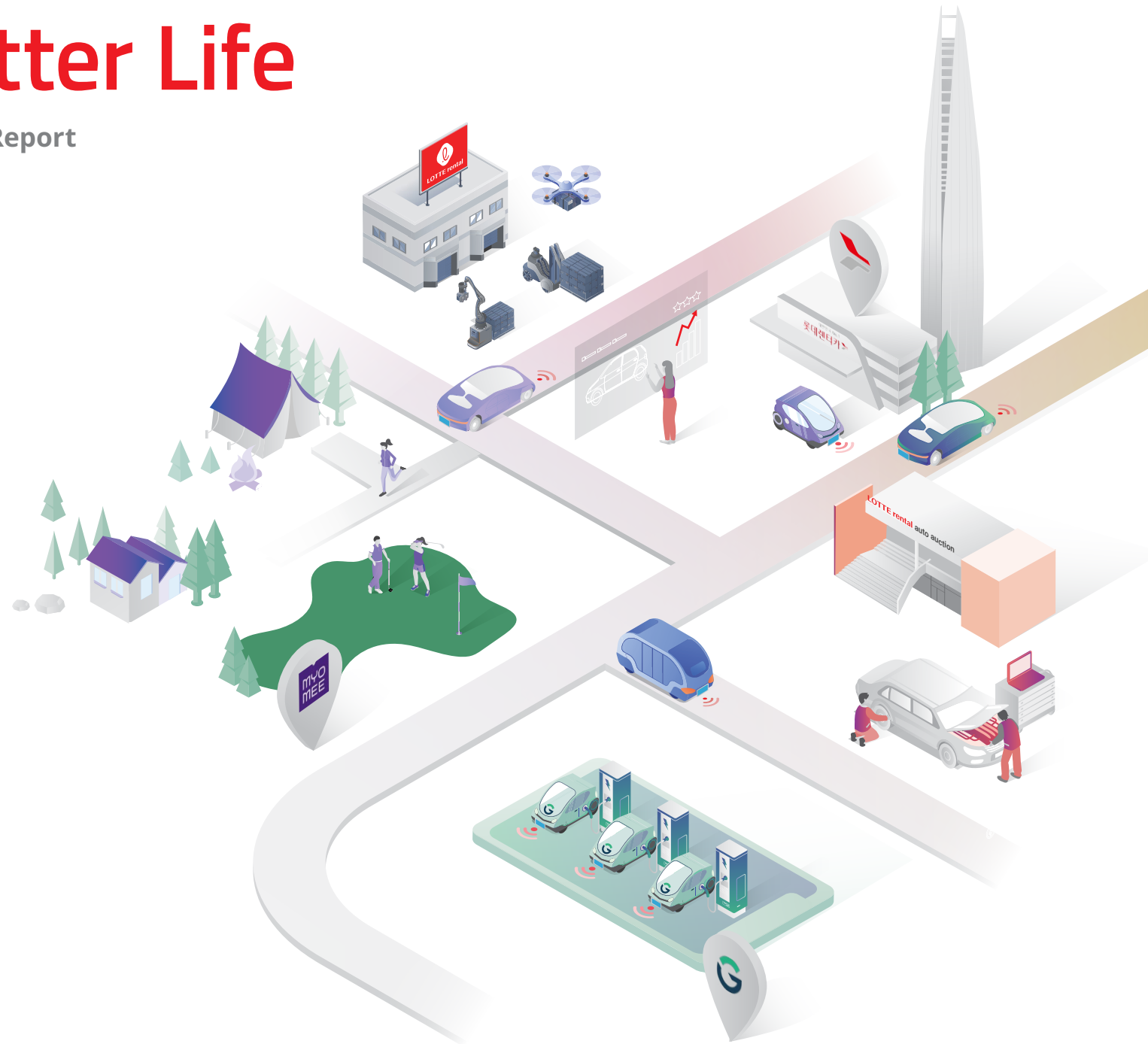


Create a Better Life

LOTTE rental 2021 Sustainability Report





ABOUT THIS REPORT

Overview

LOTTE rental published its first sustainability report in order to share transparently with stakeholders the economic, social, and environmental values and outcomes created through its management activities. This annual Report will be used as a communication channel for sharing LOTTE rental's sustainability management activities, outcomes, and plans with stakeholders.

Principles and Standards

This Report was created in accordance with the Core Options of the Global Reporting Initiatives (GRI), which are the sustainability management reporting standards, and Car Rental & Leasing in the SASB (Sustainability Accounting Standards Board) Transportation Sector. The financial information contained in the Report was prepared based on the Korean International Finance Reporting Standards (K-IFRS).

Period

This Report contains information on economic, social, and environmental performance and activities from January 1 through December 31, 2021. Some information on the performance and activities in the first half of 2022 is also disclosed. As for the quantitative performance, data for the previous three years (Jan. 2019 – Dec. 2021) were reported to enable time-series trend identification.

Scope

The scope of this Report includes activities and performance of the LOTTE rental head office and domestic worksites. Some information includes data on overseas worksites. Financial information was prepared based on consolidated financial statements in accordance with the K-IFRS. To assist in stakeholder understanding, some information requiring attention in terms of the reporting scope and boundaries was footnoted.

External Assurance

This Report has been assured by Samil PricewaterhouseCoopers to ensure the credibility, objectiveness, and transparency of the content. For nonfinancial information, third-party verification has been completed through the Korea Management Registrar (KMR).

Contact Information

For any inquiries regarding this Report and suggestions for improvement, please contact us using the information below.

LOTTE rental ESG Team
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CEO Message

Dear. Esteemed Stakeholders,

I am Kim Hyun-Soo the CEO of LOTTE rental. It is a great honor to communicate with our stakeholders through this sustainability report published for the first time since our foundation.

In 2021, we experienced various difficulties as the macroeconomic uncertainties expanded due to changes in currency and financial policies of major countries amid the prolonged COVID-19 pandemic and delay in new automobile supply resulting from issues in semiconductor parts supply. With the external environment changing rapidly, LOTTE rental set 2021 as the first year of ESG management and established the ESG Committee and an organization dedicated to ESG management within the Board of Directors. We also announced plans for sustainable growth by linking our management activities to ESG.

In addition, while implementing value-up operation to reestablish the business processes of each division and creating a data-centered business environment by introducing B2B and B2C platforms, LOTTE rental strengthened financial stability based on the improvement of debt ratio and credit rating through the promotion of new growth businesses and initial public offering (IPO). As a result, we have achieved the highest management performance since our foundation with sales, operating income, and net profit of KRW 2.4227 trillion, KRW 245.5 billion, and KRW 113.6 billion. respectively.

Moreover, LOTTE rental solidified its brand image as Asia's No. 1 car rental service provider by maintaining the top position in Korea's three major customer satisfaction surveys (KS-SQI, NCSI, and KCSI) for six years in a row. As such, LOTTE rental is making all-out efforts to create a better life for customers.

Since its declaration of the K-EV100 (Korean initiative for 100% switch to zero-emission vehicles) in March 2021, LOTTE rental, as a leader of eco-friendly electric vehicle distribution, has become the first in the industry to record a cumulative contract count of more than 15,000. As a result, in 2022, LOTTE rental was selected as an "Excellent Company in Zero-emission Switch" by EV Trend Korea and awarded the Environment Minister's Award.

We also declared our strong commitment to eco-friendly business and policy by entering into an MOU with LG Energy Solution, an electric vehicle battery leader, and we are striving to transform into an integrated mobility platform company to connect between land and air spaces by declaring entry into and promoting a verification project for the UAM (urban air mobility) market.



**LOTTE rental is evolving as a
"Mobility, Life`style Platform Leader"
to create a better life for customers.**

Mobility, which is defined in the dictionary as the ability to move or to be moved, is evolving into the concept of MaaS (Mobility as a Service). This means the integration of all transport services into a single mobility service according to users' needs. In other words, MaaS is a "user-centric mobility paradigm" to integrate a series of processes for a user to make a moving plan, book tickets, and obtain the tickets issued, etc. directly in a single digital platform with consideration given to possible alternatives to and user preferences for all transportation means available to individuals.

LOTTE rental will establish detailed promotional plans and strategies to dominate the future mobility market and advance from an asset-oriented company into a "Mobility, Lifestyle Platform Leader."

For this, we are responding rapidly to changes in mobility technologies by cooperating with battery and self-driving technology developers and entering into the UAM business field. We also invested in SOCAR, a mobility platform company, together with self-driving technology startup 42dot with the goal of strengthening the mobility platform. In addition, we are developing a B2C platform in order to respond to the used car market opening.

LOTTE rental is expanding contactless services using digital technologies. We have commenced the B2B and B2C contactless electronic contract service. Our "Smart Key Box, a contactless car rental service available all year round at short-term rental service branches even after business hours, is the outcome of our effort to ensure the safety of customers and employees against—and reduce the social cost resulting from—infectious diseases such as COVID-19.

Internally, under the goal of "establishing an autonomous health and safety management system," we prepared a framework for safety management system by establishing the Safety Management Division in 2021. This year, we will continue making every effort to prevent accidents among our customers and employees by complying with the safety management manual and blocking hazard factors through strict field inspections.

While 2021 was the year when we solidified the basis of ESG management by performing various activities, 2022 will be the year when we further strengthen such basis by internalizing the management philosophy to promote "management decision making that brings benefits to the environment and society" throughout the company.

LOTTE rental promises to make continuous effort in order to meet the expectations of all stakeholders by promoting ESG management under the vision of "Mobility, Lifestyle Platform Leader."

Your continued interest in and support for LOTTE rental will be greatly appreciated. Thank you.

Kim Hyun-Soo
CEO of LOTTE rental Co., Ltd.



2021 Highlights

1

Won the Environment Minister's Award at the 11th Happiness Together Social Contribution Campaign

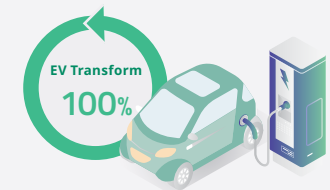
In March 2021, LOTTE rental won the Environment Minister's Award in the Love for Environment category at the 11th Happiness Together Social Contribution Campaign for its eco-friendly social contribution activities through car rental service as its key business and distribution of eco-friendly and electric vehicles. Under the slogan of "Amplifying Sharing Through Driving," LOTTE rental is continuously performing social contribution activities with focus on eco-friendliness. As our representative social contribution activity, the "Eco-friendly Donation and Driving Campaign" is a campaign implemented through customers' participation. When a customer rents an eco-friendly electric vehicle on Jeju Island, we accumulate KRW 50 per 1km of mileage to raise the fund for supporting mobility assistive devices for children with disabilities. This is the only social contribution program using electric vehicles in Korea. Through this program, we raised KRW 160 million in funds over the last four years. LOTTE rental's other social contribution activities to improve the value of eco-friendliness include Sharing Forest to Prevent Particulate Matter Generation, Protector for Clean Jeju, and Eco-friendly Small but Certain Happiness Campaign. Having set 2021 as the first year of value economy promotion, LOTTE rental will spread the value of eco-friendliness to customers based on eco-friendly and electric vehicle experience.



2

LOTTE rental Declared K-EV100 for Switch to Zero-emission Vehicles

In March 2021, LOTTE rental announced active participation in the campaign for the switch to zero-emission vehicles at the "K-EV100 Relay Declaration" ceremony. LOTTE rental's LOTTE rent-a-car, Korea's No. 1 car rental service brand, has been introducing long-term electric vehicle rental products each year in the largest scale and with the largest number of vehicle models in Korea, starting with the first-generation electric vehicle models such as IONIQ during the initial phase of market entry. Having completed the switch to zero-emission vehicles by more than 16,000 in 2021, LOTTE rental is leading K-EV100. We will continue promoting the switch to electric and fuel cell electric vehicles with the goal of contributing to zero-emission vehicle popularization and acceleration of carbon neutrality in the transport field. In addition, according to our "value-up" strategy, we will continuously introduce services that will enhance the value of eco-friendly vehicles to be reborn as a company leading the eco-friendly movement in the car rental service industry.



3

Participated in Children's Traffic Safety Relay Challenge

In March 2021, LOTTE rental participated in the "Children's Traffic Safety Relay Challenge," which is aimed at establishing a culture of promoting safe driving in child protection zones and placing the highest priority on the protection of children. We shared the slogans for children's traffic safety selected through a national idea contest and encouraged participation in the program by leading companies in the mobility and financial sectors. LOTTE rental will continue making efforts to perform activities to improve social awareness and practice ESG management.



LOTTE rent-a-car, No. 1 in K-BPI for 19 Consecutive Years

LOTTE rent-a-car, LOTTE rental's car rental service brand, was selected as the Golden Brand by maintaining the No. 1 position in the car rental service category of the Korea Brand Power Index (K-BPI) 2021 of Korea Management Association Consulting (KMAC) for 19 consecutive years. Held for the 23rd time in 2021, K-BPI is an index used to determine the competitiveness and impact of products, services, and brands of each industry representing consumption life in Korea. Lotte rent-a-car was ranked No. 1 in the car rental service category as it was evaluated to have led the eco-friendly movement in the car rental service industry and expansion of customers' electric vehicle experience. LOTTE rent-a-car is leading the electric vehicle distribution by introducing new eco-friendly vehicle products each year in the largest scale and with the largest number of vehicle models in Korea, starting with the first-generation models such as Ray EV.



4

Expanded the ESG Bond Issue

In February 2021, LOTTE rental joined the ranks of ESG procurement companies by issuing the first ESG bond. We issued Green Bond worth KRW 190 billion out of KRW 250 billion and used it for eco-friendly vehicle purchase. In September, we issued Green Bond for the full amount of KRW 300 billion and invested it fully in eco-friendly vehicle purchase. Keeping pace with the mobility market flow, LOTTE rental will continue issuing ESG bond for electric vehicle purchase.

5

Joined the “UN Global Compact” for the First Time in the Industry, “Will Strengthen ESG Management”

In December 2021, LOTTE rental, for the first time in the industry, joined the United Nations Global Compact (UNGC). As a special initiative of the UN Secretary-General, UNGC is the world's largest-scale voluntary initiative for businesses to promote participation in sustainability and corporate citizenship improvement by including the ten principles of human rights, labor, environment, and anti-corruption in corporate operation and management strategies. Since our listing on the Korea Exchange in August 2021, we have solidified our commitment to fulfilling social responsibilities, at the same time improving employees' awareness of the four areas of the UNGC principles to a global standard by joining UNGC. We will continue making efforts to implement the UN Sustainable Development Goals (SDGs) and share the performance each year with stakeholders. With joining UNGC as a momentum, we will fulfill our social responsibilities by joining and declaring support for various other global initiatives and strive further to perform ESG management activities based on the global standard.

6

LOTTE rent-a-car Cumulative Long-term Electric Vehicle Rental Contracts Exceeded 15,000

LOTTE rental's car rental service brand LOTTE rent-a-car started the “long-term electric vehicle rental service” for the first time in the industry in 2016 and recorded over 15,000 cumulative contracts as of 2021. Over the years, LOTTE rent-a-car has been making various efforts to expand the value of electric vehicle use by ensuring the fast release of popular vehicle models through demand prediction and releasing “EV Perfect Plan,” a full-care service specializing in electric vehicles, based on its top-tier operating expertise and value chain. Thanks to such efforts, LOTTE rent-a-car recorded approximately 6,600 contracts for long-term electric vehicle rental service—which more than tripled compared to the previous year—in 2021. In addition, the percentage of individual customers increased to 63.1% to exceed that of corporate customers. LOTTE rent-a-car will continue introducing new services and expanding business in line with the trend of electric vehicle market growth.

7

About the Company

About LOTTE rental

LOTTE rental seeks to become Korea's No. 1 provider of mobility and lifestyle rental service as its vision. To fulfill this vision, we, together with affiliates, aim to create a mobility and lifestyle platform by using our customer data based on the 40 million LOTTE Members and L.PAY members.

Established in 1986, LOTTE rental was incorporated into the LOTTE Group in 2015. The organization consists of 3 headquarters, 14 divisions, 47 teams, and 100 branches. Key subsidiaries include: LOTTE auto lease, which handles automobile lease and installment financing service; LOTTE auto care, which provides vehicle maintenance service; and Greencar, which handles car sharing service, rental service partners that provide vehicle rental agency service, and overseas branches in Vietnam and Thailand. The official name of the company is LOTTE rental Co., Ltd.

Overview (Based on the business report as of the end of Dec. 2021)

Company Name	LOTTE rental Co., Ltd.
Date Established	May 1986 (incorporated into the LOTTE Group in Jun. 2015)
Head Office	8th Floor, Shinwon Vision Tower, 88 Jeonpa-ro, Dongan-gu, Anyang-si, Gyeonggi-do, Korea (Head Office in Seoul) 5-10,15th Floor, KT Tower, 422 Teheran-ro, Gangnam-gu, Seoul, Korea
CEO	Kim Hyun-Soo
No. of Employees	2,247 (including subsidiaries)

Financial Status

Consolidated	
Total Capital	KRW 1.2373trillion
Operating Income	KRW 2.4227trillion
Operating Profit	KRW 245.5 billion
Separate	
Total Capital	KRW 1.547trillion
Operating Income	KRW 2.2359trillion
Operating Profit	KRW 217.7 billion
Corporate Bond Credit Rating	
	AA- (STABLE)

Global Network

Vietnam

Company Name	LOTTE RENTAL(VIETNAM) COMPANY LIMITED
Date Established	November 14, 2007
Head Office	Ho Chi Minh City
Business Areas	1. Automobile service ① Bus transportation - Commuting bus/Shuttle bus service - Chauffeured vehicle rental for tourists - Short- and long-term bus rental ② Passenger vehicle rental - B2B long-term car rental - Chauffeured short-term car rental 2. General rental service -Measuring Equipment: Measuring equipment rental to antenna and base station manufacturers - OA: Multi-function printer and computer rental to local companies

Thailand

Company Name	LOTTE RENT-A-Car (Thailand) Co.,Ltd.
Date Established	March 14, 2016
Head Office	Bangkok
Business Areas	1. Automobile service ① Bus transportation - Commuting bus/Shuttle bus service - Chauffeured vehicle rental for tourists - Short- and long-term bus rental ② Passenger vehicle rental - B2B long-term car rental - Chauffeured short-term car rental

Business Overview

LOTTE rental's business is divided into rental service sector (vehicle-related service such as vehicle rental and used car sale, general rental of office appliances, measuring equipment, and household appliances, and rental of consumer goods) and automobile lease and installment financial service sector, which are handled by subsidiaries, in order to reflect management diversification appropriately with consideration given to the characteristics of service products to create profits.

Automobile Rental Service

Car rental service is largely divided into short-term rental and long-term rental. Short-term rental service means vehicle rental for a period of less than one year. The main customers are individuals aged 21 years and older and corporate customers requiring irregular and short-term vehicle use for business purposes. Long-term rental service means vehicle rental for one year or longer. For this service, a rental service provider purchases a new vehicle and rents it to the customer. Nowadays, personal long-term rental service contracts are increasing due to the convenience of vehicle management. For used vehicles whose rental period has expired, LOTTE rental sells them through an internal used car auction yard.

LOTTE rent-a-car 🔗



General Rental Service

LOTTE rental's general rental service focuses on the rental of office appliances, measuring equipment, household appliances, and industrial facilities targeting companies and sole proprietors. Having added construction equipment such as aerial work platform to the list of items for rental in 2016, we are providing rental service at reasonable prices to meet customers' diverse needs. Since 2017, according to the contactless consumption paradigm, we have been operating Myomee, a rental platform for consumer goods targeting individual customers.

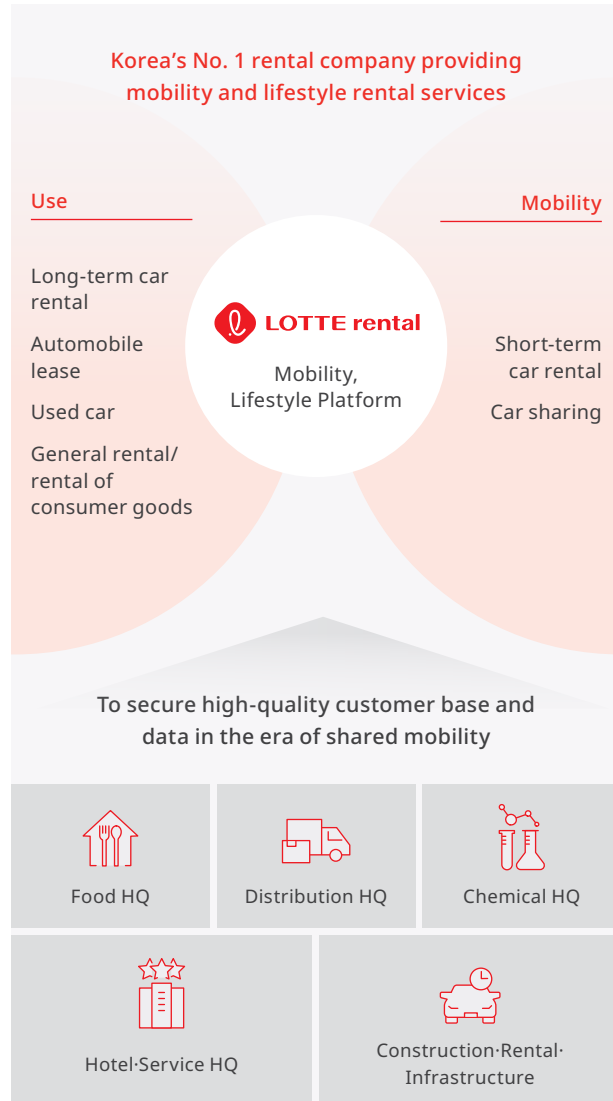


Automobile Lease and Installment Finance Service

LOTTE rental provides automobile and facility lease and automobile financing services through LOTTE auto lease, a consolidated subsidiary. In particular, we focus on the lease of commercial vehicles (trucks, vans, and special vehicles), maintenance lease, and installment financing for used cars.



Corporate Identity



Vision and Value

LOTTE rental established a new vision system under the goal of leading the future mobility industry and advancing into a mobility-based lifestyle platform service provider. On July 31, 2019, under the mission of "Creating a Better Life for Customers," we reestablished the vision as "Mobility, Lifestyle Platform Leader" and declared the new vision based on our core values of "Change & Challenge, Empathy, and Collaboration."



SUSTAINABLE MANAGEMENT

Having completed its initial public offering (IPO) through the Korea Exchange in August 2021, LOTTE rental is striving to listen to the voices of—and grow together with—internal and external stakeholders with the goal of complying with the global standard for sustainable management. We are making all-out efforts to respond successfully to and overcome the current crisis by not only responding flexibly to the rapidly changing external environment but also focusing more on protecting the safety and hygiene of stakeholders amid the unprecedented circumstances posed by the COVID-19 pandemic.

12 COVID-19 Response

14 Activities for the UN SDGs

15 Communication with Stakeholders



COVID-19 Response

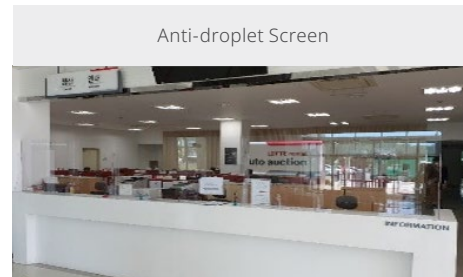
Operating the COVID-19 Response Team



LOTTE rental designated an organization dedicated to preventing the spread of COVID-19, and it is operating internal response criteria that are a level higher than the government's disease control guidelines.

We are minimizing mass infection by establishing a response manual as well as operating work standards, periodically ventilating work spaces, following the strengthened guidelines of public health authorities, and conducting internal epidemiological surveillance. Our internal reporting channel is operated round the clock until the current COVID-19 situation ends. Moreover, employees are provided with education on real-time response techniques and follow-up measures in relation to the reports received.

COVID-19 Response Activities



Launching the Short-term Contactless Rental Service "Smart Key Box"



With the special circumstances posed by COVID-19 persisting, LOTTE rental conducted strict disease control and opened contactless service in order to protect and strengthen the safety and convenience of customers and employees.

"Smart Key Box" is a contactless vehicle rental and return service that customers can use all year round through booking. Currently, this service is available at 38 branches nationwide (as of April 2022), and we plan to increase this number continuously.

We are also improving the safety of visiting customers and employees at general and automobile service branches throughout the country by installing air sterilizers according to the respective working environments. LOTTE rental will contribute to reducing social cost by preventing the spread of the virus.

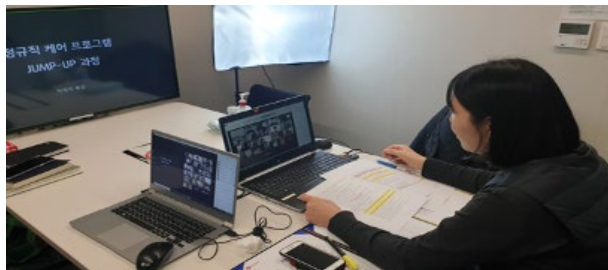
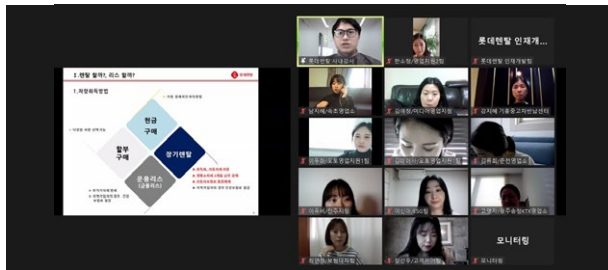


LOTTE rent-a-car's "Smart Key Box" is a contactless rental vehicle pickup and return service that customers can use anytime through booking.

Strengthening Contactless Education



LOTTE rental strengthened contactless education in order to minimize the impact of COVID-19 on employee competency building. Majority of the educational programs (introductory course for new employees, Female Talent Academy, sales education, etc.) have been changed to contactless programs. Accordingly, we improved the efficiency of education by fostering instructors for contactless education. In addition, we provided employees with information on and encouraged their use of contactless educational tools, such as Zoom or Webex. Through such activities, LOTTE rental successfully improved employees' competency level and achieved educational advancement in the contactless era despite the pandemic.



Contactless Education

Greencar & LOTTE Auto Care: Strengthening Disinfection of and Disease Control on Vehicles



For car sharing, keeping the vehicles clean is extremely important because they are public transportation means shared by a large number of people. To ensure customers' safety and hygiene and prevent the spread of COVID-19, Greencar not only cleaned the inside and outside of vehicles regularly but also conducted disinfection of parts of vehicles that are in contact with the human body and sterilization of the interior space. Efforts made to protect the safety of customers and resolve their anxiety included placing hand sanitizing tissues in vehicles. LOTTE autocare sterilized and disinfected the interiors of vehicles and parts frequently in contact with customers' hands after completion of maintenance on customers' vehicles and before delivery of the vehicles to the respective customers. It also conducted fumigation additionally as necessary. As a result, despite the pandemic, we were able to provide a safe, hygienic mobility environment to customers using LOTTE rent-a-car and Greencar services.



Disease Control Service for Customers' Vehicles

Paid Leave for Vaccination



In order to protect employees' health and safety, LOTTE rental actively encourages employees to get vaccinated by providing them with paid leaves for vaccination. Employees are provided with a three-day leave from the date of vaccination during which they can recover from symptoms manifested following the vaccination and take sufficient rest.



Paid Leave for Vaccination

Activities for the UN SDGs

UN SDGs

Since 2015, LOTTE rental has been engaging in various activities to fulfill the UN SDGs (Sustainable Development Goals), which were adopted as a universal call to action to achieve sustainable development such as eradication of poverty, inclusive growth, and climate change response by 2030. Moreover, by joining and declaring support for the UNGC (UN Global Compact) as global initiatives, we are integrating the UNGC 10 Principles for human rights, labor, environment, and anti-corruption into our business strategies and activities and striving to fulfill the SDGs related to our businesses.

SUSTAINABLE DEVELOPMENT GOALS



No Poverty	Zero hunger	Good Health and Well-Being	Quality Education	Gender Equality
Clean Water and Sanitation	Affordable and Clean Energy	Decent Work and Economic Growth	Industry, Innovation and Infrastructure	Reduced Inequalities
Sustainable Cities and Communities	Responsible Consumption and Production	Climate Action	Life Below Water	Life on Land
Peace, Justice and Strong Institutions	Partnerships for the Goals			

Efforts to Fulfill the UN SDGs

SDGs



SDGs 3. Ensure healthy lives and promote well-being for all at all ages

3.8 Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services, and access to safe, effective, quality, and affordable essential medicines and vaccines for all

Effort to Fulfill the UN SDGs

- Provided official leave for vaccination to prevent COVID-19 infection
- Conducted quarterly safety inspection in major worksites
- Provided annual health examination and workers' compensation insurance
- Operated the Safety Management Division
- Provided the contactless Smart Key Box service



SDGs 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university
4.4 By 2030, substantially increase the number of youths and adults possessing the relevant skills, including technical and vocational skills, for employment, decent jobs, and entrepreneurship

- Provided compulsory education on sexual harassment prevention, information protection, and compliance, etc.
- Provided education on safe traffic culture
- Provided career development education
- Provided education for leaders
- Provided education by duty (sales, etc.)



SDGs 5. Achieve gender equality and empower all women and girls

5.1 End all forms of discrimination against all women and girls everywhere
5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life

- Provided female leadership education
- Operated the Female Talent Academy
- Provided mentoring service
- Supported childbirth and childcare leave
- Acquired certification as a family-friendly enterprise



SDGs 7. Ensure access to affordable for all

7.2 By 2030, increase substantially the share of renewable energy in the global energy mix

- Issued Green Bond, purchased 15,000 eco-friendly vehicles in 2021
- Fully implemented the electronic contract system
- Supplied 26 EV school buses to the Thai branch

SDGs



SDGs 8. Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all

8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services



SDGs 10. Reduce inequality within and among countries

10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status



SDGs 11. Make cities and human settlements inclusive, safe, resilient, and sustainable

11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management



SDGs 13. Take urgent action to combat climate change and its impacts

13.2 Integrate climate change measures into national policies, strategies, and planning

Effort to Fulfill the UN SDGs

- Implemented the autonomous commuting system and free work system (work from home)
- Provided refresher leave and bonus according to the period of work
- Operated the Working Culture Innovation TF
- Designated as Korea's Best Enterprise for Employment 2021 by the Ministry of Employment and Labor
- LOTTE autocare concluded an industry-academe cooperation agreement (to foster and employ forklift and aerial work equipment experts)\

- Established the LOTTE Personnel Code of Conduct

- Waged an eco-friendly electric vehicle driving donation campaign in Jeju
- Carried out a Hands-on Recycling Jump Rope volunteer activity
- Manufactured and donated hot pack for car seats through upcycling
- Participated in the GOGO Challenge of the Ministry of Environment
- Waged the Sharing Forest Campaign

- Joined the LOTTE Group's Carbon Neutrality 2040 declaration

Communication with Stakeholder Groups

According to the management philosophy of becoming a "Mobility and Lifestyle Platform Leader," LOTTE rental continuously communicates with various stakeholders. We divide our stakeholders into the local community, customers, employees, and shareholders and investors, and we are striving to form a consensus on sustainable management issues and build cooperative relationships with them.

	Interest and Expectations	Key Communication Channels
Local community	<ul style="list-style-type: none"> ·Local economy activation ·Environmental protection ·Social contribution activities ·Corporate ESG impact-related right to know 	<ul style="list-style-type: none"> ·Press report ·Employees' volunteer service group
Customers	<ul style="list-style-type: none"> ·Service and solution quality ·Follow-up management service ·Latest technologies and trends ·Information disclosure for full sale 	<ul style="list-style-type: none"> ·Customer center ·AI chat bot 'Shin Cha Jang'
Employees	<ul style="list-style-type: none"> ·Employment and labor environment ·Career development ·Diversity and equal opportunity ·Respect for human rights 	<ul style="list-style-type: none"> ·Employees' communication channel ·Web board for suggestions (Wageul Wageul/Sogon Sogon) ·Free Wear (no dress code)/Celeb Day (to promote half-day leave)/Midfielder (communication group for sales staff) ·Reports on workplace harassment and complaints received by persons qualified to provide professional counseling
Partners	<ul style="list-style-type: none"> ·Labor-management relations ·Fair trading 	<ul style="list-style-type: none"> ·Website
Shareholders and investors	<ul style="list-style-type: none"> ·Mobility ecosystem for shared growth ·Financial outcomes ·Investment strategy ·Risk management ·Management information sharing 	<ul style="list-style-type: none"> ·General shareholders' meeting ·Electronic disclosure ·Regular/Irregular IR meetings ·IR notice on website ·Contact number for IR (+82-2-3404-3390)

CREATE A MOBILITY PLATFORM FOR SOCIETY

Starting with the switch to zero-emission vehicles, LOTTE rental has been leading the sustainable mobility paradigm change and making efforts to provide diverse and convenient mobility experiences to customers. The concept of mobility is expanding beyond simple transportation means to technologies and infrastructure in support of social transformation. As “Korea’s No. 1 car rental service provider,” LOTTE rental aims to become the Mobility and Lifestyle Platform Leader that grows together with stakeholders. As such, it is seeking to “Create a Better Life” for customers.

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Material Issue 3. New Business Expansion and Investment



About the Business

Automobile Rental Service

As Korea's No. 1 brand that is trusted and loved by customers, LOTTE rent-a-car has topped Korea's three major customer satisfaction indices (NCSI, KS-SQI, KCSI) and made it to the Hall of Fame of the Korea Service Grand Prix. With its top-tier service verified through accomplishments, approximately 240,000 vehicles, and largest sales network in Korea, LOTTE rent-a-car is creating a more enjoyable car life for customers. Creating the value of sharing throughout its business areas ranging from automobile rental to business solutions, LOTTE rent-a-car pursues innovation from the customers' standpoint in order to provide faster, more convenient services. Not content with its current achievements, LOTTE rent-a-car, based on customer-oriented service design innovation and synergy with the LOTTE Group, will continue striving to "Create a Better Life" for customers.

 Long-term new vehicle rental	 Long-term used vehicle rental	 Short-term rental	 Monthly rental	 Chauffeured vehicle rental
<p>Customers can take over vehicles that have been used for one – five years through this service when the service contract expires without having to purchase the vehicles.</p>	<p>Customers can directly inspect and rent used vehicles that have been maintained by LOTTE rent-a-car at prices lower than new vehicles.</p>	<p>This is a general rental service through which customers rent vehicles for trips and business purposes on a daily basis.</p>	<p>This is a service that lets customers rent vehicles on a monthly basis. Customers can use vehicles for as long as they need without having to purchase them.</p>	<p>The rented vehicle comes with a professional chauffeur with zero-accident record for at least five years and ability to communicate in foreign languages.</p>

LOTTE rent-a-car Premium Chauffeured Vehicle Rental Service

Premium service is provided by professional chauffeurs with over seven years' experience at deluxe and higher-class hotels and zero-accident record for at least five years and ability to communicate in foreign languages. Customers can choose from a wide range of vehicles from large passenger cars to limousines and import cars.

