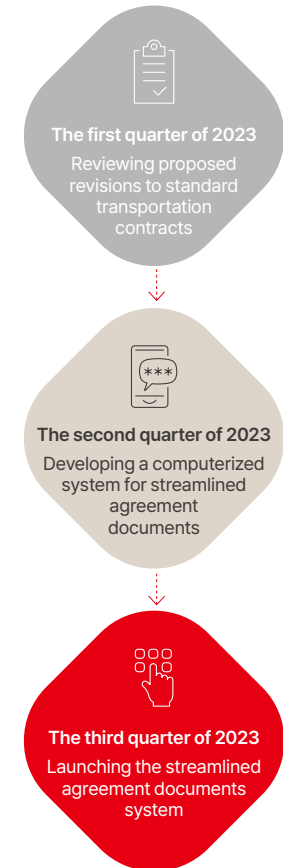
## Engagement in E-Slips Pilot Program

Aiming to minimize paper usage for cargo receipts in port logistics, we engaged in a trial run of e-slips, conducted by the Busan Port Authority from November to December 2023, lasting approximately two months. Utilizing the AIICON-e mobile app, the Busan Intermodal Center issued electronic slips, transitioning from traditional paper receipts for dispatching and receiving 40 designated vehicles at specific gates. In this transition, we witnessed not only the efficacy of e-slips in streamlining vehicle transport but also a contribution to paper waste reduction. Encouraged by the success of this trial, the Busan Intermodal Center aims to fully adopt e-slips by the first half of 2024.



## Streamlining Cargo Accident Settlement Documents

We have implemented an electronic system for the settlement process to reduce resource consumption associated with paper-based agreements. This transition to electronic settlement saves approximately 10,000 sheets of A4 paper per month. The streamlining process has been applied to partners contracted since July 2023, which constitutes 42% of all contracted partners.





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# Environmental Impact Management

## Development of Eco-Friendly Logistics Containers

### Commercialization of LEP

Since 2022, we have been pursuing initiatives aimed at substituting essential plastic logistics containers (such as pallet\* and tote\*\*) with eco-friendly alternatives. Through collaboration with a bio-plastic manufacturer, we have successfully developed the Lotte Global Logistics Eco Pallet(LEP), marking the first introduction of eco-friendly pallet crafted from forestry by-products (wood). Over the course of five phases of pilot injection molding in 2023, we verified the production and performance of these eco-friendly pallets. Subsequently, we deployed a total of 3,356 LEPs across 27 logistics centers.

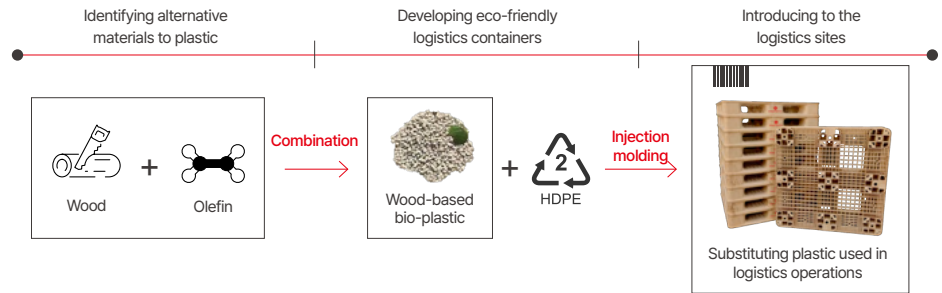
\* Pallet : A device used for securely transporting goods via trucks and forklifts during loading, storage, and handling operations.  
\*\* Tote : A box-shaped transport container designed for durability, suitable for storing and transporting goods repeatedly.

**Features of Lotte Global Logistics Eco Pallets (LEP)**

- Utilization of a newly developed wood-based material suitable for injection molding : Offering high usability and durability as a sustainable alternative to plastic
- Stability : Enhanced durability (strength, elasticity) achieved through a 10-40% blend of HDPE\* (testing and analysis completed)
- Carbon fixation : Each LEP pallet has a carbon fixation effect equivalent to planting 3.3 pine trees
- Enabling a 58% reduction in carbon emissions compared to conventional pallets (based on LEP60\*\* production standards)
- Establishment of a resource circulation system : When damaged, pallets are crushed and recycled at least four times
- Obtaining BP Label (certification for eco-friendly bio-based products) for LEP90 Pallet

\* High-Density Polyethylene(HDPE) : An eco-friendly synthetic resin (material for plastic) free from endocrine-disrupting chemicals, used as a raw material for disposable shopping bags and beverage caps  
\*\* LEP + Number : LEP + Ratio of wood-based bio-plastic content

### Development Process of Eco-Friendly Logistics Containers



### Obtaining BP Label

In 2023, the LEP90 (composed of 90% bio-plastic and 10% HDPE), obtained the Biobased Product (BP) label, certifying its bio-based composition. Made from wood-based bio-plastic materials, LEP inherently has a carbon storage effect. Each LEP60 pallet stores approximately 21.45 kgCO<sub>2</sub>-eq, equivalent to planting about 3.3 pine trees per pallet, indicating a 58% reduction in carbon emissions compared to traditional pallets. In the coming years, we aim to drive the integration of eco-friendly logistics containers, such as the development of eco-friendly plastic tote boxes, to promote eco-conscious logistics practices and intensify our resource circulation efforts.



LEP90 Obtaining Certification for BP Label

### Comparison of Carbon Emissions per Pallet Production

Category	LEP60	Plastic
Carbon emissions	15.41kgCO <sub>2</sub> -eq	36.86kgCO <sub>2</sub> -eq

### LEP Introduction Status

Product	Quantity (Unit : EA)
LEP100	84
LEP90	23
LEP70	25
LEP60	3,200
LEP10	24
<b>Total</b>	<b>3,356</b>



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# Environmental Impact Management

## Expanding Multi-use Container Recovery Service Area

In partnership with the multi-use container circulation platform 'itgree', we have been delivering container recovery and supply services since August 2022, commencing from Yeoksam-dong, Gangnam-gu, and extending to 15 districts in Seoul, 7 cities in Gyeonggi Province, and selected areas in Incheon.

In 2023, we collected approximately 70,000 multi-use containers, resulting in a waste reduction of about 8,750 kg, which is equivalent to planting roughly 890 pine trees. Responding to the escalating concerns surrounding environmental pollution from the surge in disposable items, we are broadening our scope to encompass recovered materials beyond multi-use containers, including recyclables and multi-use parcel boxes. Through these efforts, we endeavor to establish ourselves as a leader in resource circulation and eco-friendly practices.



'Return It' Service by Itgreen

## Recyclable and Renewable Resources

### Eco-friendly Calcium Chloride

Since 2022, we have been utilizing eco-friendly calcium chloride derived from jellyfish classified as marine waste as a deicing agent. This product, which originates from natural sources, does not induce road corrosion, contributing to environmental protection and simultaneously decreasing road maintenance costs. Moreover, it demonstrates three times longer deicing endurance compared to conventional chemical products.

#### Purchase of Eco-friendly Calcium Chloride (Unit : EA, KRW 1,000)

Year	Quantity	Amount
2022	657	14,334
2023	2,696	45,565



Eco-friendly Deicing Agent

### Eco-friendly Polybags

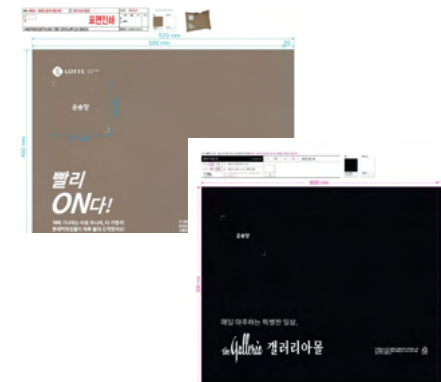
In line with our proactive approach to environmental sustainability, we have been utilizing eco-friendly polybags (vinyl packaging) since 2022. These polybags incorporate 25% of biomass\*-based resin certified with the EL-727 environmental label and are exclusively employed as packaging materials for our new business partners.

\* Biomass : Organic waste materials generated from industrial activities (such as sawdust, rice husks, agricultural / forestry by-products)

#### Purchase of Eco-friendly Polybags

(Unit : EA, KRW 1,000)

Year	Quantity	Amount
2022	171,300	32,539
2023	312,000	54,912



Eco-friendly Polybags

### Eco-friendly Uniforms

Supporting our environmental pledge, we have crafted winter field operation jackets using recycled nylon\* yarn since 2021. These sustainable uniforms are not just for our employees but also provided for employees in partner companies, fostering a greener logistics environment.

\* Recycled nylon : Fabric derived from marine waste (like discarded fishing nets) or by-products of fabric production

#### Purchase of Eco-friendly Uniforms

(Unit : EA, KRW 1,000)

Year	Item	Quantity	Amount
	Vest	9,686	177,254
2023	Jacket	4,275	141,075
	<b>Subtotal</b>	<b>13,961</b>	<b>318,329</b>



Eco-friendly Uniforms

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# Environmental Impact Management

## Transitioning to Eco-friendly Cooler Boxes

Styrofoam boxes, which takes over 500 years to decompose, are responsible for soil contamination and emit harmful gases during manufacturing, as well as toxic gases when incinerated. In alignment with our commitment to resource circularity, in 2023 we initiated a pilot program introducing eco-friendly cooler boxes for refrigerated product delivery. These environmentally conscious alternatives are crafted from recycled materials similar to paper, facilitating easy separation and contributing to CO<sub>2</sub> reduction. Our environmental endeavors will be further expanded through continuous quality monitoring, including enhancements in cooling efficiency



## Introducing Recycled Stretch Films

Stretch film, a type of vinyl wrap utilized in packaging, serves to secure goods loaded on pallets during transportation. After single use, it is usually discarded as a disposable material. Against this backdrop, we are spearheading a stretch film recycling project in collaboration with LOTTE Chemical, aiming to establish a virtuous cycle of waste recycling and resource circulation within the logistics sector. In March 2023, we processed one ton of waste stretch films collected from the logistics center, producing a primary sample of recycled film through a preconditioning process. After a physical property testing, we collaborated with HRM, the waste collection company, to install dedicated ton bags for waste film collection, aiming to improve separation and enhance the quality of recycled materials. Subsequently, we created samples of recycled stretch film containing 20% recycled materials and conducted tests at our logistics center. In 2024, we plan to continue expanding the introduction of recycled stretch films in logistics sites.

### Recycled Stretch Film Comparison



Previous

Recycled

### Special Note

## Certificate of Appreciation Awarded by Columbia

We collaborate with Columbia Sportswear Company, a prominent apparel shipper, to reduce the number of used boxes by sorting and reusing clean ones among them. These efforts not only lead to cost savings but also significantly contribute to environmental protection. The savings amounted to 36,287 boxes in 2022 and 45,201 boxes in 2023, representing 24% of total shipments by the company. In recognition of these achievements, Columbia awarded Lotte Global Logistics a certificate of appreciation in 2023. Moving forward, we plan to expand our environmental protection efforts through box recycling in B2B logistics within the clothing industry, cooperating with various other shippers such as Calvin Klein and Uniqlo

### Achievements in Environmental Protection through Box Recycling in 2023

✓	Total recycled boxes : 45,201
✓	Annual cost savings : KRW 56 million



Certificate of Appreciation Awarded



Certificate of Appreciation for Environmental Protection through Box Recycling

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# Environmental Impact Management

## Biodiversity Conservation

### Goals and Strategies for Biodiversity Management

As biodiversity plays a crucial role in maintaining ecosystem balance, its degradation can lead to the collapse of entire ecosystems beyond affecting humanity. Therefore, we are dedicated to ecosystem conservation by identifying areas requiring biodiversity conservation, guided by the International Union for Conservation of Nature (IUCN), and classifying Key Biodiversity Areas (KBAs). Additionally, we categorize facilities under the World Economic Forum (WEF) to ensure continuous efforts in addressing biodiversity concerns.

**Mid to Long-term Goals**

- Biodiversity conservation and restoration : Minimizing the impact of business activities on ecosystems while striving to conserve and restore biodiversity
- Ecosystem restoration : Promoting restoration projects to rehabilitate damaged ecosystems, enabling sustainable management
- Strengthening collaboration with local communities : Engaging in local biodiversity conservation projects through enhanced collaboration
- Raising Awareness through education : Operating programs to increase awareness about biodiversity conservation

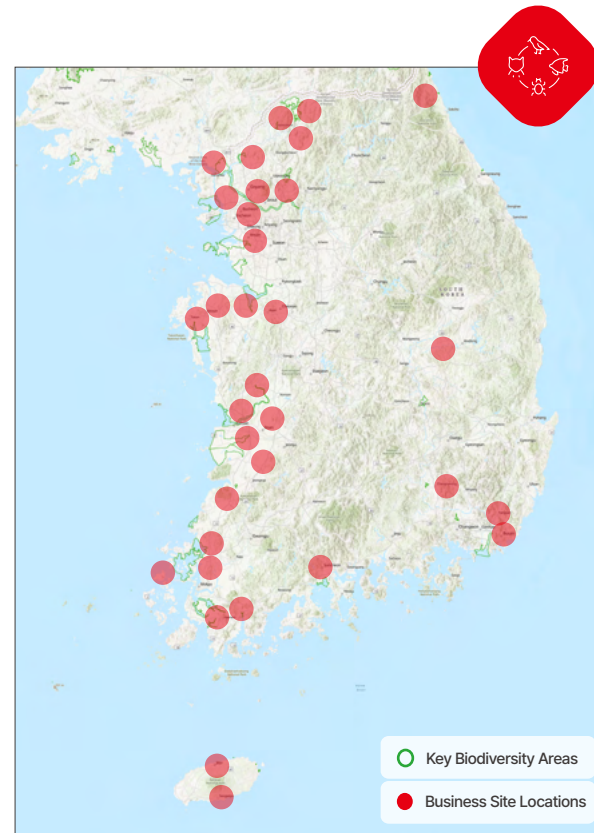
\* IUCN : International Union for Conservation of Nature

\*\* KBA : Key Biodiversity Areas

### Areas for Biodiversity Conservation Activities

■ **Comparison of business site locations and key biodiversity areas**

- No. of business sites : 58
- Classification criteria : Classify adjacent cities or counties based on the biodiversity map



[Biodiversity Website](#) >

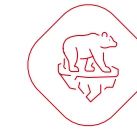
### Biodiversity Management

We are actively engaging in diverse conservation activities to maintain the biodiversity and balance of ecosystems.



#### 1. Ecosystem Conservation

- Continuous monitoring and conservation activities for ecosystems
- Enhancing integration with adjacent ecosystems to ensure sustainability



#### 2. Wildlife Conservation

- Developing lists and plans for target species in conservation activities
- Ramping up our wildlife conservation efforts through partnerships with local communities

# Environmental Impact Management

## Cleaning Up Activities

### Plogging

In April 2023, we engaged in a month-long plogging program near our headquarters. Plogging, a combination of jogging and picking up litter, took place at various locations including Seoul Station Square, Sungnyemun Gate, and Namsan Park during Happy Lunch, our welfare program that extends lunchtime by 30 minutes every Friday. Since its inception in 2022, a total of 126 employees have voluntarily joined, underscoring the significance of these meaningful efforts. In the years ahead, we are committed to further exploring and expanding activities aimed at safeguarding the environment and ecosystems near our business sites.



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### Special Note

## Companion Beach Cleanup Initiative

In 2023, we adopted Oeyangpo Beach on Gadeok Island, Busan as a companion beach, where we conducted a series of five environmental cleanup activities and launched a promotional campaign for the Adopt-a-Beach program utilizing our own content. The Adopt-a-Beach program, hosted by the Ministry of Oceans and Fisheries and organized by the Korean Marine Environment Management Corporation, involves beach cleanup activities aimed at valuing our local beaches for biodiversity preservation, as if they were our own cherished pets. Our Port Operation Team, located in Busan, has adopted Oeyangpo Beach as our companion beach from the Korean Marine Environment Management Corporation. Our goal was to conduct quarterly activities aimed at cleaning up various types of waste, such as discarded fishing nets, plastics, Styrofoam, and fishing gear. We successfully organized five cleanup events, during which we collected a total of 331 kilograms of trash.

Given that fishermen and local residents are the primary visitors to Oeyangpo Beach, we launched a tailored picketing campaign as part of our adopted beach care initiative. The pickets featured messages such as 'Pick up fishing trash before leaving' and 'No littering daily garbage,' while also showcasing the collected trash to raise awareness among both participants and users. In 2024, we plan to sustain these efforts by organizing competitions to create environmentally conscious pickets, in addition to conducting relevant activities on a quarterly basis. Furthermore, we will cooperate with neighboring companies to jointly unfold adopted beach cleanup campaigns, with the goal of building business networks and fostering positive partnerships.





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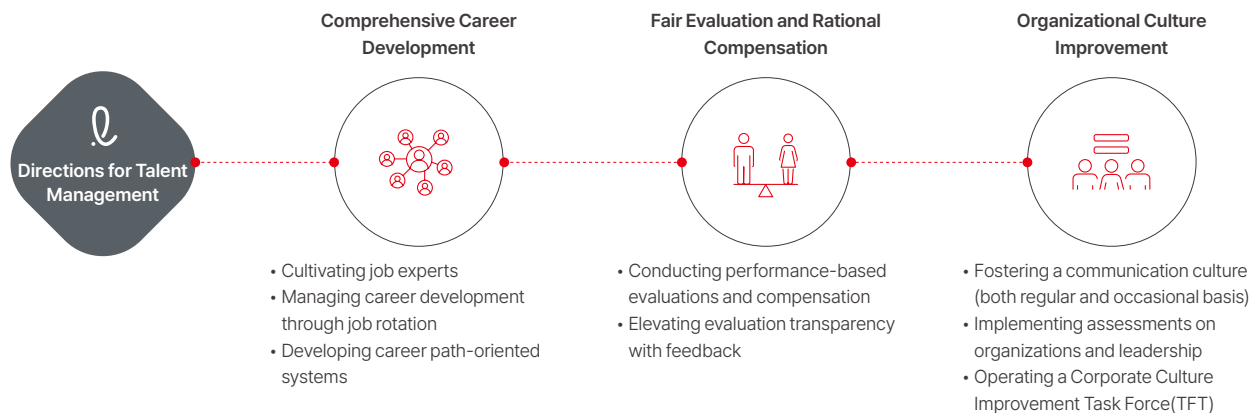
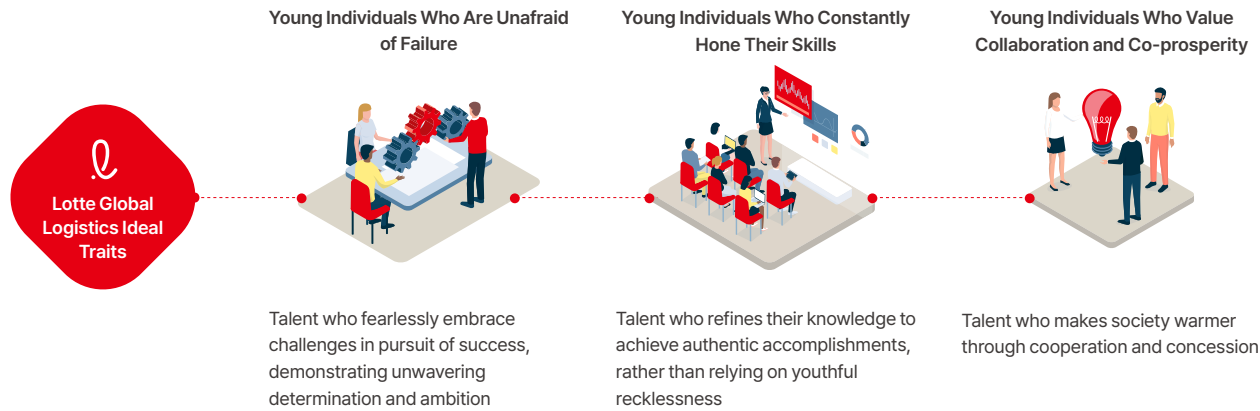
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# Talent Management

## Talent Recruitment

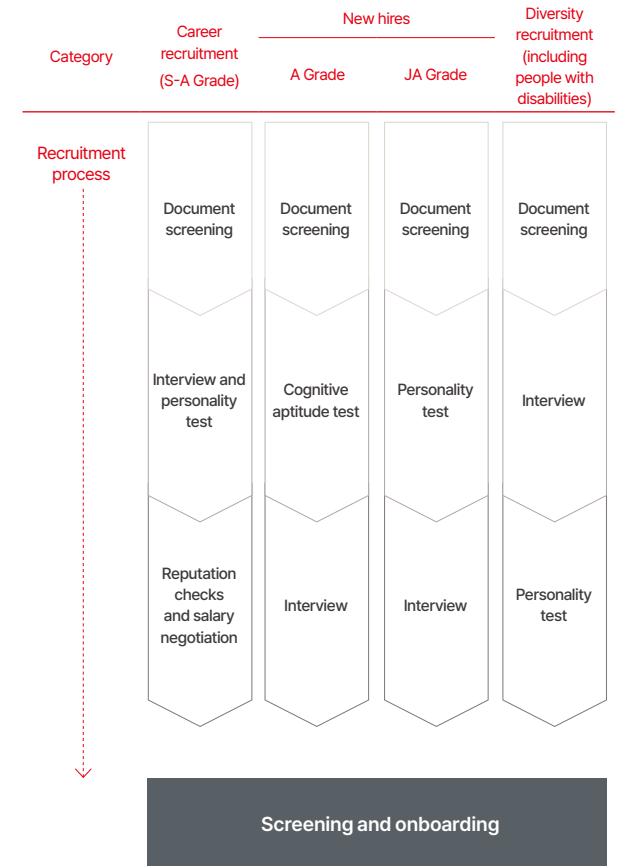
### Lotte Global Logistics Ideal Traits

The right people for us are individuals who fearlessly embrace challenges in pursuit of success, demonstrating unwavering determination and ambition to overcome obstacles, who persistently refine their knowledge and skills to achieve authentic accomplishments, and who value cooperation and concession to bring compassion to our society. With such talent, we foster a talent management approach where employees and the company grow hand-in-hand.



### Talent Recruitment Process

We aim to enhance the job seeker experience by optimizing our hiring process, minimizing unnecessary time consumption. We employ a streamlined one-day, one-stop interview process for all recruitments, catering to the convenience of applicants, including experienced employees, new recruits, and diversity candidates.



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# Talent Management

## Promoting Fair Recruitment Culture

We have implemented stringent recruitment procedures to guarantee equal opportunities for all applicants, regardless of gender, educational backgrounds, age, region, or disability. These processes undergo regular review and monitoring. Furthermore, we have adopted the slogan 'ABC Recruitment' to promote diversity and inclusivity, striving to cultivate a fair recruitment culture.

### Key Words for Fair Recruitment

Recruitment entails an **A**ccessible approach to job seekers, a **B**road and transparent evaluation of their abilities with **C**omprehensive perspectives



### Fair Recruitment Guidelines

We spare no effort in cultivating and advancing a culture of fair recruitment. As a part of this endeavor, we have revamped internal referral and rehiring criteria and bolstered compliance with regulations. In March 2023, we announced updated fair recruitment guidelines to all employees.



## Millennials and Gen Z Peer Interview System

We have established an interview system where Millennials and Gen Z interviewers can identify potential colleagues. Interviewers from these generations, with four to seven years of experience, assess organizational adaptability and job competence of applicants. This approach has received favorable feedback from candidates due to its relaxed atmosphere and efficient communication, compared to traditional interviews.



Millennials and Gen Z Peer Interview

## LGL Coffee Chat Program

Since 2023, we have introduced the LGL Coffee Chat Program for interviewees, allowing them to engage in casual conversations with senior colleagues to address any inquiries and concerns. These relaxed discussions with seniors foster a better understanding of job-related matters and contribute to the formation of bonds.

## Industry-Academia Collaboration Internship Program

Under the objective of discovering exceptional talent from both in and outside of the nation, we are implementing an industry-academia collaboration internship program. Through this collaboration, we aim to streamline our recruitment process, actively attract top-tier talent, enhance our competitiveness, and achieve sustainable growth.

### Internship Program for Domestic Branches

We have partnered with Chung-Ang University to conduct a logistics class every first semester and administer an internship program for students enrolled in the course.

### Internship Program for Foreign Offices

We collaborate with Hankuk University of Foreign Studies to operate an internship program for our foreign offices. Exceptional graduates from this program receive preferential treatment in future job applications, including exemptions from the initial document screening process.





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# Talent Management

## Evaluation and Compensation

### Performance Evaluation System

We have implemented an evaluation system that comprehensively assesses both organizational and individual performance. To ensure fairness in our appraisal system, we conduct annual training sessions, receive feedback, and provide an appeals process. Additionally, we utilize absolute ratings for lower evaluation levels and have introduced a multi-dimensional evaluation system that assesses supervisors, subordinates, and peers from various angles. This initiative aims to support and improve the fairness of our evaluations.

### Reasonable Wages and Compensation

We aim to provide fair and motivating compensation for our employees, pursuing both organizational performance and personal growth. To achieve this, we offer competitive compensation, including wage increases and performance-based pay tied to annual business performance. Additionally, we implement differential compensation based on individual performance.

▪ Performance Evaluation System



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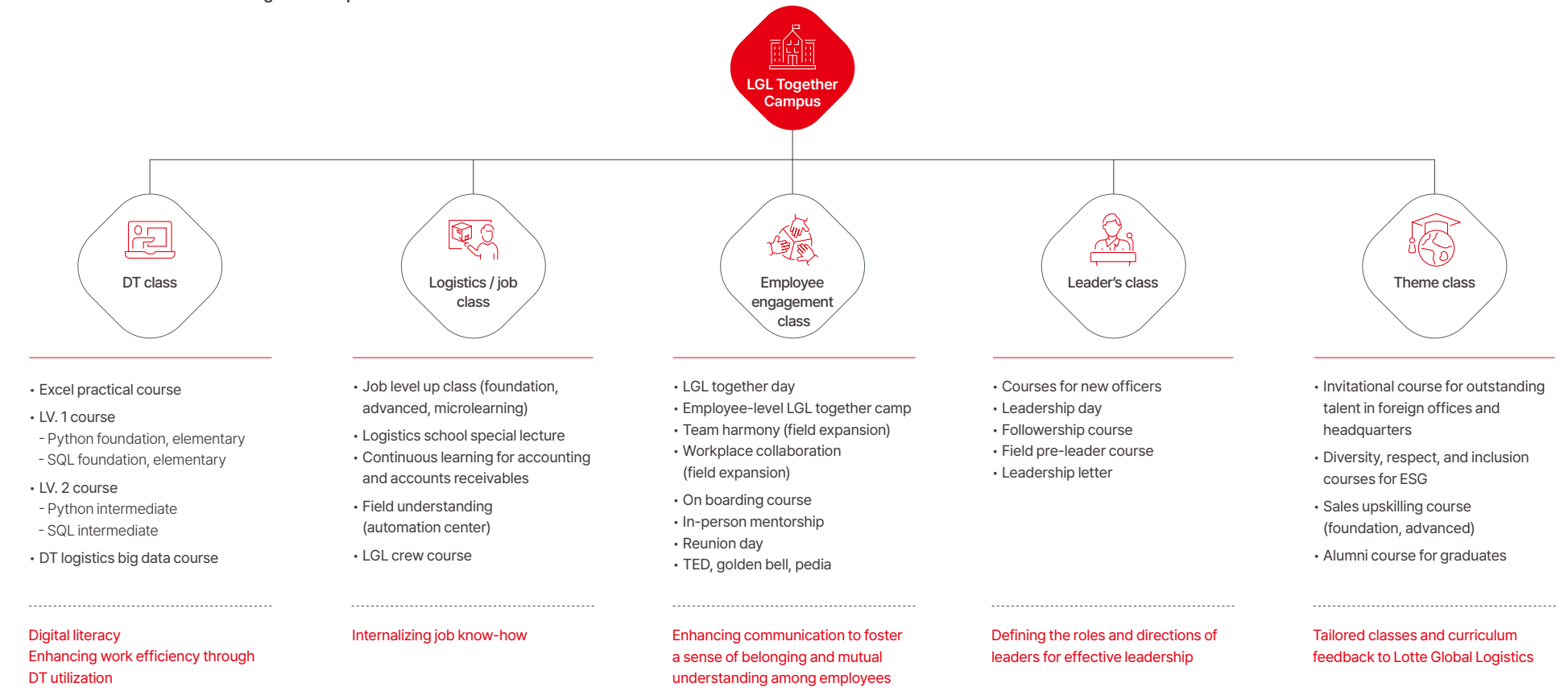
# Talent Management

## Talent Development

### Talent Development System

Valuing individual capabilities as paramount, we conduct our own training programs to bolster employee capacity. After analyzing HRD trends and employees' needs, we develop and offer essential training courses. In 2023, we held five classes, which were refined in the first quarter of 2024, with a focus on AI, and organizational and leadership skills. As a result, we plan to restructure existing training programs for a more targeted approach. We are committed to enhancing talent development programs, ensuring effective education, strengthening employee capacity, and enriching our organizational culture.

#### Structure of Five Classes in LGL Together Campus





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▪ **Role-and Job-Specific Learning Paths**

**Role-specific paths**  
Category : - Internal - LOTTE Group

**Executive course**

- ACP\*
- ECP\*\*

**Officer course**

- Leadership day
- Course for new officers
- Leadership letter

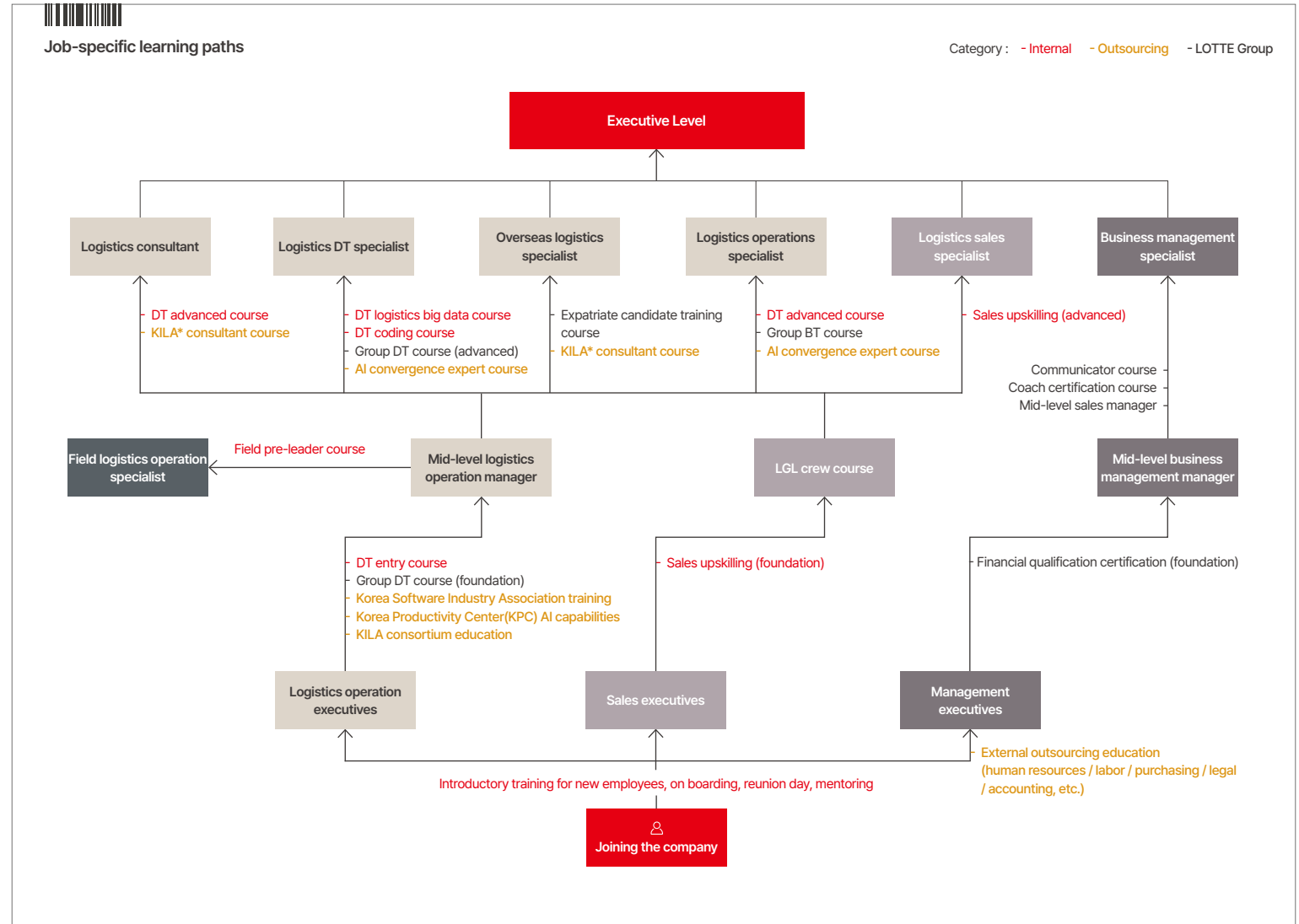
**Core talent course**

- LGL crew course
- LOTTE MBA
- HI-POTENTIAL
- Interviewer certification process

**Courses for all employees**

- Job level up
- LGL together Day
- Let's at least know this
- Logistics school special lecture
- LGL TED/-pedia
- DT big tech special lecture
- LGL together day camp
- Compliance
- Easy learning

\* ACP : Advanced Capability executive development Program  
\*\* ECP : Executive Capability development Program



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# Talent Management

## Leadership Enhancement

### Publishing Leadership Letter

We are dedicated to cultivating and embodying effective leadership, thereby contributing to the enhancement of our organization's overall performance. As part of this endeavor, we produce the Leadership Letter biannually, featuring content tailored to our company's needs. The Leadership Letter is disseminated across the company, accessible at both headquarters and branches, encouraging employees to engage in ongoing reflection on leadership.

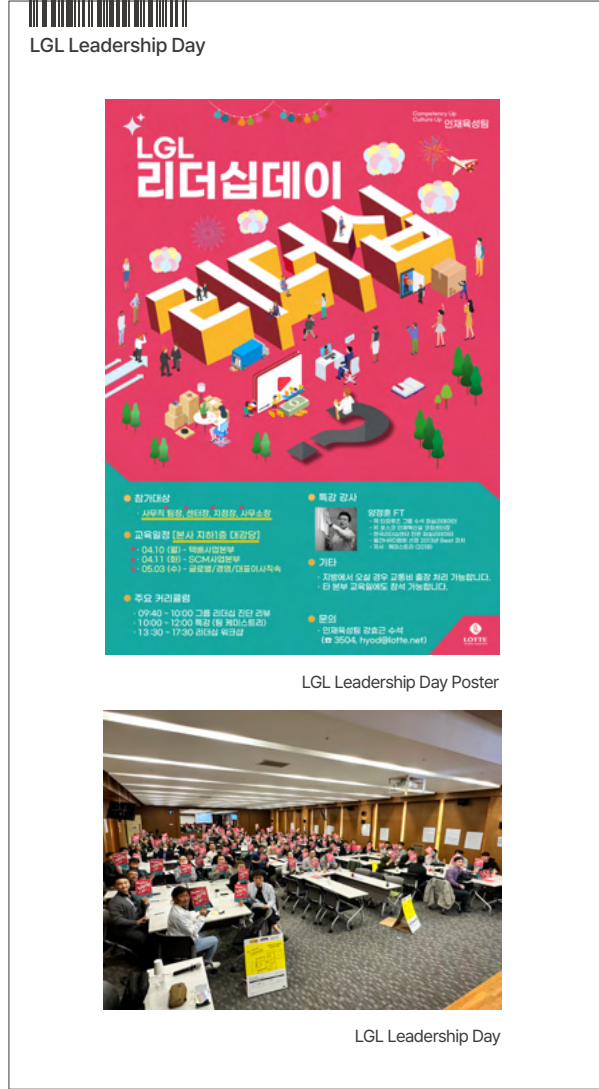
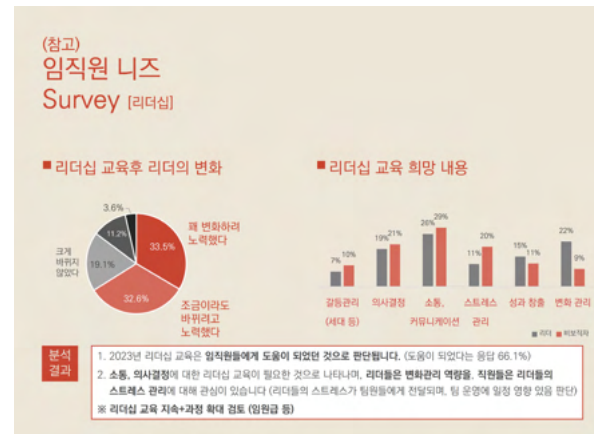
Leadership Letter



### Leadership Enhancement Programs

In 2023, we initiated a novel leadership course tailored for recently appointed leaders. This program introduced bespoke courses, allowing leaders to discern their leadership styles through personalized assessments, fostering improved communication with their teams. Moreover, we broadened our existing leadership programs across the organization, organizing the 'LGL Leadership Day'. This event serves as a venue where field leaders can engage with headquarters' team leaders, reflecting on strategies for bolstering organizational unity. Additionally, we curated a 2-day training session for aspiring leaders, equipping them with insights into their forthcoming roles and responsibilities.

