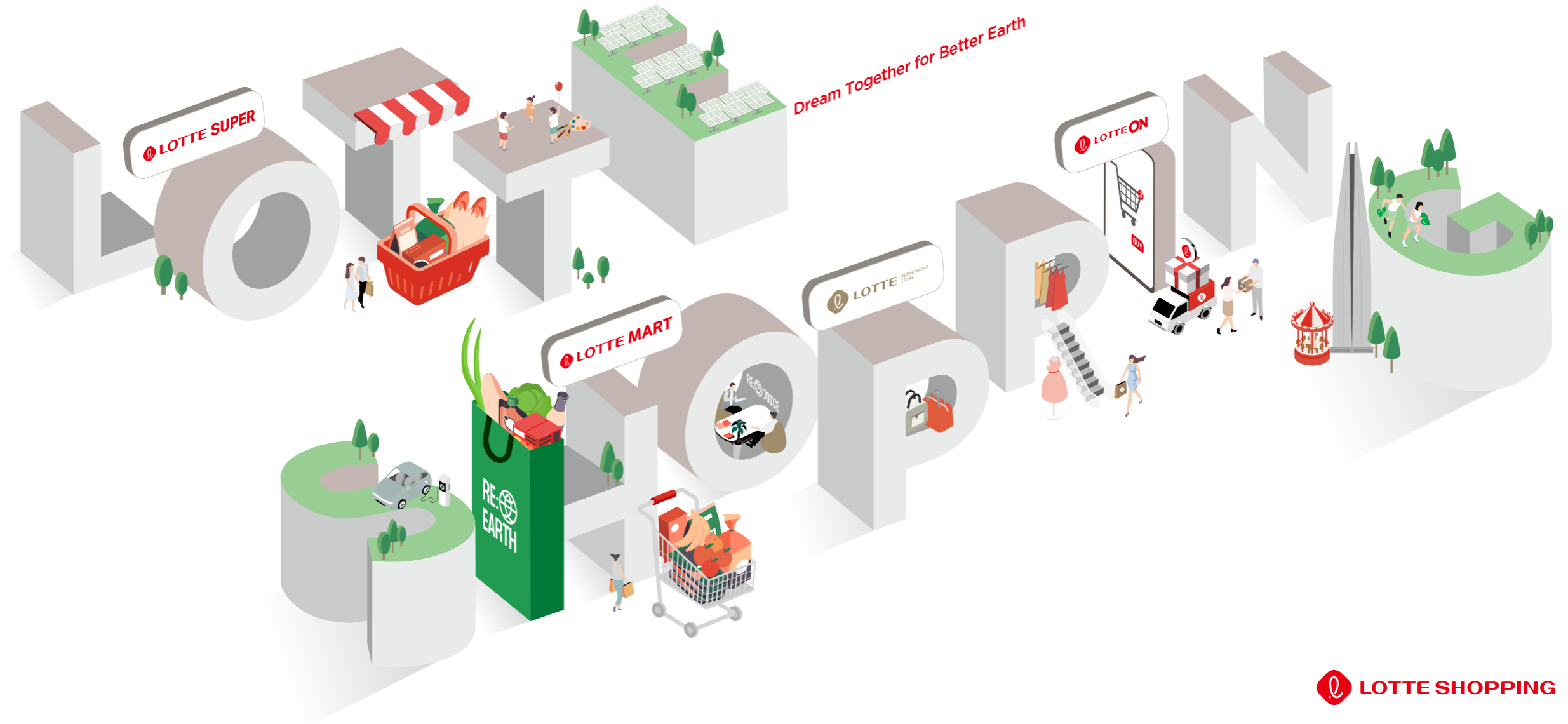


LOTTE SHOPPING

2023 Sustainability Report



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 critical sustainability issues. This report details LOTTE Shopping's governance structures and achievements in these areas, aligned with the IFRS ISSB S1 Framework.

Reporting Period

This report covers activities from January 1, 2023, to December 31, 2023. 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 our performance from the first half of 2024.

Scope and Boundary of Report

The scope of this report encompasses all domestic business locations operated by LOTTE Shopping, including its headquarters, branches, factories, and research centers. Data from overseas sites are included in some instances.

Reporting Standards

This report has been prepared in accordance with the core option of GRI (Global Reporting Initiative) Standards 2021, a globally recognized set of guidelines for sustainability reporting.

In addition, it references the principles of ISO 26000, the UN Global Compact, TCFD (Task Force on Climate-related Financial Disclosures) recommendations, SASB (Sustainability Accounting Standards Board) standards, and the EU ESRS (European Sustainability Reporting Standards).

Financial information has been prepared on a consolidated basis in accordance with the K-IFRS (Korean International Financial Reporting Standards), while non-financial information has been prepared based on our disclosure system according to the fiscal year. Any significant changes have been indicated separately.

Report Reliability

To enhance the credibility of the report both internally and externally, we commissioned NICE Information Service, 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.

Report Inquiries

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

Contact | Compliance Office, LOTTE Retail HQ
ADDRESS | 20th floor, LOTTE World Tower, 300 Olympic-ro, Songpa-gu, Seoul, Republic of Korea
TEL | 02-2118-6775
E-mail | lotteshopping_esg@lotte.net
Homepage | <https://www.lotteshoppingir.com>

2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

APPENDIX



Contents

[About This Report](#) | [Contents](#) | [Letter from CEO](#)

Introduction		ESG IMPACT		Performance Highlights		ESG Performance		Appendix	
About Us	010	ESG Vision	013	LOTTE Department Store	021	• Environmental	031	ESG Data	108
		ESG Governance	014	LOTTE Mart/LOTTE Super	024	Environmental Management	032	GRI Standards Index	122
		Key ESG Achievements	015	LOTTE E-Commerce	027	Climate Change Response (TCFD)	034	ESRS Index	125
		Materiality Assessment	016			Special Page_Map of Green	044	TCFD Index	127
		Stakeholder Participation	019			Environmental Impact Management	045	SASB Index	128
						Resource Circulation	047	Independent Assurance Report	132
						Sustainable Products	053	GHG Assurance Report	134
						• Social	055	Memberships and Awards	135
						Human Rights Management	056		
						Human Resources Management	058		
						Health and Safety Management	070		
						Sustainable Supply Chain	072		
						Customer Satisfaction	079		
						Social Contributions	086		
						• Governance	091		
						Governance	092		
						Ethics and Compliance Management	097		
						Integrated Risk Management	101		
						Information Protection	104		

INTRODUCTION

ESG IMPACT

Performance Highlights






ESG Performance

APPENDIX



INTERACTIVE GUIDE

This report has been published as an interactive PDF, allowing readers to move quickly and easily to pages in the report, and including shortcuts to the related web pages.

-  Cover Page
-  Contents Page
-  Previous Page
-  Next Page
-  Search



LETTER From CEO 📄

**2023 LOTTE Shopping
Sustainability Report**

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

APPENDIX

DREAM TOGETHER FOR BETTER EARTH

LOTTE Shopping is committed to spreading positive impacts both environmentally and socially.



We extend our heartfelt gratitude to our customers, shareholders, partners, and employees for their warm support and interest in LOTTE Shopping's efforts toward sustainable growth.

In 2023, amid a rapidly changing market environment characterized by dampening consumer sentiment due to high inflation, the blurring of boundaries between retail formats, and the rise of retail technology, there was also a heightened interest in ESG management, including carbon neutrality implementation, a supply chain management, and the introduction of mandatory ESG disclosures.

In this environment, LOTTE Shopping achieved significant results by strengthening its competitiveness “to be the First Destination for Shopping,” and executing various transformation strategies and ESG management activities to fulfill its corporate social responsibility.

In particular, LOTTE Shopping saw a substantial increase in operating profit due to internal operational efficiency, improved profitability, and enhanced performance across all Business Divisions. We achieved market-leading milestones such as the successful opening of the LOTTE Mall Westlake Hanoi, surpassing KRW 2 trillion in sales at the LOTTE Department Main Store, and launching LOTTE Mart Grand Grocery. In addition, we received external recognition for our ESG efforts, achieving an “A” grade for six consecutive years in the domestic ESG evaluation (KCGS) and winning domestic and international awards for our sustainability report. Going forward, LOTTE Shopping will continue to uphold its manifesto of “making shopping environmentally and socially friendly” and fulfill its roles and responsibilities not only in terms of financial performance but also in environmental, social, and governance aspects.



First,

we will rigorously continue and implement our plan to achieve carbon neutrality by 2040.

LOTTE Shopping manages the level of carbon emissions by businesses and is progressively executing detailed plans for energy efficiency improvement and renewable energy transition established in the “2040 Carbon Neutrality Roadmap” formulated in 2022.

In 2023, we became the first retail company to join the SBTi (Science Based Targets initiative) to verify the sufficiency of our carbon neutrality goals and plans, with verification of our greenhouse gas reduction targets in progress as of the first half of 2024. In addition, this year, we are reviewing the introduction of PPAs (Power Purchase Agreements) and will gradually expand renewable energy to achieve 100% renewable energy conversion across all business sites by 2040. Through these processes, we will secure substantial greenhouse gas reduction measures and actively respond to the climate crisis.

Second,

we will create an ecosystem where our partners, communities, and employees can grow together with us.

LOTTE Shopping operates win-win growth programs, including financial and market support, education, and ESG management consulting, to support partner growth and strengthen win-win growth systems. We also conduct various local win-win activities in stores nationwide in conjunction with local communities. Furthermore, we are innovating our organizational culture and enhancing our competency and welfare programs to ensure employees can work joyfully and achieve high performances. Notably, to support work-family balance, we have expanded employee support related to infertility, childbirth, and gender equality, thereby earning the designation of Best Family Friendly Management from the Ministry of Gender Equality and Family in 2023. In 2024, LOTTE Shopping proclaimed our ESG management program domestically and internationally. We aim to sustain authentic efforts to disseminate positive influence through a range of social contribution activities.

Third,

we will establish sound and transparent governance structure to become a trusted company.

In 2023, LOTTE Shopping held its first CEO IR Day since its listing, thereby enhancing communication with shareholders and investors by disclosing its mid- to long-term strategies. In 2024, we revised the Articles of Incorporation to allow the separation of the record date for dividend rights and the exercise of voting rights at the General Meeting of Shareholders, as well as the designation of an interim dividend date, thereby increasing shareholder value by expanding the market dividend rate and per-share dividends. Moreover, to establish a sound and transparent governance structure, we reconstituted the Transparent Management Committee in 2024 so it is composed entirely of independent directors. This follows the similar reconstitution of the Independent Director Nomination Committee and the Compensation Committee last year. We also introduced a senior independent director system to strengthen the Board’s check and supervision functions and ensure independence.

Moving forward, LOTTE Shopping will focus on securing future growth engines for sustainable management and practicing genuine ESG management to firmly establishing our status as the “the First Destination for Shopping.”

We will strive to earn the trust of our stakeholders by doing the right things in the right way. We look forward to your continued support and interest in our endeavors.

Thank you.

LOTTE Shopping Co., Ltd.

Kim Sang Hyun, Vice Chairman & Group CEO



LETTER From CEO 📄

LOTTE Department Store is leading ESG management for a tangible customer impact.

Greetings everyone. I am Chung Joon Ho, CEO of LOTTE Department Store.

On behalf of LOTTE Department Store, I extend my heartfelt gratitude to all stakeholders, including our customers, shareholders, partners, and community members, for their support and encouragement in our journey towards a better tomorrow. I would also like to express my deep appreciation and encouragement for our employees who are walking this path with us.

In 2023, despite the constantly changing industry environment and economic downturn, LOTTE Department Store continued to embrace challenges. Our efforts were recognized globally, as we were selected among the Top 10 Most Innovative Department Stores in the World by the IGDS (Intercontinental Group of Department Stores) in 2023. Our impactful initiatives, such as the Myeong-dong Festival, which revitalized the local business area through collaboration with small merchants, and the Jamsil Christmas Market, which became a year-end landmark, provided fresh and impressive experiences to our customers.

LOTTE Department Store never settles and is always associated with being the "first." Since becoming the first in the industry to declare environmental management in 1994, we have continuously strived to present sustainable values. The RE:EARTH campaign, now a well-established cultural initiative, led the way in environmental cleanup in 2023 by collecting 22,750 liters of waste with the participation of 6,426 customers. By considering the characteristics of our industry, we improved energy efficiency through energy-saving facilities and the introduction of renewable energy in our buildings, earning us the Minister's Award at the Korea Energy Awards 2023.

Moreover, we believe that the foundation of the retail industry lies with our customers and diverse partners. Hence, we have put our full effort into win-win cooperation, for which we received the Minister's Commendation for Win-win growth from the Ministry of SMEs and Startups. Our practical support and participation, such as a KRW 200 billion financial support program for partners and ESG indicator development training for spreading the culture of ESG management among partners, were key to this achievement.

In September 2023, LOTTE Department Store opened LOTTE Mall Westlake Hanoi in Hanoi, Vietnam. This is not just an expansion into the overseas market but a significant opportunity to spread the ESG management of South Korea and LOTTE Department Store to Vietnam.

Many issues surrounding ESG continue to evolve. However, LOTTE Department Store does not engage in ESG management passively due to obligations or systems. We are committed to fulfilling our social responsibilities with corporate citizenship. We will always listen to the voices of our various partners and stakeholders to ensure that they are reflected in the future, which will be led by LOTTE Department Store.

We seek your continued support and encouragement. Thank you.

LOTTE Department Store, LOTTE Shopping Co., Ltd
Chung Joon Ho, CEO



LETTER From CEO

LOTTE Mart and LOTTE Super will strive to establish the “No. 1 Grocery Market.”



Dear esteemed stakeholders, I am Kang Sung Hyun, CEO of LOTTE Mart and LOTTE Super.

I would like to express my gratitude to our customers, partners, shareholders, and employees for their unwavering trust and support despite the challenging economic conditions characterized by high inflation and interest rates.

Even in such a difficult and complex business environment, LOTTE Mart achieved its largest operating profit since 2014, and LOTTE Super successfully turned a profit for the first time in seven years, marking a significant year of strengthened internal stability and competitiveness. In November of last year, we announced our new integrated vision, “No. 1 Grocery Market,” as we committed to providing economic value to our partners and investors while fulfilling our social responsibilities. This year, we will focus on the following three key initiatives:

First, eco-friendly products: lead the retail of environmentally beneficial and sustainable products.

LOTTE Mart and LOTTE Super obtained environmental product certification for 10 items under our representative private brand ‘GOOD TODAY’, thereby expanding the availability of green products in our stores. We introduced eco-friendly eggs with Earth Pack paper made from sugarcane and eco-friendly beef using paper packaging. This year, we will continue to contribute to carbon reduction and resource circulation through the retail of eco-friendly products and by establishing a sustainable packaging value chain.

Second, happier partners: collaborate with our partners for a better future.

LOTTE Mart and LOTTE Super provide various support to our partners each year in areas such as market access, financial support, management support, and employee welfare. This year, we will focus particularly on supporting overseas market access using our infrastructure to help our partners achieve results. In addition, we will share success through win-win growth points with excellent partners who participate in ESG consulting and hygiene consulting.

Third, better society: fulfill our social responsibilities for a better community.

Through the CHARLOTTE Volunteer Corps, LOTTE Mart and LOTTE Super continue to engage in various volunteer activities and support projects for the underprivileged every year. This year, through the “Deep Blue Devotion” campaign, we will create sea forests, clean beaches, provide eco-friendly nets and equipment, and conduct marine ecology education. By promoting these virtuous activities, we aim to create greater value that encompasses all stakeholders in the community and our natural environment.

We ask for the passionate support and encouragement of our stakeholders as LOTTE Mart and LOTTE Super strive to establish themselves as the sustainable “No. 1 Grocery Market” based on these strategies. Thank you.

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

Kang Sung Hyun, CEO



LETTER From CEO

2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

APPENDIX

LOTTE E-Commerce: Creating a Sustainable Management Environment Amid Constant Change and Innovation



A warm welcome to all. I am Park Ik Jin, CEO of LOTTE E-Commerce.

Despite last year's uncertain external environment, LOTTE E-Commerce has consistently pursued sustainable management across various fields. To become a newly growing LOTTE E-Commerce, we aim to focus on the following initiatives this year to advance as a sustainable company.

First, we will re-establish our business with a sustainable online business structure through company-wide business restructuring. By conducting clear business diagnostics, we will secure profitability in the commerce sector and accelerate our transition into a competitive company. To achieve this, we will optimize and streamline various fixed costs to align with current levels and focus on qualitative growth rather than merely increasing transaction volumes, thereby strengthening our business competitiveness.

Next, we will transform the LOTTE ON platform into an online gateway for group customers in order to secure a foundation for future growth. This is to strengthen channel competitiveness by leveraging LOTTE Shopping's customer assets while simultaneously building a group-wide online economy.

Lastly, we will continue to fulfill our corporate social responsibility by engaging in environmental and partner win-win activities. Currently, LOTTE E-Commerce has implemented delivery methods such as "Customer Shopping Bag Delivery" and "Face-to-Face Delivery without Packaging" to minimize the use of packaging materials. We have also introduced eco-friendly packaging methods that use easily recyclable materials for contactless deliveries, thereby minimizing environmental impact. Furthermore, by enhancing the TMS (Transportation Management System), we are improving delivery distance efficiency and leading the way in eco-friendly management by reducing annual carbon emissions during the delivery process. Through a clear ESG management system, we will continuously strive to establish ESG management that considers not only our business but also supply chain management and coexistence with partners.

We promise to persistently improve our business structure through sustainable management while continuing our efforts for the environment and the future.

Thank you.

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

Park Ik Jin, CEO



**2023 LOTTE Shopping
Sustainability Report**

INTRODUCTION

[About US](#)

[ESG IMPACT](#)

[Performance Highlights](#)

[ESG Performance](#)

[APPENDIX](#)

Introduction

010 [Company Overview](#)

011 [Business Scope](#)



About US

COMPANY OVERVIEW



• Company Name LOTTE Shopping Co., Ltd.	• Date of Establishment ¹⁾ July 2, 1970	• Business Area Large-scale Retail
• CEO Kim Sang Hyun	• Number of Employees ²⁾ 19,676	• Headquarters 81 Namdaemun-ro, Jung-gu, Seoul, Republic of Korea

1) Established as Hyupwoo Industrial Co., Ltd. in July 1970, renamed LOTTE Shopping Co., Ltd., in November 1979.
2) As of the end of December 2023



• Sales 14,555.9	• Operating Profit 508.4	• Net Income 169.2
• Total Assets 30,644.7	• Total Capital 10,836.4	

1) Unit: KRW billion



• Korea Ratings AA-	• Korea Investors Service AA-	• NICE Investors Service AA-	• JCR (Japan Credit Rating agency) A Stable
-------------------------------	---	--	---

VISION



1st Retail LOTTE

MANIFESTO

1. LOTTE Retail is on top of mind when customers think about shopping.
2. LOTTE Retail provides best quality products at best value.
3. LOTTE Retail strives to make shopping a positive experience, on and offline and from beginning to end.
4. LOTTE Retail is a great place to work that helps our employees provide best service to our customers.
5. LOTTE Retail strives to make shopping environmentally and socially friendly.



LOTTE Department Store
Premium Lifestyle Curator
offering new and joyful experiences daily



LOTTE Mart, LOTTE Super
No.1 GROCERY MARKET
Discover a joyful food life



LOTTE E-Commerce
The Most Customer-Centric EC Platform

INTRODUCTION

About US

ESG IMPACT

Performance Highlights

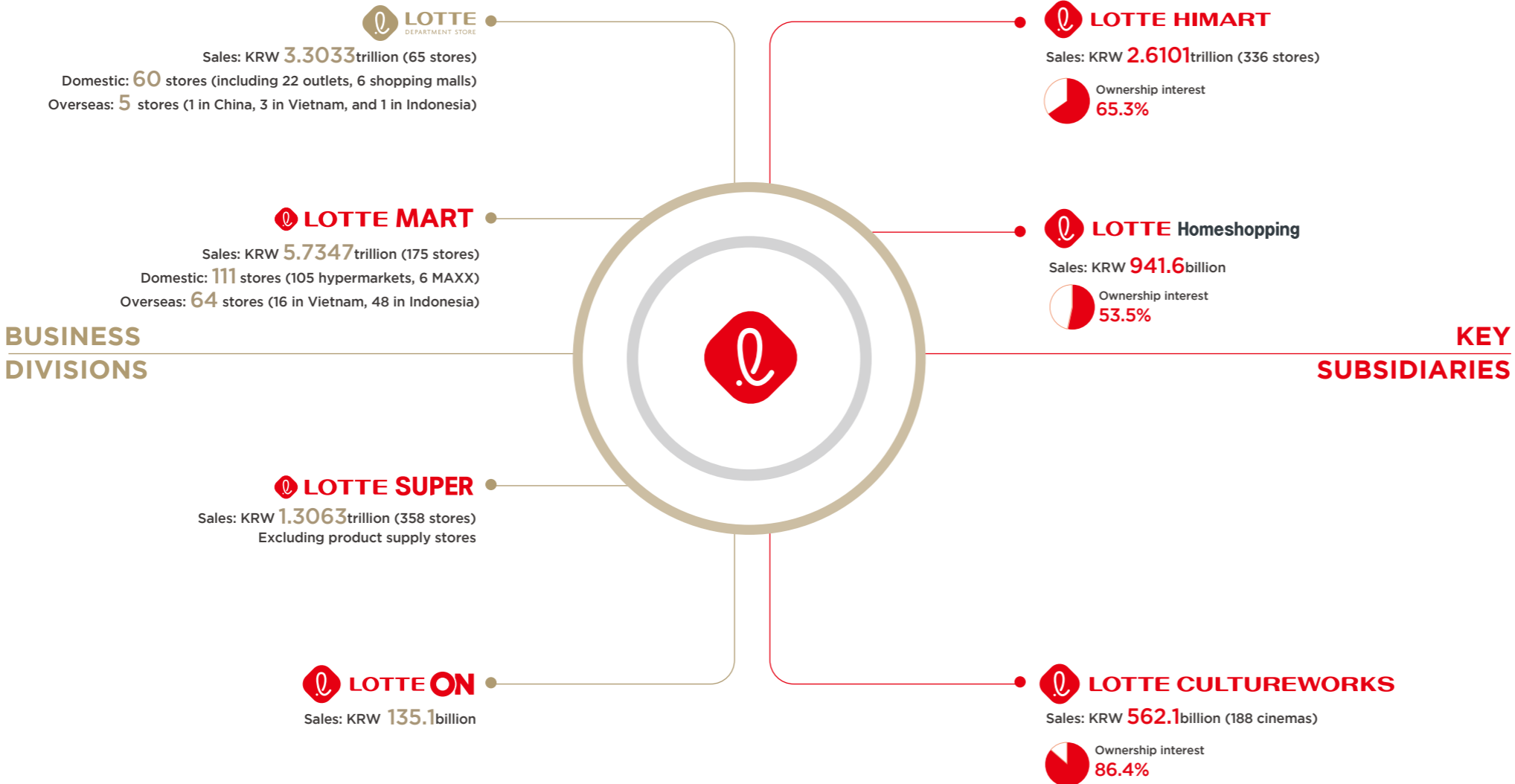
ESG Performance

APPENDIX



About US

BUSINESS SCOPE



2023 LOTTE Shopping Sustainability Report

INTRODUCTION

About US

ESG IMPACT

Performance Highlights

ESG Performance

APPENDIX



ESG IMPACT

- 013 ESG Vision
- 014 ESG Governance
- 015 Key ESG Achievements
- 016 Materiality Assessment
- 019 Stakeholder Participation

2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

- ESG Vision
- ESG Governance
- Key ESG Achievements
- Materiality Assessment
- Stakeholder Participation
- Performance Highlights
- ESG Performance

APPENDIX



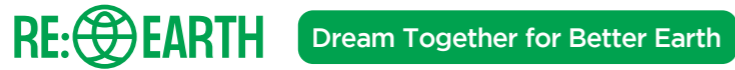
ESG Vision

Dream Together for Better Earth

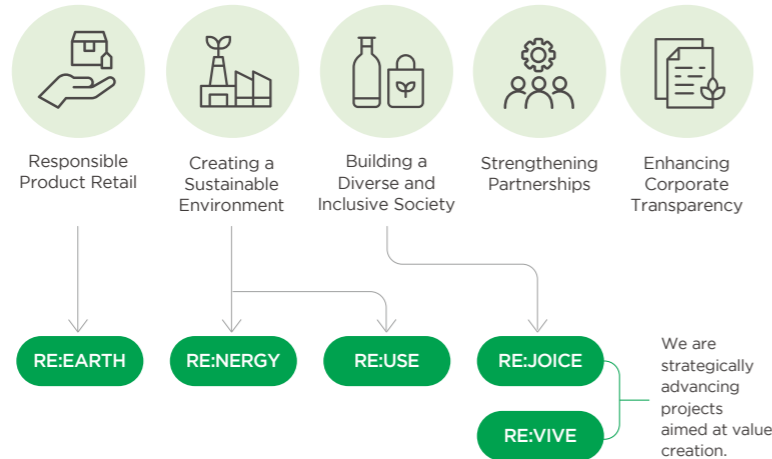
As a leading integrated retailer, LOTTE Shopping recognizes ESG (environmental, social, and governance) as our new competitive edge and a driver for future growth. Accordingly, we have established our top five ESG initiatives to ensure our business operations and ESG management strategies align seamlessly, and have integrated them into our overall management activities. Building on LOTTE Shopping’s ESG slogan, “Dream Together for Better Earth,” our four Business Divisions —LOTTE Department Store, LOTTE Mart, LOTTE Super, and LOTTE E-Commerce— are committed to systematically and organically implementing ESG management. Our goal is to become a leading ESG enterprise that disseminates positive value across the economic, environmental, and social dimensions.

ESG management system in LOTTE Shopping

ESG Campaign Brand & Slogan



ESG Priorities



Top 5 ESG Initiatives

Risk Management

Establishing responsible sourcing policies	Setting carbon emission targets for sales/retail	Enhancing education systems by role and position	Formulating ESG guidelines for partners	Establishing codes of conduct and information protection policies
Expanding eco-friendly products	Measuring upstream carbon emissions	Formulating comprehensive human rights policies	Establishing an ESG risk management framework for partners	Reviewing the composition of the Board of Directors

Top 5 ESG Initiatives



RE:EARTH

Implementing the RE:EARTH brand for eco-friendly PB (private brand) products and dedicated eco-friendly product sections, and spreading an eco-friendly culture through various campaigns.

RE:NERGY

A project to establish and promote a carbon neutrality roadmap that incorporates the use of renewable energy, the installation of electric vehicle charging stations, and the expansion of energy-saving facilities.

RE:USE

A project that continuously provides consumers with opportunities to contribute to waste reduction in their daily lives through the promotion of second-hand transactions.

RE:JOICE

Continuing LOTTE Shopping's integrated social contribution campaign, this project supports everyone's self-esteem, dreams, and endeavors through mind healing initiatives.

RE:VIVE

A project to build a sustainable value chain by investing in companies related to resource recycling and issuing ESG bonds to support funding for partners.

2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

ESG Vision

ESG Governance

Key ESG Achievements

Materiality Assessment

Stakeholder Participation

Performance Highlights

ESG Performance

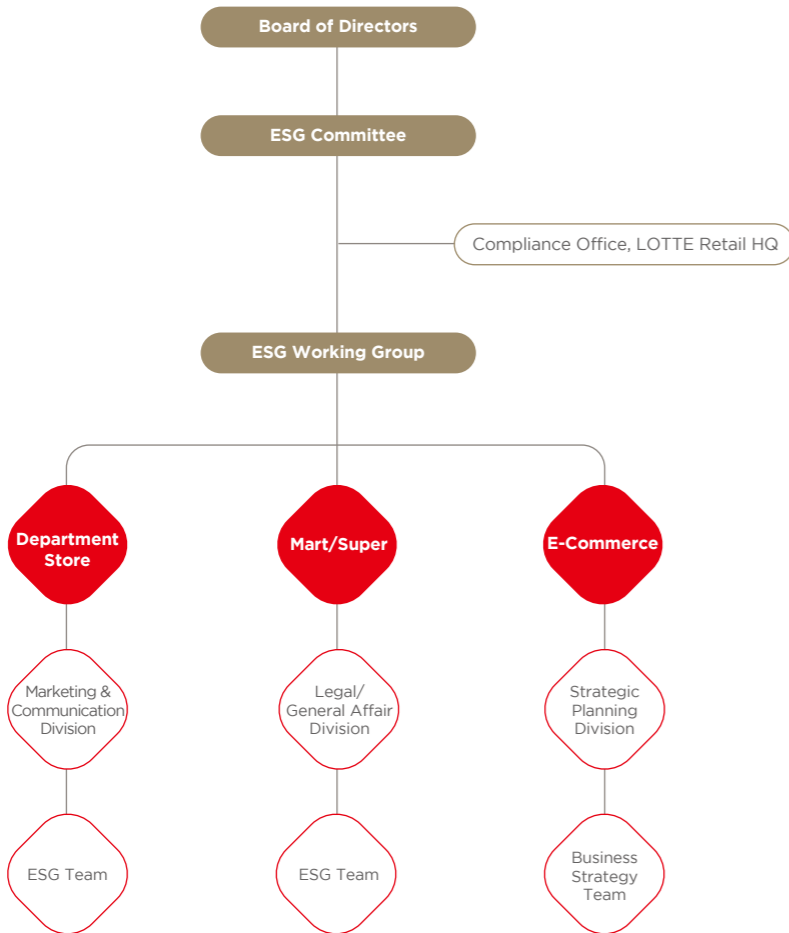
APPENDIX



ESG Governance

To enhance the ESG management system and strengthen its capabilities, LOTTE Shopping established the ESG Committee in 2021. We operate an ESG Working Group composed of ESG teams from each Business Division, centered around the LOTTE Retail HQ. Based on our ESG governance framework, we proactively identify and manage risks related to ESG, while developing and reviewing mid- to long-term strategies to continuously advance our ESG management practices.

ESG Governance



ESG Committee

The ESG Committee, established to promote systematic ESG management, is the highest consultative body for ESG management at LOTTE Shopping. It comprises three directors (one executive director and two independent directors). The committee is responsible for establishing mid- to long-term ESG management plans, reviewing the implementation status of each Business Division, and overseeing the management and response activities for key non-financial risks, including carbon neutrality, resource circulation, respect for human rights, supply chain ESG management, and health and safety. In addition, the committee plays a role in preemptively reviewing risks when pursuing new business initiatives. Matters deliberated on and resolved by the ESG Committee, along with risks that may impact business operations in the long term, are reported to the Board of Directors, the company's highest decision-making body.

ESG Working Group

To set the direction and strengthen the continuity of company-wide ESG management, LOTTE Shopping operates a working group consisting of dedicated ESG teams from each Business Division. The ESG Working Group, centered around the Compliance Office at the LOTTE Retail HQ, is composed of practitioners from the dedicated ESG management teams of each Business Division. The group reviews the implementation status of ESG activities in each division to ensure alignment with the strategic direction and convenes immediately to discuss emerging issues. Major matters such as activity outcomes, future plans, and potential risks are reported to the ESG Committee.

ESG Committee Key Agendas in 2023

Meeting Date	Agenda
March 9	Reported: 2022 ESG performance results and 2023 plans Resolved: Selection of LOTTE Shopping's key ESG issues for 2023
April 18	Reported: Long-term plans for education system enhancement Carbon neutrality implementation plans / Information protection enhancement plans Resolved: Appointment of the ESG Committee Chair
June 15	Reported: Results and future plans for the 2023 human rights impact assessment of the Department Store Division
August 24	Reported: 2023 ESG implementation status of LOTTE Shopping
September 14	Reported: Status of efforts for education system enhancement / Environmental management initiatives / Information protection enhancement
December 14	Resolved: Establishment of LOTTE Shopping Carbon Neutrality Roadmap 2.0

2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

ESG Vision

ESG Governance

Key ESG Achievements

Materiality Assessment

Stakeholder Participation

Performance Highlights

ESG Performance

APPENDIX



Key ESG Achievements

ESG Evaluations and Initiatives

UN Global Compact (UNGC)

The UNGC (UN Global Compact) is an international agreement proposed by former UN Secretary-General Kofi Annan in 2000 to emphasize corporate social responsibility. It comprises ten principles across four areas: human rights, labor, the environment, and anti-corruption. LOTTE Shopping was the first in the industry to join the UN Global Compact in 2007, and strives to adhere to these principles throughout its business operations.

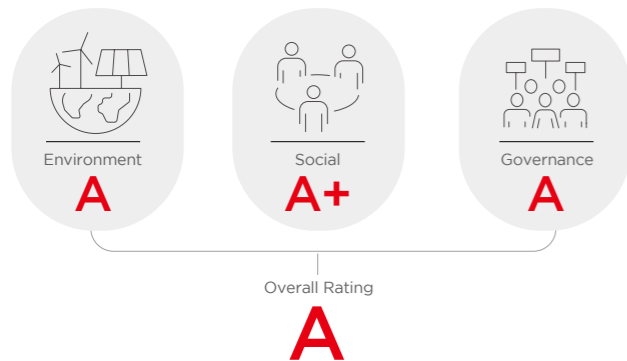
SBTi (Science Based Target initiative)

[LINK](#) | Climate Change Response

Based on LOTTE Group's 2040 carbon neutrality target, LOTTE Shopping aims to reduce greenhouse gas emissions by 40% by 2030 compared to 2018 levels, achieve 100% energy conversion across all business sites by 2040, and attain carbon neutrality across the entire value chain, including the supply chain, by 2050. Accordingly, in March 2023, LOTTE Shopping became the first in the retail industry to make a commitment to the SBTi. As of May 2024, we are undergoing verification by the SBTi to validate the feasibility of our carbon neutrality goals.

KCGS Ratings

(Korea Institute of Corporate Governance and Sustainability)



Awards

2023 Outstanding Disclosure Company

In 2023, LOTTE Shopping was the only domestic retail company selected as an “Outstanding Disclosure Company in the Securities Market in 2023” by the Korea Exchange. Financial and non-financial information related to business operations can be found on our website and through disclosure systems such as DART and the Korea Exchange. We also operate an English website for our international stakeholders. Additionally, we publish a monthly IR letter for our management team to share issues related to overall management and raise internal awareness about the importance of transparent information disclosure.

2023 galaxy AWARDS

LOTTE Shopping's sustainability report also received the Gold Award at the 2023 Galaxy Awards, continuing its strong performance following the Bronze Award in 2022. The Galaxy Awards is a global marketing communications competition organized by MerComm in the United States and judged by communication experts from over 50 countries, without any advertising, membership, or external sponsors.

2023 The Management Grand Awards

In 2023, LOTTE Shopping's sustainability report was awarded the “Report of the Year” in the report category at the 2023 Management Grand Awards hosted by KMAC (Korea Management Association Consulting). The award recognized our transparent and clear disclosure of our ESG management system and the performance of activities by each Business Division, including the 2040 carbon neutrality initiative and the establishment of a resource circulation system.

2023 VISION AWARDS

We won the Gold Award at the LACP 2022 Vision Awards, followed by the Platinum Award in the ESG Report category and the Gold Award in the Sustainability Report category in 2023. The LACP Vision Awards, organized by the marketing research firm LACP, is the world's largest communications production competition. LOTTE Shopping's sustainability report received perfect scores in seven and six of the eight evaluation categories in 2023.

Worldwide	Asia-Pacific Region	
Top 100	Top 80	
Korea	Top 20	



Materiality Assessment

Double Materiality Assessment >>

LOTTE Shopping conducted a double materiality assessment to determine the content of the 2023 sustainability report and identify issues that require focused sustainable management in the future. A double materiality assessment is an evaluation method that considers both the financial materiality of issues and their social and environmental materiality. It aims to identify material issues from a financial perspective as well as those that impact external stakeholders.

Based on the reporting content determination process of the GRI (Global Reporting Initiative), we comprehensively analyzed global disclosure standards and evaluation indicators, sustainability trends among domestic and international peers, and media research for the year to derive a pool of 29 issues.

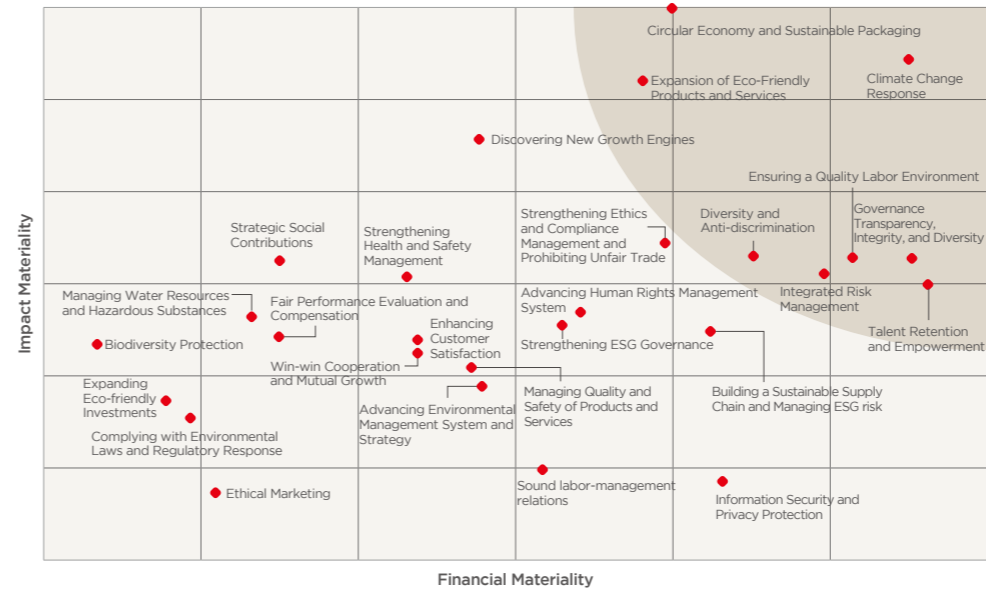
These issues were prioritized by financial effect and social and environmental impact by analyzing the direction and magnitude of each issue's impact to select the final eight key issues.

Double Materiality Assessment Process



Materiality Assessment Results >>

Double Materiality Matrix



2023 Material Issues for LOTTE Shopping

Rank	Issue Name	Change from 2022	GRI Topic
1	Climate Change Response	-	201-2, 302-1-4, 305-1-5
2	Circular Economy and Sustainable Packaging	-	306-1-5
3	Expansion of Eco-Friendly Products and Services	New	-
4	Talent Retention and Empowerment	New	401-1, 404-1-3
5	Governance Transparency, Integrity, and Diversity	New	405-1
6	Ensuring a Quality Labor Environment	-	401-2-3
7	Integrated Risk Management	-	-
8	Diversity and Anti-discrimination	New	405-1-2, 406-1



Materiality Assessment

Management of the Key Issues >>

LOTTE Shopping systematically manages the impact of the key issues derived from the double materiality assessment on our business operations and external stakeholders. The Board of Directors (BOD) of LOTTE Shopping, as the highest decision-making body overseeing sustainability issues, reviews the strategies, risk management, indicators, and targets for each key issue and monitors the implementation status.

E Environmental Climate Change Response	E Environmental Circular Economy and Sustainable Packaging	E Environmental Expansion of Eco-Friendly Products and Services	S Social Talent Retention and Empowerment
<p>Governance</p> <p>Each Business Division has established an ESG implementation council to formulate and execute climate change response strategies through collaboration with relevant departments. The ESG Committee within the BOD continuously manages and oversees climate change risks, strategies, goals, and performances.</p>	<p>Governance</p> <p>The operational departments are responsible for activities, performances, and risk management related to resource circulation, with progress and outcomes being managed and supervised by the CEO. The ESG Working Group integrates and manages performances across all Business Divisions, with final monitoring conducted by the ESG Committee within the BOD.</p>	<p>Governance</p> <p>Each Business Division carries out activities to expand sustainable products, with the related performance managed by the CEO. The ESG Working Group oversees the direction and performance of all Business Divisions, with final monitoring by the ESG Committee within the BOD.</p>	<p>Governance</p> <p>The department responsible for talent acquisition and education focuses on securing and nurturing individuals who can embody our core values by operating a variety of recruitment and training programs. The status and outcomes related to talent acquisition and education are managed and overseen by the CEO of each Business Division.</p>
<p>Strategy</p> <p>We developed the 2040 Carbon Neutrality Roadmap to practice carbon neutrality from a mid- to long-term perspective. To this end, we are progressively converting the electricity used in our business sites to renewable energy and undertaking various activities to enhance energy efficiency.</p>	<p>Strategy</p> <p>Under the ESG slogan, "Dream Together for Better Earth" we are formulating strategies for creating a sustainable environment. Through the "RE:EARTH" campaign, we are undertaking various projects to promote resource circulation and expanding eco-friendly packaging.</p>	<p>Strategy</p> <p>Under LOTTE Shopping's vision of "to be the First Destination for Shopping," we have established "Responsible Product Retail" as a key initiative. To achieve this, we have developed principles and standards for sustainable product sourcing, thereby expanding eco-friendly products and services.</p>	<p>Strategy</p> <p>We manage talent systematically through a comprehensive HR system comprising seven components that cover the entire process from recruitment to retirement. We select outstanding talent through a fair recruitment process and have established a future-oriented talent development system to support employees in leading sustainable growth.</p>
<p>Risk Management</p> <p>Through scenario analysis, we proactively identify physical and transition risks that may arise during business operations. Based on the analysis results, we prepare response measures for each type of risk and continuously monitor the progress of their implementation.</p>	<p>Risk Management</p> <p>We identify opportunities arising from the resource circulation process and engage in diverse activities such as producing eco-friendly uniforms, collecting cooler bags, and establishing a sustainable packaging value chain. In addition, through campaigns such as RE:EARTH MARKET and RE:EARTH Purging, we support active citizen participation in resource circulation.</p>	<p>Risk Management</p> <p>We have established sustainable product sourcing principles to prevent environmental risks across all stages of the product lifecycle, from raw material sourcing to manufacturing processes and packaging. We are expanding the retail of product categories that meet these principles and continuously enhancing certification standards to manage environmental impacts throughout the retail process.</p>	<p>Risk Management</p> <p>To ensure there are no gaps in our workforce, we have introduced various ongoing recruitment programs to hire excellent talent in a timely manner. In addition, each Business Division runs diverse training programs to cultivate tailored talent and is continuously improving the convenience of its education platform to enhance accessibility to training.</p>
<p>Metrics & Targets</p> <ul style="list-style-type: none"> Achieving carbon neutrality by 2040 Reducing greenhouse gas emissions by 40% by 2030 compared to 2018 levels Achieving zero carbon emissions across the entire value chain, including the supply chain, by 2050 	<p>Metrics & Targets</p> <ul style="list-style-type: none"> Expanding the operation of RE:EARTH MARKET Broadening the scope of activities of RE:EARTH Purging Increasing the use of recycled plastic packaging 	<p>Metrics & Targets</p> <ul style="list-style-type: none"> Expanding the handling of sustainable products Increasing the handling of products certified by the MSC and ASC Operating Green Stores 	<p>Metrics & Targets</p> <ul style="list-style-type: none"> Strengthening interviewer capabilities Increasing training hours per employee

INTRODUCTION

ESG IMPACT

- ESG Vision
- ESG Governance
- Key ESG Achievements

Materiality Assessment

- Stakeholder Participation

Performance Highlights

ESG Performance

APPENDIX



Materiality Assessment

Management of the Key Issues >>

LOTTE Shopping systematically manages the impact of the key issues derived from the double materiality assessment on our business operations and external stakeholders. The Board of Directors (BOD) of LOTTE Shopping, as the highest decision-making body overseeing sustainability issues, reviews the strategies, risk management, indicators, and targets for each key issue and monitors the implementation status.

S **Social**
Ensuring a Quality Labor Environment

Governance

To secure a quality labor environment, the departments responsible for each Business Division implement various programs to improve organizational culture and work engagement. In addition, we expand family-friendly welfare systems to improve the work-life balance of our employees. The CEO of each Business Division monitors the plans and performances related to organizational culture and welfare.

Strategy

LOTTE Shopping believes that corporate and social value can be created through employee happiness and has established a "value-creating culture" system. Based on this system, we continuously improve welfare systems and the work environment to help employees form positive relationships with their work, colleagues, and the organization, thereby fostering affection and a sense of belonging.

Risk Management

To ensure a balance between work and life and to improve organizational culture, we conduct the "Value Creation Culture Diagnostic Survey" regularly to identify risks related to the work environment. Based on the survey results, we derive improvements and strive to secure a quality labor environment.

Metrics & Targets

- Expanding tailored welfare systems
- Improving organizational culture and work engagement
- Conducting regular value creation culture diagnostic surveys

S **Social**
Diversity and Anti-discrimination

Governance

Each Business Division has established a talent management system that leverages its unique characteristics and sets specific goals for ensuring diversity. The departments responsible for Business Division promote a culture of respect for diversity and prohibition of discrimination through initiatives such as female leadership training and mutual respect campaigns. The status and outcomes related to these efforts are managed and overseen by the CEO of each Business Division.

Strategy

To promote inclusive human rights management that respects the diverse backgrounds of internal and external stakeholders, including gender, religion, and nationality, and prohibits discrimination, we have established and implemented human rights policies based on the LOTTE Code of Conduct. We also include non-discrimination clauses in our employment regulations and strive to ensure diversity during recruitment.

Risk Management

To prevent human rights risks such as workplace discrimination, we regularly conduct human rights education and operate grievance channels to respond swiftly to human rights violations. In addition, we continuously manage diversity goals to ensure diversity within the workforce

Metrics & Targets

- Achieving a 66.9% of female managers by 2024
- Achieving a 23.2% of female employees by 2024
- Setting diversity targets by Business Division
- Hiring social minorities such as people with disabilities

LINK | Diversity Goals

G **Governance**
Governance Transparency, Integrity, and Diversity

Governance

The BOD of LOTTE Shopping is composed of four executive directors and five independent directors. The directors are selected for their expertise and independence in adherence with strict standards such as the Commercial Act and the company's articles of incorporation. The board strives to enhance stakeholder interests through oversight of management and risk management.

