

Create a Better Life

LOTTE rental 2022 Sustainability Report





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LOTTE rental 2022 Sustainability Report




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COMPANY OVERVIEW





CEO Message

Dear esteemed stakeholders,

I am Choi Jin-hwan, the CEO of LOTTE rental. I am glad and grateful to reach out to you through the second publication of the Sustainability Report.

2022 was a year of uncertainties with the Russo-Ukrainian War and the tight monetary policy of the US that expedited rate hikes. Despite the tough market conditions, LOTTE rental demonstrated stable growth in its overall business areas, recording the **best performance ever** with a sales revenue of KRW 2,738.9 billion and an operating profit of KRW 308.4 billion. This was possible with the endeavors of all our stakeholders, including employees, customers, and shareholders.

Through the first Sustainability Report we issued in 2022, LOTTE rental has declared the internalization of “**management decision-making that brings benefits to the environment and society**” among employees under the ESG management system.

In this regard, we joined the **Korea TCFD Alliance and declared to support the Task Force on Climate-related Financial Disclosures (TCFD)** to promote its will for pursuing environmentally responsible management. From the business perspective, we are industry leaders in the distribution of electric vehicles (EVs) and rental services of over 18,000 EVs, the most in the sector as a single enterprise.

To uphold our social responsibility, both our internal and external stakeholders have been taking part in management activities. We **formulated ten principles for human rights management and declared the statement of human rights management** with the participation and agreement of all employees, including those of subsidiaries. These serve as LOTTE rental’s commitment to protect and respect the human rights of all stakeholders involved in our business activities.

We also endeavor to foster a **desirable work environment** for our employees. We have a fair evaluation and transparent compensation system in place, as well as operate a number of communication channels, such as a task force for improving corporate culture and talks with the CEO. We particularly focused on establishing a **culture that respects diversity and creates harmony** in 2022. We hired persons with disabilities as permanent baristas for our office café and operated a Happy Reward program where employees compliment and thank one another.

In terms of ensuring the **safety of all stakeholders**, our Safety Management Division completed safety inspections at all business sites in 2022 and is stepping up information security to prevent customer data leakage. Most notably, we launched the compliance sector with enhanced legal expertise to ensure the **organic operation of ethical and compliance management** and transparent management.

CEO Message

We have continued our efforts to **establish sound governance**. While reinforcing the competitive edges of each business department to increase company value, we have reached a dividend payout ratio of 35% and invested retained profits in future growth businesses, as part of our **shareholder return policy**. We also plan to increase the total dividend by 10% annually through sustainable growth. We have put in place an electronic voting system and ensured transparent disclosure, as well as diversity and expertise of the Board of Directors, in an effort to **safeguard the rights and interests of shareholders**.

Under LOTTE rental’s mission to “create a better life” for our customers, we intend to **focus on strengthening the automobile rental service**, the company's flagship business. To offer our customers more options and provide more convenient services, we are seeking ways to expand our rental business, from new cars to used ones. We anticipate that the rental of used cars will boost customer satisfaction as well as company profits, significantly contributing to **environmental protection and lowering social costs**.

We will put customer safety above anything else while **reducing car accident rates** through preemptive measures. We will expand our **routine visitation services for inspection and maintenance** to keep our customers’ vehicles in the best condition. In addition, we will **expand the scope of our safety messaging service** that notifies traffic situations and climate risks in advance. By doing so, we can urge our customers to correct unsafe driving habits and promote a safe-driving culture, thereby reducing social costs.

We also work to develop a **lifelong customer loyalty model** such that customers who used LOTTE rental services in their 20s continue their relationship with us until their 80s. Based on the competency of our entire lineup of LOTTE rent-a-car, Greencar, LOTTE auto care, and LOTTE auto auction, we will take charge of the lives of cars that are closely connected to customers’ lives by ensuring customer satisfaction and reliability.

In 2023, LOTTE rental has been focusing on **rental services based on the nature of our business** and pursuing **sustainable growth** by expanding customer relations. We promise to uphold our environmental and social responsibilities while growing in harmony with our stakeholders.

We ask for your continued interest and support.
Thank you.



CEO of LOTTE rental co.,ltd.

Choi Jin-hwan

About the Company


Company Profile

LOTTE rental seeks to become Korea's No. 1 provider of mobility and lifestyle rental services. To fulfill this vision, we will focus on the nature of the car rental business to reinforce user convenience and offer differentiated services tailored to the life cycle of each customer. In addition, we will contribute to the safety of customers and society through efforts on reducing car accidents utilizing data. For sustainable growth, we will seek opportunities for new businesses in the areas of mobility and overseas business.

Established in 1986, LOTTE rental was incorporated into LOTTE Group in 2015. The organization consists of three headquarters, 19 divisions, 62 teams, and 108 branches. Our key subsidiaries include LOTTE auto lease, a car lease and installment financing service provider; LOTTE auto care, a car maintenance service provider; Greencar, a car-sharing service provider; and Rental Partner that serves our car rental agent. Our overseas offices are located in Vietnam and Thailand. The official name of the company is LOTTE rental co.,ltd.

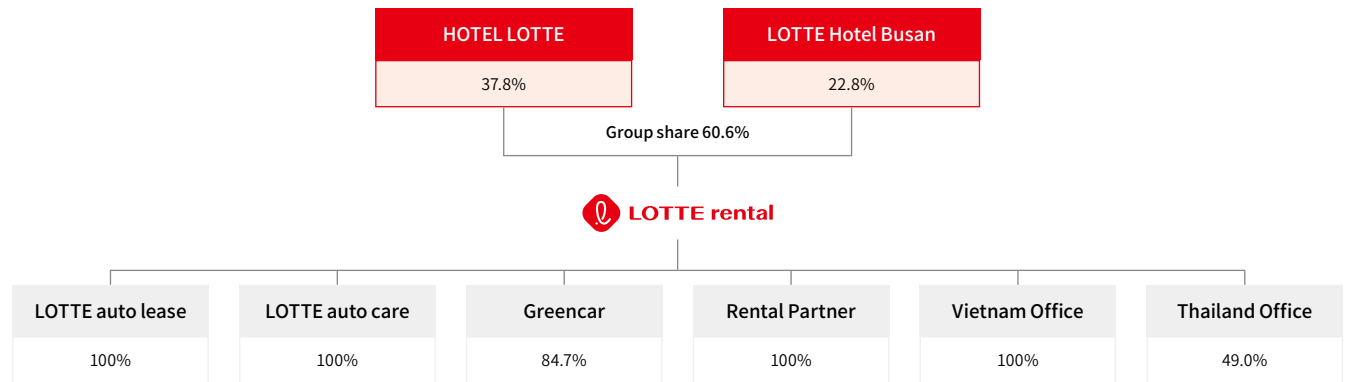
Overview

As of the end of March 2023

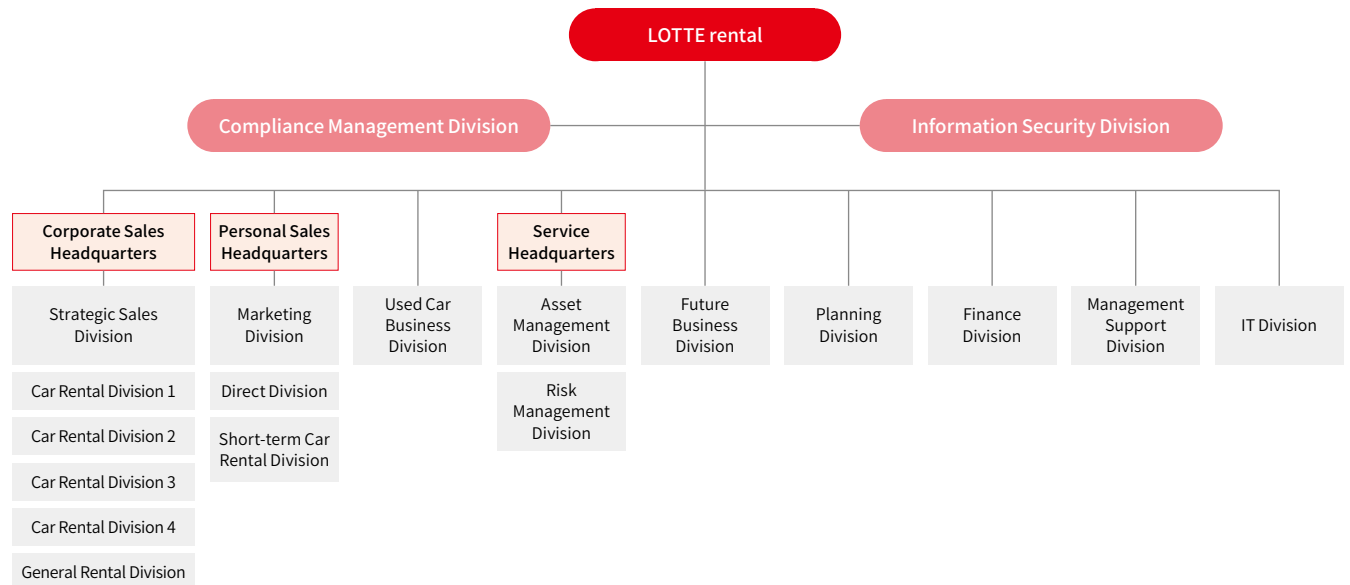
Company	LOTTE rental co.,ltd. 
CEO	Choi Jin-hwan
Head Office	8F, 88 Jeonpa-ro, Dongan-gu, Anyang-si, Gyeonggi-do, Korea Head Office in Seoul 6-10F, 15F, 422 Teheran-ro, Gangnam-gu, Seoul, Korea
Date Established	May 1986 (incorporated into LOTTE Group in Jun. 2015)
No. of Employees	2,326 persons
Financial Performance	Sales: KRW 2,738.9 billion (consolidated financial statements in 2022)
Business Areas	Total rental service of cars, office supplies, equipment, etc.

Governance

As of March 2023



Organizational Chart

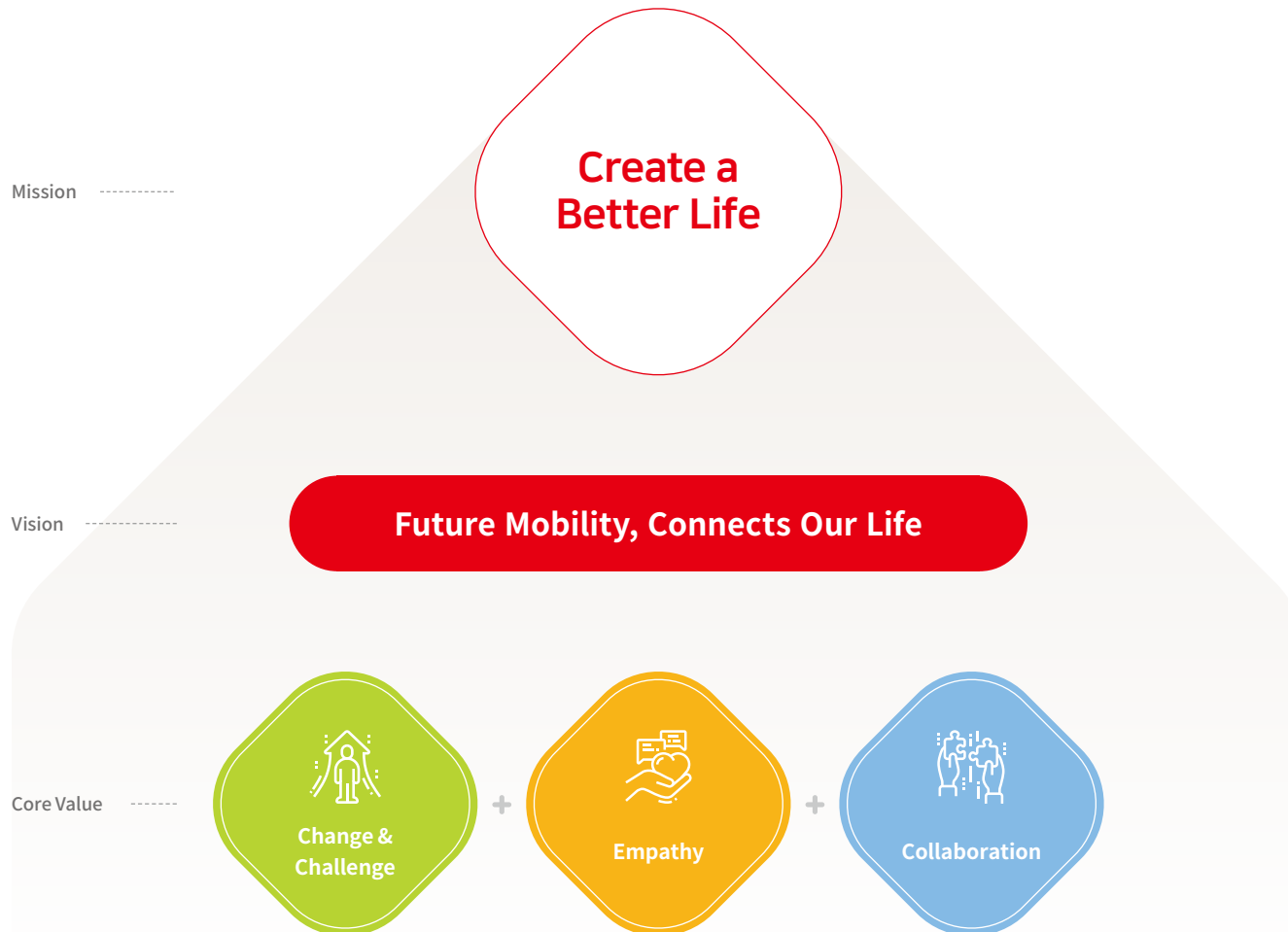


About the Company

Company Profile




Vision

LOTTE rental will pursue becoming a future mobility leader that goes beyond proposing a reasonable consumption paradigm, offering optimal mobility experiences that connect every valuable moment of customers. Wait for the new LOTTE rental that will “create a better life” for customers.



Business Overview

LOTTE rental is Korea’s only total rental company offering mobility services for the whole life cycle of cars, business solution services supporting efficient business, and MYOMEE providing home and leisure appliance rental services.

 <p>Automobility</p>	<p>Automobile Rental Service</p> <p>LOTTE rental owns Korea’s no.1 car rental businesses, namely LOTTE rent-a-car, LOTTE auto auction, LOTTE auto lease, LOTTE auto care, Greencar, and other car-related brands.</p> <p>LOTTE rent-a-car ➤ LOTTE auto auction ➤</p> <p>Greencar LOTTE auto care</p> <p>LOTTE auto lease</p>
 <p>Biz Solution</p>	<p>General Rental Service</p> <p>Apart from car rental, LOTTE rental also offers rental services of OA equipment, measuring tools, elevated work platforms, and unmanned devices for corporate customers.</p> <p>LOTTE rental</p>
 <p>Life Style</p>	<p>Home and Leisure Appliance Rental Service</p> <p>Home and Leisure Appliance rental platform MYOMEE is an online rental platform service that encourages reasonable consumption of products according to the contactless consumption paradigm.</p> <p>MYOMEE</p>

About the Company

Company Profile

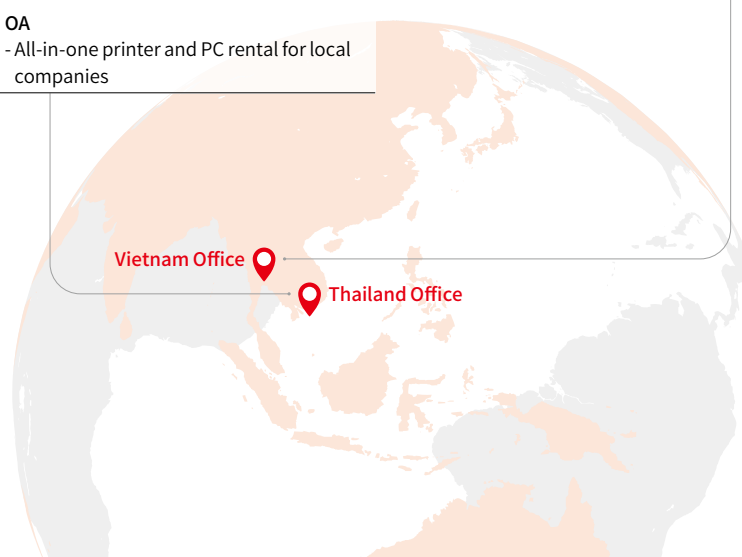
Global Network

Vietnam

Company	LOTTE RENTAL(VIETNAM) COMPANY LIMITED
Date Established	November 14, 2007
Head Office	Ho Chi Minh City
No. of Employees	Expatriates (5 persons), local hires (1,162 persons)
Sales	KRW 50.4 billion
No. of Cars Owned	1,216 units
Business Areas	Automobile service Bus service - Commuting/Shuttle bus service - Chauffeured car rental for travel agencies - Short- and long-term bus rental Car rental - B2B long-term car rental - Short-term chauffeured car rental
	General rental service Measuring tools - Measuring tool rental for antenna and base station manufacturers OA - All-in-one printer and PC rental for local companies

Thailand

Company	LOTTE Rent-a-Car(Thailand) Co., Ltd.
Date Established	March 14, 2016
Head Office	Bangkok
No. of Employees	Expatriates (1 persons), local hires (199 persons)
Sales	KRW 17.2 billion
No. of Cars Owned	1,627 units
Business Areas	Automobile service Bus service - Commuting/Shuttle bus service - Chauffeured car rental for travel agencies - Short- and long-term bus rental Car rental - B2B long-term car rental - Short-term chauffeured car rental



History

- 2022 09 Launched a mobile EV charging service based on special demonstration approved by the Ministry of Trade, Industry and Energy (MOTIE)
- 05 Established the LOTTE UAM Consortium
- 2021 10 Launched the “LOTTE rental Business” service exclusive for corporates
- 08 Listed on KOSPI
- 2019 08 Launched “Shin Cha Jang IoT”, a contactless vehicle maintenance service
- 2018 03 Launched “Shin Cha Jang Direct”, a contactless contracting service
- 2017 08 Launched the consumer goods rental platform “MYOMEE”
- 2016 03 Established the Thailand office
- 2015 12 Acquired JG Industry
- 06 Incorporated into LOTTE Group; changed the name to “LOTTE rental”
- 2014 05 Opened “Jeju Auto House”
- 03 Opened “LOTTE auto auction”
- 2013 10 Acquired car-sharing service “Greencar”
- 05 Split off car maintenance service; established “LOTTE auto care”
- 2012 04 Launched B2C long-term car rental services
- 2011 12 Split off car lease service; established “LOTTE auto lease”
- 2010 06 Acquired Kumho Rent-a-Car
- 2009 10 Acquired the car rental division of CJ Logistics
- 2007 11 Established the Vietnam office
- 2005 10 Established a split-off of KT Rental
- 1989 06 Commenced car rental services
- 1986 05 Established Korea Informatics Telesis Inc. (former KT Rental)

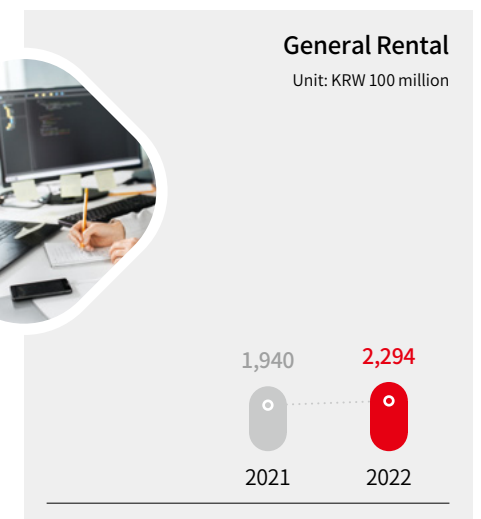
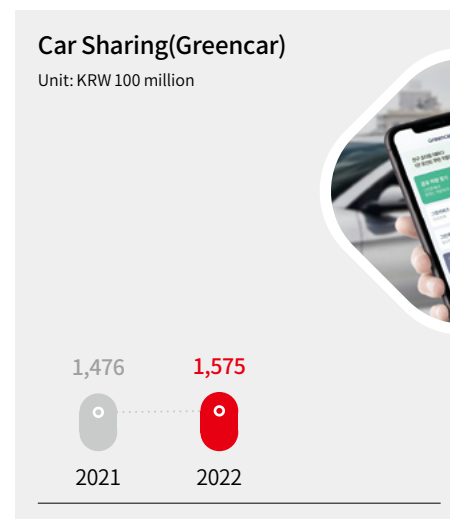
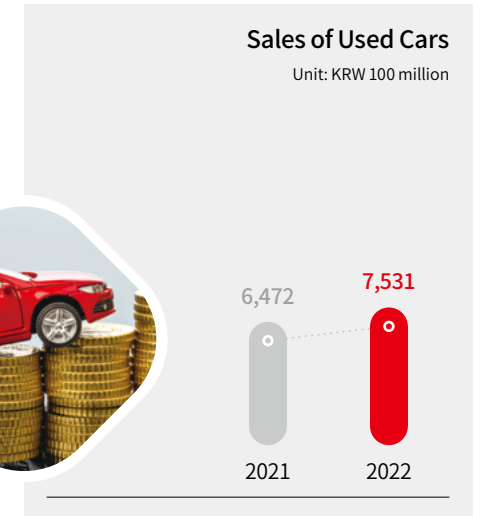
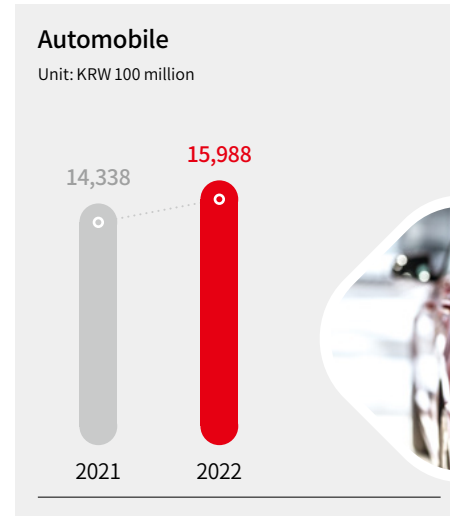
About the Company

Financial Highlights

Consolidated	
Total Capital	KRW 1,296.2 billion
Total Sales	KRW 2,738.9 billion
Operating Profit	KRW 308.4 billion

Separate	
Total Capital	KRW 1,100.9 billion
Total Sales	KRW 2,522.1 billion
Operating Profit	KRW 286.4 billion

Corporate Bond Credit Rating	AA- Negative
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Business Portfolio | AUTOMOBILITY

Automobile

As **Korea's no.1 car rental brand, LOTTE rent-a-car** leads **innovation in car life**.

Long-term Rental

As the no.1 company in the car rental industry, LOTTE rent-a-car is ready to lead Korea's mobility industry. Offering "Shin Cha Jang long-term rental" and "long-term used car rental" as our flagship services, we make sure that our services reach out to more people through our extensive sales network.

With the significant growth in sales and operating profit in these areas, we recorded the highest figures in the fourth quarter of 2022. We offer corporate customers with maintenance services and "Connect-pro," a car monitoring service, to help keep their cars in good shape. For ordinary customers, they can benefit from the "Shin Cha Jang" brand that focuses on using rather than purchasing. As such, the new paradigm and global trend of the "subscription economy" are expected to expand the sharing economy market.

In this regard, our Car Rental Division invests in new businesses to take the lead in the fast-changing mobility market. Along with our existing services, including short- and long-term car rental, car-sharing, rental and sales of used cars, and car maintenance, we plan to expand our business areas by nurturing an integrated mobility environment for EV battery diagnosis and charging, urban air mobility (UAM), and robotaxis. In the end, we will contribute to the growth of the mobility ecosystem by linking the core businesses of LOTTE Group, including shopping, distribution, tourism, and logistics.

LOTTE rent-a-car offers "LOTTE rental Business" for corporate customers and "Shin Cha Jang Membership" and "Shin Cha Jang Direct" services for ordinary customers. LOTTE rental Business and Shin Cha Jang Membership are premium car maintenance solutions providing customers with information on the subscribed rental service, payment of fees, and maintenance status. Particularly, LOTTE rental Business features "Connect-pro" designed to enhance convenience and efficiency in car maintenance. Information on car operation status, automatic driving log, digital key, economical/safe driving score, and EV monitoring are some of the services offered. Shin Cha Jang Direct is a contactless and paperless service that provides quotations and services in just five minutes regardless of time and location. By employing these services, we will hear out the voices of our customers and incorporate their opinions into improving our website and app services and enhancing user convenience.

Short-term Rental

Our car rental services are paid services available in two options: short-term rental and long-term rental. Short-term rental is available according to the customer's need for a desired amount of period (in units of hours, days, and months). Reservations can be made simply via phone, website, or app. Our branches located in over 70 regions nationwide, including Jeju, avail quick and easy use of our services.

The primary services of short-term rental include hourly rental, daily rental, monthly rental, insurance replacement rental, and premium (chauffeured) rental.



Business Portfolio | AUTOMOBILITY

Automobile

Insurance Replacement Car Rental

In the event of an accident, LOTTE rental offers car rental while the car is being repaired, and all associated costs are paid or guaranteed by the insurance company of the other vehicle. Customers can benefit from our tailored services, from application to car return.

We have 150+ sales channels and 2,300+ cars available for insurance replacement car rental. Users can enjoy the service at any time of the year by simply calling +82-1588-4920. We have also entered B2B partnerships with insurance companies, benefit societies, manufacturers, and capital companies to enhance the convenience and satisfaction of customers.

Jeju Auto House

Jeju Auto House is a three-story building that was constructed in May 2014 on a 23,695 m² plot of land. It has 2,200+ cars and 800+ parking spaces, three car wash areas (outdoors), a car repair shop, and a gas station. It offers premium car rental services utilizing self-check-in kiosks and 70+ parking control systems. Shuttle buses decorated with “Tayo” characters are in service to and from Jeju Auto House and Jeju International Airport. Last February, Jeju Auto House began the operation of three EV shuttles for the first time in the car rental industry in Jeju, providing customers with pollution-free and noise-free mobility as well as expanding EV and EV charging infrastructure at the same time.

Jeju Auto House has extended its operating hours, which is now open from 6 AM to 11 PM. There are parking roofs, an outdoor café (Darangshi), and rest areas available for the convenience of customers. In addition, 180 kW solar canopies are placed over the parking control systems, which contribute to lower carbon emissions by reducing the total electricity consumption by approx. 6% (KRW 1.2 million monthly).

Shin Cha Jang Direct

Shin Cha Jang Direct is the industry's first online direct service. It offers quotations, deliberation, and contracting for long-term rental of new cars in an online environment.

This service intends to respond to the trend of preferring simple car rental over owning cars, and ultimately lead the online car buying market.

Shin Cha Jang Direct enables customers to freely choose car models, colors, options, and rental periods, and conduct the whole rental process online.

According to 2022 data, an average of 348,000 users visited the Shin Cha Jang Direct website monthly, showing an increasing trend since the launch.

Among the quotation requests submitted, 20% were from the 25–34 age group, 29% from 35–44, and 27% from 45–54. Our quick rental process and various promotions have contributed to the expansion of our customer group to all age groups.



Business Portfolio | AUTOMOBILITY

Lease

LOTTE auto lease offers various financial support for automobiles, from commercial car (cargo truck) lease, operating lease including car maintenance, and installment loans.



Flagship Products and Sales Activities

LOTTE auto lease offers car facility rental and car installment loan services. Maintenance autolease of commercial cars, particularly cargo trucks, vans, and special vehicles, and installment loans are our main business areas. We joined the K-EV100 initiative to promote the use of eco-friendly vehicles centered on the financing of commercial EVs.

Sales by Year

Unit: KRW million

Business	2021		2022		YoY increase
	Sales	Ratio	Sales	Ratio	
Car lease	73,535	65%	74,552	64%	1,017
Installment loan	21,459	19%	21,967	19%	507
Used car sales and others	18,695	16%	19,710	17%	1,015
Total	113,690	100%	116,229	100%	2,539

Electric Cargo Trucks

Implementation of EVs in Public Institutions

Korea Post implemented mini electric trucks in 2022

Total 310 units

MASTA HIM 171 units, POTRO 139 units



LOTTE Group Expanded the Implementation of Electric Cargo Trucks in 2022

LOTTE Global Logistics, LOTTE Chilsung Beverage, and LOTTE Wellfood

Hyundai Porter EV

Total 91 units



Owned EVs

Classification	Units	2021	2022	YoY increase in the no. of cars
EV	Cars	447	1,951	
Total Owned Car	Cars	15,730	18,212	1,504
Proportion	%	2.80%	10.70%	

Business Portfolio | AUTOMOBILITY

Maintenance

LOTTE auto care is a **car management provider** taking charge of the maintenance services of LOTTE rent-a-car and the distribution of mobility parts. The services go **beyond simple maintenance**.

LOTTE auto care for Comprehensive Mobility Management of Cars and Construction Machinery

LOTTE auto care is a car maintenance subsidiary of LOTTE rental established in 2013. The company has solidified its position in the market by strengthening the car maintenance competency of LOTTE rent-a-car and providing mobile maintenance services. After the acquisition of JG Industry in 2021, LOTTE auto care added construction machinery to its business portfolio and developed an independent information technology (IT) system (Care+) to take another step as a mobility management leader. In the following year, the company partnered with EV battery companies to develop mobile EV chargers and a high-voltage battery diagnostic solution. It has also acquired special approval of industrial-convergence regulatory sandbox demonstration of mobile EV chargers for mobile charging services, constantly making endeavors to ensure the sustainable competitiveness of LOTTE rent-a-car.

In an effort to take a leap as a mobility leader in 2023, LOTTE auto care will make concerted efforts to enhance the values of LOTTE rent-a-car customers and innovate the mid- to long-term structure of maintenance personnel by ensuring flexibility in workforce management. It will spare no effort to expand future businesses centered on EV after-sales service (e.g. charging, maintenance, battery) in response to the conversion to electrification, thereby ensuring sustainable competitiveness and customer experience with more than just car maintenance.



Business Portfolio | AUTOMOBILITY

Auction

LOTTE auto auction is recognized as one of **Korea’s leading auction houses** by providing **stable supplies and an advanced auction system** for LOTTE Rent-a-Car.

LOTTE auto auction, a used car auction house in Anseong, Gyeonggi-do, is built on approx. 86,000 m2 land area (including rented land of approx. 6,600 m2). Around 61,000 units were auctioned in 2022, of which about 42,000 were successfully bid. LOTTE auto auction has 1,000+ member companies, which increased by 211% compared to 2014.

In addition to auction, the company sells cars that were rented (from the Car Rental Division) and returned after three to four years, as well as used cars directly purchased by the company, through diverse means like export. As for the percentages of vehicles put up for auction, vehicles owned by the company, those obtained through purchase, and those consigned for sale account for 78%, 12%, and 10%, respectively.

Key Performances

Sales in 2022 (sales of used cars, successful bid rate)

The yearly sales recorded KRW 741.7 billion, an 11.3% increase on the five-year average. The successful bid rate marked 69.1%, demonstrating the highest rate among local auction houses.

Sales of Zero-emission Vehicles (ZEVs) in 2022

The increased sales of used eco-friendly cars are contributing to extending car replacement cycles and reducing carbon emissions. The sales of used eco-friendly cars totaled KRW 28.7 billion, up 174.6% YoY.

Export

Increasing the Number of Used Cars for Export

Used car exporting is constantly increasing in volume according to the expansion of export bidding, development of overseas agents, and advancement of systems. The export countries of LOTTE rental are mainly the Middle East, including Jordan, Saudi Arabia, and the United Arab Emirates. We plan to make multi-dimensional changes in export based on our brand awareness in the global market, in which we anticipate an increase in export volume.

Won the USD 30 Million Export Tower Award

After recording sales of KRW 48.4 billion from exporting 3,000+ used cars in 2022, LOTTE rental received the USD 30 Million Export Tower award at the 59th Trade Day Awards hosted by the Korea International Trade Association.



Business Portfolio | AUTOMOBILITY

Car Sharing

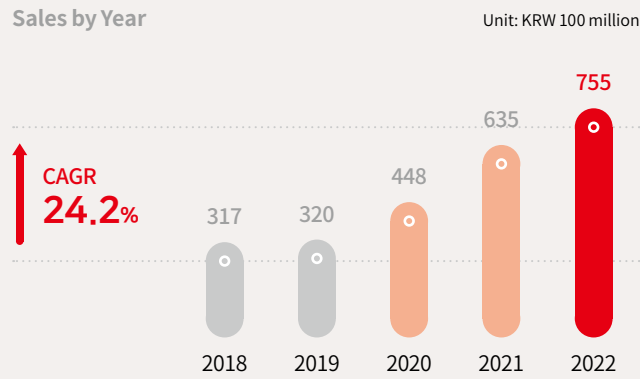
Greencar connects and communicates with people's daily lives to generate a **new value of mobility culture** with customers.

Greencar is Korea's first car-sharing brand offering services with 9,500+ cars in 3,000+ hubs (as of 2022) across the country. Operating the largest number of eco-friendly cars in the industry, it encourages customers to join the government's carbon-neutrality action point system through EV-related promotions so as to expand customer experience and lead environmental protection. Furthermore, together with LOTTE rental, Greencar is also a member of the K-EV100 initiative run by the Ministry of Environment, aiming to convert 100% of its vehicles to ZEVs by 2030.

Aside from car-sharing services, Greencar runs a mobile car wash business called "Cling Wash." This contactless service is designed to meet customer needs and protect the environment by using special wash products and less water. Since the launch, there has been a constant increase in the number of members and users. The year 2022 recorded an accumulated number of 1 million users. With the growth of the wash service, Greencar is enthusiastically seeking and developing related services to secure sustainable competitiveness.

Life-friendly Green Zone Network	Robust self-verification system	Reliable car maintenance
Operation of new and popular car models in Green Zones with high accessibility, such as train stations and bus terminals	Ensuring the strongest level of self-verification in the industry for safer mobility culture	LOTTE auto care's car inspection and maintenance services for increased cleanliness and safety

Greencar does not merely provide quality services; it works to fulfill social responsibility. Greencar continued last year's "Start Safe" campaign in 2022 for raising awareness of safe driving and preventing car accidents. Through the recent MOU with DeltaX, an AI startup, the company plans to build a safer car-sharing culture through the development of the fleet management system. Greencar exerts relentless efforts to seek new service models and serve as an integrated mobility platform that fulfills environmental and social responsibilities.



Member, Vehicle, and Branch Count

Unit: 1,000 persons, cars, branches

Classification	2018	2019	2020	2021	2022	CAGR
Member	2,300	2,800	3,300	3,900	4,500	18.3%
Vehicles owned	5,800	6,800	8,100	9,200	9,500	13.1%
Branch	2,400	2,700	2,800	2,900	3,000	5.7%



Business Portfolio | BIZ SOLUTION






General Rental

General rental services propose economical and efficient business models through a broad selection of rental products.

General rental offers B2B rental services, aiming to offer economical and efficient solutions for businesses. Measuring tools, elevated work platforms, forklifts, OA equipment, and even robots needed for business operations are available for rental.

The solution is expanding to new service areas, including regular inspections, after-sales service, and calibration services for enhanced comfort and satisfaction among customers.



 <p>Measuring tools</p>	<ul style="list-style-type: none"> • Based on the unrivaled market share, we provide rental services in various industrial areas, including telecommunications, corded/cordless parts manufacturing, defense, and aerospace • We make new investments for the rapid introduction of technology and leading the trend in a technology-intensive environment
 <p>Elevated work platforms</p>	<ul style="list-style-type: none"> • We offer services to large construction sites with the growth of the elevated work platform rental market • We acquired price competitiveness compared to products of leading manufacturers and market competitiveness through ownership of advanced equipment. We are the first in Korea to obtain the distribution rights for equipment from JCB, the largest heavy equipment manufacturer based in Europe
 <p>Logistics equipment Forklifts</p>	<ul style="list-style-type: none"> • We convert diesel forklifts to lithium-powered ones to address the carbon problem • We handle JCB equipment (e.g. Teletruk, telehandlers) for securing competitiveness in the logistics market
 <p>OA equipment</p>	<ul style="list-style-type: none"> • We engage in public tenders for obtaining larger partners • We offer short- and long-term rental and maintenance services for OA equipment for office use (e.g. laptop, monitor, all-in-one printer)
 <p>Robots</p>	<ul style="list-style-type: none"> • We continue to expand our business through discovery of unmanned equipment (kiosks) and robots with food delivery, reception, disinfection, and logistics features

Business Portfolio | BIZ SOLUTION

Rental Partner ^{GA}

Rental Partner Co., Ltd. was founded on May 31, 2021 with the goal of strengthening responsiveness to the indirect distribution channels in the car rental market. Its main businesses include car rental agency, long-term car rental brokerage, and financial lease brokerage. Since its establishment, the company has entered into partnerships with over 20 car rental and lease companies and contracted 1,112 cars in 2022. It recorded KRW 1.5 billion in sales, a seven-fold increase YoY.

Sales Overview

The car rental industry has grown rapidly with the increase in the number of domestic cars, the expansion of related industries, and the rise in the national income level. In addition, the increased demand for commercial vehicles from the public and private sectors and the convenience of rental cars have raised awareness of reasonable car maintenance, resulting in market expansion. Most recently, consumption trends have shifted to value consumption, placing value on usage and sharing rather than possessing. Accordingly, the majority of car rental service users are young adults in their 20s and 30s. New car delivery delays caused by the shortage of semiconductor supply have also resulted in an increased preference for long-term car rentals. In response to the growing market of long-term rental and lease cars, Rental Partner was established as a general agency specializing in sales. It collaborates with LOTTE rental and LOTTE Capital for sales, constantly expanding its influence on the general agency market for long-term car rental and lease.

Future Business

Future Business Overview (Reinforcing competitiveness in car rental services through additional services)

LOTTE rental launched the Future Business Division in the first half of this year to build future business strategies. We study the market by anticipated megatrends in relation to automobiles. Among the various areas of mobility including EVs, connected cars, autonomous driving, and future cars (UAM, purpose-built vehicles), we intend to focus on electrification (EVs) that is highly related to our existing businesses, and pursue future business. In line with the market opportunity of accelerated EV conversion, we are expanding our mobility and maintenance services to a platform model that covers EV charging, mobile maintenance, parking, and delivery, in addition to the existing repair and car wash services. We believe that through these activities, we can enhance customer convenience, increase returning customers and their retention, and serve as a measure to build competitiveness in short- and long-term car lease and used car rental, the main business areas of LOTTE rental.

International Business

International Business Status (Vietnam & Thailand)

LOTTE rental operates businesses in Vietnam and Thailand. The Vietnam office was established in 2007 based on the brand awareness of LOTTE rental as the no.1 car rental service provider. It has been servicing Korean companies in Vietnam with rental of cars, OA, and other available products. In spite of stagnation in 2021 and 2022 due to the COVID-19 pandemic and high oil prices, the Vietnam office immediately improved profitability with the endemic and stabilized oil prices. The recovery of the tourism industry also increased the demand for short-term chauffeured car rental, and more related businesses are currently under development.

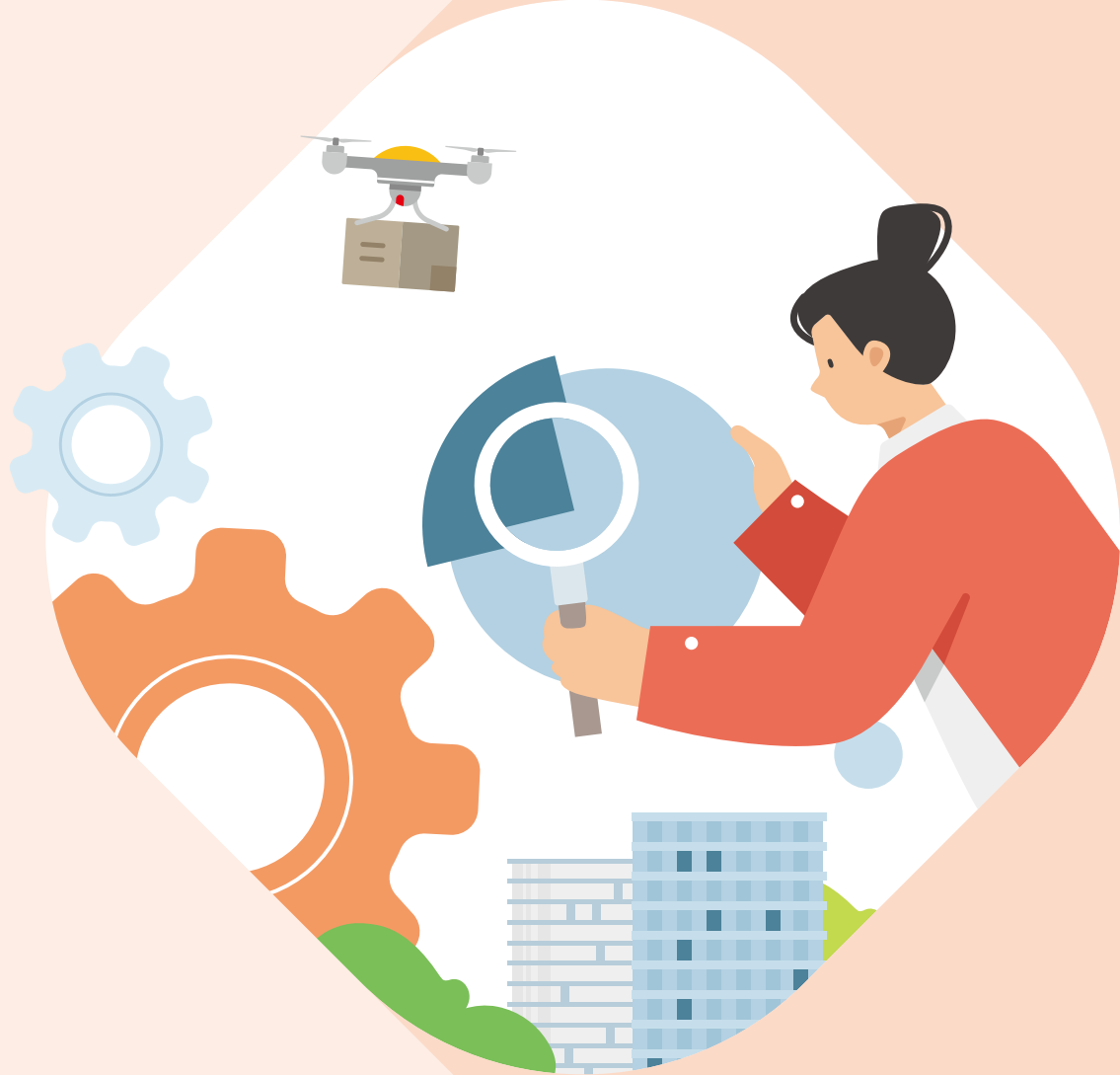
The Thailand office has been constantly building stabilization strategies since the commencement of the car rental business in 2016. It is currently focusing on keeping up with the accelerated recovery of the tourism industry to increase sales and improve profitability.

Advancement to New Countries

LOTTE rental seeks to advance to countries most visited by Koreans for tourism and business purposes. We listed out candidate countries in the first half of 2023, and for the second half, we plan to conduct a feasibility analysis for advancement within the year.




