

LOTTE SHOPPING

2022 Sustainability Report

Dream Together for Better Earth



About This Report

Report Overview

LOTTE Shopping publishes a sustainability report annually to provide its stakeholders with transparent information about its strategies and plans for promoting sustainable management, as well as its specific performance in each sector. Through a double materiality assessment, we collect opinions from a range of stakeholders to identify core material issues. The detailed strategies for these issues as well as our performance in 2022 are included in the Appendix.

Reporting Standards

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards 2021, a globally recognized set of guidelines for sustainability reports. In addition, principles of ISO 26000 and the UN Global Compact were referred to. The financial information was compiled in accordance with the K-IFRS (Korean International Financial Reporting Standards). Both financial and non-financial information is presented on a fiscal year basis in line with our disclosure system, and any significant changes are noted separately.

Reporting Period and Scope

This report covers activities from January 1, 2022, to December 31, 2022. However, for quantitative performance, data from the past three years is used to identify continuous trends. Furthermore, we have also included information on some major activities and some of the performance from the first half of 2023.

Report Reliability

To enhance the credibility of the report both internally and externally, we commissioned KPMG Samjong Accounting Corp, a specialized assurance firm, to conduct third-party assurance. This ensures the reliability and fairness of the report's preparation process, disclosure data, and content. To enhance the credibility of the report both internally and externally, we commissioned KPMG Samjong Accounting Corp, a specialized assurance firm, to conduct third-party assurance. This ensures the reliability and fairness of the report's preparation process, disclosure data, and content. The detailed assurance opinion is included in the Appendix.

Reporting Boundaries

The scope of this report encompasses the sustainability activities and performance of LOTTE Shopping's head office, factories, research centers, and business sites in Korea. Data from overseas sites are included in some instances. The data coverage for this report is based on 100% of our domestic business sites.

Report Inquiries

For further inquiries about or information on the report, please contact us at the following address.

We eagerly anticipate engagement with our stakeholders.

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LOTTE Retail HQ

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LETTER FROM CEO



Dream Together for Better Earth

LOTTE Shopping is pursuing sustainable growth through change and innovation.

We would like to extend our heartfelt gratitude to our customers, shareholder and partners for their unwavering support amidst the rapidly evolving business landscape. We would also like to express our deepest appreciation to all the employees of LOTTE Shopping.

Despite the challenging business landscape due to the pandemic and global economic uncertainties in 2022, LOTTE Shopping took the first steps toward our new vision '1st Retail LOTTE,' under the objective 'To be the First Destination for Shopping.'

More importantly, LOTTE Shopping has also embarked on the 'Transformation Journey' focused on the changes and innovation to strengthen our core and rebuild our competitive edge, which is starting to deliver significant results.

As environmental and social concerns intensify worldwide, it's crucial for companies to deliver social value through actions such as protecting the environment, upholding universal human values, and fulfilling their social responsibilities. LOTTE Shopping, in addition to fulfilling our financial goals, also strives to fulfill our social responsibilities by establishing specific strategies and plans for sustainable management as a new growth engine by further diversifying and executing ESG initiatives. In particular, we have established a three-pronged ESG plan to abide by our manifesto, "LOTTE Retail strives to make Shopping more environmentally and socially friendly."

LETTER FROM CEO

First, we are advocating for carbon neutrality by 2040 and the creation of a circular resource system.

LOTTE Shopping has laid out a mid-to-long term roadmap for the realization of our 2040 Carbon Neutrality Plan, as announced in the previous year's sustainability report. By 2040, all electricity used at all of our business sites will be derived from renewable energy sources, and by 2050, we will extend this to our supply chain as we strive for zero carbon emissions throughout our value chain. To actively realize our carbon neutrality roadmap, we enhanced energy efficiency at our business sites in 2022 by expanding the installation of solar facilities, electric vehicle charging stations, high-efficiency LED lighting, and showcase doors. In April 2023, we became the first retailer in Korea to commit to join the Science Based Targets initiative (SBTi), an organization that evaluates and certifies corporate carbon neutrality goals based on scientific standards. LOTTE Shopping will use the SBTi to scientifically verify its carbon neutrality targets and closely monitor its progress, thereby enhancing our competitiveness in line with global ESG standards and establishing a sustainable and reliable carbon neutrality framework.

Second, we are building a sustainable supply chain system in partnership with our suppliers to foster a shared-growth ecosystem.

LOTTE Shopping has instituted the ESG Code of Conduct and ESG Self-evaluation Checklist for partners to extend the scope of sustainability management to our supply chain. This enables us to share our ESG management paradigm with our partners, and offer guidelines in five areas: compliance and ethical management, human rights management, safety management, environmental management, and the establishment of a sustainable management system. We will strive to achieve responsible supply chain management by proactively managing potential risks through ESG-based due diligence, identifying improvement tasks, and assisting our partners in establishing ESG systems.

Third, we are committing to becoming a trusted company through robust governance and compliance.

In 2023, LOTTE Shopping enhanced its transparent and robust governance system by reorganizing the Compensation Committee and Independent Director Nomination Committee to consist entirely of independent directors. We are striving to maintain a diverse and competitive board, currently at 40% female independent directors, which surpasses the average level of large companies. Moreover, to establish a comprehensive compliance monitoring system and elevate ethical management, our Transparent Management Committee has obtained ISO37001 certification, the international standard for corruption management systems, and in 2022 acquired ISO37301 certification, the international standard for compliance management systems.

Through transparent and systematic ESG management activities, LOTTE Shopping will continue to promote mutual development of the company and its stakeholders, and take the lead in creating a sustainable society. Moreover, LOTTE Shopping will strive to become the 'first destination for shopping' that consistently delivers exceptional value and satisfaction to customers, while propagating societal welfare through sincere CSR activities. These activities, which are all grounded in sustainable management, include supporting vulnerable groups and small businesses in local communities as well as contributing to disaster relief efforts both domestically and abroad.

To the valued customers, shareholders, partners, and employees of LOTTE Shopping, we ask for your continued trust and support for LOTTE Shopping's endeavors toward sustainable management.

Thank you.

LOTTE Shopping Co., Ltd.

Vice Chairman / Group CEO **Kim Sang Hyun**

LETTER FROM CEO

LOTTE Department Store is steadfast in promoting sustainability management in a manner that involves both customers and employees to contribute to a sustainable planet.

To our valued community, my name is Chung Joon Ho, and I am the CEO of LOTTE Department Store.

I would like to extend my gratitude to our customers, shareholders, and employees, as well as to numerous local community organizations for their resilience in the face of the many challenges we encountered last year and for their support of LOTTE's transformation.

The year 2022 was a time for LOTTE Department Store to attempt changes and share new values, both internally and externally. We have relaunched our previously suspended sustainability report in an effort to spearhead sustainability management in the retail industry. We have also undertaken a significant overhaul to reclaim our status as the industry's premier store by refining our main store's focus as a luxury-oriented space and transforming the Jamsil branch into a mega-complex shopping town that synergizes with LOTTE Mall. We have refocused the core of our retail business towards customer communication, and have made considerable efforts to ensure that customers can experience the sustainability management of LOTTE throughout their shopping journey.

To that end, we have upcycled exterior wall banners and cooler bags from holiday gift sets, which are typical department store waste items, and repurposed them as customer appreciation items. In addition, we are also utilizing 'Regen', which is upcycled regenerated material. For example, we repurposed 160,000 discarded plastic bottles into 20,000 uniforms for employees in customer-facing roles, such as AVENUEL Bar and valet parking staff. With regard to technology, we have championed energy efficiency through investments in carbon-reduction facilities. Through introduction of high-efficiency LEDs and participation in government-supported project of solar power plant installation, we were able to reduce carbon emission equivalent to planting 28,031 pine trees last year alone.

Moreover, we recognize the societal role of corporations and have duly fulfilled our responsibilities. Our RE:JOICE campaign, which supports individual self-esteem, dreams, and challenges, was selected as one of the top 10 winners of the 2022 World's Best Sustainability/CSR Campaign Awards by the IGDS (Intercontinental Group of Department Stores), garnering international recognition. Furthermore, our authentic eco-friendly campaign RE:EARTH has resonated with the successful completion of beachcombing and upcycling projects.

LOTTE Department Store will continue to promote sustainability management in a way that engages customers and employees in contributing to a sustainable planet. Through the Human Rights Impact Assessment Report, to be published in June, we aim to proactively identify and improve human rights risks, thereby presenting 'New Today' of LOTTE Department Store to our employees. And in presenting newly changed store, we will incorporate eco-friendly elements to bring 'Better Tomorrow' for our customers.

We eagerly anticipate a prosperous future, and we pledge to achieve this in partnership with our stakeholders. We ask for your unwavering support so that we may contribute to that future.

Thank you.

LOTTE Department Store, LOTTE Shopping Co., Ltd.

CEO **Chung Joon Ho**



LETTER FROM CEO



We are committed to developing robust sustainability management by leveraging the integrated capabilities of LOTTE Mart and LOTTE Super.

A warm welcome to all. My name is Kang Sung Hyun, the CEO of LOTTE Mart and LOTTE Super.

To our esteemed stakeholders, customers, partners, and employees, I extend my greetings.

In November 2022, LOTTE Mart and LOTTE Super consolidated their separately operated product sourcing operations. This integration was aimed at enhancing efficiency and fostering synergies in various areas, such as preventing unnecessary costs and manpower due to the duplication of work, and establishing stable production plans and inventory management. By extending these integration synergies not only to products but also to sustainable management activities, LOTTE Mart and LOTTE Super's ESG activities will center around LOTTE Shopping's eco-friendly campaign brand, RE:EARTH, with the following three core tenets.

First, RELIABILITY. We aim for LOTTE Mart/Super to be trusted, respected and genuine.

As a leading eco-friendly retailer, LOTTE Mart/Super is pushing forward with the EPD(Environmental Product Declaration) for our private brand, 'GOOD TODAY', which is set to launch in 2023. We are expediting the launch of consumer-trusted products, such as the recently introduced Sweetel Tomatoes in 100% recycled plastic containers, gift sets packaged in biodegradable and reusable methods, and popcorn utilizing green-certified ink. We also continue to provide a safe shopping environment for our customers by maintaining the international standard for occupational health and safety management systems (ISO 45001), which we were the hypermarket to acquire and partaking in various internal and external disaster prevention activities.

Second, CONSIDERATION. We aim to become a considerate company striving towards a more considerate society.

As a beloved retailer, LOTTE Mart/Super always prioritizes customers and community members, and is a leader in the fulfillment of social responsibilities. Through the Charlotte Volunteer Group, which is operational at each store nationwide, we provide support to vulnerable community members. And though initiatives like the Youth Retail Training Academy For Youth and the ZRT (Gen-Z Round Table), a marketing activity project with university students, we are striving to support employment and foster future generations. Furthermore, we conduct practical support activities for our stakeholders and the broader community, such as operating RE:JOICE, a psychological counseling center for customers and employees, and providing financial support and training for our partners, and we will continue to practice large-scale sharing.

Third, DELIGHT. We aim to transform LOTTE Mart/Super into an enjoyable cultural hub for everyone.

As a retailer that interacts with customers directly, LOTTE Mart/Super endeavors to create sustainable stores that encourage direct customer participation. In October 2022, we engaged in carbon reduction initiatives with customers by selling recycled bicycles discarded bicycles that were repaired and given new life directly in our stores, and actively engaged employees through a bicycle commuting campaign. In 2023, we will expand our in-store RE:EARTH recycling machines and RE:SHOP, a recycling reward store, and conduct various ESG campaigns, including a plogging event to celebrate Environment Day. Through these efforts, we are dedicated to ensuring that ESG activities are not perceived as large or difficult tasks, but rather as accessible and enjoyable cultural and festive experiences that everyone can easily participate in and enjoy. We are excited to share our progress as LOTTE Mart, LOTTE Super, and as one team in 2023, and ask for your ongoing interest and support so that we can further strengthen sustainable management based on our integrated capabilities. Once again, we appreciate your support for LOTTE Mart and LOTTE Super.

Thank you.

LOTTE Mart/Super, LOTTE Shopping Co., Ltd.

CEO **Kang Sung Hyun**

LETTER FROM CEO

Small actions that change the world, beneficial endeavors we undertake together - this is the commitment of LOTTE ON.

Greetings, esteemed stakeholders.

My name is Na Young Ho, and I'm the CEO of LOTTE E-Commerce.

Starting with LOTTE.com, Korea's pioneer in online shopping malls, LOTTE E-Commerce has evolved into LOTTE ON, where we are presenting our customers with eco-friendly products and brands that embody social values. In an era where ESG management has gained unprecedented significance in shaping a sustainable future, LOTTE ON is implementing the ON project, which is aimed at conveying the value of brands and products engaged in environmentally conscious management activities to our customers. Moreover, we continually spearhead efforts to support the sales of small and medium-sized merchants, and have established a platform ecosystem where customers, brands, and merchants collectively actualize ESG principles.

As it progresses, LOTTE E-Commerce will persistently take small actions that will lead to significant changes in the world.

In pursuit of a sustainable environment, LOTTE E-Commerce is presently planning to introduce eco-friendly packaging methodologies aimed at minimizing the usage of packaging materials. We intend to achieve this by implementing delivery approaches such as customer cart delivery and in-person delivery that avoid the use of packaging materials, as well as by utilizing easily recyclable materials for remote delivery, thereby reducing our environmental impact. Additionally, we are championing eco-friendly management by reducing annual carbon emissions from product delivery through the advancement of our TMS (Transportation Management System), which enhances delivery efficiency. Alongside leading the market with valuable products, our commitment to safeguarding the environment and the future remains steadfast.

Under the banner of "Dreaming Together for a Better Earth," LOTTE ON will establish a lifestyle platform where customers, brands, and employees jointly spearhead value-driven consumption.

Thank you.

LOTTE E-Commerce, LOTTE Shopping Co., Ltd.

CEO **Na Young Ho**



Introduction

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Company Overview

About Us

Over the past 40 years, since its establishment in 1979, LOTTE Shopping has emerged as Korea's leading retailer by offering differentiated products and services to our customers, grounded in sophisticated infrastructure and systems. We are actualizing a more advanced retail network by introducing new and diverse channels and store formats, ranging from department stores, discount stores, supermarkets, electronics specialty stores, home shopping, and cultural works, to E-Commerce, and by expanding our mobile business, thereby establishing a robust foundation for growth.

Company Name	LOTTE Shopping Co., Ltd.
Total Assets	KRW 31.9 trillion
Date of Foundation	November 1979
Equity Capital	KRW 11.0 trillion
Headquarters	81 Namdaemun-ro, Jung-gu, Seoul, Republic of Korea
Number of Employees	20,812
Business Type	Large Scale Retail
Credit Rating	KIS AA, Korea Rating AA, NICE AA, JCR A Stable
CEO	Kim Sang Hyun

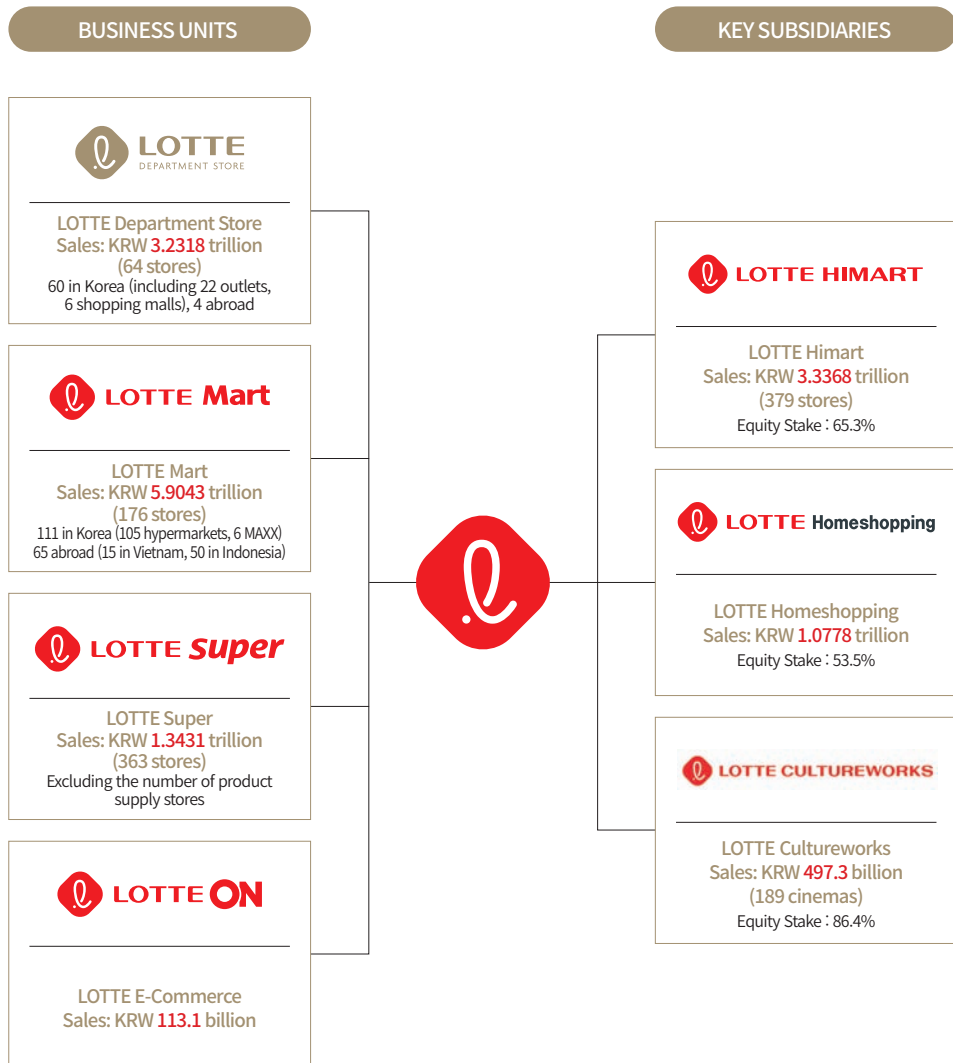
*As of March 2023

Vision



Company Overview

Business Scope



Awards



Business Overview



A premium lifestyle curator offering new and joyful experiences daily



As Korea's leading department store, LOTTE Department Store proudly secured the top rank in both sales and market share for 2022, thus spearheading trends in the domestic retail sector. We have consistently striven to enhance customer satisfaction across all shopping channels - department stores, outlets, shopping malls, and online - in order to cultivate an optimal shopping environment. Our ambition is to continue to act as a premium lifestyle curator, leading our customers towards enriched lifestyles and promoting life's intrinsic values.

Business Direction

LOTTE Department Store aims to maintain its qualitative growth trajectory through the refinement of its stores, products, and services. By renovating key stores and proactively introducing trending content, we aim to establish a premium shopping environment and set the pace for market trends. We are dedicated to enhancing our PSR (Personal Shopping Room) offerings and providing superior customer programs/lounges, thereby ensuring a unique customer experience. Moreover, we are focused on developing an integrated online and offline platform to ensure that our premium in-store shopping experience extends to the online realm.

Store Status

* As of March 2023

Category	Domestic			Overseas	Total
	Department Stores	Outlets	Shopping Malls		
Number of Stores	32	22	6	4	64



**Everyday NEW Store
NEW Surprise / NEW People / NEW Trust**



Established in 1998 with the opening of our inaugural Gangbyeon Store, LOTTE Mart has grown to become a global retailer boasting 176 stores globally as of March 2023, and our constant goal is to offer customers novel products and experiences. In alignment with our commitment to our role as a socially responsible enterprise, we are implementing ESG management that fosters inclusive growth with all our stakeholders, such as through our eco-friendly campaign RE:EARTH. LOTTE Mart continues to innovate and evolve in its pursuit of becoming a market leader.

Business Direction

LOTTE Mart is dedicated to offering customers a unique shopping experience every day through the development of differentiated products, with a primary focus on grocery items. As part of this effort, we relaunched YORIHADA (To Cook), a private brand specializing in HMR (home meal replacements), in October 2022, and launched 'GOOD TODAY' in March 2023. These brands reflect our commitment to providing customers with the best products that balance affordable prices, optimal quality, and trending varieties. We have also integrated product organizations of LOTTE Mart and LOTTE Super to streamline the sourcing structure and develop products that encapsulate the unique characteristics of each channel, thereby achieving synergistic effects. In addition, we are exploring new business opportunities by analyzing changing trends, such as 'BOTTLE BUNKER', Korea's largest wine store, and 'colio!', a comprehensive pet store. We are also constantly expanding our range of over 2,000 ESG products with eco-friendly certifications, eco-friendly packaging, and no labels, thereby underscoring our commitment to practicing ESG management by strengthening eco-friendly systems across our stores.

Store Status

* As of March 2023

Category	Domestic	Overseas (Vietnam)	Overseas (Indonesia)	Total
Number of Stores	111	15	50	176

Business Overview



Korea's No.1 Supermarket
Solving everyday issues for working mothers on their way home



Starting its journey in 2001 with inaugural Jeonong Store, LOTTE Super has grown into Korea's leading hyperlocal retailer, with 223 directly managed stores as of March 2023. With a focus on grocery products, our relentless efforts are directed towards supplying the highest quality products to our customers. Furthermore, we fulfill our social responsibilities by supporting farmers and small-capital entrepreneurs, while also contributing to social value creation through our eco-friendly management practices for carbon reduction.

Business Direction

LOTTE Super aims to establish itself as a grocery-specialized firm that provides customers with a diverse range of high-quality products. Our strategy includes supplying high-Brix fruits and fresh foods directly from farms, subject to rigorous inspection processes, and focusing on eco-friendly, antibiotic-free, and smart farm crops. Through the integration of product organizations with LOTTE Mart, LOTTE Super has jointly developed and is operating the grocery-specialized private brands 'YORIHADA' and 'GOOD TODAY', with plans to further amplify the synergy of integration. Moreover, we are striving for a sustainable business structure through win-win management. This involves fulfilling our corporate social responsibilities by expanding sales to farmers and supporting small and medium-sized entrepreneurs. We also strive to implement eco-friendly management practices. These include the operation of eco-friendly electric delivery vehicles, the introduction of food processing solutions, and the installation of refrigerated showcase doors, all aimed at reducing greenhouse gas emissions and conserving energy use.

Store Status

* As of March 2023

Category	Directly Operated Stores	Franchised Stores	Product Supply Business	Total
Number of Stores	223	140	403	766



The Most Customer-Centric EC Platform



LOTTE E-Commerce, the pioneer that launched Korea's first online general shopping mall on June 1, 1996, offers optimal shopping solutions to customers to uphold its offline reputation in the digital arena. Furthermore, we are committed to ESG management, and are continually increasing our investment in the environmental and social realms through initiatives such as eco-friendly management, fostering a collaborative corporate culture, and promoting shared growth with our suppliers.

Business Direction

Our aspiration is to be the shopping app of choice for customers. To bolster our competitiveness, we're keen on collaborating with our LOTTE affiliates to utilize Group's core assets. We are striving to construct a lifestyle platform that addresses the limitations of offline channels and presents superior value to customers by concentrating on trendy products and products primed for future online expansion. We are striving to construct a lifestyle platform that addresses the limitations of offline channels and presents superior value to customers by concentrating on trendy products and products primed for future online expansion. With these concerted efforts, LOTTE E-Commerce intends to offer customers a unique shopping experience distinct from other platforms.

Store Status

Business Area	Date of Foundation	Main Products
Marketplace, LECS (brand online store), group EC	August 2018 (LOTTE.com Inc., established in January 2000)	Beauty, fashion, luxury, food, living, electronics

ESG Management

LOTTE Shopping ESG Governance

017

2022 ESG Highlights

020






**LOTTE
Mart**

LOTTE Shopping ESG Governance

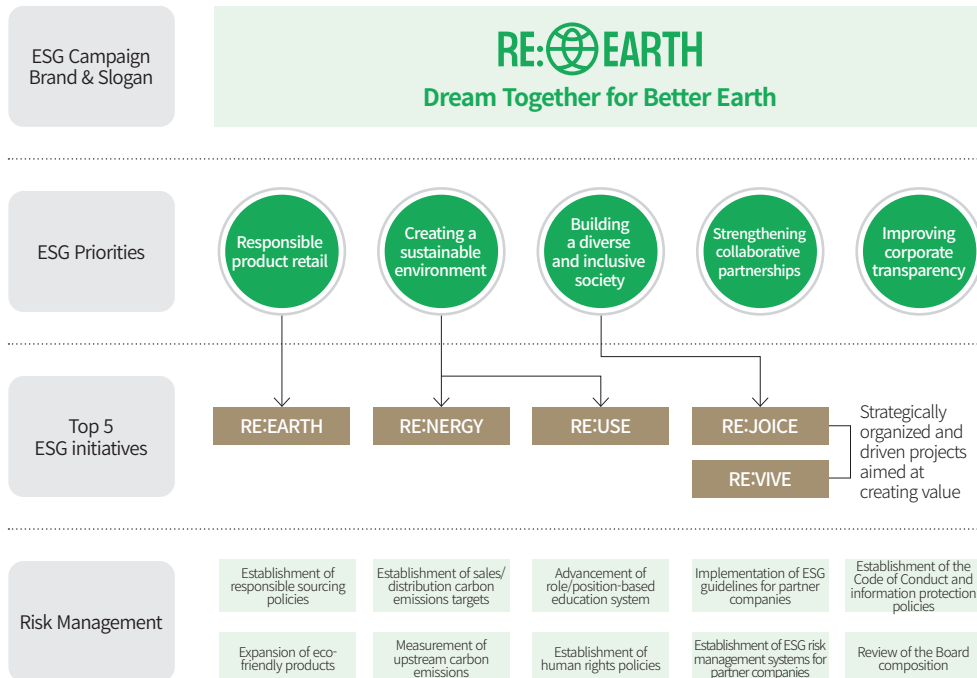
LOTTE Shopping ESG Vision

Dream Together for Better Earth


As a comprehensive retailer, LOTTE Shopping perceives ESG to be a newfound competitive edge and a catalyst for growth. In light of this, we have devised a structured and cohesive top 5 ESG initiatives to ensure that our business strategy aligns seamlessly with our ESG value creation strategy. LOTTE Shopping's top 5 ESG initiatives, with the slogan "Dream Together for a Better Earth," encompass a shared message for all four Business Division - LOTTE Department Store, LOTTE Mart, LOTTE Super and LOTTE E-Commerce - along with actionable


steps to operationalize ESG management. Predicated on these five ESG tasks, we are executing a range of ESG initiatives such as the adoption of eco-friendly energy, resource circularity, the development of eco-friendly products, respect for employee diversity, health and safety management, and symbiosis with suppliers. Through these endeavors, we aim to be recognized as an ESG leader by all stakeholders.


ESG Specific Actions





Top 5 ESG initiatives

- 
RE: EARTH

Your Eco-Conscious Brand for the Planet!
A project that applies the RE: EARTH brand to eco-friendly private label and sourcing products and eco-friendly product exclusive areas, and disseminates an eco-friendly culture through various campaigns
- 
RE: NERGY

Green Energy that Protects Our Earth!
A project for energy savings and eco-friendly energy construction that includes using renewable energy, introducing electric vehicle charging stations, and strengthening energy-saving facilities for the establishment and promotion of a carbon-neutral roadmap
- 
RE: USE

Harnessing the Power of Us All!
A project that continuously provides consumers with opportunities to easily contribute to waste reduction in everyday life through the activation of used goods trading
- 
RE: JOICE

Your Sanctuary for Mental Health Guidance!
A heart-healing project that supports everyone's self-esteem, dreams, and challenges, and which has taken on the name of LOTTE Shopping's integrated social contribution campaign
- 
RE: VIVE

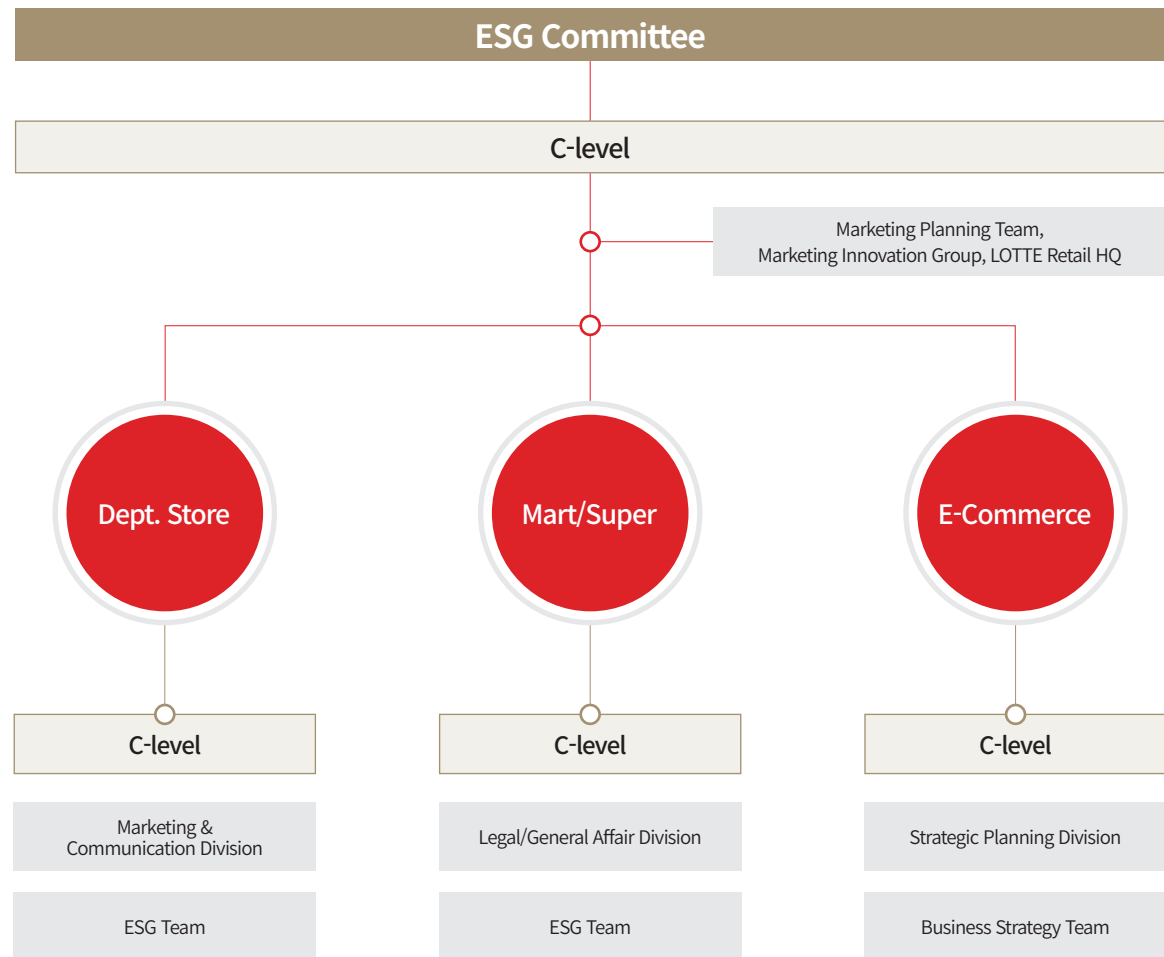
Fostering an Ecosystem, Together!
A project for the formation of a healthy value chain, such as issuing ESG bonds for investment in used goods trading related companies and financial support for partner companies to activate resource recycling

LOTTE Shopping ESG Governance

ESG Management System

ESG Management

To bolster and sustain ESG management competencies, LOTTE Shopping has established dedicated ESG teams across each Business Division. The company-wide ESG promotional system is instituted and overseen by the Retail HQ, which also facilitates a working council between the ESG teams of each Business Division. In this way, LOTTE Shopping is able to strengthen its ESG management through organic cooperation and sharing of company-wide ESG management strategies.



LOTTE Shopping ESG Governance

ESG Management System

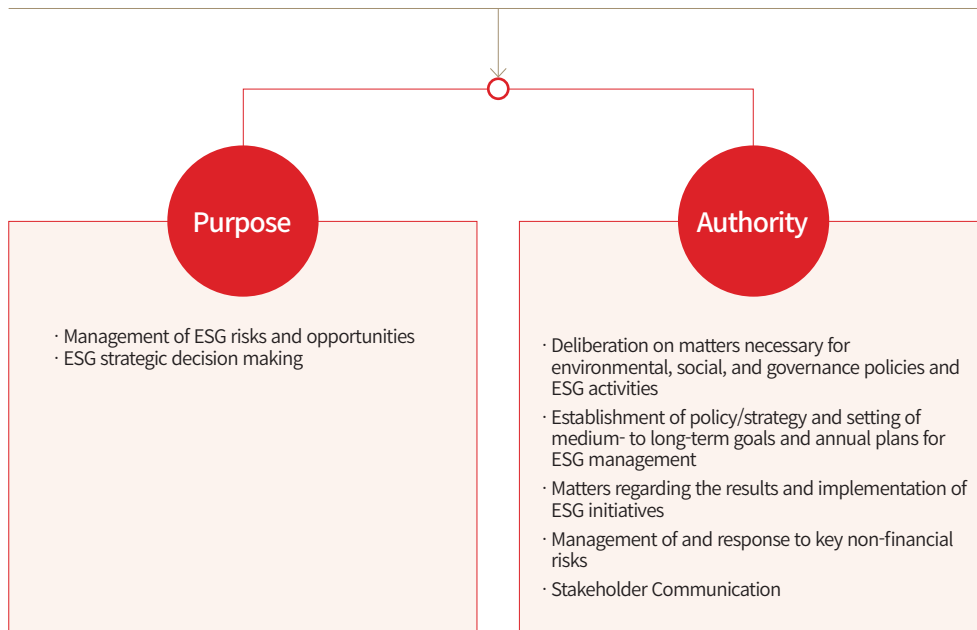
ESG Committee

In November 2021, LOTTE Shopping established the ESG Committee to ensure systematic and transparent ESG management. The ESG Committee serves as the highest authority for ESG management, and is tasked with managing ESG risks, fostering new business initiatives, and addressing environmental and social issues within LOTTE Shopping. Currently, the Committee is comprised of two female independent directors and one

male executive director. Throughout 2022, the ESG Committee convened five meetings to discuss and resolve issues related to our ESG vision and the five major projects under the RE:EARTH initiative. We are also committed to making unbiased decisions regarding future initiatives.

Composition of the ESG Committee

External	Internal
Jeon Mi Young (Chairperson) / Shim Sue Ohk	Kang Sung Hyun



ESG Committee Meetings

Progress	Agenda
1st March 8, 2022	<ul style="list-style-type: none"> · Reported: Publication plan for the sustainable management report · Resolved: Establishment of an annual ESG implementation plan / Promotion of PPA
2nd June 9, 2022	<ul style="list-style-type: none"> · Reported: ESG-related demands of LOTTE Shopping's stakeholders · Resolved: Establishment of LOTTE Shopping's human rights policy / Establishment of an advanced employee education system
3rd August 11, 2022	<ul style="list-style-type: none"> · Reported: Status and plans for ESG implementation in LOTTE Shopping's Business Divisions. · Resolved: Establishment of ESG code of conduct and self-assessment checklist for partners / Establishment of LOTTE Shopping's carbon neutral roadmap
4th October 13, 2022	<ul style="list-style-type: none"> · Reported: Status of information protection management and operation / Development status of EPD (Environmental Product Declaration) products · Resolved: Establishment of a sustainable procurement policy
5th December 8, 2022	<ul style="list-style-type: none"> · Reported: Progress of the advanced employee education system · Resolved: Promotion of joining the global carbon neutral initiative
1st March 9, 2023	<ul style="list-style-type: none"> · Reported: ESG implementation results for 2022 and plan for 2023 · Resolved: Selection of major ESG issues for LOTTE Shopping

2022 ESG Highlights

ENVIRONMENTAL

Establishment of the 2040 Carbon Neutral Roadmap/SBTi membership

2030 **40** % 2040 **100** % 2050 **0(ZERO)**

- 100% conversion to renewable energy across all business sites by 2040
- Zero carbon emissions throughout the supply chain by 2050
- SBTi commitment submitted (March 2023)

Expansion of Solar Power Generation Facilities

11,270,046 kWh **5,324** tCO₂eq

- Produced 11,270,046 kWh of solar energy and reduced greenhouse gas emissions by 5,324 tCO₂eq in 2022

Acquired ISO 50001

ISO 50001

- LOTTE Mart acquired ISO 50001 (Energy Management System Certification) in April 2023.
- * LOTTE Department Store acquired it in 2021.

Resource Recycling Project

590,000 item **2.6** million items **1.53** million items

- LOTTE Department Store produced 60,000 eco-friendly uniforms (recycling fabric from 590,000 waste PET bottles).
- LOTTE Mart's unmanned collection machine collected 2.6 million glass bottles and 1.53 million plastic containers.

RE:EARTH Campaign

22,950 liters **800** kg

- LOTTE Department Store's RE:EARTH MARKET, with 4,149 participants, collected 22,950 liters of garbage.
- LOTTE Mart's plogging, with 400 employees participating, collected 800 kg of garbage.

SOCIAL

Establishment of the Human Rights Policy



- Established LOTTE Shopping's Human Rights Policy reflecting global guidelines
- Established basic human rights principles for customers, employees, partners, and local communities

Implementation of a Human Rights Impact Assessment



- Conducted a human rights impact assessment and human rights status survey at LOTTE Department Store
- Established a mid-to-long term roadmap for human rights management through the identification of key issues

Establishment of the Supplier Code of Conduct and Self-Assessment Checklist



- Established the Supplier Code of Conduct and Self-Assessment Checklist in the areas of environmental/human rights/safety/legal and ethical management, and sustainable management systems

Commendation for Collaborative Cooperation between Large and Small Businesses



- LOTTE ON is the first E-Commerce company to receive a citation from the Ministry of SMEs and Startups.
- Recognized for efforts in expanding market opportunities, collaborating with public institutions, and strengthening partnerships with associates

RE:JOICE Campaign



- LOTTE Department Store selected among the top 10 in the IGDS World's Best Sustainability/CSR Campaign Awards.
- In 2022, the RE:JOICE Counseling Center conducted 3,607 counseling sessions.

GOVERNANCE

Disclosure of the BSM (Board Skill Matrix)



- Transparency in governance improved by providing a clear picture of the skills and diversity of the Board.
- Strengthened the transparency of corporate governance

Enhancement of Transparent and Sound Corporate Governance



- Compensation Committee and Independent Director Nomination Committee composed entirely of independent directors
- Secured the independence of the Committees

Reinforcement of ESG Elements in CEO KPIs



- 30% of the KPIs for the CEOs of LOTTE Shopping's affiliates constituted and evaluated based on ESG management-related items

Acquisition of ISO 37301

ISO 37301

- LOTTE Department Store obtained ISO 37301 to improve compliance monitoring systems and proactive responses.

Dividend Increase



- The dividend for 2022 was 3,300 KRW per share, with a dividend yield of 3.7%.
- Adjusted upward compared to the previous year (2,800 KRW per share in 2021, dividend yield of 3.1%)

Environmental

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RE: EARTH MARKET

RE: EARTH

키트반납

현장접수

사전접수

RE: EARTH MARKET

운영시간 10:00 - 18:00

-  RE: EARTH 부스를 찾으세요
-  비치코임 키트를 대여해요
-  해변 곳곳에 버려진 쓰레기를 주워요
-  RE: EARTH 마켓에서 친환경 굿즈를 받아요
-  조금 더 깨끗해진 바다를 풍성히 즐기요

♻️ #재미의집

환경재단

Environmental Management

Environmental Management System

Directions and Policies for Environmental Management

Directions for Environmental Management

Internal Corporate Direction

Prioritizing the environment in corporate decision-making processes

External Corporate Direction

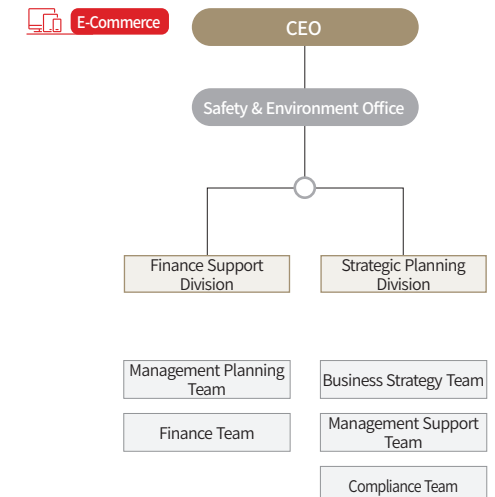
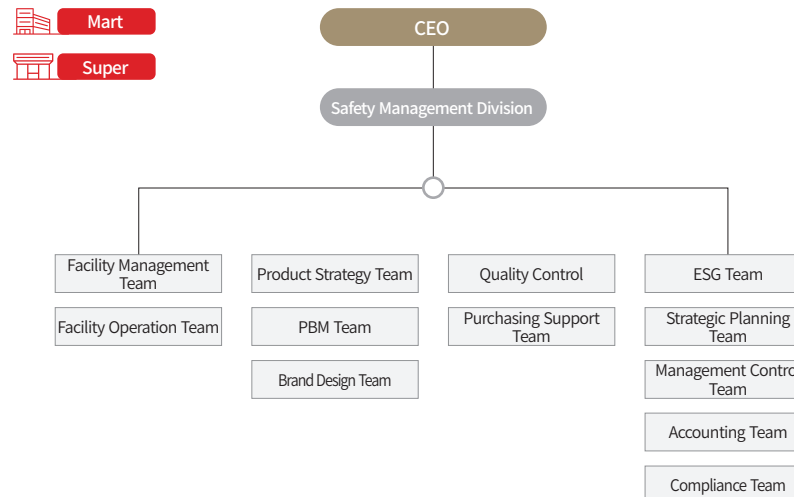
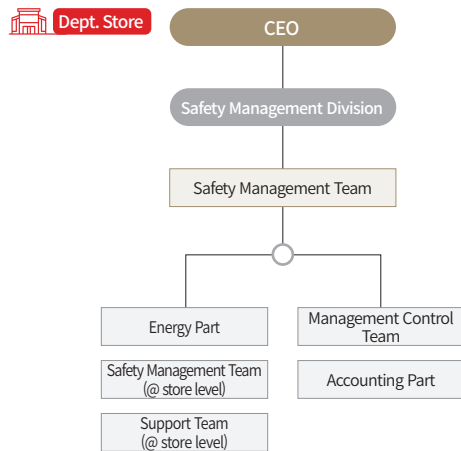
Creating the environmental value necessary for customers, consumers, people, and nature

Policies for Environmental Management

1. Transform the domestic retail market into a more environmentally friendly space through environmental and energy management, positioning ourselves as a global eco-friendly retail company.
2. Provide various environmentally valuable products and lifestyles to customers and encourage environmentally friendly consumption.
3. Lead suppliers in environmental management by sharing our environmental and energy management practices.
4. Proactively work for environmental waste and resource conservation, ensuring continuous environmental improvement activities.
5. Comply with environmental regulations and establish internal standards that are stricter than legal regulations.
6. Create an environmental fund to participate in various environmental conservation activities, in particular, informing customers and society about the importance of the environment through climate change prevention campaigns.

Environmental Management Organizations

LOTTE Shopping has instituted an environmental management organization within each Business Division for systematic environmental stewardship. We manage environmental risks such as greenhouse gases, water, and waste by precisely delineating the roles of each organization and individual in charge and by entrusting the CEO with the responsibility and authority for decision-making related to environmental management.



Environmental Management

Environmental Management System

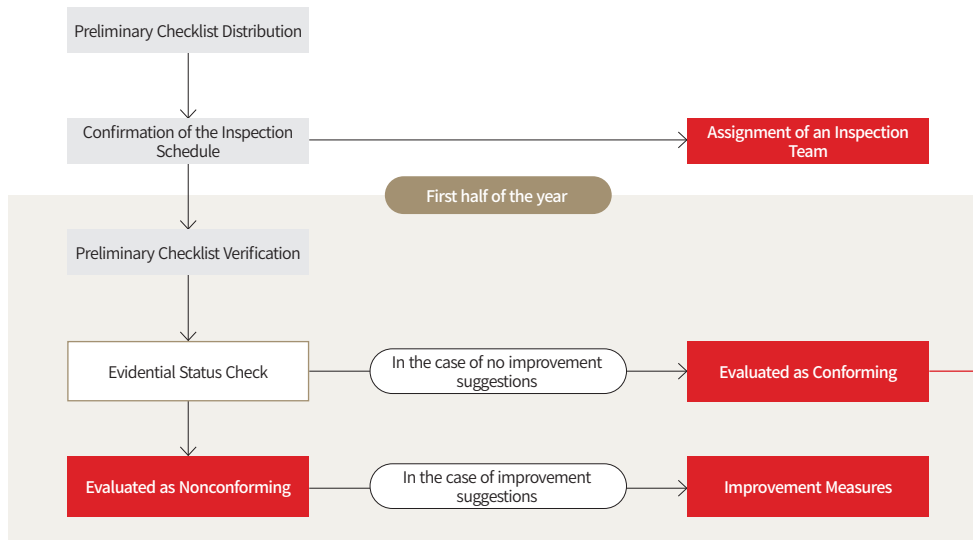
LOTTE Shopping has been championing the value of environmental protection since April 2004, when it became the first in the industry to advocate for environmental value management. All Business Divisions of LOTTE Shopping are committed to minimizing the overall environmental impact of their business activities, and they undertake various environmental preservation activities with stakeholders such as employees, customers, and partners. Furthermore, we perform an internal audit using the system annually, thereby managing potential environmental risks via our robust and specialized environmental regulation response system.