Strategy

To ensure the independence of the board, more than half of the board members are independent directors, and the Independent Director Nomination Committee ensures transparency in the appointment of independent directors. In addition, to represent diverse stakeholder opinions and respond flexibly to rapidly changing business environments, we consider diversity and expertise when appointing directors.

Risk Management

To ensure the soundness of board operations, we conduct regular evaluations of independent directors and incorporate these evaluations into future board compositions. Furthermore, to enhance the understanding and accountability of directors regarding the business, we provide education on business strategies, business status, and ESG risks for independent directors.

Metrics & Targets

- Conducting regular board evaluations
- Enhancing board diversity
- Expanding board education

G **Governance**
Integrated Risk Management

Governance

LOTTE Shopping has established an integrated risk management system centered around the CEOs of each Business Division and the BOD. Each Business Division designates a responsible department and a control department for each major risk, with the Compliance Office at LOTTE Retail HQ acting as the overall risk management organization and reporting plans and results to the BOD at least once a year.

Strategy

To proactively and systematically address risks that may arise across all business activities, we operate a comprehensive risk management process. Through a materiality assessment, we identify major risks and manage them using a two-track response system that integrates company-wide risk response strategies with division-specific strategies.

Risk Management

To enhance effective risk management, we assign dedicated departments and control departments for each risk type to strengthen our management and monitoring functions. We continuously upgrade our risk management system through ongoing monitoring and risk management training.

Metrics & Targets

- Expansion of risk management education
- Implementation of risk materiality assessments

INTRODUCTION

ESG IMPACT

ESG Vision
 ESG Governance
 Key ESG Achievements

Materiality Assessment

Stakeholder Participation

Performance Highlights

ESG Performance






APPENDIX



Stakeholder Participation

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

Stakeholder Communication and Response

Stakeholders	Key Interests	Communication Channels and Activities	Responses in 2023
 <p>Customers</p>	<ul style="list-style-type: none"> Transparent Information Provision Enhancement of Product and Service Quality 	<p>Channel Operation of VoC channels (online, call centers), chatbots, chat consultations</p> <p>Issue Product and service quality improvement, enhancement of customer satisfaction</p> <p>Activity Customer complaint management, information sharing through websites, apps, and social media, and operation of customer satisfaction service systems.</p>	<p>VoC: 1,533,129 cases (based on reception by LOTTE ON, 100% processed)</p>
 <p>Shareholders and Investors</p>	<ul style="list-style-type: none"> Corporate Growth Enhancement of Investor Value Response to ESG Issues 	<p>Channel Shareholder meetings, earnings presentations, wired/wireless communication</p> <p>Issue Strengthening of the business portfolio, risk management</p> <p>Activity Quarterly investor NDRs (non-deal roadshows), IR events</p>	<p>Regular general meetings once a year Quarterly results announcement four times a year IR events four times a year</p>
 <p>Employees</p>	<ul style="list-style-type: none"> Improvement of Organizational Culture Support for Capacity Enhancement 	<p>Channel Union and labor-management council, meetings, internal communication channels</p> <p>Issue Employee communication, human rights, capacity enhancement</p> <p>Activity Labor-management council meetings, junior board operation, CEO communication programs</p>	<p>Labor-management council four times a year</p>
 <p>Partners</p>	<ul style="list-style-type: none"> Win-Win Growth and Partner Collaboration Fair and Transparent Partnerships 	<p>Channel Partner meetings, conferences, partner reporting channels</p> <p>Issue Win-win growth, human rights</p> <p>Activity Operation of reporting channels, win-win growth programs (mutual cooperation, market support, education, win-win growth fund)</p>	<p>17 reports from partners (100% processed) Frequent meetings with partners</p>
 <p>Local Communities</p>	<ul style="list-style-type: none"> Participation in Social Issues Promotion of Mutual Growth 	<p>Channel Collaboration with civic/environmental organizations, social contribution collaboration meetings</p> <p>Issue Response to climate change, win-win growth with local communities</p> <p>Activity Local community donation and sponsorship activities, environmental campaigns, provision of mind care counseling, operation of volunteer teams, relief activities in disaster areas</p>	<p>Donation: KRW 15.7 billion RE:JOICE Mind Care Counseling: 2,304 sessions</p>

2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

ESG Vision

ESG Governance

Key ESG Achievements

Materiality Assessment

Stakeholder Participation

Performance Highlights

ESG Performance

APPENDIX



2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

LOTTE Department Store

LOTTE Mart, LOTTE Super

LOTTE E-Commerce

ESG Performance

APPENDIX

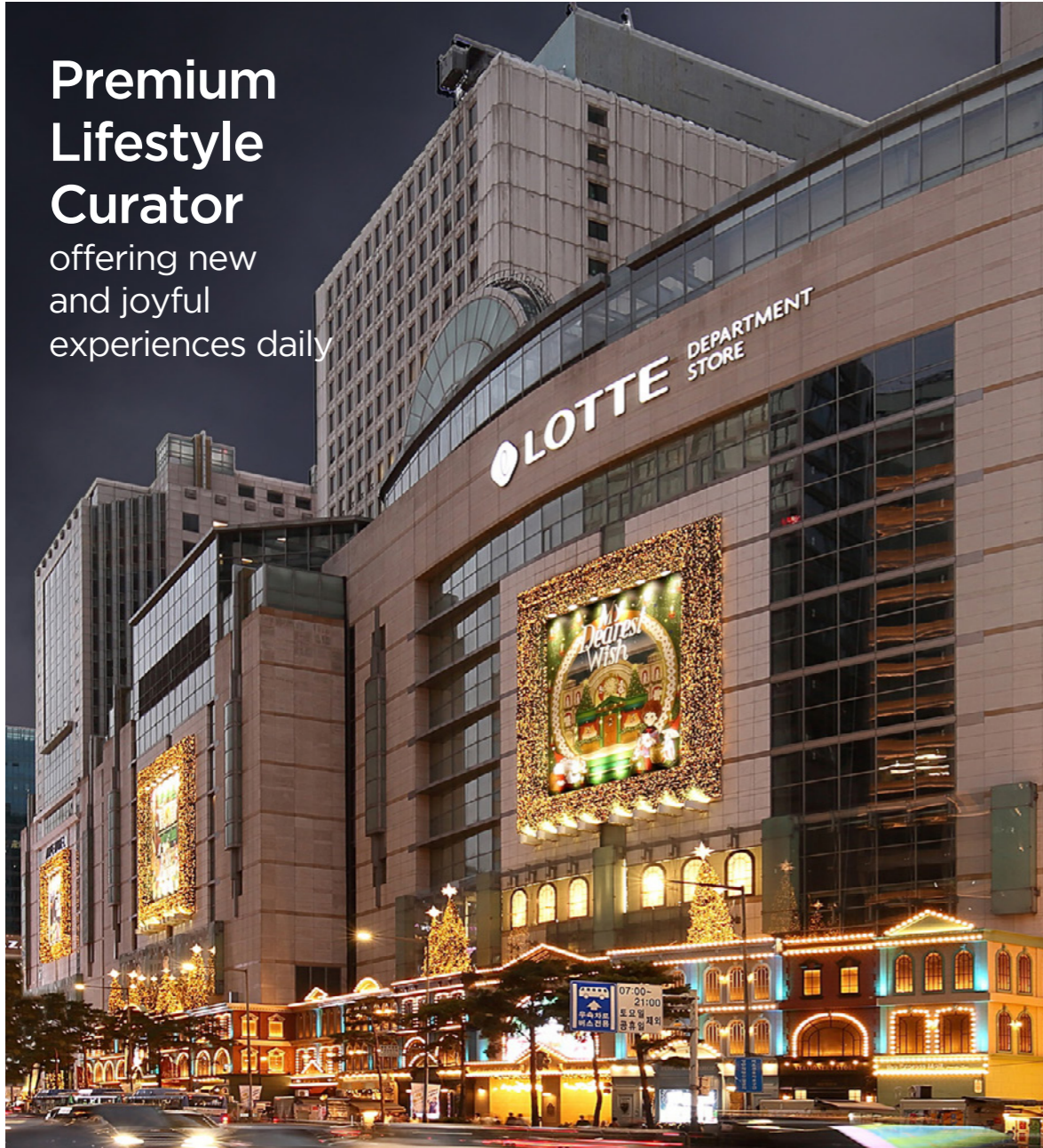


Performance Highlights

- 021 LOTTE Department Store
- 024 LOTTE Mart, LOTTE Super
- 027 LOTTE E-Commerce



Premium Lifestyle Curator
 offering new and joyful experiences daily



LOTTE Department Store



Business Division Overview

LOTTE Department Store, the unrivaled leader in Korea's department store sector, sets the benchmark for trends in the domestic retail industry. Through our unwavering commitment to customer satisfaction across department stores, outlets, shopping malls, and online channels, we have crafted the pinnacle of shopping environments. Looking ahead, LOTTE Department Store will evolve into a genuine "premium lifestyle curator" that pioneers new lifestyles and elevates the quality of life for our valued customers.

Business Direction

LOTTE Department Store plans to continue its qualitative growth by enhancing its stores, products, and services. We will renovate key stores to establish a premium shopping environment and lead trends by proactively introducing rising content. In addition, we will upgrade PSR (personal shopping rooms) and exclusive programs and lounges for VIP customers to provide a differentiated customer experience. We are also focusing our efforts on building an integrated online and offline platform to ensure that the premium shopping experience in-store is mirrored online.

Awards



Red dot design award
 Interface & User Experience Design in the Apps category



IGDS WDSS Awards 2023
 One of the TOP 10 Most Innovative Department Stores in the World



2023 Korea Energy Awards
 A Minister's Commendation for Energy Efficiency Improvement from Ministry of Trade, Industry and Energy



2023 Commendation for Win-win Growth
 A Minister's Commendation for win-win Growth between Large and Small-Medium Enterprises from Ministry of SMEs and Startups

2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

LOTTE Department Store

LOTTE Mart, LOTTE Super

LOTTE E-Commerce

ESG Performance

APPENDIX



Opening of LOTTE Mall Westlake Hanoi

Visitors
4.09 million

Purchases
495,000 people

Sales
60.1 billion KRW



In September 2023, LOTTE Mall Westlake Hanoi opened after seven years of construction. This mega-complex combines LOTTE Shopping’s retail and entertainment capabilities, featuring a shopping mall, mart, hotel, aquarium, and cinema. Approximately 40% of the tenants are new specialized stores that were previously unavailable in the local market. Since its opening, the mall has attracted over 4.09 million visitors¹⁾, equivalent to nearly half of Hanoi’s population of 8.4 million, with cumulative purchases exceeding 495,000 and sales surpassing KRW 60.1 billion in record time.

1) As of December 2023



Achieving KRW 2 Trillion in Sales at Myeongdong Main Branch

In 2023, LOTTE Department Store’s main branch achieved sales of KRW 2 trillion. In line with the end of the COVID-19 pandemic, we planned the signature event “Myeongdong Festival” in collaboration with the local commercial district and attracted approximately 400,000 visitors to Myeongdong over ten days. This not only revitalized the local economy but also created value beyond mere sales through mutual growth with the local community.

In addition, the main branch is undergoing a full-scale renewal to attract domestic and international visitors. Starting with the Lifestyle Hall renewal in 2019, it is in the midst of extensive renovations, which include expanding luxury brands and renovating lounges to provide the best shopping environment for our customers. LOTTE Department Store’s main branch will continue its efforts to implement a premium strategy and revitalize the local commercial area.



Selected as One of the Top 10 Most Innovative Department Stores in the World



LOTTE Department Store achieved the remarkable feat of being selected as one of the Top 10 Most Innovative Department Stores in the World by the IGDS (Intercontinental Group of Department Stores) in 2023. Established in 1946, the IGDS is the world’s largest department store association, with 45 member companies from 38 countries, including prominent members such as JFR Retail (Japan), Nordstrom (USA), and Le Bon Marché (France). Among these, LOTTE Department Store was selected as one of the Top 10 alongside Germany’s KaDeWe and the UK’s Selfridges.

An international panel of experts from the retail industry comprehensively evaluated six criteria: customers, employees, community, stakeholders as well as the digitization and innovation of their business. LOTTE Department Store was recognized globally for its achievements, including the opening of Lotte Mall Westlake Hanoi in Vietnam, The Crown pop-up, and the Christmas Market.

2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

LOTTE Department Store

LOTTE Mart, LOTTE Super

LOTTE E-Commerce

ESG Performance

APPENDIX



Social Contribution Campaigns: RE:EARTH, RE:JOICE

RE:JOICE Mind Care Center
Cumulative Counseling Sessions
7,962 sessions



LOTTE Department Store has chosen the eco-friendly campaign RE:EARTH and the self-esteem and empowerment campaign RE:JOICE as its core social contribution strategies. Since declaring “GREEN LOTTE” in 2004 and pioneering environmental management in the industry, LOTTE Department Store has renewed its commitment through the 2022 RE:EARTH campaign and conducted environmental clean-up activities such as the RE:EARTH MARKET (plogging) and the Upcycling Project (resource circulation) for a sustainable future. In 2023, we held seven RE:EARTH MARKET events, nearly doubling participation from the previous year to 6,426 participants, and collected a total of 22,750 liters of trash.

Launched in 2017 to improve awareness of depression among women, RE:JOICE expanded its key message in 2022 to supporting everyone's self-esteem, dreams, and endeavors. We operate the RE:JOICE Mind Care Center to lower barriers to psychological counseling and promote the Mind Care Program for low-income vulnerable groups, as well as the RE:JOICE Dreamers program to support the dreams and endeavors of youth caregivers. As a result, it was highlighted as a representative case of “Supporting One Another (Care Economy)” in Trend Korea 2024, an annual publication that forecasts the major social, cultural, and economic trends expected to shape South Korea.



Expansion of Eco-Friendly Facilities

LOTTE Department Store is expanding its eco-friendly facilities and implementing energy-intensive equipment improvement projects to enhance energy efficiency and transition to renewable energy. As a result, in 2023, we added solar power facilities to three locations,¹⁾ thereby generating 1,956,464 kWh of solar energy annually and reducing greenhouse gas emissions by approximately 912 tons. Furthermore, by investing KRW 11.2 billion in high-efficiency refrigeration and boiler systems, inverter air conditioners, refrigeration pipe cleaning, and new high-efficiency pumps and motors, we reduced greenhouse gas emissions by another 7,210 tons, earning a commendation from the Minister of Trade, Industry and Energy at the 2023 Korea Energy Awards for improvements in energy efficiency. In addition to the introduction of commercialized equipment and the replacement of outdated facilities, we are also setting and implementing research tasks on new energy technologies. We are currently conducting sample tests on improving the efficiency of LED lights, direct drive motors²⁾, and the installation of showcase doors, with implementation planned for 2024.

1) Paju, Uiwang, and Nowon Stores
2) New energy technology equipment that adjusts the fan speed directly with an inverter, without using motor pulleys

Commendation from the Minister of SMEs and Startups for win-win growth



LOTTE Department Store was honored with a commendation from the Minister of SMEs and Startups in 2023 for its efforts to strengthen its ESG capabilities and win-win growth with its partners. To pursue mutual development through fair trade, we operate a financial support program for partners worth KRW 200 billion based on the Code of Ethical Conduct established in 2001. We started ESG support consulting with the Win-Win Growth Committee in 2021, the first in the industry to do so, and by 2023, nine partners had received the Certificate of Excellent ESG.¹⁾

1) Conducted from October 2022 to June 2023 with 10 participating partners



No.1 GROCERY MARKET

Discover a joyful food life



LOTTE Mart, LOTTE Super



- LOTTE MART
- LOTTE SUPER

Business Division Overview

LOTTE Mart, a leading hypermarket in South Korea, is promoting a healthy food culture through specialized grocery stores such as Grand Grocery and ZETTAPLEX, setting domestic retail trends. Beyond Korea, LOTTE Mart has established itself as a global enterprise with 175 stores in operation globally, including in Vietnam and Indonesia.

LOTTE Super serves as a community-oriented, neighborhood retail channel that is dedicated to providing safe and fresh food to its customers. Through franchising, LOTTE Super supports and nurtures small entrepreneurs, creating shared value and promoting win-win growth. LOTTE Mart and LOTTE Super aim to provide high-quality groceries and offer a unique shopping experience as they strive to become leaders of the grocery market.

Business Direction

LOTTE Mart and LOTTE Super plan to enhance their integrated synergy in order to continually strengthen product competitiveness, which is the core of the grocery business. In 2023, the purchasing/merchandising departments of each Business Division were unified to leverage internal sourcing capabilities, securing economics of scale, and there are plans to expand joint product launches in the future. By improving overall quality and value chains, especially for fresh and deli products, we will consistently enhance the competitiveness of grocery items. Furthermore, by applying optimal store formats based on commercial area characteristics and increasing the grocery composition ratio, we aim to offer a differentiated shopping experience and secure a competitive edge in the market.

Awards

NBCI (National Brand Competitiveness Index)
Ranked No. 1 in the Supermarket category for 12 consecutive years

Korean Labor-Management Cooperation Award
The Grand Prize in the Large Enterprise category.

Monde Selection 2023
A Gold Awards (1 SKU) and a Silver Awards (5 SKU) for YORIHADA (LOTTE Mart PB)

GREEN-STAR
Certified with a GREEN-STAR in the Hypermarket category for three consecutive years

2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

LOTTE Department Store

LOTTE Mart, LOTTE Super

LOTTE E-Commerce

ESG Performance

APPENDIX



One Team, Unified Efforts



Throughout 2023, LOTTE Mart and LOTTE Super worked together as one team under the shared vision of building the “No. 1 Grocery Market” to enhance the quality and price competitiveness of grocery products. By integrating the product organizations and redefining the product pool with a focus on outstanding partners, we have expanded our product supply capabilities and continuously secured price competitiveness. This integration not only streamlined product operations but also laid the foundation for future joint product launches for LOTTE Mart and LOTTE Super. To truly become One Team, we held integrated workshops for Mart/Super team leaders and store managers, and operated an open communication channel, the Junior Board, composed of employees in their 20s and 30s, to foster organizational culture integration.

‘GOOD TODAY’: Challenging Ourselves to Become the No. 1 Private Brand



In October 2022, LOTTE Mart and LOTTE Super re-launched the HMR specialty brand YORIHADA, followed by the introduction of the master brand ‘GOOD TODAY’ in March 2023, which integrates the existing private brands for processed foods and household goods of each company. ‘GOOD TODAY’, with the slogan ‘Today’s Best Choice,’ collaborates with the LOTTE R&D Center from the development stage and has launched approximately 400 products to date. These products offer the most reasonable prices and have provided LOTTE groceries with a unique selling point even in these times of high prices. ‘GOOD TODAY’ will continue to release new products that reflect current trends and expand its product range as it aims to establish itself as South Korea’s representative private brand.



Transition to Specialized Grocery Stores for the “No. 1 Grocery Market”

LOTTE Mart and LOTTE Super are transitioning to specialized grocery stores to become the “No. 1 Grocery Market.”

Grand Grocery Eunpyeong | A grocery-focused store emphasizing daily food items, with a significantly increased food composition ratio and the “Long Deli Bar,” the longest deli road in Korea. This store leverages the strengths of offline stores by introducing differentiated food merchandising that reflect the latest trends.

ZETTAPLEX Seoul Station | Our flagship store, which combines the largest food store in Korea with specialty stores, now has an expanded fresh food-centered grocery section. We are also providing customers with new experiences through malling with ToysRUs, the largest toy shop in Korea, and BOTTLE BUNKER, the largest liquor store.

Westlake (Vietnam) | Located in the LOTTE Mall Westlake Hanoi, Westlake has a specialty grocery store focusing on fresh/deli products and operates YORIHADA Kitchen, a store specializing in ready-to-cook food, to enhance the customer experience and showcase diverse food cultures, including K-Food.

Grand Grocery Store Operating Status¹⁾

Food Composition Ratio

91%

Customer Count Increase

10% Increase

Fresh Food Sales

28% Increase

¹⁾ As of March 2024



Measurement and Management of Upstream/Downstream Carbon Emissions with EPD certified products

To ensure responsible product sourcing, we are strengthening the lifecycle management of PB products. We are working towards obtaining EPD (Environmental Product Declaration) for PB products to measure and manage carbon emissions and provide accurate environmental impact information to customers. EPD quantifies environmental impacts from raw material procurement to production, retail, and disposal. In 2023, ten products from our leading PB brand, 'GOOD TODAY', were certified, and there are plans to acquire additional low-carbon certifications for these products. Furthermore, efforts are being made to incorporate 'GOOD TODAY' products into the Ministry of Environment's green product category and expand the operation of designated Green Stores managed by the Ministry.



'GOOD TODAY' EPD Acquisition in 2023

Snacks Beverages Meal Replacements

7 SKU 2 SKU 1 SKU



Community Campaigns with LOTTE Mart ToysRUs

[LINK](#) | TOYS ARE EARTH



2023 TOYS ARE EARTH Campaign

Participants Toy Collection
446 people **254** kg

LOTTE Mart ToysRUs, the largest toy store in Korea, conducted the "TOYS ARE EARTH" campaign in May and December of 2023 to encourage the donation of unused toys. Collaborating with the NGO TRU (Toy Recycling Union), toys in good condition were cleaned, repaired and sold at bazaars, while others were dismantled for recyclable plastic or used in 'TRU's Sseulmo educational classes' to create new toys. The campaign was held eight times at the Songpa, VIC Yeongdeungpo, Eunpyeong and Junggye stores, with 71 participants. In addition, on Children's Day, about 20 underprivileged children from Songpa District were invited to receive toys and visit an aquarium. Furthermore, CHARLOTTE Volunteer Groups at 44 LOTTE Mart stores nationwide sponsored approximately KRW 30 million worth of toys and goods for childcare facilities.

Youth Meal Kit Startup Support Project with Seoul Agro-Fisheries & Food Corporation

Since 2022, LOTTE Mart has been supporting a youth meal kit startup project. This initiative provides theoretical education in product planning, marketing, and legal issues, along with mentoring from industry experts to young entrepreneurs. Through the meal kit prototype contest, the top three teams are given the opportunity to launch collaborative products with LOTTE Mart. Winning entries are commercialized and sold at LOTTE Mart stores. In recognition of these contributions to youth entrepreneurship and market expansion, LOTTE Mart was awarded the Seoul Mayor's Award in December 2023.



Product Sales Performance of the Youth Meal Kit

2023 Sales Cumulative Sales¹⁾
 KRW **308** million KRW **516** million

¹⁾ As of December 2023

2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

LOTTE Department Store

LOTTE Mart, LOTTE Super

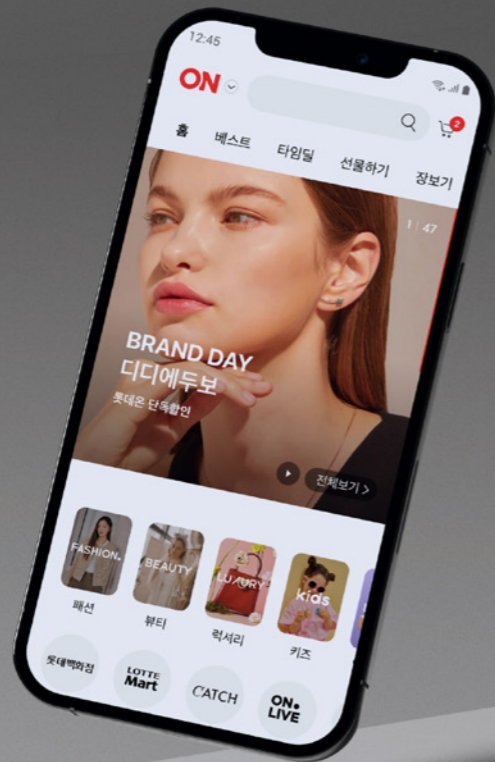
LOTTE E-Commerce

ESG Performance

APPENDIX



The Most Customer-Centric EC Platform



LOTTE E-Commerce



Business Division Overview

Established on June 1, 1996, LOTTE E-Commerce created South Korea's first comprehensive online shopping mall, and it continues to provide optimal online shopping solutions to match its offline stature. Committed to eco-friendly management, a collaborative corporate culture, and win-win growth with its partners, LOTTE E-Commerce consistently invests in environmental and social domains and practices robust ESG management.

Business Direction

LOTTE E-Commerce's aspiration is to be the shopping app of choice for customers. To bolster our competitiveness, we are keen on utilizing the core assets of the LOTTE Group in collaboration with our affiliates. 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 those primed for future online expansion. We are strengthening our online and offline synergies by integrating product data across channels and employing group assets to discover opportunities for customer acquisition and traffic generation. With these concerted efforts, LOTTE E-Commerce intends to offer customers a unique shopping experience distinct from other platforms.

Awards

2023 Commendation for Win-win Growth
A Presidential Commendation for collaborative Cooperation between Large and Small Businesses

2023 Commendation for Job Creation Contributions
A Presidential Commendation for Creating Good Jobs

2023 Commendation for Population Policy Contributions
A Presidential Commendation as an Excellent Company for Work-Family Balance
* The only private E-Commerce company to receive such a commendation

KBIZ 2023 Korea Retail Awards
The Fair Trade Commission Chairman's Award for Excellent Win-Win Performance

2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

LOTTE Department Store

LOTTE Mart, LOTTE Super

LOTTE E-Commerce

ESG Performance

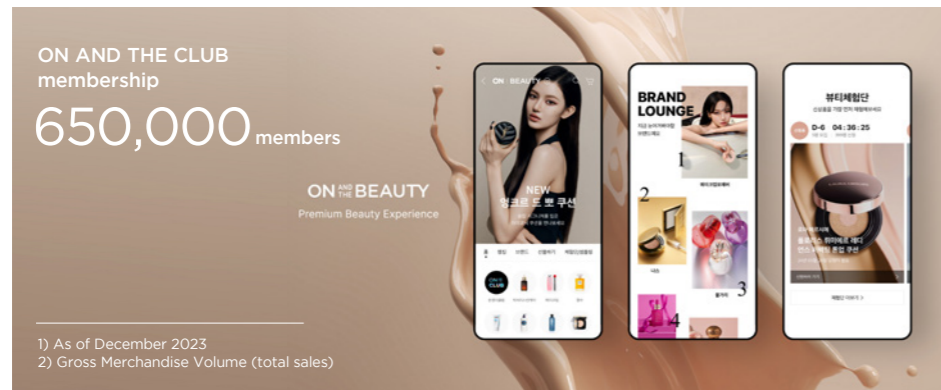
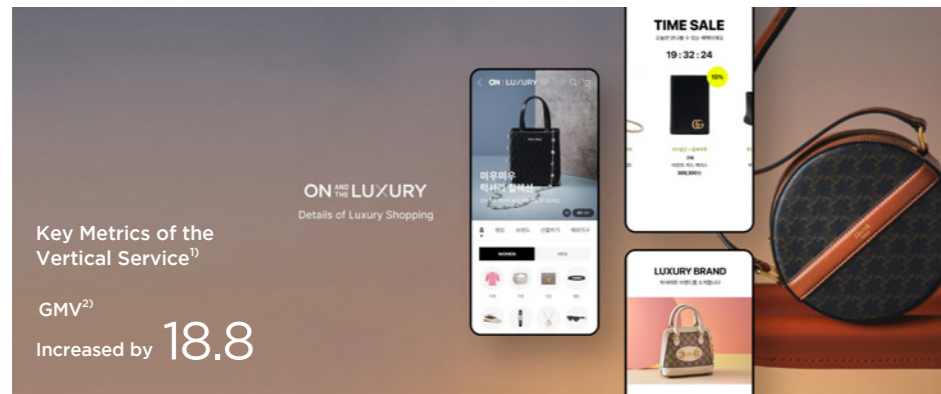
APPENDIX



Vertical Business Expansion

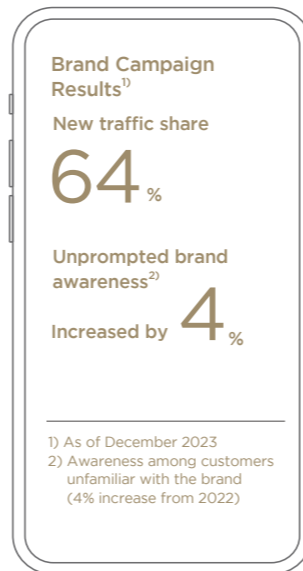
LOTTE E-Commerce is working to solidify its position in the vertical market by launching vertical services that specialize in selling products in the beauty, luxury, fashion, and kids sectors with the goal of transforming into a lifestyle-focused platform. By leveraging each vertical service with LOTTE Shopping's retail capabilities and trust, we aim to offer reliable products to attract new customers and enhance brand competitiveness, thereby increasing customer retention.

We are also restructuring our product portfolio to focus on high-efficiency brands and generate advertising revenue, which will improve our financial structure. In addition, we have transitioned from a beauty-focused membership system to our "ON AND THE CLUB" integrated vertical membership to strengthen customer loyalty across the platform, and are providing integrated benefits and regular perks to expand purchase opportunities.



Brand Campaign Execution

In 2023, LOTTE E-Commerce launched its first brand campaign to enhance the awareness of its revamped vertical platform LOTTE ON. The campaign aimed to increase understanding of the vertical platform by utilizing the ON/OFF concept to deliver a premium shopping platform image through a fantasy story. At the same time, we worked to stimulate the activation of new brand entries and strengthen brand selection. Through various collaborations and limited-edition product planning, we increased brand exclusivity by organizing single-day exclusive events, early launches, exclusive bundles, experience deals, and limited-time offers for each brand.



Collaboration with Ocado (Strategic Partnership / CFC Groundbreaking)

In December 2023, just one year after forming a partnership with the UK-based global retail tech company Ocado, LOTTE E-Commerce commenced construction on a CFC (customer fulfillment center) in Busan. In collaboration with Ocado's task force, we supported system design and development for the successful implementation of the OSP (Ocado Smart Platform). The Busan CFC, the first retail center of LOTTE Shopping to apply the OSP, has increased product assortment to approximately 45,000 items and doubled daily delivery capacity to around 30,000 orders. The Busan CFC leverages artificial intelligence and big data for demand forecasting, inventory management, product picking and packing, and dispatch planning, and has automated all processes. Consequently, this has optimized the retail structure by addressing issues such as product spoilage, out-of-stock products, omissions, wrong deliveries, and delayed deliveries.

2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

LOTTE Department Store

LOTTE Mart, LOTTE Super

LOTTE E-Commerce

ESG Performance

APPENDIX



Expanding eco-friendly packaging and delivery options

Starting in June 2023, LOTTE E-Commerce has expanded its options for eco-friendly packaging and delivery. By choosing the “Receive in New Shopping Bag” option once, customers can have their products delivered using Lotte’s reusable shopping bags instead of disposable packaging. They can also use shopping bags from other companies. To encourage usage, we offer additional L.stamps for selecting the shopping bag option, and disposable plastic bags have been replaced with paper bags. In addition, we have introduced a face-to-face delivery option where the delivery person hands the product directly to the customer, without any separate packaging.



Enhancing the TMS (Transport Management System) for delivery route efficiency

LOTTE E-Commerce has upgraded its TMS to reduce carbon emissions by optimizing delivery routes for LOTTE Mart’s online store. The TMS supports all activities necessary for executing and managing transportation processes, such as dispatch planning, settlement management, and vehicle tracking, based on customer order information. By adopting an AI-based delivery vehicle optimization system and providing a user-friendly UI/UX, we have increased operational efficiency for store managers and couriers. In addition, we improved driver convenience by adding an automatic dispatch feature based on individual preferred areas.

TMS upgrade and increase in electric vehicles¹⁾

GHG emissions

Reduced **230** tCO₂eq

AI delivery optimization²⁾

Route optimization and dispatch confirmation time

Reduced by **90**%

1) As of December 2023

2) Based on results from three pilot stores

Enhancing win-win growth with SMEs and Partners



As an online platform operator, LOTTE E-Commerce strives to support win-win growth with SMEs and partners by developing sales channels. By participating in the Centennial Shop and Centennial Small Business Development Project, we have supported SMEs, each with a legacy of over 30 and 15 years respectively, in maintaining their legacy through the 2023 Seven-Day Festival of Unity and Harmony. Seven-Day Festival of Unity and Harmony. We have also signed four MOUs related to regional product sales channel development and run various sales support programs for social enterprises, youth startups, and other SMEs. In addition, we offer offline education, and hold CM (category manager) consultations to enhance management and ESG capabilities. The “On” campaign promotes sustainable products, selecting and supporting brands and sellers who sell eco-friendly products each month.

2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

LOTTE Department Store

LOTTE Mart, LOTTE Super

LOTTE E-Commerce

ESG Performance

APPENDIX



ESG Performance

- 031 Environmental
- 055 Social
- 091 Governance

2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

- Environmental
- Social
- Governance

APPENDIX



2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

- Environmental
 - Environmental Management
 - Climate Change Response (TCFD)
 - Special Page_Map of Green
 - Environmental Impact Management
 - Resource Circulation
 - Sustainable Products
- Social
- Governance

APPENDIX

Environmental

- 032 Environmental Management
- 034 Climate Change Response (TCFD)
- 044 Special Page_Map of Green
- 045 Environmental Impact Management
- 047 Resource Circulation
- 053 Sustainable Products



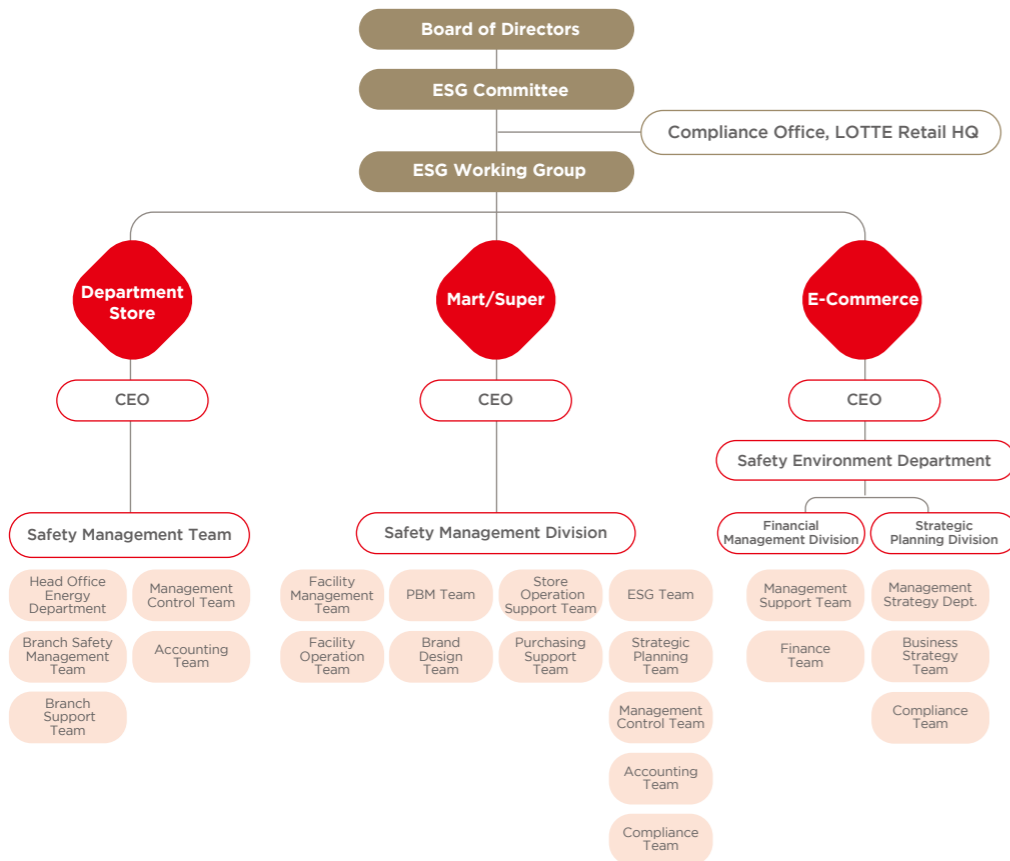
Environmental Management

Environmental Management System >>

Since becoming the first in the industry to declare environmental value management in 2004, LOTTE Shopping has been committed to spreading the value of environmental protection and minimizing negative environmental impacts across all business activities. To promote systematic and effective environmental management, we have established a company-wide environmental management system. Based on common environmental management directions and policies, we set and implement environmental management goals for each Business Division. In addition, by conducting annual internal assessments covering various environmental areas such as strategy, education, regulatory responses, greenhouse gases, water, and waste, we monitor implementation statuses, identify risks, and strengthen management.

Environmental Management Governance

LOTTE Shopping has established environmental management governance to systematically promote environmental management. The CEO of each Business Division holds the final decision-making authority and responsibility for environmental management. For efficient environmental management implementation, dedicated task organizations in each Business Division manage environmental-related risks. The activities, performance, and risk management status of environmental management in each Business Division are reported to the ESG Committee.



Environmental Management Goals

Directions and Policies for Environmental Management

For environmental management, LOTTE Shopping sets the environment as the foremost criterion for value creation in all decision-making processes. Externally, it aims to create the necessary environmental value for customers, consumers, people, and nature. To establish itself as a world-leading eco-friendly retail company, LOTTE Shopping has formulated the “Environmental Management Promotion Policy”. Each Business Division sets its environmental management goals based on this policy.



Dept. Store

LOTTE Department Store aims to implement LOTTE’s “2040 Carbon Neutrality Roadmap” by actively responding to energy efficiency and climate change risks. Some key initiatives include expanding large-scale solar facilities for self-consumption and improving energy efficiency. Regular energy efficiency checks and replacement work are conducted on high-energy-consuming equipment such as refrigerators, boilers, and LEDs. From a long-term perspective, we are making ongoing, specific efforts to approach carbon neutrality, including actively considering PPA contracts and utilizing green energy.



Mart | Super

LOTTE Mart and LOTTE Super aim to create a sustainable world with various stakeholders, including customers, consumers, executives, shareholders, and partners. Under the slogan “Dream Together for Better Earth” for achieving 2040 Net Zero, key tasks include “establishing an environmental management system,” “building a resource circulation system,” “creating an eco-friendly consumption environment,” and “supporting the environmental management of partners.” Clear goals and detailed tasks for each project have been established, and systematic process management is being implemented through continuous monitoring and performance management to actively contribute to the global climate change response.



E-Commerce

LOTTE E-Commerce aims to realize sustainable “Green On.” To achieve this, the core initiatives are “compliance with environmental regulations” and “reduction of energy use.” We are proactively responding to changes by understanding the rapidly changing environmental regulatory trends and issues in real-time. Through strict emissions management, we are pursuing continuous environmental improvement activities.

2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

• Environmental

Environmental Management

Climate Change Response (TCFD)

Special Page_Map of Green

Environmental Impact Management

Resource Circulation

Sustainable Products

• Social

• Governance

APPENDIX



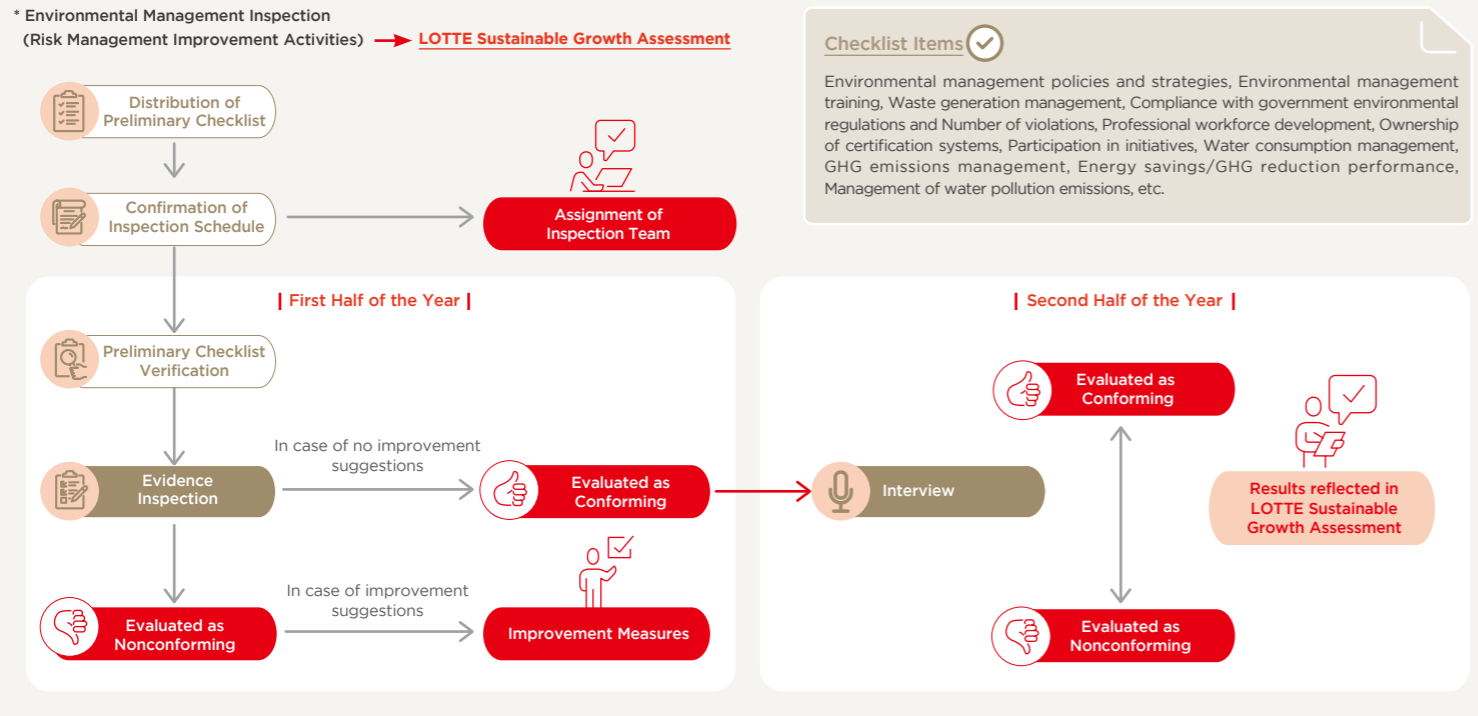
Environmental Management **Environmental Management System**>>

LETS (LOTTE Environmental & Energy Total Service)

LOTTE Shopping manages data related to organizational environmental management, including data on greenhouse gases, waste, water resources, and air pollutants, through the “LETS” system operated by LOTTE Holdings. This system helps us monitor the implementation status of our environmental management goals. We have established the Environmental Management Assessment Team, composed of individuals with relevant experience and qualifications, to manage the data biannually. In addition, we conduct an annual sustainable growth assessment. In 2023, LOTTE Department Store, LOTTE Mart, and LOTTE Super received the highest rating in this evaluation and were designated LOTTE Group’s green initiative leaders for their exemplary environmental management.

LOTTE Sustainable Growth Assessment

LETS Inspection and Evaluation Process



SE-FMS



LOTTE Department Store operates an SE-FMS (safety energy facility management system), a sophisticated integrated management system for safety, environment, facility and construction data. This system meticulously records and monitors data on facilities, safety, greenhouse gases, and energy at business sites nationwide. Each measuring device is assigned a unique number and expiration date to ensure accurate emission measurements. In 2023, we upgraded the system to analyze real-time power usage based on the Korea Electric Power Corporation’s Power Planner. This helps us identify waste elements, check for equipment overuse, and adjust energy usage according to temperature, and these insights are integrated into our reduction plans.

FEMS



Since implementing the FEMS (facility energy management system) in 2018, LOTTE Mart has conducted comprehensive safety inspections of facilities and optimized energy use and management to operate its business sites more efficiently. By accurately identifying and monitoring energy usage at each site, we can proactively address potential risks before they escalate. In 2024, we plan to further enhance the system for more systematic management and expand its application to the LOTTE Super.

2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

- **Environmental**
 - Environmental Management
 - Climate Change Response (TCFD)
 - Special Page_Map of Green
 - Environmental Impact Management
 - Resource Circulation
 - Sustainable Products

- Social
- Governance

APPENDIX



Climate Change Response (TCFD)

To achieve carbon neutrality by 2040, LOTTE Shopping has established a comprehensive climate change response governance system to identify, evaluate, and manage risks and opportunities associated with climate change. We analyze the potential impacts of climate change on our business operations and predict changes in the business environment due to laws, regulations, and market shifts, and incorporate these factors into our carbon neutrality and long-term business strategies. In 2023, LOTTE Shopping became the first domestic retail company to join the SBTi (Science Based Target initiative) and published a TCFD report to share its scenario analysis of climate risks, risk response strategies, related activities, and achievements with stakeholders.