ESG MANAGEMENT



2022 ESG Highlights

Environment


Reinforced eco-friendly business competency



Conversion to EVs
No. of vehicles in 2022

18,664 units

Expanded the scope of circular economy



Upcycling of waste tires
As of 2022

Reduced carbon emissions by **8.9** tons

Conversion to electric forklifts
No. of vehicles in 2022

120 units

Increased recycled products
As of 2022

KRW **620** million worth of purchase

Green bonds issued
Cumulative total in 2022


KRW **1.23** trillion

Use of refillable oil containers
As of 2022

Reduced carbon emissions by **2.8** tons

Social


Investment in social values



Donation via eco-friendly driving
Cumulative total in 2022

KRW **210** million

Nurtured a culture of equality and that respects human rights



The ten principles for human rights amangement
Establishment and declaration

Donation via hands-on volunteering
As of 2022

557 beneficiaries

Communication between the CEO and Millennials and Gen Z Junior Board
Operated the 4th Junior Board in 2022

Employees' Love Fund
As of 2022

Contribution by **311** persons

Activities for improving company culture
Task force for innovating workplace culture
Operated the 4th task force in 2022

Governance

Advanced ESG governance



ESG Committee
Highest decision-making body for ESG management

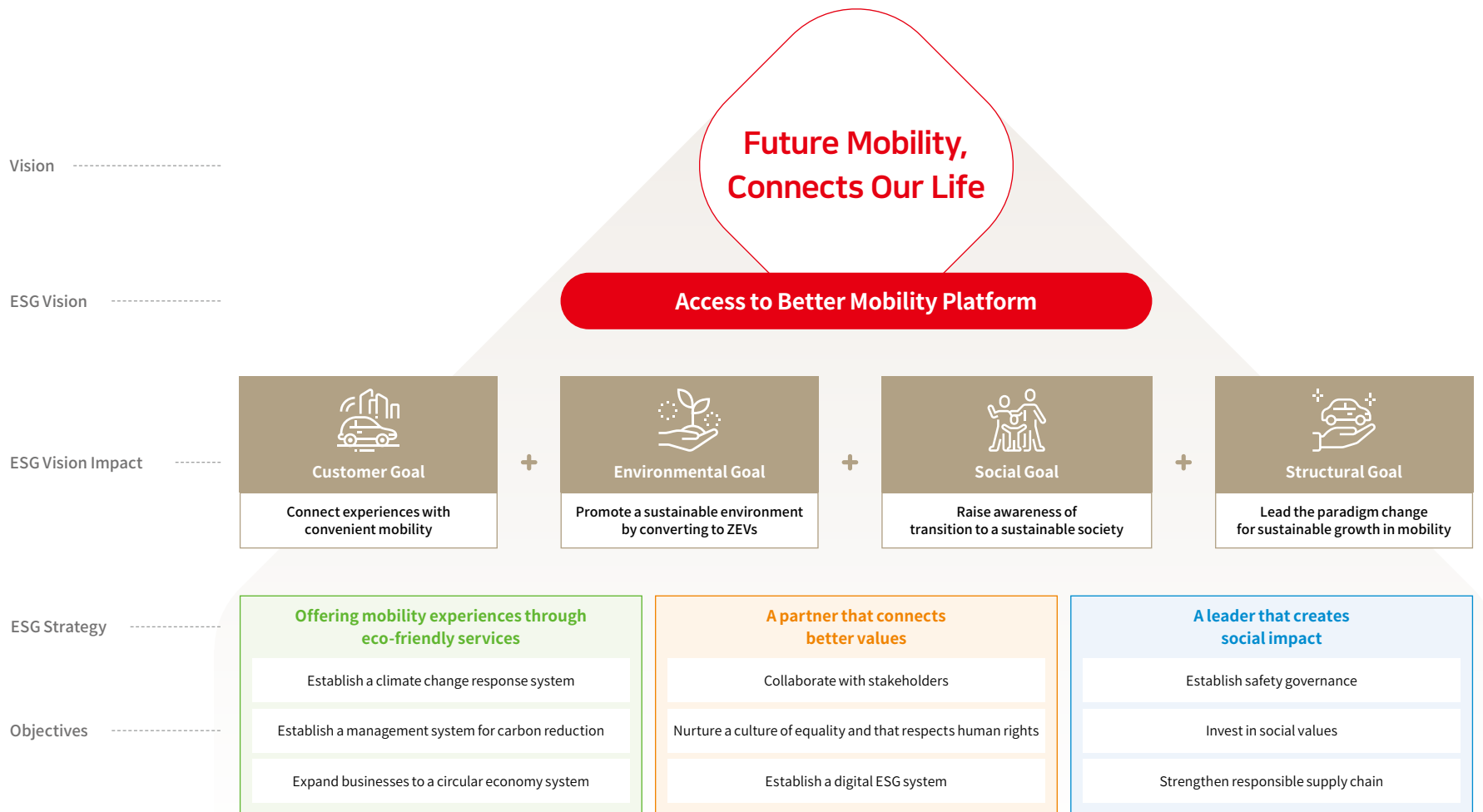
ESG Steering Committee
Supports decision-making for C-level ESG management

ESG Team
Manages internal and external ESG-related issues
Devises ESG management strategies and promotes related tasks

ESG Organization and System

ESG Value System

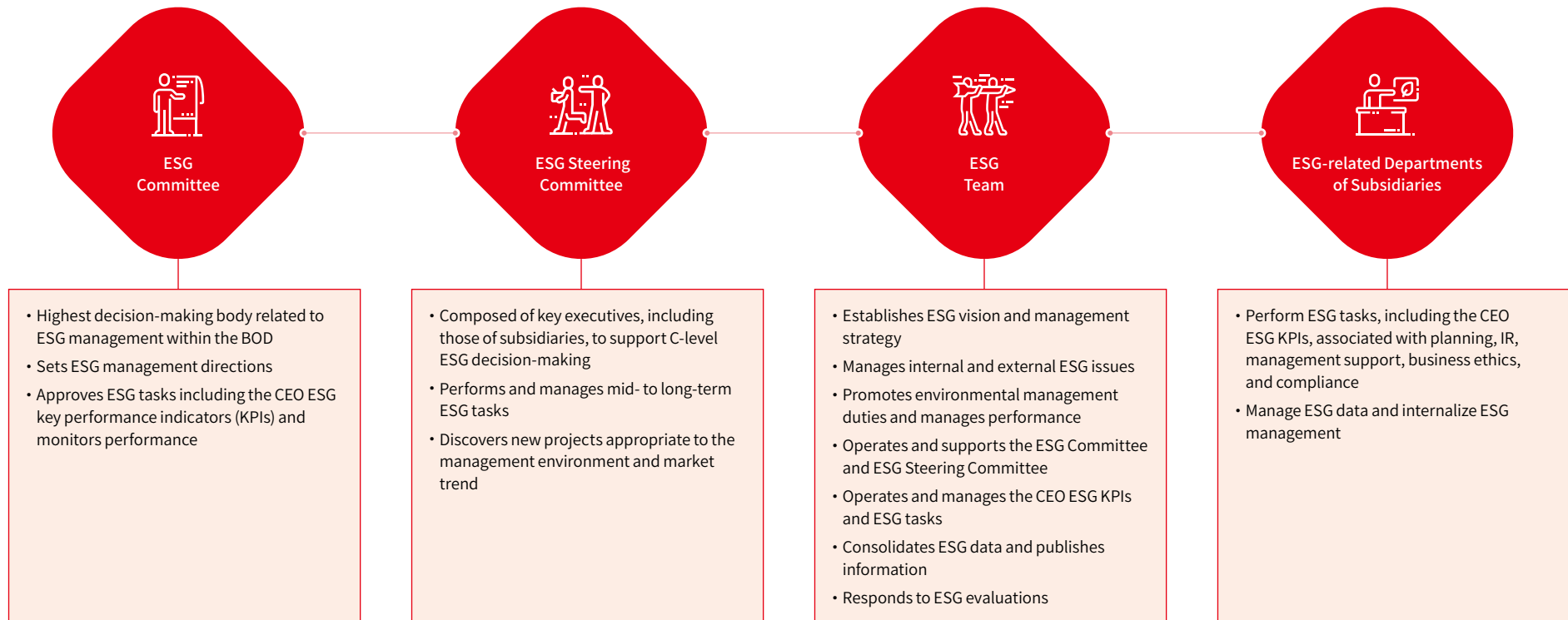
The term mobility literally implies the ability to move. LOTTE rental ensures customer convenience in relation to mobility while promoting a sustainable environment through conversion to ZEVs. Furthermore, we provide the entire mobility experience through eco-friendly services, collaborate with diverse stakeholders as a good partner, and constantly strive to create social impact. We pursue mobility that connects every moment of people's daily lives through a platform that offers better mobility experiences.



ESG Organization and System

ESG Organization

To improve our action toward internalization and implementation of sustainability management in all business areas, LOTTE rental formed an ESG management system consisting of the ESG Committee, ESG Steering Committee, ESG Team, and ESG-related departments of subsidiaries. The ESG Committee is the only board committee chaired by the CEO, possessing momentum for decisions approved by the committee.



SPECIAL INTERVIEW

Q Who are the members of the ESG Team and what are their responsibilities?

A The ESG Team of LOTTE rental was formed in July 2021, when LOTTE Group declared its commitment to ESG management. We are five on the team, including two managers and two assistant managers led by the team leader.

We act as a control tower that provides necessary support to establish ESG management strategies and integrate them into the company's business activities. Some of our responsibilities include the operation of the ESG Committee, management of internal and external ESG issues, consolidation of ESG data and publication of related information, and response to ESG evaluations.

Q Among the ESG tasks performed by LOTTE rental, what are the activities that set the company apart from the competitors?

A LOTTE rental is a mobility company offering products and services in the areas of short- and long-term car rental, car-sharing, used cars, car maintenance, and car auction. Among these, we particularly focus on converting to eco-friendly vehicles. To encourage voluntary conversion of customers, we exerted great efforts in the servitization of eco-friendly products, as well as performing customer-participatory CSR activities to expand the use of eco-friendly vehicles for the past five years. Through such efforts, we achieved a record-breaking conversion rate among single companies, paving our way toward carbon neutrality.

Q What are some of the ESG activities that LOTTE rental will carry out in the future?

A To date, LOTTE rental has completed the calculation of Scope 3, which accounts for the largest portion of carbon emissions in our business activities, as well as the third-party assurance. We intend to expand the scope of measurement and make necessary supplementations to participate in information disclosure through global ESG initiatives, such as the Carbon Disclosure Project and TCFD. Also, now that we have an organization that monitors fast-changing mobility and ESG trends at home and abroad, we will actively respond to policies and systems ahead of stakeholder demands.

Q Tell us about the ESG activities of major departments.

A LOTTE rental pursues ESG management under the organization that consists of the ESG Committee, ESG Steering Committee, ESG Team, and ESG-related departments of subsidiaries. ESG management activities carried out by this organization are conveyed in this Sustainability Report. The report covers relevant achievements and plans made together with all departments of LOTTE rental and our subsidiaries including LOTTE auto care, LOTTE auto lease, Greencar, Rental Partner, and overseas offices—and of course, with the leadership of our CEO Choi Jin-hwan. You can go over the ESG management of LOTTE rental on all pages of this report from cover to cover.

“LOTTE rental works toward carbon neutrality by recording the highest performance in converting to eco-friendly vehicles as a single company.”



Senior Assistant, ESG Team
Lee Shin-ae

ESG Organization and System

Activities of the ESG Committee

Date	Session	Attendance	Classification	Agenda	BOD result
Feb. 22, 2022	1st	3/3	Reporting	01 Interim report for ESG strategy consulting 02 ESG trend report	Reported
May 11, 2022	2nd	3/3	Reporting	01 Final report on ESG strategy consulting 02 Preliminary report on the enactment of the Corporate Governance Charter	Reported
Jun. 9, 2022	3rd	3/3	Voting	01 Approval for publication of the Sustainability Report 02 Approval for declaration of human rights management	Approved
			Reporting	03 Report on MSCI ESG evaluation result and follow-up measures	Reported
Aug. 26, 2022	4th	3/3	Voting	01 Approval for advancement of the education system 02 Approval for declaration of TCFD support	Approved
			Reporting	03 ESG trend report	Reported
Sep. 23, 2022	5th	3/3	Reporting	01 Report on information security policy-making and management status 02 Report on advancement of service quality and awards received	Reported
			Voting	03 Approval for establishing directions for the net-zero roadmap	Approved
			Reporting	04 Report on the outcome of promoting CEO ESG KPIs in 2022	Reported



ESG Organization and System

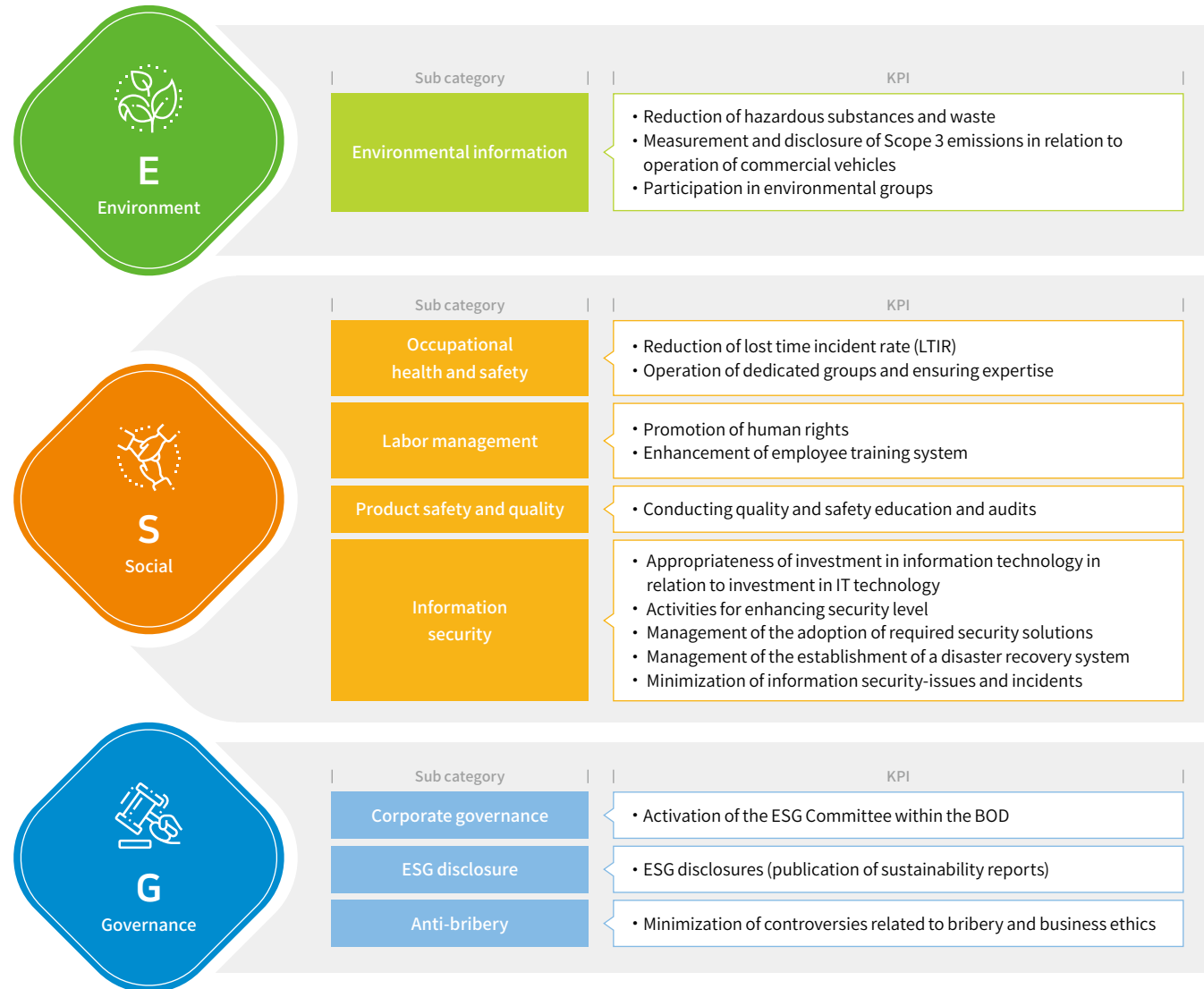
CEO ESG KPI

CEO ESG KPIs are some of the performance indicators managed by LOTTE Group and used by LOTTE rental. Since the declaration of ESG management in 2021, LOTTE rental has been selecting strategic tasks, goals, and rating scales for each area of environmental, social, and governance. Departments related to each strategic task take charge of fulfilling the associated goals.

We adopted the CEO ESG KPIs in 2022, with indicators aimed at establishing and internalizing an ESG management system in the areas of net-zero roadmap, human rights policy, privacy policy and management system, and activation of the ESG Committee. For 2023, we have organized indicators that reflect key issues based on global ESG trends, such as ESG disclosure and information security, as well as set mid- to long-term goals for some indicators managed in the previous year. We reflected each indicator in the KPIs of the ESG Team and other related departments to internalize ESG management throughout the company.

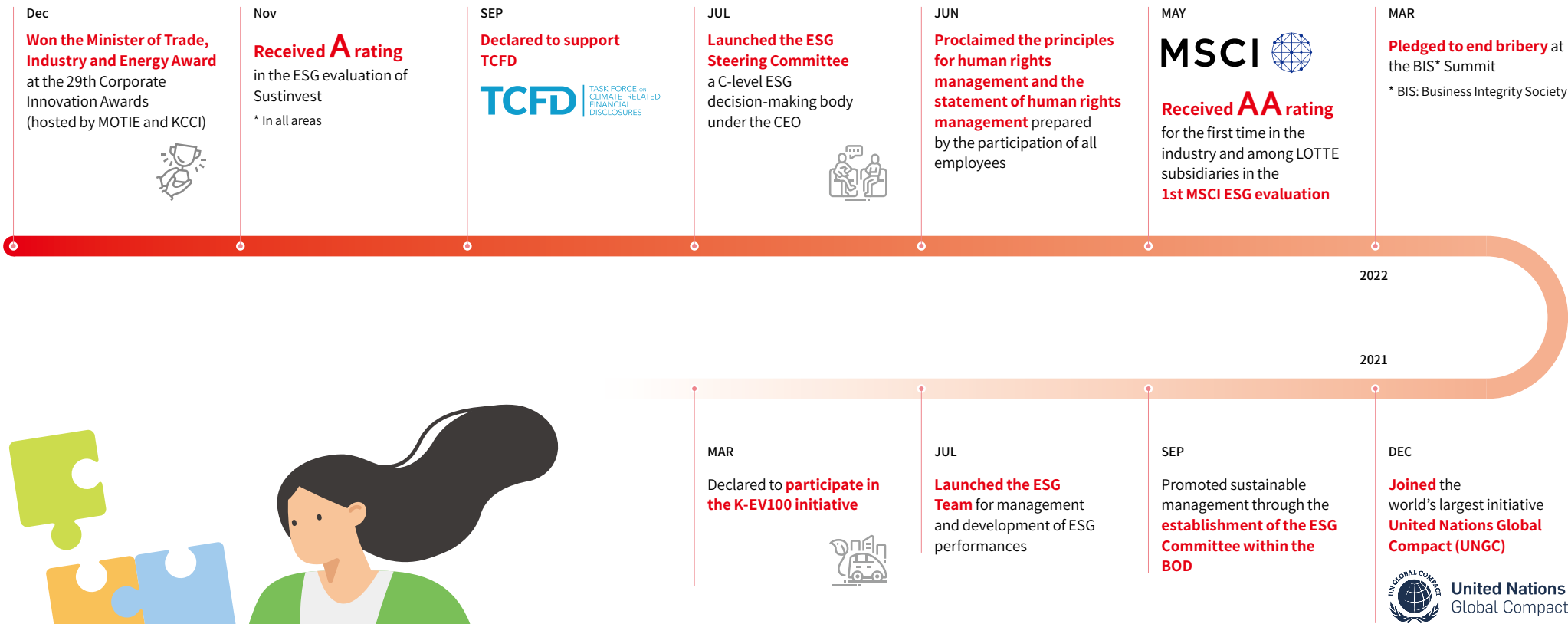
The operation of CEO ESG KPIs is constantly presented as an agenda item during ESG Committee meetings, where decision-making takes place. Through the process of reporting and deliberating annual operation plans and their implementation by indicator, CEO ESG KPIs serve as a tool that helps us review business initiatives from a fair perspective and secure the driving force necessary to execute our businesses.

Ensuring the continuous operation of the CEO ESG KPIs, LOTTE rental will expand the scope of internal ESG KPIs based on more advanced strategic tasks.



ESG Organization and System

Key Milestones of ESG

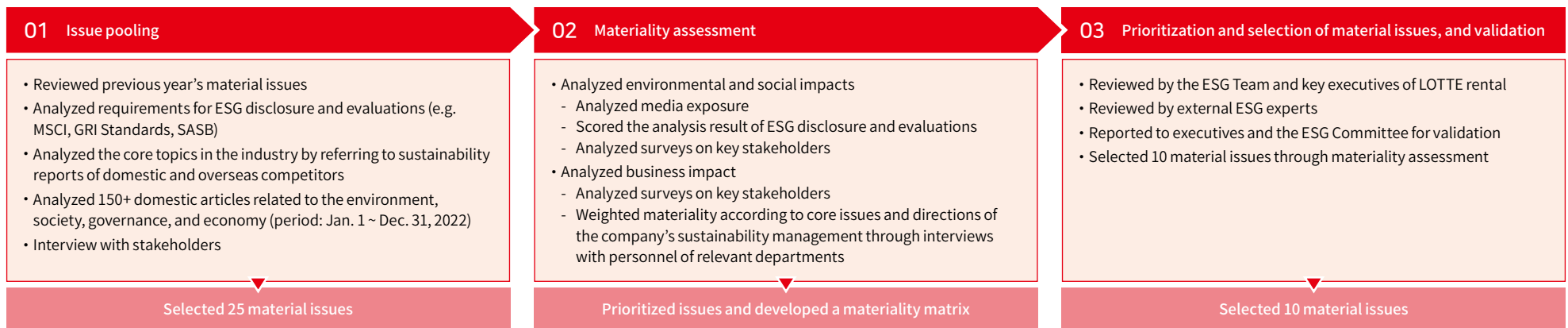


Materiality Assessment

Double Materiality Assessment

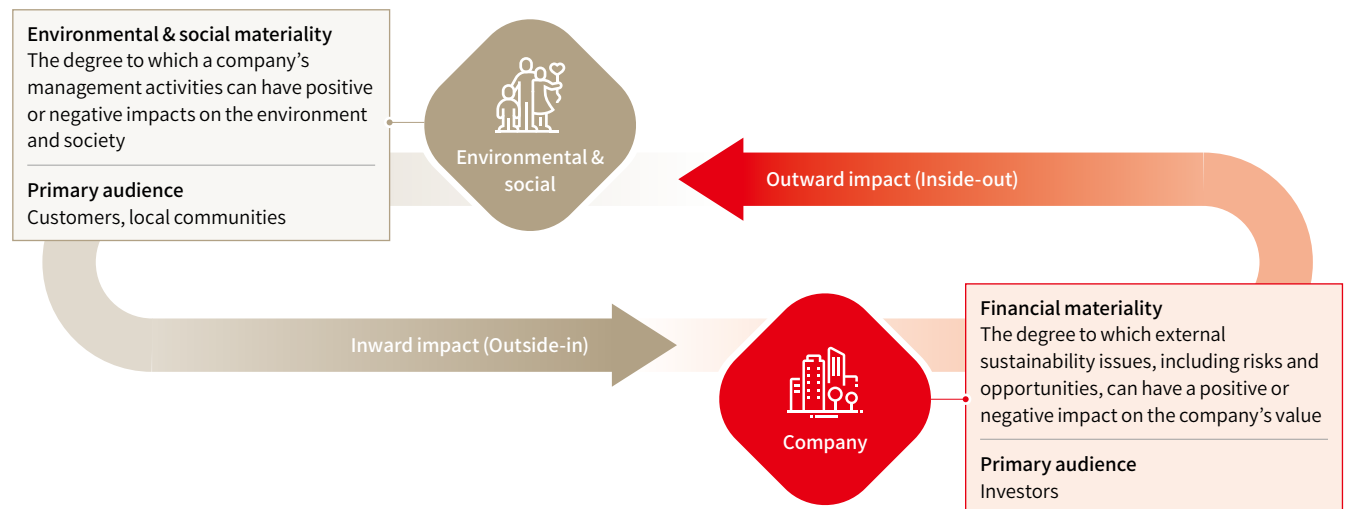
Assessment Process

LOTTE rental derives sustainability-related topics that the company should focus on managing and disclosing through materiality assessments. For this, we applied the Global Reporting Initiative (GRI) standards and the double materiality assessment of the EU Corporate Sustainability Reporting Directive (CSRD). We considered all environmental, social, and financial impacts to list out material issues.



Concept of Double Materiality Assessment

The double-materiality concept adopted by the CSRD considers how business activities impact society and the environment ("environmental & social materiality") and how a business is affected by external sustainability-related environmental and social factors ("financial materiality").



Materiality Assessment

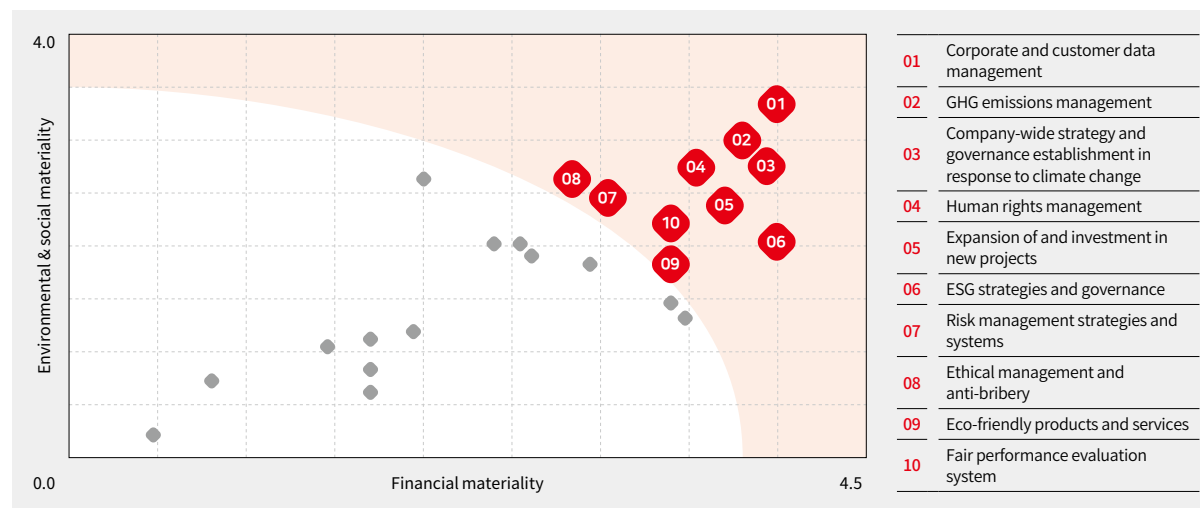
Double Materiality Assessment

Double Materiality Assessment Result

As a result of performing a materiality assessment referring to the new GRI Standards and the double-materiality concept brought in by the European Sustainability Reporting Standards (ESRS), LOTTE rental came up with 10 material issues, which include corporate and customer data management, GHG emissions management, and company-wide strategy and governance establishment in response to climate change. We intend to constantly manage the selected material issues and transparently disclose our plans, activities, and performances related to ESG issues in sustainability reports.

In 2022, we came up with new material issues, which are climate change, human rights management, risk management, and ethical management. “Corporate and customer data management” went up three ranks, taking up the top position in terms of materiality. This was caused by not only changes in assessment methodology according to the new GRI Standards, but also the increased stakeholder awareness of the significance of product development that meets customer needs for continuous sales growth, the expansion of new projects and investments, privacy protection, response to climate change, management of GHG emissions, ethical management, and other managerial issues. This report has reflected the materiality of these topics and described the efforts made by LOTTE rental for each area.

Materiality Matrix
















Material ESG Issues of 2022

Classification	Material issue	Environmental & social materiality	Business materiality	2022 rank	2021 rank	Page	GRI alignment
Social	Corporate and customer data management	●●●●	●●●	1	4	115	418-1
Environment	GHG emissions management	●●●●	●●●	2	10	43, 45, 111, 125	305-1~7
Environment	Company-wide strategy and governance establishment in response to climate change	●●●●	●●●	3	-	94, 95, 97, 110, 111, 120, Business Report 128p	2-13, 201-4
Social	Human rights management	●●●●	●●●	4	-	6, 49~55, 112, 113	2-23, 405-1~2, 406-1, 408-1, 409-1, 410-1
Governance	Expansion of and investment in new projects	●●●●	●●	5	3	-	-
Governance	ESG strategies and governance	●●●●	●●	6	1	20, 21, 94~97	2-13~14
Governance	Risk management strategies and systems	●●●●	●●	7	-	51, 94~99	2-13, 2-25
Governance	Ethical management and anti-bribery	●●●●	●●●	8	-	98, 99, 101~105, 116	205-1~3, 206-1
Environment	Eco-friendly products and services	●●●●	●●	9	2	-	-
Social	Fair performance evaluation system	●●●●	●●	10	7	56~60, 68, 114	404-1~3

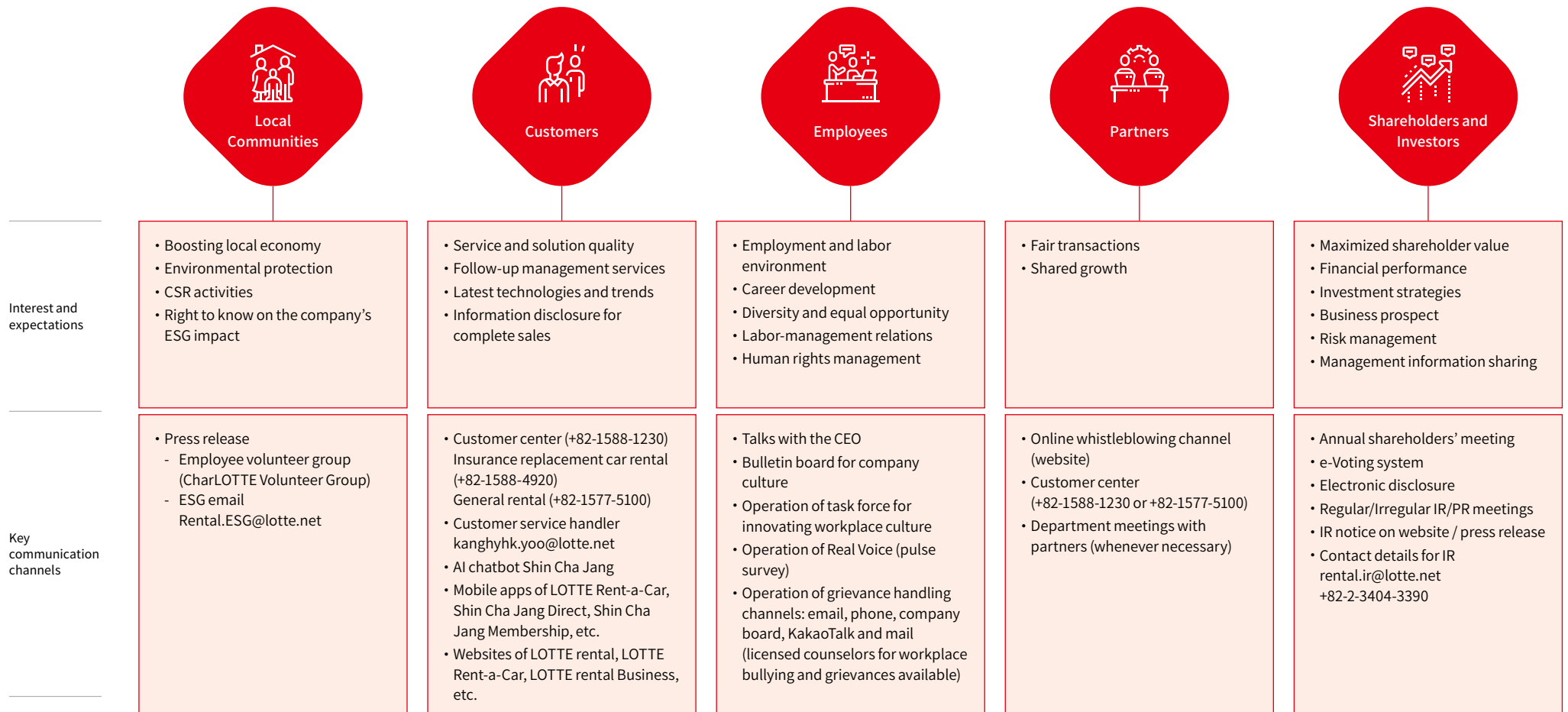
Materiality Assessment

Key Activities and Alignment with UN SDGs for Each Material Issue

	Material issues (10)	Key activities and achievements in 2022	UN SDGs
 <p>E Environment</p>	GHG emissions management	<ul style="list-style-type: none"> Practiced K-EV100 and converted 18,000+ vehicles to electric Measured annual GHG emissions of all business sites 	
	Company-wide strategy and governance establishment in response to climate change	<ul style="list-style-type: none"> Promoted environmental management based on the organizational structure of the ESG Committee, ESG Steering Committee(executive management), and ESG Team Took climate action based on the 2040 net-zero roadmap Declared to become the official TCFD supporter and joined the Korea TCFD Alliance for the first time in the industry 	
	Eco-friendly products and services	<ul style="list-style-type: none"> Published a “car rental guidebook” made with eco-friendly materials and less supplies Increased customer value and convenience by revamping the “EV Perfect Plan,” a full-care program for EVs Executed the mobile EV charging service approved by MOTIE 	
 <p>S Social</p>	Corporate and customer data management	<ul style="list-style-type: none"> Designated information security managers by department and operated monthly “Security Days” for security inspections and practices Disclosed the company’s information security level to guarantee users’ right to know and reflect significant elements of information security in management 	
	Human rights management	<ul style="list-style-type: none"> Established the principles for human rights management and operated human rights remedy process by employing several channels Recruited persons with disabilities as baristas for office café MoCa (6 for LOTTE rental; 4 for LOTTE auto care) 100% of our employees completed education courses on preventing sexual harassment and workplace bullying, and raising disability awareness 	
	Fair performance evaluation system	<ul style="list-style-type: none"> Set individual goals, provided employee consultation, and operated feedback and objection processes whenever necessary Operated the performance-compensation system for wage increase, incentives, promotion, and appointment 	
 <p>G Governance</p>	Expansion of and investment in new projects	<ul style="list-style-type: none"> Submitted proposal for the 1st demonstration project for the K-UAM Grand Challenge hosted by the Ministry of Land, Infrastructure and Transport Discovered and invested in promising mobility startups through participation in the “LOTTE Mobility Innovation Fund” 	
	ESG strategies and governance	<ul style="list-style-type: none"> Received AA and A ratings for the ESG evaluations by MSCI and Sustainvest, respectively Strengthened decision-making for sustainable management based on activate operation of the ESG Committee Established and operated the CEO ESG KPIs for 2022 	
	Risk management strategies and systems	<ul style="list-style-type: none"> Operated the Risk Management Committee Conducted assessment of major risks and executed response measures Conducted compliance risk assessment 	
	Ethical management and anti-bribery	<ul style="list-style-type: none"> Set the CEO ESG KPIs to prevent controversies related to anti-bribery and ethical management Pledged to end bribery at the 2022 BIS Summit 	

Communication with Stakeholder Groups

LOTTE rental constantly communicates with its stakeholders through a range of channels. We divide our stakeholders into local communities, customers, employees, shareholders, and investors, and we strive to form a consensus on sustainability management issues and build cooperative relationships with our stakeholders.



ENVIRONMENT





Environmental Management

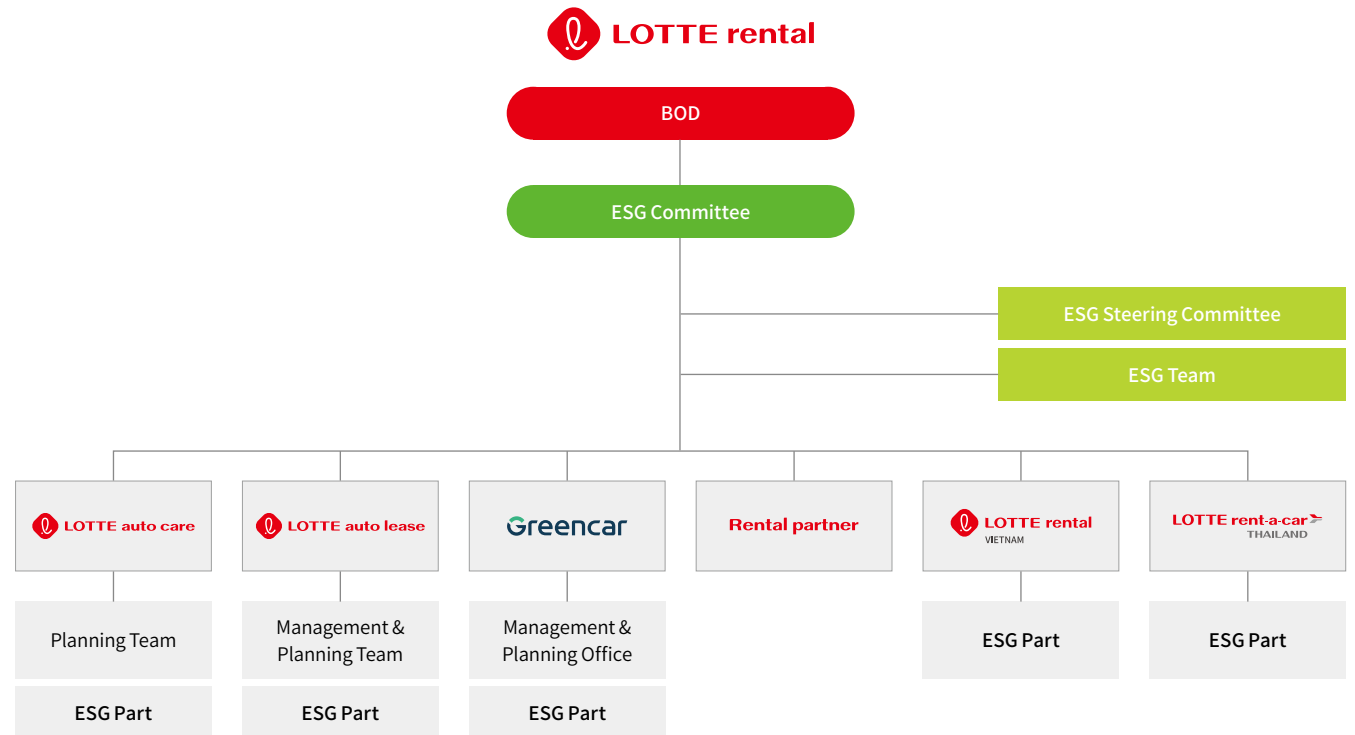
Environmental Management Strategy and Promotion

Core Values and Strategies of Environmental Management

Under the mission of “Create a better life,” LOTTE rental places top priority on the conservation of the natural environment to create better lives of various stakeholders. We pursue to become a lifestyle platform leader based on mobility and practice environmental management to establish a platform that connects better mobility experiences. We, as the leader in the ZEV supply and conversion to a sustainable society, will embed all mobility experiences into eco-friendly services to contribute to achieving net zero by 2040.

Composition and Roles of the Environmental Management Organization

Amid the global trend where sustainability is directly linked with corporate value, LOTTE rental proclaimed its commitment toward LOTTE Group’s ESG management and accordingly established an environmental management system. We formed a working-level body and control tower of environmental management comprised of the ESG Team, ESG Steering Committee, and ESG Committee, taking the initiative in carrying out firm and transparent environmental management activities.



Environmental Management

Environmental Management Strategy and Promotion

Declaration to Support K-EV100

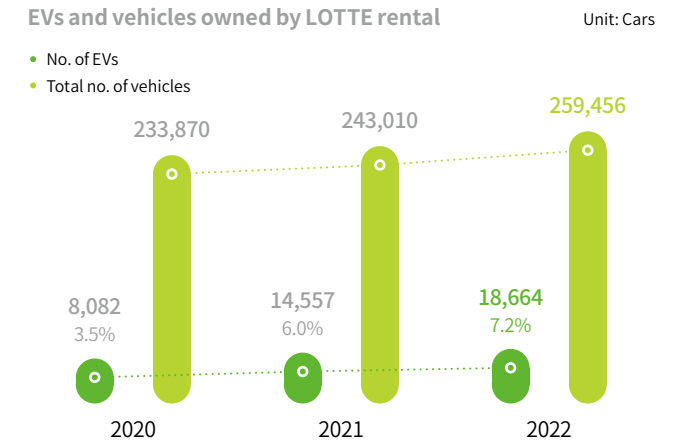
Global leaders must endeavor to limit the global temperature rise to within 1.5°C by 2050 in accordance with the Paris Agreement. A number of global initiatives have been launched considering the features of different industries and companies, demonstrating joint efforts and commitments to respond to the climate crisis. EV100 is a broad coalition in the area of transportation that emphasizes the use of EVs and an increase in the number of EV charging stations as a measure to go carbon neutral. Inspired by EV100, the Korean Ministry of Environment launched the “K-EV100” initiative in an effort to accelerate the commercial use of ZEVs and carbon neutrality. Members of this initiative make a commitment to switch their cars owned or rented to ZEVs by 2030.

Being one of the companies with the largest number of cars owned in Korea, LOTTE rental declared to join the K-EV100 initiative. Accordingly, we set a roadmap to convert 100% of our vehicles to EVs by 2030, and we are upholding our commitment in a strategic manner. In this regard, we recorded the best performance in the industry as of December 2022, reaffirming our position as a leader in the conversion to ZEVs.

* Purchased cars ≠ owned cars (reason: sold cars excluded)

Owned EVs Unit: Cars

Classification		2020	2021	2022
Korea	No. of EVs owned	134,962	231,443	389,855
	Proportion	5.99%	6.29%	4.79%
LOTTE rental	No. of EVs owned	8,082	14,557	18,664
	Proportion	3.5%	6.0%	7.2%



Environmental Management

Environmental Management Activities

Establishment and Execution of the K-EV100 Roadmap

In March 2021, LOTTE rental declared to join the K-EV100 initiative to accelerate carbon neutrality in transportation through the supply of ZEVs.

Prior to the declaration, we established a mid- to long-term plan aimed at 100% conversion of our own cars and rented cars to ZEVs by 2030, in which we submitted the roadmap to the Ministry of Environment. According to the plan, we intend to achieve 30% conversion by 2025, 70% by 2028, and 100% by 2030.

For the time being, we are prompting the conversion of commercial vehicles owned by the company and LOTTE auto care to adhere to the timeline.

Moreover, to expedite the shift of long-term rental cars that take up the greatest proportion of our vehicles, we are seeking ways to promote voluntary conversion by customers.

Along with EV promotions, we carry out a mileage campaign intended for customers using EVs in Jeju to further expand their experience. Jeju is the most visited city in Korea with a large number of tourists using car rental services.

We also develop and upgrade product and service bundles to alleviate common concerns people have about EVs. The mobile EV charging service provided by LOTTE auto care's charging vehicle, which has acquired special approval for regulatory sandbox demonstration, is also one of the privileges our long-term EV rental customers can enjoy.

Overperformance of Conversion to ZEVs

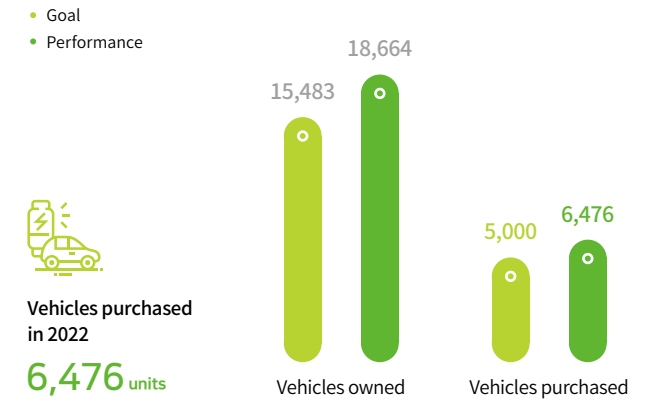
LOTTE rental owns a total of 18,664 ZEVs, including 6,476 EVs purchased in 2022. In comparison to the roadmap established prior to joining K-EV100 in 2021, we outperformed our goal by purchasing over 1,500 EVs (130%, +0.6%p) and owning over 3,200 ZEVs (121%, +1.2%p).