LETS (LOTTE Environmental & Energy Total Service)

LOTTE Shopping consistently examines its environment-related organizations and assesses the performance of environment-related goals set in areas like greenhouse gases, waste, water, water pollution, and air pollution via the LETS (LOTTE Environment & Energy Total Service) system operated by LOTTE Holdings. We manage data semi-annually, in the first and second halves of the year, through the Environmental Management Assessment Team, which boasts experience in environmental work and relevant certifications. We carry out environmental management inspections such as on-site audits each year, and incorporate the outcomes of the assessments into the LOTTE Sustainable Growth Assessment. Notably, LOTTE Department Store has attained an "S" grade in the environmental domain from its inaugural environmental management assessment in 2016 through 2023 and has acted as an eco-friendly promotion task force since 2022, aiding the environmental assessments and benchmarking of other affiliates.

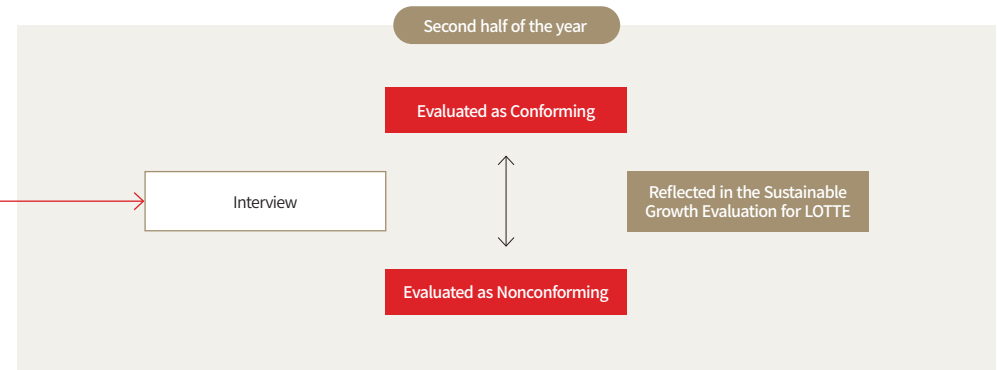
LETS Inspection & Evaluation Process

* Environmental management inspection (risk management improvement activities) → Sustainable growth evaluation for LOTTE



Checklist Items

Possession of environmental management policies and strategies, completion of environmental management training, waste generation management, presence/number of violations of government environmental regulations, professional workforce development, ownership of certification systems, initiative activities, water consumption management, GHG emissions management, energy savings/GHG reduction performance, water quality pollution discharge management, etc.



Environmental Management

Environmental Management System

Environmental Management Goals by Business Division

Dept. Store

LOTTE Department Store is proactively addressing climate change risks by expanding large-scale photovoltaic facilities for self-consumption and conducting efficiency audits on energy-intensive facilities. We aim to replace chillers, boilers, LEDs, and other equipment annually to progress toward our goal of achieving carbon neutrality by 2040. Furthermore, in the medium to long term, we are actively exploring PPAs (Power Purchase Agreements) and green energy solutions in our approach to carbon neutrality. In line with this, we have identified the expansion of large-scale solar facilities for self-consumption and the enhancement of energy efficiency as crucial initiatives, and we are implementing medium- to long-term plans for each task.

Mart Super

Guided by the slogan "Dream Together for Better Earth," LOTTE Mart and LOTTE Super aim to shape a sustainable world in collaboration with a variety of stakeholders, including customers, consumers, executives, shareholders, and partners. To realize this vision, LOTTE Mart and LOTTE Super have set clear objectives and detailed tasks for three major issues: energy, the circular economy, and supply chain ESG. We continuously manage the overall process, including status checks and performance management, during implementation. Through this, we aim to achieve the goal of 2050 net zero and actively contribute to the global response to climate change.

E-Commerce

LOTTE E-Commerce is striving to actualize a sustainable "Green On" by proactively responding to rapidly changing trends in environmental regulations and other issues, and rigorously managing emissions. Key initiatives towards this goal include compliance with environmental laws and regulations and a reduction of energy use.

Environmental Inspection System by Business Division

Dept. Store

In 2022, LOTTE Department Store introduced an SE-FMS (Safety Energy-Facility Management System), an integrated management system for safety, the environment, facilities, and construction data, and tailored it according to the distinct features of the department store division. By meticulously recording and monitoring data related to various facilities, safety, greenhouse gases, and energy, we have established a more systematic and meaningful management system. Moreover, every measuring device is tagged with a unique number and expiration date, enabling the precise measurement of emissions.

Mart

Since the 2018 introduction of the FEMS (Factory Energy Management System), an integrated facility management system, LOTTE Mart has been striving to efficiently operate its business sites by conducting company-wide safety inspections of facilities and optimizing energy use, maintenance, and management. We are also mitigating environmental risks by regularly tracking the energy consumption of each branch and proactively identifying issues.

E-Commerce

LOTTE E-Commerce conducts consistent monitoring and follow-up activities to ensure a robust environmental management system. In accordance with the Environmental Management System Manual, we regularly identify energy usage for each business site and conduct internal activities biannually to minimize environmental impacts and risks.

Climate Change Response

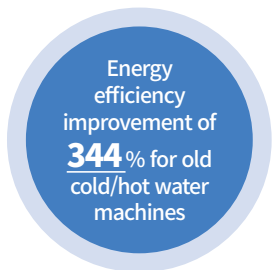
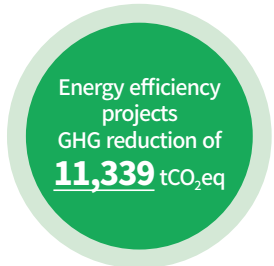
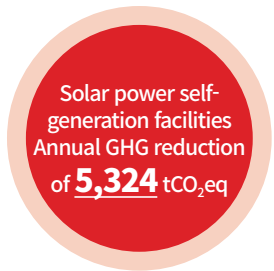
Climate Change Response Strategy

LOTTE Shopping has established a medium- to a long-term strategy to enable each Business Division to actively respond to climate change risks based on unified goals and clear plans. Specifically, we are advancing energy efficiency projects in the short term to contribute to achieving carbon neutrality by 2040, in line with LOTTE Group's eco-friendly vision. For the medium to long term, we are contemplating PPAs

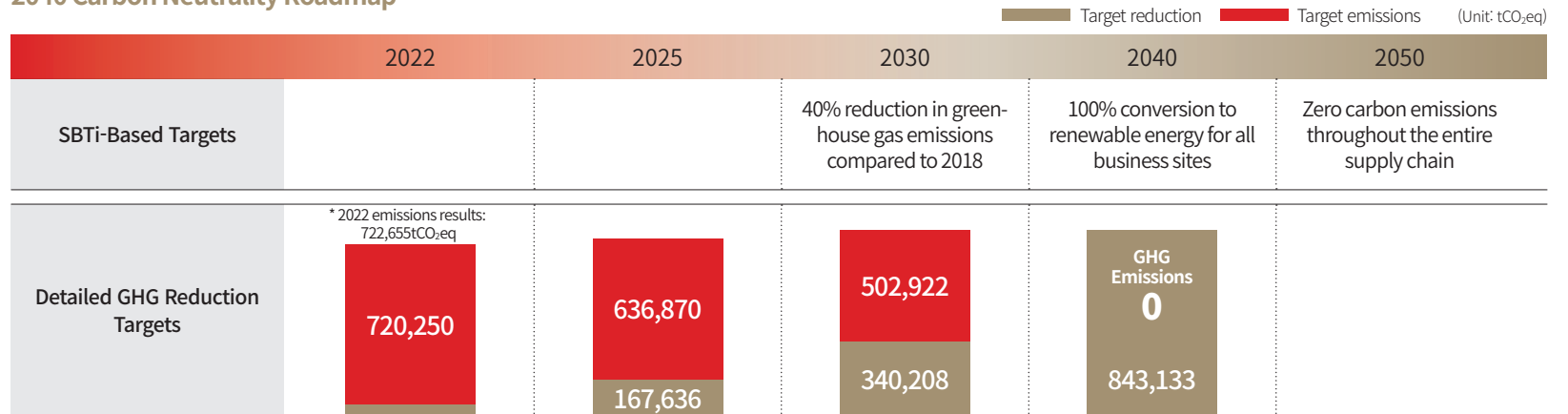
(Power Purchase Agreement¹⁾) and RECs (Renewable Energy Certificate²⁾) to transition to renewable energy and expand eco-friendly businesses. LOTTE Shopping will persist in its efforts to build a sustainable, eco-friendly system by establishing systematic implementation measures.

1) PPA (Power Purchase Agreement) : A system for direct renewable energy purchase contracts between a company and a power generator
 2) REC (Renewable Energy Certificate) : A system for the indirect purchase of renewable energy supply certificates from the KEA (Korea Energy Agency)

2022 Climate Change Response Status



2040 Carbon Neutrality Roadmap



Establishing Reduction Targets in Line with the SBTi

LOTTE Shopping made a commitment to the SBTi (Science Based Targets initiative) in March 2023, the first company in its industry to do so. The SBTi is a globally recognized collaboration that guides companies to set science-based emission reduction targets aimed at keeping the global average temperature increase within 1.5°C. Through the approval of our SBTi targets, we aspire to bring objectivity to our climate change response goals and strategies and to position ourselves as a global carbon-neutral retail company. To achieve this, LOTTE Shopping has amplified its management of scope 3 emissions, with the goal of reducing GHG emissions by 40% relative to 2018 levels by 2030, transitioning to 100% renewable energy for electricity at all business locations by 2040, and attaining zero carbon emissions across all processes, including the supply chain, by 2050. As part of our commitment to leading the industry in contributing to a sustainable environment, we continue to invest in energy infrastructure, including through the installation of solar power generation facilities at local business sites. We manage GHGs produced throughout the distribution process, from raw material extraction to product disposal, and implement measures to reduce them.



Climate Change Response

GHG Emissions Management

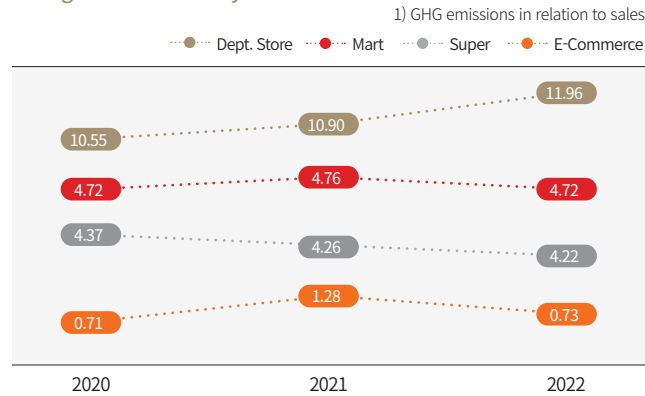
LOTTE Shopping is committed to systematically managing GHG emissions by establishing environmental departments within each Business Division and continuously nurturing environmental specialists. Moreover, we employ the LETS (LOTTE Environment & Energy Total Service) to manage GHG emissions, energy, and water usage. By setting environmental management goals, we consistently monitor the company-wide GHG and energy reduction status and analyze their effectiveness to enhance the management system. We also promote management reductions and investments in high-efficiency facilities to curtail emissions while engaging all employees in discussing countermeasures and tracking progress.



Emissions Status

LOTTE Shopping measures and manages greenhouse gas emissions and greenhouse gas intensity across its various Business Divisions.

Change in GHG Intensity¹⁾ Trends

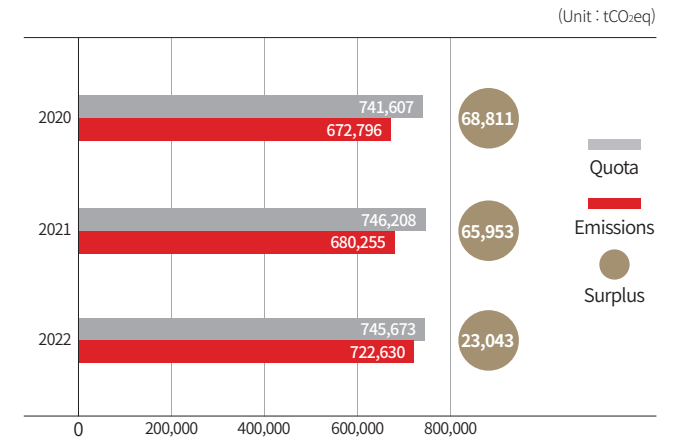


Category	Unit	2020	2021	2022
Direct GHG emissions (scope 1)	tCO ₂ eq	95,208	97,469	101,259
Indirect GHG emissions (scope 2)	tCO ₂ eq	577,588	582,786	621,371
Total emissions (scope 1+ scope 2)	tCO ₂ eq	672,796	680,255	722,630
GHG emission intensity (per sales unit)	tCO ₂ eq/KRW 100 million	6.1809	6.5130	6.8222

¹⁾ In 2021-2022, LOTTE Department Store acquired six branches and opened three new locations.

Sales of Emissions

LOTTE Shopping participates in the K-ETS (Korean Emissions Trading System) as an allocated entity under the Act on the Allocation and Trading of Greenhouse-Gas Emissions Permits. This Act stipulates that if we exceed our allocated GHG emissions allowance, we must purchase emissions credits. Conversely, if our emissions are below our allocated allowance, we are permitted to sell emissions credits. Through our efforts to broaden the application of eco-friendly facilities and minimize our environmental impact, LOTTE Shopping retained 23,043 tons, or about 3.1% of its 2022 allocation and carryover of 745,673 tCO₂eq, and sold 11,587 tons.



Category	Unit	2020	2021	2022
Quota ¹⁾	tCO ₂ eq	741,607	746,208	745,673
Emissions	tCO ₂ eq	672,796	680,255	722,630
Sales Volume	tCO ₂ eq	42,140	23,282	11,587

¹⁾ This reflects the additional assigned amount, assigned amount canceled, and amount carried over from the previous year

Climate Change Response

Energy Consumption Management

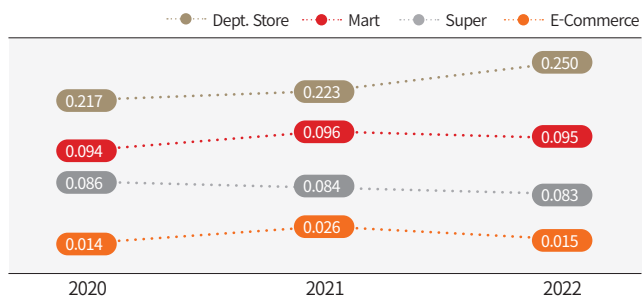
LOTTE Shopping records and manages the status of energy usage for each Business Division on a monthly basis and establishes annual targets and plans for energy usage based on this information. By identifying discrepancies between projected and actual usage and analyzing the causes, we are able to pinpoint areas where energy usage can be reduced and implement suitable reduction activities. Additionally, we are gradually expanding facilities such as solar energy facilities and electric vehicle charging stations to transition to renewable energy.

Energy Consumption

LOTTE Shopping measures and manages the energy consumption and energy intensity of each Business Division.

Change in Energy Intensity¹⁾ Trends

1) GHG emissions in relation to sales



Category	Unit	2020	2021	2022
Electricity	TJ	11,740	11,986	12,752
Heat	TJ	1,650	1,723	1,786
Steam	TJ	204	111	292
Total Energy Consumption	TJ	13,594	13,819	14,829
Energy Intensity (per unit of sales)	TJ/KRW 100 million	0.1249	0.1323	0.1400

* In 2021-2022, LOTTE Department Store acquired six branches and opened three new locations.

Energy Use Management and Reduction Activities

Energy Management System Certification

LOTTE Department Store and LOTTE Mart have both obtained ISO 50001 certification, an international standard for energy management systems. ISO 50001 is a globally recognized certification for energy management systems that encourages organizations to incorporate energy efficiency improvement activities into a comprehensive and systematic management strategy aimed at cost reductions. The energy management systems of our Department Store and Mart Divisions have been recognized as conforming to this international standard.

Dept. Store

All LOTTE Department Stores are considered energy-intensive workplaces (exceeding 2,000 TOE), and to enhance energy efficiency, we commission an energy audit from a specialized company every five years. The results of this audit are used to establish energy improvement plans, invest in upgrades, and implement efficiency improvements over many years.



Management System Certification for LOTTE Department Store

Mart

In 2022, LOTTE Mart participated in the Korea Energy Agency's complementary energy audit project for older private buildings, conducting a detailed assessment of the energy usage at six stores. The audit results helped us identify energy loss factors and analyze the potential benefits of improvements, and these are currently being utilized as reference points when reviewing and implementing facility investment plans.



Management System Certification for LOTTE Mart

Climate Change Response

Energy Consumption Management

Establishment of Energy-Efficient Facilities

LOTTE Shopping conducts inspections and replacements of outdated facilities and constructs energy-efficient infrastructure to reduce energy consumption at business locations across all Business Divisions. Through our energy management system, we also monitor the monthly energy usage at each business site, which helps us establish energy reduction plans and identify and implement improvement measures.

Energy-Efficient Facilities

Dept. Store

In 2022, LOTTE Department Store replaced a total of 10,610 lights in the stores and parking lots of four stores, including Gimpo Airport Store, and repaired 199 outdated inverters in 19 stores to enhance energy efficiency. As a result, we saved a total of 5,557,358 kWh last year, reducing greenhouse gas emissions by approximately 2,591 tCO₂eq. We have replaced seven low-efficiency absorption chillers (with COP 1, Coefficient of Performance) with high-efficiency turbo chillers (COP 6), leading to a reduction of 2,380 tCO₂eq of greenhouse gases.

Super

In 2022, LOTTE Super invested approximately KRW 360 million to replace store lighting at 14 branches and showcase shelf lighting at 44 branches with 12,361 LED lamps, reducing greenhouse gas emissions by approximately 442 tCO₂eq. In 2023, we plan to replace 62 additional branches currently using fluorescent or older LED lighting, as well as upgrade aging refrigeration and heating and cooling equipment.

Mart

From 2021 to present, LOTTE Mart has replaced a total of 134,857 old LED lights in stores, staff areas, and parking lots across all business sites with high-efficiency LEDs for energy efficiency. Consequently, we have reduced electricity consumption by approximately 12,483 MWh and greenhouse gas emissions by 5,926 tCO₂eq, contributing significantly to energy savings and carbon reduction. Furthermore, as a result of replacing 11 old water heaters at 11 branches, the IPLV¹⁾ index, the integrated performance factor for heating and cooling equipment, improved from 0.38 to 1.49, increasing energy efficiency by 344% from an average of only 32%. In 2023, 10 more old water heaters will be replaced. LOTTE Mart will continue to not only save energy but also enhance the shopping environment for customers through ongoing energy efficiency projects.

1) IPLV (Integrated Part Load Value): An efficiency coefficient for cooling and heating facilities; the larger the number, the less energy used



Refrigerated display case doors

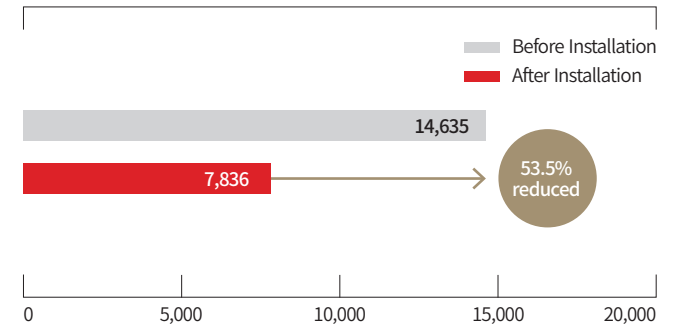
Installation of Showcase Doors

Mart Super

LOTTE Mart and LOTTE Super are proactively preparing for stricter regulations on refrigerated food preservation and distribution temperatures due in 2024. In March 2022, we completed an industry-first pilot project through MOU with the Ministry of Food and Drug Safety, and have established a three-phase plan to replace and install showcase doors. As of March 2023, 5,907 refrigerated showcase doors have been installed across a total of 59 branches (31 LOTTE Marts and 28 LOTTE Supers) to ensure the freshness and safety of products and prevent energy loss due to cold air leakage. In the future, LOTTE Mart and LOTTE Super will continue to install additional showcase doors and replace aging facilities.

Power consumption (Mart)

(Unit: MWh)



Climate Change Response

Establishment of Energy-Efficient Facilities

Renewable Energy Facilities

LOTTE Shopping is striving to build a renewable energy system centered on department stores, marts, and supermarkets, which have physical outlets at their core. Starting with the LOTTE Mart Pyeongtaek Store in 2009, LOTTE Shopping has installed a cumulative total of 90 solar power generation facilities. These facilities harness idle spaces such as rooftops and parking lots at our offline stores nationwide, and we have plans to progressively expand this initiative.

Dept. Store

In 2022, LOTTE Department Store took part in the government's solar facility support project with the aim of reducing CO₂ emissions through the expanded use of renewable energy. This aligns with our commitment to achieving the objectives of LOTTE Shopping's RE:NERGY project, and has led us to sign business support contracts for five stores. In line with this, we completed the installation of solar power facilities at our Gimhae and Dongbusan branches in November 2022. In April 2023, solar power facilities at our Time Villas, Nowon, and Paju branches were completed and are generating energy. The total installed capacity is 897 kW, with an estimated annual power generation of 14,470,775 kW. This will result in a greenhouse gas emissions reduction of 672 tCO₂eq, an effect equivalent to the planting of 4,812 pine trees.



Solar facilities at LOTTE Mart

Mart

LOTTE Mart has been generating 9.2 GW of electricity annually across 51 sites since the inception of the Pyeongtaek branch's solar power plant in 2009. This is sufficient to power approximately 26,000 households, based on a family of four, for a year. LOTTE Mart is contemplating the installation of solar power plants for self-consumption through the government's solar facility support project, and is committed to continually seeking diverse ways to extend the use of renewable energy.

Super

LOTTE Super has installed and operated solar power generation facilities at ten branches and the Singal Central Kitchen Center since September 2021, and has implemented a self-generation facility system that utilizes the energy produced. In 2022, the company generated 13,143 MWh, equivalent to approximately 10.2% of the electricity usage of the stores involved, and successfully reduced greenhouse gas emissions by approximately 618 tCO₂eq.



Solar facilities at LOTTE Super

Electric Vehicle Charging Stations

To cater to the growing demand for electric vehicles and contribute to carbon emissions reductions, LOTTE Shopping is consistently expanding the installation of electric vehicle charging stations. Starting with the LOTTE Department Store Daegu in 2017, we were operating 448 electric vehicle charging stations across 63 stores as of March 2023.



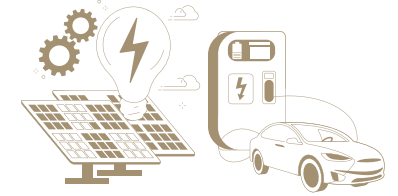
EV Charging Station at LOTTE Mart Cheongna



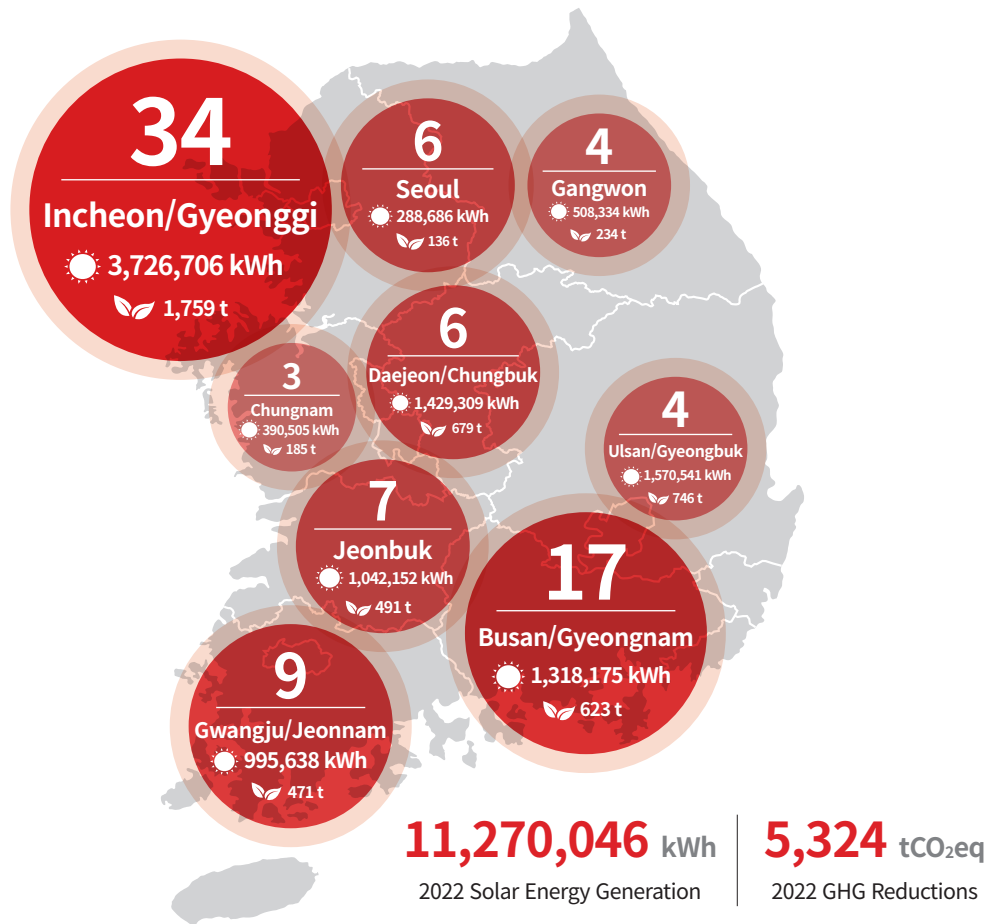
EV Charging Station at LOTTE Mart Gyeongang

Special PAGE _Map of Green

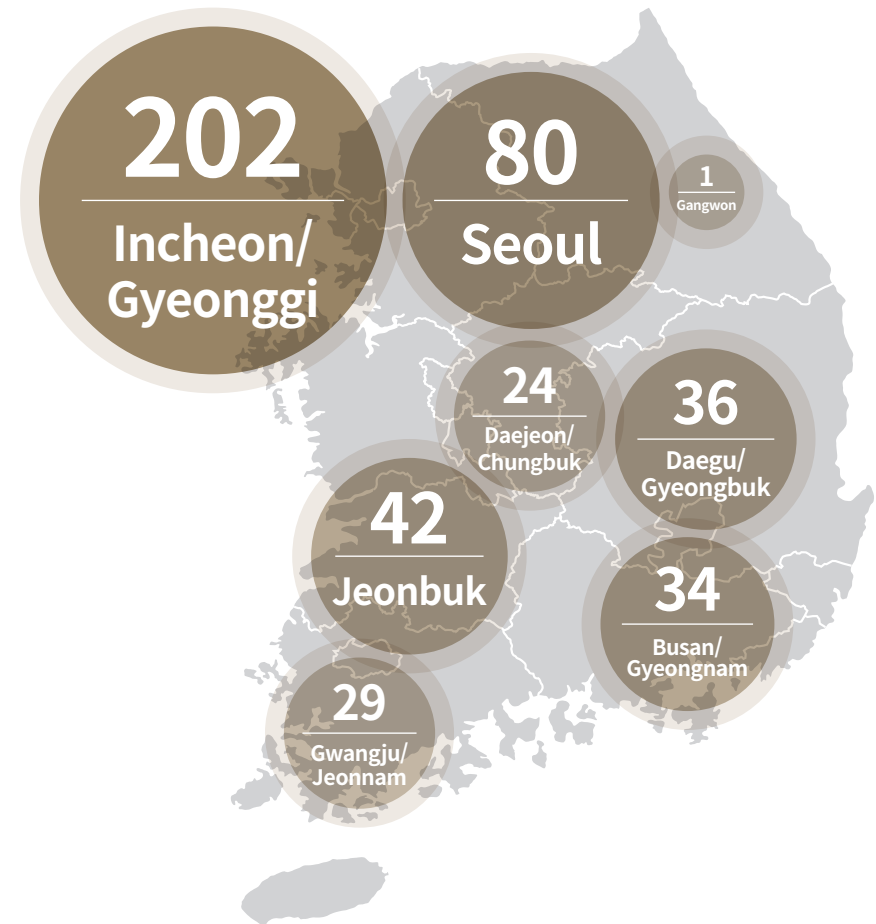
Solar Energy Facilities and EV Charging Station Operation Status



Solar Energy Operation Status



EV Charging Station Operation Status



* Operating status: As of March 2023

* Annual generation and reductions: Based on January-December 2022

* The Gimhae and Dong Busan stores started operating in November and December 2022, respectively. The Nowon, Paju, and Time Villas stores began operating in April 2023.

Circular Economy

Resource Recycling and Sustainable Products

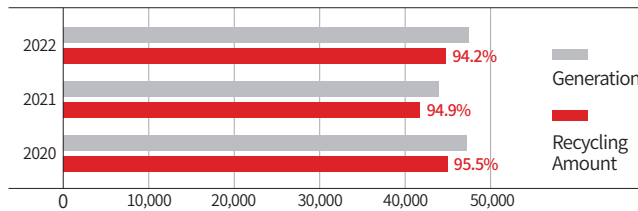
As the largest retailer in Korea, LOTTE Shopping is committed to implementing resource recycling activities to minimize the waste produced throughout the entire process of production, distribution, and sales of products, and to enhance the reuse and recycling of resources. We are steadfast in our efforts to protect the environment through various resource recycling activities tailored to the characteristics of each Business Division and in establishing sustainable management.

Waste Management System

LOTTE Shopping systematically manages the generation and recycling status of waste by business site through state-run Allbaro system. Waste produced at stores is managed by specialized waste treatment companies, and materials that can be recycled, such as synthetic resin, food, waste oil, and waste fat, are actively recycled to minimize waste generation. In addition, taking into consideration the characteristics of the retail industry, we actively utilize digital technologies that can aid in waste reduction, such as by issuing mobile receipts and introducing a mobile payment system.

Waste Discharge Status

(Unit: ton)



Category	Unit	2020	2021	2022
Waste Generation Amount	ton	47,253	43,723	46,975
Waste Recycling Amount	ton	44,532	41,512	44,841
Waste Recycling Ratio	%	94.2	94.9	95.5

Mart

Since 2023, LOTTE Mart has transitioned all paper receipts, price tags, and flyers to digital formats in order to minimize paper waste within its stores. Customers can easily take part in promoting carbon neutrality simply by receiving digital receipts via LOTTE Mart App upon making in-store purchases. Paper price tags, which were previously updated for each product or price change, have also been replaced with electronic versions. Furthermore, as of January 2023,



LOTTE Mart has converted all paper flyers, which had been distributed for nearly 25 years, to mobile forms, thereby saving 130 tons of paper annually. This initiative is tantamount to saving roughly 7,000 30-year-old trees and reducing carbon emissions by approximately 200 tons per year.

Dept. Store

In 2017, LOTTE Department Store introduced a mobile receipt system that enables customers to check their receipts via the department store's dedicated app. As a result, the usage of paper receipts has decreased by 80% compared to 2019, and by May 2022, a total of five million customers had utilized the mobile receipt service, contributing to the reduction of greenhouse gases generated from receipt production and disposal. In order to incentivize the utilization of mobile receipts, we introduced a carbon neutrality action point system for environmental protection in August 2022 and launched the LOTTE Department Review Service. This services rewards 100 L.POINTs for customers posting text reviews, 300 L.POINTs for image based reviews upon receiving mobile receipts, encouraging the use of mobile receipts and enhancing the sharing of shopping experiences. Following its launch in August 2022, approximately 440,000 reviews had been written by March 2023, and in the second half of 2023, we plan to enhance the functionality of the service for increased customer engagement.





Upcycling Workshop

Circular Economy

Resource Circulation and Sustainable Products

Promotion of Resource Recycling

Introducing Eco-Friendly Uniforms



Dept. Store

Beginning with the 2022 winter uniform, LOTTE Department Store introduced eco-friendly uniforms at its department stores and outlets up until the first half of 2023 to offer a small but significant experience and change in every customer's shopping journey. These uniforms, crafted over a four-year span, are made of recycled polyester and regen, fabrics sourced from discarded plastic bottles. An estimated 590,000 discarded plastic bottles were repurposed to manufacture 60,000 uniforms.

590,000
waste

PET bottles

60,000
sets

Eco-friendly
uniforms

Upcycling Project



Dept. Store

In December 2022, LOTTE Department Store initiated an upcycling project in which 18 banners and 9,161 cooler bags were repurposed into merchandise. To create practical products, we partnered with global upcycling brand Nukak to manufacture and sell five types of upcycled goods, including bags and card holders made from recycled banners and cooler bags. These items were also used as rewards to customers at all branches. Throughout the upcycling process, we minimized the use of machinery to reduce carbon emissions and made 80-90% of the products from upcycled materials. We also operated an upcycling workshop as an experiential center where customers could make

three types of upcycled products (book covers, bookmarks, and key rings) using our "Moments in Nature" banner from the summer season, thereby emphasizing the importance of recycling resources.

In 2023, the upcycling project will be expanded from annual to biannual, booths will be available at residential areas as well as stores for retrieval. LOTTE Department Store will continue to endeavor to promoting resource recycling.

Circular Economy

Resource Recycling and Sustainable Products

Promoting Resource Recycling

LOTTE Mart is championing “Dream Together for a Better Earth,” virtuous cycle project for the environment, and 5REs to reduce vinyl and plastic waste in order to address the urgent need to reduce waste in the environmental sector.

Jung-gu RE-Shop Mart

For six months starting in June 2022, LOTTE Mart Yeongjongdo store, in collaboration with Incheon Metropolitan City, operated Jung-gu RE-Shop, a resource recycling base. Jung-gu RE-Shop is a program that encourages households to clean, separate, and bring in recyclables bearing a recycling label, and rewards them with local vouchers based on the weight or quantity of each item. All collected recyclables are guaranteed a 100% recycling rate. As part of a pilot project, LOTTE Mart signed an MOU with the Ministry of Environment, the Korea Environment Corporation, and the local government in September 2022, thereby committing to sustainable resource recycling initiatives for the future.



Jung-gu RE-Shop

Operation of Resource Recycling Facilities Mart

Unmanned Bottle Recycling Machine

Since 2016, LOTTE Mart has installed 32 empty bottle recycling machines across 22 stores nationwide, and collected a total of 28 million empty bottles by April 2023, thereby reducing carbon dioxide emissions by 5,880 tCO₂eq. Given that 7.2 pine trees can absorb one ton of carbon dioxide annually, this effort is equivalent to planting a total of 5,932 pine trees.

Plastic Recyclers

Since December 2021, LOTTE Mart has installed and operated 25 plastic recycling machines in 15 stores nationwide. As of April 2023, a total of 1.9 million plastic bottles (approximately 38 tons) had been collected and recycled through collection companies to produce eco-friendly products.

Instant Rice Container Collection Bins

LOTTE Mart installed and operated collection boxes for instant rice containers from June to August 2022, exemplifying the company’s responsibility for waste generated during product manufacturing and sales. We also launched a campaign that rewarded customers with reward points for collecting containers.



28
million bottle unmanned
collection machines



1.9
million plastic
collection machines

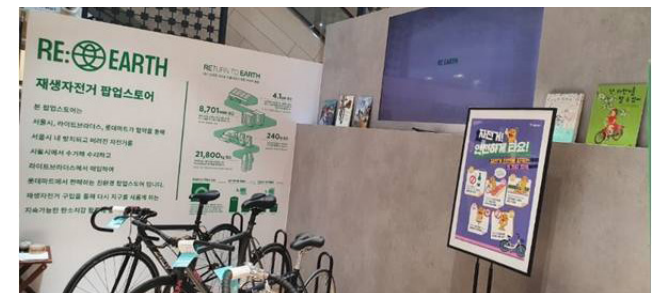


1,161
instant rice container
collection bins

Recycled Bicycle Pop-Up Store Mart

In September 2022, LOTTE Mart Songpa store collaborated with the Seoul Metropolitan Government and Wright Brothers to operate a pop-up store that recycles and sells used bicycles. The project collected neglected and abandoned bicycles to be renewed for sale at self-support centers in Seoul, and was able to sell 77 recycled bicycles over a three-month period, providing these centers with a source of income with this revenue.

In addition, LOTTE Mart encouraged employees to participate in a bicycle commuting challenge to reduce carbon emissions, and offered prizes based on the total distance covered by bicycle throughout the month.



Recycled Bicycle Pop-Up Store

Circular Economy

Resource Recycling and Sustainable Products

Utilization of Eco-Friendly Packaging

Dept. Store

LOTTE Department Store is designing environmentally friendly packaging that takes into consideration not only user convenience but also the entire process from packaging to disposal. When packaging products, we use ice packs made of 100% water, paper shopping bags, and biodegradable roll bags. We are also actively introducing paper-based packaging materials to minimize the use of polystyrene and plastic.

We have created an innovative all-paper fruit basket that doubles as a picnic bag, replaced plastic roll bags with paper ones for packaging raw fruits and vegetables, and shifted to paper bags instead of non-woven bags for dried yellow corvins. In addition, we replaced the polystyrene material in the packaging interiors with eco-friendly pulp, introduced compressed pulp paper trays and biodegradable PLA plastic lids for vegetable packaging, and used eco-friendly biodegradable gel ice packs for meat packaging to minimize waste.

Mart

LOTTE Mart has been continually designing products to minimize waste and implementing activities to reduce in-store waste. We replaced about 900,000 colored PSP packaging materials that were difficult to recycle with colorless ones, and switched from plastic polystyrene to paper for gift packaging for about 139 items. Since 2021, we have changed the packaging of 22 types of our PB (Private Brand) product meal kits from plastic to eco-friendly paper. In 2022, we replaced hard-to-incinerate super absorbent resin cold bags with water-based ones for 85 items.

In addition, we have removed tape and packing straps from self-packaging stands, reducing plastic waste by 133 tons per year. Moreover, for in-store plastic, which is challenging to eliminate due to the characteristics of supermarkets, we standardized and reduced the number of non-standard areas, thereby reducing annual waste by 119 tons in 2022 compared to 2017.



LOTTE Department Store, paper fruit basket



LOTTE Department Store, eco-friendly packaging for holiday gift sets



LOTTE Mart, eco-friendly packaging for holiday gift sets

E-Commerce

LOTTE E-Commerce has initiated an eco-friendly packaging approach that mitigates environmental impact by employing recyclable materials, such as ice packs composed of 100% water, particularly when insulation packaging is not feasible. Furthermore, we launched customer reusable shopping basket delivery, a delivery strategy which curtails the usage of packaging materials for deliveries, in the first half of 2023. Our plans for the latter half of the year include the implementation of face-to-face delivery, an approach that minimizes packaging material usage.



LOTTE E-Commerce, reusable shopping basket



LOTTE E-Commerce, ice packs filled with 100% water

Circular Economy

Resource Circulation and Sustainable Products

Developing and Providing Sustainable Products

LOTTE Shopping is committed to establishing a sustainable distribution system. In our pursuit of developing and supplying sustainable products, we have set our own eco-friendly product standards, and ensure that only products meeting these criteria are circulated. For our private label products, which span the entire process from development to distribution and sales, we generate items that minimize unnecessary waste and are readily separable and collectible.

LOTTE Shopping is also endeavoring to broaden the distribution of products certified by the MSC¹⁾ and ASC²⁾ to safeguard biodiversity. MSC certification is bestowed upon fisheries that comply with three key principles: maintaining sustainable resource levels, minimizing environmental impact, and executing effective fisheries management. Similarly, ASC certification is awarded to aquaculture operations that adhere to the principles of legal and environmentally responsible management and socially responsible management. LOTTE Shopping is augmenting the assortment of MSC and ASC certified products by setting annual targets, and is contemplating potential partnerships with companies carrying MSC and ASC certified items and expanding direct sourcing. In the future, LOTTE Shopping hopes to contribute to the health of its customers and the planet through proactive product research and development, and the expansion of sustainable product distribution.

1) MSC (Marine Stewardship Council)
2) ASC (Aquaculture Stewardship Council)

Carbon Emissions Management Plan for PB Products

Improvement in packaging structure	- Eliminating unnecessary plastic packaging and lids
Improvement in packaging materials	- Replacing PVC packaging with pulp trays - Use of removable stickers for product labels

Eco-friendly Certification Standards

Eco-friendly Certification
<ul style="list-style-type: none"> Products granted the Environmental Product Declaration from the Ministry of Environment Products granted the Global Eco-Label from the Ministry of Environment

Eco-friendly Raw Materials
<ul style="list-style-type: none"> Plant-based/natural foods replacing animal/chemical foods Products replaced with biodegradable raw materials

Eco-friendly Manufacturing Methods
<ul style="list-style-type: none"> Food produced with pesticide-free/organic/eco-friendly methods Ingredients and products produced in eco-friendly manufacturing plants or clean factories selected by the Ministry of Environment

Eco-Friendly Packaging
<ul style="list-style-type: none"> Products where conventional synthetic resin or plastic packaging is replaced with paper or biodegradable PLA (Poly Lactic Acid) packaging. Products that contribute to the ease of recycling and reusable packaging

Other Products with Improved Environmental Performance
<ul style="list-style-type: none"> Products that suppress waste generation compared to conventional products Products that contribute to the environment and health by reducing pollutants and toxic substances Eco-friendly communication within stores (Refill stations, reduction of plastic rollbacks, eco-PET collection bins, etc.)

Handling of Products that Meet Eco-Friendly Certification Standards

Mart		(Unit: SKU)				
Category	Eco-friendly Certification	Eco-friendly Raw Materials	Eco-friendly Manufacturing Methods	Eco-Friendly Packaging	Other Products with Improved Environmental Performance	
PB Products	111	36	4	551	132	
NB Products	423	196	1	432	303	

* As of May 2023

Handling of MSC, ASC Certified Products

Mart		(Unit: SKU)			
Category		2021	2022	2023	2024
MSC Certified Products	Target	-	5	10	15
	Result	4	6	10	-
ASC Certified Products	Target	-	10	15	20
	Result	9	12	12	-

* As of May 2023



ASC-certified airfreighted salmon



Circular Economy

Resource Circulation and Sustainable Products

Developing and Providing Sustainable Products

EDP Certified Products Mart

In November 2022 and January 2023, two items of LOTTE Mart's private label 'Only Price' Mineral Water ECO and two of 'Choice L' save water were acquired EDP certification in acknowledgment of efforts to reduce plastic waste by removing plastic labels and enhancing recycling convenience. A substitution of approximately 40 bottles of 500 ml bottled water per week with label-free bottles can conserve roughly 0.9 tons of waste annually. Notably, Choice L Save Water pledges 10% of its proceeds to children domestically and globally via the international non-profit organization Save the Children, with a donation of approximately KRW 47 million in 2022.

We are currently undergoing a product rebranding process to align with the comprehensive reorganization of LOTTE Mart's private label products, and in 2023, we plan to seek additional EDP certifications for ten items of 'GOOD TODAY', one of our revamped private brands.



Promotion of Green Consumption Mart

LOTTE Mart operates 55 'Green Stores' certified by the Ministry of Environment, encouraging the purchase of 'Green Products' which have a low environmental impact throughout the entire product lifecycle, including the production of raw materials, manufacturing, distribution, usage, disposal, and recycling. Green Products, which aim to minimize the input of energy and resources and the production of greenhouse gases and pollutants, encompass environmentally labeled products, 'GR' (Good Recycling) products, and low-carbon certified products. LOTTE Mart endeavors to increase opportunities for customers to discover and select eco-friendly products with lower carbon emissions and environmental impacts by selling and promoting approximately 200 products every month, including other environmentally certified products that the Ministry of Environment and the Korea Institute of Environmental Industry and Technology have identified to promote green consumption.

Specifically, in November 2022, sales of eco-friendly certified products rose by about 16% compared to the previous month thanks to the 'Let's Buy Green' event, which rewarded customers who purchased 'Green Products' with points.



(Unit : million)

2,959	3,439
October 2022 Green product sales	November 2022 Green product sales
0.61%	0.81%
October 2022 Green product sales ratio	November 2022 Green product sales ratio

* Green product sales results compared to total sales results

Circular Economy

Reduction of Environmental Impacts

Water Consumption Management

Both LOTTE Department Store and LOTTE Mart record the monthly water usage data of all business sites in their proprietary systems to analyze fluctuations in usage compared to the preceding year and month, thereby establishing suitable water usage standards. Additionally, each business site conducts rigorous on-site management to reconcile water usage performance and costs, and through quarterly usage analyses, we draft plans to reduce water usage and devise specific reduction measures.