Governance >>

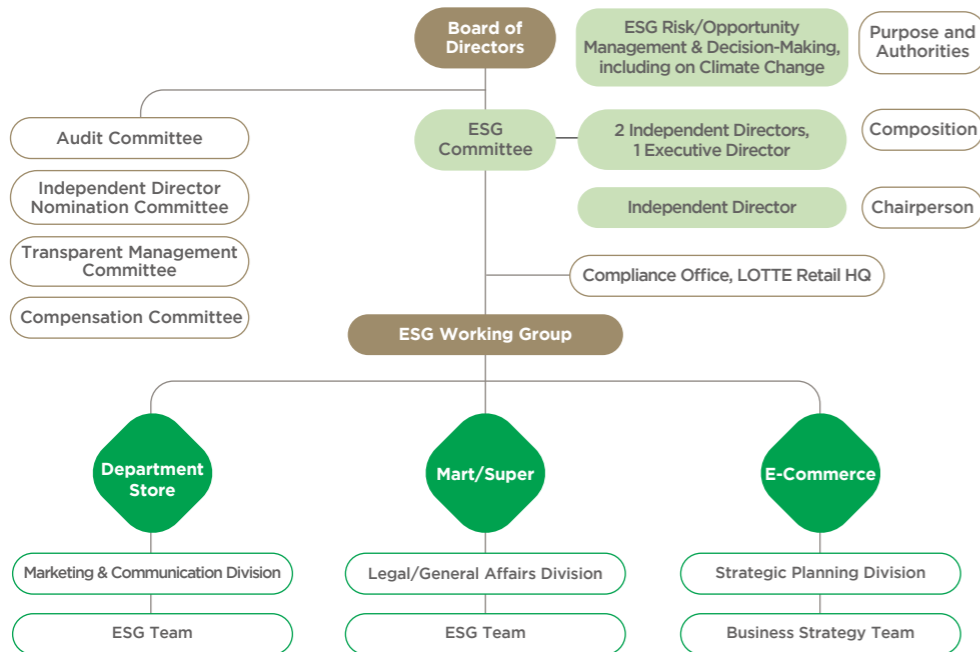
[LINK](#) | 2023 TCFD Report

Roles of Board of Directors and Management

Through the ESG Committee under the Board of Directors, LOTTE Shopping monitors and oversees major ESG issues, including climate change, and their management status and performance. We report our strategies and implementation plans for achieving carbon neutrality as well the current progress at least twice a year. Key issues discussed and selected by the ESG Committee are presented to the board.

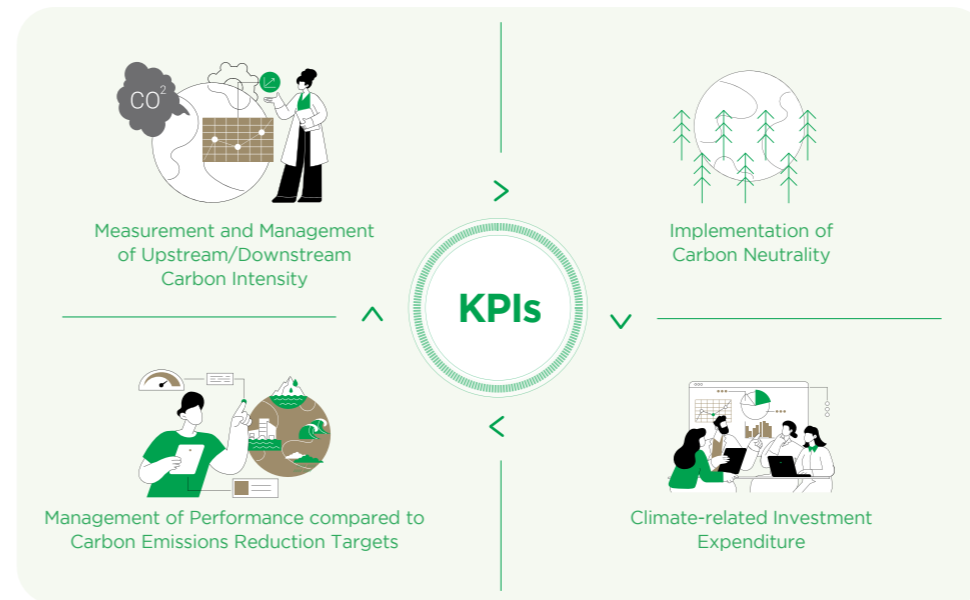
Roles of Working Organization

To preemptively identify climate-related risks and systematically implement response activities, LOTTE Shopping has established a dedicated climate change response team within each Business Division. In addition, we operate a working-level consultative body among these dedicated teams to strengthen the execution of company-wide ESG management. This body supports the ESG Committee and is committed to reducing greenhouse gases and improving energy efficiency.



CEO KPIs Related to Climate Change

LOTTE Shopping includes climate change-related indicators in the KPIs¹⁾ of each Business Division CEO.



1) Key Performance Indicators

2023 Climate-related Agendas in ESG Committee

Meeting Date	Climate-related Agenda	Reported/Resolved	Attendance Rate
March 9	Results of the 2022 Carbon Neutrality Efforts and 2023 Plans	Reported	100%
April 18	Carbon Neutrality Implementation Plans by Business Division	Reported	100%
August 24	Environmental Label Certification Results	Reported	100%
	Carbon Emission Reduction Plans for Transportation/Logistics	Reported	100%
September 14	Publication of the 2023 TCFD Report	Reported	100%
December 14	Establishment of the Carbon Neutral Roadmap 2.0	Resolved	100%

2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

Environmental

Environmental Management

Climate Change Response (TCFD)

Special Page_Map of Green

Environmental Impact Management

Resource Circulation

Sustainable Products

Social

Governance

APPENDIX

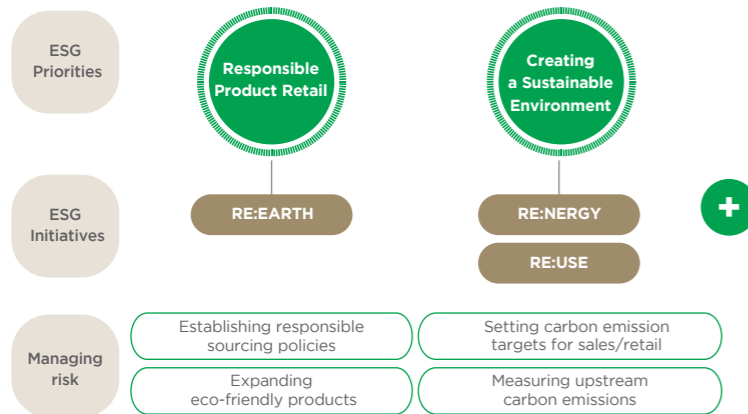


Climate Change Response (TCFD) Strategy >>

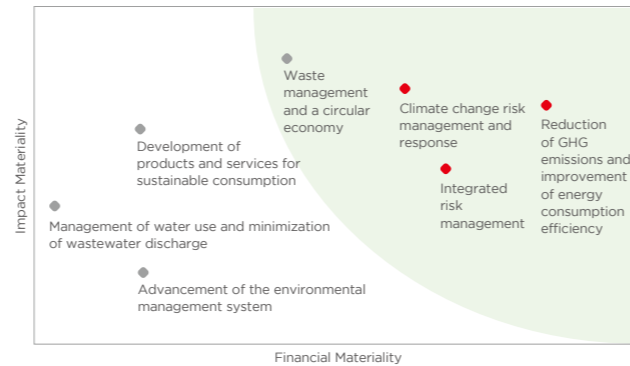
Risk Identification

LOTTE Shopping identifies key climate-related risks that may arise during business operations by integrating detailed tasks from our ESG promotion strategy with the results of our double materiality assessment. These risks are categorized into four transition risks and two physical risks. We then analyze the potential financial impacts and opportunities of each risk and quantify their significance through scenario analysis.

LOTTE Shopping's Climate Change Response Tasks



Double Materiality Assessment Results¹⁾



1) Sources: 2023 TCFD Report

Key Climate Change Risks for LOTTE Shopping

Classification	Risk
Transition Risks	Policy/Legal (including Carbon Pricing)
	Technology
	Reputation
	Market
Physical Risks	Acute: Coastal erosion, Drought, Water stress, Wildfire
	Chronic: Temperature extremes, Tropical cyclone

Scenario Analysis

LOTTE Shopping conducts scenario analysis on both transition and physical risks to predict and respond to the potential impacts of climate change. For transition scenarios, we include BAU (business-as-usual) and emission mitigation scenarios to understand short-, medium-, and long-term effects on domestic operations. Physical scenarios incorporate the scenarios of RCPs (representative concentration pathways) 2.6, 4.5 and 8.5 of the IPCC's Fifth Assessment Report. Based on these analyses, we establish and manage response strategies for each risk.

RCP¹⁾ Scenario Definitions and Predicted Conditions

Classification	Scenario	Projected Temperature by 2100
RCP 2.6	Where the Earth can recover from human impacts independently	1.3°C increase
RCP 4.5	Where significant greenhouse gas reduction policies are implemented	2.4°C increase
RCP 8.5	Where greenhouse gases are emitted at current rates (no reduction)	4.0°C increase

1) Representative Concentration Pathways

• Environmental

Environmental Management

Climate Change Response (TCFD)

Special Page_Map of Green

Environmental Impact Management

Resource Circulation

Sustainable Products

• Social

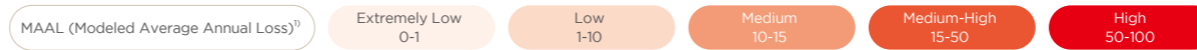
• Governance



Climate Change Response (TCFD) Strategy >>

Scenario Analysis Results

The scenario analysis results indicate that the likelihood of LOTTE Shopping experiencing medium or higher losses due to climate-related risks is very low across all scenarios. Among the transition risks, the most significant impacts are expected from carbon pricing and market risks. For physical risks, coastal erosion was identified as having the greatest potential impact.



Classification	RCP 2.6		RCP 4.5		RCP 8.5			
	2030	2050	2030	2050	2030	2050		
Transition Risks	Carbon Pricing ²⁾	EL	L	EL	L	EL	EL	
	Policy/Legal	EL	EL	EL	EL	EL	EL	
	Technology	EL	EL	EL	EL	EL	EL	
	Reputation	EL	EL	EL	EL	EL	EL	
	Market	L	L	L	L	L	L	
Physical Risks ³⁾	Acute	Coastal erosion	L	L	L	L	M	M
		Drought	EL	EL	EL	EL	EL	EL
		Water stress	EL	EL	EL	EL	EL	EL
	Chronic	Wildfire	EL	EL	EL	EL	EL	EL
		Temperature extremes	EL	EL	EL	EL	EL	EL
		Tropical cyclone	EL	EL	EL	EL	EL	EL

1) MAAL (Modeled Average Annual Loss): The ratio of predicted loss relative to the current value of assets.
 2) As a participant in the emissions trading scheme, LOTTE Shopping separately analyzed the risks related to carbon pricing under legal/regulatory risks.
 3) Analysis of seven climate risks (extreme temperatures, coastal flooding, drought, wildfires, tropical cyclones, water shortages, coastal erosion) through S&P Global Sustainable's Climonomics service, with coastal flooding excluded due to the absence of results.

- Environmental
 - Environmental Management
 - Climate Change Response (TCFD)
 - Special Page_Map of Green
 - Environmental Impact Management
 - Resource Circulation
 - Sustainable Products

- Social
- Governance



Climate Change Response (TCFD) Strategy >>

Financial Impact Analysis of Transition Risks

LOTTE Shopping has quantified the potential financial impacts of transition risks. Each of the five transition risks¹⁾ (carbon pricing, legal/regulatory, technological, reputational, and market risks) was analyzed in terms of its impact on operational costs, loss costs due to risk, and potential business interruptions, and quantified as the ratio of predicted annual average loss relative to the current value of assets. The analysis revealed that market risks have the most significant financial impact, and in response, we are expanding our range of eco-friendly, low-carbon products.

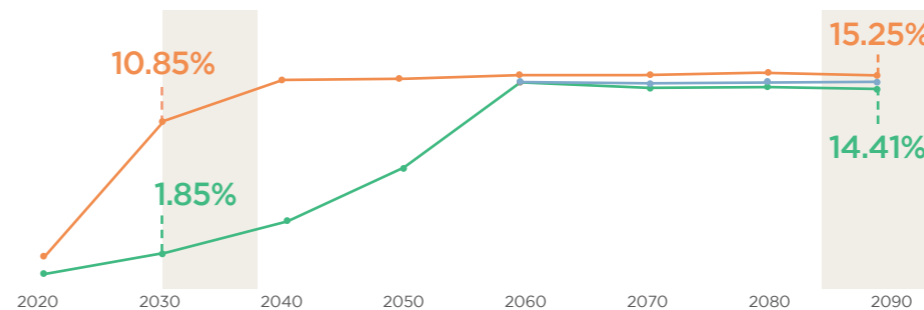
Classification	Emission Mitigation Scenario (below 2°C)			Intermediate Scenario			BAU (Business-As-Usual) Scenario			
	2030	2040	2050	2030	2040	2050	2030	2040	2050	
Carbon Pricing	%	0	2.104	3.491	0	0.697	1.224	0	0.322	0.542
	Description	- Reflects high-intensity reduction scenarios aimed at limiting global temperature rise to within 2°C by 2100 - Rising demand and prices for carbon credits			- Reflect medium-intensity reduction scenario, reflecting NDCs (National Determined Contributions) - Maintaining or Increasing demand and prices for carbon credits			- Reflecting a low-intensity reduction scenario - Demand and prices for carbon credits remain flat or decline slightly		
Policy/Legal	%	0.037	0.041	0.045	0.037	0.041	0.045	0.04	0.046	0.053
	Description	- Expected to be more regulated than in the medium scenario - Legal and regulatory risks are mitigated by increased focus on carbon emissions reduction mandates and compliance and workforce-related issues			- Expect stricter laws and regulations than BAU scenario - Carbon emissions compliance and workforce needs to be addressed			- Maintain existing policies - Increased financial impact due to decreased level of regulatory response and management of carbon emissions		
Technology	%	0.233	0.264	0.284	0.233	0.264	0.286	0.252	0.292	0.334
	Description	- Actively investing in low carbon emission technologies and promoting radical and aggressive technology development - Scope : Each branch of LOTTE Shopping and its upstream, downstream, capital goods, and partners			- Relatively low levels of investment have delayed the development of low-carbon emission technologies - Scope : Each branch of LOTTE Shopping and its upstream, downstream, capital goods			- Relatively delayed development of low-carbon emission technologies - Scope : Each branch of LOTTE Shopping and its upstream, downstream		
Reputation	%	0.262	0.296	0.319	0.262	0.296	0.321	0.283	0.328	0.375
	Description	- Increased demands from internal and external stakeholders such as capital markets, rating agencies, and customers - Enhancing the level of response leads to the formation of a positive reputation			- Incremental feedback from internal and external stakeholders, including capital markets, rating agencies, and customers, as their needs and interests grow			- Stakeholder needs and interest are low - Increased reputational risk and associated financial impacts due to poor GHG emissions management		
Market	%	5.243	5.922	6.376	5.243	5.922	6.428	5.655	6.561	7.502
	Description	- Increased customer preference for eco-friendly, low-carbon products - Aggressive development of eco-friendly private brand (PB) products and increased marketing around them			- Maintain customer preference for eco-friendly, low-carbon products - Developing green private brand (PB) products and implementing associated marketing			- Minimal customer preference for eco-friendly, low-carbon products - Declining influence on business direction		

1) As an entity participating in the emissions trading scheme, LOTTE Shopping separately analyzed risks related to carbon pricing under policy/legal risks.

Financial Impact Analysis of Physical Risks

LOTTE Shopping has analyzed the financial impacts that physical risks may pose, with a focus on six risks including temperature extremes, coastal erosion, drought, and wildfire. The analysis estimated the average annual asset value loss ratio in 10-year intervals from 2020 to 2090. The findings indicate that the asset loss ratio is projected to be the highest in the non-reduction scenario (RCP 8.5), where current emissions levels are maintained, at 15.25% by 2090. In addition, it is expected that financial losses due to climate risks will increase significantly from 2030 to 2060. To minimize these financial impacts, LOTTE Shopping is establishing detailed tasks aligned with the 2040 Carbon Neutral Roadmap.

Estimated Financial Impact (Loss Costs) Due to Physical Risks — RCP 2.6 — RCP 4.5 — RCP 8.5



Predicted Average Annual Loss Ratio from 2020 to 2090

Year	Unit	RCP 2.6	RCP 4.5	RCP 8.5
2020	%	0.88	0.88	2.21
2030	%	1.85	1.85	10.85
2040	%	3.74	3.74	14.51
2050	%	7.38	7.38	14.65
2060	%	14.49	14.53	14.79
2070	%	14.49	14.56	14.93
2080	%	14.44	14.56	15.06
2090	%	14.41	14.59	15.25



Climate Change Response (TCFD) Risk management >>

Climate Change Risks and Opportunities, and Response Directions

LOTTE Shopping defines the transition and physical risk factors and opportunities associated with climate change. Transition risks are categorized as those arising from changes in policies and social and economic elements during the global transition to a low-carbon economy, as well as changes influenced by technology and consumer awareness. Physical risks refer to the impacts on a corporation's assets or supply chain due to changes in physical elements caused by climate change.



Transition Risks

Type	LOTTE Shopping Risk Factors	Opportunity Factors	Response Directions
Policy/Legal	Reinforced mandatory disclosure of information on greenhouse gas emissions	Enhanced trust of domestic and international partners and investors through strengthened climate change disclosures	Establishment and disclosure of plans and implementation status for the 2040 Carbon Neutrality Roadmap
	Carbon tax, fluctuations in carbon emissions trading prices	Participating in GHG Emissions Trading System (buying and selling)	Active adoption of renewable energy to secure surplus carbon credits
	Increased sustainability due diligence and climate-related legislation in the EU increases the potential for litigation and other risks	-	Systematization of internal compliance
Technology	Development of low-power, low-carbon emission logistics services	Utilization of policy incentives for the expansion of renewable energy use	Investment in eco-friendly logistics centers and expansion of online platform investments
Market	Increased costs for responding and adopting to demands for low-carbon, eco-friendly logistics systems	Expansion of revenue sources through the development of new products and market leadership	Enhanced customer feedback and collaboration with partners for the expansion of eco-friendly, low-carbon products
	Growing demand for eco-friendly, resource-circulating products and low-carbon fuels		
Reputation	Increased customer sensitivity to carbon emissions and preference for services/products	Diversifying our business portfolio to establish a foundation for sustainable growth	- Consider carbon footprint when selecting services and products - Increase stakeholder communication around climate change response
	Growing interest in and impact of external evaluations related to climate change response		

Physical Risks

Type	LOTTE Shopping Risk Factors	Opportunity Factors	Response Directions
Acute	Coastal erosion	Increased investment in facilities across all stores and affiliates and strengthening of customer trust	Infrastructure improvement related to natural disasters
	Drought, Water stress		Expansion of fire prevention and preparedness facilities
	Wildfire		
Chronic	Temperature extremes, Tropical cyclone	Introduction of automated (AI, etc.) systems	Development of automated service systems

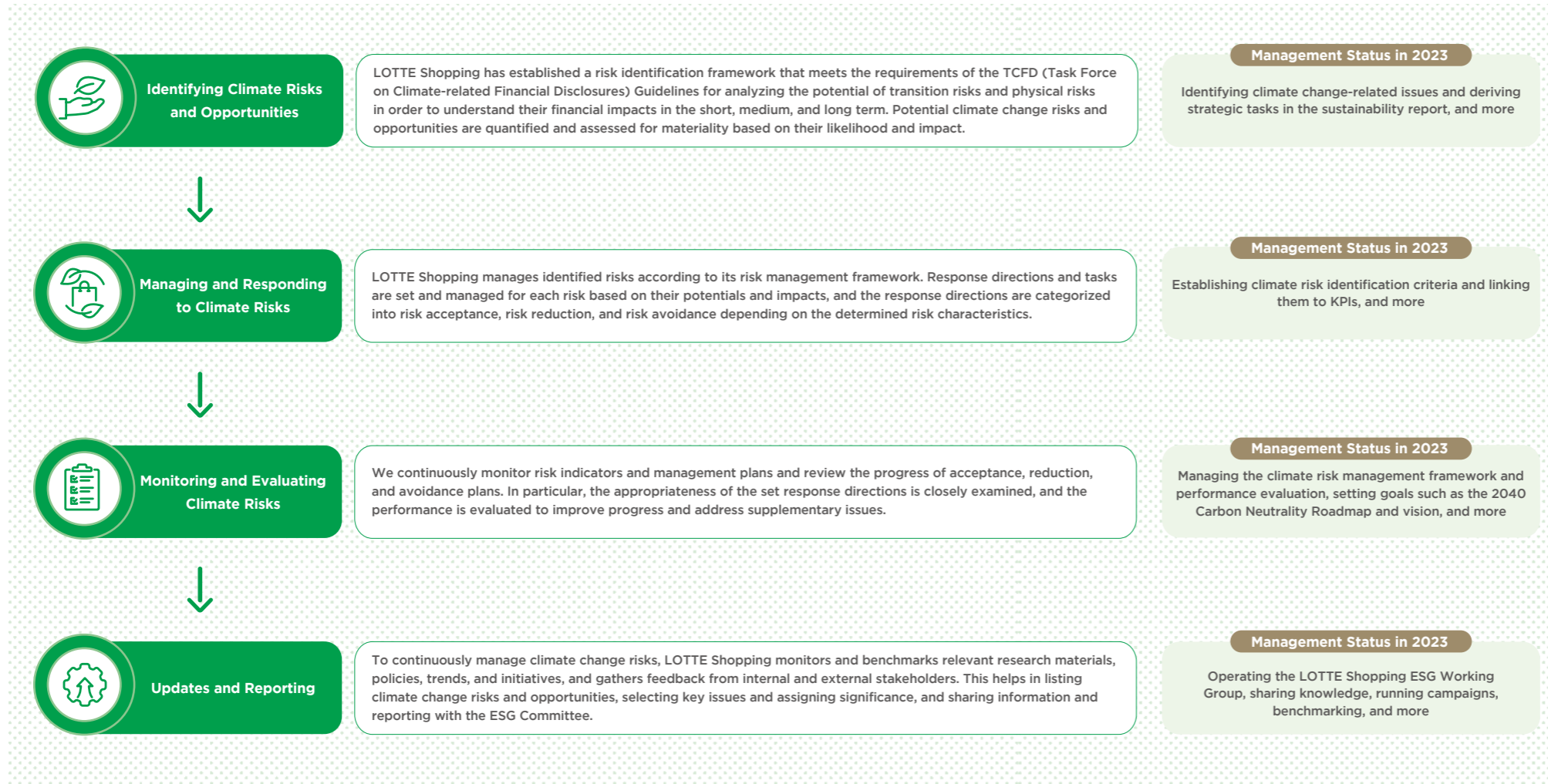
- Environmental
 - Environmental Management
 - Climate Change Response (TCFD)
 - Special Page_Map of Green
 - Environmental Impact Management
 - Resource Circulation
 - Sustainable Products

- Social
- Governance



Climate Change Response (TCFD) Risk management >>

Risk Management Process



2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

• Environmental

Environmental Management

Climate Change Response (TCFD)

Special Page_Map of Green

Environmental Impact Management

Resource Circulation

Sustainable Products

• Social

• Governance

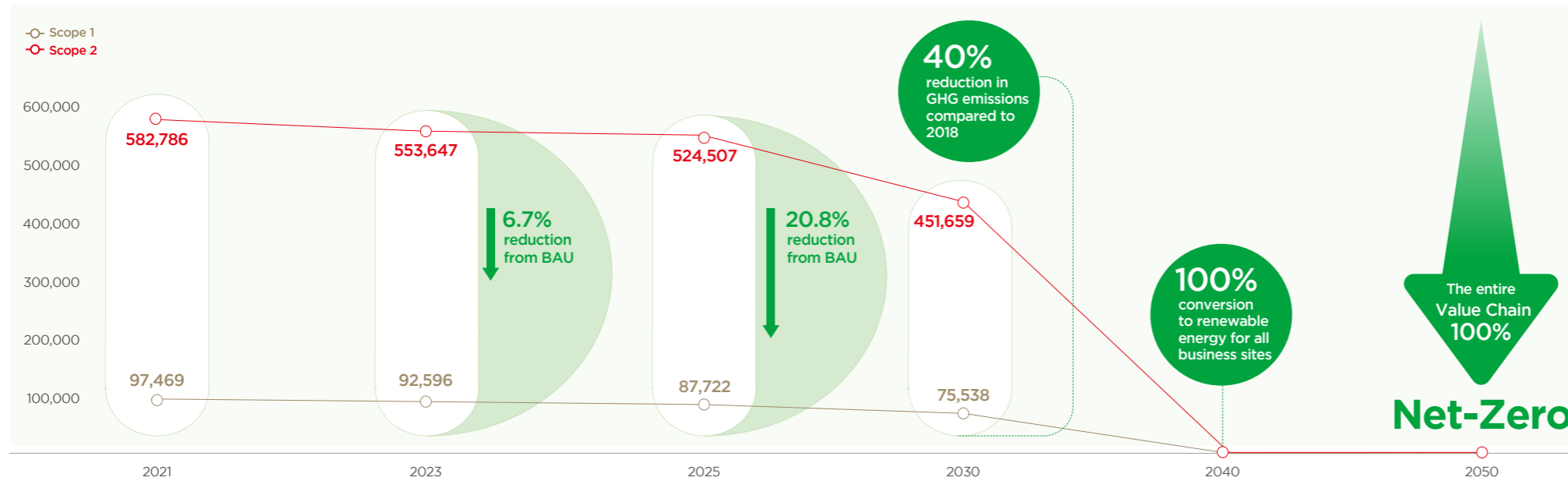
APPENDIX



Climate Change Response (TCFD) Metrics & Targets >>

2040 Carbon Neutrality Roadmap

LOTTE Shopping is implementing a mid- to long-term roadmap with detailed tasks to achieve carbon neutrality by 2040. We aim to transition all power used in our operations to renewable energy by 2040 and extend this goal to our entire supply chain by 2050 to achieve carbon neutrality across the value chain. In 2023, LOTTE Shopping became the first domestic retailer to join the SBTi (Science Based Targets initiative) and we submitted a commitment letter to validate the feasibility of our reduction targets.



Net Zero Detailed Targets (Scope 1 + Scope 2)

Category	Unit	'23	'24	'25	'26	'27	'28	'29	'30	'35	'40
Target Reduction Rate compared to BAU	%	6.7	8.5	20.8	21	21.7	34.1	36.8	40.4	68.3	100
PPA	%(Proportion of Reduction)	-	-	55	54	54	68	68	66	63	59
REC	%(Proportion of Reduction)	0	0	0	0	1	2	3	4	14	20
On-site Solar Power Generation	%(Proportion of Reduction)	6	5	2	2	3	2	1	1	1	1
Investment in Energy Facility	%(Proportion of Reduction)	94	95	43	44	42	28	27	26	17	12
Others	%(Proportion of Reduction)	-	-	-	-	-	-	-	2	6	8



Climate Change Response (TCFD) Metrics & Targets >>

Monitoring GHG Emissions

To systematically achieve carbon neutrality, LOTTE Shopping measures and manages environmental data such as greenhouse gas emissions and energy consumption. Since 2023, we have been calculating Scope 3 emissions to manage carbon emissions across the entire retail value chain, from raw material procurement to production, sales, and disposal. Following SBTi recommendations, we have set 2021 as our base year and established a short-term reduction plan for Scope 3 emissions, aiming for a 1.5C° scenario by 2031. In 2023, we calculated emissions for 13 out of 15 Scope 3 categories, and we are continuously expanding the calculation scope and improving data accuracy.

Participation in the Emissions Trading Scheme

LOTTE Shopping participates in the K-ETS (Korean Emissions Trading Scheme) under the Act on the Allocation and Trading of Greenhouse-Gas Emission Permits. This scheme allocates annual emissions allowances to facilities that emit greenhouse gases, enabling them to trade surplus or deficit allowances based on their actual emissions. Through the execution of detailed strategies for our greenhouse gas reduction targets, LOTTE Shopping has sold 18,332 tons of credits, leaving approximately 7.6% of its 2023 allocation.

GHG Emissions (Scope 1, Scope 2)

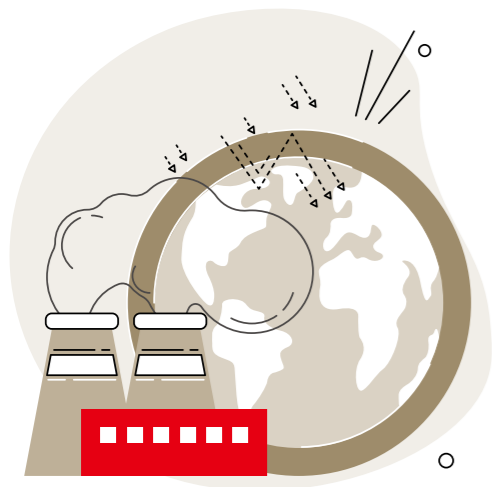
Category	Unit	2021	2022	2023
Scope 1	tCO ₂ eq	97,469	101,259	96,042
Scope 2	tCO ₂ eq	582,786	621,371	614,167
Total GHG Emissions	tCO₂eq	680,255	722,630	710,014¹⁾
GHG Intensity ²⁾	tCO ₂ eq / KRW 100 million	6.51	6.82	6.78

1) Total GHG emissions are summed to the nearest decimal place by location and will differ from the actual sum of emissions.
2) GHG emissions in relation to sales

GHG Emissions (Scope 3)¹⁾

Category	Unit	2021	2022	2023	
Upstream	1. Purchased Goods and Services	tCO ₂ eq	5,662,989	5,624,431	5,427,114
	2. Capital Goods	tCO ₂ eq	101	188	84
	3. Fuel and Energy-related Activities	tCO ₂ eq	671,357	717,514	710,035
	4. Upstream Transportation & Distribution	tCO ₂ eq	26,381	6,834,162	7,261,874
	5. Waste Generated in Operations	tCO ₂ eq	2,025	4,399	2,765
	6. Business Travel	tCO ₂ eq	38	1,027	1,405
	7. Employee Commuting	tCO ₂ eq	20,508	10,396	12,594
	8. Upstream Leased Assets	tCO ₂ eq	2,398	2,576	3,057
Downstream	9. Downstream Transportation & Distribution	tCO ₂ eq	-	12,438	9,492
	11. Use of Sold Products	tCO ₂ eq	3,087,282	3,211,006	2,987,041
	12. End-of-life Treatment of Sold Products	tCO ₂ eq	335,442	278,171	247,382
	14. Franchises	tCO ₂ eq	9,455	9,125	9,812
	15. Investments	tCO ₂ eq	244,406	224,730	239,072
	Total Scope 3 Emissions	tCO₂eq	10,062,381	16,930,163	16,911,726

1) Expanding the scope of our Scope 3 emissions calculations each year.



• Environmental

Environmental Management

Climate Change Response (TCFD)

Special Page_Map of Green

Environmental Impact Management

Resource Circulation

Sustainable Products

• Social

• Governance



Climate Change Response (TCFD) Activities >>

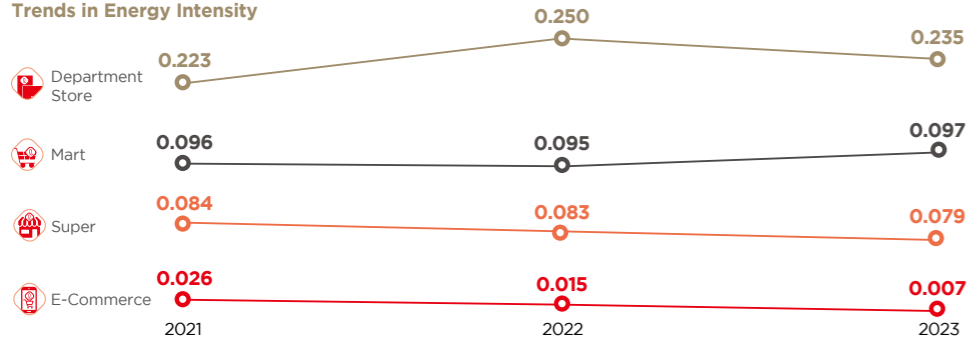
Climate Change Response Activities

Energy Consumption Management

LOTTE Shopping records and manages monthly energy usage across all Business Divisions and uses this data to establish annual energy usage targets and efficiency plans. If actual usage exceeds expectations, we analyze the reasons for the variance and implement appropriate mitigation activities.

Energy Consumption

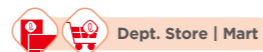
Trends in Energy Intensity



Category	Unit	2021	2022	2023
Total Consumption	TJ	13,819	14,829	14,362
Electricity	TJ	11,986	12,752	12,296
Heat	TJ	1,723	1,786	1,715
Steam	TJ	111	292	351
Energy Intensity ¹⁾	TJ / KRW 100 million	0.132	0.140	0.137

¹⁾ GHG emissions relative to sales

Acquisition of ISO 50001 Environmental Management Systems from KQA (Korea Quality Assurance)



LOTTE Department Store and LOTTE Mart obtained ISO 50001 certification, the international standard for energy management systems, in 2021 and 2019, respectively. As a high-energy-consumption business, LOTTE Department Store conducts energy audits every five years with a professional firm to enhance energy efficiency. In 2023, LOTTE Mart promoted energy-saving awareness through the Korea Energy Agency's Energy Diet Supporters initiative, with all employees participating in a campaign to reduce daily energy usage by 1 kWh. We plan to continue participating in energy-saving campaigns with the Korea Energy Agency in 2024.

Energy Efficient Equipment



To enhance energy efficiency, LOTTE Department Store replaces outdated equipment that falls below certain standards annually. In 2023, the replacement of chillers (at five locations), boilers (at one location), and air conditioners (at two locations) resulted in approximately KRW 1 billion in energy savings. For 2024, the company plans to replace outdated equipment at three stores. Additionally, 20 out of 130 exemplary energy-saving cases were selected for implementation across all stores, and on-site consultations were conducted to improve energy equipment operation and efficiency. Beyond implementing and replacing existing equipment, LOTTE Department Store is also developing and executing research projects on new energy technologies. We are currently conducting sample tests for LED light efficiency improvements, direct drive motors¹⁾, and the installation of showcase doors, aiming for implementation in 2024.

In 2023, LOTTE Mart replaced approximately 120,000 outdated LED lights with high-efficiency LEDs across all business locations, bringing the total number of LED replacements to 250,000 since 2021. This effort reduced annual electricity consumption by 20,000 MW and greenhouse gas emissions by 9,330 tons. In 2024, LOTTE Mart plans to transition its solar power facilities to a self-consumption format, review PPAs (power purchase agreements), and expand the installation of energy-saving devices such as inverters and reduction sensors.

¹⁾ New energy technology equipment that adjusts fan speed directly with an inverter, without using motor pulleys

Installation of Showcase Doors



In March 2022, LOTTE Mart completed a pilot project to install showcase doors in collaboration with the Ministry of Food and Drug Safety, becoming the first in the retail industry to do so. As of April 2024, a total of 15,709 showcase doors have been installed across 132 stores. This initiative has reduced energy loss from unnecessary cold air leakage, thereby cutting electricity usage by 46.5% compared to pre-installation levels while also enhancing product freshness and safety management.

Showcase Door Installation Results¹⁾



¹⁾ Based on the average efficiency before and after showcase door installation
²⁾ S/C, compressors, etc.

• Environmental

Environmental Management

Climate Change Response (TCFD)

Special Page_Map of Green

Environmental Impact Management

Resource Circulation

Sustainable Products

• Social

• Governance



Climate Change Response (TCFD) Activities >>

Climate Change Response Activities



Solar power facilities at LOTTE Mart

Renewable Energy Facilities



LOTTE Shopping is continuously expanding its renewable energy facilities with a focus on LOTTE Department Store, LOTTE Mart, and LOTTE Super, which operate offline stores. Starting with LOTTE Mart Pyeongtaek in 2009, as of December 2023, we were operating a total of 90 solar power facilities nationwide by utilizing idle spaces such as rooftops and parking lots.

LOTTE Department Store has added solar facilities at three more stores, bringing the total number of installations to 25. In 2023 alone, these installations produced 1,956,464 kWh of renewable energy, reducing greenhouse gas emissions by approximately 912 tons, equivalent to planting 6,531 pine trees. In addition, solar installations are being carried out at LOTTE Department Store Busan and Paju, with completion targeted for the first half of 2024, and large-scale solar installations are planned for LOTTE Department Store Gwangju Suwan and Incheon in the second half.

LOTTE Mart and LOTTE Super have added four self-consumption solar power facilities, and now operate 65 facilities across 62 stores nationwide.¹⁾ In 2023 alone, these installations produced 14.1 GW, contributing to a reduction of 6,473 tons of greenhouse gases, which is equivalent to the annual electricity consumption of approximately 3,900 four-person households.

¹⁾ As of December 2023: 50 LOTTE Mart locations, 12 LOTTE Super stores

Electric Vehicle Charging Stations



LOTTE Shopping is continuously installing electric vehicle charging stations to meet the growing demand for electric vehicles and contribute to carbon emission reductions. The installation of charging stations was rapidly expanded in 2023 in collaboration with LOTTE INNOVATE's EVSIS, with a focus on accessible and convenient retail stores. As a result, as of March 2024, 1,770 electric vehicle charging stations were in operation across 143 stores.

Expansion of Electric-Vehicle Deliveries



LOTTE E-Commerce encourages the use of electric vehicles for online deliveries. We have set fuel reimbursement standards for electric vehicles equivalent to those for diesel vehicles, so delivery drivers can secure additional margins equivalent to fuel subsidies when using electric vehicles. As a result, in 2023, the number of electric vehicles used for deliveries increased by 14 from the previous year to a total of 89.



EV Charging Station at LOTTE Mart Cheongna



EV Charging Station at LOTTE Mart Gyeongang

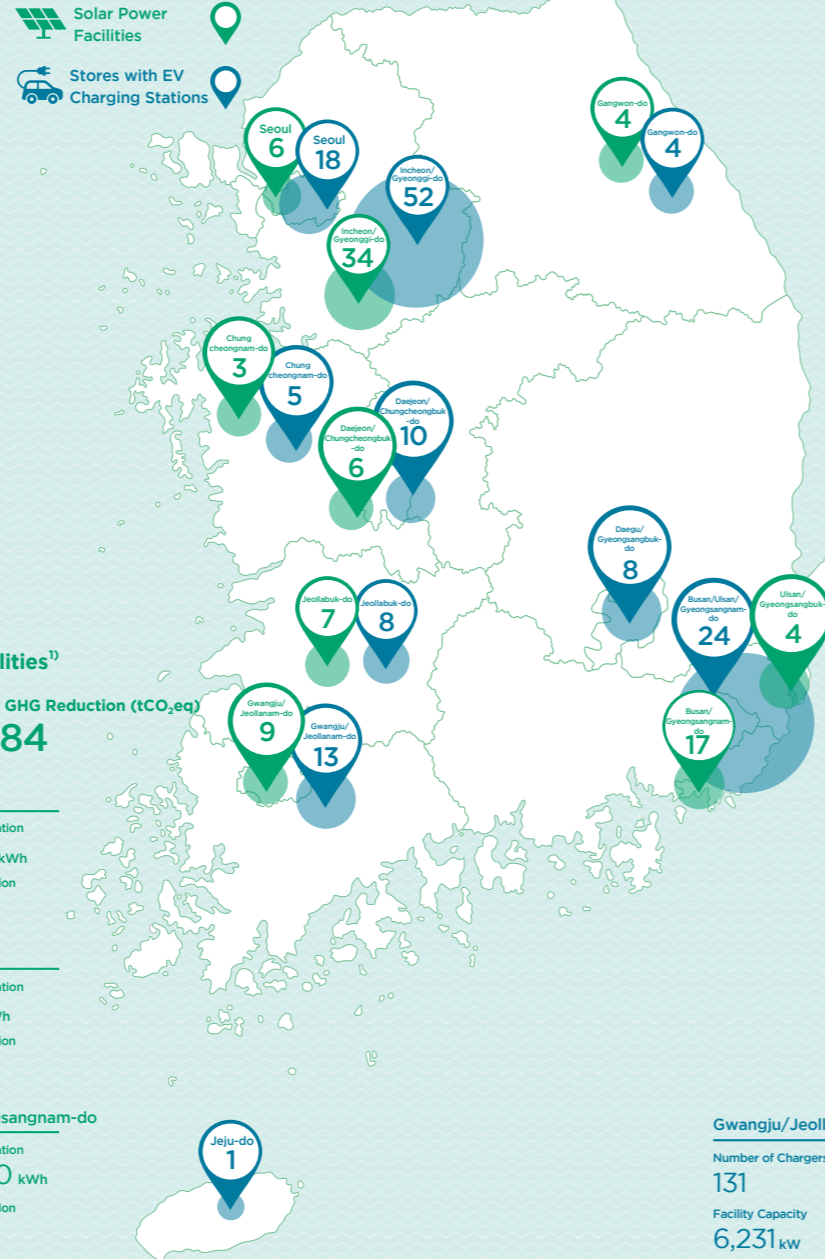
- Environmental
 - Environmental Management
 - Climate Change Response (TCFD)
 - Special Page_Map of Green
 - Environmental Impact Management
 - Resource Circulation
 - Sustainable Products

- Social
- Governance



Map of Green

Special Page

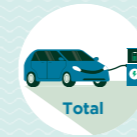
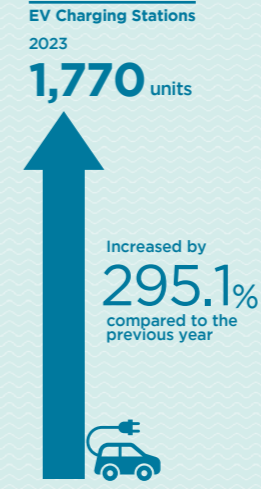
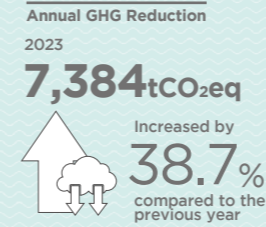
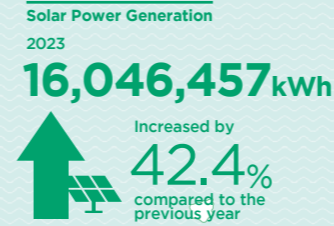


Operating Status of Solar Power Facilities¹⁾



Facilities	Annual Generation (kWh)	Annual GHG Reduction (tCO ₂ eq)
90	16,046,457	7,384

Province	Solar Energy Generation (kWh)	Annual GHG Reduction (tCO ₂ eq)
Seoul	523,286	247
Incheon/Gyeonggi-do	6,814,812	3,138
Gangwon-do	489,803	225
Daejeon/Chungcheongbuk-do	1,422,061	653
Chungcheongnam-do	350,658	161
Jeollabuk-do	981,991	451
Gwangju/Jeollanam-do	983,866	452
Ulsan/Gyeongsangbuk-do	1,547,500	711
Busan/Gyeongsangnam-do	2,932,480	1,351



Operating Status of EV Charging Stations

Stores	Number of Chargers	Facility Capacity (kW)
143	1,770	67,985

Province	Number of Chargers	Facility Capacity (kW)
Seoul	248	9,895
Incheon/Gyeonggi-do	679	22,874
Gangwon-do	27	1,280
Daejeon/Chungcheongbuk-do	102	5,218
Chungcheongnam-do	36	1,630
Jeollabuk-do	115	4,321
Gwangju/Jeollanam-do	131	6,231
Daegu/Gyeongsangbuk-do	116	3,831
Busan/Ulsan/Gyeongsangnam-do	309	12,285
Jeju-do	7	420

¹⁾ Includes data from solar installations at LOTTE Osan Logistics Center and Gimhae Logistics Center in 2023

2023 LOTTE Shopping Sustainability Report

- INTRODUCTION
- ESG IMPACT
 - Performance Highlights
 - ESG Performance
 - Environmental
 - Environmental Management
 - Climate Change Response (TCFD)
 - Special Page_Map of Green
 - Environmental Impact Management
 - Resource Circulation
 - Sustainable Products
 - Social
 - Governance
 - APPENDIX



Environmental Impact Management

LOTTE Shopping strives to minimize the negative environmental impacts of its business operations. We are committed to reducing water usage and waste generation at our business sites, and regularly measure indoor air quality and set and manage internal goals to ensure a safe shopping environment for our customers. In addition, recognizing the importance of biodiversity in our lives, we undertake various ecological protection activities around our business premises to minimize the harm caused by our operations.

Water Resource Management >>

Water Consumption Management

LOTTE Shopping records and monitors water usage across all business sites on a monthly and yearly basis, and establishes water usage standards accordingly. Each site assesses water usage and costs and develops quarterly reduction plans based on usage analysis.

Efforts to Reduce Water Usage at Business Sites



LOTTE Department Store installs and operates greywater recycling facilities and rainwater storage systems to reduce water consumption. We are operating greywater facilities with a total capacity of 13,740 tons at 29 locations. In 2023, we improved efficiency by approximately 34% by replacing old components, resulting in the recycling of about 732,008 tons of greywater. Rainwater storage systems with a capacity of 8,087 tons have been installed at 15 stores, with 720 tons of rainwater reused at LOTTE Department Store Giheung alone in 2023. LOTTE Mart has also installed greywater facilities and water-saving toilets and faucets to reduce water consumption. Greywater facilities at five locations recycled about 47,521 tons of greywater in 2023, significantly reducing water usage.

Biodiversity Protection >>



Seokchon Lake Water Quality Improvement Activities



LOTTE Department Store participated in the 2023 Seokchon Lake Water Quality Improvement Project to improve water resources for customers and citizens by protecting and enhancing the habitat of species in Seokchon Lake. Seokchon Lake is home to 168 species, including 134 plant species, 17 insect species, 15 bird species, and 12 fish species. These include native species such as *Squalidus gracilis majimae*, a freshwater fish, and protected species in Seoul such as *Parus major linnaeus* and *Dendrocopos kizuki temminck*. For this water quality improvement project, conducted in partnership with Songpa-gu Office, the Green Future Foundation, GENKS, and LOTTE, LOTTE Department Store supported project funding and on-site operations. Over the past two years, the water quality of Seokchon Lake has improved from class 3 to class 2, making it suitable for swimming and treatable for drinking through boiling or chemical treatment.



Seongnae Stream Cleanup Activities for World Water Day



In celebration of World Water Day, LOTTE Mart and LOTTE Super carried out a cleanup of Seongnae Stream in Songpa-gu, Seoul, where the head office is located, to raise awareness of the importance of water resource protection and participate in the conservation of local ecosystems. Recently, invasive alien plants such as ragweed and burr cucumber have proliferated around Seongnae Stream, disrupting the ecosystem and negatively affecting native plant growth. During this activity, approximately 50 members of the CHARLOTTE Volunteer Group and employees from the Songpa-gu Facilities Management Corporation removed about one ton of invasive alien plants through plogging activities.