In fact, we have been supplying ZEVs earlier on. In 2016, when EVs were not quite familiar among consumers unlike today, we were the first in the country to introduce 20 Hyundai IONIQs in Jeju Auto House. Apart from offering short-term rental cars, we hosted free test driving promotions to expand customer experience with eco-friendly EVs. The same year, we launched long-term car rental services exclusive to EVs and broadcast a special show about EVs—the first in the nation—on LOTTE Home Shopping. On the 22nd Environment Day in 2017, we received a commendation from the Minister of Environment in recognition of our efforts to supply EVs and build charging infrastructure based on our MOU with the Ministry of Environment.

Aiming at 100% conversion to ZEVs by 2023, we closely communicate with the Ministry of Environment and related organizations. Fully aware that our roadmap goals may require adjustment depending on internal or external factors, we will promptly and transparently disclose any revisions to the roadmap as well as the reason for the revision.

K-EV100 Performance to Goal (2022)

Unit: Cars



Environmental Management

Environmental Management Activities

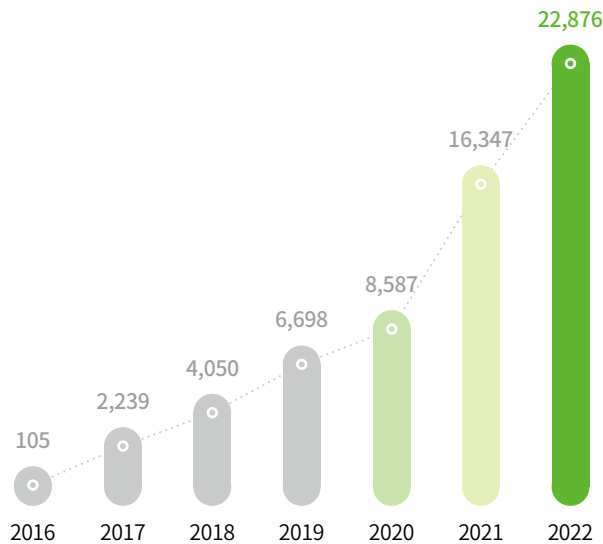
Over 22,000 Cumulative Purchases of ZEVs

LOTTE rental has the greatest number of ZEV purchases in Korea. The semiconductor shortage in 2022, however, led to long-term delays in the manufacture and delivery of all cars, including ZEVs, by car makers. In this regard, we saw a decline in our ZEV purchases in comparison to the highest level we had seen in the previous year.

Despite the challenging environment, we continued to secure cars that would keep us at the forefront of the switch to ZEVs. We purchased 6,476 EVs and 53 hydrogen vehicles in 2022, recording a cumulative purchase of 22,876 ZEVs, including hydrogen vehicles, over the course of seven years, from 2016 to 2022.

Cumulative No. of ZEVs Purchased

Unit: Cars



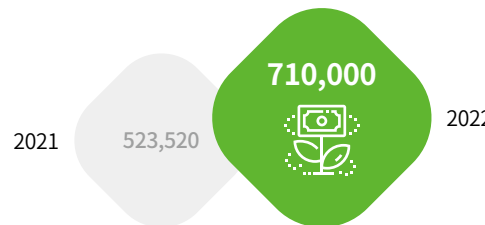
ZEV Purchases through Green Bond Issuance

LOTTE rental initiated ESG funding starting with the issuance of the first green bond in February 2021. At the time, we issued KRW 190 billion out of KRW 250 billion as green bonds to purchase eco-friendly vehicles. Following April, we successfully issued the first foreign-currency green bonds. In September, when we were building the foundation for ESG management by establishing dedicated organizations, we issued KRW 300 billion worth of green bonds and spent the entire amount on purchasing eco-friendly vehicles.

Our green bond issuance continued in 2022. We successfully funded a greater amount than the previous year with a total amount of KRW 710 billion, leading the conversion to eco-friendliness by purchasing ZEVs. Our efforts to issue green bonds will remain unwavering, and we will actively respond to the market demand for eco-friendly mobility.

Total Green Bonds Issued

Unit: KRW million



Awarded by the Minister of Environment for Excellence in ZEV Conversion at xEV Trend Korea

xEV Trend Korea is Korea's largest EV expo hosted by the Ministry of Environment. It is aimed at expanding the supply of EVs in the private sector and fostering a new EV culture. At the March 2022 event, LOTTE rental was selected as the best example of practicing K-EV100 and awarded the Minister of Environment Award.

xEV Trend Korea is Korea's largest EV expo hosted by the Ministry of Environment. It is aimed at expanding the supply of EVs in the private sector and fostering a new EV culture. At the March 2022 event, LOTTE rental was selected as the best example of practicing K-EV100 and awarded the Minister of Environment Award.

At the expo, we also shared our exemplary conversion cases as well as plans for the future. Choi Geun-yeong, director of the Marketing Division, introduced how LOTTE rental was able to record a cumulative purchase of 16,000 ZEVs (as of the end of 2021) through aggressive business activities, such as implementing long-term EV rental for the first time in the industry and issuing green bonds. He also mentioned the company's ambition to continue the massive conversion through the discovery of new services.



Environmental Management

Environmental Management Activities

Increased Supply of EVs and Related Infrastructure

LOTTE rental continuously promotes the increased supply of EVs and related infrastructure. As for Jeju Auto House, we increased the number of EVs by 51.7% in 2022 YoY, availing 137 EVs to customers. In addition, we replaced three out of five Jeju Airport-Jeju Auto House shuttle buses serviced to LOTTE Rent-a-Car customers with electric shuttles. The other two are planned for conversion in 2024.

LOTTE rental also endeavors to build infrastructure for charging EVs. Last year, we installed a total of 12 EV chargers (8 fast chargers, 4 slow chargers) in seven locations, including Jeju Auto House, Dongdaegu Office, and Seogye Office. We invested about KRW 700 million in EV chargers between 2019 and 2022, installing a total of 38 charging stations. We will remain committed to driving the establishment of EV infrastructure to ensure convenience in charging EVs for LOTTE Rent-a-Car customers.

EV Chargers at Jeju Auto House

Classification	Output	No. of Chargers
Fast charger	100Kw	4 units
	50Kw	3 units
Slow charger	7Kw	9 units
Electric bus charger	230Kw	1 units
Wireless charger (for Genesis only)	11Kw	2 units
Total		19 units

EV Chargers of LOTTE rental (Fast & Slow)

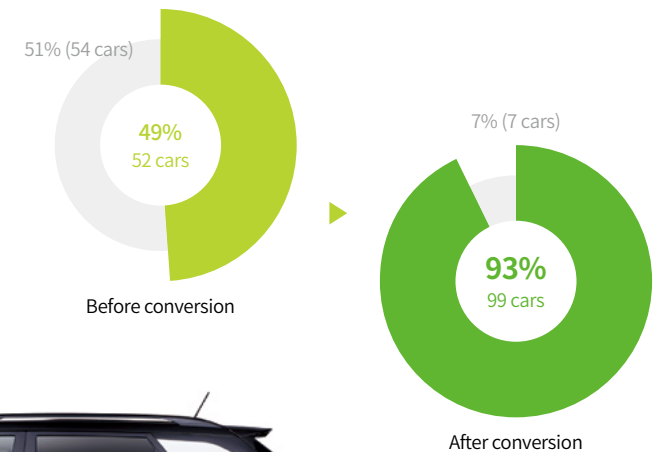
Unit: Chargers

Location	2020	2021	2022	Total
Gayang Logistics Center	-	-	2	2
Gimhae Airport Office	-	-	1	1
Daejeon Office	2	-	-	2
Dongdaegu Office	2	-	4	6
Mokpo Branch	-	-	1	1
Busan Office	2	-	-	2
Seogye Office	-	-	3	3
Anseong Auction House	-	5	-	5
Jeju Business Group	6	9	1	16
Total	12	14	12	38

LOTTE auto care's EV Conversion Plan

LOTTE auto care, the car maintenance subsidiary of LOTTE rental, also actively takes part in our commitment to convert to ZEVs. LOTTE auto care currently operates a total of 315 vehicles: 209 Starex vans for mobile maintenance services and 106 commercial vehicles used by head office employees and car managers for customer service (e.g. vehicle pick-up). Of these, 52 commercial vehicles (49%), have been converted to EVs. The remaining 47 will be converted within 2023 to make a total of 93% of commercial EVs.

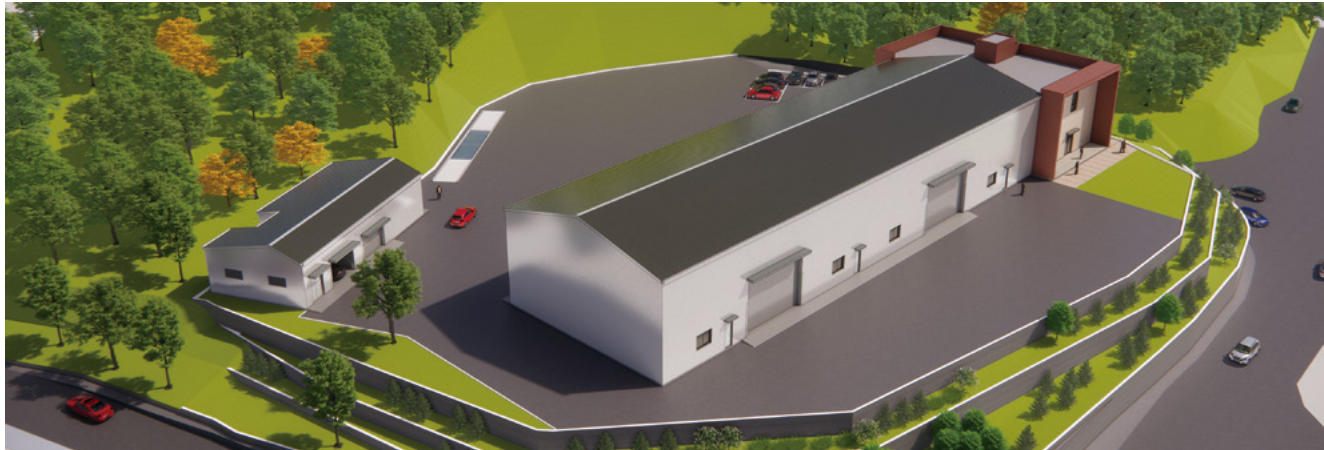
Proportion of Commercial EVs used by Car Managers and Head Office Employees



LOTTE auto care's commercial vehicle (Ssangyong Korando EV)

Environmental Management

Environmental Management Activities



Bird's-eye view of Anseong parking lot for construction equipment

Construction of Anseong Parking Lot with Minimized Environmental Pollution

As Korea's no.1 rental business for industrial goods, LOTTE rental has acquired domestic distribution rights for construction lifts of JCB, one of the world's top three manufacturers of construction equipment. In this relation, we have obtained a development permit for the 9,981 m² plot located in Gangdeok-ri, Miyang-myeon, Anseong-si, Gyeonggi-do, for the purposes of sale, rental, and after-sales service. Construction of the lift parking lot commenced in May 2023.

To prevent and minimize environmental pollution and impact that commonly occur in construction sites, we make sure to adhere to our environmental management plans to ensure pleasant work environments.

In the case of construction equipment, we utilize the latest models to prevent noise and air pollution. All our excavators, 15-ton dump trucks, and crushers use noise-control construction methods or are equipped with low-noise systems. Particularly,

we make sure that transport equipment frequently entering and exiting construction sites is given special care for operation and management. Wheel wash systems and field managers are present at the site to prevent sudden operation or idling of such equipment and control dust. As for lifts, which are some of the most frequently used equipment in construction sites, we only use battery-powered electric lifts to lower noise and environmental pollution.

We also take into account environmental aspects in relation to sewer maintenance, which is an indispensable part of the construction process. In addition to wastewater and sewage generated from newly built buildings, sewage pipe maintenance is essential to treat rainwater that drains from the site paved with asphalt concrete during the rainy season. We plan to adopt the "partial trenchless multi-angle drilling method" using an excavator-attached direct-drive multi-angle drilling rig rather

than the conventional "manpower excavation" used for sewage pipe maintenance. Using this method can drastically reduce not only noise and dust, but also the amount of construction waste, ultimately contributing to lower environmental pollution and costs.

We recognize the fact that when engaging in forestry conversion projects, damage to nature is inevitable due to the disposal of trees and changes in the land's shape. Accordingly, we plan to compensate for the impact of the conversion process by landscaping 30% of the land, thereby increasing the amount of green area.

Buildings within the site are also subject to management as part of our environmental management initiative. We will install LED lighting indoors to enhance energy efficiency and apply steel reinforced concrete construction instead of panel construction in office buildings to secure structural stability. We will maximize the insulation effects as well to save energy from using air conditioners and heaters. Once the construction lift parking lot ends, we will install solar roofs to generate 30 MWh of energy annually, saving nearly KRW 27 million on electricity costs and 14 tons of GHG emissions a year.



Partial trenchless multi-angle drilling method

Environmental Management

Environmental Management Activities

Increasing Customer Convenience through the EV Perfect Plan

LOTTE rental is committed to environmental management in the best way we can together with LOTTE Rent-a-Car. Leading the shift to ZEVs, we intend to practice carbon neutrality and environmental conservation.

As we tried to encourage voluntary conversion among customers, we discovered that their hesitation to use EVs was primarily due to inconvenience. To solve

this problem, we came up with the “EV Perfect Plan,” a full-care program for EVs, targeting customers who are used to internal combustion engine vehicles (ICEVs). We made constant upgrades and renewals of the initial benefits of battery care and charging incentives to include car maintenance, battery diagnosis, and emergency charging services. As such, we will make relentless efforts to introduce products and services that further increase the utility value of customers, thus solidifying our commitment to the transition to ZEVs.



for keeping documents. Our efforts will continue to consider eco-friendliness and customer convenience when using our periodical publications.



Car rental guidebook made with eco-friendly materials

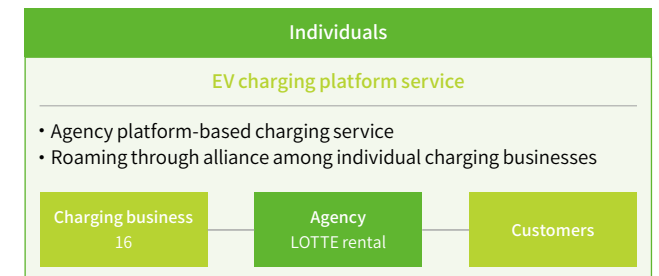
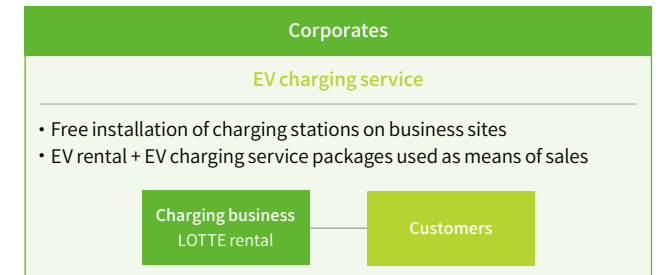
Car Rental Guidebook Made with Eco-friendly Materials

In 2023, LOTTE rental published and distributed guidebooks made with eco-friendly materials to customers of long-term new car rentals (Shin Cha Jang). In comparison to the past version, we used 100% biodegradable sugarcane paper and avoided the use of spiral binding coils and vinyl sheets as part of our initiative to minimize environmental impact. It comes in a compact size that easily fits inside the glove compartments and also has pockets

EV Charging Project for Enhancing Customer Convenience

With the registration of the new electric business in July 2022, LOTTE rental commenced its project to build EV charging infrastructure and promote the charging business. Since the launch of the EV business team in 2023, we have been recruiting experts from each field to build our competency and expand our charging business in line with the era of eco-friendly vehicles. Our charging business aims at generating profits and retaining

existing customers at the same time. It will feature an EV charging service model for corporate customers and an EV charging platform service model for individual customers. The EV charging service will have charging stations installed within the workplaces of corporate customers and charge for the service. We plan to combine the long-term rental service of eco-friendly cars with billing plans for greater benefits. As for individual customers, we intend to develop a charging service model based on an agency platform. This will make charging businesses enter into roaming agreements with one another to offer services from charging stations installed across the nation. Revamping of other projects is also underway in order to build an eco-friendly business portfolio in addition to EV battery diagnosis, battery recycling, and our unique charging services. Some of our initiatives include discovering eco-friendly startups and taking over businesses with eco-friendly competitiveness.



Environmental Management

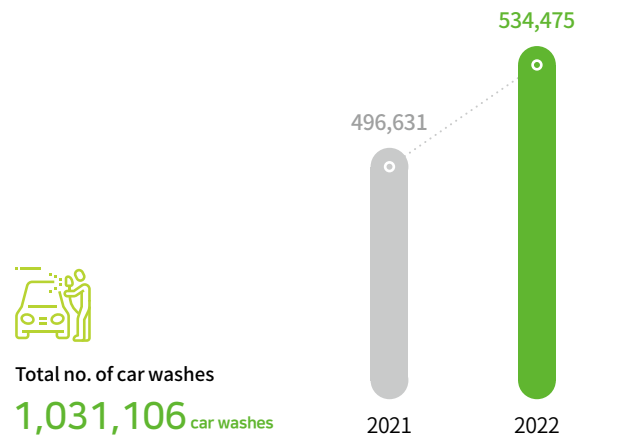
Water Management

Cling Wash: Greencar's Water-saving Car Wash Service

Greencar offers a contactless car wash service that avails customers to get their cars washed at their desired time and location through a simple reservation system. "Cling Wash" is an eco-friendly car wash service that uses special wash products and less water. Conventional car wash systems and hand washing consume an average of 200 L and 100 L of water, respectively, per washing session. Contrarily, Cling Wash uses only 500 mL of water with guaranteed cleanliness, contributing to LOTTE rental's efforts to save water. Greencar maintains its cars used for its car-sharing service through Cling Wash. Cling Wash performed roughly 530,000 car wash sessions overall in 2022, saving over 100 million L of water compared to automatic car wash systems. Cling Wash is constantly looking for potential partners, and we anticipate that, through an improved reservation system, the service will save more water and contribute to reducing GHG emissions.

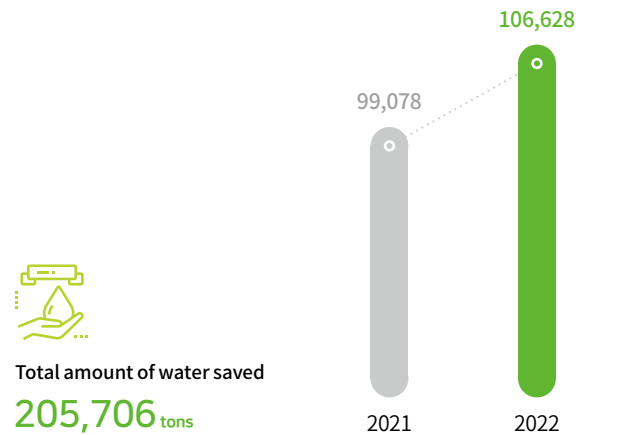
Cling Wash Services Provided

Unit: Car washes



Amount of Water Saved by Greencar's Car Wash

Unit: tons



SPECIAL INTERVIEW

Q Please briefly tell us about the Cling Wash service.

A Cling Wash is Greencar’s eco-friendly mobile car wash service launched in 2021. When speaking of car wash, people generally think of going to a car wash or gas station to have their cars washed. Well, this consumes large amounts of water. That’s why we broke away from this idea with Cling Wash, which offers contactless a car wash service using only 500 mL of water at a time and place desired by the customer. Unlike conventional car wash, this service increases customer convenience while taking part in environmental conservation.

Q How many car washes were performed since the service’s launch? And who are the primary users?

A Cling Wash performed 500,000 car washes in 2021 and 530,000 in 2022, including cars owned by Greencar. Large SUVs take up the greatest proportion of service users. Recently, there has been an increase in customers who wish to have their EVs washed while charging. The majority of the users are B2B cars, but the number of new B2C customers and their service usage rate are showing a growing trend. We will further reinforce the Cling Wash service to satisfy both B2C and B2B customers and lead sustainable growth.

Q How satisfied are the customers?
Is the number of customers growing?

A Our customer satisfaction maintains a score of 9 on a scale of 10. Car wash quality and contactless service show the highest satisfaction among other items. We are seeing a constant increase in the rate of returning customers. The monthly proportion of returning customers takes up about 50%.

Our efforts of monitoring and upgrading our mobile application to offer easy and simple services for all ages led to high satisfaction with convenience and app accessibility. We will continue to give our all to enhancing customer satisfaction by offering differentiated services.

“ We will give our all
to enhancing customer satisfaction
by offering differentiated services.”



Director, Greencar Corporate Business Office
Moon Myeong-ho

Environmental Management

Resource Recycling

Upcycling of Waste Tires

In November last year, LOTTE rental and LOTTE auto care signed an MOU with Tread & Groove, an upcycling startup that uses waste tires to make shoes.

Based on the agreement, tires supplied by LOTTE auto care and used for cars of LOTTE rental are returned to LOTTE auto care until they are finally distributed to Tread & Groove. Tread & Groove transforms these waste tires into shoes for retail as well as safety shoes for mechanics at LOTTE auto care. Since LOTTE auto care, the host of this partnership, wanted to make shoes for its mechanics, the company met regularly with Tread & Groove, performed field tests, and improved the quality of samples.

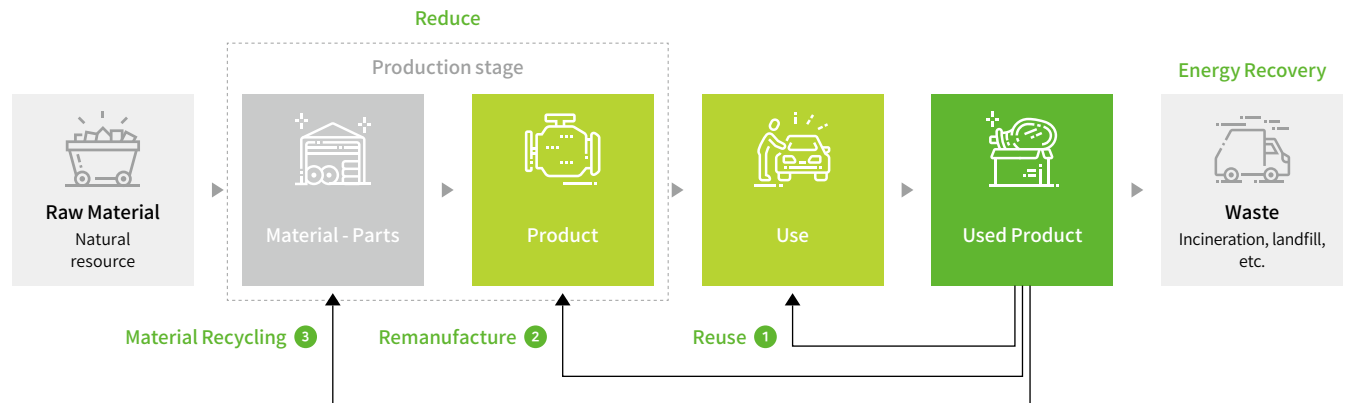
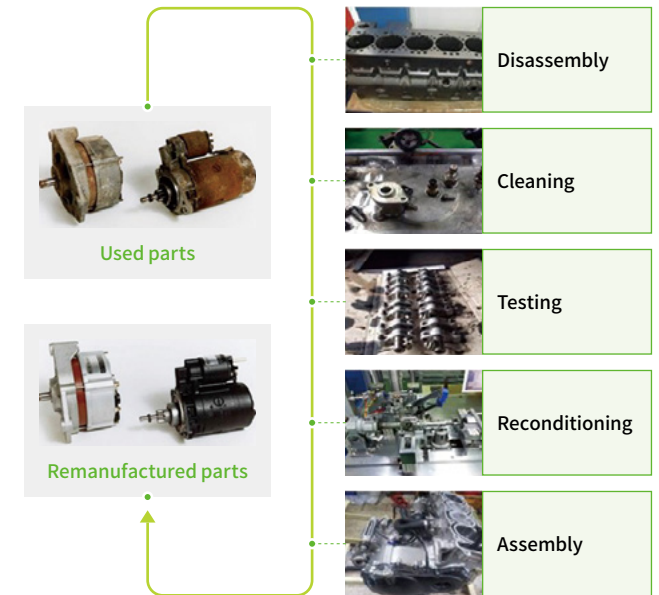
Unfortunately, the recycling quantity of waste tires failed to meet the initial plan due to the partner's factory relocation and other inevitable reasons. But thanks to the company's first recycling attempt in relation to its business, LOTTE auto care managed to provide 331 tires as of July 2022, reducing 8.9 tons of carbon emissions.

Serving this collaboration with Tread & Groove as a good experience, LOTTE auto care is seeking ways to carry out effective recycling projects.

Use of Remanufactured Parts

LOTTE auto care is LOTTE rental's subsidiary in charge of car maintenance. The company directly offers mobile maintenance services, while other duties including repair from accidents, general repair, and mandatory inspections are performed by consigned companies. With LOTTE rental and consignees as the contracting parties, LOTTE auto care manages affiliates and partner companies on behalf of LOTTE rental.

LOTTE auto care selects auto parts (e.g. engines, transmissions, seats, turbochargers, generators, injectors, starter motors) that can be reused in the process of car repair from accidents and general repair by LOTTE rental, and reprocesses them for use. Reused parts account for 1.7%, or KRW 620 million, of the total parts cost of KRW 37.1 billion. LOTTE auto care plans to increase this proportion as part of its environmental management initiative. Reused parts save both energy and resources, as they are processed to perform their original functions.



Environmental Management

Plan to Reduce Waste Disposal

Reduction of Waste Oil through EV Conversion

To reduce the amount of oil wasted from the use of ICEVs, LOTTE rental has established plans for EV conversion in connection with the K-EV100 roadmap. We classified our cars into Groups I, II, and III based on their controllability.

Group I cars are those that are completely controllable internally, such as general commercial vehicles of LOTTE rental and cars maintained by LOTTE auto care. At least 58% of Group I cars are to be converted to EVs by 2027, in accordance with our K-EV100 roadmap. We expect that 1 ton of waste oil will be reduced accordingly.

Group II cars are partially-controllable cars, such as LOTTE rental's short-term rental cars and Greencar's car-sharing vehicles. Short-term rental cars are internally controllable but operated according to customer demand. However, we plan to apply the same conversion plan as Group I. While there have been about 1,100 EVs as of 2022, we will increase the number to 11,800 by 2027 and reduce 70 tons of waste oil generation compared to business as usual (BAU).

Group III comprises long-term rental cars that are relatively difficult to control compared to other groups. Here, customers personally choose their desired car models, making it difficult for the company to directly intervene. We are indirectly promoting the conversion to EVs through various promotions and benefits. In this connection, we set the goal of converting 22.4%, or 44,000 units, of our cars to electric by 2027, which is in line with the ZEV production roadmap of Kia and Hyundai. Based on the plan, we look forward to reducing 238 tons of waste oil compared to BAU.

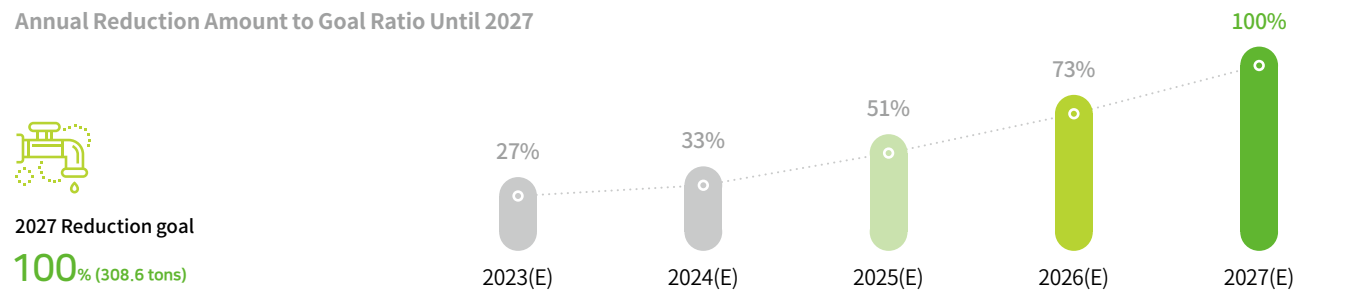
We are leading the EV conversion market trend by supplying EVs and broadening customer experience. As of 2022, we possess 18,600+ EVs, taking up 9.6% of total cars owned. This figure shows a 420% increase compared to the 2018 level, comprising 4.8% of total EVs in Korea. As such, we will make concerted efforts to lead the domestic EV conversion market and reach our waste oil reduction goal.

Mid- to Long-term Roadmap to Reduce Waste Oil

Units: tons

Classification	2023(E)	2024(E)	2025(E)	2026(E)	2027(E)
BAU	1,096.70	1,008.70	1,099.90	1,222.30	1,361.70
Group I	1.4	1.4	1.5	1.6	1.7
Group II	88.4	97.7	107.7	116.5	126.1
Group III	1,006.90	909.6	990.7	1,104.20	1,233.90
Disposal goal	1,014.30	906.2	941.5	996.5	1,053.10
Group I	1.3	1.3	1.2	1.1	0.8
Group II	86.3	87.7	80.4	70.8	56.2
Group III	926.7	817.2	859.9	924.6	996.1
Reduction amount	82.4	102.5	158.4	225.8	308.6
Group I	0.1	0.1	0.3	0.5	0.9
Group II	2.1	10	27.3	45.7	69.9
Group III	80.2	92.4	130.8	179.6	237.8

Annual Reduction Amount to Goal Ratio Until 2027



2027 Reduction goal

100% (308.6 tons)

Environmental Management

Plan to Reduce Waste Disposal

Reduction of General Waste Emissions

At LOTTE rental, general waste is generated from various areas, including offices, short-term sales offices, and logistics centers. We convert the total amount (L) of garbage bags purchased to weight (t) to manage waste generation.

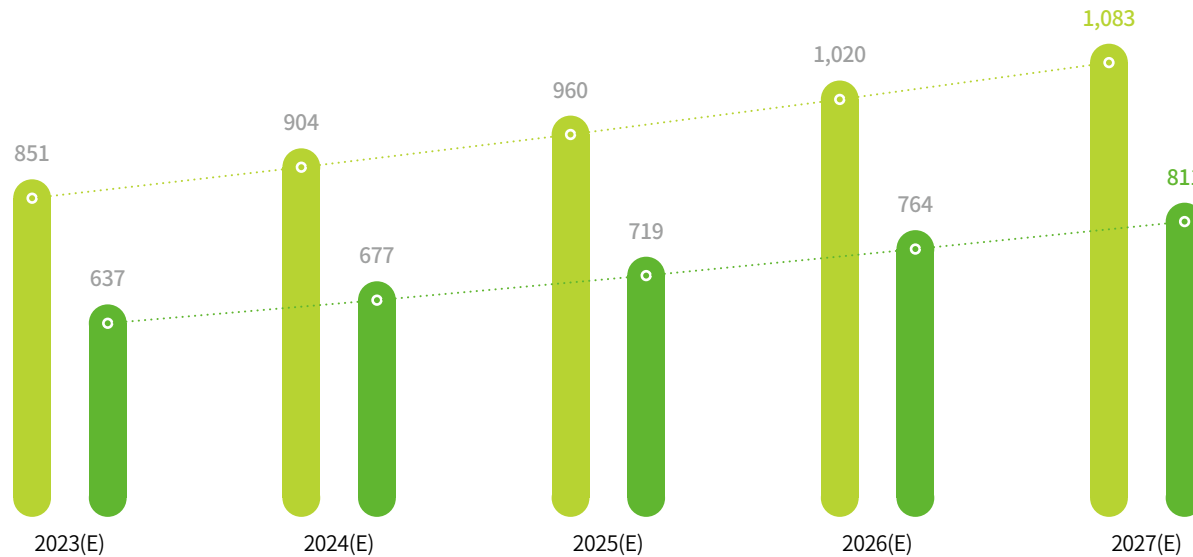
The amount of waste disposed of in 2021 and 2022 turned out to be 484 tons and 471 tons, respectively, showing a reduction of 13 tons. We believe working from home during the COVID-19 pandemic contributed to the reduction.

However, as we expect that the amount of waste will rise according to increased hires and reduced remote employees, we established a roadmap for reducing the amount of general waste.

We will also seek diverse measures through monitoring until 2027. According to an internal survey, about 25% of general waste were confirmed to be recyclable. In this regard, we will launch internal campaigns to encourage the purchase of recyclable products and waste sorting. Our ultimate aim is to make zero recyclable waste in our waste bags. We may not be able to recycle paper shredded according to our security policy, but we will actively use electronic contracts to use less paper.

Yearly Plan for General Waste Reduction

- BAU
- Roadmap



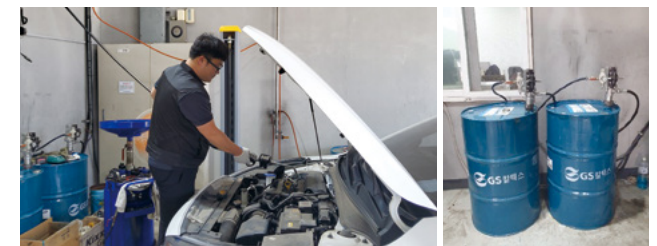
Unit: tons

Reduction of Plastic Waste

LOTTE auto care has been using plastic bottles to store liquid products and carry them around due to its business nature of having to visit customers for car maintenance services. As of 2021, we used a total of 700,000 plastic bottles for engine oil, washer fluid, and coolants. Aware of our responsibility to form a sustainable environment, we are now keeping containers in our regional offices and refilling plastic bottles before servicing customers. From February to December of 2022, 16,086 L of engine oil (2 t of carbon emissions) and 6,720 L of washer fluid (0.8 t of carbon emissions) were used from the refillable containers installed in Jeju Auto House, lowering carbon emissions by 2.8 tons. We plan to implement the same approach in new regional offices planned for establishment so as to contribute to achieving net zero through reduced use of plastic containers.



Washer fluid dispenser



Refillable engine oil container

Climate Change

Response to Climate Change

LOTTE Group's Declaration to Support 2040 Net Zero

After the National Assembly of Korea passed the Framework Act on Carbon Neutrality in September 2021, Korea is now the 14th country in the world to legislate the vision of going net zero by 2050. Net zero refers to the balance between the total amount of GHGs produced and the amount absorbed from the atmosphere. To exert joint efforts toward the national net-zero policy, LOTTE Group declared to go net zero by 2040 and required its affiliates to set goals and strategies linked with their ESG KPIs, which are to be approved by their ESG Committees.

Following this group-wide policy, LOTTE rental also established a net-zero roadmap, and we have been an active member of the Carbon Neutrality Task Force since its establishment in 2022. Other member companies include LOTTE E&C, LOTTE Global Logistics, LOTTE Chemical, LOTTE Aluminium, and LOTTE R&D Center. The task force is operated in six subdivisions, each in charge of renewable energy conversion, ZEV conversion, hydrogen energy, carbon capture, closed-loop recycling, and improving energy efficiency. LOTTE rental is responsible for ZEV conversion, centering on developing new business models through EV conversion, building EV charging infrastructure, and reviewing and investing in other mobility projects.

In 2023, the Carbon Neutrality Task Force was reorganized into the "Eco-friendliness Promotion Group." We anticipate that our efforts will contribute to the Group's initiatives toward net-zero advancement and internal competency building.

Industry's First TCFD Supporter

LOTTE rental joined the Korea TCFD Alliance that launched in June 2022 and declared to become the official supporter in September for the first time in the industry.

TCFD is a global initiative established in 2015 by the Financial Stability Board of the G20 Finance Ministers and Central Bank Governors. It serves as an international standard in line with the reinforced trend for climate disclosure. In 2017, TCFD published the recommendations on climate-related financial disclosures. The main idea of the recommendations is to evaluate the potential risks and opportunities based on climate change scenario analysis.

Following our declaration to support TCFD, we are getting ready to publish TCFD reports. We will spare no effort to take part in LOTTE Group's 2040 net-zero goal. We will practice environmental management and minimize the impact on our stakeholders by establishing and executing mid- to long-term carbon reduction plans.



Participation in the Korea Business Council for Sustainable Development

In 2022, LOTTE rental joined the Korea Business Council for Sustainable Development hosted by the Ministry of Environment, the Korea Environment Institute, and the Korea Adaptation Center for Climate Change. This council was established with the aim of jointly overcoming the negative impacts within the industry caused by increased physical climate risks.

LOTTE rental, as a council member, also analyzed its physical risks as follows. Extreme weather conditions, such as typhoons, torrential rains, heat waves, heavy snow, and cold waves, are major hazards that pose risks to the health and safety of outdoor workers. These can also result in the loss of physical assets like vehicles and buildings. Moreover, considering Jeju Auto House that provides short-term car rental services, a decrease in the number of tourists may affect the number of cars rented and the rental period, leading to a decrease in sales.

LOTTE rental acquires science-based adaptation information provided by the government and shares climate-related adaptation technologies and information with private companies participating in the council. We will continue to take part in the council in 2023 to effectively respond to physical climate risks.



Climate Change

Response to Climate Change

Grounds for Establishing the Net-Zero Roadmap

To achieve net zero by 2040, LOTTE rental is aware of the need for mid- to long-term management of carbon emissions. In this regard, we have been measuring and disclosing the amount of carbon emissions generated from our business sites across the nation since 2022.

We also objectives for the roadmap, which was approved at the 5th ESG Committee held in September 2022.

The roadmap intends to measure the BAU emissions based on estimated sales by 2040 and establish annual reduction plans using BAU estimations (estimated sales are calculated considering business growth, stagnation, new projects, average inflation rate, and other factors).

According to the roadmap, our goal was to emit 4,168 tons of carbon in 2022, but actual emissions turned out to be 4,598 tons, exceeding 403 tons from the initial goal. We expect that the amount will rise to a maximum of 20,000 tons by 2040 considering business growth. To make sure this does not happen, we will practice the following four net-zero initiatives: (a) fuel efficiency, (b) conversion to EVs, (c) energy efficiency, and (d) use of renewable energy.

Limitations, Rooms for Improvement, and Further Plans

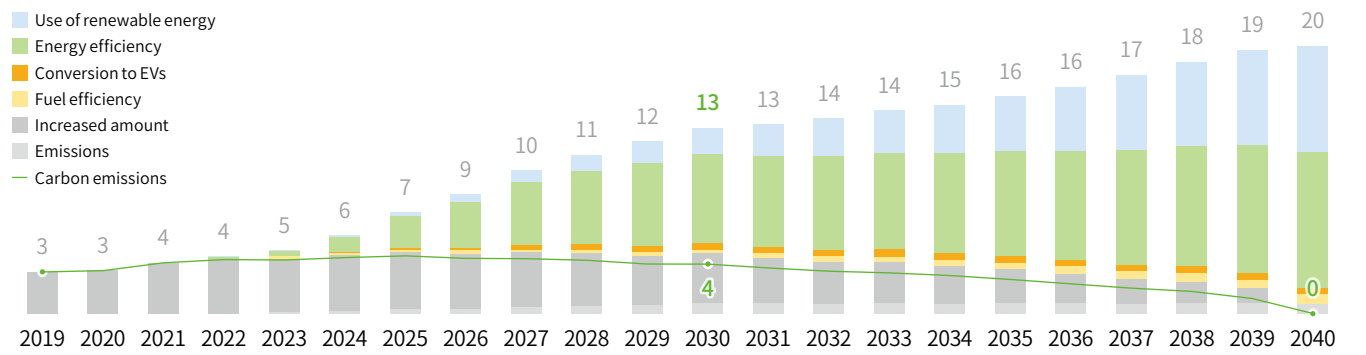
The estimated sales based on BAU calculation shows larger trend volatility from 2030, and many variables and restrictions (e.g. high transaction price volatility, limited production due to irregularity, investment costs) exist with the use of renewable energy, which is one of LOTTE rental's reduction measures. We intend to upgrade our roadmap every two to three years in accordance with the Global Initiatives recommendations, and we will gradually minimize volatility in regard to internal and external factors.

Our ESG Team will manage and analyze environmental data, monitor climate-related risks, and submit the identified outcomes as agendas for ESG Committee meetings to ensure consistent reporting. We will also reinforce communication and cooperation with other LOTTE Group affiliates to jointly respond to variables that may occur during the process of achieving the Group's net-zero vision.

Measures to Reduce Emissions

Fuel efficiency	<ul style="list-style-type: none"> Reduce the use of fuel for heating (kerosene) with high emissions; convert to low-emission fuels, such as electricity
Conversion to EVs	<ul style="list-style-type: none"> Set 2030 as the point for 100% conversion of commercial vehicles to EVs (K-EV100) Convert to EVs from 2023 to 2029 (fixed rate annually) Calculate increased GHG emissions from electricity consumption due to EV conversion
Energy efficiency	<ul style="list-style-type: none"> Expand remote employees; use regional offices (green buildings); improve the energy system of the company building Reflect 4% of electricity consumption (4% personnel increase)
Use of renewable energy	<ul style="list-style-type: none"> Apply the ratio of the renewable energy conversion plan in LOTTE Group's net-zero roadmap * Conversion plan: Power purchase agreements (PPAs) and renewable energy certificates (RECs)

LOTTE rental's Net-zero Roadmap



Climate Change

Report on GHG Management and Emissions

Scope 1 and 2 Emissions

In line with the roadmap to become net zero by 2040, LOTTE rental measures the GHG emissions generated from all business sites annually.

The majority of our Scope 1 and 2 emissions were from electricity and heating consumed at nationwide business sites, logistics centers, and auction houses. In this regard, we monitor the consumption amount of each business site and seek ways to identify and take appropriate measures on business sites with increased consumption compared to the previous year. We also voluntary take part in saving energy by installing solar panels and LED lighting in our business sites nationwide.

In 2023, we expanded the scope of calculating GHG emissions to include Scope 3 as well. We ensured data reliability through third-party assurance, and we will continue our hard work to measure our GHG emissions in the overall value chain in the future.

GHG Emissions from LOTTE rental (Scope 1 + 2) Unit: tCO₂eq

GHG	2020	2021	2022
Total emissions (Scope 1 + 2)	3,525	4,102	4,598
Direct (Scope 1) emissions	515	528	437
Indirect (Scope 2) emissions	3,010	3,573	4,160
Emission intensity (Scope 1 + 2)¹⁾	1.70	1.83	1.82

* There are inconsistencies in the 2020 and 2021 GHG emissions written in the 2021 Sustainability Report as there were typographical errors and omission of commercial vehicles

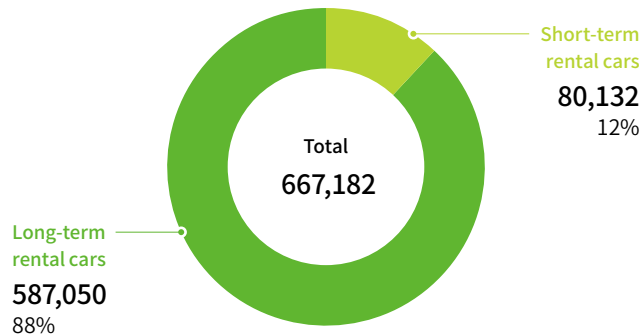
1) tCO₂eq ÷ sales (KRW billion)

Scope 3 Emissions

LOTTE rental is expanding the scope of measurement to include not only direct and indirect (Scope 1 + 2) emissions but also Scope 3 throughout the value chain. For the first time this year, we measured emissions from rental cars, which account for the largest portion of Category 13 (downstream leased assets). Upon calculating the average mileage by vehicle class, oil type, and product, we confirmed that 240,000+ vehicles, including those sold in 2022, emitted 667,000 tons of GHGs in total.