"Smart Key Box Service" for 24-hour Contactless Vehicle Rental

LOTTE rent-a-car's "Smart Key Box" is a contactless rental vehicle pickup and return service that customers can use round the clock through advanced booking.

Delivery Service for Customers to Rent and Return Vehicles in their Desired Locations

LOTTE rent-a-car provides a service that helps customers pick up and return rented vehicles anytime, anywhere they choose. This service reduces customers' face-to-face contact with the staff and travel time to the branches for vehicle pickup and return.

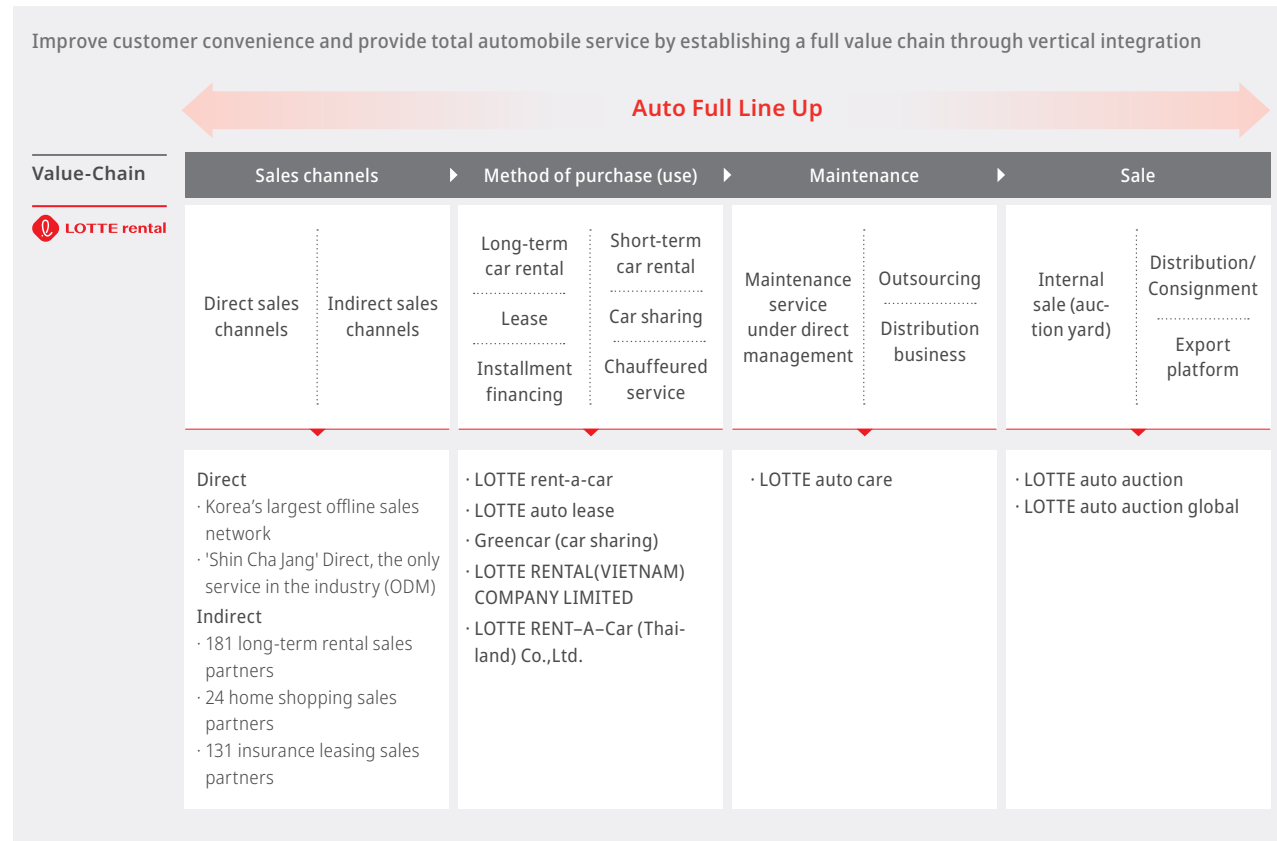
Diverse Applications for Customer Convenience

LOTTE rental is making efforts to improve customer convenience through the "LOTTE rent-a-car 'Shin Cha Jang' Membership" and "LOTTE rent-a-car 'Shin Cha Jang' Direct" applications. LOTTE rent-a-car 'Shin Cha Jang' Membership is a premium vehicle management solution that integrates corporate vehicle management and vehicle ledger functions. This service ensures more efficient vehicle management by helping customers check not only the rental service contract details, rental payment status, and vehicle maintenance record but also the real-time vehicle operation details, fuel cost, and toll fees (paid option), which are available to corporate customers. Moreover, using the IoT-based maintenance request function, customers can receive vehicle maintenance service anytime, anywhere they choose.

LOTTE rent-a-car 'Shin Cha Jang' Direct is a contactless, paperless service of directly and more cost-efficiently completing the process from service quotation to contract within five minutes anytime, anywhere. LOTTE rental will continue paying close attention to customers' voices in order to reflect them swiftly in improving the applications; thus increasing customers' convenience further.

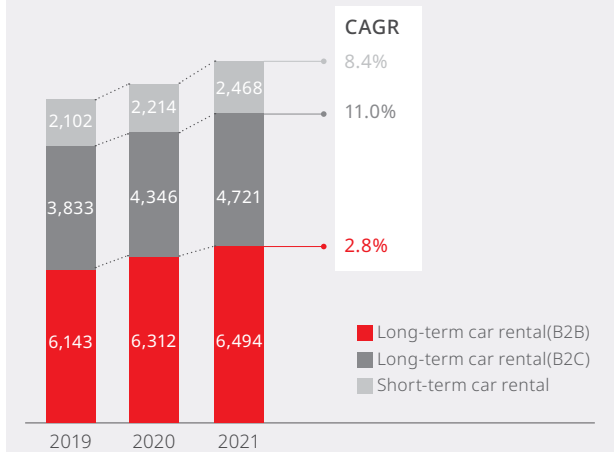
Automobile Rental Service Value Chain

With a full value chain established based on the different modes of automobile use for customers' convenience and satisfaction, LOTTE rental is leading the mobility market by providing total automobile service. We are striving to increase customer convenience by using various sales channels such as 'Shin Cha Jang' Direct, an online direct service ranging from vehicle rental quotation to contract, and Korea's largest offline sales network and around 300 indirect channels. Based on such sales network, we provide customers with diverse services ranging from car sharing to short-term car rental, long-term new and used car rental, and automobile lease according to their purposes of service use and consumption patterns. We also offer services to assist in customers' car life including vehicle repair and maintenance through LOTTE auto care, a subsidiary specializing in vehicle management, and vehicle sales through LOTTE auto auction. Through such efforts, LOTTE rental is fulfilling its mission of "Creating a Better Life" for customers.



Key Performances

Sales by Portfolio (unit: KRW 100 million)



As of end of Dec. 2021

Short-term car rental *	Long-term car rental (B2B)	Long-term car rental (B2C)
KRW 246.8 billion	KRW 649.4 billion	KRW 472.1 billion

*Short-term Car Rental: Including car sharing sales

Number of Authorized Vehicles (unit: 1,000 vehicles)



Automobile Lease

As a company specializing in automobile financing, LOTTE auto lease was established through the split-off of the lease service sector of LOTTE rental, Korea's No. 1 car rental service provider.

Services provided by LOTTE auto lease include the lease of commercial vehicles (trucks, vans, and special-purpose vehicles), maintenance lease, installment financing for used cars, installment financing for new commercial vehicles, and automobile loan.

In particular, LOTTE auto lease provides customers with both financial and service benefits as a differentiated automobile financing company by focusing on the maintenance lease product to assist in the vehicle management of corporate customers, which generate huge demand for vehicle lease service.

By upgrading the automobile lease service and automobile installment financing service, LOTTE auto lease will not only pioneer Korea's capital market but also focus on improving the convenience of customers and meeting their needs as a leader of the automobile lease market in the future.

LOTTE auto lease 

LOTTE auto lease ESG Highlights

1. LOTTE auto lease declared K-EV100 for the switch to zero-emission vehicles

In July 2021, LOTTE auto lease declared active participation in the campaign for the switch to zero-emission vehicles at the K-EV100 (Korean initiative for 100% switch to zero-emission vehicles) Relay Declaration" ceremony. LOTTE auto lease is distributing electric vehicles in Korea, from commercial electric trucks including Bongo EV and Porter EV to compact electric trucks like Masta and DPECO. Aiming to contribute to the popularization of zero-emission vehicles and carbon neutrality acceleration in the transportation sector, LOTTE auto lease will complete the 100% switch to electric and hydrogen fuel cell vehicles by 2030.



LOTTE auto lease's K-EV100 Declaration

2. Supplied compact electric trucks to Korea Post

In October 2021, LOTTE auto lease received an order for 310 compact trucks from Korea Post. This is an example of eco-friendly electric vehicle distribution to a public organization. Ordered by 139, POTRO is a vehicle model of Gangwon Province-invested SME (small and medium enterprise) DPECO. LOTTE auto lease will contribute to promoting ESG management by establishing a sustainable shared growth and cooperation model with DPECO.



Top: Compact electric trucks of Korea Post
Bottom: LOTTE auto lease's first delivery of DPECO trucks to Korea Post

3. LOTTE Group expanded the introduction of electric trucks (LOTTE Chilsung Beverage, LOTTE Global Logistics, LOTTE Super, LOTTE Foods, etc.)

In 2021, LOTTE Group affiliates such as LOTTE Chilsung Beverage, LOTTE Global Logistics, LOTTE Super, and LOTTE Foods introduced electric trucks. According to LOTTE Group's ESG management declaration, LOTTE auto lease expanded the eco-friendly automobile lease products. It is leading ESG management in the industry by introducing 44 eco-friendly vehicles including Porter EV, Bongo EV, and POTRO.



Electric Truck of LOTTE Chilsung Beverage

Maintenance

Since its establishment in 2013, LOTTE auto care has been growing as an automobile management specialist by strengthening the competitiveness of LOTTE rent-a-car in maintenance service and creating differentiated customer values. In July 2021, it expanded the construction machinery business portfolio and strengthened the foundation for mid- to long-term growth through M&A with JG. In addition, LOTTE auto care is providing customers an experience beyond vehicle maintenance through the DT-based car life care service and promoting innovation in order to take a leap forward as a leader in the future general mobility management field. The company is also participating in ESG management continuously by minimizing the discharge of plastic containers such as those for engine oil, recycling used tires, etc.

LOTTE auto care ESG Highlights

“Upcycling” is a process of giving new values to used and scrapped products to have them reborn as new products. In November 2021, LOTTE auto care concluded an MOU for ESG management with tire upcycling startup Tread & Groove. Based on this MOU, LOTTE auto care provides scrap tires after vehicle maintenance, with Tread & Groove producing work boots by upcycling the waste tires. By supplying 6,000 waste tires from Daegu TS (tire storage), LOTTE auto care will reduce greenhouse gas emissions by approximately 160 tons a year.

Other scraps generated from vehicle maintenance (engine oil, batteries, etc.) can also cause environmental pollution if not managed properly; hence the importance of the eco-friendly collection and transportation of these materials. LOTTE auto care collects the wastes generated from the mobile maintenance service on customers' vehicles by using special vehicles, stores them in the storage trailers, and discharges them through consignment. LOTTE auto care will continue making efforts to achieve environmentally sound and sustainable development by strengthening the environmental pollution risk management system.



Trailer for Waste Storage



Special Vehicle for Mobile Maintenance Service

Key Performances

1. Increased maintenance service count and total sales of parts, etc.

Average number of vehicles for management
200,000 in 2021, 5-year average

Increased by **8.0%**

Mobile maintenance service count
540,000 in 2021, 5-year average

Increased by **2.0%**

Total sales of parts (including tires)
KRW 23.8 billion in 2021, 5-year average

Increased by **23.5%**

Unit: Vehicles, KRW 100 million

Item	2016	2017	2018	2019	2020	2021
Vehicles for management	133	145	158	177	188	196
Mobile maintenance service count	489	512	522	550	546	540
Total sales of parts	76	136	171	214	210	238

2. LOTTE auto care launched “At Home” maintenance service

In 2021, LOTTE auto care launched an online maintenance service by developing a contactless maintenance service platform. When a customer books a maintenance service via a mobile device or on the Internet, a maintenance engineer provides light maintenance service such as vehicle checkup and engine oil and battery replacement at the location selected by the customer. With the industry's top-tier service network and its nationwide network of partners, LOTTE auto care will continuously expand its services to provide customers with new experiences such as mobile electric vehicle maintenance service and local maintenance service.



Auction

As a used car auction yard, LOTTE auto action is located on an approximately 76000 m² site in Anseong-si, Gyeonggi-do. Around 50,000 vehicles were put up for auction in 2021, and 39,000 of them were auctioned off. Member companies increased 190.2% to 900 compared to 2014. At the used car auction yard, vehicles returned after use in rental service for three – four years and used cars directly purchased by rental companies are auctioned and sold through various channels including distribution sales and export. As for the ratios of vehicles put up for auction, the company's own vehicles, vehicles obtained through distribution purchase, and those consigned for sale account for 82%, 11%, and 6%, respectively. The number of vehicles sold in 2021 stood at 47,515, increasing 23.1% on average over five years. The successful bid rate also increased 24.7%p from 52.6% in 2014 to 77.3% in 2021. The used car service sector is recording continuous growth year on year based on stable supply. LOTTE auto auction also boasts of Korea's best operating system, which is based on the four-lane system introduced for the first time in Korea, to process greater volume in a short period of time. The company's own vehicles boast of reliability in terms of vehicle quality. The used car market is the "market for lemons" characterized by severe information imbalance between sellers and buyers. However, LOTTE rental can manage vehicles and maintenance records through its subsidiary LOTTE auto care and also improve the reliability of vehicle quality by upgrading the auction yard photography system to take up to 34 pictures. The competitiveness secured through such effort has led to the steady growth of successful bid rate and rate of sale. The used car service sector is increasing profitability by implementing distribution purchase and consignment-based sales activation policies. Channels for vehicle sale are also being diversified to sale through consignment to partners, transfer of used cars between car rental service providers, export, etc. In particular, the export volume will be increased continuously through the expansion of export bidding, overseas agent development, and system upgrade.

Used Car Service Sector ESG Highlights

Reducing Carbon Emissions by Increasing Eco-friendly Used Car Sale

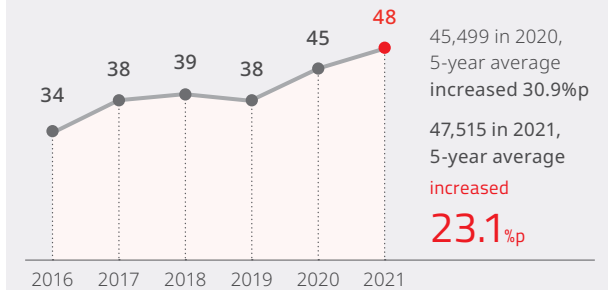
LOTTE auto auction is contributing to the extension of vehicle replacement cycle and carbon emission reduction by increasing the sale of eco-friendly used vehicles. In 2021, the number of eco-friendly vehicles sold increased 186% to 1,249 compared to 2019. Moreover, by expanding the charging infrastructure in the auction yard (concurrent vehicle charging using four quick chargers and three slow chargers), LOTTE auto auction is promoting electric vehicle use by customers and partners and contributing to the shift to electric mobility. Through the export of used cars, LOTTE auto auction is also contributing to the switch to eco-friendly vehicles in countries with high preference for eco-friendly vehicles. In 2021, the number of exported vehicles owned by the company increased 906% to 322 compared to 2019. In the social aspect, LOTTE auto auction is creating a virtuous cycle in the used car market by supplying approximately 50,000 vehicles to 900 member companies (trading companies). In addition, LOTTE auto auction is promoting shared growth with small and medium-scale companies including vehicle performance inspection, vehicle delivery, and meal service providers. Having established long-term environmental, social, and structural goals, LOTTE rental's used car service sector will continue making efforts for ESG management.



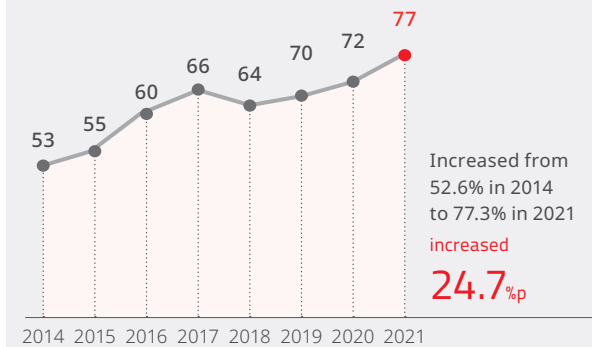
LOTTE auto action

Key Performances

Used cars sold (unit: 1,000 vehicles)



Rate of successful bid at auction yard (unit: %)



Car Sharing

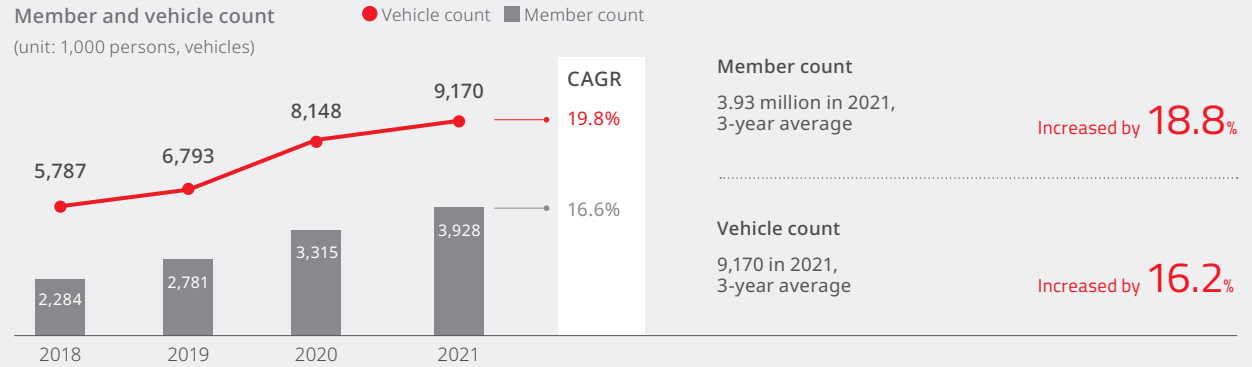
LOTTE rent-a-car's car sharing brand Greencar pioneered Korea's car sharing service market. The company is providing car sharing service through approximately 3,200 service bases across the country and around 10,000 vehicles. In particular, Greencar is expanding customers' eco-friendly vehicle experience and leading the improvement of atmospheric environment by operating the largest number of eco-friendly vehicles in the car sharing industry, which differentiates it from competitors in the market. In 2018, it received the Prime Minister's Citation for the first time in the industry in recognition of its contribution to the improvement of atmospheric environment and fostering of the eco-friendly consumption industry. In March 2021, together with its parent company LOTTE rental, Greencar joined K-EV100, the Korean initiative for 100% switch to zero-emission vehicles, and set the goal of 100% switch to zero-emission vehicles such as electric and hydrogen fuel cell vehicles by 2030.

Greencar is striving to secure sustainable competitiveness by developing new car sharing services using artificial intelligence technologies through affiliation with KT, A.I.matics, and MOVV. Together with LOTTE rental, the company is preparing for advancement into an integrated mobility platform.

Key Performances

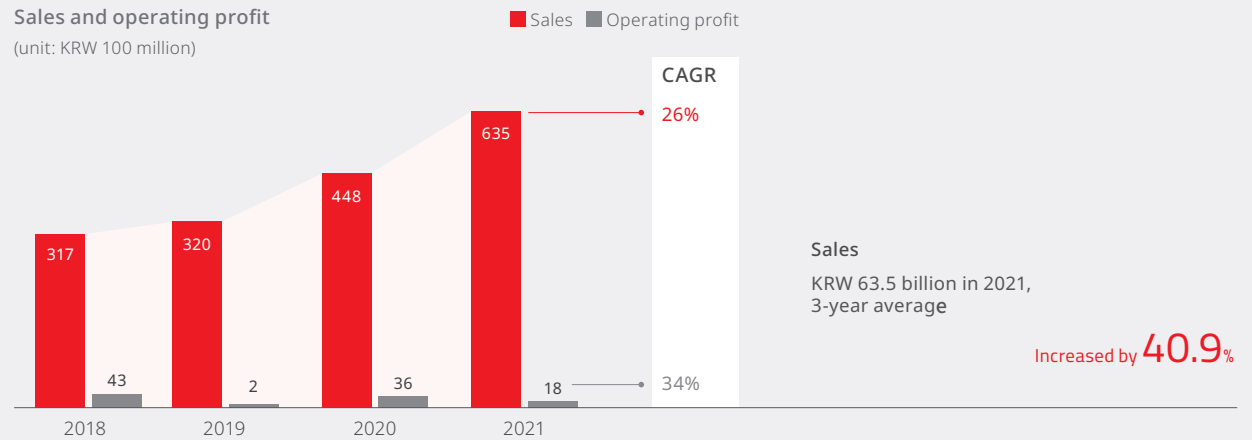
Member and vehicle count

(unit: 1,000 persons, vehicles)



Sales and operating profit






(unit: KRW 100 million)



General Rental Service

LOTTE rental provides general rental service to companies and sole proprietors with the goal of assisting in their economic and efficient business operation. We provide effective solutions for business operation through a wide range of rental products from office appliances to measuring equipment, construction equipment, unmanned devices, and outdoor equipment. While providing innovative service across borders based on the continuous expansion of rental items, we also assist in customers' convenient maintenance, efficient asset management, and initial cost minimization through B2B rental service.

Operating the LOTTE rental business website, we provide total B2B rental service to corporate customers including information about the products and service quotations.

<p>Construction Equipment (aerial work equipment, construction machinery, forklift)</p> 	<ul style="list-style-type: none"> • Build consensus through field demonstrations at semiconductor and smart logistics sites Selected as a success case by providing equipment demonstrations at installation sites, established direct and indirect sales pipeline with new customers (Samsung Electronics, Samsung Display, SK Hynix, etc.) • Expand cooperation for "safety and zero accidents" Zero human casualty caused by forklifts rented from LOTTE rental/12% higher customer satisfaction survey result than that of key competitors • Operate carbon emission reduction program for environmental protection Select business items for carbon emission reduction (promote switch to diesel and lithium battery-operated electric forklifts)
<p>Office Appliances</p> 	<ul style="list-style-type: none"> • Continuously expand large-scale customers through public bidding, etc. based on procurement and cost competitiveness • Extend business areas by developing new products, such as 3D printer and large-capacity air purifier
<p>Measuring Equipment</p> 	<ul style="list-style-type: none"> • Secure procurement and cost competitiveness based on unrivaled market share • Secure sales growth factors through strategic investment in line with technological change (4G -> 5G) (unrivaled position in procurement of measuring equipment in 5G field)
<p>General Equipment</p> 	<ul style="list-style-type: none"> • Extend business areas by providing rental service for AI robot (serving, barista, cooking, information, etc.), unmanned devices (kiosk), and outdoor equipment (caravan, mobile home)
<p>MYOMEE (consumer goods)</p> 	<ul style="list-style-type: none"> • Contactless online platform for the consumption of diverse products ranging from premium home appliances/ furniture to trendy outdoor, fashion, golf, and companion animal-related products at reasonable prices

General Rental Service Sector ESG Highlights

1. <Consensus Building> Built consensus through field demonstrations at semiconductor and smart logistics sites

The field demonstrations provided an opportunity for customers to try using the equipment personally, thereby experiencing the effort for environmental protection and labor environmental improvement. Participants such as field workers, managers, and safety officers formed a consensus on the necessity of introducing the equipment. As simple sales activities through visits to potential customers have limitations, we implemented promotional demonstrations targeting companies that are expected to gain greater benefits from the equipment introduction. Through a demonstration at Samsung Electronics, we were selected as a success case and even introduced through the in-house broadcasting. This helped us considerably in building direct and indirect sales pipelines with the persons in charge at Samsung Electronics, Samsung Display, and Samsung SDS across the country.

Key Performances

introduced to Samsung Electronics, SK Hynix, and Hyundai Oil bank

- 1 Expected to serve as a stable test bed for new items based on LOI with Samsung
- 2 New monthly rentals increased by KRW 128 million (Rate of recovery within one year: approx. 80% compared to acquisition cost → high profitability)



Demonstration at the Smart Logistics Equipment Operating Site

Selected as Success Case (Samsung Electronics In-house Broadcasting)

General Rental Service Sector ESG Highlights

2. <Triangular Collaboration> Expanded cooperation for “safety and zero accidents”

In line with the enforcement of the Act on the Punishment, etc. for Fatal Accidents and strengthening of labor environment regulations in Korea, customers’ demand for safety and zero-accident solutions is growing. However, the existing service providers in the market are seeing reduced profitability due to the cutthroat discount competition and policy of focusing on external expansion. This has led to the deterioration of service quality and impeded swift response to market change and customer demand, resulting in the rise in customer complaints.

Taking note of the situation, LOTTE rental decided to focus more on creating the value of customer satisfaction. We have set a goal of providing one-stop rental service that also includes differentiated and safe machinery and equipment operation and management in the field; thus creating an improved work environment beyond the primary service of equipment rental. In pursuing this goal, we established customized safety and product education programs through cooperation with equipment suppliers and maintenance partners, promoted change of awareness, and increased efficiency in human resources management by providing field managers and workers with regular safety education three – five times a month. In addition, we installed safety devices not offered by competitors in the equipment we supply; thus increasing customer satisfaction and renewing contracts with more than 97% of customers. As a result, we were able to enhance the brand value of “LOTTE” while securing loyal customers and stable sales.

Key Performances

Zero human casualty caused by forklifts rented from LOTTE rental/12% higher customer satisfaction survey result than that of key competitors

- ① Enhanced the “LOTTE” brand value by providing services differentiated from those of competitors



Education of Field Managers on Safety and New Products



3. LOTTE rental's effort for environmental protection

LOTTE rental’s Lift Team focused on strengthening environmental management in keeping with the ESG management trend. It was aimed at reducing the high amounts of carbon emissions during construction and logistics equipment operation. As lower emission criterion is applied to diesel forklifts than automobiles, the former are known to be a major carbon emission source. Manufacturing and logistics companies operating a number of diesel forklifts make various efforts for carbon emission reduction. In reality, however, they are struggling to keep up with the change due to difficulties in asset portfolio restructuring.

Having set this as a sales point, LOTTE rental embarked on a selection process for a carbon emission reduction item; as a result, lithium battery-operated electric forklift was selected. Compared to diesel forklifts, the amount of carbon emissions from a lithium battery-operated electric forklift is only around 3 – 5%. It can produce a clear carbon emission reduction effect when applied to a business establishment operating a large number of diesel forklifts. In addition, it has an effect of reducing fuel cost by KRW 500,000 – 600,000 on average a month per forklift. Therefore, this project successfully improves customer satisfaction and precisely meets the need for cost reduction. As a result of such effort, we secured 13 new customers during the course of 2021 and won new rental contracts for approximately 280 pieces of equipment with monthly rental of KRW 180 million.

LOTTE rental will continue creating future growth engines by practicing ESG management that contributes to environmental protection. First, to create zero-emission worksites, we will reduce the demand for old diesel equipment rental and improve energy efficiency. We will reduce energy and fuel demand and decrease the intensity of energy and fuel use by taking comprehensive measures to improve energy efficiency, promote process change, and apply the principle of rearrangement and circular economy, etc. Second, we will promote the direct use of clean electric power. Instead of fossil fuel-based power, we will directly use clean electric power supplied entirely from renewable energy sources and substitute the current energy demand for construction and logistics equipment through electrification. Third, we will collect most of or all CO2 emissions from fossil fuel-based energy production or operation processes by installing carbon collection, use, and storage devices and permanently store or use the collected CO2 in a way that prevents emission. To implement all of these plans, we will promote shared growth and cooperation with various companies ranging from manufacturing to technological partners.

Key Performances

Supplied 280 pieces of equipment to 13 new customers and recorded new annual sales increase of KRW 2.4 billion through marketing based on carbon emission reduction program

- ① Received order for 40 forklifts from Kangnam Chemical/Recorded new annual sales increase of KRW 240 million
- ② Sindaeyang changed all of 150 forklifts through LOTTE rental/Recorded new annual sales increase of KRW 1.4 billion
- ③ Received order for approx. 50 forklifts from Samsung SDS/Recorded new annual sales increase of KRW 400 million



Education for Safety in Night Work



Forklift Operating Area Guide Line



Safe Charger Stand for Electric Shock Prevention

ESG Vision and Growth Strategies

Materiality Issue

1. ESG Strategy System and Information Disclosure



WHAT DOES IT MATTER?

LOTTE rental is responsibly responding to the material issues identified by analyzing the mobility industry ESG trend. In addition, according to the global trend of ESG information disclosure whose importance is being emphasized, we strive to internalize the value of ESG by not only promoting communication with external stakeholders but also considering the impact of our business on society and environment and preemptively managing the associated risks.

HOW DO WE RESPOND?

Established the ESG Committee in the BOD (Sep. 2021)



Declared that it will join the UNGC (Dec. 2021)



Supported LOTTE Group's declaration of carbon neutrality by 2040 and developed the road map (during 2022)



LOTTE rental's Mid- to Long-term ESG Road Map

ESG management is not a simple strategy change of a company but a paradigm shift. It serves as the criteria for a company to veer away from pursuing short-term profits and to set the direction for a sustainable future from the ESG perspective by inspecting all management activities it has conducted so far.

Concurrently with the stock listing at Korea Exchange in 2021, LOTTE rental established the ESG Committee within the BOD along with an organization dedicated to ESG management in order to strengthen ESG management. We also joined the United Nations Global Compact (UNGC)—the world's largest global initiative for the fulfillment of environmental and social responsibilities—and declared support for the ten principles of human rights, labor, environment, and anti-corruption. We are currently establishing ESG strategies with which we will advance toward the future by reexamining our management activities from the ESG perspective. At the same time, we are striving to achieve carbon neutrality by 2040 according to the common goal of the LOTTE Group. LOTTE rental will establish its mid- to long-term road map within this year and disclose the details in the Sustainability Report 2023.

SPECIAL INTERVIEW

Q1 You are currently in charge of ESG strategy planning at LOTTE rental's ESG Team. Please introduce the ESG vision of LOTTE rental for its advancement into a sustainable company and the roles of the ESG Team.

A The ESG Team was established in July 2021 under the motto "Every Step Goes a Long Way for a Sustainable Future." Our duty is to examine if LOTTE rental's decisions made so far have not wielded a negative impact on society and environment and to think about and internalize the tasks we must implement in order to move in a better direction.

Q2 Which global ESG issues do you think have come to the fore over the course of 2021? In particular, which ESG issues are you paying special attention to and managing as of late in relation to LOTTE rental?

A The key global ESG issues in 2021, I believe, are the COP 26 (UN Climate Change Conference) and the upgrade of the NDS (Nationally Determined Contributions) by 40%. In particular, the environment-related fields are being studied and improved most intensively. This is because, as these issues have a strong impact on stakeholders, countries upgrade their goals in relation to the issues, and companies across the world are seeking response measures. As many as 260,000 vehicles are authorized for LOTTE rental's car rental business. Therefore, we recognize LOTTE rental's environmental impact in the transportation field as an important area of responsibility. Based on such recognition, we are making efforts to fulfill this responsibility in ways that only LOTTE rental can.

Q3 LOTTE rental established the ESG Committee and a team dedicated to ESG management last year. Do you think LOTTE rental's ESG activities have been strengthened since then?

A LOTTE rental executed IPO among external investors in August last year. As for the certified emission reductions, we had not even been included in the greenhouse gas and energy target management system. Until 2020, we had not felt any significant need for ESG management. By organizing a team dedicated to ESG management, however, we began discussing how we must approach and implement ESG in the future. With the establishment of the ESG Committee, we can now directly reflect ESG to the company's decision-making process. Thus, I believe the establishment of the ESG Committee and a team dedicated to ESG management has led us to define the concept of ESG and strengthen our ESG activities.

Q4 In your opinion, what is the most important ESG issue for LOTTE rental in terms of ESG information disclosure?

A From the standpoint of information disclosure, I think external communication about ESG-related activities, such as through sustainability report, is important. Ultimately, ESG is about a company disclosing information on its nonfinancial activities to internal and external stakeholders voluntarily rather than by force in a controlled situation. Thus, we are transparently sharing our status by publishing reports and showing our stakeholders how we resolve issues. Moreover, I believe that completing tasks one by one will enable us to meet various criteria naturally.

Q5 Which ESG issues is LOTTE rental managing successfully, and to which issues is LOTTE rental highly committed?

A As I said earlier, it has not been long since LOTTE rental's interest in ESG started. Although we were working on a number of things, we were doing so without realizing that these things were related to ESG, or that they were necessary. So for now, we focus on establishing ESG strategies with which we can identify the ESG-related necessities of the things we work on and propose the direction we must pursue in the future. We also plan to complete the carbon neutrality road map within 2022 and solidify LOTTE rental's commitment to contribution in the environmental fields.



LOTTE rental ESG Team
Manager Kim Phil

Eco-friendly Value Creation

Materiality Issue

2. Eco-friendly Products and Services



WHAT DOES IT MATTER?

In line with the business strategy keywords “Value Creation, Customer Centricity, and Leading Eco-friendliness,” LOTTE rental is creating a “value economy” model to provide customers with values beyond shared and subscription economy through the LOTTE rent-a-car, Greencar, and MYOMEE brands. We are also expanding eco-friendly and electric vehicle distribution according to the government’s Green New Deal policy. Having launched Korea’s first long-term electric vehicle rental service, LOTTE rent-a-car is leading the eco-friendly and electric vehicle trend. In 2021, the number of long-term electric vehicle rental service contracts exceeded 6,600; based on such performance, LOTTE rental has purchased more than 16,000 zero-emission vehicles so far. We will continue leading customer value innovation by discovering new eco-friendly products and services while achieving corporate growth and social value creation.

HOW DO WE RESPOND?