Survey on Leadership Program Satisfaction and Requested Courses





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# Talent Management

## Industry-academia cooperation to nurture logistics talent

### Signing an MOU to Foster Data-driven Distribution and Logistics Industry Professionals

In 2022, we signed an MOU with Chung-Ang University to cultivate logistics professionals. This collaboration enabled joint research projects between our logistics experts and master's and doctoral students from Chung-Ang University. Subsequently, in July 2023, we facilitated a visit to our logistics center, offering participants a firsthand experience of data collection and utilization in authentic logistics environments. During the visit, attendees witnessed state-of-the-art automated logistics technologies including AGVs, 3-way scanners, and wheel sorters. These experiences significantly enhanced comprehension of data-driven logistics operations, previously grasped only in theory.

### Concluding an MOU with Inha University Graduate School of Logistics

We've forged an MOU with Inha University's Graduate School of Logistics to drive the LGL Keyman Retention & Upgrade (KRU) training program aimed at cultivating our core talent pool. Building upon the success of the inaugural LGL KRU program in 2022, our second program in 2023 delved into analyzing sales and operating profits across trading partners, leveraging insights from global economic indicators. Trainees also presented innovative proposals to enhance efficiency in automated logistics centers by optimizing work hours. Additionally, an analysis on efficiency was conducted, comparing semi-automatic and manual terminals at the Jincheon Mega Hub Terminal. Our commitment extends to nurturing top-tier talent in the logistics domain through ongoing research on logistics big data analysis and process refinement. Ultimately, our goal is to empower participants to grow into future leadership within our organization.

#### ▪ Second LGL KRU Program (Jun. 09, 2023 – Dec. 01, 2023)

- ✓ Participants : 11 core employees who were selected by the headquarters
- ✓ Objective : To enhance capabilities and encourage confidence among core talent by addressing practical issues through big data-related learning
- ✓ Activities : Theoretical learning for four months and research for two months



Logistics Innovation Lectures at Chung-Ang University

### Giving Logistics Innovation Lectures at Chung-Ang University

We are dedicated to fortifying our collaboration with academia to drive progress in the logistics sector. Through our ongoing partnership with Chung-Ang University, we have provided logistics innovation lectures for five years. These sessions not only delve into theoretical concepts but also offer firsthand experience in the logistics industry, including visits to our facilities. Our aim is to broaden students' understanding of logistics through a practical approach.



Visit to the Jincheon Mega Hub Terminal



Visit to the Icheon Automation Center

### **Retiree Assistance Program**

We provide outplacement training to give opportunities to employees approaching retirement to explore new career paths. This training, offered in collaboration with specialized agencies, covers a range of topics including job placement, capacity building for job seeking or entrepreneurship, as well as self-assessment such as job compass for career planning, government support programs, retirement asset check, administrative procedures, and financial planning.

#### ▪ Main Content of Outplacement Training

New career path exploration	Career planning, assessment	Job placement / counselling
Financial planning	Administrative procedures	Change management

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# Talent Management

## Organizational Culture

### Organizational Culture Improvement in 2023

Category	Description
Family event policy	- We have broadened the scope of condolence leave to encompass maternal relatives, as well as paternal aunts and maternal uncles, irrespective of gender.
WLB (Work-Life-Balance) policy	- The Happy Lunch program is being promoted through the broadcasting of signal music every Friday at 11:30 AM. - We have broadened the scope of applicability, duration, and expiry date of our benefit program, the Happy Ticket system. - New signal music for family day broadcasting has been created and played every Wednesday and Friday to encourage our employees to leave on time.
Labor-management relations	- In our effort to boost morale among field employees, we've extended our snack truck support events to include three additional locations during both winter and summer seasons, plus the existing four locations.
Communication	- We hosted luncheon meetings with the CEO to foster direct communication with employees and gather their feedback.



## Horizontal Corporate Culture

With the aim of cultivating a healthy and positive organizational culture, we actively engage with diverse employee perspectives, collaborate with management leadership, and endeavor to instill a horizontal corporate culture within the company.

### Imagination Innovation Hub (Dynamic Proposal)

#### Platform

The Imagination Innovation Hub serves as an internal platform for employees to propose a diverse range of ideas aimed at enhancing work processes, including cost reduction, operational efficiency, and environmental improvements in safety. These ideas are embraced and integrated into internal systems or campaigns, fostering an innovative and horizontal culture within the organization. Since its inception in 2019, we have received a total of 763 submissions. In 2023, out of 211 ideas received, 21 proposals were successfully implemented



YouTube Channel  
(Featuring proposals from the imagination innovation hub)

### Do and Don't Campaign

We provided training sessions to outline the behaviors that leaders are encouraged to follow, and we launched the Do's and Don'ts campaign. This initiative includes the creation of posters containing relevant content, which has been well received within the organization. Employees can readily apply the content in their daily work and routines.



Do and Don't Campaign Posters



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# Talent Management

**Employee Communication**

**Workplace Collaboration**

We are driving initiatives to facilitate seamless communication between organizations and employees, aiming to harness synergy through concerted efforts. In 2023, we organized the Workplace Collaboration Course to address conflicts and bolster teamwork within relevant teams alongside the Team Harmony Course designed to promote understanding of the diverse personalities among team members.



Workplace Collaboration Course Poster



Team Harmony Course



Leadership Chemistry Course for Team Leaders

**Company Development Council**

The Company Development Council, comprising six representatives from both employees and employers, collaboratively makes decisions to enhance company productivity, give vitality to improved working environments, and address various concerns. Elected through direct employee voting, members reflect diverse business divisions, genders, and positions, ensuring comprehensive representation. Meetings convene quarterly and include innovative initiatives like joint labor-management events and No Leaders Day, generating favorable responses from employees.

**Company Development Council Activities in 2023**

Category	Description
Summer Vacation Photo Contest	In celebration of Family Month, we hosted a contest aimed at inspiring employees to enjoy a summer getaway. Prizes were distributed at both departmental and individual levels.
Group Employee Assistance Program (EAP) Counseling	With the purpose of enhancing employees' psychological well-being and work engagement, we conducted two pilot tests of the program in 2023.
Homecoming Travel Support	In response to employee feedback, we have expanded the homecoming travel support program to include support for one family member, and increased the frequency of support from twice a month to four times a month.

**Noriday, No Leader Day**

Once a month, in a Noriday (No Leader Day), leaders are granted annual leave on a designated day, as per 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.

**Eligible employees**

Executives, Team Leaders, Branch Managers, Center Managers, Office Managers, Division Managers

**Content**

Monthly designated day for annual leave for specific positions

**Designated day**

Following divisional rotation schedule

**Junior Board**

We have established a Junior Board consisting of Millennials and Gen Z members to facilitate intergenerational dialogue and nurture a horizontal organizational culture. This board convenes monthly meetings with the CEO to give vitality to open communication and express their insights.



2023 Junior Board

**Gen Z Meetings for Better Intergenerational Understanding**

In our efforts to enhance intergenerational understanding, we annually convene Gen Z meetings. These gatherings prioritize topics reflecting Gen Z preferences, fostering an environment where diverse generations can come together. Activities include work-related discussions with workbook creation, DIY lamp crafting, and networking over dinner.



Gen Z Meetings



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# Talent Management

## Enhancing Employee Satisfaction

### Work-Life Balance

We have implemented and maintained a range of work-life balance(WLB) programs in addition to our core welfare system, aiming to raise employee job satisfaction and support their efficient work performance. These initiatives aim to alleviate work-related stress and enable our employees to maintain a healthy work-life balance. In doing so, we are fostering a more productive work environment while taking employee happiness and satisfaction to a higher level.

### Flexible Work Environment

#### Time Zone Commuting

We offer five distinct time zone commuting options, allowing employees to adjust their work hours in 30-minute increments between 8:00 and 10:00. This flexibility enables employees to align their commute with their daily routines such as children's school drop-offs or personal development activities, promoting a seamless integration of work and life.

#### Half-Day Off / Partial-Day Off

We offer our employees the flexibility to split their annual leave into increments from four hours (half-day off) to two hours (partial-day off), providing them with greater flexibility and the ability to use their time off more effectively.

#### PC-OFF System

We implement a PC-OFF system to minimize overtime and unnecessary work, thereby securing employees' free time. This system includes features such as notifications as clock-out time approaches, restrictions on PC usage during leave, and the requirement for team leader approval to use PCs after clock-out time.

#### Family Day

Every Wednesday and Friday, we operate an on-time clock-out system, sending an all-employee email and internal broadcast at 5:50 p.m., 10 minutes prior to the designated clock-out time, to encourage punctual departure from work.

**Special Note**

## Valuing Employees' Private Space

We are dedicated to promoting work-life balance, implementing industry-leading systems to establish ourselves as a workplace that respects the personal lives of our employees.

### Happy Ticket

We offer employees a two-hour early departure once a month through the Happy Ticket initiative. Employees can choose any day to utilize this benefit, even during work hours, to attend to personal matters. We believe that this program contributes to facilitating organizational cultures where individuals' privacy is respected and helps them lead a self-initiated lifestyle. In 2023, we expanded the program to be available twice a month.

### Happy Lunch

Every Friday, we extend the lunch break from one hour to one and a half hours, fostering opportunities for employees to cultivate connections with colleagues and dedicate their time to personal development activities.

### Joint Annual Leave

We encourage employees to use their annual leave around the holidays to allow them to plan their vacations in advance and take breaks as per their preference.

**Joint Annual Leave and Family Event Leave Guidelines**

1. Using personal annual leave before or after certain holidays, and on sandwich days
2. Selecting two days among the effective dates for Joint annual leave

\* Necessary personnel required to work for unavoidable reasons should use annual leave on a separate date.

Effective date	Holiday	Effective date	Holiday
Jan. 20, Jan. 25	Korean New Year	Aug. 14, Aug. 16	National Liberation Day
Feb. 28, Mar. 2	Independence Movement Day	Sep. 27, Oct. 4	Chuseok, National Foundation Day
May. 28, May. 8	Children's Day	Dec.22, Dec. 26	Christmas
Jun. 5, Jun. 7	Memorial Day	Dec. 29	Joint Leave





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# Talent Management

## Employee Benefits

We operate various welfare programs to improve the welfare and satisfaction of our employees.

- Condo resort**
  - Using condos at low prices during peak seasons and holidays
- Support for family events**
  - Supporting family events : Providing supplies, expenses, and leave for employees on their family events
  - Enhanced funeral services : Offering KRW 3 million worth of additional services, encompassing labor, vehicles, and coffin supplies, for funerals of employee, spouse, children, and parents. If unused, 50% of the total value will be disbursed as part of the salary.
  - Bereavement leaves : For parents, spouses, children and siblings
  - Special leaves : For celebrating occasions such as wedding, graduation, parental 60th or 70th birthday and sibling wedding
- Other benefits**
  - Supporting physical fitness (or vacation) expenses : Providing an annual financial support for employee health promotion and recreation
  - Supporting Travel Expenses and Holiday Homecoming Gift : Providing assistance with travel expenses for employees returning home during the holiday season, along with a gift
- Recognizing long-term employees**
  - Appreciating long-serving employees with 10–30 years of service on Oct. 14 by presenting them with gold plaques and awards, along with financial support for vacation
- Inhouse social club**
  - Club activity expenses : Supporting a variety of club activities spanning sports, crafts, and calligraphy, and offer celebration grants for new clubs.
  - Club tickets : Granting two hours of early clock-out once a month to participate in social club activities
- Full tuition loan interest coverage**
  - Providing full coverage of loan interest until the final disbursement for employees repaying the Korea Student Aid Foundation's Post Employment Repayment Student Loan
- Health promotion program**
  - Medical checkup : Supporting medical checkups for employees over age 35 or in a leadership position including their spouses
  - Group accident insurance : Supporting actual insurance for injuries and illnesses based on coverage



**Photo Booth**

As a component of our employee welfare program, we have implemented a photo booth, promoting a sense of unity and connection among employees while also serving practical needs such as providing identification or passport photos.



**Coffee 101**

In response to the survey results on employees' coffee preferences in 2023, we replaced the coffee machines in break areas. We anticipate that this new machine will provide employees with enjoyment and satisfaction, while also infusing energy into their work.

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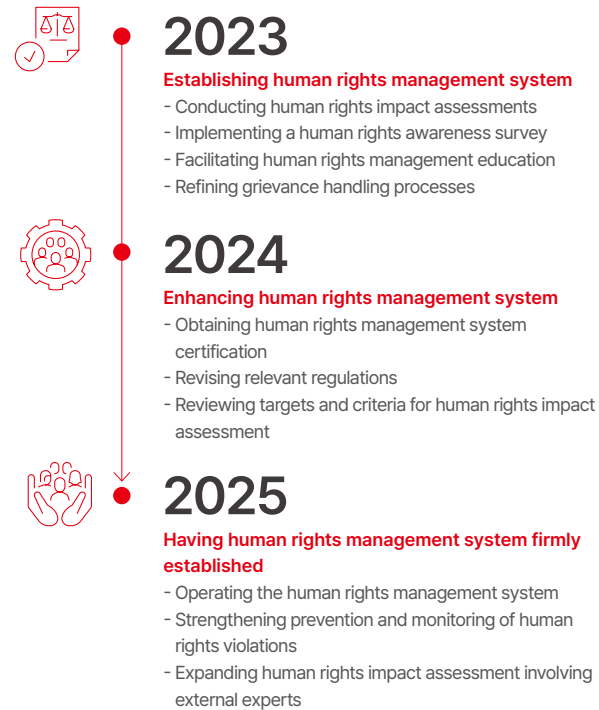
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# Human Rights Management

## Human Rights Management System

### Human Rights Management Roadmap

Human rights management encompasses the commitment to uphold and safeguard human rights across all business activities. This includes the prevention and redress of human rights violations while prioritizing the protection of human dignity. It underscores the dual responsibility of both the nation to protect and businesses to respect human rights, employing a practical approach to implement effective remedies.



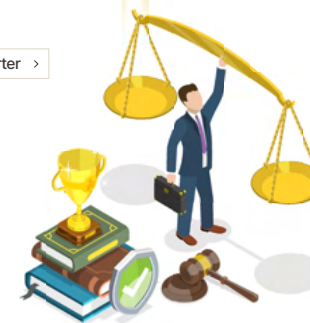
### Mid to Long-term Goals of Human Rights Management

Category	2023 (achievement)	2025 (objective)	2030 (objective)
Employee awareness ratio	47.8%	60.0%	80.0%
Cumulative no. of on-site inspections	0	20	100
No. of human rights violations	0	0	0

### Proclaiming Human Rights Management Charter

We consider respecting and protecting the human rights of all stakeholders, including employees, partners, and customers, as our significant social responsibility. Therefore, we actively pursue human rights management, aiming not only to enhance the lives of our customers but also to positively transform our society. To achieve this goal, we established and proclaimed the Human Rights Management Charter on October 13, 2022. This charter serves as the guiding principles for all employees to adhere to in their business activities and operations, with the ultimate goal of advancing our company to make positive contribution to humanity. We are fully committed to faithfully adhering to and implementing the Human Rights Management Charter, thereby fulfilling our social responsibilities.

[Human Rights Management Charter](#) >





**Human Rights Management Charter**

1. We respect all human dignity and value and prioritize human rights in managing our business.
2. 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.
3. 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.
4. 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.
5. 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.
6. 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.
7. We comply with the working hour and minimum wage regulations in the jurisdictions in which we conduct business.
8. We foster working conditions that prioritize our officers' and employees' health and safety.
9. 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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# Human Rights Management

## Promoting Human Rights Management Culture

### Grievance Handling Processes

Upon the proclamation of the Human Rights Management Charter in 2022, we reorganized the existing grievance-handling process. Concurrently, we established the Human Rights Violation Reporting Center to prevent and address human rights violations among both internal and external stakeholders. Additionally, reception channels have been expanded to facilitate counseling and reporting of human rights violations. The identities of informants and victims are thoroughly protected throughout the process. In 2023, we revised disciplinary regulations and introduced commitments to eradicate violations and individual pledges. Furthermore, we actively promote these initiatives and conduct special training sessions for all employees to cultivate a culture of respect for human rights.

#### Reporting Channels for Human Rights Violations

<b>Purpose</b>	Consultation and reporting of human rights violations resulting from our business activities
<b>Phone</b>	82-10-7495-7282
<b>Email</b>	lglgwp@lotte.net
<b>KakaoTalk</b>	Lotte Global Logistics Grievance Counseling Channel
<b>Address</b>	(04527) the Company Culture Team, 10, Tonggil-ro, Jung-gu, Seoul (Yonsei Severance Foundation Building 12F)

#### Human Rights Violation Remedies

	<ul style="list-style-type: none"> <li>Receiving reports of human rights violations from all stakeholders and providing consultation through the reporting channel</li> <li>Conducting consultations and receiving reports through a dedicated grievance handling organization</li> </ul>
<b>1. Filing a report</b>	
<b>2. Fact-check and investigation</b>	<ul style="list-style-type: none"> <li>Fact-checking by the grievance handling organization</li> <li>Implementing protective measures for informants</li> </ul>
<b>3. Reviewing board referrals and determining measures</b>	<ul style="list-style-type: none"> <li>Reviewing actions to take based on the findings</li> <li>Hearing from the perpetrator</li> </ul>
<b>4. Processing results</b>	<ul style="list-style-type: none"> <li>Notifying results within 30 days of report</li> </ul>
<b>5. Follow-up</b>	<ul style="list-style-type: none"> <li>Implementing personnel actions, encompassing disciplinary measures and training, to prevent recurrence</li> </ul>

### Human Rights Impact Assessment

We conduct assessments to examine and evaluate the impact of our company's business activities on human rights, with the goal of preventing violations. Relevant departments conduct self-assessments across 10 categories, comprising a total of 153 items. This process allows us to identify areas for improvement based on the level of compliance, areas needing enhancement, or deficiencies. Additionally, we have integrated ESG-related criteria into our partner evaluations and further refined regulations concerning non-discrimination policies, including those addressing employment discrimination.

### Human Rights Enhancement Activities

#### Human Rights Awareness Survey

We conducted a survey to gauge employees' awareness of human rights within the context of human rights management. The survey encompassed three categories and a total of 17 items, exploring human rights sensitivity, risks, and strategies for improvement. Responses were analyzed on a scale of high, moderate, and low for each item. Subsequently, we initiated campaigns to heighten awareness of human rights management and implemented diverse promotional activities.

#### Employees Education

In our commitment to advancing human rights, we have prioritized education and regular training sessions to encourage the implementation of human rights policies. This educational campaign is inclusive of all employees and addresses topics related to promoting our human rights policies and cultivating a culture of human rights management. Additionally, to mitigate risks, we have promoted grievance handling consultation services and expanded the scope of consultation personnel, including labor representatives and female staff, to improve the accessibility of our consultation channels.

### Promotional Poster for Human Rights Management

Guided by the Human Rights Management Charter, we are committed to cultivating a culture of mutual respect and consideration among all employees. Furthermore, we aim to establish a culture where the rights of all stakeholders are protected. Therefore, we remain steadfast in our efforts to raise awareness of human rights management.



Human Rights Management Promotional Poster (displayed across all business sites)



Grievance Reporting Channel Promotional Sticker

### Preventive Measures for Workplace Bullying and Sexual Harassment in 2023

Date	Activity	Content
Feb. 2023	Revising disciplinary measures	<ul style="list-style-type: none"> <li>Revamping internal regulations, including enhancing disciplinary criteria</li> </ul>
Jun. 2023	Introducing commitments to eradicate and individual pledges	<ul style="list-style-type: none"> <li>Posting the declaration of workplace harassment eradication by CEO</li> <li>All employees committing to eradicating workplace harassment</li> </ul>
Jul. 2023	Launching a campaign	<ul style="list-style-type: none"> <li>Distributing workplace bullying prevention posters across all business sites</li> <li>Designating the 11th of each month as Mutual Respect Day and sending messages with selected mutual respect keywords</li> </ul>
Jun. 2023 - Jul. 2023	1st special training sessions for eradicating workplace bullying	<ul style="list-style-type: none"> <li>Conducting customized workplace bullying training for all employees, by job and generation</li> </ul>
Oct. 2023	2nd special training sessions for eradicating workplace bullying	<ul style="list-style-type: none"> <li>Implementing workplace bullying / sexual harassment prevention training including HR seminars</li> <li>A total of 14 sessions conducted across Chungcheong, Honam, Yeongnam, and capital regions</li> </ul>
Jan. 2024	Reorganizing dedicated organization and enhancing expertise	<ul style="list-style-type: none"> <li>Renewing the Grievance-Handling Committee</li> <li>Selecting specialized personnel to assign division-specific grievance counseling roles after specialized training</li> <li>Transitioning from dedicated grievance handling organization in 2023 to the Grievance Handling Committee in 2024</li> </ul>

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# Human Rights Management

## Diversity / Equity / Inclusion (DEI)

### Family-friendly Policies

We operate various family-friendly policies to promote work-life balance.



#### Family-friendly Policies

<b>Reduced working hours during pregnancy</b>	Female workers receive a 2-hour daily reduction during the 12th week of pregnancy or after the 36th week, with no pay deduction
<b>Maternity leave</b>	A total of 90 days leave, to be utilized either before or after childbirth
<b>Newborn celebration gifts</b>	Infant formula and diapers provided within 12 months of birth
<b>Pregnancy congratulations gifts</b>	Providing a fruit set and informational materials on female-friendly policies
<b>Shorter working hours for childcare</b>	Employees can request reduced hours instead of taking parental leave
<b>Parental leave</b>	Available for caring for a child aged eight or younger, or up to the second grade
<b>Child school enrollment care leave</b>	Available for 1 to 12 months upon a child's enrollment in elementary school
<b>Workplace daycare center</b>	Offering monthly parking passes for eligible staff utilizing the daycare center Providing standard childcare curriculum, along with special activities and field trips
<b>Supporting the education of female employees on parental leave</b>	Providing training opportunities for female employees on maternity and parental leave, including those planning to take parental leave, and those returning to work afterward
<b>Others</b>	Furnishing a designated women's lounge with single-seat recliners and heat packs to enhance the work environment for female employees Offering personal care products in women's restrooms

### Special Note

## Obtaining Family-friendly Management Certification

Since we have implemented a range of family-friendly policies aimed at enhancing the balance between work and family life, we are honored to have received the Family-friendly Management Certification from the Ministry of Gender Equality and Family, marking us as pioneers in our industry to achieve this recognition. Our successful recertification in 2022 underscores our ongoing commitment. In addition to meeting legal requirements, we have introduced measures like shortened work hours during pregnancy and childcare and provide workplace childcare services, allowing our employees to prioritize family time. Moreover, we cultivate a family-friendly environment through offerings such as family anniversary leave, gifts for marriage anniversaries and childbirth, and early departure options.



Family-friendly Management Certification



Workplace Daycare Center





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# Human Rights Management

## Cultivating Culture of Diversity and Women's Rights

We actively foster diversity awareness through our digital library, curating a selection of books that highlight the importance of diversity. Moreover, we are committed to cultivating an organizational culture that values diversity and upholds women's rights. In line with our commitment, we provide essential female hygiene products on every floor's restroom and establish women's lounges, aimed at enhancing the workplace environment for female employees.

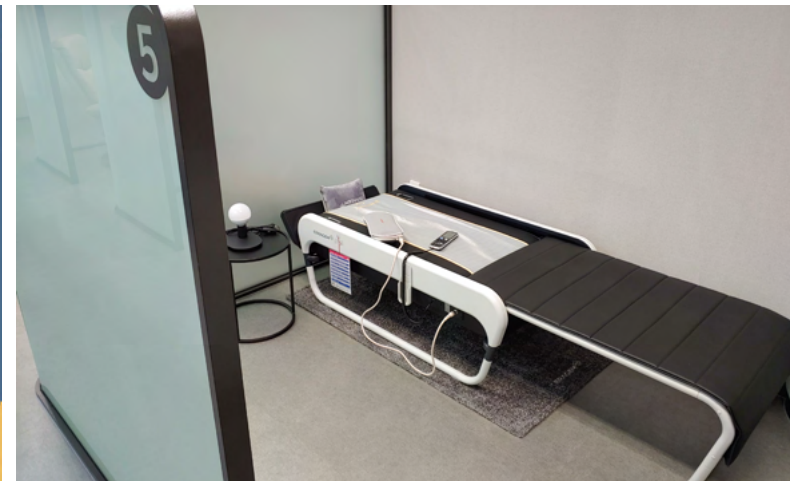


## Expanding Female Talent Employment and Representation in Leadership Positions

We have implemented various initiatives to promote employment and career development for female talent. These include ensuring that female interviewers are comprising over 30% of the panel during interviews. Additionally, we aim to minimize career interruptions and support career development for female employees through measures such as mandatory parental leave and enhanced welfare benefits related to childcare. Furthermore, we remain committed to listening to employee feedback, reviewing policy enhancements, and consistently managing diversity metrics.



A Collection of Books Promoting Diversity Displayed



Women's Lounge

(Unit : Person, %)

Category	2021	2022	2023
Total employees	2,145	2,260	2,302
Male	1,820	1,888	1,916
Female	325	372	386
Ratio	15.2	163.5	16.8
Total managerial positions	273	280	315
Male	252	257	289
Female	21	23	26
Ratio	7.7	8.2	8.3

\* Based on the performance report on affirmative action submitted to the Ministry of Employment and Labor



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# Human Rights Management

## Fostering Inclusion of Individuals with Disabilities

We have implemented a rolling recruitment system to promote the employment of people with disabilities. Furthermore, we consistently seek out positions conducive to remote work, such as customer service call centers, where disability status holds no relevance. As a result, we have surpassed the mandatory employment rate for people with disabilities over the past three years.

### Rolling Recruitment for Persons with Disabilities



- Identifying a wide range of job roles (office work, logistics operations, sports club, etc.)
- Operating a pool of candidates with disabilities for rolling recruitment
- Recommending roles customized to the particularity of each applicant
- Assessing candidates through job interviews and assigning them accordingly

### Employment Status for People with Disabilities

(Unit : Person, %)

Category	2021	2022	2023
No. of regular employees*	2,112	2,217	2,245
Mandatory employment rate	3.1%	3.1%	3.1%
Mandatory employment figures	65	68	69
Recognized employment figures**	67	73	70
Surpassing figures	2	5	1

\* No. of regular employees (annual average) : (Monthly total no. of employees - Registered directors - Employees working less than 16 days) / 12 months

\*\* Recognized employment figures : As employment of one person with severe disabilities is recognized as employing two disabled individuals, the actual employment figures may differ.

## Supporting Necessary Items for Employees with Disabilities

We conduct biannual surveys in March and September to identify and provide necessary items aimed at improving the working environment for employees with disabilities. In 2023, responding to feedback from disabled workers, we supplied chair backrests and safety shoes in both March and December.

### Incentive Programs for Parasports Teams

Category	Competition	Amount (Unit : KRW 10,000)		
		1st place	2nd place	3rd place
International	Paralympic Games	300	200	150
	Asian Games	200	150	100
	World Championships			
Domestic	National Disability Sports Championships	50	30	20
	Sport-specific championships			
	Provincial-level competitions			
	Association president's cup national tournament		10	
	National Team Selection Competition (Archery)			

## Parasports Teams

We oversee parasports teams with the dual aim of fostering disabled employment and bolstering the sports industry's growth. Our management includes two teams comprising 12 athletes in archery and table tennis. These athletes receive uniforms, assistive devices, and engage in incentive programs to facilitate their skill enhancement. Annually, we distribute uniforms with company logo to instill a stronger sense of belonging. In November 2023, we facilitated meetings between our table tennis team, which operates across various regions. Furthermore, we provide separate cash prizes for competition winners and deliver breakfast to training venues to support our athletes. Beginning November 2023, we provide transportation support to disabled athletes.



Uniforms for Disabled Athletes



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# Safety and Health

## Safety and Health Management Systems

### Safety and Health Management Policy

Recognizing safety and security as top priority in corporate management, we implement a comprehensive health and safety management system in alignment with the Occupational Safety and Health Act and the Serious Accidents Punishment Act, as well as ISO 45001, the international safety standards. This health and safety management system extends to all employees, ensuring a secure working environment.

### Key Elements of Health and Safety Management System

We conduct steadfast health and safety improvement activities, adhering to the four cycles of Plan, Do, Check, and Act, guided by our core values and five major goals.





#### Core Values of Safety, Health, And Environmental Management

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





#### Goals of Safety, Health, and Environmental Management

- Assessing risks to establish an autonomous safety management system
- Fostering health and safety partnerships
- Enhancing managers' health and safety proficiency
- Enhancing the working environment across business sites
- Implementing effective management of hazardous machinery and equipment for accident prevention

**[ Plan ]**  
Maintaining information sharing across business sites

**[ Do ]**  
Identifying hazards





**[ Check ]**  
Preparing measures to mitigate risks




**[ Action ]**  
Taking actions across business sites

[Safety and Health Management Policy](#)



### Safety and Health Management Policy

At Lotte Global Logistics Co., Ltd., we are committed to fostering sustainable social development by placing safety and security at the forefront of our corporate management, guided by a respect for human dignity. We engage in a range of initiatives aimed at ensuring the safety and well-being of all employees.

**[Legal]**  
We strictly adhere to safety and health-related laws and regulations, continuously enhancing our management standards to elevate safety and health levels.

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

**[Environment]**  
We cultivate a safe and comfortable workplace environment through proactive safety and health management practices.

**[Cooperation]**  
We foster and strengthen partnerships to establish a mutually beneficial safety and health system.

**[Participation]**  
We actively encourage all employees to participate in cultivating a safety-oriented culture.

**[Education]**  
We provide comprehensive training to enhance safety awareness to take proactive measures in preventing industrial accidents

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



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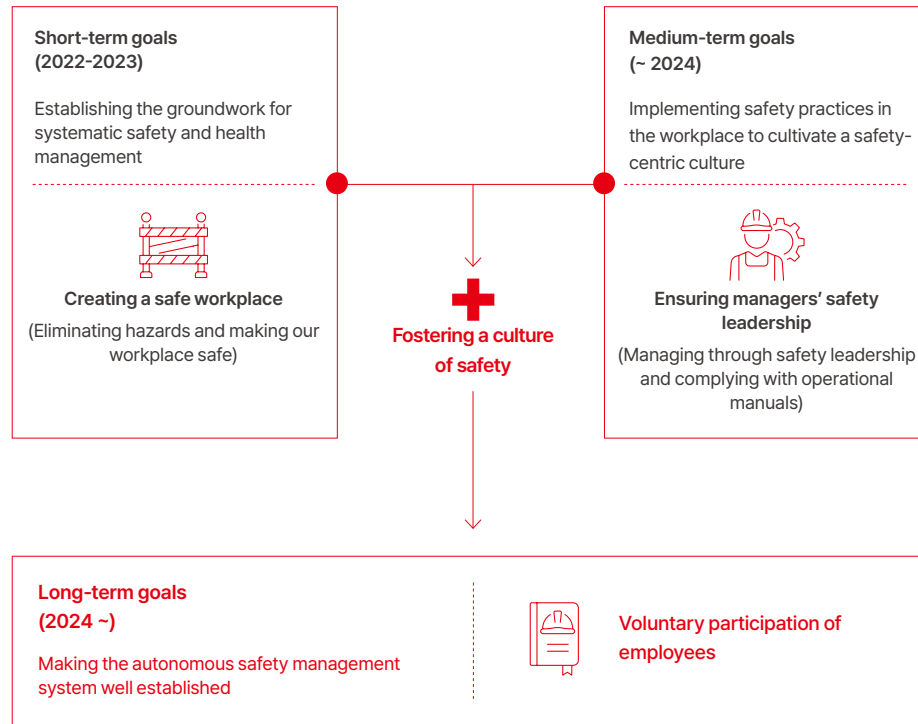
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# Safety and Health

## Safety and Health Management Goals

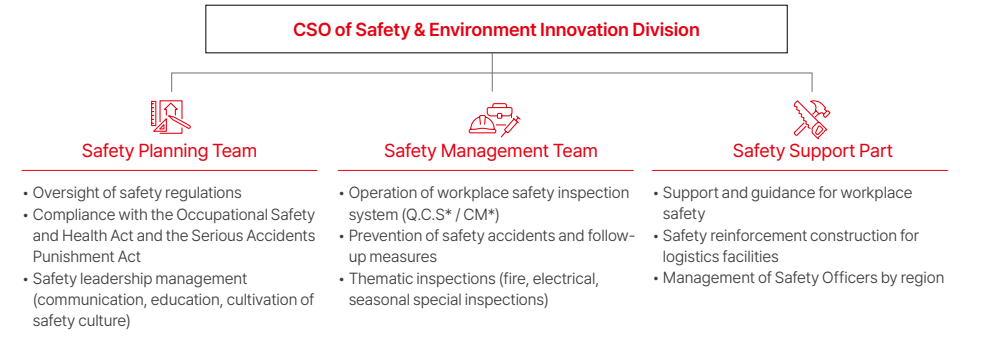
We prioritize the safety of all employees and stakeholders. In the short-term, our goal is to lay the foundation for safety and health by striving to create a safe workplace and removing hazardous factors. Our medium-term objective is to promote safety leadership among managers and foster a culture of safety in the workplace through compliance with operational manuals. Ultimately, we aim to establish an autonomous safety management system where employees voluntarily monitor their own safety.

### Mid to Long-term Goal of Safety and Health Management



## Safety and Health Organization

Under the goal of strengthening health and safety management, we categorized 296 nationwide facilities into seven regions and assigned safety officers to oversee each region. These officers collect on-site feedback from their respective regions, conduct monitoring activities, and handle tasks such as risk assessments, pre-job safety training, and monitoring safety management status of our partner companies. In 2024, we introduced a Safety Support Part to ensure the reliability of safety management in new facilities, evaluate safety conditions in overseas facilities, and assist in establishing systems in addition to regional safety management



\* Q.C.S : Lotte Global Logistics' unique safety inspection system (Q for Quality, C for Cleanliness, and S for Safety)  
 \* CM : Lotte Construction CM Safety Consulting

## Occupational Safety and Health Committee

We run Occupational Safety and Health Committees within each division to safeguard the health and safety of our workplace environment and employees. These committees, with equal representation from company officials and employees, meet quarterly to address matters related to employee well-being, workplace safety, and environmental enhancement, while also collecting feedback from our partners. Additionally, in facilities governed by the Occupational Safety and Health Act, we establish dedicated Occupational Safety and Health Committees, tailored to each site's needs, ensuring active participation in quarterly initiatives.