Our efforts to promote environmental management will continue as the industry's leader in the transition to EVs while striving to reduce GHG emissions by including Scope 3 emissions in our measurement scope.

Proportion of GHG Emissions from Rental Cars Unit: tCO₂eq



Solar Roofs in Jeju Auto House

LOTTE Rent-a-Car's Jeju Auto House installed 180 kW of solar roofs for the parking control systems and car wash building. The roofs generate approx. 11,500 kWh of energy monthly, saving 6% on electricity costs and lowering GHG emissions.



SPECIAL INTERVIEW

Q How much power is generated by the solar panels installed in Jeju Auto House?

A We installed 180 kW solar roofs for the parking control systems and car wash building of Jeju Auto House in January 2022. Solar roofs function as shades for the rain and sun, which increase customer convenience. They generate 11,500 kWh of electricity monthly, saving electricity costs worth about KRW 1.2 million as well as contributing to lower carbon emissions.

Q What was the main reason for the installation and what are the difficulties in maintaining them?

A To meet the growing number of customers, Jeju Auto House increased the number of short-term rental cars, totaling more than 2,000 in 2022. With an average of 90% utilization rate and 560+ rentals a day, we were experiencing severe issues during busy hours, inevitably causing inconvenience to our customers.

To meet the demand, we added more parking control systems, from 40 to 72, and installed solar roofs and canopies to practice ESG management. Accordingly, this led to improved customer service and lower electricity bills and carbon emissions.

The solar roofs guarantee robustness against strong winds and storms. We also appointed a maintenance agency in Jeju to ensure proper management of these solar panels. There have not been any particular difficulties to date.

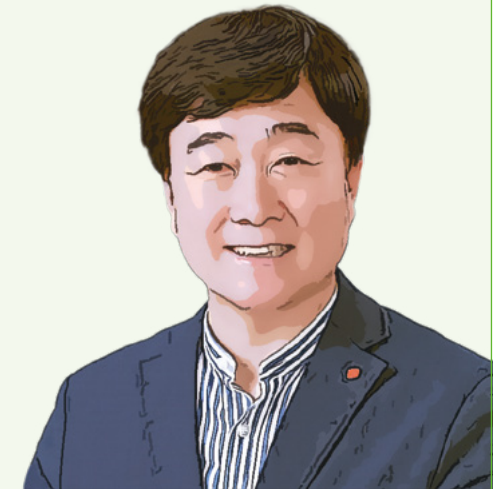
Q Do you have plans to install additional solar roofs in Jeju Auto House?

A We are planning to establish a repair shop for class 1 vehicles. At the point of completion of construction, we are going to install 70 kW of solar roofs. We are also considering the possibility of installing these models for the main building and the existing parking control systems.

Q Do you have other plans apart from solar roofs to achieve carbon neutrality?

A For the first time among rental car businesses in Jeju, we initiated the trial operation of three electric shuttle buses. With the positive feedback we received from customers, we are planning to add two or three more electric shuttles. We will also collaborate with social enterprises in Jeju to carry out eco-friendly campaigns.

“Through the installation of solar roofs, we are saving energy and contributing to reducing carbon emissions.”



Head of Jeju Business Group
Woo Man-sik

Climate Change

Report on GHG Management and Emissions

GHG Reduction Initiative: Conversion to Electric Forklifts

The intensified demands for ESG management have led to rapid changes in trends in the equipment operation market. Firstly, the shift from diesel equipment to electric ones is accelerating, primarily among large corporations that are sensitive to carbon emission issues. Secondly, as the strengthened Serious Accidents Punishment Act calls for the need for equipment safety, businesses that were burdened with managing and training old equipment and replacing them with new ones are now switching to rental services. Thirdly, there has been increased demands for automation solutions as a result of raised labor costs and labor shortages brought on by recruitment challenges.

In order to keep up with the changing trend, the General Rental Division of LOTTE rental selected “Teletruk and telescopic handlers” as unrivaled business models for performing complex duties in the logistics, agricultural, production, and manufacturing fields. We plan to employ the models within 2023. Teletruk and telescopic handlers are industrial vehicles combining a forklift and a crane, developed by the British heavy equipment manufacturer JCB in 1999. These vehicles are ideal when performing operating work at different heights,

guaranteeing better visibility and precise control features compared to conventional forklifts. Their sturdy bases and devices make these pieces of equipment superior in preventing industrial accidents. Moreover, because they are powered by lithium-ion, which does not generate exhaust gas or noise, the vehicles can be used indoors and even in urban areas.

Prior to implementing futuristic electric forklifts like Teletruk and telescopic handlers, LOTTE rental has been leading the market trend by shifting diesel forklifts to electric ones for reinforcing work efficiency and safeness and lowering carbon emissions generated from construction and logistics sites.

Owning 120+ lithium-powered forklifts to date, we plan to add 350 more by 2024. By converting diesel forklifts that generate about 14 tons of carbon emissions per unit to lithium-powered vehicles, we expect to reduce an annual average of more than 2,200 tons of carbon emissions for three years.



Electric forklift (to be implemented in 2023)



Lithium-powered forklift with safety devices installed

Amount of Carbon Reduced from Lithium-ion Forklifts

Classification	Unit	~2021	~2024	Total
No. of forklifts	unit	120	350	470
Reduced carbon amount	tCO ₂ eq	1,680	4,900	6,580



SOCIAL





Employees

Human Rights

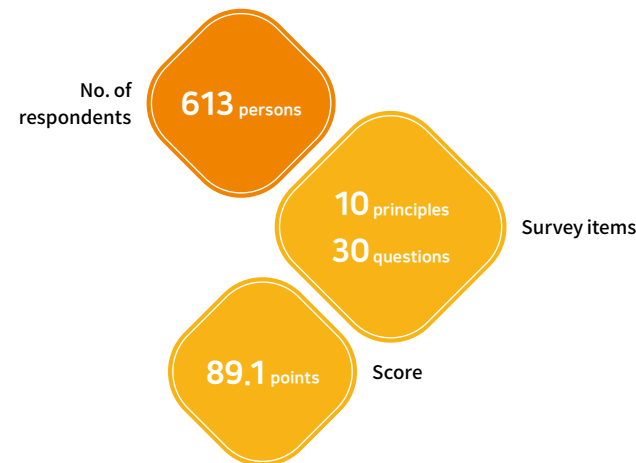
Declaration of Human Rights Management

LOTTE rental complies with and supports human rights guidelines widely used internationally, such as the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and the Charter of the International Labor Organization. Based on these guidelines, we strive to respect and protect the human rights of various stakeholders, including partners, shareholders, customers, and employees, related to the management activities of LOTTE rental.

Understanding the need for human rights management based on principles, we established and declared the ten principles for human rights management with the participation of all employees in June 2022. Our employee survey conducted in October 2022 also aimed at identifying human rights management, including the practice of the ten principles.

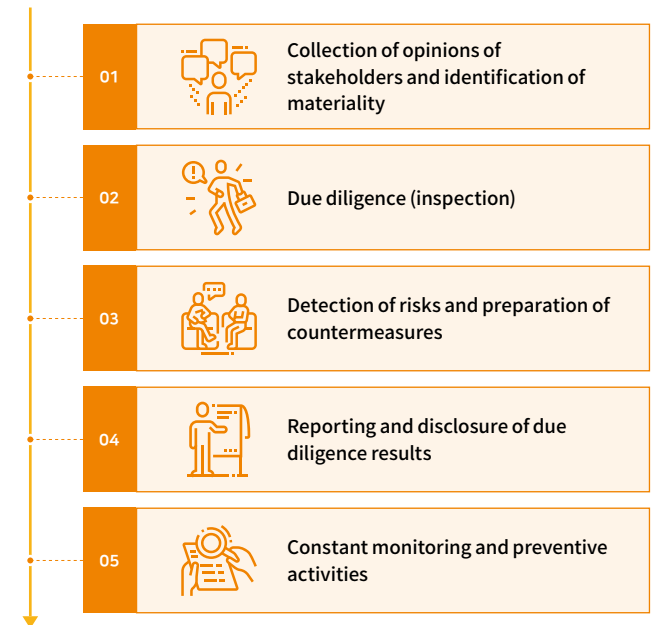
We will continue our efforts to protect the human rights of our stakeholders, including employees, and perform constant monitoring for making improvements to minimize related risks.

Human Rights Survey in 2022



Remedies to Human Rights Violations

LOTTE rental puts efforts into protecting human rights and assisting individuals exposed to the risk of human rights violations. We accept reports from our stakeholders through email, phone, mail, online bulletin board, social media (KakaoTalk), and other channels. Protecting the informants is our top priority based on the principle of guaranteeing anonymity, and we strive to make prompt actions for every report.



Employees

Human Rights

The Ten Principles of Human Rights Management

Principle 1: Respect for employees' human rights

LOTTE rental respects all employees as individual human beings and ensures no act against respect for human rights, such as sexual harassment, workplace bullying, and labor exploitation, is performed.

Principle 2: Respect for diversity and prohibition of discrimination

LOTTE rental does not discriminate against employees for any reason, including gender, age, place of origin, nationality, race, ethnicity, educational background, disability, religion, political stance, union activity, employment type, marital status, and pregnancy status. All employees are fairly evaluated and provided with growth opportunities based on the principle of equality and respect for diversity.

Principle 3: Wage and welfare

LOTTE rental pays wages and provides welfare benefits for regular and overtime hours that exceed the minimum level set by labor laws of the country and region where the workplace is located.

Principle 4: Prohibition of forced labor and child labor

LOTTE rental does not force labor through means that unreasonably restrict mental or physical freedom and complies with the minimum employment age stipulated in the laws and regulations of the country and region where the workplace is located.

Principle 5: Compliance with working hours and work-life balance

LOTTE rental complies with the labor laws of the country and region where the workplace is located and actively supports the work and life balance of employees.

Principle 6: Guaranteeing the freedom of association and collective bargaining

LOTTE rental recognizes employees' freedom of association and collective bargaining and does not give any disadvantages to employees for reasonable operations of the labor union, such as organizing and joining the labor union. The company also respects the right of employees to participate in such activities or not.

Principle 7: Guaranteeing health and safety

LOTTE rental puts the health and safety of employees and local communities as a top priority. All employees comply with the "Safety Management Policy" and related regulations of LOTTE rental, and LOTTE rental conducts regular safety education and provides all employees with safe and clean work environment and sufficient rest.

Principle 8: Responsible supply chain management

LOTTE rental pursues joint development with partners based on mutual trust from an equal relationship, not a superior position. The company supports the practice of human rights management in partner companies and pursues a win-win relationship for mutual and sustainable growth.

Principle 9: Protection of customer data and human rights

LOTTE rental strives to realize customer satisfaction by providing the best products and services from the customers' perspective. The company pays special attention in its products and services to avoid the harm of customers' lives, health, and safety, and takes the most ideal measures to protect the collected customer data.

Principle 10: Operation and inspection of grievance handling process

LOTTE rental operates communication channels to listen to the opinions of stakeholders, including employees, partners, shareholders, investors, customers, local communities, and so forth.

All informants and their opinions are guaranteed anonymity and confidentiality. LOTTE rental takes prompt actions and gives informants feedback on the results. We annually inspect the compliance with the human rights policy and take immediate actions on improper operations.

Employees

Human Rights

Channels for Requesting Remedies to Human Rights

LOTTE rental operates channels to ensure smooth communication with internal and external stakeholders. We pursue prompt action and remedies for reports received based on the principles of informant protection and anonymity.

Email/Phone	Solution.rental@lotte.net <hr/> Management Support Team (team head) +82-2-3404-9930 HR Innovation Team (female staff) +82-2-3404-9921 Licensed and qualified counselors <hr/> Management Support Team (grievance handler) +82-2-3404-9933
LOTTE rental online bulletin board	“Sogon Sogon” and “Wageul Wageul”
KakaoTalk	KakaoTalk ▶ Search “LOTTE rental Grievance” ▶ Add friend
Mail	Recipient: Grievance Handler, 8F, 422 Teheran-ro, Gangnam-gu, Seoul, Republic of Korea

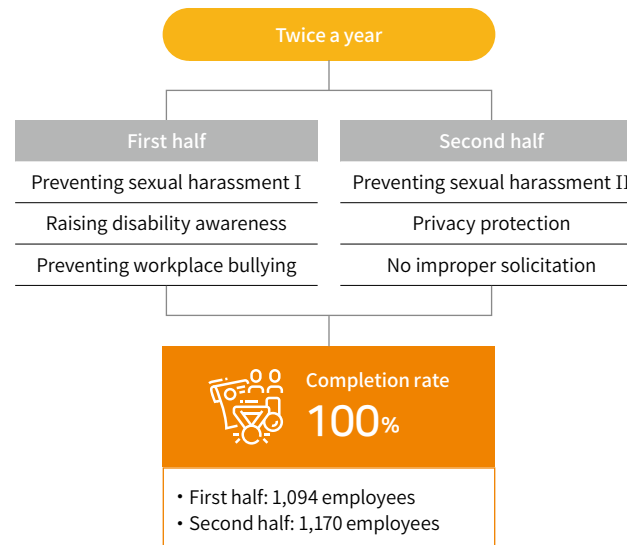
Human Rights Risk Management

LOTTE rental operates human rights violation remedy programs to detect potential risks and take prompt appropriate measures. Both our employees and employees of our partners are required to perform a survey every year to prevent potential violations of human rights. Through the survey outcomes, we identify violations, share the status with related departments, and actively strive to realize win-win management with our partners.

Education on Human Rights Management

For all employees to respect and protect human rights, LOTTE rental performs education on raising employees’ awareness of human rights. Our program includes preventing workplace bullying and no improper solicitation, as well as compulsory education like preventing sexual harassment, disability awareness, and privacy protection.

Education on Human Rights Management in 2022



Recruitment Policy

LOTTE rental envisions a company that grows together with employees and local communities. Under our mission to “create a better life” for our customers, we endeavor to foresee new potentials and cultivate future leaders who will creatively change the world.

We conduct hiring on a rolling basis to find the most appropriate candidates based on our job-centered recruitment plan. Apart from recruiting candidates with or without job experience, we operate recruitment-linked internship programs to provide young adults with work experience and discover outstanding talents. We also put the greatest value in candidates’ capabilities through blind recruitment and interview presentation. Moreover, we uphold our social responsibility by favoring persons with disabilities and descendants of patriots and veterans in the recruitment process. Anyone is free to view the complete recruitment process on our website for discrimination-free, fair, and transparent hiring.

Fair Recruitment Process

Open Opportunity for All Candidates

LOTTE rental gives fair and open opportunities for all candidates. We do not ask for information irrelevant to the hiring job position on the application form. We hide candidates’ educational backgrounds, including GPA, during interviews to focus on their capabilities. Interviewers are also selected randomly on the day of the interview to ensure fairness.

Metaverse Job Briefing (L-Recruit Town)

LOTTE rental conducted a metaverse job briefing considering candidates based in distant locations. The session aimed at eliminating information asymmetry and providing candidates with job information through open, two-way communication with recruiters.

SPECIAL INTERVIEW

Q What is your role at LOTTE rental?

A As part of the HR Innovation Team, I am in charge of recruitment planning and execution, managing leaves of absence and returning employees, and other HR duties.

Q Are there any aspects of the LOTTE rental hiring culture that you are particularly proud of?

A In order to instill a fair recruitment culture, LOTTE rental makes use of various systems and puts effort to give fair and open opportunities to all candidates in the recruitment process. Particularly, we performed a metaverse job briefing to resolve information asymmetry among candidates based in distant locations and support smooth communication.

Q What are the company’s initiatives to hire persons with disabilities?

A Last year, we opened a new job position for baristas for the new office café “Mo:Ca” in Seolleung and hired persons with severe disabilities. As for this year, we plan to build more office cafés in other regions and hire more persons with disabilities.
Through this project, we aim to promote community integration for persons with disabilities and create jobs.

“ I feel a sense of achievement when I see them passionate about performing their duties and growing together with the company. ”

Q Were there any challenging or proud moments while performing your duties?

A There were countless challenges, but the most strenuous part until now is posting job openings. I believe job postings give the first impression of a company, so I pay extra attention to making good descriptions of the company. I make sure that the job descriptions are clearly stated to select the most appropriate candidate, and I try to deliver the company culture as is. This may sound cliché, but I feel most proud when I find out that a candidate whom I conducted his or her hiring process from A to Z has adjusted well to the company. Since we communicate most of the time during the recruitment process, I tend to remember most of my candidates. I feel a sense of achievement when I see them passionate about performing their duties and growing together with the company.



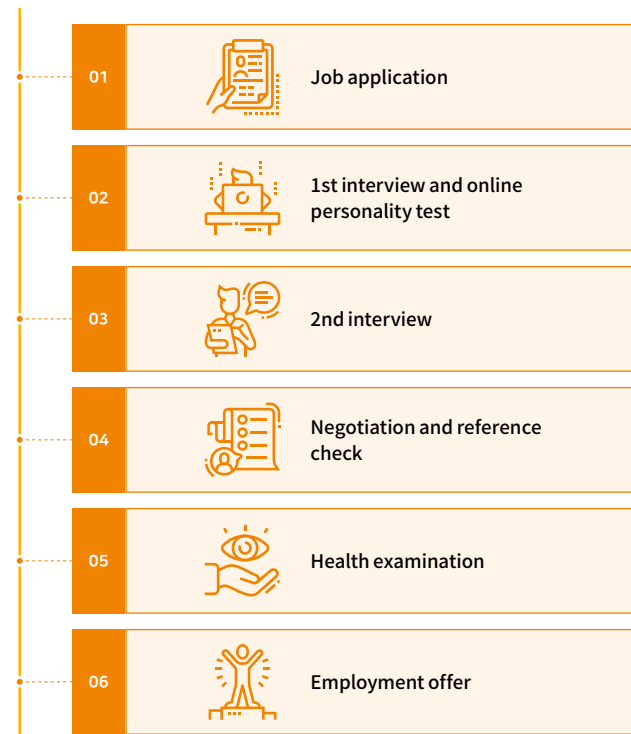
Assistant, HR Innovation Team
Shin Jin-wook

Employees

Recruitment Policy

Fair Recruitment Process

Recruitment Process



* Process of hiring experienced candidates for full-time and contract positions that take up the highest proportion of LOTTE rental recruitment

Ideal Talent

LOTTE rental goes hand in hand with future leaders that can predict new thoughts and potentials and change the world through creativity.



Exceeded the Compulsory Hiring of Persons with Disabilities

The average employment rate for persons with disabilities at LOTTE auto care in 2021 was 1.19%, less than the national compulsory employment rate of 3.1%. In this regard, LOTTE auto care consistently sought ways to fulfill social responsibility by recruiting more persons with disabilities. Accordingly, the company partnered with Hisbeans Coffee, a social enterprise that cultivates persons with disabilities as coffee experts. With the opening of the office café Mo:Ca, LOTTE auto care directly hired persons with disabilities based on the solution for hiring and managing persons with disabilities. Contributing to the enhancement of employee welfare, the café exceeded the standard employment rate for persons with disabilities in private companies as of the end of 2022.

LOTTE auto care's Employment Rate for Persons with Disabilities in 2022

Unit: persons

Month	Workers	Compulsory workers	Understaffed	Compulsory employment achievement rate
Jan	514	15	- 10	33%
Feb	520	16	- 11	31%
Mar	507	15	- 10	33%
Apr	506	15	- 10	33%
May	502	15	- 19	27%
Jun	504	15	- 9	40%
Jul	493	15	- 9	40%
Aug	502	15	- 6	60%
Sep	503	15	- 6	60%
Oct	506	15	+ 2	113%
Nov	512	15	+ 2	113%
Dec	517	16	+ 1	106%



Mo:Ca in the LOTTE auto care head office in Mulla-e-dong

Employees

Hiring and Securing Talents

Recruitment Considering Diversity

Hiring More Persons with Disabilities through Office Café

To expand the recruitment of persons with disabilities and support their sustainable economic activities, LOTTE rental launched an office café and hired persons with severe disabilities as baristas in August 2022. We ensure decent jobs for persons with disabilities and raise disability awareness among our employees. We plan to build more office cafés in other regions in 2023 to contribute to the community integration and job creation for persons with severe disabilities.

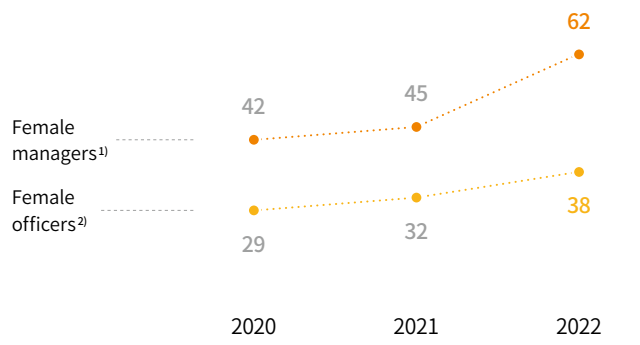
Pursuing Gender Diversity

LOTTE rental hired a female executive in 2022 and appointed one female out of four external directors, ensuring diversity in the BOD, an initiative we have been pursuing since 2021.

The ratio of female officers is increasing annually, and we are working to settle a family-friendly culture for female employees to maintain a healthy work-life balance. (Refer to p. 61 “Work-Life Balance”)

Female Managers at LOTTE rental

Unit: persons



1) Level M (Manager) or higher
2) Team head, branch head, etc.

Boosting the Employment Market through New Hires by Business Site

LOTTE rental constantly recruits new hires in our regional business sites to contribute to creating jobs in local communities. We are solidifying the foundation for mutual growth with local communities by employing new hires and maintaining their employment in regional business sites. We will continue to pursue sustainable growth by creating diverse jobs and uphold our social responsibilities.

New Hires at LOTTE rental

Unit: persons

Classification	2020	2021	2022
LOTTE rental	185	261	316
Subsidiaries	120	146	147
auto care	53	58	57
auto lease	4	24	15
Greencar	63	64	75
Rental Partner	-	1	-
Total	305	408	463



SPECIAL INTERVIEW

Q Please introduce yourself.

A I am Kwon Bo-bae with ten years of experience as a barista. I am currently working at Mo:Ca.

Q Are you satisfied with your job at LOTTE rental?

A Yes. I love the free spirit and how the employees here treat me. I also have short commuting hours, so it is indeed an ideal job.

Q Tell us about your colleagues.

A All my colleagues are hard-working. We energize each other all the time, which motivates me to work harder.

Q Tell us about your role at Mo:CA.

A I take orders, make beverages, and other necessary work. Our staff members each have their own strengths, such as handling customers or making beverages. Our manager takes charge of assigning our responsibilities.

Q Did you find any inconvenience at work?

A Not at all. I am satisfied with the company's welfare and my salary. I am proud to be a part of LOTTE rental. I have a wish though. I wish we had a wider space to accommodate more employees so they could enjoy their drinks.

Q Is there an unforgettable employee for you?

A I don't know her name, but there is a woman who always orders an Americano with a smile on her face.

Q Do you have anything else to share with us?

A I am happy with my life here. It weighs on my mind when we can't offer some help when someone spills their beverage. Nevertheless, our staff will do our best for all those who visit Mo:Ca. I'll make you your perfect drink!

“ I love the free spirit
and how the employees
here treat me. ”



Barista, Café Mo:Ca
Kwon Bo-bae

Employees

Talent Development System

Employee Education System

To cultivate talents that can preemptively respond to fast-changing environments, LOTTE rental annually upgrades its systematic education system and provides all employees with learning opportunities. Accordingly, we help our employees increase their concentration at work and develop their expertise through competency building.

In the case of sales education, the program is divided into two stages to provide differentiated education according to employee competency. Leaders are trained according to their positions based on our strengthened leadership education, and we focus on nurturing experts and providing change management courses to effectively cultivate a future-oriented mindset. We also continuously propose visions and share specific messages of changes.

		Assistant		Senior Assistant	Manager	Senior Manager	Executive
		JA	A	SA	M	S	
Common competency		Job changer course	Internship course	SA Grade course	M Grade course	S Grade course	Executive leader competency
			Onboarding for new hires	Cooperation, planning capacity	Problem solving, resource management	Building strategies, communication skills	ACP ¹⁾
			Onboarding experienced hires	Promotion qualification course	Promotion qualification course	Hi-Potential	ECP ²⁾
Key talents		Company college program	Online university	External MBA, MOT	LOTTE MBA		Visionary leaders
Leadership				Vision workshop	Leaders' School		Promoted managing director course
							Newly appointed executive course
Duty	Sales	Onboarding for new hires on short-term sales	Sales Basic	Sales PRO	Advanced contracting	Advanced taxation	Special lecture on sales
					Advanced counseling	Advanced customer management	
	Specialized	External job training			Advanced data		
e-Learning		Compulsory education		EZ Learning		Acropolis	
Organizational culture		Communication programs Management briefing, platform for exchanging compliments, talk with the CEO, job vlogging, YouTube live stream, mentoring, etc.			Organizational culture programs Task force for innovating workplace culture, Free Work, Free Wear, birthday celebrations, PC-Off, flextime system, etc.		

1) ACP: Advanced executive Capability development Program
 2) ECP: Executive Capability development Program

Employees

Talent Development Programs

Job Competency Development

Establishment and Advancement of the Sales Education System (Sales Basic & Sales Pro)

LOTTE rental developed an independent curriculum consisting of two stages, Sales Basic and Sales Pro, for the job competency development of car rental sales managers.

Sales Basic is a course on the basics of sales centered on sales practices for newly appointed managers with a sales experience of less than one year. Sales Pro is intended for sales managers with one year or more of sales experience to train them as sales experts, with each chapter containing five advanced modules. This course, which was offered in a single module in 2022, was developed and divided into multiple modules for employees to select the most appropriate subject according to their needs.

In 2023, we plan to open two Sales Basic courses and two Sales Pro courses with a total of 10 sessions for more efficient operation, and also establish a sales system closely related to the fields.

Operation of Sales Training Programs

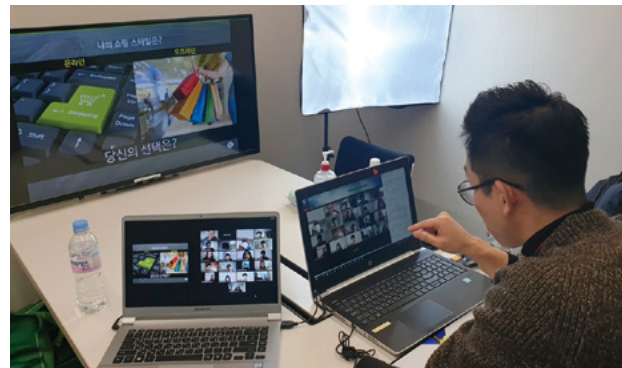
Sales Basic

Classification	Unit	2020	2021	2022
Operation	sessions	2	1	2
Completion	persons	22	11	42

Sales PRO

Classification	Unit	2020	2021	2022
Operation	sessions	4	-	11
Completion	persons	69	-	245

* 2020-2021: Reduced the operation or the programs were not offered due to COVID-19 protocols



Sales BASIC



Sales PRO

Support for External Job Training and Acquiring Certifications

To build the job competency of our staff members, LOTTE rental operates external job training and certification acquisition programs. We ensure that employees are provided with an environment where they can build their competencies to grow as experts in their respective fields. Here, employees can obtain in-depth knowledge on their job fields and strengthen work efficiency, ultimately contributing to improved focus at work.

Operation of External Job Training and Certification Acquisition Programs

External Job Training

Classification	Units	2020	2021	2022
Trainees	persons	23	41	35
Fee	KRW 100,000	45	78	151

Certification Acquisition

Classification	Units	2020	2021	2022
Trainees	persons	-	2	8
Fee	KRW 100,000	-	0.9	28

Employees

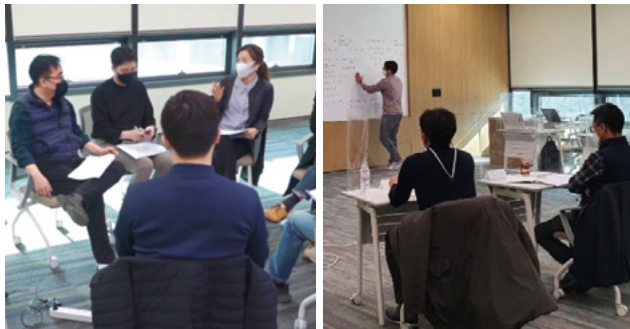
Talent Development Programs

Non-job-related Competency Development

Vision Establishment Workshop

LOTTE rental performed a workshop for establishing mid- to long-term visions for changes and innovations in 2022. Key department members gathered to build ideas and concretize strategies for three months for the future of LOTTE rental. This eight-session workshop was composed of different modules for each stage, including business modeling, market/competitor analysis, key competency identification, vision establishment, strategic goal setting, and storyline development. Through the workshop, we came up with our vision of “future mobility, connects our life”, which implies that we provide future mobility services necessary for ensuring mobility centered on mobility hubs, as well as for creating lifestyles of various areas connected with our lives.

We shared this vision and the vision building process with all our employees, and we are constantly promoting the vision to incorporate it into our culture.



Mid- to long-term vision workshop

Leader Competency Development

LOTTE rental diagnoses the competency of our leaders through our leadership model and accompanying questions. We make sure that every leader endeavors to build leadership in areas found to be weak according to the diagnosis result.

In 2023, we implemented a system to support phased development of internal leaders (middle manager ▶ leader candidate ▶ newly-appointed leader ▶ team head) through tailored content.

Also, we upgraded our leadership based on the criteria presented by LOTTE Group so that new leaders can build an effective organization and maximize performance. As a result, our leadership diagnosis in 2022 showed high scores compared to the previous year.

LOTTE rental Leadership Diagnosis (under LOTTE Group’s supervision)



Leadership development program

Employees

Organizational Culture

Efforts to Improve Work Environment

Task Force for Innovating Workplace Culture & Junior Board

LOTTE rental operates the task force for innovating workplace culture (launched in 2019) and the Junior Board, a communication group comprised of Millennial and Gen Z employees.

The task force has initiated the casual dress code policy, half-day leave, and Midfielder (a communication group for sales staff). The Junior Board plays a key role in delivering employees' voice to the management.

Through these initiatives,

we anticipate to create mutually beneficial synergy effects. The task force and the Junior Board regularly meet directly with the management to discuss company-related matters and propose directions and rooms for improvements from the perspectives of Millennials and Gen Z. These organizations also function reverse mentoring roles by sharing trends and participating in activities for closing generation gaps with the management that is comprised with the older generation.

Happy Reward Program for Building a Culture of Mutual Respect

LOTTE rental established the Happy Reward platform in April 2022 to build a culture of mutual respect within the organization. The platform rewards employees who conveyed positive energy among colleagues by making compliments. We have



Notice on Innovating Workplace Culture & Junior Board

accumulated a total of 11,200 compliments as of November 2022, and about 65% of employees have been exchanging “happy rewards.”

In 2023, we made upgrades to the Happy Reward program to offer the same function in a mobile environment.

More programs are also available to encourage our employees to exchange compliments. We select the top 3 employees who made the most compliments in the month, as well as hold diverse promotional events.



Notice on the top 3 employees who made the most compliments on “Happy Reward”

of the program, where the CEO personally visited key business sites across the country, including Seogye, Gayang, Uiwang, and Daegu, to freely share ideas while having a meal with employees. As such, we make efforts to raise employee satisfaction at the workplace by increasing the number CEO talks, providing good meals, and ensuring prompt feedback on questions and agendas.

Real-time Communication Between the CEO and Employees via YouTube

LOTTE rental's YouTube channel is intended for the CEO to communicate with employees in real time through livestreaming. It also provides employees with information on the company's managerial policy and current issues, as well as the motivation to fully function as part of the company.

Communication activities with the CEO include games and quizzes for more relaxed and friendly interaction with Millennial and Gen Z employees. In addition, we announce employees subject to long service awards to promote their sense of belonging within the organization.

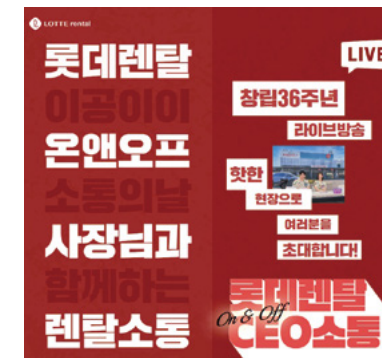
Strengthening Employee Communication through Talks with the CEO



Notice on the talks with the CEO

LOTTE rental operated five sessions of talks with the CEO from April to June of 2022. The occasion provided employees the opportunity to directly ask the CEO regarding company-related matters and learn more about the company's vision, driving forces, and internal issues.

In 2023, we operated a more developed version



Notice on “communicating with the CEO” on YouTube

Employees

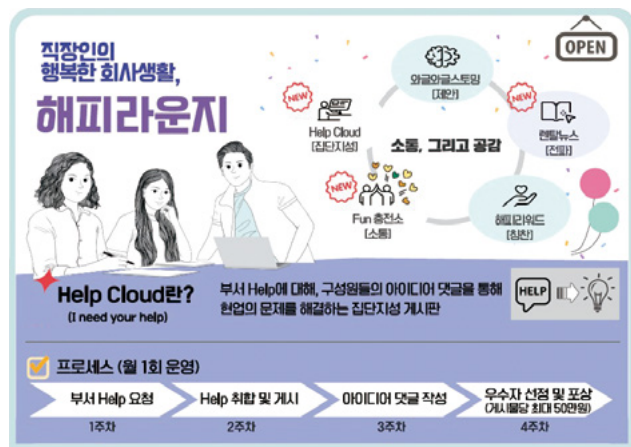
Organizational Culture

Efforts to Improve Work Environment

Collective Intelligence Platform “Help Cloud”

LOTTE rental initiated the “Help Cloud” service in 2023. Help Cloud is a collective intelligence platform available in “Happy Lounge,” our company culture board, designed to avail each department to ask for help and collect employees’ ideas via the comment section. We expect that Help Cloud will activate communication between employees, more than simply gathering ideas for application in work.

The platform is in active operation, where about five to six posts are uploaded monthly, along with 300+ likes and 90+ comments. We will upgrade the service to build consensus and boost communication among employees.



Notice on “Happy Lounge”

Pulse Survey “Real Voice”

LOTTE rental began the operation of the internal survey “Real Voice” as part of our efforts to nurture a sound corporate culture in 2023.

Real Voice is a monthly pulse survey conducted to diagnose corporate culture. It targets the “Real Voice panel” consisting of 100 employees selected considering the diversity of duty, position, and age. Among a total of 10 to 15 questions, the key questions are used to diagnose the company’s culture, including the net promoter score, McKinsey 7 S model, and LOTTE Group’s diagnosis on value creation culture. The rest are questions that vary every period to identify employees’ opinion on the company’s ongoing issues.

We identify rooms for improvement and specific measures for improvement based on the Real Voice survey, and consistently track the improvement trend to take appropriate follow-up measures.

We use the variable questions to identify employees’ opinions on management issues and incorporate their opinions into our managerial activities through effective policies and prompt feedback.



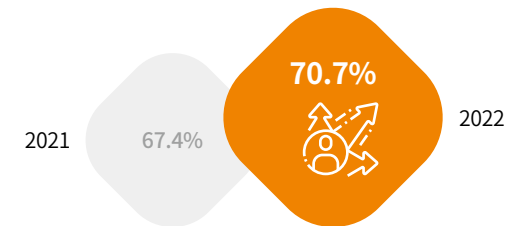
Notice on recruiting the Real Voice panel

Diagnosis on Value Creation Culture and Employee Satisfaction Survey

LOTTE rental takes part in the diagnosis on value creation culture, an employee satisfaction survey conducted by LOTTE Group. This diagnosis mainly involves questions on the “creation of employee happiness, creation of company value, and creation of social values,” the three core values of LOTTE Group’s culture. Based on this diagnosis, we identify rooms for improvement and develop indicators for seeking ways for improvement.

Our 2022 diagnosis took place from October 4 to 17 where a total of 897 employees participated. The questions about role satisfaction, job authority, and fair compensation, which were used to diagnose employees’ satisfaction at work, received 70.7% positive responses, 3.3% higher than the previous year.

LOTTE rental’s Diagnosis on Value Creation Culture and Employee Satisfaction Survey



Employees

Work-life Balance

LOTTE rental guarantees the work-life balance of its employees. We have established and continue to reinforce various family-friendly policies with the intention to create a desirable workplace.

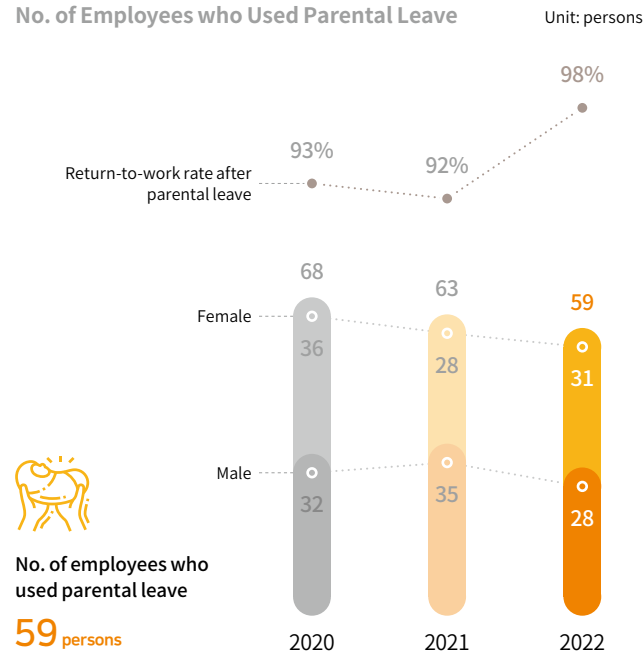
Parental Leave, Fertility Treatment Leave, Childcare Leave, and Other Programs

At LOTTE rental, we encourage our employees to take advantage of the company's expanded parental leave system.

We extended the maternal leave to a maximum of two years in order to guarantee maternity protection and maternal self-esteem. Employees are given childcare leave of up to a year for the enrollment of their child in elementary school.

To reduce the burden of work and childbirth of female employees, they are entitled to use maternal leave during pregnancy, apart from reduced working hours for expectant mothers. Fertility treatment leave and shortened working hours during children's infancy are other programs we offer for ensuring employees' work-life balance.

Male employees, on the other hand, can use paternal leave of ten days for their spouse's childbirth and up to one year for childcare.



Flexitime System, Computer On/Off System, and Other Benefits

LOTTE rental's flexitime system allows employees to use their time as they need. The computer on/off system also avoids unnecessary overtime work.

Our casual dress code policy (Free Wear) and work-from-home (Free Work) system help our employees voluntarily enhance work productivity in a free company culture.

We will continue to create work environments that enhance work efficiency and boost the quality of life of employees.



SPECIAL INTERVIEW

Q Who are entitled to parental leave at LOTTE rental?

A (Kim Yong-min, part manager) LOTTE rental encourages working moms and dads to take parental leave as part of its work-life balance policy. Male employees are especially obligated to take at least a month of paternal leave, which is not so common in other workplaces. New dads are also given “Daddy Education” to support their fatherhood. In this class, pediatricians teach dads about first aid skills for newborns, as well as scriptwriters share childcare tips. I attended the class, and it was really helpful.

Q How long can you take the leave, and is it paid?

A (Kim Ji-seon, assistant) Out of the two-year period of maternal leave, I took one year off before returning to work and used the reduced working hour system for childcare for another year. I was paid according to the company policy during the leave as well as reduced working hours. I was also grateful that the company provided me baby items and a childbirth bonus, which I used and spent for my baby.

A (Kim Yong-min) Most male employees here take up to one year of paternal leave according to their personal situations. Just a few years ago, it was not quite common for male employees to apply for paternal leave. However, when LOTTE Group mandated the use of parental leave for male employees, it has contributed to nurturing an environment where working dads can also apply for long-term paternal leaves. As for financial matters, the company provides 100% of the wage on the first month of leave, and the rest depends on the amount set by law.

Q Were there any difficulties in adjusting to work after returning from parental leave?

A (Kim Ji-seon, assistant) As my date of return approached, I spent sleepless nights worried if I would successfully juggle both work and motherhood at the same time. Thanks to the HR Development Team’s mentoring program for new hires and employees returning from parental leave, I was advised with practical ways to resume my career. I returned to the Measuring Equipment Team, my original position. I cannot say there is no difficulty at all, but everything is under control thanks to my considerate teammates.

“LOTTE rental’s welfare benefits motivate me to stay focused during working hours to make better achievements.”



A (Kim Yong-min, part manager) In my case, I took one month each, totaling two months of paternal leave for my two sons. My colleagues supported me the same way regardless of taking the leave, and my seniors also took great care of me. The fact that I was entitled to spend valuable time with my children both satisfied me and my family, increasing my loyalty to the company. I returned to my original department, and the same rule applied to other colleagues who had taken longer leave.

Q Are there any welfare benefits you are proud of?

A (Kim Ji-seon, assistant) The flexitime and remote work systems are really helpful for working moms who are passionate in both work and childcare. Working from home reduces commuting hours while giving more time to take care of children. Flexitime also enables us to adjust our working hours for work-life balance. I feel proud of my company when other parents tell me I am in a good situation. This motivates me to stay focused during working hours to make better achievements.

In addition, the reduced working hours after the end of maternal leave also helped my children to adjust to my work schedule, which also served advantageous to my return to work. There were times I was concerned about I had to leave work because of the hardships of being a working mom, but the reduced working hours saved my career, and I am really grateful for it.

A (Kim Yong-min, part manager) Dads are given 10 LOTTE Rent-a-Car vouchers annually, as well as vouchers for LOTTE Hotel & Resorts and many other accommodations in Korea. The car rental voucher especially comes in handy when traveling to places like Jeju, where it is difficult to take my own car. I had a very pleasant experience, where the staff treated me more kindly for working for the same parent company.

Part Manager, Business Management Team
Kim Yong-min

Assistant, Measurement Equipment Team
Kim Ji-seon

Employees

Welfare Benefits - Employee Welfare

Office Renovation for Improving Employee Welfare and Organizational Culture

LOTTE rental is aware of the importance of office spaces that can keep employees focused for improved work efficiency and rest areas to recharge.

In this regard, we partially renovated the 15th floor of our Seolleung head office in Seoul to build Mo:Ca, an employee-exclusive café, in August 2022. We built a rooftop rest area in the Daejeon office in September of the same year. The rest areas are designed to bond employees through interaction and assist them in enhancing work productivity with healthy and happy mindset.

In 2023, we renovated our Mokpo branch with the minimum cost but with greatest efficiency. Our next renovation projects are planned for Gayang-dong Delivery Center, Anyang office, and Gyeongju sales office. Under the leadership of the Branch Development Team, we will create a standard renovation manual that is kept up to date and benchmark outstanding renovation cases to continue improving work environments and employee welfare.



Rooftop employee lounge of Daejeon office (Sep. 2022)



Partially renovated Seogye office (Dec. 2022)

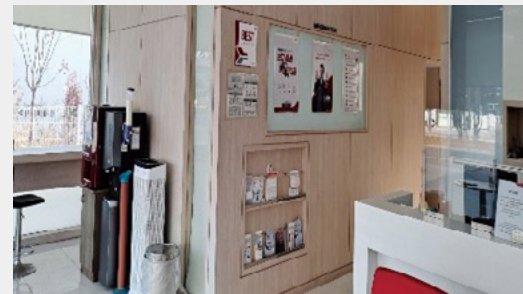


Wholly renovated Mokpo branch (May 2023)

Renovation of Seogye office



Renovation of Mokpo branch



Employees

Welfare Benefits - Employee Welfare

Desirable Workplace

LOTTE rental operates various working arrangements to ensure the work-life balance of employees. Some of our policies include flextime and remote work systems and the computer on/off system. We strongly recommend both female and male employees to make use of the parental leave system. With our endeavors for creating a family-friendly culture highly recognized, we were certified as a desirable workplace by many organizations.