Emission-free Vehicles Purchased by LOTTE rental:
Over 16,000(7,760 vehicles in 2021 – 7,716 electric vehicles and 44 hydrogen fuel cell vehicles)

※ Vehicles contracted for LOTTE rent-a-car’s long-term car rental service exceeded 15,000



Launched “EV Perfect Plan,” the industry’s first full care service for electric vehicles (Sep. 2021)



Won the Environment Minister’s Award for “Outstanding Performance in Switch to Zero-emission Vehicles” (Mar. 2022)



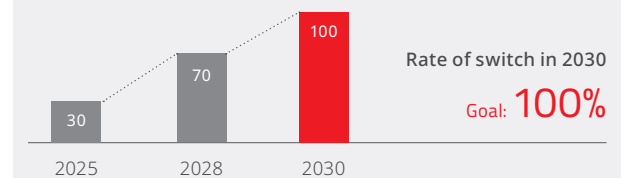
Mid- to Long-term Road Map for Switch to Zero-emission Vehicles

Participating in the initiative for the switch from internal combustion engine vehicles to zero-emission vehicles to achieve carbon neutrality in the transportation field, LOTTE rental established mid- to long-term goals as well as a road map for the 100% switch to zero-emission vehicles by 2030. With the number of zero-emission vehicles purchased over the year 2021 and the cumulative count of zero-emission vehicles purchased exceeding 7,716 and 16,000, respectively, we won the Environment Minister’s Award for “Outstanding Performance in the Switch to Zero-emission Vehicles” at EV Trend Korea 2022. LOTTE rental will continue leading the zero-emission vehicle switch in the market according to the declaration of support for K-EV100 and the road map.



Won Award at EV Trend Korea 2022

Zero-emission Vehicle Switch Goal (Unit: %)



Switch to Zero-emission Vehicles in 2021

Goal in 2021

3,550 in all
(3,500 electric vehicles, 50 hydrogen fuel cell vehicles)

Vehicles switched in 2021

7,760 in all
(7,716 electric vehicles, 44 hydrogen fuel cell vehicles
Goal achieved by 217%)

Greencar Entered into Partnership for Eco-friendly Car Sharing

Based on the partnership for eco-friendly car sharing with EMBIOM, a venture company established in February 2022, Greencar is conducting ESG activities by replacing air conditioner filters in some of its service vehicles with 100% recyclable eco-friendly filters. As a startup equipped with mobility technology for automobile air-conditioning solutions, EMBIOM provides a range of filters to reduce the use of chemicals and minimize plastic waste and greenhouse gas generation in the process of keeping the interior of automobiles pleasant and clean. EMBIOM's em'fil is widely known as a material made solely with PP. Greencar plans to apply EMBIOM's eco-friendly, 100% recyclable air conditioner filter preferentially to approximately 10% of its vehicles and increase the application gradually through phased reviews. When Greencar replaces 1,000 filters, CO2 reduction by approximately 500kg is expected. This is equivalent to the amount of CO2 absorbed by approximately 70 pine trees per year, assuming that one 30-year-old pine tree absorbs 6.6 kg of CO2 a year. The filters collected after use will be recycled on the resource circulation platform provided by EMBIOM and used in making new filters or other upcycling products.



Partnership for Eco-friendly Vehicle Filters

Customer Value Innovation

Launched "Shin Cha Jang IoT," a New-concept Vehicle Management Service

In 2019, LOTTE rental's car rental service brand LOTTE rent-a-car launched a new-concept vehicle management service dubbed "Shin Cha Jang IoT" by applying IoT technology to the company's long-term rental service.

'Shin Cha Jang' IoT provides real-time information on vehicle conditions and issues an alert in advance if vehicle maintenance or repair is needed. Customers wishing to have the key consumables such as engine oil replaced can request replacement service using the 'Shin Cha Jang' membership application. Contactless maintenance service is provided upon request at the time and location selected by the customer.

Unlike conventional maintenance service, IoT service is operated as a preemptive management and on-demand service to improve user convenience. LOTTE rental will develop additional services using IoT-based data to improve customer value further.

Launched "EV Perfect Plan," an Electric Vehicle Full Care Program

In 2021, LOTTE rent-a-car launched the industry's first electric vehicle full care program "EV Perfect Plan." EV Perfect Plan is a program providing free full-package service related to electric vehicles, such as battery care, charging fee discount, and maintenance service to all LOTTE rent-a-car's long-term electric vehicle rental service customers. By providing services specializing in electric vehicles, this program helped cement the company's leadership in the electric vehicle market by increasing the value of LOTTE rent-a-car's long-term electric vehicle rental service customers. Starting with EV Perfect Plan, LOTTE rental will continue launching innovative electric vehicle-related services to lead the future mobility platform market.



EV Perfect Plan Promotional Image

SPECIAL INTERVIEW

Q1 As the head of LOTTE rental's Marketing Division, you are currently in charge of marketing strategies, products and services, CR, and integrated communication. Which global ESG issues do you think have come to the fore over the course of 2021, and which of them do you think are particularly relevant to LOTTE rental's business?

A In relation to global ESG, we had a number of issues ranging from the COP26 (UN Climate Change Conference) to the upgrade of the NDC (Nationally Determined Contributions), CDP carbon neutrality, and switch to zero-emission vehicles. At the fourth Zero-Emission Vehicle Transition Council (ZEVTC) meeting in November 2021, Korea announced its plan to accelerate electric and hydrogen fuel cell vehicle distribution according to the zero-emission vehicle distribution goal and through the expansion of charging infrastructure to "accelerate the global zero-emission vehicle transition." For this, the Korean government started implementing K-EV100 (100% switch to zero-emission vehicles by 2030), the Korean model of the global EV100 initiative, in March 2021. Moreover, the role of private companies for zero-emission vehicle distribution is gaining great importance. Last year, LOTTE rental actively participated in K-EV100 and started restructuring its vehicle portfolio centering on electric vehicles. In 2021 alone, we purchased approximately 8,000 zero-emission vehicles. We are also waging a number of campaigns to spread electric vehicle use and change consumers' awareness. Under the goal of completing the 100% switch to zero-emission vehicles for the more than 250,000 vehicles we currently have within the next several years, we will set an example in relation to global carbon neutrality as the industry leader.

Q2 Under its vision of "Mobility and Lifestyle Platform Leader," LOTTE rental is advancing as a general mobility platform company. Nowadays, LOTTE rental is also engaging in business activities with focus on the keywords "eco-friendly," "customer-friendly," and "integrated service" by keeping pace with the mobility platform industry trend in Korea and across the world. From the perspective of "eco-friendly products and services, what are LOTTE rental's key performances (in 2021) and mid- to long-term goals?

A LOTTE rental's most representative eco-friendly product is the long-term electric vehicle rental service launched for the first time in the industry in 2016. While selling this product, LOTTE rental recognized the importance of a service that promotes users' voluntary switch to eco-friendly vehicles beyond simple vehicle supply expansion. Based on this, we promoted servitization specializing in electric vehicles in order to maximize customer value in using electric vehicles. As a result, in September last year, we launched the industry's first electric vehicle full care program "EV Perfect Plan." Through this program, we provide comprehensive services for electric vehicles ranging from free vehicle maintenance and battery care to vehicle charging and car wash discounts. LOTTE rental will further improve customer value by continuously launching products and services that reflect the electric vehicle lifestyle by using IoT-based data.

Q3 From the perspective of ESG, which products and services is LOTTE rental managing successfully, and to which products and services is LOTTE rental highly committed?

A As interest in electric vehicles is increasing, concern for batteries and demand for battery reuse are also growing. To respond to this situation, we are developing a battery solution to check and manage battery safety and conditions together with LG Energy Solution. Using this solution, customers will be able to check batteries according to their driving habits and charging patterns and use electric vehicles as a result. We will continue developing other services and businesses including electric vehicle battery certification and battery rental.

Q4 From the perspective of ESG, which products and services is LOTTE rental managing successfully, and to which products and services is LOTTE rental highly committed?

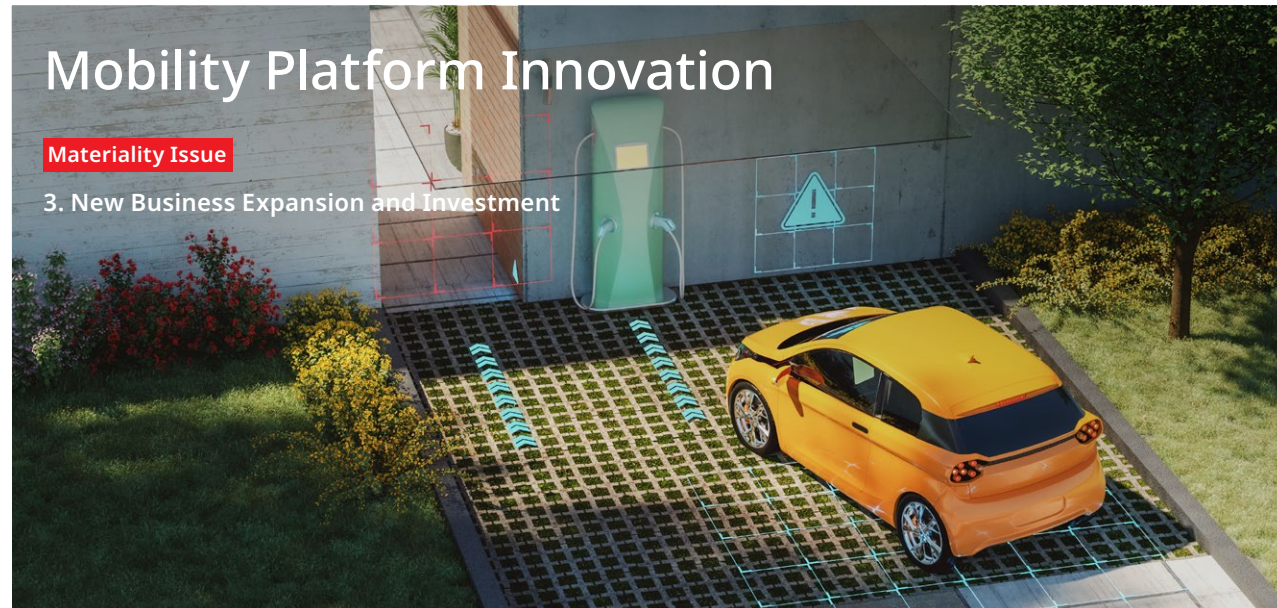
A To fulfill the goal of 100% switch to zero-emission vehicles by 2030, we are planning to transition to the electric vehicle-centric product development and marketing system. We intend to change the market structure based on value competition through product, service, and maintenance quality improvement by reflecting the needs of electric vehicle users. In addition, while keeping the long-term rental service-based products specializing in electric vehicles, we will upgrade the long-term rental service to a subscription-based online platform product that ensures free and convenient vehicle operation. We will also develop a package product to meet consumers' needs for vehicle operation (car wash, maintenance, and others) and improve it as a differentiated business model that assists in customers' vehicle use.

Q5 Please share your thoughts and suggestions on LOTTE rental's sustainable growth.

A From the customer's standpoint, an integrated online platform infrastructure is absolutely necessary. We need to accelerate the launch of a differentiated service to assist in customers' vehicle use by integrating our products and services and business value chain into this platform. This would definitely require an organization as well as resource allocation and policy-wise support.

Head of LOTTE rental
Marketing Division
**Managing Director
Choi Geun-Young**





Mobility Platform Innovation

Materiality Issue

3. New Business Expansion and Investment

WHAT DOES IT MATTER?

The global eco-friendly vehicle market is expected to grow at an annual average rate of 28% (28 million vehicles in 2025). In particular, Carbon Neutrality 2050 will emerge as the new paradigm in the automobile industry. Led by the government, Korea has finalized the eco-friendly vehicle policy as a statutory plan; it is preparing a systematic foundation for substantial carbon neutrality, such as technological innovation strategies to link Carbon Neutrality 2050 as the growth engine, and assessment on the eco-friendliness of vehicles. Under the vision of "Mobility and Lifestyle Platform Leader," LOTTE rental is advancing into a general mobility platform company. Nowadays, we are actively investing in the expansion of new mobility business items to include batteries, electric vehicles, and sharing service.

HOW DO WE RESPOND?

Invested in the joint study of future mobility and autonomous driving with 42dot



MOU with LG Energy Solution for electric vehicle-based new battery business development



Established integrated mobility platform (SOCAR equity investment and UAM project)



Future Mobility Platform Innovation Road Map

The future of mobility as pursued by LOTTE rental is the world of changed mobility based on autonomous driving and sharing. LOTTE rental is currently preparing an integrated mobility platform service that will enable providing customers with the fastest and most efficient and convenient routes. Under the goal of "improving convenience of use and increasing the flexibility of traffic system operation at a lower cost" for customers, we will unveil a more embodied mobility world to our stakeholders in the second half of 2022.

Advancing as an Integrated Mobility Platform

Company – SOCAR Equity Investment

In March 2022, LOTTE rental secured a powerful growth engine for mobility ecosystem expansion through equity investment to a scale of approximately KRW 180 billion in mobility platform company SOCAR. The strategic cooperation between LOTTE rental as a company boasting of rental service and asset management competencies and SOCAR, a company with Korea's top-tier mobility IT capacity such as for mobility and user data analysis, will enhance convenience of mobility and provide differentiated customer experiences. In addition, while considering the joint promotion of future mobility business ecosystem development for electric vehicle, charging – parking service, and autonomous driving, we will introduce innovative services across industrial borders based on the strategic company-wide cooperation of the LOTTE Group's logistics, distribution, and membership business sectors. Having declared entry into the UAM verification market, LOTTE rental is pursuing the goal of UAM operation between Incheon International Airport and Jamsil from 2028. We will consider building vertiports and work on a project to link the sky and ground spaces through mobility. Through equity investment in SOCAR, LOTTE rental will develop a super app encompassing not only car sharing but also connected mobility such as railway and airport, with the goal of growing into an integrated mobility platform.

LOTTE rental, Greencar Conducted Joint Study on Future Mobility with 42dot

In April 2021, LOTTE rental, its subsidiary Greencar, and autonomous driving technology-based Taas (transportation as a service) startup 42dot entered into a trilateral joint business agreement to promote future mobility-related R&D and projects. With the agreement, we secured a foundation for promoting R&D projects on future mobility services. We will engage in joint studies for vehicle infotainment technology development, such as navigation system and mobile device link, vehicle control and driving management platform development, application of autonomous driving technology to mobility services such as vehicle sharing and call, demand response-type service, smart logistics, and food delivery, development of vehicles with autonomous driving technology application and vehicle-related new business items, development of intelligent safety assist system for vehicles for rental service and sharing, mobility data exchange, etc.



MOU for Autonomous Driving Joint Study and Project Investment

LOTTE rental – Greencar Started Strategic Affiliation with LG Energy Solution for Future Mobility and New Battery Business

In April 2021, LOTTE rental and Greencar entered into an MOU (memorandum of understanding) with LG Energy Solution for electric vehicle-based mobility and new battery service business development. Based on the agreement, LG Energy Solution, together with LOTTE rental, will develop services specializing in electric vehicles by using its accumulated battery-related technological power. These services, which will be provided to the customers of LOTTE rent-a-car as LOTTE rental's car rental service brand will not only improve the convenience of electric vehicle use but also increase the residual value of electric vehicles. This agreement will help us strengthen our capacity for BaaS (backend as a service), which is electric vehicle battery management, examination, certification, and assessment service according to life cycle. In addition, we will secure the capacity to differentiate customer service for electric vehicle rental, the demand for which is expanding as of late, and provide charging and repair services specializing in electric vehicles.



MOU for New Battery Business Development

SPECIAL INTERVIEW

Q1 Please introduce LOTTE rental’s planning management and new business investment divisions.

A In the Planning Division, we plan, manage, and supervise LOTTE rental’s overall management with R&R on company-wide management planning, performance and profit and loss management, cost and budget management, mid- to long-term strategy development, organization management, KPI (key performance indicator) management, management of overseas branches and subsidiaries, schedule of authority and company rule amendment, ESG management strategy development, IR communication, disclosure, and BOD management.

-Head of Planning Division Managing Director Lee Jang-Sup

In the Mobility Business Division, we are planning a new mobility platform business. For this, we are working on base technology internalization and external system establishment.

-New Business Promotion Team Leader Kim Min-Soo



Head of Planning Division
Managing Director
Lee Jang-Sup

Q2 With respect to various ESG issues, which issues do you think will have mid- to long-term impact on LOTTE rental’s business, and which issues do you think require intensive management?

A As for the global mobility industry trend, the switch to eco-friendly vehicles and carbon neutrality have become the new paradigm. LOTTE rental will accelerate the spread of eco-friendly vehicles in keeping with such paradigm change. As we participate in the K-EV100, we will fully implement the switch to electric vehicles for car rental and car sharing service. We will also contribute to establishing a readily accessible charging environment by continuously investing in charging facilities in preparation for increased electric vehicle distribution. In the mid- to long-term, we will create a management environment to realize carbon neutrality substantially through 100% switch to electric vehicles while pioneering the carbon neutral era.

-Head of Planning Division Managing Director Lee Jang-Sup

Q3 In relation to new business expansion and investment, what are LOTTE rental’s key performances (in 2021) and mid- to long-term goals?

A As our key performances in 2021, first, we expanded investment for swift response to the changing mobility technologies. Examples include our collaboration with autonomous driving technology startup 42dot and product and service development using new technologies through cooperation with LG Energy Solution for the electric vehicle BaaS (Battery as a service). We also declared entry into the UAM market, so we are attempting transformation into an integrated mobility platform company that connects between the ground and air space through verification projects. Moreover, in line with the used car market expansion, we are taking steps to establish the used car B2C platform, and we will actualize our plan through system establishment.

-Head of Planning Division Managing Director Lee Jang-Sup

The mid- to long-term goal of the Mobility Business Division is to create a new mobility ecosystem. With the strategy of service expansion based on compressed growth, we will secure 30% market share and record 25 million subscribers through competition against existing mobility service providers such as Kakao Mobility and TMAP by 2025. Following our mobility market entry this year, we will expand our mobility service in stages and advance into Korea’s MaaS platform leader.

-New Business Promotion Team Leader Kim Min-Soo



New Business Promotion Team
Leader Kim Min-Soo

Q4 Which areas do you think LOTTE rental must work on strategically for ESG development?

A Following the establishment of the ESG Committee of the BOD last year, we will analyze the level of our ESG response through linkage to LOTTE rental’s mid- to long-term management strategies and finalize the detailed strategic directivity and mid- to long-term roadmap this year. In addition, we will establish a communication channel with stakeholders related to our mid- to long-term ESG strategies and continue achieving sustainable growth by applying ESG to all our business and management activities.

-Head of Planning Division Managing Director Lee Jang-Sup

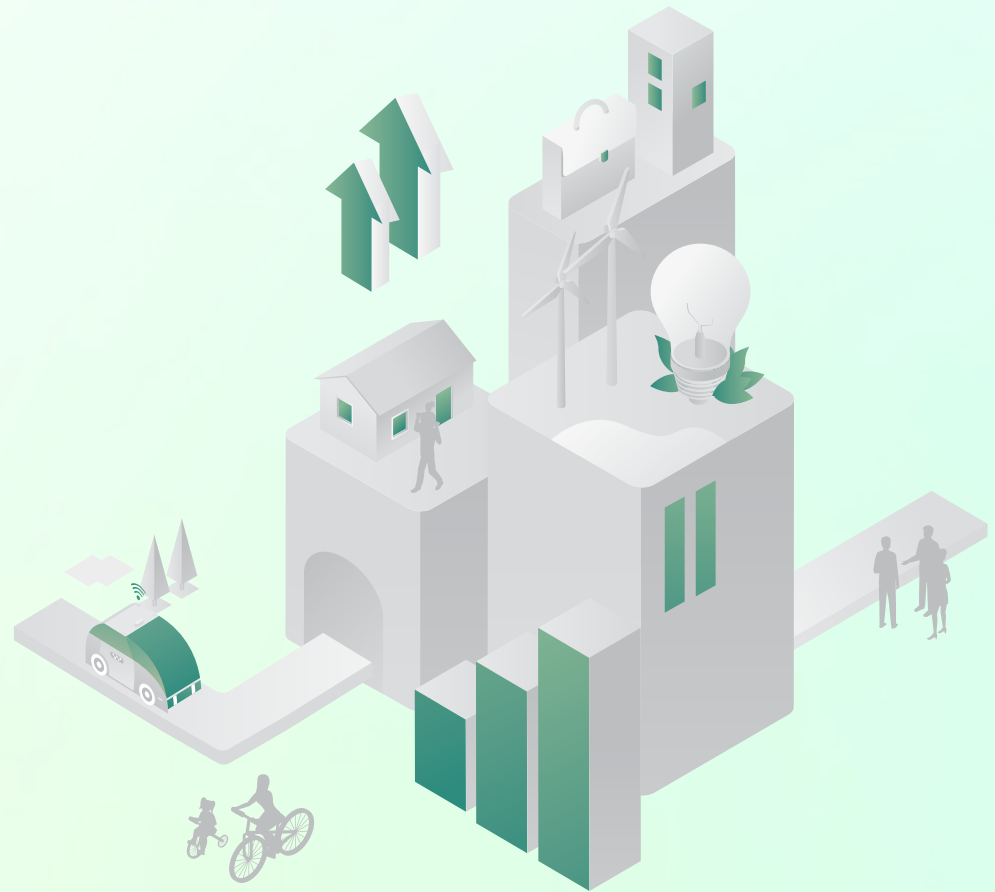
SUSTAINABLE PERFORMANCE

The “customers” in LOTTE rental’s vision of “Creating a Better Life for Customers” is not limited to the customers of LOTTE rental. “Better life” does not simply mean customers’ satisfaction with LOTTE rental’s products and services, either. For a better future, LOTTE rental is making all-out efforts to achieve environmental, social, and governance-wise sustainability.

34 ENVIRONMENT

37 SOCIAL

60 GOVERNANCE



Environment

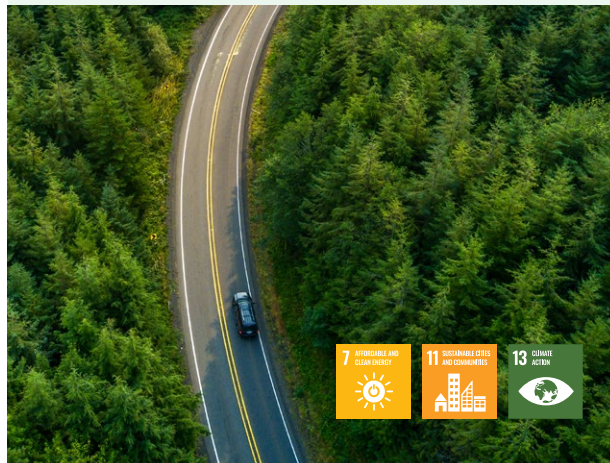
Recognizing eco-friendly management as an indispensable element in creating a better life for customers, LOTTE rental is faithfully performing the role of a mobility company to expand zero-emission vehicles and establish a resource circulating ecosystem based on vehicle wastes. In addition, we support and are preparing to take part in the LOTTE Group's Carbon Neutrality 2040 declaration.

Energy Consumption
(Unit: GJ)

74,939

Greenhouse Gas Emissions
(Unit: tCO₂eq)

3,595



Environmental Management

Environmental Management Strategy and Promotion System

LOTTE rental is preparing for the future based on its mission of “Creating a Better Life” for customers. “Better life” does not simply mean providing better products or services. It implies a better life for LOTTE rental and customers and, furthermore, for the humankind. To “create” a “better life” is to take on new challenges constantly in order to make the better life sustainable. LOTTE rental recognizes environment as a new area of challenge for the sustainability of a better life. Thus, as a “Mobility and Lifestyle Platform Leader,” we make effort for environmental improvement as a core value in our environmental management.

LOTTE rental strengthened environmental management in the decision-making process by establishing the ESG Committee of the BOD in 2021. In terms of business, we not only contributed considerably to expanding the number of eco-friendly vehicles by joining the K-EV100 but also reduced the environmental burden caused by new vehicle production through vehicle life span extension based on the commercialization of used vehicles and created new products by reprocessing the wastes generated in the process of vehicle use, such as waste tires. As such, we are making efforts to reduce all environmental impacts that can be generated by a mobility company. In 2022, we plan to take on yet another challenge of Carbon Neutrality 2040 according to the goal of the LOTTE Group.

Climate Change Response

LOTTE rental recognizes the importance of climate change response. With such recognition, we will strengthen the establishment and implementation of climate change governance, strategies, risk management, and indicator and goal setting. We declared support for and established mid- to long-term goals according to the TCFD recommendations in order to achieve systematic climate change response. We are currently implementing the detailed tasks according to our mid- to long-term goals. LOTTE rental will continue improving the climate change management system in order to establish a more advanced response system in the future.

LOTTE Group's Carbon Neutrality 2040 Declaration

LOTTE rental is preparing to join the LOTTE Group's Carbon Neutrality 2040 declaration. We established a greenhouse gas reduction goal to contribute to the LOTTE Group's carbon neutrality achievement within 2022. From 2023, we will assess our fulfillment of the established goal. With respect to the divisions that manage and supervise our assets, we will ensure the internalization of ESG management across the company from 2023 by adding carbon emission management indicators and ESG KPIs according to the characteristics of each division.

LOTTE rental was selected as a company subject to environmental information disclosure in 2022. Accordingly, we prepared a plan for the detailed management of the environment-related data of all our business-purpose vehicles, such as carbon emissions. We will disclose the data in December 2022 on the environmental information disclosure system website and through the 2022 Sustainability Report.

LOTTE rental's TCFD Implementation

Category	TCFD Recommendations	LOTTE rental's TCFD Implementation
Governance	1)To explain the BOD activities related to climate change risks and opportunities	- Establishing the ESG Committee with all members of the BOD - Monitoring climate change-related issues as well as the company's ESG management
	2)To explain the management's role of assessing and managing climate change risks and opportunities	- Assessing and managing climate change risks and opportunities with the CEO participating in the ESG Committee
Strategy	1)To explain the short-, mid-, and long-term climate change risks and opportunities	- Scheduled to analyze the impact of climate change in relation to LOTTE rental's business environment
	2)To explain the impact of climate change risks and opportunities with regard to the organization's business, strategies, and financial plans	- Financial cost incurred due to phase-out of internal combustion engine vehicles according to the transition to low-carbon economy
	3)To explain strategies considering various climate change-related scenarios including that of temperature at 2°C or below	- Scheduled to analyze climate change impact scenarios across industrial sectors
Risk Management	1)To explain the climate risk identification and assessment process	- Climate change-related risks identified and assessed by the ESG team, items discussed by the ESG Committee
	2)To explain the climate risk management process	- Scheduled to establish process for the systematic management of climate change risks
	3)To explain how the process of identifying, assessing, and managing climate change risks is integrated with the organization's overall risk management system	- Company-wide business
Indicators and Goals	1)To disclose the indicators used to assess climate change risks and opportunities	- Disclosing greenhouse gas emissions and ESG bond issuance
	2)To disclose Scope1, Scope2, and Scope3 emissions	- Scope1: 47(tCO2eq) - Scope2: 3,548(tCO2eq)
	3)To explain the goals for climate change risk, opportunity, and performance management	- Rate of switch to zero-emission vehicles – 30% in 2025, 70% in 2028, 100% in 2030

LOTTE rental, Lotte auto care, and Tread & Groove Cooperating for Upcycling Industry Activation

In November 2021, LOTTE rental which aims to be a leader in the mobility field and LOTTE auto care as a subsidiary of LOTTE rental for vehicle management service entered into a business agreement for ESG and shared growth management with tire upcycling startup "Tread & Groove."

LOTTE rental and LOTTE auto care will supply 6,000 waste tires annually to Tread & Groove, which is equipped with a patented technology for rubber separation from waste tires. The waste tires will be used to make shoes for general customers and work boots for maintenance staff of LOTTE auto care. Considering the fact that the average amount of carbon emissions from a single tire is 27 kg, approximately 160 tons of greenhouse gas emissions can be reduced each year.

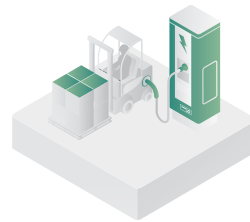
Through collaboration with startups, LOTTE rental will continue with efforts for shared growth by creating future-oriented values while preserving the environment.



Cooperation for Waste Tire Upcycle

Case : Report on Greenhouse Gas Emissions from JEVISCO Forklifts (written by LOTTE rental/inspected by the Ministry of Land, Infrastructure, and Transport)

LOTTE rental provides consulting service on greenhouse gas (GHG) emissions to customers with GHG-related issues. The introduction of lithium battery-operated forklifts produced a clear effect of GHG reduction as GHG emissions decreased by 3 – 5% in comparison to diesel forklifts. In addition, fuel cost is reduced by KRW 500,000 – 600,000 on average a month per forklift. With the effects, customer satisfaction was increased, and customer’s need for cost reduction was appropriately addressed. We inspect customers’ equipment operating status, provide customers with accurate information on the current GHG emissions, incurring of cost such as fuel cost, and situations, analyze the effect produced by our GHG reduction products, and use the data in marketing our products. In other words, LOTTE rental is committed to solving the issues of customers by communicating and working together with them.



GHG Emissions from Lithium Battery-operated Forklift

Diesel Fuel Consumption

Category	Diesel Type A	Unit	Hours of Use B(hr)	Unit Fuel Cost C	Daily Fuel Cost A*B*C
2.5T	3.6	ℓ/h	8	1,330	38,304
3.0T	3.7	ℓ/h	8	1,330	39,368
3.5T	5.1	ℓ/h	8	1,330	54,264
4.0T	5.2	ℓ/h	8	1,330	55,328
4.5T	5.3	ℓ/h	8	1,330	56,392
5.0T	6.4	ℓ/h	8	1,330	68,096
7.0T	6.6	ℓ/h	8	1,330	70,224

※ Can vary depending on the manufacturers and operation types
 ※ Unit fuel cost based on KRW 1,330 of diesel (1ℓ) on Mar. 25, 2021 ※ The figures above are estimates based on the CLARK model

Comparison of Carbon Emissions by Power Source

GHG Emissions from Diesel Forklifts

Equipment	Spec.	Greenhouse Gas Emissions (tCO ₂ eq/hr)				Greenhouse Gas Emissions (tCO ₂ eq/hr)
		CH ₂	CH ₄	N ₂ O	Total	
Diesel Forklift	2T	1.04E-02	1.05E-05	2.50E-05	0.0104	10.42
	2.5T	1.04E-02	1.05E-05	2.50E-05	0.0104	10.42
	3.5T	1.04E-02	1.05E-05	3.57E-05	0.0148	14.84
	5T	1.04E-02	1.05E-05	3.57E-05	0.0148	14.84
	7.5T	1.71E-02	1.70E-05	4.13E-05	0.0172	17.19

GHG Emissions from Diesel Forklifts

Category	Unit	Greenhouse Gas Emissions (tCO ₂ eq/hr)				Greenhouse Gas Emissions (tCO ₂ eq/hr)
		CO ₂	CH ₄	N ₂ O	Total	
Power Purchase	kWh	4.68.E-04	1.30.E-10	7.75.E-10	4.68.E-04	0.47

Power Source	Category	Capacity	Power (kW)	Power Consumption (fully charged in eight hours)	Greenhouse Gas Emissions (tCO ₂ eq/hr)	Remarks
Electric Power (lead – acid battery)	Stand-up Type	1.5T	6.4	51	24.0	Toxic gas generated during charging due to the characteristic of lead – acid battery (lead + sulfuric acid)
	Sit-down Type	2.5T	8	64	30.1	
	Sit-down Type	3.0T	9	72	33.8	
	Sit-down Type	3.2T	10	80	37.6	

Power Source	Category	Capacity	Power (kW)	Power Consumption (fully charged in eight hours)	Greenhouse Gas Emissions (tCO ₂ eq/hr)	Remarks
Lithium (iron phosphate)	Stand-up Type	1.5T	17	17	8.0	Distilled water supplementation Toxic gas generation
	Sit-down Type	2.5T	20	20	9.4	
	Sit-down Type	3.0T	25	25	11.8	
	Sit-down Type	3.2T	26	26	12.2	
	Sit-down Type	5.0T	30	30	14.1	

Social

LOTTE rental is making efforts to becoming a company that provides benefits not only to internal stakeholders (employees) that recognize the importance of and strive to make changes, take on new challenges, and cooperate with one another but also to external stakeholders. While improving our operating processes and organizational cultural and providing education for the satisfaction of internal stakeholders, we strive for advancement into a sustainable future together with various external stakeholders including partners, local community, shareholders, and investors.

Customer Satisfaction
(Unit: Points)

91.4 Long-term Car Rental Service
96.4 Short-term Car Rental Service

External Customer Satisfaction Awards

KS-SQI NCSI
KCSI



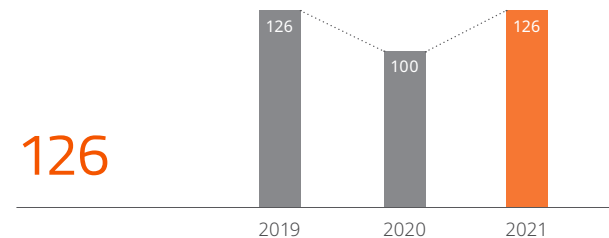
Employees

LOTTE rental's Recruitment

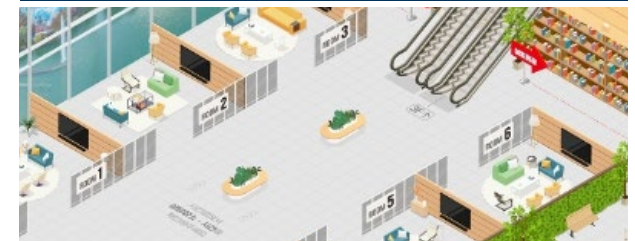
Recruitment Policy

LOTTE rental aims to become a company that grows with employees. We are continuously expanding the scope of recruitment in order to employ a wide range of talents and also providing open opportunities to all applicants through a fair recruitment process. In addition to the recruitment of new employees, interns, experienced employees, employees with disabilities, and employees who are patriots and veterans, we recruit talents through the industry-academe cooperation system. In all recruitment types, we provide preferential treatment to persons with disabilities and those who are patriots and veterans based on a nondiscriminatory, transparent recruiting process. In addition, we foster a capacity-centric recruitment culture by holding blind interviews for the recruitment of new employees. In recognition of our effort to promote job creation for young people, we were named "Korea's Best Enterprise for Employment" in 2021 by the Ministry of Employment and Labor. LOTTE rental will continue fulfilling its social responsibilities by creating a variety of jobs, thereby promoting sustainable growth.