- Environmental
 - Environmental Management
 - Climate Change Response (TCFD)
 - Special Page_Map of Green
 - Environmental Impact Management
 - Resource Circulation
 - Sustainable Products
 - Social
 - Governance
- APPENDIX



Environmental Impact Management

Waste Management >>

Waste Management System

LOTTE Shopping strives to reduce waste generation throughout the all processes, from production to sales, through meticulous management and supervision. We set annual waste emission targets and record and manage the waste generated and recycling status at each business site. We practice waste reduction through digital transformation initiatives such as mobile leaflets, e-receipts, and online payment systems. Waste generated in stores is handled by specialized companies, and recyclable materials such as synthetic resins, food waste, waste oil, and grease are recycled as needed.

Waste Reduction Activities

Mobile Receipts Dept. Store | Mart

LOTTE Department Store and LOTTE Mart promote the issuance of mobile receipts to reduce paper waste and participate in the Korea Environmental Corporation's Carbon Neutral Practice Points program. This program awards KRW 100 in carbon-neutral practice points for each mobile receipt issued instead of a paper receipt.

Furthermore, LOTTE Department Store operates the LOTTE Department Review Service, which grants additional points to customers who write purchase reviews after receiving mobile receipts.

Mobile Flyers Mart

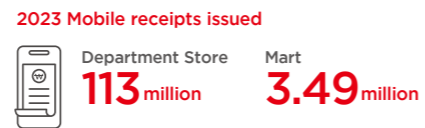
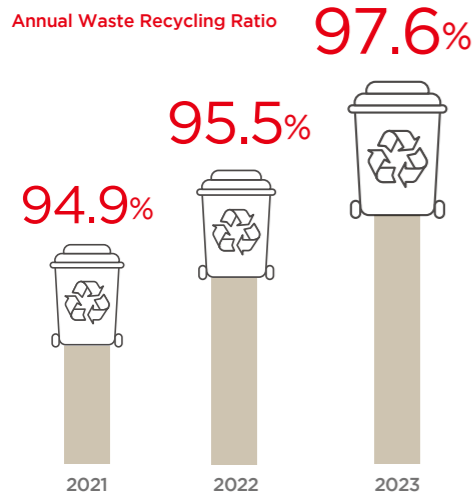
To significantly reduce the paper waste generated in its stores, LOTTE Mart replaced all paper flyers, which it has been issuing for the past 25 years, with mobile flyers starting in January 2023. This initiative is expected to save an average of 130 tons of paper annually, equivalent to preserving approximately 7,000 30-year-old trees and reducing carbon emissions by about 200 tons each year.

Air Pollutant Management >>



Management of Air Pollutants and Indoor Air Quality Dept. Store | Mart

LOTTE Department Store has set internal management targets for each of 49 stores to measure and manage air pollutants in compliance with legal standards. In 2023, all 49 stores met these standards. In addition, the air quality at 55 LOTTE Department Stores¹⁾ and 98 LOTTE Mart stores is measured by external professional companies in accordance with the Ministry of Environment's indoor air quality standards. In 2023, all stores met the legal standards. To ensure a safe and pleasant shopping environment, we regularly clean and replace pre-filters and medium filters in air conditioning units to manage pollutants such as carbon dioxide, radon, and ultrafine dust.



1) 55 stores, 58 business sites

- Environmental
 - Environmental Management
 - Climate Change Response (TCFD)
 - Special Page_Map of Green
 - Environmental Impact Management
 - Resource Circulation
 - Sustainable Products

- Social
- Governance



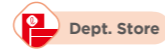
Resource Circulation

Resource Circulation Activation >>

LOTTE Shopping conducts various resource circulation activities not only to reduce waste generated throughout the entire process from production to retail and sales but also to promote the reuse and recycling of resources. We are improving product packaging with eco-friendly materials and spreading an eco-friendly culture through the RE:EARTH MARKET and RE:EARTH Puruging campaigns. Moving forward, as the largest retail company in Korea, LOTTE Shopping will continue to conduct resource circulation activities and campaigns to improve awareness and embed a culture of sustainability that involves LOTTE Shopping, its customers, and local communities in sustainable business operations and environmental protection.

Resource Recycling

Eco-Friendly Uniforms



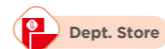
LOTTE Department Store is creating eco-friendly uniforms made from recycled PET bottles to provide a practical experience of resource recycling in every shopping journey customers undertake. Starting with winter uniforms made from 160,000 recycled PET bottles in September 2022, we created 40,000 summer uniforms in 2023 from 430,000 recycled PET bottles, and these are now worn across all stores.

Environmental Promotion Center

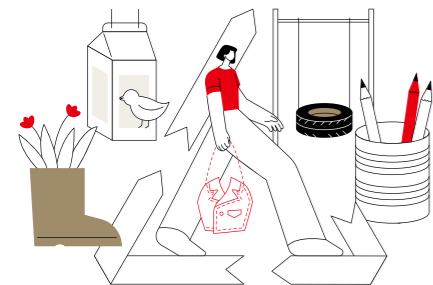


LOTTE Department Store Masan has established the nation's first permanent environmental promotion center within a department store to raise awareness of resource circulation and encourage community participation. RE:EARTH Zone, the environmental promotion center, was created through an agreement with Changwon City to display proper separation and disposal methods and showcase Changwon's eco-friendly goods. The center also features a resource circulation rest area with benches made from recycled plastics and walls made from paper materials that serves as a space for both rest and education. It also displays LOTTE Department Store's upcycling products and resource circulation activities.

Hand Towel Recycling



LOTTE Department Store has signed an MOU with Yuhan Kimberly for carbon reduction through resource recycling and initiated a hand towel recycling project. Since Environment Day on June 5, 2023, hand towels and general waste have been separated and collected from the head office building. The hand towels are collected by a specialized collection company and upcycled into recycled hand towels by Yuhan Kimberly. From September to December 2023, the project was extended to customers on four floors of LOTTE Department Store AVENUEL. We aim to continue contributing to resource circulation through the ongoing upcycling of hand towels in 2024 as well.



Cooler Bag Collection

Cooler bags used for keeping fresh meat and fish gift sets cool are often categorized as general waste due to the difficulty in recycling the insulating materials, so they contribute to environmental pollution. In 2022, LOTTE Department Store launched an event to collect cooler bags used for holiday gift sets, a first in the industry. In 2023, LOTTE Mart and LOTTE Super also started collecting cooler bags from gift sets. Customers are rewarded with points or instant discounts when they return the bags after making a purchase, and the collected bags are upcycled as customer appreciation gifts or cleaned for reuse.

Cooler Bag Collection Status in 2023¹⁾



1) LOTTE Mart and LOTTE Super began collecting cooler bags starting Chuseok 2023.



Collected Cooler Bags in LOTTE Department Store



2024 설레는 크리스마스

보냉가방 반납하면 5,000원 상당 혜택!

이번 설에 받은 롯데마트·롯데슈퍼 축산세트 보냉가방을 반납하시면 특별한 혜택도 받고, 환경보호를 위한 자원절약에 동참하실 수 있어요!

500ml PET병 x 15개

롯데마트·롯데슈퍼 보냉가방은 환경보호와 자원 절약을 위해 폐트병을 재활용한 R-PET (Recycled Polyester) 원단을 사용했습니다.

기간	대상	혜택
1.27(화) ~ 2.25(화)	롯데마트·롯데슈퍼 (당첨번호, 추첨 종료일 상하)	가장 높은 매출액 보냉가방과 가방 내 동등한 금액카드를 함께 제시해주세요.
2024년 설 원우 남장 선물세트 보냉가방(만내까지 동등 상하)	롯데슈퍼 - 5,000원 즉시 할인	롯데마트 - L-POINT 5,000점 즉시 적립

※ 자세한 내용은 롯데마트/슈퍼 또는 롯데ON 앱/간편문자로 문의하세요

LOTTE MART LOTTE SUPER LOTTE ON

2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

- Environmental
 - Environmental Management
 - Climate Change Response (TCFD)
 - Special Page_Map of Green
 - Environmental Impact Management

Resource Circulation

- Sustainable Products

- Social
- Governance

APPENDIX



Resource Circulation **Resource Circulation Activation >>**

Resource Recycling



RE:EARTH Experience Center



In June 2023, LOTTE Department Store operated the large RE:EARTH Experience Center in the first-floor atrium plaza of LOTTE World Mall. The center featured upcycled product sales, eco-friendly artwork displays, and various events focused on sustainability. Recycled plastic from store VMD (visual merchandising design) was used to create the customer rest areas and the artwork was created from discarded fishing nets, moss, and plogging-collected trash. The pop-up zone introduced and sold products from eco-friendly brands such as Nukak, which upcycles old banners and tires, and The Fountain of Waters, a beauty brand that recycles almond shells from Californian farms. The center also hosted displays showing the activities and achievements of the RE:EARTH campaign over the past year and offered eco-related quizzes and keyring upcycling experience booths.

RE:EARTH Experience Center Visitors
202,417



Upcycling Project



To promote resource circulation, LOTTE Department Store creates upcycled goods from seasonal banners and cooler bags, offering them as gifts to customers. In the spring season of 2023, picnic bottle bags and mats were made, and banners collected during the 2022 Christmas season were used to create camper bags for the 2023 year-end camping season. LOTTE Department Store will continue to achieve both resource recycling and increased customer satisfaction through the creation of goods that carry the journey shared with customers.

2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

- Environmental
 - Environmental Management
 - Climate Change Response (TCFD)
 - Special Page_Map of Green
 - Environmental Impact Management

Resource Circulation

- Sustainable Products

- Social
- Governance

APPENDIX



Resource Circulation **Resource Circulation Activation >>**

Resource Recycling



RE:EARTH Upcycle Campaign & Flea Market

LOTTE Mart has been operating upcycling programs at 14 cultural centers in Gyeonggi Province to promote a culture of waste resource circulation. These programs include recycling clothing, creating recycled items from waste plastic, and educating children on making environmental diaries. To raise awareness of upcycled products made from discarded resources, we operated RE:EARTH Upcycle Flea Market. Trusted second-hand clothing vendors participated to promote sustainable clothing consumption, and six upcycling startup companies showcased over 30 upcycled products made from firefighting gear and waste banners, such as upcycled bags and pouches. In addition, a free experience booth allowed citizens to melt plastic bottle caps to create flowerpots, thereby contributing to the spread of upcycling culture for materials like clothing, plastic, leather, and metal that would otherwise be discarded.

Using Reusable Cups at the Head Office

LOTTE Mart signed an agreement with the coffee franchise THE VENTI to reduce the use of disposable cups by employees at its head office. Reusable ice cups and mugs are now provided at the coffee shops in the head office, and reusable cups are also used in meeting spaces with partners. This active internal promotion has helped raise awareness among employees, reducing the use of disposable cups by approximately 19,000 units in 2023.

On Brand

The ON brand is an eco-friendly project of LOTTE E-Commerce that identifies and promotes brands engaged in environmentally and socially beneficial activities, such as veganism and upcycling, to encourage the consumption of related products. Since February 2022, each month we have selected a brand that strives to realize eco-friendly values, promoted their products and offered various purchasing benefits. Brands participating in the ON events in 2023 saw their sales increase by approximately 10.2% compared to the same period the previous year.

Resource Recycling Facilities

Bottle Recyclers



Total Bottles Collected¹⁾
32 million units

1) Cumulative quantity

LOTTE Mart installed a total of 32 automated bottle return machines across 22 stores, collecting approximately 32 million bottles from 2016 to 2023, thereby reducing greenhouse gas emissions by a total of 6,729 tCO₂eq. Assuming that one pine tree absorbs 1 ton of CO₂ per year, this reduction is equivalent to planting approximately 6,079 pine trees in 2023 alone.

Plastic Recyclers



Total Plastic Collected¹⁾
3.9 million units

1) Cumulative quantity

LOTTE Mart operates 25 plastic collection machines at 15 stores nationwide. By 2023, approximately 3.9 million PET bottles (about 78 tons) had been collected. The collected PET bottles are recycled or used to produce eco-friendly products through recycling companies.

RE-Shop

LOTTE Mart operates RE-Shops within its stores through agreements with the Ministry of Environment, the Korea Environment Corporation, and local governments. At RE-Shops, customers can bring clearly separated and rinsed recyclables from their homes to be weighed or counted and receive regional currency as a reward based on set criteria. All items collected through the RE-Shop program are 100% recycled.

- **Environmental**
 - Environmental Management
 - Climate Change Response (TCFD)
 - Special Page_Map of Green
 - Environmental Impact Management
- **Resource Circulation**
 - Sustainable Products

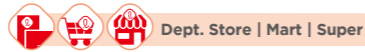
- Social
- Governance



Resource Circulation Resource Circulation Activation >>

Eco-Friendly Packaging

Improvement of Holiday Gift Set Packaging



LOTTE Shopping is enhancing its holiday gift set packaging with eco-friendly materials. Fruit packaging now uses recycled paper instead of Styrofoam, soybean oil ink to reduce emissions of volatile organic compounds, and paper dividers to secure the fruit during shipping. In addition, we have created 100% paper eco-friendly fruit baskets. Notably, our cooler bags for packaging meat and seafood are made from R-PET (recycled polyester) fabric, with each bag being made from an average of 15 PET bottles. The ice packs have also been improved by using water and starch instead of a superabsorbent polymer, which has streamlined the production process while enhancing the effectiveness of cooling.



Expansion of Eco-Friendly Packaging



LOTTE Mart has upgraded packaging across the entire tomato category to 100% recycled plastic containers that are themselves recyclable. Unlike traditional plastic containers, these are reusable and will help reduce plastic usage in categories where plastic packaging is most prevalent. In addition, LOTTE Mart is the first hypermarket in the country to introduce animal welfare-certified eggs packaged in “earth packs,” which are made from sugarcane paper, an eco-friendly paper upcycled from by-products of the sugar production process that does not involve cutting down trees. For some beef products, LOTTE Mart utilizes paper packaging known as “paper board” as well as FSC-certified paper trays. The packaging is equipped with “eco tabs” to facilitate easy separation and recycling. In October 2022, the packaging for meal kits of the HMR private brand YORIHADA was switched from plastic to kraft paper, which reduced plastic use by approximately 43 tons in 2023.

Effects of Improved Meal Kit Packaging in 2023

Reduced plastic use by **43 tons**



Additional Eco-friendly Delivery Packaging Options



LOTTE E-Commerce has improved its packaging selection options to encourage the use of reusable bags and cooler bags for grocery orders. The default packaging setting has been changed from disposable bags to a selection menu, allowing customers to be aware of the various packaging options. In addition, we have added eco-friendly practice guide phrases and icons, and customers who choose personal reusable bags or cooler bags are rewarded with eco stamps to promote more eco-friendly packaging methods.

Creation of a Sustainable Packaging Value Chain



In October 2023, LOTTE Mart signed a business agreement with the WWF (World Wildlife Fund) and six other organizations to establish a sustainable product packaging value chain with the aims of planning and promoting joint research into sustainable packaging and achieving the shared goal of transitioning to sustainable packaging with suppliers. Through this agreement, LOTTE Mart will work with product suppliers to expand its range of products with improved sustainable packaging. It will also promote these products using various methods, such as store spaces, SNS, and flyers, to boost sales.

2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

- Environmental
 - Environmental Management
 - Climate Change Response (TCFD)
 - Special Page_Map of Green
 - Environmental Impact Management

Resource Circulation
Sustainable Products

- Social
- Governance

APPENDIX



Resource Circulation **Eco-Friendly Campaigns** >>

RE: EARTH MARKET

Environmental Purification Project for a Clean Earth

Since 2022, LOTTE Department Store's RE:EARTH MARKET has been raising awareness about severe urban and marine waste issues under the slogan "Environmental Purification Project for a Clean Earth." The aim of this customer participation-based environmental campaign is to integrate eco-friendly practices such as resource recycling and zero waste into everyday life.



RE:EARTH MARKET

In addition, spring and autumn City Plogging events are held in various urban locations such as Seoul City Hall Plaza, Gyeonghuigung Palace, Myeong-dong, and Seongsu-dong. These events not only promote plogging but also feature RE:EARTH mini-exhibits that allow people to indirectly experience the campaign's activities and understand their importance, even if they don't participate directly. LOTTE Department Store plans to expand accessibility to RE:EARTH MARKET by utilizing its nationwide stores. As a starting point, we simultaneously conducted plogging events at 32 locations nationwide to celebrate Earth Day in April 2024,



BEACH COMBING

The Beach Combing events, which started in Jeju in the summer of 2022 and continued in Yangyang, Busan, and other locations, involve collecting trash washed up on beaches. Based on the amount of trash they collect, participants receive points that can be exchanged for zero-waste products from eco-friendly brands.



RE:EARTH MARKET in 2023

Participants **6,426** people

Trash Collected **22,750** liters



2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

- Environmental
 - Environmental Management
 - Climate Change Response (TCFD)
 - Special Page_Map of Green
 - Environmental Impact Management

Resource Circulation

- Sustainable Products

- Social
- Governance

APPENDIX



Resource Circulation **Eco-Friendly Campaigns** >>

RE: EARTH

Puruging [LINK | RE:EARTH Puruging](#)

Cultural Campaign to Overcome the Climate Crisis

LOTTE Mart and LOTTE Super are conducting various environmental campaigns and events to combat the climate crisis and promote an eco-friendly culture. In June 2023, to commemorate Environment Month, we launched the first RE:EARTH Puruging campaign. Puruging, a combination of “pureuda” (green or clean) and “plogging,” represents LOTTE Mart and LOTTE Super’s new environmental initiative.

RE:EARTH Puruging aims to foster genuine awareness and culture rather than being a one-off event. At the first Puruging event, over 300 citizens and employees participated in picking up trash in Jamsil Hangang Park and engaged in a climate change roulette quiz and waste upcycling and recycling programs to highlight the necessity of environmental campaigns. Eco-friendly wooden products and LOTTE Mart/Super’s RE:EARTH items were provided as campaign rewards through collaborations with zero-waste brands. We plan to expand Puruging activities to various regions in need of environmental improvement, and are considering partnerships with local governments and national parks to include plogging, environmental education, forest creation, and other biodiversity protection activities.



PUREUDA + PLOGGING



2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

- Environmental
 - Environmental Management
 - Climate Change Response (TCFD)
 - Special Page_Map of Green
 - Environmental Impact Management

Resource Circulation

- Sustainable Products

- Social
- Governance

APPENDIX



Sustainable Products

LOTTE Shopping is committed to establishing a sustainable retail system by adhering to five key principles for sourcing sustainable products. We are expanding the retail of eco-friendly products that meet domestic and international certification standards, with a particular focus on products certified by the MSC (Marine Stewardship Council) and ASC (Aquaculture Stewardship Council) to protect marine resources. LOTTE Mart and LOTTE Super, which develop their own PB (private brand) products and directly purchase fresh produce, use these sourcing principles to continuously enhance product standards. This enables us to understand and manage environmental and social impacts across the entire retail process.

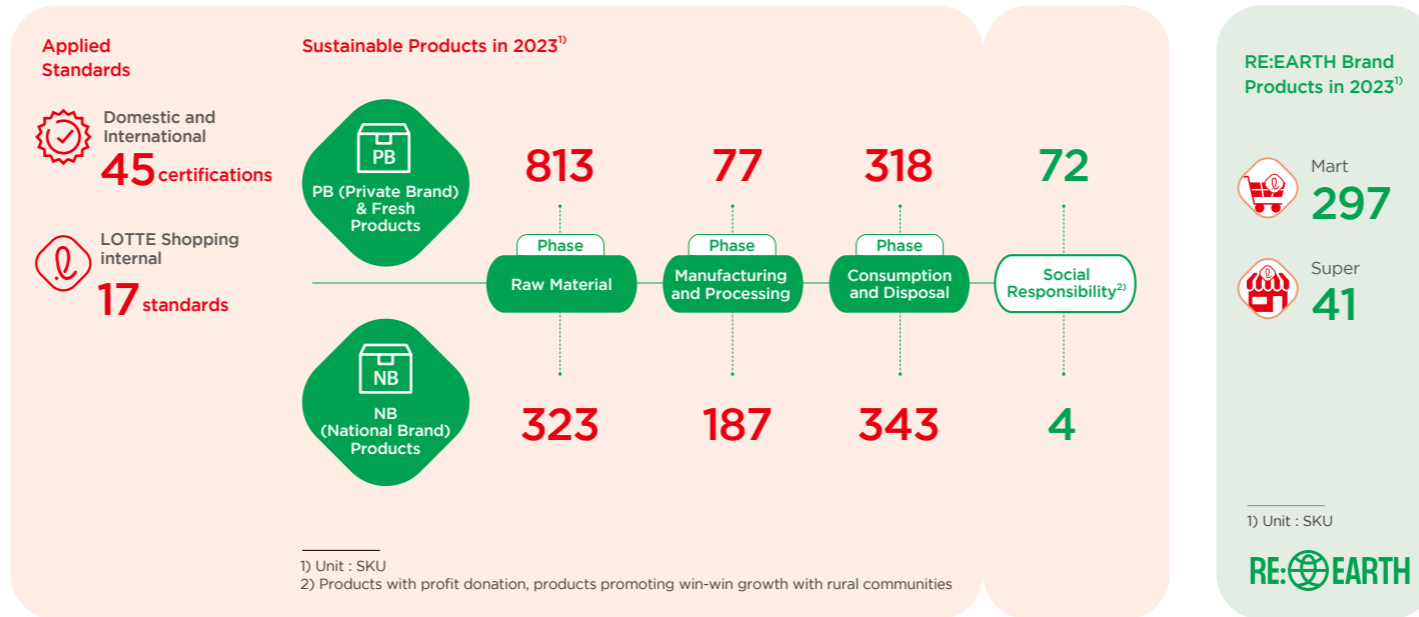
Principles for Sustainable Product Sourcing



Sustainable Product Standards Mart | Super

Based on LOTTE Shopping's sustainable product sourcing principles, LOTTE Mart and LOTTE Super have established sustainable product standards that consider both the environment and society. This approach helps us identify and manage the environmental and social impacts of each product at the raw material, manufacturing and processing, and consumption and disposal stages.

For PB (Private Brand) products and fresh produce, which are managed directly from development to sales, we apply the RE:EARTH brand only to products that meet sustainable product standards and pass an additional internal review process. The RE:EARTH label also includes information about the reasons for brand application and the environmental impact to provide consumers with more accurate information. Furthermore, we are committed to distributing products that fulfill our social responsibilities as a large retailer, such as by donating sales profits, improving usability for the socially disadvantaged, and promoting win-win growth with rural communities.



2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

- Environmental
 - Environmental Management
 - Climate Change Response (TCFD)
 - Special Page_Map of Green
 - Environmental Impact Management
 - Resource Circulation
- Sustainable Products

- Social
- Governance

APPENDIX



Sustainable Products **Eco-Friendly Products >>**



Low-Carbon Hanwoo (Korean Beef)



LOTTE Department Store sells low-carbon Hanwoo, which has half the carbon footprint of regular Hanwoo. These products are the result of a collaboration between Jeonbuk National University and the Gochang-Buan Livestock Cooperative Association, which selected cows that produce less greenhouse gas emissions and had a breeding period that was shortened from 30 months to 21-25 months, reducing carbon emissions by up to 30%. This low-carbon Hanwoo generates approximately 65% fewer carbon emissions than the global average and 35% less than the domestic average for the same weight. Currently, low-carbon Hanwoo is available at ten LOTTE Department Stores, including the main store, Jamsil store and Gangnam store

Distribution of Products for Biodiversity Protection



As part of its commitment to responsible product retail and biodiversity conservation, LOTTE Shopping is expanding the retail of seafood products certified by the MSC (Marine Stewardship Council) and ASC (Aquaculture Stewardship Council). MSC certification is awarded to fisheries that adhere to three core principles: sustainable fish stock maintenance, minimization of environmental impact, and effective fishery management. ASC certification is granted to aquaculture operations that follow the principles of legal farming operations, environmental responsibility, and social responsibility. LOTTE Shopping sets annual distribution targets for MSC- and ASC-certified products, and is continuously expanding the range of products sold. We are considering ways to enhance direct sourcing by signing contracts with companies handling these certified products and new partners. Our goal is to expand the sale of products produced in ways that are suitable for protecting water resources and biodiversity.

Products Certified by the MSC and ASC in 2023

Category	Unit	2021	2022	2023	2023 Target
Products Certified by the MSC	SKU	6	7	5	10
Products Certified by the ASC	SKU	9	13	21	15

Green Stores



To improve the understanding of and accessibility to green products, LOTTE Mart has expanded its network of Green Stores by adding stores in Siheung and Songdo, bringing the total number of stores certified by the Ministry of Environment to 57. Green products are products that minimize the input of energy and resources and the generation of greenhouse gases and pollutants. These include products with the "Korea Eco-Label", "GR" (Good Recycling), and "low-carbon" certifications from the Ministry of Environment. Green Stores not only sell these eco-friendly products, but they are selected based on evaluation on comprehensive criteria for environmental management systems, resource circulation systems, and greenhouse gas emissions. LOTTE Mart continues to expand its network of Green Stores, and now offers around 200 green products each month. We help more customers to easily access and purchase green products through promotions such as the Green Lion event, which offers additional points for purchasing green products.

Green Stores in 2023



2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

- Environmental
 - Environmental Management
 - Climate Change Response (TCFD)
 - Special Page_Map of Green
 - Environmental Impact Management
 - Resource Circulation
 - Sustainable Products

- Social
- Governance

APPENDIX



Social

- 056 Human Rights Management
- 058 Human Resources Management
- 070 Health and Safety Management
- 072 Sustainable Supply Chain
- 079 Customer Satisfaction
- 086 Social Contributions



2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

• Environmental

• Social

- Human Rights Management
- Human Resources Management
- Health and Safety Management
- Sustainable Supply Chain
- Customer Satisfaction
- Social Contributions

• Governance

APPENDIX



Human Rights Management

Expansion of Human Rights Management >>

Since becoming the first in the industry to join the UN Global Compact in 2007, LOTTE Shopping has been committed to inclusive human rights management that prohibits discrimination and respects diversity across all management practices. We fully support the UN's ten principles on human rights, labor standards, the environment, and anti-corruption. Based on our human rights policy established in 2022, we aim to respect the rights of all LOTTE Shopping stakeholders, including employees, customers, partners, and local communities, and to spread positive social value.

Human Rights Management Governance

LOTTE Shopping reports on the establishment of human rights policies, the internalization and dissemination of a culture of respect for human rights, the assessment and identification of human rights risks, and mitigation measures to the ESG Committee. The implementation of human rights management is handled by practical organizations that interact with stakeholders, including the ESG, HR, Compliance, MD (merchandising), and partner support departments within each Business Division.

Human Rights Management Policy

[LINK | LOTTE Shopping Human Rights Management Policy](#)

LOTTE Shopping established a human rights management policy in June 2022 to prioritize respect for human rights in all business activities and to prevent human rights violations and mitigate risks in advance for various stakeholders, including employees, customers, partners, and local communities. This policy encompasses the UDHR (Universal Declaration of Human Rights), the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the ILO (International Labour Organization) Conventions, and principles prohibiting child labor and forced labor. LOTTE Shopping complies with human rights and labor-related laws in the countries and regions where its Business Divisions are located. All employees of LOTTE Shopping must adhere to this human rights management policy in their business activities, and all stakeholders are also encouraged to follow this policy.



Human Rights Education

To prevent issues such as discrimination, harassment, and sexual harassment in the workplace and to promote a culture of respect for human rights, LOTTE Shopping conducts mandatory human rights education for all employees. In addition, LOTTE E-Commerce conducts annual education to improve awareness of disabilities, thereby promoting respect for the rights and non-discrimination of employees with disabilities and fostering a culture of diversity.

2023 Human Rights Education Status



Human Rights Risk Identification and Response System

LOTTE Shopping strives to prevent human rights violations through human rights education and campaigns, and has established a human rights risk management system to respond swiftly and proactively to any issues. Each Business Division provides guidance on reporting methods and procedures through various channels, such as websites, KakaoTalk channels, and email, allowing stakeholders, including customers, employees, and partners, to submit grievances. We handle issues that can negatively impact the organizational culture and work environment, including discrimination, harassment, and sexual harassment, by receiving, investigating, and addressing reports. Upon receiving a report, we operate a relief process according to the principle of protecting the identity of and minimizing harm to the whistleblower and victim. If a report is found to be factual, we consider disciplinary actions according to internal standards and procedures.

Grievance Handling Procedure



2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

- Environmental

- Social

- Human Rights Management
- Human Resources Management
- Health and Safety Management
- Sustainable Supply Chain
- Customer Satisfaction
- Social Contributions

- Governance

APPENDIX



Human Rights Management **Risk Management** >>

Human Rights Impact Assessment



LOTTE Department Store conducted a Human Rights Impact Assessment in 2023 to objectively evaluate the current status of human rights management. The assessment criteria were formulated with reference to OECD guidelines, the SCDDA (Supply Chain Due Diligence Act) in the EU and Germany, the ILO's principles of responsible business conduct, the UDHR (Universal Declaration of Human Rights), the National Human Rights Commission of the Republic of Korea, and the K-ESG Guidelines. The assessment comprised 46 items and 231 indicators covering nine issues, and was conducted through interviews and human rights surveys with stakeholders, including employees and partners.

The achievement rate in the 2023 Human Rights Impact Assessment was 89.3%. We analyzed the results and risks for each issue and derived priorities through a materiality assessment, and then established and implemented improvement tasks. We also developed a mid- to long-term roadmap for human rights management to ensure systematic implementation. In the future, we plan to gradually assess the human rights management levels of our partners as well, and provide guidelines and monitoring.

Response Status for 2023 Key Human Rights Issues

Materiality Assessment Ranking	Key Issues	Stakeholders	Issue Response Status
1	Responsible Supply Chain Management	Partners	LOTTE Department Store has started to design a fundamental system for realizing human rights management with its partners, and aims to expand its scope and enhance its content. We plan to require partners to sign a labor rights protection agreement upon contract renewal in 2024, and are promoting education on ESG diagnostic support guidelines for partners.
2	Human Rights Management System and Remediation Procedures	Employees	In 2023, LOTTE Department Store established new human rights management regulations, specifying dedicated human rights management organizations and their roles and responsibilities. Additionally, the Human Rights Management Charter was distributed to all employees. We distributed the Human Rights Management Charter to all employees and enhanced the guidance and education on current human rights policies. Furthermore, we plan to regularize human rights impact assessments to ensure the thorough internalization of human rights management.
3	Humanitarian Treatment	Employees	LOTTE Department Store is committed to protecting the human rights of all its employees. To safeguard those who interact directly with customers, we have developed and distributed a manual for their protection. Additionally, to support the mental and emotional health and well-being of our employees, we offer regular counseling and psychological care through an in-house counselor with qualifications in psychology, supplemented by collaboration with specialized external institutions.

Mid- to Long-Term Human Rights Management Roadmap



Mid-to Long-term Roadmap and Targets for Human Rights

Area	Key Indicators	As-Is	To-Be	Target Year	Detailed Action Plan
Health/Safety	Serious Accident	0 case	0 case	2030 (Long-term)	Enhancing health/safety work manuals Establishing a health/safety culture through continuous improvement activities
	Industrial Accident rate (LTIFR)	0.05%	0.00%		
Corporate Culture	Response Rate to Workplace Sexual Harassment/Bullying	100%	100%	2030 (Long-term)	Continuous operation of grievance handling channels and expert response
Human Resources	Ratio of Female Manager ¹⁾ (Expanding Organizational Diversity)	22.8%	25.0%	2025 (Middle-term)	Implementing mentoring programs for developing female team leaders and empowering female employees
Supply Chain Management	Violation of Partners' Human Rights	0 case	0 case	2035 (Long-term)	Sign agreements on the protection of worker rights during contract renewals ²⁾
Human Rights Management System	Expansion of Human Rights Management	Declaration of human rights policies and assessment of human rights impacts	Establishment of a Human Rights Committee	2027 (Mid-term)	Strengthen human right functions in ESG Committee
	Human Rights Due Diligence	Dissemination across all Business Division	2027 (Mid-term)	Spread of best practices and support for human rights impact assessments	
		Human Rights Due Diligence	32 sites	55 sites	2030 (Long-term)
	Assessment of Employee Awareness of Human Rights	-	100%	2030 (Long-term)	Target awareness rates : 30% by 2025, 80% by 2028

1) Including direct employees of separate corporation
2) Scheduled to be implemented starting July 2024

- Human Rights Management
- Human Resources Management
- Health and Safety Management
- Sustainable Supply Chain
- Customer Satisfaction
- Social Contributions



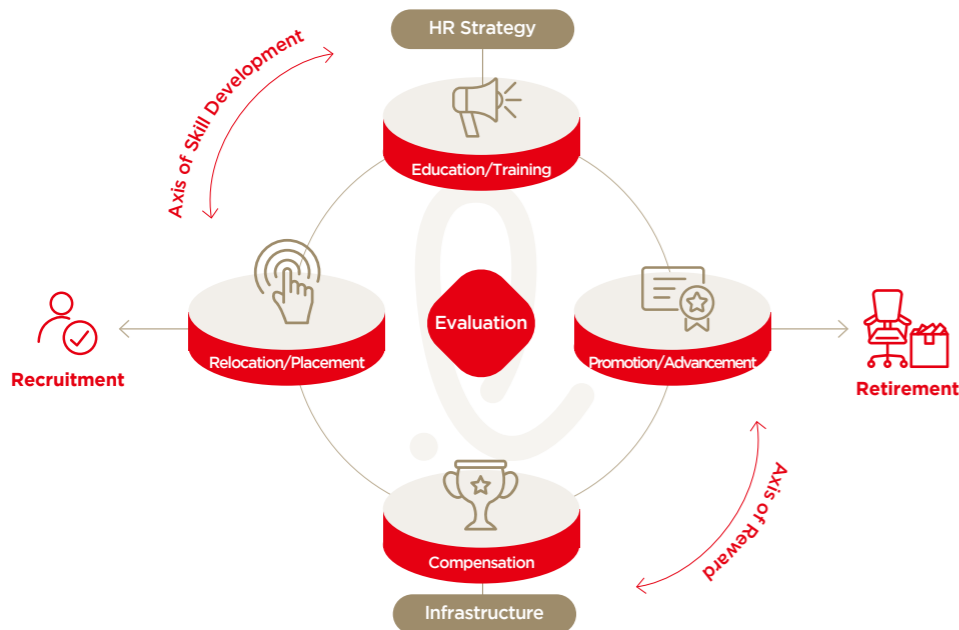
Human Resources Management

Talent Management >>

LOTTE Shopping is committed to nurturing talent that can grow alongside the company by providing meaningful experiences and opportunities throughout the entire process from recruitment and development to evaluation, compensation, and retirement. We offer various competency development programs and in-career systems to help employees develop their careers autonomously and grow into experts in their fields. In addition, we aim to establish a fair and rational performance evaluation and compensation system, and strive to create a work environment where diverse employees can be satisfied and engaged by improving workplace conditions, offering life-cycle-specific welfare programs, and fostering a culture of diversity and respect.

HR System

LOTTE Shopping manages talent comprehensively through an HR system composed of seven HR functions covering the entire process from recruitment to retirement. We help employees develop their competencies through efficient “education and training” and “relocation and placement,” and strive to secure and retain talent through appropriate “promotion and advancement” and “compensation.” Each year, under the integrated talent management system of LOTTE Shopping, we establish detailed indicators for each function by Business Division to ensure efficient and timely talent management tailored to the characteristics of each Division.



Category	Department Store	Mart/Super	E-Commerce
Relocation/Placement	Reflecting personal career development plans and individual preferences	Allocating talent in consideration of the growth of each employee and the organization as a whole	Developing employee capabilities and spreading job synergy through an in-house contest system
Education/Training	Managing employees to nurture excellent talent Providing job/service education to foster excellent talent	Securing a pool of excellent talent and strengthening leadership through systematic job competency programs	Planning and operating education aimed at enhancing productivity Creating performance through support for job competency improvement
Promotion/Advancement	Incorporating multi-faceted evaluations Ensuring fairness through discussion-based reviews	Operating a performance-centered promotion system Enhancing procedural transparency and fairness	Promoting fair level-ups based on performance and competency
Compensation	Operating a performance-centered individual salary system Providing compensation based on individual performance evaluations Operating a cumulative differential system	Strengthening employee motivation through a performance-centered individual salary system	Operating a performance-centered individual salary system

2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

- Environmental
- Social
 - Human Rights Management
 - Human Resources Management**
 - Health and Safety Management
 - Sustainable Supply Chain
 - Customer Satisfaction
 - Social Contributions
- Governance

APPENDIX



Human Resources Management **Talent Management** >>

Talent Recruitment and Operation

Talent Recruitment Process



As a leading retail company in South Korea, LOTTE Shopping prioritizes customer value and strives to secure talented individuals capable of driving sustainable growth. The recruitment process, developed based on LOTTE Shopping's extensive experience, ensures the selection of key talents through a fair process. Since 2021, various continuous recruitment programs have been introduced to hire outstanding talents in a timely manner.

Enhancement of Interviewer Competency



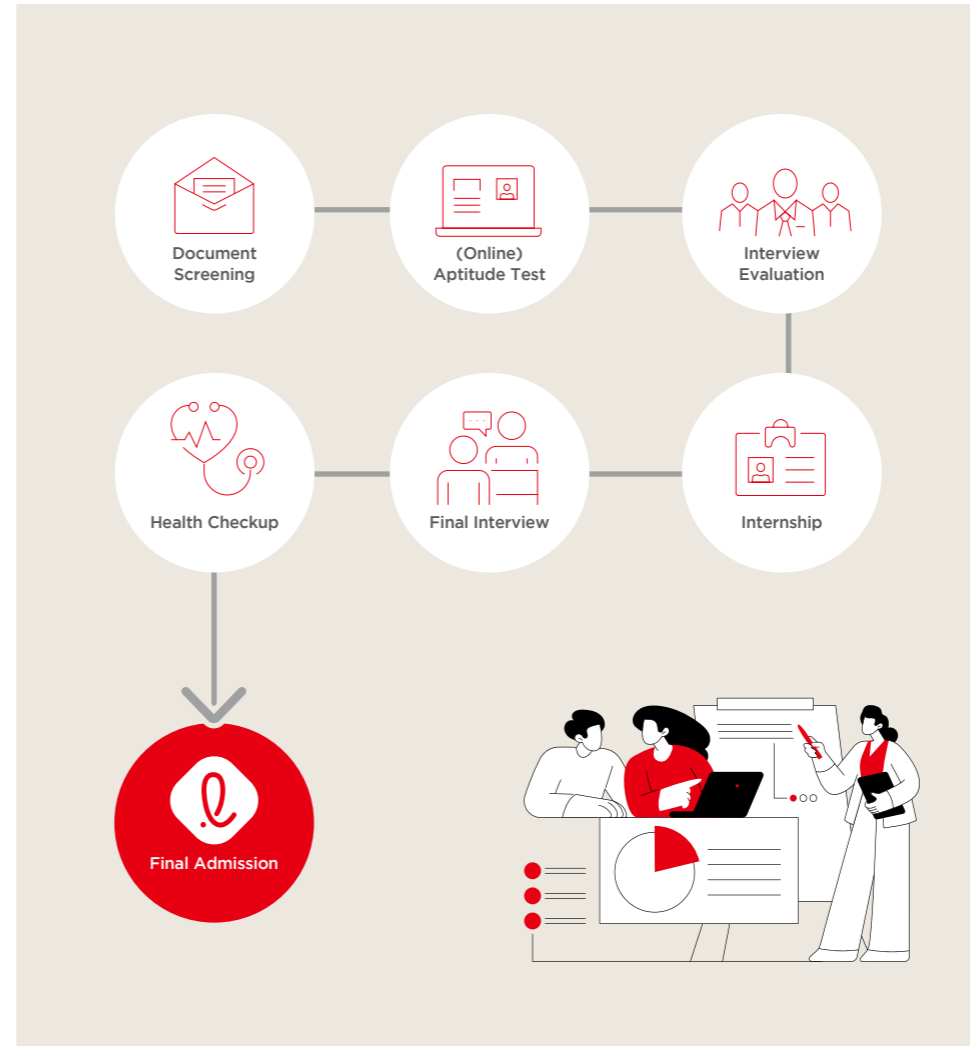
LOTTE Department Store and LOTTE Mart are altering the composition of interview staff to reinforce merit-based recruitment and identify and recruit talent from a variety of perspectives. Unlike the previous practice, where only senior managers with over ten years of experience served as interviewers, now junior staff with three to five years of experience are also included. Junior interviewers undergo pre-interview training to compensate for their lack of experience, ensuring fairness in the process. For experienced hires, the relevant department in charge of the actual job according to the nature of the position conducts interviews in addition to the HR team.

Feedback for Unsuccessful Applicants



To maintain fairness in recruitment, LOTTE Department Store and LOTTE Mart provide feedback to unsuccessful candidates based on unbiased results. When accessing recruitment outcomes, candidates can see their scores in comparison to the overall and successful candidates' averages, presented in graph form for clarity.

Recruitment-Linked Internship Procedure



ESG Performance

- Environmental
- **Social**
 - Human Rights Management
 - Human Resources Management**
 - Health and Safety Management
 - Sustainable Supply Chain
 - Customer Satisfaction
 - Social Contributions
- Governance



Human Resources Management **Talent Management >>**

Talent Development and Capacity Building

LOTTE Shopping implements various institutional supports and programs to augment the abilities of its employees. Based on a systematic education framework, employees are given diverse opportunities for position-specific and job-specific training to quickly adapt to problematic situations and meet contemporary demands. In 2023, educational programs were refined and categorized into leadership, professional competency, and other areas to support meaningful growth and performance.

■ Retail Division Leadership and Professional Competency Training

To build a high-performance organization, LOTTE Shopping has established mid- to long-term goals and operates leadership internalization and professional competency development programs. Leadership diagnosis and follow-up training were conducted for LOTTE Mart and LOTTE Super managers in 2023, with plans to extend these programs across all Business Divisions in 2024. Internal instructors are being trained to spread the HPO (High Performance Organization), vision, and leadership within the retail sector. Plans are underway to expand this to job-specific internal instructor programs to foster cross-divisional competency sharing. Furthermore, initiatives such as jeans workshops and town hall meetings have been held to gather employee opinions on professional competency support measures, with plans to expand support for insights and networking in 2024.

■ Division-specific Leadership Training

In 2023, LOTTE Department Store conducted a leadership enhancement program for 297 team leaders, with a focus on diagnosing leadership models and enhancing coaching feedback skills for organizational change. The SDC (store director candidate) course was conducted for store manager candidates, and covered store operations, personal branding, and essential leadership skills.

LOTTE Mart provided leadership training for store managers in sales/support and new store managers in 2023. In particular, new store managers were given the opportunity to strengthen their field work capabilities through major HR, store support, and profit management tasks, and practical training was provided to senior managers.

LOTTE Super conducts competency enhancement training for manager-level staff to ensure consistent product and service quality across its various stores. The training covers general operations and management, as well as health and safety and data and system utilization.

In 2023, LOTTE E-Commerce conducted strength diagnostic workshops for CEO and executives to enhance metacognitive capabilities and offered problem-solving and capacity-building training for all employees.

■ SDC¹⁾ Training Program



LOTTE Department Store operates training programs for selected candidates to become store managers with the aim of nurturing future leaders with expertise and leadership in field operations. The program for selected individuals includes stages such as store operation and basic management skills training, leadership development, and on-site practical training.

¹⁾ Store Director Candidate

■ Fresh Produce Integrated Talent Development



In 2023, LOTTE Mart and LOTTE Super selected volunteers from the general staff for comprehensive training across all fresh produce departments.¹⁾ To enhance job competencies, the training included theoretical education, OJT at stores, and operational practices. After completing the training, participants began working in their respective fresh produce departments. Specifically, those in the fisheries department received step-by-step training covering basic hygiene and knowledge of regulations as well as product handling practices.

¹⁾ Agriculture, fisheries, livestock, Meal Solution cooking

■ Strength-Based Leadership Workshop



In 2023, LOTTE E-Commerce hosted a strength-based leadership workshop to enhance the metacognitive abilities of leaders and optimize their leadership by leveraging their strengths. First, the strengths of each leader were diagnosed, and based on the results, they undertook tasks and discussions to understand their own and their colleagues' strengths. This mutual understanding was then used to explore ways to collaborate efficiently and produce outcomes, and the program provided practical support for applying these methods in the workplace.

■ Integrated Vision Workshop



LOTTE Mart and LOTTE Super strive to foster an environment where employees can internalize the new integrated vision in order to promote harmony in work processes and organizational culture based on mutual understanding. In 2023, we conducted integrated vision and leadership workshops for 255 leaders in each Business Division and shared the integrated vision and business direction with 442 on-site leaders managing branches to enhance their leadership and communication skills tailored to field operations.

■ SME Competency Enhancement Workshop



In 2023, LOTTE E-Commerce conducted in-house training organized by the SME (Subject Matter Expert) department for all employees to strengthen their roles as subject matter experts. The training was designed to secure expertise in various fields such as general management, technology, law, and product development.