**Key Agenda Addressed by Occupational Safety and Health Committees**

1. Providing equipment for heat / cold-related illness prevention (e.g., cooling systems, heating devices)
2. Improving rest facilities (including new construction, replacement of furnishings, painting)
3. Implementing measures to prevent conveyor-related crush incidents
4. Producing educational video content on health and safety (including foreign languages)
5. Installing safety signs in foreign languages
6. Assisting partner companies in preparing legal documents regarding Occupational Safety and Health

\* As of December 2023, all actions have been completed for every identified issue.



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# Safety and Health

## Lotte Safety Management System : Lotte Safety

Introducing 'Lotte Safety', a web and mobile program exclusively designed for safety management, enabling efficient safety oversight. With Lotte Safety, managers at workplace and safety officers can access safety diagnosis results, identify risk factors and improvement outcomes, review workplace safety training schedules, and check essential information for safety management tasks. Furthermore, we are dedicated to accident prevention by sharing crucial management points and workplace accident scenarios to prepare for during vulnerable periods.

**Features of Lotte Safety**

- **Safety Diagnosis** : Enabling the registration of diverse safety inspection results and tracks the status of improvements for monitoring.
- **Safety Training** : Facilitating the registration of safety events, regular and special safety and health training sessions, as well as the recording of risk assessment results.
- **Work Sharing** : Providing access to safety notices covering relevant laws, issues, accident reports, and weather updates.
- **Safety Archive** : Allowing for the registration of informational materials, manuals, guidelines, and best practices aimed at improvement.
- **Statistical Analysis** : Supporting the analysis of safety activities, diagnosis results, and accidents.



## Communication System for Safety

We have established systematic procedures for sharing and communicating health and safety-related matters, ensuring regular communication with employees at business sites. All safety-related communications are documented.



### • Safety and Health Communication Channels

Channels	Safety and Health Council	Occupational Safety and Health Committee	Safety and Health Meeting
Participants	Representatives of business sites and business partners	Representative of divisions and employees	Safety & Environment Innovation Division
Period	Monthly	Quarterly	Monthly
Agenda	<ul style="list-style-type: none"> <li>• Gathering feedback from partners</li> <li>• Suggesting agenda items and proposing countermeasures</li> </ul>	<ul style="list-style-type: none"> <li>• Collecting input from business sites</li> <li>• Identifying improvement tasks for execution</li> </ul>	<ul style="list-style-type: none"> <li>• Listening to safety officers' perspective</li> <li>• Supporting improvement efforts and policy integration</li> </ul>

### • Safety and Health Inspection System

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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# Safety and Health

## Safety and Health Risk Management

### Safety Audit System

We have elevated our safety diagnosis system to Safety Audit, which encompasses inspections by the Safety & Environment Innovation Division, self-inspections at business sites, and external safety consulting. Through these advancements, our goal is to proactively prevent safety and health-related risk factors.

#### Steps in the Safety Audit System


<b>STEP 01</b> 	<b>Self-inspections at business sites</b> Ⓞ Supervisor-led safety inspections: Fire, electrical, on-site safety (daily) Ⓞ Collaborative inspections with partners - Regular safety checks : - Self-inspections conducted by subcontractor managers and supervisors (weekly) - Safety and Health Council : Gathering input from partners on accident prevention and implementing countermeasures (monthly) - Joint safety assessments : - Involving managers and employees from both subcontractor and client sides (quarterly)
<b>STEP 02</b> 	<b>Safety &amp; Environment Innovation Division-led Q.C.S inspection (Quality, Cleanliness, Safety)</b> Ⓞ Regular inspections (twice a year) * In compliance with Article 4, Paragraph 3 of the Serious Accidents Punishment Act Enforcement Decree - Covering fire, electrical, safety, environmental aspects, and documentation (integrating company-wide KPIs) - Evaluation and management based on the results of self-inspections at business sites Ⓞ Thematic inspections - Conducting special inspections during peak seasons for parcel delivery, new facilities, seasonal hazards, and fire prevention measures
<b>STEP 03</b> 	<b>Lotte CM safety inspection</b> - Safety management assessment of group subsidiaries with a common standard : safety management of business sites, equipment and facilities, etc. (once a year)
<b>STEP 04</b> 	<b>Partner safety inspections</b> - Eligibility assessment for contractors : Checking contractors' safety management systems (twice a year) * In accordance with Article 4, Paragraph 9 of the serious accidents punishment act enforcement Decree
<b>STEP 05</b> 	<b>Workplace safety level survey</b> - Self-assessment of safety level : Evaluating the workplace environment, safety activities conducted by managers, and participation rates in safety activities (annually)

### Q.C.S Inspections

From February to September 2023, we conducted Q.C.S (Quality, Cleanliness, Safety) inspections at a total of 203 business sites. This shift in inspection approach, moving from evaluations to support and guidance, led to immediate improvements and a higher level of management at these sites. Additionally, we held consultations on serious accident prevention, provided safety manager training, and organized meetings to elevate the safety management level of our partners. In 2024, we aim to analyze the results of the 2023 inspections to determine the direction for future inspections, focusing on areas of concern and refining checklists. We plan to reinforce activities such as risk assessments, TBM, management of power lines and outlets, monitoring unauthorized heater usage, and enhancing forklift and conveyor management. Furthermore, we will extend the scope of inspections to encompass non-residential centers and offices.

### Enhancing Safety in Vulnerable Business Sites

From November to January each year, we conduct special inspections. In 2023, our focus was on intensive improvements for vulnerable areas within our business sites with low safety index (Q.C.S). We identified safety risk factors, such as overheating in distribution panels, and promptly implemented countermeasures. Additionally, we provided one-on-one training to address deficiencies in preparing legal documents related to health and safety. Furthermore, during meetings, we listened to the challenges in on-site safety management and integrated the feedback into our future plans.

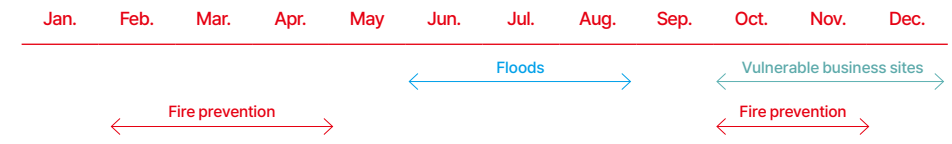


**Focus Areas for Q.C.S Inspections**

- Management of outlets and cables (checking for cable insulation damage, managing unused cables, inspecting forklift connectors' condition)
- Adequacy of risk assessments (ensuring proper identification of hazardous factors, involving workers in the assessment process, sharing assessment results)
- Forklift and conveyor safety (verifying proper wearing of safety equipment, ensuring installation of protective devices, maintaining route separation, managing control panels)

### Seasonal Thematic Inspections

We conduct special inspections tailored to seasonal themes, focusing on weather-related risks such as fire and floods, aiming to prevent accidents linked to seasonal conditions.



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# Safety and Health

## Safety 119 System

The Safety 119 System aids us in preventing accidents by implementing preemptive measures to address workplace risk factors. In 2023, we implemented measures to enhance forklift safety.

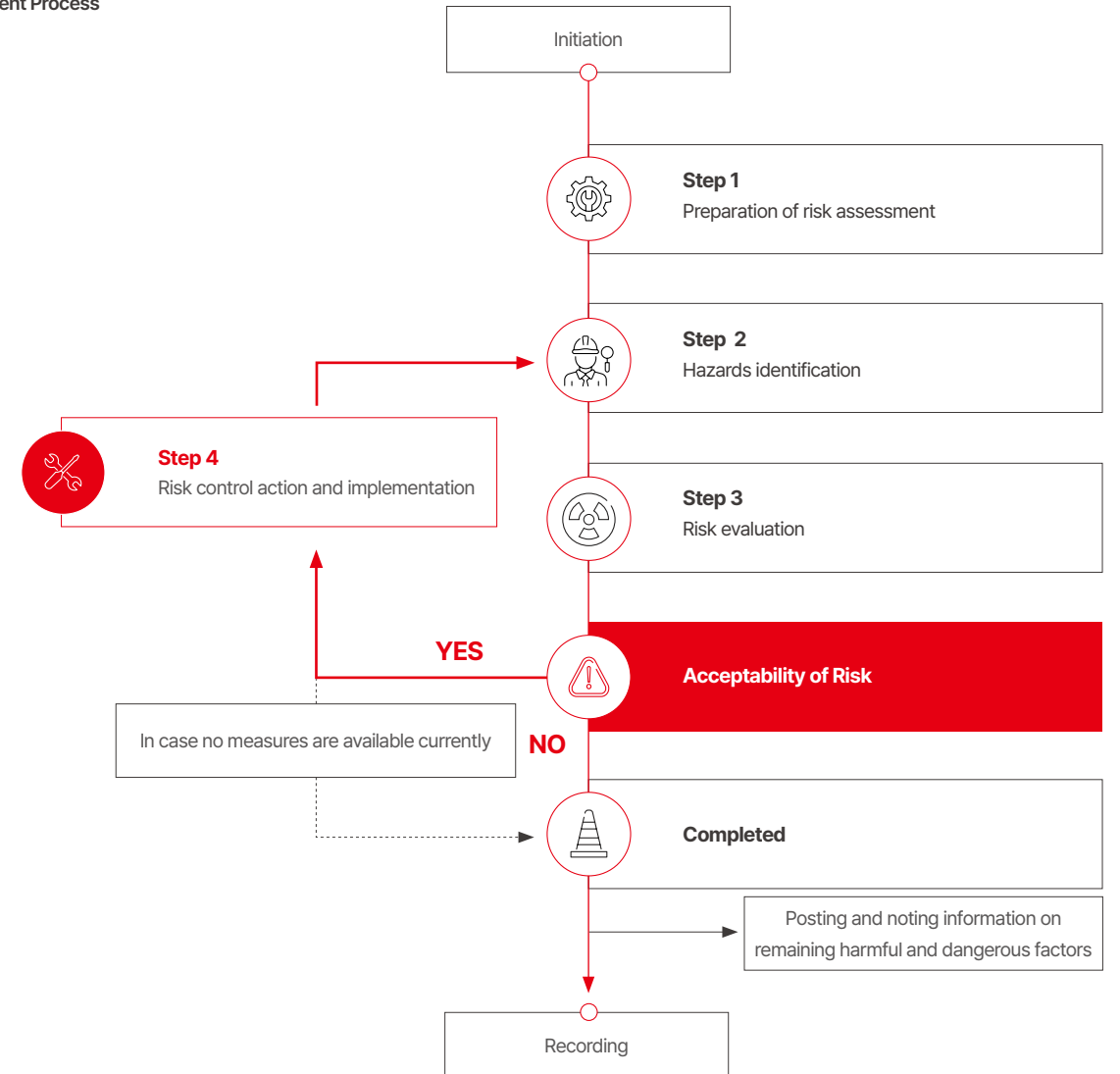
## Risk Assessment

We prioritize proactive management through risk assessments to guarantee the safety and well-being of employees and stakeholders within the workplace. Employees from both our company and partners participate in regular and ad-hoc risk assessments. The results of these assessments are reported to the CSO of the Safety & Environment Innovation Division and the heads of each division. Through the Tool Box Meeting (TBM), employees are made aware of potential hazards and risks. Moreover, we standardize risk assessments by process and set uniform criteria and risk levels at each workplace, ultimately enhancing the efficiency of risk assessments. We provide training to personnel responsible for risk assessment methods, thereby supporting effective risk assessment practices. Additionally, in alignment with the roadmap for reducing serious accidents, we conduct thorough inspections on the status of our autonomous safety management. Our goal is to continuously improve safety and health activities and cultivate a safe working environment.

## Training on Risk Assessment Methods and Assistance in Legal Document Preparation

In January 2023, we distributed video training material to improve the quality of risk assessment. Additionally, from March to August, we visited each of the 53 business sites twice to offer guidance on preparing risk assessment reports. We facilitated the identification of hazards and risks in various scenarios, including commuting, office work, inspections, construction, and fire situations

### Risk Assessment Process





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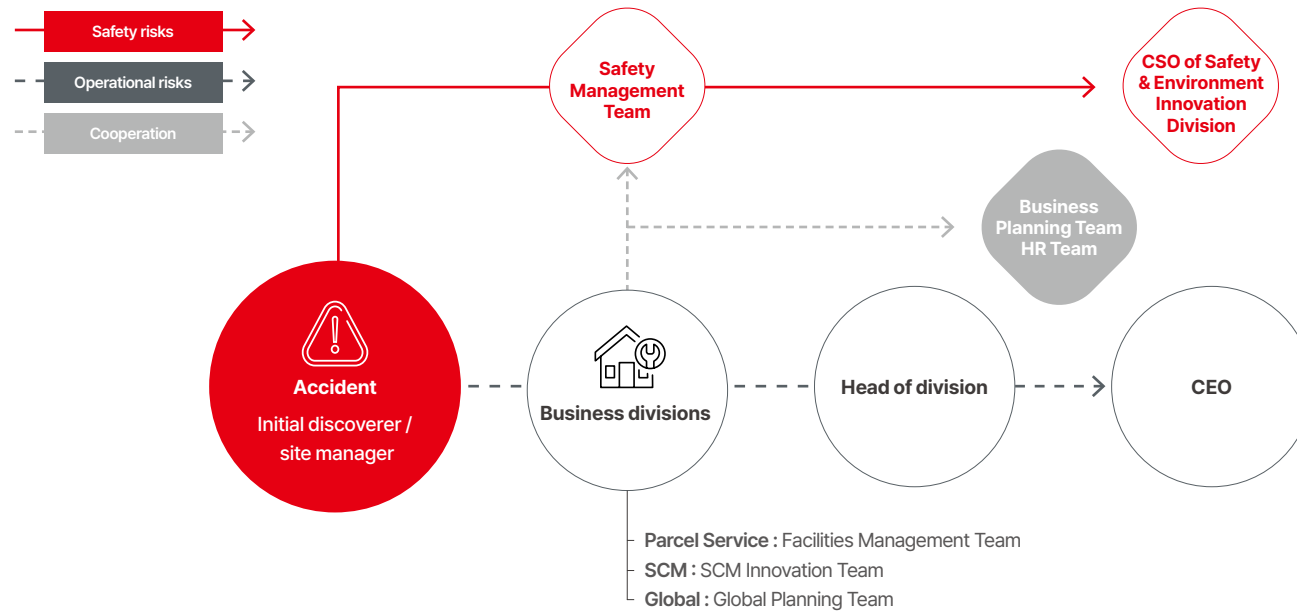
## Accident Investigation Process

We proactively prevent recurrence of accidents through swift handling and thorough cause analysis. Upon any incident, regardless of severity, an initial incident report is promptly submitted to both the Safety Management Team and the safety part at each division. Subsequently, an on-site inspection is conducted to identify risk factors and implement corrective measures. Additionally, to prevent future occurrences, a report outlining preventive measures is compiled, and ongoing risk assessments are conducted to mitigate the likelihood of similar incidents.

## Employee Authority to Cease Operations

We have implemented standards and procedures to halt work in the event of an impending disaster. Employees are empowered to cease work, evacuate, and inform their supervisor if there is an imminent threat of a disaster. In cases where there are justifiable reasons for work cessation, employees are protected from termination or any other form of adverse treatment.

### Accident Reporting System





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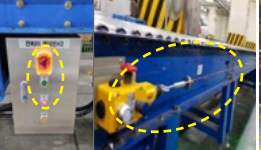



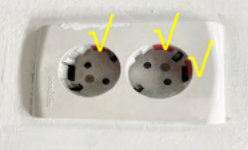






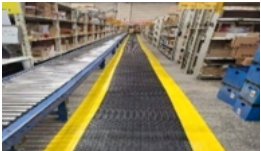














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# Safety and Health

## Workplace Safety Improvement Activities

We conduct ongoing inspections on various facilities such as electrical, fire, and buildings to ensure a safe and efficient working environment, implementing improvement activities accordingly. Additionally, we strive to enhance the office and lounge environments to provide all employees working in logistics facilities with a comfortable workspace.

### Key Cases of Workplace Environment Improvement

<p><b>Conveyor safety enhancements</b></p> 				<p><b>Fire prevention facility inspection and improvement</b></p> 			
	<p>Conveyor connection gap guides : Prevents hand injuries during operation</p>	<p>Emergency stop button : Enables swift initial response in case of accidents</p>	<p>Dock safety railing : Prevents falls during loading and unloading operations</p>		<p>In-rack sprinkler system : Enables the initial suppression of fires within racks</p>	<p>Fire-resistant patches on outlets : Prevents outlet ignition</p>	<p>Smoking booths : Fire prevention, designated smoking areas</p>
<p><b>Pallet rack safety enhancements</b></p> 				<p><b>Workplace environment improvement 1</b></p> 			
	<p>Pallet rack guards : Prevent rack collapse in the event of forklift collision</p>	<p>Top beam, holders, mesh guards, back beams : Prevent pallet rack inversion</p>	<p>Gobo light : Reminds employees of workplace safety</p>		<p>Anti-fatigue mat : Prevents musculoskeletal disorder</p>	<p>Ceiling fans and ventilation systems : Enhance air circulation and air quality.</p>	<p>Changing plastic pallets to paving blocks at the sorting area : Prevents safety accidents</p>
<p><b>Forklift safety enhancements</b></p> 				<p><b>Workplace environment improvement 2</b></p> 			
	<p>Three-sided forklift light : Prevents collisions in the vicinity of the forklift</p>	<p>Forklift charging connector with a handle type : Prevents cable damage</p>	<p>Forklift laser pointer light : Prevents damage to items on racks</p>		<p>Establishment of upper inspection route : Ensures safe management of upper equipment</p>	<p>Improvement of office and lounge access routes : Prevents slip accidents</p>	<p>Improvement of workplace lighting : Enhances working environment</p>
<p><b>Electrical safety inspection and improvement</b></p> 							
	<p>Distribution panels standardization : Replacing internal switches with external on/off buttons to prevent electrical fires</p>	<p>Exposing previously embedded electrical wiring : Prevents spread of electrical fires</p>	<p>Automatic fire extinguisher at distribution panels and chargers : Enables initial suppression of fires</p>				

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# Safety and Health

## Improving Conveyor Safety Measures

In the first quarter of 2024, we installed safety devices aimed at preventing trapping accidents occurring on conveyors. These safety devices are designed to automatically stop the conveyor when trapping accidents occur, and the testing was completed by the Parcel Service Division. We are planning to expand the use of such devices based on surveys of demand at each workplace.



Safety Devices on Conveyors

## Strengthening Fire Prevention Measures at Business Sites

In line with the introduction of electric cargo trucks, we provide fire extinguishing venting nozzle\* specifically designed to prevent the spread of fire in the workplace. A sample test was completed in January 2024. We plan to expand the provision of these vents and conduct training on their usage.

\* Venting nozzle :  
Devices designed to facilitate fire suppression by creating openings in case of a fire in electric vehicles, addressing the challenge of extinguishing fires within the vehicle.

## LED Lighting Implementation Across Business Sites

At Lotte Global Logistics, all lighting has been replaced with LED lights to minimize energy consumption during business operations and enhance luminosity for safer and more pleasant working conditions.

### Energy Efficiency Enhancement through LED Lighting Implementation

Category	Annual usage hours (hr/Year)	Before LED implementation		After LED implementation	
		Capacity (W)	Annual usage (kWh)	Capacity (W)	Annual usage (kWh)
Ulsan K-7 warehouse	8,760	175	147,168	150	56,502
				50	95,046
Songpa K-7 warehouse		175	134,904	100	82,344
					8,410
<b>Total</b>			<b>282,072</b>		<b>242,302</b>



LED Implementation

### Special Note

## Attaining Certification for Outstanding Fire Safety Management Building

Yangsan Integrated Smart Automation Center was certified as an Excellent Building for Fire Safety Management by the Yangsan Fire Department in August 2023. This certification recognizes buildings with outstanding safety management, particularly in facilities essential for fire management due to the potential for significant damage. The center has consistently endeavored to cultivate an environment that upholds the highest safety standards, resulting in recognition for its fire safety management capabilities and earning the distinction as the only excellent building in the area.



Recognition for Excellent Fire safety Management

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# Safety and Health

## Health and Safety Management for Partner Companies

### Serious Accidents Punishment Act Consultation Services

In 2023, we provided consulting on the Serious Accidents Punishment Act to support our partners in establishing and implementing safety and health management systems. This initiative benefited 32 partners, ensuring compliance with legal regulations such as the Occupational Safety and Health Act for the proper operation of safety and health management systems.


**Consultation Services**

**Details of Consultation Services on the Serious Accidents Punishment Act**

- Establishment of a safety and health management system : Appointing a manager, establishing a dedicated organization, developing regulations and policies, and forming an Occupational Safety and Health Committee
- Support for fulfillment of safety and health obligations : Provide guidance on ensuring compliance with laws and regulations, developing accident response procedures, conducting statutory training, and allocating budgets for safety and health initiatives
- Support for risk assessment : Conducting risk assessments, implementing improvement measures, and providing training to enhance risk awareness and mitigation strategies

**Expected Results of Consultation Services**

- Prevention of accidents through systematic safety and health management
- Recording and documentation of safety and health-related measures and activities
- Minimizing the risk of severe accidents and establishing a response system in case of accidents




### Qualification Assessment for Partner Companies

We implement a qualification assessment system to evaluate the safety and health practices of partner companies entering subcontract agreements. Every six months, we employ checklists for preliminary inspections and on-site assessments to gauge their safety and health status comprehensively. We thoroughly evaluate both documents and on-site conditions. We also assess the overall safety and health management system, considering document evaluations, risk assessments, and the implementation of TBM.

**Eligibility Assessment for Contractors**


**제 1 조 【 목적 】**

이 기준은 「산업안전보건법」, 「중대재해처벌법」에 따라 롯데글로벌로지스 주식회사(이하 '회사'이라 함)가 도급사업 운영 시 최초 단계에서부터 안전보건에 관한 사항을 검토하고, 사업 수행 시 수급업체 재해예방을 위한 안전보건관리 실행과 평가를 통해 수급인 근로자의 안전과 건강의 보호를 목적으로 한다.

**제 2 조 【 정의 】**

이 기준에서 사용하는 용어의 정의는 다음 각 항과 같다.

- '도급'이란 명칭에 관계없이 물건의 제조·건설·수리 또는 서비스의 제공, 그 밖의 업무를 타인에게 맡기는 계약을 말한다.
- '도급인'이란 물건의 제조·건설·수리 또는 서비스의 제공, 그 밖의 업무를 도급하는 사업주를 말한다. 다만, 건설공사 발주자는 제외한다.
- '수급인'이란 도급인으로부터 물건의 제조·건설·수리 또는 서비스의 제공, 그 밖의 업무를 도급받은 사업주를 말한다.
- '관계수급인'이란 도급이 여러 단계에 걸쳐 체결된 경우 각 단계별로 도급받은 사업주 전부를 말한다.




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# Safety and Health

## Safety and Health Enhancement Initiatives

### Safety and Health Campaigns

#### Safety Day : Every 4th of Month

We have designated the 4th of every month as 'Safety Day' and hold associated events, primarily consisting of safety checks and training sessions. Alongside sending out text messages related to Safety Day, we conduct safety training and fire drills tailored for responsible individuals.

#### Campaigning for Occupational Safety and Health

We support various campaigns and programs aimed at raising safety awareness among workers at both our headquarters and business locations, ensuring a safer working environment.

- Installing Automated External Defibrillators(AEDs) at our headquarters and business sites
- Preparing blood pressure monitors at our headquarters and business sites
- Providing heat illness prevention supplies: Neckband fans, cooling scarves, glucose
- Supporting hypothermia prevention items: Cold protection gear (such as vests, hot packs)
- Conducting safety event activities: Joint public-private drills, Safety Days (every 4th of the month), and hosting safety resolution contests
- Running campaign activities: Traffic safety campaign (on social media platform), pleasure box campaign
- Establishing an online safety signage mall: offering a platform to order safety-related signs (including safety signs, banners, posters)
- Producing a safety environment manual: Disseminating a comprehensive safety management manual tailored to workplace characteristics (covering industrial safety, facility maintenance)

### Expanding Communication Channels for Safety

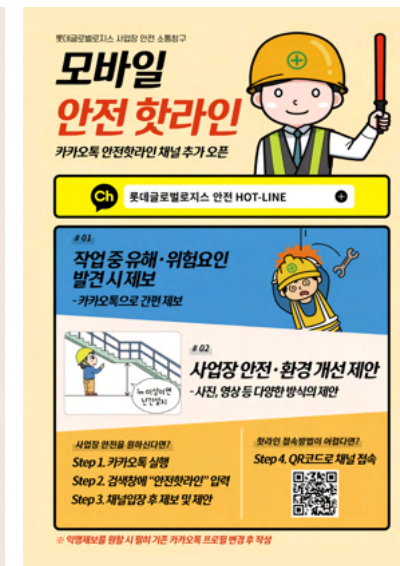
#### Establishing Safety Hot-Line

The Safety Hotline was established in 2022, utilizing a link on our website to collect safety-related grievances and feedback from employees and partners. In 2023, we expanded our services by introducing a mobile hotline on the KakaoTalk platform. Through these hotlines, employees can report and express their opinions on potential and actual risk factors at any time. We carefully review the contents of the reports and implement improvement measures as needed.

[Safety Hot-Line on our website](#) >



Mobile Safety Hot-Line



### Sharing Safety and Health Insights and Conducting Ongoing Surveys

We engage in the dissemination of crucial health and safety insights to our employees and partners on a weekly basis through Safety News on our internal bulletin boards. Also, our monthly publication, 'LGL Safety News,' delivers both domestic and international safety updates and case studies. Additionally, our semiannual surveys gauge the level of safety and health awareness among our workforce, empowering us to refine our safety practices through meticulous analysis.





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# Safety and Health

## Reinforced Safety and Health Training

### Safety and Health Training Targeting All Employees at Workplace

We provide safety and health training to the entire employees across all business sites, utilizing the Lotte Safety System to monitor and ensure the consistent training.

**1. Mandatory occupational safety and health training (targeting all workplace employees)**

- Orientation training for new hires (upon recruitment)
- Regular safety and health training (monthly)
- Special safety and health training (upon recruitment)
- Material safety and health training (when handling the material)

**2. Additional training programs beyond mandatory training (targeting all workplace employees)**

- Fire safety training (at the Korea Fire Safety Institute)
- Risk assessment techniques
- Training on major accident prevention, guidance on creating occupational safety and health records, facility safety management covering fire and electrical safety

### On-site Field Training

We visit the business fields to deliver training on the preparation of legal documentation pertaining to occupational safety and health and to share insights on accident incidents through the meeting with the staff in charge of safety. Additionally, we actively seek feedback on safety and health matters in the workplace to identify areas for improvement.

### Safety and Health Training for Managers of Partner Companies

With an aim to enhance the safety management level of our partner companies and to prevent workplace accidents, we assign a dedicated site manager to each partner company. We provide quarterly online safety training for them to deepen their understanding of safety protocols and ensure their preparedness for effective response.

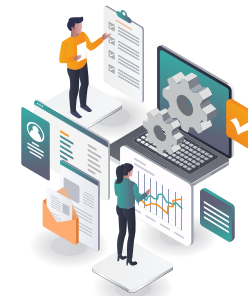
**Training topics for partner companies**

Identification of hazard or risk factors, methods for risk assessment, disaster cases and preventive measures in logistics work, fire safety and first aid tips (CPR, bleeding case, etc.)

### ▪ Safety and health training provided for partner company managers in 2023

(Unit : Person)

Category	Total	Parcel service	SCM	Global
1Q	233	83	139	11
2Q	236	88	137	11
3Q	232	82	139	11
4Q	234	86	137	11



### CPR Training

We offer in-house CPR training at all our business sites to safeguard our workers' lives and foster a safe work environment, equipping staff with the skills required for emergency response.

**CPR training in 2023**

- On-site training : 1,382 people at 86 sites, (Lotte Global Logistics + partner companies)
- Headquarters training : 96 people (Lotte Global Logistics)



Headquarters training



On-site training

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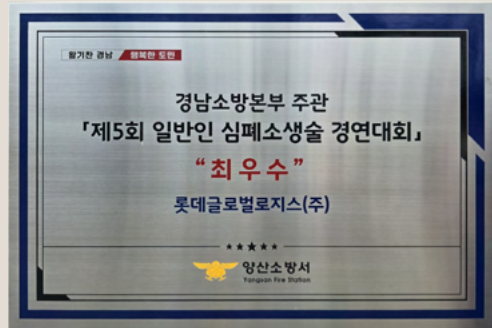
# Safety and Health

**Special Note**

## Winning the Grand Prize in the General Public CPR Contest

In 2023, the Yangsan Integrated Automation Center team was awarded the grand prize at the CPR contest organized by the Yangsan Fire Department. This annual event aims to elevate the public's proficiency in CPR and disseminate a culture that respects life, highlighting the importance of immediate first aid by the first person who noticed it. Lotte Global Logistics team earned grand prize for their outstanding lifesaving abilities during a simulated fire emergency at a logistics facility.

Grand Prize in the General Public CPR Contest



## Fire Safety Training for All Employees

We require all our employees to voluntarily participate in fire safety training. This training program, offered as an open course by the Korea Fire Safety Institute, is designed to equip employees with expert knowledge and bolster their safety management skills. From March to December 2023, participants chose and completed at least one hour of training from among ten essential courses each month.

## Safety Training Video

We circulate instructional videos produced based on real-life accidents to prevent safety incidents at parcel delivery operations, ensuring that workers watch these videos prior to commencing their work. In 2023, we enhanced the quality of our training by integrating a variety of safety topics. We also created short videos with job-specific safety instructions. Moreover, we continuously reinforce our educational activities to prevent accidents by regularly sharing safety and health educational resources so that each site can adopt them as part of their in-house safety protocols.

▪ Production and Distribution of Safety and Health Videos for Tool Box Meeting(TBM)



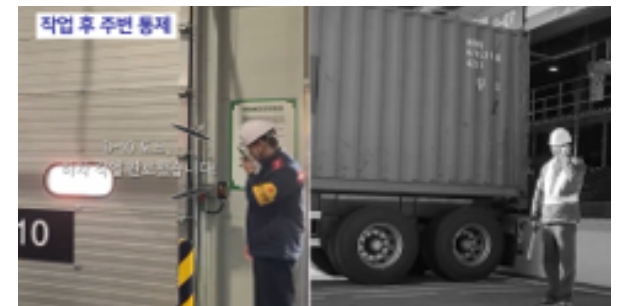
Safety Precautions and Inspections on Shields



Stretching to Prevent Musculoskeletal Disorders



First Aid Tips for Each Situation



Work Safety Guide – signal man for loading and unloading



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# Safety and Health

## Health Promotion System

Lotte Global Logistics provides health checkups and group insurance subscription for employees. In addition, we offer affiliate services that allow discounted access to golf and fitness.

### Employee Health Checkup

We facilitate health checkups for our employees aged 35 or above as well as those in supervisory roles or higher. We extend health checkups to the spouses of eligible employees.

### Subscription to Group Accident Insurance

We provide group accident insurance coverage for all our employees. This insurance offers financial support for various situations, including injury-related death, disability, hospitalization, outpatient treatment, specific non-covered cases, and expenses related to cancer diagnosis.

### Psychological Counseling Program

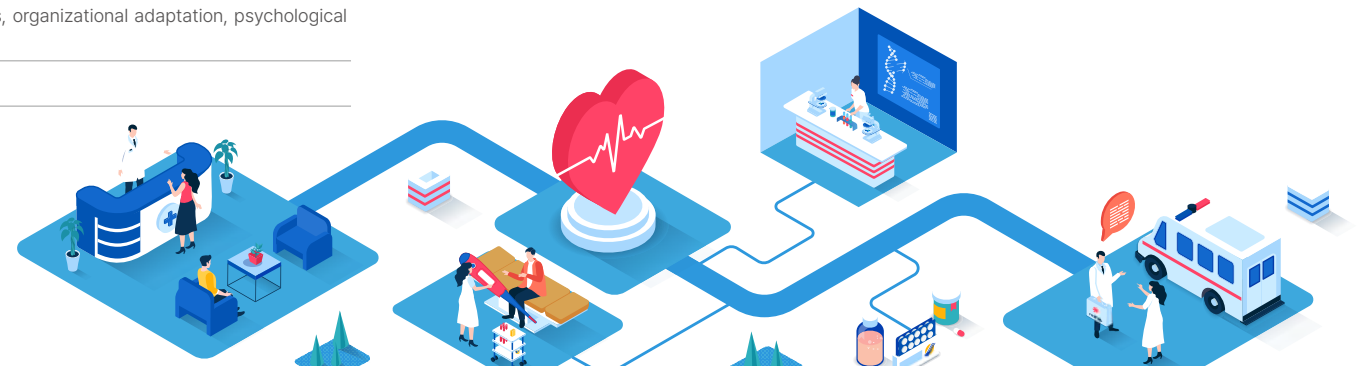
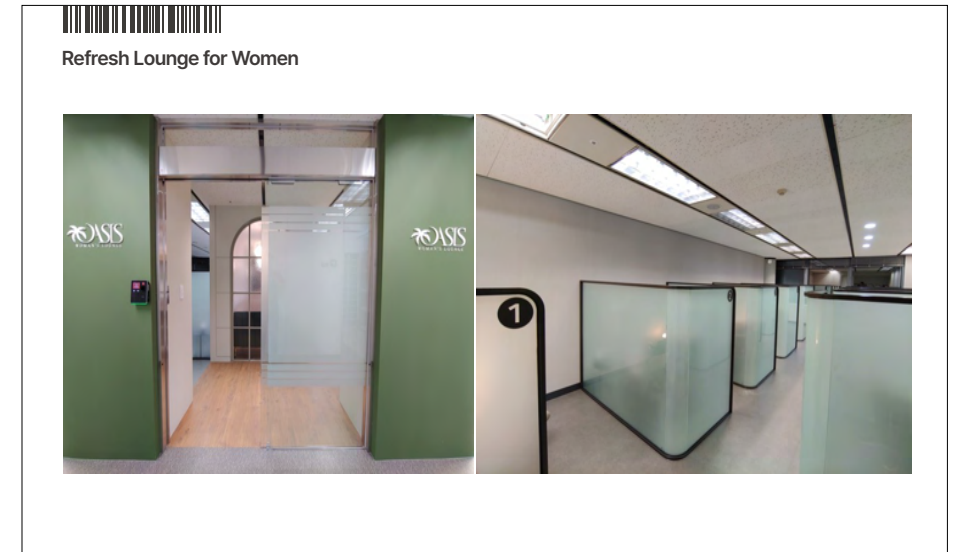
We have established a partnership with a professional Employee Assistance Program (EAP) provider to offer the 'Counseling For You' service for supporting our employees' emotional well-being. This counseling service covers a spectrum of concerns, from workplace stress to personal family matters and the challenges of parenting.

▪ **Counseling service**

<b>Target</b>	Employees of Lotte Global Logistics
<b>Utilization</b>	In-person, video, phone
<b>Counseling topic</b>	Interpersonal relationships at work, work stress, organizational adaptation, psychological examination, parenting
<b>Limit of use</b>	Up to 8 times per person per year

## Refresh Lounge for Women

We maintain a lounge for female employees, named 'Oasis,' which is furnished with Ceragem beds, individual recliners, and heat packs for relaxation. Additionally, our 'Refresh Room' is outfitted with massage devices and Ceragem equipment, designed to help our employees rejuvenate and boost their focus at work.