New Employees (regular workers)
Domestic Business Establishments
(Unit: Persons)



LOTTE Employee's V-log



L-RecruiTown, LOTTE Group's Metaverse Recruitment Site

LOTTE rental's Education System for Talent Fostering

LOTTE rental provides diverse educational opportunities to all employees by establishing education systems to develop the commonly required capabilities (by position), job-related competencies (sales, staff), and key talents. We provide professional online and offline educational courses to help employees systematically design and develop CDP according to their career cycle, such as from new employment to promotion and job rotation. On an annual average, each employee receives education for 26.5 hours.

Internal	LOTTE Group	Position	leader	Key talents	Duty	Sales	e-Learning
Executive		Visionary leader	Executive coaching		SERI CEO		E-learning Acropolis Compulsory education
		Promoted managing director course	Executive leader capacity		External forum		
		Newly appointed executive course	Senior EMBA				
S		S Grade course Communication	EMBA	Hi-Potential		Special lectures on sales	
M		Promotion qualification course	Leaders' school	MBA MOT	Internal instructor fostering course	Special lectures for internal experts	External education for job specialization
		M Grade course Problem solving, resource management					
SA		Promotion qualification test	Newly appointed leader course			Sales PRO	General rental sales course Female talents academy
		SA Grade course Cooperation, planning capacity	Branch manager fostering				
A		Introductory course for experienced employees		Cyber university	DT expert course	BASIC	
		Introductory course for new employees					
		Internship course					
JA		Transferor course				Short-term introductory course	

Talent Fostering Program

Job Expertise Development

Education for Long-term Automobile Rental Sales Competency (Sales BASIC, Sales PRO)

LOTTE rental internally developed an educational curriculum consisting of Sales Basic and Pro 2 stages to help automobile rental sales managers develop their job competencies. For newly appointed managers with sales experience of one year or less, we provide education centering on sales practice in order to strengthen their basic capacities by sales process stage (preparation – consulting – contract – management); for professional managers with sales experience of more than one year, education centering on customer consulting skills is provided with the goal of securing specialized sales consulting capacities. Especially in 2021, we provided a large-scale contactless special lecture to all sales managers to help them improve their sales capacities and mindset. Focusing on the areas of sales trend, customer discovery, customer management, stress management, and mindset development, the lecture consisting of four sessions was delivered by external experts from the respective fields according to the characteristics of the automobile rental sales business. Approximately 650 employees attended the lecture and developed their capacities as sales managers.



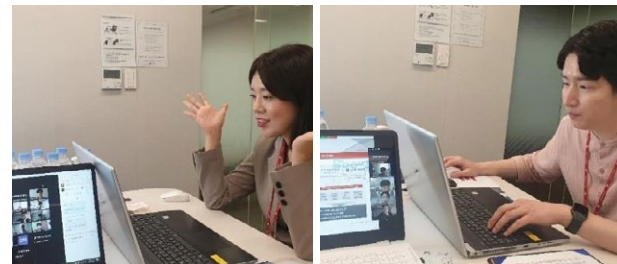
Sales BASIC

Education for Short-term Automobile Rental Sales Competency (introductory course for short-term rental service)

LOTTE rental operates an introductory sales course to improve the CS capacities of CarPro staff providing vehicle allocation and return service at customer contact points. This course aims at helping employees develop the capabilities to handle swiftly the various situations that can occur in the field and enhance the skills required in each stage of vehicle allocation and return service, such as receiving the customer, preparing for vehicle allocation, receiving the returned vehicle, and seeing off the customer, by participating in role-playing activities. We also provide a systematic VOC response guide through education on VOC understanding and service mindset development, while fostering professional service personnel at customer contact points by supporting employees in understanding the importance of the value of services linked to the company's vision and core values. In 2020, we published an e-Book for data processing practice to assist in booking, vehicle allocation, and settlement-related data processing operations and distributed the e-Book in the service fields.

Education for General Rental Sales Competency (general rental sales course)

LOTTE rental provides general rental service sales managers with education to help them inspect all stages of sales operation and discover sales opportunities systematically by analyzing the sales process (pipeline). Considering the characteristics of general



Introductory Course for Short-term Rental Service

rental business to handle a variety of products ranging from aerial work equipment to office appliances, measuring equipment, and consumables, a customized education module consisting of four stages—sales stage inspection, sales opportunity management, customer relationship analysis, and customer management methodology—was developed based on the analysis of key success factors by customer group. It provides sales managers with an opportunity to redesign the sales process through inspection of their sales activities so that they can conduct more specialized and professional sales activities in the future. This educational course also focuses on helping sales managers strengthen their sales competencies that can be applied immediately to the field by learning customer relationship analysis and management methods.

Female Talents Academy

LOTTE rental operates the Female Talents Academy in order to foster female field (sales) managers and secure a pool of female talents that can be introduced to the sales field in the future. Launched in 2018, the Female Talents Academy has been operated for five years. During this period, a total of 34 trainees completed the program. From basic practices in each sales process to special lectures by former trainees as mentors, the Female Talents Academy helps employees develop a wide range of sales-related knowledge and expertise in order to foster female talents that can competently execute operations in the field.



Female Talents Academy

Education by Duty: Staff Education

Job Competency Course (Job School – Strategy/marketing/HR/purchase/finance/DT, etc.)

With the goal of helping employees develop mid- to long-term strategy development capacities, LOTTE rental selects employees who have produced excellent performances and play key roles in business operation and fosters them as top-tier experts in their respective fields of work. Employees develop in-depth understanding of their jobs through systematic theoretical learning while acquiring basic job-related knowledge, developing logical and analytical power to address problem situations, and securing insight for the future. The team projects and special lectures by field personnel also provide an opportunity for trainees to think about ways of applying their obtained skills and knowledge in the field. The Job School program consists of the “basic, practice, and application” stages. After learning the basic knowledge and theoretical background necessary for planning, trainees move on to case studies and discussions.

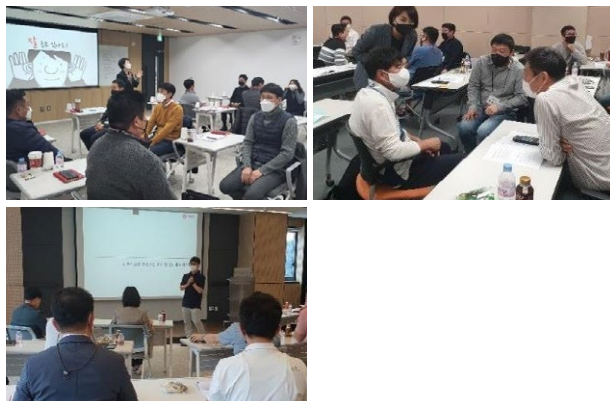
Leadership Education

Executive Leader Competency Development Course (new CEO/new executive/EMBA/Visionary Leader course)

The role of an executive is, to respond to fierce competition in the market in the short term and to lead the growth of the business and organization in the long term. To play this role, an executive must develop the capabilities to understand internal and external environmental changes that can affect the business, seize new business opportunities, develop detailed plans for the future, and ultimately achieve the future vision. By providing participation-based programs such as lectures and forums for building strategic insight necessary in improving strategic thinking power, expanding the macroscopic vision in various management areas, and systemizing management expertise as well as lectures under a wide range of subjects followed by in-depth discussions, practice sessions, and feedback from professional facilitators, LOTTE rental helps executives objectively recognize their competency levels and promotes self-development accordingly.

Leader Competency Development Course (Leaders' School)

LOTTE rental conducts leadership examination each year by developing an internal leadership capacity assessment model and a questionnaire. By analyzing the result, we operate the Leaders' School for the upward standardization of leadership competencies. This education program focuses on developing leaders who are capable of supplementing insufficient competencies in the areas of performance leading, compliance with principles, and employee fostering, preparing for change management through the identification of internal and external management trends, and leading practical management using their finance-related expertise. In the last two years, the focus was on strengthening communication and coaching capacities. To this end, this course has been operated in the direction of deriving the detailed action plans of leaders through the process of inspecting their coaching skills and examining communication by division. In 2022, we plan to introduce a new curriculum with which to develop competencies required of new leaders so as to help them effectively establish their organizations and produce the best outcomes.



Education for Leadership Improvement

Education by Position

Grade Course (compulsory education)

LOTTE rental operates grade courses for the capacities required of each grade in order to strengthen the respective capacities. For employees in their first and second year since promotion, the S Grade course offers education on strategy building and execution, the M Grade course provides education on problem solving and resource management, and the SA Grade course offers education on cooperation and smart working capacities. This way, employees are supported in enhancing their competitiveness and displaying full competencies by grade. We also provide the promoted employees with situation-based simulation and practice sessions to help them recognize their changed roles and produce outcomes in their new positions. At the same time, we offer an optional module as an opportunity for their self-directed learning based on personal experiences.

Introductory Education

Introductory Course for New Employees

The introductory course for new employees is a ten-day education program that helps new employees develop understanding of the company as well as its mission, vision, and core values together with basic job-related capabilities. The modules for sharing the company's vision and strategies and internalizing core values provide the trainees with an opportunity to gain systematic understanding of the company. The introduction of businesses handled by each division also aids in the new employees' overall understanding of the operations performed in each business area.



Introductory Course for New Employees

In addition, we provide education on the skills necessary for the new employees to perform activities in the future, such as proper business etiquette, conversation with senior employees, and report writing. In other words, this course is aimed at supporting new employees in proactively developing the capabilities and skills they need in the workplace.

Introductory Course for Experienced Employees

LOTTE rental operates an introductory education course for experienced employees to help them adapt to a new environment. This is a compulsory course that must be completed by all experienced employees upon joining the company. It is divided into two parts: "understanding the organizational culture" and "adapting to the organization." First, the trainees understand the company's mission, vision, and core values and, based on this knowledge, internalize the core values by embodying their personal visions. This is followed by sessions wherein they understand the overall company status, culture, and systems by studying the HR development and management systems. We also assist them in adapting to the new organization by providing them with advice from senior employees and education on effective communication methods.

Course for Regular Position Transferors (Jump-up Course)

LOTTE rental provides education to employees subject to transfer to regular positions in order to enhance their sense of belonging to the organization and suggest a vision for career development. We support them in developing visions for growth at LOTTE rental by establishing action plans for career development based on the successful career paths of senior employees. We also developed a participation-based educational module for employees scheduled for transfer to regular positions to form a network; thus achieving successful cooperation in the field.

Education for Key Talents

Key Talent Fostering Course

LOTTE rental operates the key talent fostering course to develop key talents strategically and systematically. To provide the key talent candidates with an opportunity to internalize future-oriented thinking and expand their vision through cooperation, we developed a long-term course spanning eight months and ending with a final project. In addition to team projects aimed at building synergy and future-oriented thinking power and mentoring activities to develop higher-level leadership competencies, this course offers a wide range of programs to help the trainees develop the required competencies to perform as key talents in the future.

Internal Instructor Fostering Course (To Improve Capacity for Online Class)

In line with the demand for contactless online video education in the post-COVID-19 era, LOTTE rental has updated the existing internal instructor fostering course to a course focusing on improving capacity for online class. For persons selected as instructors, we provide specialized online education-related learning content such as online platform use, content use, lecture planning, and speech techniques by inviting outside experts to help them develop capabilities suitable for the online education environment. We also provide feedback and model classes to individual trainees in order to help them adapt to the contactless environment and develop professional lecturing skills.

Global Education

Global Course (Global School/Book Learning for Expatriates/Expatriates Forum/Form of Local Employees)

LOTTE rental operates a range of global education courses to improve the competencies of expatriates and overseas workers. For employees scheduled for dispatch to overseas locations, we provide education to assist in language competency development for approximately 20 weeks. For expatriates and local workers, we organize forums to discuss current issues in order to help them understand the trends and develop business insights for the respective countries. In addition, to encourage expatriates' continued self-development, we provide book learning support by selecting books recommended by experts in the respective fields.

Programs to Support Capacity Building

Capacity Building Support for the Underperforming (Education to Support Performance Improvement)

LOTTE rental provides education aimed at helping underperforming employees immerse themselves in their jobs and improve performances. For the first-year underperforming employees, we organize 1:1 coaching by professors from outside after analyzing their communication, business relations management, conflict handling, job immersion, and problem-solving capacities. Then, based on the coaching result, an e-Learning curriculum is mapped in relation to the insufficient capacities, and a learning program is provided for two months. For the second and third-year underperforming employees, an advanced course for capacity improvement and an outplacement course, respectively, are provided. This way, LOTTE rental provides phased performance improvement education for the underperforming.

Support for Reemployment of the Retired (Education to Support Career Change)

LOTTE rental provides education to persons aged 50 years and older who have retired or who are scheduled to retire from work in order to help them adapt to life after retirement and prepare for career change. The educational curriculum consists of content on change management, search for alternatives, self-development, career development, and career design. In addition, content on asset and health management is provided to assist in lifetime design after retirement.

Outplacement of Retired Executives

LOTTE rental provides lifetime design education to help retired executives enjoy a meaningful life by performing various activities after retirement. Over a period of six months, 1:1 consulting is provided for a new career goal in addition to education covering a wide range of fields from reemployment and business establishment to financial investment, leisure activities, hobbies, art, and humanities. At the same time, we offer an opportunity for full-time learning through customized media content based on the analysis of the required competencies of each target.

e-Learning

EZ learning

LOTTE rental provides various e-Learning courses to help in employees' learning without time and space limitations. With around 2,000 courses in the fields of business administration, career consulting, language, reading, etc., we help employees develop their respective job competencies as well as the commonly required capabilities. The e-Learning courses are available on EZ learning, an online platform that can be accessed anytime, anywhere using computers and mobile devices.

Micro Learning (Acropolis)

Acropolis is a smart learning platform providing learning contents of experts from various fields and is also used to disseminate the company's internal issues swiftly. Offering approx. 15-minute video contents, Acropolis is operated as an open platform where all employees can freely exchange and share information. The short videos effectively deliver knowledge and information to help employees gain insight by themselves. Acropolis provides a variety of contents, not only educational videos but also special lectures by authors, tax education, safety education, V-log, and interviews of prize winners, to help employees enjoy learning with added elements of fun.

Employee Education (LOTTE rental regular workers)

Classification	Unit	2019	2020	2021
Total Employee Education Hours	Hours	32,960	16,093	19,197
Education Hours per Employee	Hours	39	19	22

Annual Attendance at Educational Courses (LOTTE rental regular and irregular workers)

Classification	Unit	2019	2020	2021
Annual Attendance at Educational Courses	Cases	11,406	10,104	16,006

Industry-Academe Cooperation Program

Industry-Academe Cooperation to Foster Vehicle Maintenance Personnel of LOTTE auto care

In August and September 2021, LOTTE auto care entered into two industry-academe cooperation agreements with the goal of social value creation to foster automobile and construction machinery maintenance personnel and provide high-quality jobs. LOTTE auto supports maintenance education specializing in forklift and aerial work equipment operations for the educational programs of the Gyeonggi Human Resources Development Institute of the Korea Chamber of Commerce and Industry and the Seoul Nambu Institute of Technology & Education, including employment of persons who have completed or who are scheduled to complete the education. In November 2021, LOTTE auto care employed one person who had completed education at the Gyeonggi Human Resources Development Institute. It continuously interviews trainees wishing to work as senior mechanics.

SPECIAL INTERVIEW

Interview with Go Ju-shin working at LOTTE auto care after completing the industry-academe cooperation support program

Q1 Please introduce yourself.

A Hello. My name is Go Ju-shin, and I am working as a senior mechanic at Patrol Maintenance 2 MOT of the Auto M/S Team in LOTTE auto care. I joined LOTTE auto care after completing the construction machinery and automobile maintenance course at the Gyeonggi Human Resources Development Institute, which is in an industry-academe cooperation relationship with LOTTE auto care.

Q2 Please tell us about the program you completed.

A I had majored in aircraft maintenance. After I was discharged from military service, I set a goal of becoming an expert in the related field by acquiring a license. Thus, I decided to take the automobile maintenance program because it was similar to my field of major, and I thought mobility is a promising industry for the future. While participating in the program, I learned the basic theories and operating principles of automobiles and built knowledge of the direction of automobile development in the future. I also learned practical skills by practicing automotive part replacement, etc.

Q3 After completing the program, how did you join LOTTE auto care?

A After getting my license, I thought hard about where I should start my career. My professor recommended a number of companies, among which I was drawn to LOTTE auto care the most. I had to apply at the company, excited that I would be able to experience and try using and working with the latest automobile technologies. LOTTE auto care was the first and last company I applied at, and luckily I got in.

Q4 Do you have any suggestions about LOTTE auto care's industry-academe cooperation program?

A I remember finding the concept of patrol maintenance rather unfamiliar at first. It is mostly similar to general maintenance service, but it definitely has particular features and strengths. Thus, if the educational program is designed to highlight these points, I think it will appeal more to the trainees. For example, it would be good to highlight the merits of maintenance service accessed by customers.



Working at LOTTE auto care after completing the industry-academe cooperation support program
Go Ju-shin



Organization Culture

Programs to Activate Communication with Employees

LOTTE rental is making an effort to secure various communication channels in order to create an organizational culture of communication. While conducting communication activities using online and offline channels to activate communication between the management and employees, we are integrating bidirectional communication by spreading the company's "One Message" and continuously collecting the opinions of individual employees. The top management's visits to business establishments across the country provided an opportunity for direct offline communication, and the free exchange of opinions between the management and employees enabled the review and implementation of various suggestions, complaints, and ideas. We also operated web boards for suggestions (Wageul Wageul and Sogon Sogon) to receive employees' ideas on change and innovation. Based on the opinions collected, we could promote improvement in various areas such as customer service, job process, and internal systems. As for communication with the Generation MZ, which has emerged as a key topic as of late, we tried a new way of communication through online live broadcasting. By exchanging comments in real time, we could resolve misunderstanding between generations. It served as an opportunity to use a new communication channel. In addition, as adaptation to the contactless environment is required given the spread of COVID-19, we swiftly introduced an online videoconferencing system through which we held online presentations to disseminate issues rapidly and accurately upon occurrence. As a result, we could achieve the stable establishment of an online communication system within the company.

Organizational Culture Improvement Programs

To strengthen employees' immersion in work and improve the organizational culture by improving employees' satisfaction with work, LOTTE rental launched the "Working Culture Innovation TF" in 2019. Having conducted activities continuously for three years, the TF—whose goal is to spread the culture of employees voluntarily fulfilling their duties and immersing themselves in the joy and value of working and change the way of working through in-depth contemplation on the essence of work—is leading changes by selecting annual tasks and deriving and implementing solutions for innovation in the fields of leadership, communication, cooperation, and decision making. In 2019, the year when the TF was introduced, a campaign to increase employees' interest and form a consensus among them was actively implemented. The TF also led the creation of a new organizational culture by implementing Free Wear (no dress code), Celeb Day (to encourage employees to take a half-day leave), and Midfielder (sales communication group) activities. In 2020 as the period of growth of the TF, new systems such as simplified reporting system, online cooperation tool (Webex), and free work system (work from home) were introduced to support the stable launch of the smart work system. In 2021 as the period of development, the TF planned the development of a company-wide online platform for employees to exchange compliments with one another in order to spread a positive, productive organizational culture. Following a detailed analytical design, the platform is being established in 2022. By continuously discovering and implementing tasks for organizational culture improvement, the Working Culture Innovation TF is reinventing LOTTE rental with the members themselves creating and spreading a culture that reflects their own needs. Especially in 2021, LOTTE rental set up an organization for communication with the Generation MZ to build a relationship of trust between the management and employees by introducing "Junior Board," which plays a key role in establishing an organizational culture of communication by spreading the leader's message and delivering employees' voice to the management.



Online Live Broadcasting



Offline Communication



Working Culture Innovation TF




Junior Board




Work-life balance

LOTTE rental strives for systematic bolstering to improve the quality of jobs and help employees achieve work-life balance, for which we extended the period of childcare leave for female employees, actively encouraged male employees to take childcare leave. We also introduced a number of systems including infertility treatment leave, parental leave for school entrance, flexible work, and computer on/off as well as a system encouraging employees to leave work at 3 p.m. on their birthdays. In addition, we are increasing employees' immersion in work and developing a creative, autonomous culture by introducing the Free Wear system, improving the meeting and reporting culture, and implementing the free work (work from home) system. LOTTE rental continues efforts to create working conditions and environment where employees' quality of life can be improved. Thanks to such efforts, we were named "Korea's Best Enterprise for Employment 2021" by the Ministry of Labor and Employment and "Leisure-Friendly Company 2018" by the Ministry of Culture, Sports, and Tourism. We have also been maintaining the qualification "Family-friendly Company" certified by the Ministry of Gender Equality and Family since 2016.




Korea's Best Enterprise for Employment

System to certify 100 companies that increased employment and improved the quality of jobs



Leisure-Friendly Company

System to certify companies that support workers in achieving and enjoying work-life balance



Certified Family-friendly Company

System to certify and provide benefits to companies setting an example of successful family-friendly system operation through a review

Childcare Leave

- Childcare leave for up to one year guaranteed for both male and female employees
- Period of childcare leave for female employees extended to two years (2017)
- Employees encouraged to take childcare leave (both male and female employees)
- For female employees, process for concurrent application of maternity leave and childcare leave introduced (2020)
- For male employees, childcare leave is actively recommended, and one-month wage is supported upon childbirth (2017)

※Rate of Childcare Leave by Female Employees: 100% in 2020 and 2021
 ※Rate of Childcare Leave by Male Employees: 68% in 2020 and 2021 (including employees who started childcare leave in January following childbirth in December considering the ten-day maternity leave)

Infertility Treatment Leave

- Fertility leave for up to one year for employees taking infertility treatment (artificial fertilization, in vitro fertilization) (2017)
- Support for medical expenses incurred by infertility treatment (2020)

Parental Leave for School Entrance

- Leave for female employees who have children starting elementary school (2017)
- Application: Within the first quarter of the year when the child starts school
- Period of Leave: One month – up to one year

Flexible Working System

- System that allows employees to select flexibly the time they start and end work under the condition of working for 40 hours a week (2019)

Computer On/Off System

- Created the working environment and culture of reducing unnecessary overtime work (2019)
- Linked to the flexible working system to turn off computers (screen lock) after the working hours entered by individual employees

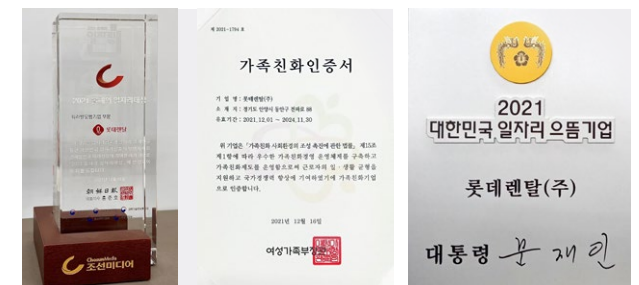
Childcare and Maternity Leave Use

Category		Unit	2019	2020	2021
Number of persons taking childcare leave in Korea	Subtotal	Persons	84	95	97
	Male	Persons	44	56	66
	Female	Persons	40	39	31
Number of persons taking maternity leave	Subtotal	Persons	85	97	100
	Male	Persons	69	78	80
	Female	Persons	16	19	20



Free Work Guide

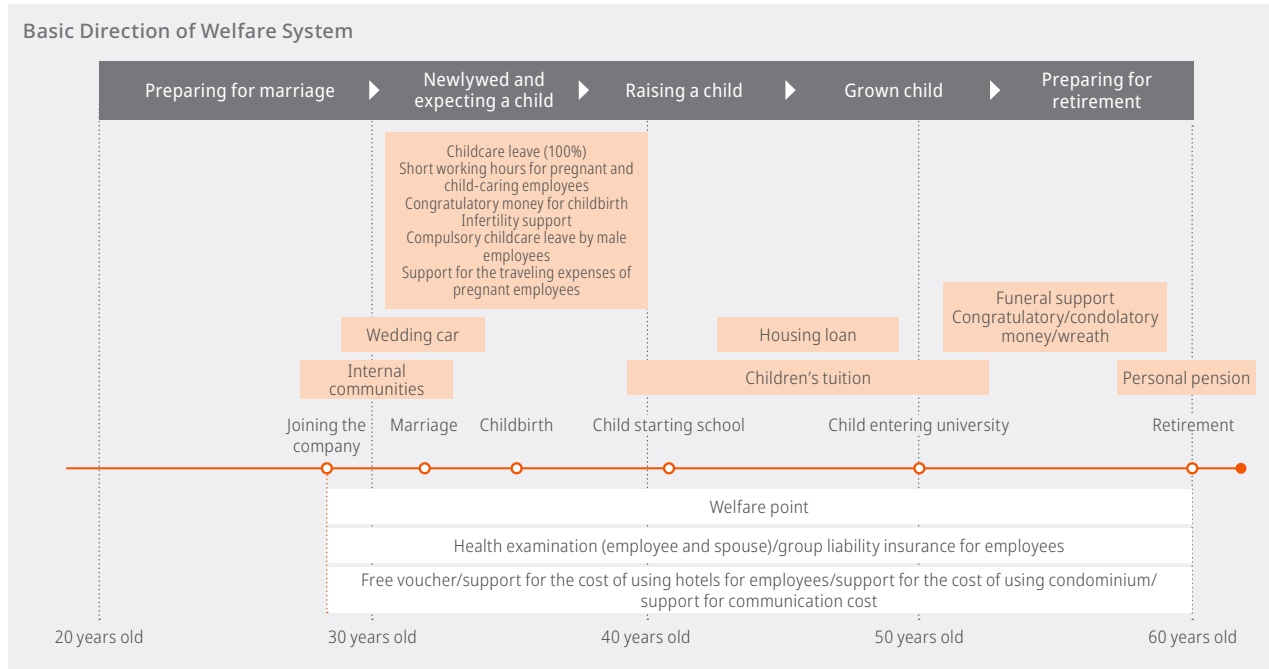
Leaving Work at 3 p.m. on Birthday



Won Job of the Year Award, Selected as Family-friendly Company

Korea's Best Enterprise for Employment 2021

Welfare System



Support to Employees According to Life Cycle

LOTTE rental provides comprehensive and customized welfare service according to the life cycle of employees (preparing for marriage/newlywed and preparing for childbirth/raising a child/grown child /preparing for retirement) from the time they join the company to retirement.

Safety and Health Education

In order to develop employees' safety and health-related competencies and establish the related management system, LOTTE rental provides online education annually to all employees by developing safety and health education content. We also invite experts from outside to provide practice-based education on cardiopulmonary resuscitation and directions for using the automated external defibrillator (AED) with the goal of improving employees' ability to respond to emergency situations given the increasing number of persons with symptoms of cerebrovascular diseases. Moreover, to minimize human casualties in emergency situations, we have placed one AED on the lobby and each floor of key business establishments and data center.



Korea's Best Enterprise for Employment in 2021

Happy Workplace

As a leader of the sharing economy, LOTTE rental continuously conducts innovation activities based on a horizontal, flexible organizational culture. We have won a number of external awards, and we were also selected as the best workplace within the LOTTE Group. Under the open organizational culture, we create a flexible, autonomous working environment. In addition, in recognition of our effort for continuous innovation and growth potentials according to the changing consumption paradigm, we were selected as the "best" affiliate by LOTTE Group employees in the position of assistant manager or lower (The Korea Economic Daily, Apr. 24. 2018).

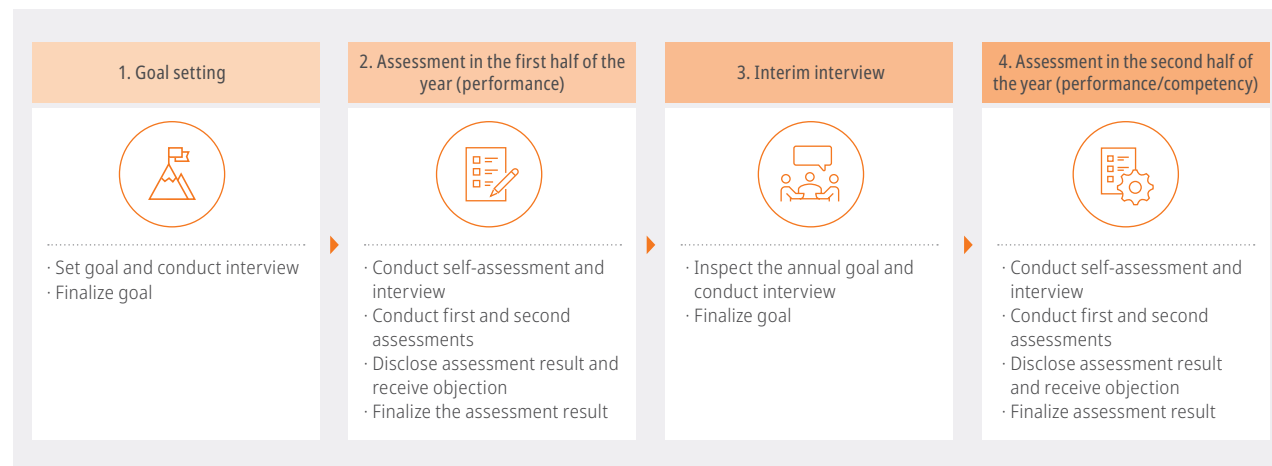
External Awards

- 2016: Given a "Family-friendly Company" certification by the Ministry of Gender Equality and Family
- 2017: Won the "Good Place to Work" award (large service enterprise category) organized by Joongang Ilbo and Job Planet
- 2017: Won the "Korean Good Company" award at the Korean Good Company Conference organized by the Korean Standards Association
- 2018: Selected as a "Leisure-Friendly Company" by the Ministry of Culture, Sports, and Tourism
- 2019: Renewed the "Family-friendly Company" certification from the Ministry of Gender Equality and Family
- 2021: Selected as Korea's Best Enterprise for Employment (Ministry of Employment and Labor)

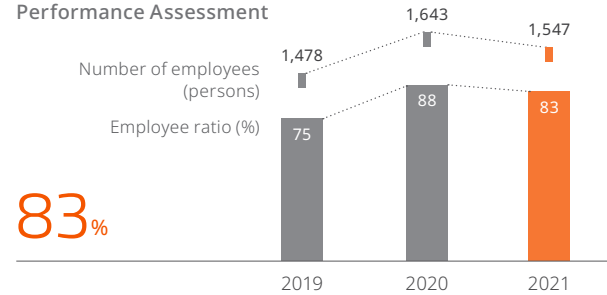
Fair Performance Assessment and Reasonable Compensation

LOTTE rental continuously improves its system to ensure employees' fair assessment and reasonable compensation. We support employees in setting performance goals by themselves and conduct interim interview and give them feedback so that they can be substantially and objectively assessed for their performances. We also encourage employees to manage their performances in order to motivate them to contribute to the establishment of a fair assessment culture. In addition, LOTTE rental operates a compensation system wherein individual employees receive reasonable compensation according to their performances based on the HR assessment system. We intend to create an environment where employees voluntarily immerse themselves in work and grow together with the company by providing them with performance-based compensation based on the reflection of the HR assessment result to not only monetary reward but also promotion, wage increase, and bonus payment.

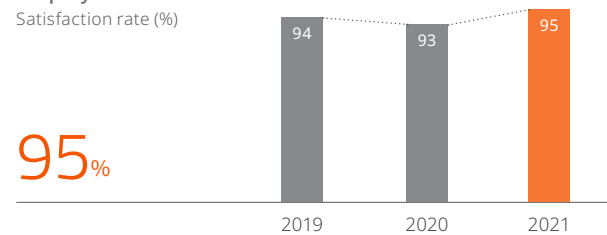
Assessment Process



Employees Undergoing Regular Performance Assessment



Employee Satisfaction



Labor and Human Rights

Human Rights Management

Principles

LOTTE rental respects and protects the human rights of all employees both in Korea and abroad. We strive to follow the basic principles specified in various human rights-related guidelines, such as the UN Universal Declaration of Human Rights, UN Global Compact, UN Guiding Principles on Business and Human Rights, Constitution of the International Labor Organization, and OECD Guidelines for Multinational Enterprises. The principles of human rights management apply to all our stakeholders, such as employees as well as partners, customers, and local community. In June 2022, LOTTE rental announced the Human Rights Declaration. We have also established the ten principles of human rights management, and we are striving to implement them in detail.

Principles of Human Rights Management

- 1 Respect for employees' human rights
- 2 Respect for diversity and prohibition of discrimination
- 3 Wage and welfare
- 4 Prohibition of forced labor and child labor
- 5 Compliance with working hours and work-life balance
- 6 Guaranteeing the freedom of association and collective bargaining
- 7 Guaranteeing health and safety
- 8 Responsible supply network management
- 9 Protection of customers' information and human rights
- 10 Operation and inspection of complaint handling process

Within the scope of the human rights management policy, LOTTE rental prevents the occurrence of human rights violation incidents concerning employees and neither takes part in nor overlooks any human rights violation cases.

Human Rights Risk Management

In addition to shared growth management, LOTTE rental strives to understand the elements that infringe the human rights of partners' employees. In 2021, we conducted a pilot survey targeting some partners to investigate the status of shared growth management; by analyzing the result, we were able to understand the situations concerning human rights violation in our partners and establish preventive plans. Upon detection and/or occurrence of a human rights violation case, we will investigate the case and implement improvement through a division in charge. We will continue conducting improvement activities through the relevant divisions in order to achieve more in-depth human rights risk management.

Promotion Plan

1	Identify and assess partners' risks
2	Analyze the result and establish risk handling plans
3	Implement the plans and check the results
4	Promote improvement through communication

Human Rights Management Education

To protect individual human rights, LOTTE rental provides human rights education by predicting situations where human rights violation can occur. Each year, we provide all employees with online education on workplace harassment and sexual harassment prevention as well as for improving employees' awareness of people with disabilities. LOTTE rental also provides workplace counseling service and information on the workplace harassment reporting system through the company notice board to help employees overcome damages caused by violation of their human rights under various circumstances, as well as to improve the situations. Using

the "Kakao Talk Counseling Service," assistance from professional counselors, and anonymous "Sogonsogon" notice board in the groupware, employees suffering from violation of human rights can report their cases freely, with the company investigating the cases in detail to resolve employees' difficulties and conflicts; thus protecting their human rights.

Cooperative Labor – Management Culture

Labor – Management Culture for Shared Growth

LOTTE rental promotes successful labor–management communication in order to establish a cooperative labor–management culture. We share our management performances with the labor union and discuss items concerning working condition improvement and major projects on both regular and non-regular bases. Through active communication, we have maintained the zero-conflict collective wage agreement for 12 years in a row (as of 2021). In addition, as part of our effort to communicate with and win the trust of employees, we transparently share the decisions made through agreement in the groupware notice board and by giving online presentations.