Awards	
2021	Selected as the "Best Company in Employment" by the Ministry of Employment and Labor Renewed the "Family-friendly Company" certification granted by the Ministry of Gender Equality and Family
2019	Renewed the "Family-friendly Company" certification granted by the Ministry of Gender Equality and Family
2018	Selected as a "Leisure-friendly Company" by the Ministry of Culture, Sports and Tourism
2017	Won the "Good Place to Work" award (large service enterprise category) organized by Joongang Ilbo and Jobplanet Won the "Korean Good Company" award at the Korean Good Company Conference organized by the Korean Standards Association
2016	Awarded the "Family-friendly Company" certification by the Ministry of Gender Equality and Family



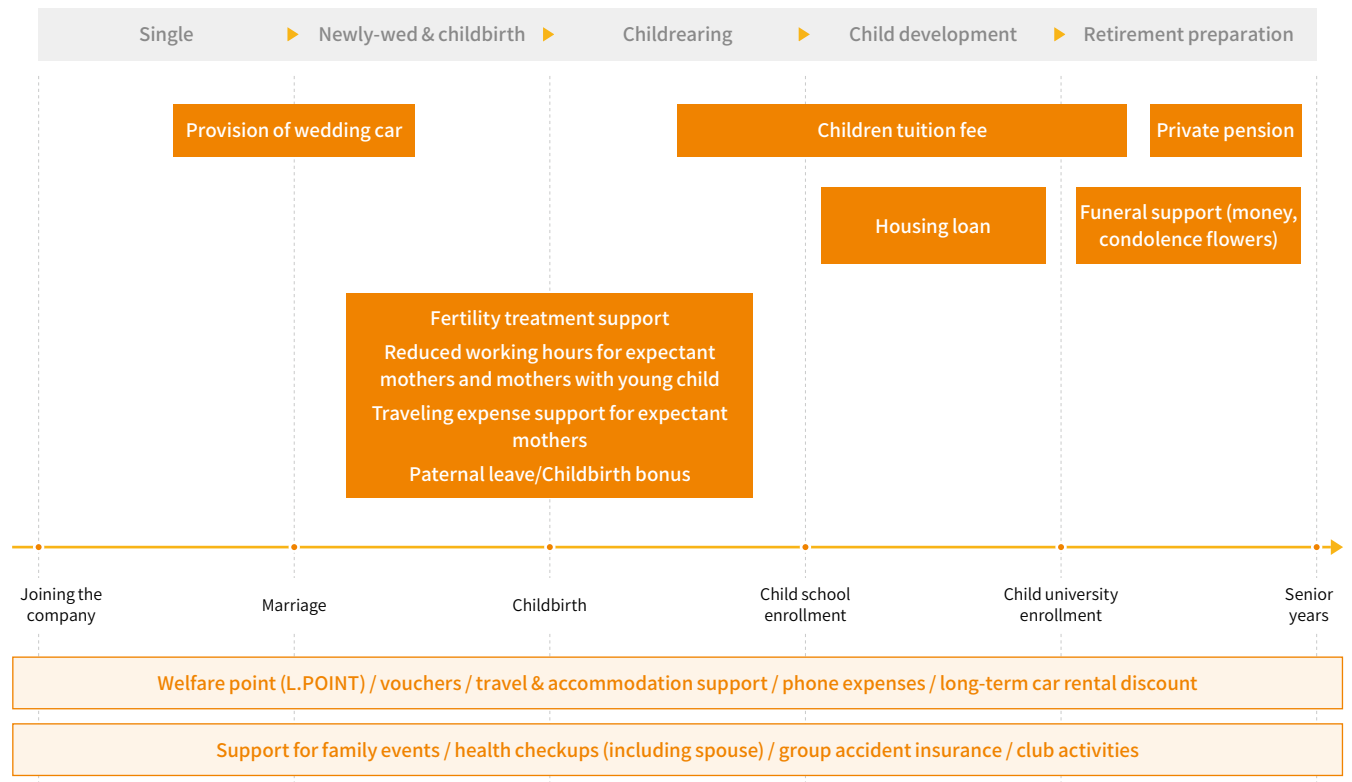
LOTTE rental endeavors to form an open culture where employees are given freedom, and we pursue continued innovation based on growth potentials in accordance with changes in the consumption paradigm. Based on our initiatives, we are named one of the most preferred LOTTE affiliates selected by junior employees of LOTTE Group.

Benefits according to Life Cycle

LOTTE rental operates a benefits system that considers the life cycle of employees from joining the company to retirement. Ranging from single life to the newly-wed and childbirth stage, childrearing stage, child development stage, and retirement preparation stage, we offer various support for wedding cars, fertility treatments, child tuition fees, private pensions, and funeral supplies and fees.

LOTTE rental Employee Benefits

We provide **benefits according to life cycle** considering each employee



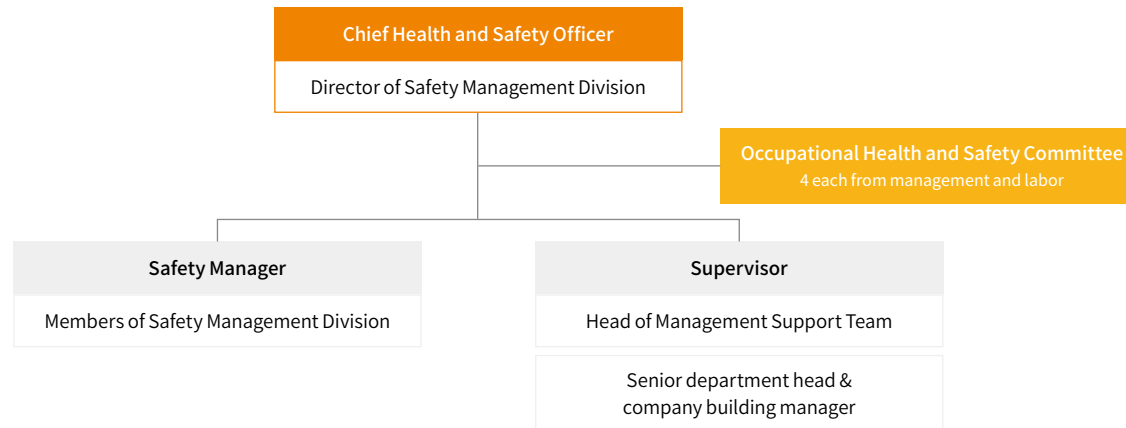
Employees

Safety Governance and Policy

Safety Organizational Structure

To preemptively respond to social demands on safety, such as the enactment of the Serious Accidents Punishment Act, LOTTE rental operates the Safety Management Division under the CEO. Employees with national qualifications related to safety are appointed in the Safety Management Division to ensure systematic and practical reinforcement of safety.

Composition and Roles of Safety Organizations (basis: Occupational Safety and Health Act)



 Chief Health and Safety Officer	 Supervisor	 Safety Manager	 Occupational Health and Safety Committee
<ul style="list-style-type: none"> • General safety management 	<ul style="list-style-type: none"> • Identification and improvement of risks in respective businesses • Completion of regular training and dissemination of safety information to subordinate departments 	<ul style="list-style-type: none"> • Guidance and advice for health and safety based on the Occupational Safety and Health Act • Hosting of and participation in Industrial Health and Safety Committee meetings • Conducting safety education and inspections, provision of supplies, and formulation of managerial plans 	<ul style="list-style-type: none"> • Hosting of quarterly meetings (regarding matters related to health and safety)

Health and Safety Policy

For the establishment of an autonomous health and safety management system, LOTTE rental formulated safety management regulations and the Health and Safety Policy applicable to all employees, including contract and temporary workers, in our business sites. We assigned safety officers in each business site to ensure the efficient incorporation of regulations and the policy, striving to create safer environments.

Health and Safety Policy

1. Secure competitiveness and enhance corporate value by protecting human and material assets of the company
2. Provide a comfortable usage environment for customers and a safe work environment for employees
3. Diagnose and improve risk factors in advance to prevent occupational accidents and protect human and material assets
4. Improve employees' awareness of safety management and encourage safety practices

Employee Safety

With the aim to achieve zero serious accidents in all business sites located across the country, LOTTE rental has been steadily conducting safety inspections in accordance with our accident prevention plans. In 2021, we conducted safety inspections in selected sample sites, and all business sites were subject to the safety inspection in the following year. After making 106 visits to the sites, we identified 321 risk factors which were later taken appropriate actions. Our aim is to conduct safety inspections for all business sites again in 2023, under the lead of the Safety Management Division. We also developed and adopted safety evaluation indicators, which are used to monitor the responsibility of safety managers assigned in each business site.

Employees

Safety Governance and Policy

Health and Safety Education Programs

LOTTE rental conducts practical safety education programs every quarter, which are led by safety managers in our six office buildings nationwide. The programs include fire drills and AED and CPR training, and are designed to equip all employees with the ability to respond immediately in the event of a similar situation. We conduct the programs at all our office buildings—both owned and rented. We plan to provide on-site CPR training in 2023.



CPR training at ○○ office







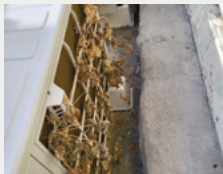

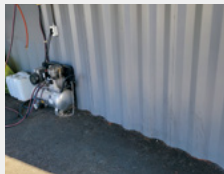






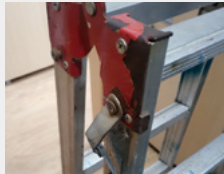
Fire drill at ○○ office

Safety Education conducted at LOTTE rental Offices

Quarterly group safety education

Classification	Offices
Target	Gayang, Daegu, Daejeon, Busan, Anseong, and Jeju
Content	Fire drill, how to use fire extinguishers, how to respond to seasonal accidents, and CPR training

Safety Inspections Conducted

Environment ○○ sales office	 <p>Unqualified garage tidiness</p>	 <p>Installed a cabinet and organized supplies</p>	Electricity ○○ branch	 <p>Ungrounded power strip (risk of short circuit/fire)</p>	 <p>Replaced with a grounded power strip</p>
	 <p>Unqualified condenser tidiness (risk of fire)</p>	 <p>Organized the surroundings of condenser</p>		Firefighting ○○ branch	 <p>Fire extinguisher not available</p>
Facility ○○ sales office	 <p>Damaged restroom exterior</p>	 <p>Repaired the facility (facade)</p>	Facility ○○ office	 <p>Poor fall prevention facility in rooftop parking lot</p>	 <p>Installed a fall prevention facility</p>
	 <p>Risk (blind spot) in garage</p>	 <p>Installed a traffic mirror in entrance</p>		Others ○○ reservation center	 <p>Disposal of broken ladder</p>

Employees

Safety Governance and Policy

Safety Management Education for Partners

To prevent serious occupational accidents that may arise from subcontracting business, LOTTE auto care has provided safety education for all subcontracting parties, without distinguishing contractor and contractee. Targeting contractors, contractees, and related contractees, the safety education is delivered in various forms, including toolbox meeting, safety education for new hires, special health and safety education, and fire safety training.



Safety education

Education Performance and Plans

2022	Safety education for subcontracting business <ul style="list-style-type: none"> Education for new hires (upon hiring) Special health and safety education (weekly) Toolbox meeting (daily) Fire safety training (Semi-quarterly) 	Health and safety activities for subcontracting business <ul style="list-style-type: none"> Operation of the Health and Safety Council Supply of personal protective equipment Joint inspection on health and safety Work environment measurement Inspection on conduct of health checkups Participation in risk assessment
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2023 plan for increasing the safety of workers of the Industrial Machinery Measurement Team		
Classification		Frequency (action taken date)
Health and safety education (including contractees)	Special health and safety education (industrial machinery, Seoyeon FL, day laborers)	Weekly
	Safety education for new hires (Seoyeon FL, day laborers)	Upon hiring
	Establishment of access process for external personnel	Upon entry of external personnel (Aug. 2023)
	Toolbox meeting	Daily
	Fire safety training	Quarterly
Business site inspection	Partners' council	Monthly
	Workplace inspection	Weekly
Personal protective equipment	Painting inspection	Weekly
	Unity in helmet storage locations	Completed in April 2023
	Safety managers distinguished with different helmet color and name tag	Completed in April 2023
Risk assessment	Personal protective equipment log, inventory survey	Upon supply
	Risk assessment	Annually
Worker collision prevention	Survey of risks and hazards	Annually
	Sidewalk installation	June 2023
Forklift operation inspection	Traffic mirror installation in entrance	June 2023
	Forklift operation checklist	Weekly
Regular inspection of firefighting systems	Key box installation in forklift, forklift overload prohibition, safe driving	Improved
	Regular inspection of firefighting systems, site inspection for fire prevention, fire extinguisher management	Monthly
	Function test	Annually
	Designation of smoking area (painting, bars for partitioning, etc.)	Completed in April 2023
Waste management	Designated waste management	Monthly
	Collection of waste boxes and setting items (attachment of caution and warning signs)	Completed in April 2023

Employees

Employee Evaluation and Compensation

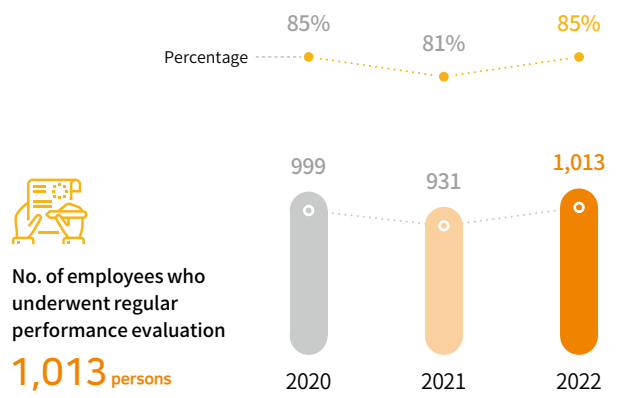
Evaluation Process

To ensure fair employee evaluation, LOTTE rental conducts performance evaluation on personal goals and competency evaluation on work knowledge.

Every employee is encouraged to set their work goals autonomously and supported with continuous communication activities, such as meetings and feedback, on their work. We also have a process for submitting objections to confirm reasonableness and fairness in performance evaluations. When an employee submits an objection form to the HR department, the HR manager guides the employee on a meeting with the head of a higher organization. The final evaluation is then confirmed through the meeting. This process allows employees to give opinions on their own performance sufficiently and to carefully confirm evaluation results. We also operate the annual Leaders' School program that guides officer-levels to engage in a fair evaluation process.

Regular/Contract/Temporary Employees Who Underwent Regular Performance Evaluation

Unit: persons



Compensations According to Performance Evaluation

Based on the performance evaluation system, LOTTE rental operates a compensation system that allows employees to receive a reasonable compensation according to their performance.

The evaluation results are used to decide wage increase, incentives, promotion, and job appointment. By providing various compensations based on performance evaluation, we keep our employees motivated in work and create an environment where we, along with our employees, realize mutual growth.

Purpose of Performance Evaluation



Employee Stock Ownership Plan

LOTTE rental operates an employee stock ownership plan with the aim to increase the socioeconomic status of all employees, promote labor-management cooperation, and boost employees with a sense of ownership. During the initial public offering in August 2021, the first 1,246,282 shares were granted as employee stock options. The balance of employee stock holdings as of the end of 2022 was 1,144,400 shares due to withdrawals and resignations. This is about 3.12% of entire shares.

In addition, we are providing financial support for the increased interest to alleviate the economic burden of employee stock ownership association members from the sharp rise in interest rates in 2022.

Labor – Management Culture

Labor – Management Culture for Shared Growth

LOTTE rental promotes active communication between labor and management to settle a cooperative labor-management culture. In this regard, we host regular meetings to share management performances and KPI briefings of the labor union and the business planning divisions. We also discuss important ongoing matters and ways to improve working conditions. With such endeavor, we have maintained wage and collective agreements without disputes for 13 consecutive years as of 2022. The negotiated decisions are posted on the group online board and shared through online briefings transparently.

Labor – Management Council

LOTTE rental operates the Labor-Management Council every quarter in an effort to improve the working environment and conditions of employees. We strive to put into action the deliberations made on the agenda items, which are basically the demands of employees. Representing employees across the nation to facilitate communication between labor and management, the Labor-Management Council plays a critical role in realizing a cooperative labor-management relationship.

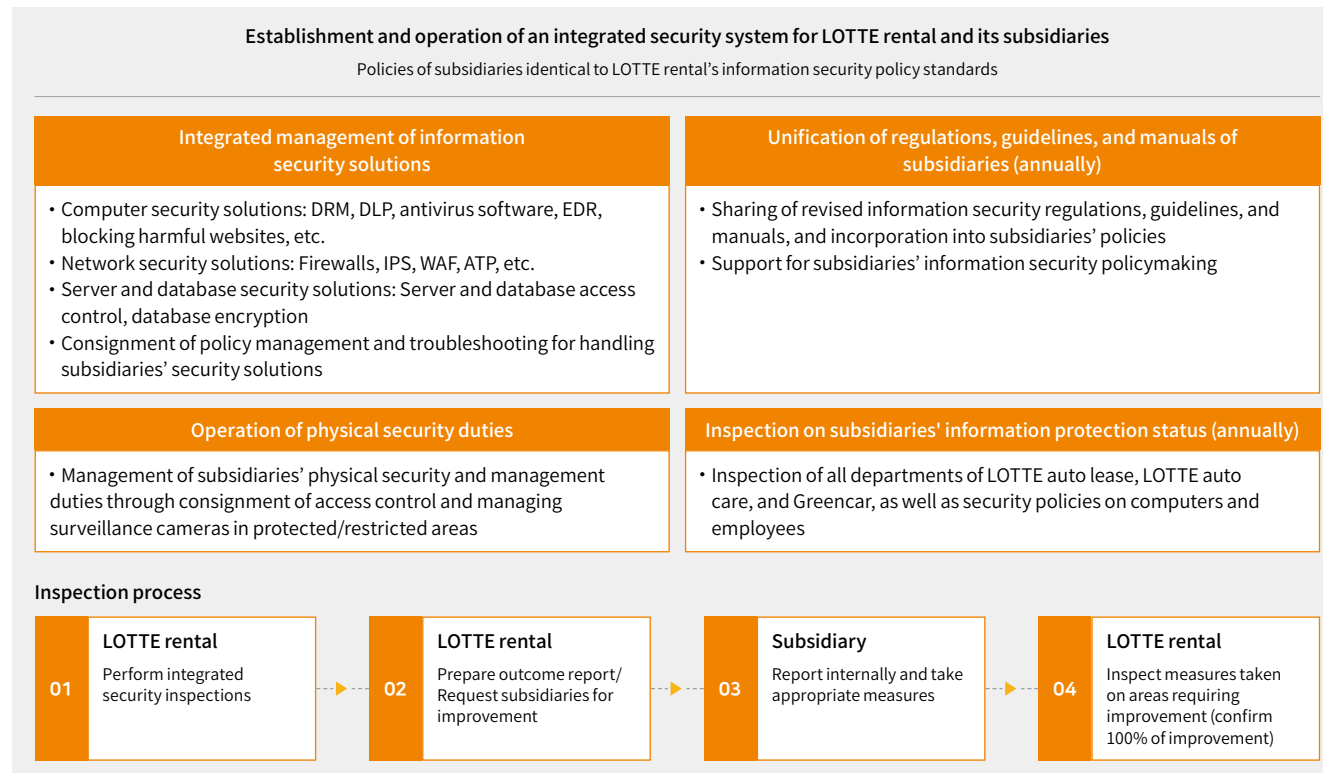
Information Security

Information Security Policy

To respond to various information threats that may arise in rental services, LOTTE rental established the information security policies (5 guidelines and 13 manuals) that serve as the foundation for the company's information security governance.

The policies are revised every year by reflecting internal and external environmental changes that occur according to law revisions and the advancement of information security and hacking techniques. The revised matters are approved by the CEO prior to dissemination and application in all affiliates. The scope of our information security policies includes not only LOTTE rental employees but also the employees of subsidiaries and consignees. We also conduct inspections and take improvement measures so as to manage compliance with policies periodically.

Information Security Policies for LOTTE rental and Subsidiaries



* DRM(Digital Rights Management), DLP(Data Loss Prevention), EDR(Endpoint Detection Response), IPS(Intrusion Prevention System), APT(Advanced Persistent Threat)



LOTTE rental's Information Security Regulations, Guidelines, and Manuals

Classification	Content	Description
Regulation	Information security regulations	LOTTE rental's highest information security policy
Guideline (5)	Managerial information security guidelines	Detailed guidelines by security field
	Technical information security guidelines	
	Physical information security guidelines	
	Personal data security guidelines	
	Location information handling and management guidelines	
Manual (13)	Server security manual	Work performance guide by duty
	Database security manual	
	Personal computer security manual	
	Risk analysis and information asset management manual	
	Network security manual	
	Security system manual	
	Application security manual	
	Outsourcing service management manual	
	Security incident response manual	
	Emergency plan and disaster recovery manual	
	Facility and video information security manual	
	Mobile security manual	
	Encryption key management manual	

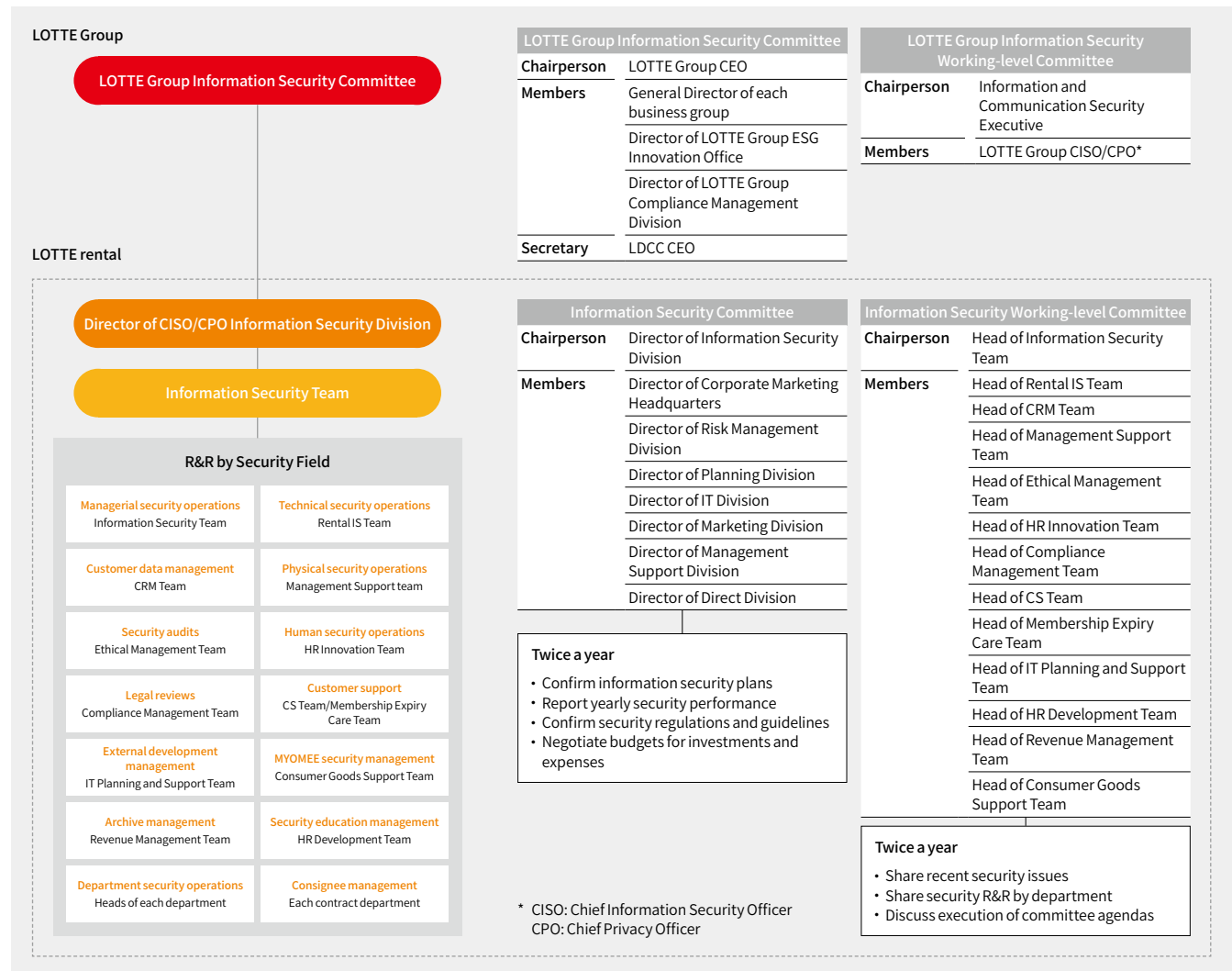
Information Security

Information Security Organization

The following are bodies that make up LOTTE rental's information security organization. The Information Security Committee consists of executives to consult and make decisions for key information security-related matters, while the Information Security Working-level Committee takes charge of actual information security operations. The Information Security Team plans, implements, and manages the overall information security operations of the organization. The Information Security Committee and Working-level Committee meetings are held twice a year to respond to compliance issues and discuss other crucial matters related to information security. In addition, according to the Act on the Promotion of Information and Communications Network Utilization and Information Protection, we make sure that the Chief Information Security Officer (CISO) does not take any responsibilities other than information security (privacy), thus strengthening their sense of responsibility and expertise in operation handling.

 Information Security Team Personal Data Part	R&R <ul style="list-style-type: none"> Manage the life cycle of personal data Review the security level of newly developed services Manage consignees' security Respond to personal data leakage and exposure Manage the collection, storage, use, and destruction of 23 personal data systems Review the security level of 65 inspection items Hold security inspections and take appropriate measures for 400+ consignees Monitor the status of personal data processing
 Information Security Team Information Protection Part	R&R <ul style="list-style-type: none"> Operate security systems (26 types) Establish information security plans and strategies Manage ISMS certifications and information security disclosure Analyze internal/external anomalies including hacking Operate security systems, including DRM, DLP, and IPS Operate the Information Security Committee and Working-level Committee Establish and operate an information security management system Analyze information leakage and hacking traffic

Information Security Organization



Information Security

Information Security Management System

LOTTE rental's internal privacy protection plans ensure the systematic operation of activities related to the protection of employee and customer data.

Safety Measures

At LOTTE rental, we apply a wide range of security solutions for the protection of information assets. In terms of protecting our personal data processing system, we installed server antivirus software and EDR, as well as strengthened access control privilege and monitoring by adopting the server and database access control system. We have also encrypted all sorts of customer data to prevent leakage.

In addition, for the security of computers of personal data handlers, we physically separated the business network where customer data is processed from the internet network. We also work tirelessly to prevent internal and external attacks through antivirus software, DRM, DLP, and EDR.

Vulnerability Assessment

LOTTE rental identifies and improves vulnerabilities in information assets periodically. We operate hacker simulators targeting web and mobile apps and conduct infrastructure vulnerability assessments targeting the servers, networks, and databases. Additionally, we carry out code screening to secure the safety of the development codes, thereby ensuring that security vulnerabilities are minimized.

Security Audit

LOTTE rental periodically conducts internal and external security audits. For the external audit, the LOTTE Group Information Security Committee conducts an "information security level

assessment" once a year in order to improve the group-level information security level and inspect the information security management system. The improvement tasks derived from the assessment are handled through appropriate measures.

In addition, as part of the compulsory information security management system (ISMS) certification mandated by law, we review our overall information and communications service operating organizations, personnel, and facilities annually and update the ISMS certification according to the review.

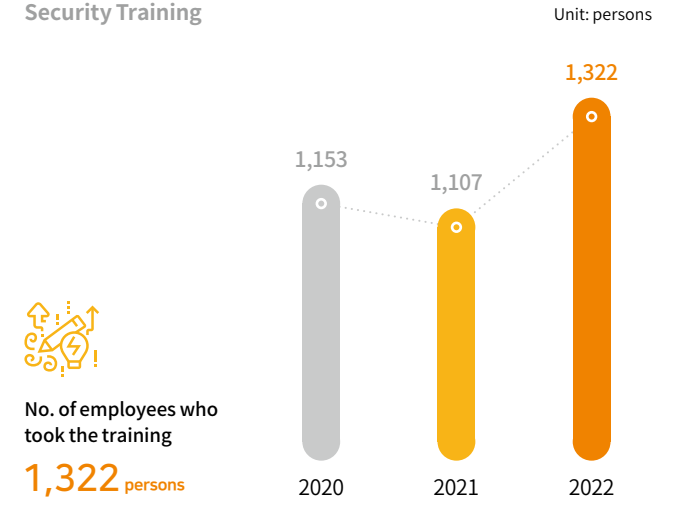
For the internal audit, we inspect company-wide information security status once a year to confirm compliance of each department and employee. At the same time, we inspect the information security status of the company entrusted with personal data processing tasks to ensure that the data of our customers and employees are safely managed as well as to improve the insufficiencies.

Raising Information Security Awareness and Relevant Training

LOTTE rental observes "Security Day" each month in order to improve employees' awareness of information security. Information security managers are appointed for each department to perform information security inspections and other related campaigns.

We make sure that all employees take the compulsory training related to privacy protection at least once a year and practice them at work. They are also required to sign information security pledges to raise their awareness of the importance of and responsibility for security. With malicious code distribution through email for the purpose of extortion and personal data theft occurring frequently as of late, we have been holding simulation training since 2016 targeting all employees. We encourage our employees to actively participate in reporting such incidents by providing them with rewards or imposing penalties.

Employees Who Took Information Security Training



Information Security Certifications



Certification	ISMS
Validity Period	Jul. 21, 2021 – Jul. 20, 2024
Scope of Certification	Rental (cars, general, consumer goods) services and auction services

Case Study: Information Leakage at Greencar

Occurrence

In April 2022, a server failure of the Greencar app raised customer complaints in a short period of time. As a result, the customer inquiry page on the website and the customer center duties were temporarily not available due to high traffic.

Aware of the urgency of the situation, Greencar utilized an external web portal questionnaire to collect customer data and information about the damage they have received. During this process, an error in the questionnaire settings has led to data exposure of about 1,000 customers for an hour.

Response

Greencar immediately identified the cause upon recognition of the incident, and corrected the error in the Google Surveys settings to block further data exposure. The company informed the incident together with a letter of apology through its official website and app. As for the victims, every individual was notified separately of the incident and actions taken, attached with another letter of apology. After determining the cause of the incident and the scale of damage, the company voluntarily reported the case to the Personal Information Protection Commission website and actively cooperated with the inspection by the Personal Information Protection Commission.



Later, Greencar compensated customers who were victimized by the incident, while all departments of the company focused on the normalization of the app service.



Follow-up Measures

Greencar developed a separate website for responding to system failures and customer complaints to prevent personal data leakage from server failure. The website enabled prompt reporting of and response to incidents, minimizing the risk of personal data leakage.

The company also assessed the privacy protection level and status and reviewed its security policy, which served as the basis of adopting a more systematic work process for personal data processing. Greencar also carried out internal training on information security and developed regular training programs to raise employees' awareness of security. All employees were required to take the training on processing personal data and preventing leakage to make them aware of the importance of information security and participate in preventing data breaches.

 <p>Reinforced information security training</p> <ul style="list-style-type: none"> • Internal training for raising employees' security awareness (targeted at all employees) • Sharing information leakage details 	 <p>Reinforced assessment process</p> <ul style="list-style-type: none"> • Analysis of personal data processing tasks by part • Internal control through electronic approval related to personal data processing • Distribution of a personal data processing manual to employees
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Information Security

Information Security Management System

Monitoring and Incident Response System

LOTTE rental conducts regular data processing and privilege monitoring for the personal data processing system in order to detect data leaks and other anomalies. We monitor, respond to, and block security incidents occurring in network security solutions through our 365-day security monitoring system. We also have a security incident response system in place for swift response to incidents and notification to employees upon occurrence for their convenient access.

Emergency Preparedness

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

Reporting and Handling Security Issues

Despite the company's preparedness against internal and external security incidents, LOTTE rental developed a manual to train our employees on responding to customer data leakage incidents.

In the event of data leakage, we notify customers and related organizations of the incident and report it in accordance with relevant laws and our manual. We are preparing to activate our damage relief procedures to minimize damage to users.

Information Security Training

LOTTE rental performs training on new hires and security managers in an effort to reinforce employees' awareness of privacy protection. The training covers cases of internal data leakage and external breaches, installation of antivirus software, and the 10 provisions of the code of conduct for information security.

Internal Information Security Activities

Security Day	<ul style="list-style-type: none"> • Self-inspection of computers and documents by department • Frequency: Monthly (2nd week of the month) • Topic: Security inspection by department regarding monthly issues • Key inspection areas <ul style="list-style-type: none"> - Operation and management of surveillance cameras - Operation and management of mobile devices - Masking of resident registration numbers in documents - Deletion of personal data from computers - Installation and use of unauthorized/illegal software - Management of consignees
LOTTE Group Malware Attack Scenario Training	<ul style="list-style-type: none"> • Emails similar to latest email attack trends are sent to employees' mailboxes • Frequency: Quarterly (unannounced) • Effect: Raised employee awareness and response capacity for real malware attacks • Precaution <ul style="list-style-type: none"> - Do not click links or attachments in emails unrelated to work - Confirm sender and relevance with work - Report to the email below upon receiving suspicious emails - Noncomplying employees will be asked to write a letter of justification of violating security regulations
LOTTE rental Security Inspection	<ul style="list-style-type: none"> • Identification of security vulnerabilities and taking appropriate measures • Frequency: Annually • Key inspection areas <ul style="list-style-type: none"> - Deletion of unnecessary personal data from work computers - Masking of resident registration numbers in documents - Consent to the collection and use of personal data in contracts - Operation and management of surveillance cameras - Office security management status (e.g. neglected documents containing personal data, locked drawers away from seat)

Information Security Disclosure

Since 2021 (recent disclosure performed in Apr. 2022), LOTTE rental has been disclosing information security-related details, including investment amount, managers, certifications, and user data protection activities, on the Information Security Disclosure System (ISDS) of the Ministry of Science and ICT. This is aimed at guaranteeing users' right to know and proposing objective corporate selection criteria under the goal of safe service provision.

 Information Security Disclosure (LOTTE rental, 2022)

Shared Growth with Partners

Partner Selection

Partner Selection and Management Guidelines

Acknowledging that partners are companions for shared growth, LOTTE rental established the “Partner Selection and Management Guidelines” to discover outstanding partners and maintain fair business partnerships. The key content of the guidelines includes the criteria and procedures for selecting partners, objective evaluation of performance and quality, judgment of and sanctions to unfaithful partners. We post the key process of partner selection and management, along with related contract regulations and criteria, on the company website to aid in the understanding of all businesses wishing to enter into business partnerships with LOTTE rental. We continuously endeavor to manage such partners and maintain good business relationship.

Promotion System

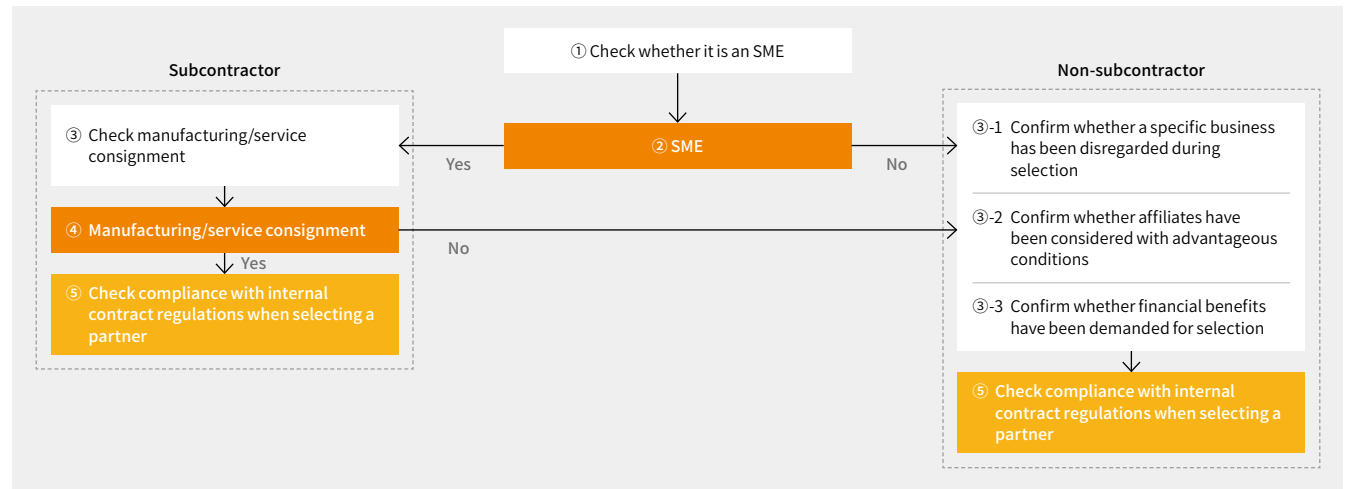
LOTTE rental cooperates with a number of partners in order to maintain top-quality rental service for customers. Our partner selection system is as follows.

First, when purchasing items for general use, we consider fairness with top priority through competitive bidding, designated competitive bidding, or limited competitive bidding process, to ensure price competitiveness.

Second, we select excellent partners by considering private contracts in accordance with contract regulations. This requires necessity and rationality and guarantees compliance with the private contract execution criteria and trade eligibility based on internal standards.

In addition, we carefully inspect the collision of interests with partners and abuse of dominant position in the course of a transaction, such as technological fraud based on partnership. We consider fairness and ethical aspects in the selection process and pursue continued management and improvements.

Partner Selection Process



Partner Bidding Process



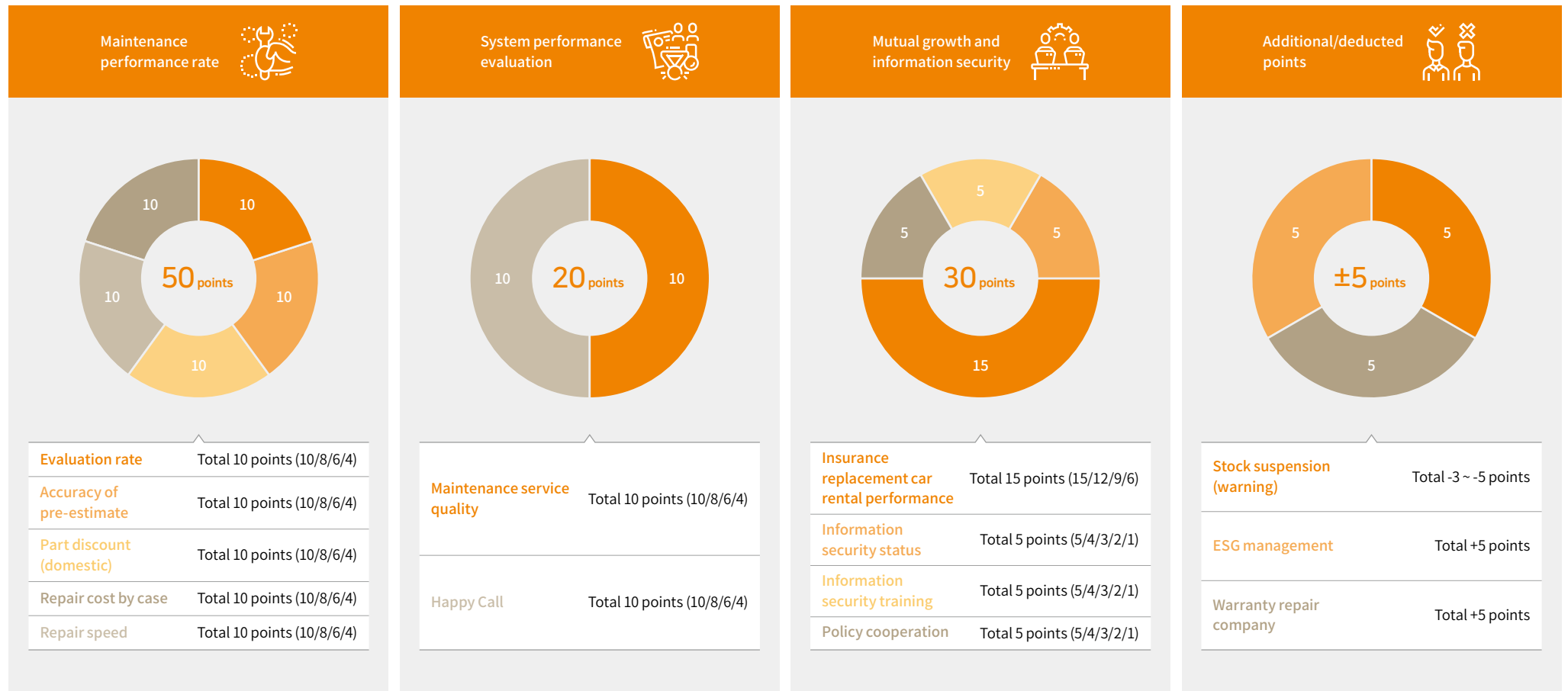
Shared Growth with Partners

Partner Selection

Partner Evaluation

LOTTE auto care, a key subsidiary of LOTTE rental, performs annual quality evaluation after selecting a partner for repairs for accidents. To this end, the company adheres to a fair evaluation process to rate candidates from levels A to C. Partners are grouped again for cooperation. The evaluation items include quality, delivery, and use of reused and eco-friendly parts as an ESG factor. All LOTTE auto care partners are encouraged to take part in the ESG management activities of LOTTE rental.

Evaluation Items



Shared Growth with Partners

Shared Growth Activities and Performance

Shared Growth Policy

LOTTE rental's business portfolio includes efforts for shared growth with business types deemed suitable for small and medium-sized enterprises (SMEs), such as car sharing, working at height, and insurance replacement car rental service. Through agreement with the Korea Commission for Corporate Partnership and business groups, we are seeking ways to support companies in difficult situations and prevent the abuse of market-dominant positions by large enterprises, such as indiscriminate business expansion.

Fair Transaction Education and Declaration of Commitment to Compliance

2020	Fair transaction education for department heads in the first half (May 18) <ul style="list-style-type: none"> Prevention of abuse of market-dominant position Types and screening of unfair transactions
	Fair transaction education for executives (Apr. 29) <ul style="list-style-type: none"> Major laws on fair transaction and revisions of the Fair Trade Act
	Fair transaction education for department heads in the second half (Nov. 19) <ul style="list-style-type: none"> Major policy trends for consumer protection Understanding the Act on Fair Labeling and Advertising
2021	Fair transaction education for executives (Aug. 25) <ul style="list-style-type: none"> Major policies and related laws and regulations of the Fair Trade Commission
	Fair transaction education for department heads (May 31) <ul style="list-style-type: none"> Theory and practice of the Act on Fair Labeling and Advertising and e-commerce
2022	Fair transaction education for returning expatriates (Sep. 6) <ul style="list-style-type: none"> Trends of major laws and regulations of fair transaction
	Fair transaction education for Compliance Officers (Sep. 23) <ul style="list-style-type: none"> Major policy trend of the compliance program
	Fair transaction education for the CEO and executives (Sep. 26) <ul style="list-style-type: none"> Major policies and related laws and regulations of the Fair Trade Commission
	CEO's declaration of commitment to compliance (Sep. 27) <ul style="list-style-type: none"> Posting of CEO message on compliance with fair transaction on the website

Shared Growth Activities

Industry–Academia Cooperation

LOTTE auto care formed industry–academia relationships with a range of educational institutions to reinforce its programs for nurturing maintenance personnel and enhancing the car maintenance technology of LOTTE Rent-a-Car. Through agreements with Daelim University (Mar. 2022) and Ajou University–Auto HK (Apr. 2023), there are ongoing cooperations for maximizing the mutual use of human and material resources and enhancing the competitiveness of domestic car maintenance technology. LOTTE auto care hired one graduate of Daelim University in March 2022, and is actively contributing to creating quality jobs for youth through its partnerships with four educational institutions.