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# Safety and Health

## Health Care for Direct and Agency Couriers

In light of the rapid growth of online market and the subsequent increase in delivery volumes, we recognize the escalating health concerns for our couriers. In response to these issues, we have implemented a health management support program in collaboration with the Ministry of Employment and Labor and the Korea Occupational Safety and Health Agency. As part of this support program, we deployed mobile health examination buses with medical professionals to various logistics centers nationwide. Around 10,000 agency couriers were provided with job-specific health assessments, including blood tests, with all costs covered by our company. In 2024, we incorporated additional tests such as electrocardiograms and screenings for liver cirrhosis in our health check-up regimen. Through DHAT, a health type assessment service, we analyze health data and offer personalized wellness recommendations, focusing on proactive health management. Furthermore, we ensure the well-being of our delivery staff by supplying essential items like iced water, neckband fans, and hot packs during extreme weather conditions, aiming to secure a healthier work environment.

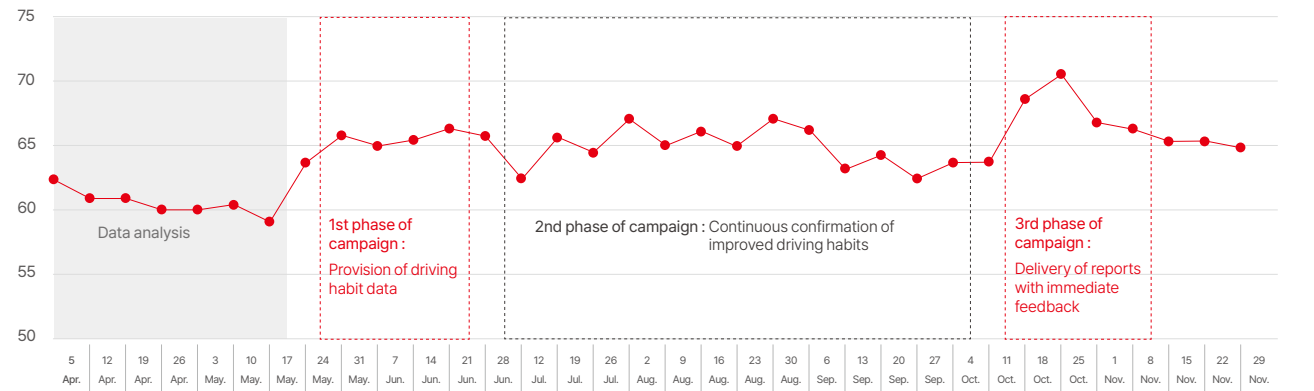
Health checkups provided for 10,000 couriers nationwide



## Safe Driving Campaign

In 2023, we carried out a three-phase safe driving campaign targeting 50 of our directly operated trucks. Utilizing the Socar vehicle control system, we analyzed collected driving data and checked the trend of safe driving scores, which led to a reduction in risky driving behaviors and an enhancement in overall driving practices. The initial phase of the campaign involved sharing analytical data with drivers to explore potential improvements in driving habits. The second phase focused on the adherence to these enhanced practices. In the final phase, we offered tailored reports and instant feedback to further improve driving habits. In 2024, we plan to expand this campaign to 15,000 company-wide vehicles through systematic implementation from promotion to data analysis, evaluation, and a reward system.

▪ Average Safety Score trends (April to November 2023) (Unit : Weekly basis, Wednesday)



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# Data Security·Data Protection

## Data Protection Management System

### Policies and Regulations on Data Security and Protection

Lotte Global Logistics places great significance on safeguarding its customers' personal information and is fully committed to ensuring its security. To achieve this, we have set the information protection management policy as well as 11 detailed security guidelines, which we regularly update to align with the evolving digital security landscape. Besides, we adhere stringently to laws and guidelines, including the Personal Information Protection Act, to ensure the secure protection of our customers' data.

[Personal Information Management Policy](#)

**Information Security Guidelines**

- ① Human Security Management Guidelines
- ② Information Protection Organization Management Guidelines
- ③ Information Asset Management Guidelines
- ④ Physical Security Management Guidelines
- ⑤ Information System Management Guidelines
- ⑥ Infringement Incident Response Guidelines
- ⑦ Partner Security Management Guidelines
- ⑧ Information Protection Inspection Guidelines
- ⑨ Personal Information Protection Guidelines
- ⑩ Remote Work Security Guidelines
- ⑪ Location Information Security Management Guidelines

### Our Goal for Data Protection

We have put in place a DR\* system in order to prevent data loss and service disruptions in the event of various emergencies, including natural disasters, fires, and acts of terrorism. In 2023, we identified the areas for applying DR system and formulated a detailed setup strategy. Starting in 2024, we will progressively broaden the DR system's coverage to encompass a wider range of our internal and external data systems over a three-year period.

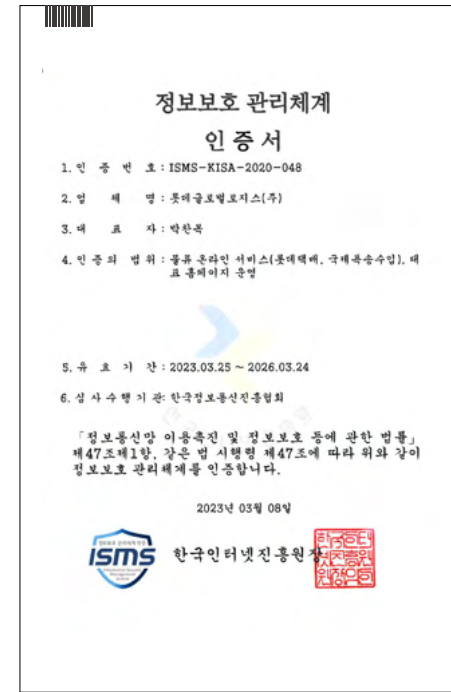
\* DR : disaster recovery

#### DR System Setup Plan

Year	2024	2025	2026
Areas of application	SCM, global, management system	Courier, new SCM system	Setup onto the upgraded system

### Information Security Management System(ISMS) Certification

We have operated a standardized management system since 2020 with our acquisition of the Information Security Management System(ISMS) certification. We undergo a renewal assessment every three years, with follow-up evaluations conducted annually for the certification. For maintaining ISMS certification, we strive to tighten our data security measures, ensuring safe handling of personal data.



### Data Security System

In line with our data protection management guidelines, we ensure that critical data, including our customers' personal details and proprietary information, is securely encrypted and stored within our internal network. On top of that, we enforce rigorous access protocols for our database servers, permitting only authorized administrators to utilize advanced security measures such as database and server access controls, and this complemented by robust user authentication processes.

### Data Protection System

We have established a safety infrastructure for the safe operation of our information systems. To prevent security breaches from outside, we have fortified the protection of customer personal information by installing firewalls, web firewalls, intrusion prevention systems(IPS\*), and secure sockets layer(SSL\*\*) certificates, thereby avoiding any unauthorized or irregular access.

\* IPS : Intrusion prevention system, blocking illegal access to our network  
\*\* SSL : Secure socket layer that ensures secure data transmission

#### Investment in Data Protection

(Unit : KRW 100 million, %)

Category	2022	2023
Data technology	315	341
Data protection	28	29
Data protection investment rate	9.0	8.4



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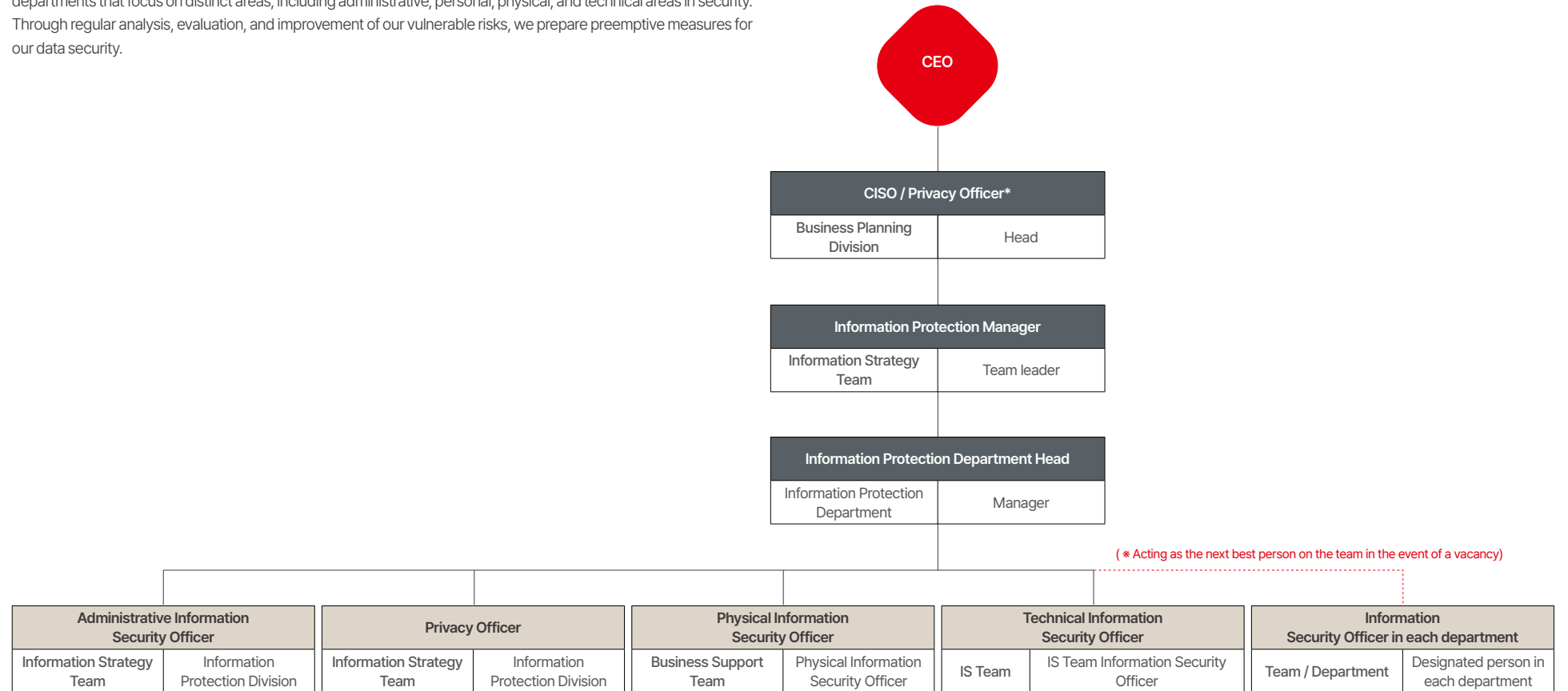
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# Data Security·Data Protection

## Data Protection and Data Security Management Organization

Under the CEO, a Chief Information Security Officer(CISO) is appointed to lead a specialized team tasked with a range of responsibilities, including the planning and management of information security, responding to incidents, and the review of security policies. We foster a collaborative environment, working in concert with various departments that focus on distinct areas, including administrative, personal, physical, and technical areas in security. Through regular analysis, evaluation, and improvement of our vulnerable risks, we prepare preemptive measures for our data security.



(\* Acting as the next best person on the team in the event of a vacancy)

\* The roles of Chief Information Security Officer (CISO) and Privacy Officer are assumed by the same person.



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# Data Security·Data Protection

## Activities to Ramp Up Personal Information Protection and Data Security

### Self-assessment on Personal Data Protection Practices

With an objective of tightening the personal data protection level of our employees, we carry out self-assessments every quarter, focusing on 19 items spanning administrative, technical, and physical security aspects related to employee computers and office safety. The identified vulnerable items from the self-check are consistently applied and reviewed, ensuring an ongoing elevation of our security standards.

• **Self-assessment Checklist**

Category	Item no.	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)?
Technical security	08	Are you using a screen saver with the proper settings?
	09	Are you deactivating unused Guest accounts?
	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?
Physical security	15	Are you using authorized business software?
	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?

### Data Security Check

In the face of the growing threats to data security, we perform security inspections on our data on a regular basis. A defined data retention schedule is in place, and access is limited via data masking three months post-delivery. Upon fulfilling the business purpose or exceeding the legally mandated retention period, the data is promptly discarded to ensure it cannot be recovered.

**Data Security Inspection Conducted in 2023**

- Enhanced employee self-assessments (implementation rate raised) **63.5% in 2022 → 94.8% in 2023**
- Clean desk policy across the company
- Checking that critical documents are appropriately filed or disposed of, thereby preventing the loss or exposure of sensitive information due to inadequate management of personal and shared workspaces and raising the data privacy awareness

### Cyber Security Simulation Training

Aiming to enhance our employees' security awareness against the external malware and ransomware attacks, we implement a cyber security simulation training every quarter, emulating a realistic scenario where a virus infiltrates our systems via email.

### Data Security Training and Campaigns for Employees

We annually provide a data security training session to bolster personal information management among our employees. This training is regularly updated to reflect the latest security trends. It underscores the critical role of our employees in safeguarding personal data, highlighting careful handling and strict adherence to policies against misuse, disclosure, and unauthorized access.

#### Job-specific Data Security Training

We organize a range of online and offline training programs tailored to specific roles within the organization with an aim to tighten the protection of personal data and bolster our overall data security capabilities to avert potential incidents.

Training	Target	Objective
Employee data protection training	All employees	Preventing security accidents
Data protection training for new hires	New hires	Securing basic data protection awareness
Partner company data protection training	Partner company staff	Raising the level of data protection awareness of partner companies
Training on new technology vulnerabilities and mock hacking session	Developers and security managers	Strengthening system development and assessment capabilities
Security certification preparation training	Security managers	Sharpening data security capabilities

### Our Security Activities in 2023

We provided training in preparation of the revised Personal Information Protection Act that came into effect on September 15, 2023, for all our employees. The training highlighted the significance of personal data security, focusing on key updates in simplified procedures for obtaining consent to gather personal information, stricter controls on the private use of customer data, and increased penalties for violations. Furthermore, we issue a bi-monthly newsletter covering major security matters, including security incidents, regulatory changes, and policy updates, to all employees. It is part of our efforts to share current security threats and trends, thereby fostering a corporate culture that places a high priority on preventing security breaches and enhancing protection measures.

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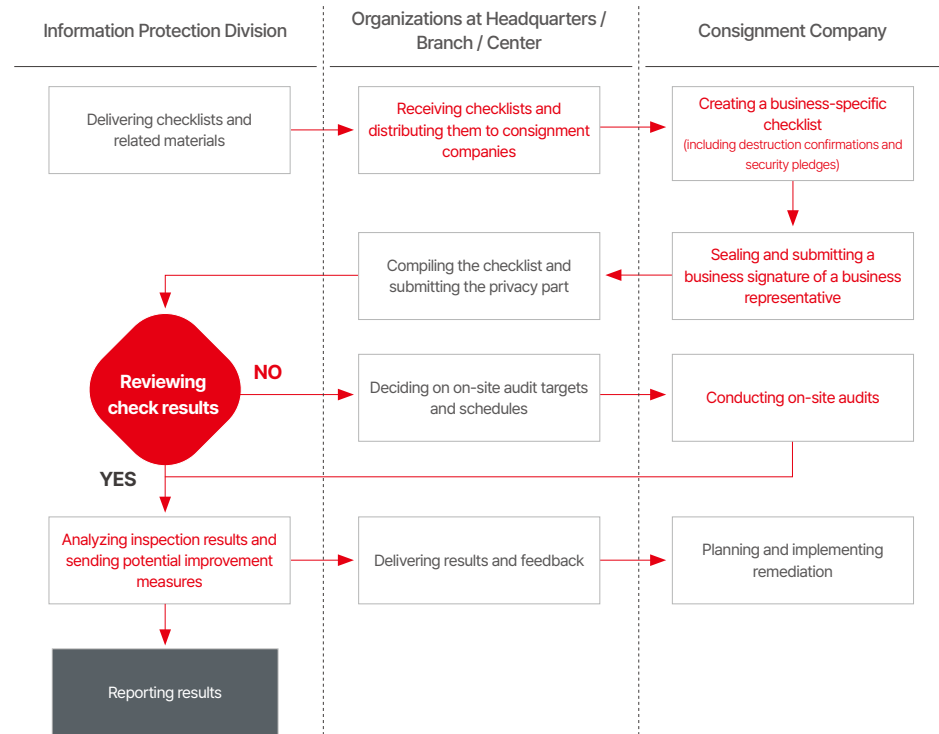
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# Data Security·Data Protection

## Security Audits on Partner Companies

We conduct security audits on our partner companies once a year to elevate personal data protection level and heighten the awareness of security. These audits target around 1,000 partner companies that manage personal information under business outsourcing agreements with us. After the audit, we distribute security guidelines to facilitate prompt implementation of any recommended enhancements, and we collect security pledges and personal information destruction confirmations during the inspection.

### Security Audit Procedures on Partner Companies



**Personal Data Management Audits on Partner Companies in 2023**

- Target : 1,074 partner companies (participation rate: 100%)
- Achieved 97.6% security level (1.5% increase from 96.1% in 2022)
- Audit features :
  - 1) Checklist-based written audit
  - 2) Collection of security pledges and personal information destruction confirmations
  - 3) Provision of guidelines to personal data protection measures : support for autonomous action for security risk factors
  - 4) Provision of personal data protection training materials, internal management plan, and personal data processing policy guidelines for new partner companies



**정보보안 서약서**  
(합의서 등 제3차)

본약서란 본인은 롯데글로벌로지스 주식회사(이하 "회사")와 함께 " "서비스 " "서비스를 제공받게 되는 것을 허용하는 것을 서약합니다.

1. 회사의 보안규칙 및 통보규칙에 부합하는 내용으로 작성합니다.
2. 회사의 지침을 불복종으로 중을 준수하지 않습니다.
3. 회사의 지침을 위반한 채거나 자필 서명 후 사용하거나, 무단으로 복사, 배포, 유출, 변조, 무단으로 삭제, 무단으로 전송, 무단으로 공유하는 행위를 하지 않습니다.
4. 회사의 지침을 위반한 채거나 무단으로 복사, 배포, 유출, 변조, 무단으로 삭제, 무단으로 공유하는 행위를 하지 않습니다.
5. 업무상 취득한 회사 또는 고객의 중요한 정보를 무단으로 복사, 배포, 유출, 변조, 무단으로 삭제, 무단으로 공유하는 행위를 하지 않습니다.
6. 회사의 통보사항을 신속하게 이행하는 의무를 부담합니다. 회사의 통보사항을 신속하게 이행하지 않을 시, 회사는 법적 조치를 취할 수 있습니다.
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20 년 월 일

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(직위) \_\_\_\_\_  
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롯데글로벌로지스 귀중

Security Pledge

**개인정보 파기 확인서(수탁업체)**

당사(당행) " "는 귀사(당행)로부터 " "서비스 " "서비스를 제공받게 되는 것을 허용하는 것을 서약합니다.

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파기대상	롯데글로벌로지스
파기대상	당사(당행)로부터 제공받은 데이터
파기대상	PC 파일, 이메일 등 데이터 등 주문서 등 인쇄물 등
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20 년 월 일

롯데글로벌로지스 귀중

Personal Information Destruction Confirmations





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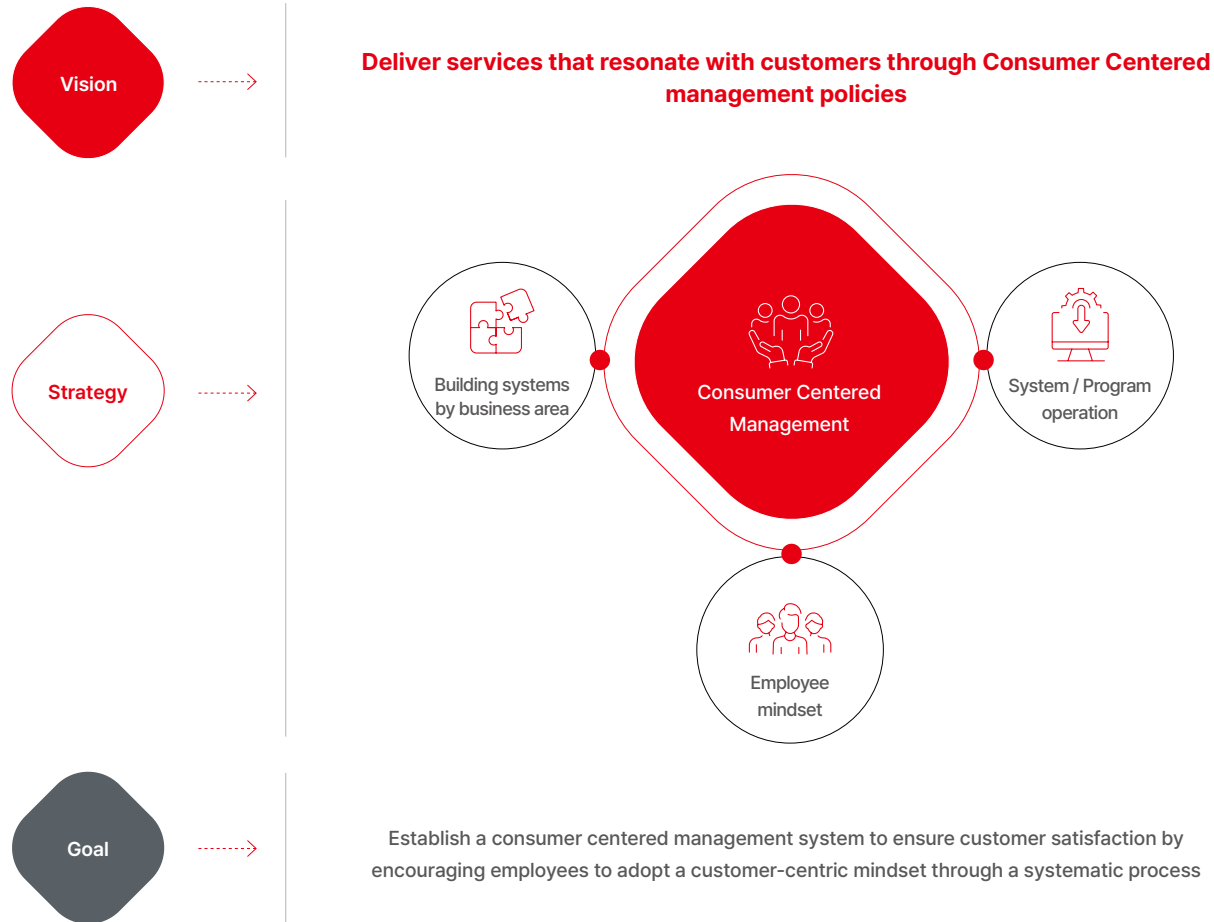
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Homepage. [www.lotteglogis.com](http://www.lotteglogis.com)

# Customer Value Enhancement

## Consumer Centered Management

### Strategy for Consumer Centered Management



### Declaration of Consumer Centered Management

At Lotte Global Logistics, customer satisfaction is our foremost commitment, and we are steadfast in our pursuit of a customer-centric management philosophy. We, as employees of Lotte Global Logistics, hereby declare the introduction of customer-oriented management to actively fulfill our customer needs.

1. We strive to have a customer-oriented management mindset that always prioritizes customer satisfaction.
2. We establish a shared trust through communication with our customers, promoting sustained growth based on it.
3. We are constantly vigilant to the evolving needs of our customers and market trends, pursuing innovation for our better service.
4. All of us are committed to implementing this declaration, realizing the consumer centered management value.

Lotte Global Logistics Customer Centered Management Committee  
April 11, 2023

### Consumer Centered Management Goals

Consumer Rights Protection	Performance	Mid to Long-term goals		
	2023	2024	By 2025	By 2030
Courier Service Evaluation by Ministry of Land, Infrastructure and Transport	A	A	A	A

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# Customer Value Enhancement

**Special Note**

## Obtaining Consumer Centered Management(CCM) Certification

In 2023, Lotte Global Logistics became the first parcel service business to earn the Consumer Centered Management(CCM) certification in Korea. This certification evaluates a company's management activities through a consumer-focused perspective, ensuring ongoing proper management and improvements, overseen by the Fair Trade Commission and the Korea Consumer Agency. In preparation for certification, we inaugurated the CCM Committee in April 2023, formulated a dedicated team and developed a system rooted in consumer-oriented principles. We also provided our employees with training to cultivate a high level of service mindset. Throughout the certification process, a keen interest and firm will to CCM principles among the entire employees as well as our robust CCM framework and a Voice Of Customer (VOC) system were highly recognized. Moving forward, we will take the lead in customer value creation by consistently innovating our services built on consumer centered management.



## Consumer Centered Management Initiative Plan

We plan to continuously operate a dedicated organization in 2024 to maintain and enhance the standards of the consumer centered management certification we achieved in 2023. We will also display the certification emblem across various platforms, including our website, apps, and waybills, to promote us as a consumer-oriented enterprise, taking the lead in consumer-centric practices.

Our strategies to boost customer satisfaction are as follows.

- Launching 24/7 AI-powered customer assistance
- Enhancing service metrics that directly incorporate customer feedback  
(A service for sending photos of non-face-to-face delivery locations, ensuring timely deliveries within the promised timeframe, managing the delay rate for accident handling)
- Streamlining tasks for delivery personnel to expedite service responses
- Promoting customer engagement through events, such as blog reviews and comments
- Promotional activities via text messages regarding customer guidance



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# Customer Value Enhancement

## Facilitated Customer Communication

### 24/7 Customer Center

Since September 2021, Lotte Global Logistics has offered round-the-clock customer service for enhancing work efficiency and customer satisfaction.

Our 24-hour customer center automatically transcribes voice-recorded inquiries into text, which are then promptly addressed by our dedicated consultants. This system allows customers to submit their questions at any time, ensuring swift responses and thereby boosting overall customer satisfaction.

### Handling Performance of 24/7 Customer Service

Category	No. of cases handled
2021 4Q*	2,445
2022	20,962
2023	17,191

\* Data has been collected since we operated 24-hour customer center from September 2021

\* All received inquiries were handled and responded.

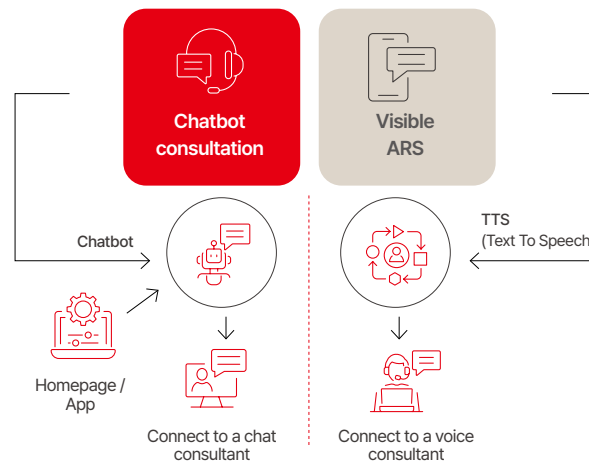


### Live Chat Consultation

Our live chat consultation service allows customers to engage in 1:1 chat communication with consultants via mobile or PC. In response to the growing preference for mobile consultation channels, we introduced 'live chat consultation' in December 2022 alongside the existing 'Chatbot LODA.' Our 2023 analysis revealed that chat consultation not only enhanced customer accessibility but also alleviated emotional strain for our consultants. This positive impact contributed to increased satisfaction both internally and externally.

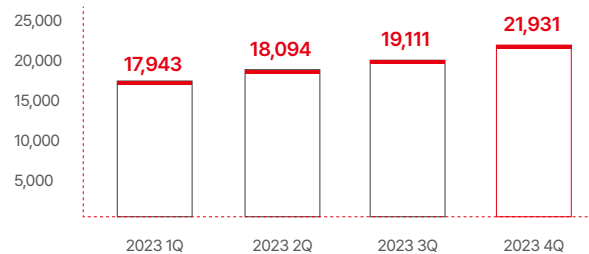
#### Visible ARS

Lotte Delivery Service Customer Center Committed to Genuine Care

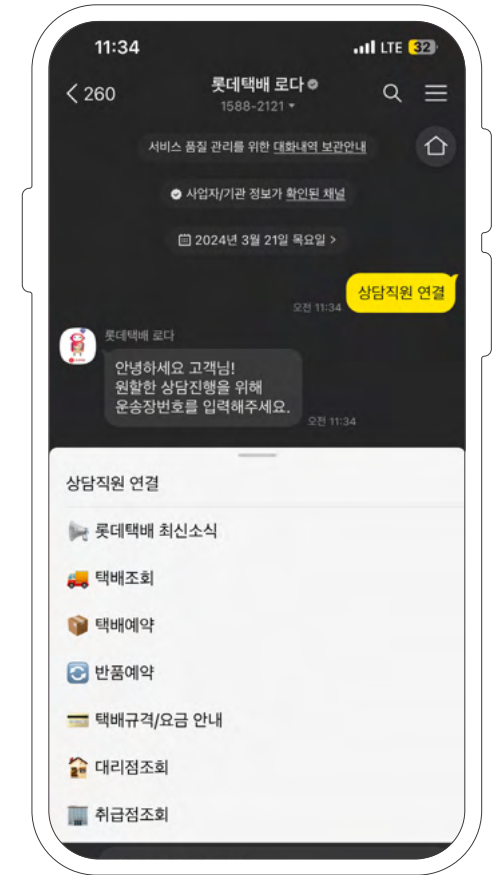


### Changes in the Number of Cases for Chatbot LODA & Live Chat Consultation

(unit : case)



#### Live Chat Consultation



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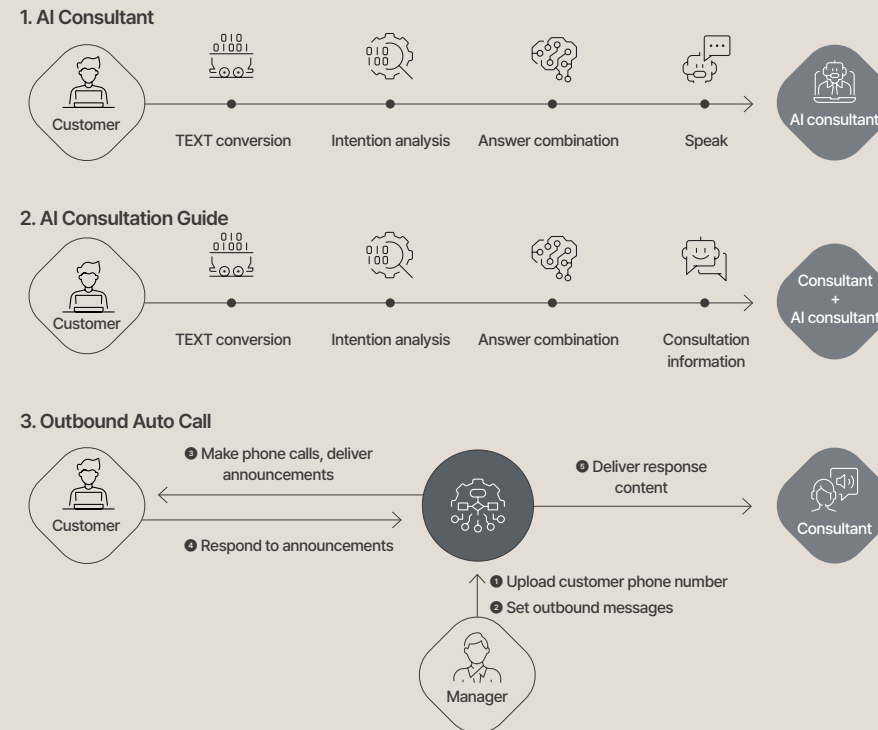
## Introduction of Artificial Intelligence Contact Center

In 2024, we aim to revolutionize our customer service operations and upgrade the customer experience by adopting an Artificial Intelligence Contact Center(AICC). The AICC advanced natural language processing and machine learning algorithms based on STT\* and TA\*\* technologies, enabling to deliver prompt and precise responses to a wide array of customer queries, operating 24/7. We expect that our customers can effortlessly receive solutions for the inquiries and monitor delivery statuses at their convenience, any time of the day. This

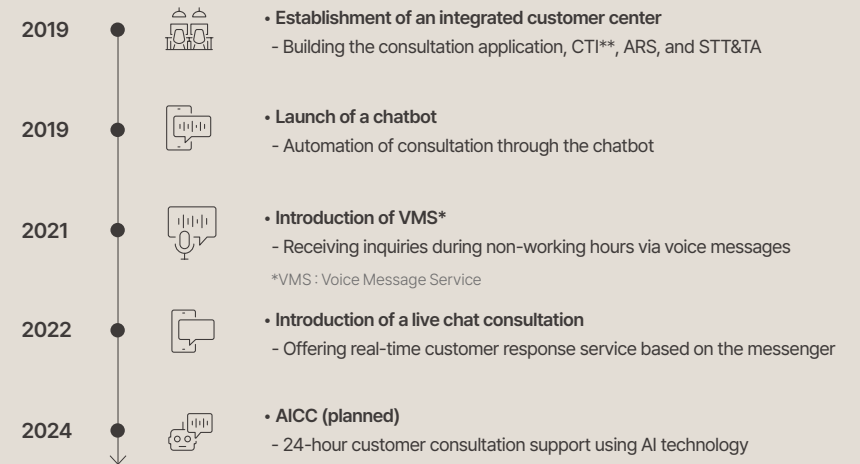
\* STT : Speak To Text  
\*\* TA : Text Analysis

will not only boost the efficiency of our customer service but also raise the quality of service by streamlining redundant internal tasks. Moreover, we anticipate an improvement in our services driven by the analysis of data collected in real-time. As we advance, we will persistently innovate our technology to ensure that our customers enjoy the more convenient delivery services

### Estimated Scope of AICC



### ICT\* Adoption History in Customer Center



\* ICT : Information & Communication Technology  
\*\* CTI : Computer Telephony Integration



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# Customer Value Enhancement

## Customer Satisfaction Management

### Customer Satisfaction Surveys

With an aim to better understand and fulfill our customer value, we carry out biannual customer satisfaction surveys, targeting key shipping companies. These surveys are administered online, with a link distributed to around 112 of our client firms to receive responses. The survey comprises eight key areas; relationship building (image), communication (active feedback, regular meetings, sharing logistics trends), business collaboration, improvement of logistics, management proficiency, safety initiatives, competitive edge, and ESG activities.

In 2023, our customer service satisfaction rating improved to 4.2, marking a 0.2 point increase from the previous year. Notably, scores for active feedback, business collaboration, and field management skills rose by 0.3 points, thanks to our commitment to incorporating customer feedback. The score of sharing logistics trends also saw growth. For aspects receiving lower satisfaction ratings, we work closely with the respective teams to offer timely responses and improvement measures and apply them in our operational and sales strategies. Going forward, we will continually improve our logistics services, ensuring they fully reflect customer feedback and providing unparalleled customer experience.

#### Customer Satisfaction Survey Results

Category	2022	2023	Increase
Score (out of 5)	4.0	4.2	0.2↑
Active feedback	3.8	4.1	0.3↑
Swift work processing and collaboration	3.9	4.2	0.3↑
Field manager proficiency	4.0	4.3	0.3↑
Sharing logistics trends	4.5	4.6	0.1↑
Response rate	71.2%	74.4%	3.2%p↑

### Elevating Customer Satisfaction

We aim to enhance genuine customer satisfaction in 2024 by refining our customer service performance metrics. Our focus will be on leading the advancement of last-mile service quality through meticulous management of key indicators, such as the rate of sending a delivery completion photo, adherence to expected delivery times, and the raising cargo incident handling efficiency.

### Consumer Damage Handling Procedure

We transparently disclose our Standard Delivery Terms and Conditions on our website, detailing the resolution process for any consumer damages or disputes arising from our services. Our goal is to enhance customer comprehension and foster trust. These terms clearly outline the steps for addressing issues related to the damage or loss of delivery goods.

[Standard Delivery Terms and Conditions](#)





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# Customer Value Enhancement

## 1st Place in KS-SQI for Three Consecutive Years

The Korea Standard-Service Quality Index(KS-SQI) is a representative benchmarking model created through a collaboration between the Korean Standards Association(KSA) and the Seoul National University Management Research Institute. It's tailored to capture the unique aspects of Korea's service sector and consumer patterns, serving as the nation's hallmark service quality index. We annually conduct a comprehensive service quality assessment across various industries, evaluating eight key factors, including accuracy, friendliness, convenient use, and social value. We have been recognized in the KS-SQI rankings for the delivery service sector, earning the top place for three consecutive years from 2021 to 2022 and 2023.