Labor – Management Council

LOTTE rental holds the Labor–Management Council meeting at least quarterly in order to improve the working environment and conditions for the labor union members and other employees. We strive to accommodate employees' needs by swiftly reflecting decisions made on key items. As a representative body of employees across the country and a communication channel between labor and management, the Labor–Management Council continues to play the role of creating a cooperative labor–management culture.

Information Protection

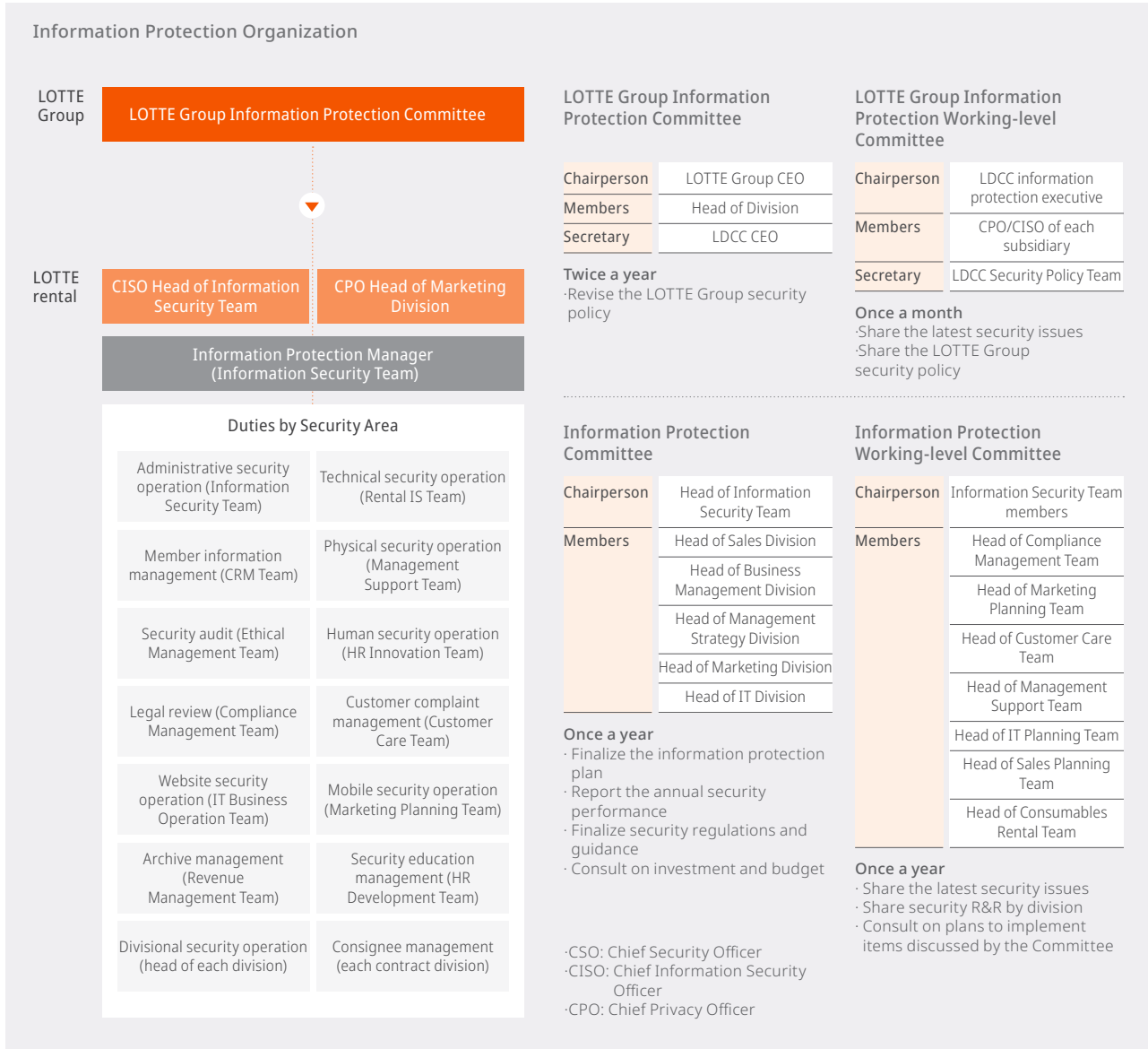
Information Protection

Information Protection Policy

In response to information security threats that can occur in the course of various rental services, LOTTE rental established information protection policies (4 policies under one administrative, physical, technical, and personal information protection regulation together with 13 manuals for the implementation of the policies) as well as the information protection governance system based on the policies. In line with the amendment of the law and advancement of information protection and hacking technologies, we revise our information protection policies annually by promptly detecting internal and external environmental changes. The revised policies are applied across the company and disseminated to all employees following the CEO's approval. The scope of information protection policy application includes not only LOTTE rental employees but also the employees of subsidiaries and consignees. To manage the policy application status periodically, we conduct inspections and take improvement measures.

Information Protection Organization

LOTTE rental's information protection organization consists of the "Information Protection Committee" whose members consist of executives and whose role is to consult and make decisions for key information protection items, the "Information Protection Working-level Committee," which executes the actual information protection operations, and the "Information Security Team," which plans, implements, and manages the overall information protection operations of the organization. The Information Protection Committee and Working-level Committee hold meetings once a year to discuss the response to compliance issues and other major information security issues. According to the Act on the Promotion of Information and Communications Network Utilization and Information Protection, the chief information security officer (CISO) and chief privacy officer (CPO) are separately appointed to handle their designated duties; thus strengthening the sense of responsibility and expertise in operation handling.



Information Protection Management System

LOTTE rental established an internal personal information protection management plan, based on which it systematically conducts information protection activities for employees and customers.

Safety Measures

To protect information assets, LOTTE rental applies various security solutions. To protect the personal information processing system, we applied server vaccine and EDR; for access control, we strengthened access control privilege and monitoring by applying the server and database access control system. For the prevention of customers' personal information leak from the database, we apply encryption to all kinds of customer information. In addition, for the computers of personal information handlers, we physically separated the business network where customers' personal information is processed from the Internet network by applying a network separation system. We also prevent internal and external attacks by operating the personal information leak prevention system (DLP) and EDR, etc.

Diagnosis of Vulnerabilities

To identify and improve vulnerabilities in information assets periodically, LOTTE rental conducts hacking simulation targeting web and mobile app and infrastructure vulnerability examination targeting the servers, networks, and databases. In addition, to secure the safety of the codes developed, we examine the source codes and make various other efforts to minimize security vulnerabilities.

Security Audit

LOTTE rental periodically conducts internal and external security audits. For the external audit, “information protection standard examination” led by the LOTTE Group Information Protection Committee is conducted once a year in order to improve the group-level information protection standard and inspect the information protection management system. The improvement tasks derived from the assessment are handled through appropriate management measures. In addition, being subject to the compulsory information security management system (ISMS) certification according to the statutes, we review our overall information and communications service operating organization, personnel, and facilities annually and update the ISMS certification according to the results. For the internal audit, we internally conduct the company-wide information security status inspection once a year to inspect the information protection compliance of each division and individual employees. We concurrently inspect the information protection status of the company entrusted with our personal information processing to ensure that the personal information of our customers and employees is safely managed as well as to improve the insufficiencies.

Information Protection Certification

Certification	ISMS
Validity	2021.07.21 ~ 2024.07.20
Scope of Certification	Rental service (automobile, general, consumables) and auction service

Information Protection Disclosure

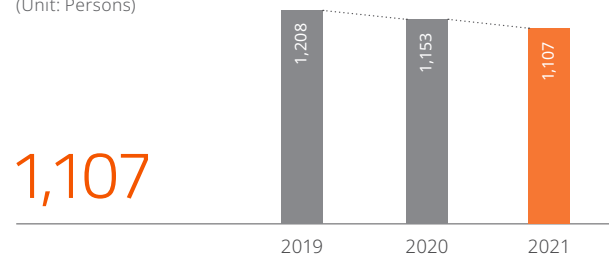
Since December 2021, LOTTE rental has been disclosing the information protection-related details such as information protection investment amount, information protection personnel status, information protection certification, and user information

protection activities through the Information Systems and Decision Sciences (ISDS) of the Ministry of Science and ICT to guarantee users’ right to know and propose objective corporate selection criteria under the goal of safe service provision.

Information Protection Awareness Improvement and Training

LOTTE rental observes the “Security Day” every month in order to improve employees’ awareness of the importance of information protection. We also appointed one information protection manager by division to perform information protection inspection and other related campaign activities. We provide compulsory education for personal information protection to all employees at least once a year and apply it to our business operations. At the same time, we improve employees’ awareness of the importance of and responsibility for security by collecting information protection pledges from them. With malicious code distribution through email for the purpose of extortion and personal information theft occurring frequently as of late, we have been holding simulation training since 2016 targeting all employees and encouraging employees’ active participation in reporting by providing them with rewards or imposing penalties.

Employees’ Participation in Information Protection Education
(Unit: Persons)



Monitoring and Incident Response System

LOTTE rental conducts regular data processing and privilege monitoring for the personal information processing system in order to detect personal information leaks and other anomalies. We monitor, respond to, and block security incidents by applying the 365-day security monitoring system to network security solutions. In addition, for swift response to accidents upon occurrence, we developed a security incident response system and announced it to employees for convenient access.

Disaster and Accident Response

LOTTE rental established a disaster recovery process in order to ensure service continuity against unexpected disasters and accidents. The backup and recovery system has been applied according to the importance level and priority of each service. In addition, for effective disaster recovery, we provide regular disaster recovery training once a year.

Shared Growth with Partners

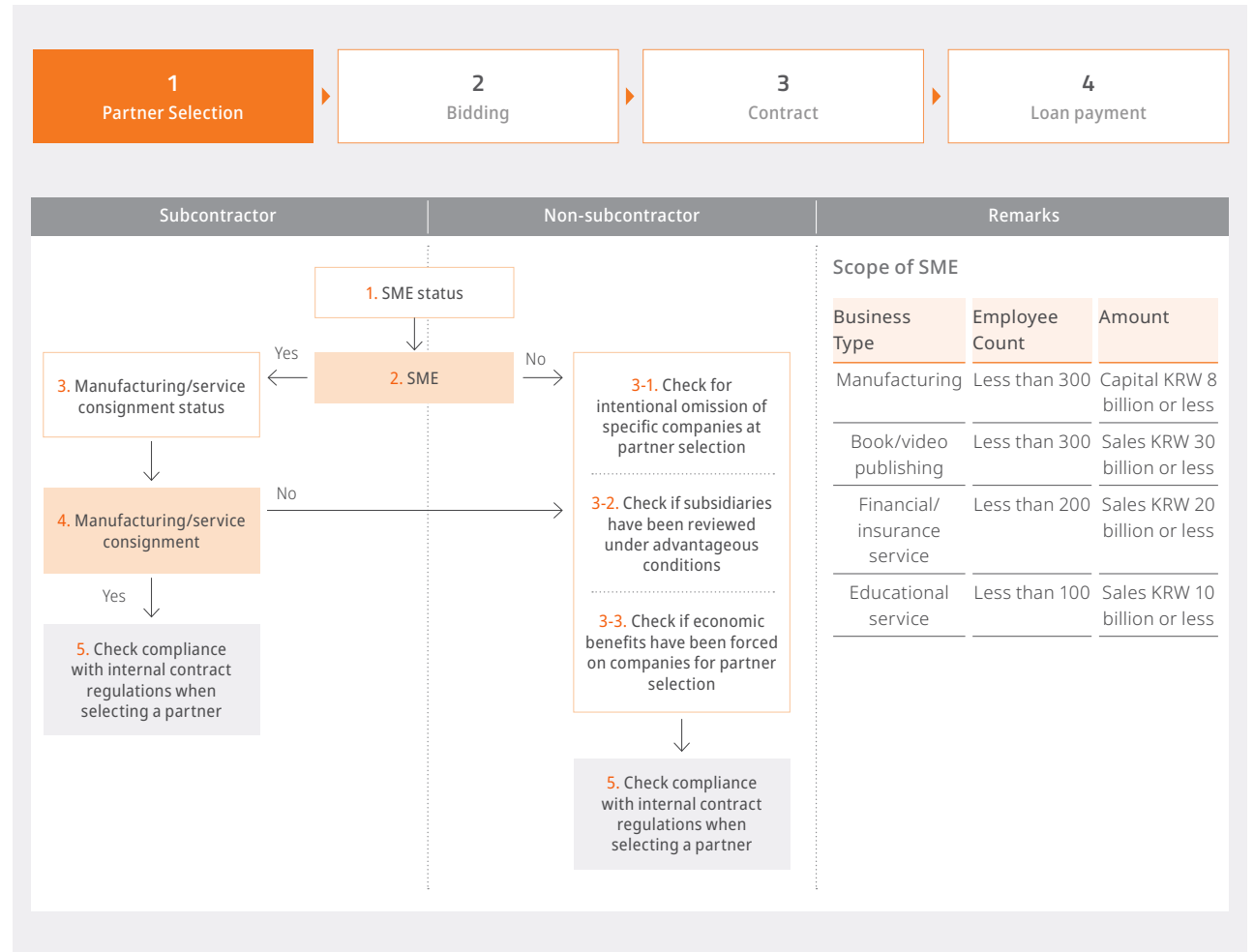
Shared Growth with Partners

Partner Selection

LOTTE rental promotes joint performance creation and shared growth with all partners. To this end, we have established the “Partner Selection and Management Guidance” to discover high-quality partners actively and maintain fair business partnerships with them continuously.

The key content of this guidance includes fair and objective assessment indicators, such as qualified company selection criteria and procedures, objective assessment of partners’ operating capacities and qualities, and criteria for decision of and sanctions to poorly performing partners. It also prescribes the prohibition of company management, interim inspection, and collection of rebates while the partnership is maintained. The key process of partner selection and management, along with related contract regulations and criteria, is posted in the company website to aid in understanding of all companies wishing to enter into business partnerships with LOTTE rental.

Partner Selection and Operation Process

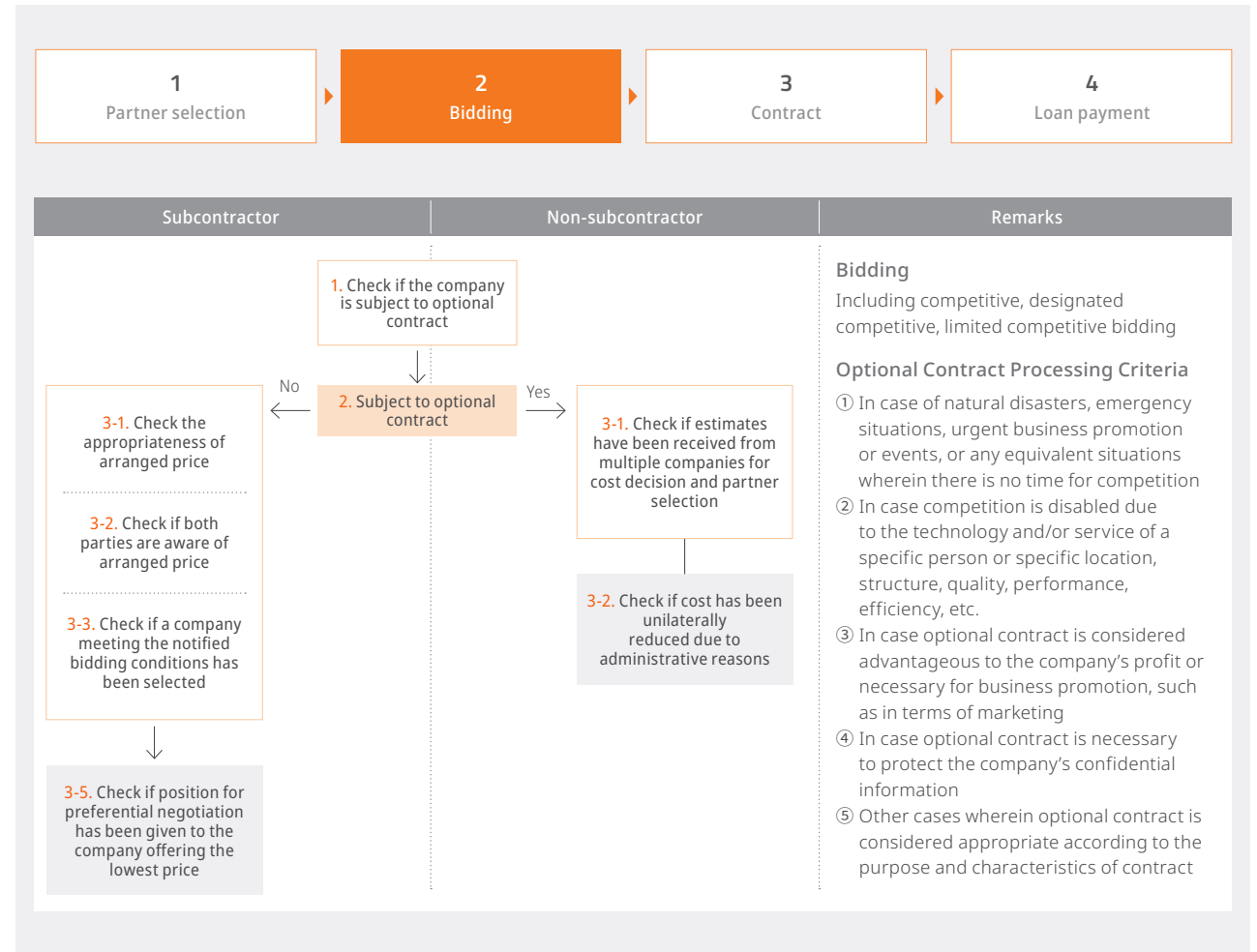


Shared Growth with Partners

Promotion System

LOTTE rental is receiving assistance from and cooperating with various business partners in order to maintain top-quality rental service for customers. With respect to the partner selection system, 1) for the contract to purchase universal items, etc., it is important to secure competitiveness in relation to the target price. Therefore, we place the highest priority on "fairness" in the partner selection process by using competitive bidding, designated competitive bidding, or limited competitive bidding process. 2) As the necessity of high-quality partners and demand for rational partner selection are raised, we also select partners based on "rationality" by applying an optional contract system to companies that meet our internal criteria in order to guarantee the partners' compliance with the optional contract execution criteria and trade conformity (capacity) based on our contract regulations. In addition, we carefully check for any collision of interests with partners (transaction with a person in a relationship of special interest with the company) and abuse of dominant position in the course of a trade, such as technological defrauding based on partnership, before and after partner selection.

Partner Selection and Operation Process



Shared Growth Policy

LOTTE rental's business portfolio includes business types deemed suitable for SMEs, such as car sharing, aerial work equipment, and insurance leasing service. For these businesses, we are seeking ways to assist companies in difficult situations and prevent abuse of market-dominant positions by large enterprises, such as indiscriminate business expansion, through agreement with the Korea Commission for Corporate Partnership and each business group to achieve shared growth with SMEs.

Fair Trade Education in the Last Three Years

2019	<ul style="list-style-type: none"> ▶ Fair trade education for division heads (Jun. 27) <ul style="list-style-type: none"> · Analysis on the latest joint action-related precedents
2020	<ul style="list-style-type: none"> ▶ Fair trade education for division heads in the first half of the year (May 18) <ul style="list-style-type: none"> · Prohibition of abuse of market-dominant position · Unfair trade types and review ▶ Fair trade education for executives (Aug. 25) <ul style="list-style-type: none"> · Key policies of the Fair Trade Commission and related regulations ▶ Fair trade education for division heads in the second half of the year (Nov. 19) <ul style="list-style-type: none"> · Consumer protection policy trend · Understanding the Act on Fair Labeling and Advertising
2021	<ul style="list-style-type: none"> ▶ Fair trade education for executives (Apr. 29) <ul style="list-style-type: none"> · Fair trade-related statutes, full amendment of the Monopoly Regulation and Fair Trade Act ▶ Fair trade education for division heads (May 31) <ul style="list-style-type: none"> · Theories and practices of the Act on Fair Labeling and Advertising and e-Commerce

LOTTE rental's Shared Growth Policy 

RE:BREATHE, the Social Contribution Campaign of Greencar and Kia

As the Good Mobility Campaign implemented by Greencar and Kia together with the Merry Year Foundation for the fifth year in 2021, RE:BREATHE supports social venture startups committed to resolving environmental issues and achieving social innovation. With a goal of raising KRW 250 million for donation between August 17 and September 19, 2021, we reserved KRW 50 for every kilometer traveled by customers using the Kia vehicles of Greencar. In 2021, social venture startups including "Orot Company," which manufactures eco-friendly plywood by upcycling wooden chopsticks, received support for four months in management mentoring and promotion, etc. through the Merry Year Foundation. Their mobility right, which is necessary for business activities, was also guaranteed as Greencar presented vehicle vouchers worth KRW 10 million.



Business Agreement for Rental Vehicle Registration



Good Mobility Campaign RE:BREATHE



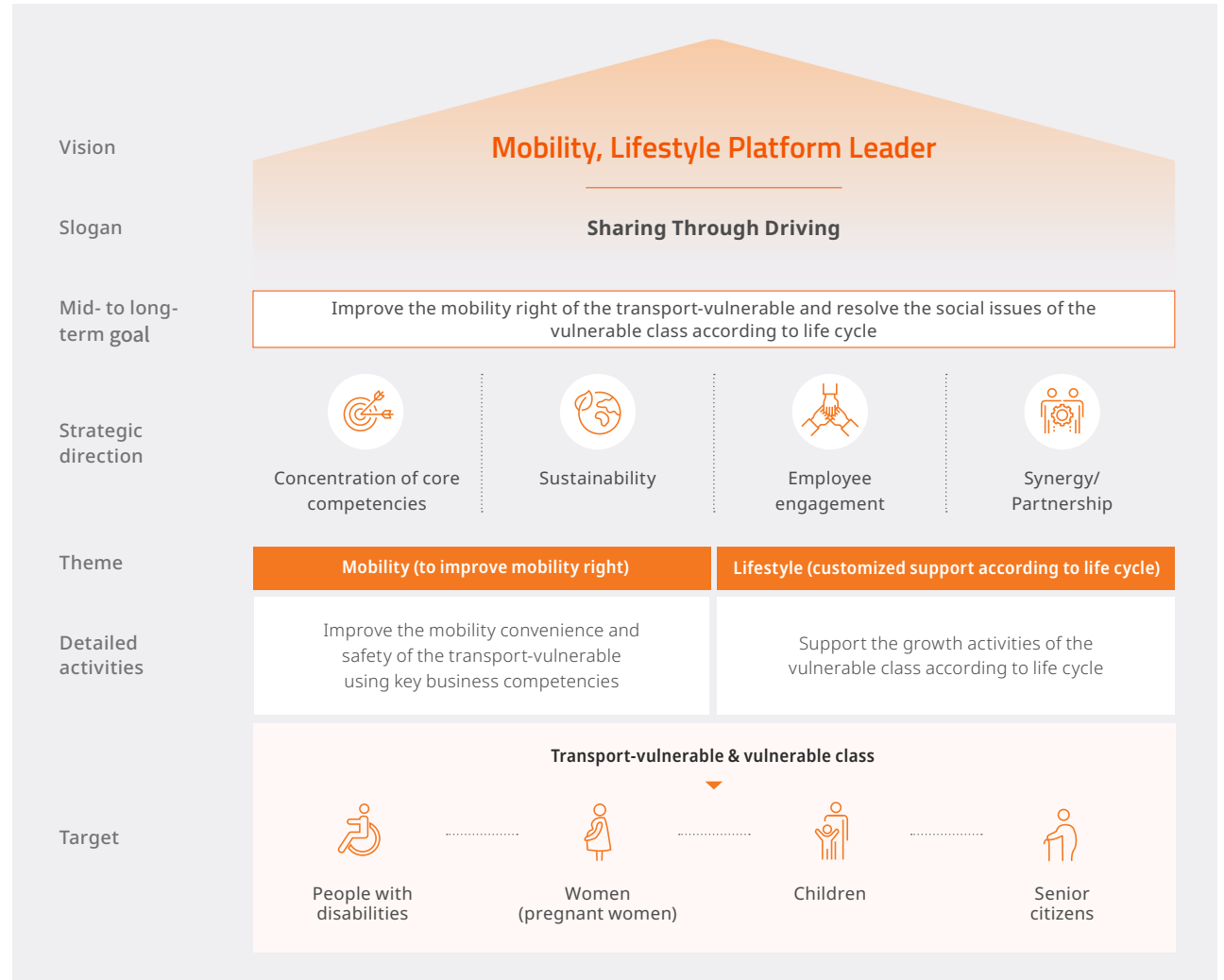
Community Outreach

Community Outreach

Social Contribution Strategy System

LOTTE rental is practicing social contribution under the social contribution slogan of "Sharing through Driving." In the mid- to long-term, through linkage to our business areas, we strive to improve the mobility right of the transport-vulnerable and provide customized support to the vulnerable class according to their life cycle. LOTTE rental's social contribution strategy system has been established in the direction of making use of the company's core competencies, ensuring continued performance, promoting employees' participation, and creating synergy. The theme of our social contribution is largely mobility (mobility right) and lifestyle (customized support according to life cycle). Based on this, we are conducting activities targeting the vulnerable class, such as people with disabilities, pregnant women, children, and senior citizens, as well as the transport-vulnerable. We will achieve shared growth with the vulnerable class by continuously practicing sharing based on our core competencies.

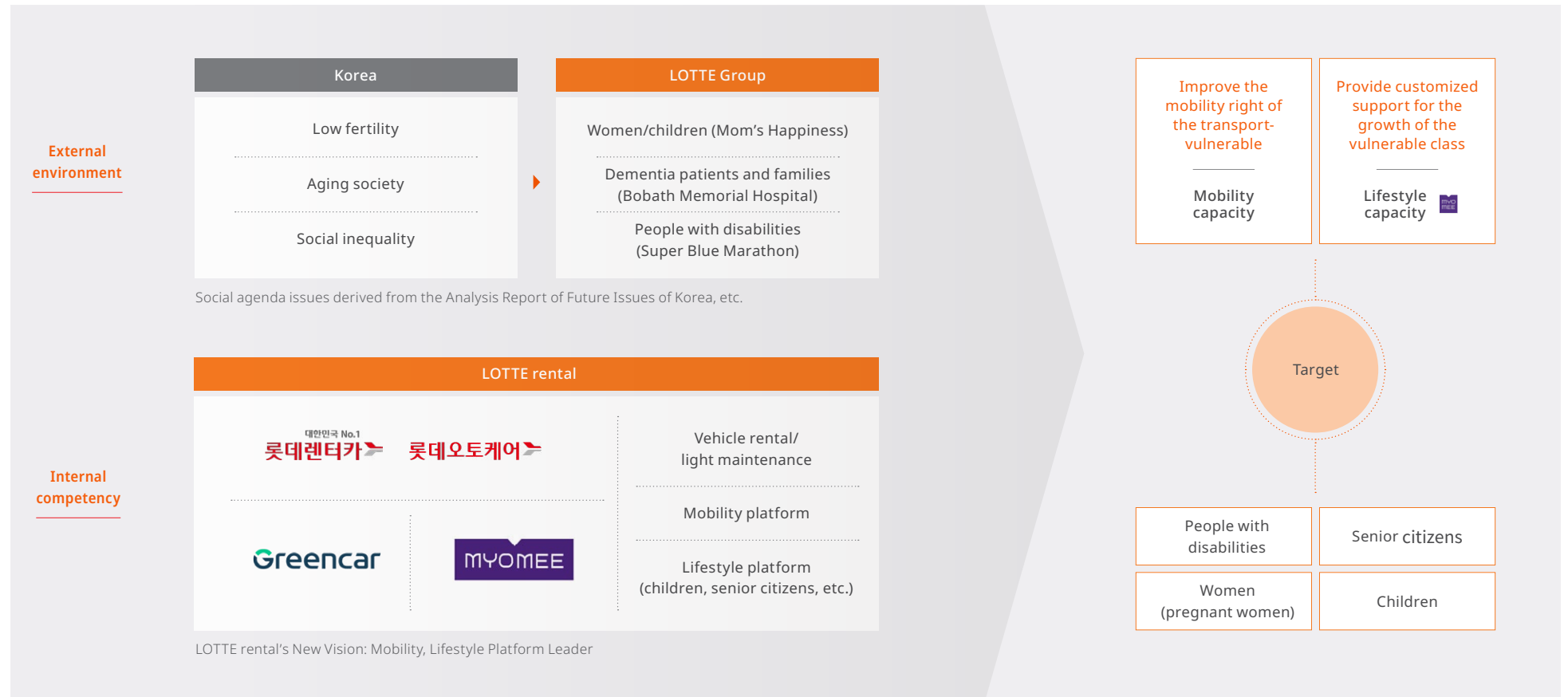
LOTTE rental's Social Contribution Strategy 



Approach to the Social Contribution Strategy System

LOTTE rental operates a social contribution strategy system by selecting the targets (people with disabilities, senior citizens, women, children) based on the beneficiary analysis according to the social agenda items derived from the LOTTE Group's Analysis Report on Future Issues of Korea. In addition, we improve employees' participation and create synergy by implementing social contribution projects (to improve the mobility right of the transport-vulnerable, to provide customized support to the vulnerable class) based on our internal competencies (vehicle rental/light maintenance, mobility, lifestyle). We are also providing donations each year in areas where our business establishments are located while participating in volunteer service education activities.

- Seoul: SGWON Happy Village,
Young Nak Aenea's Home, Salvation Army
- Gyeonggi-do: Gaon
- Daejeon: Ondal Home
- Busan: SOHWA






Mid- to Long-term Social Contribution Strategy Road Map

Target Year	Goals	Tasks
2022	Upgrade the mid- to long-term social contribution strategy system (strategic social contribution, socially innovative social contribution)	<ul style="list-style-type: none"> Upgrade the strategy system based on the three elements of ESG, internal capacity, and social needs Activate volunteer service to resolve community issues (local volunteer service, Love Fund, etc.)
2023-2024	Share and form consensus on the mid- to long-term social contribution strategy system	<ul style="list-style-type: none"> Share and form a consensus on the vision of company-wide social contribution activities Strengthen volunteer activities through participation by all employees
2024-2025	Measure social influence by developing indicators for social contribution activities	<ul style="list-style-type: none"> Develop indicators for the social influence of company-wide social contribution activities Share company-wide indicator status
2026-2027	Develop global social contribution programs to expand the social influence of social contribution activities	<ul style="list-style-type: none"> Review global activities to expand social influence by theme Improve the efficiency of social contribution activities by managing indicators

LOTTE rental Social Contribution Activities



LOTTE rental Social Contribution Materiality Assessment and Linkage to SDGs

Priority and Linkage to SDGs	Linkage between business factors and priorities		
Priority	Priority 1 Improving the mobility right of the transport-vulnerable as a mobility service provider (Eco-friendly Donation Driving campaign, light vehicle maintenance service, Dream Car support_vehicle support for field trips, etc. of children with disabilities)	Priority 2 Volunteer service programs linked to local communities (volunteer activities at facilities for people with disabilities, employees' Love Fund_donation to local welfare facilities for the disabled)	Priority 3 Sharing Forest campaign (temporarily suspended due to COVID-19)
Linkage to SDGs			

Social Contribution Activities and Performance

Donations

LOTTE rental donates over KRW 1 billion each year, donating KRW 1.3 billion in 2021. Our donations are delivered to neglected neighbors in society mainly through the Community Chest of Korea. In addition, we are contributing to cultural revitalization in Korea through the LOTTE Foundation for Arts. We also make steady donations to the Korea Ski Association for the popularization of skiing and fostering of professional skiers.

- 1 Community Chest of Korea (KRW 300 million, Jan.)
- 2 LOTTE Foundation for Arts (KRW 450 million, Mar.) (KRW 450 million, Jun.)
- 3 Korea Ski Association (KRW 100 million, Apr.)



Employees' Love Fund

LOTTE rental's employees make voluntary donations to raise the Love Fund. In 2021, we raised approximately KRW 25 million and donated it to five welfare centers in the local communities where we do business. We are also conducting volunteer activities with the five welfare centers in order to deliver love and interest to local communities continuously.

- 1 2020: KRW 31,242,861
2021: KRW 24,639,468



Support to SGWON Byeolmaru Cafe

On April 21, 2021, LOTTE rental donated approximately KRW 19 million to SGWON Happy Village for the opening of Byeolmaru Café. This amount came from the Love Fund raised in the previous year through employees' voluntary participation. SGWON Byeolmaru Café supports the vocational education and activities of children with disabilities. It helps children suffering from cerebral lesions perform as members of our society instead of living in isolation.

- 1 Financial support for the opening ceremony of Byeolmaru Café, a facility to provide vocational training to children with disabilities and assist in their vocational activities (cost of interior remodeling and equipment)
- 2 Donation Amount: KRW 19,028,861 (including Employees' Love Fund from the previous year)
- 3 Date: Apr. 21, 2021 (Wed.)
- 4 Support Target: All children with disabilities at SGWON Happy Village (52)



LOTTE rent-a-car – KLPGA Contactless Sharing Zone

Each year, LOTTE rental hosts the KLPGA event on Jeju Island. At the event, we operate the Contactless Sharing Zone as part of our social contribution activities. We donate a certain amount each time a player's ball lands in the zone. We also donate KRW 200,000 when a player records a buddy in the 18-hole course during the four-day event period, and the raised fund is donated to neglected neighbors. In 2021, KRW 1.5 million in funds were raised, and they were used to deliver Cheer-up Kit to 100 low-income households near Seoul Station through the MIRAL Welfare Foundation. Through the event, we are sharing love with neighbors in need while promoting the company and marketing our products and services.

- 1 Fund raised from LOTTE rent-a-car – KLPGA Contactless Sharing Zone donated to low-income families
- 2 Donation through the MIRAL Welfare Foundation (100 low-income households in Dongja-dong near Seoul Station)
- 3 Donation Amount: KRW 1.5 million
- 4 Donation Item: Cheer-up Kit (KRW 14,000 x 100 households)



Light Vehicle Maintenance Service

LOTTE rental and LOTTE auto care are providing quarterly light vehicle maintenance service to a welfare center for children with disabilities. We are making efforts to guarantee the mobility right of children with disabilities and protect their safety. Unfortunately, the activity was not performed successfully in 2021 due to the COVID-19 pandemic. However, we will continue providing the light maintenance service to ensure the mobility right of children with disabilities and their safe vehicle use.

- 1 Quarterly vehicle maintenance support to SGWON Happy Village (two participants/light maintenance of 10 vehicles/cost of KRW 200,000)



Kimchi-Making Event in Busan

Each year, the LOTTE Group holds an event to make 10,000 heads of Kimchi for the Share Love project. LOTTE rental joins in the effort by making donations with employees of the respective areas voluntarily participating in the event. This year, we donated approximately KRW 3.8 million. LOTTE rental is making continued efforts to help people in need in local communities by actively participating in the LOTTE Group's volunteer service programs.