CSR campaign RE:BREATHE of Greencar and Kia

The Good Mobility Campaign titled “RE:BREATHE” is promoted by Greencar and Kia in partnership with the Merry Year Foundation to support social ventures aiming for a second leap. Now in its sixth year since the commencement in 2017, RE:BREATHE set a 2022 goal of raising KRW 200 million from August 10 to September 18.

KRW 50 of contribution was made per kilometer traveled by customers who rented a Kia car via Greencar during the campaign. The contributions were used for MVP tests, workshops, and entrepreneurship mentoring for social venture entrepreneurs selected by the Merry Year Foundation. Greencar provided car-sharing vouchers worth KRW 10 million and EV vouchers worth KRW 5 million to entrepreneurs who do not own a car, supporting their mobility needed for business activities. The RE:BREATHE campaign acts as a means for Greencar to contribute to developing the potential of social venture entrepreneurs and their speedy growth.

Delivery of Masks for Partners

LOTTE auto care has been supporting its partners to take part in social efforts to overcome the COVID-19 crisis and fulfill corporate social responsibility. In March 2022, 27 small and medium-sized car repair centers of LOTTE Rent-a-Car were provided with 1,000 masks each, totaling 27,000 masks, to alleviate the difficulty in securing infection control products amid the prolonged pandemic and to reinforce quarantine measures.



Shared Growth with Partners

Shared Growth Activities and Performance

Cash Reward for Car Transport Drivers

With the aim of enhancing work competency and a sense of belonging, LOTTE rental provided cash rewards to car transport drivers with the highest customer satisfaction score in each car transport center.

Improved Work Environment of Car Transport Centers

LOTTE rental placed safety products (e.g. fire extinguishers), lighting, and necessary equipment in car transport centers to ensure safety and faithful facility management. Centers that were in forms of bare land underwent renovation to have ample indoor space. Vehicles at each center are also kept indoors to prevent the risk of damage.

Improved Compensation of Car Transport Drivers

LOTTE rental, based on the car transport driver grading system, plans to expand the scope of cash rewards granted to car transport drivers, along with a plaque of appreciation and incentives. We will also distribute name tags and vests for uniformity and professionalism. We intend to hold a meeting for car transport drivers twice a year to hear out their opinions and grievances and take appropriate measures.

Education on the Act on the Protection of Financial Consumers for Solicitors (Sales Partners)

LOTTE auto lease pursues compliance with the Act on the Protection of Financial Consumers of solicitors (sales partners) under consignment contract, and provides education on the Act for solicitors (sales partners) to generate social value, which equals mutual growth.

Education Performance and Plans

2022 Performance	<p>Education on the Act on the Protection of Financial Consumers (Sep. – Oct. 2022)</p> <ul style="list-style-type: none"> • Act on the Protection of Financial Consumers • Registration as a financial product distribution agency or brokerage business • 6 regulations on sales • Advertisement regulations for financial product distribution agency or brokerage businesses • Prohibitions for financial product distribution agency or brokerage businesses • Duty of disclosure of financial product distribution agency or brokerage businesses
2023 Plans	<p>Education for sales partner groups (1st)</p> <p>FAQ development and dissemination</p> <p>Education for sales partner groups (2nd)</p>



Inspection of Solicitor Management

With the enactment of the Act on the Protection of Financial Consumers, LOTTE auto lease (financial product direct seller) faithfully supervises solicitors (financial product distribution agency or brokerage businesses) on their compliance with laws and regulations and commitment to safe transaction. Through the inspection conducted from August to October 2022, we confirmed the compliance with the Act on the Protection of Financial Consumers and other related laws and sought ways to make improvements on areas of noncompliance. We aim to prevent risks that may arise in partners through such inspections.

Inspection Items based on the Act on the Protection of Financial Consumers and Solicitor Management Rules

1. Confirm whether the solicitor is lawfully registered in the Credit Finance Association
2. Confirm the suitability principle and perform the obligation to explain
3. Prohibit unfair sales activities and solicitation of solicitors
4. Advertisement of financial products by solicitors
5. Entering into and terminating consignment contracts with solicitors
6. Duty of disclosure of solicitors
7. Solicitors' reporting on solicitation channels
8. Solicitor fees

Who is a solicitor (sales partner)?

A solicitor is an individual* or company that has entered into a consignment contract with LOTTE auto lease and that performs consigned work. (We have 23 key partners as of 2022.)

* Solicitors are registered as a financial product distribution agency or brokerage business in accordance with Article 12 of the Act on the Protection of Financial Consumers

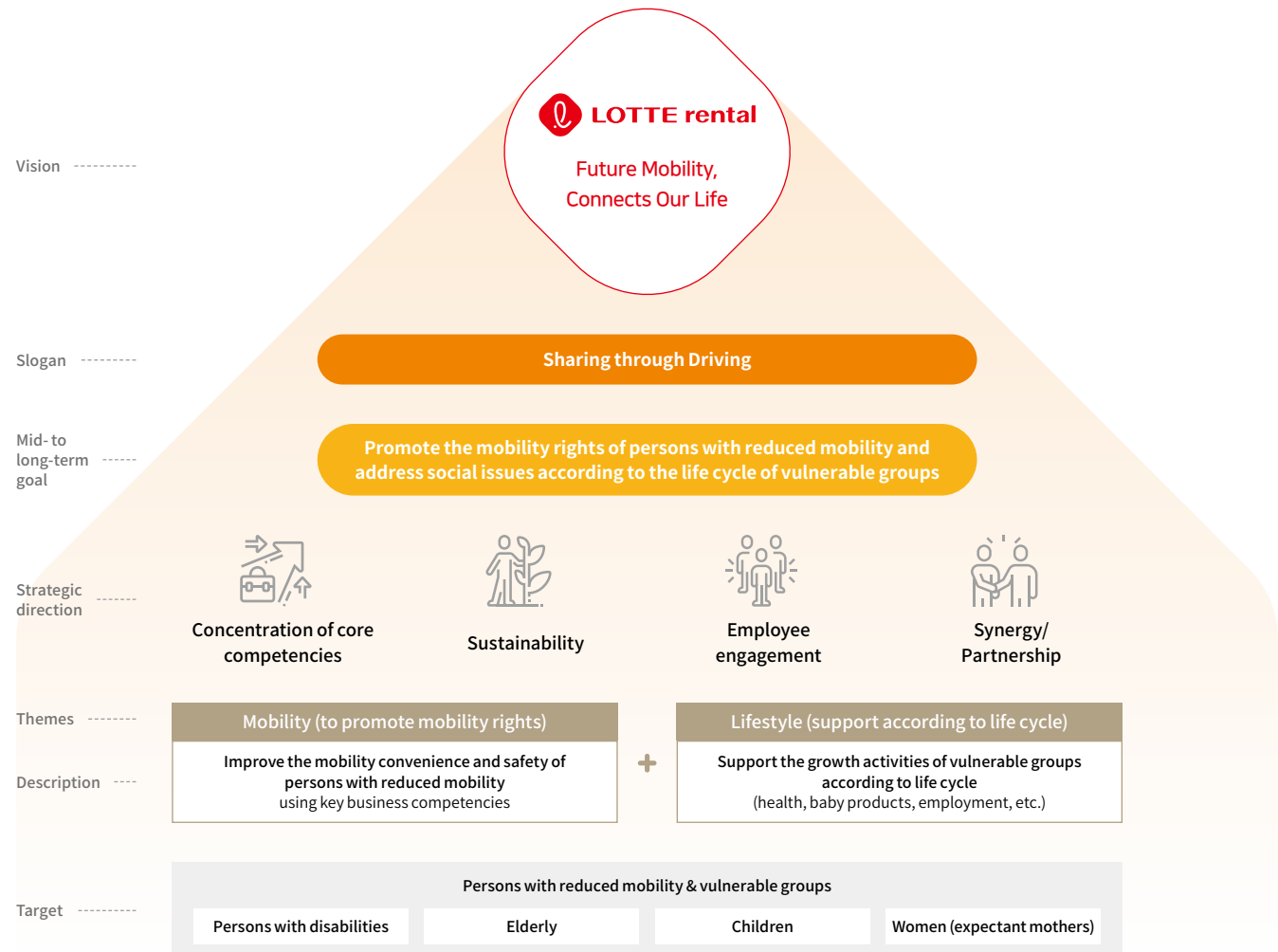
Social Contribution

CSR Strategy and Mid- to Long-term Roadmap

CSR Strategy System

LOTTE rental upholds its social responsibility under the slogan of “sharing through driving” and two themes: mobility (to promote mobility rights) and lifestyle (support according to life cycle). We make use of our mobility competencies closely related to our business area and carry out CSR activities together with our employees. The key beneficiaries of the program are those with reduced mobility and vulnerable groups, including persons with disabilities, expectant mothers, infants, children, and the elderly. We will continue our sharing initiatives based on our core competency to go shoulder to shoulder with vulnerable groups and make a positive impact on the world.

A leader in promoting the mobility rights of persons with reduced mobility and addressing social issues according to the life cycle of vulnerable groups

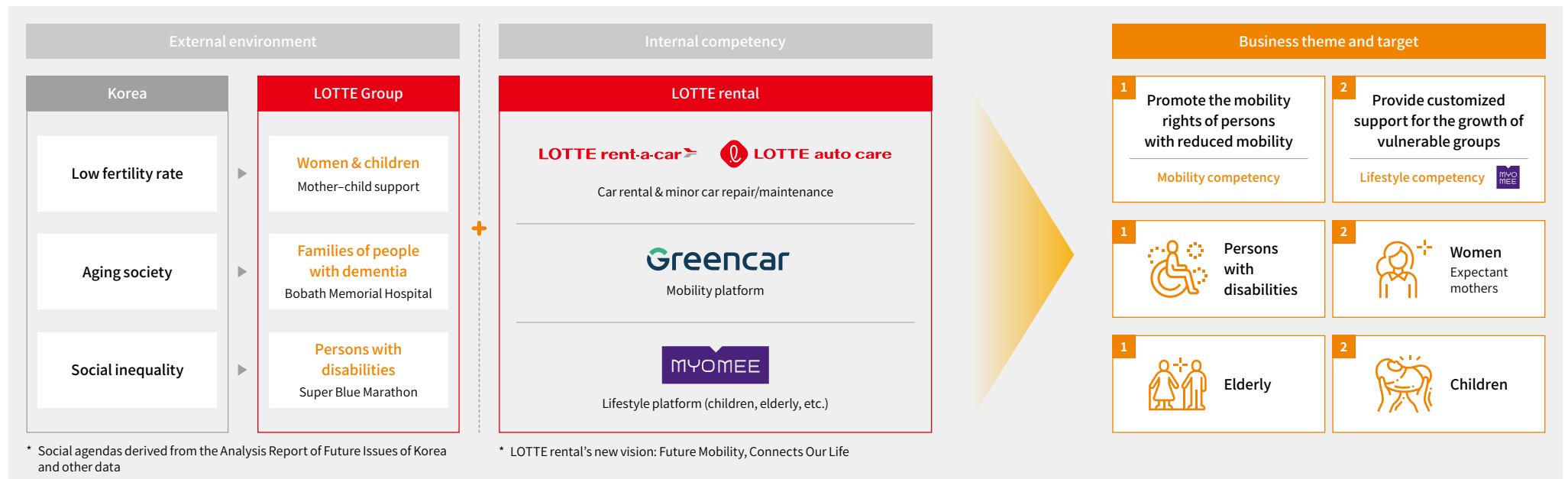


Social Contribution

CSR Strategy and Mid- to Long-term Roadmap

Approach to the CSR Strategy System

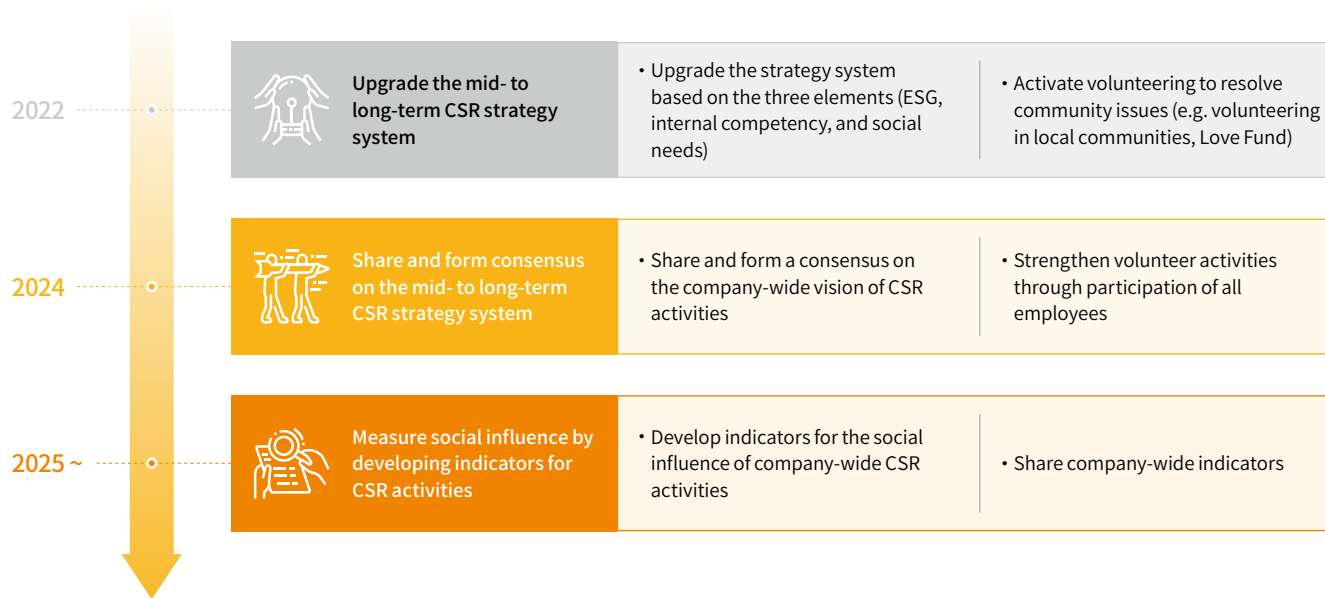
Based on our core competencies of mobility and lifestyle, LOTTE rental pursues the advancement of the CSR paradigm. We have transitioned from CSR activities that fulfill charitable responsibility for the socially vulnerable to strategic activities that make use of our core competencies and to innovative activities. We plan to engage in CSR activities through careful planning and execution. We will ultimately propose a rational consumption paradigm that forms a consensus among the public and realize our vision of “future mobility, connects our life,” connecting the special moments of life and offering optimal mobility to contribute to making a better world.



Social Contribution

CSR Strategy and Mid- to Long-term Roadmap

Mid- to Long-term CSR Roadmap



Prioritization of CSR Activities and Alignment with SDGs

To effectively realize our mid- to long-term roadmap, LOTTE rental developed a list of priority in relation to CSR activities.

Rank 1		Rank 2		Rank 3	
	<p>Response to climate change as a mobility company</p> <ul style="list-style-type: none"> Eco-friendly driving and donation campaign (since 2018) 		<p>Promotion of mobility rights of persons with reduced mobility as a mobility company</p> <ul style="list-style-type: none"> Participate in regular education for volunteers in facilities for persons with disabilities 		<p>Community-linked volunteer programs</p> <ul style="list-style-type: none"> Regular volunteering in facilities for persons with disabilities Support for minor car repair/maintenance Employees' Love Fund (donated to facilities for persons with disabilities in the community)



Social Contribution

CSR Activities and Performance

CSR Highlights

Mobility



Promotion of mobility rights

Improve the mobility convenience and safety of persons with reduced mobility using key business competencies



Cars for children with disabilities

Dream CAR

- Provision of cars for outings and field trips of children with disabilities
- Accompanied with drivers



Support for minor car repair/maintenance for SeungGaWon

- Free quarterly minor car repair/maintenance service for SeungGaWon cars by LOTTE auto care for the safety of children with disabilities



Mobility support for domestic travel

Mom-child support

- For families of children with disabilities and reduced mobility
- Accompanied with drivers; travel expenses for 2 days fully covered by the company

Lifestyle



Programs according to life cycle

Support the growth activities of vulnerable groups according to life cycle (health, baby products, employment, etc.)



Volunteering at SeungGaWon Happy Village

* SeungGaWon: Specialized Disability Welfare Company

- Free minor car repair/maintenance service for SeungGaWon cars by LOTTE auto care
- Regular volunteering for bathing and playing with children



Production of goods for vulnerable groups

Hands-on (since 2017)

- Production of pop-up books and flower pots made with toy blocks
- Knitting mufflers for the Salvation Army



Volunteering with employees

- Making shopping bags
- Sending Christmas presents (Santa Claus of Love)
- Trip to Lotte World in fall

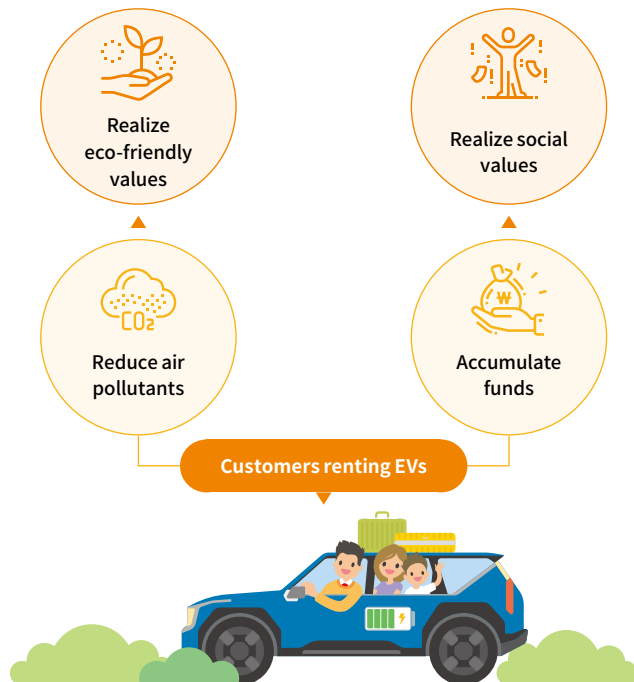
Social Contribution

CSR Activities and Performance

Other CSR Activities

Eco-friendly Driving and Donation Campaign

LOTTE rental has been operating the “eco-friendly driving and donation” campaign that guarantees environmental protection and the mobility rights of children with disabilities in connection with our rental car business since 2018. In this campaign, KRW 50 of contribution is made per kilometer traveled by customers who rent an EV from Jeju Auto House. In 2022, we reached our goal of 1 million kilometers, raising a fund of KRW 50 million. The amount was contributed to the Jeju Assistive Technology Center and Bobath Children’s Hospital for purchasing mobility aids for children with disabilities from low-income families.



Saving the Environment in Jeju

Major tourism businesses in Jeju generate about 67,670 tons of waste per year, accounting for approx. 14% of the total amount of domestic waste generated on the island. This means that a Jeju resident produces 1.64 kg of domestic waste a day, which is twice as much as the national average. To resolve this issue, the Jeju Business Group provides customers with eco-friendly and biodegradable plastic bags to contribute to waste sorting, thereby practicing carbon neutrality through recycling. LOTTE Rent-a-Car also developed the “Environment Clean” mobile app to prepare for cooperation with social enterprises carrying out environmental protection activities. The company plans to alert its customers to the seriousness of the waste problem and encourage them to practice waste sorting and reducing waste in daily life.



Eco-friendly and biodegradable plastic bag

Regular volunteering at a facility for children with disabilities



Blood donation of employees for stabilization of blood supply



SPECIAL INTERVIEW

Q Please tell us about LOTTE rental’s CSR activities under the themes of mobility and lifestyle.

A LOTTE rental endeavors to uphold its social responsibility under the slogan of “sharing through driving” and two themes, which are mobility (to promote mobility rights) and lifestyle (support according to life cycle).

Mobility here means to provide safe and convenient mobility for persons with reduced mobility by making use of the company’s key competencies. Our eco-friendly driving and donation campaign is the nation’s first CSR activity where customers are encouraged to drive EVs. When customers rent an EV from Jeju Auto House, KRW 50 of contribution is made per kilometer. The fund is used for the purchase of mobility aids for children with disabilities.

Lifestyle is run by CharLOTTE Volunteer Group, an employee volunteer program, intended for vulnerable groups. The program covers activities like learning, playing, bathing, and outing.

Q What kind of synergy does the direct participation of employees create?

A I hear from my colleagues who took part in the CharLOTTE Volunteer Group that they were benefited from the program although they should be the ones providing assistance. They had a heartwarming experience through sharing. Those who volunteered in eco-friendly activities like producing pop-up books about global warming expressed their will to reduce plastics and practice carbon neutrality. They now feel more confident with ESG practices.

As you can see, employee volunteer programs not only help out vulnerable groups but also positively impact the employees themselves.

“LOTTE rental endeavors to uphold its social responsibility under the slogan of “sharing through driving” and two themes, which are mobility (to promote mobility rights) and lifestyle (support according to life cycle).”

Q Can you name some programs for children and vulnerable groups?

A There is a mom-child support program that has been in operation since 2013. This program provides cars with wheelchair lifts and drivers, along with travel expenses fully covered by the company for families of children with disabilities. The program’s goal is to make all family members happy.

Q Is there anything you would like to say as the CSR manager?

A Last year, I volunteered for the trip to Lotte World with children with disabilities from our partner institution. I recall some of the kids who teared up at the end of the program. A couple of months later, when we revisited the institution, one kid remembered who we were and yelled, “They were with us at Lotte World!” One staff told us that the children often recalled their trip to Lotte World. That really made my day. That was when I realized my responsibility for giving a hand to vulnerable groups, and that small actions bring big changes to the world.

My wish is that to address the social issue of low fertility rates in Korea, more companies should come up with CSR activities that boost childbirth and create an environment desirable for rearing children.



Assistant, HR Development Team

Jang Su-hye

Customer Satisfaction

Principles, Strategies, and Governance of Customer Satisfaction

Customer Satisfaction Principles

At LOTTE rental, all employees pursue innovation from the perspective of customers and endeavor to solve customer pain points. Based on the changing voice of the customer, our growth strategy is to reinforce and expand our relationship with customers with a belief to create better lives of customers.



Customer Satisfaction Governance

LOTTE rental strives to build customer satisfaction governance by collecting a vast amount of customer feedback and taking prompt and appropriate actions to remove customer pain points.

Feedback Collection

Aware of the importance of customer feedback, LOTTE rental endeavors to create various channels for collecting customer feedback. In this regard, we run multiple mobile satisfaction surveys based on our customer journey map. This allows us to hear the voices of customers through inbound channels (e.g. websites, mobile apps, social media) as well as outbound channels that show customers' experience with LOTTE rental.

Feedback Processing

LOTTE rental prioritizes prompt action in feedback processing to ensure that all customer feedback are communicated between departments. Our principle is to process feedback within 24 hours upon receipt. Cases that require improvements in the work process and cannot be processed within the time limit are relayed to relevant departments with top priority. When the relayed cases still cannot be processed by related departments, they are reviewed and shared at monthly service inspection meetings participated by the CEO.

The customer service department checks whether the shared customer feedback is processed in the way it was resolved at the meeting and constantly manage the submitted feedback to prevent the recurrence of issues.

Feedback Analysis

The feedback data that has been processed and accumulated for years are separately analyzed and incorporated into LOTTE rental's management activities, along with opinions of departments that act as customer touchpoints.



Customer Satisfaction

Products and Services Tailored to Customers

Principles of Product and Service Development: Innovation in Customer Value

LOTTE rental works to develop a “value economy” model that conveys values to customers through our business strategies of value creation, customer-centricity, and leading eco-friendliness. Under this objective, we discover eco-friendly products and services that meet customer needs. Most notably, we intend to perform reorganization in 2023 by reinforcing customized products and services to realize innovation in customer value.

Organizational Structure of Product and Service Development

LOTTE rental made significant modifications to its organizational structure to offer customized services. We divided the sales organization into corporate sales and individual sales to develop and market products according to customer characteristics. These divisions are classified according to product types, such as used cars, short-term rental, long-term rental, and direct contracting. In addition, we restructured the service organization to provide customers with differentiated values in the process of screening, car transport, reducing accident rates, and car maintenance. We anticipate that through such reorganizations, the connection between our products and services will be improved, while offering services that fit in the life cycles of customers, ultimately building trust in the long term.

Customized Products and Services

Business Vehicle Monitoring Service: Updated Connect-pro

LOTTE rental’s “Connect-pro” service underwent updates for innovation in customer value. Connect-pro is exclusively for corporates that enable the efficient management of business vehicles. The service provides users with real-time vehicle location monitoring, driving information, and driving habit information through the GPS and communication module installed in cars.

The all-new Connect-pro offers improved service coverage and communication quality, as well as strengthened dashboard function to check the status of business vehicles at a glance. We also added a new “one-click” output function for improved convenience in outputting evidence data, and a menu for monitoring the battery level and charging history of EVs. Through such updates, we aim to enhance the value of customers using business vehicles.

 [About Connect-pro](#)

Satisfying the Need for Shortening Car Replacement Cycle: My Way

LOTTE rental launched “My Way” to meet the demand of customers who wish to rent different cars with short rental periods. In the past, short car rentals had higher costs, and early termination of the contract was subject to a penalty. My Way, on the other hand, is available for a four-year rental fee with no penalty for early termination from the 25th month of rental. In 2022, new customers of LOTTE Rent-a-Car accounted for 99% of My Way users, thus securing a wide range of customers through this product.

 [About My Way](#)

Reinforced Comprehensive EV Service:

Updated EV Perfect Plan

LOTTE rental launched the EV Perfect Plan, a full-care program for EVs, for the first time in the industry in 2021. This plan offers free full-package services for customers of long-term EV rentals, which led to enhancing customer value and leading the EV rental market.

In April 2022, we made updates to the plan and added more services, offering programs that enhance customer satisfaction. Apart from free replacement of consumables during the one-year warranty period that was available since the product’s launch, the new EV Perfect Plan offers more services, including vehicle inspections and adding air to tires. We also enhanced the program’s expertise in battery testing through cooperation with LG Energy Solution.

 [About EV Perfect Plan](#)



Customer Satisfaction

Products and Services Tailored to Customers

Customized Products and Services

Reinforced Connection with Customers:

Shin Cha Jang Chatbot

In March 2022, LOTTE rental introduced Shin Cha Jang, an AI chatbot service that assists customers in quickly reaching the company when they have inquiries regarding products or services. Since the launch, 13% of customer inquiries were submitted via Shin Cha Jang in 2022, making it one of the most important customer service channels.

Shin Cha Jang is designed to respond to frequently asked questions, which include reservation inquiries, viewing contracts, and branch locations. Matters that the chatbot cannot answer are instantly redirected to human consultants to ensure uninterrupted services. All data are collected for more immediate response to a variety of inquiries, and we constantly improve user interface and experience (UI/UX) for enhanced customer satisfaction with LOTTE Rent-a-Car's online services.

Reinforced Car-sharing Service: Green Pass

Greencar's Green Pass is a monthly subscription service developed to enhance the satisfaction of customers using its car-sharing service at least once a month. Green Pass users are provided with gift certificates, discount coupons, and cultural vouchers from LOTTE affiliates, as well as other benefits regardless of car type and region for rental. 50,000+ users have subscribed to the service since the launch, and Greencar plans to partner with more companies to provide customers with a wider selection of benefits.

Chauffeured Car Rental Service

The chauffeured car rental service comes with a professional driver with no accident records for the past five years to ensure safe and convenient customer experience. Customers can apply for the service via the "chauffeured car rental" page on LOTTE Rent-a-Car's official website. After inputting the desired date, car type, and location for rental, a LOTTE Rent-a-Car staff will make a call within 24 hours to confirm the booking.

Self-check-in Service in Jeju

Customers have no choice but to wait long hours when car rental demands are high in peak seasons. To solve this issue, Jeju Auto House offers a self-check-in service on its premises. The check-in process is done instantly by simply scanning QR codes at LOTTE Rent-a-Car information desks or shuttle buses. The booked cars are made available in advance so that customers can pick them up right away from the parking lot when they arrive at Jeju Auto House.

[Video about Self-check-in \(YouTube\)](#)

[Article about Self-check-in \(LOTTE Rent-a-Car Blog\)](#)

Smart Key Box

LOTTE Rent-a-Car's smart key box is the industry's first contactless service that suits the post-COVID-19 trend.

The service is available all year round for customers who made a booking in advance to pick up and drop off rental cars without having to meet the staff. All they need is to simply undergo an identity verification process.



[Video about Smart Key Box \(YouTube\)](#)

[Article about Smart Key Box \(LOTTE Rent-a-Car Blog\)](#)

Car Transport Service

LOTTE Rent-a-Car offers a car transport service for picking up and dropping off rental cars at the time and location requested by customers. Since existing car rental services are only available in specific regions, LOTTE Rent-a-Car takes advantage of its 70 branches located across the country, enabling customers to have their cars delivered to them wherever they may be.

[Video about Car Transport Service \(YouTube\)](#)

[Article about Car Transport Service \(LOTTE Rent-a-Car Blog\)](#)



SPECIAL INTERVIEW

Q Tell us about LOTTE auto care's primary business.

A LOTTE auto care's primary business is car maintenance. We offer mobile maintenance service for LOTTE Rent-a-Car customers and conduct periodic inspections to check and replace consumables to maintain the best car performance. We also distribute parts and tires needed for the repair and maintenance of elevated work platforms, forklifts, and other heavy equipment.

Q How was the industry's first mobile EV charging service developed?

A LOTTE Rent-a-Car declared to convert 100% of its cars to eco-friendly ones by 2030, and we are gradually accelerating the proportion of EVs. After contemplating the value we can offer to EV users, LOTTE auto care concluded that "charging" was the greatest inconvenience in using EVs. This is how we came up with the mobile EV charging service. Amid the inevitable shift to EVs to go along with the global net-zero trend, we intended to provide customers with unique experiences compared to conventional ICEVs.

Q What was the most challenging part during development?

A It was challenging to make a change from the existing projects. As we started from scratch based on novel ideas, we had to personally visit manufacturers and acquire legal and institutional information to ensure stable services after production. For instance, there are safety inspection standards and specifications for stationary EV chargers under the Electrical Safety Management Act and the Electrical Appliances and Consumer Products Safety Control Act, but there is no sufficient data about mobile energy storage devices (batteries) and mobile EV chargers. These were obstacles in realizing our idea since it took us a lot of time to collect data and consult with external stakeholders.

Q How did you overcome the challenges?

A We resolved the legal and institutional issues of mobile chargers through the industrial-convergence regulatory sandbox. We became aware of the regulatory sandbox through an official of LG Energy Solution, a company that entered into an MOU with LOTTE rental in April 2021. We were able to obtain non-generalized services in the market thanks to this system.

Q What are the outcomes so far?

A On September 5, 2022, we received a regulatory exception for demonstration from the Ministry of Trade, Industry and Energy. Later, we purchased liability insurance and commenced the business on October 28 of the same year. We can perform the demonstration for two years from the start of the business, and the regions available for demonstration include Seoul, Gyeonggi-do (Gwangmyeong, Namyangju, Gwacheon, Goyang, and Seongnam), Incheon, and Busan.

We are facing many difficulties because charging is allowed in outdoor spaces only per existing regulations. As we analyzed the use pattern of LOTTE Rent-a-Car customers, 70% of rental cars were parked indoors, while the majority of cars parked outdoors were either fully charged or connected to chargers. This proves that there are restrictions in providing our mobile charging service. We look forward to the expansion of the service scope of mobile EV charging to include indoor charging as well so that more consumers can experience EVs.

Q What are LOTTE auto care's plans and business directions for the future?

A LOTTE auto care's Car Life Care program offers experiences that are more than simple car maintenance. It aims to lead the area of total mobility management, from cars to heavy equipment. Also, through partnership with EV battery manufacturers, we will develop a battery diagnosis solution and contribute to the sustainable competitiveness of LOTTE Rent-a-Car.

“We will contribute to the sustainable competitiveness of LOTTE rental.”



Head of Planning Team, LOTTE auto care
Lee Sang-wan

Customer Satisfaction

Improving Customer Satisfaction

Customer Satisfaction Survey

LOTTE rental regularly conducts mobile satisfaction surveys, focus group interviews, and customer satisfaction surveys through external companies to review our service level and customer feedback in detail. The survey results are communicated with relevant departments on a monthly basis, and also used as a standard for the customer service reward system to motivate our employees in engaging in human services.

In order to make sure that no customer opinion is left out, our dedicated employees monitor all suggestions and opinions, which are then relayed to relevant departments. All results are reported to the executive meeting after cross-analysis to reflect the voice of the customer in management activities.

All-round Customer Service Consulting

In addition to the basic customer service education and regular education provided online, LOTTE rental operates customer service consulting in which our employees visit branches and sales offices. The curriculum is organized in a way that trainees can conduct inspections and make decisions on their own. The key programs include reviewing customer service levels at each branch and sales office, customer response skills, role-playing, self-inspection, and listening to customer opinions. After the end of the programs, we monitor the customer service score of the relevant department and give feedback accordingly. While prioritizing the touchpoints requested beforehand, customer service consulting also includes relatively sluggish touchpoints identified according to satisfaction surveys to achieve the standardization of service quality improvement.



All-round customer service consulting



Contactless review on customer service level

Expansion of Contactless Review on Customer Service Level

There has been increased demand for contactless services in line with reinforced social distancing protocols with the spread of COVID-19. At LOTTE rental, we strive to launch a wide range of contactless services and carry out more reviews on analyzing service quality to eliminate blind spots in services.

Firstly, we adopted focus group interviews that promote interactive contactless services, breaking away from the conventional survey-type services. The interview panel comprised of different age groups shared the inconvenience they have experienced while using the services. The opinions were immediately relayed to relevant departments for UI and UX improvement, text revisions, and membership reformation.

We also updated our mobile satisfaction survey to include all customers of the new contactless short-term car rental service (smart key box, car transport, and self-check-in) for measuring our service quality. The satisfaction score of customers of the contactless short-term car rental service turned out to be 94.4 in 2022. The survey results are shared with the host department each month for selecting and managing the performance of improvement tasks.

Customer Satisfaction

Improving Customer Satisfaction

Customer Satisfaction Awards

Top 1 among the Big 3 Customer Satisfaction Indices

LOTTE Rent-a-Car, one of LOTTE rental's top brands, ranked no. 1 in the big 3 customer satisfaction indices, namely the Korean Standard Service Quality Index (KS-SQI), National Customer Satisfaction Index (NCSI), and Korean Customer Satisfaction Index (KCSI), in 2022. LOTTE rental was recognized for its “accuracy” in delivering cars wanted by customers, as well as services and information, and its “sincerity” for offering the best services from the customers’ perspectives. Our new customized services, including smart key box and car transport service, also received positive feedback.



Winner of the 2023 First Brand Awards

LOTTE Rent-a-Car has maintained its top position in the car rental category of the First Brand Awards for 19 consecutive years, as of January 2023. The First Brand Awards, hosted by the Customers Council, are Korea’s largest brand awards where customers select no. 1 brands that are expected to lead each market for the year. Over 410,000 customers participated in the survey this year. LOTTE Rent-a-Car ranked no. 1 for 19 consecutive years this year in the car rental category and was honored with the First Class Brand Award, which is granted to brands selected for at least 10 consecutive years.

Excellent Business at ICN Awards

LOTTE rental was named Excellent Business at the 7th Incheon Airport (ICN) Awards on March 9, 2023. This annual event is hosted by Incheon International Airport Corporation to recognize outstanding businesses that have contributed to airport operations and service improvement. We are the first in the industry to be selected in the category of passenger convenience at commercial facilities.



Customer Safety

Messages for Instilling a Safe Driving Culture

For the safety of customers, LOTTE rental sends out safety reminders for drivers in the event of disasters or changes in traffic laws. We sent eight messages to customers with valid contracts in 2022. Our efforts to remind our customers will continue in 2023 to ensure customer safety and prevent accidents.

Messages Sent in 2022

Classification	Content
Safety reminder in Seollal holiday	<ul style="list-style-type: none"> Safe rules for driving Free maintenance service available by manufacturer
Revision of the Road Traffic Act and Terms and Conditions (twice)	<ul style="list-style-type: none"> Turning right at an intersection New provisions on charges for accidents when driving under the influence (e.g. drugs)
Safe driving reminder in rainy season	<ul style="list-style-type: none"> 5 rules for safe driving on a rainy day
Safety reminder for typhoon (twice)	<ul style="list-style-type: none"> Driving safely during a typhoon (Hinnamnor)
Safety reminder in Chuseok holiday	<ul style="list-style-type: none"> Safe rules for driving
Winter car maintenance tips	<ul style="list-style-type: none"> Getting ready for extreme weathers

* 25 safety messages planned for 2023
 Messages on safety tips for driving mainly involving different topics such as national holidays, disasters, car maintenance, and revision of laws and regulations, as well as messages for customers with accident history.

Customer Satisfaction

Customer Safety

Leaflets for Instilling a Safe Driving Culture

For the safety of drivers, LOTTE rental's mechanics provide safety leaflets for driving after every car maintenance service. In 2022, we distributed 60,000+ leaflets, and we plan to continue this activity. We will also find diverse measures to ensure customers' safety during driving and prevent accidents.



Safe leaflet for driving

Start Safe Campaign for a Safe Driving Culture

Since the launch of the Start Safe campaign by Greencar in 2021, another event was held in 2022. This campaign was designed to raise awareness of driving safely to prevent car accidents. Other events for promoting a safe driving culture and responsibility also took place to encourage active participation from car-sharing customers. About 10,000 Greencar customers participated in this campaign from July to December 2022, and their car accident rates were roughly half of that of total Greencar customers of the same period. The campaign saved about KRW 2.8 billion of losses that may arise from car accidents.

Greencar has been executing campaigns in cooperation with the Road Traffic Authority and other related agencies to establish a car-sharing culture and mature traffic culture. The company will remain committed to taking the lead in building a proper traffic culture.



Start Safe Campaign Activities in 2022

The right way to drive safely (video)

- Frequent mistakes made by new drivers
- Four videos available on YouTube
- Number of views are calculated based on those redirected from event pages

Event 1

- Voucher given when sharing "The right way to drive safely" video

Event 2

- Voucher given after watching "The right way to drive safely" video and taking a quiz

Event 3

- Voucher given to customers who have driven 300 km or more without causing any accidents until December 31

CORPORATE GOVERNANCE





Shareholders

Shareholder Governance

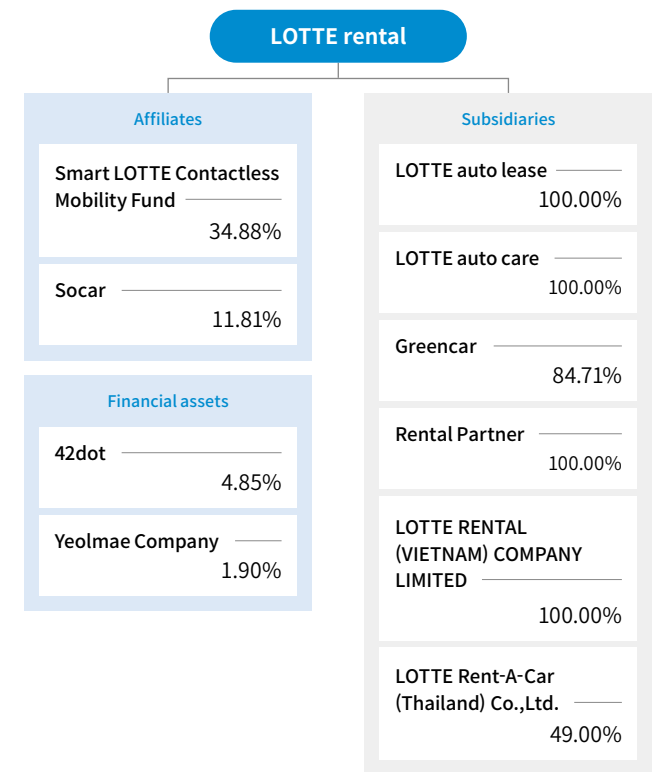
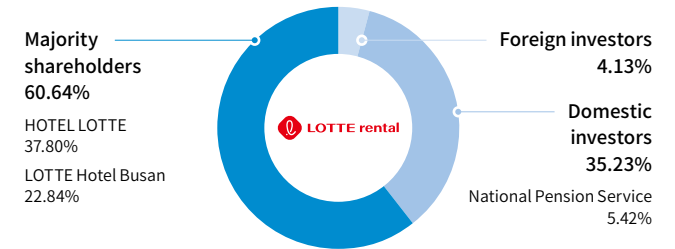
Capital Structure

The largest shareholder of LOTTE rental is HOTEL LOTTE, accounting for more than half of the shareholder composition together with LOTTE Hotel Busan. We issued a total of 36,634,063 shares, comprised of common stocks only. Fair voting rights are given according to the share ownership.

Corporate Governance Charter

Shareholder	Stocks	Ownership (%)
Subtotal	22,213,676	60.64
Majority shareholders	HOTEL LOTTE	37.80
	LOTTE Hotel Busan	22.84
	Other affiliated persons	0.00
Employee stock ownership association	1,144,400	3.12
Others	13,275,987	36.24
Total	36,634,063	100.00

Shareholder Structure



Shareholders

Shareholder-friendly Policy

Dividend Policy

LOTTE rental pursues a stable dividend policy that goes in line with company management performance and strives to ensure that company value enhancement leads to maximized shareholder value from a long-term perspective. In this regard, we maintain a high dividend payout ratio as part of our shareholder return policy. This year, the dividend per share is KRW 900, the payout ratio is 42.3%, and the total dividend payout is approximately KRW 33 billion.

Dividend and Payout Ratio

Classification	Unit	2019	2020	2021	2022
(Separate) Net income	KRW 100 million	130	200	947	780
Dividend	KRW 100 million	21	35	330	330
Cash dividend per share	KRW	180	300	900	900
(Separate) Cash dividend payout ratio	%	16.30	17.60	34.80	42.30

Protection of Shareholder Rights

e-Voting System

For the convenience of exercising shareholders' voting rights, LOTTE rental decided to introduce an e-voting system at the BOD meeting in February 2023 and entrusted related management to the Korea Securities Depository. We announce that voting rights can be exercised electronically during the notification of the convocation of the general meeting of shareholders. Shareholders with voting rights can exercise their rights on the last day of each fiscal year through the e-voting system provided by the Korea Securities Depository without attending the shareholders' meeting in person.

About 90% of shareholders who cast their votes at the 18th annual shareholders' meeting (Mar. 23, 2023) used the e-voting system, which is viewed to have greatly enhanced the convenience of exercising voting rights.

Transparent Information Disclosure

In order to ensure sufficient timeliness and effectiveness in the investment decision-making process of shareholders, we faithfully disclose matters regarding overall company operation as required by relevant organizations.

Annual Shareholders' Meeting and Exercising Voting Rights

In accordance with Article 363 of the Commercial Act and Article 22 of the Articles of Association, LOTTE rental shall notify the date, time, place, and purpose of the annual shareholders' meeting two weeks prior to the convocation so that shareholders can exercise their voting rights after sufficiently reviewing the agenda.

For the convention of the 18th annual shareholders' meeting, we sent out a notice of convocation, published a resolution/announcement of the convocation of shareholders' meeting through the electronic disclosure system, and posted a convocation notice on the company website to promote agendas and enhance the convenience of casting votes by implementing written voting, e-voting and solicitation to exercise voting rights by proxy.