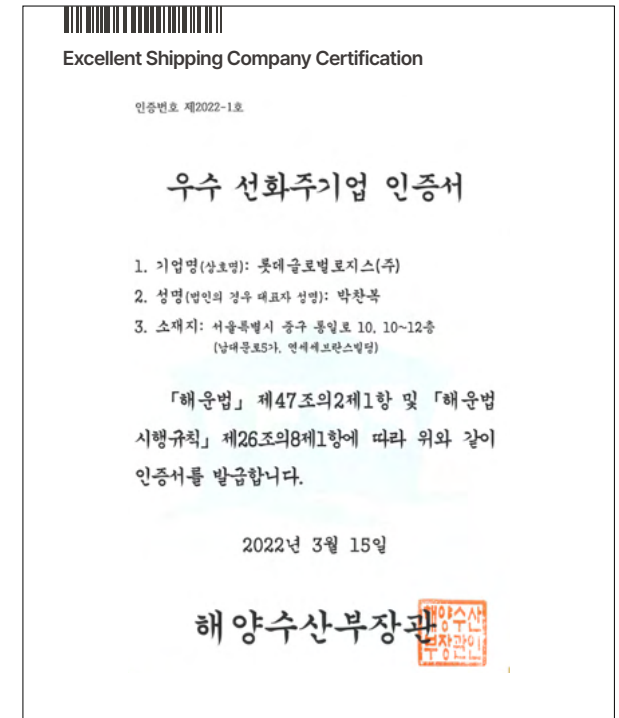
## Securing Top Position in 2023 NSCI Delivery Sector

In 2023, Lotte Global Logistics achieved the first place in the National Customer Satisfaction Index(NSCI) for the delivery service sector. The NSCI, a prominent benchmark of customer satisfaction co-developed by the Korea Productivity Center and University of Michigan, quantifies satisfaction levels based on customer evaluations of direct experiences with our products and services. Our top ranking reflects our commitment to innovation in logistics technology, and customer-friendly service policy as evidenced by the introduction of one-on-one chat consultations, implementation of customer-engaging events, such as blog reviews, satisfaction surveys for home delivery services, and the adoption of AI-driven classification and sorting systems. These advancements have been lauded for their customer-centric approach. Leveraging the insights from the survey, we will further enhance customer satisfaction and continue our dedication to consumer centered management.



## Certified Excellent Shipping Company

Since its recognition as an outstanding shipping company in 2022, Lotte Global Logistics has been committed to fostering mutually beneficial partnerships. We have successfully expanded our operations with national carriers and strategically engaged shippers from Daesan and Pyeongtaek ports, effectively contributing to lowering logistics expenses for shippers while boosting freight volumes for carriers. In February 2023, we established a joint venture with a domestic shipping firm for reinforcing collaborative ties within the land transportation sector, positioning us as a strategic ally for carriers venturing into land-based services and bolstering the growth of the national shipping industry.



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# Customer Value Enhancement

## Kindness Festival

We host the 'Kindness Festival,' an award ceremony honoring our top-performing delivery agents in order to elevate customer satisfaction and foster a culture of consumer centered management. This festival recognizes and rewards outstanding agents based on an overall evaluation of customer feedback, which includes the 'customer satisfaction evaluation form' sent post-delivery to customers, inputs from the Customer Center, and comments on our website. In 2023, we expanded the award opportunities, honoring 36 agents monthly from March onwards. As a result, we commended 419 exceptional agents over the course of the year.

### • Reward Status for Kindness Festival

Category	2022	2023	Growth rate (%)
No. of awarded agents	186	419	125%
Reward (unit : KRW 1,000)	43,600	61,000	40%



## Customer Service(CS) Promotion

We engage in customer service(CS) promotions every year to gather feedback and raise the quality of our services. Branches and agents that meet established objectives are recognized with rewards. In 2023, we focused on the photo transmission rate and return collection rate as primary metrics. During this period, 15 agents met their goals in the return collection rate campaign, while 26 agents succeeded in the photo transmission rate performance, leading to an overall improvement in both metrics.



## CS Idea Contest

In 2023, our Parcel Service Division held a CS idea contest open to all our staff. The contest garnered 50 innovative ideas aimed at raising delivery customer satisfaction and fortifying our CS management skills. These submissions were reviewed by a panel of six judges and subjected to an executive vote. The standout proposal, titled 'SM APP\_ Introducing an Instant Number Confirmation Service,' was selected as the top idea. Moving forward into 2024, we plan to incorporate these outstanding ideas, particularly the winning entry, into our CS innovation projects after discussions with the related departments.

### • CS Contest Idea Entry by Category

(unit : case)

New service	System improvement	New function	Process change	Total
12	18	16	4	50



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# Customer Value Enhancement

## Customer Satisfaction Survey Targeting Actual Customers

Lotte Global Logistics conducts customer satisfaction surveys for delivery recipients twice a year, during the first and second half of the year, targeting all customers who use our parcel services. Our goal is to collect customer feedback and enhance service quality. After receiving their deliveries, customers can easily participate in the survey by clicking on the participation link sent via text message. In addition to assessing delivery satisfaction, customers can share their opinions on various services and reception channels. We also welcome feedback on areas that need improvement, even if they are currently satisfactory. The insights gathered serve as essential data for enhancing our services. We remain committed to valuing our customers' opinions and continuously improving based on their feedback.

### Customer Satisfaction Survey Results Targeting Consignees

Category	First half of the year	Second half of the year
Survey period	2/21 ~ 3/6 (14 days)	10/17 ~ 10/31 (15 days)
No. of participants	145,614	89,410
Satisfaction score (out of 5 points)	4.79	4.80



Customer Satisfaction Survey for First and Second Half of the Year

## Security Checkpoints for Reduced Cargo Loss

At the Jincheon Mega-Hub Terminal, we have implemented a robust security checkpoint system to mitigate cargo loss accidents. Our security checkpoint includes X-ray equipment and metal detectors. Since its introduction in January 2023, this system has significantly reduced the average number of cargo loss cases from nearly 8,000 in 2022 to an average of 4,500.

### Improvement of Loss Accident Rate Before / After Security Checkpoint Operation

Category	2022	2023
Loss cases	7,928	4,549
Loss accident rate (PPM*)	66.5	38.1

\*PPM (Parts Per Million): Number of lost items / Quantity × 1,000,000



Security Checkpoint Pperation



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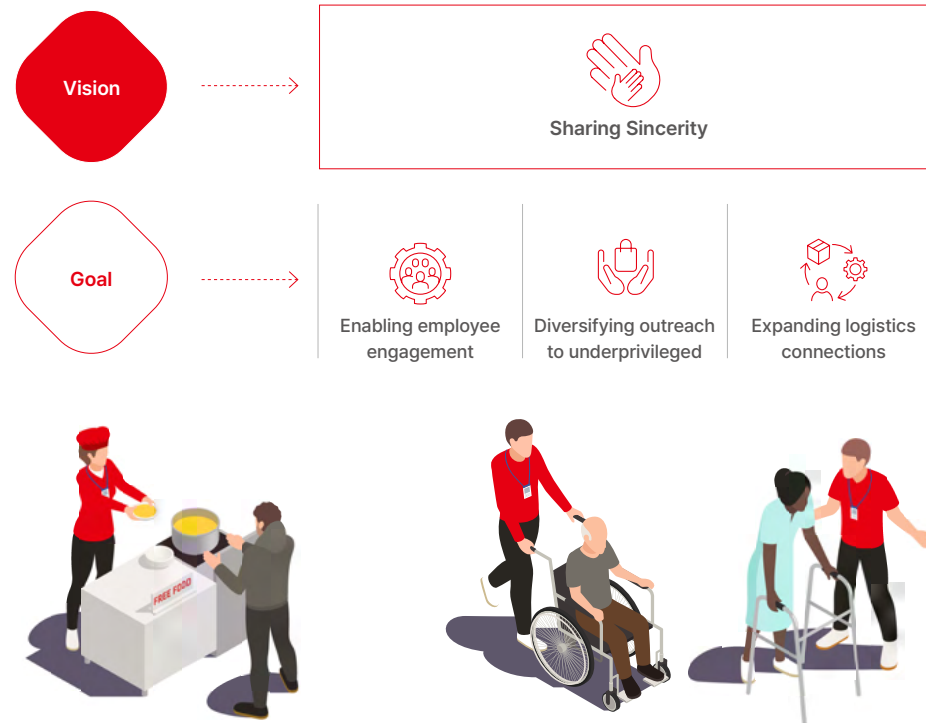
# Local Community Development

## Social Contribution System

### Social Contribution System and Goal

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 actively engage in volunteer work, discovering diverse ways to provide practical assistance to neighbors in need. On top of that, we strive to expand our involvement within the logistics industry, sharing the expertise and resources we have accumulated through our business with society. Our commitment is to fulfill our social responsibilities and contribute to the development of the local community.

#### Our Social Contribution System



### Organizations for Social Contribution

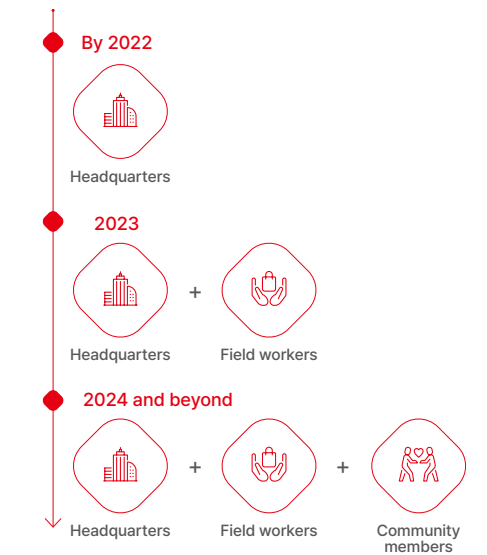
Under the direct supervision of the CEO, we have established and operated organization and personnel committed to social contribution. Communication Team, dedicated to social contribution, plays a role in systematically planning and efficiently assisting the implementation of various social contribution activities. Their responsibilities include discovering, planning, promoting, and managing social contribution programs.



### Our Goal from Engaging in Local Communities

Our goal is to widely disseminate the value of sharing and win-win growth. We aspire to extend this value beyond the employees of headquarters, ultimately fostering social contribution programs in collaboration with local community members.

#### Roadmap to Expand Participants



# Local Community Development

## Social Contribution Activities

### Salary Merit System

We have operated the 'salary merit system' that empowers our employees to contribute a voluntary portion of their monthly earnings towards charity, since 2017. As a company, we amplify their generosity for those in need with 'matching grant' program, contributing an equal amount to the funds collected. Over the past three years, our salary merit system has garnered the consistent participation of about 700 employees monthly. This collective effort has culminated a fund totaling around KRW 110 million. These funds have been allocated to a variety of outreach initiatives, providing support to individuals with borderline intellectual functioning, children in vulnerable groups, and seniors who live in solitude.

### Employee Engagement Bazaar, 'A Beautiful Day'

Since 2022, 'A Beautiful Day' program has been carried out for promoting ESG values and a culture of sharing in collaboration with the 'Beautiful Store' social enterprise. Through this program, we engage in the sale of employee-donated items, including apparel, household goods, and books, to those who need them, with the proceeds supporting marginalized communities. This endeavor not only contributes to climate action by minimizing carbon emissions and resource waste but also serves as a compassionate outreach to our marginalized neighbors.



A Beautiful Day with Lotte Global Logistics

In 2023, about 4,000 items generously contributed by our employees over two years culminated in a bazaar at the Beautiful Store Anguk branch, named 'A Beautiful Day with Lotte Global Logistics.' Our employees also volunteered to run the store. As a result, the environmental impact was equating to the conservation of resources of 40,000 paper cups. The revenue generated was donated to the 'Beautiful Hope' project, a local community support endeavor by Beautiful Store.

### Donation of Unclaimed Cargo at Jincheon Mega-Hub Terminal to Jincheon-gun

Since October 2023, the Jincheon Mega-Hub Terminal has identified and separated reusable items from unclaimed cargo during terminal operations so that we can regularly donate these items to the Jincheon-gun Senior Welfare Center and Volunteer Center without any cost on a monthly basis. In a concerted effort with these centers, essential items, ranging from daily necessities and miscellaneous goods to clothing and home appliances, were delivered to households in need within the region each month.

## Special Note

### Used Toy Sharing Event

As a logistics company, Lotte Global Logistics pushes forward a virtuous cycle of resources, addressing the issue of carbon emissions from transport vehicles through social contribution initiatives through sharing. As part of the efforts, we have partnered with the social enterprise 'Elephant Factory' for a used toy sharing since 2022. The campaign invites donations of unused toys from homes, which are then gifted to disadvantaged children and young hospital patients. These toys collected through online donations are restored and sanitized to become cherished presents during festive occasions like Children's Day and Christmas, thus revitalizing resources and bringing joy to children. Our role extends to collection and delivery of these donations free of charge to Elephant Factory, where our employee volunteers engage in refurbishing and sanitizing the toys. In 2023, this volunteer effort expanded beyond our headquarters to include our sites in Busan, Daejeon, Gwangju, and Icheon, highlighting the significance of our endeavors.

#### Employees' Volunteer Activities for Recycling Used Toys



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# Local Community Development

## Campaign to Raise Awareness of Borderline Intelligence

We support a campaign to illuminate the challenges faced by individuals with borderline intelligence\*, a group often overlooked by social support and interest. Launched at Cheonggye Plaza in Seoul in October 2023, hosted by the Seoul Metropolitan Government's Borderline Intelligence Lifelong Education Support Center, the first campaign featured a variety of educational content. The campaign disseminated information and introduced the community in regard to borderline intelligence. We dispatched 30 of our employees to actively assist the event. Going forward, we will continue our active support and interest in this matter with an aim to raise awareness and expand societal empathy for people with borderline intelligence.

\* Persons with borderline intelligence: Individuals with a Wechsler intelligence quotient (IQ) ranging from 70 to 79, positioned at the threshold between disability and non-disability



Campaign to Improve Awareness of Borderline Intelligence

## Empowering Vulnerable Children through ICT Skills Training

We have been dedicated to offering training on ICT experience that merges theory with hands-on practice since 2022, targeting children from socioeconomically disadvantaged backgrounds who lacked opportunities to get digital training. This training is designed to enlighten on the significance and applications of digital technology. Over the two years up to 2023, we have provided smart mobility and drone training programs for 200 children across 10 child welfare institutions. In 2023, we further enriched our curriculum by introducing a practical robotic arm assembly course, applied with the ICT in the logistics sector for young minds. We strive to ensure that no child is left behind in the digital era through these social contribution efforts, aiming to help the advancement of logistics, IT education, and future technological innovation.



ICT Hands-on Experience Support



## Support with Custom Hearing Aids and Wireless Door Lights

In partnership with the 'Snail of Love' social welfare organization, we are dedicated to providing tailor-made hearing aids and wireless door lights for economically disadvantaged seniors with hearing impairments who reside alone. In 2023, we successfully distributed hearing aids to solitary seniors in Jung-gu, Seoul. Our employees personally visited each home to set up wireless door lights and instructed the residents on their operation. We plan to continuously carry out this support, aspiring to enhance the living standards of the elderly living alone by ensuring they can experience the comfort of clear and resonant sound.



Installation of Wireless Door Lights





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# Transparent Governance

## Board of Directors

### Board Composition

The Board of Directors(BOD) and the management of Lotte Global Logistics make decisions and perform their responsibilities, prioritizing the establishment of a sound and transparent governance structure on the foundation of mutual cooperation.

The BOD consists of a total of 9 members, including 3 inside directors including the CEO, 5 outside directors, and 1 other non-executive director. The CEO concurrently serves as the Chairman of the board to minimize decision-making procedures, enhance efficiency, and make key decisions through responsible management.

### BOD Composition

(as of March 2024)

Category	Name	Year of birth	Gender	Term of office	Expertise	Major career history
Inside directors (3)	Kang Buong-ku	1968	Male	2024.03.22 ~ 2026.03.21	Business, logistics	(2024-Current) CEO, Lotte Global Logistics (Former) CEO of global business division, CJ Logistics (Former) Vice president, UPS HQ
	Kim Gong-su	1969	Male	2023.03.29 ~ 2025.03.28	Global logistics, overseas business	(2020-Current) Head of the global business division, Lotte Global Logistics (2021-Current) Head of the overseas business division, Lotte Global Logistics (concurrent)
	Choi Myung-ho	1965	Male	2024.03.27 ~ 2026.03.26	Finance, business	(2021-Current) Head of the business support division, Lotte Global Logistics (2018-2021) Head of the finance division, Lotte Global Logistics
Outside directors (5)	Lee Ki-kweon	1957	Male	2023.03.27 ~ 2025.03.26	Labor, administration	(Former) Minister of Employment and Labor
	Choi Byung-il	1958	Male	2023.03.27 ~ 2025.03.26	Finance, business	(Current) Professor of Ewha Graduate School of International Studies
	Lee Chung-bae	1961	Male	2024.04.02 ~ 2026.04.01	Business, logistics	(Current) Professor of International Logistics at the School of Business and Economics, Chung-Ang University
	Yang Byung-soo	1965	Male	2024.03.22 ~ 2026.03.21	Finance	(Former) Head of NTS Daejeon Regional Office
	Kim Hee-yeon	1969	Female	2024.03.22 ~ 2026.03.21	Strategy, business	(Former) CSO, LG Display
Other non-executive directors (1)	Cho Sung-kwon	1981	Male	2024.03.22 ~ 2026.03.21	Finance	(Current) Vice president of investments at H Private Equity (Former) Managing director of investment at Medici Investment



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# Transparent Governance

## Board Diversity and Independence

Lotte Global Logistics places a high value on candidates capable of making autonomous decisions from a multitude of perspectives, encompassing race, nationality, gender, geographic background, and religious beliefs. In our pursuit of heightened transparency and accountability, we appoint outside directors who maintain no substantial financial interests in the company, ensuring unbiased oversight and governance.

## Director Appointment Procedures

Our commitment to the expertise, accountability, and diversity of the BOD is paramount. We appoint directors through the shareholders' meeting's approval, excluding any potential conflicts of interest adhering to the Commercial Act. Prior to appointments, we engage in consultations within the Group to assess the governance structure, stakeholder involvement, and concurrent roles held. In selecting outside directors, we avoid a narrow focus on specific areas, opting instead to assemble a diverse panel of experts from various academic and professional backgrounds. This equips our board with the broad expertise necessary to oversee corporate management from an impartial and comprehensive standpoint.

## Board Operation

Our BOD functions with high efficiency and sound judgment to ensure optimal management decisions that align with the interests of the company and shareholders. We have established governance operation documents, including the Articles of Incorporation and detailed board operation regulations, which clearly define the board's mandate, responsibilities, and operational guidelines.

The board meetings are held on a regular basis, with mandatory quarterly meetings and additional meetings as needed to address urgent matters. In these meetings, directors deliberate on significant issues that have a significant potential or actual impact on the company and seek solutions. In the year 2023, a total of seven board meetings were held, during which 21 key agenda items were thoroughly addressed and reported.

### ■ BOD Activities in 2023

<b>No. of board meetings held</b>		7 times
<b>Attendance rate</b>	Inside director	83.3%
	Outside director	95.2%
		21
<b>No. of agenda items</b>	Type	
	Non-financial risk management	5
	Financial risk management	16





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# Transparent Governance

**Committees within the BOD**

In order to elevate the efficiency of our board operations and reinforce the expertise of our business execution, we newly established four new committees within the BOD : the Audit Committee, Outside Director Candidate Recommendation Committee, Internal Transaction Review Committee, and Compensation Committee in March 2024, on top of existing ESG Committee.

Type	Name	ESG Committee	Audit Committee	Outside Director Candidate Nomination Committee	Internal Transaction Review Committee	Compensation Committee	Note
Inside director (3)	Kang Buong-ku						CEO assuming the BOD Chair
	Kim Gong-su					Member	
	Choi Myung-ho	Member			Member		
Outside director (5)	Lee Ki-kwon	Chair		Member			
	Choi Byung-il	Member	Member	Chair			
	Lee Chung-bae	Member			Member	Chair	
	Yang Byeong-su		Chair	Member	Member		
	Kim Hee-yeon		Member		Chair	Member	

**ESG Committee**

We have operated an ESG Committee since 2021, with an aim to uphold our commitment to environmental and societal responsibilities and drive sustainable growth through a transparent governance structure. The ESG Committee is at the forefront of formulating ESG strategies and policies, monitoring the advancement of key ESG initiatives and deliberating on ESG-related issues referred by the BOD. The committee is comprised of one inside director and three outside directors, ensuring independence and diversity.

▪ **ESG Committee Activities in 2023**

No. of meetings	Date of Convocation	Major agenda items
Once	May 11, 2023	<ul style="list-style-type: none"> <li>Status of ESG management task execution in 2023</li> <li>Sustainability Report publication progress</li> <li>Establishment of a Carbon Neutrality Roadmap by 2040</li> </ul>

**Audit Committee**

We newly founded an Audit Committee in 2024 to elevate the proficiency of our auditing functions and ensure a transparent governance framework. Tasked with deliberating on the company's financial and operational audits, the committee also handles requests for directorial business reports, probes into the company's fiscal health, and addresses additional auditing concerns as assigned by the BOD. The Audit Committee is composed of three outside directors.

**Outside Director Candidate Recommendation Committee**

For the purpose of securing the independence and diversity of outside directors, we established the Outside Director Candidate Recommendation Committee in 2024. The committee plays a role of evaluating and recommending candidates for the position of outside director in addition to addressing other pertinent matters that require consideration. The committee consists of three outside directors.

**Internal Transaction Review Committee**

In order to raise management transparency through voluntary compliance with fair trade, the Internal Transaction Review Committee was established in 2024. The committee reviews and approves large-scale inside transactions and requests for investigation and reporting of detailed internal transaction data while discussing other matters delegated by the BOD. The committee consists of one inside director and three outside directors.

**Compensation Committee**

In 2024, we established the Compensation Committee to bolster objectivity and transparency throughout the director compensation decision-making process. The committee is responsible for discussing the compensation boundaries for registered directors proposed at the general shareholders' meeting, determining the details of director remuneration including performance-related bonuses, and handling other relevant matters as directed by the BOD. The committee is composed of one inside director and two outside directors.

**Training and Capacity Building for Board Members**

We have consistently provided training and operational site reviews to sharpen the capabilities of our board members. Throughout 2023, our board members advanced their knowledge in compliance management through the participation in compliance forums, specialized instruction in fair trade practices and anti-corruption measures, and training on anti-graft legislation. Furthermore, the data literacy workshops were offered to bolster the board's understanding in the data utilization management.

▪ **Labor-specific Training Targeting Executives Led by External Experts**

Category	Details
Purpose	Tightened labor compliance through executive training
Type	Offline training
Target	All executives (CEO included)
Training period	March 2023
Training instructor	External experts (law firm)
Training content	<ul style="list-style-type: none"> <li>Labor law trends and labor management direction</li> <li>- Recent issues : Usability of the original contract</li> <li>- Labor management : Appropriateness of contract operation</li> </ul>

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# Transparent Governance

## Board Evaluation and Remuneration

We annually assess if the BOD is fulfilling its mandated duties and responsibilities as per legal and internal guidelines. The remuneration for directors is set within the bounds established by the general shareholders' meeting. Inside directors' remuneration is evaluated holistically based on their role, level, leadership, and expertise, following the regulations for executive compensation. Aiming to maintain independence, outside directors receive a steady remuneration without any variable bonuses tied to the company's performance. Besides, these details are reported quarterly via the Financial Supervisory Service's DART system.

## Evaluation of Inside Directors

The inside director activities are evaluated using key management metrics and ESG criteria. To reinforce ESG management, we have established key performance indicators(KPIs) for vital ESG domains, such as occupational safety, labor management, supply chain oversight, corporate governance, and the execution of carbon neutrality. These KPIs are integrated with financial benchmarks to evaluate the performance of inside directors.

## Evaluation of Outside Directors

We conduct an annual evaluation of the activities of outside directors, taking into account their attendance at board meetings, the quality and impact of their contributions to board discussions, and the pertinence of their expert advice in their respective fields. The results gained from this review are reflected in supporting productive activities among our outside directors and the review process for the re-appointment upon their term's conclusion.

### Director Remuneration in 2023

Category	No. of people	Total payout*	(Unit : KRW million)
			Average payout per person
Registered director	5	2,186	437
Outside director	3	199	66
Audit**	1	-	-

\* Wages, bonuses, and cash equivalent welfare benefits (meals, etc.) are included.  
 \*\* One auditor is unpaid.

### Percentage of Total Annual Remuneration for CEO and Employees in 2023

(Unit : KRW million)		
Total remuneration of CEO	Employee salary (median)	Ratio (times)
910	58	15.7

\* Median employee salary excludes CEO (highest paid) salary.  
 \* Based on earned income with retirement income excluded

### Percentage Increase in CEO and Employee Remuneration in 2023

Total remuneration increase rate of CEO	Salary increase rate of employees (median)	Ratio (times)
3.2%	6.3%	0.5

\* Based on earned income with retirement income excluded

## Shareholder Protection

### Shareholder Composition and Holdings

Total no. of shares

**34,172,005**

(as of December 2023)

Lotte corporation

**46.04%**

No. of shares :  
15,731,750

L Second investment company

**14.18%**

No. of shares :  
4,844,729

Minority shareholders

**7.04%**

No. of shares :  
2,404,430

Hotel Lotte

**10.87%**

No. of shares :  
3,714,255

LLH Co., Ltd.

**21.87%**

No. of shares :  
7,472,161

Stock buyback

**0.01%**

No. of shares : 4,680

### Shareholder Rights

In accordance with the Articles of Incorporation, shareholders have one voting right per share. Fair voting rights are granted depending on the type and number of shares held by shareholders.



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# Ethical and Compliance Management

## Ethical and Compliance Management System

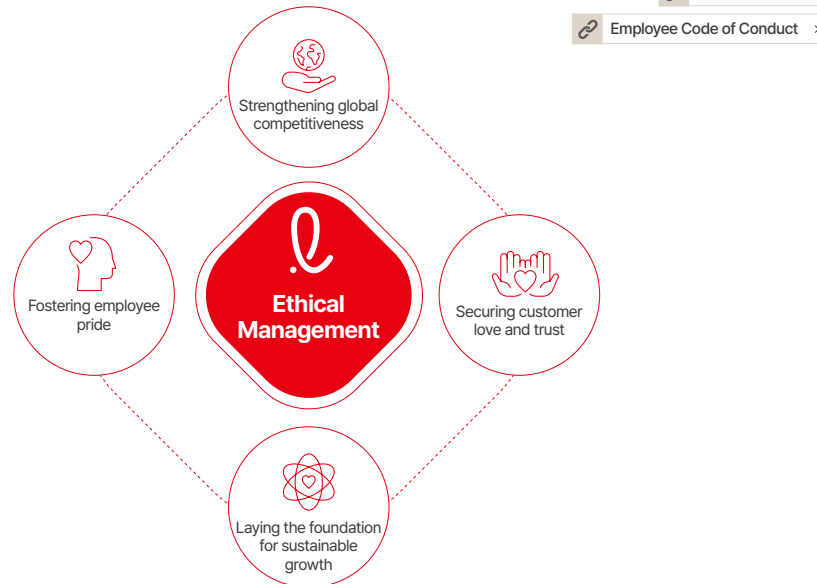
Our definition of ethical and compliance management includes not only legal responsibilities but also behaviors that are responsibly expected by society. With this perspective, we strive to maintain transparent and responsible ethical and compliance management practices.

### Code of Ethics

We established a Code of Ethics that details our duties and commitments to our customers, employees, shareholders, the nation, society, the global community, and the preservation of the environment. This code guides our employees to acknowledge the significance of ethical conduct and compliance with the law, and to seek the shared interest of our customers and all stakeholders through free and fair competition.

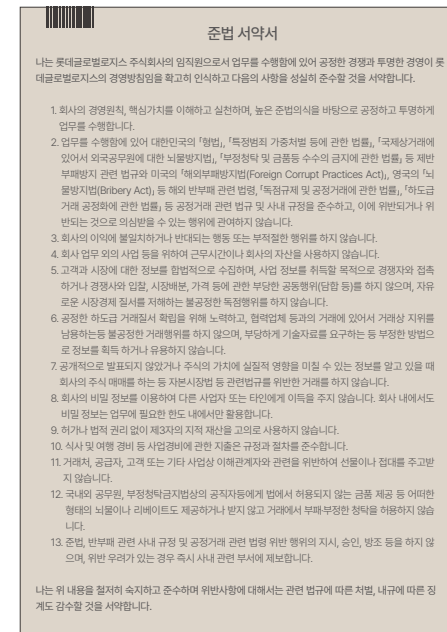
Our employees are dedicated to adhering to the Code of Ethics, which safeguards the company's reputation and the personal integrity of each individual. Besides, for the company's efficient management, we have formulated an Employee Code of Conduct that aligns with our ethical standards and behavioral expectations. These guidelines are disclosed on our company website.

### Key Benefits of Ethical Management



## Employee Compliance Statement

For the objective of disseminating a culture of compliance and ethical management, we annually reaffirm our commitment through the Compliance Statement. This pledge encompasses adherence to both local and global laws, including anti-corruption. Each member of the company is expected to abide by all relevant laws, regulations, internal policies, and guidelines. By signing the pledge, they demonstrate their dedication to upholding our Code of Ethics and other internal rules. In 2023, the entire employees signed the Compliance Statement. This action reinforces a culture of compliance and ethical conduct within our company and bolsters our collective resolution to operate the businesses in ethical and legal manner.



Compliance Statement

## ISO Certification for Compliance and Anti-corruption Management System

In 2021, Lotte Global Logistics was the first in the national logistics field to acquire the ISO 37301\* certification for the compliance management system. We also underwent the re-certification process for ISO 37001\*\*, the global standard for anti-corruption management systems, and achieved integrated certification from the International Organization for Standardization(ISO). Leveraging these certifications, we are consistently enhancing our compliance management. This includes the active management of compliance-related risks, establishing a systematic approach to compliance oversight, and conducting ongoing monitoring activities.

\* ISO 37301 (Compliance Management Systems) : A global standard that provides a thorough assessment framework for an organization's management system, evaluating adherence to legal mandates, guidelines, industry-specific regulations, and societal ethical norms

\*\* ISO 37001 (Anti-Bribery Management Systems) : A global standard designed to proactively identify and mitigate potential corruption within an organization, establishing a robust anti-corruption framework

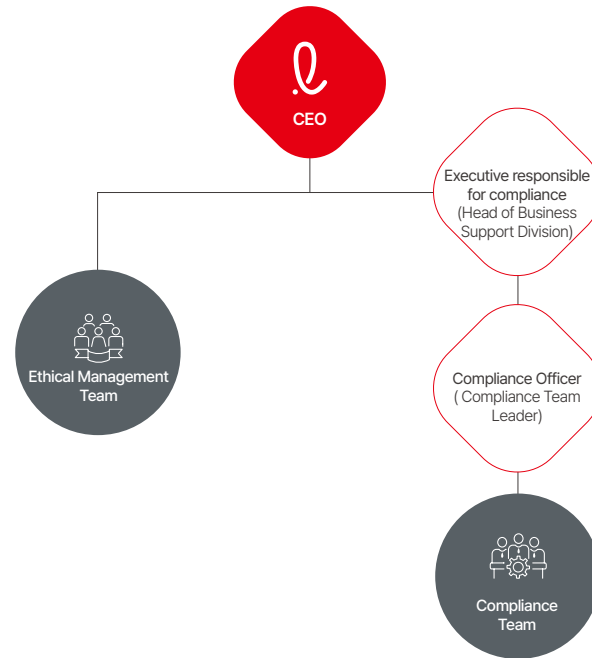


ISO 37301 Certification

ISO 37001 Certification

# Ethical and Compliance Management

## Organizational Structure for Ethical and Compliance



### Ethical Management Organization

For the systematic advancement and management of ethical practices, we have operated the Ethical Management Team directly under the CEO. This dedicated team is responsible for conducting training sessions, routine monitoring, and internal audits, all aimed at preempting any corrupt activities within our corporate structure.

### Compliance Management Organization

Our Compliance Team is devoted to mitigating the company's legal risks and handles legal conflicts and regulatory compliance across civil, criminal, and administrative areas, including fair trade matters. In addition, proactive risk management is a cornerstone of its operations, with contract reviews and legal counseling. In line with our compliance framework and standards, we also support the compliance manager to perform thorough risk evaluations in our business sectors. We strive for continuous management and education to ensure compliance to legal and regulatory requirements. By fostering a culture that values compliance with norms and laws, we empower our employees in upholding these standards in their everyday tasks.

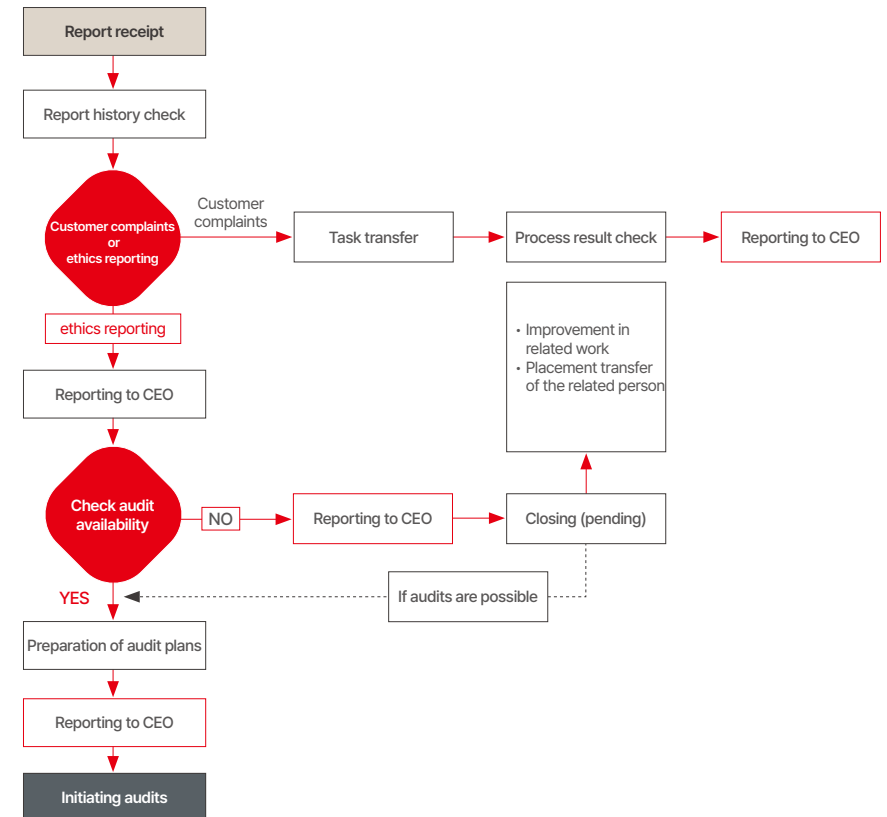
## Ethics HOT-LINE

We operate an 'Ethics HOT-LINE' reporting channel so that all stakeholders, including our employees, partner company employees, and customers, are able to report ethically incorrect practices related to the company, suggestions for improvement in policy areas, or inappropriate actions by our employees.