Water Consumption by LOTTE Shopping (2020-2022)

(Unit : ton)

Category		2020	2021	2022	
Consumption	Water Intake	Water Supply	6,701,569	6,276,315	6,718,444
		Groundwater	322,974	274,936	235,424
	Subtotal		7,024,543	6,551,251	6,953,868
	Recycling Amount	Heavy Water	647,363	645,083	611,860
		Rainwater	25	1,625	824
	Subtotal		647,388	646,708	612,684
Total		7,671,931	7,197,959	7,566,552	

Efforts to Save Water at Business Sites

Dept. Store

LOTTE Department Store has installed wastewater recycling facilities and rainwater cisterns to cut back on water consumption. In total, 13,740 tons of gray water facilities were set up in 29 stores, recycling 558,670 tons of gray water in 2022. In addition, a total of 8,087 tons of rainwater cisterns were installed across 15 stores to conserve water.

Mart

LOTTE Mart has reduced its annual water consumption by implementing wastewater recycling facilities and water-saving toilets. In 2022, we installed wastewater recycling systems at five branches and recycled approximately 50,776 tons of wastewater.

Air Pollutant Management

Dept. Store

LOTTE Department Store assesses and manages air pollutants by designating priority management substances and measurement cycles for each of its 28 branches. LOTTE Department Store assesses and manages air pollutants by designating priority management substances and measurement cycles for each of its 28 branches.

Mart

In the first half of 2022, LOTTE Mart engaged a professional agency to measure the indoor air quality of its stores nationwide. Using the standards from the Indoor Air Quality Process Test Method established by the Ministry of Environment, we assessed indoor air pollutants in a total of 99 large-sized stores and indoor parking lots. We confirmed that all our stores complied with the legal standards.

Social

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Rejoice

Still Life



1.25


2022.3.1

Rejoice



1.25

Rejoice



1.25

Rejoice



1.25

Rejoice

Bullet-proof!



1.25

Rejoice


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1.20

Rejoice

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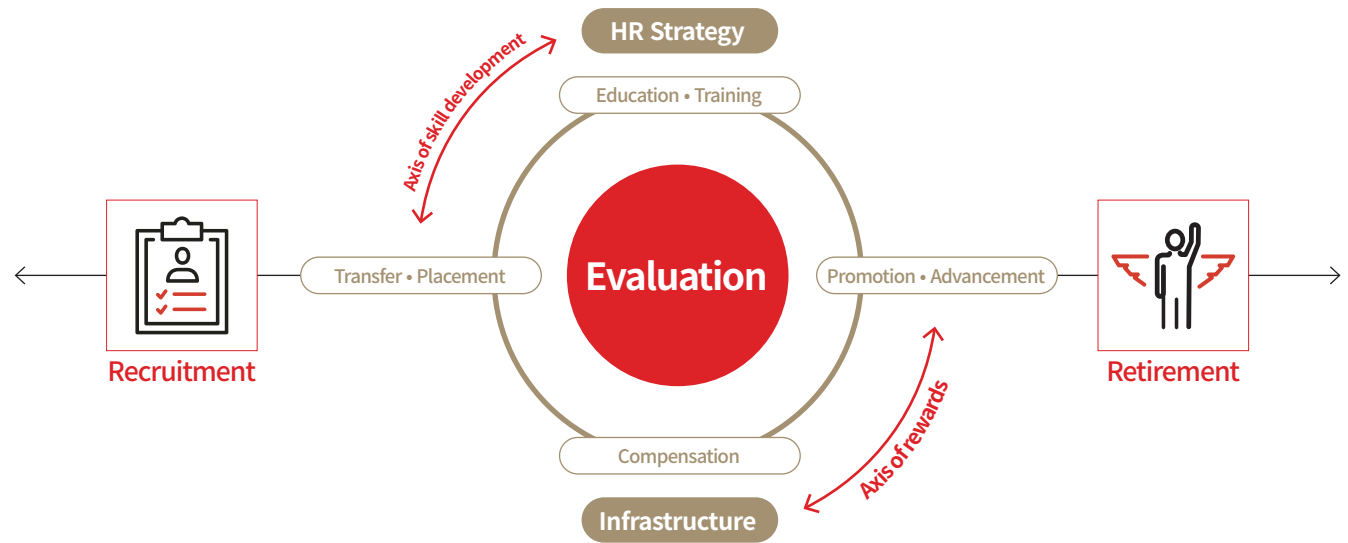
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Employees

Talent Management

HR System

LOTTE Shopping employs a multifaceted human resource management strategy via a comprehensive seven-step HR function process, ranging from recruitment to retirement. Following recruitment, we enhance employees' abilities through effective education, training, transfers, and placements, while ensuring talent acquisition and retention via suitable promotions and rewards. Moreover, we establish detailed indicators for each Business Division annually for every function. This practice enables efficient and timely talent management by capitalizing on the unique characteristics of each Business Division under LOTTE Shopping's integrated talent management system.



Category	Transfer • Placement	Education • Training	Promotion • Advancement	Compensation
Dept. Store	Job Posting / Reflection of personal aspirations through development plans	Management for nurturing outstanding talent / Job and service education	Fairness secured through multifaceted evaluations and discussion-based assessments	Individual salary systems / Compensation based on individual performance evaluations / Cumulative Base Salary
Mart	Predictable transfers / Optimal talent placement	Securing of an excellent talent pool in advance / Strengthened leadership	Enhancement of procedural transparency and acceptability	Establishment of a new salary system / Improvement of trust among members
Super	CDPs (Career Development Plans) considering the employee's career and growth	Securing of outstanding talent and strengthening of capabilities through systematic job competency training	Fairness secured through a performance-based promotion system	Enhancement of employee motivation through a performance-based individual salary system
E-Commerce	Development of employee capabilities and diffusion of job synergy through an internal recruitment system	Achievement of strategic goals and creation of results through educational support and development for capability enhancement	Fair leveling up based on performance and ability	Cumulative individual salary system based on performance and ability

Employees

Talent Management

Direction and Strategy for Talent Development

LOTTE Shopping constantly opens up challenging opportunities for talented individuals who are always learning and growing. We prioritize employees' skills and job competencies over seniority, and strive to cultivate talented employees who can grow alongside the company based on their individual capabilities, performance, and growth potential. To empower employees to navigate their career paths autonomously and mature into experts in their fields, we offer opportunities for diverse business and job experiences through an internal recruitment system and operate the Career Development Program to foster systematic and efficient talent development. We also facilitate internal and external training courses and provide outplacement services for those wishing to maintain their quality of life post-retirement.

Internal Recruitment System



As part of its career development framework, LOTTE Mart has implemented an internal recruitment system. This system enables employees to apply for positions when internal vacancies arise and facilitates their transfer if they are deemed a good fit for the new department and role. By strategically placing talented individuals based on their job passion and competencies, we are enhancing both individual engagement and growth as well as organizational capabilities.

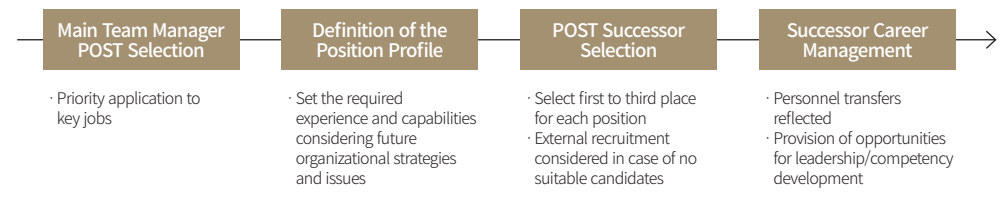
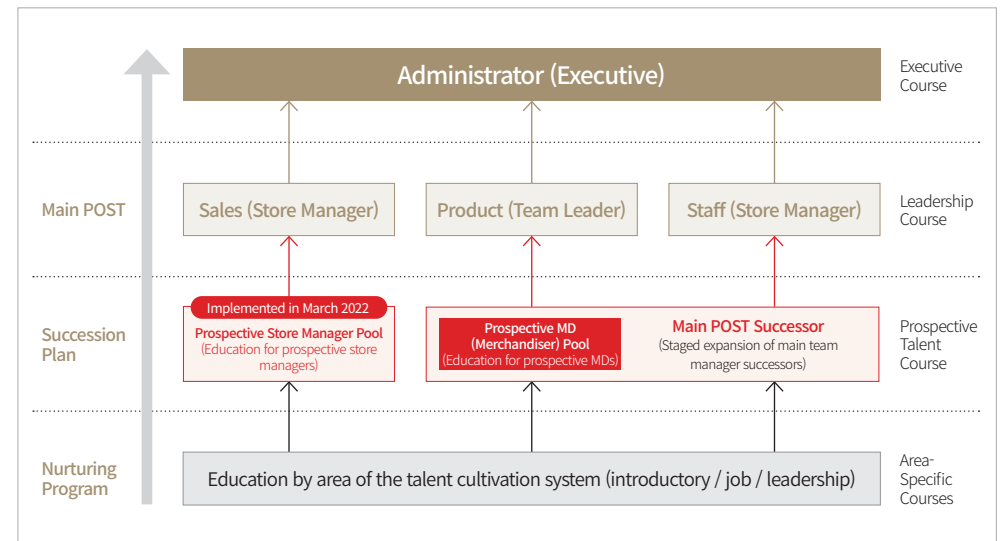
In 2022, we conducted an internal recruitment initiative for a total of 17 job vacancies, successfully placing 32 out of 145 applicants into their preferred roles.

2022 In-house Job Posting Transfer Example

	Previous Position	Capabilities Possessed	Transfer Position
	Head of Branch Sales Support Part	Long customer response experience 2nd class Lifelong Educator certificate	Branch Culture Center Manager
	Branch Manager	High job suitability and clear career vision with a major in management	HQ Financial Department Manager
	Branch Support Store Manager	Long experience in alcohol-related jobs 1st class Wine Sommelier certificate	Specialized Wine Brand Shop 'BOTTLE BUNKER' Manager

Succession Plan

LOTTE Mart has conceptualized and implemented a succession plan for the selection of key roles. With the objective of identifying and bolstering mid- to long-term growth engines through the pre-selection and nurturing of critical talents, LOTTE Mart designates managerial positions within key functions as crucial posts and systematically manages them from selection to career development.



Employees

Talent Management

Outplacement Support Service

 Dept. Store

LOTTE Department Store offers outplacement support services to retirees and potential retirees aged 50 and above. Through a contract with a specialized education agency, we offer career planning education, counseling on employment and entrepreneurship, and employment linkage programs to help retirees proactively plan for their future and alleviate their concerns. We aim to provide superior outplacement support services by delivering over 16 hours of content, exceeding the legal standard for career planning education, and funding additional self-development expenses or supplementing more counseling sessions. Consequently, 41 out of a total of 67 participants utilized the program in 2022.

 Mart

In association with an education company specializing in outplacement support, LOTTE Mart offers online education and counseling to retirees and potential retirees, with a focus on career planning and job placement. The curriculum includes change management, life planning, and career planning tailored to retirement, and helps participants establish a future mission and vision based on their individual traits and set mid- and long-term career and life goals. For those wishing to return to the workforce, we offer information to help them set career development directions and objectives based on their recent experience and to obtain the appropriate training. As a result, out of a total of 389 applicants in 2022, we offered career planning programs (201) and job placement programs (4) to 205 applicants, and one of the job placement program participants successfully reentered the workforce.

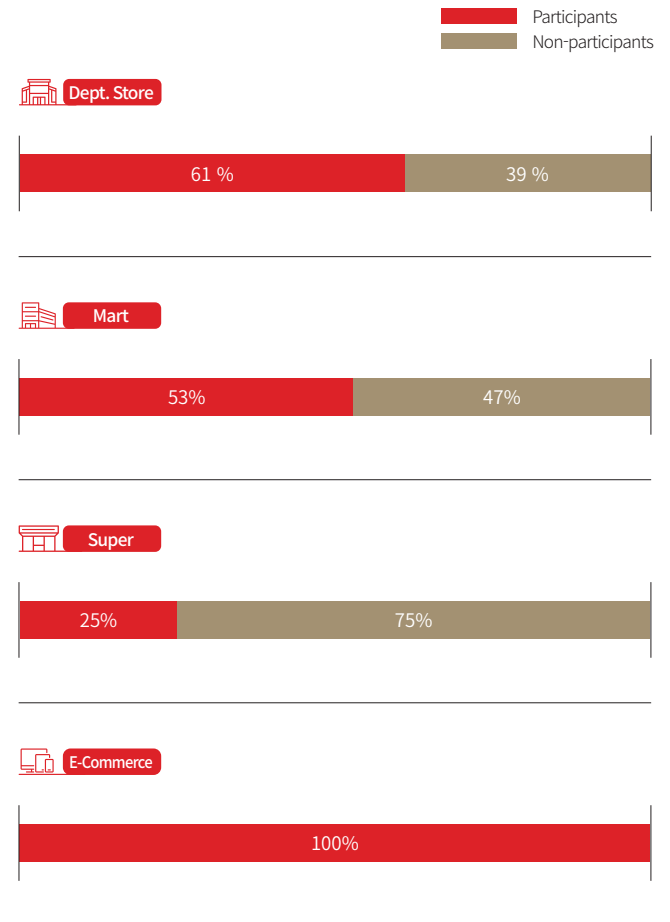
 Super

In partnership with a specialized education agency for outplacement support, LOTTE Super delivers online education and counseling to retirees who have reached retirement age and closed stores, with an emphasis on career planning. The curriculum includes change management, life planning, and career planning adapted to the retirement period, and assists retirees in forming future missions and visions based on their personal traits, and in establishing mid- and long-term career and life goals. Consequently, out of a total of 427 applicants in 2022, 108 participants enrolled in the career planning program.

 E-Commerce

LOTTE E-Commerce operates the Executive Outplacement Program for executives who have retired from their regular positions, with the goal of helping them successfully transition jobs, switch careers, or design their future. We offer consulting programs and training programs in diverse areas such as start-ups, life planning, and hobbies to facilitate an active and proactive life post-retirement. As a result, in 2022, we conducted a program for one executive who retired that year and successfully found reemployment.

Status of Outplacement Support Service (2022)



Employees

Talent Management

Recruitment Policy and Process

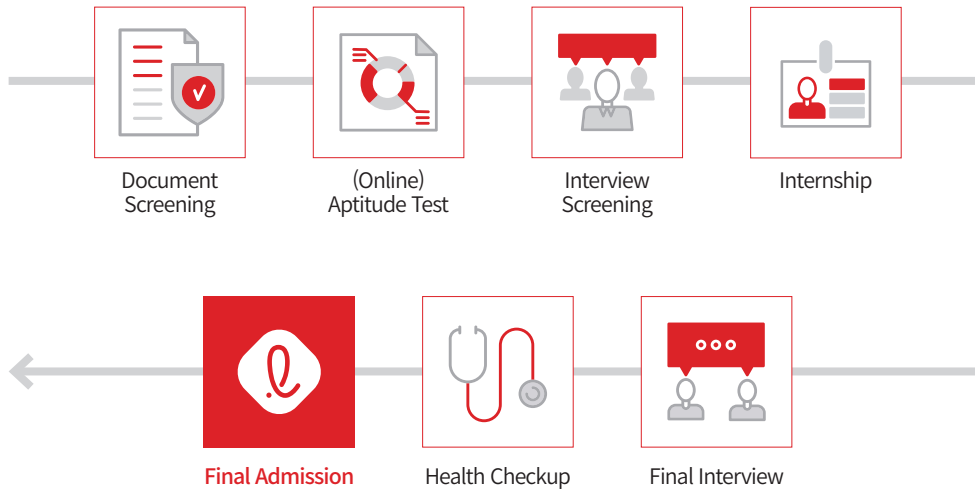
As a leading retailer in Korea, LOTTE Shopping is committed to acquiring exceptional talent with the expertise to spearhead sustainable innovation and growth. To this end, we are constantly innovating our recruitment process to ensure that it reflects contemporary needs based on our accumulated experience and so that we

can identify the core talents required by LOTTE Shopping. At the same time, by establishing and implementing a systematic and reliable system, we are fostering a fair recruitment culture to enhance our competitiveness in acquiring top-notch talent.

Always-on Recruitment Process

Since 2021, LOTTE Shopping has operated an always-on recruitment system to ensure the timely hiring of highly qualified professionals.

Recruitment-Linked Internship Procedure



Changes in the Composition of Interviewers



LOTTE Department Store and LOTTE Mart are altering the composition of interviewers to reinforce merit-based recruitment and attract new talent with fresh growth engines. Contrary to the past practice of including executives with 10 or more years of experience as interviewers, the company now incorporates MZ generation employees with three to five years of experience as interviewers.

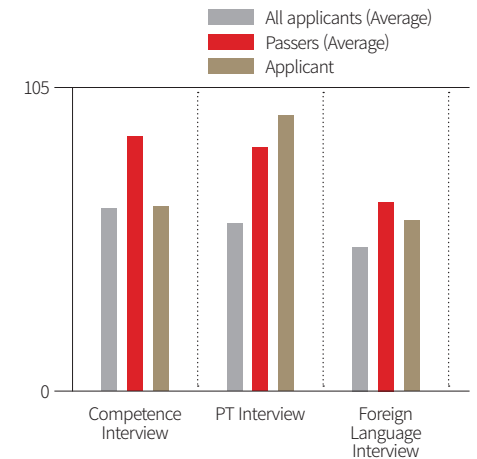
In addition to the group-level interviewer training program, less experienced employees receive pre-interview training to improve their competency and guarantee fairness. In addition, in the case of recruitment screening for experienced positions, the interview process is conducted by the relevant department, rather than the HR team, to align with the nature of the screening.

Feedback for Unsuccessful Applicants



To guarantee fairness in the recruitment process, LOTTE Department Store and LOTTE Mart offer feedback to unsuccessful candidates based on undistorted results.

When accessing recruitment outcomes, we provide graphs depicting the overall average, the successful applicants' average, and the individual applicant's score by interview type so that candidates can review the details personally.



Employees

Talent Management

Position and Job Competency Enhancement

LOTTE Shopping implements various institutional supports and programs to augment the abilities of its employees. Based on a systematic education system, we afford diverse opportunities for positional and job training to ensure our employees are equipped with the right skills for their positions and jobs and have the ability to promptly adapt to changing times. In 2023, we are preparing to achieve more significant growth and performance through the enhancement of LOTTE Shopping's internal and external education system.

 Dept. Store

Overseas Insight Tour_LOTTE Department Store

Given the importance of trend sensitivity in the retail industry, LOTTE Department Store conducts an overseas insight tour program for its employees, with a total of 48 employees participating as of 2022. The aim of the program is to allow employees to experience various retail channels, including overseas department stores.



Overseas Insight Tour of LOTTE Department Store

 Dept. Store

LOTTE Department Store provides training for each position/job based on a structured training system to strengthen employee capabilities, and strives to ensure that overall training system functions in alignment with LOTTE Group's training programs. In particular, in addition to position and job training, we operate self-development support programs such as external MBAs and foreign language learning to cultivate core talent, and the LOTTE TED program to foster learning and growth through employee interactions.

Position & Job Training	Core Talent Training
<ul style="list-style-type: none"> · Training for new store managers · Sales-related job training (sanitation, sales data processing, online commerce, etc.) · Linkage with external job-related education · Leadership program · Professional job training 	<ul style="list-style-type: none"> · Support for external MBA education programs · Support for self-development of high-potential leaders · In-house foreign language program

 Super

LOTTE Super is dedicated to bolstering the competency of its managers to ensure that each store nationwide can consistently deliver quality products and services. Given the extensive range of managerial areas and responsibilities of our regional and store managers, we offer training on comprehensive store operations and management, safety and health, and effective utilization of data and systems.

Position Training	Enhancing Skills for Key Positions to Achieve Business Strategies
<ul style="list-style-type: none"> · Store operation management training for store managers · Store manager trainee program · Strategic talent development (Job Candidates) via the outsourced corporate university 	<ul style="list-style-type: none"> · MD (merchandiser) skills enhancement training · FC (franchisee) skills enhancement training · Store manager capability enhancement training (division manager, family position) · System academy · Education for safety and health officials

 Mart

LOTTE Mart endeavors to provide systematic management and training to enable each of its stores nationwide to consistently deliver quality products and services. As such, in 2022, we identified the MD, sales, and fisheries sections as core functions, and provided targeted training to enhance the practical competencies and overall store operation skills of relevant employees. We also organized training programs for emerging team leaders and store managers to bolster their leadership capabilities, and conducted a two-day workshop for executives to impart more advanced leadership skills.

Job Training	Position Training
<ul style="list-style-type: none"> · Training on the stabilization of store support operations · Sliced raw fish academy · Senior Assistant level sales expert Manager level qualification course 	<ul style="list-style-type: none"> · New employee orientation · New team leader program · Leadership coaching and interview skill-up workshop · Training for prospective store managers

 E-Commerce

LOTTE E-Commerce offers a diverse array of training programs to enhance the capabilities of its CMs (Category Managers) and MDs (Merchandisers). We also operate the knowledge-sharing program 'Time to Change LOTTE E-Commerce', where seasoned professionals pass on their expertise, skills, and know-how, to strengthen employee competitiveness in the rapidly evolving E-Commerce market.

Job Training	Time to Change LOTTE E-Commerce
<ul style="list-style-type: none"> · Sales management standard report training · Advanced BIZ training · Understanding the advertising business · Seller-specific sales training based on responsiveness · Identifying legal issues · Understanding 3P in One Day 	<ul style="list-style-type: none"> · Logistics innovation according to the growth timeline · E-Commerce branding, going beyond connections to building relationships · Adding a spoonful of AI to LOTTE E-Commerce · Understanding online grocery malls · How much do you know about UX/UI? · Getting a glimpse of the future at CES 2023

Employees

Talent Management

Educational Infrastructure

EZ Learning

Through EZ Learning, LOTTE Group's online education platform, LOTTE Shopping empowers employees to complete mandatory training as well as individually selected training programs without any constraints on time or location. Over 2,000 courses are available for all employees, including courses on management, DT, humanities, reading, and foreign languages by telephone, and learning progress is evaluated through various methods such as target progress rates, online tests, and the submission of assignments.



Support for External Courses

Beyond operating an in-house education system, LOTTE Shopping provides financial support, covering tuition and certification fees, for employees seeking to pursue external education programs.

Dept. Store

LOTTE Department Store selects candidates for external training support based on whether the training will enhance the individual employee's job skills and create opportunities for knowledge sharing within the company.

Mart

LOTTE Mart encourages all employees to invest in their own professional development by supporting payment and applications for external training, seminars, and books relevant to their roles. We also provide resources for executives to invest in self-development in order to foster their leadership qualities and skills.

Super

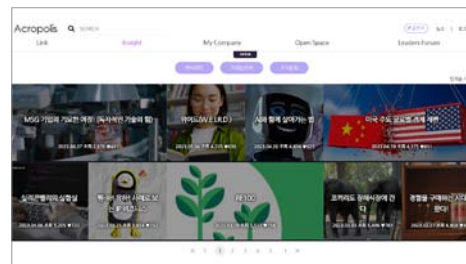
LOTTE Super defines MD and online positions as crucial to achieving our business strategy, and offers support for external education to build professional competencies. Candidates are selected based on their potential for growth through education, with support provided for learning expenses, textbooks, and examination fees. Additional benefits, such as job qualification allowances and personnel transfers that take into account preferred roles, are provided to boost motivation for self-directed learning.

E-Commerce

LOTTE E-Commerce provides a self-development grant of up to KRW 1.5 million per year to encourage the job-related upskilling of employees and widen educational opportunities. This grant is available to all employees and covers both online and offline training and certification examination fees related to their roles.

Acropolis

LOTTE Shopping offers approximately 760 courses to all employees through Acropolis, LOTTE Group's online education platform. Acropolis also serves as a hub for company-wide announcements and business division-specific news, and provides lectures on trends designed to broaden employee perspectives. Acropolis has improved the learning experience by providing videos tailored to each Business Division and position according to the learner's account information.



Outsourced Corporate University

LOTTE Shopping operates the Outsourced Corporate University System, an industry-university collaboration, to facilitate the attainment of four-year bachelor's degrees. All employees, irrespective of their contract type, are eligible, and as of November 2022, 38 employees were newly enrolled.

Employees

Talent Management

Fair Performance Evaluation and Compensation

LOTTE Shopping is committed to establishing a credible and equitable compensation system based on fair and transparent evaluations. To this end, we are diversifying our evaluation methodologies and implementing a role-oriented position system and a performance-oriented individual annual salary system.

Dept. Store

Besides regular biannual performance evaluation, LOTTE Department Store employs an OKR (objective key result) system that records goal progression and facilitates regular feedback. We also conduct regular HR reviews twice a year. During these reviews, we provide multifaceted results and coaching through a 360-degree evaluation system, which includes peer evaluations and leadership evaluations where team members assess the head of their organization. The peer evaluation, in particular, boosts acceptance of the evaluation results by enabling the evaluated individual to select their evaluators, and feedback is provided under the categories of Continue, Start, and Stop to foster personal growth. By recording work performance through the OKR system and gathering evaluation feedback on a continual basis, we strive to guarantee fair and reasonable evaluations where employees are evaluated across periods of high performance as well as for consistent performance processes and outcomes. The results of these evaluations are consolidated to determine each individual's salary grade, with high-performing employees who are awarded a higher salary grade receiving a pay increase irrespective of a promotion.

Super

LOTTE Super invites appeals for individual performance evaluation to continuously enhance its evaluation system. By allowing individual appeals against evaluation outcomes and transparently communicating the results of deliberations, we are enhancing the consistency and trustworthiness of evaluation results. Beyond appeals, we actively solicit constructive feedback from employees regarding evaluations and incorporate their perspectives into the system. Alongside evaluation ratings, we also provide other comprehensive information, such as details on the evaluators, evaluation scores, and percentile rankings for each evaluation cycle. On top of that, our compensation structure is tied to individual performance. We determine annual salary increases based on internally established standards that are correlated with performance evaluations. We strive to cultivate a work environment where employees feel motivated and engaged through the implementation of cumulative annual salary increases.

Mart

LOTTE Mart conducts feedback interviews with all employees during the personnel evaluation process. Rather than simply communicating the results, we secure each employee's acceptance of the results by identifying their strengths and areas of improvement in their work capabilities and providing them with opportunities for growth through coaching. We also provide evaluators with specific checklists along with interview guides to ensure the interviews are both structured and empathetic. To achieve this, we define leader competencies as operationalizing, problem-solving, sharing, empathizing, and being accountable. We use supervisory assessments to diagnose a leader's competencies, identify discrepancies between how they perceive their leadership style and how other perceive it, and provide feedback to help them recognize their strengths. Moreover, we offer leadership coaching to assist leaders in modifying their thought processes and behaviors in the desired direction and fostering their potential, with the results of this assessment also serving as a reference for personnel decisions such as promotions and appointments.

E-Commerce

LOTTE E-Commerce has moved away from the traditional position system and operates a role-oriented level system and a performance-oriented individual annual salary system, and uses an OKR-based performance management system aimed at achieving organizational goals. We set ambitious goals and evaluate efforts based on OKRs, and foster healthy, proactive, bidirectional feedback through one-on-one meetings between leaders and team members. We also operate a talent review system where multiple evaluators discuss the results of the primary evaluator's evaluation during the evaluation process. We ensure fairness in the evaluation process through frequent feedback based on OKRs and the talent review system. Evaluations are conducted in an absolute manner, with high-performing employees being rewarded more generously. We also recommend/select promotion targets based on the evaluation results and the degree of role performance for each level. We support the rapid growth of employees without being bound by traditional service lengths such as past promotion years.

Special PAGE

OKR-Based Performance Management System

In 2022, both LOTTE Department Store and LOTTE E-Commerce transitioned from the traditional KPI-based performance management system to an OKR-based performance management system. The goal is to foster a new work culture where employees understand the organization's purpose and work towards it, and this change will help them internalize this new culture. LOTTE Department Store has consistently upgraded its internal system while sequentially introducing new systems, beginning with the implementation of the Continuous Performance Management System in 2019, to ensure fair performance evaluations. Through the continuous performance system, evaluators provide a score on a seven-point scale as well as feedback on each individual's ongoing performance, and this is referred to during evaluations to improve objectivity and reliability. In addition, through our goal-setting system, we have endeavored to ensure that employees who carry out tasks and achieve results in line with their objectives receive excellent evaluations. Through these processes, we have adopted the OKR system, which acknowledges the significance of goal-setting and performance management for fair evaluations.

39,000

Number of OKR system feedback entries for department stores in 2022

Dept. Store

LOTTE Department Store's OKR system is a performance management tool that tracks the progress of tasks in alignment with objectives, and it tailored specifically to suit the dynamics of department stores. Organizational leaders establish OKRs for their respective units, share work progress with their team members through the OKR progress rate, and offer insights and directions for work through OKR comments and continuous performance feedback. Moreover, via the evolved HR system, employees can intuitively review the goals and progress of their organization, thereby enabling them to plan their future tasks in line with the set direction. By managing tasks according to set objectives, LOTTE Department Store aims to enhance work efficiency and lay the groundwork for cultivating a goal-oriented work culture.

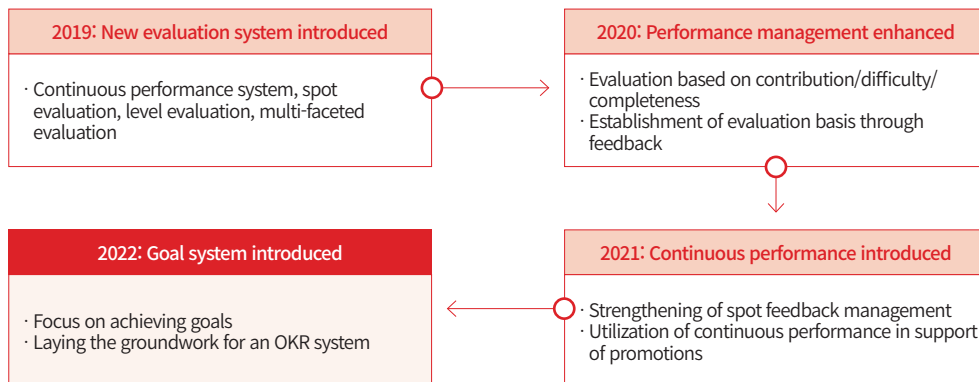
Through the OKR system, we can evaluate not only individual work performance but also the organization's goal management status. Based on this information, we are endeavoring to establish a system for more transparent and fair performance evaluations. We will persist in our efforts to establish just performance evaluations and systems to ensure that LOTTE Department Store employees receive appropriate compensation based on their performance.



E-Commerce

In order to successfully implement the OKR-based performance management system, LOTTE E-Commerce generates and disseminates monthly OKR content and emphasizes internalizing the system through CFR 1on1 activities. CFR stands for conversation, feedback, and recognition, and CFR 1on1 activities involve one-on-one interactions with leaders, ensuring that the introduction of the OKR system fosters growth among E-Commerce employees. To facilitate impactful CFR 1on1 activities, LOTTE E-Commerce issued a communication guidebook to leaders and conducted an organizational culture survey to gauge changes in work styles and CFR status due to the introduction of the OKR performance management system. The results were shared company-wide to identify areas for improvement. Looking forward, LOTTE E-Commerce will continue striving to enhance the organizational culture of the entire company, and transcend shifts in work styles by aligning and sharing individual and organizational goals through the OKR-based performance management system.

History of Constructing the Department Store Performance Management System



Employees

Building a Value-Creating Culture

In pursuit of robust performance, LOTTE Shopping is committed to developing resilience to navigate the future amidst rapidly changing conditions. Anchored by the belief that a company's future is contingent on its people, we aspire to evolve into a company that fosters greater and innovative value creation centered around human resources, corporate culture, and leadership. To this end, LOTTE Shopping is actively contributing to the establishment of LOTTE Group's distinctive value-creating culture, which enhances employee satisfaction through respect for diverse lifestyles, fosters corporate value through the amalgamation and innovation of various ideas, and drives social value through mutual growth with a spectrum of stakeholders.

In a bid to create a conducive work environment, we are working towards developing an organizational culture that fosters seamless communication across generations and offers ample opportunities for all employees to address existing organizational challenges and set them as improvement tasks for the future. In addition, we scrutinize the operational status and efficacy of various systems and programs implemented by LOTTE Shopping and proactively incorporate employee feedback obtained through various communication channels such as satisfaction surveys and interviews. LOTTE Shopping will continuously strive to provide positive experiences for its employees, thereby igniting the impetus for individual and organizational growth.

Value-Creating Culture

SHARED HEARTS CREATE VALUE

Creation of Employee Happiness	Creation of Corporate Value	Creation of Social Value
<ul style="list-style-type: none"> · Pursuing happiness through the formation of positive relationships between work, colleagues, and the organization · Promoting various activities to improve employee satisfaction in the areas of employment, welfare, education, working environment improvement, work and life balance, grievance handling, etc. 	<ul style="list-style-type: none"> · Generating substantial results based on efficiency and innovation · Promoting LOTTE's growth through innovation in working styles suited to industry characteristics and business environments 	<ul style="list-style-type: none"> · Pursuing coexistence with various stakeholders through fulfillment of social responsibilities · Committing to our duties and roles as a corporate citizen and the certainty that such efforts will return as trust

Diagnosis of Value-Creating Culture

LOTTE Shopping conducts an annual survey to diagnose the value-creating culture of its employees. By discerning the current status of such culture in each Business Division and gauging the level of awareness among employees, we are endeavoring to strengthen our foundation for sustainable value creation in the future.

Department Store	Mart	Super	E-Commerce
81.0 points	75.0 points	67.2 points	76.3 points
(+2.1 pts yoy)	(+4.5 pts yoy)	(+1.2 pts yoy)	(+4.2 pts yoy)

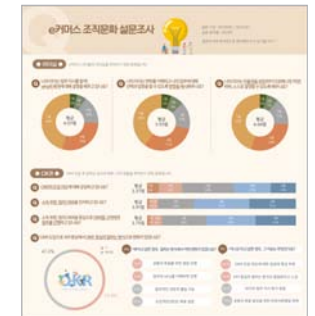
E-Commerce

LOTTE E-Commerce conducts an E-Commerce organizational culture survey each year with the aim of leveraging the survey results to enhance the system. We garner employees' opinions on leadership, OKRs, and organizational culture, and implement improvements that align with needs in the field.

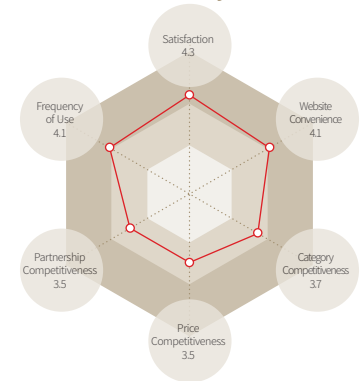
FGIs (Focus Group Interviews) for Welfare System Improvement

Dept. Store

LOTTE Department Store actively incorporates employee feedback into the administration of its business and welfare systems for ongoing improvements. In 2022, we conducted written surveys and face-to-face interviews with a randomly selected focus group composed of 15 employees who utilize the online welfare mall, spanning various genders, ages, and job categories. This was done to assess the status of welfare mall usage and gather improvement requests, and the results were reflected in the 2023 operation plan for the welfare mall. Moreover, in order to broaden the scope of LOTTE Department Store's products and services that are experienced firsthand by employees, thus allowing them to provide meaningful feedback in areas such as merchandising, customer service, and content development, we revamped 'ENURI 2.0', the employee discount system. This was based on the high level of satisfaction with and increased usage of the employee enrichment program, which was initially implemented for a limited time.



Results of the Welfare Mall Satisfaction Survey



Employees

Building a Value-Creating Culture

Organizational Culture System



Dept. Store

In-house Uniform Model / EMO(Everywhere is My Office)

LOTTE Department Store has been running an in-house uniform modeling initiative since 2022 aimed at promoting employees' sense of belonging and engagement within the organization. Under the umbrella of the RE:EARTH campaign, we unveiled uniforms fashioned from eco-friendly materials, and chose employees of various ranks and ages to showcase these uniforms in our lookbooks and promotional videos. We also implemented the EMO (Everywhere is My Office) program, which gives employees the opportunity to explore new spaces such as exhibitions, museums, and concerts each Wednesday to rejuvenate and garner insights.



Mart

Inside Out: A Closer Look

LOTTE Mart is committed to fostering an organizational culture where the CEO directly shares updates on the company's status, goals, and detailed execution plans with employees across the organization. In the first half of 2022, we produced a video titled "Inside Out: A Closer Look" wherein we disclosed LOTTE Mart's first-half performance and shared updates and future plans for improvement. Through this video, employees were able to gain insight into the company's current objectives and goals, as well as its mid-to-long-term aspirations, which fostered empathy and provided a clear direction for their tasks. Based on its belief that a clear understanding of goals and tasks leads to enhanced collaborative abilities and performance improvement throughout the organization, LOTTE Mart is committed to nurturing a communicative culture within its operations with the aim of generating strong performance through transparent information sharing with employees.



Super

Imgwidanggwi (King's Ears are Donkey's Ears) Program

In its pursuit of a dynamic workplace culture, LOTTE Super offers a variety of events and programs for all employees through the in-house "Imgwidanggwi (King's Ears are Donkey's Ears)" bulletin board to stimulate a vibrant work environment. In 2022, we orchestrated seven programs, including "Tell Me What You Want," "Share Your Own Recipe to Beat the Heat," and "Share Your Own Tips While Working." These programs saw the active participation of a total of 3,290 employees. Moreover, we designate the second Friday of each month as an interactive day for employees, providing them with an opportunity for self-development and enhancing their work motivation.



E-Commerce

Town Hall Meeting

LOTTE E-Commerce is dedicated to establishing a culture of horizontal and autonomous communication among employees and building an organizational culture that is proactive and growth-oriented by strengthening employee engagement. We conduct town hall meetings reflecting the characteristics of each department, and aspire to enhance understanding and engagement within the organization by transparently sharing our management issues and business strategy directions, and facilitating two-way communication on pre-collected survey questions. Recognizing the decrease in inter-employee contact due to the COVID-19 pandemic of the past three years and the autonomous work culture of E-Commerce, we have been conducting efficient face-to-face communication in 2023. In a bid to foster more face-to-face interactions, we organized the "On and the Family" event during Family Month. We further expanded face-to-face engagement through HR BP (Business Partner) activities, including direct CEO meetings, to convey the company's strategic direction.

Employees

Cooperative Labor-Management Culture

Employee Communication (Junior Board)

LOTTE Shopping runs various programs based on the Junior Board, a monthly communication channel operated by each Business Division, to facilitate communication among employees. The Junior Board, composed of employees in their 20s and 30s at the senior assistant/manager level from various departments, is charged with conveying their opinions to management and disseminating feedback throughout the company. The goal is to cultivate a positive corporate culture by improving work methodologies and fostering intergenerational communication.



Dept. Store

LOTTE Department Store runs the 'LOTTE Vector Man' program, an initiative aimed at instilling a culture of communication and harmony across the company by assembling teams of employees from various positions, functions, and genders, including the CEO.

Under our Fearless Leader selection program, an integral part of the 'LOTTE Vector Man' initiative, we acknowledge leaders who tirelessly contribute to the organization's performance from behind the scenes (support), leaders who have improved work efficiency or significantly influenced the organizational culture by improving existing practices/tasks (turning point), and leaders who have used their expertise to create performance (man power), and award them based on a Junior Board review and voting by all employees.

Mart

In 2020, LOTTE Mart pioneered the introduction of an anonymous discussion platform, 'Mart-Tong', within the LOTTE Group. This development came as a result of persistent promotion, awareness campaigns, and genuine feedback, which transformed the platform into a constructive place for employees to share their suggestions, grievances, complaints, and requests. On one notable example from 2022, an employee's proposal to introduce employee ID cards garnered approximately 20,000 views, as it resonated deeply with many employees. Subsequent evaluations from pertinent departments led to the real-world implementation of employee ID cards. LOTTE Mart is committed to continually fostering a culture of open and engaging communication to boost employees' sense of belonging and satisfaction.

Super

Throughout 2022, LOTTE Super facilitated six Junior Board activities. In October, employees from various departments, including the head office and stores, were chosen as junior representatives. They engaged in a workplace balance game and a communication meeting with the CEO, the head of the Customer Service Division, and the head of the Planning and Support Division. These meetings allowed employees to express their concerns about ongoing company issues and promote mutual understanding. With immediate managerial feedback, they developed actionable improvement plans, thus ensuring that the meetings transcended mere communication to facilitate practical solutions.

E-Commerce

LOTTE E-Commerce is dedicated to fostering a culture of ongoing communication for all employees, from the new hire onboarding process to the remote year-end ceremony. For instance, our buddy system for new employees allows them to pair up with a colleague who shares similar interests and characteristics. They undertake various tasks for two months, enhancing communication from the get-go of their employment journey. Our year-end 2022 virtual gathering with all employees functioned as a platform for understanding the evolving company culture and systems, commemorating the achievements of the past year, and discussing aspirations for 2023, and it was complemented by a pre-packaged homebrew kit.

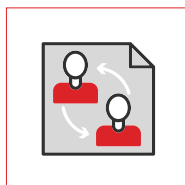
Employees

Work-Life Balance

In support of work-life balance, LOTTE Shopping offers an array of institutional mechanisms to assist employees in striking a balance between their professional and personal lives. We're dedicated to creating systems and environments that bolster work efficiency and allow employees to focus on their personal lives after working hours. We operate welfare systems aimed at ensuring the health and happiness of em-

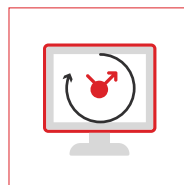
ployees and their families. Notably, we've implemented a mandatory maternity/paternity leave system for employees and their spouses, as we recognize this to be a fundamental right for all employees. Moving forward, LOTTE Shopping is committed to facilitating a balance between work and personal life to enable employees to find satisfaction in both areas.

Improvement of Work Efficiency



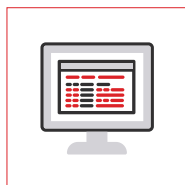
Introduction of On-Site Collaboration Tools

LOTTE Department Store has implemented a communication system tailored to the nature of our business, where efficient store and supply chain management are essential. To enhance immediate and effective communication, we introduced the collaboration tool 'Jandi'. This tool addresses the drawbacks of previous internal messaging and groupware systems, such as one-way communication and inadequate communication history management. It improves work efficiency by enabling interdepartmental communication and allows separate collaboration topics between branches that need to collaborate, and it also includes document sharing for sales figures, performance data, etc.



Happy Time Program

LOTTE Super has implemented the Happy Time Program, integrated with the flexible work system, to foster an environment where employees can work optimally during their allotted hours and concentrate on their personal lives after work. We have instituted a protocol whereby computers automatically shut down after an alert is issued at the close of work hours, and limit the extension of computer usage to a maximum of 10 hours per week. In addition, we have divided the approval authority for overtime into five hours for direct approval and five hours for approval by the respective department head, allowing managers to effectively monitor and manage workloads.



Smart Meeting and Smart Reporting System

LOTTE Mart aims to enhance work efficiency by incorporating the Ministry of Employment and Labor's '10 Recommendations for Workplace Innovation'. We've designated Wednesdays to Fridays as 'meeting-free days' to prevent frequent meetings from disrupting workflow and allow for focused meetings instead. We have eliminated morning meetings at each branch, thereby allowing employees to concentrate on work preparation. We've also implemented a one-page reporting policy to streamline the reporting process, thereby encouraging employees to succinctly convey essential information on a single page. In addition, we're embracing digital transformation by enabling electronic approval system to eliminate time and space constraints.



Partially Flexible Working Hours

LOTTE E-Commerce enables employees to autonomously create a conducive work environment through its partially flexible working hours system. Employees are allowed to schedule their working hours, per day within the monthly total set working hours, but must maintaining the core work hours (10:00~15:00) to ensure smooth workflow and effective communication amongst employees.

Employees

Work-Life Balance

Life-Time Welfare Program

The Life-Time Welfare Program is a comprehensive welfare initiative that classifies the lifecycle of employees into six stages and offers tailored welfare programs for each stage. To enhance the existing welfare system, which was previously skewed towards certain employees for management convenience, we conducted an employee satisfaction survey to better understand employee needs. We have also enhanced welfare communication by operating an employee welfare center and a welfare calendar. LOTTE Shopping aims to extend institutional and environmental support for employees with disabilities so that they can access necessary welfare programs as beneficiaries rather than mere recipients.



An Excellent Family-Friendly Company

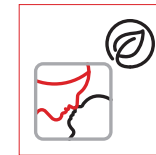
In 2020, LOTTE Shopping received the Best Family Friendly Management Certification from the Ministry of Gender Equality and Family. This accolade recognizes our contributions to enhancing the work-life balance of employees and national competitiveness through the establishment of a robust family-friendly management system and the implementation of family-friendly programs.

Family-Friendly Management



Reduced Work Hours for Pregnant Employees

LOTTE Department Store operates reduced working hours for pregnant employees, enabling employees to reduce their working hours by two hours daily in accordance with the stipulations of the Labor Standards Act, from the time they become aware of their pregnancy. In 2022, a total of 117 employees utilized this program.