2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

- Environmental
- Social
 - Human Rights Management
 - Human Resources Management**
 - Health and Safety Management
 - Sustainable Supply Chain
 - Customer Satisfaction
 - Social Contributions
- Governance

APPENDIX



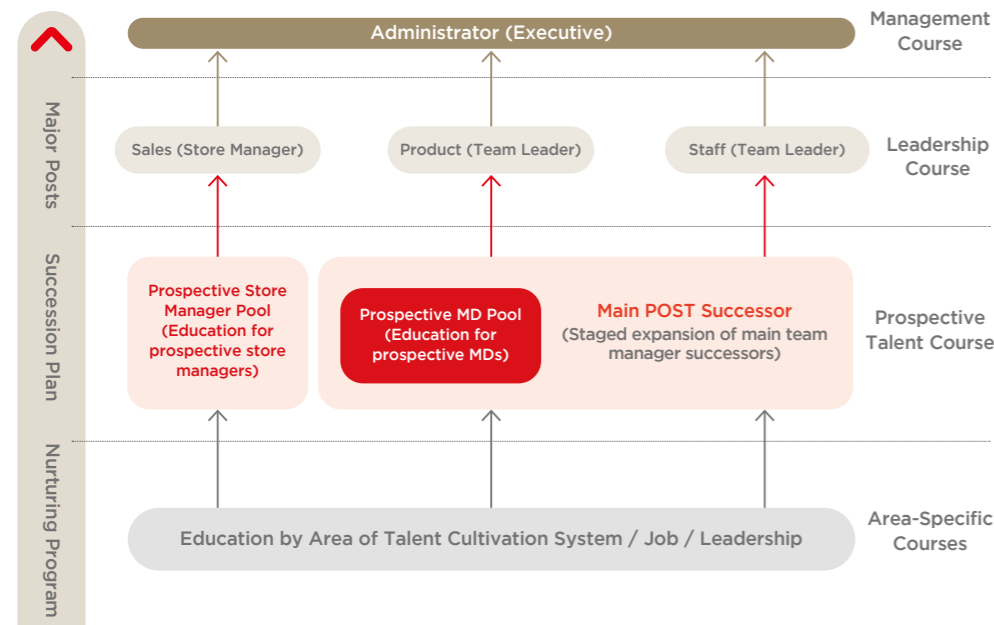
Human Resources Management **Talent Management >>**

Talent Development and Capacity Building

Succession Plan



LOTTE Mart operates the Succession Plan program to systematically manage and develop managers in key roles. The aim of this program is to enhance job competencies by pre-selecting and nurturing key talents who will drive the long-term growth of the business. To this end, the program identifies managerial positions in key roles as major posts and manages them systematically from selection to career development.



- Main Team Manager POST Selection**
 - Priority application to key jobs
- Definition of Position Profile**
 - Required experience and capabilities set in consideration of future organizational strategies and issues
- POST Successor Selection**
 - 1st to 3rd place selected for each position
 - If no suitable candidates, external hiring considered
- Successor Career Management**
 - Personnel transfer reflected
 - Opportunities for leadership/competency development provided

Time to Change LOTTE E-Commerce



LOTTE E-Commerce operates a knowledge-sharing program called “Time to Change LOTTE E-Commerce” to enhance employee competencies. This program is based on LOTTE E-Commerce’s core spirit of “Everyone has a story to tell,” and “Sharing and spreading intellectual property.” It is designed and operated by internal employees who share their work know-how, skills, and trends through an online platform for about an hour, and each session attracts an average of over 200 participants. This program serves as an opportunity to disseminate and internalize small success stories discovered in the workplace. As a result, LOTTE E-Commerce was awarded the Best HRD Award at the 2023 KOREA HRD Awards.

SQL Data Language Training



LOTTE E-Commerce provides SQL (structured query language) training to enhance the job competencies and productivity of its employees. SQL is a data processing language with high applicability across various departments at LOTTE E-Commerce, including sales, marketing, and product ownership. The training program includes basic courses designed for beginners to easily understand and advanced, customized training based on real-world business cases. Through this training, employees are empowered to extract the data they need independently and make precise and efficient decisions based on that data.

Internal Job Posting System

For the career development of their employees, LOTTE Mart and LOTTE Super operate an internal job posting system. This system allows employees to apply for open positions within the organization before anyone else, promoting job mobility. Each applicant’s suitability for the department and job, enthusiasm for the role, and matching skills are assessed, thereby fostering growth for both individuals and the organization.



Internal Job Postings and Transfers in 2023

Previous Position	Capabilities Possessed	New Position
General Sales/Support	Willingness to Explore Different Roles	Fresh Food Sales
Processed/Daily Food Sales	Interest in and Understanding of Products	Wine Specialist at BOTTLE BUNKER
Support Manager	Professional Qualifications (e.g., facilities, safety)	Safety Management Manager

- Environmental
- **Social**
 - Human Rights Management
 - Human Resources Management**
 - Health and Safety Management
 - Sustainable Supply Chain
 - Customer Satisfaction
 - Social Contributions
- Governance

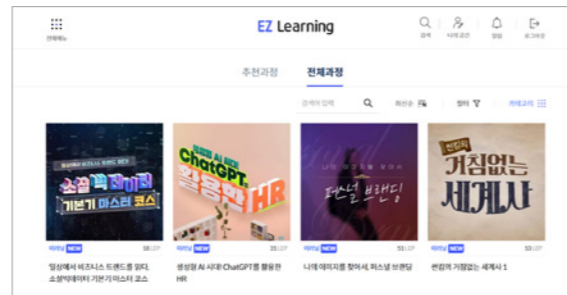


Human Resources Management **Talent Management >>**

Talent Development and Capacity Building

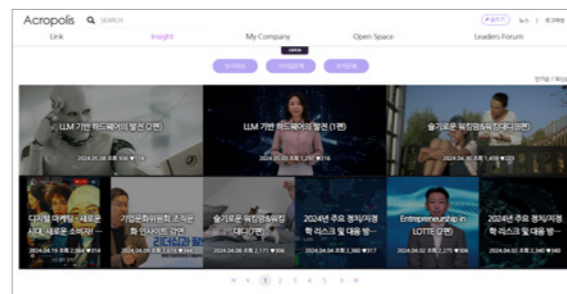
EZ Learning

LOTTE Shopping offers a variety of educational programs through the group's online education site, "EZ Learning," to meet the needs and preferences of its employees. In addition to mandatory training courses, the platform provides over 2,000 courses covering management, digital transformation, humanities, reading, and telephone learning for foreign languages, allowing all employees to pursue their desired education. Each course includes goals, progress tracking, exams, and assignments to ensure efficient learning.



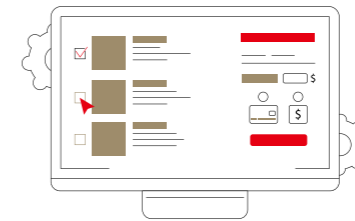
Acropolis

Through the group's online education site "Acropolis," LOTTE Shopping offers its employees over 760 job-related courses. This platform also serves as a communication hub for group-wide and Business Division announcements and provides lectures on trends to broaden the insights of employees. Tailored to the learner's account information, it delivers courses relevant to the specific Business Division and job grade to enhance learning convenience.



Outsourced Corporate University

LOTTE Shopping operates the Outsourced Corporate University program to support employees in obtaining four-year bachelor's degrees. This program is conducted in partnership with universities and is available to all employees, regardless of their contractual status, with students selected from among those who wish to participate.



Support for External Education Programs

In addition to its in-house education system, LOTTE Shopping supports employees who wish to pursue external education programs and obtain certifications. We fund educational programs deemed to enhance individual job competencies or have a positive impact on the organization. This support is also extended to essential positions and leadership roles according to business needs.



2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

- Environmental
- **Social**
 - Human Rights Management
 - Human Resources Management**
 - Health and Safety Management
 - Sustainable Supply Chain
 - Customer Satisfaction
 - Social Contributions
- Governance

APPENDIX



Human Resources Management **Talent Management >>**

Performance Evaluation and Compensation

Performance Evaluation System



LOTTE Department Store conducts regular personnel evaluations twice a year, coupled with an OKR(objective key results)-based performance management system tailored to the characteristics of each Business Division. The aim of this is to enhance work efficiency and instill a goal-oriented work culture. Organizational leaders set the OKRs for their teams, share progress updates with team members, and provide ongoing performance feedback to offer directions for and insights on achievements. The regular evaluations provide diverse results and coaching through multi-faceted assessments such as peer feedback and leadership evaluations, where team members evaluate their managers.



LOTTE Mart and LOTTE Super perform biannual competency evaluations and monthly performance assessments to ensure that the evaluation system supports employee growth and competency enhancement rather than merely reporting work results. Pre-evaluation interviews between managers and team members facilitate discussions on evaluation directions and provide feedback on strengths and areas for improvement. Post-evaluation, additional meetings offer detailed explanations and discussions on future career development plans and performance goals. The system also includes a review process that allows employees to request a reassessment of their performance based on their achievements, which increases the transparency and acceptance of the evaluation results. Managers undergo leadership assessments twice a year and receive coaching and leadership training to enhance their capabilities.

Performance-Based Compensation

LOTTE Shopping operates a compensation system based on individual performance. This system, established based on diversified evaluations that employees can understand and accept, is designed so that employees who demonstrate excellent performance receive greater rewards rather than relying on absolute criteria like length of service. Through this, we aim to create an environment where employees are more strongly motivated and deeply engaged in their work.

OKR Award



To celebrate the first anniversary of OKR implementation, LOTTE E-Commerce held the OKR Awards to recognize employees' efforts and evaluate the system's success. The awards, based on voluntary participation and evaluations by employees, assessed tasks and projects against system criteria, with employees voting on five key examples. High value was placed on challenging goals and meaningful messages, and the process ensured internal fairness through peer evaluations.



LOTTE E-Commerce has abolished the traditional rank system and instead adopted a role-based level system and a performance-oriented individual salary system. It utilizes an OKR-based performance management system for a goal-oriented culture. New OKR content is developed and disseminated monthly, and CFR-Ion1 (conversation, feedback, recognition) activities are conducted to facilitate direct communication between leaders and employees. Communication guidebooks are distributed to leaders to support effective interactions and organizational culture surveys are conducted to understand the impact of the OKR system and CFR activities, with findings shared company-wide to identify improvement areas. In addition, the talent review system involves multiple evaluators discussing initial evaluation results to enhance accuracy.

Employee Feedback on Regular Performance Evaluations



- Environmental
- **Social**
 - Human Rights Management
 - Human Resources Management**
 - Health and Safety Management
 - Sustainable Supply Chain
 - Customer Satisfaction
 - Social Contributions
- Governance



Human Resources Management **Talent Management >>**

Welfare and Benefits

Employee Welfare System



Since being certified as a Best Family Friendly Management company in 2009, LOTTE Department Store has maintained its qualification for 14 years by continuously expanding family-friendly welfare systems tailored to the life cycle of employees. In 2023, in addition to the existing mandatory parental leave, child care leave, reduced working hours for pregnant employees, and flexible working hours, we introduced “First Steps Leave” to participate in the societal agenda of overcoming low birth rates by supporting paid leave for enrolling children in daycare and kindergarten. In addition, we have introduced “Prenatal Check-up Leave for Expectant Father” for male employees and, starting in 2024, will support one-night, two-day prenatal care trips at affiliated resorts. To reflect diverse lifestyles and social trends, we also offer benefits for single employees and pet owners.



LOTTE Mart operates a monetary support system to ensure stable and continuous employment for its employees. We provide living expenses, medical expenses, educational expenses for children, and encouragement payments to employees facing urgent or significant economic crises. This support extends not only to regular employees but also to partner company employees and contract workers who work for LOTTE Mart.

Reemployment Support Services

LOTTE Shopping offers reemployment support services for prospective retirees, retired employees, and voluntary retirees. Through a contract with a career support specialist education company, we provide professional career-planning education and counseling to help retirees actively and proactively continue their lives by supporting the establishment of long-term goals for life and career planning for after retirement. We also offer consulting and education in various fields based on individual career backgrounds for those seeking reemployment.

Reemployment Support Services in 2023



LOTTE Super supports welfare systems that promote health management and work-life balance for employees. For long-distance assignments, we provide moving expenses, transportation allowances, and housing support if company housing is unavailable. In 2023, we introduced group insurance to support health management and life security for employees and implemented a summer vacation resort system.



LOTTE E-Commerce supports employees in maintaining work-life balance through family-friendly welfare systems. We operate various programs for employees' families, such as family invitation programs and gifts for children starting elementary school. We were recognized for these efforts in 2023 with the Best Family Friendly Management designation by the Ministry of Gender Equality and Family during Family Month in May and the Leisure Friendly Certification.



2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

- Environmental
- **Social**
 - Human Rights Management
 - Human Resources Management**
 - Health and Safety Management
 - Sustainable Supply Chain
 - Customer Satisfaction
 - Social Contributions
- Governance

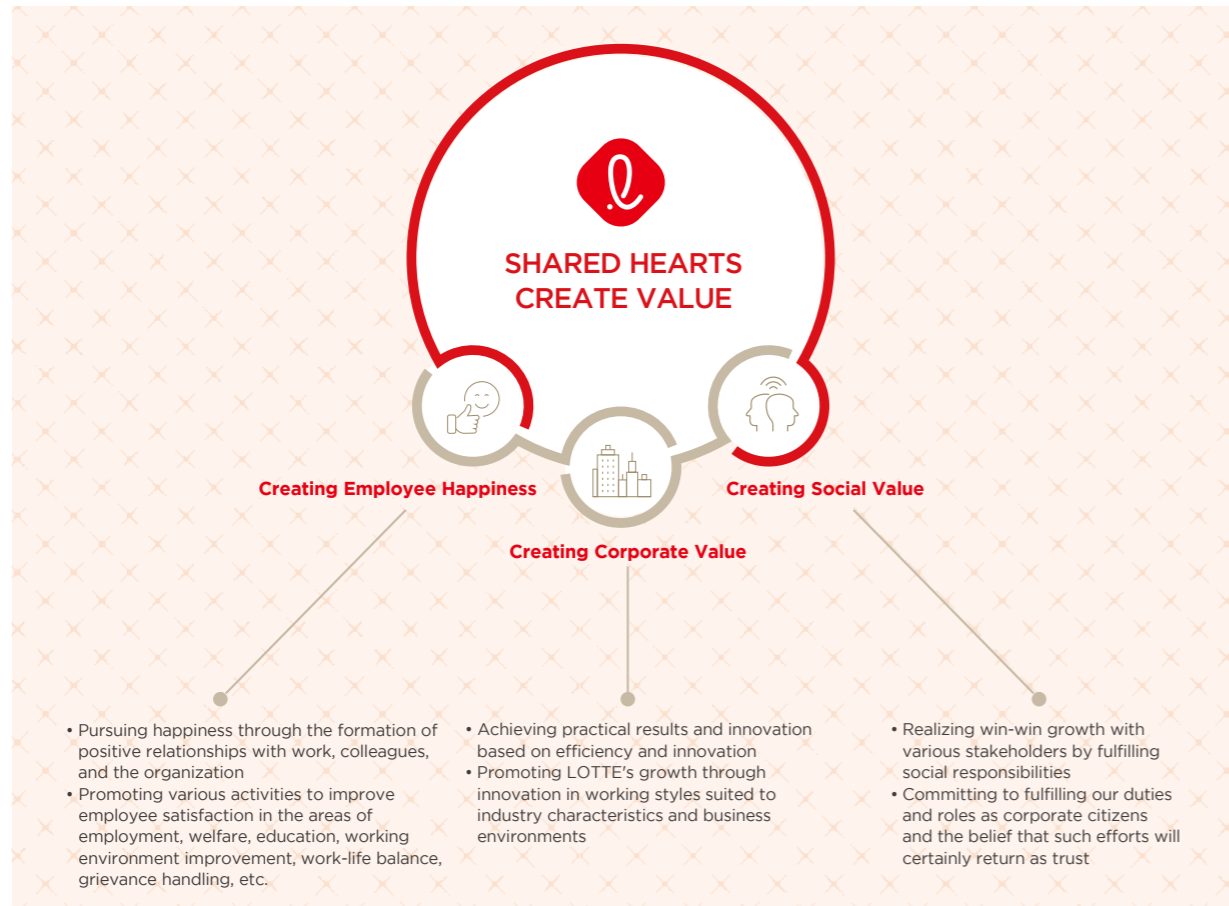
APPENDIX



Human Resources Management **Organizational Culture**>>

Value-Creating Culture

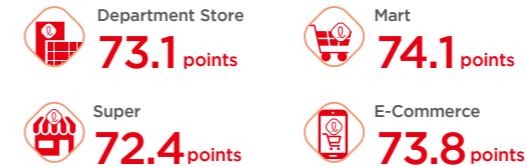
LOTTE Shopping believes that the future of the company depends on its people. Based on this belief, we aim to be a company that creates sustainable value through talent, corporate culture, and leadership. To achieve this, we are actively participating in building a unique value-creating culture for LOTTE Group that will enhance “Employee Happiness” through respect for diverse lifestyles, “Corporate Value” through the integration and innovation of various thoughts, and “Social Value” through coexistence with various stakeholders.



Value-Creating Culture Diagnostic Survey

LOTTE Shopping conducts a value-creating culture survey to assess employee satisfaction regarding “Creating Employee Happiness,” “Creating Corporate Value,” and “Creating Social Value.” Based on the implementation status of the value-creating culture and employee satisfaction in each Business Division, we strive to strengthen the foundation for sustainable value creation in the future.

Value-Creating Culture Survey Results in 2023



E-Commerce Organizational Culture Survey

LOTTE E-Commerce regularly conducts its own organizational culture survey. The survey covers leadership, OKR (objectives and key results), organizational culture, and other systems, and employee opinions are collected with the goal of improving current systems.



ESG Performance

- Environmental
 - **Social**
 - Human Rights Management
 - Human Resources Management**
 - Health and Safety Management
 - Sustainable Supply Chain
 - Customer Satisfaction
 - Social Contributions
 - Governance
- APPENDIX



Human Resources Management **Organizational Culture**>>

Enhancing Organizational Culture and Work Engagement

EMO Program



LOTTE Department Store operates the EMO (Everywhere is My Office) program to improve employee work efficiency. For refreshment and to gain insights from various perspectives, employees are encouraged to experience new spaces and cultures such as exhibitions, museums, and concerts every Wednesday.

Flexible Work System and Happy Time



LOTTE Super supports a healthy work environment that guarantees efficiency in work and personal life through a flexible work system and the "Happy Time" policy. Computers automatically shut down at the end of the workday, with extended use limited to a maximum of 10 hours per week.

A "Winning Culture" Approach to Work



LOTTE E-Commerce aims to cultivate a "Winning Culture" where recognition and rewards for employee achievements create a powerful experience of success. To this end, we operate the M.O.M (Member of the Month) award program, where outstanding employees are selected monthly, and share best practices discovered during work to help spread a culture of efficient work across the organization. Moreover, the "Idea-ON" channel encourages employees to propose ideas, which are then used to enhance productivity and create positive customer experiences.

Integrated Employee ID



In June 2023, as part of the integration of product sourcing with the organizational structures of LOTTE Mart and LOTTE Super, an integrated employee ID was introduced to enhance the sense of belonging as "one team" and facilitate quick adaptation. The red-colored ID card, which symbolizes the Business Division, includes a credit card function that offers various benefits and bears the slogan "No.1 Grocery Destination LOTTE Mart & Super" to emphasize the commitment to being the first choice for grocery shopping.

AI-Integrated Chat Room



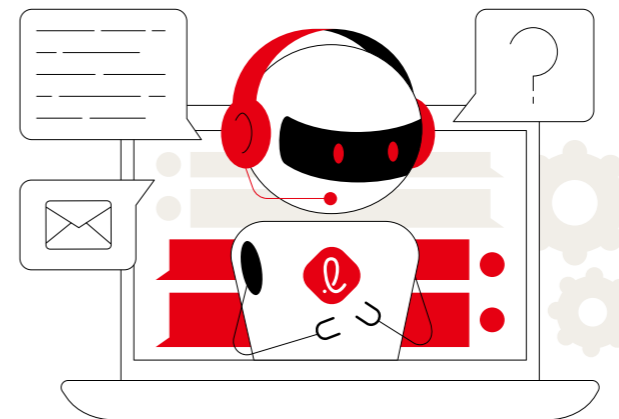
LOTTE E-Commerce has created AI-integrated channels on the company messenger with the aim of fostering a "culture of asking good questions." These channels allow employees to express diverse questions and opinions covering topics from work-related subjects to personal interests, regardless of their relevance to business applications.

As a vertical platform specializing in beauty, luxury, and fashion, LOTTE E-Commerce strives to provide highly personalized services that match customer preferences. We encourage employees to consider potential customer inquiries proactively and develop the capacity to respond swiftly by fostering an environment that supports frequent and meaningful questioning. In addition, we have established a developer-only channel for employees to share development issues, seek advice, and propose solutions, and this has enhanced internal development capabilities and work efficiency.

Meeting-Free Days & One-Page Reporting



To avoid reduced work efficiency caused by frequent meetings and to ensure high-quality meetings within a set timeframe, LOTTE Mart has designated Wednesday through Friday as "meeting-free days." In addition, morning roll calls at each store have been abolished to allow staff to focus on their tasks. To build an efficient reporting process, we established a one-page reporting system, which encourages concise, one-page summaries of essential information.



2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

- Environmental
- **Social**
 - Human Rights Management
 - Human Resources Management**
 - Health and Safety Management
 - Sustainable Supply Chain
 - Customer Satisfaction
 - Social Contributions
- Governance

APPENDIX



Human Resources Management **Organizational Culture**>>

Enhancing Organizational Culture and Work Engagement

Communication Counselor System



LOTTE Department Store operates a Communication Counselor System across all its stores. To prevent gender conflict and unethical behaviors such as sexual harassment and workplace bullying, we have assigned dedicated personnel for grievance handling to relevant departments and established a regular monitoring system. In addition, we are making efforts to enhance the expertise of our counselors through job training in collaboration with external institutions.

Junior Team Leader Meetings



LOTTE E-Commerce conducts communication activities in a horizontal manner for the exchange of key issues and opinions on various agendas. In 2023, special sessions were held for junior team leaders who had been recently promoted from operational roles to managerial positions.



Integrated Junior Board



In 2023, LOTTE Mart and LOTTE Super established and began operating the Integrated Junior Board. Previously, each Business Division operated its own junior board to facilitate internal communication, but this integration is aimed at fostering communication and harmony between the Divisions. The board has planned and implemented programs to increase intergenerational and inter-organizational understanding, share work-related know-how, and provide new perspectives to improve inefficient work environments and practices. In addition, LOTTE Super operated various employee engagement programs to create a lively and positive atmosphere, and encouraged voluntary participation through events, especially for projects requiring store-level involvement, such as improving break room environments.



- Environmental
- Social
 - Human Rights Management
 - Human Resources Management**
 - Health and Safety Management
 - Sustainable Supply Chain
 - Customer Satisfaction
 - Social Contributions
- Governance



Human Resources Management **Organizational Culture**>>

Improvement of Labor-Management Relations

Operation of the Labor-Management Council

LOTTE Shopping operates labor unions (Department Store, Mart) and labor-management councils (Super, E-Commerce) at each Business Division and site based on relevant laws to stabilize labor-management relations and the labor environment by building trust and community spirit between labor and management. Our quarterly Labor-Management Council meetings are aimed at expanding communication opportunities between labor and management and finding common ground that benefits both parties, and are tailored to the characteristics of each business site. These meetings have established a cooperative labor-management relationship based on mutual agreement through the discussion of various issues related to improving employees' working conditions and other workplace matters.

Operating Status of the Labor-Management Council

Category	Department Store	Mart	Super	E-Commerce
Meeting Frequency	Quarterly	Quarterly	Quarterly	Quarterly
Participants (Employer/Employee)	3/3	Head Office: 3/3 Branches (Stores): 4/4	4/7	4/4

Best Labor-Management Culture Enterprise



LOTTE Department Store was selected as a Best Labor-Management Culture Enterprise in 2023 by the Ministry of Employment and Labor. This award recognizes companies that exemplify cooperative labor-management practices and social responsibility. LOTTE Department Store was acknowledged for overcoming the management crisis caused by the COVID-19 pandemic through a strong labor-management partnership, operating various labor-management cooperation programs, and upgrading welfare systems.

Grand Prize in Korea Labor-Management Cooperation Awards



LOTTE Mart received the Grand Prize in the large enterprise category of the Korean Labor-Management Cooperation Awards in 2023. Hosted by the Korea Enterprises Federation, this award is given to companies that overcome management difficulties and achieve growth and development through labor-management cooperation. LOTTE Mart has maintained a two-decade-long record of no labor disputes since 2004. The award recognized our efforts to overcome the crisis of closing 13 stores due to the COVID-19 pandemic through labor-management cooperation.

Achievements of the Labor-Management Council

Improvement of the Welfare System



LOTTE Department Store has improved our welfare system in response to the low birthrate issue and to retain talent by supporting work-life balance. New family-friendly lifecycle programs have been introduced, such as paid leave for a spouse's prenatal checkups and "First Step Leave" for children starting kindergarten. The premium membership resorts available for use during vacations have also been expanded. In addition, our personal health management services have been revamped, and now offer diet and exercise recommendations based on health check-up data and provide notifications for supplements and medications.

Expansion of the Flexible Work System



To enhance work efficiency and respond to employee demand for more flexible working systems, we are testing a pilot program to reduce core working hours on the third Friday of each month. The core time, previously set from 10 AM to 3 PM, has been shortened to 10 AM to 12 PM. This pilot will run until June 2024, after which employee feedback will be collected to decide on its permanent implementation.



2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

- Environmental
- Social
 - Human Rights Management
 - Human Resources Management**
 - Health and Safety Management
 - Sustainable Supply Chain
 - Customer Satisfaction
 - Social Contributions
- Governance

APPENDIX



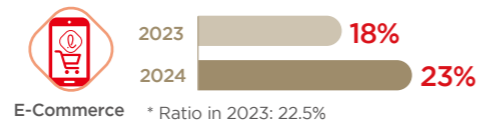
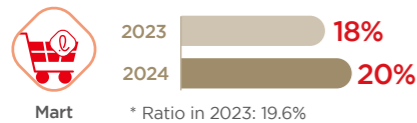
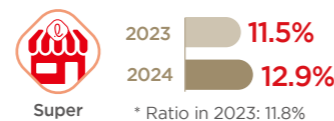
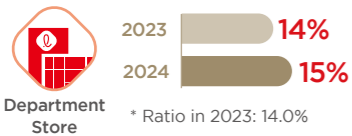
Human Resources Management **Organizational Culture**>>

Respect for Diversity

Employee Diversity

LOTTE Shopping respects the diverse backgrounds and values of its employees and strives to create an environment where everyone can freely demonstrate their abilities. Starting with the inclusion of a clause in our internal employment rules that prohibits discrimination during negotiations of working conditions, we have implemented measures to secure female leaders, employ people with disabilities, and more, to promote social diversity. We also operate educational programs and counseling centers to prohibit discrimination and unethical behavior and ensure that a culture of respect for diversity takes root. In addition, each Business Division sets goals for the proportion of female managers and team leaders, which is helping us to achieve these targets.

LOTTE Shopping Diversity Goals¹⁾



¹⁾ Female Team Leader Ratio

"I-l-mom (working mom) Club" Workshop



LOTTE Department Store supports working moms to grow as female leaders. In 2023, we held workshops for working moms to help employees manage their careers and achieve work-life balance. The workshops helped working moms with young children find their career direction by offering opportunities for them to share their concerns and know-how through expert lectures and conversations with senior colleagues. In the future, we plan to also run workshops for working dads.

Ethics Violation Education



LOTTE Mart and LOTTE Super regularly conduct ethics violation education to prevent discrimination and unethical behavior and to raise awareness of such violations. In April 2023, we introduced an individual education method using internal systems to encourage participation and boost completion rates.

Mutual Respect Campaign



LOTTE Mart and LOTTE Super continuously run mutual respect campaigns to establish a culture of respect and consideration within the organization. Every month, we select various topics related to potential workplace issues and improvements, and share related insights with employees through posters.

Employee Assistance & Counseling Center



Since 2022, LOTTE Super has operated an Employee Assistance & Counseling Center. The center is staffed with full-time personnel who are always available for consultations to help employees address and resolve workplace grievances.

2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

- Environmental
- **Social**
 - Human Rights Management
 - Human Resources Management**
 - Health and Safety Management
 - Sustainable Supply Chain
 - Customer Satisfaction
 - Social Contributions
- Governance

APPENDIX



Health and Safety Management

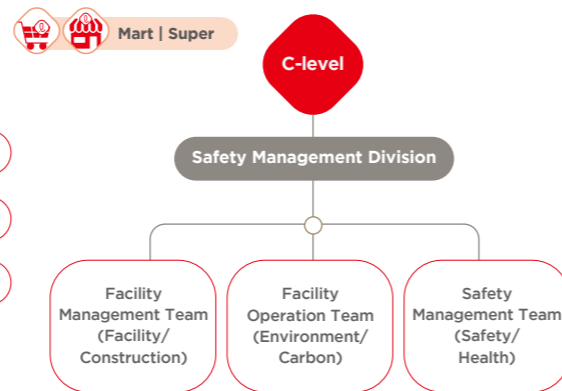
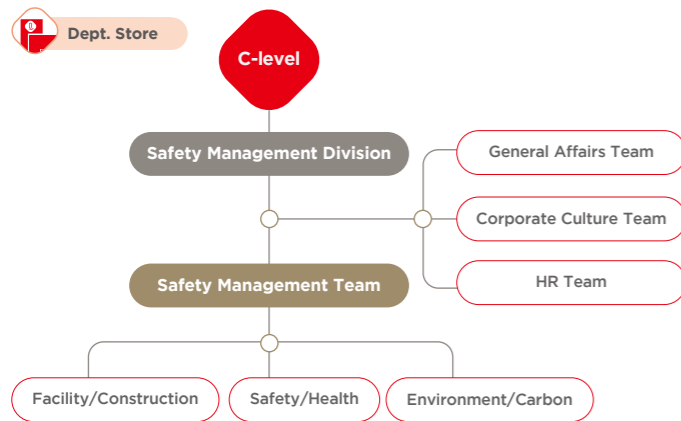
[Health and Safety Management System >>](#)

LOTTE Shopping is committed to strengthening its comprehensive health and safety system and promoting continuous health and safety management activities to ensure the safety of all stakeholders, including customers and employees. We have established dedicated safety management teams across all business locations, including the head office, to enhance employee health, improve working conditions, and ensure customer safety. These teams conduct periodic and professional safety inspections to identify and promptly address safety risks. Moreover, we monitor and rigorously comply with health and safety-related laws and regulations and provide various training programs to enhance the practical health and safety capabilities of employees in customer-facing roles.

Health and Safety Management Governance

LOTTE Shopping has established governance to promote systematic health and safety management. Each Business Division appoints a health and safety management officer. Through the Industrial Health and Safety Committee and the Health and Safety Council, representatives of employees and all partners deliberate on and decide major health and safety issues. The issues and related risks deliberated on by each Business Division are shared quarterly with the company-wide health and safety management organization through the LOTTE Shopping Health and Safety Council.

The health and safety management organizations directly under the CEOs of each Business Division formulate and implement health and safety management plans, conduct regular diagnoses of workplaces with external experts, and perform risk identification and preemptive response roles. In addition, LOTTE Department Store and LOTTE Mart designate health and safety managers for each store to enhance management and supervision. We include health and safety-related items in the KPIs for the CEO and health and safety practitioners to manage the implementation status and performance.



Health and Safety Management System

Health and Safety Management System (ISO 45001) Certification



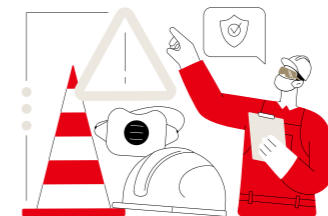
In 2022, LOTTE Mart became the first hypermarket in the country to obtain ISO 45001 certification, the international standard for health and safety management systems. In January 2024, LOTTE Super became the first corporate supermarket to achieve ISO 45001 certification. ISO 45001 is awarded to companies that have a health and safety system in place to identify and manage various risk factors in the workplace. Over six months, LOTTE Super conducted risk assessments and emergency training activities at its head office and all stores. Through its health and safety management system and manuals, LOTTE Shopping strives to provide a safe working environment for employees and a safe shopping environment for customers.

Health and Safety Management System (ISO 45001) Certified



Health and Safety Management Policy

LOTTE Shopping establishes health and safety management policies for each Business Division. We prioritize the safety of various stakeholders, including employees, partners, and customers, and aim to create a safe working environment by identifying and managing risks in advance. We also conduct preventive activities and training to ensure immediate responses to accidents, disasters, and other hazardous situations.



- Environmental
- Social
 - Human Rights Management
 - Human Resources Management
 - Health and Safety Management**
 - Sustainable Supply Chain
 - Customer Satisfaction
 - Social Contributions
- Governance



Health and Safety Management **Health and Safety Activities >>**

Health and Safety Management Activities

Expanded Investment in Health and Safety

LOTTE Shopping allocates more than 2% of its total sales to safety management expenses for all business sites, which covers facility inspections, system maintenance, enhancement of health and safety, and the prevention of major industrial accidents.

Strengthening of Safety Management During Vulnerable Periods

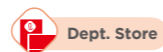
LOTTE Shopping pays particular attention to safety management during periods when safety accidents are more likely to occur, such as times of heavy rain, the thawing season, summer, and winter. Each Business Division identifies its own vulnerable periods and systematically manages them according to a manual that outlines items requiring head office-level oversight and specific accident response measures.

Employee Health Support

Alongside ensuring a safe working environment, LOTTE Shopping supports the ongoing health management of its employees. We subsidize health check-up costs for all employees and operate on-site psychological counseling centers considering the high volume of customer interactions in their work. We also dispatch the Traveling Psychological Counseling Center to various business sites.

LOTTE Department Store has created a dedicated website to manage employee health check-up records, while LOTTE E-Commerce has operated an in-house health management office since November 2022. This office helps employees with health management by providing body composition tests, stress measurements, first-aid supplies, and wound disinfection. It also offers health and safety training, including CPR practice, nutrition education, and cardiovascular disease prevention education.

Expansion of Health and Safety Facilities



After overhauling its health and safety management system in 2022, LOTTE Department Store further advanced its health and safety activities in 2023 by introducing the SE-FMS, an integrated management system for safety, health, and facility safety. We have implemented a fire monitoring system using learning-based AI (artificial intelligence) and automated exhaust fans in underground parking areas that activate in the event of a fire. In addition, we developed an under-vehicle direct water spray system to promptly respond to electric vehicle fires.

Health and Safety Education

LOTTE Shopping requires all employees to complete mandatory industrial health and safety training. LOTTE Department Store has equipped all locations with CPR training equipment and regularly conducts training sessions for employees. Each branch appoints health and safety management officers and supervisors, who receive training on job competencies and the latest legal information at least twice a year. In 2023, a total of 114 safety managers from LOTTE Mart's head office, stores, and Fresh Quality Innovation Center obtained BLS (basic life support) instructor certification, which is recognized by the Ministry of the Interior and Safety and allows them to conduct CPR training. Consequently, all employees receive first aid training, including CPR, at least once per quarter to improve their knowledge, skills, and ability to handle emergencies.

Obtained the BLS PROVIDER certification



Workplace Safety Inspections

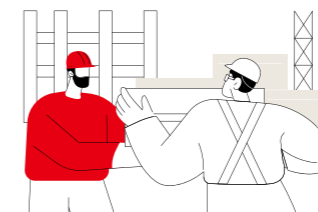
LOTTE Shopping regularly inspects and manages key facilities with specialized safety personnel to ensure the safety of both employees and customers. In accordance with Article 4 (5) of the Enforcement Decree of the Serious Accidents Punishment Act, we evaluate the safety management status of all Business Divisions at least twice a year. The results and improvement measures are reported to the CEO.

We identify and implement improvement tasks for company-wide safety risks to prevent fires and industrial accidents. Each Business Divisions also identifies and addresses its own risk factors. In addition, we conduct annual safety inspections and consultations with external professional firms to eliminate blind spots in management. LOTTE Shopping remains committed to enhancing safety standards to protect its customers and employees.

Safety Inspection Results in 2023¹⁾



1) All Business Division combined



2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

• Environmental

• Social

Human Rights Management

Human Resources Management

Health and Safety Management

Sustainable Supply Chain

Customer Satisfaction

Social Contributions

• Governance

APPENDIX



Sustainable Supply Chain

Supply Chain ESG Management >>

With global supply chain risks emerging as a key ESG issue, responsible supply chain management is essential for enhancing product and service quality and ensuring business stability. As a major retailer, LOTTE Shopping collaborates with a diverse and extensive range of partners. To expand ESG management across the entire supply chain and enhance our ESG capabilities, we have refined partner selection and evaluation criteria and assessed supply chain sustainability based on our Partners Code of Conduct. In addition, alongside our partners, we operate various education programs, consulting programs, and market development support projects to foster win-win growth and mutual cooperation with small and medium-sized retail companies and local communities.

ESG Management Expansion in Supply Chain

Partner Selection and Evaluation

To build a sustainable supply chain, LOTTE Shopping has established transaction standards, selection criteria, and evaluation criteria for partner selection and assessment. We set minimum transaction standards based on financial and credit ratings and identify and prevent risks in advance through transaction restriction criteria. To improve product and service quality, we review various factors in addition to bid prices and conduct regular and inbound evaluations based on contract types. Since 2023, we have included an SH (safety & health) evaluation in the transaction criteria for new construction and service companies to assess the safety and health capabilities of partners. The SH evaluation, conducted by a professional credit rating agency, reviews major safety and health activities. In 2023, all new partners of LOTTE Department Store met the relevant standards. LOTTE Mart and LOTTE Super completed pilot tests in 2023 and plan to formally adopt this evaluation from 2024. LOTTE Mart and LOTTE Super conduct separate quality safety and ESG evaluations for procurement/service partners to ensure their safety and health management systems and levels are rigorously inspected. The evaluations include participation in safety and health education and training, facility inspections, and adherence to welfare systems for partner employees. LOTTE E-Commerce conducts a separate entry evaluation where anyone can freely participate, reflecting the nature of the open market. We evaluate basic entry requirements, copyright and intellectual property infringements, the legal compliance of products, youth protection certification, and the trust and safety issues.

Code of Conduct and Self-Assessment Checklist

[LINK](#) | CoC For LOTTE Shopping's Partners

'Code of Conduct For LOTTE Shopping's Partners' outlines management principles and methods for compliance, ethics, human rights, the environment, safety, and sustainable management systems for all partners providing goods or services or engaging in other transactions. By specifying compliance with this code in contracts, we encourage sustainable win-win growth and social value creation through all business activities, and we urge partners to actively respond to and participate in LOTTE Shopping's ESG risk assessment and improvement measures. The Partners Self-Assessment Form, comprising 29 questions on compliance, ethics, human rights, the environment, and safety, allows partners to evaluate their ESG management status and thereby check supply chain sustainability.

Management Principles of Code of Conduct



2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

- Environmental
- **Social**
 - Human Rights Management
 - Human Resources Management
 - Health and Safety Management
 - Sustainable Supply Chain**
 - Customer Satisfaction
 - Social Contributions
- Governance

APPENDIX



Sustainable Supply Chain **Supply Chain ESG Management >>**

Enhancement of Supply Chain ESG Capabilities

Hygiene Grade Certification Consulting for Partners



LOTTE Department Store has implemented a food safety co-prosperity program to support small F&B partners in acquiring HACCP (Hazard Analysis and Critical Control Point) Certification and Restaurant Hygiene Grade Certification. In 2023, in collaboration with the LOTTE R&D Center, we conducted hygiene rating consulting for small F&B partners across department stores and outlets nationwide. The hygiene rating system, supervised by the Ministry of Food and Drug Safety, evaluates 44 hygiene-related items and designates establishments with outstanding results as “Excellent,” “Very Good,” or “Good.” From May to December 2023, we provided on-site hygiene assessments and improvement solutions to 85 partner companies who applied. We aimed for “Excellent” and “Very Good” ratings and offered additional rewards from department stores to encourage participation and the implementation of improvement measures. As a result, 48 partners achieved “Excellent” and “Very Good” ratings.

Hygiene Grade Certification Consulting in 2023



ESG Consulting for Partners



Since 2021, LOTTE Department Store and LOTTE Mart have operated an ESG consulting program to diagnose risks and identify improvement measures for the overall ESG management status of their partners, and provide relevant training programs. In 2023, we provided consulting to ten partners at LOTTE Department Store, with nine achieving ESG Excellent SME certification. At LOTTE Mart, partners participating in the consulting program conduct self-assessments using checklists and implement improvement tasks based on their ESG diagnosis scores. The diagnosis includes environmental management and strategy, which covers environmental certifications, engagement in eco-friendly business, maintenance of environmental organizations and compliance with environmental regulations. It also covers social items related to employment, customers, and safety, as well as management items related to business stability and ethical management. In 2023, we conducted consulting for nine product partners and ten purchasing/service partners, and provided incentives to nine partners who achieved a high improvement rate.

Partner ESG Consulting in 2023

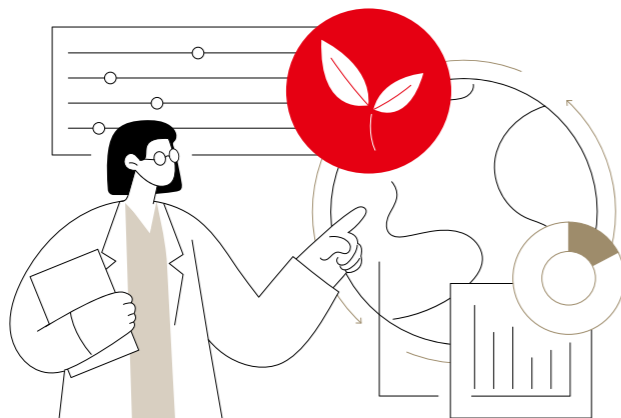


1) Dept. Store: Partners achieving Excellent SME certification
2) Mart: Partners achieving high improvement rates above internal standards

EPD Certification Consulting



To promote responsible product sourcing, LOTTE Mart has expanded EPD (Environmental Product Declarations) certification for PB products. We supported small PB manufacturing partners that supply LOTTE Shopping by providing free EPD certification consulting. EPD certification quantifies and displays environmental impacts throughout a product's lifecycle, from raw material procurement to production, retail, and disposal. We support this by conducting facility inspections based on carbon emission data for products manufactured by partners. In 2023, five partners obtained EPD certification for ten products. Moving forward, LOTTE Mart plans to pursue low-carbon certification and continue promoting the production and purchase of eco-friendly products.



- Environmental
- Social
 - Human Rights Management
 - Human Resources Management
 - Health and Safety Management
 - Sustainable Supply Chain**
 - Customer Satisfaction
 - Social Contributions
- Governance



Sustainable Supply Chain **Win-Win Growth and Cooperation** >>

Consulting for Partners

L-LAB



“L-LAB” is a win-win growth program of LOTTE Department Store that supports the overall research and development processes of partners based on technological cooperation. This program provides comprehensive consulting services covering planning, design, quality improvement, and retail. It includes support for product development costs for small and medium-sized partner companies planning collaboration products with LOTTE Department Store, as well as support for obtaining national certification qualifications to enhance product quality.

In 2023, the program operated a product design and packaging development support program for LOTTE Department Store’s own lifestyle editorial store, “SISIHOSI.” To aid domestic small and medium-sized enterprises in product development and market expansion, L-LAB covered the costs necessary for development and sample production. For instance, it supported packaging design in collaboration with the eco-friendly stationery brand “Trolls Paper” and the traditional Hanji design brand “Tomorrow Forty.” Products that underwent a three-month, three-phase consulting process were ultimately launched and sold at SISIHOSI stores in LOTTE Department Store.

MD Capability Enhancement Consulting



Since 2021, LOTTE E-Commerce has been conducting capacity-building consulting for partners by leveraging internal MD resources in collaboration with various public institutions and local governments connected to the Ministry of SMEs and Startups. This initiative aims to share practical know-how to enhance E-Commerce sales for various enterprises, including general small businesses, women-owned businesses, youth enterprises, and social enterprises. In the summer of 2023, LOTTE E-Commerce collaborated with the Siheung Industrial Development Agency to host the “Siheung MADE Promotion Fair,” which provided consulting to approximately 30 small and medium-sized enterprises in Siheung city. This event significantly contributed to discovering and branding outstanding products from Siheung through a linked special exhibition.



2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

- Environmental
- Social
 - Human Rights Management
 - Human Resources Management
 - Health and Safety Management
 - Sustainable Supply Chain**
 - Customer Satisfaction
 - Social Contributions
- Governance

APPENDIX



Sustainable Supply Chain **Win-Win Growth and Cooperation >>**

Training for Partners

Companionship Workshop for Enhancing Communication with Partners



LOTTE Department Store set “strengthening communication” as the strategic keyword for co-prosperity in 2023 and launched the Companionship Workshop as the first project to enhance communication with small and medium-sized partners. The workshop, held in four sessions, included 50 operational staff from LOTTE Department Store, including department heads, team leaders, and buyers, along with approximately 300 sales representatives from small and medium-sized partners. The aim of the program was to foster cooperation and win-win growth by creating “Time for communication”. In addition, it introduced win-win growth programs, enhanced sales job capabilities, and provided trend education.

Win-Win Growth Academy

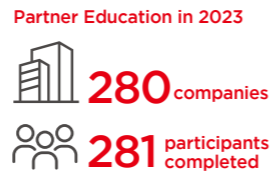


LOTTE Department Store’s Win-Win Growth Academy offers job competency enhancement education to employees of small and medium-sized partners. In 2023, the academy provided education on the Fourth Industrial Revolution, organizational culture, and other relevant topics to about 300 fair trade agreement partners and invited renowned industry experts to deliver the training sessions.

Online Education for Partner Employees



Since 2021, LOTTE Mart has provided online education to partner employees on various business-related topics. In 2023, the education topics included issues tailored to small and medium-sized partners, such as “Preventing Risks Related to Worker and Employee Resignations” and “Policy Funds for the Second Half of 2023.”



LOTTE ON Win-Win Education



LOTTE E-Commerce leverages LOTTE Shopping’s robust retail capabilities to share accumulated know-how through an online platform, thereby supporting the capability and competitiveness of small and medium-sized enterprises.