- 1 Financial support for making 10,000 heads of Kimchi through the Share Love project
- 2 KRW 3,854,000 donated in 2021



LOTTE rental annually performs Hands-on Volunteer Service activities with the aim of having all employees participate. In addition to performing volunteer activities by visiting local service groups, our employees share love with neglected neighbors by making and donating jump ropes, hand warmers, scarves, and face masks. In 2021, we conducted Hands-on Volunteer Service activities twice under an eco-friendly theme by making jump ropes (1st) and hand warmers (2nd) through upcycling. A total of 792 regular workers participated in the activities, and the participation rate was approximately 94%. Through the volunteer activities, we shared warmth and love with around 1,500 neglected neighbors. LOTTE rental's volunteer activities are also aimed at contributing to environmental preservation as a subject of great interest across the globe. LOTTE rental is making continued efforts to practice sharing with neglected neighbors in society by conducting volunteer activities participated in by all employees.

Employees' Hands-on Volunteer Service (1st)

- 1 Jump ropes produced and donated through upcycling (Aug.)
- 2 1,366 jump ropes (737 participants)
- 3 KRW 12,485,000 (including business operating cost)

Employees' Hands-on Volunteer Service (2nd)

- 1 Hand warmers produced and donated by upcycling car seats (Nov.)
- 2 200 hand warmers (200 participants)
- 3 KRW 8,000,000

Item	Target people	Participants	Participation rate	Remarks
Description	839	792	94.4%	Based on regular workers, excluding expatriates, transferred workers, and dispatched workers



Hands-on Jump Rope (Sep.)



Hands-on Hand Warmer Donation (Nov.)



Eco-friendly Donation Driving Campaign

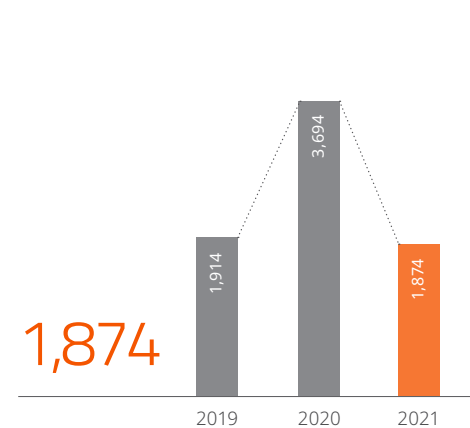
Through linkage to the car rental business as its core business area, LOTTE rental is operating the Eco-friendly Donation Driving Campaign, a social contribution activity whose goal is to guarantee the mobility right of children with disabilities and lead the activation of environmental protection. We donate assistive devices to the Jeju Assistive Technology Center and Babath Children's Hospital for children with disabilities by collecting KRW 50 per 1km traveled with a rented electric vehicle on Jeju Island. In 2021, we raised KRW 50 million in funds and used them to donate wheelchairs, car seats, walking aids, etc. to 20 children with disabilities. Based on the key business areas, LOTTE rental continuously makes effort not only to help people in difficult situations but also to resolve environmental issues.

- 1 Campaign Period: Jan. – Dec. 2021
- 2 KRW 50 per 1km of electric vehicle driving on Jeju Island
- 3 KRW 50,000,000 donated in 2021
- 4 30 wheelchairs, car seats, walking aids, and bath stools donated
- 5 Assistive devices donated to the Jeju Assistive Technology Center and Babath Children's Hospital (for 20 people)



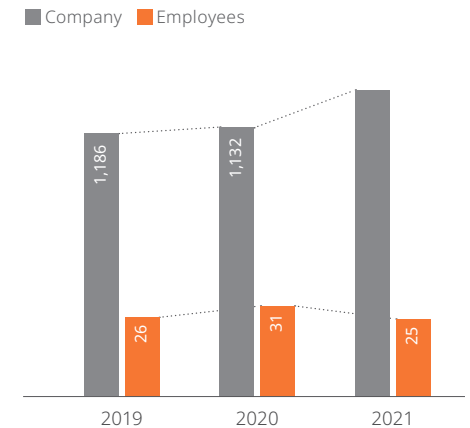
Volunteer Service by Employees

Total Service Hours (Unit: Hours)



Donations

(Unit: KRW million)



Customer Satisfaction

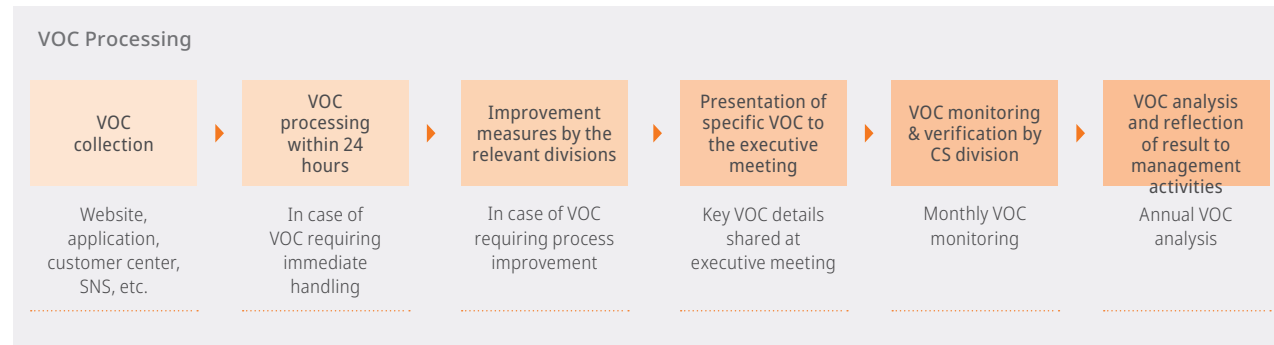
Principles and Strategies of Customer Satisfaction

LOTTE rental ceaselessly moves forward to “Create a Better Life” for customers by continuously promoting customer-centric innovation. Employees placing the highest priority on customer satisfaction are our most universal value and belief, with the changing voice of customers as the basis of all our management activities.

Customer Satisfaction Governance

VOC Channel

LOTTE rental operates the VOC (voice of customer) management system for swift response to and immediate reflection of customers’ voices. In addition to the customer center, VOC is collected through various channels including the website, application, and SNS. We also collect VOC by conducting mobile satisfaction surveys scheduled on the Customer Journey Map. In principle, VOC that requires response must be processed within 24 hours. VOC requiring process improvement is transferred to the relevant division for immediate handling. Important tasks for which a long-term improvement plan is required are submitted as an item for deliberation to the monthly executive meeting. Following the implementation of improvement measures, the result is verified by a division in charge of CS to ensure zero customer complaint. After a separate analysis process, the collected VOC—together with the customer satisfaction survey result and opinions of divisions at customer contact points—is reflected to our management activities.



Customer Satisfaction Survey

LOTTE rental analyzes service quality as experienced by customers in detail through regular mobile satisfaction survey, mystery shopper system operation, and customer satisfaction survey by an external agency. Based on the survey results, we motivate the divisions and employees producing excellent performances through the CS Award system. The satisfaction survey results are cross-analyzed each year and shared at the executive meeting and with the relevant divisions to ensure VOC reflection to the company’s management activities.

Mystery Shopper System for Service Standardization

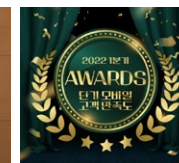
For its service network spread across the country, LOTTE rent-a-car maintains the service standard by operating the mystery shopper (a person pretending to be a customer to test service quality) system. A checklist consisting of 46 items in the categories of vehicle delivery, surroundings, vehicle conditions, and vehicle return is used for the inspection of uniformed service quality. In addition to simple inspection, LOTTE rental is internalizing standard human service by producing and distributing mystery shopper system-based customer response leaflets. We also provide separate CS education to and reassess the divisions producing low assessment results to ensure the upward standardization of company-wide service quality.

Diversifying CS Awards to Employees at Customer Contact Points

LOTTE rental is operating a number of CS award systems for the service internalization and motivation of employees at customer contact points. We select CS Star and CS award winners and notify them throughout the company based on success cases that conform to our core values and which are collected each month through mobile satisfaction survey, etc. In addition, we have diversified award events, such as “The+ Smile Campaign Award” for employees who kept smiling behind their face masks, “Jump-up Award” to encourage the improvement of divisions at customer contact points producing low CS performances, and “Best Recognition Service Award” to award success cases of recognizing returning customers and providing customized service to them. Through continuous motivation of high-quality human service, LOTTE rent-a-car recorded a high customer satisfaction rate of 95.6% with employees’ friendliness in 2021.



CS Winner of the Year



Cover Page of Renewed Quarterly Reward Notice

Service Quality Analysis Without Blind Spots

For long-term products, LOTTE rental is committed to thorough service quality management by conducting mobile satisfaction surveys as scheduled on the Customer Journey Map. For the mobile satisfaction survey, questionnaires are sent to customers immediately after contract and vehicle delivery and upon the expiration of patrol, general, accident, and IoT mobile maintenance service contract. The survey results are analyzed monthly and shared with the relevant divisions and those at customer contact points to ensure immediate recognition of customer responses. In addition, we reflect the results of the detailed quarterly and annual satisfaction surveys to our long-term customer-centric management activities. Furthermore, we undergo CSI (Customer Service Index) assessment each year by a specialized survey company, which conducts detailed service examination and analysis process. This way, LOTTE rental is focusing on helping customers have the best service experiences.

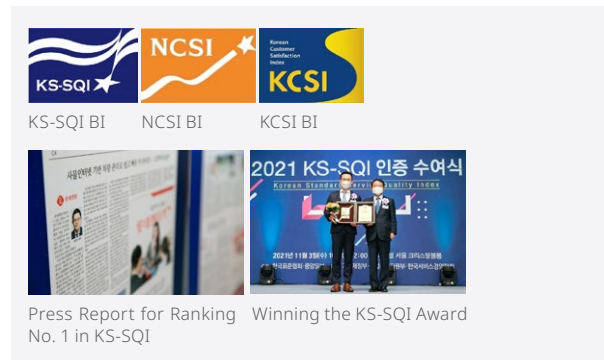
Induction to the Korea Service Grand Prix Hall of Fame for the First Time in the Car Rental Industry

In 2015, LOTTE rent-a-car was inducted to the Korea Service Grand Prix Hall of Fame for the first time in the car rental industry. The Korea Service Grand Prix is an award presented by the Korean Standards Association—an organization with 56 years' history and in charge of the Korea National Quality Award—to companies producing excellent performances for contribution to Korea's service industry quality improvement. Having consecutively won the top prize for 12 years since 2003, LOTTE rent-a-car took on the challenge to enter the Hall of Fame in 2015. Through field and employee satisfaction surveys and strict review of the official CS management report, it was successfully inducted to the Hall of Fame for the first time in the car rental industry. LOTTE rent-a-car maintains the qualification to this day through continuous service quality improvement.



Topping Three External Customer Satisfaction Surveys

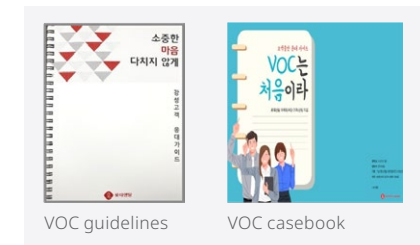
In 2021, LOTTE rent-a-car topped the three major external customer satisfaction surveys (KS-SQI, NCSI, KCSI). KS-SQI (Korea Standard Service Quality Index) is the only independent quality measuring model in Korea jointly developed and operated by the Korean Standards Association and Seoul National University. LOTTE rent-a-car topped the KS-SQI rankings for ten years in a row. It also won the top prize for NCSI (National Customer Satisfaction Index), which is announced jointly by the Korea Productivity Center and National Quality Research Center of the University of Michigan, for seven consecutive years. As for KCSI (Korea Customer Satisfaction Index), the first industrial customer satisfaction measuring methodology developed in Korea and introduced by Korea Management Association Consulting, LOTTE rent-a-car was ranked No. 1 for six years in a row. LOTTE rental was evaluated highly in terms of convenience of service use and conformity through continuous CS quality innovation. In particular, we were recognized for our contribution to customer value creation through our performance in leading a digital car life by introducing the IoT-based vehicle management service and stably operating the online direct contract processing system.



Protecting Emotional Workers

Customers always come first. However, employees at the customer contact points are also a valuable member of the LOTTE rental family. To prevent the risk of abusive complaints, LOTTE rental operates a separate program

aimed at protecting emotional workers. According to the Occupational Safety and Health Act, all employees immediately stop their service to customers who cause them physical and mental pain, with the relevant managers separating the employees from the customers. Customers who cause continued obstruction of business or make severely insulting remarks or conducts are separately managed through the MC customer (more care customer) management system; for these customers, service provision can be suspended for up to two years. In addition, to prepare for unexpected situations involving severely complaining customers, we have produced and distributed guidelines for responding to such customers (Protecting Emotional Workers). We also published the VOC casebook (First Time to VOC) featuring frequent customer complaint cases and response guidelines to assist employees in their handling of customer complaints, help customers receive more professional service, and realize the satisfaction of both customers and employees accordingly.



Customer Satisfaction Survey

Category	Unit	2019	2020	2021	
Customer Satisfaction ¹	Long-term	Points	91.0	91.4	91.4
	Short-term	Points	96.0	95.8	96.4

External Customer Satisfaction Awards

Classification	Unit	2019	2020	2021
External Customer Satisfaction Awards ²	Awards won	3	3	3

1. Mobile satisfaction survey
Time of Survey: Long-term: After contract/Short-term: After vehicle return
2. KS-SQI, NCSI, KCSI

Governance

LOTTE rental strengthened ESG management by establishing the ESG Committee in the BOD. We set up a transparent decision-making system by securing diversity, expertise, and independence of the BOD under sound governance. At the same time, by emphasizing that ethical and compliance management is a key element for the company's sustainable growth, we are making efforts to ensure that the company advances in the right direction.

Ratio of outside directors in the BOD
(Unit: %)

57

Ratio of female directors in the BOD
(Unit: %)

14



Governance

Sound Governance

BOD Organization

As of end of March 2022, LOTTE rental's BOD consists of seven directors in all. CEO Kim Hyun-soo chairs the BOD, with each director contributing to the company's sustainable growth and development based on professional knowledge and extensive capacities for business.

Number of Directors

According to Article 33 of the Articles of Association, LOTTE rental has outside directors making up the majority. Currently, the BOD consists of seven members: four outside directors (57.1%), two executive directors (28.6%), and one non-executive director (14.3%).

Director Appointment

Directors are appointed at the general shareholders' meeting among candidates recommended by the Outside Director Recommendation Committee and the BOD. When a shareholder makes a proposal in relation to director appointment according to the relevant laws, the BOD submits it as an item on the agenda for deliberation at the general shareholders' meeting within a legal scope.

Director Expertise

LOTTE rental appoints directors by considering the candidates' experiences and expertise. Outside directors who are experts in the fields of industry, accounting, legal affairs, etc. lead the reasonable decision making of the BOD. The company provides sufficient management information to outside directors in order to support the BOD in performing its role successfully as a decision-making body for business executions.

LOTTE rental's Transparent Management 

BOD Organization

as of Mar. 23, 2022, the date of the 17th general shareholders' meeting)

Name	Gender	Position	Field of Expertise	Experience	Term
Kim Hyeon-su	Male	President (executive director)	Business administration, finance	Accounting, Hanyang University Former CEO, LOTTE Insurance Former CEO, LOTTE Property & Development Current CEO, LOTTE rental	2023. 03.24
Kim Gyeong-wu	Male	Senior Managing Director (executive director)	Business administration	Law, Inha University Former Head of Management Planning Division, LOTTE rental Former Head of Automobile Rental Division, LOTTE rental Current Head of Sales Division, LOTTE rental	2024. 03.22
Kim Won-jae	Male	Director (non-executive director)	Business administration, finance	Management, Korea Military Academy Former Head of Planning Team, LOTTE Card Current Head of Finance Team 2, LOTTE Holdings	2023. 03.24
Gwon Nam-hun	Male	Outside director	Business administration, economy	Economics, Seoul National University Former Head of the Industrial Policy Team, Korea Information Society Development Institute Current Head Professor, Economics, Konkuk University	2023. 03.24
Lee Ho-yeong	Male	Outside director	Legal affairs, economy	Law, Seoul National University Former Director for Litigation, Fair Trade Commission Former President, Korea Competition Law Association Current Professor, Hanyang University School of Law	2024. 03.22
Yu Seung-won	Male	Outside director	Accounting, finance	Business administration, Seoul National University Former Assistant Professor, The Hong Kong University of Science and Technology Former Assistant Professor, Accounting, Sungkyunkwan University Current Professor, Business Administration, Korea University	2023. 05.27
Lee Yun-jeong	Female	Outside director	Business administration, marketing	Business administration, Ewha Womans' University Former Marketing Director, S.C. Johnson & Son, Inc. Former Head of Global Marketing, Samsung Electronics Current President, Le Creuset Korea	2023. 05.27

BOD Subcommittees

For swift and efficient decision making, the BOD has established subcommittees according to the relevant statutes. As of end of December 2021, the BOD operates the Audit Committee, Outside Director Recommendation Committee, Transparent Management Committee, Compensation Committee, and ESG Committee. To ensure independence, the subcommittees are operated centering on outside directors.

ESG Committee Establishment

Given investors' increasing interest in non-financial integrity, companies' responsibilities and roles with regard to social contribution and climate change response, in addition to the traditional role of profit generation and shareholder value improvement, are gaining greater importance. To strengthen ESG management, LOTTE rental established a company-wide decision-making system and stipulated the ESG Committee regulations. We also created the ESG Committee in the BOD in September 2021 by revising the BOD regulations and internal governance rules. In addition, to promote ESG strategies and guarantee the ESG management execution power, we are operating a team dedicated to ESG management. We will continue promoting sustainable growth by applying ESG perspectives to our management activities through the ESG Committee and managing key ESG-related risks and opportunities.

Subcommittee Organization

Subcommittee	Directors	Chairperson	Remarks
Transparent Management Committee	Gwon Nam-hun Yu Seung-won Lee Ho-yeong	Gwon Nam-hun	Review internal transactions and deliberate on items on the agenda
Compensation Committee	Lee Ho-yeong Lee Yun-jeong Gwon Nam-hun	Lee Ho-yeong	Decide the remuneration of executives
ESG Committee	Kim Hyeong-su Yu Seong-won Lee Yun-jeon	Kim Hyeong-su	Internalize ESG
Audit Committee	Yu Seung-won Lee Ho-yeong Gwon Nam-hun	Yu Seung-won	Audit financial statements as well as the internal accounting management system
Outside Director Recommendation Committee	Lee Yun-jeong Lee Ho-yeong Gwon Nam-hun	Lee Yun-jeong	Improve transparency in outside director appointment

Strengthening BOD Independence

LOTTE rental organizes the BOD with outside directors making up the majority in order to ensure that the BOD can make decisions based on free and objective exchange of opinions and independent judgment. Directors are appointed at the general shareholders' meeting. The Outside Director Recommendation Committee selects the director candidates and submits the director appointment for deliberation to the general shareholders' meeting. For the appointment of BOD members, the qualifications of candidates as required by the statutes and the company's Articles of Association are checked, and persons who can supervise the company's management independently from the company and majority shareholders are selected.

Ensuring BOD Diversity and Expertise

LOTTE rental organizes the BOD with directors possessing expertise in various fields so that the BOD can make strategic decisions from a comprehensive viewpoint. As for executive directors, persons from a group of candidates under management who are most suitable for the position in terms of expertise and leadership are selected. For outside directors, candidates with extensive experience in the fields of accounting, finance, legal affairs, and economy, etc. as well as in-depth understanding of the industry are selected; among the candidates, those that pass the review by the Outside Director Recommendation Committee in terms of the capacity for job performance are appointed.

BOD Operation

BOD meetings are divided into regular and special meetings. In principle, the regular BOD meeting is held quarterly. LOTTE rental holds BOD meetings at least once a month including special meetings. Composed of all directors and chaired by the CEO, the BOD resolves important matters stipulated by the statutes or the Articles of Association, those delegated by the general shareholders' meeting, and those related to the company's basic management policies and business execution.

Supporting Outside Directors

LOTTE rental designates a supporting division, IR Team, to assist in the successful performance of outside directors and provides the necessary information and resources through the IR Team, which provides data to and holds presentations for outside directors before BOD meetings so that the directors can sufficiently review the data and understand the items on the agenda before attending the meetings. It also provides information about other key issues of the company as frequently as necessary.

Outside Director Assessment and Remuneration

Outside directors are assessed based on the reasons for disqualification and suitability of the directors according to the relevant statutes and directors' contribution to (participation in) the BOD activities, and their operational expertise is comprehensively considered. The assessment result is used in determining consecutive terms of the directors, etc. As for the director remuneration, the item is proposed by the Compensation Committee and approved at the general shareholders' meeting. The annual limit of remuneration of registered directors approved at the general shareholders' meeting in 2021 is KRW 5 billion. The following is the status of remuneration paid to directors:

Outside Director Remuneration (2021) (Unit: KRW million)

Classification	Total amount of remuneration	Average amount of remuneration per person
Four outside directors	195	45

※ Incumbent outside directors as of end of 2021

※ For outside directors appointed in 2021, amount paid according to the period of service

IR Disclosure

LOTTE rental transparently discloses the overall details of company operation in order to improve shareholder value and assist in investment decisions.

Financial Supervisory Service	Distribution disclosure	Regular report (business report, semiannual and quarterly), report of key details, etc.
	Issuance disclosure	Registration statement, investment presentation, etc.
	Equity disclosure	Blockholder disclosure, report on ownership of specific securities by executives, etc.
Fair Trade Commission	Regular disclosure	Large business group status disclosure (yearly, quarterly)
	Irregular disclosure	Disclosure of details of large-scale internal transactions
Korea Exchange	Key management details	Disclosure of sales, finance, and management-related details
	Fair disclosure	Disclosure of quarterly provisional performance, etc.
	Autonomous disclosure	Disclosure of various decision-making details, etc.

Ethical Management

Ethical and Compliance Management

Establishment of Ethical Management System

Ethical Management Principles

LOTTE rental strives to become a “Mobility and Lifestyle Platform Leader.” To achieve this goal, we are making efforts for the future based on sound decision making and ethical judgment.

No.1 LOTTE rental's Ethical Management Principles 

1. Customers come first

- 1-1. We respect and protect customers' value and information.
- 1-2. We ceaselessly create differentiated values for customers.

2. Practice compliance management

- 2-1. We act fairly and transparently according to the law and commercial ethics.
- 2-2. We secure and maintain management transparency and strictly protect company's secrets.

3. Be faithful to the basics

- 3-1. We make rational and objective decisions and act responsibly for the good of the company.
- 3-2. We strictly separate business and pleasure and lead the way in creating a sound, clean organizational culture.

4. Have a sense of ownership

- 4-1. We do not fear failure but always take on challenges to be the best.
- 4-2. We promote efficiency improvement through autonomy and empowerment.

5. Fulfill social responsibilities

- 5-1. We strive to protect shareholders' rights and interests and improve employees' quality of life.
- 5-2. We place importance on and respect the environment, safety, and human rights.
- 5-3. We lead social contribution activities and establish relationships of shared growth with business partners.

Ethical Management Organization

To practice ethical management, LOTTE rental operates the Ethical Management Team under the CEO. The Ethical Management Team aims at strengthening the basis for ethical management and contributing to increasing organizational value through management improvement activities. It conducts a range of ethical management activities including internal inspection, operation monitoring, education, and campaign.

Managing the Anti-corruption and Ethical Management Issues of the Company and CEO

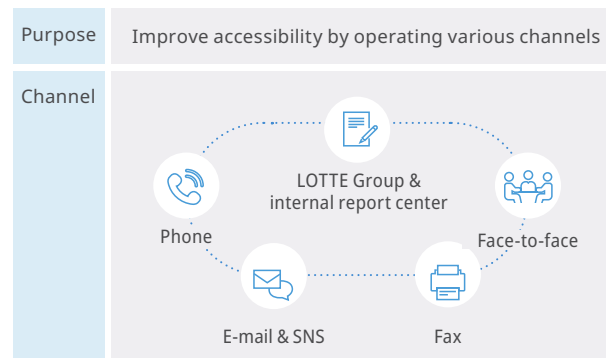
LOTTE rental manages anti-corruption and ethical management-related controversy issues as KPIs (CEO and Ethical Management Team) and assesses the indicators. The scope of controversy issues includes unethical corporate conducts and fraud, anti-competition practices, and corruption as well as bribery, embezzlement, appropriation and malfeasance, solicitation, and sexual harassment as the sustainability assessment indicators of the LOTTE Group.

Anti-corruption Report Channel

LOTTE rental receives reports through various channels such as online report center, phone, e-mail, Kakao channel, and in person to ensure free reporting anytime, anywhere. When a report is received, we conduct an investigation and take follow-up measures to ensure that the same corruption case does not recur.

LOTTE rental's Online Report Center 

Report Channel



Performance by Channel

Year	LOTTE Group Report Center	Internal Report Center	Phone	Face-to-face (in person)	E-mail Fax	Total
2020	5	11	0	0	4	20
2021	3	27	1	1	1	33
Total	8	38	1	1	5	53

※ Including 34 VOC-type reports (9 in 2020, 25 in 2021)

Whistleblower Protection Policy Establishment/Operation

LOTTE rental strictly prohibits the disclosure of the identity of whistleblowers so that anyone can freely report corruption or other related cases. We also prescribe preventing any status-related disadvantages on reporters in the Ethical Management Principles Practice Guidelines. In addition, to encourage swift reporting upon occurrence of the reasons, we exempt voluntary reporters from responsibilities depending on the case.

Whistleblower Protection Policy Establishment/Operation

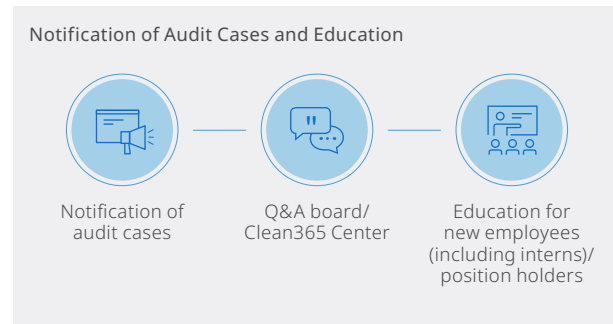
Purpose	Encourage free and swift reporting upon occurrence of reason
Channel	<ul style="list-style-type: none"> ▶ Confidentiality <ul style="list-style-type: none"> · Prohibit the disclosure of reporter identity · Prohibit reporter search ▶ Personal status guarantee <ul style="list-style-type: none"> · Prohibit the imposition of status-related disadvantages or discrimination in working conditions, such as for promotion and transfer, on the reporter · In case the reporter requests transfer, the relevant executive must preferentially handle such request ▶ Exemption from responsibility <ul style="list-style-type: none"> · Voluntary reporters can be exempted from responsibilities considering their degree of corruption, working attitude, and extent of repentance
Handling Process	<ul style="list-style-type: none"> ▶ Report Reception and Verification of Fact: Ethical Management Team ▶ Report and audit <ul style="list-style-type: none"> · Conduct audit following report to the head of the Ethical Management Team ▶ Result processing (request of measures) or case closing (based on situational decision)

※ Chapter 6 of the Ethical Management Principles Practice Guidelines

Ethical Management Education to Employees

To promote employees' awareness of the importance of ethical management, LOTTE rental is conducting activities to prevent unfair and illegal conducts through company-wide notification of audit cases and form clean trade relationships through the Clean365 Center operation. We also provide education on corporate ethics and content of our code of conduct through online and offline channels. This way, LOTTE rental is actively disseminating to employees that ethical management is a key element of corporate competitiveness for sustainable growth.

Education Content and Performance



Ethical Management Education Status (Led by the HR Development Center)

Year	Course	Target Employees	Employees Completing Education	Completion Rate	Period
2019	Dreaming of a world where the basic rules are kept	802	472	59%	6months
2020	LOTTE's promise to itself and the world	805	690	86%	8months
2021	LOTTE Code of Conduct (COC)	844	671	80%	4months
Total		2,451	1,833	75%	

※ LOTTE rental regular workers

Examination Process

For the standardization of inspections on all divisions, LOTTE rental establishes organization and operation-unit inspection plans each year and conducts planned audits. We also conduct audits as necessary in relation to issues raised and reports made all year round. To ensure fair and consistent audit, we standardize the procedures and method of audit through internal audit regulations.

Item	Description
Exam-ination Process	Select examination task <ul style="list-style-type: none"> · Conduct planned audit · Plan audit for organization/operation-unit tasks in advance · Conduct audit as frequently as necessary · Reports and instructions, etc.
	Establish plan/conduct pre-examination <ul style="list-style-type: none"> · Set the scope of personnel input and examination · Collect and analyze data · Identify issues
	Conduct examination <ul style="list-style-type: none"> · Conduct interviews · Verify issues · Identify areas requiring improvement
	Report result <ul style="list-style-type: none"> · Examination result & measures · CEO feedback
	Request improvement <ul style="list-style-type: none"> · Request operational improvement · Request HR-related measures (HR Committee)
	Conduct monitoring <ul style="list-style-type: none"> · Inspect for implementation of measures

LOTTE rental Participating in the Anti-corruption Pledge at the BIS Summit

In March 2022, LOTTE rental participated in the Anti-corruption Pledge at the BIS (Business Integrity Society) Summit 2022. BIS is an anti-corruption project launched by the UN Global Compact (UNGC) Network Korea in 2019 through cooperation with the Korea Sustainability Investing Forum (KoSIF). Launched under the three goals of creating an anti-corruption environment through legal and systematic improvement, strengthening corporate compliance management capacity, and establishing an anti-corruption corporate culture, BIS focuses on promoting corporate integrity improvement and establishing a fair market environment in Korea. Having joined the UNGC, LOTTE rental also participates in the Anti-Corruption Pledge at the BIS Summit not only to form a consensus on compliance and ethical management among employees but also to promote anti-corruption and compliance activities continuously.

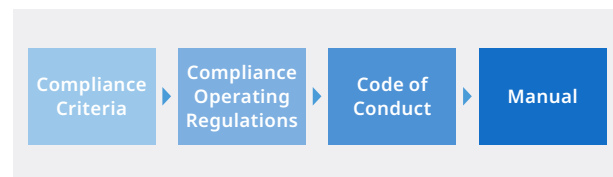


Compliance Management System

LOTTE rental’s compliance management is a series of processes to prepare plans for responding to legal risks and preventing risk recurrence with a goal of minimizing the organization’s structural or accidental exposure to such issues by systematically identifying various laws and regulations that must be followed in business operation and internally inspecting if employees abide by the laws and regulations. For this, we are operating the compliance management system we have established with the following key content: 1) establishment of a team dedicated to compliance management; 2) identification and examination of compliance-related risk areas; 3) operation of a compliance program that employees can understand and follow at all times; 4) compliance education including compulsory education and assessment of educational effect; 5) compliance monitoring and derivation of improvement tasks; and 6) operation of compliance violation reporting system, investigation, sanctions, etc.

Compliance Criteria and Compliance Operating Regulations

To promote fair and transparent operation, achieve sound development, and secure customers’ trust, LOTTE rental is implementing the “compliance criteria” with key content as specified by the relevant laws. Compliance criteria are the highest-level regulation applied to realizing compliance management, based on which we establish the Compliance Operating Regulations, Code of Action, and manuals to suggest detailed guidelines for employees’ compliance management practice.



Compliance Management Organization

With corporate social responsibilities and roles emphasized as of late, domestic and international laws and sanctions are being strengthened as well. In such situation, LOTTE rental is striving to establish a clean and fair business culture by improving voluntary compliance and sense of ethics of all employees on the basis of fair and legal transactions. In addition to establishing the “Compliance Management Team” under the CEO, we appointed a compliance officer with authority to establish and control the compliance criteria independently in order to achieve company-wide compliance-related risk management. Through the compliance officer, we provide compliance education to meet the detailed compliance criteria, conduct monitoring to check periodically the status of compliance with or violation of the criteria, and report the results to the BOD.

Risk Management

Risk Definitions and Management System

In line with various regulatory issues and changes in business environment across the globe, LOTTE rental is systematically analyzing and managing various risks that can occur in the course of management activities in order to secure the basis for sustainable management by minimizing the organization’s structural, systematic, or accidental exposure to the risks and preemptively responding to them. We organized the Risk Management Committee as a supervising organization for the establishment of company-wide risk management policies and strategies as well as the scope, levels, and limits of various risks. For the committee operation, we established the Risk Management Regulations and operating procedures that largely consist of the following: 1) risk recognition and categorization; 2) risk measuring and quantification of the scope and intensity; 3) risk response and periodic monitoring; and 4) risk control considering various circumstances. This way, we are implementing swift and flexible management of individual risks.

Risk Types

Risks related to LOTTE rental’s management activities are largely divided into 1) financial risk, 2) non-financial risk, and 3) IT risk.

- ① Financial risks are divided into credit risk, exchange risk, and liquidity risk.
- ② Non-financial risks are divided into operating risk, regulatory risk, legal risk, and reputation risk. With respect to operating risk in particular, LOTTE rental is strengthening risk management by improving the contract implementation process to minimize the occurrence of the so-called agent risk or agent cost and the resultant misselling stemming from the increased dependence on indirect sales channels such as sales partners (SP), along with transition from the previous offline sales that was based on the structure of direct management to online contactless transactions.
- ③ IT risks refer to information security-related issues, such as extensive outflow of customers’ personal information, contact information, and other business-related information accumulated over a long period—which is the company’s tangible assets—due to external hacking or absence of technical management. As an organization dedicated to IT risk management, the “Information Security Team” has been established under the direct management of the CEO to ensure optimal implementation of physical, administrative, and technical security policies.

Financial Risk

LOTTE rental categorizes risks that can occur in the finance-related fields such as market risk, credit risk, and liquidity risk as financial risks, and implements risk management policies and programs to respond to such risks. As a supervising organization, the Financial Management Team measures, evaluates, and hedges financial risks in addition to establishing related policies through cooperation with other business divisions and individual companies in Korea and abroad.

Exchange Risk

Global marketing activities generate income and expenditure in foreign currencies, and this can give rise to exchange risk. To minimize this risk, LOTTE rental defines exchange risk and manages the risk measuring cycle, management body, and procedures. We have also established the global exchange management system to monitor and manage our exchange risk on a monthly basis.