Infertility Leave Program

To promote childbirth and foster a culture that protects motherhood, LOTTE Super has implemented an infertility leave system for female employees who present a medical infertility certificate. This system can be utilized twice during employment and provides unpaid leave for up to 30 days per instance.



Moms' Healing Program

LOTTE Mart operates the Moms' Healing Program, which provides training and mentoring for female employees returning from parental leave to facilitate their swift adaptation to work and help them strike a balance between work and family. The program shares organizational updates that occurred during their leave period to aid the returning employees in effectively reintegrating into the organization and their roles.



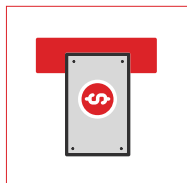
L-pre Mom Program

LOTTE E-Commerce's L-pre Mom Program caters to pregnant female employees, offering them two days of paid leave for medical examinations required for their own safety or that of their unborn child during pregnancy.

Employees

Work-Life Balance

Welfare and Benefits



 Dept. Store

New Programs for Single Employees and Pet Owners

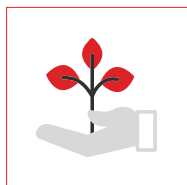
LOTTE Department Store is committed to enhancing employee satisfaction by reflecting societal trends in the operation of its in-house welfare program. In 2022, we introduced new benefits for single employees and pet owners. Unmarried employees aged 40 or older are now eligible for paid leave and bonus previously offered only to newly-married employees, and bereavement leave and funeral wreaths are provided for the loss of employee's pets.



 Super

Living Support and Livelihood Security Support System for Remote Workers

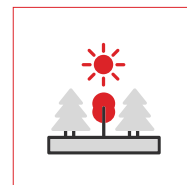
LOTTE Super has instituted and broadened related systems to manage employee health and promote work-life balance. In 2022, we increased the moving and transportation expense coverage for employees assigned to remote locations, as well as the amount of housing assistance provided in areas where maintaining a company house is challenging. In addition, we established a livelihood security support system that caters to various incidents, including injury, death, and illness, for employees with more than one year of service, regardless of contract type.



 Mart

Happy Workplace, Sharing Hope - LOTTE Mart

LOTTE Mart operates a financial aid system for employees facing hardships in their everyday lives to promote a positive and hopeful workplace environment. The program offers financial assistance to employees struggling under urgent and critical circumstances due to living expenses, medical expenses, children's education fees, and various other personal challenges. All individuals working at LOTTE Mart, including not just our direct employees but also personnel from our partner firms and service providers, fall within our purview of support.



 E-Commerce

Optional Welfare System

In 2022, embracing an organizational culture that values employee autonomy and initiative, LOTTE E-Commerce introduced an optional welfare system. This innovative welfare system, which replaces the former system operated based on selective criteria such as years of service, position, and marital status, can be utilized universally by all E-Commerce employees. With minimal restrictions on usage, the aim of this new system is to enhance employee satisfaction and engagement. Employees can use their welfare points to improve their work-life balance by choosing their preferred welfare programs, which encompass self-development, travel/leisure, healthcare, dining out/gifts, and hobbies.

Employees

Cooperative Labor-Management Culture

LOTTE Shopping continuously strives to enhance labor-management relations and the working environment to foster a culture of trust and mutual respect between labor and management. To facilitate regular meetings between labor and management, labor unions have been established at LOTTE Department Store and LOTTE Mart, and labor-management councils have been formed at LOTTE Super and LOTTE E-Commerce. Through this, we have widened the opportunities for communication between labor and management, and are aiming to find common ground to promote shared interests according to the characteristics of each workplace. Furthermore, to improve actual working conditions, we continually assess and refine the work environment and labor-management culture, which has contributed to harmonious labor-management relations and effective on-the-ground implementation.

Labor-Management Council

LOTTE Shopping has established and operates labor unions (for LOTTE Department Store and LOTTE Mart) and labor-management councils (for LOTTE Super and LOTTE E-Commerce) for each Business Division and workplace, in accordance with the Labor Relations Act. This strengthens the cooperative relationship between workers and employers. Through these councils and unions, we discuss various issues, such as improving the working conditions of employees or building a progressive labor-management relationship based on a mutual consultation process.

Labor-Management Council Operation Status

Category	Dept. Store	Mart		Super	E-Commerce
		Head Office	Branch		
Number of Sessions	Quarterly (4 times a year)	Quarterly (4 times a year)	Quarterly (4 times a year)	Quarterly (4 times a year)	Quarterly (4 times a year)
Participation (Employer/Employee)	3/3	3/3	4/4	4/7	4/4

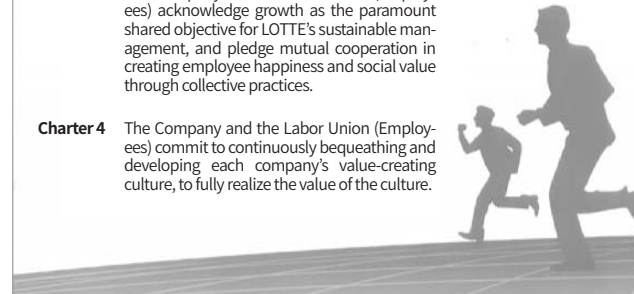
Proclamation of the Labor-Management Charter Mart

LOTTE Mart has promulgated its Labor-Management Charter with the aim of fostering a creative labor-management culture grounded in trust and collaboration, and has disseminated it across all business locations. This charter identifies the creative energy necessary for establishing such a culture, framing it within the context of corporate values, employee wellbeing, and social value, and provides clear guidance through detailed action commitments.

Labor-Management Charter

To realize the company's vision, "Shared hearts create value" LOTTE's labor and management have established and declared the following Labor-Management Charter:

- Charter 1** In a culture based on mutual respect and consideration, the Company and the Labor Union (Employees) shall uphold the management rights of the Company, and the Company shall reciprocally respect the labor rights of the Labor Union (Employees).
- Charter 2** The Company and the Labor Union (Employees) commit to resolving labor and management issues through reasoned communication within legal framework of each company.
- Charter 3** The Company and the Labor Union (Employees) acknowledge growth as the paramount shared objective for LOTTE's sustainable management, and pledge mutual cooperation in creating employee happiness and social value through collective practices.
- Charter 4** The Company and the Labor Union (Employees) commit to continuously bequeathing and developing each company's value-creating culture, to fully realize the value of the culture.



Performance of the Labor-Management Councils Super

LOTTE Super is committed to hearing employee perspectives and concerns through its labor-management councils, and endeavors to enact practical improvements through active feedback.

Improved Operation of Summer Meal Kit Products

Request	
Issue	<ul style="list-style-type: none"> · Claims arising from the degradation of products before the expiry date · Increased discounts and waste leading to poor KPI evaluations for store handling meal kits
Request	<ul style="list-style-type: none"> · Request for the reestablishment and improvement of product operation standards
Resolution	

- Relaxation of discount sticker application standards**
 - Promotion of sales by allowing discount sales from the day before disposal, which was previously only possible on the day of disposal
- Improvement of freshness management for summer**
 - Strengthening of spot checks for freshness during the move from the center to the store
 - Strengthening of daily checks of store refrigeration facilities
- Exclusion of meal kits from KPI evaluations**
 - Exclusion of meal kits from KPI evaluation items for 165 stores handling meal kits

Improvement of Kiosk Convenience

Request	
Issue	<ul style="list-style-type: none"> · Customers complaining regarding difficulties inserting cards and earning points during kiosk payment · No specific guidance for where to place shopping baskets, leading to decreased customer convenience
Resolution	

- Attachment of a kiosk usage guide**
 - Attachment of numbers in order of usage to help customers easily understand the usage method and location of the terminal
- Insertion of a pillar between the payment terminal and the mount**
 - From 2023, the terminal and the mount were separated to improve the visibility of the terminal and the convenience of use

Employees

Expansion of Human Rights Management

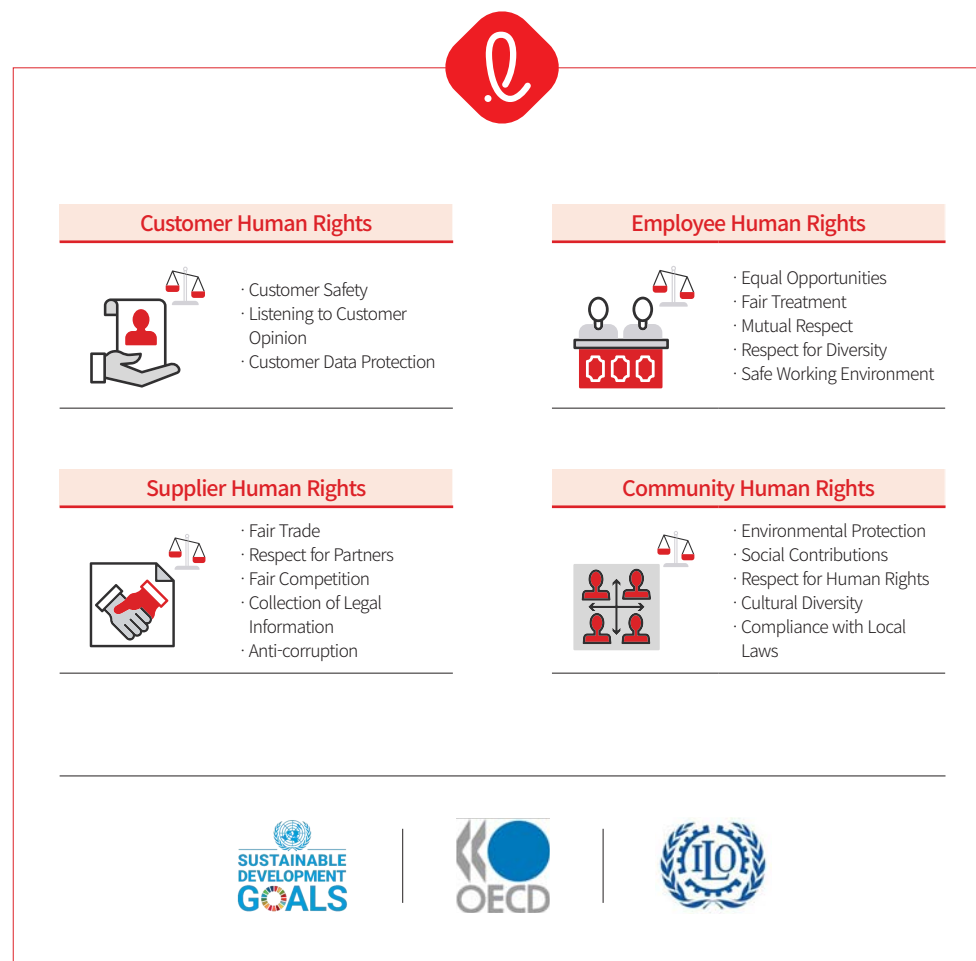
In January 2007, LOTTE Shopping took a pioneering step in the industry when it joined the United Nations Global Compact and wholeheartedly endorsed the UN's ten principles concerning human rights, labor standards, environmental stewardship, and anti-corruption. We have advocated for a comprehensive human rights management system that prohibits discrimination and respects diversity throughout our operations. In June 2022, we established our bespoke global human rights policy based on the Code of Conduct for LOTTE Executives and Employees, laying the foundation for the construction of a human rights-centered management system.

Human Rights Management System

LOTTE Shopping endeavors to create an environment in which the human rights of all employees are respected and diversity is celebrated. We strive to conduct anti-discrimination activities, deliver human rights education, and construct a system for preventing and redressing human rights violations. LOTTE Shopping will continue to ensure the wellbeing of its employees and strive to generate positive social value.

Human Rights Policy

LOTTE Shopping is committed to respecting and practicing human rights as a top priority in all business activities in order to deliver optimal value to various stakeholders, including employees. Accordingly, in June 2022, we established the LOTTE Shopping Human Rights Management Policy, which outlines fundamental principles for respecting the human rights of customers, employees, partners, and local communities. Our human rights policy aligns with international human rights standards and guidelines, such as the UN Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the Constitution of the International Labor Organization. We aim to uphold the principles prohibiting child labor and forced labor, as well as human rights and labor-related laws and regulations in the countries or regions where LOTTE Shopping's business sites operate. With our human rights policy as our guide, we are striving to enhance human rights management for all employees, customers, partners, and communities throughout LOTTE Shopping's value chain.







Employees

Expansion of Human Rights Management

Human Rights Risk Management System

LOTTE Shopping has established a human rights risk management system in each Business Division to thoroughly prevent instances of human rights violations in the workplace and to promptly address infringement in case of occurrence. For each Business Division, there is a dedicated website that provides

information on reporting procedures and intake methods, and multiple points of access, including KakaoTalk (Korean Social Media) channels and email, are provided for convenience. In addition, we have instituted and operate a remedy system to protect the identities of informants and victims, and to minimize damage.

Category	Procedure	Reporting Procedure and Method
 Dept. Store Ethics Office (Management Audit Team)	① Reception of a case → ② Interview with whistleblower & fact verification → ③ Discussion in the Personnel Committee → ④ Personnel measures and discipline → ⑤ Results notification & prevention of recurrence	· Department Store Ethics Office Hotline https://ethics.lotteshopping.com · LOTTE Group Ethics Hotline http://www.lotte.co.kr/compliance/inquiry.do
 Mart Happiness Counseling Office (Employee Welfare Team)	① Reception of a human rights violation cases → ② Consultation & victim protection measures through fact verification → ③ On-site inspection → ④ Discussion in the Personnel Committee → ⑤ Personnel measures and discipline → ⑥ Results notification & prevention of recurrence	· E-mail: martgo@lottemart.com · KakaoTalk Channel: LOTTE Mart Happiness Counseling Office
 Super Employee Grievance Counseling Center	① Reception of a case → ② Telephone interview & fact verification → ③ Victim protection measures → ④ On-site inspection → ⑤ Report to the Human Resources Committee → ⑥ Disciplinary actions → ⑦ Results notification & prevention of recurrence	· E-mail: superlisten@lotte.net · KakaoTalk Channel: LOTTE Super Employee Grievance Counseling Center
 E-Commerce HR Team, Ethical Management Team	① Reception of a case → ② Consultation & investigation → ③ Presentation to the Personnel Committee & convocation → ④ Deliberation by the Personnel Committee → ⑤ Approval & confirmation of the decisions after deliberation → ⑥ Notice of discipline* → ⑦ Announcement and termination of disciplinary actions * A retrial may be requested within 14 days from the date of notification of the disciplinary actions	· E-mail: OPEN@lotte.net

Employees

Expansion of Human Rights Management

Human Rights Education

To institutionalize human rights management, LOTTE Shopping offers training to all employees on topics such as disability awareness, and the prevention of bullying and sexual harassment in the workplace. By continually enhancing the human rights awareness of employees, we aim to prevent issues such as disability discrimination, workplace harassment, and sexual harassment. Specifically, in 2022, LOTTE Super, which

includes a significant number of franchises, conducted separate human rights training to fortify human rights management. LOTTE Mart has also expanded the scope of compulsory human rights training. In the future, LOTTE Shopping will plan and execute various human rights training programs beyond the mandatory statutory training to establish a comprehensive human rights management system.

Completion of Common Human Rights Education

(Unit: %)

Category		2020	2021	2022
Improvement in the Perception of Disabilities at Work	Dept. Store	100	100	100
	Mart*	100	100	99.3
	Super	100	100	100
	E-Commerce	100	100	100
Prevention of Sexual Harassment at Work	Dept. Store	100	100	100
	Mart	100	100	99.4
	Super	100	100	100
	E-Commerce	100	100	100
Prevention of Harassment at Work	Dept. Store	100	100	100
	Mart	100	100	99.3
	Super	100	100	100
	E-Commerce	100	100	100

* Decrease in completion rate due to the increase in the number of participants following the expansion of the mandatory human rights education target in 2022

Education on Anti-Discrimination Laws



In 2022, LOTTE Super provided anti-discrimination law training for store managers at a total of 268 stores, independent from the common human rights training provided by the holding company. At the time, the Anti-Discrimination Act had not yet been enacted, but considering that it was a social issue, the training was implemented as a preemptive response for more transparent and equal personnel management. The training was conducted four times in real-time, non-face-to-face sessions, and covered the details of the Anti-Discrimination Act that managers should understand in relation to managing human resources at stores. In the future, LOTTE Super will continue to expand training to safeguard the rights of employees and cultivate human rights awareness.

No.1 Supermarket in Korea that removes the burden of preparing meals for working moms

Need to operate based on a standard perspective! NO to discrimination!

Anti-Discrimination Law

[Details]

· A law that ensures no discrimination in employment, education and vocational training, etc., without reasonable cause on the basis of gender, disability, military service, age, sexual orientation, country of origin, ethnicity, skin color, language, etc.

[Progress]

· Anti-Discrimination Law bill under discussion → not yet formally legislated, still a social issue
 · Related law: Age Discrimination in Employment Act (May 2020), Act on the Prohibition of Discrimination against Persons with Disabilities and Remedy Against Infringement of their Rights (July 2021)

[To Do Action]

1. Selection of workers transitioning to 8H → **Operated based on the criteria of personnel evaluations**
2. Selection of transfer employees → **Applicants, distance, suitability for management, personnel evaluations, etc.**
3. Personnel evaluations must be done according to the evaluation criteria! Proceed fairly!
4. Explanation of the criteria for candidates / No announcements to be made forcefully
(To prevent candidates from misunderstanding it as discrimination!)

Employees

Expansion of Human Rights Management

Employee Diversity

LOTTE Shopping respects the diverse backgrounds and values of its employees, and is fostering an environment where they can freely showcase their abilities. All Business Divisions endeavor to protect employee diversity by incorporating a clause in their internal employment regulations that prohibits discrimination in negotiating on working conditions. Specifically, we strive to cultivate social diversity by focusing on promoting female leadership and employing individuals with disabilities, while also expanding institutional support to foster a fair and equitable internal culture. In order to assist employees in maintaining a work-life balance and enhancing their career longevity, we offer fertility leave, elementary childcare leave, and parental and paternity leave. In particular, LOTTE Super promotes active exchanges between female talent mentors (female executives) and female mentees (female team leaders/candidates) to enhance the capabilities of female employees in the workplace and lay the groundwork for mutual development.

Employee Diversity

(Unit: %)

Category		2020	2021	2022
Female Employees	Dept. Store	61.3	60.4	62.8
	Mart	70.7	70.6	69.8
	Super	69.2	69.7	69.0
	E-Commerce	51.4	52.1	54.0
Disabled Employees	Dept. Store	3.3	3.6	3.1
	Mart	3.4	3.3	3.4
	Super	3.1	3.2	3.3
	E-Commerce	2.0	1.8	1.5

Activities for the Prevention of Human Rights Violations

Communication Counselor System



To counter unethical behavior such as sexual harassment, gender conflict, and workplace bullying, LOTTE Department Store has appointed personnel responsible for handling grievances to the Corporate Culture Team and Management Audit Team, and established a communication counselor system for all stores. The company has instituted a monitoring system to preempt unethical behavior, and conducts specialized job training in collaboration with external organizations to boost the expertise of communication counselors.

Employee Grievance Consultation Center



In November 2022, LOTTE Super founded an organization to address grievances employees may encounter during their work life and create a healthy organizational culture. We assigned two full-time employees to grievance consultations, and they are available at all times.

Distribution of the Ethics Violation Casebook



LOTTE Mart has continuously promoted out its Mutual Respect Campaign to create and nurture an organizational culture where employees respect and care for each other's personalities. Each month, we select various topics and disseminate information about potential issues, their severity, and improvement measures to all employees via posters to raise awareness about mutual respect.

Mutual Respect Campaign



In addition to labor and management collaborating to provide training on workplace bullying and sexual harassment prevention, LOTTE Mart strives to elevate employee awareness through education and the quarterly sharing of ethical violation casebooks.



Employees

Expansion of Human Rights Management

Human Rights Impact Assessment



In 2022, following the establishment of LOTTE Shopping’s human rights policy, LOTTE Department Store executed a human rights impact assessment and a human rights management survey to gauge the level of human rights management and identify areas for improvement. The human rights impact assessment was undertaken by external experts to objectively evaluate our human rights management system and procedures. The assessment encompassed 9 fields, 46 items, and 231 indicators, and reflected the OECD Guidelines, EU and German supply chain due diligence laws, ILO Core Conventions, Universal Declaration of Human Rights, National Human Rights Commission, and K-ESG guidelines. The assessment was performed for LOTTE Department Store’s domestic business sites and select partners. Through an analysis of the results, we identified key issues and devised improvement tasks accordingly. We simultaneously conducted an internal human rights management survey to assess employee awareness of human rights management and the existing spread of human rights management within the organization. The human rights management survey consisted of 18 items, including basic human rights awareness, respect for and violations of human rights, experience with human rights violations, and awareness of the importance of human rights management, and it received responses from a total of 983 employees.

Human Rights Impact Assessment Evaluation Items

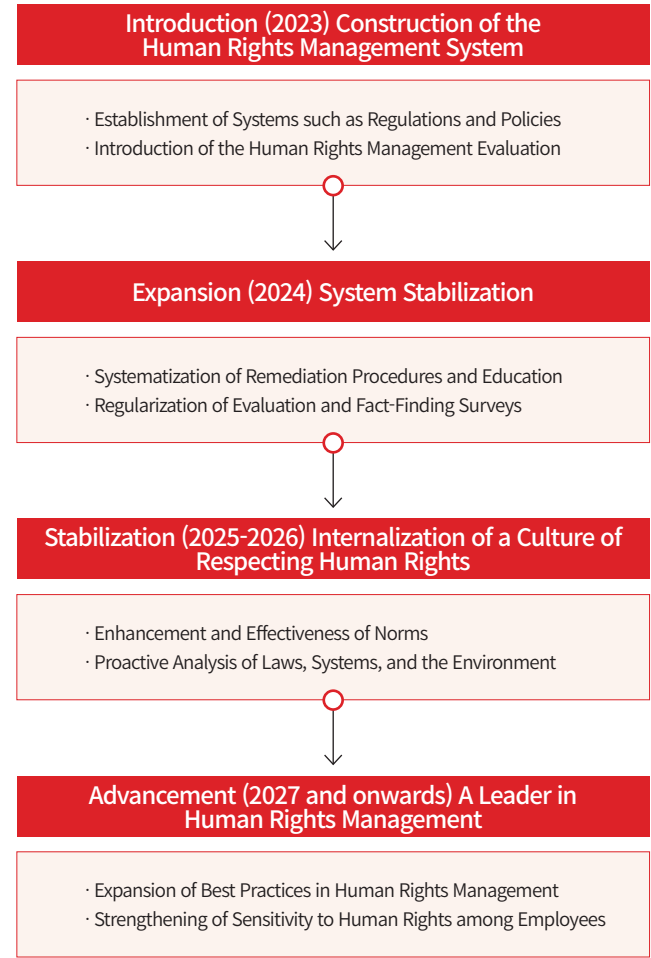
9 areas, 46 items, 231 indicators

Number	Area	Number of Items/ Indicators
1	Human Rights Management System & Remedial Measures	11 / 47
2	Prohibition of Child Labor & Forced Labor	4 / 26
3	Guarantee of Freedom of Association & Collective Action	4 / 26
4	Humanitarian Treatment	8 / 40
5	Responsible Supply Chain Management	4 / 16
6	Industrial Safety and Health	5 / 23
7	Guarantee of Environmental Rights	4 / 22
8	Protection of the Human Rights of Local Residents	2 / 11
9	Customer Human Rights Protection	4 / 20

Human Rights Impact Assessment Process

- Understanding the Current Situation and Designing the Checklist**
 - Identifying domestic and international laws and regulations related to human rights, and case studies
 - Designing a self-assessment checklist based on domestic and international human rights standards and guidelines
- Preparation of the Checklist**
 - Self-assessment based on the checklist
 - Submission of evidence for the detailed indicators of the checklist
- Conducting a Third-Party Human Rights Impact Assessment**
 - Review of the collected checklist diagnosis results and evidence
 - On-site inspections by external evaluators
 - Interviews with the self-assessment department and stakeholders
- Analyzing the Results and Establishing Improvement Tasks**
 - Analysis of the results of the human rights impact assessment
 - Identification and management of key human rights issues and extraction of improvement tasks
 - Monitoring of the progress of the improvement tasks
- Reporting and Disclosing the Results**
 - Organization of results and internal reporting
 - External disclosure
 - Inclusion in the sustainability management report
 - Posting on the company’s website

Mid to Long-Term Human Rights Management Roadmap



Employees

Expansion of Human Rights Management Human Rights Impact Assessment

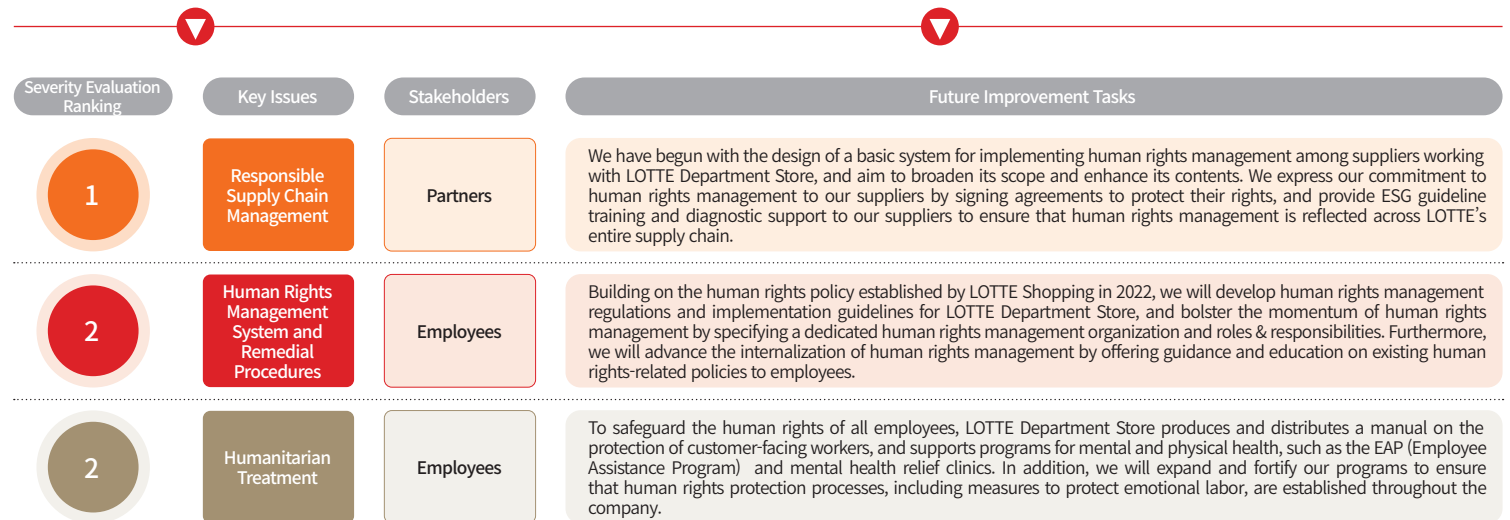
Human Rights Impact Assessment Results and Improvement Tasks

Following the Human Rights Impact Assessment, out of the 231 indicators in 9 areas evaluated, 202 were marked as "Yes (In progress)," 8 as "Needs Improvement," and 21 as "No (Not enough)." We are presently analyzing the risks of issues requiring supplementation in each area and formulating improvement plans. The complete Human Rights Impact Assessment Report can be found on the LOTTE Department Store website.

Overall Issues	Evaluation Results and Risk Analysis
Human Rights Management System and Remediation Procedures	<ul style="list-style-type: none"> Declared human rights policy in 2022, aims to build monitoring system by conducting human rights impact assessment with external professional institutions in 2023. Establishment of dedicated organizations, committees, and maintenance documentation rules needed.
Prohibition of Child Labor and Forced Labor	<ul style="list-style-type: none"> Does not employ children for whom legal employment is prohibited and only hire minors in accordance with the law. Lacks management standards for forced labor at subsidiaries, affiliated companies, and overseas branches.
Freedom of Association and Collective Action	<ul style="list-style-type: none"> Two operating unions, the LOTTE Department Unit Labor Union and the General Service Labor Union under the Korean Confederation of Service Workers' Unions, and ongoing labor-management consultations No elements of human rights violations in various operating regulations.
Humanitarian Treatment	<ul style="list-style-type: none"> Matters relating to humanitarian regulations are well established. Excellence in systematizing monitoring per risk factor/regular implementation. Communication counselors, working culture, and other systems introduced for improving organizational culture are excellent.
Responsible Supply Chain Management	<ul style="list-style-type: none"> Absence of basic systems and content for the human rights management of business partners working with LOTTE Department Store; further progress is needed.
Industrial Safety and Health	<ul style="list-style-type: none"> Excellent status of system establishment and compliance beyond legal standards with the Serious Accident Punishment Act and the Occupational Safety and Health Act.
Guaranteed Environmental Rights	<ul style="list-style-type: none"> Environmental management systems suitable for company such as ISO 50001(energy management system) and GHG emissions reduction are established and operated effectively.
Protection of the Human Rights of Local Residents	<ul style="list-style-type: none"> Excellent compliance concerning the human rights and intellectual property rights of local residents.
Customer Human Rights Protection	<ul style="list-style-type: none"> Clearly identifies and complies with the laws regarding product liability and consumer rights protection, and thoroughly protects customer privacy and the right to know.

Key Issues and Improvement Tasks Based on the Severity Evaluation

We have identified three major human rights issues at LOTTE Department Store by comprehensively judging the implementation level of issues derived from the results of the human rights impact assessment, the severity of impact, and the possibility of occurrence for systematic human rights management risk. LOTTE Department Store plans to enhance communication with various stakeholders and human rights management in the future by focusing on improving/managing the following major human rights issues.



* In the results of the severity evaluation, the scores for the "Human Rights Management System and Remediation Procedures" and "Humanitarian Treatment" issues were the same (tie for second place)

Employees

Employee Safety and Health

To prevent major industrial accidents and manage workplace safety, LOTTE Shopping has established a dedicated safety management organization at all business sites, including the head offices, and instituted safety-related management policies for each Business Division to bolster the safety and health of employees.

Based on this, we will continuously strive to minimize the occurrence of industrial accidents through systematic and regular safety management inspections and training.

Safety and Health Management System



Mart

LOTTE Mart has implemented a safety and health management system in accordance with the requirements of the ISO 45001 standard. The purpose of the safety and health management system is to prevent injuries and health disorders among workers and ensure a healthy workplace. It is managed and operated based on the safety and health management manual.

Safety and Health Management Policy by Business Division



Dept. Store

1. We remain uncompromising on safety and will strive to create a healthy working environment for our employees.
2. We comply with all laws and company regulations related to safety and health, and actively consider the opinions of suppliers and stakeholders.
3. We develop an enhanced safety and health plan to advance the safety and health management system every year, and are spearheading the establishment of a mature safety and health culture through ongoing risk prevention and improvement activities.



Mart

1. Respect for Life: We prioritize the safety of customers and employees.
2. Prevention and Training: We make every effort in routine disaster prevention activities, and periodically provide education and training to minimize damage in the case of a disaster.
3. Social Responsibility: We fulfill our social responsibility by quickly normalizing business in disaster areas to benefit both the company and members of society.



Super

1. All employees of LOTTE Super commit to treating the safety of staff and customers as the top business priority, and consistently prevent accidents and eliminate risk factors to create a safe work environment.
2. Every year, during the establishment of our operational plans for the following year, we devise and implement concurrent plans for safety and health promotion, including itemized tasks and budget allocations.
3. We encourage our employees to rigorously adhere to safety and health regulations through regular education and practical applications.



E-Commerce

1. We provide our employees with a safe and pleasant working environment that complies with all laws related to occupational safety and health.
2. We preemptively remove hazardous risk factors from the work environment and reduce their potential harm as a form of disaster prevention.
3. We solicit opinions regarding safety and health from our employees and stakeholders, and reflect and execute these insights in our management policies.
4. In all our activities, we prioritize occupational safety and health as our most valuable principle to foster the growth of our safety and health management system.

Responsibilities and Authorities for Safety and Health Management

Category	Responsibilities and Authorities
CEO	<ul style="list-style-type: none"> · Approving decisions, securing and providing infrastructure and resources needed for the implementation and maintenance of the safety and health management system and continuous improvements in its effectiveness, and minimizing injuries and health impairments among workers · Approving the annual company-wide education and training plan
Head of the Safety and Health Management Department (Safety Management Team Leader)	<ul style="list-style-type: none"> · Determining the appropriate knowledge, capability/competency, and awareness level for personnel performing tasks affecting the suitability of company-wide operations
Each Department Head	<ul style="list-style-type: none"> · Determining the appropriate knowledge, capability/competency, and awareness level for personnel performing tasks affecting the suitability of business place operations · Establishing and providing on-site education and training plans

Safety and Health Management Certification

In 2022, LOTTE Mart had the distinction of becoming the first hypermarket to obtain ISO 45001 certification. This is an international standard for managing an organization-wide safety and health system by anticipating and preventing various risk factors in the workplace. LOTTE Mart's safety and health management system was recognized for its alignment with this global standard.

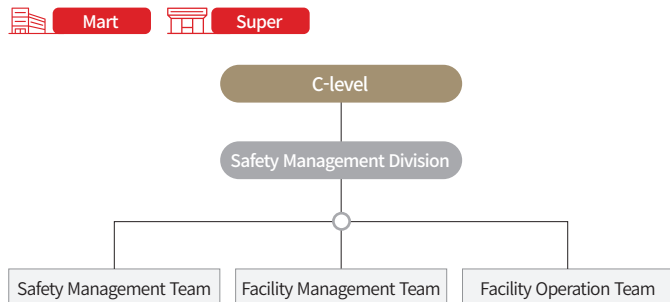
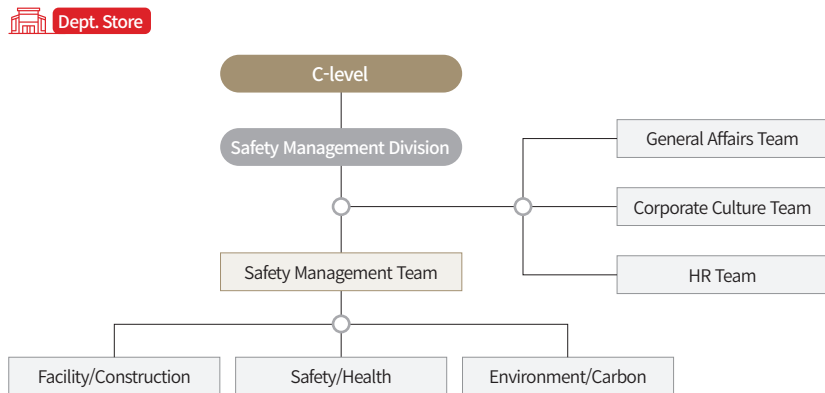


Employees

Employee Safety and Health

Safety Management Organization

LOTTE Shopping formulates safety management policies for each Business Division to foster a safe working environment and prevent significant accidents. Moreover, we have instituted a safety and health management system that enables effective and prompt responses by minimizing decision-making steps and ensuring autonomy through the establishment of a safety management organization directly overseen by the CEO.



Safety Inspection Process

For the safety of employees and customers, LOTTE Shopping regularly inspects and manages major facilities where safety incidents might occur, with oversight by specialized personnel. We are committed to preventing major industrial accidents through systematic and rigorous management.

Mart

LOTTE Mart conducts its own annual safety inspections, and in 2022, 115 branches were inspected. The results of safety inspections and crisis response drills are jointly evaluated, and in 2022, the evaluation result was 95.1 points (S grade), a decrease of 0.4 points from the previous year. However, this decrease was due to an increase in the number of branches evaluated for one item in the safety inspection, CM (construction management), and on average, 6.3 fewer items were pointed out per branch than in the previous year. In addition, in 2021, only the execution rate of crisis response drills was used for the evaluation criteria, but from 2022, the evaluation criteria was bolstered to 90% training proficiency and 10% execution rate.

Safety Inspection Results

Inspection Target	Grade	Results								
		2021 (95.5 points / S grade)				2022 (95.1 points / S grade)				
		No. of Stores	No. of Cases Insufficient		No. of Stores	Change	No. of Cases Insufficient		Change	
	Total	Average	Total		Total	Average	Total	Average		
115 stores	S grade	65 stores	829 cases	12.8 cases	56 stores	▲9 points	375 cases	6.8 cases	454 cases	▲6 cases
	A grade	50 stores	827 cases	16.5 cases	59 stores	+ 9 points	556 cases	9.1 cases	271 cases	▲7.4 cases
	B,C grade	-	-	-	-	-	-	-	-	-
	-	115 stores	1,656 cases	14.4 cases	115 stores	-	931 cases	8.1 cases	725 cases	▲6.3 cases

Plans for 2023

Incorporate Safety Management KPI Items	· Include as a common KPI item for all employees
Regularize Joint Inspection Support	· Implement safety management tasks for inspections, construction, repairs, etc., for LOTTE Mart and LOTTE Super, share deficiencies, and preemptively respond to risks.
Introduce a Safety Management Reward System	· Elevate employee interest and safety awareness





Employees

Employee Safety and Health

Strengthening Safety Management During Vulnerable Periods

LOTTE Shopping pays particular attention to safety management during periods when safety accidents are more likely to occur, such as during heavy rain, freezing temperatures, summer, and winter. Each business site is informed of these vulnerable periods for safety management, and the head offices have prepared

management items and responses to accidents at the headquarters level, which are communicated to all branches. LOTTE Shopping will redouble its efforts to prevent accidents in advance through accurate and focused accident prevention and response.

Category	Preparation for the Lunar New Year/Chuseok holidays	Freezing temperatures	Summer	Winter
 Dept. Store	<ul style="list-style-type: none"> · Fire prevention · Construction site safety management · Inspection of elevator facility safety · Inspection of the fixing status of interior finishing materials 	<ul style="list-style-type: none"> · Facility crack and subsidence · Leakage of fire facility pipes · Measurement of the insulation resistance of external distribution boards · Large outdoor banners and signage, etc. 	<ul style="list-style-type: none"> · Cooling towers and fountains · Management of and water quality testing for Legionella bacteria · Fire prevention management, such as inspections of air conditioner outdoor units for heat damage 	<ul style="list-style-type: none"> · Fire safety education and training (emergency evacuation training) · Inspection and improvement of hazardous factors of vulnerable facilities · Inspection and action for intrusion of outside air from building exterior walls
 Mart	<ul style="list-style-type: none"> · Notification of enhanced safety management measures in preparation for holidays (Lunar New Year/Chuseok) - Strengthening of safety management for two weeks leading up to holidays · Special inspections in preparation for holidays - Execution of spot inspections at four to five stores per region (conducted at 38 stores during the 2022 Lunar New Year) 	<ul style="list-style-type: none"> · Notification of safety management reinforcement guidelines for freezing temperatures from the third week of October to the end of February the following year · Execution of spot inspections at three to four stores per region by safety management trainers 	<ul style="list-style-type: none"> · Notification of safety management reinforcement guidelines for the summer season from the end of May to the end of the rainy season (mid-October) · Check for any special issues during the regular inspection by the safety management trainer 	<ul style="list-style-type: none"> · Notification of safety management reinforcement guidelines for the winter season from the third week of October to the end of February the following year · Execution of spot inspections at three to four stores per region by safety management trainers
 Super	<ul style="list-style-type: none"> · Execution of fire prevention inspections during the holiday season 	<ul style="list-style-type: none"> · Execution of safety management inspections for freezing temperatures 	<ul style="list-style-type: none"> · Execution of safety management inspections in preparation for floods and typhoons 	<ul style="list-style-type: none"> · Execution of safety management inspections for cold waves/frost
 E-Commerce	<ul style="list-style-type: none"> · Twice a year (Lunar New Year, Chuseok) · Inspection of workplaces before and after the holiday · Provision of education for employees (reporting system when an accident occurs) · Operation of an emergency contact network (daily reporting) 	<ul style="list-style-type: none"> · Check for facility cracks and subsidence · Check for leaks in fire facility pipes 	<ul style="list-style-type: none"> · Notification of summer safety management enhancement 	<ul style="list-style-type: none"> · Once a year (every December) · Pre-inspections of facilities before the winter season · Special inspections during cold wave warnings · Provision of education for employees (fire prevention) · Safety events (campaigns)

Employees

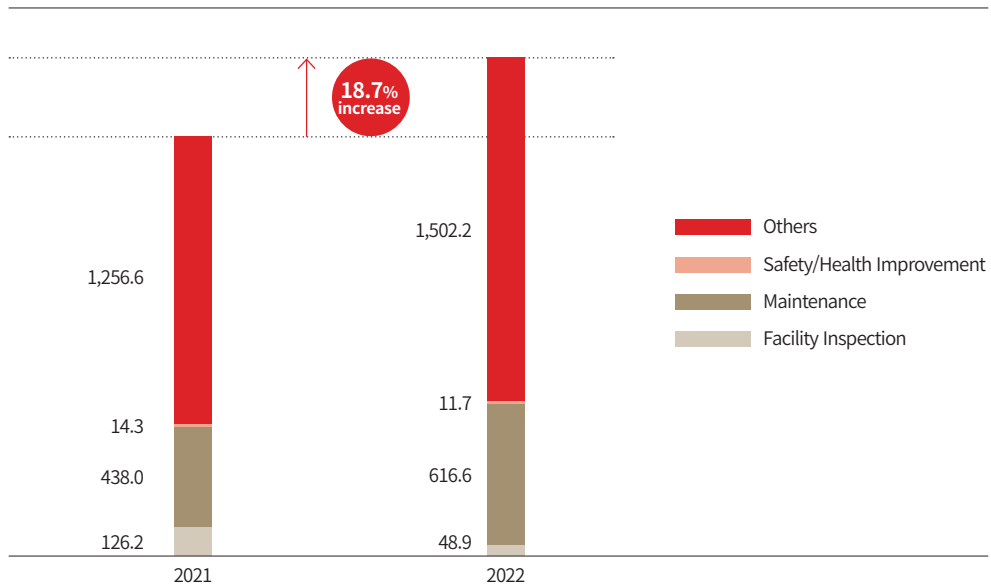
Employee Safety and Health

Safety and Health Management Activities

LOTTE Shopping allocates more than 2% of its total sales to safety management expenses for all business sites, including facility inspections, system maintenance, enhancement of safety and health, and prevention of major industrial accidents. In 2022, we increased the budget for safety management expenses by more

than 10% from the previous year and implemented various activities in each Business Division to minimize serious industrial accidents. LOTTE Shopping will continue to prioritize the safety of its employees and customers through safety management activities.

Safety Management Costs



(Unit: KRW 100 million)

Category	Facility Inspection	Maintenance	Safety/Health Improvement	Others	Total
2021	126.2	438.0	14.3	1,256.6	1,835.1
2022	48.9	616.6	11.7	1,502.2	2,179.3

Regular Inspection Activities

LOTTE Shopping conducts regular safety inspection activities tailored to the situation and characteristics of each Business Division. Through LOTTE Safety, the holding company's safety management system, we conduct safety consultations once a year to check the overall safety management status, facility operation status, and safety education and training status inside and outside the workplace.

<p>Dept. Store</p> <ul style="list-style-type: none"> · Safety clinic (three times a year) · Regular inspection (twice a year) · Fire regular inspection (twice a year) 	<p>Super</p> <ul style="list-style-type: none"> · Patrol inspection (once every two months) · Detailed inspection (self/alone) · Self-inspection (once a month) 	<p>Mart</p> <ul style="list-style-type: none"> · Regular inspection (twice a year) · Special inspection (occasionally) 	<p>E-Commerce</p> <ul style="list-style-type: none"> · Special inspection (occasionally) · Risk assessment (twice a year)
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Supporting Employee Health

In addition to creating a safe working environment, all Business Divisions of LOTTE Shopping support the continuous health management of employees. For LOTTE Department Store, we have selected 60 top-notch medical examination centers nationwide through a specialized medical examination agency and established a website for employees, thereby enabling systematic management of their medical examination history. We also operate psychological counseling centers in some of our stores considering the high volume of customer service work. In particular, we are striving to more proactively protect the mental health of our employees by operating on-site psychological counseling centers in 2022.

Supply Chain

Supply Chain Management System

LOTTE Shopping endeavors to extend the scope of ESG management to the level of the supply chain with our suppliers, who are essential stakeholders. As global supply chain risks are emerging as a major ESG issue, responsible supply chain ESG management is crucial for enhancing products and services and maintaining stable business relationships. LOTTE Shopping will persist in doing its utmost to ensure transparency and fairness in the supply chain.

Supplier ESG Code of Conduct and Self-Assessment Checklist

LOTTE Shopping has established the Code of Conduct and the Self-Assessment Checklist to create sustainable shared growth and social value with its partners. The Supplier Code of Conduct, which was established to introduce LOTTE Shopping's ESG risk management measures to its partners and request their participation in ESG management, introduces management principles and methods in five areas: compliance and ethical management, human rights management, environmental management, safety management, and the construction of a sustainable management system. The Self-Assessment Checklists consists of 29 items on a five-point scale that are matched to the four areas of the Code of Conduct. The Code of Conduct and the Self-Assessment Checklist are currently used to disclose the company's internal status to the public and share information among suppliers, but in the mid-to long-term, they will be used as a basis for supplier evaluation and supply chain due diligence.