In 2023, LOTTE E-Commerce provided online education on various topics, including marketing, advertising, government support programs, secure transactions, promotions, and sales strategies to 4,745 SMEs and new online sellers. In addition, we conducted offline education and MD consulting to expand online sales channels for 283 SMEs across regions such as Gangwon, Gyeongnam, Daegu and Incheon.

Financial Support

Win-win Growth Investment Fund

To ensure the managerial and financial stability of its partners, LOTTE Shopping operates a Win-Win Growth Fund for each Business Division.

Category	Department Store	Mart	Super	E-Commerce
Target	Trading partners	Trading partners	Trading partners	Trading partners
Support Period	Up to 2 years ¹⁾	Up to 5 years	Up to 5 years	1 year (extendable upon expiry)
Fund Size	KRW 100 billion · KRW 92 billion from IBK · KRW 8 billion from Woori Bank	KRW 80 billion	KRW 23 billion	KRW 8 billion
Support Limit per Partner	Up to KRW 1 billion	Up to KRW 2 billion	Up to KRW 2 billion	Up to KRW 300 million
Interest Rate Reduction	Maximum at IBK 3.66% Minimum at Woori Bank 1.98%	Maximum 3.66% (varies by bank)	Maximum 3.66% (varies by bank)	Maximum 2.09% (varies by bank)

¹⁾ Submission of the Korea commission for Corporate Partnership Certified ESG Excellent SME Certificate allows for an extension of up to four years.

Win-win Growth Support Fund

LOTTE Department Store operates an interest-free loan fund to provide emergency financial support to partners in need.

	Department Store
Target	Trading partners
Support Period	Up to 2 years
Fund Size	KRW 100 billion
Support Limit per Partner	Up to KRW 400 million (based on 50% of average sales over the last 3 months)

- Environmental

• **Social**

- Human Rights Management
- Human Resources Management
- Health and Safety Management

Sustainable Supply Chain

- Customer Satisfaction
- Social Contributions

- Governance



Sustainable Supply Chain **Win-Win Growth and Cooperation >>**

Sales Support for SME

LOTTE - Korea Brand Expo



LOTTE Department Store and LOTTE Mart participate annually in the Korea Brand Expo hosted by the LOTTE Group. In 2023, the Brand Expo was held in Sydney and Jakarta and participants included LOTTE Holdings, six retail affiliates, and food affiliates. The event featured import consultation sessions aimed at assisting 100 Indonesian SMEs in entering the Korean market. In addition, we held an export consultation session to provide overseas market entry know-how and product localization consulting by matching domestic small and medium-sized businesses with local buyers on a one-to-one basis, and a consumer goods promotion exhibition for local customers at LOTTE Shopping Avenue in Jakarta.

2023 Korea Brand Expo Operating Status¹⁾



¹⁾ Based on the cumulative totals for the Jakarta and Sydney Expos



Regional Small Business Pop-Up Store



LOTTE Department Store Daejeon provides promising small local businesses with opportunities to operate pop-up stores within the department store. Recognizing that many small local businesses rely on advertising agencies for promotion, we invited various local eateries as well as specialty and traditional market food sellers to participate in promotional events. Successful brands from these events have subsequently gained permanent placements not only at LOTTE Department Store Daejeon but at other stores as well.

K-Souvenir Support Program



LOTTE Department Store operates the K-Souvenir Program for small businesses through its lifestyle curation shop SISIHOSHI. In collaboration with the Korea Tourism Organization, the program selected eight regional food tourism souvenirs following a year of market research and five review sessions with over 100 markets. These selected items, along with 20 K-street food brands, were featured in the local-food-themed Local Express pop-up store at the main store.

Local Food Promotion Program



LOTTE Mart is innovating its retail process for fresh produce to enhance the market access of local agricultural products and boost fresh food competitiveness. The “Local Food” initiative sells agricultural products grown within a 50 km radius, bypassing long-distance transportation and multi-stage retail to maximize freshness. LOTTE Mart has established direct networks with farmers through local MDs and ensures quality competitiveness through its own standards, L-GAP (LOTTE-Good Agricultural Practices).

2023 K-Shopping Festa



LOTTE E-Commerce participated in the 2023 K-Shopping Festa, a consumer festival organized by the Ministry of SMEs and Startups and the Korea SMEs and Startups Agency, to promote excellent products of small businesses and increase sales. Held in May, September, and December, the festival featured promotional exhibitions for approximately 3,000 small partners listed on LOTTE ON, showcasing food, daily-life products, fashion, electronics, and more. Support activities included providing partners with customer discount coupons of up to 30%, planning and operating consumer participation events, producing promotional videos, and various other win-win growth initiatives.

2023 Win-Win Business Status



2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

- Environmental
- Social
 - Human Rights Management
 - Human Resources Management
 - Health and Safety Management
- Sustainable Supply Chain
 - Customer Satisfaction
 - Social Contributions

- Governance

APPENDIX



Sustainable Supply Chain **Win-Win Growth and Cooperation >>**

Support for Partners

Win-Win Margin Program



In 2023, LOTTE Department Store introduced the Win-Win Margin Program, which reduces sales commission rates (margin rates) by up to five percentage points for selected excellent small and medium-sized enterprise partners that require nurturing. These excellent partners are selected based on specific criteria tailored to the characteristics of each product category. In 2023, 225 companies benefited from this program. With the implementation of the Win-Win Margin Program, SME partners can achieve substantial profit increases based on their sales performance, while the department store aims to boost overall sales revenue.

Win-Win Payment Education



In November 2023, LOTTE Department Store, in collaboration with the Korea Foundation for Cooperation of Large & Small Business, Rural Affairs, conducted win-win payment education for its first-tier partners. To support fair trade between its first and second-tier partners, LOTTE Department Store has introduced the Win-Win Payment System. This system assists first-tier partners in establishing fair trading relationships with second-tier partners and improving payment terms. The education session covered the details and operational directions of the system.

Cash Payment Monitoring



LOTTE Mart and LOTTE Super operate a complimentary cash payment monitoring system to support the coexistence of its first-tier partners and their second-tier partners. Through this system, first-tier partners can verify whether they have paid second-tier partners by the promised payment date specified in their contracts. This system allows monitoring of payment statuses and dates.

2023 Cash Payment Monitoring Status

Participating Partners
75 companies

Payment Compliance Rate¹⁾
100%

¹⁾ Compliance rate of first-tier partners paying second-tier partners by the agreed payment dates

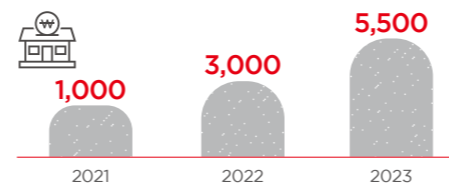
ON DREAM Project and LOTTE ON Partner.ship



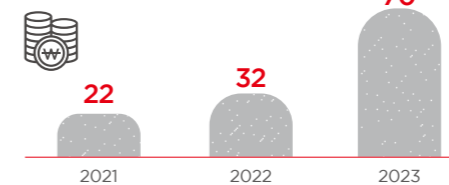
Since 2021, LOTTE E-Commerce has been operating the ON DREAM partnership project to support small business owners in entering the online market and help them enhance their business operations and retail capabilities. This project aids small business sellers by supporting all processes needed for online sales, from store setup to product registration and promotions.

The project helps small partners expand their retail channels through dedicated promotional events and the identification of overseas buyers. It also provides consulting and educational programs for capacity building. In addition, the LOTTE ON Partner.ship service connects small partners with LOTTE ON's affiliated companies, which offer various essential business services such as website and promotional material production, buyer identification for overseas expansion, corporate branding, and tax and accounting advice at up to a 30% discount.

Supported SMEs (Unit: company)



Sales of SMEs (Unit: KRW billion)



2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

- Environmental

- **Social**

- Human Rights Management
- Human Resources Management
- Health and Safety Management

- Sustainable Supply Chain**

- Customer Satisfaction
- Social Contributions

- Governance

APPENDIX



Sustainable Supply Chain **Win-Win Growth and Cooperation >>**

Support for Local Community

Myeongdong Festival



LOTTE Department Store, in collaboration with the Seoul Metropolitan Government, hosted the Myeongdong Festival 2023 to invigorate the Myeongdong commercial district by increasing the influx of tourists. As part of the Seoul Festa held across the city, LOTTE Department Store was responsible for planning and preparing the entire event for the Myeongdong region. Renowned domestic artist GRAPLEX specially designed graphics for Myeongdong streets, vacant shops, and old facilities. In addition, LOTTE Young Plaza Myeongdong showcased large façade video artworks. In partnership with the Myeongdong Merchants' Association, the store held various events inside and outside the department store and offered discount coupons usable at over 40 local stores to customers who made purchases over KRW 50,000.



K-Variety Project



Since 2021, LOTTE Mart has implemented the K-Variety Project to promote domestic agricultural development and foster co-prosperity with farmers by introducing locally produced agricultural products to consumers. This project aims to reduce the royalty burden of foreign varieties, thereby improving farmers' profits and providing healthy produce to customers. Starting with around 100 domestic-variety agricultural products at the project's inception, the assortment more than doubled by 2023. Through an agreement with the National Institute of Horticultural and Herbal Science, LOTTE Mart supports the development of new domestic seed varieties, the securing of retail channels, and promotional activities.

"One Store, One Traditional Market" Project



Since 2014, LOTTE Mart has been supporting traditional market revitalization through the One Store, One Traditional Market project which develops sisterhood ties between each store and a traditional market. Currently, about 30 stores participate and are promoting joint marketing efforts to encourage traditional market use on store holidays and supporting market facilities with repairs and consulting services.

Mokryeon Market Hygiene and Safety Consulting



In 2023, LOTTE Mart, in collaboration with the LOTTE R&D Center, conducted hygiene and safety consulting at Mokryeon Market in Daegu. As part of the MOU for Quality Co-Prosperity Partnership for traditional market revitalization, LOTTE Mart supports hygiene and safety management and environmental improvements in traditional markets to help boost their competitiveness. They shared food safety expertise, and provided environmental improvement supplies, eco-friendly shopping bags and standardized waste bags. Future plans include consulting for restaurant hygiene rating certification.



Rural ESG Implementation Program



LOTTE Mart was selected as an excellent ESG practice company for 2023 in recognition of its various ESG activities targeting rural areas. Its initiatives include collecting recyclable waste, replacing outdated heating and cooling equipment, installing electric vehicle charging stations, hiring local residents, and distributing uniquely shaped agricultural products to promote sustainability and support rural communities.



2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

- Environmental
- Social
 - Human Rights Management
 - Human Resources Management
 - Health and Safety Management
 - Sustainable Supply Chain**
 - Customer Satisfaction
 - Social Contributions
- Governance

APPENDIX



Customer Satisfaction

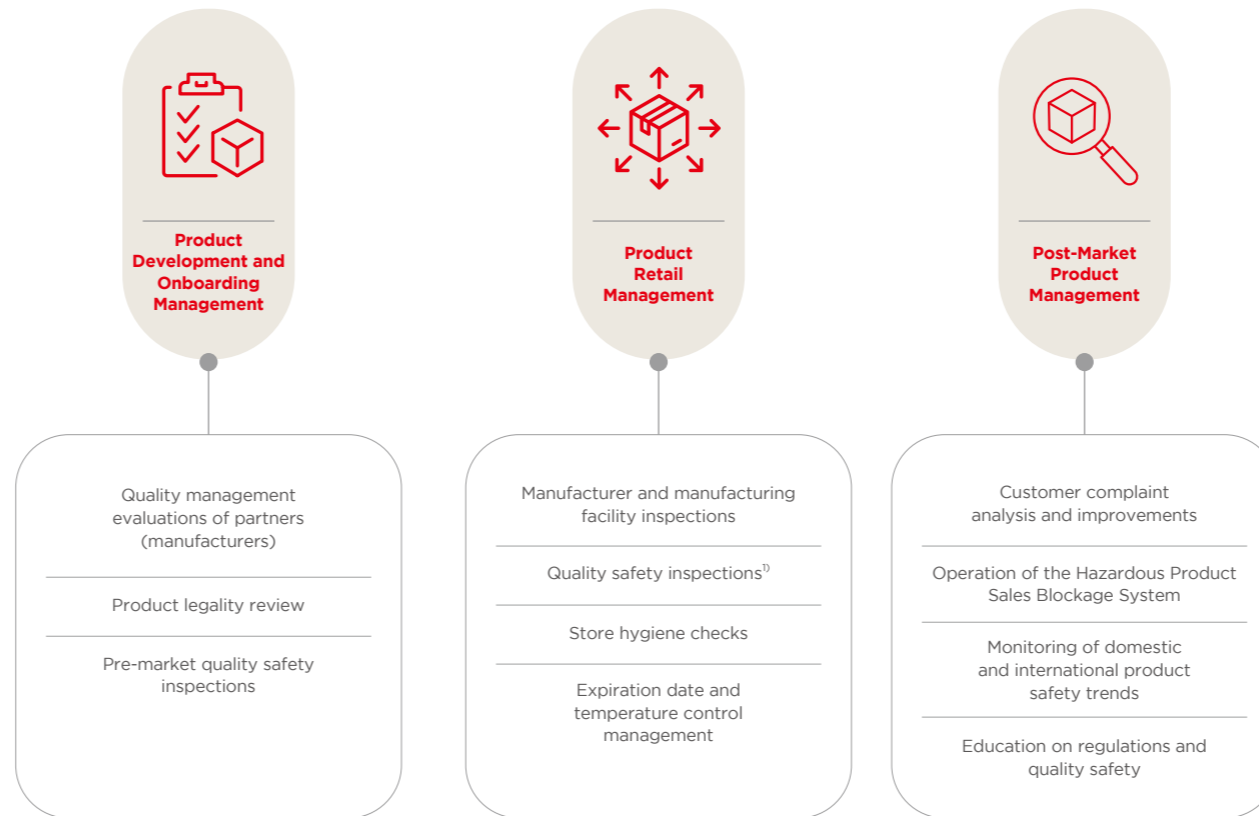
Quality Safety Management >>

Quality Safety Management System

LOTTE Shopping has built a comprehensive quality safety management system across its retail network, centered on the LOTTE R&D Center and quality safety management personnel in each Business Division. We purchase products through rigorous verification processes, and for products manufactured directly, perform quality safety evaluations and management activities at each stage of the process, from raw materials to manufacturing, retail, and sales. Furthermore, in cooperation with government agencies, the LOTTE R&D Center Safety Center, and each Business Division, we monitor the retail and consumption stages in real-time to respond promptly to any quality safety risks.

LOTTE Shopping prioritizes customer safety and satisfaction and strives to provide the highest quality products and services safely. We have established strict quality safety management standards and processes to create a retail environment where customers can confidently purchase legal and safe products. We conduct quality safety management activities that take into account the characteristics of the products and the retail environment. In addition, to ensure the best shopping experience both online and offline, we listen to customer feedback and actively incorporate suggestions to improve our products and services.

Quality Safety Management Process for Product Life Cycles



¹⁾ Quality safety inspections are conducted separately according to the retail system of each Business Division.



2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

- Environmental
- **Social**
 - Human Rights Management
 - Human Resources Management
 - Health and Safety Management
 - Sustainable Supply Chain
 - Customer Satisfaction**
 - Social Contributions
- Governance

APPENDIX



Customer Satisfaction **Quality Safety Management >>**

Product Quality and Safety Management Activities

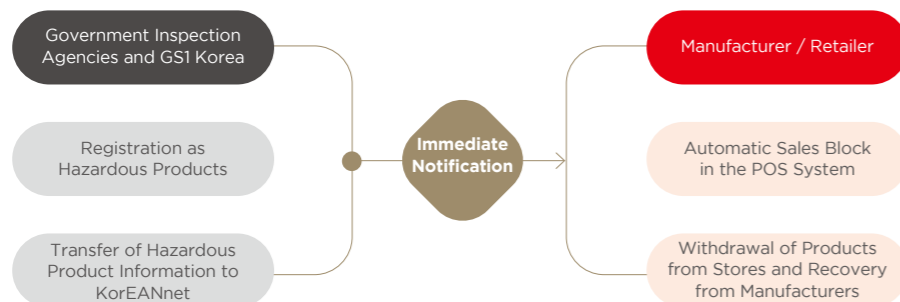
Strengthened Safety Management of Temperature-Sensitive Food Groups in Summer

LOTTE Shopping is committed to preventing food poisoning accidents by enhancing the quality maintenance and safety management of temperature-sensitive food groups during the summer. We set up a focused management period for the summer in collaboration with the LOTTE Safety Center and manage hygiene in three stages based on risk levels. In particular, for ready-to-eat foods like sushi and gimhap, we shorten the sales time and conduct unannounced early morning inspections to check equipment cleanliness and temperature compliance.



Blocking Sales of Hazardous Products

To ensure safe consumption, LOTTE Shopping introduced the Hazardous Product Sales Blockage System in 2009, a first in the domestic retail industry, and has been operating it since. This system, run jointly by 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 Environment, immediately halts the sale of illegal and hazardous products once their recall information is registered in the system. All LOTTE Group retail affiliates and the LOTTE Safety Center operate a real-time communication channel to enforce immediate cessation and follow-up actions.



Quality and Hygiene Guidance by Quality Evaluators



Quality and Hygiene Guidance Activities in 2023

Number of Quality Evaluators

40 people

Number of Guidance Sessions

2,739 sessions

87,648 hours

LOTTE Department Store designates quality evaluators by store or region to provide quality and hygiene guidance to 2,451 partner companies across 54 stores. Evaluations tailored to the circumstances of each store and partner company are conducted in cooperation with the LOTTE R&D Center Safety Center. The entire process, from evaluation to the implementation of corrective actions and the inspection of improvement status, is managed through cross-checks between the Safety Center and quality evaluators. The results are submitted via LOTTE's hygiene inspection integrated management system, the Hi Genie app.

Preemptive Hazard Prevention Process



Dept. Store | Mart | Super

To provide safer products for customers, LOTTE Mart and LOTTE Super manage products with their own internal standards, which are stricter than domestic legal requirements. For hazardous substances, they identify risks for each product category and formulate internal standards that go beyond domestic legal standards and comply with overseas standards. In addition, they continually monitor overseas issues and regulations to ensure stricter product management. In response to safety issues that may cause customer anxiety, we act swiftly and preemptively. In response to the radioactive contamination issue with Japanese seafood, LOTTE Department Store continuously checks radiation levels through the National Fisheries Products Quality Management Service and conducts weekly detailed inspections of key fish species upon arrival. Similarly, LOTTE Mart and LOTTE Super have established a four-step radiation inspection system from production areas to stores to provide safer products.

Retail Path Inspections



Mart | Super

LOTTE Mart and LOTTE Super's logistics center laboratories conduct retail path inspections of ready-to-eat foods before they arrive at stores. We perform microbial tests for E. coli and food poisoning bacteria on raw ingredients for deli and seafood items such as sashimi and sushi. In particular, raw oysters undergo rigorous norovirus testing. Through the Fresh Quality Innovation Center, we also conduct pesticide residue inspections on agricultural products. To provide safe agricultural products to customers, we select items for monitoring based on frequently non-compliant agricultural product data from the Ministry of Food and Drug Safety, perform daily pesticide residue inspections, and ensure immediate suspension and improvement upon the detection of residues.

- Environmental
- **Social**
 - Human Rights Management
 - Human Resources Management
 - Health and Safety Management
 - Sustainable Supply Chain
 - Customer Satisfaction**
 - Social Contributions

- Governance



Customer Satisfaction **Quality Safety Management >>**

Product Quality and Safety Management Activities

Store Kitchen Hygiene Management



LOTTE Mart and LOTTE Super regularly inspect kitchen facilities and conduct safety checks on products produced in these facilities to ensure quality and safety. In collaboration with the LOTTE R&D Center Safety Center, we conduct annual inspections of kitchen facility compliance and hygiene conditions, along with monitoring of raw materials and finished products. In addition, each store has a dedicated QSV (quality supervisor) responsible for ensuring the hygiene and safety of products. The results of the hygiene inspections conducted by QSVs are shared in real-time through the integrated hygiene inspection management app Hi Genie, which enables immediate monitoring and corrective actions.

Management of Household Chemical Products



To provide customers with safe and compliant products, LOTTE Mart ensures that products meet legal specifications and safety standards. Particularly for PB (private brand) products, we set management standards based on product risk levels, primary user age groups, and the frequency of social issues with the aim of guaranteeing a higher level of quality and safety. Since 2017, we have participated in the voluntary agreement for the safety management of household chemical products and are disclosing all product ingredients on the Ministry of Environment's Green NuRi website to enhance corporate responsibility for product safety and ensure consumers' right to know. Notably, in 2023, three of LOTTE Mart's household chemical products¹⁾ were selected as excellent products for reducing hazardous chemicals.²⁾ In 2024, we plan to expand the release of such products and participate in the voluntary safety information system.

1) GOOD TODAY Oxygen Bleach, GOOD TODAY Baking Soda, GOOD TODAY Moisture Absorber.
2) Following raw material evaluations and the disclosure of all ingredients, these products were recognized as reducing or replacing harmful substances.

Direct Purchase of Luxury Goods



LOTTE E-Commerce is striving to establish LOTTE ON's ON&THE LUXURY as a trusted luxury platform. The responsible MD curates brands and products based on trends and contracts directly with local partners in Italy and across Europe to purchase products directly. Purchased items undergo thorough inspections at the logistics center to verify authenticity before being listed. To promote the reliability of the platform and products, we held the Direct Purchase Luxury event using eco-friendly boxes marked as directly purchased and verified by LOTTE ON. As a result, delivery times were significantly reduced, and sales during the event increased more than tenfold compared to the previous year.

Authenticity Issues and Complaints in 2023
0(ZERO) cases

Ultra-Fresh Program



LOTTE E-Commerce operates the Ultra-Fresh Program to cater to customers purchasing fresh food online. For items that require freshness, we specify the remaining shelf life of the delivered product and offer the Ultra-Fresh Guarantee service that provides an immediate refund without product return if the freshness or quality is unsatisfactory.

Online Product Management



Starting in December 2023, LOTTE E-Commerce has strengthened safety management by adding a validity verification process for certification information during product registration. In collaboration with the LOTTE R&D Center Safety Center, we inspect KC certification for electrical and children's products. Inspections are conducted within three days of the product's sales start date, with 24-hour continuous monitoring via RPA, followed by secondary verification by the LOTTE R&D Center to identify non-compliant products. Non-compliant products are automatically flagged for correction by the seller and sales manager, with sales halted if issues are not resolved within the specified timeframe.



2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

- Environmental
- **Social**
 - Human Rights Management
 - Human Resources Management
 - Health and Safety Management
 - Sustainable Supply Chain
 - Customer Satisfaction**
 - Social Contributions
- Governance

APPENDIX



Customer Satisfaction **Quality Safety Management** >>

Product Quality and Safety Management Activities

Fresh Food Quality Improvement Project: Revitalize Freshness



RE-FRESH
신선
새롭게

Since 2022, LOTTE Mart has been conducting the Revitalize Freshness project with the goal of consistently providing fresh food with excellent taste and quality. This project involves analyzing and improving the entire retail process from selecting seeds at the production site to harvesting and displaying products, and ensures that only quality-guaranteed products are sold to customers. As of March 2024, we had identified 220 improvement tasks for 45 items, including fruit, livestock products, and seafood, thereby enhancing our competitive edge in quality.

Case 1

Fruit

LOTTE Mart manages the types of seedlings, planting times, and optimal harvest periods for each farm through the Farm Cultivation Diary. Due to this management, we have maintained a rate of over 95% for high-sugar watermelons with a Brix value of 11 or more. In addition, 100% of the products undergo non-destructive sugar content testing at the regional agricultural products retail center in a second sorting process. After entering the logistics center, random sample sugar content checks keep the defective product shipment rate below 0.1%. For apples, we are the first major retailer to apply AI sorting technology and we collaborate with local retail centers to distribute high-quality products. The AI sorting system enhances the quality standards and verification reliability of apples. Peaches also undergo 100% non-destructive sugar content selection and freshness maintenance techniques to maintain consistent taste and quality.



1) 11 Brix or more, as of 2023
2) As of 2023

Case 2

Hanwoo (Korean Beef)

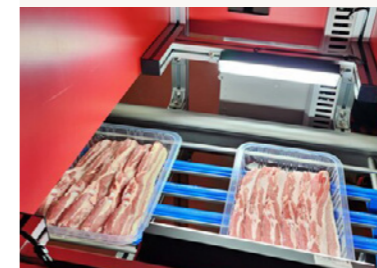
LOTTE Mart has revolutionized the retail structure of the livestock sector. By having our MDs make purchases directly at local Korean beef auctions, we manage quality while minimizing the retail stages, so we can offer products at reasonable prices. Launched in 2022, the high-end Korean beef brand Marble Nine is a result of this retail structure innovation. It includes only BMS No. 9 grade products, which must achieve top scores in marbling, meat color, and fat color within the 1++ grade. As of February 2024, Marble Nine's Korean beef sirloin sold at approximately 14% less than the February consumer price average from the Korean Livestock Products Quality Evaluation Institute. In addition, we provide eco-friendly antibiotic-free Korean beef under the Clean Livestock Farm brand. These products come from farms rigorously verified by the Livestock Environment Management Institute and the Ministry of Agriculture, Food and Rural Affairs, and are sold through direct contracts with these farms.



Case 3

Pork Belly

In February 2024, LOTTE Mart introduced an AI selection system for pork belly quality assurance. The system enhances consistency in quality standards by inspecting and finalizing all products sold. At the Fresh Innovation Center, cross-sections of pork belly are photographed and AI learning technology is applied to preemptively block the sale of overly fatty products, while the inspection upon arrival frequency for sample products has been doubled. We continuously manage quality by tracking the product history information obtained through the AI selection inspections and ensure that customers can visually verify a product's condition by displaying it fully in the packaging.



2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

- Environmental
- Social
 - Human Rights Management
 - Human Resources Management
 - Health and Safety Management
 - Sustainable Supply Chain
 - Customer Satisfaction**
 - Social Contributions
- Governance

APPENDIX



Customer Satisfaction **Quality Safety Management** >>

LOTTE R&D Center Safety Center

The LOTTE R&D Center Safety Center is a specialized research institution dedicated to ensuring the hygiene and safety of products in LOTTE Group's retail channels, including LOTTE Department Store, LOTTE Mart, LOTTE Super and LOTTE E-Commerce. Established in 1980 under LOTTE Shopping and officially launched in 2009, and through active investments and talent development has since become equipped with top-tier infrastructure and skilled researchers specializing in inspections, education, and analysis.

The center has developed a proprietary hygiene and safety management system based on domestic regulations and global food safety management systems. It conducts on-site inspections to enhance hygiene management levels in stores and offers specialized training more than 50 times a year with over 1,500 participants to foster a food safety culture and employee competencies. In addition, to ensure product safety, the center performs more than 18,000 safety tests annually, including preliminary and regular inspections of PB products.

In line with the accelerating trend of digital transformation, the LOTTE R&D Center Safety Center is developing various data-driven DT (digital transformation) systems and introducing RPA (robotic process automation) systems for efficient task execution. Leveraging its accumulated knowledge and expertise, the center continues to engage in corporate social responsibility activities such as providing hygiene consulting for traditional markets and offering analytical technology support and education to small and medium-sized partners.

Safety Inspections in 2023

Food **7,703** cases

Non-food **8,994** cases



Smart Food Safety Management

We digitize and analyze data through the Hi Genie platform, a comprehensive food hygiene inspection and safety information system, to manage hygiene levels and risks across business sites. We were the first in the country to integrate IoT technology into our store hygiene management, obtain Smart HACCP certification and apply smart monitoring systems to in-store cooking areas to foster an advanced food safety culture. In addition, advancements in edutech have been applied to education, including the introduction of metaverse training centers, simultaneous online and offline training sessions, and immersive VR content for store education.

Customer-Centric Technology Development

Foreign matter contamination in food, which directly affects consumer health, is a critical issue. To address this, we have developed frequent foreign matter identification technologies and established standard analysis procedures. New analytical technologies, such as DNA analysis of animal and plant tissues and pyrolyzer GC/MS for plastics, have been applied to broaden the range of detectable foreign matter and ensure accurate identification. We have also created and distributed a foreign matter analysis casebook to share knowledge and experience and enable quicker and more effective responses to foreign matter issues in the field, thereby ensuring customer peace of mind. We are committed to continuous research and technological development to expand the database of frequently occurring foreign matter and ensure ongoing enhancements in safety and quality management.



- Environmental
- **Social**
 - Human Rights Management
 - Human Resources Management
 - Health and Safety Management
 - Sustainable Supply Chain

- Social Contributions
- Governance



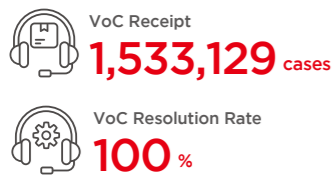
Customer Satisfaction [Customer Satisfaction Management >>](#)

Operation of the Integrated Customer Center

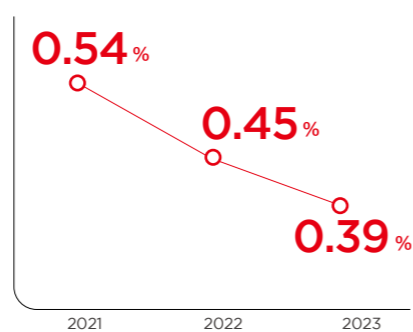
Operation of the Integrated Customer Center

LOTTE Shopping operates an integrated online customer center to enhance customer satisfaction through organic and efficient responses to customer inquiries. We have diversified our consultation service channels to include chatbots, live chat, and voice support to increase accessibility and convenience for our customers. Through our integrated customer center, we handle inquiries and complaints, and identify potential issues from the customer's perspective to improve our annual service defect rate. We also run a customer suggestion system, incorporate customer feedback into our business operations and service improvements, and communicate the outcomes directly to the customers. In addition to the integrated customer center, LOTTE Department Store operates a dedicated online VoC channel for more specific and personalized customer interactions. Each store's customer service office conducts daily real-time one-on-one consultations for VoC feedback received, and maintains a 100% resolution rate for inquiries.

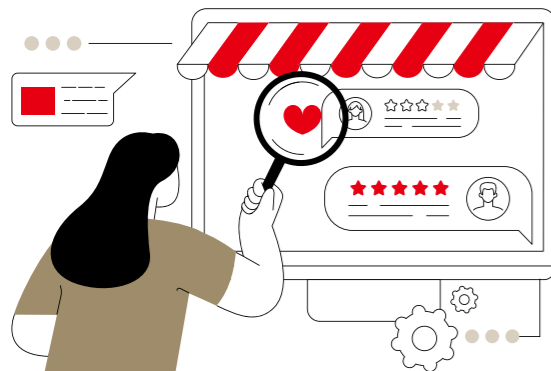
VoC Response Status in 2023



Service Defect Rate for Online Orders¹⁾



¹⁾ Service defect rate improvement goals: 0.35% by 2023, 0.30% by 2024, 0.25% by 2025



Customer Satisfaction Survey



Since 2023, LOTTE Department Store has conducted one customer satisfaction survey in each the first and second half of the year to improve services based on customer feedback. The survey targets are selected based on the frequency of store visits and purchase amounts, with approximately 400,000 customers participating in 2023. The surveys gather feedback on dissatisfaction and suggestions for improvement during visits and service usage at each store, which are then integrated into our service improvement plans for continuous action.

Customer Satisfaction Survey in 2023



VoC (Voice of the Customer) Management System

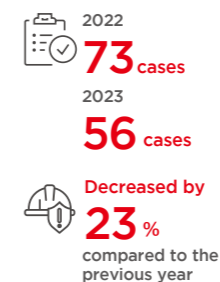
Through its VoC management system, LOTTE Shopping actively addresses customer needs and complaints to improve service quality. Issues received via the customer center are immediately shared with the relevant store, and we aim to verify and respond to VoC feedback within two days of registration. We maintain a continuous monitoring system by tracking VoC occurrences by type, store, and individual. Improvement plans are developed and implemented based on VoC analysis reports.

VoC Activity Outcomes



LOTTE Department Store creates a monthly VoC calendar to identify frequent types of VoC feedback during specific seasons or situations. We categorize issues as major or minor, develop improvement plans, and share them across all stores. In 2023, we opened a real-time accident/issue communication channel to address 73 safety-related VoC cases from 2022 and early 2023. We also provided training for on-site managers at high-risk facilities such as infant lounges. As a result, the number of safety-related VoC cases received in 2023 totaled 56, which is approximately a 23% decrease compared to the previous year.

Safety-Related VoC Status



2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

- Environmental
- **Social**
 - Human Rights Management
 - Human Resources Management
 - Health and Safety Management
 - Sustainable Supply Chain
 - Customer Satisfaction**
 - Social Contributions
- Governance

APPENDIX



Customer Satisfaction **Quality Safety Management** >>

Customer Satisfaction Enhancement Activities

Digital Platform Renewal



In March 2023, we relaunched the LOTTE Department Store app, which now utilizes location-based technology to offer differentiated content based on whether the user is inside or outside the store. Inside the store, the “Store In” mode provides shopping benefits, vehicle entry and exit information, and mobile receipts. Outside the store, the “Store Out” mode offers personalized shopping news tailored to individual preferences. As a result, the app’s MAU (monthly average users) increased by 20% compared to the previous year. We also installed dedicated kiosks tailored to customer needs and preferences based on an analysis of domestic and international kiosk functionalities. The new kiosks enhance convenience throughout the customer’s shopping journey by providing store information, vehicle and route-finding services, customer reviews for each store, and restaurant reservations through digital technology in offline stores. Consequently, in 2023, the LOTTE Department Store app and kiosks won eight major domestic and international awards.¹⁾²⁾

1) International: 2023 Red Dot Awards (2 awards), 2024 iF Design Awards (Product category)
 2) Domestic: ICT Awards (Minister’s Award/Gold Award), Korea Digital Management Innovation Awards in Distribution (Minister’s Award), i-Awards (2 Grand Awards)

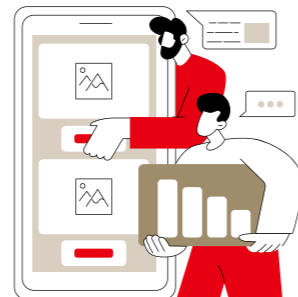
Monthly Average Users of the LOTTE Department Store App



App Service Improvements for In-Store Visitors



From March 2023 to February 2024, LOTTE Mart undertook a year-long overhaul of the LOTTE Mart GO app to enhance customer convenience. Unlike the online mall, LOTTE Mart GO is an offline-exclusive app offering dedicated benefits and store-related information to customers visiting physical stores. The app transitioned from providing uniform services to all customers to delivering personalized services based on individual purchase histories and product data. By implementing deep learning algorithms, the app now offers personalized product recommendations, banner displays, and “My Coupons” tailored to each customer’s characteristics, thereby encouraging more frequent visits to our offline stores.

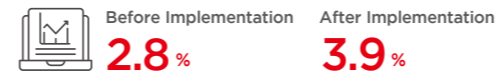


Personalized Recommendation Service



In June 2023, LOTTE E-Commerce introduced a personalized recommendation service using the Seargest (search + suggest) technology from the global AI company Upstage. This service recommends products based on customer preferences and data. The E-Commerce division provided commerce-related insights and data to enhance its analysis capabilities by utilizing more diverse and complex data, such as search patterns, purchase history, and product reviews. Upstage used this data to develop the most suitable AI model for LOTTE E-Commerce. In addition, LOTTE ON’s self-developed MAB (Multi-Armed Bandit) algorithm ensures that customers are shown the most effective algorithms, thereby increasing accuracy. The system is designed to monitor and check business metrics in real-time, allowing for continuous service improvement.

Purchase Conversion Rate through the Personalized Recommendation Service

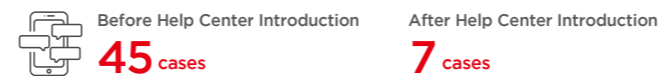


Mobile Help Center Operation



Since May 2023, LOTTE Mart has been operating a mobile help center, where customers can instantly check product prices, stock information, store holidays, and tenant operation information in real time. Customers who call the store are provided with a link to the mobile help center, where they can find relevant information directly on the page. This transition allows customers to quickly and accurately obtain information without waiting, as many of the inquiries previously handled by the customer center via phone can now be addressed online. Consequently, store staff can focus more on handling other customer inquiries directly.

Handling Status of Phone-based Customer Inquiries¹⁾



1) Average number of responses per day per store

- Human Rights Management
- Human Resources Management
- Health and Safety Management
- Sustainable Supply Chain

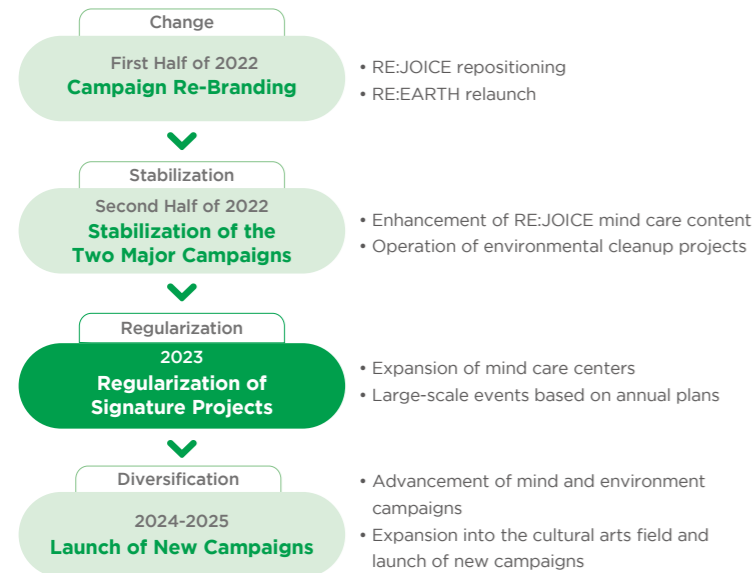


Social Contributions

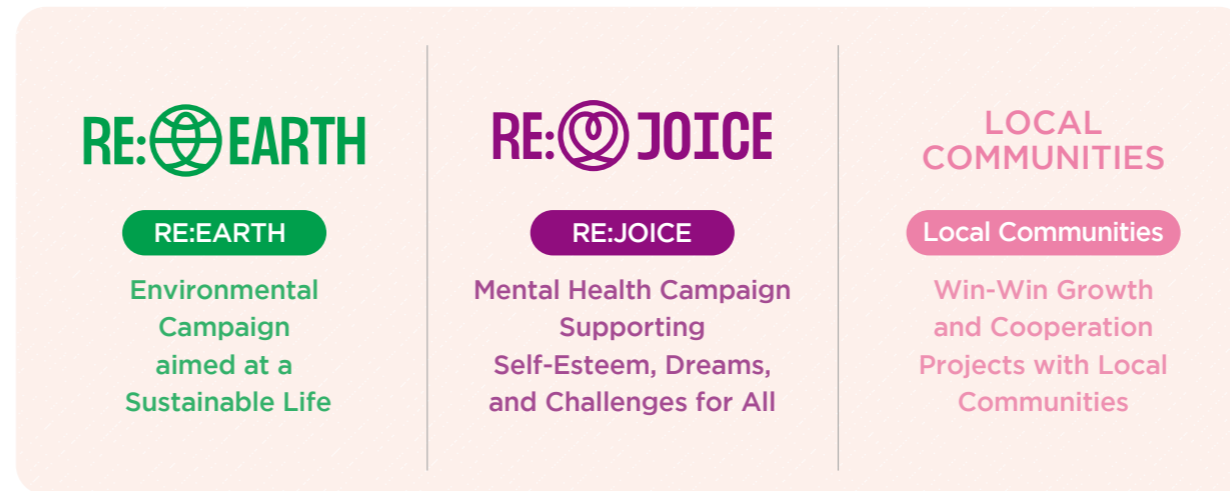
Social Contribution Strategy >>

LOTTE Shopping develops social contribution activities centered around the ESG brands RE:EARTH and RE:JOICE. We invest in and support the environment, local communities and cultural arts, and analyze and provide feedback on the results of our social contribution activities to inform future plans. In addition, we monitor the use of funds to ensure effective resource allocation and transparent expenditure of activity funds.

Mid- to Long-Term Roadmap for CSR Strategy of LOTTE Department Store



LOTTE Shopping is committed to driving meaningful social change through a comprehensive vision and strategic planning in its social contribution activities. We leverage the unique characteristics and strengths of the retail industry to create positive social and environmental value by effectively planning and executing various programs. By staying closely connected to our customers and local communities, we will continue to strive to conduct more impactful social contribution activities.



- RE:EARTH MARKET
- RE:EARTH Puruging
- Upcycling Projects
- Expansion of RE:EARTH (Eco-friendly) Products
- CHARLOTTE Eco Dreamers

- RE:JOICE Mind Care Center
- MindCare Programs
- RE:JOICE Dreamers
- RE:JOICE Concert
- RE:JOICE Exhibition to Celebrate International Women's Day

- CHARLOTTE Volunteer Group
- Consulting for Local Traditional Markets
- Education, Consulting and Market Expansion Support for Small and Medium-Sized Enterprises
- Practical ESG Training for Retail
- Disaster Relief Support

2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

- Environmental
- **Social**
 - Human Rights Management
 - Human Resources Management
 - Health and Safety Management
 - Sustainable Supply Chain
 - Customer Satisfaction

Social Contributions

- Governance

APPENDIX



Social Contributions **Social Contribution Initiatives >>**

Eco-Friendly



Children's Environmental Art Contest



LOTTE Department Store hosted the Children's Environmental Art Contest, the largest in the country, simultaneously across 16 regions. The contest, which celebrates its 41st anniversary this year, attracted about 50,000 participants, with a total of 436 winners, including the Grand Prize from the Minister of Environment. To boost interest and participation in environmental protection, half of the entry fees were automatically donated to the Environmental Foundation, allowing participants to contribute to environmental protection simply by taking part in the contest. In addition, various experiential contents such as producing upcycled goods were offered, providing opportunities for participants to engage in ESG activities.



Environmental Cleanup Volunteer Activities

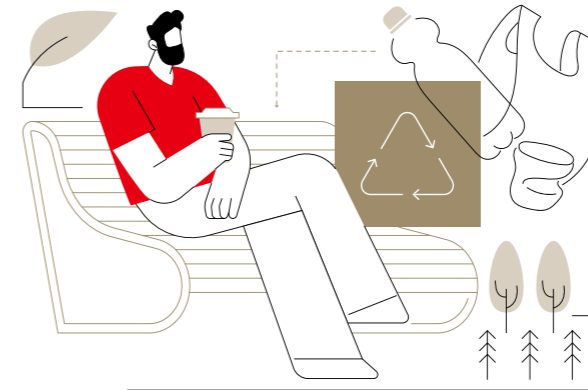


LOTTE Department Store actively participates in environmental cleanup volunteer activities to foster an eco-friendly society. To celebrate World Water Day, LOTTE Department Store Gwangju organized a cleanup activity along the Gwangju Stream to minimize water pollution. The CHARLOTTE Volunteer Group participated in the Galmaetgil Trails Trekking Challenge to support the bid for the 2030 Busan World Expo and conducted environmental cleanup activities. In addition, LOTTE Department Store Changwon and Masan collaborated with Jinhae District Office to support the successful hosting of the local Jinhae Gunhangje Festival by engaging in volunteer activities.

Earth Day Ocean Plogging



To celebrate Earth Day, LOTTE Department Store Masan and Changwon held an ocean plogging event at Masan 3.15 Marine Park and invited customers to join in the cleanup effort while walking or jogging. Plogging, a volunteer activity where participants pick up trash while exercising, was done by both employees and pre-registered customers. Participants received recycled t-shirts and reusable cups provided by LOTTE Department Store as part of the event.



ESG Performance

- Environmental
- **Social**
 - Human Rights Management
 - Human Resources Management
 - Health and Safety Management
 - Sustainable Supply Chain
 - Customer Satisfaction

Social Contributions

- Governance



Social Contributions **Social Contribution Initiatives >>**

Community

■ Kiosk Training for Senior Citizens



LOTTE Mart has partnered with the Songpa Senior Welfare Center to provide kiosk training sessions aimed at enhancing the digital skills of senior citizens. This training aims to improve the accessibility of digital devices for the elderly. The issues identified during these sessions will be incorporated into a kiosk improvement project to continually enhance the service for more customers.



■ Retail ESG Practical Experience



LOTTE Mart has launched the Retail ESG Practical Experience program for university students. With the growing interest in ESG, we recognize that it can be challenging to encounter corporate ESG issues in actual work. To address this, we provide opportunities to contemplate the direction of sustainable management in real-world settings in order to help future ESG talent develop essential competencies. The five-week program includes visits to LOTTE Mart's head office and stores to learn about ESG management strategies and activities, tasks on key ESG issues such as the environment, social contributions, and mutual growth. Outstanding projects are awarded certificates and prizes.

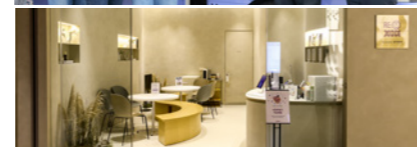


■ RE:JOICE Dreamers



LOTTE Department Store runs the RE:JOICE Dreamers campaign, a future talent development project that provides psychological and emotional support to teenagers facing difficulties in planning their future careers due to economic and environmental reasons. This campaign offers career development scholarships to help them achieve their dreams. The scholarships cover education expenses, purchase costs for necessary items, and contingency funds. In addition, the campaign provides career planning coaching and programs that enhance social skills and interpersonal relationships, and offers continuous mentoring on building social connections and utilizing the scholarships effectively. RE:JOICE Dreamers scholarships are funded through a hashtag event with customer participation during LOTTE Department Store's Christmas season. To encourage customer interest and participation in the campaign, AVENUEL customers can also donate their points to the RE:JOICE Dreamers Fund.