Credit Risk

For credit risk management, LOTTE rental assesses the financial credit ratings of customers and trade partners on a regular basis by considering their financial situations, past experiences, and other elements and sets and manages credit limits. In addition, to reduce the credit risk that can stem from transactions with financial institutes, we transact only with financial institutes with high international credit ratings under the approval, management, and supervision of the Financial Management Team.

Liquidity Risk

LOTTE rental's business characteristically involves large-scale investments. Therefore, it is important for us to maintain an appropriate liquidity level by periodically predicting funding need, measuring the necessary cash level, and managing financial balance management while keeping liquidity risk to a minimum through performance management in comparison to the plan. We are also managing large-scale facility investments through linkage to our internal reserves or long-term borrowings.

Non-financial Risk

In addition to financial risks that can occur in the course of business operation, LOTTE rental categorizes compliance, human rights, accident, and environment-related risks as non-financial risks and manages them through each organization with the relevant functions.

Compliance Risk

LOTTE rental strictly manages compliance risk in order to prevent employees' violation of law and regulations. The compliance officer appointed through the BOD plays the role of providing compliance education, inspecting the compliance criteria implementation, and promoting the necessary improvements and corrections.

Compliance Risk

LOTTE rental systematically identifies the laws and regulations applicable to the company management and business operations, etc., based on which we set the following risk management areas: 1) anti-corruption, 2) fair trade, 3) information protection (personal information/trade secrets), 4) marketing and sales policies, 5) employment and labor (prohibition of unfair treatment and discrimination), 6) occupational safety and environment, 7) consumer protection, and 8) internal accounting management and money laundering prevention. Then, we categorize the issues into A (Red Zone), B (Yellow Zone), and C (Green Zone) groups by considering the ① risk of violation of the laws and regulations (if a large number of regulatory laws and regulations are applicable, if the degree of intervention by the supervisory authority is high, if the risk of violation exists only among limited members) and ② impact on the company (if the level of sanctions imposed by the supervisory authorities for violation is high, if the reputation risk is higher according to the level of social interest, etc., or if the risk will last over a long period) and perform differentiated risk assessment and management according to the grade.

Risk Response

LOTTE rental has established response plans for the individually recognized and measured risks by referring to the following. We have also developed operation processing guidelines and provided education to employees in order to improve continuously on the structural risks that can recur and minimize accidental risks.

- ① Avoidance: To give up on a specific business or process that can cause greater risk
- ② Mitigation: To decide the measuring method by risk type and prepare control criteria and procedures
- ③ Transfer: To seek ways to transfer or hand over risk, such as through insurance coverage
- ④ Acceptance: To verify periodically the scope and impact of risk as well as the period during which the risk yields an impact and decide whether or not to accept the risk considering the cost of risk control
- ⑤ Removal: To remove swiftly the fundamental cause of risk, if possible

Risk Management by the BOD

LOTTE rental is preemptively responding to various risks that occur in the course of business operation through the BOD and its subcommittees. The Management Committee carries out overall management and supervision of business administration, and the Audit Committee reviews the operating status of the internal accounting management system. In addition, finance-related risks are managed by a division set up under the supervision of the Audit Committee.

Risk Monitoring System

Category	Education	Inspection	Report
Anti-corruption	·Education on Improper Solicitation and Graft Act ·Collection of compliance pledge	·Field inspection and audit in sales division ·Security inspection at the head office	·Report to the CEO
Personal information protection	·Education on personal information protection	·Company-wide security inspection ·Inspection in seven key business establishments (Anseong, Busan, Jeju, etc.)	·Report to the Head of the Safety Management Division
Occupational safety	·Education on occupational safety	·Inspection in rented establishments	·Risk Improvement

Risk Improvement

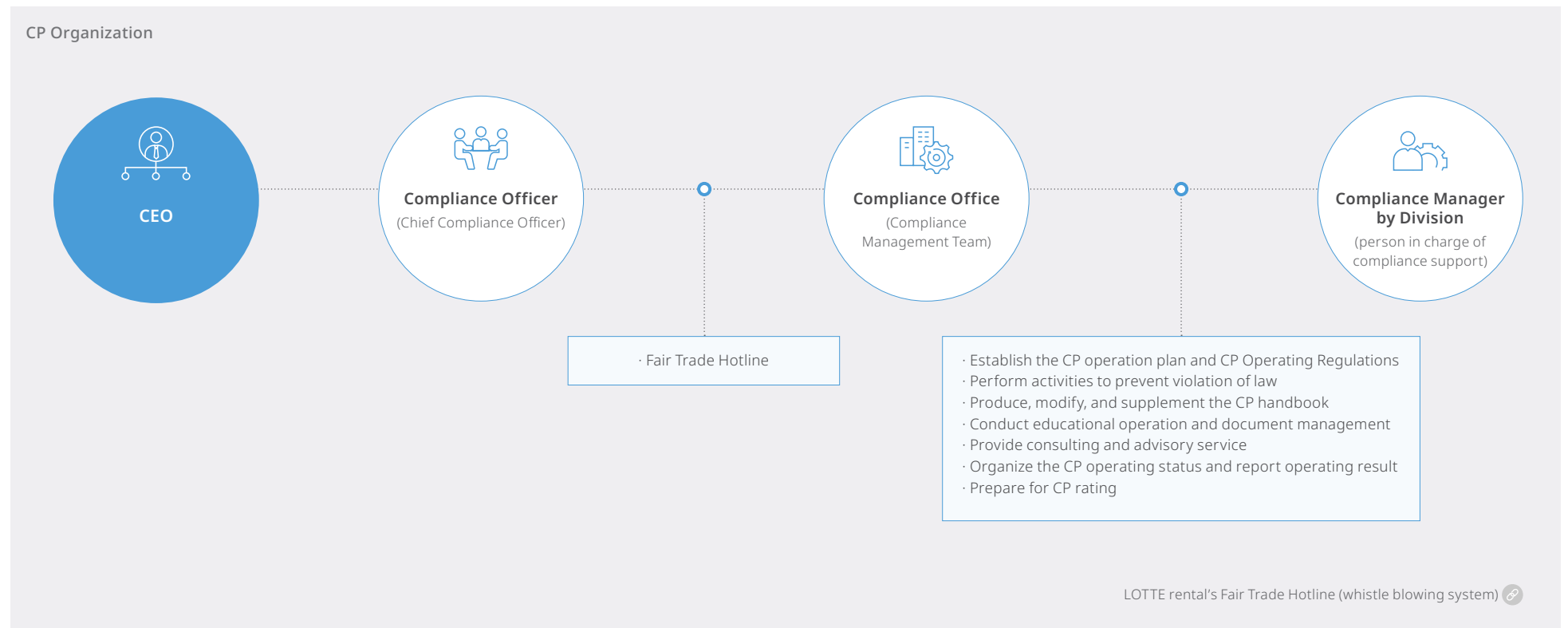
LOTTE rental recently received risk assessment on major areas of risk through professional consulting by an external agency. Based on the assessment result, we derived short and long-term improvement items for rational risk control and management. The following are the details of improvement to be promoted:

- 1 With respect to LOTTE rental's business operation, we improved related processes by opening an indirect sales channel through sales partners (SP) in addition to direct management. Doing so allowed us to minimize the elements causing agent risk or agent cost, such as misselling and fraud. In addition, by inspecting the standard SP contract, we corrected the unfair transfer of some of the company's business risks to agents.
- 2 With respect to information protection, we updated the physical, administrative, and technical management guidelines to be conforming to the current statutes and also standardized various contents and confirmation forms.
- 3 In terms of anti-corruption, we established an operation manual for compliance with the Improper Solicitation and Graft Act and the Public Interest Whistleblower Protection Act. We are also operating the necessary procedures for whistleblower protection.
- 4 Moreover, LOTTE rental resolved discriminatory elements for temporary workers in relation to employee welfare and supplemented the procedures for the employment of experienced workers in order to prevent technological defrauding by competitors and to protect the company's trade secrets.

Compliance Program: C

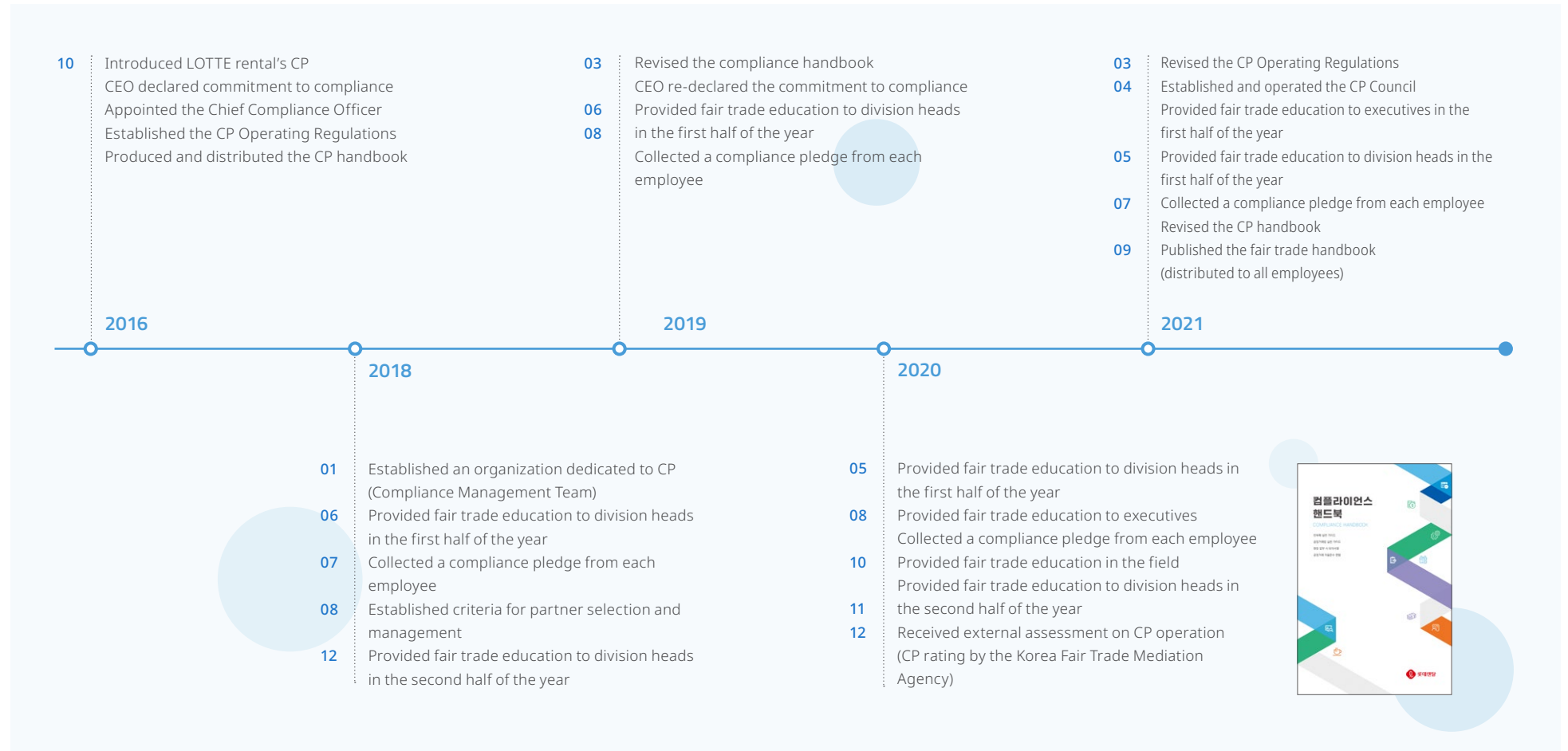
The Compliance Program (CP) is aimed at improving LOTTE rental employees' voluntary compliance with the law and sense of ethics and preventing risks associated with the violation of various regulations by prescribing detailed standards of conduct to comply with related laws and code of ethics. The ultimate goal of CP is to ensure permanence of the trust we win from our shareholders, customers, employees, business partners, and society. The CP we are currently implementing largely consists of the following: 1) accurate identification of risk areas as specified by the law and regulations; 2) establishment and periodic update of regulations, manuals, checklists, and guidelines to minimize potential risks; 3) education for and collection of pledge from all members of the company to comply with the law, company rules, and guidance; 4) monitoring and self-inspection on compliance with and implementation of the compliance criteria established by the company; 5) operation of a reporting channel and guaranteeing of protection of whistleblowers in preparation for a case wherein compliance violation is suspected or detected; 6) strict sanctions on violations through swift investigation based on monitoring and report; and 7) development of improvement plans to prevent the recurrence of violation, report on the implementation of plans, etc.

LOTTE rental's Compliance Program 



Operating Status of the Fair Trade Compliance Program

LOTTE rental's CP is operated with the "establishment of fair order of competition in the market" as the highest priority. In October 2016, we introduced the CP by referring to the success cases of other companies and laid the foundation for CP operation, such as appointment of a CP officer, establishment of CP Operating Regulations, and production of CP handbook. Since then, we have been periodically updating the regulations and providing education. In 2020, we underwent CP rating assessment by the Korea Fair Trade Mediation Agency in relation to our CP operating performance. This way, LOTTE rental is striving to ensure continuous improvement of CP operation.

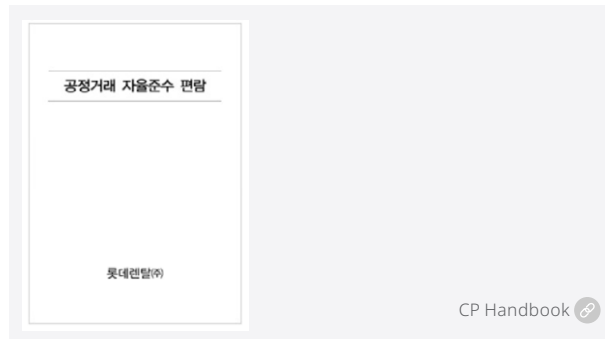


Compliance Program Operating Regulations

Separately from the “Compliance Control Criteria,” LOTTE rental’s “CP Operating Regulations” prescribe the basic criteria and procedures to be followed for compliance with fair trade-related laws with the goal of ensuring that the company as a market participant prevents regulatory risks, such as unfair trade that limits competition or illegal support through internal transactions prohibited by law, in its business execution. To achieve this goal, the CEO announced the CP introduction and the company’s commitment to CP operation on the website. In addition, a CP officer was appointed with independent authority and support for the CP operation guaranteed in order to improve the effectiveness of CP operation. LOTTE rental’s CP Operating Regulations consist of the following: 1) preparation and implementation of CP criteria and procedures; 2) CEO’s commitment to and support for CP; 3) CP officer support; 4) production and use of CP handbook; 5) continuous and systematic CP education; 6) establishment of internal monitoring system; 7) sanctions on employees violating fair trade-related law; and 8) effectiveness assessment and measures for improvement. These fully reflect the “eight elements of CP” proposed by the Korea Fair Trade Mediation Agency as an external assessment agency.

CP Handbook

The “CP Handbook” provides comprehensive and detailed guidance to aid in employees’ understanding of the CP and internalize compliance awareness by providing the CP operating criteria and procedures, explanations about the compulsory and prohibited conducts based on case studies, series of CP-related checklists, etc. While introducing the fair trade system to promote free and fair competition and protect consumer sovereignty, this handbook includes the updated content of the Monopoly Regulation and Fair Trade Act, Act on the Regulation of Terms and Conditions, Act on Fair Labeling and Advertising, and Act on Consumer Protection in Electronic Commerce. In particular, it describes in detail the types of illegal transactions and methods for preventing unfair joint actions (price fixing cartel formation) by referring to various notices of the Fair Trade Commission.



Compliance Handbook Publication

In September 2021, LOTTE rental published the “Compliance Handbook.” The handbook includes the following: 1) guidance for anti-corruption practices; 2) guidance on the implementation of the Monopoly Regulation and Fair Trade Act; 3) precautions for operation in the field; and 4) key content of the CP handbook. Containing the application scope of and regulatory criteria set by the law, principles and exceptions, FAQs by case, and various procedures and checklists, this handbook provided the momentum to internalize compliance activities and improve understanding and use of key guidelines by all employees.

Compliance Program 2022

Centering on the “prohibition of information exchange and collusion between business operators,” which has been raised as the biggest issue under the Monopoly Regulation and Fair Trade Act that was fully amended for the first time in decades, LOTTE rental plans to establish a set of guidelines by referring to the Guidelines for Review of Unfair Trade Practices announced by the Fair Trade Commission and provide practical education to aid in employees’ understanding. In addition, as we are undergoing a transition in our sales practice from the existing offline to online channels including web and app-based service platforms, we plan to inspect and improve on areas that run counter to the Act on Consumer Protection in Electronic Commerce.

ESG FACTBOOK

As Korea's leading general rental service provider, LOTTE rental proposes a new consumption paradigm to "create a better life." With our expertise in rental business accumulated for over 30 years since our establishment in 1986 and Korea's No. 1 brand power, we provide new customer experiences and solutions beyond purchasing and owning to promote rational consumption.

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ESG Materiality Assessment

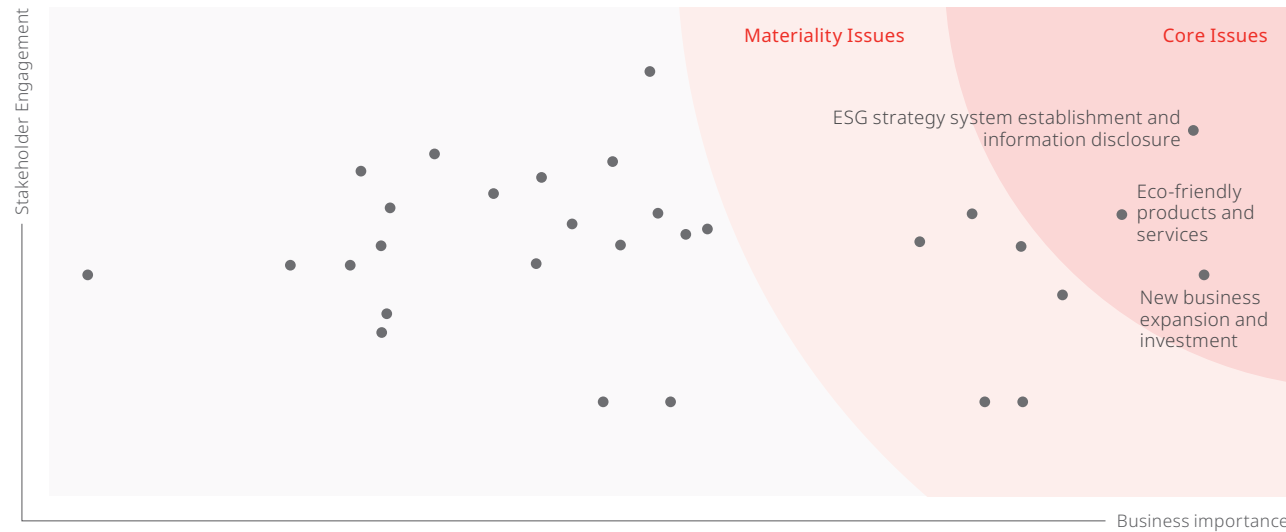
Mid- to Long-term Risk Response Strategies

LOTTE rental conducted an ESG materiality assessment in order to gain insight into the future trend as well as risks and opportunities of the mobility and rental business. In 2021, we derived ESG keywords by analyzing our internal and external environments and selected ten materiality issues based on the keywords. The top three materiality issues(Core Issues) derived from materiality assessment are reported in detail to share them with stakeholders.







Materiality Assessment Procedure

	1. Issue pooling	<ul style="list-style-type: none"> Organize a pool of issues by combining external keywords derived from global sustainability guidelines and industry benchmarking, keywords exposed to the media in relation to LOTTE rental's sustainable management activities over the last year, stakeholder survey result, etc. Derive 57 sustainability issues from the pool of issues considering the importance and management level of the issues, etc.
	2. Stakeholder engagement (external environment analysis)	<ul style="list-style-type: none"> Industry benchmarking Analyze intensively managed topics in the sustainability reports of five domestic and overseas competitors Media research Divide 997 sustainable management-related articles of LOTTE rental between January 2020 and January 2022 into economic, environmental, social, and governance categories as well as into positive, negative, and neutral issues and list the major issues Analysis of international standards Closely review the reporting requirements of related international standards, such as DJSI, ISO 26000, UN SDGs, SASB, and TCFD as well as GRI Standards as the sustainability report guidelines Stakeholder survey Collect the opinions of employees, customers, shareholders, investors, etc. about LOTTE rental's sustainable management performance and sustainability strategies
	3. Impact on business (internal environment analysis)	<ul style="list-style-type: none"> Assess the impact of the sustainable management-related topics on LOTTE rental's business by interviewing the relevant divisions and analyzing internal management data, etc.
	4. Prioritization and selection of materiality issues	<ul style="list-style-type: none"> Organize the materiality assessment matrix according to the levels of stakeholder engagement and business impact Select ten materiality issues to be included preferentially in the sustainability report
	5. Effectiveness review	<ul style="list-style-type: none"> Verify the effectiveness of the selected materiality issues through a report to the management

Materiality Assessment Result



ESG Materiality Issues

E Environment	 Expand the eco-friendly infrastructure and establish the operating system	 Manage GHG emissions	
	 Eco-friendly products and services	 New business expansion and investment	 Manage corporate data and customers' personal information
S Social	 Strategic social contribution activities	 Develop customized products and services	 Fair performance assessment system
	G Governance	 Establish the ESG strategy system and disclose information	 Comply with ESG initiatives

Materiality Issues and Reporting Boundaries

Category	ESG Materiality Issues	Impact of ESG Initiatives							Stakeholder Engagement					Page	
		GRI	DJSI	ISO 26000	UN SDGs	SASB	TCFD	CDP	Competitor benchmarking	Media research	International standards	External stakeholder survey	Materiality by Issue		Issue Management Level
Governance	Establish the ESG strategy system and disclose information	●		●					●●●	●●○	○○●	●●●	●●●	●●●	25
Social	Eco-friendly products and services	●	●						●●●	●●○	●○○	●●●	●●●	●●●	27
General Management	New business expansion and investment								●●●	●●●	○○○	●●●	●●●	●●○	30
Social	Manage corporate data and customers' personal information	●	●						●●●	○○○	●○○	●○○	●●●	●●●	47-49
Social	Strategic social contribution activities	●	●	●					●●●	●●●	●●○	●●●	●●●	●●●	53-57, 80
Social	Develop customized products and services	●	●		●	●			●●●	●●○	●●●	●●●	●●●	●●●	12, 17, 20, 28
Social	Fair performance assessment system	●	●	●	●				●●●	●●○	●●●	●●●	●●●	●●○	46, 79
Environmental	Expand the eco-friendly infrastructure and establish the operating system								●●●	●●○	●●○	○○○	●●●	●●○	6, 7, 19, 24, 27, 35, 36
Governance	Comply with ESG initiatives	●	●	●	●				●●●	●●○	○○○	●●○	●●●	●●○	7, 14, 15, 35, 64
Environmental	Manage GHG emissions	●	●	●			●	●	●●●	●○○	●○○	●●●	●●●	●●○	75

ESG DATA

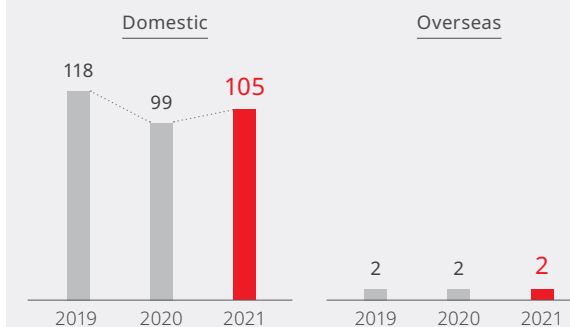
General Management

Classification		Unit	2019	2020	2021
Financial Status					
Consolidated	Operating Income	KRW million	2,050,597	2,252,073	2,422,659
	Operating Profit	KRW million	125,918	159,949	245,495
	Net Profit	KRW million	28,848	41,514	113,578
	Total Liabilities	KRW million	4,693,798	4,643,014	4,887,671
	Total Assets	KRW million	5,362,046	5,349,384	6,125,008
Separate	Operating Income	KRW million	1,872,767	2,075,912	2,235,938
	Operating Profit	KRW million	105,462	145,336	217,708
	Net Profit	KRW million	12,969	20,007	94,683
	Total Liabilities	KRW million	3,944,719	4,082,788	4,307,888
	Total Assets	KRW million	4,470,997	4,627,440	5,362,632
Credit Rating			AA-(NEGATIVE)	AA-(NEGATIVE)	AA-(STABLE)

Classification		Unit	2019	2020	2021
BOD Status					
BOD Organization	Subtotal	Persons	7	7	7
	Executive Directors	Persons	5	5	2
	Outside Directors	Persons	2	2	4
	Other Non-executive Directors	Persons			1
	Female Directors	Persons			1
	Ratio of Outside Directors	%	29	29	67
BOD Operation	Ratio of Female Directors	%	0	0	17
	Items on the Agenda	Number	70	79	88
	Average Attendance	%	92.8	95.2	94.2
	Average Term of Service	years	1.3	1.4	0.9

* as of Mar. 23, 2022, the date of the 17th general shareholders' meeting

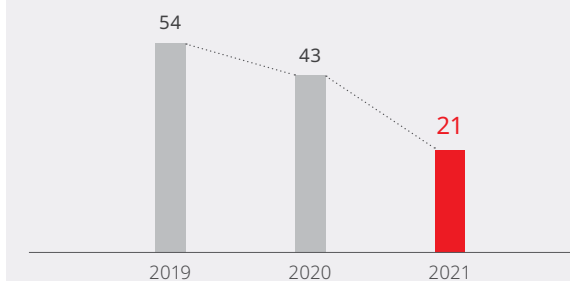
Number of Business Establishments



1. As of year-end

Director Remuneration (Unit: %)

Ratio of Amount Paid to Upper-Limit Remuneration²



2. Calculation Method: (Total amount of remuneration paid/amount approved at the general shareholders' meeting in relation to upper-limit remuneration)*100

Classification		Unit	2019	2020	2021
Stakeholder Distribution Status					
Stakeholder Distribution	Employees ³	KRW million	82,749	84,790	90,316
	Partners ⁴	KRW million	942,671	1,007,834	1,012,951
	Shareholders/Investors ⁵	KRW million	2,118	3,531	32,970
	Government ⁶	KRW million	10,187	16,130	36,836
	Local Community ⁷	KRW million	73	94	101

- 3. Wages, bonuses, retirement allowances, welfare benefits (based on consolidated financial statements)
- 4. Use of goods and raw materials (material cost), outsourcing cost, consumables, commissions paid, depreciation expenses, advertising expenses (based on business report)
- 5. Annual dividends and interim dividends (based on consolidated financial statements)
- 6. Income tax expenses (based on consolidated financial statements)
- 7. Donations as of year-end

Environmental

Classification		Unit	2019	2020	2021
Energy Consumption⁸					
Direct Energy Consumption ⁹		GJ	753	735	793
Indirect Energy Consumption ¹⁰		GJ	56,602	61,250	74,146

Water Use ¹¹		Unit	2019	2020	2021
Total		T	63,427	59,336	69,545

GHG Emissions ¹²		Unit	2019	2020	2021
Total		tCO ₂ eq	2,744	3,018	3,595
Direct GHG Emissions		tCO ₂ eq	44	43	47
Indirect GHG Emissions		tCO ₂ eq	2,700	2,975	3,548
GHG Emission Intensity ¹³		tCO ₂ eq/KRW billion	1.34	1.34	1.48

Waste Discharge ¹⁴		Unit	2019	2020	2021
Total		T	0.60	0.56	0.58

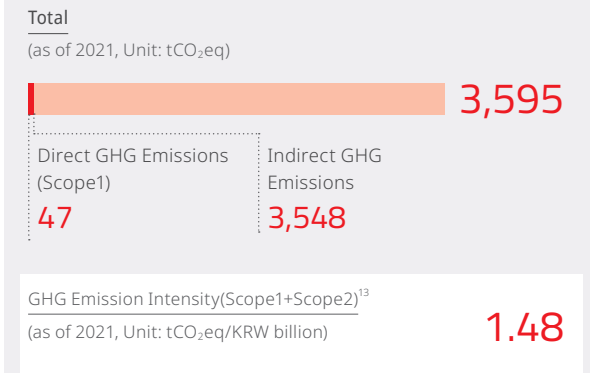
- 8. All business establishments in Korea (approx. 100 including the head office in Seoul consisting of eight floors and head office in Anyang with two floors)
- 9. Base of Calculation: Total consumption of direct energy sources (Direct Energy Sources: Natural gas, gasoline, diesel, kerosene, others)
- 10. Base of Calculation: Total consumption of indirect energy sources (Indirect Energy Sources: Electric power, steam, city gas, others)
- 11. Jan. 1 - Dec. 31 of the relevant year
- 12. All business establishments in Korea including subsidiaries (approx. 100 including the head office in Seoul consisting of eight floors and head office in Anyang with two floors)
- 13. Base of Calculation: Total GHG emissions (Scope1 + Scope2) ÷ sales
- 14. Based on waste oil discharge by LOTTE auto care

Stakeholder Distribution (as of 2021, Unit: KRW million)



- 3. Wages, bonuses, retirement allowances, welfare benefits (based on consolidated financial statements)
- 4. Use of goods and raw materials (material cost), outsourcing cost, consumables, commissions paid, depreciation expenses, advertising expenses (based on business report)
- 5. Annual dividends and interim dividends (based on consolidated financial statements)
- 6. Income tax expenses (based on consolidated financial statements)
- 7. Donations as of year-end

GHG Emissions¹²



- 12. All business establishments in Korea including subsidiaries (approx. 100 including the head office in Seoul consisting of eight floors and head office in Anyang with two floors)
- 13. Base of Calculation: Total GHG emissions (Scope1 + Scope2) ÷ sales

Social¹⁵

Classification	Unit	2019	2020	2021	
Employee Status					
Number of Employees	Total (including overseas and invested companies) ¹⁶	Persons	2,335	2,206	2,247
	Total (domestic business establishments) ¹⁷	Persons	2,243	2,145	2,177
By Region ¹⁸	Subtotal	Persons	1,965	1,877	1,854
	Domestic Workers	Persons	1,955	1,869	1,847
	Overseas Workers	Persons	10	8	7
By Gender	Subtotal	Persons	1,965	1,877	1,854
	Male	Persons	1,526	1,462	1,427
	Female	Persons	439	415	427
By Age Group	Subtotal	Persons	1,965	1,877	1,854
	Less than 30 years of age	Persons	722	579	509
	30 years of age – 50 years of age	Persons	1,178	1,226	1,265
	Over 50 years of age	Persons	65	72	80
By Contract Type	Subtotal	Persons	1,965	1,877	1,854
	Regular Workers	Persons	1,425	1,469	1,496
	Temporary Workers (irregular workers)	Persons	540	408	358
New Recruitments (domestic business establishments including subsidiaries)	Regular Workers	Persons	126	100	126
	Temporary Workers	Persons	415	206	282
Turnovers ¹⁹	Employee Turnover	Persons	374	247	309
	Regular Employee Turnover	Persons	101	91	167
	Turnover Rate ²⁰	%	19	13	17
	Regular Employee Turnover Rate ²¹	%	7	6	11
Retirements	Number of Regular Workers Who Retired ²²	Persons	106	95	183
	Number of Temporary Workers Who Retired ²³	Persons	379	272	249
	Retirement Rate ²⁷	%	7	7	12

15. The denominator for calculating employee ratio is the sum of subtotals by region (executives, regular workers, irregular workers, dispatch workers)

16. As of end of December of the relevant year (executives, regular workers, irregular workers, dispatch workers, part-time workers, contract workers, local workers, locally employed workers)

17. As of end of December of the relevant year (excluding local workers and locally employed workers)

18. As of end of December of the relevant year (excluding part-time, contract, local, and locally employed workers)

19. As of end of December of the relevant year (excluding regular retirement, disciplinary dismissal, and voluntary retirement, based on voluntary turnover)

20. Calculation Method: Total number of turnovers ÷ total number of employees (excluding part-time, contract, local, and locally employed workers)

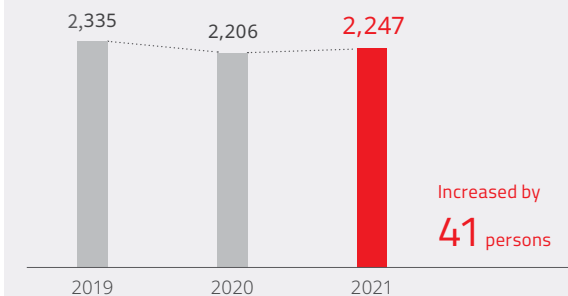
21. Calculation Method: Number of regular worker turnovers ÷ total number of regular workers (excluding local workers and locally employed workers)

22. Total number of retired workers (including involuntary retirement, excluding local workers and locally employed workers)

23. Excluding part-time and contract workers

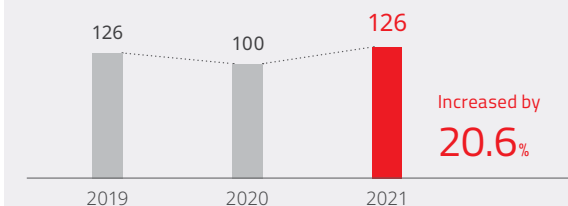
24. Calculation Method: Total number of regular workers retired ÷ total number of regular workers (excluding local workers and locally employed workers)

Number of Employees¹⁶ (Unit: Persons)



16. As of end of December of the relevant year (executives, regular workers, irregular workers, dispatch workers, part-time workers, contract workers, local workers, locally employed workers)

Regular Workers (Unit: Persons)



Classification		Unit	2019	2020	2021
Diversity of Domestic Employees					
Diversity	Employees with Disabilities	Persons	30	22	16
Indicators	Ratio of Employees with Disabilities ²⁵	%	1.5	1.2	0.9
	Female Position Holders ²⁶	Persons	27	37	41
	Ratio of Female Position Holders	Persons	1.4	2.0	2.2
	Female Managers ²⁷	Persons	42	45	51
	Ratio of Female Managers	%	2.1	2.4	2.8

Employee Satisfaction					
Satisfaction Rate		%	94	93	95

Employee Remuneration Status²⁸					
Employee Remuneration (basic salary) ²⁹	Male Average	KRW	41,188,712	38,786,863	42,103,392
	Executives	KRW	208,926,618	181,224,142	192,119,795
	Employees	KRW	38,284,160	36,475,147	39,417,677
	Female Average	KRW	28,671,233	30,142,859	30,769,977
	Executives	KRW	-	-	-
	Employees	KRW	28,671,233	30,142,859	30,769,977
Remuneration of Administrative Positions (basic salary) ³⁰	Male Average	KRW	55,140,735	56,263,519	58,733,914
	Female Average	KRW	45,249,753	49,092,727	53,641,188
Ratio of Male to Female Basic Salaries		%	70	78	73