* The establishment of a sustainable management system in the Code of Conduct is a recommendation, so we excluded it from the Self-Assessment Checklist.

Compliance & Ethics Management

Code of Conduct	Self-Assessment Checklist
A. Prohibition of Illegal Profits	1. Violation of Fair Trade Act
B. Enhancement of Management Transparency	2. Violation of Subcontracting Act
C. Prevention of Unfair Trade	3. Violation of Personal Information Protection Act
D. Compliance with Subcontracting Laws	4. Operation of Code of Ethics and Behavioral Guidelines
E. Protection of Personal Information	5. Reporting Channels for Ethical Issues
F. Protection of Intellectual Property Rights	6. Operation of Intellectual Property Protection Procedures
G. Reporting of Ethical Issues and Protection of Identity	7. Reasonable Disciplinary Procedures and Public Disclosure
	8. Anonymity of Ethical Issues Reporting
	9. Privacy Policy

Environmental Management

Code of Conduct	Self-Assessment Checklist
A. Compliance with Regulations and Permit Acquisition	1. Violation of Environmental Regulations
B. Review of Environmental Impact	2. Energy Consumption
C. Response to Climate Crisis	3. Greenhouse Gas Emissions (Scope 1 & 2)
D. Waste Management	4. Waste Management
E. Air Pollutant Substance Management	5. Management of Hazardous Substances
F. Water Resource Management	6. Water Management
G. Hazardous Chemical Substance Management	

Implementation of Human Rights Regulations

Code of Conduct
A. Declaration of Sustainable Management
B. Programs for Sustainable Management
C. Risk Management

Human Rights Management

Code of Conduct	Self-Assessment Checklist
A. Compliance with Labor Laws	1. Violation of the Labor Standards Act
B. Prohibition of Discrimination	2. Management of Working Hours
C. Wages and Welfare	3. Overtime Consent
D. Management of Working Hours	4. Legal Holidays
E. Humanitarian Treatment	5. Enrollment in Four Major Insurances
F. Freedom of Association	6. Humanitarian Treatment
G. Protection of Minor Workers	7. Implementation of Human Rights Regulations
H. Prohibition of Forced Labor	8. Grievance Handling
	9. Prohibition of Discrimination

Safety Management

Code of Conduct	Self-Assessment Checklist
A. Compliance with Regulations	1. Violations of the Occupational Safety and Health Act
B. Safety Assessment	2. Occupational Accident Rate Management
C. Establishment of Safety Management System	3. Prevention of Worker Exposure to Risk Factors
D. Safety Education	4. Industrial Accident Risk Assessment System and Process
	5. Mandatory Use of Safety Equipment

Supply Chain

Supply Chain Management System

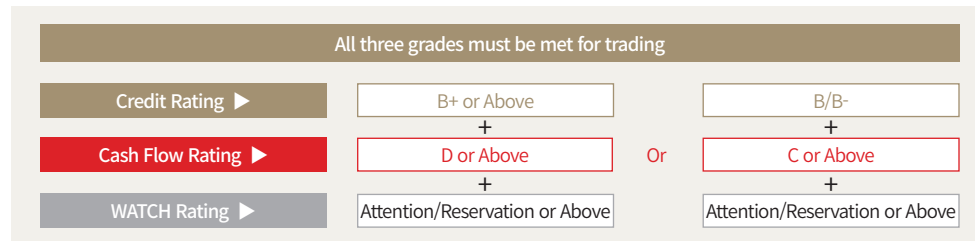
Fair Selection and Evaluation of Partners Dept. Store

To ensure fairness and transparency in the process of selecting partners, LOTTE Department Store has implemented standards for transaction, selection and evaluation. From 2023 onwards, we have added an SH (Safety & Health) assessment to the transaction standards for construction and contracting companies as a mandatory requirement. The SH assessment, carried out by a specialized corporate credit rating agency,

evaluates a company's significant activities related to safety and health. LOTTE Department Store included this assessment in its trading standards to minimize the likelihood of significant incidents and enhance the safety capabilities of its partners. In 2022, all new suppliers of LOTTE Department Store verified their compliance with these criteria.

Trade Criteria for Suppliers

Minimum Trade Standards



※ Exceptions (Credit rating can be skipped)

- When interior subcontractor is designated by partner company or holds patent on/exclusive distribution rights to partner's interior remodeling.
- When a small purchase (for example, less than KRW 10 million) is made for a new bidding participant.

Trade Restrictions

Despite meeting with the above minimum standards, restrict transactions in the following cases:

- ① Downgraded by two or more steps compared to the previous year in cash flow rating, to a rating of C- or lower
- ② WATCH grade or below (Trade restricted during this period)

Criteria for Selecting Bidding Participants

Item	Standard
Credit Rating	B- or Above (above CCC+ for businesses that we have traded with LOTTE Shopping for over three years)
License	Acquisition of required licenses
Exclusion Criteria	Exclusion from Warning/Observation Selection

※ Even if a partner lacks credit information, it can participate in bidding if it falls under one of the exceptions to our minimum transaction standards above.

Partner Selection Criteria

As a rule, to provide superior products and services, LOTTE Department Store establishes separate criteria beyond the bid price, transparently discloses them before bidding, and applies them when selecting suppliers. Before bidding, the evaluation factors for selecting suppliers and the scoring ratio and priority of each factor are calculated, and if multiple suppliers are ranked first, the supplier is selected according to the scores for priority items.

Category	Evaluation Factor
Customer Reward/Gifts	Customer/support preference survey
System	Solution and development method presentation
Service	Service proposal presentation
LED Lighting, Event Signage, Signs	Sample test

Partner Evaluation Standards

Type of Evaluation

Regular Evaluation	Incoming Evaluation
<ul style="list-style-type: none"> · Annual unit price contract (contract renewal time) · Service contract (quarterly) 	<ul style="list-style-type: none"> · One-time purchase (at the time of arrival) criteria

Supplier Evaluation Items

The evaluation items depend on the nature of the contract or order, but typically comprise compliance with the delivery date, delivery status, business cooperation, etc.

Supply Chain

Supply Chain ESG Management System

Partners represent critical stakeholders in LOTTE Shopping’s sustainability management. Consequently, we share our vision and direction for ESG advancement and strive to enhance their ESG capabilities in order to manage supply chain risks and opportunities concurrently. Through the Code of Conduct and Self-Assessment Checklist for partners, we aid our partners in diagnosing and improving their ESG levels. Through ESG-related online education and various shared growth programs, we are constructing an

ESG supply chain system for LOTTE Shopping. Moving forward, LOTTE Shopping will include the entire process from production to the distribution of our partners’ products within the scope of our supply chain management, and fortify the level of management with the goal of building an ESG system for all suppliers in the value chain.

Partner ESG Due Diligence Process



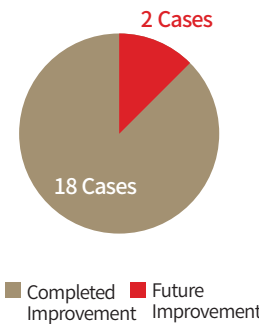
In December 2022, LOTTE Super conducted on-site due diligence for one small-sized partner company. We performed inspections based on 11 items, including business site management, Hi-genie management, and manufacturing facility management, and identified non-compliance issues through hazard analysis. We then categorized the non-compliance issues according to their severity and supported and managed the entire process to facilitate immediate improvements to the issues. As a result, improvements were completed for 18 out of 20 issues, and for issues that took time to improve, such as facility equipment and training completion, we provided specific improvement measures so that further improvements could be made.

Inspection Results

Category	Severe	Significant	Minor
Non-compliant Issues	0	4	16

Category	Regulatory Violation	Exceeding Microbial Standards	System Deficiency
Critical Issue	0	0	0

Issue Improvement



Future Improvement Tasks

Issue
The manager is not conducting external training related to ISO 22000 (Food Safety Management System Certification) or FSSC 22000 (Food Safety System Certification).

Improvement Direction
Ensure that the manager participates in FSSC 22000 external training according to the 2023 schedule.

Issue
Metal detectors are installed for foreign object management in finished products, but data loggers are not installed.

Improvement Direction
Install a data logger in the metal detector (planned for 2023).

Process



Inspection Items

Business Site Management	Hygiene Management	Manufacturing Facility Management	Cold Chain Management	Storage/Transportation Management	Inspection Management
Water Management	System	Regulation Management	Risk Analysis	On-site 7S	

Supply Chain

Supply Chain ESG Management System

ESG Education and Consulting for Partners

LOTTE Shopping has established an online education platform to strengthen the ESG and job competencies of its partners' employees and offered training on ESG theory and practice and the revised tax law to 83 partners. Furthermore, we signed an MOU with the KCCP (Korea Commission for Corporate Partnership) to provide ESG consulting support to 15 selected partner companies by connecting with specialized ESG consulting firms. Through this project, we conducted on-site due diligence diagnosis and improvement consulting focused on ESG guidelines, and identified vulnerabilities and improvement measures for suppliers.

ESG Education Program



Dept. Store

LOTTE Department Store encourages its partners to participate in the ESG support program of the Shared Growth Council and provides various ESG-related trainings to participating companies to enhance their adoption of ESG management methods. In 2022, the program was conducted for five companies, and in 2023, LOTTE Department Store will continue to encourage its partners to participate. Moreover, LOTTE Department Store conducts regular hygiene inspections and consultations for F&B brands with the LOTTE R&D Center, thereby offering guidance on hygiene-related matters, ranging from label information, such as expiration date and country of origin, to management methods.



Mart

To strengthen the ESG capabilities of its partner companies and their employees, LOTTE Mart has been conducting online training. In 2022, 251 small and medium-sized partners were trained on the concepts of ESG, ESG management, and the importance of ESG management under the theme of "The ESG Era Is Coming." LOTTE Mart also produced and distributed hygiene inspection tools to its partners in 2022. With these tools, partners can review the hygiene inspection procedures and specialized inspection items for each part (farming, fishery, livestock, processing, and cooking) and if they are new businesses, they can gain information on basic inspection points through the checklist.

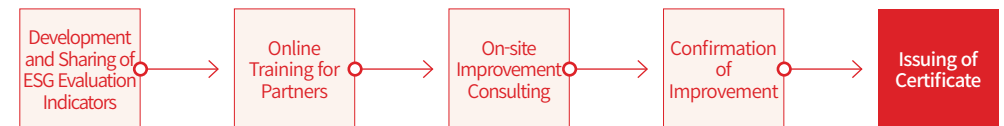
ESG Consulting Program

Partner ESG Support Project

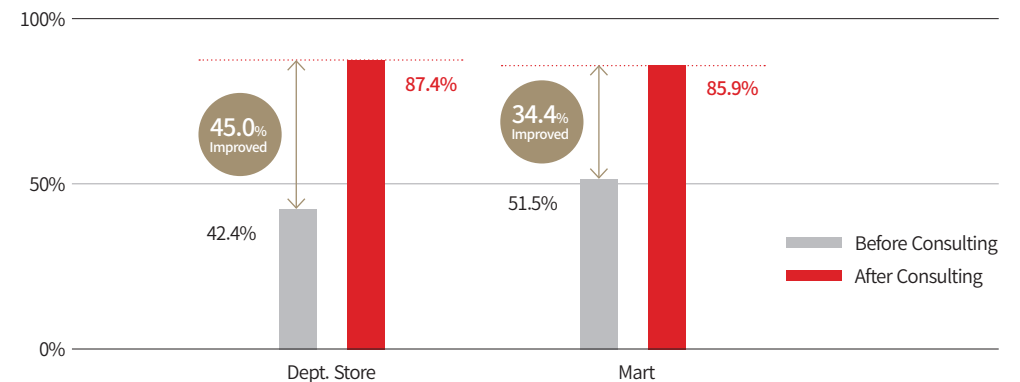


LOTTE Shopping has implemented the ESG Management Support Program to proactively manage supply chain risks and upgrade the ESG management systems of partner companies to the global level. Specifically, we have developed tailored ESG indicators for partners and developed and provided guidelines that can be used for on-site improvements to make the consulting program more effective.

As a result, LOTTE Department Store's partners increased their compliance with ESG indicators by about 44.0% on average, and LOTTE Mart's partners increased their compliance by about 34.4%. Consequently, we were able to avoid partners' potential imposition of fines and penalties amounting to an average of KRW 1,419 million for LOTTE Department Store KRW 2,718 million for LOTTE Mart. Of these, four LOTTE Department Store partners and eight LOTTE Mart suppliers were selected as ESG Outstanding SMEs by the Korea Commission for Corporate Partnership in 2022.



ESG Compliance Rate Improvement Status



Supply Chain

Shared Growth

At LOTTE Shopping, we believe that the growth of our partners signifies our growth, and we are engaged in diverse activities to ensure mutual growth with our partners. In 2001, we were the first in the industry to declare our compliance with fair trade and introduce related programs, and we provide various training and consulting services to help our partners develop their ESG capabilities. In addition, we operate distribution support programs that take advantage of the characteristics of the industry, such as

Dream Plaza, the industry's first specialized SME center, and the Overseas Market Pioneer Corps, which supports the sales of SMEs by partnering with the Korea Federation of SMEs (K-BIZ), and provide direct and indirect support for the management and welfare of our partners through a shared growth fund and a financial support fund for our suppliers.

LOTTE Shopping's Shared Growth Program



Coexistence and Cooperation

Operating a mutual cooperation program for shared growth



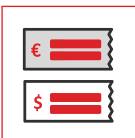
Sales Support

Support new sales channels and the overseas market expansion



Education

Support customized education programs to strengthen the practical skills of partners' employees



Shared Growth Fund

Financial support to help maintain smooth cash flows and stable management

Winning the 'Win-Win Growth Award'



Since entering into a partnership agreement with KCCP in 2018, LOTTE Department Store has championed various initiatives, including wage and benefits support, innovation-led wage solvency assistance, diverse wage solvency aid, and management safety financial assistance. As a result, we were honored with the Grand Prize for the Voluntary Agreement to Eliminate Polarization at the '2022 Win-Win Growth Award'



Leading the Shared Growth Index Perception Survey (Wholesale and Retail)



In the Win-Win Growth Index Perception Survey, conducted from March to August 2022, LOTTE Mart achieved the top position in the wholesale and retail sectors. The survey encompassed factors such as fair trade, fairness/appropriateness, funding, research and development, production, sales, business management, workforce, and shared growth system components.

Mutually Beneficial Agreements with Retailers in Voluntary Chain Businesses



LOTTE Super has signed a mutually beneficial agreement promoting shared growth between large and small-scale enterprises within the voluntary chain industry. In our managerial endeavors, we strive to facilitate shared growth through mutually beneficial collaboration, safeguarding the business areas of SMEs operating in the voluntary chain industry.

Supply Chain

Shared Growth

Win-Win Cooperation Activities

L-LAB



L-LAB, a shared growth program offered by LOTTE Department Store, supports a comprehensive R&D process through technical cooperation. We offer developmental cost assistance to SME partners who intend to develop collaborative products with LOTTE and provide consultation on the entire process, from product planning to design and distribution. In 2022, LOTTE Department Store's lifestyle curation shop SISIHOSI collaborated with the Korea Tourism Organization on a program to develop food tourism souvenirs rooted in local culture for local SMEs. We also hosted three pop-up stores at LOTTE Department Store' Main Store, the commercial district of Seongsu-dong, and DDP(Dongdaemun Design Plaza) to distribute and sell these products.

Product Development Support Process



Products Developed (8 items)



Startup Rebranding Support Program

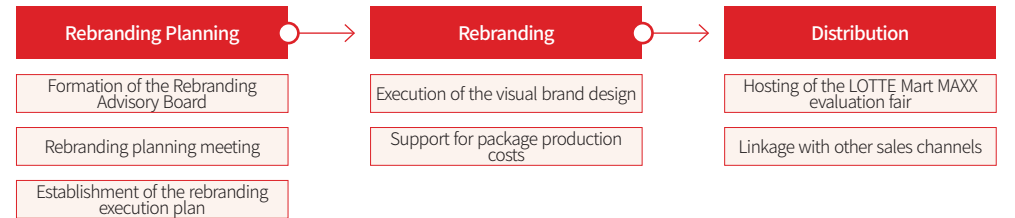


In collaboration with the Busan Creative Economy Innovation Center, LOTTE Mart initiated a startup rebranding support project for promising small and medium-sized startups in 2022. We conducted a jury evaluation for ten firms that passed the document review, selected three target companies to support the entire process, from rebranding planning to execution and product evaluation. LOTTE Mart will persist in its efforts to foster shared growth with remarkable startups by leveraging our ESG management expertise and offline marketing acumen.

Evaluation Items for Judges

- ① Need for Brand Improvement
- ② Product Competitiveness
- ③ Expected Effects
- ④ Willingness to Improve Branding

Rebranding Process



Selected Startups

Startup Name	Product (Service)
MEWOLMEJOO	Local liquor curation platform
Innecure Co., Ltd.	HELLOCELL Ectoall All In One Essence
Daydreamer Co., Ltd.	Rugs, bedding





Supply Chain **Shared Growth**

Sales Support for Small and Medium-sized Enterprises

LOTTE-Korea Brand Expo



Dept. Store



Mart

Both LOTTE Department Store and LOTTE Mart participated in the LOTTE-Korea Brand Expo held in Germany and the United States. The LOTTE-Korea Brand Expo, a project initially run by individual Business Division to aid SMEs in expanding overseas sales, was expanded to a group-wide shared growth activity in 2022. We offered comprehensive distribution support, including creating promotional content for products, business

matching, and export counseling for SMEs struggling to develop sales channels. We will continue operating the official website of the LOTTE-Korea Brand Expo to facilitate further export consultations with global buyers. LOTTE Department Store and LOTTE Mart remain committed to actively supporting SMEs in their efforts to expand overseas sales and are dedicated to establishing a sustainable win-win ecosystem.

Supply Chain

Shared Growth

Sales Support for SMEs

MOU with the Innopolis Foundation



Mart

LOTTE Mart has entered into an MOU with the Innopolis Foundation, a branch of the Ministry of Science and ICT, to support SMEs with ESG-friendly products within the five R&D Special Zones (Daejeon, Jeonbuk, Gwangju, Daegu, and Busan). Utilizing our technology and expertise, we provide comprehensive support, from consulting on the commercialization process required for companies with ESG technologies to reviewing the business feasibility of already developed products, and evaluating such products. We are vigorously pursuing the opening of new markets, particularly for companies that have received exceptional evaluations, by organizing and managing pop-up stores in vacant spaces within LOTTE Mart branches.

Discovery of Candidates for Product Evaluation Meeting

Affiliation	Product (Service)	Product Description
Innopolis Gwangju	Shopping bags, sanitary bags, coffee cups, etc.	Development of functional biodegradable compound materials
Innopolis Daedeok	Solid toothpaste, vegan cookies	Vegan certification acquired
	Natural material foot pack, mask pack	Uses fermented materials
Science Belt	Environment-friendly broadband sound absorption material	Recycled Paper Materials



Super

LOTTE Super is committed to assisting farmers nationwide in securing sales amid the challenging export conditions. In 2022, in an effort to aid citrus farmers in Jeju who were facing export challenges due to ongoing conflicts, we held a cooperative discount event in coordination with the Jeju Nonghyup Cooperative Joint Business Corporation. Going forward, LOTTE Super will continue to devise and promote strategies that satisfy farmers, consumers, and distributors alike.



Online Promotions for SMEs



E-Commerce

LOTTE E-Commerce conducts various promotions to assist small and medium-sized businesses in developing their sales channels. By leveraging the accessibility of E-Commerce, we encourage greater SME participation and offer long-term sales support, ranging from a minimum of five months to a maximum of a year, to enhance stability. We are also making efforts to extend the reach of our sales support by participating in the Korea Donghaeng Sale, a Seven-Day Festival of Unity and Harmony run by the Small & Medium Business Distribution Center, and Super Seoul Week, a program initiated by the Korea Productivity Center to support the sales of remarkable products from small and medium-sized enterprises in Seoul. Consequently, in 2022, we helped a total of 2,557 companies develop sales for 11,481 products, with total sales reaching approximately KRW 17.1 billion. LOTTE E-Commerce will continue to lead the way in developing online sales channels for small and medium-sized businesses.



2022 Sales Channel Development Program for Small and Medium-sized Commercial Enterprise

Organization Name	Project Name	Participating Sellers	Number of Products
Small Business Distribution Center	Online shopping mall support project for small and medium-sized enterprises	1,015	4,950
Gyeongbuk Economic Promotion Agency	Gyeongbuk Sale FESTA	456	1,932
Seoul Business Agency	Sales support via Seoul Awards	261	615
Busan Economic Promotion Agency	Online shopping mall support project for small businesses in Busan	65	257
Online Shopping Mall Support Project for Small Businesses in Busan	Online shopping mall support project for small businesses in Gwangju, South Korea	53	506
Small Business Distribution Center	Korea Donghaeng Sale_Seven-Day Festival of Unity and Harmony	172	213
Korea Productivity Center	Sales Support for excellent products of small businesses in Seoul_Super Seoul Week	535	3,008

Supply Chain

Shared Growth

Education Program

Win-Win Growth Academy



Dept. Store

The Win-Win Growth Academy of LOTTE Department Store is an educational program aimed at enhancing the job skills of employees from small and medium-sized partners. In 2022, 47 companies took part in the training "Co-evolution of Online Distribution Platforms and Online Sellers," while 150 companies joined the "2022 Trend Review and 2023 Trend Forecast"

Education on Technology Protection and Escrow Systems



Dept. Store

In June 2022, LOTTE Department Store conducted training on the technology protection/escrow system for 99 shared growth partners. Introduced in 2008, the Technology Escrow System aims to prevent unlawful actions such as technology theft by large companies from SMEs or competitors. Under this system large companies and SMEs in a business relationship mutually agree to store core technology data with a reliable organization. LOTTE Department Store is dedicated to fostering trust with its partners and protecting their rights through training on technology protection and the escrow system.

LOTTE ON Win-Win Education



E-Commerce

LOTTE E-Commerce organizes both online and offline training for SMEs on various topics such as marketing, secure trading, public relations, and sales strategies. By sharing our knowledge and leveraging our stable distribution platform, we assist SMEs in strengthening their distribution capabilities and acquiring new competitiveness. In 2022, in response to the COVID-19 pandemic, we conducted a total of 57 training programs for approximately 280 participants, three of which were held in Andong, Gwangju, and Busan.



Shared Growth Fund

LOTTE Shopping manages a shared growth fund to aid in the business stability and cash flow of its partners.

Shared Growth Fund

The shared growth fund offers preferential interest rate reductions when suppliers borrow from banks.

Category	Dept. Store	Mart	Super	E-Commerce
Target Companies	Trading partners			
Support Period	Maximum 4 years	Maximum 5 years	Maximum 2 years	Maximum 1 years
Fund Size	KRW 100 billion	KRW 80 billion	KRW 23 billion	KRW 8 billion
Target Bank and Loan Limit	IBK (Industrial Bank of Korea), Woori Bank Up to KRW 1 billion per partner	IBK (Industrial Bank of Korea) Up to KRW 2 billion per partner	IBK (Industrial Bank of Korea), Woori Bank Up to KRW 2 billion per partner	IBK (Industrial Bank of Korea) Up to KRW 300 million per partner
Preferential Interest Rate	Up to 4.22% at IBK Minimum 2+a% at Woori Bank	Up to 4.22%	Up to 4.22% at IBK Minimum 2+a% at Woori Bank	1.91%

Shared Growth Fund

The shared growth fund is an initiative that offers interest-free financial assistance to partners who require urgent funding.

Category	Dept. Store
Target Companies	Trading partners
Support Period	Maximum 2 years
Fund Size	KRW 100 billion
Support Limit	Up to KRW 400 million (Based on 50% of the average sales over the last three months)

Customers

Enhancement of Customized Customer Satisfaction Activities

Rooted in our conviction that 'We enrich people's lives by providing superior products and services that our customers love and trust', LOTTE Shopping is devoted to consistently enhancing customer satisfaction and elevating the quality of our services. As an entity that intimately connects with customers' daily lives,

LOTTE Shopping delivers bespoke services, optimizing customer experience by prioritizing their perspective throughout every stage of the purchasing process, including product quality, delivery, and consultation.

Customer Center Operation

LOTTE Shopping is intensifying its customer center consulting services to boost customer satisfaction. By integrating customer center phone numbers that were previously Business Division specific, we have improved customer convenience and enhanced the organization and efficiency of our consultation service response system. In our commitment to enhancing customer accessibility and convenience, we've diversified our consultation service channels and implemented chatbot and chat consultation programs, and in November 2020, we initiated the industry's first voice message consultation service. By continuously identifying and improving service defects from the customer's perspective, we have been able to consistently reduce our service defect rate every year.

Service Defect Rate in Relation to Orders

2020	2021	2022
1.08%	0.54%	0.45%

* Service defect rate improvement goal: 0.36% in 2023, 0.30% in 2024, 0.25% in 2025

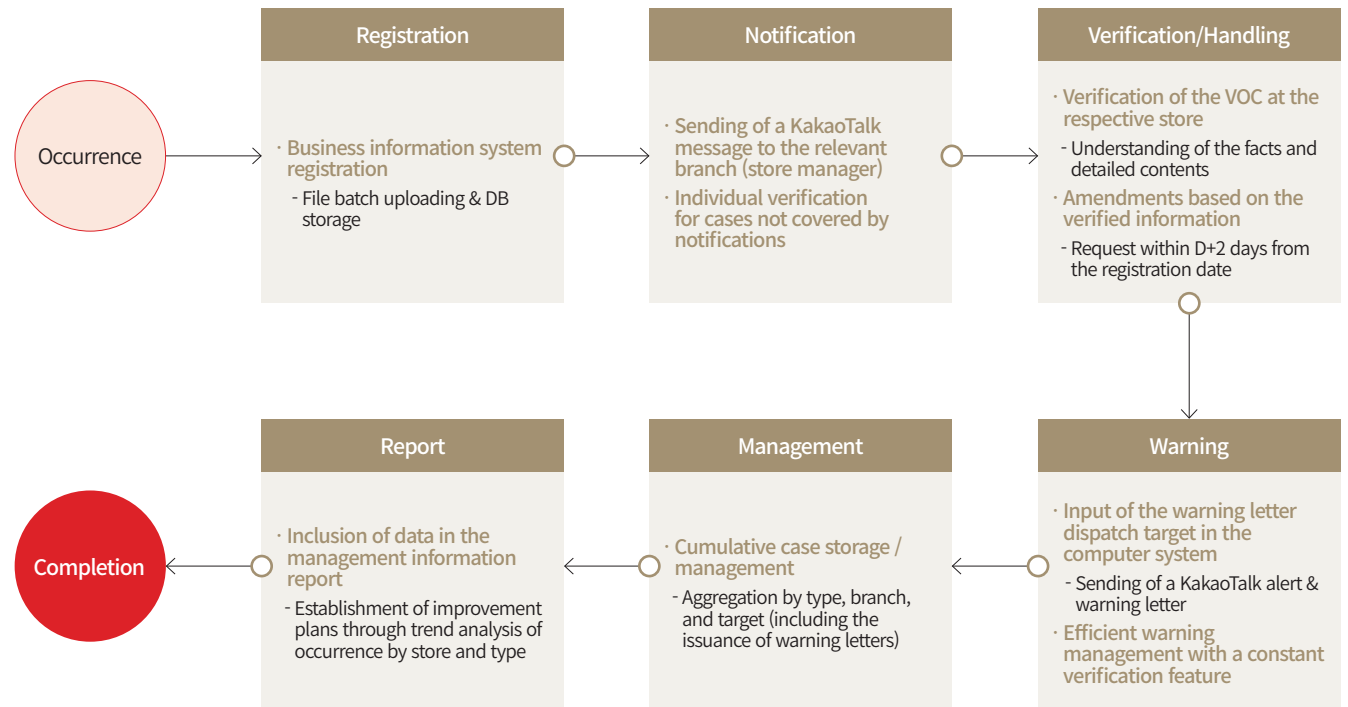
Customer Suggestion System

Since 2020, LOTTE Shopping has been improving its services through direct suggestions from customers in order to maximize service and shopping convenience from the customer's perspective. We directly share the results of service improvements with customers who have made suggestions.

Total Proposals	Completed Improvement Proposals
31 cases	10 cases

VOC Management System

LOTTE Shopping has integrated a VOC (voice of customer) management system to actively address customer requests and complaints and elevate the quality of services. We have improved the system to directly share VOC alerts received via the customer center within the LOTTE Super system, and we have been fostering employee engagement through a reward system that selects exemplary VOC branches and amicable employees each month.



Customers

Enhancement of Customized Customer Satisfaction Activities

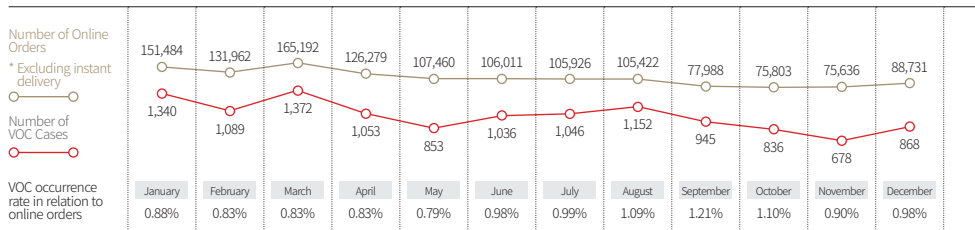
VOC Feedback

Every Division of LOTTE Shopping is committed to improving service quality through proactive feedback based on the customer's voice gathered via the VOC system. By analyzing the volume and particulars of monthly VOC inci-

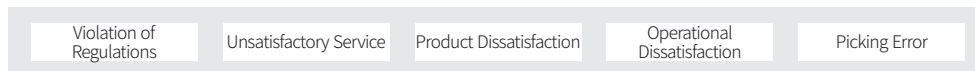
dents, we establish priority management issues, devise suitable improvement strategies, and promptly implement them. We pledge to keep our ears open to our customers and strive for continuous improvement and growth.



Monthly VOC Case Trend



VOC Classification



Example of Monthly VOC Management

Items with Notable VOC Cases Related to Dissatisfaction with Freshness in October 2021			Items with Notable VOC Cases Related to Dissatisfaction with Freshness in September 2022		
Category	Item	Number of Cases (Proportion)	Category	Item	Number of Cases (Proportion)
Fruit	Citrus Varieties	14 (26.7%)	Vegetables	Mushrooms	6 (13.3%)
	Tomatoes	5 (16.7%)		Cabbage/Lettuce	5 each (11.1%)
	Apples	3 (10.0%)	Fruit	Peaches/Grapes	8 each (18.2%)
Vegetables	Sweet Potatoes/Onions	각 3 (15.4%)		Melons	4 (9.1%)

For branches where VOC cases of freshness dissatisfaction have occurred, we share items with a high frequency of occurrence in the current and previous months and request improvements to strengthen proactive management. We also make monthly visits and provide training to branches where VOC cases have occurred. For branches with recurrent VOC cases for three consecutive months, we conduct spot inspections and issue warning letters to ensure rigorous post-management.

VOC Improvement Results

Customer Request

Product Information

"I placed an order for 'garlic sprouts in bunches,' but one bunch turned out to be smaller than I had anticipated. Moreover, there was no indication of the weight on the packaging. Out of sheer confusion, I decided to weigh the product myself, and found it to be less than 150 grams. This stark discrepancy from the product image left me feeling quite deceived."

Before Improvement

· Confusion for customers when selecting products without detailed weight or quantity indications for items in bunch/bundle/pack units.



Missing weight indication

After Improvement

- Mandatory weight indication at the time of product info DB registration
- For products with previously unmarked weight, the Mobile Team updates details such as the display weight, product name, and specifications during the master system overhaul.



Customers

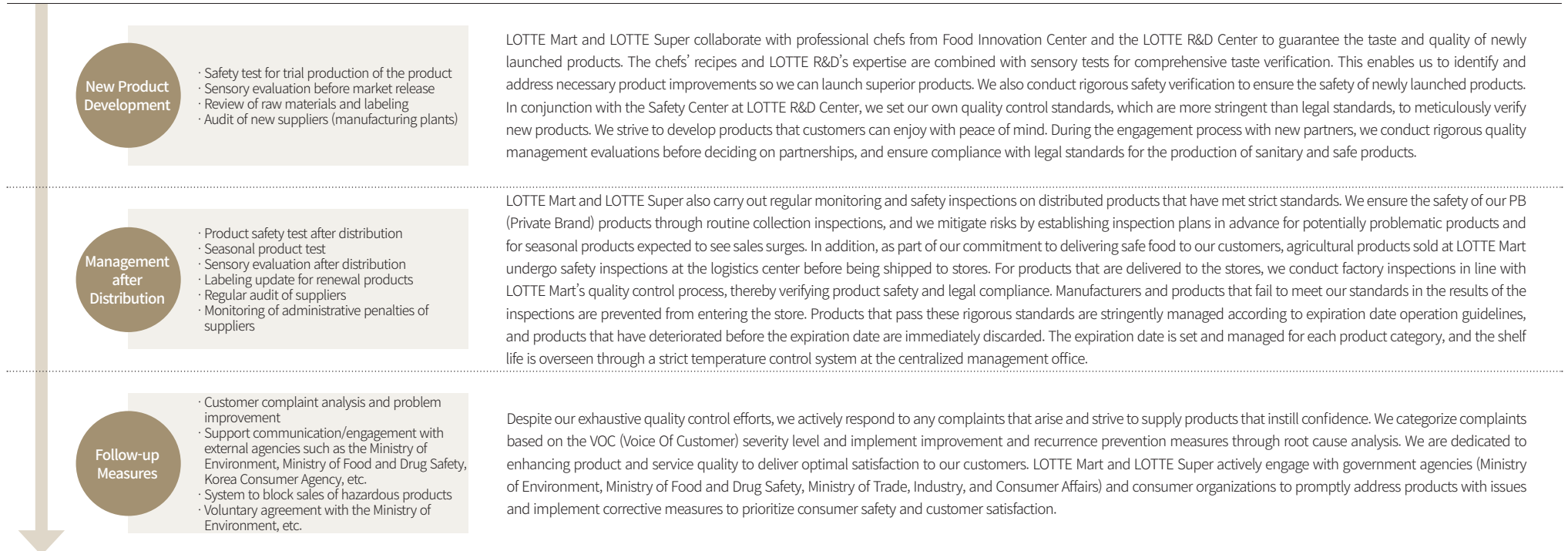
Product Quality Safety Management System

Step-by-step Product Quality Verification System

In effort to offer safe products to customer, LOTTE Shopping enforces stringent and systematic quality management that encompasses product development, distribution management, and follow-up stages. Furthermore, we have instituted operational guidelines for sustainable product distribution and manage

compliance with them during product development. We are committed to applying even stricter standards to manage our products so that LOTTE Shopping customers can purchase with confidence.

Quality Management by Product Lifecycle



Customers

Product Quality Safety Management System

Online Product Management



LOTTE E-Commerce conducts safety inspections for children's and electrical products in conjunction with Safety Center of LOTTE R&D Center, to ensure compliance with KC(Korea Certification) standards. The inspection takes place within three days of the product registration for initial sale, and continuous 24-hour monitoring is conducted using RPA (Robotic Process Automation¹⁾). This monitoring generates a priority inspection list, based on which the LOTTE R&D Center verifies any non-compliant products. If a product is found to be non-compliant, a request for correction/completion is automatically sent to the seller and sales manager. If the request is not fulfilled within the deadline, the product is ultimately removed from sale.

1) RPA (Robotic Process Automation) : A business process automation solution using robots

KC Certification Test Process



- Products such as children's products and electrical products that lack KC Certification
- Inspection within three days after new product registration (Based on consigned products)

Product Management for Household Chemicals



To provide customers with legal and safe products, LOTTE Mart undertakes safety checks for chemical products in accordance with the legal standards of various ministries. For our PB (Private Brand) chemical products, we endeavor to deliver a quality and safety level that exceeds

legal requirements. We have established specialized management classes (23 very high risk items and 27 high risk items) based on product properties, user age vulnerability risks, and the frequency of societal issues. This is done by setting quality control standards for each class.

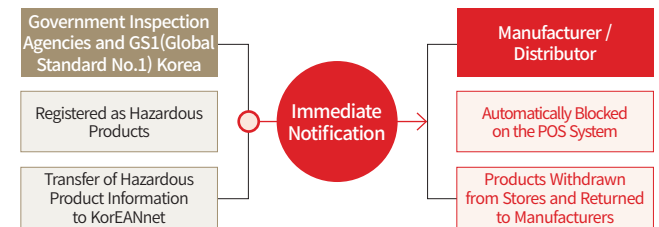
Since 2017, as part of our corporate social responsibility and commitment to household chemical safety, LOTTE Mart joined in a voluntary agreement on household chemical safety management under the Ministry of Environment. We publicly disclose all ingredients of PB household chemicals on the Ministry of Environment's website and conduct hazard assessments for all raw materials used in our products. Furthermore, we undertake comprehensive product safety management through training and quality management consultations to enhance the capabilities of our suppliers. Our aim is to develop products with reduced chemical use within 2023

Hygiene Management of Store Cooking Facilities



LOTTE Mart and LOTTE Super routinely conduct compliance, hygiene, and safety inspections of in-store manufacturing facilities to control the quality of products produced in stores. The manufacturing facilities of the stores undergo annual inspections in collaboration with the LOTTE Safety Center. Our QSVs (Quality Supervisors) are entrusted with ensuring the hygiene and safety of products manufactured in-store. The results of the hygiene inspections conducted by QSVs are shared in real-time with relevant personnel via the APP 'Hi-genie' program for integrated store hygiene inspections. Prompt actions and improvement measures are then taken based on these results.

Blocking Sales of Hazardous Products



LOTTE Shopping was the first Korean retailer to introduce a system for preventing the sale of hazardous products in 2009, and we have maintained its operation since. This system, jointly operated by the KATS (Korean Agency for Technology and Standards) under the Ministry of Trade, Industry and Energy, the Ministry of Food and Drug Safety, and the Ministry of the Environment, immediately halts the sale of illegal and dangerous products in stores as soon as the recall information is registered in the system. All executives and employees of LOTTE Shopping actively work to thoroughly prevent the distribution of illegal and hazardous products by participating in interdepartmental collaborations for the safe consumption of goods. Newly discovered hazardous products are shared in real-time through the issue-sharing channel across all Business Divisions. Approximately 60 participants from the LOTTE R&D Center, LOTTE Department Store, LOTTE Mart, LOTTE Super, LOTTE Home Shopping, and Korea Seven take part in the issue-sharing channel, which is designed to share information on hazardous products identified by each affiliate and take action in real-time. LOTTE Mart and LOTTE Super play a leading role in product safety management at the closest point of contact with consumers, thereby contributing to secure product safety and providing a distribution environment where customers can purchase products with confidence. In recognition of these efforts, LOTTE Mart was named the Best Store in 2020 and LOTTE Super was named an Excellent Store in 2021 by the Korean Agency for Technology and Standards.



Customers

Product Quality / Safety Management System

LOTTE Safety Center, Accountable for the Safety of LOTTE Retailers' Products

Established in 1980 under LOTTE Shopping and officially launched in 2009, the LOTTE Safety Center ensures the safety of products offered by LOTTE Group's retail outlets, including department stores, hypermarkets, supermarkets, and E-Commerce platforms. The Center's mandate covers Hi-genie management and the prevention of hazardous incidents. The LOTTE Safety Center identifies and manages harmful substances that can be introduced or produced in various ways during the manufacturing process of a diverse range of products, such as food, household products, chemicals, and children's items. The Center proactively responds to issues by establishing analytical methods for unregulated substances.

To prevent non-compliant products from reaching consumers, quality and safety inspections are conducted throughout the entire process from product development to market release and on-site inspections and improvements are conducted during product manufacturing.

In 2022, LOTTE Mart performed 4,684 product safety inspections in the food sector and 12,528 in non-food sectors. Furthermore, we're leading the charge in the safety management of products sold by LOTTE Group's retail affiliates. We are doing this by deploying RPA (Robotic Process Automation) technology to operate a preventative system for illegal and defective products, conducting Hi-genie inspections at our distributors' stores through the Hi-genie app developed using digital technology, and creating the LOTTE Meta Edu Vill, a metaverse space, to deliver online and offline Hi-genie and safety education. The LOTTE Safety Center will continue to work relentlessly with LOTTE Group retailers to provide safer products to customers. This will be achieved with the development and implementation of a smart monitoring system and a smart HACCP (Hazard Analysis and Critical Control Points) system tailored to retailers as we aim to construct a safer food safety management system underpinned by data.



Community

Social Contribution Operation System

In addition to its economic activities, LOTTE Shopping contemplates ways to contribute to the advancement of the nation and local communities at the corporate management strategy level. To this end, we carry out social contribution activities centered on RE:EARTH and RE:JOICE, two of our top 5 ESG initiatives. To avoid transient initiatives and ensure that we achieve our long-term goals, we establish our social contribution strategies by identifying ways to leverage the retail industry’s characteristics and capabilities most effectively. We plan and execute effective programs based on these strategies.

Above all, LOTTE Shopping hopes that its social contribution activities bring about meaningful social change. Therefore, we analyze the outcomes of our social contribution activities, reflect feedback in future planning, and monitor the utilization of funds to ensure the transparent execution of activities. Moving forward, LOTTE Shopping will continuously refine its social contribution programs and strive to allocate funds more effectively across various segments of society.

Social Contribution Vision and Strategy

Social Contribution Vision and Core Areas



Key Direction and Tasks

<p>RE: EARTH</p> <p>An environmental campaign aimed at a sustainable life</p>	<ul style="list-style-type: none"> · Expansion of the environmental purification project RE:EARTH Market, broadening the scope of plogging · Implementation of the upcycling project for resource circulation · Expansion of eco-friendly products with environmental mark certification · Expansion of RE:EARTH unmanned bottle return and plastic recycling machines · Operation of CHARLOTTE Eco Dreamers to spread Eco-friendly messages to the MZ generation
<p>RE: JOICE</p> <p>Mental health campaign supporting self-esteem, dreams, and challenges for all</p>	<ul style="list-style-type: none"> · Mitigation of barriers to psychological counseling through the upgraded RE:JOICE Counseling Center · Continuous operation of the Mind Care Program to support psychological counseling for low-income and vulnerable groups · Operation of RE:JOICE Dreamers to support the dreams and challenges of family-caring teens
<p>Local Community Coexistence Project</p>	<ul style="list-style-type: none"> · Operation of the Charlotte Volunteer Group (Supporting local vulnerable groups and conducting volunteer activities) · Relief support for domestic and overseas disaster areas · Support for local/social organizations and revitalization of local markets · Support for small and medium enterprises (education and consulting, financial support, sales channel support, etc.)

Community

Social Contribution Activities

Community-Linked Social Contribution Activities

LOTTE Department Store Gwangju Donates Entire Proceeds from Flea Market

In October 2022, LOTTE Department Store Gwangju generously donated all profits from its October Flea Market and household goods sales to Yongshinwon, a children's residential facility located in Dong-gu, Gwangju, South Korea. The inaugural Flea Market, which took place in 2021, saw enthusiastic participation from employees, who voluntarily donated over 1,000 items for sale, and raised valuable funds for the organization. This employee-driven initiative to aid the disadvantaged was heartily embraced in Gwangju, and LOTTE Department Store Gwangju pledges to continue its various community outreach activities as a token of appreciation for the support received from the local community.



LOTTE Department Store Daegu Provides Volunteering Services for Vulnerable Seniors

In May 2022, to mark the approach of Parent's Day, LOTTE Department Store Daegu collaborated with the Jinmyung Welfare Center for the Elderly to orchestrate volunteer activities for underprivileged seniors. LOTTE Department Store Daegu employees put together thoughtful carnation bouquets and gratitude meals for the elderly in Daegu, while employees of one of the store's tenants, MIDAMJANG, offered free haircuts to 20 senior citizens. Going forward, LOTTE Department Store Daegu is committed to continuing its volunteer services in diverse formats.



LOTTE Department Store Daegu Advocates for the Revitalization of the Dongseong-ro Commercial District

In October 2022, LOTTE Department Store Daegu lent its support to the Daegu Fashion Jewelry Week 2022 event as part of its ongoing initiative to revitalize the Dongseong-ro commercial district and cultivate a win-win relationship with the local merchants' association. The department store collaborated with the Daegu Fashion Jewelry Special District Merchants' Association to promote the event, thereby contributing to the rejuvenation of the Dongseong-ro commercial district, which had been hit hard by economic stagnation and the aftershocks of the COVID-19 pandemic. LOTTE Department Store Daegu took part in various promotional activities, such as offering free parking during the event, endorsing the Ms. LOTTE Model Award in the jewelry model selection contest, and organizing celebratory performances and events. LOTTE Department Store Daegu is determined to further enhance its efforts to revitalize the Dongseong-ro shopping district by working closely with local merchants.