■ RE:JOICE Mind Care Center



2023 Operating Status of Mind Care Centers

RE:JOICE Mind Care Center²⁾
2,304 sessions

Traveling Mind Care Center (One-on-One)
128 employees

Coffee Truck Service
2,680 employees

As part of the RE:JOICE campaign, which supports everyone's self-esteem, dreams and endeavors, LOTTE Department Store and LOTTE Mart operate mind care centers for both customers and employees. Starting with the first mind care center at LOTTE Department Store Centum City in 2020, there are now five centers open to the public and staff.¹⁾ The RE:JOICE Mind Care Centers offer services at rates approximately 50% lower than typical counseling centers and include specialized content for children, such as art therapy and intelligence tests, making them accessible to a wide range of customers. In addition, LOTTE Mart operates the Traveling Mind Care Center for busy employees, which visited 16 stores in 2023 to conduct one-on-one sessions and provides coffee trucks as a gesture of support to on-site staff and partner employees.

1) LOTTE Department Store Centum City, Dongtan, Timevillas Suwon, LOTTE Mart ZETTAPLEX Jamsil, LOTTE Mall Suji
2) A cumulative total of 7,962 cases by the end of 2023

■ MindCare Program



LOTTE Department Store's MindCare Program collaborates with social welfare centers nationwide to offer professional psychological counseling to low-income and vulnerable groups in need of psychological care, thereby supporting their recovery and growth. In 2023, the program supported 609 individuals across 12 institutions nationwide. To ensure continued care for participants, welfare centers that have already participated in the Heart Care Program can reapply for support.

MindCare Program Overview¹⁾

Participating Welfare Centers
59 centers

Participants
1,856 people

1) Total cumulative participation as of the end of 2023

2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

- Environmental
- Social
 - Human Rights Management
 - Human Resources Management
 - Health and Safety Management
 - Sustainable Supply Chain
 - Customer Satisfaction

Social Contributions

- Governance

APPENDIX



Social Contributions **Social Contribution Initiatives >>**

Community

Support for Areas Affected by Heavy Rainfall

Since 2018, LOTTE Shopping has partnered with the Ministry of the Interior and Safety and the Korea Disaster Relief Association (Hope Bridge) to support disaster-affected areas. In 2023, we provided emergency relief supplies, including items for 1,000 people and water, cup noodles, and snacks for 4,000 people, to residents affected by the Gangneung wildfires and heavy rains in Chungcheongbuk-do, Gyeongsangbuk-do and Jeollabuk-do.

Volunteer Activities at the Sangnok Orphanage

To celebrate the Lunar New Year, LOTTE Shopping conducted volunteer activities and delivered necessary supplies to the Sangnok Orphanage in Gwanak-gu, Seoul. Various items prepared by LOTTE Retail HQ, LOTTE Mart, LOTTE Super, LOTTE Hi-Mart, and LOTTE Homeshopping were donated, including seasonal fruits, snacks, and essential goods from LOTTE Mart and LOTTE Super's private brand GOOD TODAY and YORIHADA. In addition, LOTTE Mart and LOTTE Super employees inspected and improved the orphanage's facilities and conducted electrical and fire safety work. We identified and removed fire extinguishers that had exceeded their expiration dates, improperly installed or outdated electrical wiring, and other potential accident hazards. In addition, we inspected the suitability of heating devices on floors with infants and young children to ensure they could stay in a safe environment.



Agreement to Support Self-Reliance and Market Access for Vulnerable Groups



LOTTE Department Store Daejeon signed a business agreement with the Daejeon Metropolitan Self-Reliance Center to promote self-support projects and mutual development. As part of the agreement to support low-income, vulnerable groups and enhance community welfare, we supported the free entry of "Good products and Special stores," which promotes self-support products. We plan to continue supporting job creation for low-income groups and promoting mutual growth within the community through various cooperative projects.

Support for Children in Rural Areas



In November 2023, LOTTE Mart visited Hojeo Elementary School, a small school in Gangwon-do with fewer than 45 students, and gifted Warm Gift Boxes containing winter items such as padded jackets, moisturizing cream and snacks. In addition, an upcycling class using recycled plastic, called the Plastic Treasure Hunt Expedition, was conducted. In December, members of CHARLOTTE Volunteer Groups from 35 stores nationwide visited regional child centers they are partnered with dressed as Santa Claus to install Christmas trees and deliver gifts.



Duracell X LOTTE Mart Children's Safety Campaign



In March 2021, LOTTE Mart became the first major retailer to sell Duracell lithium coin batteries featuring a non-toxic bitter coating and child-resistant packaging to prevent children from swallowing coin batteries. Since 2022, we have donated a portion of the proceeds from battery sales to children's organizations to support the social advancement and independence of children from vulnerable groups. In 2023, we launched a children's safety ESG campaign. To improve consumer safety awareness, we distributed battery storage cases to customers, making it easy to follow safety guidelines at home. For young customers, we provided Duracell Bunny stickers and battery safety checklist leaflets to encourage safe practices when handling batteries.



2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

- Environmental
- **Social**
 - Human Rights Management
 - Human Resources Management
 - Health and Safety Management
 - Sustainable Supply Chain
 - Customer Satisfaction

Social Contributions

- Governance

APPENDIX



Social Contributions **Social Contribution Initiatives >>**

Culture and Arts

■ Youth Artist Exhibition: YOUTH ORCHARD

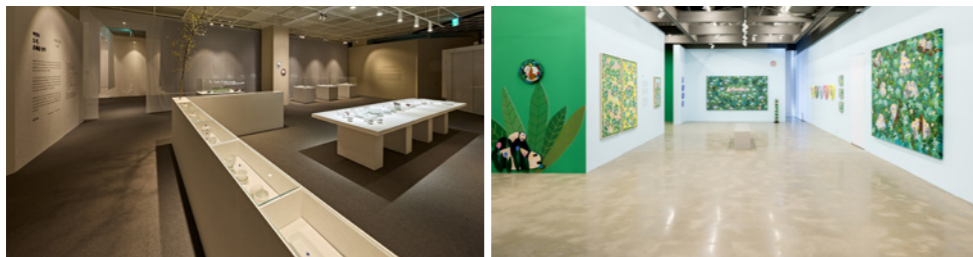
LOTTE Mart selected 15 young artists with limited exhibition experience to participate in an exhibition under the concept of "YOUTH ORCHARD" alongside six renowned artists. The purpose of this exhibition was to expand exhibition opportunities for young artists. It featured mentoring from famous artists, the production and sale of goods using the young artists' intellectual property, and inclusion in magazines. To effectively convey their works to visitors, the young artists recorded their own commentary. The exhibition also included a Kids Play Zone and a Goods Sales Zone, allowing visitors to enjoy both viewing and interactive experiences. The proceeds from the goods sales were distributed to the young artists. As a result, the young artists successfully sold four pieces and secured 33 additional exhibition contracts with companies and organizations, allowing them to lay a foundation for their future artistic careers.



Mart

■ RE:JOICE Exhibition

To celebrate of International Women's Day, LOTTE Department Store hosted a series of RE:JOICE exhibitions with the theme "Inspire Inclusion." The purpose of these exhibitions was to inspire and promote inclusivity. The third special RE:JOICE exhibition showcased the unique works of female artists from across the country at five LOTTE galleries. Each gallery featured ceramics, portraits, and succulent plant artworks created by women of various ages, conveying a message of encouragement for women to live strong and independent lives across generations.



Dept. Store

■ Exhibition for Artists with Disabilities

LOTTE Department Store Masan hosted the Being Myself exhibition, which highlighted the works of artists with disabilities from the Gyeongsangnam-do region. The exhibition featured 13 artists with developmental and physical disabilities who expressed their existence through art in ways that words cannot fully capture. The showcase included over 40 works in styles such as calligraphy, poetry, oil painting and folk painting.

Dept. Store

■ LOTTE Department Store Kids Orchestra

In 2023, LOTTE Department Store founded the LOTTE Department Store Kids Orchestra to support children interested in classical music by providing them with the experience of performing in an orchestra from a young age and offering guidance from world-renowned musicians. The inaugural group consisted of 77 students from second grade in elementary school to second grade in middle school. Esteemed instructors included Lee Sung-ju, director of the Korea National Institute for the Gifted in Arts, Lee Min Hyung, conductor of the Busan Philharmonic Orchestra, and other professional faculty members. Notably, the clarinet and violin sections received master classes from Andreas Ottensamer, the principal clarinetist of the Berlin Philharmonic, and violinist Ray Chen. In August, the RE:JOICE concert was held with participants invited from LOTTE Department Store's MindCare Program, and in December, the orchestra members released a Christmas carol, which was played in the stores. All proceeds from the concert tickets and the carol release were donated to Be My Friend, a child bonding campaign run by an NGO.

Dept. Store



- Human Rights Management
- Human Resources Management
- Health and Safety Management
- Sustainable Supply Chain
- Customer Satisfaction



Governance

- 092 Governance
- 097 Ethics and Compliance Management
- 101 Integrated Risk Management
- 104 Information Protection



2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

- Environmental
- Social
- **Governance**
 - Governance
 - Ethics and Compliance Management
 - Integrated Risk Management
 - Information Security

APPENDIX



Governance

Board Composition >>

LOTTE Shopping strives to establish a sound and transparent governance structure characterized by diversity, expertise and independence. We aim to enhance shareholder value, promote the rights and interests of various stakeholders, and transform into a company with sustainable growth momentum. To this end, the Board of Directors (BOD) of LOTTE Shopping, operating based on the company's Articles of Incorporation, oversees the management and monitors various business operation risks. We have also established the Corporate Governance Charter and strengthened the independence of the board by appointing highly qualified independent directors with the aim of creating a healthy governance system with mutual checks and balances.

Director Appointment

LOTTE Shopping aims to appoint directors through a transparent and professional verification process. For executive directors, suitable candidates are sought and recommended by the BOD. For independent directors, the Independent Director Nomination Committee applies the qualifications under Article 382 (3) and Article 542 (8) of the Commercial Act to recommend candidates, thereby ensuring a thorough selection and verification process. The nominated director candidates are elected at the general meeting of shareholders, and the chair of the board is appointed through a board resolution.

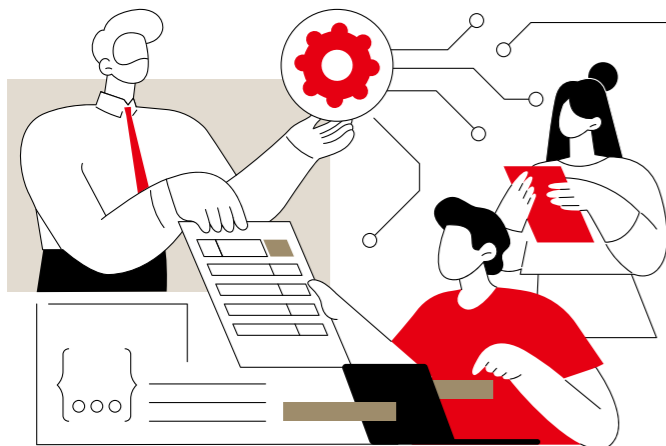
Board Composition

LOTTE Shopping's BOD consists of nine directors elected at the general meeting of shareholders, including five independent directors, which ensures independent judgment and decision-making by the board. The board, composed of professional executive and independent directors with expertise and objectivity, plays the role of supervising and advising management. Ensuring independence from management and controlling shareholders is prioritized, and efforts are made to maintain checks and balances with management. In particular, the Audit Committee, the Independent Director Nomination Committee, and the Compensation Committee within the board are composed entirely of independent directors to ensure greater independence and transparency.

Board Composition

(As of the end of December 2023)

Category	Name	Position	Career Highlights	Gender	Year of Appointment
Executive Director	Kim Samuel Sang Hyun	CEO Chairperson	(Current) Vice Chairman, Head of the LOTTE Retail HQ (Former) CEO, DFI Hong Kong & Singapore (Former) CEO, Homeplus (Former) CEO, P&G Korea and ASEAN General Manager	Male	2022
	Chung Joon Ho	CEO	(Current) CEO, LOTTE Shopping Department Store Division (Former) CEO, LOTTE GFR (Former) Head of the Overseas Fashion Division, Shinsegae International	Male	2022
	Kang Sung Hyun	CEO	(Current) CEO, LOTTE Shopping Mart/Super Division (Former) CEO, LOTTE-Nestlé Korea (Former) Head of the H&B Division (LOHBs), LOTTE Shopping	Male	2021
	Chang Ho Joo	Director	(Current) Head of the Financial Innovation Division, LOTTE Retail HQ (Former) Head of Finance, LOTTE Shopping (Former) Head of Finance, LOTTE Department Store	Male	2022
Independent Director	Kim Do Seong	Director	(Current) Dean, Business School / Director, Graduate School of Business, Sogang University (Current) President, Korean Academic Society of Financial Planning (Current) Member, Dispute Resolution Committee, Korea Exchange (Current) Member, Asset Management Committee, Small and Medium-Sized Venture Business Corporation	Male	2021
	Kim Yong Dai	Director	(Current) Professor, Statistics, Seoul National University (Former) Assistant Professor, Statistics, Ewha Womans University (Former) Assistant Professor, Information Statistics, Hankuk University of Foreign Studies (Former) Researcher, National Institutes of Health	Male	2020
	Jeon Mi Young	Director	(Current) Research Fellow, CTC (Consumer Trend Center), Seoul National University (Current) CEO, Trend Korea Company (Current) Columnist, Dong-A Ilbo (Former) Research Professor, Consumer Studies, Seoul National University	Female	2021
	Sim Sue Ohk	Director	(Current) Professor, SKK Business School, Sungkyunkwan University (Former) Industry Professor, Business School, Sungkyunkwan University (Former) Vice President, Global Marketing Office, Samsung Electronics (Former) Senior Vice President, Visual Display Division/Global Marketing Office, Samsung Electronics	Female	2022
	Cho Sang Chul	Director	(Current) Managing Attorney, Samyang Law Firm (Former) Chief Prosecutor, Seoul High Prosecutors' Office (Former) Chief Prosecutor, Seoul Western District Prosecutors' Office (Former) Chief Prosecutor, Daejeon District Prosecutors' Office	Male	2022



Governance Board Composition >>

Independence and Concurrent Positions of the Board

LOTTE Shopping ensures the independence of the board by requiring that more than half of its members are independent directors. To appoint independent directors fairly and transparently, we follow recommendations from the Independent Director Nomination Committee. This committee applies the qualification requirements for independent directors of Article 382 (3) and Article 542 (8) of the Korean Commercial Act and recommends suitable candidates. In addition, LOTTE Shopping restricts independent directors from holding concurrent positions in accordance with the Korean Commercial Act. Independent directors are not allowed to serve as directors, executive officers or auditors for more than two other companies apart from LOTTE Shopping. Appointed independent directors must comply with LOTTE Shopping's Board Regulations.

Status of Concurrent Positions Held by Independent Directors

Name	Term	Concurrent Positions
Kim Do Seong	2021.03.23 - 2025.03.28	Independent Director, SL Corporation
Kim Yong Dai ¹⁾	2020.03.27 - 2024.03.22	-
Jeon Mi Young	2021.03.23 - 2025.03.28	CEO, Trend Korea Company
Sim Sue Ohk	2022.03.23 - 2026.03.25	Independent Director, Pulmuone Co., Ltd.
Cho Sang Chul	2022.03.23 - 2026.03.25	Independent Director, Binex

¹⁾ Director Kim Yong Dai's term expires, and as of March 26, 2024, Director Han Jae Yeon has been appointed.

Board Diversity and Expertise

LOTTE Shopping strives to protect the rights of shareholders, customers and various stakeholders by making decisions from diverse perspectives. The Corporate Governance Charter emphasizes the importance of appointing competent individuals with expertise who can make a substantial contribution to the company and enhance the board's diversity so that it can flexibly respond to changes in the business environment. Accordingly, LOTTE Shopping's BOD is composed of experts from various fields such as law, finance and accounting to ensure multifaceted decision-making.

Board Skill Matrix (BSM)

Category	Kim Sang Hyun	Chung Joon Ho	Kang Sung Hyun	Chang Ho Joo	Sim Sue Ohk	Kim Do Seong	Kim Yong Dai	Cho Sang Chul	Jeon Mi Young
Leadership	○	○	○	○	○	○	○	○	○
Retail/Marketing	○	○	○	○	○	○			○
Global Business	○	○	○		○		○		
ESG Strategy	○	○	○		○	○		○	○
Corporate Management Experience	○	○	○	○	○				
Finance/Accounting	○			○		○	○		
Law/Regulations								○	
Year of Appointment	2022	2022	2021	2022	2022	2021	2020	2022	2021
Gender	Male	Male	Male	Male	Female	Male	Male	Male	Female



Governance Board Operations >>

Convening and Holding of Board Meetings

LOTTE Shopping has established and adheres to regulations governing the Board of Directors (BOD) and its committees. The regular board meeting is typically held once a month. For the board to convene and make resolutions, the presence of more than half of the board members is required, and resolutions must be approved by a majority of the members present. In addition, in the event of urgent matters, ad hoc board meetings are convened as necessary.

2023 Board Meetings Overview



Board Evaluation

LOTTE Shopping evaluates the board's management activities in accordance with the evaluation regulations outlined in the Corporate Governance Charter. For independent directors, this comprehensive evaluation occurs annually to encourage proactive performance. It considers their attendance at board and committee meetings, contribution to discussions and agenda items, effectiveness in providing expert advice, and contribution to internal controls and financial risk management as Audit Committee members. These evaluations influence future board compositions.

Board Compensation

The compensation for directors is determined within the payment limit approved by the general meeting of shareholders. For executive directors, salaries are calculated following discussions within the BOD. Similarly, compensation for independent directors is determined within the approved limits based on Article 388 of the Commercial Act and Article 42 of the Articles of Incorporation, as stipulated in Article 11 of the Board Regulations, and is finalized through a resolution of the general meeting of shareholders. The specific details regarding the compensation of executives are decided through the Compensation Committee, thereby enhancing management transparency.

Details of Compensation Payments¹⁾

	CEO	Registered Director	Independent Director	Audit Committee Member
Average Compensation per Person ²⁾	1,603	822	74	80

1) Based on the business report, unit: KRW million

2) The average compensation per person is calculated based on the number of people receiving compensation.

BOD Training

LOTTE Shopping provides training on topics such as business strategy, current business status, new business initiatives, and ESG risks to enhance the understanding of independent directors and enable them to fulfill their responsibilities effectively.

Education Date	Attendees	Content
2023.01.19		Retail Group Operational Direction in 2023
2023.04.19		Guidance on Writing Related Party Transaction Statements
2023.05.30	Sim Sue Ohk, Kim Do Seong,	Establishment of the Board Skill Matrix
2023.07.14	Kim Yong Dai,	Organizational Culture Transformation Journey
2023.08.24	Cho Sang Chul,	Key Points from the VCM (Value Creation Meeting)
2023.10.19	Jeon Mi Young	Operation Plan for LaiLAC (LOTTE AI Lab Alliances & Creators)
2023.12.14		Results of the Groundbreaking Ceremony for New e-Grocery CFC 1 in Busan Direction for the PMI (Post-Merger Integration) of Mart/Super
2023.05.11	Kim Do Seong, Kim Yong Dai, Sim Sue Ohk	Standards and Systems for Internal Accounting Management
2023.11.24	Kim Do Seong, Kim Yong Dai, Sim Sue Ohk	Sustainability Reporting Standards Focused on IFRS S1 and S2

Linking ESG Issues with Executive Compensation

LOTTE Shopping integrates ESG-related items into approximately 30% of the KPIs of the CEOs of each Business Division.

Category	KPIs (Key Performance Indicators)
Environmental	<ul style="list-style-type: none"> Measurement and management of upstream/downstream carbon intensity Implementation of carbon neutrality Management of emissions relative to reduction targets Management of carbon intensity compared to the previous year Execution of investment expenditures
Social	<ul style="list-style-type: none"> Advancement of human rights management Enhancement of employee education systems Management of supply chain ESG risks Appropriateness of information technology investments Improvement of security levels and management of security solution adoption Management of the construction of the disaster recovery system Minimization of information protection incidents
Governance	<ul style="list-style-type: none"> Activation of the ESG Committee Review and management of climate change strategies and risks by the board
Others	<ul style="list-style-type: none"> Advancement of ESG disclosures Specific key indicators for each Business Division



Governance Committees under the Board of Directors >>



Audit Committee

To ensure the transparency and independence of the Audit Committee system, LOTTE Shopping appoints directors as Audit Committee members through resolutions at the general meeting of shareholders in accordance with the Commercial Act and internal Audit Committee regulations. The Audit Committee at LOTTE Shopping consists of three independent directors, with Kim Do Seong, an expert in accounting and finance, serving as the committee chair.

The Audit Committee audits the legality and soundness of financial operations and the business activities of directors and management, and reviews the accuracy of financial reports. The committee also investigates the business and property status of the company, including its subsidiaries, and can demand business reports. It reviews the appointment, replacement and dismissal of auditors and evaluates the operation of the internal accounting control system. In 2023, the committee met six times to deliberate on issues such as internal accounting operation evaluation plans, audits of Business Divisions and reviews of financial statements.

Independent Director Nomination Committee

LOTTE Shopping has established and operates the Independent Director Nomination Committee in accordance with the Commercial Act, the Articles of Incorporation, and the Board Regulations. This committee, composed of three independent directors, recommends candidates for independent directors to be appointed at the general meeting of shareholders. The committee reviews the pool of independent director candidates at least once a year, evaluating their expertise and capabilities to ensure they align with the company's and shareholders' interests and meet the legal requirements for independence. In 2023, the committee held two meetings to deliberate on issues such as the appointment of the committee chair and the recommendation of independent director candidates.

Transparent Management Committee

The Transparent Management Committee is composed entirely of independent directors to foster an ethical corporate culture and realize transparent management.¹⁾ The committee reviews internal transactions between affiliated companies, compliance management, and key policies and implementations related to social contribution activities. If there are violations of laws or internal regulations, or if there is a risk of such violations, the committee can recommend corrective and improvement measures. In 2023, the committee held five meetings to deliberate on issues such as advertising agency contracts and logistics service outsourcing contracts.

¹⁾ As of March 2024

Compensation Committee

The Compensation Committee, established to enhance transparency in the process of determining executive compensation, is currently composed entirely of three independent directors. The committee deliberates on and resolves matters related to compensation limits and performance bonuses for registered directors, as well as compensation limits for non-registered executives by rank.

ESG Committee

The ESG Committee, consisting of one executive director and two independent directors, deliberates on and resolves matters necessary for LOTTE Shopping's ESG policies and activities and serves as the highest consultative body for systematic ESG management. The committee sets mid- to long-term goals for ESG management, reviews their implementation status and progress and manages ESG-related issues and risks. In 2023, the committee held six meetings to deliberate on issues such as ESG action plans and progress, and the establishment of the carbon neutrality roadmap. The results of these deliberations are ultimately reported to the BOD.



Governance **Shareholder-Focused Management >>**

Share Issuance and Voting Rights

LOTTE Shopping strives to ensure fair voting rights in accordance with Article 2 (1) of the Corporate Governance Charter and Article 24 of the Articles of Incorporation, specifying one vote per share at the general meeting of shareholders. As of March 2023, there were no registered preferred shares issued, and the total number of issued shares stood at 28,288,755. Excluding treasury shares, which are restricted by the Commercial Act, and shares held by affiliated public interest foundations, which are restricted by the Fair Trade Act, the number of voting shares is 28,226,062 (99.78% of the total issued shares).

General Meeting of Shareholders (GMOs)

Category	52nd GMOs (2022)	53rd GMOs (2023)	54th GMOs (2024)
Most Concentrated Date of the GMOs	2022.03.25	2023.03.24	2024.03.22
	2022.03.30	2023.03.30	2024.03.27
	2022.03.31	2023.03.31	2024.03.29
Date of the Annual GMOs	2022.03.23	2023.03.29	2024.03.26
Avoidance of the Most Concentrated Date of the GMOs	Yes	Yes	Yes
Implementation of Electronic Voting	Yes	Yes	Yes
Encouragement of Proxy Voting	Yes	Yes	Yes

Protection of Shareholder Rights

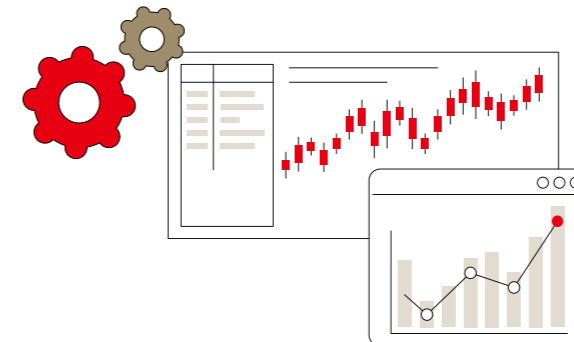
LOTTE Shopping endeavors to incorporate as many shareholder opinions as possible into company management and to enhance shareholder participation. To facilitate the exercise of shareholders' voting rights, an electronic voting system was introduced at the general meeting of shareholders in 2021. To encourage more shareholders to attend, electronic notifications have been sent since 2022. Furthermore, since 2021, we have operated a voluntary compliance program for the dispersion of general meetings, with the meetings scheduled on different days. The date, location, and purpose of the general meeting are disclosed on the Financial Supervisory Service's electronic disclosure system two weeks before the meeting, allowing shareholders to review the information in advance. To ensure voting rights for shareholders who cannot attend in person, proxy voting is permitted in accordance with Article 27 of the Articles of Incorporation.

Enhanced Shareholder Communication

LOTTE Shopping makes quarterly earnings disclosures and holds corporate briefings. Since Q1 2022, earnings presentations have been conducted via conference calls to facilitate wider participation by shareholders and investors. After the earnings presentations, quarterly domestic NDRs (non-deal roadshows) are held. In September 2023, to further enhance communication with shareholders and investors, Vice Chairman Kim Sang Hyun personally hosted a "CEO IR DAY." The major financial performance of each Business Division was presented, and for the first time since the company's listing in 2006, mid- to long-term business strategies were publicly disclosed. This included details on the integration of sourcing for LOTTE Mart and LOTTE Super, the 2040 carbon neutrality roadmap, and ESG achievements, and both financial and non-financial information were shared with shareholders and investors.

Transparent Information Disclosure

Financial and non-financial information related to LOTTE Shopping's business operations can be accessed through the company's website, DART, and the Korea Exchange's disclosure system. For international stakeholders, an English website is also maintained where all IR materials, schedules and related news are posted. In addition, we publish a monthly IR letter for our management team to share issues related to overall management and raise internal awareness about the importance of transparent information disclosure. In 2023, LOTTE Shopping was the only domestic retail company selected as an "Outstanding Disclosure Company in the Securities Market in 2023" by the Korea Exchange.



2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

- Environmental
- Social
- **Governance**
 - Governance
 - Ethics and Compliance Management
 - Integrated Risk Management
 - Information Security

APPENDIX



Ethics and Compliance Management

Ethics and Compliance Management System >>

LOTTE Shopping is committed to fulfilling its legal and economic responsibilities to customers, shareholders, partners and other stakeholders by promoting ethics and compliance management and adhering to fair trade practices. We have established a code of ethics and compliance management policies and built a globally recognized compliance management system to support ethical business practices among our employees. In addition, we maintain fair and lawful transactions with our partners through a voluntary compliance program, risk monitoring for each Business Division, and the operation of an employee unethical conduct reporting center and a partner unfair trade reporting center.

Code of Ethics and Conduct

[LINK | LOTTE Shopping Code of Ethics](#)

LOTTE Shopping has developed a code of ethics and ethical conduct guidelines to ensure responsible corporate behavior and sustainable growth through thinking, judging, and acting properly. These guidelines outline the principles that the company, its employees and partners must adhere to from the perspectives of customers, shareholders, employees and partner companies. The code of ethics encompasses principles that protect the interests of various stakeholders, while the ethical conduct guidelines provide value judgments and procedures related to customer commitment, shareholder responsibilities, employee ethics, proper relationships with partner companies, and national and societal responsibilities.

Code of Conduct for LOTTE Executives and Employees

LOTTE Group has established the “CoC for LOTTE Executives and Employees” to foster a culture of trust. LOTTE Shopping encourages employees and partners to comply with this code to maintain and strengthen trust with customers, employees, partners, shareholders, and society, and provides related training.

Global Compliance Management System

LOTTE Shopping is developing a compliance management system that meets international standards. LOTTE Department Store acquired the ISO 37001 anti-bribery management system certification in 2018, followed by LOTTE Mart, LOTTE Super, and LOTTE E-Commerce. In 2023, it was confirmed through a third-party verification company that there are no significant risks related to corruption and that the anti-corruption management system is being effectively operated.

In 2022, LOTTE Shopping not only strengthened its anti-corruption measures but also established proactive monitoring and management systems for key compliance risk areas, such as fair trade and industrial safety. Consequently, we obtained the international standard ISO 37301 certification for our compliance management system. Moving forward, we will continue to enhance our compliance monitoring system across all Business Divisions.

Operating Guidelines for the Compliance Management System

LOTTE Shopping has established operating guidelines for the compliance management system to ensure its successful operation across LOTTE Retail HQ, LOTTE Department Store, LOTTE Mart, LOTTE Super, and LOTTE E-Commerce. These guidelines specify the roles of the chief compliance officer and responsible departments and outline the processes for system implementation and risk response.

Compliance Management Policy

LOTTE Shopping is committed to establishing and internalizing fair and ethical business practices. To achieve this, we have formulated compliance management policies that all employees and the company must adhere to. We set compliance goals and guarantee the activities of independent compliance officers to ensure the practical implementation of policies such as anti-corruption and the prohibition of unfair trade. In addition, employees annually sign a pledge to practice ethical and compliance management based on this policy, emphasizing their commitment to legality and ethical conduct.

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 all partners as subjects of win-win growth with our company and strive to establish a fair trade culture.

We actively participate in the company's compliance management activities and work towards creating an anti-corruption environment and fulfilling our corporate social responsibility based on ESG competitiveness.

2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

- Environmental

- Social

- **Governance**

- Governance

- Ethics and Compliance Management**

- Integrated Risk Management

- Information Security

APPENDIX



Ethics and Compliance Management [Ethics and Compliance Management System >>](#)

Management of Ethics and Compliance Risks

Conflict of Interest Risk Management

LOTTE Shopping defines transactions involving executives (including independent directors) or their relatives, whether directly or indirectly, as “related party transactions.” To manage potential conflicts of interest, executives are required to report any such transactions to the Compliance Office at LOTTE Retail HQ. These transactions are reported annually to the Board of Directors (BOD), and all executives must submit a confirmation statement regarding related party transactions once a year.

Risk Prevention Monitoring

LOTTE Shopping appoints the head of the Compliance Office as the compliance officer responsible for planning, managing and overseeing compliance activities with the aim of preventing legal risks. These activities and their outcomes are reported to the BOD. Each subsidiary’s compliance management department provides support by operating a fair trade voluntary compliance program and reporting the results of compliance activities. In 2023, LOTTE Shopping conducted a thorough review of both executed and pending contracts, as well as transaction terms. For LOTTE Super, which operates franchises, we identified and corrected risks in accordance with franchise law. In addition, we regularly monitored business operation issues such as display incentives and returns. To enhance the compliance awareness of employees, we conducted on-site fair trade inspections across all Business Divisions, provided feedback, and implemented corrective actions.

Anonymous Reporting System

LOTTE Shopping has established and operates an anonymous reporting system to enhance monitoring efforts. This system, outlined in the compliance management system operating guidelines, covers the entire process from reporting to investigation and resolution. All employees are informed about this system and how to use it. In addition, the identity of whistleblowers is strictly protected, and investigation results are kept confidential and reported to the CEO annually.

Ethics and Compliance Training

LOTTE Shopping conducts annual ethics and compliance training for all employees to enhance their awareness and internalize compliance management policies. We conduct compliance training tailored to the specific characteristics of each Business Division that covers the compliance management system, code of conduct, anti-corruption and conflict of interest management systems, and management of unfair support risks related to internal transactions among affiliates. In addition, we offer specialized training on high-risk areas such as personal information protection, fair trade and sexual harassment.

Promotion of an Ethics and Compliance Culture

LOTTE Shopping operates various programs to promote an ethics and compliance culture throughout its business operations. The Compliance Office at LOTTE Retail HQ supports risk prevention through business improvement activities and issues a monthly compliance newsletter covering key issues and legal updates. We provide guidelines and training on potential legal risks related to contracts, advertising, and event operations, and conduct fair trade campaigns and daily quizzes.

CS E-Commerce Law Training

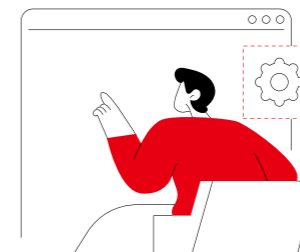


Training on key regulations governing transactions with consumers, particularly the E-Commerce Law, is provided to key staff in CS management departments and CS centers, who are at the forefront of customer interactions. This training covers the roles of the Fair Trade Commission, the legal significance of orders (subscriptions), and key clauses that guide CS disputes between sellers and buyers. It helps manage initial responses to consumer complaints to prevent illegal activities. A Q&A session is also included to address difficulties faced by field departments and provide lawful solutions.

CEO Compliance Mission Training



In 2023, the CEO directly announced the company’s compliance mission to all employees and led a program to enhance awareness of its importance. This training covered major compliance areas defined by the group, including HR, ethical management, safety and environment, ESG management and fair trade. The CEO established unique slogans and specific strategies for LOTTE E-Commerce and conducted training on these topics. The training content is posted on the internal bulletin board for employees to reference in their daily work.

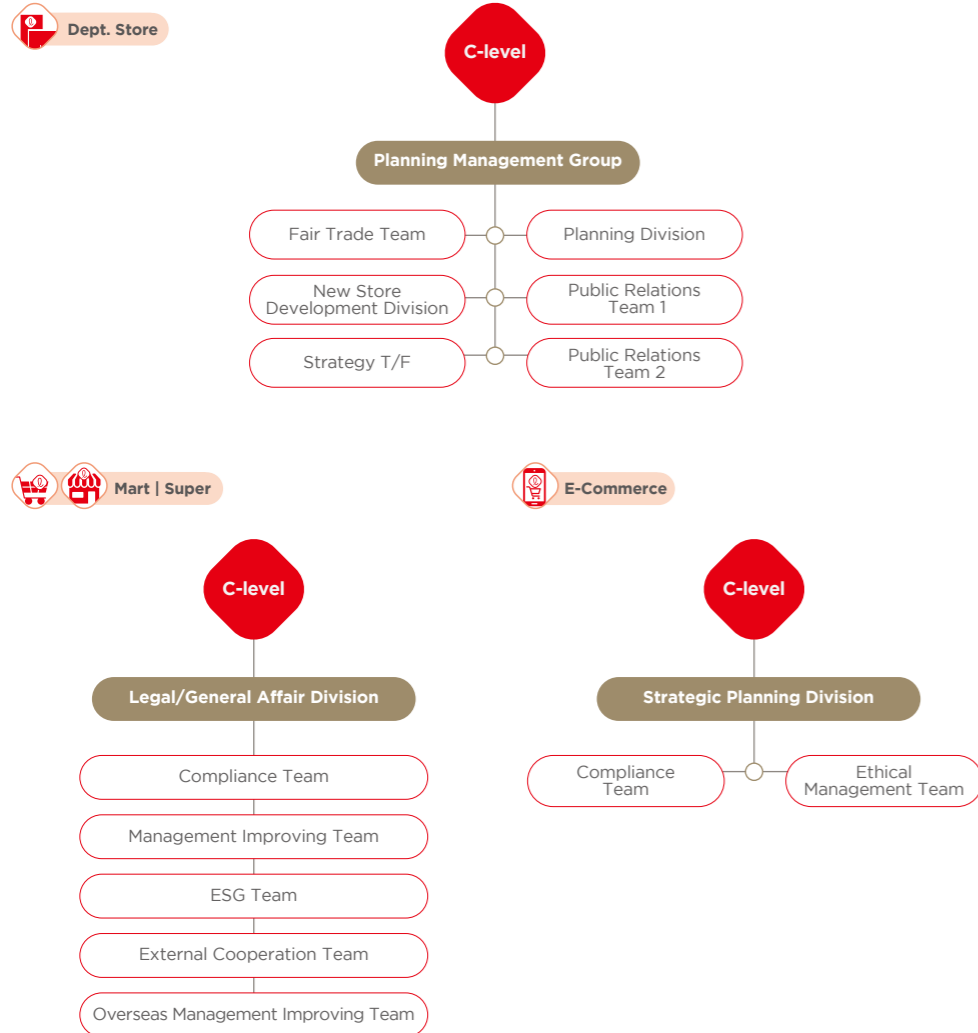


- Environmental
- Social
- **Governance**
 - Governance
 - Ethics and Compliance Management**
 - Integrated Risk Management
 - Information Security



Ethics and Compliance Management **Fair Trade Compliance >>**

Governance

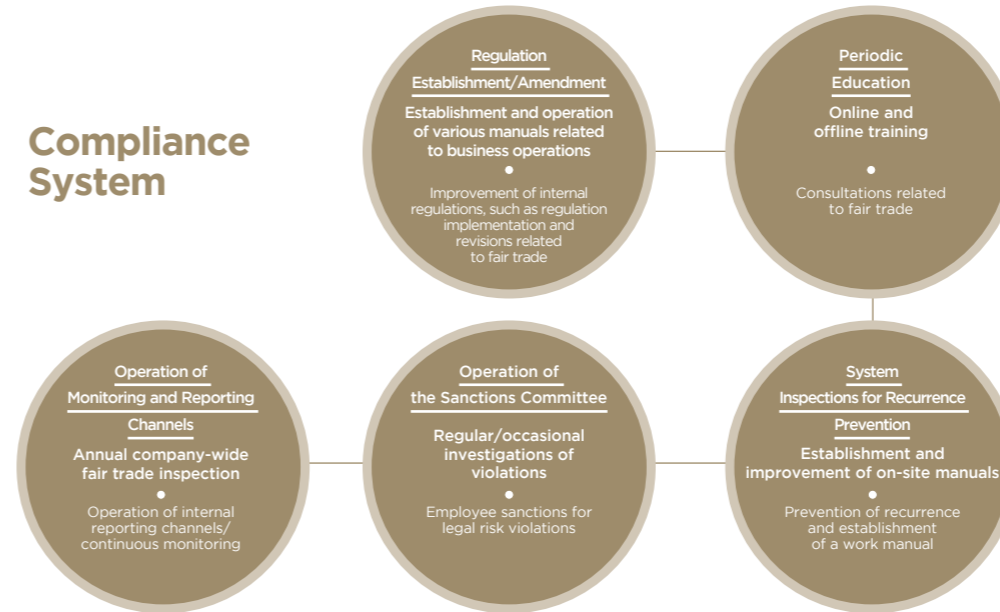


Fair Trade Compliance Program

Compliance System

LOTTE Shopping's Fair Trade Compliance Program is an internal compliance system for adherence to fair trade-related laws. It establishes clear codes of conduct to prevent legal violations and solidify the compliance awareness of employees. Continuously improved to reflect changes in laws and regulations, the program provides regular education to employees to prevent risks. It also includes thorough internal monitoring and a robust system to respond to issues as they arise.

Compliance System



Unfair Trade Reporting Channel

To prevent and rigorously monitor violations of the Fair Trade Act, LOTTE Shopping operates reporting channels for unfair trade practices. These include an employee unethical conduct reporting center and a partner unfair trade reporting center. In the case that a violation of the Fair Trade Act is discovered, disciplinary actions are taken against the violator. In June 2023, LOTTE Department Store launched an English reporting channel to enhance accessibility for international partners.



Ethics and Compliance Management **Fair Trade Compliance >>**

Fair Trade Education

LOTTE Department Store provides mandatory fair trade education for all employees and additional job-specific training for head office MD (merchandising) staff and field managers at sales points.

LOTTE Mart and LOTTE Super conduct fair trade education based on rank and job function. This includes training for executives, all employees and new hires, as well as practical fair trade training for buying/merchandise organizations and franchise organizations.

Due to the nature of the open market, LOTTE E-Commerce has the most partners and a wide range of transaction relationships. Consequently, along with mandatory education, quiz-format materials detailing specific fair trade regulations and key points that employees must pay special attention to in their work are distributed.

Fair Trade Handbook

LOTTE Department Store has updated its Fair Trade Handbook according to current laws and regulations and provided it as a guide for employees to consult during their work. By sharing fair trade issues that may arise from partner onboarding to offboarding and major violation cases, the company minimizes risk.

LOTTE Mart and LOTTE Super have integrated their sourcing processes, which were previously conducted separately, into a unified system that also manages partners collectively. In 2023, a consolidated Fair Trade Handbook for LOTTE Mart and LOTTE Super was published to share updates on fair trade laws and regulations in order to prevent risks in partner contracts and operations.

Daily Compliance Quiz

LOTTE Mart and LOTTE Super conduct a daily compliance quiz for all employees via the internal system. Upon login, employees are required to answer questions on fair trade, subcontracting contracts and operations, safety and health, information protection, and other compliance management and ESG issues. This process ensures that employees understand compliance regarding these topics.

Fair Trade Campaign

LOTTE Shopping runs various campaigns to help employees easily understand and internalize laws and regulations related to business operations, such as the Fair Trade Act and the Act on Fair Transactions in Large Retail Business. To prevent risks that may arise during the holiday seasons, we have created and distributed specific work guidelines. Guidelines are also provided on advertising and promotion related to greenwashing, and precautions for promotional events which sales managers must be aware of.

In particular, at LOTTE Department Store, the awareness of fair trade among employees is assessed through an interactive, game-based fair trade quiz show, and solutions to commonly missed questions are shared across all stores. In addition, employees who answer the most questions correctly are given special rewards to encourage participation.



2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

- Environmental
- Social
- **Governance**
 - Governance
 - Ethics and Compliance Management**
 - Integrated Risk Management
 - Information Security

APPENDIX



Integrated Risk Management

Risk Management System >>

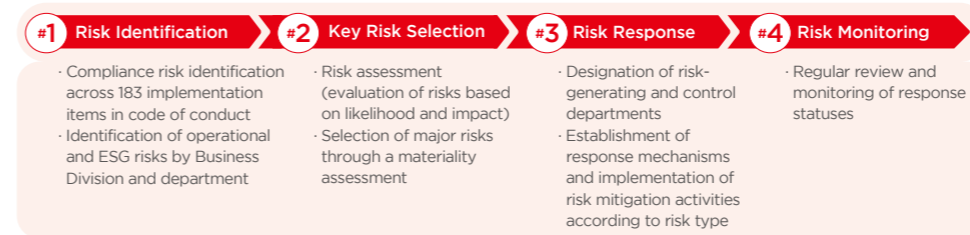
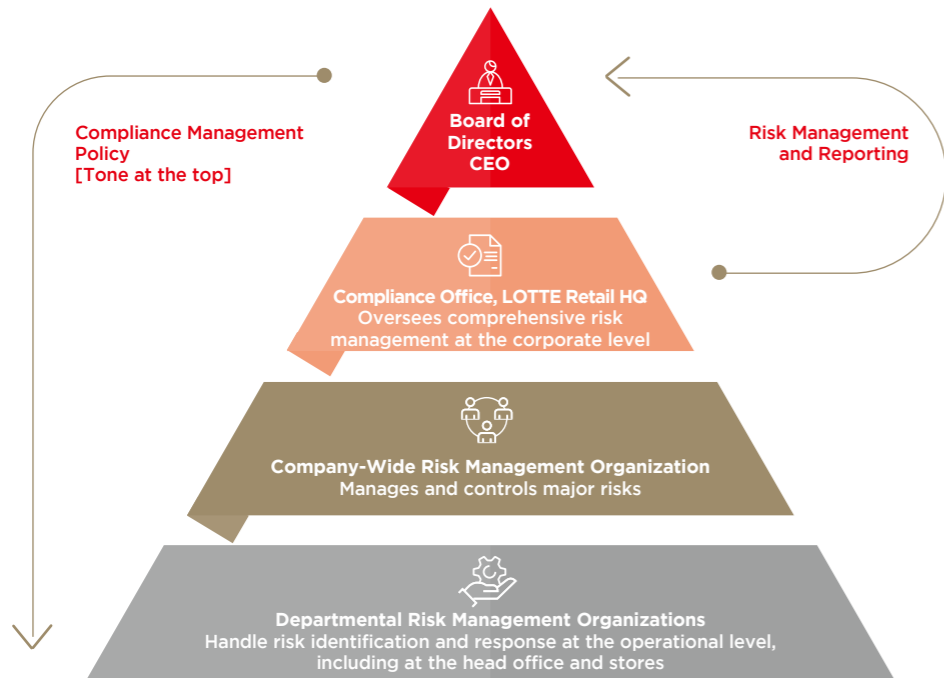
LOTTE Shopping has established a comprehensive, company-wide risk identification and management system to respond to rapidly changing internal and external business environments. We identify both financial and non-financial risks that could affect domestic and international business operations, develop response strategies tailored to the nature and severity of each risk, and implement these strategies. Through continuous analysis and strengthened management of major risks, we aim to enhance our ability to respond swiftly and flexibly to crises in order to transform challenges into new growth opportunities.

Governance

LOTTE Shopping proactively identifies, manages, and responds to risks across all areas of domestic and international business activities, including management, the environment, society, and ethics/compliance. We have established a risk management framework involving the Board of Directors (BOD), the CEO of each Business Division, key executives, and relevant departments for each type of risk. The Compliance Office at LOTTE Retail HQ oversees the identification and management of company-wide risks, while specific departments within each Business Division are assigned to manage and control specific risks and implement response measures. The BOD receives reports on the company's risk management plans and outcomes at least once a year.