Our Ethics HOT-LINE is available in both Korean and English via our corporate website, offering the option for stakeholders to submit reports with anonymity or with disclosing name. Furthermore, we are creating a secure and transparent reporting ecosystem. To this end, we provide a multitude of reporting channels, including e-mail, postal mail, fax, telephone, and in-person visits, ensuring that all stakeholders have the means to report ethical concerns in a transparent and safe manner

[Ethics HOT-LINE >](#)

### Reporting Process



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# Ethical and Compliance Management

## Code of Conduct

[Employee Code of Conduct](#)

- 1 We create the value that can maximize the benefits of our customers and shareholders.**

  - With the belief that customers are the foundation of company establishment, we respect the opinions of our customers and strive to create the value the customers want.
  - With customer centered management activities, we base all of our decision-making process and behaviors of the executives and staff on profit to the customers.
- 2 We build mutually trustworthy and respectable organizational culture.**

  - We do not engage in any verbal, physical, or visual activities that can offend others.
  - We respect the privacy of individuals, and do not engage in the activities of unreasonable discrimination or malicious slandering.
  - We break the barriers within the organization, and create the organizational atmosphere that is mutually cooperative through smooth communication.
- 3 We respect social norms and keep the honor of being a person from Lotte Global Logistics Corp.**

  - As an exemplary member of the society, we take the first step in all social contribution activities, including social service.
  - We keep the dignity as a part of Lotte Global Logistics Corp. and a staff of Lotte Global Logistics Corp., and in relation to the performance of the duties, we do not engage in any unethical act that can be criticized from the society.
  - We do not engage in activities such as tax evasion, accounting fraud, and environmental pollution that can cause social scandal, and we do not do business activities with unethical companies.
- 4 We protect important information of the company, and share the useful information.**

  - The non-disclosed or important information of the company, customers, and subcontractors should be kept strictly confidential.
  - Useful information should be delivered to the relevant staff in charge immediately after awareness.
  - Intentional distribution of distorted information and false reporting of manipulation of documents and numbers are prohibited.

- 5 We do not take personal profit by using the company's assets or information.**

  - We or others do not take wrongful advantage with the information about the company, customers, or subcontractors acquired during the period of employment in the company.
  - The budget of the company should be executed in transparent and efficient manner.
  - We do not engage in the acts that cause loss of company assets or interferes with the performance of the duties such as embezzlement (usage), taking away of articles, and personal usage of company assets.
- 6 In relation to our work, we do not engage in unfair practices with our stakeholders.**

  - In the process of carrying out the duties of the company, we do not close contracts with the name of himself/herself or his/her relatives for delivery or subcontracting. (However, cases of obtaining prior approval from the Ethics Management Team with the same terms and conditions as other contractors are exceptions.)
  - We do not engage in cash reception/payment, cash loans, or work requests that can cause interference in performing duties with stakeholders (a person or group in or with the potential to engage in business with the company).
  - We do not provide or accept any money or valuables except for souvenirs and gifts that are within common sense.
  - We do not provide or accept entertainment or conveniences to stakeholders that are beyond common sense, or even if it is inevitable, we do not carry out any acts that are prohibited by the regulations of the party receiving the benefit.
  - We do not notify family events to the stakeholders who may be affected in work, and even if the money for family events was received, it should be at a socially acceptable level with the purpose of mutual help.
  - We do not provide money or valuables directly or indirectly to the third party, who may have influence on one or more public officials, to gain or maintain business profits.
  - We do not offer, promise, or provide monetary or other benefits to anyone to gain business profit, nor do we pay remuneration for improper exercise of power or activities

- 7 We comply with sound and fair trade order.**

  - We shall make efforts to make all transactions transparent and fair in mutually equal positions, and consult thoroughly on the transaction conditions and procedures.
  - We respect lawful rights of subcontractors, and do not request for any types of reward or wrongful acts by taking advantage of superiority in position.
- 8 We protect the environment and do not waste resource.**

  - We comply with all laws related to the environment in carrying out the duties of the company, and actively take part in the environmental protection campaigns.
  - We strive to protect the environment and preserve resources through steady research and technology development.
- 9 As individuals in global logistics industry, we respect the cultures and customs of all regions and countries.**

  - We acknowledge the ethical conflict due to differences in culture and traditions among the countries, and make efforts to resolve this problem fairly.
  - As a corporate citizen of the country concerned, we respect the laws and practices of the country, and contribute to the development of the local community.
- 10 We do our best to establish ethical corporate culture.**

  - The executives and staff shall faithfully comply with to the Code of Ethics as a basis for action and value judgment.
  - In case of acknowledging that the acts of you or others have violated the Code of Ethics, you should notify the Ethics Management Team.
  - For the effective operation of the Code of Conduct, additional criteria shall be established if necessary.

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# Ethical and Compliance Management

## Our Efforts for Ethical and Compliance Management

### CEO's Firm Will, 'Tone at the Top'

The CEO reaffirms his dedication to rigorous compliance management biannually. This declaration serves as a reminder to our members of the importance and duties associated with internal governance, cultivating an organizational culture that prioritizes adherence to compliance management and social accountability.

### Upgrading Company Regulations and Work Processes in Line with Compliance Control Standards

'Compliance control' refers to a policy and control endeavor aimed at systematically identifying all legal statutes and regulations pertinent to our operations. Its purpose is to avoid any unlawful conduct and manage legal risks through rigorous internal inspections of compliance among our employees. In pursuit of fair and transparent corporate governance, we instituted compliance control criteria reflecting public company standards in October 2022. Throughout 2023, we diligently monitored our compliance management system and overall operation. We assessed seven criteria to gauge their effectiveness in alignment with the established requirements of compliance control.

#### • Compliance Management Monitoring History in 2023

<b>Regular inspection</b>	<ul style="list-style-type: none"> <li>• Check and revise the content of the standard contract</li> <li>• Identify and evaluate risks by compliance domain</li> <li>• Evaluate effectiveness of compliance control criteria</li> </ul>
<b>Special inspection</b>	<ul style="list-style-type: none"> <li>• Conduct inspection of compliance risks at business sites</li> <li>• Check risks and derive improvements at each stage of subcontracting transactions</li> <li>• Conduct inspection of civil and fair trade cases over the past 5 years</li> </ul>

#### • Results of Effectiveness Evaluation of Compliance Control Criteria

Evaluation result	Evaluation item
<b>Excellent</b>	Content of compliance control criteria / Legal risk assessment and management system / Compliance education and training program / Daily compliance support / Compliance inspection and reporting system / Sanction for violations
<b>Average</b>	Independent execution of work for the compliance manager
<b>Poor</b>	-

### Publication of Legal Guidebook

We are committed to ingraining a culture of compliance within our employees by facilitating the compliance training based on real cases and bolstering their legal knowledge. In alignment with this objective, we published a legal guidebook in October 2022. It features 'legal advice,' covering the company's actual legal consultations as well as 'compliance,' offering a suite of guidelines on compliance and fair trade practices. In 2024, we plan to update the guidebook to reflect not only the accumulated legal advice instances that have occurred after the previous publication but also the latest compliance standards.

### Introduction of Compliance Manager System

In 2022, we designated a 'compliance manager' through a BOD's resolution. This role is pivotal in operating compliance education, ensuring adherence to our compliance standards, and executing hands-on compliance management tasks. The compliance manager can directly report to either the BOD or the CEO concerning the responsibilities and is empowered to conduct compliance oversight in independent and proficient manner. Going forward, we will continue to comply with laws and regulations, enhancing the system for the compliance manager.

### Tightened Control of Major Contracts and New Businesses

Since September 2023, we have initiated the 'major contract (business) and new business review and management process' with an aim to mitigate potential financial and non-financial risks stemming from unfavorable clauses in contracts. Selection for early review and ongoing oversight is determined by the significance of the matters and transactions necessitating preliminary scrutiny. This encompasses the creation of new offerings, key agreements with notable terms, the adoption of crucial operational technologies, the procurement of shares from other firms, and substantial intra-company dealings. The protocol is uniformly applicable to all entities within our organization that deliver any form of services.

### Advanced Ethics and Compliance Training

In light of increasingly stringent compliance mandates, we have intensified our efforts in strengthening employee education on compliance and fair trade practices to avert and diminish potential risks. In 2023, we invited local employees responsible for human resources and finance across our global corporations in our compliance training sessions. These sessions aim to circumvent potential misunderstandings attributable to the diverse cultural norms and regulations of each nation, thereby ensuring uniformity in our business operations. In addition, by sharing corruption cases, we heightened awareness of the management risks posed by corrupt practices and underscored the criticality of anti-corruption.



Compliance Training for Local Employees of Overseas Corporations

## LOTTE GLOBAL LOGISTICS

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# Ethical and Compliance Management

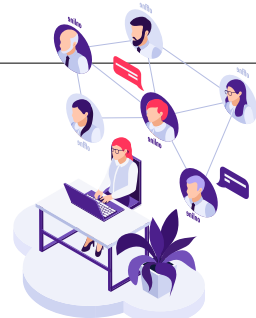
## Monitoring Antitrust Compliance

Acknowledging the criticality of adhering to fair trade principles, we newly formed a 'Antitrust Compliance Monitoring Council' in April 2022. The council, chaired by the manager dedicated to fair trade compliance, consists of departmental leaders and their deputies. Convening on a monthly basis, the council actively participates in a variety of activities, including the vigilant oversight of fair trade practices, the execution of instructional programs, the identification of issues, and the exploration of enhancements.

In 2023, in order to reinforce our compliance management, the existing council was expanded and developed into the 'Compliance Monitoring Council'. This council has expanded the scope of monitoring and education to include not only fair trade but also overall compliance areas, such as anti-corruption and safety.

**Compliance Monitoring Council Activities in 2023**

1. Dissemination of fair trade cases
2. Training for employees
  - Topics: unfair reduction, mandatory documentation, revised subcontracting law, etc.
  - Implementation of written-type monitoring in advance
3. Expansion of compliance dialogue and monitoring
  - Employment and labor, anti-corruption, safety, and environment, data protection, etc.
  - Involvement of the highest supervisory body of each sector in the council



## Anti-collusion Activities

Collusive behavior disrupts fair and open competition, adversely affecting the interests of a company. Such conduct can result in long-term detrimental impacts, leading to financial losses as well as tarnishing the reputation of the company and eroding the consumer trust.

We vigilantly oversee our employees' conduct through a multi-faceted approach to prevent such fraudulent activities and pursue fair competition. In particular, we have implemented an internal reporting system that protects the individuals who report instances of collusion. Furthermore, we mandate a reporting requirement both before and after attendance at industry private meetings to cultivate a heightened sense of awareness regarding collusion and to comply regarding guidelines. We offer collusion training to the entire employees to ensure that they always maintain fairness and ethics in their business activities, steadily continuing our collusion prevention activities. We maintain a rigorous reporting protocol for industry event participation, bolstering collusion awareness. This was further emphasized during the 2023 Compliance Week campaign, on-site workshops, and CEO-led special lectures. Such educational approaches have contributed to raising the awareness of collusion and fortifying our corporate culture against such practices.



Compliance Week Campaign Poster



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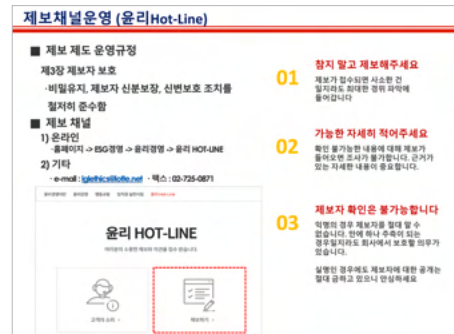
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# Ethical and Compliance Management

## Enhancing Ethical Management for Partners

### Regular Ethical Management Letters Sent to Partners

As part of our commitment to ethical governance, we regularly send Ethical Management Letters to our valued partners. Through these communications, we emphasize our steadfast dedication to ethical standards while raising awareness among our partners. Additionally, on a quarterly basis, we provide guidance via email to prevent potential breaches in Ethical Management. This includes detailed instructions on refraining from exchanging gifts during national holidays, along with examples of common ethical risks and information about our reporting channels.



Ethical Management Letters



### Ethical Management Meetings with Partners

We regularly conduct surveys among our partners to evaluate their adherence to ethical management principles. These surveys aim to identify areas where improvements are necessary and to gauge our company's ethical management standards. In 2023, we hosted offline regional meetings nationwide, specifically targeting our partners. These gatherings provided a platform to disseminate fundamental principles of ethical management and showcase examples of compliance violations, thereby fostering open communication. A total of 146 partner companies participated in these meetings, offering diverse opinions and feedback on ethical management. In 2024, we plan to expand these initiatives by further segmenting regions and target audiences to engage in closer communication with our partners and underscore the significance of ethical management practices.

- ✓ Hosting ethical management meetings : 146 participants
- ✓ Surveys on partners' ethical management practices : 760 respondents



Survey on Partners' Ethical Management Practices



Ethical Management Meeting With Partners

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# Sustainable Supply Chain

## Supporting ESG Management in Our Partner Companies

We are committed to enhancing ESG management across the supply chain and fostering mutual prosperity within the industry through fair trade with our partners.

### Partner ESG Support Roadmap

2023	2024	2025
<p><b>&lt;Introducing supply chain ESG management system&gt;</b></p> <ul style="list-style-type: none"> <li>Providing guidance and obtaining signatures on the ESG Code of Conduct for Lotte Group Partners (applied consistently across Holdings and Affiliates)</li> <li>Selecting key partners</li> <li>Implementing ESG management support programs (including ESG training and evaluation support for key partners)</li> <li>Offering benefits based on evaluation outcomes (such as awarding bonus points to excellent ESG management companies during bids)</li> </ul>	<p><b>&lt;Expanding target for supply chain ESG management&gt;</b></p> <ul style="list-style-type: none"> <li>Objective : Enhancing ESG awareness among partners</li> <li>Expanding key partner selection (increasing from 10% to 40% of total partners)</li> <li>Implementing ESG management support programs (continuing the same support as in 2023)</li> <li>Offering benefits based on evaluation outcomes (continuing the same as in 2023)</li> </ul>	<p><b>&lt;Strengthening Supply Chain ESG Evaluation&gt;</b></p> <ul style="list-style-type: none"> <li>Objective : Enhancing ESG management capabilities among partners</li> <li>Revising criteria for key partner selection</li> <li>Implementing ESG management support programs</li> <li>Ensuring objectivity through changes in evaluation methods and data management (transitioning from self-assessment to standard assessment)</li> <li>Reviewing the expansion of benefits awarded based on evaluation outcomes (considering increasing bonus points during bids)</li> </ul>

### Code of Conduct for Lotte Group Partners

Lotte Group has established a Code of Conduct for sustainable management in collaboration with its supply chain partners. Through this initiative, the group aims to support partners in complying with ESG principles and to contribute to sustainable management practices.

**Code of Conduct for Lotte Group Partners**

Recognizing that climate action and the establishment of a sustainable ecosystem are shared responsibilities for humanity, Lotte Group promotes ESG management to become a company that adds value to human life ... We encourage all partners to participate in our ESG management efforts by adhering to this Code. Consequently, Lotte Group now mandates the submission of the compliance agreement on Lotte Group Partner ESG Code of Conduct and as a prerequisite for bidding processes.

[Code of Conduct for Partners >](#)

### Education and Performance Evaluation within Supply Chain

We offer ESG education programs to our partners to enhance their understanding of environmental, social, and governance issues, emphasizing their obligations and responsibilities regarding ESG. Additionally, we conduct ESG performance evaluations through self-assessments and audits to assess our partners' ESG management levels and facilitate continuous improvement.

### ESG Risk Management of Our Partners

We are instituting a system to detect and address potential ESG-related risks throughout our supply chain. Through this initiative, our goal is to proactively mitigate risks such as environmental pollution, human rights violations, and corruption among our partners.

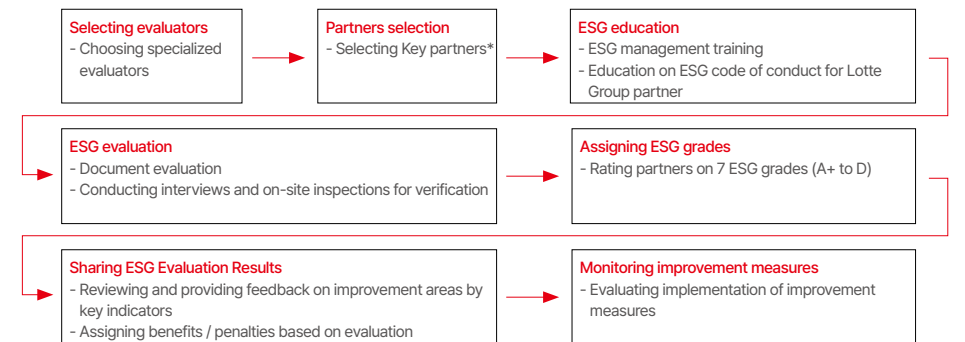
### Supply Chain ESG Evaluation

In response to the growing societal demand for ESG management leadership, we are cultivating an ESG-focused environment within our organization. Simultaneously, we are committed to raising awareness of ESG principles among our partners and enhancing their management capabilities. Since 2023, as part of our partner selection process, we have been assessing their ESG capabilities, encompassing not only financial factors but also ethical, safety, health, environmental, and human rights considerations. To this end, in 2023, we initiated partner ESG management support programs specifically tailored for key partners\*. This program comprises comprehensive ESG training sessions aimed at assisting partners in establishing and managing ESG indicators, as well as conducting self-assessments to recognize and improve their current ESG management practices.

Looking ahead, in 2024, we intend to expand the proportion of key partners to 40%. Additionally, starting from 2025, we will introduce standard assessments and on-site inspections to further enhance our evaluation processes. Through these initiatives, we remain dedicated to continuously evaluating the effectiveness of our ESG management efforts.

\*Approximately 10% of all partners, considering transaction amount and number of contracts

#### Supply Chain ESG Evaluation Process



\* Key partners are selected considering transaction amount and no. of contracts. In cases where significant adverse environmental or social impacts are detected within our supply chain, involved partners will face exclusion from selection processes.

# Sustainable Supply Chain

## Shared Growth with Partners

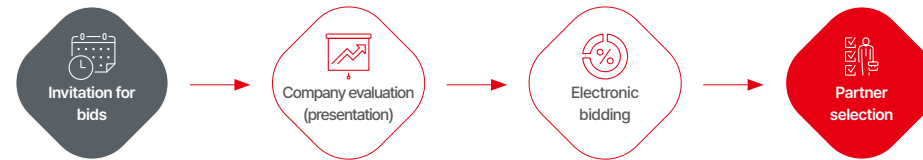
Recognizing that businesses cannot thrive in isolation, we foster mutually beneficial relationships with a diverse range of partners and sustain activities aimed at shared growth.

### Partner Selection Process

We maintain close collaboration with transportation and manpower subcontractors. In the transportation sector, we collaborate with partners in various fields such as domestic transportation, delivery, courier services, aviation, and maritime shipping. In the manpower sector, we work with partners in diverse areas including warehouse operations, customs clearance, cargo-handling, agent operations, and customer service(CS).

In the partner selection process, we prioritize fair procedures and ensure transparency. Furthermore, to enhance logistics competitiveness and minimize supply chain management risks, we enter into Service Level Agreements(SLAs) with partners to manage service levels utilizing clear benchmarks. Through these measures, we maintain robust partnerships and continuously enhance their capabilities.

#### Partner Selection Process



### Raising Shared Growth Fund and Implementing Early Payments

To foster cooperation and mutual growth with our partners, we actively participate in financial support initiatives. As part of these efforts, we have contributed KRW 10 billion\* to the establishment of the Shared Growth Fund operated by the Industrial Bank of Korea. This fund provides low-interest loans aimed at bolstering our partners' stability in business operations.

Moreover, since 2020, we have been expediting payments for goods ahead of national holidays to ease the financial strain on our partners and support their cash flow. These financial support initiatives play a pivotal role in nurturing our partnership with them, enhancing cooperation, and ultimately yielding mutually beneficial outcomes.

\*Partners can borrow up to double KWR 5 billion fund creation amount, totaling KWR 10 billion.

## Improved Working Conditions for Employees of Partner Companies (Couriers)

### Parcel Sorting Personnel Deployment

Since February 2021, we have deployed personnel to assist in sorting at our business sites to alleviate the workload of couriers. The number of supported personnel has gradually increased, reaching 1,000 in 2021, 4,100 in 2022, and 4,400 in 2023. With the introduction of replacement labor, couriers have been able to take breaks during sorting tasks, reducing their daily working hours by approximately 2 hours and easing labor intensity. Moving forward, we plan to further enhance operational efficiency by adjusting the layout of sorting areas, aiming to reduce the workload of deployed personnel and ensure swift and seamless sorting operations.

### Intensified Support for Scorching Hot and Freezing Cold Seasons

Prioritizing the health and safety of our partner companies' employees, we endeavor to create environments where they can perform their duties safely and comfortably. We place special emphasis on preventing heat-related illnesses during hot seasons and safeguarding against cold weather during chilly periods.

- ✓ **Installation of cooling facilities for summer** : Across our logistics centers nationwide, we have installed a total of 1,240 air conditioners and ceiling fans to regulate the working space temperature for our partner companies' employees and mitigate the risk of heat-related illnesses.
- ✓ **Hydration measures for couriers** : In order to prevent dehydration among couriers working in hot outdoor conditions, we supply portable cooling boxes and ion drinks. In 2023 alone, we provided approximately 740,000 bottles of water to ensure the well-being of courier workers.
- ✓ **Provision of winter gear for cold weather** : During December, we distribute approximately 480,000 items such as hot packs to field workers, aiding in the maintenance of their body temperature and contributing to accident prevention and consistent work performance.

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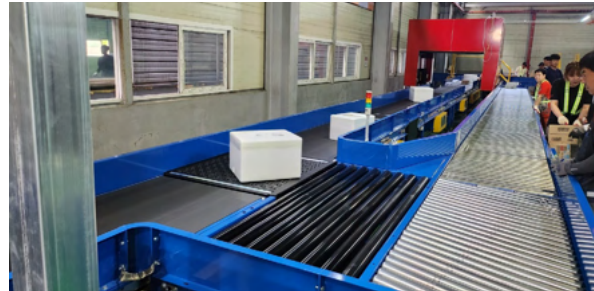
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# Sustainable Supply Chain

**Scaling Up Automation with Wheel Sorters**

Aiming to alleviate the burden on couriers and enhance their working conditions, we are implementing wheel sorters\* as part of our initiative to establish new sub terminals and distribution centers for grouped items. In 2023, a total investment of KRW 20.1 billion was allocated to introduce wheel sorters at two terminals. By December 2023, wheel sorters had been deployed at 14 terminals and distribution centers. In 2024, an additional 12 distribution centers are slated to receive wheel sorter installations. This expansion will be conducted sequentially, considering delivery volume and site conditions. Through these endeavors, we anticipate that couriers will operate within a more efficient and convenient work environment.

\* Wheel sorter : An automated sorting system used in cargo management, which automatically allocates delivery items to each designated courier. Unlike traditional methods where couriers manually sort items based on shipping labels, wheel sorters utilize scanners to automatically identify information and allocate items to the respective couriers' vehicle locations.



Wheel sorter installation

**Employee Welfare for Partners (Agents) and Partner Workers (Couriers)**

**Long-Term Operation Incentives for Agents**

In recognition of agents who have operated for over 10 years, demonstrating sustained cooperation and dedication, we express our gratitude by awarding them with recognition plaques and monetary rewards. In 2023, approximately 60 individuals received rewards totaling around KRW 130 million, along with hotel accommodation vouchers, to foster continued collaboration with our agents.



Long-term Operation Incentives for Partner Agencies

**Support for Agency Events**

We support agency-hosted unity events, like sports competitions by offering incentives, movie tickets, and dining vouchers, pushing forward a shared growth. In 2023, we contributed incentives valued at about KRW 15 million in those events.

**Scholarships for Children of Couriers**

For enhancing the welfare of parcel delivery drivers, we annually offer educational grants to their children in college and high school. Each college student receives a scholarship of KRW 1 million, while each high school student receives KRW 500,000. In average, this program benefits 40 to 50 children of our drivers each year. We saw a total of 60 recipients in 2023. The selection process for these scholarships is equitable, based on measurable criteria such as the driver's customer service rating, tenure, and possession of a dedicated commercial vehicle registration for courier services.

**Enhancing Assistance for Vehicle Rental Costs**

We extend our support to partner agencies in ensuring smooth delivery operations, especially when couriers face challenges in performing their regular delivery duties due to personal or health-related reasons. Additionally, since 2021, we have collaborated with the Lotte Delivery Agency Council to provide assistance in covering vehicle rental costs, easing the financial burden on couriers. In 2023, this support was extended to 181 couriers. Our commitment is to further enhance and expand this support to foster the mutual growth and development of both agencies and couriers.



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# Sustainable Supply Chain

## Forging an Ecosystem for Shared Growth

### Enhanced Investment and Collaboration for Startup Development

We are committed to discovering and supporting innovative logistics startups to foster innovation and progress in the industry. As part of our endeavors, we have invested in relevant funds, injecting a total of KRW 8 billion into three funds over a five-year period (2019-2023). Through these investments, we directly and indirectly engage in the entrepreneurial ecosystem of the logistics industry, forging partnerships with startups equipped with technology and expertise to realize the values of co-prosperity.

Furthermore, we conduct evaluations of startup business models and products, providing support such as education, mentoring, and funding from the early stages. Leveraging the diverse resources of our company, we assist startups in achieving stable growth. By doing so, we aim to secure a differentiated competitive edge in the logistics industry and develop innovative business models and services which will eventually resulting in the development of the startup ecosystem. Moving forward we will play a leading role in driving innovation and advancement in the logistics industry.

#### Investment in Startup Incubation Funds

(Unit : KRW 100 million)

Category	2019	2020	2021	2022	2023	Total
Lotte Startup Fund	21	9	-	-	-	30
Lotte Smart Non-face-to-face Mo-bility Fund	-	-	8	6	6	20
LOTTE-KDB Innovation Fund	12	-	9	9	-	30
Total	33	9	17	15	6	80

### Lotte Delivery Direct GO : Empowering Small Business Owners

As part of our commitment to fostering shared growth in the rapidly expanding online market, Lotte Delivery Direct GO offers mutually beneficial services for small business owners. This service features a user-friendly mobile interface for requesting courier quotes and applying for contracts, streamlining the process for small businesses. By utilizing this service, small business owners can save valuable time and reduce unnecessary costs associated with courier contracting, while also enjoying faster and more convenient services. Moreover, Lotte Delivery Direct GO enables small business owners to achieve economic benefits by minimizing courier expenses. Moving forward, we will continue to introduce various promotions and service enhancements to support small business owners in maintaining competitiveness with reasonable courier costs.

### Lotte Delivery Direct GO Affiliate Malls for More Small Business Owners

The 'Lotte Delivery Direct GO Affiliate Mall' service, established through partnerships with the e-commerce platform 'Lotte ON' and shopping mall management solution provider 'PlayAuto,' offers small business owners more convenient access to courier quoting and contracting services. By eliminating the need for separate portal site searches, this service enhances accessibility for small business owners to utilize courier services more conveniently.

Furthermore, our partners, 'Lotte ON' and 'PlayAuto,' engage in regular service maintenance and enhancement through ongoing service monitoring. This ensures that consumers not only receive high-quality services but also directly benefit from reduced courier costs.



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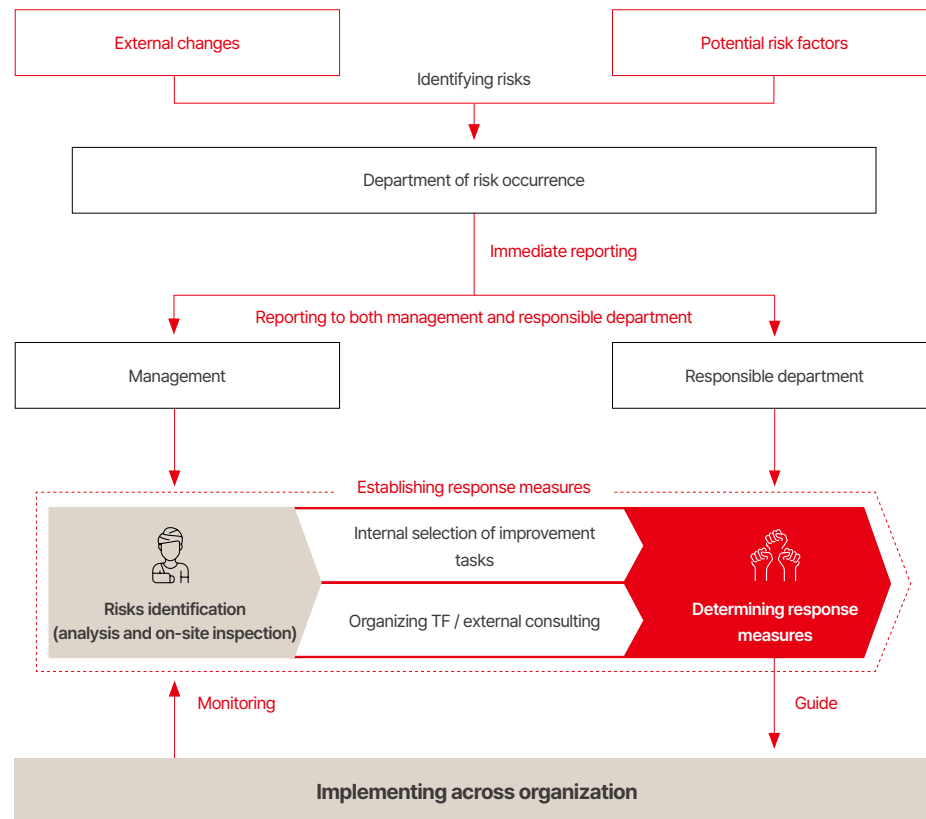
# Risk Management

## Risk Management Framework

### Risk Control Process

We have established a proactive risk management process to anticipate potential crisis during business operations. Continuous monitoring and risk management systems play a crucial role in identifying potential risk factors early on and taking appropriate measures to ensure the safety and stability of the business.

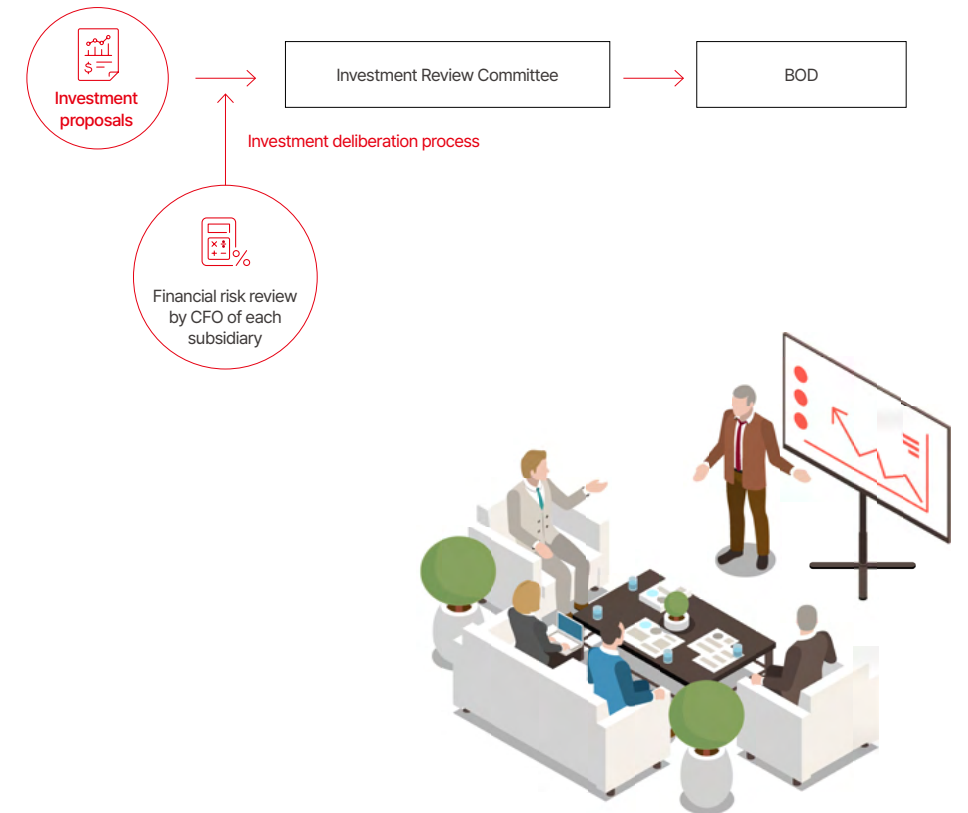
#### ▪ Risk Management Process



### Engagement in Lotte Group's Financial Risk Management Committee

We engage in Lotte Group's Financial Risk Management Committee to assess diverse investment proposals, focusing on aspects such as investment limits and post-investment financial ratio adjustments to mitigate financial risks. Moreover, the committee conducts risk assessments for items needing financial review to ensure financial stability ahead of investment deliberations and BOD meetings.

#### ▪ Financial Risk Review Process








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# Risk Management

## Risk Management Measures

### Medium to Long-term Risks

By managing medium to long-term risks, we aim to safeguard shareholder interests, promote responsible management, and foster the continued growth and development of the company. In terms of financial medium to long-term risks, we are actively pursuing an IPO. This initiative significantly impacts the enhancement of our company's financial structure and the expansion of fundraising opportunities, thereby ensuring long-term stability. Additionally, we are committed to expanding our business portfolio and bolstering the competitiveness of our existing operations. Through exploring entry into new business areas and enhancing innovation and efficiency in our current business fields, we strive to adapt to evolving market environments and achieve sustainable growth.

### Definition and Types of Risks

We effectively manage a range of risk factors within our operational activities and adapt to external environmental changes. Our approach involves categorizing risks into financial and non-financial types and implementing systematic processes for identification, evaluation, and enhancement. This proactive approach allows us to anticipate and prepare for potential risks, ensuring operational stability. Financial risks, including interest rates, exchange rates, fuel prices, taxation, and business risks, are carefully classified and addressed, while non-financial risks are managed separately. We address identified risks through tailored strategies and execution plans specific to each type.

### Management Approaches by Risk Type

We have implemented a comprehensive management system to mitigate potential risks across our operations. In case of risk occurrence, we enact proactive response measures to minimize losses. Below are the primary management approaches for financial and non-financial risks.

#### Management Approaches by Risk Type

Category	Risk	Management approaches
Non-financial risk	Compliance risk	Preventive measures to mitigate fines, penalties, and reputational risks arising from violations of the Subcontracting Act, Fair Trade Act, and Labor Standards Act
	Security Risk	Need to build a security system to prevent tangible and in-tangible damages caused by customer personal information leakage and prepare for external attacks
	Safety risk	Preventive measures to avoid fines and business suspension orders resulting from violations of safety-related regulations, including the Serious Accident Punishment Act and the Occupational Safety and Health Act
	Environmental risk	Response measures to natural disasters arising from climate change, such as heavy rainfall, snowfall, and earthquakes, which could impact the company's service provision
Financial risk	Interest rates risk	Response to liquidity risk arising from sudden interest rate fluctuations
	Exchange rates risk	Preventive measures to mitigate losses from exchange rate fluctuations in foreign exchange transactions
	Oil price risk	The logistics industry is characterized by large fluctuations in profit and loss due to changes in oil prices
	Tax risk	Strategies required to address risks of violating domestic and international tax laws
	Business risk (investment)	Enhancing pre-investment review to prevent loss associated with large-scale investments

### Major Non-financial Risks

**Compliance Risk** | We have instituted a robust compliance system to mitigate risks such as fair-trade violations, corruption, and occupational hazards. We mitigate these risks by delineating clear laws, regulations, and areas of risk that employees must adhere to, fostering a culture of compliance among all members, and conducting comprehensive training and awareness programs. As continuous improvement is integral to our approach, we regularly train our employees and refine our compliance processes to ensure their effectiveness. Additionally, we undergo external evaluations, including obtaining ISO 37301 certification (Compliance Management Systems), to continually enhance our compliance framework.