LOTTE Department Store Offers Mind Care Program

Since 2020, LOTTE Department Store has been working in partnership with social welfare centers nationwide to offer professional psychological counseling to low-income and vulnerable individuals. In 2022, we

joined forces with 10 comprehensive social welfare centers across six regions, and delivered both group and individual psychological counseling and emotional support to a total of 286 individuals. Notably, from 2022, we broadened the scope of participation from women to all genders and ages to open up participation to children with mental health issues as well as their parents. To ensure the sustainability and quality of the program, we will select exemplary institutions among the participating organizations for the development of in-depth programs, and we pledge to maintain continuity through regular monitoring.



Community

Social Contribution Activities

Community-Linked Social Contribution Activities

LOTTE Mall Jinju Upholds Partnership with Disabled Arts Organization

LOTTE Mall Jinju has entered into a partnership with HOPEIRUM, the only disability-inclusive orchestra in Gyeongsangnam-do, to improve awareness of people with developmental disabilities and create jobs. Our Jinju store has been taking actions for the socially disadvantaged since it was certified as a barrier-free facility in March 2017. We held a Hopeconcert in April 2022 in a customer rest area to contribute to local culture and art, as well as to improve awareness of the disabled. Moreover, in 2023, we established a pet park in the terrace area and launched a cafe in collaboration with a public-private partnership to promote employment opportunities for the disabled.

LOTTE Premium Outlet Icheon Supports the Employment of Individuals with Disabilities / I got everything Café

LOTTE Premium Outlet Icheon has been supporting the 'I got everything' Café since 2019 in order to provide employment opportunities for individuals with hearing impairments. As staunch advocates for the employment of individuals with disabilities, we are doing our best to drive local integration and enhance the quality of life for the disabled. In addition, Icheon Store donates the café's monthly rental fee to the Korea Association of the Deaf.



LOTTE Mart's Walking Donation Challenge Aids Abandoned Dogs

In collaboration with the pet specialty brand 'coliol', LOTTE Mart hosted the Walking Donation Challenge in June 2022. This initiative aimed to support abandoned dogs while encouraging customers to walk their own dogs. The challenge involved the use of the WalkOn application, a platform dedicated to walking activities. Participants were encouraged to take part in the challenge by selecting "Join the LOTTE Mart Abandoned Dog Support Donation Challenge" within the app and walking their dogs. All participant steps were aggregated, and after the targeted goal was reached during the campaign, LOTTE Mart contributed KRW 20 million to KARA (Korea Animal Rights Advocates). These funds were utilized to enhance the facilities of the animal shelter, KARA The Bom Center, and to manufacture adoption boxes. These boxes are provided free to dog owners who adopt a stray dog. LOTTE Mart envisions expanding this abandoned dog support program through various employee volunteer activities as well as customer participation campaigns.



LOTTE Mart Contributes to Food Banks for the Underprivileged

Every month, LOTTE Mart donates fresh and processed food products nearing expiration to food banks (Korea's most extensive material-sharing system). Basic food banks located in various regions collect these items from their local stores each month. The collected food is then provided to underprivileged groups such as malnourished children and seniors living alone. In 2022, LOTTE Mart donated food valued at approximately KRW 210 million to food banks, which was then distributed to those in need.

LOTTE Mart's Charlotte Volunteer Group Fosters 1:1 Partnerships with Child Welfare Facilities

LOTTE Mart is continuously pursuing social contribution activities by establishing 1:1 partnerships with local child welfare facilities through the Charlotte Volunteer Group at each branch. Despite the challenges presented by COVID-19, we've adapted by transitioning to monthly donations of necessary goods and monetary contributions to ensure uninterrupted support. In April 2023, we invited children to celebrate Children's Day on May 5 through a special event hosted at LOTTE Mart ZETTAPLEX. This occasion involved inviting 20 vulnerable children, gifting them toys, and providing them with an enriching aquarium experience. Alongside this event, 44 LOTTE Mart branches nationwide donated toys and goods valued at approximately KRW 26 million to partnered child welfare facilities.

LOTTE Mart anticipates increased employee participation and the delivery of further experiences and hope to vulnerable children through various themed volunteer programs, in addition to donations of goods and money.



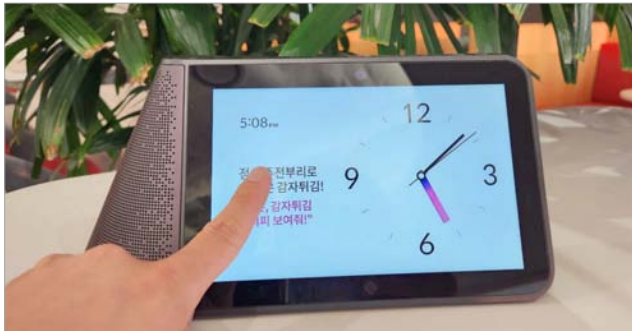
Community

Social Contribution Activities

Community-Linked Social Contribution Activities

LOTTE ON Facilitates Social Contribution Activities for Solitary Senior Care Services

In November 2022, LOTTE ON entered a business agreement with the Korea Water Resources Corporation for ICT-based social contribution activities leveraging AI speakers. LOTTE ON's donation of 1,000 AI speaker units, dubbed Charlotte Home, will be employed by the Our Home Welfare Center service. This service caters to 1,000 seniors living in areas surrounding dams with limited accessibility. The initiative aims to bridge the information gap, isolation, and loneliness experienced by the seniors by providing engaging online content such as participatory online education, home healthcare, and dementia prevention brain games, all accessible at home without the need to visit a welfare center.



LOTTE Department Store and LOTTE Mart Collaborate with the RE:JOICE Psychological Counseling Center

Both LOTTE Department Store and LOTTE Mart have implemented psychological counseling centers for their customers and employees as part of the RE:JOICE campaign with the aim of promoting self-esteem, fostering dreams, and encouraging people to take on challenges. Initially, the campaign catered to the psychological well-being and care of LOTTE Department Store employees. However, since the inauguration of the first psychological counseling center at LOTTE Department Store Centum City in 2020, the campaign has broadened its scope to the operation of four such centers accessible to both customers and employees. These services are provided at rates approximately 50% lower than conventional counseling centers, with the proceeds being directed to a social contribution fund for mutual growth with local communities. Furthermore, we've established the 'Mobile In-house Psychological Counseling Center' for employees unable to use the conventional counseling center due to time and space constraints.



Traveling Psychological Counseling Center



4th RE:JOICE Psychological Counseling Center (LOTTE Mart Suji)



3rd RE:JOICE Psychological Counseling Center (LOTTE Department Store Dongtan)

3,607

Number of counseling cases in 2022



RE:EARTH MARKET

Employee Participation Activities

LOTTE Department Store Embarks on RE:EARTH Beachcombing & City Plogging

In August and October of 2022, LOTTE Department Store hosted RE:EARTH Market, an environmental cleanup project that incorporated the participation of both customers and employees as a response to the COVID-19 pandemic. The initiative included beachcombing on Jeju Island and in Yangyang, as well as plogging (picking up trash while jogging) around Jamsil, the Seoul City Hall Square, Hangang-Park and Jamsu Bridge. In total, 4,149 participants contributed, collecting 22,950 liters of trash. In addition, RE:EARTH Market has incorporated various events such as LOTTE Department Store's marathon event Style Run, busking, and zero-waste goods exchanges, and is encouraging the participation of diverse demographics, including the MZ generation. In 2023, LOTTE Department Store aims to expand its environmental cleanup projects to various locales such as palaces, beaches, and urban centers, in an effort to popularize plogging.

LOTTE Mart Commemorates Water Day with Plogging

In March 2023, LOTTE Mart recommenced its social contribution activities, previously halted due to COVID-19, by hosting a plogging event to clean local rivers. This was in commemoration of World Water Day on March 22, and was part of the Charlotte Volunteer Group. Approximately 400 employees from 22 stores participated in the activity, collecting around 800 kg of trash. LOTTE Mart, through the Charlotte Volunteer Group, intends to continuously support local children's organizations and engage in mutual growth activities with local communities, facilitated by the direct participation of employees.



Plogging in commemoration of World Water Day



Community

Social Contribution Activities

Support for Culture and Arts

LOTTE Department Store Presents RE:JOICE Exhibition

LOTTE Department Store hosted the exhibition “RE:JOICE: Art and Women, Their Shining Names” at five branches from February 18 to April 25, 2022. The exhibition displayed original works from over 40 domestic female artists as part of the RE:JOICE campaign, which is aimed at supporting the self-esteem, dreams, and challenges of women in commemoration of International Women’s Day. LOTTE Department Store plans to organize the RE:JOICE exhibition annually to mark International Women’s Day.



LOTTE Department Store Hosts Planet in the Box Exhibition

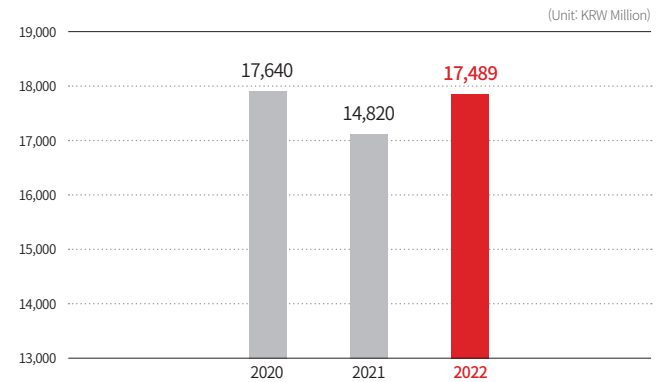
From July 12 to August 31, 2022, LOTTE Department Store hosted the Planet in the Box exhibition, which explores nature from a new perspective, in collaboration with the Seoul Arts Council and L’Oréal Korea. The exhibition showcased works by six artists with disabilities chosen through the Create Your Beauty contest, and was aimed at displaying



sustainable beauty through the senses and perspectives of artists with disabilities. Park Chan Hum’s “Starry Night” was featured on L’Oréal Korea’s eco-friendly packaging box. From the fourth to sixth floors of the Main Store, LOTTE Department Store exhibited works under the themes of “The Beauty of Being”, “Humans & Environment”, and “Inspiration from Nature”, and also hosted an exhibition certification event. Moving forward, LOTTE Department Store is committed to providing opportunities for artists with disabilities to express their creative vision, without any constraints related to their disabilities.

Donations

Details of Donations for the Past Three Years



* LOTTE Shopping has instituted an internal business regulation that strictly prohibits donations to political organizations, including political parties, party members and candidates, and organizations of a political nature.

Governance

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Governance

Board of Directors

LOTTE Shopping is dedicated to the establishment of advanced, world-class corporate governance to augment long-term shareholder value and equitably promote the rights and interests of diverse stakeholders. To build a corporation with enduring growth potential through the fulfillment of its social responsibilities, the BOD (Board of Directors) announced the Corporate Governance Charter in 2021, which comprises governance principles and policies. Accordingly, LOTTE Shopping has instituted a robust corporate governance system that safeguards fairness, transparency, and independence in governance and ensures checks and balances.

Procedures and Criteria for Director Appointment

LOTTE Shopping is committed to maintaining a transparent and professional verification process for the appointment of directors. For executive director, suitable candidates are identified and proposed by the board, of directors, while for independent directors, the Independent Director Nomination Committee recommends candidates that meet the qualifications stipulated in Article 382, Paragraph 3 and Article 542, Paragraph 8 of the Commercial Act to ensure a more comprehensive and objective nomination and verification process. The director candidates, recommended through a separate agenda resolution process, are discussed at the general meeting of shareholders to determine their appointment, and the chairman of the BOD is appointed through a resolution of the BOD.

Board Composition

The board of directors of LOTTE Shopping comprises nine directors appointed by the general meeting of shareholders, five of whom are independent directors, to secure independent judgment and decision-making, thereby enabling the board to function independently from management and controlling shareholders. LOTTE Shopping's BOD, which is composed of executive director who demonstrate expertise and objectivity and independent directors with guaranteed independence, concurrently plays the roles of overseeing and advising management, and establishing a harmonious balance of checks and balances. In particular, the Audit Committee, Independent Director Nomination Committee, and Compensation Committee, which are under the BOD, are entirely comprised of independent directors to bolster independence and transparency.

Board Composition

Category	Name	Gender	Position	Career Highlights
Executive Director	Kim Samuel Sanghyun	Male	CEO Chairman of the Board	<ul style="list-style-type: none"> · President of P&G Korea, Regional Head of P&G ASEAN · Vice Chairman & CEO of Homeplus · CEO of the DFI Retail Group, Singapore · (Present) Vice Chairman and Group CEO, LOTTE Retail HQ
	Chung Joon Ho	Male	CEO	<ul style="list-style-type: none"> · Head of the Overseas Fashion Division, Shinsegae International · CEO of LOTTE GFR · (Present) CEO of the LOTTE Department Store Division, LOTTE Shopping
	Kang Sung Hyun	Male	CEO	<ul style="list-style-type: none"> · CEO of the H&B Division (LOHB's), LOTTE Shopping · CEO of LOTTE-Nestlé Korea · (Present) CEO of the LOTTE Mart/Super Division, LOTTE Shopping
	Chang Ho Joo	Male	Director	<ul style="list-style-type: none"> · CFO of LOTTE Department Store · Head of Finance at the LOTTE Shopping HQ · (Present) Head of the Finance Innovation Division, LOTTE Retail HQ
Independent Director	Kim Do Seong	Male	Director	<ul style="list-style-type: none"> · Member of the External Evaluation Committee for Financial Investment Business Authorization of the Financial Supervisory Service · Professor of Business Administration, Sogang University · (Present) Member of the Dispute Resolution Committee, Korea Exchange · (Present) President of the Korean Academic Society of Financial Planning · (Present) Dean of the Business School and Director of the Graduate School of Business, Sogang University
	Kim Yong Dai	Male	Director	<ul style="list-style-type: none"> · Researcher at the US National Institutes of Health · Associate Professor of Information and Statistics, Hankuk University of Foreign Studies · Associate Professor of Statistics, Ewha Womans University · (Present) Professor of Statistics, Seoul National University
	Jeon Mi Young	Female	Director	<ul style="list-style-type: none"> · Columnist at JoongAng ECONOMIST · Research Professor in Consumer Science, Seoul National University · (Present) Researcher at the Consumer Trend Center (CTC), Seoul National University · (Present) CEO of Trend Korea Company · (Present) Columnist at Dong-A Ilbo
	Sim Sue Ohk	Female	Director	<ul style="list-style-type: none"> · Senior Managing Director of the Display Business Division/Global Marketing Division, Samsung Electronics · Vice President of the Global Marketing Division, Samsung Electronics · Professor of Industry at the Business School, Sungkyunkwan University · (Present) Professor at the Graduate School of Business, Sungkyunkwan University
	Cho Sang Chul	Male	Director	<ul style="list-style-type: none"> · Chief Prosecutor at the Daejeon District Prosecutor's Office · Chief Prosecutor at the Seoul Western District Prosecutor's Office, Chief Prosecutor at the Seoul High Prosecutor's Office · (Present) Representative Attorney at the Pusan International Law Office

Governance

Board of Directors

Independence of Operation of the Board of Directors

LOTTE Shopping designates independent directors based on the recommendations of the Independent Director Nomination Committee to safeguard the independence of the BOD through the fair and transparent selection of outside directors. The committee abides by the qualification requirements for outside directors pursuant to Article 382 (3) and Article 542 (8) of the Commercial Act and proposes suitable candidates.

Board Diversity and Expertise

LOTTE Shopping strives to ensure that the BOD is composed of individuals who can safeguard the rights and interests of various stakeholders, including shareholders and customers, thereby enabling decisions to be made from a broader perspective. The Corporate Governance Charter of LOTTE Shopping stipulates that individuals with the expertise to make meaningful contributions to the company should be appointed to the BOD, and that the company should promote diversity in the BOD to adapt to changes in the business environment based on diverse perspectives and experiences. Presently, five of the nine directors of LOTTE Shopping are independent directors, and all of them are experts with specialized knowledge and experience in various fields such as law, finance, and accounting.

Board Skill Matrix(BSM)

Category	Kim Sang Hyun	Chung Joon Ho	Kang Sung Hyun	Chang Hoo Jo	Shim Sue Ohk	Kim Do Seong	Kim Yong Dai	Cho Sang Chul	Jeon Mi Young
Leadership	○	○	○	○	○	○	○	○	○
Retail/Marketing	○	○	○	○	○	○			○
Global Business	○	○	○		○		○		
ESG Strategy	○	○	○		○	○		○	○
Corporate Operation Experience	○	○	○	○	○				
Finance/Accounting	○			○		○	○		
Law/Regulations								○	
Year Appointed	2022	2022	2021	2022	2022	2021	2020	2022	2021

Board Performance Evaluation and Compensation

LOTTE Shopping incorporates the results of the evaluation of the BOD's management activities in determining compensation in compliance with the evaluation and compensation provisions of Article 11 of the Corporate Governance Charter. The remuneration of directors and necessary expenses for their work are determined through discussions by the BOD, and are within the payment limits set by a resolution of the general meeting of shareholders. The remuneration of independent directors is also paid within the limits set by a resolution of the general meeting of shareholders in accordance with Article 388 of the Commercial Act, Article 42 of the Articles of Incorporation, and Article 11 (Appointments and Reporting Matters) of the Board of Directors Regulations. LOTTE Shopping also works to enhance transparency in management by deciding matters related to the remuneration of executives through the Compensation Committee.

Compensation Payment Status

Category	Number of people (persons)	Total Compensation (KRW million)	Average Compensation per Person (KRW million)
Registered Director	4	3,015	709
Independent Director	2	152	76
Audit Committee Members	3	241	80

* The above includes the compensation of one executive director, one independent director, and one audit committee member who retired in March 2022.

* The average compensation per person was calculated based on the average number of compensated persons.

ESG Management KPIs

Around 30% of the KPIs for CEOs of affiliated companies of LOTTE Shopping are composed of ESG management-related items.

Environmental(5)	Measurement and Management of Upstream/Downstream Carbon Intensity / Carbon Neutral Implementation / Emissions Management against Reduction Targets / Carbon Intensity Management Compared to the Previous Year / Execution of the Investment Budget
Social(8)	Enhancement of Human Rights Management / Enhancement of the Employee Education System / Management of Supply Chain ESG Risks / Appropriateness of Investments / Improvement in Security Level / Management of Security Solution Introduction Status / Management of Disaster Recovery System Construction / Minimization of Information Protection Accidents
Governance	Activation of the ESG Committee
Others(2)	Specialized Indicators by Subsidiaries / Enhancement of ESG Disclosures

Governance

BOD Activities

Operation of the Board of Directors

LOTTE Shopping has formulated and adheres to regulations for the BOD and its committees. In principle, regular BOD meetings are convened once a month, and the approvals and resolutions of the BOD are decided by a majority of the members of the BOD and a majority of the votes of those present. Furthermore, ad-hoc board meetings are convened as necessary in response to emergent situations.

Board Meetings in 2022

Number of Sessions	Total Number of Agenda Items	Number of Times Significant ESG Matters were Reported	Executive Director Attendance Rate	Independent Director Attendance Rate
16	75	28	96.4%	92.5%

Committees under the BOD

LOTTE Shopping has formed committees under the BOD to guarantee professional and efficient BOD operations. At present, there are five committees under the BOD (the Audit Committee, Independent Director Nomination Committee, Transparent Management Committee, Compensation Committee, and ESG Committee). As of

March 2023, the Independent Director Nomination Committee, Compensation Committee, and Audit Committee were composed entirely of independent directors, while the Transparent Management Committee and ESG Committee consisted of a majority of independent directors.

Committee	Composition	Members	Role
Audit Committee	Three or more members (at least two-thirds independent directors) ※ Currently, all independent directors	Kim Do Seong, Independent Director (Chairman) Kim Yong Dai, Independent Director Shim Sue Ohk, Independent Director	<ol style="list-style-type: none"> The committee shall audit the accounts and business operations of the Company. The committee shall annually review its own performance and the appropriateness of its regulations, and propose revisions to the board of directors as needed. In addition to Articles 1 and 2, the committee shall handle matters defined by laws, regulations, or the Articles of Incorporation, and matters delegated by the board of directors.
Independent Director Nomination Committee	Three or more members (at least two-thirds independent directors) ※ Currently, all independent directors	Kim Yong Dai, Independent Director (Chairman) Jeon Mi Young, Independent Director Cho Sang Chul, Independent Director	<ol style="list-style-type: none"> The committee shall recommend candidates for independent directors to be appointed by the general meeting of shareholders. When recommending independent director candidates, the committee must include candidates recommended by shareholders who are eligible to exercise their rights under Article 542-6, Paragraph 2 of the Commercial Act. In addition to Articles 1 and 2, the committee shall handle matters stipulated by laws, regulations, or the Articles of Incorporation, and matters delegated by the board of directors.
Transparent Management Committee	Three or more members (at least two-thirds independent directors)	Kim Sang Hyun, Executive Director (Chairman) Kim Do Seong, Independent Director Cho Sang Chul, Independent Director	<ol style="list-style-type: none"> The committee has the authority to review and approve large-scale contracts of KRW 5 billion or more in areas such as advertising, system integration, construction, and logistics with affiliated companies defined in Article 2 of the Monopoly Regulation and Fair Trade Act and Article 3 of its enforcement decree. The committee has the authority to review and approve contracts where potential conflicts of interest with the company may arise in transactions involving non-registered executives. The committee can review the status of internal transactions among affiliated companies in areas such as advertising, system integration, construction, and logistics, and review major policies and compliance management actions related to social contribution activities. If there are violations or risks of violations of laws or regulations, the committee can recommend necessary corrective and improvement measures.
Compensation Committee	Three or more members (at least two-thirds independent directors) ※ Currently, all independent directors	Cho Sang Chul, Independent Director (Chairman) Jeon Mi Young, Independent Director Kim Do Seong, Independent Director	<ol style="list-style-type: none"> The committee shall deliberate on and resolve the limits of compensation for registered directors, individual compensation for registered directors including performance pay, and the limit of compensation for each non-registered executive position.
ESG Committee	Three or more members (at least two-thirds independent directors)	Jeon Mi Young, Independent Director (Chairwoman) Shim Sue Ohk, Independent Director Kang Sung Hyun, Executive Director	<ol style="list-style-type: none"> The committee shall deliberate on the company's ESG (environmental, social, and governance) policy and all matters necessary for ESG activities. The committee shall deliberate on and resolve matters related to establishing policies and strategies for ESG management, setting mid- and long-term goals for ESG management, and annual plans. The committee shall review and manage the performance of ESG promotion and implementation results, the status of major non-financial risk management and responses related to ESG, and the status of ESG evaluation management and stakeholder communication.

Governance

Shareholder-Focused Management

LOTTE Shopping is dedicated to executing shareholder-focused management to boost shareholders' rights and interests in alignment with the company's growth. We continually work to enhance shareholder-friendly management by transparently disseminating information and actively engaging with our stakeholders.

Shareholder Composition

To ensure equal voting rights, LOTTE Shopping mandates that shareholders are entitled to one vote per share at shareholders' meetings in accordance with Article 2, Paragraph 1 of the Corporate Governance Charter and Article 24 of the Articles of Incorporation. As of March 2023, there were no registered preferred shares issued, and the total number of shares issued stood at 28,288,755.

Voting Rights

As of March 2023, the number of shares bearing voting rights, excluding treasury shares with restricted voting rights under the Commercial Act and shares held by affiliated public interest corporations with restricted voting rights under the Fair Trade Act, was 28,226,062, constituting 99.77% of outstanding shares.

Category	Number of Issued Shares	Note
Number of Issued Shares	28,288,755	Treasury stock (18,115 shares) Stocks held by affiliated public interest corporations (44,578 shares)
Number of Shares Eligible for Voting Rights	28,226,062	99.77% of issued shares

Shareholder-Friendly Policy

Safeguarding Shareholders' Rights

LOTTE Shopping is committed to increasing shareholder engagement in the company's management and considering the perspectives of as many shareholders as possible. In 2021, we implemented an electronic voting system for general shareholder meetings to facilitate the exercise of shareholder voting rights. Moreover, in 2022, we started disseminating electronic notices to enable wider shareholder participation in the general meetings. Since 2021, we have also conducted our general shareholder meetings in a distributed manner, through participation in the Distributed Compliance Program. To enable shareholders to exercise their voting rights effectively, we announce the time, place, and purpose of the annual general meeting of shareholders (G-MoS) on the Financial Supervisory Service's electronic disclosure system at least two weeks in advance. For shareholders unable to attend in person, we issue a proxy form in compliance with Article 27 of the Articles of Incorporation, thereby enabling them to exercise their voting rights via proxy.

Shareholder Communication

LOTTE Shopping ensures the transparent disclosure of information pertaining to the state and operation of its governance to the public. Through our IR (Investor Relations) website, we strive for transparent governance by ensuring accessibility to information such as the Articles of Incorporation, the composition of the BOD, the regulations and operation of the BOD, and the composition, regulations, and operation of committees under the BOD.

Category	51st GMoS (2021)	52nd GMoS (2022)	53rd GMoS (2023)
Most Concentrated Date of GMoS (General Meeting of Shareholders)	2021.3.26 2021.3.30 2021.3.31	2022.3.25 2022.3.30 2022.3.31	2023.03.24 2023.03.30 2023.03.31
Date of the Annual GMoS	2021.3.23	2022.3.23	2023.03.29
Avoidance of Most Concentrated Date of GMoS	Yes	Yes	Yes
Implementation of Electronic Voting	Yes	Yes	Yes
Encouragement of Proxy Voting	Yes	Yes	Yes

Compliance & Ethical Management

Compliance & Ethical Management System

To attain sustainable growth in line with LOTTE Group's mission, 'We enrich people's lives by providing superior products and services that our customer love and trust, LOTTE Shopping regards the implementation of compliance management as a top management priority. We have thus established an active and practical compliance and ethical management system to ensure adherence to all laws and regulations related to our business activities and reinforce sustainable management.

Compliance Management Policy

LOTTE Shopping has crafted a Compliance Management Declaration rooted in its Compliance Management Policy and shared it with employees and business partners, thereby ensuring its relevance to all employees. LOTTE Shopping will continue to conduct regular training and reviews to heighten ethical awareness and establish compliance management.

Compliance Management Policy

In our pursuit of establishing and operating a compliance and ethical management system designed to prevent corruption, and conflicts of interest, and to ensure fair trade, LOTTE Shopping has laid down the following standards of proper behavior and value judgment to be observed by the company and all employees in order to cultivate a fair and ethical work environment.

Compliance and Ethical Management Policy

We comply faithfully with domestic and foreign laws and regulations, and internal rules in conducting our business and refrain from illegal behavior under all circumstances.

We recognize that all stakeholders of LOTTE Shopping are subject to shared growth with the company, and we strive to foster a fair and ethical corporate culture for shared prosperity.

We respect the individuality and freedom of each employee and strive to create a fair competitive environment and a comfortable working environment where employees can have trust and pride in the company.

We actively partake in the company's compliance and ethical practices, innovate past practices, and strive to fulfill our corporate social responsibility.

Transparent Management Committee

Established in 2012, LOTTE Shopping's Transparent Management Committee has convened a total of 36 meetings through 2022 to directly review matters related to the company's internal transactions. The committee appoints directors who are deemed capable of contributing to the company's compliance management from among those nominated by the general meeting of shareholders, following a deliberation on and review of internal transactions based on pertinent laws and regulations through a resolution of the BOD. The Transparent Management Committee has the authority to 1) review and approve large-scale private contracts between affiliates, 2) request necessary materials for review, 3) request the status of internal transactions between affiliates other than those on the agenda, and 4) recommend improvement measures, and is responsible for its activities. Led by the Transparent Management Committee, we will continue striving to ensure transparent management activities through prior deliberations on significant issues that could trigger conflicts of interest within the company.

Global Compliance Management

To establish a global-level compliance management system, LOTTE Shopping has been consulting with domestic and foreign law firms since 2017 to implement a comprehensive compliance program. Consequently, our Department Store Division has attained and maintained ISO 37001 certification, an international standard for anti-corruption management systems, from September 2018 to the present. In September 2021, all Business Divisions, including LOTTE Mart, LOTTE Super, and LOTTE E-Commerce, succeeded in acquiring certification for anti-corruption management systems. Furthermore, in 2022, LOTTE Department Store achieved ISO 37301 certification, an international standard for compliance management systems, to enhance its response to compliance and ethical risks.

Code of Conduct

LOTTE Group has enacted the Code of Conduct for LOTTE Executives and Employees with the aim of fostering a culture of shared values and mutual trust. Grounded in the COC, we distribute it to all employees and partners to maintain and reinforce trust with customers, employees, partners, shareholders, and society. We also provide regular and occasional training to ensure compliance.

Compliance & Ethical Management

Compliance & Ethical Management Activities

To establish a compliance and ethical management system, LOTTE Shopping works to preemptively manage risks by continuously identifying changes in laws and regulations and educating its employees to ensure that these changes are applied practically. In addition, we have established and applied systematic internal control standards through regular monitoring and analysis of evaluation results.

Compliance Management and Organizational Culture

Compliance and Ethical Management Policy

Every year, we require all executives and employees to sign a pledge to practice compliance and ethical management based on the Compliance Management Declaration as a means to heighten employee awareness of compliance.

Management of Conflict of Interest Risk

LOTTE Shopping manages conflicts of interest by mandating the executives (including independent directors) report all potential related party transactions to the Compliance Management Office. We define transactions that are directly or indirectly related to executives or their relatives as related party transactions. These matters are reported to the BOD annually and all executives are required to submit a confirmation of the status of related party transactions once a year.

Risk Prevention Monitoring

LOTTE Department Store monitors violations of the Fair Trade Business Guidelines by conducting site visits at the haed offices and business sites. We conduct preliminary reviews of unfair risks related to MD (Merchandising) and monitor advertising displayed on apps. LOTTE Mart and LOTTE Super, as distribution channels with numerous partner contracts, conduct monitoring to prevent the occurrence of compliance and ethical risks. In 2022, LOTTE Mart oversaw the contract renewal process for leased stores, display stand incentives usage, and the procedure for requesting PB (Private Brand) price adjustments. LOTTE Super monitored the status of annual renewals and the signing and operation of franchise agreements.

Ethical Compliance Education

LOTTE Shopping conducts annual compliance management training for employees to strengthen internal compliance and ethics awareness and to internalize compliance management policies. Thus, in the first half of 2022, compliance management training was conducted for all employees, and included topics such as the compliance management system, Code of Conduct, anti-corruption and conflict of interest management system, and risk management system for unfair support in internal transactions between affiliates. In addition, separate, in-depth training is conducted for high-risk areas such as personal information, fair trade, and sexual harassment.

Anonymous Reporting System

LOTTE Shopping has established and implemented an anonymous reporting system in compliance with Article 33 (Reporting) of the Compliance Management System Operation Guidelines for more active monitoring. From reporting to investigation and resolution, we strive to ensure that the identity of the informant is thoroughly protected and kept anonymous.

Article 33 (Reporting)

- (1) The Company shall implement the following procedures related to reporting:
 - ① If there is a reasonable suspicion of any violation or vulnerability in the compliance management system, encourage reporting to the chief compliance officer or other appropriate personnel.
 - ② Except for cases where it is necessary to conduct an investigation, the Company shall treat reported matters confidentially and protect the identity of other individuals included or referred to in the report.
 - ③ Allow anonymous reporting.
 - ④ Protect whistleblowers from retaliation, discrimination, or disciplinary action.
 - ⑤ Have procedures in place to ensure that, when faced with a situation where a compliance violation is feared or has occurred, the person concerned receives appropriate advice.
- (2) The Company shall ensure that all individuals are aware of the reporting procedure, can access it, and are aware of their rights and protections under the procedure.

Article 34 (Investigation and Handling)

- (1) The Company shall implement the following procedures:
 - ① Demand investigations into reported matters, situations where there is a reasonable suspicion of non-compliance, or suspected violations of the organization's compliance management policy and compliance management system.
 - ② If the investigation reveals a compliance violation or a breach of the organization's compliance management policy or system, demand appropriate action.
 - ③ Authorize the investigator to conduct a thorough investigation.
 - ④ Require the individuals involved to cooperate with the investigation.
 - ⑤ Require that the status and outcome of the investigation be appropriately reported to the chief compliance officer.
 - ⑥ Ensure that the investigation is conducted confidentially and that the results are kept confidential.
- (2) The investigation should be conducted and reported by a person not involved in the matter or department under investigation. The Company may select external experts to conduct the investigation and report the results to those who are not involved.
- (3) The Company shall periodically report the results of the investigation to the chief executive officer and retain documented information about the investigation.

Compliance & Ethical Management

Fair Trade Compliance

As Korea's premier retailer, LOTTE Shopping maintains a multitude of contractual relationships with a variety of partners, and vigilantly works to prevent any semblance of unfair trade practices during these interactions. We take preemptive measures to avoid any transgressions of the Fair Trade Act by implementing a CP (Compliance Program), which is designed to foster a strong compliance culture among our staff.

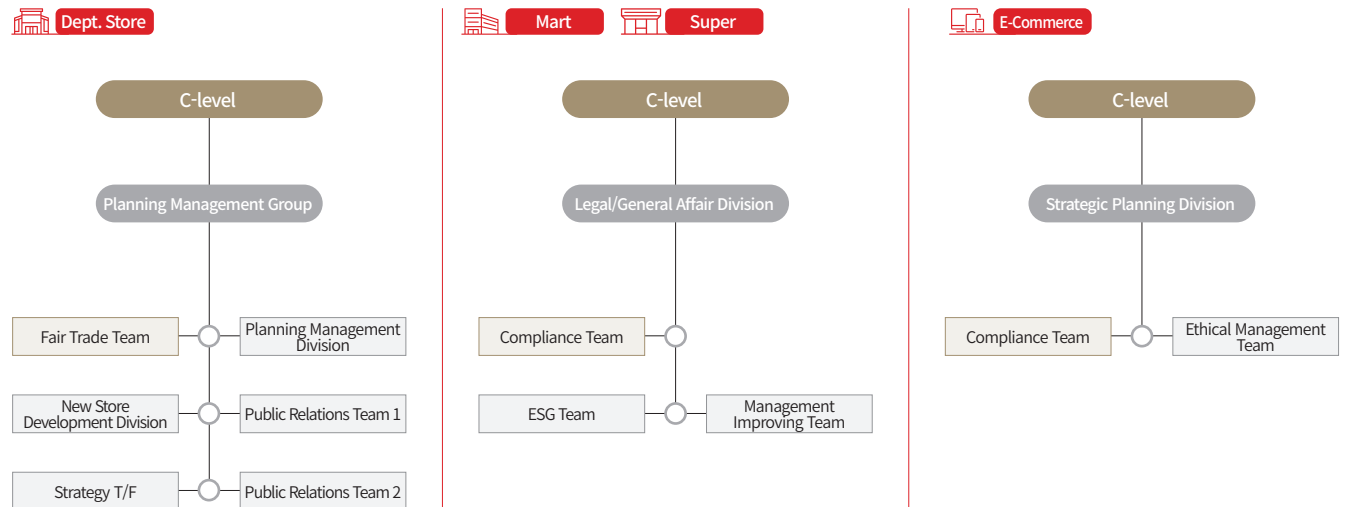
Fair Trade Compliance Program and Operating Organization

LOTTE Shopping's compliance program serves as an internal regulatory system for adherence to laws and regulations pertinent to fair trade. It lays the groundwork for preventing legal violations and ingraining a compliance-oriented mindset among our employees through the development of comprehensive codes of conduct. We ensure the prompt updating of internal regulations on fair trade to accommodate any shifts in legal or systemic landscapes, and also organize regular employee training sessions to mitigate potential risks. In order to maintain stringent internal oversight, LOTTE Shopping engages in regular monitoring, operates a reporting channel, and has established a robust and systematic response system for instances of illegal activities.

Unfair Trade Reporting Channels

LOTTE Shopping has established unfair trade reporting channels to prevent and thoroughly monitor violations of the Fair Trade Act. We manage both an employee unethical conduct reporting center and a partner unfair trade reporting center to reinforce fair trade compliance among internal staff and external associates. Moreover, upon detecting violations of the Fair Trade Act, we impose disciplinary actions on the perpetrators.

Operating Structure



Compliance System



Compliance & Ethical Management

Fair Trade Compliance

Fair Trade Education and Campaigns

LOTTE Shopping coordinates educational initiatives and campaigns for all personnel, including C-level executives, at both the company-wide and individual Business Division levels, with the objective of fortifying fair trade. We make efforts to minimize associated risks through regular and spontaneous inspections and the dissemination of fair trade guidebooks.

Dept. Store

- New employee orientation
- Education on practical matters of fair trade in the buying/merchandise organizations
- Fair trade education for buying/merchandise organization team leaders
- Fair trade education on merchandising for buying/merchandise organizations
- Case-centered education on fair trade issues
- Distribution of fair trade business guidelines



Mart

- Fair trade education for executives
- Education for new MDs (Merchandisers)
- On-site fair trade education
- On-site labeling and advertising education
- Education on the revision of the standard trading contract and re-contracting guide with partner companies in 2023
- Distribution of fair trade business codes



Super

- Fair trade education for executives
- Job-specific fair trade education (product, staff, store, franchise specialization)
- Education on practical points of attention for franchise business law revision
- Education on the revision of the standard trading contract and re-contracting guide with partner companies in 2023



E-Commerce

- Regulatory trends and points of attention for online malls
- Identifying legal issues for CMs
- Distribution of educational materials on amendments regarding product information disclosure to Business Division and partners
- Large-scale retail business and consumer issues
- Large-scale retail business and consumer issues
- Holiday business codes, fair trade checklist campaign for the Chuseok holiday



Compliance & Ethical Management

Fair Trade Compliance

Fair Trade Untact Quiz Show



To optimize the effectiveness of our education, LOTTE Department Store fused education with interactive activities by conducting a fair trade untact quiz show. We strive to elevate our employees' understanding of fair trade and enhance their capabilities via various other programs.

Quiz Show Participation Guide

You Fair?? 유퀴즈 롯데닷컴

7월 20일 (수) 오후 2시 공정거래 연택트 퀴즈쇼!

참가대상 롯데백화점 소속 임직원 (희망자에 한함)

진행일시 2022.07.20 (수) 오후 2시 ※20분 내외 소요, 온라인(웹/모바일) 진행

출제내용 공정거래 핸드북 및 가이드 ※첨부파일 참고

참가방법

1. 참가 신청서 제출하기 ※최대당 별도 안내 참고 (-7/18일)까지
2. 공정거래 가이드 공부하기 첨부파일 참고
3. 초대전화문 받은 인쇄 문자의 접속 링크로 접속 7/20 오후 1시 30분 인쇄 문자 송부 예정
4. 7/20 오후 2시 퀴즈쇼이 시작! ※온라인 진행 ※20분제 (OX형/4자2답)

주의사항

1. 본인 핸드폰 문자로 수신한 링크로 접속해야만 참가 인정
2. 퀴즈쇼 접속 및 시작은 2시-2시5분, 5분 동안만 가능 (이후에는 접속 및 재접속 불가)

포 상

1~5등 각 1명 | 롯데백화점 상품권 100/70/50/30/20만원
 참가상 총 130명 | 30명 - 롯데리아 상품권 2만원 (참가자 중 추첨)
 100명 - 엔제리너스 상품권 1만원

Quiz Show Screen (Example)



Fair Trade Education Pop-up Campaign



On a quarterly basis, LOTTE Mart and LOTTE Super publish fair trade-related issues on the company's bulletin board and exhibit them as pop-up messages during system access, enabling all employees to remain informed.

롯데마트 추석 명절 업무 수칙

대규모유통업체 판매장려금 경제력이약제공요구금지

상대사로 운영지원부 Compliance팀

서면작성된 입회 약속사항 위반 금지	중립적인 약속사항 위반 요구 금지
서면작성된 입회 약속사항 위반 금지	중립적인 약속사항 위반 요구 금지
서면작성된 입회 약속사항 위반 금지	중립적인 약속사항 위반 요구 금지
서면작성된 입회 약속사항 위반 금지	중립적인 약속사항 위반 요구 금지

개요

- 01 개요 설명
- 02 판매장려금 폐지
- 03 입회 시 유의사항
- 04 최근 제재 사례
- 05 참고자료

Fair Trade Daily Quiz



LOTTE Mart and LOTTE Super administer daily fair trade quizzes for all employees. By incorporating quizzes on topics such as fair trade, sub-contracting, safety management, personal information, and product labeling management into the internal system login process, we are making an effort to increase employee cognizance and expertise in fair trade by requiring them to solve the questions and review the corresponding answers and explanations prior to logging in.

오답률 1위 1/20 (10%)

1. 인내력이 부족한 것은 성격에 대한 설명 중 틀린것이 있는 것일까?
 1. 참 인내력이 부족한 것은 성격에 대한 설명 중 틀린것이 아니다.
 2. 인내력이 부족한 것은 성격에 대한 설명 중 틀린것이 아니다.
 3. 인내력이 부족한 것은 성격에 대한 설명 중 틀린것이 아니다.
 4. 인내력이 부족한 것은 성격에 대한 설명 중 틀린것이 아니다.

정답: 3. X

공정거래 오답률 1위 1/20 (10%)

1. 특수계약기간 만료, 판매자에게 계약금/대금의 50% 이상을 지급하지 못하는 경우, 할 판매마달일로부터 40일 이내에 상품환매대금을 지급하여야 함.

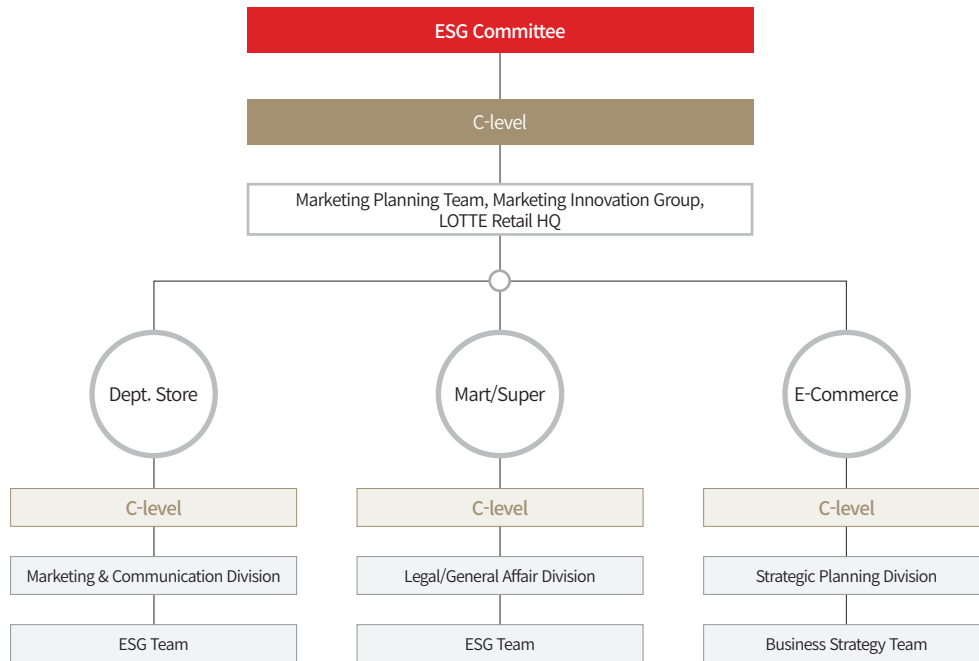
정답: 3. X

Risk Management

Risk Management System

Risk Management System

LOTTE Shopping has established a risk management entity tasked with identifying risk factors across all stages of business conduct and formulating management and response strategies. In a bid to systematically manage environmental, social, and governance risks, we earmarked 2021 as the inaugural year of ESG management and instituted a comprehensive ESG management system. In September 2021, we set up the ESG Committee and organized dedicated ESG teams within each Business Division. This has enabled us to delineate ESG risks and establish a risk management system by clearly demarcating risk management departments. We also aim to create a company-wide risk management process to lay a solid operational foundation for systematic risk management.



Internal Accounting Management System

LOTTE Shopping has established an internal accounting management system by instituting the Internal Accounting Management Regulations. We report the operation of this system to the general meeting of shareholders, the board of directors, and the Audit Committee annually as mandated by Article 8 (4) of the Act on External Audit of Stock Companies (hereinafter referred to as the 'External Audit Act'). Furthermore, as per Article 8 (5) of the External Audit Act, our Audit Committee assesses the operation of the internal accounting control system and provides an annual report to the board of directors. In compliance with Article 8 (7) of the External Audit Act, our external auditor formulates an audit opinion on the company's internal accounting control system, which is incorporated into the audit report. (As per the amendments to the External Audit Act on November 1, 2018, the auditor certification level for the internal accounting control system has been elevated from review to audit for publicly listed companies with assets exceeding KRW 2 trillion since 2019).