25. Calculation Method: Number of employees with disabilities ÷ total number of employees (including subsidiaries)

26. Female employees holding positions, such as team leaders and heads of sales offices, including subsidiaries

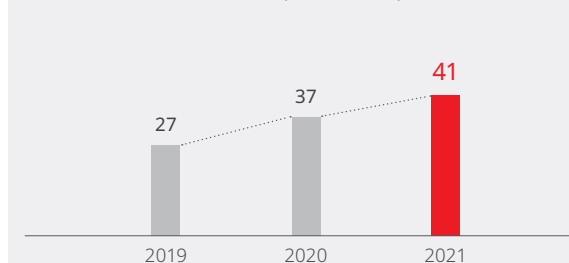
27. Female employees in position M or higher, including subsidiaries

28. Actually paid amount as of end of December of the relevant year (based on domestic business establishments)

29. Based on incumbent employees (excluding adviser and outside directors)

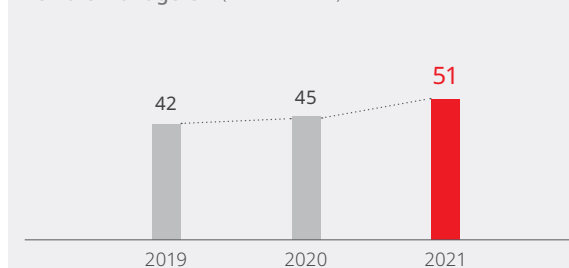
30. Employees in position M or higher

Female Position Holders²⁶ (Unit: Persons)



26. Female employees holding positions, such as team leaders and heads of sales offices, including subsidiaries

Female Managers²⁷ (Unit: Persons)



27. Female employees in position M or higher, including subsidiaries

Classification		Unit	2019	2020	2021
Childcare Leave³¹					
Number of Domestic Employees Taking Childcare Leave	Subtotal	Persons	84	95	97
	Male	Persons	44	56	66
	Female	Persons	40	39	31
Rate of Return of Domestic Employees after Childcare Leave	Subtotal	%	95	94	90
	Male	%	98	98	91
	Female	%	87	89	89
Number of Domestic Employees Returning after Childcare Leave	Subtotal	Persons	53	66	57
	Male	Persons	40	42	49
	Female	Persons	13	24	8
Number of Employees Serving for 12 Months or More After Return from Childcare Leave	Subtotal	Persons	41	45	58
	Male	Persons	26	35	39
	Female	Persons	15	10	19
Number of Employees Taking Childbirth Leave	Subtotal	Persons	85	97	100
	Male	Persons	69	78	80
	Female	Persons	16	19	20

Employee Education ³²			2019	2020	2021
Education Hours	Total	Hours	32,960	16,093	19,197
Education Cost per Person ³³		KRW million	1.2	1.0	1.1
Annual Average Education Hours per Person ³⁴		Hours	39.0	18.8	22.0
Ethical Management Education	Education Provided	Sessions	1	1	1
	Number of Persons Completing Education	Persons	472	690	671
	Ratio of Persons Completing Education	%	59	86	80
Annual Participations in Education ³⁵		Cases	11,406	10,104	16,006

31. Including subsidiaries

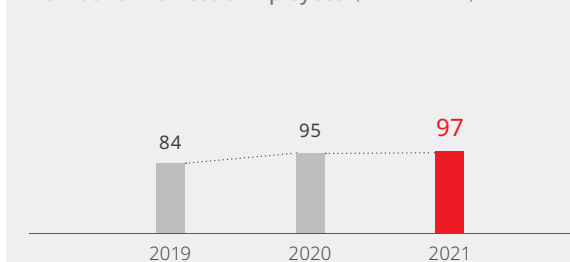
32. Online/offline education hours based on domestic business establishments in the relevant year

33. Base of Calculation: Annual average education cost per person = Education performance (company-wide education and training expenses) ÷ number of regular employees

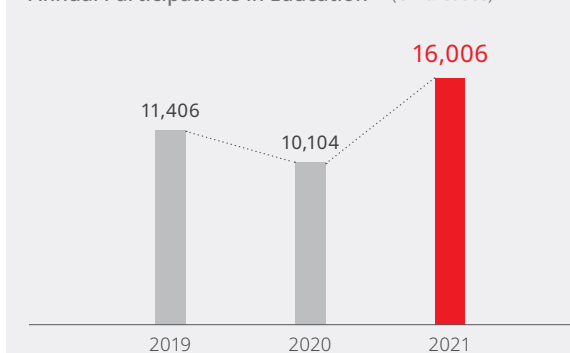
34. Base of Calculation: Total hours of education by type (hours of individual courses x number of participants) ÷ number of regular workers, total education hours including internal and external courses

35. Base of Calculation: Total number of persons participating in online and offline educational courses (based on regular workers of LOTTE rental)

Number of Domestic Employees (Unit: Persons)



Annual Participations in Education³⁵ (Unit: Cases)



35. Base of Calculation: Total number of persons participating in online and offline educational courses (based on regular workers of LOTTE rental)

Classification	Unit	2019	2020	2021	
Employees Undergoing Regular Performance Assessment					
Number of Employees	Persons	1,478	1,643	1,547	
Ratio of Employees	%	75	88	83	
Retirement Pension					
Retirement Pension Management Amount	DB Type (consolidated)	KRW million	41,151	47,095	54,418
	DC Type (separate)	KRW million	159	189	210
Labor - Management Relationship					
Labor - Management Relationship Advancement	Number of Employees Eligible to Join the Labor Union	Persons	833	844	864
	Number of Labor Union Members	Persons	558	555	533
	Labor Union Membership Ratio	%	67	66	62
Result of Customer Satisfaction Survey					
Customer Satisfaction ³⁶	Overall, Long-term	Points	91.0	91.4	91.4
	Overall, Short-term	Points	96.0	95.8	96.4
	Coverage, Long-term	Points	23.6	46.4	54.5
	Coverage, Short-term	Points	25.3	43.9	41.0
	Customer Satisfaction Surveys Conducted ³⁷	Points	8	10	11
	External Customer Satisfaction Awards Won ³⁸	Points	3	3	3
Security Practice					
Number of Security Personnel ³⁹	Rating	174	169	174	
Fair Trade Agreement Assessment	Rating		B		
Consultative Meetings with Partners	Meetings	12	13	25	

36. Mobile satisfaction survey target [Time of Survey: Long-term (after contract)/Short-term (after vehicle return)]

37. Mobile satisfaction, CSI

38. KS-SQI, NCSI, KCSI

39. Based on domestic business establishments, personnel handling internal crime prevention and security of buildings, etc.

Customer Satisfaction³⁶ (Unit: Points)

Overall, Long-term

2019	2020	2021
91.0	91.4	91.4

Overall, Short-term

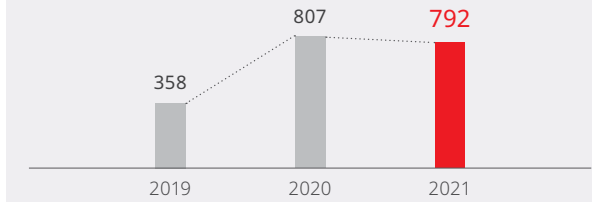
2019	2020	2021
96.0	95.8	96.4

36. Mobile satisfaction survey target [Time of Survey: Long-term (after contract)/Short-term (after vehicle return)]

Classification	Unit	2019	2020	2021	
Social Contribution Activities					
Employees' Volunteer Service	Total Service Hours	Hours	1,914	3,694	1,874
	Participants	Persons	358	807	792
	Service Hours per Person	Hours	5.3	4.6	2.4
Social Contribution Program	Beneficiaries	Persons		1,693	1,938
	Total Cost	KRW million	73	94	101
	Cumulative Participants	Persons	358	807	792
Donations	Company Donations	KRW million	1,186	1,132	1,300
	Employees' Donations	KRW million	26	31	25
Social Contribution Team Budget	Pure Budget	KRW million	103	121	143
1) Employees' Hands-on Volunteer Service	Beneficiaries	Persons		798	792
	Cost	KRW million		20	20
2) Eco-friendly Donation Driving Campaign	Beneficiaries	Persons	12	20	20
	Cost	KRW million	30	50	50
3) Employees' Love Fund	Participants	Persons	345	339	314
	Cost	KRW million	26	31	25
4) Happy Companion	Participants	Persons	26		
	Cost	KRW million	13		
5) Regular Volunteer Service at Facilities for Children with Disabilities	Participants	Persons	278		
	Cost	KRW million	3		
6) Sharing Forest	Participants	Persons	95		
	Cost	KRW million	4		

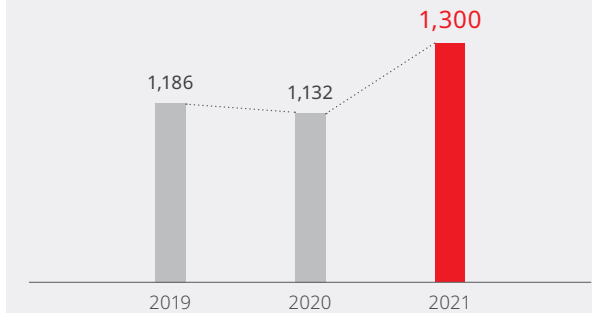
Employees' Volunteer Service (Unit: Persons)

Participants



Donations (Unit: KRW million)

Company Donations



Consolidated Financial Statements

Period 15: As of Dec. 31, 2019
 Period 16: As of Dec. 31, 2020
 Period 17: As of Dec. 31, 2021

Particulars	Unit	Period 15	Period 16	Period 17
Assets				
Current assets	KRW	950,006,453,525	826,915,497,654	969,909,893,225
Cash and cash equivalents	KRW	212,412,778,160	120,223,094,303	146,904,353,891
Trade and other receivables	KRW	225,585,547,731	209,709,655,393	205,054,465,326
Loans	KRW	117,891,591,744	115,696,937,889	93,887,532,523
Lease receivables	KRW	90,856,135,485	59,783,902,251	74,707,594,330
Other financial assets	KRW	186,082,693,660	179,006,956,317	294,646,337,091
Inventories	KRW	25,606,670,808	41,279,518,980	27,039,403,252
Other current assets	KRW	91,571,035,937	101,215,432,521	127,670,206,812
Noncurrent assets	KRW	4,412,039,504,186	4,522,468,872,734	5,155,097,762,880
Noncurrent trade and other receivables	KRW	25,416,402,782	36,702,762,151	60,206,502,740
Noncurrent loans	KRW	246,562,093,060	188,303,283,691	198,089,532,267
Noncurrent lease receivables	KRW	111,889,022,368	100,866,425,530	82,502,088,738
Other noncurrent financial assets	KRW	7,039,179,983	35,196,104,463	63,230,862,957
Tangible assets	KRW	3,807,950,635,642	3,965,499,285,094	4,514,232,798,331
Right-of-use assets	KRW	164,097,146,124	144,076,136,895	166,428,905,025
Intangible assets	KRW	27,087,845,458	25,580,405,843	31,369,986,319
Investments in subsidiaries and associates	KRW			2,322,461,919
Defined benefit assets	KRW	5,399,308,339	8,762,682,013	11,526,173,012
Other noncurrent assets	KRW	1,040,481,830		7,166,338,610
Deferred tax assets	KRW	15,557,388,600	17,481,787,054	18,022,112,962
Total assets	KRW	5,362,045,957,711	5,349,384,370,388	6,125,007,656,105

Particulars	Unit	Period 15	Period 16	Period 17
Liabilities				
Current liabilities	KRW	2,138,616,012,388	2,075,940,214,114	2,213,327,974,919
Trade and other payables	KRW	126,482,922,290	113,927,757,470	376,256,004,233
Borrowings and bonds	KRW	1,739,500,438,122	1,672,640,684,830	1,509,374,910,369
Lease liabilities	KRW	73,145,935,337	74,835,353,742	62,302,003,756
Other financial liabilities	KRW	109,298,959,416	109,631,751,287	119,657,186,596
Current tax liabilities	KRW	8,032,067,882	14,284,404,513	29,233,958,899
Unearned revenues	KRW	56,102,309,908	62,584,417,280	79,860,310,120
Other current liabilities	KRW	26,053,379,433	28,035,844,992	36,643,600,946
Noncurrent liabilities	KRW	2,555,182,302,145	2,567,073,795,751	2,674,343,270,008
Long-term borrowings and bonds	KRW	2,079,327,696,193	2,113,343,373,858	2,058,335,428,121
Noncurrent lease liabilities	KRW	94,701,510,321	72,404,463,591	107,162,882,564
Other noncurrent financial liabilities	KRW	275,452,983,964	278,001,975,479	325,402,170,793
Deferred tax liabilities	KRW	2,878,656,193	2,424,385,309	2,889,960,765
Noncurrent unearned revenues	KRW	100,927,549,117	98,609,130,321	178,153,463,027
Net defined benefit liabilities and other long-term salaries and wages payable	KRW	1,893,906,357	2,290,467,193	2,399,364,738
Total liabilities	KRW	4,693,798,314,533	4,643,014,009,865	4,887,671,244,927
Equity				
Net income attributable to controlling interests	KRW	661,727,355,743	704,121,506,603	1,229,340,093,341
Capital	KRW	58,846,000,000	58,846,000,000	183,170,315,000
Paid-in capital in excess of par value	KRW	373,960,602,582	373,960,602,582	670,076,339,213
Accumulated other comprehensive income	KRW	(1,567,924,977)	(3,903,622,203)	(11,107,756,473)
Retained earnings	KRW	230,488,678,138	275,218,526,224	387,201,195,601
Non-controlling interests	KRW	6,520,287,435	2,248,853,920	7,996,317,837
Total equity	KRW	668,247,643,178	706,370,360,523	1,237,336,411,178
Total liabilities and equity	KRW	5,362,045,957,711	5,349,384,370,388	6,125,007,656,105

Consolidated Income Statement

Period 15: From Jan. 1, 2019 to Dec. 31, 2019
 Period 16: From Jan. 1, 2020 to Dec. 31, 2020
 Period 17: From Jan. 1, 2021 to Dec. 31, 2021

Particulars	Unit	Period 15	Period 16	Period 17
Operating revenues	KRW	2,050,596,654,826	2,252,072,787,844	2,422,658,838,497
Rentals and other revenues	KRW	1,996,521,621,308	2,205,003,200,566	2,382,579,583,857
Interest income in effective interest rate method	KRW	54,075,033,518	47,069,587,278	40,079,254,640
Operating expenses	KRW	1,924,678,402,042	2,092,123,930,894	2,177,163,986,296
Amortization non-operating expenses	KRW	1,908,287,186,911	2,075,590,505,660	2,164,759,713,968
Amortization expenses	KRW	16,391,215,131	16,533,425,234	12,404,272,328
Operating profit	KRW	125,918,252,784	159,948,856,950	245,494,852,201
Other revenues	KRW	6,115,499,989	3,730,704,723	4,284,272,260
Other expenses	KRW	5,799,230,587	9,978,914,356	11,137,352,464
Financial revenues	KRW	12,427,670,847	8,930,947,878	16,038,844,086
Interest income in effective interest rate method	KRW	3,897,974,120	1,219,223,361	1,320,100,202
Others	KRW	8,529,696,727	7,711,724,517	14,718,743,884
Financial expenses	KRW	99,626,599,839	104,986,713,746	104,188,471,362
Gains (losses) on valuation using equity method	KRW			(77,538,081)
Profit before income tax expenses	KRW	39,035,593,194	57,644,881,449	150,414,606,640
Income tax expenses	KRW	10,187,276,946	16,130,456,519	36,836,408,260
Current net profit	KRW	28,848,316,248	41,514,424,930	113,578,198,380
Net income attributable to controlling interests	KRW	31,686,707,140	45,959,284,347	118,749,568,693
Non-controlling interests	KRW	(2,838,390,892)	(4,444,859,417)	(5,171,370,313)
Earnings per share				
Basic and diluted earnings per share	KRW	1,077	1,562	3,687

Consolidated Comprehensive Income Statement

Period 15: From Jan. 1, 2019 to Dec. 31, 2019
 Period 16: From Jan. 1, 2020 to Dec. 31, 2020
 Period 17: From Jan. 1, 2021 to Dec. 31, 2021

Particulars	Unit	Period 15	Period 16	Period 17
Current net profit	KRW	28,848,316,248	41,514,424,930	113,578,198,380
Other comprehensive income (loss) for the period, net of tax	KRW	(757,926,115)	(1,273,251,585)	1,061,531,545
Items that will not be reclassified to profit or loss				
Re-measurement components of defined benefit plans	KRW	(2,653,957,524)	847,699,464	(3,222,736,233)
Fair value through other comprehensive income	KRW	(7,317,550)		
Items that will be reclassified to profit or loss				
Gains (losses) on valuation of derivatives for cash flow hedge	KRW	(169,211,189)	279,961,895	646,498,327
Gains (losses) on overseas operations translation	KRW	2,072,614,148	(2,400,912,944)	3,637,769,451
Total comprehensive profit	KRW	28,090,390,133	40,241,173,345	114,639,729,925
Net income attributable to controlling interests	KRW	30,728,824,463	44,512,606,860	120,126,199,167
Non-controlling interests	KRW	(2,638,434,330)	(4,271,433,515)	(5,486,469,242)

GRI Standards Index

Reporting Item		Disclosure	Page	Verification	Remarks
GRI 102 General disclosures					
Organizational profile					
102-1	Name of organization	○	8	○	
102-2	Brands, products, and services	○	9, 17-23, 28	○	
102-3	Location of the organization's headquarters	○	8	○	
102-4	Number of countries where the organization operates	○	8	○	
102-5	Nature of ownership and legal form	○	8	○	
102-6	Markets served (geographic locations where products and services are offered, sectors served, types of customers and beneficiaries)	○	8, 17-23	○	
102-7	Scale of the organization	○	8	○	
102-8	Information on employees and other workers	○	37, 76	○	
102-9	Supply chain	○	50-52	○	
102-10	Major changes to the organization's size, structure, ownership, or supply chain	○	25, 26, 61	○	
102-11	Precautionary Principle for or approach to risks related to sustainability issues	○	61, 63-70	○	
102-12	External initiatives, such as externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	○	6, 7, 19, 64	○	
102-13	Memberships to associations and national or international advocacy organizations	○	56, 57, 94	○	
Strategy					
102-14	Statement from the most senior decision maker regarding the organization's strategy for addressing sustainability	○	4, 5	○	
102-15	Key impacts, risks, and opportunities	○	4, 5, 65-67	○	
Ethics and integrity					
102-16	Organization's values, principles, standards, code of conduct, code of ethics, and norms of behavior	○	63, 64, 70	○	
102-17	Internal and external mechanisms for advice and concerns regarding ethical and lawful behavior and organizational integrity	○	63, 64, 68	○	

	Reporting Item	Disclosure	Page	Verification	Remarks
Governance					
102-18	Governance structure of the organization including the highest governance body and its committees	○	60-62	○	
102-19	Process of delegating authority for economic, environmental, and social topics from the highest governance body to senior executives and other employees				
102-20	Executive-level responsibility for economic, environmental, and social topics	○	61, 62	○	
102-21	Consulting stakeholders on economic, environmental, and social topics	○	15	○	
102-22	Composition of the highest governance body and its committees	○	61	○	
102-23	Chair of the highest governance body, including whether the chair is also an executive officer	○	61	○	
102-24	Nominating and selecting the highest governance body and its committees	○	60-62	○	
102-25	Process for the highest governance body to ensure that conflicts of interest are avoided and managed	○	61, 62	○	
102-26	Role of the highest governance body in setting the purpose, values, and strategy	○	25, 26, 61	○	
102-27	Collective knowledge of the highest governance body	○	60-62	○	
102-28	Evaluating the highest governance body's performance				
102-29	Highest governance body's role in identifying and managing economic, environmental, and social impacts	○	60-62	○	
102-30	Effectiveness of the risk management processes				
102-31	Review of economic, environmental, and social topics	○	61	○	
102-32	Highest governance body's role in sustainability reporting	○	61	○	
102-33	Communicating critical concerns	○	61	○	
102-34	Nature and total number of critical concerns	○	62	○	
102-35	Remuneration policies for the highest governance body and senior executives	○	62		
102-36	Process for determining remuneration				
102-37	Stakeholders' involvement in remuneration				
102-38	Ratio of compensation for the highest paid individuals to the median compensation for employees				
102-39	Ratio of percentage increase in compensation for the highest paid individuals to the median percentage increase in compensation for employees				

Reporting Item		Disclosure	Page	Verification	Remarks
Stakeholder engagement					
102-40	List of stakeholder groups	○	15	○	
102-41	Freedom of association and collective bargaining	○	46, 47, 79	○	
102-42	Identifying and selecting stakeholders	○	15	○	
102-43	Approach to stakeholder engagement	○	15	○	
102-44	Key topics and concerns raised by stakeholders	○	15	○	
Reporting practice					
102-45	List of subsidiaries and joint ventures included in the organization's consolidated financial statements	○	8	○	
102-46	Defining the report content and topic boundaries	○	2	○	
102-47	List of material topics identified in the process for defining report content	○	14, 15, 72, 73	○	
102-48	Effect of restatements of information given in previous reports and reasons for such restatements				First published
102-49	Major changes from previous reporting periods in the list of material topics and topic boundaries				First published
102-50	Reporting period for the information provided	○	2	○	
102-51	Date of the most recent previous report	○	2	○	
102-52	Reporting cycle	○	2	○	
102-53	Contact point for questions regarding the report	○	2	○	
102-54	Claims of reporting in accordance with the GRI Standard (Core option/Comprehensive option)	○	2	○	
102-55	GRI content index	○	83-90	○	
102-56	Organization's policy and current practice with regard to seeking external assurance for the report	○	91, 92	○	
Management approach					
103-1	Explanation of material topic and its boundary	○	72, 73	○	
103-2	Management approach and its components	○	14, 15, 34, 37, 60	○	
103-3	Evaluation of management approach	○	14, 15, 34, 37, 60	○	

Reporting Item		Disclosure	Page	Verification	Remarks
GRI 200 Economic disclosures					
Economic performance					
201-1	Direct economic value generated and distributed	○	75	○	
201-2	Financial implications and other risks and opportunities due to climate change	○		○	
201-3	Organizing meeting the defined benefit plan obligations	○	79	○	
201-4	Financial assistance received from the government				
Market presence					
202-1	Ratios of standard entry level wage by gender compared to the local minimum wage				
202-2	Proportion of senior management hired from the local community				
Indirect economic impacts					
203-1	Infrastructure investments and services supported, impacts				
203-2	Major indirect economic impacts				
Procurement practices					
204-1	Proportion of spending on local suppliers in major locations of operations				
Anti-corruption					
205-1	Number and percentage of operations assessed for risks related to corruption, major risks identified				
205-2	Communication and training on anti-corruption policies and procedures	○	63, 64	○	
205-3	Confirmed incidents of corruption and actions taken	○	63, 64	○	
Anti-competitive behavior					
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	○	68-70	○	
Tax					
207-1	Approach to tax				
207-2	Tax governance, control, and risk management				
207-3	Stakeholder engagement and management of concerns related to tax				
207-4	Country-by-country reporting				

Reporting Item		Disclosure	Page	Verification	Remarks
GRI 300 Environmental disclosures					
Materials					
301-1	Materials used by weight or volume				
301-2	Percentage of recycled input materials used				
301-3	Percentage of reclaimed products and their packaging materials for each product category, including how the data for this disclosure has been collected				
Energy					
302-1	Energy consumption within the organization	○	75	○	
302-2	Energy consumption outside of the organization	○	75	○	
302-3	Energy intensity				
302-4	Reduction of energy consumption				
302-5	Reductions in energy requirements of products and services				
Water and effluents					
303-1	Total amount of water withdrawn by source				
303-2	Total number of water sources subject to significant impact due to water withdrawal by type				
303-3	Water reuse and total volume of water reused				
303-4	Total water discharge by type				
303-5	Total water consumption by region				Not applicable considering the characteristics of the business
Biodiversity					
304-1	Operational sites owned, leased, and managed in areas with high biodiversity value				
304-2	Significant impacts of activities, products, and services on biodiversity				
304-3	Habitats protected or restored				
304-4	Total number of IUCN (International Union for Conservation of Nature and Natural Resources) Red List species and national conservation list species with habitats in areas affected by the operations				Not applicable considering the characteristics of the business

Reporting Item		Disclosure	Page	Verification	Remarks
Emissions					
305-1	Direct (Scope 1) GHG emissions	○	75	○	
305-2	Energy indirect (Scope 2) GHG emissions	○	75	○	
305-3	Other indirect (Scope 3) GHG emissions				
305-4	GHG emissions intensity				
305-5	GHG emissions reduced as a direct result of reduction initiatives				Not applicable considering the characteristics of the business
305-6	Emissions of ozone-depleting substances of production, imports, and exports in metric tons of CFC-11				
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other major air emissions				
Waste					
306-1	Wastewater discharge volume and quality by final discharge site				Not applicable considering the characteristics of the business
306-2	Waste discharge volume by type and treatment method				
306-3	Number and volume of leaks of major hazardous substances				
306-4	Volume of hazardous substances imported, exported, and transferred				
306-5	Information on waters and related habitats affected by wastewater discharge (scale, protection state, biodiversity value)				
Environmental compliance					
307-1	Total number of fines and sanctions for noncompliance with environmental laws and/or regulations				Zero fines or sanctions
Supplier environmental assessment					
308-1	Percentage of new suppliers that were screened using environmental criteria				
308-2	Percentage of suppliers identified as wielding environmentally significant impacts and method of response				

Reporting Item		Disclosure	Page	Verification	Remarks
GRI 400 Social Topics					
Employment					
401-1	Total number and rate of new employee hires and turnover (by age group, gender, and region)	○	76, 77	○	
401-2	Benefits provided to full-time employees only	○	45	○	
401-3	Percentage of employees who returned to work after their parental leave ended and who were still employed after their return to work by gender	○	44, 78	○	
Labor-management relations					
402-1	Minimum notice periods regarding operational changes				
Occupational health and safety					
403-1	Occupational health and safety management system	○	45	○	
403-2	Hazard identification, risk assessment, and incident investigation				
403-3	Occupational health and safety services				
403-4	Worker participation and communication with regard to occupational health and safety	○	45	○	
403-5	Worker training on occupational health and safety	○	45	○	
403-6	Promotion of worker health	○	45	○	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	○	45	○	
403-8	Workers covered by the occupational health and safety management system	○	45	○	
403-9	Work-related injuries				Zero injury occurrences during the reporting period
403-10	Work-related ill health				Zero cases of ill health during the reporting period
Training and education					
404-1	Average hours of training per employee (by gender and age)	○	41, 78	○	
404-2	Programs for upgrading employee skills and transition assistance programs	○	38-41	○	
404-3	Percentage of employees receiving regular performance and career development reviews	○	46, 79	○	
Diversity and equal opportunity					
405-1	Diversity of governance bodies and employees	○	37, 77	○	
405-2	Ratio of basic salary and remuneration of women to men	○	77	○	
Non-discrimination					
406-1	Incidents of discrimination and corrective actions taken	○	46, 47	○	
Freedom of association and collective bargaining					
407-1	Operations and suppliers where the right to freedom of association and collective bargaining may be at significant risk and preventive measures taken	○	46, 47	○	

Reporting Item		Disclosure	Page	Verification	Remarks
Child labor					
408-1	Operations and suppliers at significant risk for incidents of child labor and measures taken for the abolition of child labor				
Forced or compulsory labor					
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor and measures taken for the elimination of all forms of forced or compulsory labor	○	46, 47	○	
Security practices					
410-1	Percentage of security personnel who have received training on human rights policies and procedures	○	46, 47	○	
Rights of indigenous peoples					
411-1	Total number of incidents of violations involving the rights of indigenous peoples and actions taken				
Human rights assessment					
412-1	Operations that have been subject to human rights reviews or impact assessments	○	46, 47	○	
412-2	Employees' training on human rights policies and procedures	○	46, 47	○	
412-3	Percentage of major investment agreements and contracts that include human rights clauses or which underwent human rights screening	○	46, 47	○	
Local communities					
413-1	Percentage of operations with local community engagement, impact assessments, and development programs	○	53-57	○	
413-2	Operations with actual and potential negative impacts on local communities				
Supplier social assessment					
414-1	Percentage of new suppliers that were screened using social criteria				
414-2	Percentage of suppliers identified as having negative social impacts and method of response				
Public policy					
415-1	Political contributions				
Customer health and safety					
416-1	Percentage of major products and services whose health and safety impacts are assessed for improvement				
416-2	Incidents of noncompliance concerning the health and safety impacts of products and services				
Marketing and labeling					
417-1	Requirements for product and service information and labeling				
417-2	Total number and types of incidents of noncompliance with regulations concerning product and service information and labeling				
417-3	Total number and types of incidents of noncompliance with regulations concerning marketing communications				
Customer privacy					
418-1	Total number of substantiated complaints concerning breaches of customer privacy and loss of customer data	○	47-49	○	
Socioeconomic compliance					
419-1	Total number of fines and sanctions for noncompliance with laws and/or regulations in the social and economic areas				

Independent Assurance Statement

To readers of LOTTE rental Sustainability Report 2021

Introduction

Korea Management Registrar (KMR) was commissioned by LOTTE rental to conduct an independent assurance of its Sustainability Report 2019-2020 (the “Report”). The data and its presentation in the Report is the sole responsibility of the management of LOTTE rental. KMR’s responsibility is to perform an assurance engagement as agreed upon in our agreement with LOTTE rental and issue an assurance statement.

Scope and Standards

LOTTE rental described its sustainability performance and activities in the Report. Our Assurance Team carried out an assurance engagement in accordance with the AA1000AS v3 and KMR’s assurance standard SRV1000. We are providing a Type 2, moderate level assurance. We evaluated the adherence to the AA1000AP (2018) principles of inclusivity, materiality, responsiveness and impact, and the reliability of the information and data provided using the Global Reporting Initiative (GRI) Index provided below. The opinion expressed in the Assurance Statement has been formed at the materiality of the professional judgment of our Assurance Team.

Confirmation that the Report was prepared in accordance with the Core Options of the GRI standards was included in the scope of the assurance. We have reviewed the topic-specific disclosures of standards which were identified in the materiality assessment process.

- GRI Sustainability Reporting Standards
- Universal standards
- Topic specific standards
- Management approach of Topic Specific Standards
- GRI 302: Energy

As for the reporting boundary, the engagement excludes the data and information of LOTTE rental’s partners, suppliers and any third parties.

KMR’s Approach

To perform an assurance engagement within an agreed scope of assessment using the standards outlined above, our Assurance Team undertook the following activities as part of the engagement:

- reviewed the overall Report;
- reviewed materiality assessment methodology and the assessment report;
- evaluated sustainability strategies, performance data management system, and processes;
- interviewed people in charge of preparing the Report;
- reviewed the reliability of the Report’s performance data and conducted data sampling;
- assessed the reliability of information using independent external sources such as Financial Supervisory Service’s DART and public databases.

Limitations and Recommendations

KMR’s assurance engagement is based on the assumption that the data and information provided by LOTTE rental to us as part of our review are provided in good faith. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied. To address this, we referred to independent external sources such as DART and National Greenhouse Gas Management System (NGMS) and public databases to challenge the quality and reliability of the information provided.

Conclusion and Opinion

Based on the document reviews and interviews, we had several discussions with LOTTE rental on the revision of the Report. We reviewed the Report’s final version in order to make sure that our recommendations for improvement and revision have been reflected. Based on the work performed, it is our opinion that the Report applied the Core Option of the GRI Standards. Nothing comes to our attention to suggest that the Report was not prepared in accordance with the AA1000AP (2018) principles.

Inclusivity

LOTTE rental has developed and maintained different stakeholder communication channels at all levels to announce and fulfill its responsibilities to the stakeholders. Nothing comes to our attention to suggest that there is a key stakeholder group left out in the process. The organization makes efforts to properly reflect opinions and expectations into its strategies.

Materiality

LOTTE rental has a unique materiality assessment process to decide the impact of issues identified on its sustainability performance. We have not found any material topics left out in the process.

Responsiveness

LOTTE rental prioritized material issues to provide a comprehensive, balanced report of performance, responses, and future plans regarding them. We did not find anything to suggest that data and information disclosed in the Report do not give a fair representation of LOTTE rental's actions.

Impact

LOTTE rental identifies and monitors the direct and indirect impacts of material topics found through the materiality assessment, and quantifies such impacts as much as possible.

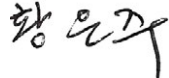
Reliability of Specific Sustainability Performance Information

In addition to the adherence to AA1000AP (2018) principles, we have assessed the reliability of economic, environmental, and social performance data related to sustainability performance. We interviewed the in-charge persons and reviewed information on a sampling basis and supporting documents as well as external sources and public databases to confirm that the disclosed data is reliable. Any intentional error or misstatement is not noted from the data and information disclosed in the Report.

Competence and Independence

KMR maintains a comprehensive system of quality control including documented policies and procedures in accordance with ISO/IEC 17021:2015 - Requirements for bodies providing audit and certification of management systems. This engagement was carried out by an independent team of sustainability assurance professionals. KMR has no other contract with LOTTE rental and did not provide any services to LOTTE rental that could compromise the independence of our work.

April 2022 Seoul, Korea

CEO 



Membership (as of Mar. 2022)

Organization	
Gyeonggi-do Used Car Dealers Association Nambu Branch	Korea Construction Equipment Manufacturers' Association
Korea Financial Investment Association	Korea Economic Research Institute
Korea Chamber of Commerce and Industry	Korea Management Association
Korea Vehicle Auction House Association	Korea Defense Industry Association
Korea Enterprises Federation	Korea Listed Companies' Association
Korea International Trade Association	Korea Association for Service
Seoul Car Rental Association	Korea Institute on the Promotion of Private Certification
Seoul Car Rental Association	Korea Information Evaluation Association
Fire Safety Managers' Association	Consortium of Computer Emergency Response Teams
Credit Finance Association	Korean Standards Association
Federation of Korea Industries	KSA Korea Service Forum
Korea Car Rental Mutual Aid	Korea Council of Chief Information Security Officers

Production Supervision

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Thanks to (in Korean alphabetical order)

HR Innovation Team Cho Young-Ho • Yun Hye-Jin • Shin Jin-Wook
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Management Support Team Kim Dong-Hyun • Kim Gyeong-Su
Customer Care Team Ahn Nam-Suk • Yoo Kang-Hyuk
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HR Development Team Jang Gi-Dong • Kim Ji-Eun • Kim Sun-Jin
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