List of Information Disclosed

 <p>FINANCIAL SUPERVISORY SERVICE</p> <p>Distribution Periodical reports (business reports, semi-annual reports, quarterly reports), report on important matters</p> <p>Publication Registration statement, prospectus</p> <p>Stake Reporting of share ownership status, reporting of ownership of specific securities by executives</p>	 <p>Fair Trade Commission</p> <p>Regular Disclosure Disclosure of large business groups (annually/quarterly)</p> <p>Irregular Disclosure Large-scale internal transactions</p>	 <p>KRX KOREA EXCHANGE</p> <p>Key Management Matters Sales, finance, and management matters</p> <p>Fair Disclosure Quarterly provisional performances</p> <p>Free Disclosure Other decisions made</p>
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BOD and Management

BOD and Management Composition

Management Composition



Choi Jin-hwan CEO

Based on the insights, will to innovate, and strong execution power, Choi was newly appointed as the leader to reinforce the key competencies of LOTTE rental and discover new projects, in response to the fast-changing market environment.

Brief History

CEO, LOTTE rental

Fmr. CEO, SK Broadband
Fmr. CEO, ADT Caps
Fmr. CEO, Fubon Hyundai Life Insurance



Lee Jang-seob CSO

Lee served as the head of the New Business Team and the Strategic Planning Team, and the director of the Finance Division and the Planning Division. Based on his in-depth understanding of and experience with business, Lee has been evaluated to be responsible for developing strategies to achieve an integrated mobility vision.

Brief History

Director, Planning Division, LOTTE rental

Fmr. director, Finance Division, LOTTE rental
Fmr. head, Strategic Planning Team, LOTTE rental
Fmr. head, New Business Team, LOTTE rental

BOD Composition

LOTTE rental's BOD consists of seven directors as of the end of March 2023. In accordance with the Commercial Act and the Articles of Association, the total number of directors are at least three and no more than seven. The number of outside directors is always at least three to account for more than half the total number of directors. Outside directors are experts in the areas of accounting, economy, platform, law, and marketing, who make a great team for rational decision-making. In addition, the tenure of outside directors is limited to two years per election according to the Articles of Association to prevent undermining of the independence of outside directors.

Members of the BOD

Name	Gender	Position	Field of Expertise	Career	Tenure
Choi Jin-hwan	Male	President Inside director	Business administration, economy	CEO, LOTTE rental Fmr. CEO, SK Broadband Fmr. CEO, ADT Caps	Fmr. CEO, Fubon Hyundai Life Insurance Department of Economics, Seoul National University Mar. 22, 2025
Lee Jang-seob	Male	Inside director	Business administration, finance	Director, Planning Division, LOTTE rental Fmr. director, Finance Division, LOTTE rental Fmr. head, Strategic Planning Team, LOTTE rental	Department of Public Policy and Management, Yonsei University Mar. 22, 2025
Kim Won-jae	Male	etc. Non-executive director	Business administration, finance	Director, Shopping Finance Headquarters, Financial Innovation Headquarters, LOTTE Group Distribution HQ Fmr. head, Finance Team 2, LOTTE Group	Fmr. head, Finance Team 2, Policy Headquarters, LOTTE Group Studied Management at Korea Military Academy Mar. 22, 2025
Yu Seung-won	Male	Outside director	Accounting, finance	Professor of Accounting, Korea University Business School President, Korean Accounting Association Fmr. outside director, Kookmin Bank	Fmr. assistant professor, The Hong Kong University of Science and Technology Seoul National University Business School Mar. 22, 2025
Lee Ho-yeong	Male	Outside director	Legal affairs, economy	Dean, Hanyang University School of Law Professor, Hanyang University School of Law Fmr. president, Korea Competitive Law Association	Fmr. litigation officer, Fair Trade Commission Seoul National University School of Law Mar. 22, 2024
Kwon Nam-hun	Male	Outside director	Economy, business administration	Professor of Economics, Konkuk University Senior Vice President, Korea Academic Society of Industrial Organization Consultant, National Economic Advisory Council	Fmr. president, Korea Association for Telecommunications Policies Department of Economics, Seoul National University Mar. 22, 2025
Lee Yun-jeong	Female	Outside director	Business administration, marketing	CEO, Le Creuset Korea Director, Women Corporate Directors Fmr. supervisor, Global Marketing, Samsung Electronics	Fmr. marketing director, S.C. Johnson & Son Inc. Ewha School of Business Mar. 22, 2025

* The list of board of directors and executives has been prepared after selection at the annual shareholders' meeting in March 2023.

BOD and Management

BOD and Management Composition

BOD Committees

LOTTE rental operates five committees under the BOD: Transparent Management Committee, Outside Director Recommendation Committee, Audit Committee, Compensation Committee, and ESG Committee. All committees except the ESG Committee are comprised of outside directors. Also, to strengthen supervision of business operations and individual operation, outside directors are appointed as committee chairs.

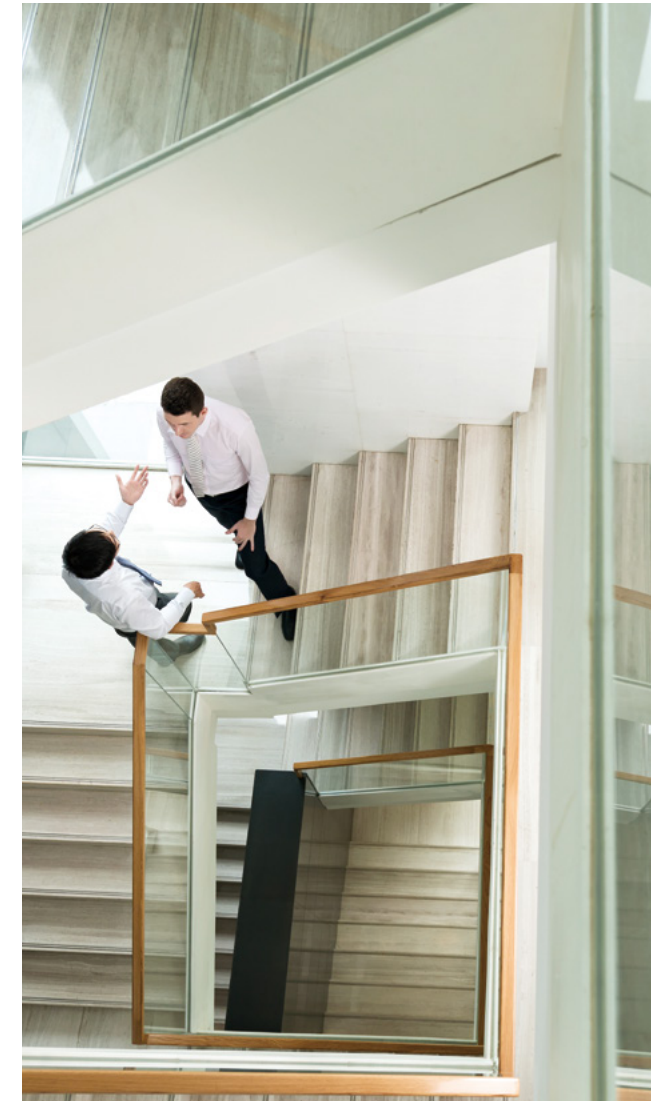
The CEO chairs the ESG Committee for in-depth revision of the company’s ESG strategies and discusses agendas related to transparent governance and non-financial issues related to the environment and society, with the aim to show the company’s strong will for ESG management.

Committee Composition

Name	Position	Transparent Management Committee	Outside Director Recommendation Committee	Audit Committee	Compensation Committee	ESG Committee
Choi Jin-hwan	Inside director					Chairperson
Yu Seung-won	Outside director	Member		Chairperson		Member
Lee Ho-yeong	Outside director	Member	Member	Member	Chairperson	
Kwon Nam-hun	Outside director	Chairperson	Member	Member	Member	
Lee Yun-jeong	Outside director		Chairperson		Member	Member

Committee Duties

Transparent Management Committee	Outside Director Recommendation Committee	Audit Committee	Compensation Committee	ESG Committee
Reinforce the company’s internal control on transactions with affiliates and affiliated persons through review of large-scale internal transactions of a certain size	Recommend qualified outside director candidates to the annual shareholders’ meeting by verifying the independence, diversity, and competence of candidates	Audit financial statements, internal control over financial reporting (ICFR), and other general duties	Secure objectivity and transparency in the decision-making process for directors’ remuneration by determining the limit and approving individual remuneration	Internalize sustainability management through decision-making on ESG management strategy planning and monitoring of ESG task implementation



BOD and Management

BOD Operating System

BOD Independence

Outside directors form the majority of the members of the BOD so that the board can make decisions independently of the management and effectively supervise the management. They are appointed after screening through the Outside Director Recommendation Committee. Competent candidates are subject to show their transaction history with LOTTE rental, shares, whether they are from an insolvent company, and other reasons for disqualification under the law. The final process of appointing outside directors can also be done through the annual shareholders' meeting, so that independence issues do not arise in the entire process of the appointment of outside directors.

Also, to prevent independence issues that may arise from transactions between BOD members and affiliates/affiliated persons, internal transactions exceeding a certain level are reviewed through the Transparent Management Committee (all outside directors). In this process, the Committee has the right to request the contract method, counterparty information, and detailed transaction conditions from the company, if necessary.

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, economy, and more, as well as an 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.

We do not restrict any race, gender, age, religion, disability, region, and political viewpoint when appointing board members. We currently have one outside director (14.3% of total members) and are striving to enhance gender diversity.

BOD Competency Matrix

Name	Finance	Industry	Environmental	Social	Governance
Choi Jin-hwan		○	○	○	
Lee Jang-seob	○	○	○		
Kim Won-jae	○			○	○
Yu Seung-won	○	○			○
Lee Ho-yeong			○	○	○
Kwon Nam-hun	○	○		○	
Lee Yun-jeong		○	○	○	

Executive Remuneration Policy

Executive remuneration consists of a base salary (basic salary, role pay, and position pay) and variable pay (e.g. bonus). The base salary comprehensively reflects the position, years of service, role, and contribution to the company, whereas the variable salary is calculated by considering sales, operating profit, and other company's annual management performance, as well as leadership, ethical management, and other contributions to the company. In the case of the CEO, the key performance indicator reflecting ESG factors is reflected in the bonus to internalize sustainable management. Also, considering the possibility of hindering the independence of outside directors, the evaluation and compensation of outside directors are not interrelated.

In order to establish a fair and transparent compensation policy, the remuneration policy for directors is proposed through the Compensation Committee and approved at the general shareholders' meeting. The remuneration limit for registered directors approved at the annual shareholders' meeting for the 2022 business year is KRW 5 billion.

BOD Remuneration

Unit: KRW million

Classification	No. of directors	Total remuneration	Average remuneration per person
Registered director	3 persons	1,338	446
Outside director*	1 persons	66	66
Audit Committee member	3 persons	198	66

* Audit Committee members excluded

BOD and Management

BOD Activities

BOD Activities in 2022

Date	Session	Attendance	Classification	Agenda	BOD result	
Jan. 25	1st	5/6	Reporting	#1 Report on the Compensation Committee result	Reported	
			Voting	#1 Approval of the 2022 safety and health plan	#2 Approval of contributions for the Community Chest of Korea	Approved
Feb. 7	2nd	5/6	Voting	#1 Approval of the 17th financial statements and sales report	2 Approval of the transaction history of majority shareholders	Approved
Mar. 7	3rd	6/6	Voting	#1 Approval of equity investment in mobility companies	#9 Report on the CEO's operation of ICFR	Approved
				#2 Approval of the agreement and execution limit of the operating lease of LOTTE Capital	#10 Report on the Audit Committee's evaluation on ICFR	
Apr. 7	4th	6/7	Voting	#3 Approval of the increase of short-term borrowing limit	#11 Approval of changes to the 17th financial statements and sales report	Approved
				#4 Approval of payment guarantee for Vietnamese branch borrowings	#12 Changes to the Articles of Association	
				#5 Approval of contributions for LOTTE Foundation for Arts	#13 Recommendation of director candidates	
				#6 Revision of remuneration regulations for executives	#14 Appointment of Outside Director Lee Ho-yeong as an Audit Committee member	
				#7 Delegation of the remuneration limit for unregistered executives to the Compensation Committee	#15 Approval of remuneration limits of the 18th BOD	
				#8 Approval of the transaction history of majority shareholders	#16 Approval of the convocation of the 17th annual shareholders' meeting	
				#1 Approval of contributions for the Korea Ski Association	#3 Sponsorship for LOTTE Golf Team	
				#2 Sponsorship for Lotte Championship		
#4 Establishment of a next-gen system for LOTTE rental		Deferred				
Apr. 22	5th	5/7	Reporting	#1 Appointment of management executives	Reported	
			Voting	#2 Establishment of a next-gen system for LOTTE rental	Approved	
May 26	6th	6/7	Voting	#1 Establishment of the Corporate Governance Charter	#3 Approval of the transaction history of majority shareholders	Approved
				#2 Purchase and development of land for used car parking		
Jun. 29	7th	7/7	Reporting	#1 Report on the management status		Reported
			#2 Report on the ESG Committee results			
			Voting	#3 Appointment of Compliance Officer	#6 Approval of the execution limit of the operating lease of LOTTE Capital	
#4 Appointment of Compliance Manager	#7 Approval of changes in the addresses and closure of branches					
#5 Approval of payment guarantee for Vietnamese branch borrowings	#8 Approval of the transaction history of majority shareholders					
Aug. 26	8th	6/7	Voting	#1 Approval of changes in addresses and names of branches	#2 Approval of the transaction history of majority shareholders	Approved
Sep. 23	9th	7/7	Voting	#1 Approval of the execution limit of the operating lease of LOTTE Capital	#2 Approval of the transaction history of majority shareholders	Approved
Oct. 27	10th	6/7	Voting	#1 Approval of extended payment guarantee for Thai branch borrowings	#2 Approval of the transaction history of majority shareholders	Approved
Dec. 15	11th	6/7	Reporting	#1 Report on executives, advisor, and management executives		Reported
			Voting	#1 Approval of contributions for LOTTE Medical Foundation		Approved

BOD Competency-building Activities

Outside directors are informed of management information before hosting the BOD with sufficient explanation on management status and agendas during the BOD, supporting outside directors to make appropriate decisions. Also, to assist outside directors with payment of fees required for collecting and analyzing data for competency building, the BOD regulation stipulates this matter and has set the foundation for creating other competency-building programs in the future. Also, to secure the expertise of Audit Committee members, education mentioned in ICFR-related laws and regulations takes place at least once a year.

Business Ethics and Compliance

Ethical Management System

Ethical Management Principles

Under our mission of “creating a better life” through transparent processes, LOTTE rental established the Ethical Management Principles to assist our employees in making ethical decisions in all decision-making processes.

 No. 1 LOTTE rental's New Ethical Management Principles

Customers come first	<ul style="list-style-type: none"> • We respect and protect customers' value and data. • We ceaselessly create differentiated values for customers.
Practice compliance management	<ul style="list-style-type: none"> • We act fairly and transparently according to the law and commercial ethics. • We secure and maintain management transparency and strictly protect company's secrets.
Be faithful to the basics	<ul style="list-style-type: none"> • We make rational and objective decisions and act responsibly for the good of the company. • We strictly separate business and pleasure and lead the way in creating a sound, clean organizational culture.
Have a sense of ownership	<ul style="list-style-type: none"> • We do not fear failure but always take on challenges to be the best. • We promote efficiency improvement through autonomy and empowerment.
Fulfill social responsibilities	<ul style="list-style-type: none"> • We strive to protect shareholders' rights and interests and improve employees' quality of life. • We place importance on and respect the environment, safety, and human rights. • We lead CSR activities and establish relationships of shared growth with business partners.

Ethical Management Organization

For the internalization of the Ethical Management Principles, LOTTE rental operates the Ethical Management Team under the Compliance Management Division. The Ethical Management Team conducts various ethical management activities, such as internal inspections, work monitoring, training programs, and campaigns, so that fair thoughts and actions can be practiced in accordance with the Ethical Management Principles in relationships with customers, companies, employees, and other stakeholders. The independence of related work is also guaranteed.

Issue Management in Ethical Management Organization

In order for the ethical management organization to effectively prevent the occurrence of issues related to anti-corruption and ethical management, LOTTE rental conducts evaluations by reflecting them in KPI elements. Specifically, the ethical management organization ensures there are no controversies related to anti-corruption and ethical management in the company, as well as other unethical corporate behavior, anti-competitive behavior, corruption, bribery, solicitation, and sexual harassment that are restricted by MSCI and other related investment institutions.



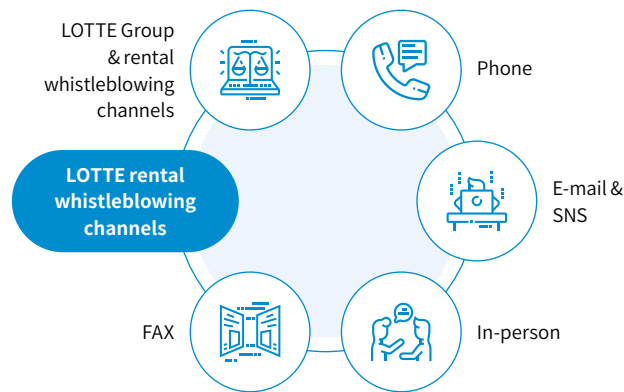
Business Ethics and Compliance

Enhancement of Ethical Management

Whistleblowing Channels

LOTTE rental receives reports through various channels, including the online whistleblowing 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, making sure that the same corruption case does not recur.

 LOTTE rental Whistleblowing Center



Also, to encourage voluntary reporting of employees, we make sure that whistleblowers and the reported information are treated strictly confidentially, and the whistleblowing system is protected securely and safely. Those in charge of confirming the submitted reports have pledged to strictly observe confidentiality. In the case when a whistleblower is a LOTTE rental employee and has reported his or her own misconduct, he or she may be exempted from responsibility depending on the gravity of the case. This is to encourage active reporting from our employees.

Cases Submitted to Whistleblowing Channels Unit: cases

Channel	2020	2021	2022	Total
LOTTE Group whistleblowing center	5	3	7	15
LOTTE rental whistleblowing center	11	27	17	55
Phone	0	1	1	2
In-person	0	1	0	1
E-mail/Fax	4	1	6	11
Total	20	33	31	84

Report Types and Performance

The types of reports received through the whistleblowing channels are as below. We have successfully handled 100% of the reports in accordance with internal procedures.

Unit: cases

Report Type/Year	2020	2021	2022	Total
Customer dissatisfaction	9	25	19	53
Employee misconduct	4	6	7	17
Sexual harassment	1	0	3	4
Work negligence	4	2	0	6
Workplace bullying	1	0	2	3
Information security	1	0	0	1
Yearly total	20	33	31	84

Whistleblower Protection Policy

LOTTE rental strictly prohibits the exposure of the identity of whistleblowers, and the Ethical Management Principles Practice Guidelines stipulate that whistleblowers must not be given disadvantage of any kind in relation to their status.

Whistleblower Protection Regulations

Confidentiality	<ul style="list-style-type: none"> No disclosure of whistleblower's identity No tracking down of whistleblower's identity
Guaranteed position at work	<ul style="list-style-type: none"> No imposition of status-related disadvantages or discrimination in working conditions, such as for promotion and transfer, on the whistleblower In case the whistleblower requests transfer, the relevant executive must preferentially handle such a request
Exemption from disciplinary action	<ul style="list-style-type: none"> Voluntary reporters can be exempted from disciplinary action considering the degree of misconduct, conduct at work, and extent of repentance
Handling process	<ul style="list-style-type: none"> The Ethical Management Team handles the reports and confirm facts

SPECIAL INTERVIEW

Q How do employees make a report to whistleblowing channels?

A LOTTE rental runs online and offline whistleblowing channels to receive reports regardless of time and location. Anyone can make reports by showing or hiding their identity to the online whistleblowing center which is accessible from the Sustainability Management menu on LOTTE rental’s official website. We can also submit via KakaoTalk by adding “LOTTE rental Ethical Management Team” as friend, or via email, phone, or messenger to the Ethical Management Team. We constantly inform the employees how to access our whistleblowing channels to make sure there is no difficulty or inconvenience in filing reports. We are planning to create more channels.

Q What are the details of regulations set to prevent whistleblowers from being disadvantaged in terms of status at work?

A We have documented the Ethical Management Principles Practice Guidelines for the protection of whistleblowers and compensation methods. The whistleblower and reported contents are not disclosed. It is also strictly prohibited to track down whistleblower’s identity. We are preventing damages by stipulating that when a whistleblower’s identity is revealed, we trace the exposure route to punish the relevant person. We also ensure that there is no disadvantage in the promotion, transfer, or status of reporters, from whistleblowing. Anyone who has watched or heard about an unfair act may report the case even if they are not involved in it. Even in this case, the whistleblower’s identity and reported details are kept confidential.

“
LOTTE rental runs online and offline
whistleblowing channels to receive
reports regardless of time and location.”

Q What actions are subject to whistleblowing?

A The customers of the Ethical Management Team are all hardworking employees. Any act that give damage to employees who practice ethical management is subject to whistleblowing. To be more specific, abusive language, bullying, sexual harassment, and other unethical acts that may arise between employees, as well as distortion of management performance and improper use of budget are all against company regulations. Furthermore, achievements made by unfair methods, such as abusing the company’s vulnerability or pursuing one’s personal interest, are also subject to whistleblowing. When the evidence is concrete and damages to employees and the company are expected, proper actions are taken after inspection and confirmation of facts.

Q Are there real cases you have received or handled?

A There have been cases of workplace bullying and unfair business practices. Although I cannot give you details for whistleblower protection, we weigh the gravity of the case and immediately separate the subject from the whistleblower and investigate related people for referral to the HR Committee for proper handling in accordance with company regulations.



Manager, Ethical Management Team
Lee Yong-jae

Business Ethics and Compliance

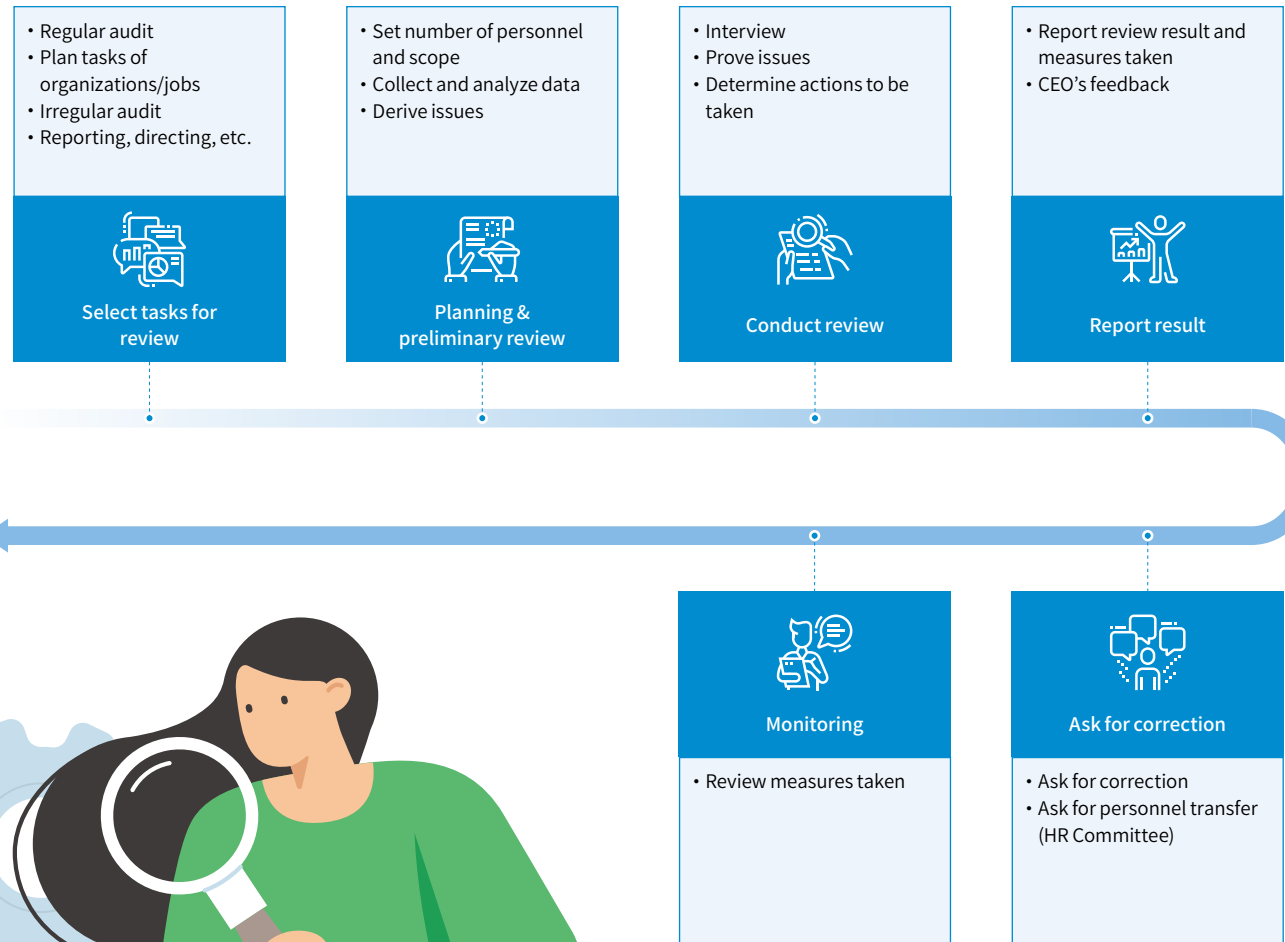
Enhancement of Ethical Management

Internal Audit of Ethical Management

The Ethics Management Team conducts internal audits to check whether there is a possibility or actual cases of violating regulations and the company code of ethics in the course of conducting business for LOTTE rental by each organization and employee. Internal audit is divided into regular audit and irregular audit. Regular audits are carried out by establishing an annual inspection plan for all departments and business units, whereas occasional audits are conducted on pending issues occurring in the company and matters recognized through internal and external reports.

Also, for fair and consistent auditing, the auditor's qualifications and authority, audit procedures, and post-audit measures are stipulated in internal audit regulations and managed accordingly.

Internal Audit Process



Business Ethics and Compliance

Practicing Ethical Management

Ethical Management Education

The Ethical Management Team operates various education programs to contribute to employees practicing ethical management through the internalization of LOTTE rental's business ethics principles.

Key programs include education on the company's business ethics principles and the Code of Conduct. Audit cases, reporting method, and other contents in relation to business ethics are shared through online channels, among others. The Clean 365 Center is also open to support sound transaction relationships at all times.

Regular Ethical Management Education Provided Unit: persons

Year	Course	Total target	No. of employees	Completion rate
2020	LOTTE employees' promise to themselves and the world	805	690	86%
2021	LOTTE Code of Conduct	844	671	80%
2022	LOTTE Code of Conduct of 2022	928	871	94%

Irregular Case-sharing and Education Provided

Content	Method
Ethical management education for new hires in the second half of 2021	Online
Sharing audit cases on used car-related misconduct	Bulletin board
Notice of violations and compliance with the use corporate cards	Bulletin board
Sharing audit cases on graft-related misconduct	Bulletin board
Information on reporting workplace bullying	Bulletin board
Ethical management education for new hires of 2022	In-person

Ethical Management Practices

Apart from education programs, LOTTE rental conducts various activities for practicing ethical management.

Pledged to End Bribery at the BIS Summit

LOTTE rental joined the Business Integrity Society (BIS) Summit in March 2022 and pledged to end bribery. The BIS is an anti-bribery project launched by UN Global Compact Korea in cooperation with the Korea Sustainability Investing Forum under the following three goals.

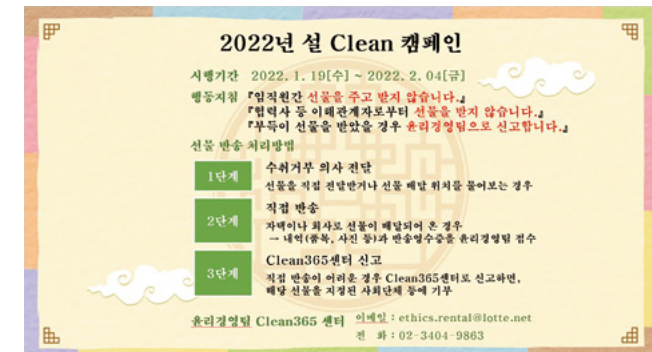
- 01 Create an anti-bribery environment through legal and systematic improvements
- 02 Strengthen corporate compliance management capacity
- 03 Establish an anti-bribery corporate culture

The BIS Summit is focused on promoting the integrity of domestic companies and building a fair market environment in Korea. LOTTE rental also joined the pledge to effectively promote anti-bribery and compliance activities by forming a consensus among employees on compliance and ethical management.



Holiday Clean Campaign

During the holiday season, there is a higher possibility of exchanging gifts between employees and partners. In an effort to nurture a sound business relationship, LOTTE rental prepares guidelines for conduct, including the prohibition on receiving gifts, which is disseminated through the "Clean Campaign" every national holiday to help employees make ethical decisions.



Business Ethics and Compliance

Practicing Ethical Management

Ethical Management Practices

Employees' Pledge to New Ethical Management Principles

In August 2022, for the practice of LOTTE rental's new Ethical Management Principles and the LOTTE Code of Conduct, as well as strengthening compliance management by raising employees' awareness of compliance, we had our employees and subsidiary employees, including contract and temporary workers, to pledge for the Ethical Management Principles.

Pledge to the New Ethical Management Principles

LOTTE rental works toward the future of the company through appropriate decision-making and ethical judgment. Under this objective, we will actively practice the Ethical Management Principles set for our employees to share and fulfill in the areas of **prioritizing customers, practicing compliance management, being faithful to the basics, having a sense of ownership, fulfilling social responsibilities, and enhancing shareholder values.**

<p>Put customers first</p> <p>We respect and protect customers' value and data. We ceaselessly create differentiated values for customers.</p>	<p>Fulfill social responsibilities and obligations as the no.1 company</p> <p>We place importance on and respect the environment, safety, and human rights. We lead CSR activities and establish relationships of shared growth with business partners.</p>
<p>Comply with various laws and standards</p> <p>We act fairly and transparently according to the law and commercial ethics. We secure and maintain management transparency and strictly protect company's secrets.</p>	<p>Protect shareholders' assets and give all in maximizing mid- to long-term values</p> <p>We strive to protect shareholders' rights and interests and improve employees' quality of life. We pursue sustainability management that can contribute to society in the long term by growing quantitatively and qualitatively. In case of a conflict of interest between an individual and the company, we act for the benefit of shareholders and other stakeholders.</p>
<p>Be faithful to the basics and principles</p> <p>We make rational and objective decisions and act responsibly for the good of the company. We strictly separate business and pleasure and lead the way in creating a sound, clean organizational culture.</p>	<p>Actively practice the Ethical Management Principles and the LOTTE Code of Conduct</p> <p>We faithfully practice the Ethical Management Principles and the LOTTE Code of Conduct. Individuals, corporates, and businesses with transactional relationship with the company are highly recommended to comply with the Ethical Management Principles. We immediately report to the Ethical Management Team upon recognition of non-compliance.</p>
<p>Have a sense of ownership</p> <p>We do not fear failure but always take on challenges to be the best. We promote efficiency improvement through autonomy and empowerment.</p>	

We have read and fully understood the principles stated above and pledge to faithfully fulfill them.

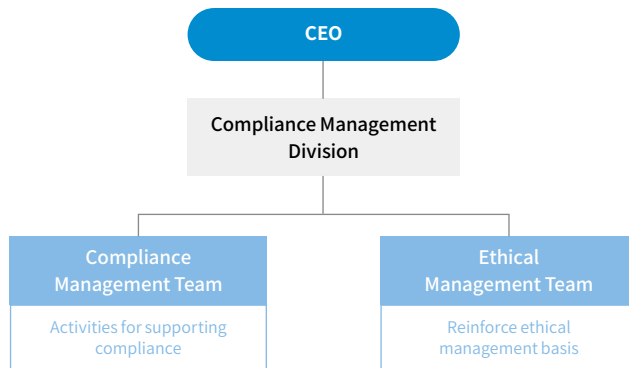
August 24, 2022

Business Ethics and Compliance

Compliance Management System

Compliance Management Organization

With domestic and international laws and sanctions emphasizing the social responsibility and roles of corporates, LOTTE rental established relevant organizations for effective compliance management. We strive to achieve “clean and fair business” through these organizations.



Expanded Compliance Management Division
 The previous Compliance Management Team has been elevated to the Compliance Management Division, which is currently preparing for compliance and risk management of the whole company. The Compliance Management Division is under the CEO and supported to conduct duties individually.

Standards for Controlling Compliance
 We have established the “Compliance Control Standards” to achieve compliance management internally and quickly respond to revised laws and regulations in relation to changes in business environments.

Appointment of Compliance Officer
 A Compliance Officer with controlling authority is appointed to conduct compliance education targeted at employees and regularly monitor breaches of the Compliance Control Standards, which are reported to the BOD.

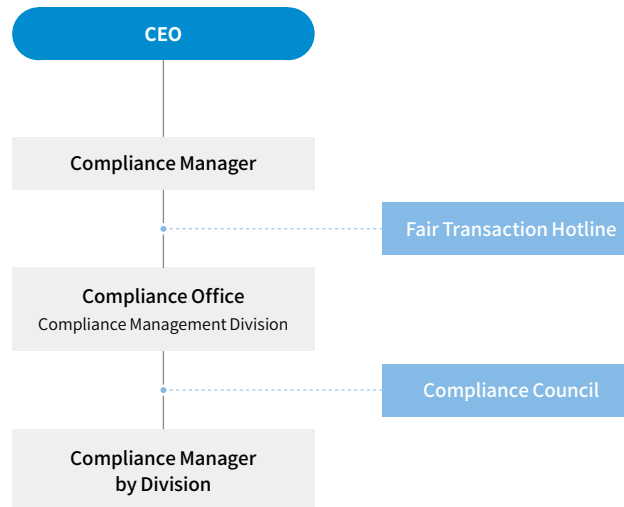
Enhancement of Compliance Management

Operation of the Compliance Program

The Compliance Program (CP) presents specific standards of conduct for compliance with fair trade laws and ethics regulations to prevent compliance risks arising from unfair transactions that restrict competition or undue support through insider trading prohibited by law. LOTTE rental appoints a Compliance Manager who is given the authority and support for the CP operation. Each division has a Compliance Manager on duty for effective operation. We also declared the CP operation externally through the CEO's declaration of commitment to compliance to have our partners, investors, and other external stakeholders be aware of the program.

LOTTE rental Compliance Program

CP Organization



CP Composition

LOTTE rental organized specific procedures to effectively achieve the operational purpose of the CP and operates the program accordingly.

Composition	Description
Compliance risk identification	Precise identification of risk areas required by laws and regulations
Implementation of information and management tool	Enactment and periodic implementation of regulations, manuals, checklists, and guidelines to minimize potential risks
Compliance information sharing	Pledge of education and compliance for all members to comply with and implement laws, bylaws, guidelines, etc.
Monitoring and inspection	Implementation of monitoring and self-inspection on the compliance with the company's compliance control standards
Operation of whistleblowing channels and whistleblower protection	Operation of whistleblowing channels and guarantee of protective measures for whistleblowers in case of concerns regarding non-compliance or discovery of violations
Measures for offenses	Prompt investigation of violations related to monitoring and reporting and strict sanctions for investigation results
Feedback after taking measures	Derivation of improvement measures to prevent recurrence and report on the implementation

Business Ethics and Compliance

Enhancement of Compliance Management

Operation of the Compliance Program

CP Operating Regulations

LOTTE rental established internal CP Operating Regulations reflecting the eight components suggested by the Korea Fair Trade Mediation Agency. We aim to ensure effective operation of the program and minimize compliance risks that may arise from the operation.

Operating Regulations

- Preparation and implementation of CP criteria and procedures
- CEO's commitment to and support for CP
- Support from the Compliance Manager
- Continuous and systematic CP education
- Production and utilization of a CP handbook
- Establishment of an internal monitoring system
- Sanctions against employees violating laws and regulations related to fair transactions
- Effectiveness assessment and improvement measures

ISO 37001 Certification

LOTTE rental aims to promote ISO 37001 for anti-bribery management to mitigate regulatory and compliance risks caused by corruption, as well as to prevent, detect, and respond to corruption. We anticipate that through the certification, we can adequately respond to the recent trend of corporate social responsibility.

Officer Code of Conduct

LOTTE rental plans to enact the "Officer Code of Conduct" that includes the compliance requirements that officers must abide by in their actual work process. With the Code stipulating guidelines more specific circumstances, we aim to reduce the corporate compliance risk to a sufficiently low level by reducing the possibility of officers violating laws and regulations

Practicing Compliance Management

Compliance Education

LOTTE rental conducts various compliance education programs for the internalization of the compliance management system.

Programs Provided

Content	Target	No. of employees / Completion rate
Education on compliance and fair transaction	Executives (including CEO) Returning expatriates	26 persons / 100%
Education on the Improper Solicitation and Graft Act*	All employees	2,045 persons / 100%
Major issues in corporate labor disputes	Compliance Management Team	1 persons / 50%
Understanding the disclosure system for corporate groups subject to disclosure	Compliance Management Team	1 persons / 50%

* The program on the Improper Solicitation and Graft Act to be conducted in 2023

Education Plan

Content	Target	Period
Prevention of sexual harassment and workplace bullying	Executives	First half
LOTTE Group Compliance Policy	Executives	Second half
Understanding compliance and contracts	New hires	First and second half
Prevention of sexual harassment and workplace bullying	All employees	Second half

Issue Editor

LOTTE rental published "Issue Editor" by aggregating various compliance issues that may occur in diverse business areas within the organization. It carefully explains the laws and regulations in relation to our businesses, including the Passenger Transport Service Act, Motor Vehicle Management Act, Specialized Credit Finance Business Act, and the Fair Trade Act, for our employees to be aware of the current legal restrictions as well as regulations they should comply with when carrying out their duties. The book also serves as a guideline for identifying potential issues and preventing risks.

Compliance Month

LOTTE rental plans to operate a "Compliance Month" to raise employees' awareness of compliance. On this month, questionnaires, quizzes, and other activities in relation to compliance management will be prepared for employees to familiarize themselves with the company's compliance efforts in more entertaining ways.

Risk Management

Risk Management System

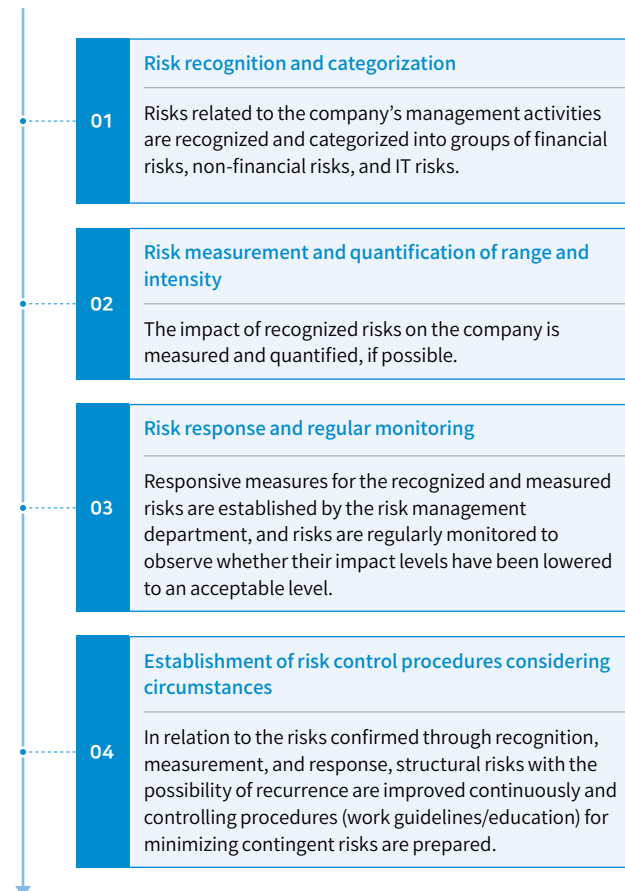
Risk Management Committee

LOTTE rental established the Risk Management Committee that identifies potential risks in relation to society, the environment, and the economy, which are then prevented and managed by the company.

The Risk Management Committee establishes major policy and strategies for risk management of the company and sets the range, level, and limit of risks.

Establishment and Execution of Risk Management Regulations

The Risk Management Committee established the “Risk Management Regulations” with specific operating methods. The risk management process, which complies with the Risk Management Regulations, is conducted in a flow as indicated below.












Risk Management

Risk Management Activities

Risk Recognition and Countermeasures

LOTTE rental recognizes and evaluates risks by classifying them into categories, and the identified risks are subject to countermeasures by relevant departments.





Classification	Risk	Description	Countermeasure	Department
Financial risk	 Credit risk	Bankruptcy of the counterparty to the contract (including debtors), financial bankruptcy, deterioration of financial situation, or credit rating downgrade that has made the contract impossible to fulfill or dropped value of the collateral provided leading to a risk of decreased asset value of the company	Evaluate the credit rating of customers and counterparties to contracts, establish credit limits, and conduct transactions only with financial institutions with high international credit ratings	Credit Risk Management Team
	 Interest rate risk	The risk of decreased profits due to fluctuations in market interest rates (Mismatch between fixed and floating interest rates, short-term procurement + refinancing risk due to long-term management, long-term procurement + reinvestment risk due to short-term management)	If interest rates are expected to rise, take a fixed rate payment position to reduce the risk of rising interest rates, and if interest rates are expected to decline, take a fixed rate receiving position to conduct transactions	Funding Team
	 Exchange risk	Risk of incurring losses in the net position of foreign currency-denominated assets and liabilities due to fluctuations in exchange rates	Set the definitions of exchange risk, measurement frequency, managing subject, and procedures, and establish a global exchange management system and conduct monthly management	Funding Team
	 Liquidity risk	Lack of liquidity due to a mismatch between management and procurement period or unexpected fund outflow that leads to the risk of difficult financing even when financed at a higher interest rate than normal or payment of significantly higher interest rate	Minimize liquidity risk for maintaining adequate liquidity through periodic fund balance management and for performance management	Funding Team
IT risk	 Information security risk	Risks arising from computer system accidents, such as the intentional or negligent shutdown of the computer system, and computer crime	Independent operation and optimization of physical, managerial, and technical security policies by installing the Information Security Team dedicated to the CEO	Information Security Team
Non-financial risk	 Operational risk	Losses caused by inappropriate or faulty internal processes, people, systems, and external events. May arise in various areas such as business management, office management, maintenance, and investment	Identify problems and find ways for improvement through management diagnosis	Management & Planning Team or others
	 Regulatory risk	Risk of significant loss due to lack of information on regulatory violations or regulatory revisions	Constantly monitor major legislative and government policy trends in business relations	Compliance Management Team
	 Legal risk	Risk of loss due to flaws in the contract or lack of binding force due to inadequate or inaccurate legal advice or inadequate documentation	Have document preparation or legal actions revised by the Compliance Officer before the conduct	Compliance Management Team
	 Reputation risk	Risk of incurring tangible and intangible losses due to corruption of employees, major lawsuits, financial accidents, sluggish business performance, and other factors, affecting the reputation of LOTTE rental and LOTTE Group	Flexibly and differentially evaluate and manage the areas of anti-bribery, fair transaction, and money laundering, by classifying them into grades A, B, and C based on risk and impact	IR Team

Risk Management

Risk Management Activities

Risk Monitoring

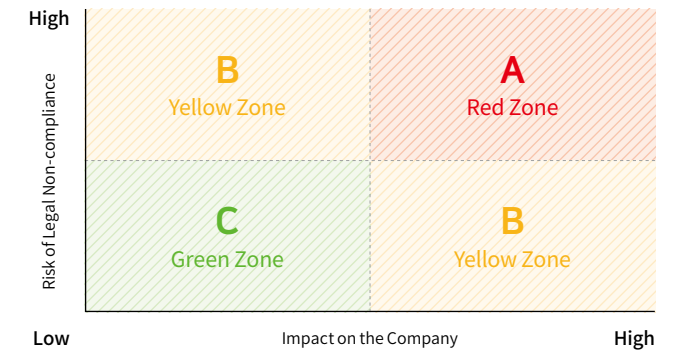
Lotte rental establishes a risk monitoring system through education and regular inspections after responding to risks by category.