Risk Management

Risk Management Strategy

To systematically manage risks that could impact the company's sustainable management activities, LOTTE Shopping classifies risks into financial and operational categories, and further segregates them into financial, market, environmental, supply chain, human rights, safety, information protection, and

compliance. By intricately classifying and defining risks, we strive to mitigate them through the establishment of suitable management measures.

Risk Management Area

Category	Definition	Approach ¹⁾	Management Strategy	Note
 Financial Risk	Finance · Liquidity of assets, credit, interest rate, and other financial risks	 Improvement	· Establishment of medium to long-term fund management plans and continuous monitoring	
	Environment · Legal sanctions and cost risks due to strengthening of environmental regulations, such as regulations on greenhouse gas and hazardous substance emissions	 Improvement	· Operation and regular assessment of the environmental management system · Activities to reduce energy usage and expansion of renewable energy facilities	To be improved in 2023
 Operational Risk	Supply Chain · Risks related to environmental, social and governance management, monitoring, and the performance of partners	 Improvement  Sharing	· Establishment and operation of Code of Conduct for partners · Support for partner ESG education and consulting	
	Human Rights · Risks of human rights violations of employees and suppliers, and outflow of key talent	 Improvement  Sharing	· Establishment of a human rights policy, implementation of human rights management, and human rights education · Sophistication of the employee education system and operation of a performance-linked evaluation system	
	Safety · Risks due to the occurrence of serious accidents and accidents in all business places and workplaces	 Improvement	· Establishment of a safety management system and placement of experts · Regular inspections of business places and workplaces	To be improved in 2023
	Information Protection · Risks of customer information leakage and security accidents	 Improvement  Sharing	· Operation of an information protection management system and regular inspections (internal, external) · Implementation of security-related education for employees	
	Compliance · Compliance with laws, legal supervision, internal control, and unfair trade	 Improvement  Sharing	· Operation of a legal management system and process · Operation of employee education and continuous monitoring	To be improved in 2023

¹⁾ Improvement: Possess measures to minimize the probability and impact of risk occurrence
 Sharing: Sharing of risk-related information

Information Protection

Information Security Management System

LOTTE Shopping is committed to enhancing its information security management system in order to address increasing security threats. To guard against and respond to cyber threats such as hacking and ransomware, we conduct specialized consultations annually and vigorously implement needed improvements identified through these consultations. Moreover, we review and bolster our information security management system through LOTTE Shopping’s internal diagnostics and evaluations in addition to information protection level diagnostic activities, which are conducted by Group Information Protection Committee.

Information Protection Policy

LOTTE Shopping works to ensure that all employees adhere to laws and systems relating to information protection and personal data security. We achieve this by establishing information protection policies and guidelines tailored to the unique characteristics of each Business Division. These policies are built upon information protection regulations at the holding company level and are implemented as internal regulations. To this end, updated guidelines and manuals that reflect changes in the latest laws, related systems, IT technology, and the business environment are created annually and shared on in-house groupware and bulletin boards for all employees to access.

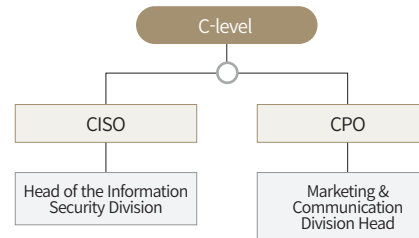
	Information Security Regulations	Information Security Guidelines	Personal Information Protection Guidelines
Dept. Store	1 type	8 types	1 type
Mart	1 type	8 types	1 type
Super	1 type	10 types	1 type
E-Commerce	1 type	9 types	1 type

Information Security Organizational Structure

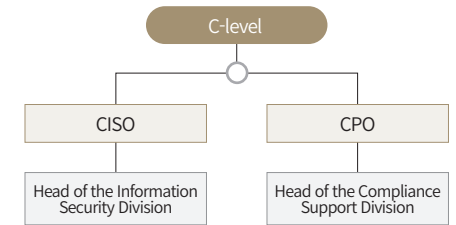
To operate the information security management system effectively, LOTTE Shopping designates a CISO (Chief Information Security Officer) in accordance with domestic information protection laws and establishes dedicated information protection teams for each Business Division to manage and safeguard information. LOTTE Shopping also appoints a CPO (Chief Privacy Officer) for each Business Division to manage customers’ and employees’ personal information in line with the characteristics of each business. LOTTE Shopping hosts an information protection working council to share critical information protection issues and the latest security challenges with relevant departments and personnel, and to discuss strategies to strengthen information protection.

- 1) CISO (Chief Information Security Officer)
- 2) CPO (Chief Privacy Officer)

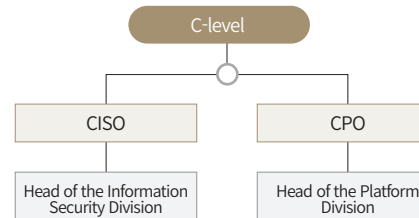
Dept. Store



Mart Super



E-Commerce



Information Protection

Strengthening Information Security Management

Security Incident Response System

LOTTE Shopping has devised a security incident response system to address various types of cyberattacks, and operates it in collaboration with the group's CERT (Computer Emergency Response Team) in order to forestall security incidents through a monitoring and preventive measures.

To safeguard our information assets, we have implemented various solutions, such as EDR, NAC, encryption, DB/server access control, and media control, in addition to firewalls and IPSs (Intrusion Prevention Solution). We also meticulously monitor DDoSs, networks, and email APTs around the clock using security control services. To prevent hacking through virus emails, we conduct quarterly information protection-related drills, including a virus email drill in cooperation with the KISA (Korea Internet & Security Agency) and LOTTE Group's Data Protection Committee Information Protection Committee alongside LOTTE Shopping's own drills.

Furthermore, we diagnose vulnerabilities in our infrastructure and services related to information security through security vulnerability diagnostics and simulated hacking annually to identify areas for improvement. We have also designed and are operating a disaster recovery system to ensure the continuity of key systems and conduct disaster recovery drills at least once a year to evaluate and enhance the effectiveness of the disaster recovery system.

Information Protection Certification

All Business Divisions of LOTTE Shopping have obtained ISMS (Information Security Management System) certification in line with information protection laws, and carry out annual certification audits for certification renewal and monitoring.

Dept. Store

In September 2022, LOTTE Department Store completed actions for nine deficiencies out of a total of 80 certification items, thereby maintaining its ISMS certification.

Mart

In November 2022, LOTTE Mart completed actions for eight deficiencies out of 80 total certification items, thus maintaining its ISMS certification.

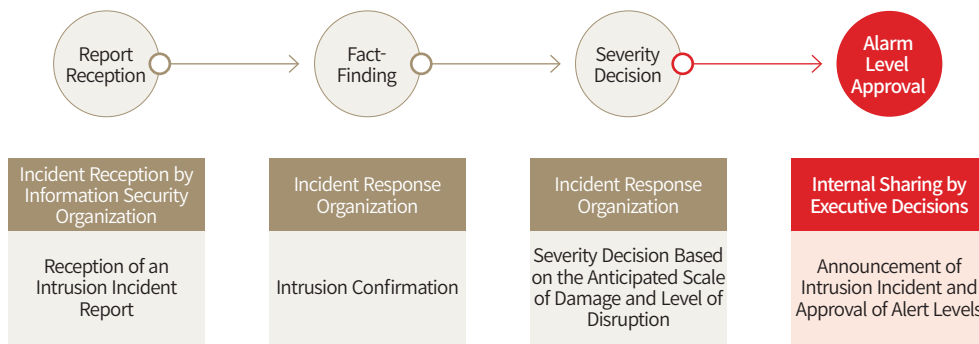
Super

In February 2023, LOTTE Super completed actions for 14 deficiencies out of a total of 80 certification items, and likewise maintained its ISMS certification.

E-Commerce

LOTTE E-Commerce completed actions for seven deficiencies items out of a total of 80 certification items in October 2022 and also maintained its ISMS certification.

Response Procedures and Methods



Certification Maintenance Plan

As the 2023 ISMS certification audit is anticipated to be more rigorous than previous audits, the information security organization of each Business Division of LOTTE Shopping plans to proactively address information security-related issues and bolster its response capabilities. Our focus will be on self-inspection and ISMS consultation in areas that were deemed most deficient in the previous certification. We will conduct a pre-check of the environment required for computer work, and review the level of access control to internal systems. Furthermore, we will conduct a self-check on the personal information protection system in new systems, and review whether legally stored data contains personal information to establish a more robust information protection system.

Security Incidents

All Business Divisions of LOTTE Shopping have remained free of any information security incidents for the last three years.

Category	Dept. Store	Mart	Super	E-Commerce
Number of Occurrences	0	0	0	0

Information Protection

Strengthening Information Security Management

Security Awareness Activities and Education for Employees

LOTTE Shopping mandates information protection training for all employees to elevate security awareness, and provides separate, intensive training to bolster the skills of those responsible for information security-related tasks. In particular, E-Commerce, which operates online platforms, provides annual mandatory training for personal information handlers and IT workers in line with the Business Division's characteristics.

In addition, we organize monthly information protection campaigns in cooperation with the Group Information Protection Committee to promptly share timely security issues with employees. We also display information protection posters at each business site to foster an environment that continuously enhances awareness of information protection. Specifically, for sales offices that interact directly with customers, we conduct annual on-site inspections and coaching activities to improve the information protection capabilities of employees and enable them to carry out practical information protection tasks.

Information Security Training Completion in 2022

Category	Training Targets	Number of Trainees Who Completed the Training	Training Hours Completed
Dept. Store	All	6,072	6,072
	Personal information handlers	375	375
Mart	All	11,460	11,460
	Personal information handlers	152	304
Super	All	3,781	3,781
	Personal information handlers	62	124
E-Commerce	All	1,072	1,072
	Personal information handlers	104	104
	IT professionals	323	323

Information Protection Campaign

LOTTE Shopping's information protection campaigns, implemented by each Business Division, concentrate not only on general security measures, but also on the outcomes of internal security audits and external security challenges. These campaigns aim to prevent security breaches and facilitate immediate corrective actions.

Information Stealer Prevention Campaign

인포스틸러 예방
올해로 보는 22년 상반기 보안위협 동향

악성코드 감염
1위 악성코드(66.7%)
2위 악성코드(17.9%)
3위 악성코드(13.9%)
4위 악성코드(10.9%)

인포스틸러 악성코드?
인포스틸러 InfoStealer
1위 악성코드 'TomBook'
2위 악성코드 'AgentFidel'
3위 악성코드 'LokBot'

인포스틸러 악성코드 예방방법

악성코드 예방 방법

Remote Work Information Protection Campaign

원격 근무 환경 정보보호 수칙

원격 근무 시 보안 위협 요소

원격 근무 시 보안 사고 사례

원격 근무 환경 보안 위협 노출 증가
개인정보의 안전 수칙 준수가 더욱 중요합니다.

원격 근무 시 보안 수칙

Ransomware Prevention Campaign

랜섬웨어
Ransomware (ransomware)

01 랜섬웨어?
02 랜섬웨어 확산 동향
03 21년 랜섬웨어 대응 사례
04 랜섬웨어 주요 예방 방법
05 랜섬웨어 대응 방안

Information Protection Day Campaign

내 삶을 지키는 개인정보 보호 실천수칙
feat. 개인정보보호위원회

01 비밀번호는 타인이 쉽게 유추하지 못하도록 설정하기
02 개인정보 동의 시 동의의 내용을 꼼꼼히 확인하고 체크하기
03 SNS, 게시물 업로드 시 개인정보 및 위치정보 노출하지 않기

Information Protection

Protection of Customers' Personal Information

LOTTE Shopping adheres to a principle of minimalism when it comes to collecting the personal data of its customers, and ensures that only the least amount of information necessary is gathered to maintain security stability. LOTTE Shopping transparently discloses its privacy policy on its website, detailing the collection, utilization, retention period, provision, and consignment status of its customers' personal data.

Customer Privacy Management System

To safeguard its customers' personal information, LOTTE Shopping has instituted a personal information management plan that reflects the specific characteristics of each Business Division. We have also established guidelines for the protection of personal information, encompassing its collection, usage, and processing, as well as administrative and technical protective measures. These guidelines are shared on groupware and bulletin boards for easy employee access. In addition, a CPO (Chief Privacy Officer) is appointed at each LOTTE Shopping Business Division to supervise the management of customer personal information.

To ensure the secure management of personal information, we utilize security solutions such as database encryption and access control, DRM (Digital Rights Management), and additional user authentication. We minimize access rights to personal information and apply protective measures like masking. Furthermore, we routinely monitor the history of personal information inquiries, modifications, and downloads to check for unauthorized access and abnormalities.

Personal Information Compliance

LOTTE Shopping adheres to both domestic and international laws and regulations, including the Personal Information Protection Act, the Act on Promotion of Information and Communications Network Utilization and Information Protection, the Electronic Financial Transactions Act, and the OECD Guidelines. LOTTE Shopping carries out compliance security reviews across various domains, including management, technology, and law, to guarantee compliance with personal information protection requirements when developing and introducing new customer services and systems. We also monitor our compliance through an annual Group Information Security Assessment.

Personal Information Breach Incident Response System

LOTTE Shopping has established principles and systems for reporting and responding to personal information breaches to ensure prompt and accurate incident handling. We classify the severity level of incidents and set up a corresponding reporting system to enable immediate responses and minimize damages.

Incident Severity (Level) Definition

Severity	Content	Reporting System
Attention	<ul style="list-style-type: none"> Awareness of personal information leakage (regardless of claim occurrence) * CCTV footage, unauthorized sharing of contact details and ID/PW exposure, non-deletion, etc.) Signs of leakage due to loss of personal information, but actual leakage is unclear or additional confirmation is required 	CPO Head of the Respective Division/Area
Caution	<ul style="list-style-type: none"> Customer claims arising from personal information leakage and the expressed intention to report to the regulatory authority Confirmed personal information leakage, but the damage scope is limited to one case (no further expansion) 	CPO Respective Division/ Area Head
Warning	<ul style="list-style-type: none"> Cases where the leaked personal information (name, address, contact details, social security number, etc.) exceeds 100 cases Any personal information is leaked during the operation of an information and communication service 	CPO Head of the Product/ Sales Division
Severe	<ul style="list-style-type: none"> Expansion in progress due to reports to external agencies and legal lawsuits related to personal information leakage Social issues arising from an increase in damage due to leakage caused by violations of personal information protection laws and regulations 	CEO

Reporting System








Stakeholder Participation

Stakeholder Communication System

LOTTE Shopping recognizes various stakeholders who experience economic, environmental, and social impacts based on the company's activities, products, services, and relationships. We have established ongoing and diverse communication channels to gather their feedback. We also strive to integrate stakeholders' perspectives into our management activities.

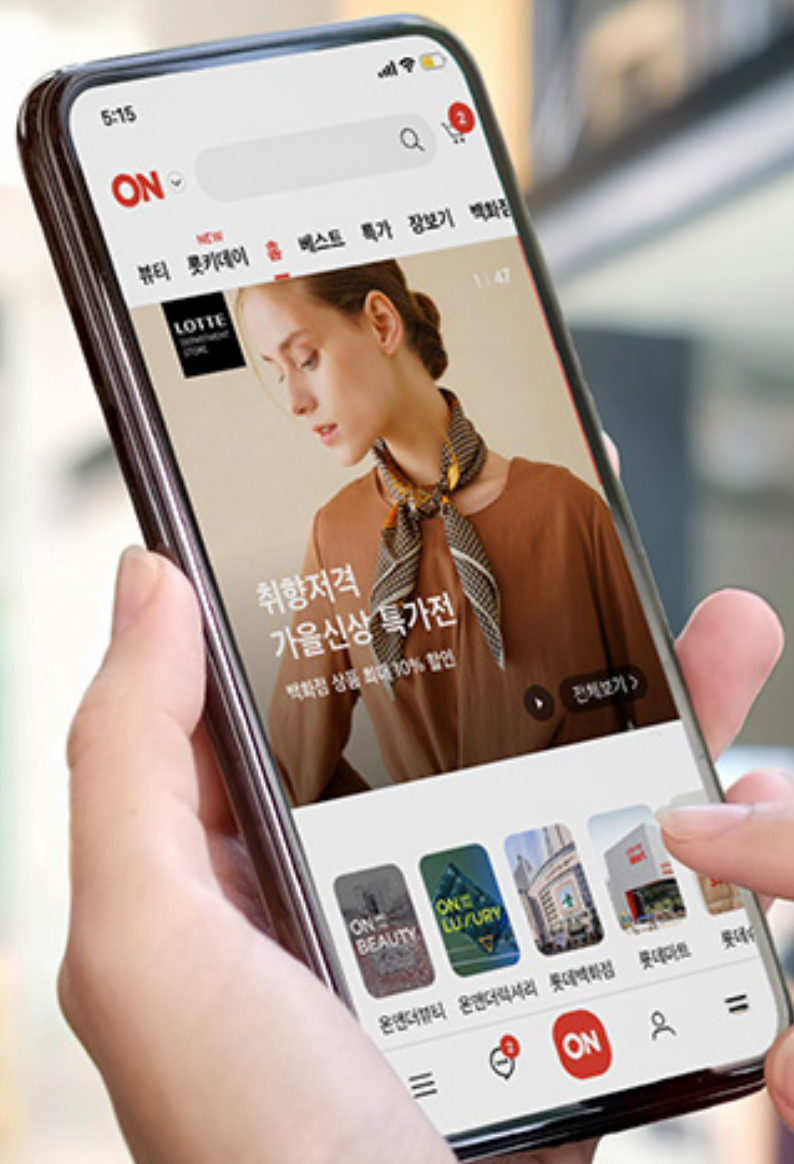
Stakeholder Communication and Responses

Stakeholders	Key Interests	Communication Channels and Activities	Responses in 2022
 <p>Customers</p>	<ul style="list-style-type: none"> Transparent information provision Enhancement of product and service quality 	<ul style="list-style-type: none"> (Communication channels) VOC channel (online, call center), chatbot, chat consultation (Core issues) Enhancement of product and service quality, improvement of customer satisfaction (Major activities) Customer complaint management, information sharing through websites, apps, SNS, operation of a customer satisfaction service system 	<ul style="list-style-type: none"> Nine customer suggestions received 2,028,611 VOC cases (based on reception by LOTTE ON, 100% processed)
 <p>Shareholders and Investors</p>	<ul style="list-style-type: none"> Corporate growth Investor value enhancement Response to ESG issues 	<ul style="list-style-type: none"> (Communication channels) Shareholder's meetings, performance announcement meetings, wired/wireless communication (Core issues) Business portfolio enhancement, risk management (Major activities) Quarterly investor NDR execution, explanation meetings 	<ul style="list-style-type: none"> Regular general meetings once a year Quarterly results announcement four times a year Corporate explanation meeting four times a year
 <p>Employees</p>	<ul style="list-style-type: none"> Improvement of organizational culture Support for capability enhancement 	<ul style="list-style-type: none"> (Communication channels) Labor union and labor-management councils, informal meetings, internal communication channels (Core issues) Employee communication, human rights, capability enhancement (Major activities) Labor union and labor-management councils, informal meetings, operation of the Junior Board, operation of the CEO communication program 	<ul style="list-style-type: none"> Labor-management council four times a year (Additional irregular meetings of labor-management councils)
 <p>Partners</p>	<ul style="list-style-type: none"> Co-prosperity and mutual growth Fair, transparent partnership 	<ul style="list-style-type: none"> (Communication channels) Partner meetings, informal meetings, partner reporting channel (Core issues) Co-prosperity, human rights (Major activities) Operation of reporting channels, operation of a co-prosperity program (mutual cooperation, market support, education, co-prosperity fund) 	<ul style="list-style-type: none"> 28 reports from partners (100% processed) Informal meetings with partners conducted from time to time
 <p>Local Community</p>	<ul style="list-style-type: none"> Participation in social issues Promotion of co-prosperity development 	<ul style="list-style-type: none"> (Communication channels) Cooperation with citizen/environmental groups, social contribution cooperation meetings (Core issues) Response to climate change, co-prosperity with local community (Major activities) Local community donation and sponsorship activities, environmental campaigns, provision of psychological counseling 	<ul style="list-style-type: none"> 3,607 RE:JOICE Psychological Counseling sessions KRW 17.5 billion in donations

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ESG Data

Economy

Consolidated Statement of Financial Position

(Unit: KRW)

	2020	2021	2022
Assets			
I. Current Assets	6,290,692,042,539	7,000,185,490,914	6,179,514,075,813
Cash and cash equivalents	1,913,235,610,358	2,398,788,978,689	1,800,809,705,742
Trade and other receivables	663,522,831,468	625,501,297,125	805,183,467,950
Other financial assets	2,134,188,116,702	2,074,555,177,483	1,657,441,323,468
Inventories	1,247,319,667,247	1,395,280,189,965	1,386,063,156,288
Current tax assets	5,818,233,561	146,636,380,573	80,878,162,609
Other non-financial assets	83,011,926,911	106,683,605,060	125,567,443,110
Assets held for sale	243,595,656,292	252,739,862,019	323,570,816,646
II. Non-Current Assets			
Trade and other receivables	196,292,934,271	95,664,385,002	100,200,264,439
Investments in associates and joint ventures	925,509,738,836	991,462,117,628	1,439,010,264,830
Other financial assets	1,633,088,148,306	2,381,304,885,731	1,848,380,049,705
Tangible assets	14,372,875,785,604	14,578,526,259,318	14,325,423,742,352
Right-of-use assets	5,163,972,328,969	4,700,201,180,942	4,059,086,447,812
Investment property	2,302,037,863,529	1,766,203,032,622	2,071,590,199,293
Goodwill	1,288,440,122,436	1,185,880,115,730	886,804,557,650
Intangible assets	343,858,545,953	333,921,531,788	253,944,751,840
Defined benefit assets	91,272,680,757	121,737,667,756	261,888,456,786
Deferred tax assets	73,922,555,503	87,495,656,414	96,970,974,210
Other non-financial assets	147,441,449,702	183,951,495,157	180,762,088,340
Total assets	32,829,404,196,405	33,426,533,819,002	31,703,575,873,070

(Unit: KRW)

	2020	2021	2022
Equity			
I. Equity Attributable to Owners of Controlling Company	9,801,587,893,040	10,083,492,212,560	9,567,653,934,244
Capital stock	141,443,775,000	141,443,775,000	141,443,775,000
Capital surplus	3,574,211,671,439	3,574,211,671,439	3,574,349,413,965
Capital adjustment	(3,012,812,991,058)	(3,032,430,491,251)	(3,019,418,222,294)
Retained earnings	9,176,601,093,411	8,996,636,841,881	8,641,202,573,997
Other accumulated comprehensive income	(77,855,655,752)	264,056,073,938	60,622,372,023
II. Non-controlling Interests	1,287,174,674,266	1,713,514,464,376	1,467,462,851,758
Total equity	11,088,762,567,306	11,797,006,676,936	11,035,116,786,002
Liabilities			
I. Current Liabilities	8,779,997,004,542	8,994,249,448,657	10,622,585,640,821
Borrowings and bonds	3,947,546,579,453	3,564,742,247,058	4,894,848,443,231
Trade and other payables	2,177,179,045,216	2,419,870,120,532	2,566,310,260,103
Other financial liabilities	475,922,005,518	453,558,227,545	398,857,687,825
Lease liabilities	607,479,014,103	628,014,113,358	756,903,350,340
Current tax liabilities	56,579,978,869	120,115,902,197	7,236,536,663
Unearned revenues	158,509,050,907	183,830,692,892	207,553,830,946
Provisions	39,430,273,614	30,735,990,418	40,667,918,446
Other non-financial liabilities	1,317,351,056,862	1,593,382,154,657	1,628,562,454,687
Liabilities associated with assets held for sale	0	0	121,645,158,580
II. Non-Current Liabilities			
Borrowings and bonds	6,234,702,914,892	6,388,234,343,658	4,866,439,908,187
Trade and other payables		15,635,693,345	19,454,583,649
Other financial liabilities	117,705,959,690	100,905,481,186	155,470,722,811
Lease liabilities	5,620,803,571,455	5,318,114,599,877	4,623,897,610,671
Defined benefit liabilities and other long-term employee benefits	44,159,835,251	34,788,697,045	32,628,098,887
Deferred tax liabilities	772,192,320,635	610,770,682,795	189,548,681,053
Unearned revenues	39,453,366,446	28,918,937,740	26,694,353,609
Provisions	131,626,656,188	137,909,257,763	131,739,487,380
Total liabilities	21,740,641,629,099	21,629,527,142,066	20,668,459,087,068
Total equity and liabilities	32,829,404,196,405	33,426,533,819,002	31,703,575,873,070

ESG Data

Economy

Consolidated Statement of Comprehensive Income

(Unit: KRW)

	2020	2021	2022
Sales	16,184,381,959,951	15,573,550,042,665	15,476,035,656,554
Cost of Sales	9,643,709,238,672	9,031,312,694,405	8,662,606,266,375
Gross Profit	6,540,672,721,279	6,542,237,348,260	6,813,429,390,179
Selling, General and Administrative Expenses	6,192,267,413,710	6,333,903,001,822	6,424,519,191,456
Bad Debt Expenses	2,320,835,748	731,653,172	2,684,604,113
Operating Profit	346,084,471,821	207,602,693,266	386,225,594,610
Other Revenues	219,025,974,228	217,931,714,720	158,255,691,886
Other Expenses	960,676,269,308	647,585,952,577	783,081,950,287
Other Bad Debt Expenses	7,277,913,548	6,138,914,057	2,848,833,912
Finance Income - Interest income under the effective interest method	77,401,865,472	73,736,887,114	117,380,869,303
Finance Income - Other	190,088,491,919	180,091,018,265	225,426,480,608
Finance Costs	649,110,203,946	760,311,035,446	798,363,441,370
Share of Profit or Loss from Associates	13,223,793,079	96,432,874,163	129,663,282,129
Profit or Loss Before Income Taxes	(771,239,790,283)	(638,240,714,552)	(567,342,307,033)
Corporate Tax Revenue	(60,991,125,706)	(365,276,560,551)	(248,649,866,000)
Profit or Loss from Continuing Operations	(710,248,664,577)	(272,964,154,001)	(318,692,441,033)
Profit or Loss from Discontinued Operations	23,679,056,399	0	0
Net Profit (Loss)	(686,569,608,178)	(272,964,154,001)	(318,692,441,033)
Other Comprehensive Income	146,836,355,337	869,703,292,467	(330,686,017,860)
Items that will not be reclassified as profit or loss	175,049,808,457	735,066,648,149	(300,297,170,291)
Other Comprehensive Income Fairvalue change of equity instruments	158,625,229,864	842,118,879,722	(539,972,751,942)
Remeasurement of defined benefit plans	41,022,899,801	80,154,670,492	79,496,575,275
Share of other comprehensive income of associates	(686,121,251)	9,323,184,981	6,302,128,729
Corporate tax effect	(23,912,199,957)	(196,530,087,046)	153,876,877,647

(Unit: KRW)

	2020	2021	2022
Items that will be reclassified as profit or loss	(28,213,453,120)	134,636,644,318	(30,388,847,569)
Other Comprehensive Income Fair value change of debt instruments	45,295,061	(26,818,175)	(184,535,373)
Foreign currency translation differences from foreign operations	(15,459,794,023)	111,612,093,216	(40,651,741,083)
Fair value changes of derivatives	(614,982,790)	14,113,702,571	(7,945,025,644)
Share of other comprehensive income of associates	(20,114,386,295)	28,001,423,905	4,521,531,484
Corporate tax effect	7,930,414,927	(19,063,757,199)	13,870,923,047
Total Comprehensive Income (Loss)	(539,733,252,841)	596,739,138,466	(649,378,458,893)
Attribution of Net Profit or Loss			
Equity attributable to owners of the cotrolling company	(785,939,690,353)	(292,279,479,719)	(324,570,885,303)
Profit or loss from continuing operations	(809,618,746,752)	(292,279,479,719)	(324,570,885,303)
Profit or loss from discontinued operations	23,679,056,399	0	0
Non-controlling interest	99,370,082,175	19,315,325,718	5,878,444,270
계속영업당기순이익	99,370,082,175	19,315,325,718	5,878,444,270
Attribution of Total Comprehensive Income (Loss)			
Equity attributable to owners of the cotrolling company	(704,346,824,779)	241,808,313,638	(474,546,050,277)
Non-controlling interest	164,613,571,938	354,930,824,828	(174,832,408,616)
Earnings (Loss) per Share			
Basic earnings per share from continuing operations	(28,638)	(10,363)	(11,772)
Diluted earnings per share from continuing operations	(28,956)	(10,430)	(11,772)
Basic earnings per share from discontinued operations	838	0	0
Diluted earnings per share from discontinued operations	838	0	0

ESG Data

Environment

Energy Consumption

Category		Unit	2020	2021	2022
Dept. Store	Total Energy Consumption	TJ	6,355	7,057	8,074
	Electricity	TJ	5,623	6,275	7,040
	Heat	TJ	602	743	819
	Cooling	TJ	-	-	-
	Steam	TJ	129	39	215
	Sales	100 KRW million	29,247	31,613	32,319
	Energy Intensity* (per unit of sales revenue)	TJ/100 KRW million	0.217	0.223	0.250
Mart	Total Energy Consumption	TJ	5,802	5,510	5,618
	Electricity	TJ	4,858	4,620	4,725
	Heat	TJ	870	818	818
	Cooling	TJ	-	-	-
	Steam	TJ	73	71	75
	Sales	100 KRW million	61,659	57,228	59,043
	Energy Intensity* (per unit of sales revenue)	TJ/100 KRW million	0.094	0.096	0.095

* Total Energy Consumption / Sales Revenue

Category		Unit	2020	2021	2022
Super	Total Energy Consumption	TJ	1,417	1,224	1,120
	Electricity	TJ	1,242	1,065	972
	Heat	TJ	174	158	147
	Cooling	TJ	-	-	-
	Steam	TJ	1	1	1
	Sales	100 KRW million	16,565	14,523	13,431
	Energy Intensity* (per unit of sales revenue)	TJ/100 KRW million	0.086	0.084	0.083
E-Commerce	Total Energy Consumption	TJ	20	29	17
	Electricity	TJ	16	26	15
	Heat	TJ	3	3	2
	Cooling	TJ	-	-	-
	Steam	TJ	-	-	-
	Sales	100 KRW million	1,379	1,082	1,130
	Energy Intensity* (per unit of sales revenue)	TJ/100 KRW million	0.014	0.026	0.015

Energy Variance*

Category	Unit	2020	2021	2022
Dept. Store	TJ	-	701	1,017
Mart	TJ	-	-292	109
Super	TJ	-	-192	-104
E-Commerce	TJ	-	9	-12
Total Energy Variance	TJ	-	226	1,010

* Energy consumption during the reporting period - Energy consumption during the previous reporting period

ESG Data

Environment

Greenhouse Gas Emissions (Scope 1 & 2, Domestic Operations)

Category		Unit	2020	2021	2022
Direct GHG Emissions (Scope 1)	Dept. Store	tCO ₂ eq	30,681	37,798	41,599
	Mart		52,337	48,645	49,485
	Super		12,004	10,869	10,069
	E-Commerce		186	157	107
	Total		95,208	97,469	101,259
Indirect GHG Emissions (Scope 2)	Dept. Store	tCO ₂ eq	277,754	306,705	345,034
	Mart		238,690	223,855	229,054
	Super		60,347	50,995	46,561
	E-Commerce		797	1,231	722
	Total		577,588	582,786	621,371
Total Emissions (Scope 1 + Scope 2)	Dept. Store	tCO ₂ eq	308,435	344,503	386,633
	Mart		291,027	272,499	278,539
	Super		72,351	61,864	56,629
	E-Commerce		983	1,388	829
	Total		672,796	680,255	722,630
GHG Emissions Intensity* (per unit of sales revenue)	Dept. Store	tCO ₂ eq/ KRW 100 million	10.55	10.90	11.96
	Mart		4.72	4.76	4.72
	Super		4.37	4.26	4.22
	E-Commerce		0.71	1.28	0.73

* Total GHG Emissions / Sales Revenue

Water Consumption

Category		Unit	2020	2021	2022
Dept. Store	Total water consumption	ton	4,436,310	4,357,535	4,741,700
	Groundwater	ton	322,092	273,443	233,667
	Industrial water	ton	-	-	-
	Portable water	ton	4,114,218	4,084,092	4,508,033
Mart	Total water consumption	ton	2,584,025	2,189,141	2,207,651
	Groundwater	ton	-	-	-
	Industrial water	ton	-	-	-
	Portable water	ton	2,584,025	2,189,141	2,207,651
E-Commerce	Total water consumption	ton	4,208	4,575	4,517
	Groundwater	ton	882	1,493	1,757
	Industrial water	ton	-	-	-
	Portable water	ton	3,326	3,082	2,760

Volume of water recycled

Category		Unit	2020	2021	2022
Dept. Store	Heavy water	ton	599,289	597,587	558,670
	Rainwater	ton	25	1,625	824
	Total volume of recycled water	ton	599,314	599,212	559,494
Mart	Heavy water	ton	46,163	45,854	50,776
	Rainwater	ton	-	-	-
	Total volume of recycled water	ton	46,163	45,854	50,776
E-Commerce	Heavy water	ton	1,911	1,642	2,414
	Rainwater	ton	-	-	-
	Total volume of recycled water	ton	1,911	1,642	2,414

ESG Data

Environment

Waste Management

Category		Unit	2020	2021	2022	
Dept. Store	Waste Generation Amount	Total	23,826	23,510	26,878	
		General waste	23,826	23,510	26,876	
		Designated waste	-	0.001	2	
		Other	-	-	-	
	Waste Recycling	General waste	22,368	22,180	25,582	
		Designated waste	-	0.001	-	
		Total	22,368	22,180	25,582	
	Total Waste Recycling Rate		%	93.9	94.3	95.2
	Mart	Waste Generation Amount	Total	23,234	20,023	19,917
			General waste	23,227	20,021	19,909
Designated waste			7	3	8	
Other			-	-	-	
Waste Recycling		General waste	22,063	19,247	19,150	
		Designated waste	-	-	7	
		Total	22,063	19,247	19,157	
Total Waste Recycling Rate		%	95.0	96.1	96.2	
Super		Waste Generation Amount	Total	193	190	180
			General waste	193	190	180
	Designated waste		-	-	-	
	Other		-	-	-	
	Waste Recycling	General waste	100	86	101	
		Designated waste	-	-	-	
		Total	100	86	101	
	Total Waste Recycling Rate		%	52.0	45.2	56.4

Purchases of Environmentally Friendly Products

Category		Unit	2020	2021	2022
Dept. Store	Amount spent on environmentally friendly products	KRW 1,000	1,853,000	2,487,000	2,462,000
	Total purchase amount	KRW 1,000	92,800,000	102,800,000	119,300,000
	Environmentally friendly product purchase rate*	%	2.00	2.42	2.06
	Amount spent on environmentally friendly products	KRW 1,000	5,175,003	8,555,816	6,070,839
Mart	Total purchase amount	KRW 1,000	112,189,680	112,015,540	110,138,670
	Environmentally friendly product purchase rate*	%	4.61	7.64	5.51
	Amount spent on environmentally friendly products	KRW 1,000	952	13,706	11,690
Super	Total purchase amount	KRW 1,000	372,093	30,307,808	28,295,782
	Environmentally friendly product purchase rate*	%	0.26	0.05	0.04

* (Environmentally friendly product purchase amount / total purchase amount) x 100

Sales of Green Products*

Category	Unit	2020	2021	2022
Sales Revenue	KRW Million	39,628	38,791	39,805

* LOTTE Mart

Handling of Environmentally Friendly Products*

Category		Unit	Number of Products
Environmentally Friendly Products (Including PB, NB)**	Eco-friendly certification	SKU	534
	Eco-friendly raw materials	SKU	237
	Eco-friendly manufacturing methods	SKU	5
	Eco-friendly packaging	SKU	983
	Other products improved for environmental friendliness	SKU	435

* LOTTE Mart

** Products meeting LOTTE Shopping's eco-friendly product criteria

Violations of Environmental Regulations

Category	Unit	2020	2021	2022
Dept. Store	case	0	0	0
Mart	case	0	0	0
Super	case	0	0	0
E-Commerce	case	0	0	0

ESG Data

Social

Status of Employees at Domestic Business Sites

Category	Unit	2020	2021	2022
Total Number of Employees	person(s)	23,038	21,570	20,715
Gender				
Male	person(s)	7,425	7,002	6,766
Female	person(s)	15,613	14,568	13,949
Employment Type				
Regular employees	person(s)	19,227	18,196	18,193
Non-regular employees	person(s)	3,811	3,374	2,522
Age				
Under 30	person(s)	1,470	1,286	1,426
Between 30 and 50	person(s)	12,526	11,005	10,350
Above 50	person(s)	9,042	9,279	8,939
Region				
Domestic business sites	person(s)	23,036	21,570	20,715
Overseas business sites	person(s)	7,791	6,978	7,290
Managerial Positions*				
All	person(s)	2,669	2,644	2,689
Male	person(s)	2,198	2,149	2,139
	%	82.4	81.3	79.6
Female	person(s)	471	495	550
	%	17.7	18.7	20.5

* Employees above M grade according to the Company's ranking system

Status of Employees at Overseas Business Sites

Category	Unit	2020	2021	2022	
Dept. Store	Number of local hires	person(s)	600	582	561
	Local senior workforce*	person(s)	49	58	58
	Percentage of local senior workforce	%	8.2	10.0	10.3
Mart	Number of local hires	person(s)	7,780	6,895	7,213
	Local senior workforce*	person(s)	155	150	157
	Percentage of local senior workforce	%	2.0	2.2	2.2

* Employees with designated positions

New Hires and Turnovers*

Category	Unit	2020	2021	2022	
Dept. Store	Number of new hires				
	Total	person(s)	38	109	126
	Male	person(s)	16	37	48
	Female	person(s)	22	72	78
	Turnovers				
	Total turnover rate	%	3.4	5.7	4.8
	Voluntary turnover rate	%	3.0	4.2	3.3
	Average years of service				
	Average	years	15.9	14.5	14.2
	Male	years	16.2	15.6	15.6
Female	years	15.6	13.5	13.3	
Mart	Number of new hires				
	Total	person(s)	125	397	752
	Male	person(s)	47	69	277
	Female	person(s)	78	328	475
	Turnovers				
	Total turnover rate	%	5.6	9.2	6.2
	Voluntary turnover rate	%	4.1	3.9	4.4
	Average years of service				
	Average	years	9.9	10.4	10.9
	Male	years	12.1	12.6	12.9
Female	years	8.9	9.5	10.0	
Super	Number of new hires				
	Total	person(s)	26	18	78
	Male	person(s)	16	10	46
	Female	person(s)	10	8	32
	Turnovers				
	Total turnover rate	%	12.2	13.7	25.7
	Voluntary turnover rate	%	10.6	10.9	11.0
	Average years of service				
	Average	years	9.6	10.5	10.8
	Male	years	9.9	10.8	11.3
Female	years	8.1	8.8	8.8	
E-Commerce	Number of new hires				
	Total	person(s)	73	171	196
	Male	person(s)	36	93	105
	Female	person(s)	37	78	91
	Turnovers				
	Total turnover rate	%	17.1	21.5	18.3
	Voluntary turnover rate	%	14.6	18.9	14.5
	Average years of service				
	Average	years	4.8	3.8	4.2
	Male	years	4.5	3.6	4.0
Female	years	5.1	4.0	4.4	

* Based on regular employees

ESG Data

Social

Employee Diversity

Category		Unit	2020	2021	2022
Dept. Store	Female Workers				
	Number	person(s)	2,901	2,621	2,868
	Employment rate	%	61.3	60.4	62.8
	Ratio of basic pay and compensation of women to men*	%	100.0	100.0	100.0
	Disabled workers				
	Number	person(s)	179	178	174
Mart	Female Workers				
	Number	person(s)	8,551	8,070	7,953
	Employment rate	%	70.7	70.6	69.8
	Ratio of basic pay and compensation of women to men*	%	97.0	97.0	100.0
	Disabled workers				
	Number	person(s)	291	258	232
Super	Foreign workers				
	Number	person(s)	1	1	2
	Veteran workers				
	Number	person(s)	105	105	102
	Female Workers				
	Number	person(s)	3,781	3,377	2,588
E-Commerce	Employment rate	%	69.2	69.7	69.0
	Ratio of basic pay and compensation of women to men*	%	100.0	100.0	100.0
	Disabled workers				
	Number	person(s)	122	111	79
	Employment rate	%	3.1	3.2	3.3
	Foreign workers				
	Number	person(s)	1	1	1
	Veteran workers				
	Number	person(s)	17	13	8
	Female Workers				
	Number	person(s)	380	500	540
	Employment rate	%	51.4	52.1	54.0
Ratio of basic pay and compensation of women to men*	%	100.0	100.0	100.0	
Disabled workers					
Number	person(s)	13	18	11	
Employment rate	%	2.0	1.8	1.5	
Foreign workers					
Number	person(s)	0	0	0	
Veteran workers					
Number	person(s)	8	14	12	

* Based on the starting salary of new regular employee's

Ratio of New Employee's Wage to Minimum Wage*

Category		Unit	2020	2021	2022
Dept. Store	Minimum Wage	KRW	8,590	8,720	9,160
	New employee's wage				
	Male	KRW	18,028	19,521	21,559
	Female	KRW	18,028	19,521	21,559
	Ratio of wage to minimum wage				
	Male	%	209.9	223.9	235.4
Mart	New employee's wage				
	Male	KRW	15,334	15,334	16,708
	Female	KRW	14,877	14,877	16,708
	Ratio of wage to minimum wage				
	Male	%	178.5	175.8	182.4
	Female	%	173.2	170.6	182.4
Super	New employee's wage				
	Male	KRW	9,875	10,070	10,423
	Female	KRW	9,875	10,070	10,423
	Ratio of wage to minimum wage				
	Male	%	115.0	115.5	113.8
	Female	%	115.0	115.5	113.8
E-Commerce	New employee's wage				
	Male	KRW	12,537	13,597	16,862
	Female	KRW	12,537	13,597	16,862
	Ratio of wage to minimum wage				
	Male	%	145.9	155.9	184.1
	Female	%	145.9	155.9	184.1

* Based on new regular employees, based on hourly wage

ESG Data

Social

Employee Training and Education

Category		Unit	2020	2021	2022
Dept. Store	Total Training Hours	hour(s)	96,138	265,453	536,644
	Average training hours per person	hour(s)	17.9	53.2	96.4
	Total purchasing costs	KRW	2,072,190,336	2,828,643,218	4,514,945,161
	Average training cost per person	KRW	385,882	567,090	810,728
Mart	Total Training Hours	hour(s)	150,513	192,249	195,955
	Average training hours per person	hour(s)	33.1	35.7	43.6
	Total purchasing costs	KRW	1,331,895,800	1,404,764,808	2,275,223,008
	Average training cost per person	KRW	105,664	117,524	197,023
Super	Total Training Hours	hour(s)	20,201	55,866	36,079
	Average training hours per person	hour(s)	11.8	36.6	28.1
	Total purchasing costs	KRW	536,726,467	738,784,531	872,432,372
	Average training cost per person	KRW	312,778	484,131	679,464
E-Commerce	Total Training Hours	hour(s)	15,630	17,383	9,789
	Average training hours per person	hour(s)	22.9	20.3	10.4*
	Total purchasing costs	KRW	713,000,000	780,000,000	649,000,000
	Average training cost per person	KRW	1,040,000	911,215	688,229

* The average training hours per person decreased due to the non-conduct of hierarchical training such as grade training and promotion qualification training conducted by the LOTTE Academy, following the abolition of ranks in 2022.