**Security Risk** | Security threats, both internal and external, are increasing, including attacks by international hacker groups and leaks caused by inadequate employee management. We comply with the obligations required by relevant laws to safeguard salient information of customers and the company. Since 2020, we have maintained certification under the nationally recognized Information Security Management System (ISMS) and have operated a data security organization, including the Chief Information Security Officer (CISO). Every year, we conduct training for all employees to raise awareness of the significance of security. We utilize information protection hardware and software solutions to block illegal intrusions into the company and prevent malware infections such as ransomware.

**Safety Risk** | In response to the Serious Accidents Punishment Act and to prevent accidents, we are enhancing our safety organization and internal regulations while establishing an autonomous health and safety management system. Since 2022, we have established a dedicated organization to promote safety management, appointed a Chief Safety Officer (CSO), and intensified preventive inspection activities. We are instilling a safety-oriented culture through facility improvements and safety training tailored to employees in the workplace and our partners' employees. Additionally, we conduct on-site inspections and health and safety activities based on risk assessment. Continuously monitoring and improving all potential harmful and dangerous factors in the workplace, we aim to provide a safe and healthy work environment by engaging in effective communication with workers.

**Environmental Risk** | In light of the climate crisis stemming from global warming, both domestic and international environmental regulations are being fortified, including initiatives such as the national carbon neutrality declaration and the implementation of the Carbon Border Adjustment Mechanism (CBAM). Recognizing the paramount importance of addressing environmental risks, we are dedicated to establishing a robust response system to mitigate potential damages. As part of our endeavors, we systematically identify, evaluate, manage, environmental risks and make improvement through the acquisition of ISO 14001 certification (Environmental Management System). Furthermore, we are expanding the utilization of renewable energy at logistics centers and transitioning to eco-friendly vehicles to curb GHGs. Through the systematic management of GHGs, waste generation, and water usage across our business sites, we proactively address environmental risks.

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# Risk Management

## Major Financial risks

**Interest Rates Risk** | We put emphasis on interest rate risk management to minimize the burden caused by increased financial costs. We prepare for interest rate fluctuations through simulations to predict medium to long-term interest rate changes. Additionally, we borrow funds at appropriate interest rates, considering the monetary policies and market trends of key countries. Furthermore, we mitigate interest rate risk and ensure stable fund management by utilizing SWAP or fixed interest rates.

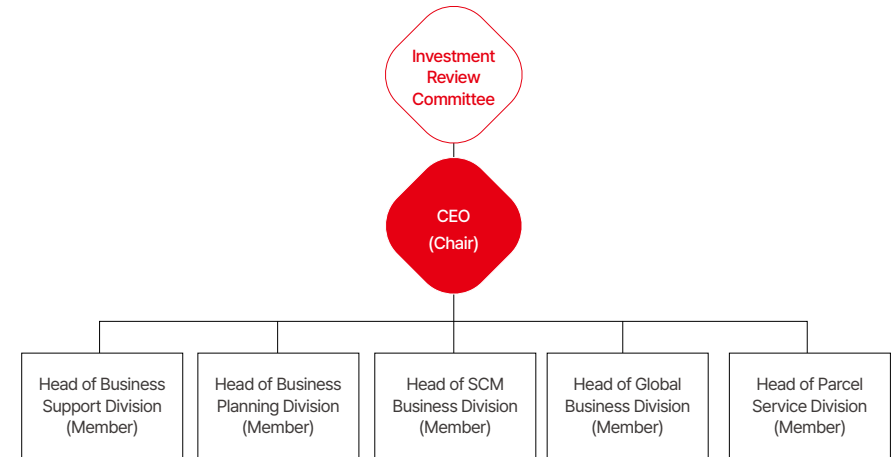
**Exchange Rates Risk** | Given our operational model of providing services across a global network, we encounter exchange rate risks associated with foreign currency transactions. To mitigate these risks, we maintain rigorous internal controls. We monitor currency holdings by type and review long-term financial products accordingly. Furthermore, we leverage currency swaps to manage any necessary foreign currency borrowings.

**Fuel Prices Risk** | Due to the nature of our logistics business of providing services across a global network, we are directly impacted by fluctuations in fuel prices, prompting us to implement various measures to minimize their effects on operations. Firstly, we maintain a vigilant watch over fuel price shifts using market indicators tied to international oil prices and Korea National Oil Corporation's Opinet system. Leveraging this data, we secure fuel from refineries at discounted rates compared to Opinet prices, effectively cushioning the impact of fuel price spikes. Furthermore, we have integrated fuel price indexation clauses into our logistics contracts with major shippers to effectively manage the risks associated with fuel price fluctuations.

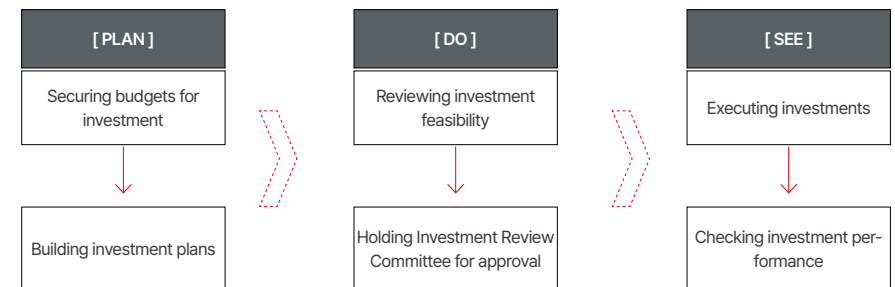
**Tax Risk** | We assess and manage overall tax risks arising from our business activities, including enhancing competitiveness, venturing into new businesses, and investing in global companies. We ensure compliance with domestic and international laws and regulations. Our decisions regarding tax risks are informed by advice from domestic and foreign tax experts and authorities to prevent and minimize such risks. Furthermore, we maintain transparency and security in management by fully disclosing tax information through external disclosures and subjecting ourselves to external audits. Transactions with related parties in overseas subsidiaries are conducted based on the Arm's Length Principle and in accordance with the laws and regulations of each respective country.

**Business Risk (Investment)** | We operate the Investment Review Committee to assess and manage potential risks associated with both the value enhancement of existing businesses and the development of new ventures. The committee's objective is to minimize systemic or incidental risks in response to changes in the internal and external business environment, regulatory issues, and to establish a stable and sustainable management foundation through proactive measures. We collaborate with pertinent departments to assess and oversee risk factors via the Investment Review Committee. This entails analyzing environmental threats, opportunities, market conditions, business strategy feasibility, pertinent laws and regulations, technical and economic evaluations, and funding plans. Our investment proposals undergo evaluation based on these comprehensive analyses. Following investments, we conduct performance evaluations to ensure anticipated outcomes are achieved. Additionally, we implement a management system to efficiently utilize investment funds by conducting on-site assessments and implementing corrective measures as needed.

## Investment Review Committee



\* Head of Finance Division (Advisory)



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## Summary Financial Statements

Unit : KRW million

	2021	2022	2023
<b>Assets</b>			
<b>Current assets</b>	478,446	623,634	551,171
Cash and cash equivalents	59,048	110,505	108,984
Accounts receivables and other receivables	380,998	430,218	398,399
Other current assets	38,400	82,911	43,788
<b>Non-current assets</b>	1,812,822	2,030,334	2,114,904
Investing in affiliated companies	18,857	21,170	23,453
Tangible assets	951,650	1,029,244	1,042,350
Intangible assets	61,240	58,282	49,849
Right-of-use assets	588,300	705,237	741,180
Investment property	118,510	108,291	151,402
Other non-current assets	74,265	108,110	106,671
<b>Total assets</b>	<b>2,291,268</b>	<b>2,653,968</b>	<b>2,666,075</b>
<b>Liabilities</b>			
Current liabilities	646,252	777,165	846,851
Non-current liabilities	1,100,771	1,300,890	1,231,887
<b>Total liabilities</b>	<b>1,747,023</b>	<b>2,078,055</b>	<b>2,078,738</b>
<b>Capital</b>			
Equity attributable to owners of the parent company	536,202	566,790	578,374
Capital	170,860	170,860	170,860
Share premium	365,261	365,261	365,261
Other components of equity	8,769	10,595	9,965
Retained earnings (loss)	(8,688)	20,074	32,288
Non-controlling interests	8,043	9,123	8,963
<b>Total capital</b>	<b>544,245</b>	<b>575,913</b>	<b>587,337</b>
<b>Total liabilities and equity</b>	<b>2,291,268</b>	<b>2,653,968</b>	<b>2,666,075</b>



## Summary Income Statement

Unit : KRW million

	2021	2022	2023
<b>Sales</b>	3,282,449	3,998,309	3,614,145
<b>Cost of sales</b>	(3,090,323)	(3,745,409)	(3,345,099)
<b>Gross profit</b>	192,126	252,900	269,046
Selling, general & administrative expenses (SG&A)	(149,475)	(190,296)	(205,124)
<b>Operating income (loss)</b>	42,651	62,604	63,922
Financial income	5,921	15,910	10,496
Financing costs	(33,064)	(56,705)	(63,792)
Equity method gain/loss	1,580	2,003	2,283
Income from the disposal of investment shares of subsidiaries and associates	24	421	91
Loss on disposal of investment shares of subsidiaries and associates	(34)	(258)	0
Other non-operating income	24,582	20,961	17,244
Other non-operating expenses	(15,888)	(14,590)	(10,831)
<b>Net income before corporate tax expense (loss)</b>	25,772	30,346	19,413
Income tax expenses	(6,800)	(3,444)	(4,587)
<b>Current income</b>	18,972	26,902	14,826
<b>Other comprehensive income</b>	4,294	4,817	(3,260)
<b>Items not subsequently reclassified to gains and losses</b>			
The remeasurement component of a defined benefit plan	(2,627)	3,060	(2,599)
Other comprehensive income (loss), gains and losses on fair value valuation financial assets	71	(138)	(176)
Gain (loss) on overseas business translation of non-controlling interests	530	(69)	(32)
<b>Items that may be subsequently reclassified to gains and losses</b>			
Changes in equity under the equity method	92	(51)	0
Derivative valuation gains and losses	422	(422)	(599)
Gain or loss on translation of foreign operations	5,806	2,437	146
<b>Total comprehensive income (loss)</b>	23,266	31,719	11,566
Attribution of current income (loss)			
Owner of the parent company	18,547	25,720	14,793
Non-controlling interests	425	1,182	33
Attribution of total comprehensive income			
Total comprehensive income, equity attributable to owners of the parent company	22,327	30,588	11,584
Total comprehensive income, non-controlling interests	939	1,131	(18)
Earnings per share			
Basic and diluted earnings per share	543	753	433

\* Changes in reporting figures for 2021 and 2022 due to modification of standards (exclusion of overseas business translation gains and losses for non-controlling interests)



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# ESG Data Economics, and Business



## Creating and Distributing Economic Value

Unit : KRW million

	2021	2022	2023
<b>Creating direct economic value (on a consolidated basis)</b>	3,282,449	3,998,309	3,614,145
Employees (salary and bonuses)*	142,396	164,905	182,221
<b>Economic value distributed (on a separate basis)</b>	30,259	35,492	40,298
Employees (benefit costs)*	30,259	35,492	40,298
Shareholders (dividends and Interest paid)*	27,835	41,031	54,016
Government and public institutions (corporate tax)*	6,800	3,444	4,587
Local community (social contributions)**	575	870	1,300
<b>Economic value retained***</b>	3,074,584	3,752,567	3,331,723

\* Changes in reporting figures for 2021 and 2022 due to modification of standards (on a consolidated basis)  
 \*\* 2021, 2022 unit errors were corrected  
 \*\*\* Retained economic value = Direct economic value created - Economic value distributed



## Tax Reporting by Country

Unit : KRW million

	2021	2022	2023
<b>Korea</b>			
Sales	2,713,239	3,273,538	3,214,808
Operating income	37,739	51,795	58,681
Corporate taxes paid	209	581	719
<b>China</b>			
Sales	126,651	127,158	77,406
Operating income	989	983	-1,477
Corporate taxes paid	228	337	15
<b>Hong Kong</b>			
Sales	22,604	21,906	5,187
Operating income	30	155	-728
Corporate taxes paid	171	12	0
<b>Vietnam</b>			
Sales	26,734	34,820	26,103
Operating income	2,356	2,598	2,539
Corporate taxes paid	384	319	303
<b>Kazakhstan</b>			
Sales	11,121	31,024	47,580
Operating income	375	520	114
Corporate taxes paid	70	87	68
<b>India</b>			
Sales	19,533	13,611	0
Operating income	100	127	-136
Corporate taxes paid	33	59	3



## Tax Reporting by Country

Unit : KRW million

	2021	2022	2023
<b>Indonesia</b>			
Sales	17,643	21,760	28,288
Operating income	481	799	240
Corporate taxes paid	174	0	0
<b>Philippines</b>			
Sales	6,078	7,542	8,969
Operating income	237	422	474
Corporate taxes paid	46	138	40
<b>Singapore</b>			
Sales	52,118	85,711	0
Operating income	1,594	332	-239
Corporate taxes paid	-200	26	-1
<b>Malaysia</b>			
Sales	0	0	0
Operating income	-3	-4	-4
Corporate taxes paid	0	0	0
<b>United States</b>			
Sales	312,191	423,748	231,142
Operating income	-153	2,903	4,318
Corporate taxes paid	2,214	329	409
<b>Germany</b>			
Sales	31,095	31,738	11,766
Operating income	-134	1,654	-701
Corporate taxes paid	55	71	214
<b>Hungary*</b>			
Sales	N/A	N/A	16,726
Operating income	N/A	N/A	739
Corporate taxes paid	N/A	N/A	100
<b>United Kingdom</b>			
Sales	15,997	16,301	6,681
Operating income	-235	-53	-217
Corporate taxes paid	-46	3	15

\* New reporting items added due to establishment of a corporation in 2023



## Credit Rating (corporate bonds)

Unit : Rating

	2021	2022	2023
<b>Korea Investors Service</b>	A	A	A
<b>Korea Ratings</b>	A	A	A
<b>NICE Investors Service</b>	A	A	A



# ESG Data Environmental

Category		Unit	2021	2022	2023	Note
<b>Scope1, Scope2 GHG emissions</b>						
GHG emissions	Scope1 emissions	tCO <sub>2</sub> -eq	13,042	15,344	14,017	
	Scope2 emissions	tCO <sub>2</sub> -eq	41,079	52,132	48,734	
	<b>Total emissions</b>	<b>tCO<sub>2</sub>-eq</b>	<b>54,121</b>	<b>67,476</b>	<b>62,751</b>	
	Scope 1 emission intensity	tCO <sub>2</sub> eq/KRW 100 million	0.40	0.38	0.44	
	Scope 2 emission intensity	tCO <sub>2</sub> eq/KRW 100 million	1.25	1.30	1.51	Based on sales of a separate corporation each year (KRW 3,214.8 billion in 2023)
<b>GHG reduction performance</b>						
GHG reduction	Scope 1 reduction	tCO <sub>2</sub> -eq	480	653	130	<ul style="list-style-type: none"> <li>Reporting standards have changed since 2023. Up until 2022, integrated management was applied to data.</li> <li>LED = Methodology for high - efficiency lighting equipment replacement project in the building (03A-005)</li> <li>Switching to electric / hydrogen vehicles = Utilizing our internal calculation methodology (savings are calculated by comparing the average GHG emissions from electric and hydrogen vehicles with those from our standard 1-ton diesel truck)</li> <li>Renewable energy = Calculating the amount of renewable power used in the renewable energy use certificate issued by the Korea Energy Agency as the amount of savings and applying it</li> </ul>
	Scope 2 reduction	tCO <sub>2</sub> -eq	982	891	1,480	
	<b>Scope 1,2 reduction</b>	<b>tCO<sub>2</sub>-eq</b>	<b>1,462</b>	<b>1,544</b>	<b>1,610</b>	
	Scope 1,2 reduction target	tCO <sub>2</sub> -eq	N/A	N/A	3,000	
<b>Energy consumption</b>						
Non-renewable energy consumption	Electricity	TJ	858.41	1,089.39	1,040.94	
	LNG (city gas, natural gas)	TJ	6.12	4.90	3.96	
	LPG	TJ	0	1.21	1.17	
	Diesel	TJ	179.91	212.70	194.42	
	Gasoline	TJ	1.35	1.41	1.59	
	<b>Total</b>	<b>TJ</b>	<b>1,045.78</b>	<b>1,309.60</b>	<b>1,242.07</b>	
Renewable energy consumption	Internal consumption out of solar power generated	MWh	N/A	N/A	2,349	Development begins in 2023
Energy intensity	Energy (non-renewable fuel) intensity	TJ/KRW 100 million	0.0056	0.0054	0.0062	Reported figures for 2021 and 2022 were changed due to a unit error in the previous year's report
	Electricity intensity	TJ/KRW 100 million	0.0324	0.0210	0.0323	
	Total energy intensity	TJ/KRW 100 million	0.0380	0.0264	0.0386	
Reduced energy consumption	Energy (non-renewable fuel) savings	TJ	6.05	8.23	2.97	Calculation of GHG emissions reduction compared to diesel trucks when converting to electric trucks
	Electricity savings	TJ	20.52	18.62	30.92	Savings from LED conversion at the logistics center calculated using KVER methodology
	Total energy savings	TJ	26.57	26.84	33.90	2021 and 2022 data error corrected
<b>Waste disposal and recycling</b>						
Waste generated	General waste	t	43.591	29.249	37.300	<ul style="list-style-type: none"> <li>Headquarters data that are disclosed in the environmental information disclosure system (env-info)</li> <li>All waste generated due to the nature of the business is general waste</li> <li>2021 data error corrected</li> </ul>
Waste disposed	Recycled	t	15.929	19.279	15.931	
	Others (outsourced processing)	t	27.662	9.970	21.369	

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# ESG Data Environmental

Category		Unit	2021	2022	2023	Note
<b>Water consumption</b>						
Water intake	Water intake	t	12,071	12,259	14,125	<ul style="list-style-type: none"> <li>• Headquarters data that are disclosed in the environmental information disclosure system (env-info)</li> <li>• Water use is all for facility management</li> </ul>
	Water intake rate in water-scarce areas	%	N/A	N/A	9.5	
Water intake and discharge	Water consumption rate in water-scarce areas	%	N/A	N/A	9.5	<ul style="list-style-type: none"> <li>• A new reporting item for 2023</li> <li>• The area where the water stress of Aqueduct is very high (&gt;80%) and the area where the business location matches are defined as 'water shortage areas'</li> <li>• Water intake from water shortage areas cover the scope of the entire domestic organizational boundary.</li> </ul>
	Total water discharge	t	12,071	12,259	14,125	
	Total water consumption	t	0	0	0	
<b>Environmental impact assessment of supply chain</b>						
New business partners that have passed environmental assessment	No. of new business partners that have undergone environmental assessment	Number	N/A	N/A	119	Conducting supplier ESG assessment starting in 2023
	Ratio of new business partners that have undergone environmental assessment	%	N/A	N/A	9.6	No. of partner companies received inspection / Total no. of partner companies x100
<b>Environmental education</b>						
Environmental education performance	No. of participants in environmental education	Person (cumulative)	N/A	215	99	This is a reporting item collected and managed from 2022, so there is no data for 2021.
	Total environmental education hours	Hour	N/A	108	107	
<b>Green certification</b>						
Business sites certified with environmental management system	No. of business sites	Number	1	1	1	Only one business site is certified through headquarters integrated certification.
<b>Violation of environmental laws</b>						
Violations of environmental laws and regulations	No. of violations of legal obligations/regulations	Case	0	0	0	
<b>Green purchasing</b>						
Waybill	Purchase amount	KRW	N/A	2,912,000	41,272,000	EL-727 certified product, Introduced from 2022
	Purchase quantity	EA	N/A	208,000	2,948,000	
Uniform	Purchase amount	KRW	201,201,000	264,775,000	318,328,800	Products using recycled nylon yarn (mixing ratio at around 57%)
	Purchase quantity	EA	6,097	11,196	13,961	
Calcium chloride	Purchase amount	KRW	N/A	14,334,000	45,565,096	Eco-friendly products using starfish, a marine bio-waste (ECO-ST1), Introduced from 2022
	Purchase quantity	EA	N/A	657	2,696	
Poly bag	Purchase amount	KRW	N/A	32,539,000	54,912,000	EL-727 certified product, Introduced from 2022
	Purchase quantity	EA	N/A	171,300	312,000	
<b>Environmental investment and management</b>						
Environmental investment and management	Actual investments	KRW million	N/A	N/A	1,847.85	A new reporting item for 2023, no data from previous years
	Plan	KRW million	N/A	N/A	1,674.23	
	All domestic business sites	%	N/A	N/A	110	
<b>Biodiversity</b>						
No. of business sites biodiversity areas	Directly owned business sites	Number	N/A	N/A	4	A new management item in 2023, no data from previous years
	Leased business sites	Number	N/A	N/A	54	
	Business sites under management	Number	N/A	N/A	58	

Environmental reporting standards for business sites (based on data) : All domestic business sites



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# ESG Data Social

Category			Unit	2021	2022	2023	Note	
<b>Employee status and diversity</b>								
Total no. of employees	Male		Person	1,824	1,883	1,913	Based on the disclosure	
	Female		Person	325	372	386	Based on the disclosure	
	Total		Person	2,149	2,255	2,299	Based on the disclosure	
By age	Age under 30		Person	378	449	433		
	Age 30-49		Person	1,484	1,493	1,511		
	Age 50 or above		Person	287	313	355		
	Employee composition ratio	Age under 30	%		18	20	19	
		Age 30-49	%		69	66	66	
		Age 50 or above	%		13	14	15	
By employment type	Full-time employment	Male	Person	1,796	1,862	1,886		
		Female	Person	310	362	377		
		Total	Person	2,106	2,224	2,263		
	Temporary/ contract employment	Male	Person	28	21	27		
		Female	Person	15	10	9		
		Total	Person	43	31	36		
Workers outside of organization	Male	Person	4,974	6,128	6,638	Workers outside of organization : Outsourced personnel (logistics center operation, delivery terminal sorting, etc.), parcel delivery drivers, etc.		
	Female	Person	205	234	247			
	Total	Person	5,179	6,362	6,885			
By rank	Executive level		Person	16	11	13	Based on the disclosure	
	Manager level		Person	261	267	299	Executive employees (rank M or higher)	
	Non-manager level		Person	1,872	1,977	1,987	General employees (rank SA and below, special positions)	
Female employees	Female managers	No. of women out of total managers	Person	21	23	26		
		Ratio of women out of total managers	%	8.40	9.09	8.70	No. of female managers / Total no. of management positions (excluding executives)	
Disabled	Female executives	No. of female executives	Person	0	0	0		
		No. of disabled employees	Person	69	74	72	Based on the number of employees recognized (2 severe persons recognized)	
Disabled	Disabled employees	Ratio of disabled employees to total number of employees	%	3.21	3.28	3.13		
Nationality	Korea		Person	2,148	2,254	2,297		
	Other regions except Korea		Person	1	1	2		
By region (overseas business sites)	Asia	Personnel	Person	628	678	614		
	China	Personnel	Person	136	131	123		
	Hong Kong	Personnel	Person	14	12	10		
	Vietnam (transport)	Personnel	Person	215	209	102		
	Vietnam (warehouse)	Personnel	Person	118	110	128		
	Kazakhstan	Personnel	Person	20	13	21		
	India	Personnel	Person	5	4	4		
	Indonesia	Personnel	Person	99	110	105		
	Philippines	Personnel	Person	15	87	120		
	Singapore	Personnel	Person	6	2	1		
	Malaysia	Personnel	Person	0	0	0		
	Americas	Personnel	Person	111	114	128		
	USA	Personnel	Person	111	114	128		
	Europe	Personnel	Person	33	37	44		
Germany	Personnel	Person	25	31	14			
Hungary	Personnel	Person	0	0	29			
UK	Personnel	Person	8	6	1			
Total	Personnel	Person	772	829	786			



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# ESG Data Social

Category		Unit	2021	2022	2023	Note	
<b>Employee recruitment and turnover</b>							
No. of people by age	Age under 30	Person	229	292	137		
	Age 30-49	Person	148	130	78		
	Age 50 or above	Person	14	11	9		
Ratio of people by age	Age under 30	%	58.6	67.4	61.2	Revised to the total yearly number of employees including those already retired	
	Age 30-49	%	37.9	30.0	34.8		
	Age 50 or above	%	3.6	2.5	4.0		
No. of people by gender	Male	Person	318	326	177		
	Female	Person	73	107	47		
	Ratio of people by gender	Male	%	81.3	75.3	79.0	Revised to the total yearly number of employees including those already retired
	Female	%	18.7	24.7	21.0		
Turnover rate		%	13.4	14.3	8.0	Total number of retirees / Average number of people at the end of the month	
Voluntary turnover rate		%	12.1	13.0	6.6	Number of voluntary retirees / Average number of people at the end of the month	
No. of people by age	Age under 30	Person	98	114	71		
	Age 30-49	Person	150	161	87		
	Age 50 or above	Person	21	35	19		
	Ratio of people by age	Age under 30	%	36.4	36.8	40.1	Excluding part-time and interns, adjusted based on the age as of retirement date
	Age 30-49	%	55.8	51.9	49.2		
	Age 50 or above	%	7.8	11.3	10.7		
No. of people by gender	Male	Person	228	253	148		
	Female	Person	41	57	29	Excluding part-time and interns	
Ratio of people by gender	Male	%	84.8	81.6	83.6		
	Female	%	15.2	18.4	16.4		
Average length of service		Year	7.9	7.9	8.5		
<b>Parental leave</b>							
No. of employees eligible for parental leave	Male	Person	512	483	441	<ul style="list-style-type: none"> <li>• Those employed / on leave as of 2023, excluding duplicates, including all children aged 9 or below</li> <li>• Existing reporting figures changed due to revision in management standards in 2023</li> </ul>	
	Female	Person	53	51	53		
No. of employees who used parental leave	Male	Person	32	56	49	<ul style="list-style-type: none"> <li>• As of 2023, male or female on parental leave, maternity leave, child school entrance care leave, excluding duplicates</li> <li>* However, if the leaves are linked, they are not treated as separate occurrences.</li> <li>• Existing reporting figures changed due to revision in management standards in 2023</li> </ul>	
	Female	Person	11	20	24		
No. of employees returned to work after taking parental leave (A)	Male	Person	40	49	47	<ul style="list-style-type: none"> <li>• As of 2023, those eligible for male/female parental leave and maternity leave, child school admission care leave, and previously approved for leave</li> <li>• Existing reporting figures changed due to revision in management standards in 2023</li> </ul>	
	Female	Person	14	13	14		
No. of employees eligible for returning to work after parental leave (B)	Male	Person	40	51	48	No. of employees eligible for reinstatement in the year (based on the most recent leave of absence)	
	Female	Person	15	14	14		
No. of employees employed for 12 months after taking parental leave (C)	Male	Person	47	34	44	No. of employees retained for 12 months within the year after being eligible to return from parental leave in the previous year (B)	
	Female	Person	6	14	13		
Parental leave return rate (A / B x 100)	Male	%	100.0	96.1	97.9		
	Female	%	93.3	92.9	100.0		
12-month retention rate after returning to work (C / B x 100)	Male	%	82.5	85.0	86.3	C: No. of employees retained for 12 months within the year after being eligible to return from parental leave in the previous year (B)	
	Female	%	100.0	93.3	92.9		
No. of employees returned to work after parental leave in the previous reporting period	Male	Person	54	40	49	B: No. of employees eligible for returning to work after parental leave	
	Female	Person	6	14	13		



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# ESG Data Social

Category	Unit	2021	2022	2023	Note	
<b>Remuneration and compensation</b>						
Wages of new hires	Wages of new hires (male)	KRW 1,000	32,026	34,184	35,217	Based on starting salary for A and JA employees
	Wages of new hires (female)	KRW 1,000	32,579	35,092	36,661	
Minimum wage and starting wage ratio	(male)	%	129	138	136	<ul style="list-style-type: none"> <li>Based on the average basic salary (209 hours/month) of new employees</li> <li>Monthly minimum wage in 2023 : KRW 2,010,580</li> </ul>
	(female)	%	131	141	142	
Ratio of basic salary and remuneration for women compared to men	Basic salary ratio of female workers to male workers	%	96	97	89	<ul style="list-style-type: none"> <li>Impact of wage structure reform in February 2023</li> <li>Personnel classified under Lotte Group's Job Grading System (driver for CEO included)</li> </ul>
	Performance pay ratio of female workers compared to male workers	%	84	80	80	
	Basic salary ratio of female workers to male workers	%	61	69	69	Courier roles (leader - staff), port roles (maintenance worker, office worker, equipment engineer), BATK (Op and Rep roles)
	Performance pay ratio of female workers compared to male workers	%	87	110	110	
<b>Retirement pension savings</b>						
Current value of defined benefit obligations	KRW 100 million	679	689	800		
Fair value of plan assets	KRW 100 million	(698)	(921)	(988)		
Net defined benefit assets	KRW 100 million	(19)	(232)	(189)		
<b>Labor practice</b>						
Collective agreement application rate	No. of workers subject to collective agreements	Person	2,149	2,255	2,299	The subject of labor contract preparation is regarded as the subject of collective agreement.
Ratio of employees subject to labor union and collective bargaining	No. of workers covered by collective agreements	Person	2,149	2,255	2,299	
	Application rate	%	100	100	100	
Total monetary losses resulting from legal proceedings related to labor law violations		KRW	0	0	0	There are no violations of the Labor Standards Act, the Act on the Protection, etc., of Dispatched Workers, or the Trade Union and Labor Relations Adjustment Act.
Workplaces and partner companies judged to be at risk of seriously infringing on workers' freedom of association and collective bargaining	Business sites	Number	0	0	0	
	Business partners	Number	0	0	0	
<b>Employee training and performance evaluation</b>						
Employee training	Average training hours per person	Hour	35.8	40.4	45.0	
	Average training costs per person	KRW million	1,114	1,748	2,065	
	Average training hours per male employee	Hour	34.1	38.7	55.0	
	Average training hours per female employee	Hour	45.2	49.2	56.1	
	Average training hours by worker type (e.g. Office job)	Hour	43.5	48.4	55.3	
	Average training hours by worker type (e.g. Technical job)	Hour	22.0	22.0	22.0	
	Total employee ratio	%	100	100	100	All employees with three months or more tenure by the year
Ratio of employees who received regular reviews of work performance and career development	Ratio by worker type (e.g. Office job)	%	67.5	69.3	69.3	Ratio of office workers undergoing regular performance assessment (employees classified under the Lotte Group Job Grading System)
	Ratio by worker type (e.g. Technical job)	%	32.5	30.7	30.7	Ratio of non-office workers undergoing regular performance assessment (courier position, port position, etc.)
<b>Anti-discrimination</b>						
No. of discrimination incidents and corrective actions taken against them	No. of incidents of discrimination	Case	0	0	0	No discrimination on the ground of race, skin color, gender, religion, political opinion, and nationality
<b>Human rights grievance handling</b>						
Grievances regarding human rights violations	No. of grievances filed	Case	2	4	10	Complaints received have been properly handled and improved through the process
<b>Occupational safety and health training</b>						
Training hours	Hour	36,960	38,088	38,280	Personnel (excluding headquarters) × 24 hours (same for 3 years)	
Training participants	Person	1,540	1,587	1,595	Number of people working at the business site (Total no. of people - No. of people at headquarters)	
Ratio of employees who completed training	%	100.0	100.0	100.0	100% of employees working at actual workplaces have completed training	



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# ESG Data Social

Category		Unit	2021	2022	2023	Note	
<b>Industrial accident rate</b>							
Workers under the occupational safety and health management system	No. of workers applied	Person	2,149	2,255	2,299	Employees covered by the occupational safety and health management system	
	Ratio of workers applied	%	100	100	100		
	No. of employee deaths	Case	0	0	0	No casualties	
Occupational accident indicator	No. of serious accidents	Case	0	0	0	No serious accidents occurred	
	LTIFR	1 million hour	0.49	1.53	1.18	No. of lost working days per million hours, LTIFR = No. of LTI cases × Accident rate per hour / Total working hours	
	Frequency rate of injury	%	0.58	1.66	1.45	Number of accidents that occur per 1 million working hours, Frequency rate = No. of accidents / (No. of workers × Yearly working hours) × 1,000,000	
	Industrial accident rate	%	0.04	0.16	0.15	Ratio of the number of casualties occurring per 100 workers, Industrial accident rate = [No. of casualties (accidental casualties+ disease casualties) / No. of workers covered by industrial accident insurance] × 100	
Applied criteria	No. of full-time workers	Person	2,032	2,177	2,249	Standards for full-time work = No. of regular salary employees - Registered executives - Workers with less than 16 working days	
	Total working hours	Hour	6,068,204	6,536,364	6,785,426	Monthly average FTE × Standard working hours (252 hours (base 209, fixed OT 43)) × 12months	
	No. of accidents	Case	3	9	7	Based on data from the Occupational Safety and Health Agency	
Occupational injuries of workers	Accident rate	%	0.04	0.16	0.13		
	Types of occupational accidents	-	Stuck/falling, etc.	Stuck/falling, etc.	Stuck/falling, etc.		
Occupational diseases	No. of deaths	Case	0	0	0		
	No. of diseases (including deaths)	Case	0	1	1		
	Types of occupational accidents	-	-	Musculoskeletal diseases	Musculoskeletal diseases		
<b>Social contribution investment and participation</b>							
Social contribution investment cost	Cash donation	KRW million	610	668	998	Based on the donation receipts	
	In-kind donation	Number	12,010	17,850	15,705		
<b>Information Security / Cyber Security</b>							
No. of violations of information security laws		Case	0	0	0	No violations	
Investment in information security		KRW million	N/A	2,824	2,874	A new management item in 2022	
Information security training	No. of times conducted	Number	3	5	4	<ul style="list-style-type: none"> <li>• Employee training : Once a year</li> <li>• New hire training : Twice in 2021, three times in 2022, twice in 2023</li> <li>• Non-regular training : Once, respectively in 2022 and 2023</li> </ul>	
Total amount of fines due to data security violations or accidents		KRW	0	0	0	N/A	
Protection of customer personal information	No. of complaints filed by external parties and substantiated within the company	Case	0	0	0	No complaints received	
	No. of complaints filed by regulatory agencies	Case	0	0	0	No complaints received	
	Total no. of confirmed leaks, thefts, and losses of customer information	Case	0	0	0	No theft/loss incidents	
<b>Supply chain</b>							
Total no. of partner companies managed by the organization	Total	Case	N/A	N/A	1,243	Conducting supplier ESG assessment starting in 2023	
	Transport	Case	N/A	N/A	624		
	Operation	Case	N/A	N/A	503		
Business partner type	Combination (transport+operation)	Case	N/A	N/A	116		
	Total purchase amount	Purchase amount	KRW million	92,168	64,703	76,910	Equipment, fixtures, consumables, etc. (based on purchasing team execution)
Local purchasing (local supplier)	Korea	Purchase proportion	%	100	100	100	
	Overseas	Purchase proportion	%	0	0	0	



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# ESG Data Social

Category		Unit	2021	2022	2023	Note
<b>Supply chain management</b>						
New business partners that have been screened using social impact assessment standards	No. of companies that have been screened using social impact assessment criteria in new business partner selection	Number	N/A	N/A	10	Starting from October 2023, additional points will be given for submitting ESG diagnosis documents when bidding on contracts.
	No. of business partners that have received social impact assessment	Number	N/A	N/A	119	
Negative social impacts of business partners and measures taken against them	No. of business partners confirmed to have negative social impacts	Number	N/A	N/A	0	<ul style="list-style-type: none"> <li>• A new reporting item for 2023.</li> <li>• Regardless of the diagnosis grade, there are no companies whose industry or management practices have a negative social impact.</li> </ul>
	Ratio of business partners who negotiated to improve themselves based on the results of social impact assessment	%	N/A	N/A	N/A	Improvements cannot be requested in accordance with the principle of prohibiting management interference.
	No. of business partners whose contracts were terminated as a result of the social impact assessment	Number	N/A	N/A	0	<ul style="list-style-type: none"> <li>• A new reporting item for 2023.</li> <li>• No canceled partners</li> </ul>
Grievance handling for business partners	No. of grievances handled	Case	N/A	N/A	29	<ul style="list-style-type: none"> <li>• A new reporting item for 2023.</li> <li>• Cases received and processed through reporting channel, excluding general customer (courier, etc.) complaints or cancelled reports</li> </ul>
	Total amount	KRW 100 million	343	1,426	499	
Monetary value provided to business partners	Shared Growth Fund	KRW 100 million	0	100	100	Our fund subscription amount is KRW 5 billion. The loan amount that partner companies can receive is doubled.
	Early payment for holiday	KRW 100 million	343	1,326	399	
<b>Human rights assessment</b>						A new reporting item for 2023, no data from previous years
Our management activities	No. of business sites subject to human rights impact assessment or human rights review	Number	N/A	N/A	283	Number of headquarters + field business sites
	Assessment of potential human rights issues (total percentage assessed in the past 3 years)	%	N/A	N/A	4.2	12 evaluated business sites
	Ratio of assessed sites that have identified to have risks	%	N/A	N/A	25	3 business sites (evaluated to deficient level)
	Ratio of sites where mitigation/remedial action was applied	%	N/A	N/A	100	Activation of consultation channel, ESG management items included in the evaluation of partner companies, provision of human rights training
Business partner	No. of business sites subject to human rights impact assessment or human rights review	Number	N/A	N/A	1,243	
	Ratio of sites that was assessed of potential human rights issues (in the past 3 years)	%	N/A	N/A	9.6	119 business sites responded.
	Ratio of assessed sites that have identified to have risks among assessed sites	%	N/A	N/A	27.7	33 workplaces received below grade D.
<b>R&amp;D</b>						
National government R&D project expenses	National subsidy (government subsidy)	KRW 1,000	N/A	N/A	247,591	A new reporting item for 2023, no data from previous years
IP rights	No. of patents held	Number	1	1	3	Cumulative number of cases
	No. of new patent applications	Number	0	3	0	

# ESG Data Governance

Category		Unit	2021	2022	2023	Note	
<b>BOD composition</b>							
BOD composition ratio (by gender)	Male	%	100	100	100		
	Female	%	0	0	0		
BOD composition ratio (by age)	Age under 30	%	0	0	0		
	Age 30-49	%	0	11	11	As of 2023, 1 out of 9 people	
	Age 50 or above	%	100	89	89	As of 2023, 8 out of 9 people	
BOD composition ratio (diversity)	Is there a person from a minority group	Yes/No	No	No	No		
	Total no. of senior executives	Person	20	21	22	Newly appointed head of overseas business division	
Ratio of senior executives employed in the communities where our operations are located	No. of senior executives from the local community where our operations are located	Person	20	21	22	· Changes in reported figures from previous years due to the Change in management standards in 2023 · Based on domestic business sites, all employees holding Korean nationality	
	Ratio of senior executives from the communities where our operations are located	%	100	100	100		
<b>BOD activities</b>							
No. of board meetings held		Number	10	6	7		
No. of ESG-related agenda items reviewed		Number	1	2	1		
No. of reports on important issues		Number	27	25	21		
<b>BOD remuneration</b>							
BOD remuneration status	No. of directors	Person	6	8	8	Excluding one unpaid auditor	
	Total remuneration	KRW 100 million	14.0	23.5	23.7	Based on taxable income	
	Average remuneration per person	KRW 100 million	2.3	2.9	3.0		
CEO compensation	Annual total compensation rate	%	547	882	910	Based on taxable income	
	Employee compensation	Median	KRW million	50.8	54.4	57.9	Based on taxable income
Average		KRW million	48.8	51.7	57.6	Based on taxable income	
Percent change compared to median annual total compensation		%	5.50	7.20	6.30		
Ratio of CEO compensation to the annual salary of all employees excluding the CEO (or equivalent position)	Median	%	1,078	1,618	1,572		
	Average	%	1,122	1,704	1,579		
<b>Code of Conduct and ethical / compliance management training</b>							
Code of Conduct application rate	BOD members	%	100	100	100	All employees pledged the compliance statement (Based on in-house directors)	
	Employees	%	100	100	100	All employees pledged the compliance statement	
	Business partners	%	100	100	100	Ethical management compliance item is included in the contract with our company.	
Fair trade training	No. of training provided	Number	2	13	11	Targeting all employees	
	BOD	No. of people	4	5	5	Based on in-house directors	
No. of participants for ethical / compliance management training	Ratio	%	100	100	100		
		No. of people	Person	2,149	2,255	2,299	
	Employees	No. of people	Person	1,574	4,152	4,148	
		Ratio	%	100	100	100	
	Business partners	No. of people	Person	1,574	4,152	4,148	
		Ratio	%	100	100	100	
Overseas business sites	No. of people	Person	N/A	N/A	20	In 2023, offline training was conducted at the headquarters by inviting finance/HR personnel from all overseas corporations.	