 Anti-bribery	Education <ul style="list-style-type: none"> • Education on the Improper Solicitation and Graft Act • Signing the pledge of compliance • Signing the pledge to the Ethical Management Principles
	Monitoring <ul style="list-style-type: none"> • Operation of whistleblowing channels
	Reporting <ul style="list-style-type: none"> • Reporting the results to the CEO
 Fair transaction	Education <ul style="list-style-type: none"> • Education on the Fair Trade Act
	Monitoring <ul style="list-style-type: none"> • Operation of CP
	Reporting <ul style="list-style-type: none"> • Reporting the results to the CEO
 Personal data	Education <ul style="list-style-type: none"> • Education on privacy protection • Information security campaigns
	Monitoring <ul style="list-style-type: none"> • Company security inspection • Self-inspection on Security Day
	Reporting <ul style="list-style-type: none"> • Reporting the results to the CEO
 Occupational safety	Education <ul style="list-style-type: none"> • Education on occupational safety • Accident prevention campaigns
	Monitoring <ul style="list-style-type: none"> • Inspection of headquarters and rented business sites
	Reporting <ul style="list-style-type: none"> • Reporting the results to the Director of Safety Management Division

Compliance Risk Assessment

LOTTE rental performed a risk/impact assessment for the areas of compliance and fair transaction in 2022. In the case of risk assessment, we considered the number of existing regulations or the level of supervisory interventions. We evaluated the impact by considering the level of sanctions by the supervisory authority in the case of violation of laws or the level of reputation risk according to the social interest. We intend to perform intensive management after evaluation in categories A (Red Zone), B (Yellow Zone), and C (Green Zone) according to the level of risk and impact.

Risk Management Matrix



Items for Risk Evaluation

Classification	Related law	Remarks	Risk	Impact	Level
Anti-bribery	<ul style="list-style-type: none"> • Improper Solicitation and Graft Act • Public Interest Whistleblower Protection Act 	Violations related to the prohibition of improper solicitation and the public interest whistleblowing procedure	Middle	High	A
	<ul style="list-style-type: none"> • Fair Trade Act 	Violations related to transactions, sharing of information, and collusion between affiliates	Middle	High	A
Fair transaction	<ul style="list-style-type: none"> • Act on the Regulation of Terms and Conditions 	Violations related to lease terms and conditions	Middle	Middle	B
	<ul style="list-style-type: none"> • Act on Fair Labeling and Advertising 	Violations related to rental marketing of consumer goods	Low	Middle	B
	<ul style="list-style-type: none"> • Fair Agency Transactions Act 	Violations related to sales structures of sales partners	Low	Middle	B
Information security	<ul style="list-style-type: none"> • Personal Information Protection Act • Unfair Competition Prevention and Trade Secret Protection Act 	Infringement of trade secrets (hiring, leaving company), violations related to privacy protection	Middle	High	A
Employment and labor	<ul style="list-style-type: none"> • Labor Standards Act • Act on the Protection of Temporary Agency Workers 	Violations related to conversion to permanent positions and dispatch of temporary workers (subcontractors)	Low	Middle	B
Unfair treatment	<ul style="list-style-type: none"> • Equal Employment Opportunity and Work-family Balance Assistance Act 	Violations related to sexual harassment, sexual discrimination, human rights, etc.	Low	Middle	B
Occupational safety	<ul style="list-style-type: none"> • Occupational Safety and Health Act 	Violations to health and safety management system (regulations)	Low	Middle	B
Consumer protection	<ul style="list-style-type: none"> • Act on the Consumer Protection in Electronic Commerce 	Violations related to customer service by the CS Team	Low	Middle	B

APPENDIX



ESG Data

Economic Data

Financial Summary

Classification	Unit	2020	2021	2022	
Consolidated	Sales	KRW million	2,252,073	2,422,659	2,738,940
	Operating profit	KRW million	159,949	245,495	308,394
	Net income	KRW million	41,514	113,578	88,329
	Total liabilities	KRW million	4,567,111	4,751,832	5,631,000
	Total assets	KRW million	5,273,482	5,989,169	6,927,204
Separate	Sales	KRW million	2,075,912	2,235,938	2,522,066
	Operating profit	KRW million	145,336	217,708	286,357
	Net income	KRW million	20,007	94,683	78,011
	Total liabilities	KRW million	4,007,103	4,175,571	4,946,497
	Total assets	KRW million	4,551,756	5,230,315	6,047,349

* The amount was corrected due to an error in the aggregation method of the financial summary for the previous year.

Stakeholder Distribution

Classification	Unit	2020	2021	2022	
Employees	Wages, bonuses, severance pay, welfare benefits	KRW million	84,790	90,316	105,392
Partners	Use of goods and raw materials (material cost), outsourcing cost, consumables, commissions paid, depreciation expenses, advertising expenses, etc.	KRW million	1,007,834	1,012,951	1,134,855
Shareholders/ Investors	Annual dividends and interim dividends	KRW million	3,531	32,970	32,970
Government	Income tax expenses	KRW million	16,130	36,836	49,255
Local communities	Donations	KRW million	832	1,355	1,319

* The amount compared and disclosed may be different due to changes in the aggregation method compared to the previous year.

Other Management Information

Classification	Unit	2020	2021	2022	
Credit rating	Rating	AA-(NEGATIVE)	AA-(STABLE)	AA-(NEGATIVE)	
No. of business sites	Domestic	Companies	99	105	108
	Overseas	Companies	2	2	2
Rental cars	Average vehicle age (average sales period)	Months	43.3	44.4	46.7
	Total available rental days	Days	1,304,510	1,316,555	1,522,780
	Average rental fleet size (authorized)	Units	228,003	237,850	255,875
	Year-end fleet size (authorized)	Units	233,870	243,010	259,456
	Fleet utilization rate ¹⁾	%	67%	81%	81%

1) Number of days for short-term rental (Total rental days / Total available rental days * 100)

ESG Data

Environmental Data

Energy

Classification		Units	2020	2021	2022
Direct energy consumption	Natural gas, gasoline, diesel, kerosene, etc.	GJ	7,708	7,922	6,544
Indirect energy consumption	Electric power, steam, city gas, etc.	GJ	61,874	74,559	86,830
Energy intensity		GJ/sales (KRW billion)	33.5	36.9	37.0

* The amount compared and disclosed may be different due to changes in the aggregation method compared to the previous year.

Water

Classification		Units	2020	2021	2022
Water	Water consumption	Tons	51,671	67,764	87,924

* The amount compared and disclosed may be different due to changes in the aggregation method compared to the previous year.

Waste

Classification		Units	2020	2021	2022
Waste	Waste discharge	Tons	-	483.8	470.6

* The amount compared and disclosed may be different due to changes in the aggregation method compared to the previous year.

Carbon Emissions

Classification		Units	2020	2021	2022
Carbon emissions	Subtotal	tCO ₂ eq	3,525	4,102	4,598
	Direct (Scope 1) GHG emissions	tCO ₂ eq	515	528	437
	Indirect (Scope 2) GHG emissions	tCO ₂ eq	3,010	3,573	4,160
Carbon intensity	Subtotal	tCO ₂ eq/sales (KRW billion)	1.7	1.8	1.8
	Scope 1	tCO ₂ eq/sales (KRW billion)	0.2	0.2	0.2
	Scope 2	tCO ₂ eq/sales (KRW billion)	1.4	1.6	1.6

* The amount compared and disclosed may be different due to changes in the aggregation method compared to the previous year.

ESG Data

Social Data

Employees

Classification	Units	2020	2021	2022	
No. of employees	Total¹⁾	Persons	1,171	1,146	1,194
	Subtotal¹⁾	Persons	1,171	1,146	1,194
By region	Domestic workers	Persons	1,163	1,139	1,187
	Overseas workers	Persons	8	7	7
By gender	Subtotal¹⁾	Persons	1,171	1,146	1,194
	Male	Persons	840	806	808
	Female	Persons	331	340	386
By age	Subtotal¹⁾	Persons	1,171	1,146	1,194
	Under 30	Persons	385	338	330
	30 to 39	Persons	427	430	459
	40 to 49	Persons	288	305	325
	50 and above	Persons	71	73	80
By employment type	Subtotal¹⁾	Persons	1,171	1,146	1,194
	Executives	Persons	14	14	14
	Regular	Persons	845	862	951
	Contract	Persons	251	232	211
	Temporary	Persons	61	38	18
Executives	Subtotal¹⁾	Persons	14	14	14
	Male	Persons	14	14	13
	Ratio	%	100%	100%	93%
	Female	Persons	-	-	1
	Ratio	%	0%	0%	7%

* The data compared and disclosed may be different due to changes in the aggregation method compared to the previous year.
 1) As of the end of December of the relevant year, the number of employees includes those of overseas and invested companies, while excluding AR, subcontractors, local workers, and locally employed workers.

Classification	Units	2020	2021	2022	
Regular(Permanent)	Subtotal¹⁾	Persons	845	862	951
	Male	Persons	597	599	654
	Ratio	%	71%	69%	69%
	Female	Persons	248	263	297
	Ratio	%	29%	31%	31%
Contract(Temporary)	Subtotal¹⁾	Persons	251	232	211
	Male	Persons	207	184	138
	Ratio	%	82%	79%	65%
	Female	Persons	44	48	73
Years of service (regular)	Subtotal¹⁾	Years	10.3	10.4	9.9
	Male	Years	10.6	10.8	10.2
	Female	Years	9.6	9.5	9.2

* The data compared and disclosed may be different due to changes in the aggregation method compared to the previous year.
 1) The number of employees includes those of overseas and invested companies.

ESG Data

Social Data

Employee Turnover (New Hires, Job Switch, Retirement)

Classification	Unit	2020	2021	2022	
New hires	Total	Persons	185	261	316
Regular (Permanent) ¹⁾	Subtotal	Persons	22	51	89
	Male	Persons	17	24	53
	Ratio	%	77%	47%	60%
	Female	Persons	5	27	36
	Ratio	%	23%	53%	40%
Non-regular (Temporary) ²⁾	Subtotal	Persons	163	210	227
	Male	Persons	124	149	167
	Ratio	%	76%	71%	74%
	Female	Persons	39	61	60
Recruitment-linked internship ³⁾	Subtotal	Persons	-	21	26
	Male	Persons	-	16	23
	Ratio	%	0%	80%	88%
	Female	Persons	-	5	3
Turnovers ⁴⁾	Ratio	%	0%	20%	12%
	Employee turnover	Persons	145	169	138
	Regular employee turnover	Persons	19	60	43
	Turnover rate ⁵⁾	%	12%	15%	12%
Retirements ⁷⁾	Turnover rate (regular) ⁶⁾	%	2%	7%	5%
	Retirees	Persons	240	281	254
	Regular (excluding executives) ⁸⁾	Persons	23	75	54
	Non-regular (excluding AR and subcontractors)	Persons	217	206	200
	Turnover rate (regular) ⁹⁾	%	3%	9%	6%

* The data compared and disclosed may be different due to changes in the aggregation method compared to the previous year.
 1) The figures include the appointment of executives.
 2) The figures include interns.
 3) The figures are employees hired as of the internship start date.
 4) The figures include voluntary turnover only (excl. regular retirement, disciplinary dismissal, and voluntary retirement).

5) Formula: Total no. of employee turnover ÷ Total no. of employees (excl. AR, subcontractors, local workers, and locally employed workers)
 6) Formula: No. of regular employee turnover ÷ Total no. of regular employees (excl. local workers and locally employed workers)
 7) The figures include non-voluntary retirees.
 8) The figures exclude local workers and locally employed workers.
 9) Formula: Total no. of retired regular employees ÷ Total no. of regular employees (excl. local workers and locally employed workers)

Employee Diversity

Classification	Units	2020	2021	2022	
Persons with disabilities	Employees with disabilities	Persons	15	11	18
	Ratio of employees with disabilities	%	1.3%	1.0%	1.5%
Female	Female officers	Persons	29	32	38
	Ratio of female officers	%	2.5%	2.8%	3.2%
	Female managers ¹⁾	Persons	42	45	62
	Ratio of female managers	%	4%	4%	5%

* The data compared and disclosed may be different due to changes in the aggregation method compared to the previous year.
 1) The figures indicate LOTTE rental managers.

Employee Remuneration

Classification	Units	2020	2021	2022	
Male	Male average	KRW	44,944,835	47,572,547	51,801,461
	Regular	KRW	52,367,234	54,683,737	56,808,178
	Contract	KRW	23,538,206	24,422,530	28,073,977
Female	Female average	KRW	39,021,249	41,225,456	44,502,927
	Regular	KRW	41,844,101	44,379,102	49,456,488
	Contract	KRW	23,110,623	23,946,105	24,349,394
Managers	Executive average	KRW	294,642,860	246,500,006	288,642,857
	Male average	KRW	68,708,731	71,620,387	75,744,586
	Female average	KRW	65,081,484	69,215,654	73,425,735
Ratio of male to female wages	Based on the annual wage contract	%	87%	87%	86%
Retirement pension management amount	DB ¹⁾	KRW million	47,095	54,418	72,182
	DC	KRW million	189	210	261

* The amount compared and disclosed may be different due to changes in the aggregation method compared to the previous year.
 1) The amount is based on consolidated data.

ESG Data

Social Data

Welfare Benefits

Classification	Units	2020	2021	2022	
Total welfare benefit expenses	KRW million	19,000	20,000	22,800	
Employees who took parental leave ¹⁾	Subtotal	Persons	68	63	59
	Male	Persons	32	35	28
	Female	Persons	36	28	31
Return-to-work rate after parental leave	Subtotal	%	93%	92%	98%
	Male	%	96%	88%	100%
	Female	%	90%	100%	96%
Employees who returned from parental leave	Subtotal	Persons	46	29	46
	Male	Persons	24	22	27
	Female	Persons	22	7	19
Employees with long-term service after returning from parental leave ²⁾	Subtotal	Persons	39	41	25
	Male	Persons	28	23	18
	Female	Persons	11	18	7
Employees who took maternity/paternity leave ³⁾	Subtotal	Persons	54	51	46
	Male	Persons	36	33	33
	Female	Persons	18	18	13

* The data compared and disclosed may be different due to changes in the aggregation method compared to the previous year.
 1) Leaves that were used continuously from 2020 to 2021 were counted twice.
 2) The figures include employees who have served for at least 12 months after returning from parental leave as of the end of December of the relevant year.

Employee Education

Classification	Units	2020	2021	2022	
Employee education and training	Education hours	Hours	62,003	57,790	61,632
	Eligible employees	Persons	1,157	1,132	1,180
	Employees who completed the program	Persons	393	417	649
	Education hours per employee	Hours	53.6	54.8	52.5
Investment	Investment per employee	KRW million	0.9	1.1	1.3
Frequency	Annual no. of sessions	Sessions	12,603	18,391	16,883
Evaluation	Employee satisfaction rate	%	92.6%	94.7%	98.0%

* The amount compared and disclosed may be different due to changes in the aggregation method compared to the previous year.

Performance Evaluation

Classification	Units	2020	2021	2022	
Executives who underwent regular performance evaluation	Number	Persons	999	931	1,013
	Percentage	%	85%	81%	85%

* The amount compared and disclosed may be different due to changes in the aggregation method compared to the previous year.

Health and Safety

Classification	Units	2020	2021	2022	
Industrial accident rate	Domestic business sites	%	-	-	0.05
	Overseas business sites	%	-	-	-
Lost Time Incident Rate	%	-	-	0.07	

Labor-management relations

Classification	Units	2020	2021	2022	
Labor union	Eligible employees	Persons	555	533	597
	Union members	Persons	555	533	597
	Percentage of employees joining the union	%	100%	100%	100%

* The amount compared and disclosed may be different due to changes in the aggregation method compared to the previous year.

Partners

Classification	Units	2020	2021	2022	
Partner Council	Meetings held	Sessions	13	25	16

ESG Data

Social Data

Social Contribution

Classification	Units	2020	2021	2022	
Employee volunteering	Total volunteer hours	Hours	3,694	1,874	1,932
	Participants	Persons	807	792	624
	Volunteer hours per person	Hours	4.6	2.4	3.1
	Total beneficiaries	Persons	1,693	1,938	647
	Total cost	KRW million	94	101	79
Donations	Company contributions	KRW million	832	1,355	1,319
	Employee contributions	KRW million	31	25	23
CSR Team	CSR Team budget	KRW million	94	76	78
Hands-on volunteering	Beneficiaries	Persons	798	792	557
	Cost	KRW million	20	20	11
Eco-friendly driving and donation campaign	Beneficiaries	Persons	20	20	22
	Cost	KRW million	50	50	50
Employees' Love Fund	Participants	Persons	339	314	311
	Cost	KRW million	31	25	23
Regular volunteering at a facility for children with disabilities	Participants	Persons	-	-	30
	Cost	KRW million	-	-	1,337,000
10,000 kimchi-making	Participants	Persons	-	3	3
	Cost	KRW million	3.6	3.9	4.5

Customers

Classification	Units	2020	2021	2022	
Customer satisfaction score	Long-term	Points	96	96	96
	Short-term	Points	91	91	92
Customer satisfaction coverage	Long-term	%	46%	55%	67%
	Short-term	%	44%	41%	40%
Customer satisfaction survey	Surveys conducted	Cases	10	11	12
Awards	Awards for customer satisfaction	Cases	3	3	3

Information Protection and Security

Classification	Units	2020	2021	2022	
Data breaches ¹⁾	Data breaches or other cybersecurity incidents	Cases	-	-	-
	Personal data breaches/leakages	Cases	-	-	-
	Customers affected by data leakage	Persons	-	-	-
	Total amount of fines or penalties paid in relation to data breaches and other cybersecurity incidents	KRW	-	-	-
Security	Security personnel	Persons	169	174	174

1) The figures indicate data breaches of LOTTE rental only (excl. subsidiaries).

ESG Data

Governance Data

Board of Directors

Classification	Unit	2020	2021	2022	
Composition	Total directors ¹⁾	Persons	7	7	7
	Inside directors	Persons	3	2	2
	Ratio of inside directors	%	43%	29%	29%
	Outside directors	Persons	2	4	4
	Ratio of outside directors	%	29%	57%	57%
	Non-executive directors	Persons	2	1	1
	Ratio of non-executive directors	%	29%	14%	14%
	Female directors	Persons	-	1	1
	Ratio of female directors	%	0%	14%	14%
Operation	Total agendas	Companies	68	88	46
	Average attendance rate	%	95%	94%	88%
	Average tenure of directors	Years	1.4	0.9	1.9
Wage	Ratio of actual payment to wage limit	%	43.36%	21.00%	32.00%

1) The figures are based on the date of the annual shareholders' meeting of each business year.

Share Ownership

Classification	Unit	2020	2021	2022	
Share ownership	CEO stock holdings ratio to base salary	Times	N/A	N/A	N/A
	Inside director stock holdings ratio to base salary	Times	N/A	N/A	N/A
	5% or more shares held by founders and their families	%	N/A	N/A	N/A

Business Ethics

Classification	Unit	2020	2021	2022	
Ethical management education (organized by Human Resource Development Institute) ¹⁾	Programs	Companies	1	1	1
	Sessions	Sessions	1	1	1
	Completed trainees	Persons	690	671	871
	Percentage of trainees who completed the course	%	86%	80%	94%

1) The figures indicate regular employees of LOTTE rental.

Compliance Management

Classification	Unit	2020	2021	2022	
Anti-bribery	No. of corruption and bribery cases identified	Cases	-	-	-
Pledge of compliance	Participants	Persons	1,140	1,095	1,159
Compliance education	Programs	Companies	3	3	4
	Sessions	Sessions	3	3	4
	Completed trainees	Persons	1,194	1,162	1,362

GRI Standards Index

Statement of use	LOTTE rental has written the 2022 Sustainability Report that conveys the ESG performance conducted from January 1 to December 31, 2022, in accordance with the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	There is no applicable GRI Sector standard announced through GRI as of June 2023, when this report is published. Therefore, to decide on material issues that may be applied to the industry, we revise various external data to select material issues and report related achievements. For more information regarding this matter, refer to page 26 of this report.

General Disclosures (GRI 2) and Material Topics (GRI 3)

Indicator	Page	Remarks
General Disclosures		
GRI 2: General Disclosures 2021		
2-1	Organizational details	6~8
2-2	Entities included in the organization's sustainability reporting	6, 126
2-3	Reporting period, frequency, and contact point	126
2-4	Restatements of information	110~114
2-5	External assurance	123~126
2-6	Activities, value chain, and other business relationships	9~17
2-7	Employees	112
2-8	Workers who are not employees	112
2-9	Governance structure and composition	94
2-10	Nomination and selection of the highest governance body	96
2-11	Chair of the highest governance body	94~96
2-12	Role of the highest governance body in overseeing the management of impacts	94, 95
2-13	Delegation of responsibility for managing impacts	94~97
2-14	Role of the highest governance body in sustainability reporting	20, 21, 95, 97
2-15	Conflicts of interest	96, Business Report p. 265, Governance Report p. 26
2-16	Communication of critical concerns	97, Business Report p. 267, Governance Report p. 37
2-17	Collective knowledge of the highest governance body	94, 97, Business Report p. 272, Governance Report p. 35
2-18	Evaluation of the performance of the highest governance body	96, Governance Report p. 36
2-19	Remuneration policies	96, Business Report p. 289, Governance Report p. 46
2-20	Process to determine remuneration	96
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2-22	Statement on sustainable development strategy	4, 20

General Disclosures (GRI 2) and Material Topics (GRI 3)

Indicator	Page	Remarks
General Disclosures		
GRI 2: General Disclosures 2021		
2-23	Policy commitments	6, 49, 50
2-24	Embedding policy commitments	51
2-25	Processes to remediate negative impacts	51, 99
2-26	Mechanisms for seeking advice and raising concerns	98, 99, 104, 106, 107
2-27	Compliance with laws and regulations	104~108
2-28	Membership associations	122
2-29	Approach to stakeholder engagement	29, 92, 93
2-30	Collective bargaining agreements	68, 114
Material Topic		
GRI 3: Material Topics 2021		
3-1	Process to determine material topics	26~28
3-2	List of material topics	26~28
3-3	Management of material topics	26~28

Economic Disclosures (GRI 200)

Indicator	Page	Remarks
GRI 201: Economic Performance		
201-1	Direct economic value generated and distributed	110
201-2	Financial implications and other risks and opportunities due to climate change	31~35, 43, 44
201-3	Defined benefit plan obligations and other retirement plans	113
201-4	Financial assistance received from government	Business Report p. 128
GRI 202: Market Presence		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	50, 113
202-2	Proportion of senior management hired from the local community	-

GRI Standards Index

Economic Disclosures (GRI 200)

Indicator	Page	Remarks
GRI 203: Indirect Economic Impacts		
203-1	Infrastructure investments and services supported	10, 78-83
203-2	Significant indirect economic impacts	29, 76, 110
GRI 204: Procurement Practices		
204-1	Proportion of spending on local suppliers	-
GRI 205: Anti-corruption		
205-1	Operations assessed for risks related to corruption	98, 99
205-2	Communication and training about anti-corruption policies and procedures	101-105
205-3	Confirmed incidents of corruption and actions taken	99, 116
GRI 206: Anti-competitive Behavior		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	116
GRI 207: 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	-

Environmental Disclosures (GRI 300)

Indicator	Page	Remarks
GRI 301: Materials		
301-1	Materials used by weight or volume	- N/A
301-2	Recycled input materials used	- N/A
301-3	Reclaimed products and their packaging materials	- N/A
GRI 302: Energy		
302-1	Energy consumption within the organization	111
302-2	Energy consumption outside of the organization	111
302-3	Energy intensity	111
302-4	Reduction of energy consumption	-
302-5	Reductions in energy requirements of products and services	-

Environmental Disclosures (GRI 300)

Indicator	Page	Remarks
GRI 303: Water and Effluents		
303-1	Interactions with water as a shared resource	38, 39
303-2	Management of water discharge-related impacts	-
303-3	Water withdrawal	-
303-4	Water discharge	-
303-5	Water consumption	111
GRI 304: Biodiversity		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	- N/A
304-2	Significant impacts of activities, products, and services on biodiversity	- N/A
304-3	Habitats protected or restored	- N/A
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	- N/A
GRI 305: Emissions		
305-1	Direct (Scope 1) GHG emissions	111
305-2	Energy indirect (Scope 2) GHG emissions	111
305-3	Other indirect (Scope 3) GHG emissions	45, 111, 125
305-4	GHG emissions intensity	45, 111
305-5	Reduction of GHG emissions	43
305-6	Emissions of ozone-depleting substances (ODS)	N/A Reason: No ODS used
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	N/A Reason: Manufacturing/production industry group not applicable
GRI 306: Waste		
306-1	Waste generation and significant waste-related impacts	41, 42
306-2	Management of significant waste-related impacts	41, 42
306-3	Waste generated	111
306-4	Waste diverted from disposal	40
306-5	Waste directed to disposal	41, 42
GRI 308: Supplier Environmental Assessment		
308-1	New suppliers that were screened using environmental criteria	-
308-2	Negative environmental impacts in the supply chain and actions taken	-

GRI Standards Index

Social Disclosures (GRI 400)

Indicator	Page	Remarks	
GRI 401: Employment			
401-1	New employee hires and employee turnover	54, 113	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	63, 114	
401-3	Parental leave	61, 62, 114	
GRI 402: Labor/Management Relations			
402-1	Minimum notice periods regarding operational changes	68	
GRI 403: Occupational Health and Safety			
403-1	Occupational health and safety management system	65	
403-2	Hazard identification, risk assessment, and incident investigation	65, 66	
403-3	Occupational health services	-	
403-4	Worker participation, consultation, and communication on occupational health and safety	65~67	
403-5	Worker training on occupational health and safety	66, 67	
403-6	Promotion of worker health	61, 63	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	65~67	
403-8	Workers covered by an occupational health and safety management system	65~67	
403-9	Work-related injuries	114	No occurrence
403-10	Work-related ill health	114	No occurrence
GRI 404: Training and Education			
404-1	Average hours of training per year per employee	57, 58, 114	
404-2	Programs for upgrading employee skills and transition assistance programs	56~60	
404-3	Percentage of employees receiving regular performance and career development reviews	68, 114	
GRI 405: Diversity and Equal Opportunity			
405-1	Diversity of governance bodies and employees	49~55, 112, 113	
405-2	Ratio of basic salary and remuneration of women to men	113	
GRI 406: Non-discrimination			
406-1	Incidents of discrimination and corrective actions taken	49, 51	
GRI 407: Freedom of Association and Collective Bargaining			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	68	No relevant business site or supplier
GRI 408: Child Labor			
408-1	Operations and suppliers at significant risk for incidents of child labor	49~51	No relevant business site or supplier

Social Disclosures (GRI 400)

Indicator	Page	Remarks	
GRI 409: Forced or Compulsory Labor			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	49~51	No relevant business site or supplier
GRI 410: Security Practices			
410-1	Security personnel trained in human rights policies or procedures	49	
GRI 411: Rights of Indigenous Peoples			
411-1	Incidents of violations involving rights of indigenous peoples	No breaches occurred	
GRI 413: Local Communities			
413-1	Operations with local community engagement, impact assessments, and development programs	78~82	
413-2	Operations with significant actual and potential negative impacts on local communities	No relevant business site	
GRI 414: Supplier Social Assessment			
414-1	New suppliers that were screened using social criteria	-	
414-2	Negative social impacts in the supply chain and actions taken	74	
GRI 415: Public Policy			
415-1	Political contributions	-	N/A
GRI 416: Customer Health and Safety			
416-1	Assessment of the health and safety impacts of product and service categories	121	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No breaches occurred	
GRI 417: Marketing and Labeling			
417-1	Requirements for product and service information and labeling	-	N/A
417-2	Incidents of non-compliance concerning product and service information and labeling	No breaches occurred	
417-3	Incidents of non-compliance concerning marketing communications	No breaches occurred	
GRI 418: Customer Privacy			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	115	

TCFD Index

Governance		
Recommendations	Pages	Remarks
a) Describe the board’s oversight of climate-related risks and opportunities.	20~21, 31	
b) Describe management’s role in assessing and managing climate-related risks and opportunities.	20~21, 31	

Strategy		
Recommendations	Pages	Remarks
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	32~35, 43~44	
b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.	32~35, 43~44	
c) List climate change-related risks and organizations.	31	

Risk Management		
Recommendations	Pages	Remarks
a) Describe the organization’s processes for identifying and assessing climate change-related risks.	44	
b) Describe the organization’s processes for managing climate change-related risks.	44	
c) Describe how processes for identifying, assessing, and managing climate change-related risks are integrated into the organization’s overall risk management.	44	

Metrics & Targets		
Recommendations	Pages	Remarks
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	41~42, 44, 47, 111	
b) Disclose Scope 1, Scope 2 and Scope 3 GHG emissions and the related risks.	43~45, 111	
c) Describe the targets used by the organization to manage climate change-related risks and opportunities and performance against targets.	43~44	

SASB Index

Customer Safety																											
Code	Accounting Metric	Summary of Reporting																									
TR-CR-250a.1	Percentage of rental fleet vehicles rated by KNCAP programs by region	<ul style="list-style-type: none"> Percentage of rental fleet vehicles rated by KNCAP programs with an overall 5-star safety rating Region: Korea <table border="1"> <thead> <tr> <th>Classification</th> <th>Unit</th> <th>2020</th> <th>2021</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td>Subtotal</td> <td>Units</td> <td>27,385</td> <td>33,259</td> <td>31,217</td> </tr> <tr> <td>KNCAP</td> <td>Grade 1 (5-star)</td> <td>25,697</td> <td>31,991</td> <td>28,944</td> </tr> <tr> <td>certification</td> <td>Grades 2 to 5</td> <td>1,688</td> <td>1,268</td> <td>2,273</td> </tr> <tr> <td></td> <td>Percentage of 5-star ratings</td> <td>93.8%</td> <td>96.2%</td> <td>92.7%</td> </tr> </tbody> </table>	Classification	Unit	2020	2021	2022	Subtotal	Units	27,385	33,259	31,217	KNCAP	Grade 1 (5-star)	25,697	31,991	28,944	certification	Grades 2 to 5	1,688	1,268	2,273		Percentage of 5-star ratings	93.8%	96.2%	92.7%
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Fleet Fuel Economy & Utilization																											
Code	Accounting Metric	Summary of Reporting																									
TR-CR-410a.1	Rental day-weighted average rental fleet fuel economy	<ul style="list-style-type: none"> Region: Korea <table border="1"> <thead> <tr> <th>Classification</th> <th>Unit</th> <th>2020</th> <th>2021</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td>Average rental fleet fuel economy (ICEVs)</td> <td>km/L</td> <td>12.4</td> <td>12.6</td> <td>13.0</td> </tr> <tr> <td>Average rental fleet fuel economy (EVs)</td> <td>km/kWh</td> <td>5.7</td> <td>5.6</td> <td>5.4</td> </tr> </tbody> </table>	Classification	Unit	2020	2021	2022	Average rental fleet fuel economy (ICEVs)	km/L	12.4	12.6	13.0	Average rental fleet fuel economy (EVs)	km/kWh	5.7	5.6	5.4										
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TR-CR-410a.2	Fleet utilization rate	<ul style="list-style-type: none"> Total rental days/Total available rental days <table border="1"> <thead> <tr> <th>Classification</th> <th>Unit</th> <th>2020</th> <th>2021</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td>Fleet utilization rate</td> <td>%</td> <td>67</td> <td>81</td> <td>81</td> </tr> </tbody> </table>	Classification	Unit	2020	2021	2022	Fleet utilization rate	%	67	81	81															
Classification	Unit	2020	2021	2022																							
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Activity Metrics																											
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TR-CR-000.A	Average vehicle age	<ul style="list-style-type: none"> Average number of business months for used car sales <table border="1"> <thead> <tr> <th>Classification</th> <th>Unit</th> <th>2020</th> <th>2021</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td>Average vehicle age (average sales period)</td> <td>Months</td> <td>43</td> <td>44</td> <td>47</td> </tr> </tbody> </table>	Classification	Unit	2020	2021	2022	Average vehicle age (average sales period)	Months	43	44	47															
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Memberships

As of May 2023

UN Global Compact	The Federation of Korean Industries
Task Force on Climate-related Financial Disclosures	Korea Rent-a-Car Mutual Benefit Association
Korea TCFD Alliance	Korea Council of Chief Information Security Officers
K-EV100 Declaration (Korean version of 100% transition to zero-emission vehicles by 2030)	Korea Construction Equipment Manufacturers Association
Industrial Climate Crisis Adaptation Council	Korea Economic Research Institute
Korea Auto Auction Association	Korea Management Association
Korea Enterprises Federation	Korea Defense Industry Association
Korea International Trade Association	Korea Listed Companies Association
Gyeonggi-do Car Dealers Association Nambu Branch	Consortium of CERT
Korea Chamber of Commerce and Industry	Korean Standards Association
Seoul Car Rental Association	KSA Korea Service Forum
The Credit Finance Association	Korea Fire Safety Institute

Awards

DEC	Won the Minister of Trade, Industry and Energy Award at the 29th Corporate Innovation Awards
	Won the USD 30 Million Export Tower award at the 59th Trade Day Awards
NOV	Topped the big 3 customer satisfaction indices of 2022 KS-SQI, NCSI, and KCSI
SEP	Awarded for the car rental category of the National Brand Competitiveness Index for 11 consecutive years in 2022
JUL	Awarded for the car rental category of the Premium Brand Index for 14 consecutive years in 2022
APR	Awarded for the car rental category of the Korea Brand Power Index for 20 consecutive years and selected as the "Golden Brand" in 2022
MAR	Won the Minister of Environment Award as part of the K-EV100 initiative at xEV Trend Korea 2022
JAN	Awarded for the car rental category of the First Brand Awards for 18 consecutive years in 2022

Publication Supervision

ESG Team	Lee Jong-soo, Cho Han-woong, Seo Yeong-hun, Lee Shin-ae, Kim Jun-hyeong
----------	---

Thanks to (in Korean alphabetical order)

CS Team	Ahn Nam-suk, Yoo Kang-hyeok
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IR Team	Kim Min-seok, Shin Won-ki, Park Jae-won
Branch Development Team	Choi Jong-yeong, Ha Dong-woo
Business Management Team	Kim Jong-mun, Kim Yong-min, Jin Min-seon
Management & Planning Team	Woo Dong-gyun, Lee Min-gyu, Koh Han-sol
Management Support team	Kim Dong-hyeon, Kim Mi-jin, Lim Tae-hyeon, Kwon Bo-bae
Greencar	Shin Hee-seok, Choi Hyeon-jeong, Moon Myeong-ho
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Short-term Planning Team	Kim Hyeon-seong, Lee Jin-kyun
Short-term Support Team	Kwak Yong-jin, Lee Su-hee, Kim Sang-wook
Rental Partner	Ahn Dae-yun, Lee Heon-taek
Marketing Team	Kim Jin-ah, Cho Hye-rim
Logistics Innovation Team	Ahn Hyeon-min, Eom Geon-hee
Future Business Team	Kim Min-su, Kim Mi-ae, Nam Su-ji, Lee Jae-don
Corporate Marketing Team	Eom Hee-seok, Kim Jun-hoi, Park Jae-yeon
Insurance Team	Soh Dong-chun, Lee Sang-min
Safety Management Division	Lee Je-taek
Sales Support Team	Jeong Yong-beom, Moon Jun-su
LOTTE auto lease	Choi Chang-deok, Yoo Ji-yeon
LOTTE auto care	Lee Sang-wan, Kim Dae-woo, Park Chi-woo
Ethical Management Team	Kim Jeong-hwan, Lee Yong-jae
HR Development Team	Jang Ki-dong, Kim Ji-eun, Jang Su-hye
General Sales Support Team	Jang Myeong-han, Noh Seon-yeong
Lift Team	Park Sang-hyeon
Funding Team	Lee Wu-min
Information Security Team	Jeon In-bok, Park Han-min
Jeju Business Group	Woo Man-sik, Lee Sang-jin
Compliance Management Team	Bang In-seon, Park Seung-yeol, Jin Min-mo
Used Car Business Support Team	Jeong Woo-jin, Lee Ha-neul, Kim Sang-cheol
Measurement Equipment Team	Lee Dong-hun, Kim Ji-seon
Premium Sales Office	Kim Ji-hyeon
Overseas Business Team	Chae Yeong-ja, Joo Han-jong

Third-party Assurance Statement

To the Board of Directors of LOTTE rental co.,ltd.

We were engaged by LOTTE rental co.,ltd. (“Company”) to provide a limited assurance on the information included ‘Lotte Rental Sustainability Report 2022’ (“Report”) for the year ended December 31, 2022. The work of scope covers subject matter information from January 1, 2022 to December 31, 2022, and significant issues till the issuance date of this limited assurance report.

Subject Matter Information

We have performed assurance procedures on the sustainability information included in the attached Report (“Sustainability Information”). Our assurance procedures do not extend to Sustainability Information related to the previous period, including images, audio files, and embedded videos.

Criteria Used as the Basis of Preparation

The criteria used as the basis of preparation includes GRI standards issued by the Global Reporting Initiative. The absence of a commonly used generally accepted reporting framework or a significant body of established practice on which to draw to evaluate and measure Sustainability Information allows for different, but acceptable, measurement techniques that can affect comparability between entities and over time. Consequently, the Sustainability Information needs to be read and understood together with criteria as the basis of preparation which the Company has used to prepare the Sustainability Information.

Our Conclusion

Based on the procedures we have performed as described under the ‘Summary of the work we performed as the basis for our assurance conclusion’ and the evidence we have obtained, nothing has come to our attention that causes us to believe that Company’s Sustainability Information included in the report for the year ended December 31, 2022 is not prepared, in all material respects, in accordance with the criteria used. As we have not performed assurance procedures on Sustainability Information related to the previous period, including images, audio files, and embedded videos, we do not express an assurance conclusion regarding them.

Inherent Limitations

Sustainability Information includes forward-looking information such as climate-related scenarios that is subject to inherent uncertainty because of incomplete scientific and economic knowledge about the likelihood, timing or effect of possible future physical and transitional climate-related impacts.

Company’s Responsibilities

The management of the Company are responsible for selecting and establishing suitable criteria for preparing the Sustainability Information, considering applicable regulations related to sustainability reporting. They are also responsible for designing, implementing, and maintaining internal controls over information relevant to the preparation of the Sustainability Information that is free from material misstatement, whether due to fraud or error.

Our Responsibilities

We are responsible for planning and performing the engagement to obtain limited assurance about whether the Sustainability Information is free from material misstatement, whether due to fraud or error, forming as independent conclusion, based on the procedures we have performed and the evidence we have obtained, and reporting our conclusion to the management of the Company. As we are engaged to form an independent conclusion on the Sustainability Information as prepared by management, we are not permitted to be involved in the preparation of the Sustainability Information as doing so may compromise our independence.

Assurance Standards Applied

Our assurance engagement has been performed in accordance with ISAE 3000 (Assurance Engagements Other than Audits or Reviews of Historical Financial Information) issued by the International Auditing and Assurance Standards Board (“IAASB”).

Third-party Assurance Statement

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. We apply International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Summary of the Work we Performed as the Basis for our Assurance Conclusion

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Sustainability Information is likely to arise. The procedures we performed were based on our professional judgment. In carrying out our limited assurance engagement on the Sustainability Information, we:

- established whether the financial information included in the Report was appropriately extracted from the audited financial statements of the Company
- verified the process for selecting material issues considering the Company's key stakeholders
- performed interviews with the responsible personnel who have the responsibility for providing entity-level data for the Report
- visited the Company's headquarters to verify the procedures and systems for managing and reporting sustainability data and,
- assessed the alignment of the Report's content with our overall knowledge and experience regarding the Company's non-financial value creation performance

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Therefore, since we may not be aware of all significant matters that can only be identified through reasonable assurance procedures, we do not provide reasonable assurance regarding whether the Company's Sustainability Information has been prepared in accordance with the Reporting Framework from the perspective of materiality.

Use of this Assurance Report

This assurance report has been prepared for the Directors of the Company for the purpose of providing an assurance conclusion on the Subject Matter Information and may not be suitable for any other purposes. We disclaim that any assumption of responsibility for any reliance on this assurance report, to any person other than the Directors of the Company, or any other purpose than that for which it was prepared.



KPMG Samjong Accounting Corp.

KPMG Samjong Accounting Corp.
152 Teheran-ro, Gangnam-gu, Seoul, South Korea,
June 26, 2023

GHG Emissions Verification Statement

LOTTE rental co.,ltd.

Korea Management Registrar has conducted verification of the greenhouse gas (GHG) emissions (Category 13, Scope 3) of LOTTE rental in 2022.

Scope of Verification

Verification of business sites and emission facilities under the control of LOTTE rental

Criteria

- ISO 14064-1:2006, ISO 14064-3:2006
- IPCC Guidelines for National Greenhouse Gas Inventories(2006)
- Operational guidelines in relation to the reporting and certification of emissions of the emission trading scheme
- WRI/WBCSD GHG Protocol

Limitations

Verifications have inherent limitations that may occur in the process of applying standards and methods.

Our Opinion

- We performed verification of GHG emissions to satisfy the limited assurance level according to verification standards.
- No significant errors were found in the calculation of emissions during the verification process. We hereby indicate that the relevant activity data and evidence have been appropriately managed and calculated. We present our final opinion as “fair.”

GHG emissions	Classification	SCOPE3 - CAT 13	Total (tCO ₂ -eq)
2022	Short-term rental cars	80,132	667,182
	Long-term rental cars	587,050	

* Category 13(Downstream leased assets): Car rental only

June 14, 2023



About this Report

Overview

LOTTE rental has published its second Sustainability Report to transparently disclose the economic, social, and environmental values and performances created through its management activities with stakeholders. We intend to use this report as a communication channel for sharing the activities and achievements of sustainability management, as well as further plans for LOTTE rental, with stakeholders.

Reporting Standards

This report was prepared in accordance with the GRI Standards 2021. We have also taken into account the Car Rental & Leasing section within the Transportation Sector of the Sustainability Accounting Standards Board (SASB), as well as the indices of the TCFD and the SDGs. The financial information in the report has been prepared in accordance with the Korean International Financial Reporting Standards (K-IFRS).

Reporting Period

This report conveys the economic, social, and environmental data and activities from January 1 to December 31, 2022. Some parts include the achievements and activities of the first half of 2023. In the case of quantitative performance, data from the past three years (January 2020 to December 2022) was used to show the trend in time series.

Reporting Scope

The scope of this report includes the headquarters and all domestic business sites of LOTTE rental. Some performances include data provided by overseas business sites. Financial information was prepared according to the K-IFRS standards of consolidated financial statements. Areas that require attention in the reporting scope and boundaries were annotated for the readers' convenience.

Report Assurance

For the publication of an objective and transparent report that our stakeholders can trust, our financial information has been audited by Samjong KPMG in 2022 and Samil PwC in 2020 and 2021. Non-financial information has undergone third-party verification by Samjong KPMG in accordance with ISAE 3000, an international assurance standard.

Inquiry

For inquiries regarding this report, reach us through the contact detail below.

ESG Team, LOTTE rental
E-mail Rental.ESG@lotte.net