Employees Who Received Regular Performance Reviews and Career Development Reviews*

Category	Unit	2020	2021	2022
Dept. Store	%	100.0	100.0	100.0
Mart**	%	36.0	37.0	39.0
Super	%	98.5	97.0	95.2
E-Commerce	%	100.0	100.0	100.0

* Based on regular employees

** Junior employees are excluded from performance evaluations

Employee Satisfaction*

Category	Unit	2020	2021	2022
Dept. Store	point(s)	79.0	78.9	81.0
Mart	point(s)	70.9	70.5	75.0
Super	point(s)	63.7	66.0	67.2
E-Commerce	point(s)	61.8	72.1	76.3

* Value creation culture diagnosis evaluation

Welfare and Benefits*

Category	Unit	2020	2021	2022	
Dept. Store	Total welfare costs	KRW Million	60,409	61,444	72,795
	Welfare benefits per person	KRW Million	12.8	14.2	15.9
Mart	Total welfare costs	KRW Million	18,876	22,593	23,294
	Welfare benefits per person	KRW Million	1.5	1.9	2.0
Super	Total welfare costs	KRW Million	26,919	23,993	22,307
	Welfare benefits per person	KRW Million	5.2	5.5	6.0
E-Commerce	Total welfare costs	KRW Million	5,886	6,942	9,022
	Welfare benefits per person	KRW Million	8.0	7.2	9.0

* Including social security insurance

Labor Relations (Collective Agreement* Membership)

Category	Unit	2020	2021	2022	
Dept. Store	Number of eligible members	person(s)	1,313	961	899
	Number of members	person(s)	756	571	512
	Membership rate	%	57.6	59.4	57.0
Mart	Number of eligible members	person(s)	10,107	9,260	9,000
	Number of members	person(s)	6,478	6,276	6,564
	Membership rate	%	64.1	67.8	72.9

* Based on the Labor Union; the LOTTE Super and E-Commerce operates labor-management councils

ESG Data

Social

Completion of Human Rights Education

	Category	Unit	2020	2021	2022
Dept. Store	Training to improve disability awareness in the workplace				
	Number of participants	person(s)	5,663	4,317	6,070
	Number of completers	person(s)	5,663	4,317	6,070
	Completion rate	%	100.0	100.0	100.0
	Prevention of sexual harassment at work				
	Number of participants	person(s)	5,663	4,317	6,070
	Number of completers	person(s)	5,663	4,317	6,070
	Completion rate	%	100.0	100.0	100.0
	Prevention of harassment at work				
	Number of participants	person(s)	5,663	4,317	6,070
	Number of completers	person(s)	5,663	4,317	6,070
	Completion rate	%	100.0	100.0	100.0
Mart*	Training to improve disability awareness in the workplace				
	Number of participants	person(s)	4,473	4,475	11,541
	Number of completers	person(s)	4,473	4,475	11,463
	Completion rate	%	100.0	100.0	99.3
	Prevention of sexual harassment at work				
	Number of participants	person(s)	4,473	4,475	11,541
	Number of completers	person(s)	4,473	4,475	11,467
	Completion rate	%	100.0	100.0	99.4
	Prevention of harassment at work				
	Number of participants	person(s)	4,473	4,475	11,541
	Number of completers	person(s)	4,473	4,475	11,461
	Completion rate	%	100.0	100.0	99.3

* Decrease in completion rate due to the increase in the number of participants following the expansion of the mandatory human rights education target in 2022

	Category	Unit	2020	2021	2022
Super	Training to improve disability awareness in the workplace				
	Number of participants	person(s)	5,572	4,772	3,781
	Number of completers	person(s)	5,572	4,772	3,781
	Completion rate	%	100.0	100.0	100.0
	Prevention of sexual harassment at work				
	Number of participants	person(s)	5,572	4,772	3,781
	Number of completers	person(s)	5,572	4,772	3,781
	Completion rate	%	100.0	100.0	100.0
	Prevention of harassment at work				
	Number of participants	person(s)	5,572	4,772	3,781
	Number of completers	person(s)	5,572	4,772	3,781
	Completion rate	%	100.0	100.0	100.0
E-Commerce	Training to improve disability awareness in the workplace				
	Number of participants	person(s)	898	853	1,072
	Number of completers	person(s)	898	853	1,072
	Completion rate	%	100.0	100.0	100.0
	Prevention of sexual harassment at work				
	Number of participants	person(s)	898	853	1,072
	Number of completers	person(s)	898	853	1,072
	Completion rate	%	100.0	100.0	100.0
	Prevention of harassment at work				
	Number of participants	person(s)	898	853	1,072
	Number of completers	person(s)	898	853	1,072
	Completion rate	%	100.0	100.0	100.0

Number of Discrimination and Harassment Incidents Received

Category	Unit	2020	2021	2022
Dept. Store*	case	-	-	27
Mart	case	121	94	92
Super	case	8	1	3
E-Commerce	case	0	3	0

* Number of reports on newly established discrimination incidents in August 2022; previous reports included in the number of ethical norms violations

ESG Data

Social

Parental Leave

Category		Unit	2020	2021	2022	
Dept. Store	Number of employees taking parental leave					
	Male	Number	person(s)	75	71	67
	Female	Number	person(s)	110	117	113
	Number of employees returning from parental leave					
	Male	Number	person(s)	79	53	62
		Percentage*	%	97.5	94.6	91.2
	Female	Number	person(s)	88	83	89
		Percentage	%	86.3	89.2	92.7
	Employees who worked more than 12 months after returning from parental leave					
	Male	Number	person(s)	81	72	51
		Percentage*	%	93.1	91.1	96.2
	Female	Number	person(s)	89	83	82
		Percentage	%	97.8	94.3	98.8
	Mart	Number of employees taking parental leave				
Male		Number	person(s)	182	185	137
Female		Number	person(s)	142	144	103
Number of employees returning from parental leave						
Male		Number	person(s)	145	137	125
		Percentage*	%	79.7	74.1	91.2
Female		Number	person(s)	54	53	74
		Percentage	%	38.0	36.8	71.8
Employees who worked more than 12 months after returning from parental leave						
Male		Number	person(s)	129	118	122
		Percentage*	%	89.0	86.1	97.6
Female		Number	person(s)	46	46	59
		Percentage	%	85.2	86.8	79.7

Category		Unit	2020	2021	2022	
Super	Number of employees taking parental leave					
	Male	Number	person(s)	74	77	48
	Female	Number	person(s)	15	18	12
	Number of employees returning from parental leave					
	Male	Number	person(s)	61	50	45
		Percentage*	%	82.4	64.9	93.8
	Female	Number	person(s)	10	8	9
		Percentage	%	66.7	44.4	75.0
	Employees who worked more than 12 months after returning from parental leave					
	Male	Number	person(s)	54	52	33
		Percentage*	%	93.1	85.2	66.0
	Female	Number	person(s)	7	6	6
		Percentage	%	50.0	60.0	75.0
	E-Commerce	Number of employees taking parental leave				
Male		Number	person(s)	12	19	18
Female		Number	person(s)	21	29	27
Number of employees returning from parental leave						
Male		Number	person(s)	12	19	15
		Percentage*	%	100.0	100.0	83.3
Female		Number	person(s)	5	16	24
		Percentage	%	23.8	55.2	88.9
Employees who worked more than 12 months after returning from parental leave						
Male		Number	person(s)	5	8	14
		Percentage*	%	100.0	100.0	100.0
Female		Number	person(s)	7	5	16
		Percentage	%	100.0	100.0	100.0

* (Number of employees who returned after parental leave / Total number of employees scheduled to return after parental leave) x 100

** (Number of employees who worked for 12 months after returning from parental leave / Number of employees who returned during the previous reporting period after parental leave) x 100

ESG Data

Social

Safety and Health Education

Category		Unit	2020	2021	2022
Dept. Store	Industrial safety and health education				
	Total education hours*	hour(s)	112,278	97,092	132,894
	Total participants**	person(s)	4,678	4,046	5,537
Mart	Industrial safety and health education				
	Total education hours*	hour(s)	26,736	102,384	254,724
	Total participants**	person(s)	4,456	17,064	42,454***
	Manager education				
	Total education hours*	hour(s)	5,600	5,600	32,496
	Total participants**	person(s)	350	350	2,031
Super	Industrial safety and health education				
	Total education hours*	hour(s)	46,164	58,524	45,084
	Total participants**	person(s)	3,847	4,877	3,757
	Manager education				
	Total education hours*	hour(s)	5,344	4,576	3,888
	Total participants**	person(s)	334	286	243
E-Commerce	Industrial safety and health education				
	Total education hours*	hour(s)	44,304	45,912	110,544
	Total participants**	person(s)	3,692	3,826	4,606

* Total education hours per participant x total participants

** Sum of participants per education session

*** Increase in the number of participants in 2022 as the education target expanded from senior to junior levels

Accident Occurrence

Category		Unit	2020	2021	2022
Dept. Store	LTIFR* (Lost Time Injury Frequency Rate)	case/million Working hours	0.08	0.37	0.17
Mart	Industrial accident rate**	%	0.15	0.30	0.29
Super	Industrial accident rate	%	0.10	0.13	0.07
E-Commerce	LTIFR (Lost Time Injury Frequency Rate)	case/million Working hours	0.00	0.50	0.48

* Number of lost-time injuries per million hours worked, (Number of lost-time injuries / Total annual working hours) x 1,000,000

** Ratio of injured workers to total workers, (Number of injured workers / Total number of workers) x 100

Social Contribution Activities

Category		Unit	2020	2021	2022
Donations*		KRW million	17,640	14,820	17,489
Employee Fundraising Amount		KRW million	67	63	58
Volunteer Activities**					
	Total participants	person(s)	2,077	1,225	997
	Total participation hours	hour(s)	4,154	2,450	1,994
	Participation hours per participant	hour(s)	2	2	2

* Based on business report standards

** Mart Division

Information Protection Education

Category		Unit	2020	2021	2022
Dept. Store	Training hours completed*	hour(s)	5,495	4,703	6,447
	Total participants who completed the education**	person(s)	5,495	4,703	6,447
Mart	Training hours completed	hour(s)	4,585	4,712	11,764
	Total participants who completed the education	person(s)	4,585	4,712	11,612
Super	Training hours completed	hour(s)	5,610	9,583	3,905
	Total participants who completed the education	person(s)	5,610	4,811	3,843
E-Commerce	Training hours completed	hour(s)	2,202	3,613	1,499
	Total participants who completed the education	person(s)	2,202	2,233	1,499

* Total education hours per participant x total participants

** Sum of participants per education session

Personal Information Breaches

Category		Unit	2020	2021	2022
Dept. Store	Number of customer personal information leaks, thefts, and losses	case	0	0	0
Mart	Number of customer personal information leaks, thefts, and losses	case	0	0	0
Super	Number of customer personal information leaks, thefts, and losses	case	0	0	0
E-Commerce	Number of customer personal information leaks, thefts, and losses	case	0	0	0

ESG Data

Social

Supplier Management

Category		Unit	2020	2021	2022
Status of Suppliers					
Dept. Store	Total number of suppliers	companies	6,464	7,044	7,404
	Total purchase amount from suppliers	KRW million	402,800	510,300	545,400
Mart	Total number of suppliers*	companies	1,644	1,592	1,731
	Total purchase amount from suppliers	KRW million	3,057,816	2,675,192	2,915,842
Super	Total number of suppliers*	companies	1,290	1,318	1,463
	Total purchase amount from suppliers	KRW million	1,072,198	946,025	873,639
E-Commerce	Total number of suppliers	companies	20,540	22,003	43,640
	Total purchase amount from suppliers**	KRW million	-	-	-

* Number of suppliers with a direct purchase history (excluding special agreements and service providers)

** Due to the nature of the marketplace business that connects suppliers and consumers, there are no cases of direct purchases through suppliers

Support for the Mutual Growth of Suppliers

Category		Unit	2020	2021	2022
Dept. Store	Educational Support	companies	175	198	316
	Financial Support	KRW million	83,515	73,563	73,876
	Technical Support	case(s)	-	-	8
Mart	Educational Support	companies	51	116	251
	Financial Support	KRW million	42,600	42,100	48,056
	Technical Support	companies	25	19	26
Super	Educational Support	companies	-	-	-
	Financial Support	KRW million	10,274	10,463	9,829
	Technical Support	KRW million	-	-	-
E-Commerce	Educational Support	case(s)	63	49	59
	Financial Support	KRW million	173,317	59,587	15,243
	Purchase/Sales Cooperation	KRW million	-	7,680	32,751

ESG Management of Suppliers*

Category		Unit	2020	2021	2022
Significant negative social impacts within the supply chain and actions taken					
Number of suppliers evaluated for social impacts		companies	0	10	10
Proportion of suppliers who discussed improvements based on the evaluation results		%	0	100	100
Number of suppliers whose contracts were terminated based on the evaluation results		companies	0	0	0

* LOTTE Mart, supplier site inspection and ESG improvement consulting program

Receipt and Processing of Complaints from Suppliers

Category		Unit	2020	2021	2022
Dept. Store	Number of complaints received from suppliers	case(s)	0	0	0
	Number of complaints processed	case(s)	0	0	0
Mart	Number of complaints received from suppliers	case(s)	3	3	5
	Number of complaints processed	case(s)	3	3	5
Super	Number of complaints received from suppliers	case(s)	0	0	0
	Number of complaints processed	case(s)	0	0	0
E-Commerce	Number of complaints received from suppliers	case(s)	105	42	23
	Number of complaints processed	case(s)	105	42	23

ESG Data

Governance

Board Composition

Category	Unit	2020	2021	2022
Board Composition				
Total Number	person(s)	9	9	9
Executive Director	person(s)	4	4	4
Independent Director	person(s)	5	5	5
Number of Female Registered Executives		1	1	2
Separation of the CEO and the Chairman of the Board		X	X	X
Board Operation				
Executive Director attendance rate	%	88.1	100.0	96.4
Independent Director attendance rate	%	96.3	98.8	92.5
Total attendance rate	%	93.4	99.3	94.1
Number of board meetings held	session(s)	16	16	16
Total number of board agendas	item(s)	71	79	75
Number of major ESG-related reports	session(s)	14	30	28

Total Annual Compensation Ratio

Category	Unit	2020	2021	2022
Gross Annual Salary of the Highest Earning Person	KRW million	1,313	1,500	1,740
Average of the Total Annual Salaries of Employees (excluding the highest paid)	KRW million	46	51	51
Rate of Increase in the Total Annual Salary of the Highest Earning Person	%	-40.7%	14.2%	16.0%
Rate of Increase in the Average Total Annual Salary of Employees (excluding the highest paid)	%	5.6%	10.1%	1.1%

Creation and Distribution of Economic Value

Category	Unit	2020	2021	2022
Total Sales	KRW million	16,184,382	15,573,550	15,476,036
Distribution of Economic Value				
Employees*	KRW million	1,662,228	1,688,361	1,682,818
Suppliers**	KRW million	4,842,519	4,317,229	4,481,885
Shareholders and Investors***	KRW million	565,688	562,749	593,043
Government****	KRW million	260,917	310,463	238,423
Local Communities*****	KRW million	17,640	14,820	17,489

* Salary (as per the business report)

** Direct purchase amount + financial support amount

*** Dividends + interest expenses (as per the business report)

**** Taxes and corporate taxes (as per the business report)

***** Donations (as per the business report)

Assessment of Corruption Risk at Business Sites

Category	Unit	2020	2021	2022
Target Team*	Team	54	59	59
Ratio to Total Number of Business Sites	%	93	100	100

* The Mart and Super Divisions consider the organizational headquarters to be one business location for the basis of calculation.

ESG Data

Governance

Ethical Compliance Education

Category		Unit	2020	2021	2022
Mart	Ethical Compliance Education*	hour(s)	24,204	5,714	21,179
	Number of completers**	person(s)	12,102	11,427	11,955
Super	Ethical Compliance Education*	hour(s)	6,604	22,260	1,776
	Number of completers**	person(s)	1,887	2,226	1,741
E-Commerce	Ethical Compliance Education*	hour(s)	-	897	1,137
	Number of completers**	person(s)	-	897	1,032

* Total education hours per participant x total participants

** Sum of participants per education session

Violation of Ethical Norms

Category	Unit	2020	2021	2022
Ethical Norms Violation Reports*				
Total number of reports	case(s)	404	248	296
Corruption	case(s)	57	28	19
Complaints (dissatisfaction, grievances)	case(s)	231	143	191
Unfair trade/anti-corruption	case(s)	49	12	7
Other unethical behaviors	case(s)	67	65	79
Actions				
Total number of actions taken	case(s)	120	111	53
Severe penalties	case(s)	77	74	31
Minor penalties	case(s)	43	37	22

* Standards of reports received before verification of unethicity

Violations of Laws and Regulations

Category	Unit	2020	2021	2022
Violations of Rules Regarding Product and Service Information and Labeling				
Dept. Store	case(s)	0	0	0
Mart	case(s)	1	4	4
Super	case(s)	0	0	0
E-Commerce	case(s)	0	0	0
Violations of Rules Related to Marketing Communications				
Dept. Store	case(s)	0	0	0
Mart	case(s)	0	0	0
Super	case(s)	0	0	0
E-Commerce	case(s)	0	0	0
Violations of Rules Related to Anti-Competitive Behavior and the Prohibition of Monopolies				
Dept. Store	case(s)	0	0	0
Mart	case(s)	0	0	0
Super	case(s)	0	0	1
E-Commerce	case(s)	0	0	0

Double Materiality Assessment

Dual Materiality Assessment Overview and Process

LOTTE Shopping has conducted a dual materiality assessment to identify topics of significance to stakeholders and to systematically address sustainability management.

Dual materiality involves considering both internal and external perspectives – the environmental and social impacts of a company’s business activities as well as external environmental and social factors influencing the company’s financial position. Consequently, materiality assessments are utilized as a tool to distinctly ascertain the economic value of ESG.

To identify salient issues related to sustainability management, LOTTE Shopping incorporates the dual materiality concept, which enables the measurement of social, environmental, and financial materiality, to identify possible impacts on the company and its stakeholders. Specifically, we actively utilize international initiatives and guidelines such as GRI, ISO 26000, KCGS, and SDGs, as well as international financial recommendations and ESG rating agency indicators such as DJSI, TCFD, SASB, and MSCI.

Step 1. Formation of an ESG Issue Pool

- The establishment of a pool of 67 potential issues based on an analysis of international initiatives and guidelines, ESG evaluation indicators, and an analysis of global leading companies in the same industry
- Attaining 29 ESG issue pools through the analysis of issues from the previous year and internal opinion gathering

Step 2-1. Analysis of Social and Environmental Impacts

- Review of international initiatives and guidelines
- Incorporation of international standard indicators such as GRI Standards, ISO 26000, KCGS, UN SDGs
- Media analysis
- Analysis of a total of 2,471 articles on environmental, social, and economic performance and ESG issues (Analysis period: January 1, 2022 - December 31, 2022)
- Benchmarking analysis
- Benchmarking of 11 leading domestic and foreign companies in the same industry
- Collection of external stakeholder opinions
- ESG issue analysis and opinion gathering from customers, shareholders/investors, partners, communities, etc. (Survey period: January 31, 2023 - February 8, 2023)



Step 3. Selection of Eight Final Key Issues

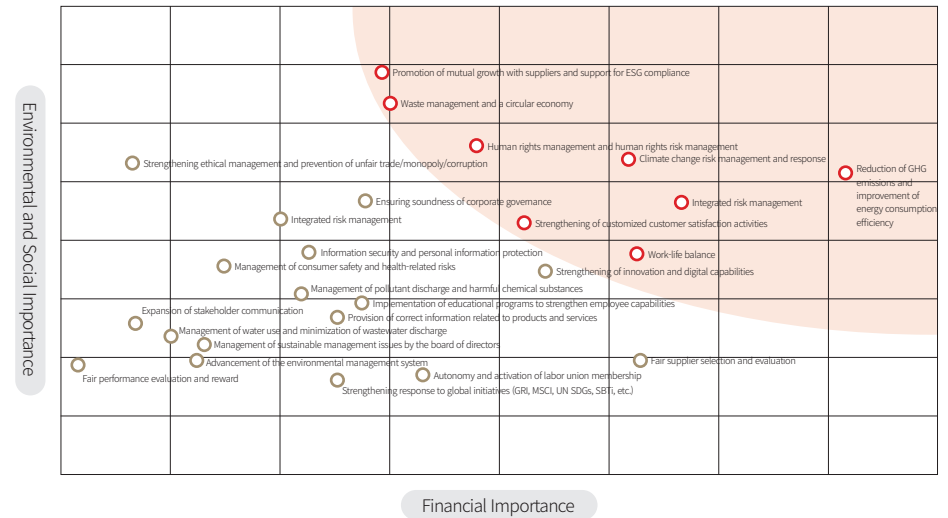
- Quantification of environmental and social impacts and financial impacts for each issue to conduct a comprehensive evaluation
- Selection of final key issues

Step 2-2. Analysis of Financial Impacts

- Analysis of international financial standards and ESG evaluation institutions
- Analysis of evaluation indicators such as MSCI, DJSI, SASB, TCFD
- Collection of internal stakeholder opinions
- ESG issue analysis and opinion gathering from internal employees (Survey period: January 31, 2023 - February 8, 2023)

Dual Materiality Assessment Overview and Process

Based on the identified ESG issue pool, eight material issues were ultimately chosen by quantitatively measuring environmental, social, and financial materiality. Environment-related matters like reducing greenhouse gas emissions, enhancing energy consumption efficiency, managing and responding to climate change risks, waste management, a circular economy, and supporting partners’ shared growth and ESG implementation, as well as social issues such as human rights management and risk management, were classified as material issues.











Financial Importance

No.	Core issues	GRI Topic	Issue Impact Assessment			Reported Page
			Cost	Revenue	Risk	
1	Reduction of GHG Emissions and Improvement of Energy Consumption Efficiency	GRI 305-1~5 / 302-1~5	●	○	○	27-28, 29-31, 108-109, 121
2	Climate Change Risk Management and Response	GRI 201-2 / 305-1~6	○	○	●	26-27, 29-31, 109, 121
3	Integrated Risk Management	-	○	○	○	98, 121
4	Promotion of Mutual Growth with Suppliers and ESG Compliance Support	GRI 308-1~2 / 414-1~2	○	○	○	67-69, 117, 121
5	Human Rights Management and Human Rights Risk Management	GRI 406-1 / 408-1 / 409-1	○	○	●	57, 114, 122
6	Work-life Balance	GRI 401-3 / 403-6	○	●	●	53-54, 65, 115, 122
7	Waste Management and a Circular Economy	GRI 306-1~5	○	○	○	32-35, 110, 122
8	Reinforcement of Customized Customer Satisfaction Activities	GRI 417-1	○	○	○	76, 122





Double Materiality Assessment

Management of Major Key Issues

Material Issue	UN SDGs	Context	Our Approach	2022 Achievement
Reducing GHG Emissions and Improving Energy Consumption Efficiency	 	Reducing greenhouse gas emissions and enhancing energy consumption efficiency are vital for addressing climate change. Moreover, since the implementation of the GHG emissions trading system, it has become feasible to buy or sell emission rights based on the amount of emissions relative to the quota, potentially leading to both environmental and financial impacts on companies. As GHG emissions regulations are strengthened globally, it is anticipated that they will affect corporate activities such as future trading contracts, overseas expansion, and investment attraction, necessitating active management.	As a retail specialist with an extensive value chain spanning raw material procurement sites, distribution centers, retail sales sites, and customers, LOTTE Shopping acknowledges the broad scope of GHG emission management. Consequently, we are striving to generate and secure renewable energy through solar power facilities, acquire ISO 50001 energy management system certification, and actively promote energy efficiency projects such as replacing LED lights, installing showcase doors, and updating old facilities. We are also expanding the installation of electric vehicle charging stations at our business sites nationwide to allow our customers to participate in reducing greenhouse gas emissions.	<ul style="list-style-type: none"> · Acquired ISO 50001 energy management system certification (Department Store, Mart) · Expanded solar power self-generation facilities · Expanded electric vehicle charging station installations · Replaced LED lighting (Department Store, Mart, Super) · Installed showcase doors (Mart, Super) · Replaced old hot and cold water machines (Mart)
Climate Change Risk Management and Response		According to the State of the Global Climate 2021 report published by the WMO (World Meteorological Organization), four major climate change indicators – greenhouse gas concentrations, sea-level rise, ocean temperature, and ocean acidity – reached record highs in 2021. With the Paris Agreement to limit the increase in global average temperature to well below 1.5 degrees Celsius above pre-industrial levels, the importance of companies' ability to respond to climate change is escalating.	To actively respond to climate change, LOTTE Shopping has established a 2040 carbon neutrality roadmap and detailed targets for each Business Division. Furthermore, we have submitted a SBTi (Science Based Targets initiative) commitment to ensure objectivity in our climate change response goals and strategies, and are in the process of establishing targets.	<ul style="list-style-type: none"> · Establishment of SBTi membership roadmap and submission of commitment
Integrated Risk Management	 	Addressing increasingly diverse internal and external risks in a rapidly changing business environment has become a vital competency for companies. Companies are now accountable for the management and enhancement of all issues they encounter in pursuit of the fundamental goals of their business activities, which are to create economic value and meet the needs of their stakeholders.	LOTTE Shopping identifies and defines various risks it may face in its business activities, and categorizes them into financial and operational risks. We establish risk-specific strategies and prepare management measures accordingly. We also include ESG-related items in the Key Performance Indicators (KPIs) of all Business Division CEOs to ensure systematic and proactive management of ESG risks.	<ul style="list-style-type: none"> · Advanced risk management areas and strategies · Expanded risk management scope · Conducted fair contracts and fair trade monitoring · Achieved 30% ESG items in CEO KPI
Supporting Shared Growth and ESG Implementation of Suppliers	  	As global demand for securing and managing sustainable and stable supply chains grows, so does the scope and responsibility for managing potential supply chain risks. As a result, companies need to conduct rigorous management and supervision of their suppliers while promoting shared growth based on enhancing their sustainable management capabilities.	LOTTE Shopping recognizes its suppliers as partners for sustainable management and growth. Accordingly, we provide financial, technical, and educational support, as well as distribution and sales support based on industry characteristics. Moreover, we strengthen contract and transaction standards and support education and consulting programs based on ESG assessments to help suppliers construct ESG management systems and secure sustainable growth engines.	<ul style="list-style-type: none"> · Operated ESG education programs for suppliers · Operated ESG evaluation and consulting programs for suppliers · Strengthened trade standards with suppliers · Supported distribution channels for small and medium-sized enterprises

Double Materiality Assessment

Management of Major Key Issues

Material Issue	UN SDGs	Context	Our Approach	2022 Achievement
Human Rights Management and Human Rights Risk Management		<p>The significance of human rights management and human rights risk management is increasing internationally, with the EU (European Union) recently advocating legislation to mandate human rights impact assessments and due diligence in the EU supply chain. In addition, the Business and Human Rights Reporting Directive released by the National Human Rights Commission of Korea in July 2022 includes guidelines for human rights management reporting, such as declaring human rights policies, conducting human rights impact assessments, establishing remedy procedures for victims, and reinforcing human rights education. As such, establishing a human rights management system and preventing and responding to risks have become essential competencies for companies.</p>	<p>LOTTE Shopping endeavors to establish a human rights management system. To ensure workers' basic rights and become a company that respects the diversity of its employees (gender, nationality, disability, etc.), we are implementing systems, providing education and campaigns, and operating reporting channels and consultation centers for systematic human rights risk management. Moving forward, LOTTE Shopping will broaden the scope of human rights management to encompass the entire value chain, thereby enhancing human rights awareness and cultivating a culture of respect for human rights among internal employees as well as customers, suppliers, and local communities.</p>	<ul style="list-style-type: none"> Established a human rights policy Conducted a human rights impact assessment (Department Store) Established a new human rights risk (discrimination and harassment) reporting channel (Department Store, Super) Established a communication counselor system (Department Store) Distributed an ethical casebook (Mart) Established a new employee complaint counseling center (Super)
Work-Life Balance		<p>Modern corporations must strive not just to generate economic value by developing their employees' abilities, but also to enhance productivity and create social value by improving their quality of life. By ensuring work-life balance, they must provide an environment where employees can fully engage with their work within the company and help them achieve positive life values outside of work.</p>	<p>LOTTE Shopping is dedicated to creating a workplace where employees can realize both their professional and personal selves through work-life balance. Through diverse programs aimed at improving organizational culture and work efficiency, we empower our employees to bring out their full capabilities with maximum efficiency. Moreover, through the operation of a family-friendly system and various welfare programs, we guarantee that they receive the necessary support to improve their quality of life both inside and outside the company.</p>	<ul style="list-style-type: none"> Operated the Junior Board Operated a shortened working hours system for pregnant women (Department Store) Operated the Moms' Healing Program (Mart) Introduced a selective welfare system (E-Commerce)
Waste Management and a Circular Economy		<p>As soil, ocean, and air pollution intensify and the risk of resource scarcity grows, corporations must consider the impact of waste generation on the environment and society. To mitigate the volume of waste generated, we must prevent waste creation from the production stage of various products and services and strive to establish a resource circulation economy by considering methods to recycle various materials.</p>	<p>LOTTE Shopping aims to create environmental value while fulfilling its responsibilities for environmental risks through the practice of resource circulation. As a retail company engaged in the entire process of product production, distribution, and sales, we participate in various resource efficiency improvement activities to decrease waste and water consumption, and we are enhancing the structure of packaging and increasing the proportion of eco-friendly packaging materials for greater ease of recycling post-purchase. Specifically, we are gradually expanding upcycling projects that utilize the characteristics of the retail industry to recover and recycle waste to create new products. Moreover, LOTTE Shopping is increasing the availability of products that meet its own eco-friendly certification standards and international biodiversity protection product certification to distribute sustainable products.</p>	<ul style="list-style-type: none"> Suspended paper flyer distribution (Mart) Introduced eco-friendly uniforms made from discarded PET bottles (Department Store) Conducted an upcycling project by recovering 9,161 discarded banners and cooling bags (Department Store) Operated a recycling pop-up store for discarded bicycles (Mart) Operated unmanned empty bottle collection machines, plastic collection machines, and instant rice container collection bins (Mart) Expanded eco-friendly certified products (Mart) Expanded MSC and ASC certified products (Mart)
Enhancing Customized Customer Satisfaction Activities		<p>Responding to the increasingly diverse needs of customers and striving to enhance their satisfaction is no longer a choice, but a responsibility. We must understand our customers' values as well as their preferences and strive to offer products and services that realize those values.</p>	<p>At LOTTE Shopping, we endeavor to ensure our customers feel the utmost satisfaction at every point of contact with us, including products, services, and spaces. To ensure the quality and safety of our products, which are the core of the retail industry, we conduct rigorous pre- and post-production management, and to listen to our customers, we provide feedback on all inquiries and requirements through the VOC (voice of customer) channel operated by all Business Divisions, and these are reflected at actual sites. We also plan and operate various exhibitions and psychological counseling centers to ensure LOTTE Department Store, LOTTE Mart, LOTTE Super are not merely places to buy and sell goods, but also spaces to experience a quality life.</p>	<ul style="list-style-type: none"> Enhanced VOC management and feedback (100% VOC responses) Held the RE:JOICE exhibition (Department Store) Held the Planet in the Box exhibition (Department Store) Operated RE:JOICE Psychological Counseling Centers (Department Store, Mart)

GRI Standards Index

GRI 2 : General Disclosures 2021

Classification	Disclosure	Indicators	page
The organization and its reporting practice	2-1	Organizational details	11
	2-2	Entities included in the organization's sustainability reporting	2
	2-3	Reporting period frequency and contact point	2
	2-4	Restatements of information	2
	2-5	External assurance	126
Activities and workers	2-6	Activities, value chain and other business relationships	11-12
	2-7	Employees	111
	2-8	Workers who are not employees	111
Governance	2-9	Governance structure and composition	88-89, 118
	2-10	Nomination and selection of the highest governance body	88-89
	2-11	Chair of the highest governance body	88
	2-12	Role of the highest governance body in overseeing the management of impacts	90
	2-13	Delegation of responsibility for managing impacts	88-90
	2-14	Role of the highest governance body in sustainability reporting	89-90
	2-15	Conflicts of interest	93
	2-16	Communication of critical concerns	90
	2-17	Collective knowledge of the highest governance body	88-89
	2-18	Evaluation of the performance of the highest governance body	89
	2-19	Remuneration policies	89
2-20	Process to determine remuneration	89	
2-21	Annual total compensation ratio	118	

Classification	Disclosure	Indicators	page
Strategy, policies and practices	2-22	Statement on sustainable development strategy	4-8, 17
	2-23	Policy commitments	11, 17, 56, 92
	2-24	Embedding policy commitments	11, 58-59
	2-25	Processes to remediate negative impacts	93
	2-26	Mechanisms for seeking advice and raising concerns	93
	2-27	Compliance with laws and regulations	92-96
	2-28	Membership associations	128
Stakeholder engagement	2-29	Approach to stakeholder engagement	103
	2-30	Collective bargaining agreements	55,113

GRI 3 : Material Topics 2021

Classification	Disclosure	Indicators	page
Disclosures on material topics	3-1	Process to determine material topics	120
	3-2	List of material topics	120-122
	3-3	Management of material topics	121-122

GRI Standards Index

Economic Performance(GRI 200)

Classification	Disclosure	Indicators	page
Economic Performance	201-1	Direct economic value generated and distributed	118
	201-2	Financial implications and other risks and opportunities due to climate change	26, 121
	201-4	Financial assistance received from government	Business report 111p
Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	112
	202-2	Proportion of senior management hired from the local community	111
Indirect Economic impacts	203-1	Infrastructure investments and services supported	80-85
	203-2	Significant indirect economic impacts	106-107, 116, 118
Anti-corruption	205-1	Operations assessed for risks related to corruption	118
	205-2	Communication and training about anti-corruption policies and procedures	92-96
	205-3	Confirmed incidents of corruption and actions taken	119
Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	119

Environmental Performance(GRI 300)

Classification	Disclosure	Indicators	page
Energy	302-1	Energy consumption within the organization	28, 108
	302-2	Energy consumption outside of the organization	28, 108
	302-3	Energy intensity	28, 108
	302-4	Reduction of energy consumption	28-30, 108
Water and Effluents	303-3	Water withdrawal	38, 109
	303-5	Water consumption	38, 109
Emissions	305-1	Direct (Scope 1) GHG emissions	27, 109
	305-2	Energy indirect (Scope 2) GHG emissions	27, 109
	305-4	GHG emissions intensity	27, 109
	305-5	Reduction of GHG emissions	27, 29-31, 109
Waste	306-1	Waste generation and significant waste-related impacts	32, 110
	306-2	Management of significant waste-related impacts	32-35, 122
	306-3	Waste generated	32, 110
	306-4	Waste diverted from disposal	32-35, 110
	306-5	Waste directed to disposal	32, 110
Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	68-69, 117
	308-2	Negative environmental impacts in the supply chain and actions taken	68-69, 117

GRI Standards Index

Social Performance(GRI 400)

Classification	Disclosure	Indicators	page
Employment	401-1	New employee hires and employee turnover	111
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	52-54, 113
	401-3	Parental leave	115
Occupational Health and Safety	403-1	Occupational health and safety management system	62-63
	403-2	Hazard identification, risk assessment, and incident investigation	63-65
	403-3	Occupational health services	65
	403-4	Worker participation, consultation, and communication on occupational health and safety	62-65
	403-5	Worker training on occupational health and safety	63-65
	403-6	Promotion of worker health	53-54, 65
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	62-65
	403-8	Workers covered by an occupational health and safety management system	62
	403-9	Work-related injuries	116
	403-10	Work-related ill health	116
Training and Education	404-1	Average hours of training per year per employee	113
	404-2	Programs for upgrading employee skills and transition assistance programs	42-43, 45-46
	404-3	Percentage of employees receiving regular performance and career development reviews	113

Classification	Disclosure	Indicators	page
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	59, 88-89, 112
	405-2	Ratio of basic salary and remuneration of women to men	112
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	57, 114
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	N/A
Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	81-83
	413-2	Operations with significant actual and potential negative impacts on local communities	N/A
Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	67
	414-2	Negative social impacts in the supply chain and actions taken	67-69, 117
Public Policy	415-1	Political contributions	85
Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	77-79
Marketing and Labeling	417-1	Requirements for product and service information and labeling	76
	417-2	Incidents of non-compliance concerning product and service information and labeling	119
	417-3	Incidents of non-compliance concerning marketing communications	119
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	116

Independent Assurance Report



Independent Limited Assurance Report on Sustainability Information in Lotte Shopping Sustainability Report

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To the Board of Directors of LOTTE Shopping co., Ltd.

We were engaged by LOTTE Shopping co., Ltd. ("Company") to provide a limited assurance on the information included 'Lotte Shopping 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 an 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").

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 behavior. 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

Greenhouse Gas Assurance Report



온실가스 배출량 검증 의견서

롯데쇼핑(주)

✔ **검증 범위**
 한국표준협회는 롯데쇼핑(주)의 온실가스 배출량 명세서의 직접배출(Scope1) 및 간접배출 (Scope2)에 대한 검증을 실시하였습니다.

✔ **검증 기준 및 지침**
 한국표준협회는 다음의 기준 및 지침에 따라 검증을 수행하였습니다.
 · 온실가스 배출권거래제의 배출량 보고 및 인증에 관한 지침(환경부고시 제2022-279호)
 · ISO 14064-1, 3 : 2006
 · 2006 IPCC Guidelines for National Greenhouse gas Inventories

✔ **검증수준**
 롯데쇼핑(주)의 온실가스 배출량에 대한 중요성 평가 결과 합리적 보증수준(총배출량의 ±2.5% 미만)을 만족하고 있습니다.


✔ **검증 결론**
 검증팀 검증결과 명세서에 중대한 오류, 누락 및 허위사실이 발견되지 않았으며, 온실가스 배출량 데이터가 적절하게 산정되었음을 확인합니다.

•2022년 온실가스 배출량(Scope1, Scope2)


			(단위 : tCO2eq)
연 도	직 접	간 접	총 량
2022년	101,259.245	621,370.932	722,387

* 참고 : 온실가스 배출량은 사업장별로 소수점단위 이하를 절사하여 합산하므로 종류별 배출량 합계와 차이가 있습니다.

2023년 06월 23일



한국표준협회



GHG Verification Opinion

LOTTE SHOPPING Co., Ltd.

✔ **Verification Scope**
 Korean Standards Association has conducted verification for GHG emissions based on GHG report provided by LOTTE SHOPPING Co., Ltd. which includes Scope1 and Scope2 emissions.

✔ **Verification Standards and Guidelines**
 To conduct verification activities, verification team applied verification standards and guidelines. The standards and guidelines are as follows.
 · Guidance for reporting and verification of GHG emissions trading scheme (No. 2022-279 provided by Ministry of Environment, Republic of Korea)
 · ISO 14064-1, 3 : 2006
 · 2006 IPCC Guidelines for National Greenhouse Gas Inventories

✔ **Level of Assurance**
 LOTTE SHOPPING Co., Ltd.'s GHG emissions satisfies the under Reasonable Assurance(less than ±2.5% of total emissions).


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

•2022 Emissions(Scope1, Scope2)

			(Unit : tCO2eq)
Year	Scope 1	Scope 2	Total
2022	101,259.245	621,370.932	722,387

* Decimal place is not considered when calculating the emission of each workplace.

June 23, 2023



KOREAN STANDARDS ASSOCIATION

Membership and Awards

Memberships

Member	Association
LOTTE Shopping Co., Ltd.	UN Global Compact Network Korea
Dept. Store	Korean Academy of Business Ethics
	KPRC (Korea Packaging Recycling Cooperative)
	Fair Competition Federation
	CONCERT (CONsortium of CERT)
	Korea Personnel Improvement Association (Korean HR & Training Managers)
Mart	Korea Chainstores Association
	Korea Battery Recycling Association
	Korea Management Association
	Korea Personnel Improvement Association (KPI)
Super	Korea Chainstores Association
	Korea Fire Safety Institute
	Federation of Distribution Industry
	Fair Competition Federation
E-Commerce	Mutual Benefit Consultative Group of Small, Medium and Large Enterprises in the Distribution Field

Awards

Recipient	Date	Organizer	Award
Dept. Store	2022.03	Korea Federation of SMEs	Received a commendation from the Chair of the Parliamentary Committee on Trade, Industry, Energy, SMEs, and Startups
	2022.04	IF DESIGN AWARD	Awarded the IF DESIGN AWARD 2022 in the Architecture category
	2022.07	Ministry of Employment and Labor	Granted a citation as a person of merit for the prevention of industrial accidents
	2022.09	Korea Productivity Center	Secured first place in the NBCI (National Brand Competitiveness Index)
	2022.10	Secured first place in the NBCI (National Brand Competitiveness Index)	Honored with the 2022 Seoul Fire Safety Exemplary Award
	2022.10	KSCI (SAFETY ZONE-CERTI)	Received the Prime Minister's Award for Excellence in safety management in the Service Sector at the Korea Safety Awards
	2022.11	National Fire Agency	Received a commendation from the Chief of the National Fire Agency
	2022.12	Korea Productivity Center	Ranked first in the NCSI (National Customer Satisfaction Index)
	2022.12	KOSHA (Korea Occupational Safety and Health Agency)	Obtained an A grade in the 2022 Safety and Health Coexistence Cooperation Program Evaluation
	2022.12	Korea Commission for Corporate Partnership	Received the Grand Prize for voluntary agreement in the field of polarization resolution
	2022.12	Ministry of the Interior and Safety	Won a commendation for contributions to the safety management of multi-use private facilities
	Mart	2022	Red Dot Design Award
2022		Red Dot Design Award	Received the 2022 Red Dot Design Award in Illustration (BOTTLE BUNKER)
2022		Red Dot Design Award	Received the 2022 Red Dot Design Award in Package Design (cololi)
2023		iF Design Award	Received 2023 iF Design Award in Typography/Signage Design (The Jamsil Type)
2023		MONDE SELECTION	Awarded the 2023 MONDE SELECTION in six categories
2023		Korea Enterprises Federation	Honored with the 35th Korean Labor-Management Cooperation Award
2023		Korea Advertisers Association	Won the Minister's Award from the Ministry of Culture, Sports, and Tourism in the Audio Advertising category at the Consumers' Choice Best Advertisement Award
Super	2023	Korean Advertising Society	Received the Grand Prize in the Audio Advertising category for Ad of the Year
	2022	JoongAng Ilbo, Korea Productivity Center	Topped the NBCI (National Brand Competitiveness Index) in the Hypermarket category
E-Commerce	2022	Ministry of SMEs and Startups	Received the 2022 Minister's Commendation for Collaborative Cooperation between Large and Small Businesses
	2022	Ministry of Trade, Industry and Energy, KCCI (Korea Chamber of Commerce and Industry)	Honored with the Minister's Award at the 29th Innovation Awards
	2023	Ministry of Gender Equality and Family	Received the Government Commendation for Meritorious Service in Family Policy in commemoration of the 2023 Month of Family
2023	Ministry of Employment and Labor	Received the 2023 Minister's Award for Meritorious Service in Gender Equality in Employment	

Production Department

Marketing Planning Team, Marketing Innovation Group, Retail HQ

Lee Wu Kyeong, Eom Sun Woong, Lee Se Hwan, Jang Hui Bum, Lee Hye Mi

Contributed by

Dept. Store

ESG Team	Yoon Jae Won, Cho A Ram, Hwang Hye Jin
Management Audit Team	Keum Been Na
Fair Trade Team	Oh Sun Nyeo, Kim Han Jun
Purchasing Team	Kim Dong Ju, Kim So Hee
Corporate Culture Team	Lee Soong Ki, Jeong Gu Seung
Planning Team	Yoon Jae Wan
Safety Management Team	Kim Tae Jong, Ham Jun Hyeok, Lee Seung Eui
Human Resource Development Team	Jeon Un Young, Kim Hong Gyun
Information Security Division	Park Ji Eun
Overseas Business Operations Team	Cho Soo Hyun
Human Resource Team	Lee Jung Hun
VIP Marketing Team	Kim Hye Kyeong
Visual Strategy Team	Lee Ji Su

Super

Purchasing Support Team	Kim Il Rok, Heo Yeon
Company Culture Team	Kim Dong Ki, Kim Mi Jung, Chae Yong Byeong, Park Pil Jun
Master Data Management Team	Lee So Young
Freshness Innovation TF	So Young
SUPER Marketing Team	Kim Jin Ri
SUPER Human Resource Innovation& Development Team	Lee Sun Jae, Hong Seo Hee, Kim Ji Min, Shin Dong Chan
SUPER Finance Team	Kwak Young Mi
Facility Operation Team	Kim Sung Jong, Lee Tae Seob
Item Operation Team	Lee Ji Soo, Lee Da Hyeon
Operation support Team	Jung Eun Sil
Employee Assistance & Counseling Center	Kim Soon Jung

Mart

ESG Team (Mart/Super)	Kim Hye Young, Park Chan Kyo, Choi Jin Hyuk, Kwon Young In, Park Tae Soon, Lee Su Ji
Management Improving Team	Lee Se Han, Park Ji Eun
Store Operation Support Team	Hong Ji Yoon, An Joon Young
Facility Management Team	Kim Min Je
Safety Management Team	Jeon Joo Hwan, Jang Hwi Jin
Human Resource Innovation Team	Kim Yeong Sang, Noh Kwang Min
Human Resource Development Team	Jung Won Jeong, Hwang Jung Woon
Strategy Planning Team	Song Young Woo
Information Security Division	Lee Sang Hyun, Lee Hyun Jung
Employee Welfare Team	Lee Gwang Baek
Compliance Team	Kim Yong Ho, Kim Yu Mi
Quality Control Team	Kim Min Beom
Global Strategy Planning Team	Han Soo Kyung

E-Commerce

Business Strategy Team	Kim Keun Man, Nam Ho Jin
Personal Information Protection Team	Kim Yae Jin
Seller Communication Team	Lee Jung Ju
Safety Environment Department	Lim Yo Sub
Ethical Management Team	Son Chan Bae
Information Security Team	Kim Si Hyeon
Culture Team	Parkjae Eun, Song Yeon Ju
Compliance Team	Moon So Yoon
Customer Value Team	Kim Jin Su
HR Team	Min Kyung Chan, Lee Kyung Ok
Talent Team	Lim Yae Ji

LOTTE SHOPPING 2022 Sustainability Report

Dream Together for Better Earth