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# ESG Data Governance

Category		Unit	2021	2022	2023	Note
<b>Ethical / compliance management evaluation and violation report receipt / measures</b>						
Confirmed cases of corruption and measures taken against them	No. of business sites where corruption cases occurred	Number	10	6	11	Number of workplaces where disciplinary action (warning) were found as a result of the audit
	No. of cases where workers were fired or disciplined	Case	9	9	15	Number of employees who received disciplinary action (reprimand) or higher measures
	No. of cases where contracts with business partners were terminated or not renewed due to corruption	Case	0	0	0	No related cases
Business sites assessed for corruption risk	No. of organizations assessed for corruption risks	Number	40	43	51	Submission criteria for ISO37001 (&37301 integrated) certification
	Ratio of organizations assessed for corruption risks	%	100	100	100	
<b>Violation of laws / voluntary rules</b>						
Monetary sanctions	Fine	KRW	101,000,000	0	0	
	No. of violations	Case	2	0	0	
Non-monetary sanctions	No. of violations	Case	0	0	0	
<b>Antitrust / anticompetitive conduct</b>						
Measures against unfair trade practices such as anti-competitive behavior and monopoly	Fine	KRW	100,000,000	0	0	AT (Korea Agro-Fisheries and Food Trade Corporation) container transportation bid rigging case
	No. of violations	Case	1	0	0	
No. of violations	No. of violations	Case	9	9	15	Number of people received disciplinary actions (referred to a Personnel Committee)

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# GRI Content Index

Lotte Global Logistics has reported its sustainability management data for the period from January 1, 2023, to December 31, 2023, in line with the 2021 GRI Standards.  
GRI 1: Foundation 2021 applied (no GRI Sector Standards specifically applicable to the logistics sector)



**General Disclosures**

ESG	GRI Standards	Number	Disclosure	Page	Remarks
		2-1	Organizational details	4, 6, 7	
	<b>The Organization and Its Reporting Practices</b>	2-2	Entities included in the organization's sustainability reporting	2	Page 3 and 38 of 2023 Business Report (financial performance is based on a consolidated basis while non-financial one is prepared specifically for 'Lotte Global Logistics'.)
		2-3	Reporting period, frequency and contact point	2	
		2-4	Restatements of information	2	Changes due to evolving standards or errors are indicated with notes.
		2-5	External assurance	2, 148	
		2-6	Activities, value chain and other business relationships	6-10	
	<b>Activities and Workers</b>	2-7	Employees	4, 131	
		2-8	Workers who are not employees	131	
		2-9	Governance structure and composition	109-110	
	<b>GRI 2 Governance</b>	2-10	Nomination and selection of the highest governance body	109-110	
		2-11	Chair of the highest governance body	109	
		2-12	Role of the highest governance body in overseeing the management of impacts	22, 109-111	
		2-13	Delegation of responsibility for managing impacts	22, 109-111	
		2-14	Role of the highest governance body in sustainability reporting	111	
		2-15	Conflicts of interest	110	
		2-16	Communication of critical concerns	22, 2023 Business Report p299	
		2-17	Collective knowledge of the highest governance body	111	
		2-18	Evaluation of the performance of the highest governance body	111,112	
		2-19	Remuneration policies	111, 112, 2023 Business Report p316	
		2-20	Process to determine remuneration	111, 112	
	2-21	Annual total compensation ratio	112		
	<b>Strategy, Policies and Practices</b>	2-22	Statement on sustainable development strategy	3	
		2-23	Policy commitments	42, 74, 79, 93, 113, 119	
		2-24	Policy commitments	42, 74, 79, 93, 113, 119	
		2-25	Processes to remediate negative impacts	75, 123-125	
		2-26	Mechanisms for seeking advice and raising concerns	88, 114	
		2-27	Compliance with laws and regulations	137, 2023Business Report p333	
		2-28	Membership associations	146	
		2-29	Approach to stakeholder engagement	28	
	<b>Stakeholder Engagement</b>	2-30	Collective bargaining agreements	133	






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# GRI Content Index



**Material Topics**

ESG	GRI Standards	Number	Disclosure	Page	Remarks	
		3-1	Process to determine material topics	24		
<b>GRI 3</b>	<b>Material Topics 2021</b>	3-2	List of material topics	25		
		3-3	Management of material topics	26-27		
		<b>Material Topics 2021</b>	3-3	Material Topics : 1. Safety and health	31-31, 79-81	Ranking shift from last year to this year : 1→1
<b>Occupational Health and Safety</b>	<b>GRI 403 : Occupational Health and Safety 2018</b>	403-1	Occupational health and safety management system	79, 134		
		403-2	Hazard identification, risk assessment, and incident investigation	82, 83		
		403-3	Occupational health services	91		
		403-4	Worker participation, consultation, and communication on occupational health and safety	80, 81, 88		
		403-5	Worker training on occupational health and safety	133		
		403-6	Promotion of worker health	91		
		403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	87, 89, 92		
		403-8	Workers covered by an occupational health and safety management system	134		
		403-9	Work-related injuries	134		
		403-10	Work-related ill health	134		
<b>Emissions</b>	<b>Material Topics 2021</b>	3-3	Material Topics : 2. Climate change	32-33, 51	Ranking shift from last year to this year : 8→2	
		<b>GRI 305 : Emissions 2018</b>	305-1	Direct (Scope 1) GHG emissions	129	
			305-2	Energy indirect (Scope 2) GHG emissions	129	
			305-4	GHG emissions intensity	129	
			305-5	Reduction of GHG emissions	129	
<b>Anti-corruption</b>	<b>Material Topics 2021</b>	3-3	Material Topics : 3. Ethics and compliance, 5. Fair trade and shared growth	34-35, 113	Ranking shift from last year to this year : 4→3	
		<b>GRI 205 : Anti-corruption 2016</b>	205-1	Operations assessed for risks related to corruption	116, 137	
			205-2	Communication and training about anti-corruption policies and procedures	136	
<b>Anti-competitive Behavior</b>	<b>Material Topics 2021</b>	3-3	Confirmed incidents of corruption and actions taken	137		
		3-3	Material Topics : 4. Green logistics service	36-37, 48-49	No topic standards directly associated with us, 2023 new material issues	
		3-3	Material Topics : 5. Fair trade and shared growth	38-39, 117-122	Ranking shift from last year to this year : 5→5	
<b>Employment</b>	<b>GRI 206 : Anti-competitive Behavior 2016</b>	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	137		
		<b>Material Topics 2021</b>	3-3	Material Topics : 6. Service accountability	97-104	No topic standards directly associated with us, 2023 new material issues
			3-3	Material Topics : 7. Corporate culture and benefit package	70-73	Ranking shift from last year to this year : 7→7
		<b>Material Topics 2021</b>	401-1	New employee hires and employee turnover	132	
			401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	73	
	401-3	Parental leave	76, 132			

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# GRI Content Index

**Material Topics**

ESG	GRI Standards	Number	Disclosure	Page	Remarks
Customer Privacy	Material Topics 2021	3-3	Material Topics : 8. Data security	93-95	Ranking shift from last year to this year : 2→8
	GRI 418 : Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	134	No violations and complaints received
Supplier Environmental Assessment	Material Topics 2021	3-3	Material Topics : 9. Sustainable supply chain	38-39, 119	Ranking shift from last year to this year : 3→9
	GRI 308 : Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	130	Out of 119 companies assessed, none of the partner companies have a negative impact on the environment.
		308-2	Negative environmental impacts in the supply chain and actions taken	130	
Supplier Social Assessment	Material Topics 2021	3-3	Material Topics : 9. Sustainable supply chain	38-39, 119	Ranking shift from last year to this year : 3→9
	GRI 414 : Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	135	
414-2		Negative social impacts in the supply chain and actions taken	135		

**General Disclosures**

ESG	GRI Standards	Number	Disclosure	Page	Remarks
Economic Performance	GRI 201 : Economic Performance 2016	201-1	Direct economic value generated and distributed	127, 128	Both defined benefit and defined contribution plans have been introduced, covering 100% of the retirement pension, with funds deposited in external financial institutions.
		201-2	Financial implications and other risks and opportunities due to climate change	52	
		201-3	Financial implications and other risks and opportunities due to climate change	133	
		201-4	Financial assistance received from government	135	
Market Presence	GRI 202 : Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	133	
		202-2	Proportion of senior management hired from the local community	136	
Indirect Economic Impacts	GRI 203 : Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	105	
		203-2	Significant indirect economic impacts	105-107	
Procurement Practices	GRI 204 : Procurement Practices 2016	204-1	Proportion of spending on local suppliers	134	The primary business locations discussed in this report are domestic sites, and the partner companies under report and management are local partners with headquarters based in Korea.
		207-1	Approach to tax	124	
Tax	GRI 207 : Tax 2019	207-2	Tax governance, control, and risk management	124	We adhere strictly to internal control standards and guidelines to implement our tax strategies, with final responsibilities outlined in our regulations.
		207-3	Stakeholder engagement and management of concerns related to tax	124	
		207-4	Country-by-country reporting	128	



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# GRI Content Index



**General Disclosures**

ESG	GRI Standards	Number	Disclosure	Page	Remarks
Energy	GRI 302 : Energy 2016	302-1	Energy consumption within the organization	129	
		302-3	Energy intensity	129	
		302-4	Reduction of energy consumption	129	
Water and Effluents	GRI 303 : Water and Effluents 2018	303-3	Water withdrawal	130	
		303-4	Water discharge	130	
		303-5	Water consumption	130	
Biodiversity	GRI 304 : Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	60, 130	
		304-2	Significant impacts of activities, products and services on biodiversity	60	To assess the impact of our key operations, including logistics storage and transportation, we have performed a comparative analysis between the regions of operation and biodiversity-rich areas.
		304-3	Habitats protected or restored	60-61	
Waste	GRI 306 : Waste 2020	306-1	Waste generation and significant waste-related impacts	54	The waste generated is all general waste, which is not hazardous. It is recycled or disposed of by specialized waste management companies.
		306-2	Management of significant waste-related impacts	54-57	
		306-3	Waste generated	129	
		306-4	Waste diverted from disposal	129	
		306-5	Waste directed to disposal	129	
Labor/Management Relations	GRI 402 : Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	-	As per Article 53 of the Employment Rules, a termination notice is provided with at least a 30-day notice period
		404-1	Average hours of training per year per employee	133	
Training and Education	GRI 404 : Training and Education 2016	404-2	Programs for upgrading employee skills and transition assistance programs	66-67, 69	
		404-3	Percentage of employees receiving regular performance and career development reviews	134	
		405-1	Diversity of governance bodies and employees	131	
Diversity and Equal Opportunity	GRI 405 : Diversity and Equal Opportunity 2016	405-2	Ratio of basic salary and remuneration of women to men	133	
		406-1	Incidents of discrimination and corrective actions taken	133	No instances of discrimination in the past three years
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	133	None of our business sites or suppliers are at risk of violating the rights to freedom of association and collective bargaining.
Child Labor	GRI 408 : Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	-	No business sites or suppliers at high risk of child labor
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	-	No business sites or suppliers at high risk of forced or compulsory labor (For more information on the system for the prevention of forced or compulsory labor, please refer to pages 71 and 73.)
Rights of Indigenous People	GRI 411 : Rights of Indigenous People 2016	411-1	Incidents of violations involving rights of indigenous peoples	-	Not infringed on the rights of indigenous people (For information on activities to improve the lives of indigenous people, please refer to pages 107-108.)



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# SASB/TCFD Index



**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 Road Transportation standard.

Topic	Code	Accounting Metric	Scope	Unit	page	Note
<b>Greenhouse Gas Emissions</b>	TR-RO-110a.1	Gross global Scope 1 emissions	Quantitative	Metric tonnes(t) CO <sub>2</sub> -eq	129	
	TR-RO-110a.2	Discussion of long-term and short-term strategies and plans to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	N/A	51-53	
	TR-RO-110a.3	(1) Total fuel consumed (2) Percentage natural gas (3) Percentage renewable	Quantitative	Gigajoules(GJ), Percentage(%)	129	
<b>Workforce Conditions, Health &amp; Safety</b>	TR-RO-320a.1	(1) Total recordable incident rate (TRIR) and (2) Fatality rate for : (a) Direct employees (b) Contract workers	Quantitative	Rate	134	
	TR-RO-320a.2	(1) Voluntary and (2) Involuntary turnover rate for all employees	Quantitative	Percentage(%)	132	
	TR-RO-320a.3	Description of approach to managing short-term and long-term driver health risks	Discussion and Analysis	N/A	92, 120-121	
<b>Accident &amp; Safety Management</b>	TR-RO-540a.3	(1) Number (2) Aggregate volume of spills and releases to the environment	Quantitative	Number, Cubic meter (m <sup>3</sup> )	130	No violations



**TCFD Index**

The Task Force on Climate-related Financial Disclosures (TCFD) is a global initiative, created by the Financial Stability Board (FSB) at the request of the G20 with the aim of devising methods for climate-related data disclosure. In our active efforts to combat climate change, we have identified the financial impact of climate change and disclosed relevant data in accordance with the TCFD recommendations.

Category	TCFD Recommendations	page
<b>Governance</b>	a) Describe the board’s oversight of climate-related risks and opportunities.	50
	b) Describe management’s role in assessing and managing climate-related risks and opportunities.	50
<b>Strategy</b>	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	51
	b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.	52
	c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	53
<b>Risk Management</b>	a) Describe the organization’s processes for identifying and assessing climate-related risks.	51-52
	b) Describe the organization’s processes for managing climate-related risks.	52
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.	123-124
<b>Metrics and Targets</b>	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	33, 53
	b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	53, 129
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	53



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# UNGC Index



**UN Global Compact**

Category	Ten Principles	Page
<b>Human Rights</b>	1 Businesses should support and respect the protection of internationally proclaimed human rights.	74
	2 Make sure that they are not complicit in human rights abuses.	74
<b>Labor</b>	3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	74
	4 The elimination of all forms of forced and compulsory labour.	74
	5 The effective abolition of child labour.	74
	6 The elimination of discrimination in respect of employment and occupation.	64-65, 74
<b>Environment</b>	7 Businesses should support a precautionary approach to environmental challenges.	42
	8 Undertake initiatives to promote greater environmental responsibility.	42-61
<b>Anti-Corruption</b>	9 Encourage the development and diffusion of environmentally friendly technologies.	36-37, 45, 48, 49, 55, 57
	10 Businesses should work against corruption in all its forms, including extortion and bribery.	34-35, 38-39, 113

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# WEF-IBC Index (Stakeholder Capitalism Metrics)

  
Full List of Revised Core Metrics as of March 2021

Pillar	Theme	Core Metric	Number	Disclosure	Page	
Principles of Governance	Governing purpose	Setting purpose	WEF 1	The company's stated purpose, as the expression of the means by which a business proposes solutions to economic, environmental and social issues. Corporate purpose should create value for all stakeholders, including shareholders.	20	
	Quality of governing body	Governance body composition	WEF 2	Composition of the highest governance body and its committees by: <ul style="list-style-type: none"> <li>competencies relating to economic, environmental and social topics</li> <li>executive or non-executive</li> <li>independence</li> <li>tenure on the governance body</li> <li>number of each individual's other significant positions and commitments, and the nature of the commitments</li> <li>gender</li> <li>membership of under represented social groups</li> <li>stakeholder representation (ex. employees, the government, local communities, industries, etc.)</li> </ul>	109, 111, 136	
	Stakeholder engagement	Material issues impacting stakeholders	WEF 3	1. A list of the topics that are material to key stakeholders and the company 2. How the topics were identified and how the stakeholders were engaged	24, 28	
	Ethical behaviour	Protected ethics advice and reporting mechanisms		WEF 4	1. A list of the topics that are material to key stakeholders and the company	136
					2. How the topics were identified and how the stakeholders were engaged	114
	Risk and Opportunity Oversight	Integrating risk and opportunity into business process		WEF 6	Opportunities and risks should integrate material economic, environmental and social issues, including climate change and data stewardship <ul style="list-style-type: none"> <li>Company's approach to the management of those risks</li> <li>How these risks and opportunities have moved over time and the response to those changes</li> </ul>	123-124
					Climate change	Greenhouse gas (GHG) emissions
	Planet	Nature loss	Land use and ecological sensitivity	WEF 9	Report the number and area (in hectares) of sites owned, leased or managed in or adjacent to protected areas** and / or key biodiversity areas (KBA)* * KBA : <a href="http://www.keybiodiversityareas.org/site/mapsearch">http://www.keybiodiversityareas.org/site/mapsearch</a> (visit for information on biodiversity areas) ** Protected areas: Regions designated as sanctuaries in accordance with national laws and regulations	60, 130
					Freshwater availability	Water consumption and withdrawal in water-stressed areas
			TCFD implementation		WEF 8	Fully implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) <ul style="list-style-type: none"> <li>If necessary, disclose a timeline of at most three years for full implementation</li> <li>Disclose whether you have set, or have committed to set, GHG emissions targets that are in line with the goals of the Paris Agreement and to achieve net-zero emissions before 2050</li> </ul>





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# WEF-IBC Index (Stakeholder Capitalism Metrics)

Full List of Revised Core Metrics as of March 2021					
Pillar	Theme	Core Metric	Number	Disclosure	Page
People	Dignity and equality	Diversity and Inclusion (%)	WEF 11	Percentage of employees per employee category by • age group • gender • other indicators of diversity	131
		Pay equality (%)	WEF 12	Ratio of the basic salary and remuneration for each employee category by significant locations of operation for priority areas of equality: • women to men • minor to major ethnic groups	133
		Wage level (%)	WEF 13	• Ratio of standard entry level wage by gender compared to local minimum wage	133
		Risk for incidents of child, forced or compulsory labour	WEF 14	• Ratio of the annual total compensation of the CEO to the median of the annual total compensation of all its employees, except the CEO	112
	Health and well-being	Health and safety (%)	WEF 15	An explanation of the operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. Such risks could emerge in relation to: a) type of operation (such as manufacturing plant) and type of supplier b) countries or geographic areas with operations and suppliers considered at risk	134
				• The number and rate of fatalities as a result of work-related injury • Number and rate of high-consequence work-related injuries (excluding fatalities) • Number and rate of recordable work-related injuries (ex. TRIR) • Number and rate of main types of work-related injury • Number of hours worked	91
	Skills for the future	Training Provided (#, \$)	WEF 16	• An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services • Scope of access provided for employees and workers	133
Prosperity	Employment and wealth generation	Absolute number and rate of employment	WEF 17	Average hours of training per person that the organization's employees have undertaken during the reporting period, by : (total number of hours of training provided to employees divided by the number of employees) • gender • employee category (ex. by position such as CEOs, managers, and new hires / by function such as technicians, administrators, and production workers, etc.) Average training and development expenditure per full time employee (total cost of training provided to employees divided by the number of employees)	132
		Economic contribution	WEF 18	1. Total number and rate of new employee hires during the reporting period by : • age group • gender • other indicators of diversity • region 2. Total number and rate of employee turnover during the reporting period by : • age group • gender • other indicators of diversity • region	132
	Financial investment contribution		WEF 19	1. Direct economic value generated and distributed (EVG&D), on an accruals basis, covering the basic components for the organization's global operations, ideally split out by: *Accrual base accounting: A financial accounting method that calculates the profit and loss for the year • revenues • operating costs • employee wages and benefits • payments to shareholders and investors • payments to government (tax payments) • community investment 2. Financial assistance received from the government: total monetary value of financial assistance received by the organization from any government during the reporting period	128
			WEF 20	1. Total capital expenditures (CapEx) minus depreciation, supported by narrative to describe the company's investment strategy 2. Share buybacks plus dividend payments, supported by narrative to describe the company's strategy for returns of capital to shareholders	135
	Innovation of better products and services	Total R&D expenses (\$)	WEF 20	Total costs related to research and development	127
	Community and social vitality	Total tax paid	WEF 21	Total global tax borne by the company • Corporate income taxes	2023 Business Report p256 (No share buybacks or dividends) 2023 Business Report p26 (Robot-Arm Sorter facility construction and R&D, Total 325 KRW million), 15-18, 48, 57



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# Awards, Certificates and Memberships

**Awards**

Date	Host	Award
2023. 11.	Korean Standards Association	Ranked No. 1 in the Korean Standard Service Quality Index (KS-SQI) for three consecutive years
	Korea Port Logistics Association	Won the Grand Prize at the Port Safety Awards
2023. 5.	Korea Productivity Center	Ranked No. 1 in Home Delivery by National Customer Satisfaction Index (NCSI)
2023. 4.	Gyeongsangnam-do Fire Department	Won the Grand Prize at the Cardiopulmonary Resuscitation Contest
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

**Certificates**

Certification Date	Host	Details
2006. 8.	Ministry of Land, Infrastructure and Transport	Excellent logistics company certification (Comprehensive Logistics Company)
2007. 11.		ISO 9001 (Quality management systems)
2008. 8.		ISO 14001 (Environmental management system)
2008. 12.	Transported Asset Protection Association (TAPA AMERICAS)	TAPA (Cargo Security and Safety Certification)
2012. 3.	Korea Customs Service	AEO certification
2016. 3.		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. 9.		ISO 37001 (Anti-bribery management system)
2020. 3.	Korea Internet & Security Agency	ISMS (Information Security Management System)
2020. 11.	Human Resources Development Service of Korea	Best HRD Certification
2021. 6.		ISO 45001 (Occupational health and safety management system)
2021. 9.		ISO 37301 (Compliance management system)

**Memberships**

**Organisation**

- Korea Integrated Logistics Association (Senior Vice Chairman)
- The Federation of Korean Industries
- Korea Chamber of Commerce and Industry
- Seoul Chamber of Commerce and Industry
- IATA (International Air Transport Association)
- 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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# GHG Emissions Assurance Statement

Lotte Global Logistics Co., Ltd.



MOC-24-069

✓ **Verification Scope**

Korean Standards Association has conducted verification for GHG emissions based on GHG report provided by Lotte Global Logistics Co., Ltd. which includes Scope1 and Scope2 emissions.

✓ **Verification Standards and Guidelines**

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

- Guidance for reporting and verification of GHG emissions trading scheme (No. 2023-221 provided by Ministry of Environment, Republic of Korea)
- Verification Guidelines for the Operation of the Greenhouse Gas Emission Trading System (No. 2021-112 provided by Ministry of Environment, Republic of Korea)
- For matters not specified in other guidelines, refer to 2006 IPCC Guidelines, KS I ISO 14064-1: 2018 and KS I ISO 14064-3: 2019

✓ **Level of Assurance**

Lotte Global Logistics Co., Ltd.'s GHG emissions satisfies the under Reasonable Assurance (less than ±5.0% of total emissions).

✓ **Verification Conclusion**

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

▪ **2023 Emissions (Scope1, Scope2)**

(Unit : tCO2eq)

Year	Scope 1	Scope 2	Total
2023	14,017.136	48,735.143	62,751

\* Decimal place is not considered when calculating the emission of each workplace.  
\* This emission is based on the March 2024 and the final emission value is subject to change.

April 25, 2024

**KOREAN STANDARDS ASSOCIATION**






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# Third-Party Assurance Statement



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

## Overview

BSI (British Standards Institution) Group Korea (hereinafter referred to as the "Assurer") was requested to verify the LOTTE GLOBAL LOGISTICS 2023 ESG report (hereinafter referred to as the "Report"). The Assurer is independent of the LOTTE GLOBAL LOGISTICS and has no major operational financial interest other than the assurance. This assurance opinion statement is intended to provide information related to the assurance of the LOTTE GLOBAL LOGISTICS report relating to the environment, social and governance (ESG) to the relevant stakeholders and may not be used for any purpose other than the purpose of publication. This assurance opinion statement was prepared based on the information presented by the LOTTE GLOBAL LOGISTICS and the assurance was carried out under the assumption that presented the information and data were complete and accurate.

LOTTE GLOBAL LOGISTICS is responsible for managing the relevant information contained within the scope of assurance, operating the relevant internal control procedures, and for all information and claims contained in the report. Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to LOTTE GLOBAL LOGISTICS only.

The Assurer is responsible for providing LOTTE GLOBAL LOGISTICS management with an independent assurance opinion containing professional opinions derived by applying the assurance methodology to the scope specified, and to provide the information to all stakeholders of LOTTE GLOBAL LOGISTICS. The Assurer shall not bear any other responsibility, including legal responsibility, to any third party other than LOTTE GLOBAL LOGISTICS in providing the assurance opinion and shall not be liable to any other purpose, purpose or stakeholders related thereto for which the assurance opinion may be used.

## Scope

The scope of engagement agreed upon with LOTTE GLOBAL LOGISTICS includes the following:

- Reporting contents during the period from January 1st to December 31st 2023 included in the report, some data included the first half of 2024.
- Major assertion 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.

- In Accordance with the four principles of AA1000 AccountAbility in the report, based on the type of Sustainability Assurance based on AA1000AS v3 and if applicable, the reliability of the sustainability performance information contained in the report.

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.

## Assurance Level and Type

The assurance levels and types are as follows;

- Moderate level based on AA1000 AS and Type 2 (confirmation to the four principles as described in the AA1000 Accountability Principle 2018 and quality and reliability of specific performance information published in the report.)

## Description and sources of disclosures covered

Based on the scope and methodology of assurance applied, the assurer reviewed the following Disclosures based on the sampling of information and data provided by LOTTE GLOBAL LOGISTICS.

### [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]

201-1~4, 202-1~2, 203-1~2, 204-1, 207-1~4, 205-1~3, 206-1, 302-1, 302-3~4, 303-3~5, 304-1~3, 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, 411-1, 414-1~2, 418-1

# Third-Party Assurance Statement



## 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;

- A top-level review of issues raised by external parties that could be relevant to organizations policies to provide a check on the appropriateness of statements made in the report.
- Discussion with managers and staffs on organization's approach to stakeholder engagement.
- Review of the supporting evidence related to the material issues through interviews with senior managers in the responsible departments.
- 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
- Verification of data generation, collection and reporting for each performance index and document review of relevant systems, policies, and procedures where available
- An assessment of the company's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000 AccountAbility Principles Standard (2018).
- Visit of the HQ of LOTTE GLOBAL LOGISTICS to confirm the data collection processes, record management practices.

## Limitations and approach used to mitigate limitations

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.

## Competency and Independence

BSI (British Standards Institution) is a leading global standards and assessment body founded in 1901. BSI 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 globally. 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.

## Opinion Statement

The assurer was carried out by a team of sustainability report assurers in accordance with the AA1000 Assurance Standard v3. Assurer planned and performed this part of our work to obtain the necessary information and explanations assurer considered to provide sufficient evidence that LOTTE GLOBAL LOGISTICS's description of their approach to AA1000 Assurance Standard and their self-declaration of compliance with the GRI standards were fairly stated.

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. We believe that the economic, social and environment performance indicators are accurate and are supported by robust internal control processes.

## Conclusions

The Report is prepared in accordance with the GRI Standards. (Reporting in accordance with the GRI standards). The detailed reviews against the AA1000 AccountAbility Principles of Inclusivity, Materiality, Responsiveness and Impact and the GRI Standards are set out below.

## Inclusivity: Stakeholder Engagement and Opinion

LOTTE GLOBAL LOGISTICS defined customers, employees, partners, shareholders/investors, local communities and government/related organizations as a Key Stakeholder Groups based on ISO 26000 framework. In order to collect opinions by each stakeholder groups in the context of sustainability, operated the stakeholder engagement process. LOTTE GLOBAL LOGISTICS conducted a review of the stakeholder engagement process at the governance level to reflect the major issues derived through the stakeholder engagement process in sustainability strategy and goals. LOTTE GLOBAL LOGISTICS disclosed the results related to the process in the Report.

## Materiality: Identification and reporting of material sustainability topics

LOTTE GLOBAL LOGISTICS implemented its own materiality assessment process in consideration of the major business and operational characteristics to derive material issues related to sustainability. LOTTE GLOBAL LOGISTICS conducted internal ESG management issues and external ESG regulations/policies analysis, benchmarking of similar companies and media analysis. LOTTE GLOBAL LOGISTICS derived 9 material issues through the relevant process, and disclosed GRI topic standards disclosures related to material issues in the Report.

Please check additional information about Lotte Global Logistics on the homepage.

Homepage. [www.lottegloballogistics.com](http://www.lottegloballogistics.com)

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# Third-Party Assurance Statement



## Responsiveness: Responding to material sustainability topics and related impacts

LOTTE GLOBAL LOGISTICS operated a management process for material issues in the context of sustainability derived from the materiality assessment. LOTTE GLOBAL LOGISTICS established mid- to long-term sustainability plans and goals in according to the management methodology established to effectively reflect the expectations of key stakeholders. LOTTE GLOBAL LOGISTICS disclosed ESG 9 Areas Challenges and key response achievements such as related performances and improvement measures in the Report.

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

LOTTE GLOBAL LOGISTICS identified the scope and extent of the impacts to the organization and key stakeholders in the context of the sustainability of the material issues reported. LOTTE GLOBAL LOGISTICS identified material issues by reflecting the impact of the overall value-chain, which includes the business areas of its major subsidiaries. LOTTE GLOBAL LOGISTICS established sustainability strategies and objectives based on the analysis results of major impacts, including risks and opportunities for material issues, disclosed mid- to long-term plans and strategic system in the Report.

## Findings and conclusions concerning the reliability and quality of specified performance information

Among the GRI Topic Standards, the following disclosure were carried out in a assurance Type 2 based on the information and data provided by the reporting organization. In order to verify the reliability and accuracy of the data and information, internal control procedures related to data processing, processing, and management were verified through interviews with the responsible department, and accuracy was verified through sampling. Errors and intentional distortions in sustainability performance information included in the report were not found through assurance processes. The reporting organization manages the sustainability performance information through reliable internal control procedures and can track the process of deriving the source of the performance. Errors and unclear expressions found during the assurance process were corrected during the assurance process and prior to the publication of the report, and the assurer confirmed the final published report with the errors and expressions corrected.

- GRI Topic Standards: 205-1~3, 206-1, 302-1, 302-3~4, 303-3~5, 305-1~2, 305-4~5, 306-3~5, 308-1~2, 401-1~3, 403-1~10, 404-1~3, 405-1~2, 414-1~2, 418-1

## Recommendations and Opportunity for improvement

The assurer will provide the following comments to the extent that they do not affect the result of assurance;

- It may be helpful to advance the sustainability management system by identifying the priorities of sustainability impacts such as environmental impacts, strengthening the management system in consideration of the priorities of sustainability impacts by business sector such as smart logistics and resource circulation projects and the sustainability impacts of base logistics centres within organizational boundaries.

## GRI-reporting

LOTTE GLOBAL LOGISTICS provided us with their self declaration of compliance within GRI Standards. Based on our review, we confirm that social responsibility and sustainable development indicators with reference to the GRI Index. The Assurer confirmed that the Report was prepared in accordance with the GRI Standards and the disclosures related to the Universal Standards and Topic Standards Indicators based on the data provided by LOTTE GLOBAL LOGISTICS. The sector standard was not applied.

Issue Date : 24/05/2024

For and on behalf of BSI (British Standards Institution):

BSI representative

Jungwoo Lee, Lead Assurer/ACSAP

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