Risk Identification and Management Process

The Compliance Office in LOTTE Retail HQ, the organization responsible for company-wide risk management, identifies risks based on the implementation of the company's code of conduct. In addition, each Business Division identifies risks during its operational processes. We conduct materiality assessments based on the potential impact and likelihood of these risks to identify and manage effectively. LOTTE Shopping manages major risks through a two-track response system by establishing comprehensive company-wide risk response strategies and localized response strategies for each Business Division. Specific departments are assigned to handle and control each identified risk to enhance management and audit functions. For medium and minor risks, the respective risk management departments conduct continuous monitoring and provide risk-related education, and self-assessment checklists are used to set and achieve management goals.

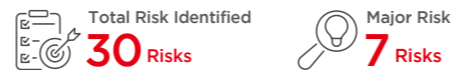


Materiality Assessment of Risks

	CONSUMER PROTECTION		FAIR TRADE	
	FOOD SAFETY		INDUSTRIAL SAFETY & HEALTH	INFORMATION SECURITY
	INTELLECTUAL PROPERTY	EMPLOYMENT/LABOR		ANTI-CORRUPTION
			SUPPLY CHAIN MANAGEMENT	
		CAPITAL MARKETS		

Legend: Major (Lightest), Medium (Medium), Minor (Darkest)

Risk Identification of LOTTE Shopping¹⁾



1) As of 2023



Integrated Risk Management **Risk Management >>**

- Environmental
- Social

• Governance

- Governance
- Ethics and Compliance Management
- Integrated Risk Management**
- Information Security

	Category	Definition	Management Strategy
 <p>Financial/Operational</p>	 <p>Financial</p>	Financial risks related to asset liquidity, credit, tax, interest rates and accounting	<ul style="list-style-type: none"> · Establishment of medium to long-term fund management plans and continuous monitoring · Analysis of foreign exchange fluctuation scenarios and operation of internal accounting control systems
	 <p>Operation</p>	Risks related to domestic and overseas business operations, such as production, sales and corporate reputation risks	<ul style="list-style-type: none"> · Establishment of business strategies through the analysis of domestic and international business laws and regulations · Enhancement of shareholder communication (e.g., CEO IR Day, NDR)
	 <p>Environment</p>	Legal sanctions and cost risks due to the strengthening of environmental regulations regarding emissions of greenhouse gases and hazardous substances, etc.	<ul style="list-style-type: none"> · Operation of an environmental management system, expansion of new and renewable energy facilities, energy efficiency, management of greenhouse gas emission permits · Analysis of climate change scenarios, establishment of climate change response strategies, and risk management
	 <p>Supply Chain</p>	Risks related to the environmental, social, and governance management, monitoring, and performance of suppliers	<ul style="list-style-type: none"> · Establishment of a sustainable supply chain policy and a Partners Code of Conduct · Support for partner ESG education and consulting
 <p>Non-Financial</p>	 <p>Employment and Labor</p>	Risks of human rights violations by employees or partners and outflow of key talent	<ul style="list-style-type: none"> · Establishment of a human rights policy, implementation of human rights management, and human rights education · Enhancement of the employee education system and operation of a performance-linked evaluation system
	 <p>Safety and Health</p>	Risks associated with major accidents and disasters at all business and operational sites	<ul style="list-style-type: none"> · Establishment of a safety and health management system and deployment and training of professional personnel · Identification and improvement of risks through business site and workplace safety diagnoses
	 <p>Information Security</p>	Risks related to customer data breaches and information security	<ul style="list-style-type: none"> · Operation of an information security management system and regular inspections (internal, external) · Provision of information protection training for all executives and employees
	 <p>Compliance</p>	Risks related to regulatory compliance, compliance monitoring, internal controls and fair trade	<ul style="list-style-type: none"> · Establishment and operation of a compliance management system · Compliance management training and risk monitoring for executives and employees



- Environmental
- Social
- **Governance**
 - Governance
 - Ethics and Compliance Management
 - Integrated Risk Management**
 - Information Security

Integrated Risk Management Risk Management >>

Risk Management Area

Overseas Business Risks

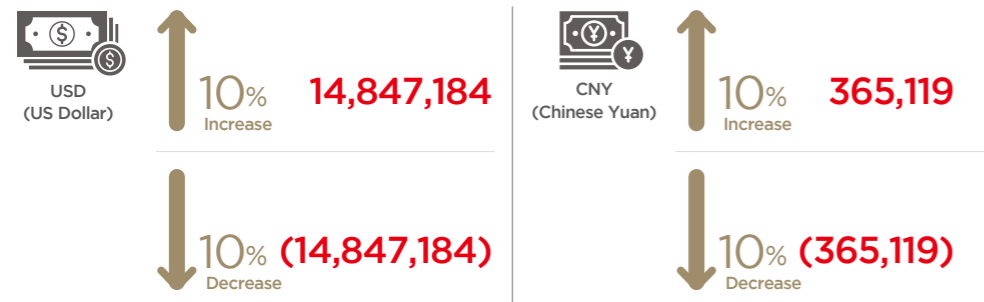
As a global retail company operating not only in Korea but also in Vietnam, Indonesia and other countries, LOTTE Shopping manages risks by considering the scale, employees and local laws of each overseas business site.

LOTTE Mart has established control towers for all overseas locations and formed compliance organizations for each country to create a systematic compliance system. To prevent risks arising from intentional or negligent actions, we have developed detailed operational manuals and regulations tailored to the characteristics of each business site.

For LOTTE Department Store, where each store operates as an independent entity, we strengthen risk management by conducting on-site inspections and reviewing local laws and risks from the head office level. Based on this, in 2024, we plan to establish risk management guidelines, processes, and operational manuals that take into account the specific characteristics of each store.

Foreign Exchange Risk

As a global retail company operating not only in Korea but also in Vietnam, Indonesia and other countries, LOTTE Shopping is exposed to foreign currencies such as the USD (US dollar) and CNY (Chinese yuan) in addition to the KRW (Korean won). Accordingly, we regularly measure the exchange rate risk of the KRW against these foreign currencies. The impact on LOTTE Shopping's pre-tax profit and loss due to a 10% fluctuation in the exchange rate of each foreign currency against the KRW is as follows.¹⁾



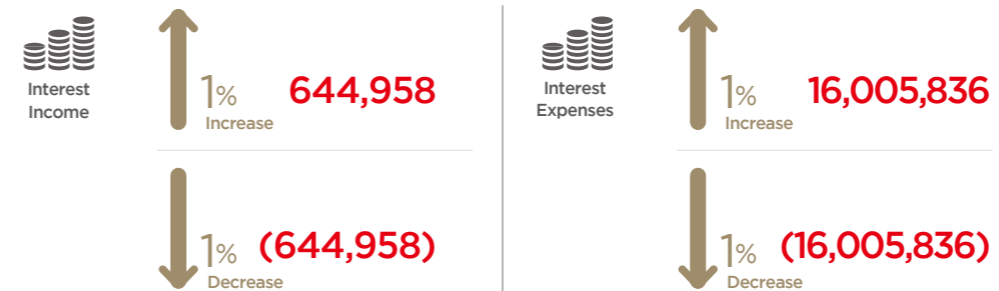
¹⁾ Based on the business report, unit: KRW thousand

Tax Risk

LOTTE Shopping recognizes that preventing tax-related risks in all business activities, strictly adhering to tax laws and regulations, securing customer interests, maximizing shareholder value, and contributing to national finances are essential conditions for sustainable business activities. Therefore, we diligently fulfill our tax obligations through our dedicated tax team and external expert consultations and thoroughly review and monitor tax risks.

Interest Rate Risk

To minimize the value fluctuations of financial assets and liabilities caused by interest rate changes due to exchange rate fluctuations, LOTTE Shopping has adopted a policy to mitigate interest rate risk by paying variable interest rates as fixed KRW interest rates. Assuming a 1% point change in interest rates, the impact on annual interest income and interest expenses is as follows.¹⁾



¹⁾ Based on the business report, unit: KRW thousand

Accounting Risk

LOTTE Shopping operates an internal accounting management system based on the Internal Accounting Management Regulations. We report the operation of this system to the general meeting of shareholders, the BOD, 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"). In addition, in accordance with Article 8 (5) of the External Audit Act, the company's Audit Committee evaluates the operational status of the internal accounting management system and reports it to the BOD every fiscal year. Moreover, as per Article 8 (7) of the External Audit Act, external auditors express their opinions on the company's internal accounting management system in the audit report.



Information Security

Cyber Security >>

Information Security Management System

LOTTE Shopping has built and operates a systematic information security governance framework. In accordance with domestic information protection laws, we designate a CISO (Chief Information Security Officer) and a CPO (Chief Privacy Officer) for each Business Division, with the responsible department and personnel handling relevant tasks. Through the Information Security Working Council, we share major issues and the latest security topics related to information security and discuss ways to strengthen security measures.

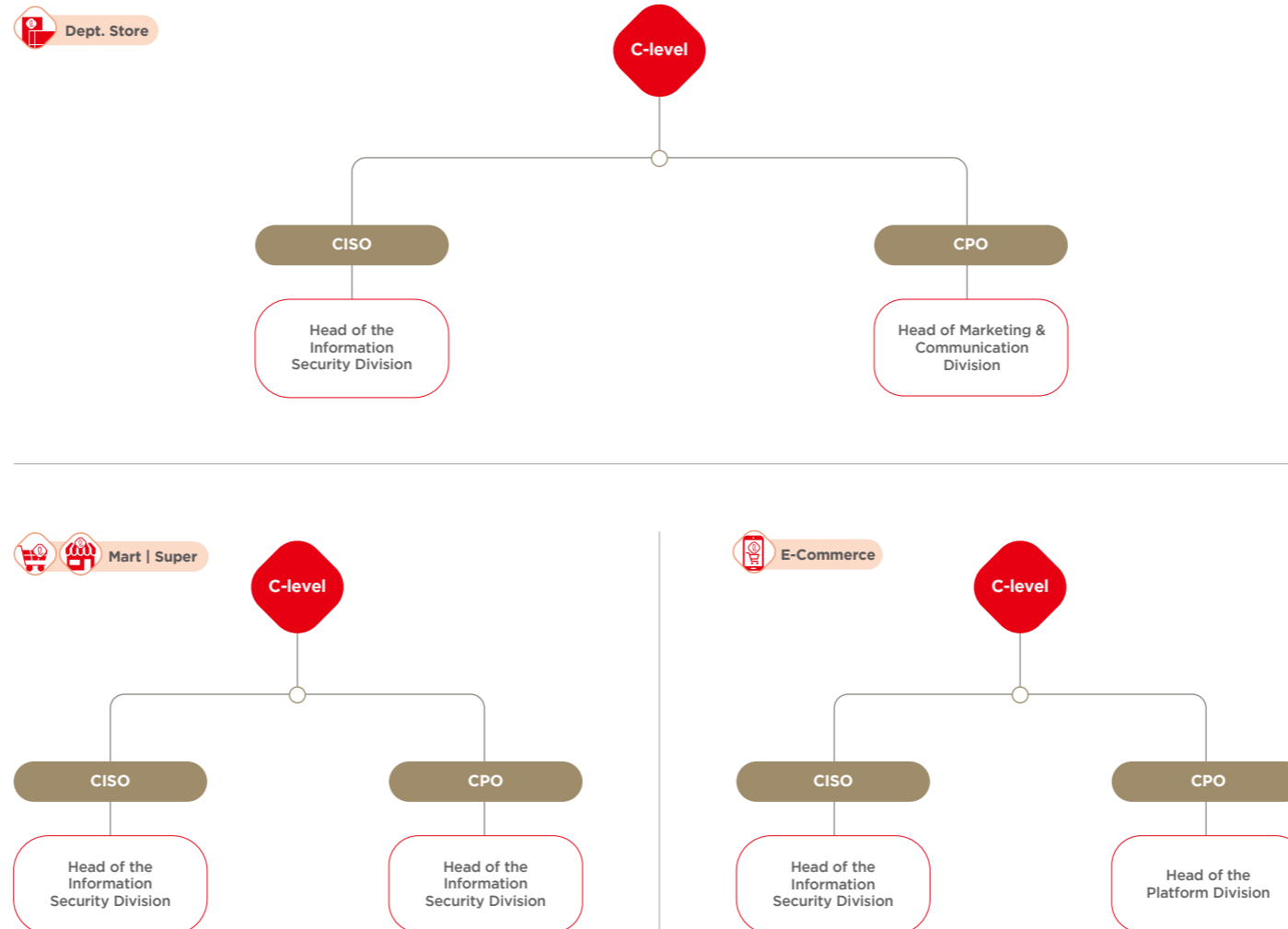
Information Security Policies

LOTTE Shopping establishes information security policies for each Business Division based on the group's information security regulations. These policies comprise information security regulations and guidelines, including personal information security guidelines. We promptly update our policies to reflect changes in relevant laws and regulations, IT technologies, and the business environment, and all employees have access to these policies via the company's intranet and bulletin boards.

Information Security Certification

All Business Divisions of LOTTE Shopping have obtained ISMS (information security management system) certification as required by information protection laws. We undergo annual certification renewal and post-certification management audits. As of March 2024, all Business Divisions had maintained ISMS certification.

LOTTE Shopping has established a company-wide information security management system to prevent increasingly sophisticated information security risks and respond promptly to external threats. Based on our information protection policy, we operate an information protection system through the group's security control team and dedicated teams within each Business Division. To enhance security awareness among employees and strengthen the capabilities of those handling personal information and IT tasks, we regularly conduct training and education sessions. In addition, we periodically assess our information protection levels and have established a security incident response system and personal data breach response system to ensure accurate and immediate responses to risks.



2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

- Environmental
- Social
- **Governance**
 - Governance
 - Ethics and Compliance Management
 - Integrated Risk Management
 - Information Security**

APPENDIX



Information Security Cyber Security >>

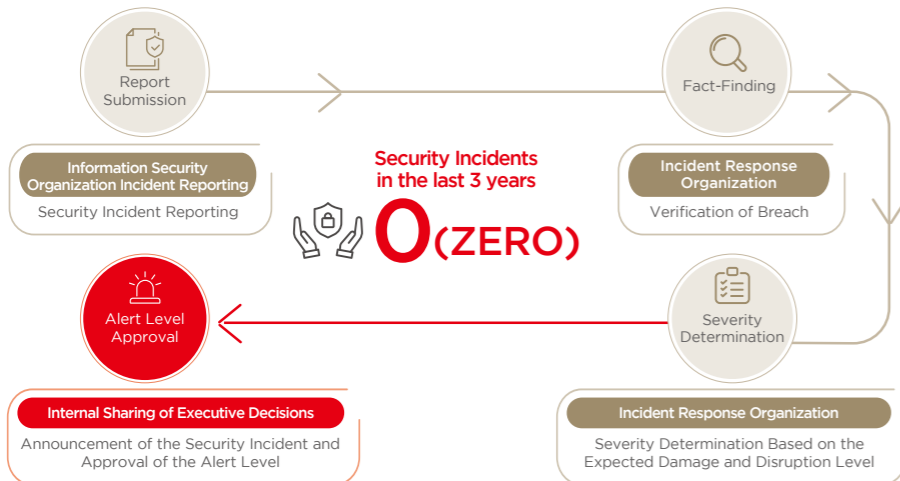
Information Protection Activities

Information Security Management System

LOTTE Shopping, in collaboration with LOTTE Group CERT (Computer Emergency Response Team), operates continuous response programs for monitoring and preventive measures to avoid security incidents. We have established a variety of solutions and information protection systems to safeguard our information assets. We conduct rigorous security monitoring 24 hours a day, 365 days a year, to defend against all forms of security attacks. We have also built a security incident response system to ensure immediate action in the event of a security breach.

In addition, we conduct annual security vulnerability assessments and penetration tests to evaluate our critical infrastructure and services and identify and implement improvement tasks. Furthermore, to ensure the continuity of our major information security management systems, we have established and are operating a disaster recovery system.

Security Incident Response System



Information Security Disclosures

LOTTE Shopping participates in the voluntary and mandatory disclosure system to promote secure internet usage and stimulate investment in information protection. This system involves publicly disclosing information on information protection personnel, investments, and certification activities. The current status of LOTTE Shopping's information protection efforts can be found on the each Business Division's website.

Information Security Training

To underscore the importance of information security and prevent security incidents in advance, LOTTE Shopping conducts a variety of information security training programs. We perform biannual simulated phishing email exercises to prevent hacking incidents caused by malicious code. These exercises assess response procedures to phishing emails and DDoS attack scenarios. We also participate in quarterly group information security drills and conduct independent simulations within each Business Division. In addition, we conduct disaster recovery training to ensure immediate response and recovery in case of security incidents.

2023 Information Security Training Overview



Information Security Education

LOTTE Shopping conducts privacy protection training for all employees to raise security awareness and provides additional information security training for those with personal data handling and IT roles. LOTTE E-Commerce, which operates an online platform, provides specialized information protection training for executives and leadership groups to enhance the overall information security capabilities of the entire organization. In collaboration with the LOTTE Group Information Protection Committee, we conduct monthly information protection campaigns focusing on urgent security issues. In addition, for employees working in stores who interact with customers, we conduct annual on-site inspections and coaching activities to strengthen the information protection skills needed in the field.

2023 Information Security Education Overview

Category	Training Target	Number of Participants	Training Hours
Department Store	All Employees	6,234	6,234
	Personal Data Handlers	32	32
	IT Personnel	107	103
Mart / Super	All Employees	14,174	14,174
	Personal Data Handlers	143	286
	IT Personnel	91	91
E-Commerce	All Employees	1,004	1,004
	Personal Data Handlers	98	98
	IT Personnel	380	760
	Administrators ¹⁾	79	59

¹⁾ Employees above team leader

2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

- Environmental
- Social
- **Governance**
 - Governance
 - Ethics and Compliance Management
 - Integrated Risk Management
 - Information Security**

APPENDIX



Information Security **Personal Information Protection >>**

Personal Information Management System

LOTTE Shopping collects and uses only the minimum necessary information to ensure the safe protection of personal data. Each Business Division's CPO (chief privacy officer) oversees personal information management tasks and establishes internal management plans that reflect the unique characteristics of their operations. In addition, we have established personal information protection guidelines that include details on collection, use, processing, management, and technical protection measures, and these are posted on the company intranet and bulletin boards.

Personal Information Management System

To ensure strict management of personal data, we apply protective measures by minimizing access permissions. We operate security solutions such as database encryption storage, access control, file encryption storage, and additional user authentication. Furthermore, we routinely monitor access logs for personal information queries, modifications, and downloads to check for unauthorized access and abnormal signs.

Personal Information Compliance

LOTTE Shopping complies with domestic and international laws and guidelines, 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 OECD guidelines. During the development and introduction of new customer services and systems, we conduct multifaceted compliance security reviews covering the management, technology and legal fields to ensure personal information protection compliance. We also monitor compliance annually through LOTTE Group Information Security Assessment.

Personal Information Processor Inspection

LOTTE Shopping conducts an annual inspection of all personal information processing contractors. We review their security measures, personal information destruction management and other related practices. For contractors for whom improvement areas are identified, we provide supplementary training and guidance on corrective actions. Notably, LOTTE E-Commerce conducts additional on-site inspections of these contractors, which are expanding annually with the aim of achieving a 50% inspection rate by 2025.

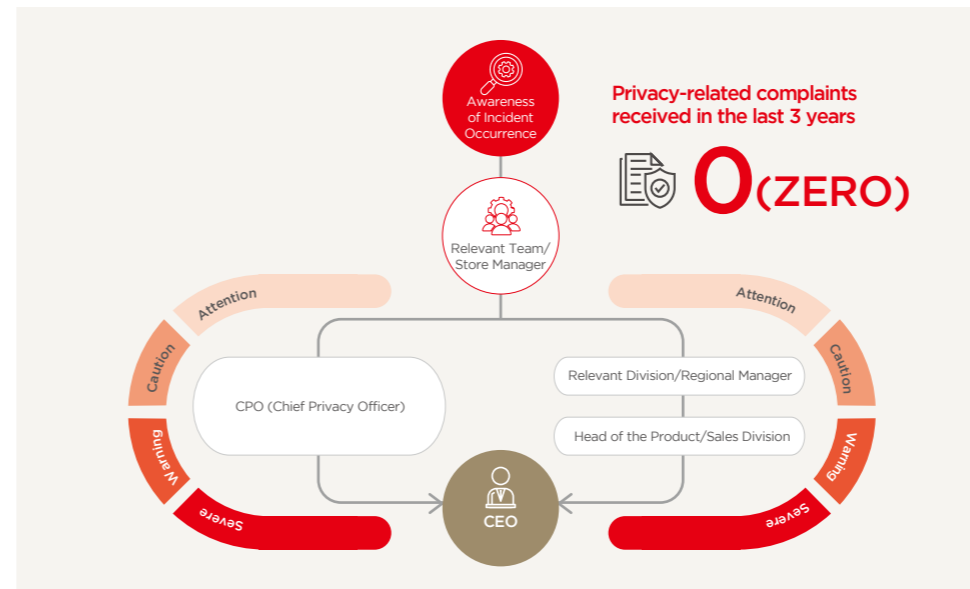
Overview of the 2023 Personal Information Processor Inspection

Category	Number of Information Processor	Inspection Status
Department Store	70 contractors	100% complete
Mart / Super	76 contractors	100% complete
E-Commerce	359 contractors ¹⁾	100% complete

1) 48 key contractors (handling personal information of employees and customers), 311 other consignees (personal information of partners)

Personal Information Breach Response System

LOTTE Shopping has established a system to respond swiftly and accurately to personal information breaches. We categorize incidents by severity level and have developed a reporting system and response principles tailored to each severity level to minimize damage.



Easy-to-Understand Privacy Policy

LOTTE Mart and LOTTE Super have posted the Easy-to-Understand Privacy Policy and Fixed Video Information Processing Device Management Policy on their websites separately from the full privacy policy text. This ensures that users can easily understand our privacy practices. We have also listed the department responsible for handling privacy complaints to actively address users' concerns and inquiries. In addition, LOTTE Department Store and LOTTE E-Commerce have provided labeled Privacy Policies to make it easier for customers to read and understand from their perspective.



Appendix

- 108 ESG Data
- 122 GRI Standards Index
- 125 ESRS Index
- 127 TCFD Index
- 128 SASB Index
- 132 Independent Assurance Report
- 134 GHG Assurance Report
- 135 Memberships and Awards

2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

APPENDIX

- ESG Data
- GRI Standards Index
- ESRS Index
- TCFD Index
- SASB Index
- Independent Assurance Report
- GHG Assurance Report
- Memberships and Awards



ESG Data **Financials** >>

Consolidated Statement of Financial Position

(Unit: KRW)

Category	54th	53rd	52nd
Assets			
I. Current Assets	5,563,803,119,356	6,179,514,075,813	7,000,185,490,914
Cash and cash equivalents	1,589,717,984,770	1,800,809,705,742	2,398,788,978,689
Trade and other receivables	1,004,437,154,315	805,183,467,950	625,501,297,125
Other financial assets	1,392,954,691,989	1,657,441,323,468	2,074,555,177,483
Inventories	1,269,197,362,458	1,386,063,156,288	1,395,280,189,965
Current tax assets	10,514,332,841	80,878,162,609	146,636,380,573
Other non-financial assets	129,550,369,176	125,567,443,110	106,683,605,060
Assets held for sale	167,431,223,807	323,570,816,646	252,739,862,019
II. Non-Current Assets	25,080,895,577,181	25,524,061,797,257	26,426,348,328,088
Trade and other receivables	96,107,321,835	100,200,264,439	95,664,385,002
Investments in affiliates and joint ventures	1,502,950,310,211	1,439,010,264,830	991,462,117,628
Other financial assets	1,684,223,027,629	1,848,380,049,705	2,381,304,885,731
Tangible assets	15,006,693,253,365	14,325,423,742,352	14,578,526,259,318
Right-of-use assets	3,633,004,248,992	4,059,086,447,812	4,700,201,180,942
Investment property	1,549,605,624,913	2,071,590,199,293	1,766,203,032,622
Goodwill	886,960,999,704	886,804,557,650	1,185,880,115,730
Intangible assets	271,810,021,844	253,944,751,840	333,921,531,788
Defined benefit assets	181,240,416,603	261,888,456,786	121,737,667,756
Deferred tax assets	140,121,296,588	96,970,974,210	87,495,656,414
Other non-financial assets	128,179,055,497	180,762,088,340	183,951,495,157
Total Assets	30,644,698,696,537	31,703,575,873,070	33,426,533,819,002

(Unit: KRW)

Category	54th	53rd	52nd
Equity			
I. Equity Attributable to Owners of Controlling Company	9,493,521,378,034	9,567,653,934,244	10,083,492,212,560
Capital stock	141,443,775,000	141,443,775,000	141,443,775,000
Capital surplus	3,574,349,413,965	3,574,349,413,965	3,574,211,671,439
Hybrid securities	178,660,241,553	169,454,021,553	139,574,341,553
Capital adjustments	(3,019,674,385,605)	(3,019,418,222,294)	(3,032,430,491,251)
Retained earnings	8,630,122,588,229	8,641,202,573,997	8,996,636,841,881
Accumulated other comprehensive income	(11,380,255,108)	60,622,372,023	264,056,073,938
II. Non-controlling Interests	1,342,928,340,777	1,467,462,851,758	1,713,514,464,376
Total Equity	10,836,449,718,811	11,035,116,786,002	11,797,006,676,936
Liabilities			
I. Current Liabilities	10,903,416,044,835	10,622,585,640,821	8,994,249,448,657
Borrowings and bonds	5,145,975,765,763	4,894,848,443,231	3,564,742,247,058
Trade and other payables	2,624,928,137,200	2,566,310,260,103	2,419,870,120,532
Other financial liabilities	588,316,201,974	398,857,687,825	453,558,227,545
Lease liabilities	672,388,913,675	756,903,350,340	628,014,113,358
Current tax liabilities	579,788,425	7,236,536,663	120,115,902,197
Unearned revenues	226,803,111,848	207,553,830,946	183,830,692,892
Provisions	31,234,466,019	40,667,918,446	30,735,990,418
Other non-financial liabilities	1,613,189,659,931	1,628,562,454,687	1,593,382,154,657
Liabilities associated with assets held for sale	0	121,645,158,580	0
II. Non-Current Liabilities	8,904,832,932,891	10,045,873,446,247	12,635,277,693,409
Borrowings and bonds	4,266,225,219,340	4,866,439,908,187	6,388,234,343,658
Other liabilities	4,266,030,908	19,454,583,649	15,635,693,345
Other financial liabilities	84,107,471,459	155,470,722,811	100,905,481,186
Lease liabilities	4,173,403,498,164	4,623,897,610,671	5,318,114,599,877
Defined benefit liabilities and other long-term employee benefits	34,040,509,229	32,628,098,887	34,788,697,045
Deferred tax liabilities	184,933,543,951	189,548,681,053	610,770,682,795
Unearned revenues	23,890,971,971	26,694,353,609	28,918,937,740
Non-current provisions	133,965,687,869	131,739,487,380	137,909,257,763
Total liabilities	19,808,248,977,726	20,668,459,087,068	21,629,527,142,066
Total equity and liabilities	30,644,698,696,537	31,703,575,873,070	33,426,533,819,002

2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

APPENDIX

ESG Data

GRI Standards Index

ESRS Index

TCFD Index

SASB Index

Independent Assurance Report

GHG Assurance Report

Memberships and Awards



ESG Data **Financials** >>

Consolidated Statement of Comprehensive Income

(Unit: KRW)

Category	54th	53rd	52nd
Sales	14,555,863,880,290	15,476,035,656,554	15,573,550,042,665
Cost of Sales	(7,781,158,641,115)	(8,662,606,266,375)	(9,031,312,694,405)
Gross Profit	6,774,705,239,175	6,813,429,390,179	6,542,237,348,260
Selling, General and Administrative Expenses	(6,263,902,178,344)	(6,424,519,191,456)	(6,333,903,001,822)
Bad Debt Expenses	(2,398,329,191)	(2,684,604,113)	(731,653,172)
Operating Profit	508,404,731,640	386,225,594,610	207,602,693,266
Other Revenues	181,663,076,883	158,255,691,886	217,931,714,720
Other Expenses	(334,285,246,831)	(783,081,950,287)	(647,585,952,577)
Other Bad Debt Expenses	8,731,679,390	(2,848,833,912)	(6,138,914,057)
Finance Income - Interest income under the effective interest method	161,344,494,960	117,380,869,303	73,736,887,114
Finance Income - Other	250,813,592,206	225,426,480,608	180,091,018,265
Finance Costs	(739,852,713,061)	(798,363,441,370)	(760,311,035,446)
Share of Profit or Loss from Associates	147,141,129,778	129,663,282,129	96,432,874,163
Profit or Loss Before Income Taxes	183,960,744,965	(567,342,307,033)	(638,240,714,552)
Income Tax Benefit (Expense)	(14,780,308,584)	248,649,866,000	365,276,560,551
Net Profit (Loss)	169,180,436,381	(318,692,441,033)	(272,964,154,001)
Other Comprehensive Income	(176,780,714,469)	(330,686,017,860)	869,703,292,467
• Items that will not be reclassified to profit or loss	(111,803,619,535)	(300,297,170,291)	735,066,648,149
• Other Comprehensive Income Fairvalue change of equity instruments	(45,362,191,962)	(539,972,751,942)	842,118,879,722
• Remeasurements of Defined Benefit Plans	(103,280,920,891)	79,496,575,275	80,154,670,492
• Share of other comprehensive income of associates	(2,971,010,429)	6,302,128,729	9,323,184,981
• Tax effects	39,810,503,747	153,876,877,647	(196,530,087,046)

(Unit: KRW)

Category	54th	53rd	52nd
• Items that will be reclassified as profit or loss	(64,977,094,934)	(30,388,847,569)	134,636,644,318
• Other Comprehensive Income Fair value change of debt instruments	207,084,539	(184,535,373)	(26,818,175)
• Foreign currency translation differences for foreign operations	(13,698,435,835)	(40,651,741,083)	111,612,093,216
• Fair value changes of derivatives	(40,863,852,082)	(7,945,025,644)	14,113,702,571
• Share of other comprehensive income of affiliates	(12,226,732,340)	4,521,531,484	28,001,423,905
• Tax effects	1,604,840,784	13,870,923,047	(19,063,757,199)
Total comprehensive income	(7,600,278,088)	(649,378,458,893)	596,739,138,466
Attribution of Net Profit or Loss			
• Net profit (loss) attributable to owners of the parent company	174,403,554,447	(324,570,885,303)	(292,279,479,719)
• Non-controlling interests	(5,223,118,066)	5,878,444,270	19,315,325,718
Attribution of Total Comprehensive Income (Loss)			
• Equity attributable to owners of the controlling company	20,820,499,101	(474,546,050,277)	241,808,313,638
• Non-controlling interest	(28,420,777,189)	(174,832,408,616)	354,930,824,828
Earnings (Loss) per Share			
• Basic earnings (loss) per share from continuing operations	5,794	(11,772.00)	(10,363.00)
• Diluted earnings (loss) per share from continuing operations	5,794	(11,772.00)	(10,430.00)

2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

APPENDIX

ESG Data

GRI Standards Index

ESRS Index

TCFD Index

SASB Index

Independent Assurance Report

GHG Assurance Report

Memberships and Awards





ESG Data **Environment** >>

Due to the integration of LOTTE Mart and LOTTE Super in 2023, and changes in LOTTE Shopping's internal ESG data management and disclosure standards, Some ESG data for each Business Division has been recalculated or corrected.

GHG Emissions (Scope 1 & 2, Domestic Business Sites)

Category		Unit	2021	2022	2023
Department Store	Direct Emissions (Scope 1)	tCO ₂ eq	37,798	41,599	40,285
	Indirect Emissions (Scope 2)	tCO ₂ eq	306,705	345,034	343,955
	Total Emissions (Scope 1+2)	tCO ₂ eq	344,503	386,633	384,241
	GHG Emissions Intensity ¹⁾	tCO ₂ eq/KRW 100 million	10.90	11.96	11.63
Mart	Direct Emissions (Scope 1)	tCO ₂ eq	48,645	49,485	46,340
	Indirect Emissions (Scope 2)	tCO ₂ eq	223,855	229,054	226,632
	Total Emissions (Scope 1+2)	tCO ₂ eq	272,499	278,539	272,972
	GHG Emissions Intensity ¹⁾	tCO ₂ eq/KRW 100 million	4.76	4.72	4.76
Super	Direct Emissions (Scope 1)	tCO ₂ eq	10,869	10,069	9,346
	Indirect Emissions (Scope 2)	tCO	50,995	46,561	43,156
	Total Emissions (Scope 1+2)	tCO ₂ eq	61,864	56,629	52,503
	GHG Emissions Intensity ¹⁾	tCO ₂ eq/KRW 100 million	4.26	4.22	4.02
E-Commerce	Direct Emissions (Scope 1)	tCO ₂ eq	157	107	70
	Indirect Emissions (Scope 2)	tCO ₂ eq	1,231	722	423
	Total Emissions (Scope 1+2)	tCO ₂ eq	1,388	829	493
	GHG Emissions Intensity ¹⁾	tCO ₂ eq /KRW 100 million	1.28	0.73	0.38

1) Greenhouse gas emissions relative to sales revenue

GHG Emissions (Scope 3, Domestic Business Sites)

Category		Unit	2021	2022	2023
Upstream	1. Purchased Goods and Services	tCO ₂ eq	5,662,989	5,624,431	5,427,114
	2. Capital Goods	tCO ₂ eq	101	188	84
	3. Fuel and Energy	tCO ₂ eq	671,357	717,514	710,035
	4. Upstream Transportation and Retail	tCO ₂ eq	26,381	6,834,162	7,261,874
	5. Waste Generated in Operations	tCO ₂ eq	2,025	4,399	2,765
	6. Business Travel	tCO ₂ eq	38	1,027	1,405
	7. Employee Commuting	tCO ₂ eq	20,508	10,396	12,594
	8. Upstream Leased Assets	tCO ₂ eq	2,398	2,576	3,057
Downstream	9. Downstream Transportation and Distribution	tCO ₂ eq	-	12,438	9,492
	11. Use of Sold Products	tCO ₂ eq	3,087,282	3,211,006	2,987,041
	12. End-of-life Treatment of Sold Products	tCO ₂ eq	335,442	278,171	247,382
	14. Franchises	tCO ₂ eq	9,455	9,125	9,812
	15. Investments	tCO ₂ eq	244,406	224,730	239,072
	Total Scope 3 Emissions	tCO ₂ eq	10,062,381	16,930,163	16,911,726

Energy Consumption

Category		Unit	2021	2022	2023
Department Store	Total Energy Consumption	TJ	7,057	8,074	7,776
	Electricity	TJ	6,275	7,040	6,721
	Heat	TJ	743	819	793
	Steam	TJ	39	215	262
	Energy Change¹⁾	TJ	701	1,017	-298
	Energy Intensity²⁾	TJ/KRW 100 million	0.223	0.250	0.235
Mart	Total Energy Consumption	TJ	5,510	5,618	5,538
	Electricity	TJ	4,620	4,725	4,665
	Heat	TJ	818	818	786
	Steam	TJ	71	75	88
	Energy Change¹⁾	TJ	-292	109	-80
	Energy Intensity²⁾	TJ/KRW 100 million	0.096	0.095	0.097
Super	Total Energy Consumption	TJ	1,224	1,120	1,038
	Electricity	TJ	1,065	972	901
	Heat	TJ	158	147	136
	Steam	TJ	1	1	1
	Energy Change¹⁾	TJ	-192	-104	-82
	Energy Intensity²⁾	TJ/KRW 100 million	0.084	0.083	0.079
E-Commerce	Total Energy Consumption	TJ	29	17	9
	Electricity	TJ	26	15	9
	Heat	TJ	3	2	1
	Steam	TJ	-	-	-
	Energy Change¹⁾	TJ	9	-12	-8
	Energy Intensity²⁾	TJ/KRW 100 million	0.026	0.015	0.007

1) Energy consumption for the current year - energy consumption for the previous year

2) Energy consumption relative to sales revenue

2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

APPENDIX

ESG Data

GRI Standards Index

ESRS Index

TCFD Index

SASB Index

Independent Assurance Report

GHG Assurance Report

Memberships and Awards





ESG Data **Environment** >>

Due to the integration of LOTTE Mart and LOTTE Super in 2023, and changes in LOTTE Shopping's internal ESG data management and disclosure standards, Some ESG data for each Business Division has been recalculated or corrected.

Waste

	Category	Unit	2021	2022	2023
Department Store	Total Waste Generated	ton	23,510	26,878	25,178
	General	ton	23,510	26,876	25,178
	Designated	ton	-	2	-
	Total Waste Recycled	ton	22,180	25,582	24,431
	General	ton	22,180	25,582	24,431
	Designated	ton	-	-	-
	Waste Recycling Rate	%	94.3	95.2	97.0
	Total Waste Treated	ton	1,330	1,296	748
	Landfill	ton	458	206	42
	Incineration	ton	872	1,090	706
Mart	Total Waste Generated	ton	20,023	19,917	20,931
	General	ton	20,021	19,909	20,923
	Designated	ton	3	8	8
	Total Waste Recycled	ton	19,247	19,157	20,623
	General	ton	19,247	19,150	20,616
	Designated	ton	-	7	7
	Waste Recycling Rate	%	96.1	96.2	98.5
	Total Waste Treated	ton	776	758	309
	Landfill	ton	134	79	47
	Incineration	ton	540	574	244
Super	Total Waste Generated	ton	190	172	123
	General	ton	190	172	123
	Designated	ton	-	-	-
	Total Waste Recycled¹⁾	ton	86	110	70
	General	ton	86	110	70
	Designated	ton	-	-	-
	Waste Recycling Rate¹⁾	%	45.2	64.2	56.9
	Total Waste Treated	ton	104	62	53
	Landfill	ton	-	-	-
	Incineration	ton	104	62	53
Other	ton	-	-	-	

1) Due to incorrect information the data for 2022 has been revised.

Water

	Category	Unit	2021	2022	2023
Department Store	Total Water Consumption	ton	4,357,535	4,741,700	5,179,609
	Groundwater	ton	273,443	233,667	223,326
	Tap Water	ton	4,084,092	4,508,033	4,956,283
	Total Water Recycled	ton	599,212	559,494	732,728
	Greywater	ton	597,587	558,670	732,008
	Rainwater	ton	1,625	824	720
	Mart	Total Water Consumption	ton	2,189,141	2,207,651
Groundwater		ton	-	-	-
Tap Water		ton	2,189,141	2,207,651	2,186,497
Total Water Recycled		ton	45,854	50,776	47,521
Greywater		ton	45,854	50,776	47,521
Rainwater		ton	-	-	-
E-Commerce		Total Water Consumption	ton	4,575	4,517
	Groundwater	ton	1,493	1,757	1,810
	Tap Water	ton	3,082	2,760	2,740
	Total Water Recycled	ton	1,642	2,414	2,608
	Greywater	ton	1,642	2,414	2,608
	Rainwater	ton	-	-	-

2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

APPENDIX

ESG Data

GRI Standards Index

ESRS Index

TCFD Index

SASB Index

Independent Assurance Report

GHG Assurance Report

Memberships and Awards



ESG Data **Environment** >>

Due to the integration of LOTTE Mart and LOTTE Super in 2023, and changes in LOTTE Shopping's internal ESG data management and disclosure standards, Some ESG data for each Business Division has been recalculated or corrected.

Sustainable Products | Eco-friendly Products¹⁾

	Category	Unit	2021	2022	2023
Department Store	Eco-friendly Products	SKU	289	289	289
	Sales of Eco-friendly Products	KRW million	1,384	1,314	1,330
Mart	Eco-friendly Products	SKU	1,039	1,477	1,684
	Phase: Raw Materials	SKU	619	867	919
	Phase: Manufacturing and Processing	SKU	132	153	190
	Phase: Consumption and Disposal	SKU	288	457	575
	Sales of Eco-friendly Products	KRW million	172,682	208,670	215,918
	Eco-friendly Products	SKU	211	317	377
Super	Phase: Raw Materials	SKU	130	194	217
	Phase: Manufacturing and Processing	SKU	37	46	74
	Phase: Consumption and Disposal	SKU	44	77	86
	Sales of Eco-friendly Products	KRW million	60,981	65,909	72,142
	Eco-Friendly Products	SKU	22,607	66,304	117,633
E-Commerce	Sales of Eco-friendly Products	KRW million	2,998	3,923	2,854

1) Eco-friendly product SKUs recalculated due to the refinement of "sustainable product standards"

Eco-friendly Product Purchases

	Category	Unit	2021	2022	2023
Department Store	Purchase Amount of Eco-friendly Products	KRW million	2,487	2,462	2,329
	Percentage of Eco-friendly Product Purchases ¹⁾	%	2.42	2.06	1.85
Mart	Purchase Amount of Eco-friendly Products	KRW million	8,556	6,071	4,595
	Percentage of Eco-friendly Product Purchases ¹⁾	%	7.64	5.51	5.26
Super	Purchase Amount of Eco-friendly Products	KRW million	14	12	27
	Percentage of Eco-friendly Product Purchases ¹⁾	%	0.07	0.04	0.13
E-Commerce	Purchase Amount of Eco-friendly Products	KRW million	-	2	73
	Percentage of Eco-friendly Product Purchases ¹⁾	%	-	0.52	22.79

1) Eco-friendly product purchases relative to the total purchase amount

Violations of Environmental Regulations

Category	Unit	2021	2022	2023
LOTTE Shopping	case(s)	0	0	1 ¹⁾
Department 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

1) Imposition of fines for failure to meet the submission deadline for notification of reasons for the cancellation of GHG emission allowances (applicable to seven closed business sites).

2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

APPENDIX

ESG Data

GRI Standards Index

ESRS Index

TCFD Index

SASB Index

Independent Assurance Report

GHG Assurance Report

Memberships and Awards





ESG Data **Social** >>

Due to the integration of LOTTE Mart and LOTTE Super in 2023, and changes in LOTTE Shopping's internal ESG data management and disclosure standards, Some ESG data for each Business Division has been recalculated or corrected.

Employee Status | Domestic

Category		Unit	2021	2022	2023
Department Store	Total Number of Employees	person(s)	4,339	4,566	4,609
	Male	person(s)	1,718	1,698	1,700
	Manager Level and Above ¹⁾	person(s)	773	779	829
	Non-Manager Level	person(s)	945	919	871
	Female	person(s)	2,621	2,868	2,909
	Manager Level and Above ¹⁾	person(s)	233	283	342
	Non-Manager Level	person(s)	2,388	2,585	2,567
	Female Executive Ratio	%	23.16	26.65	29.21
	Employment Type				
	Regular employee	person(s)	4,337	4,563	4,598
	Non-regular employee	person(s)	2	3	11
	Age				
	Under 30	person(s)	456	581	582
	30 to under 50	person(s)	3,244	3,237	3,151
	50 and above	person(s)	639	748	876
Diversity					
Persons with Disabilities	%	3.6	3.1	3.1	
Mart	Total Number of Employees	person(s)	11,427	11,397	10,616
	Male	person(s)	3,357	3,444	3,321
	Manager Level and Above ¹⁾	person(s)	818	867	916
	Non-Manager Level	person(s)	2,539	2,577	2,405
	Female	person(s)	8,070	7,953	7,295
	Manager Level and Above ¹⁾	person(s)	117	112	122
	Non-Manager Level	person(s)	7,953	7,841	7,173
	Female Executive Ratio	%	12.51	11.44	11.75
	Employment Type				
	Regular employee	person(s)	11,423	11,395	10,614
	Non-regular employee	person(s)	4	2	2
	Age				
	Under 30	person(s)	370	428	399
	30 to under 50	person(s)	5,014	4,834	4,692
	50 and above	person(s)	6,043	6,135	5,525
Diversity					
Persons with Disabilities	%	3.3	3.4	3.3	
National Veterans	person(s)	105	102	94	
Foreign Nationals	person(s)	1	2	3	

1) Employees above M grade

Category		Unit	2021	2022	2023
Super	Total Number of Employees	person(s)	4,844	3,752	3,481
	Male	person(s)	1,467	1,164	1,064
	Manager Level and Above ¹⁾	person(s)	266	226	225
	Non-Manager Level	person(s)	1,201	938	839
	Female	person(s)	3,377	2,588	2,417
	Manager Level and Above ¹⁾	person(s)	8	21	19
	Non-Manager Level	person(s)	3,369	2,567	2,398
	Female Executive Ratio	%	2.92	8.50	7.79
	Employment Type				
	Regular employee	person(s)	4,842	3,750	3,481
	Non-regular employee	person(s)	2	2	0
	Age				
	Under 30	person(s)	231	198	141
	30 to under 50	person(s)	2,061	1,551	1,425
	50 and above	person(s)	2,552	2,003	1,915
Diversity					
Persons with Disabilities	%	3.3	3.1	3.0	
National Veterans	person(s)	13	8	4	
Foreign Nationals	person(s)	1	1	1	
E-Commerce	Total Number of Employees	person(s)	960	1,000	970
	Male	person(s)	460	460	425
	Manager Level and Above ¹⁾	person(s)	222	220	226
	Non-Manager Level	person(s)	238	240	199
	Female	person(s)	500	540	545
	Manager Level and Above ¹⁾	person(s)	137	147	181
	Non-Manager Level	person(s)	363	393	364
	Female Executive Ratio	%	38.16	40.05	44.47
	Employment Type				
	Regular employee	person(s)	898	949	927
	Non-regular employee	person(s)	62	51	43
	Age				
	Under 30	person(s)	229	219	159
	30 to under 50	person(s)	686	728	753
	50 and above	person(s)	45	53	47
Diversity					
Persons with Disabilities	%	1.8	1.1	0.7	
National Veterans	person(s)	14	12	10	
Foreign Nationals	person(s)	0	0	0	

2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

APPENDIX

ESG Data

GRI Standards Index

ESRS Index

TCFD Index

SASB Index

Independent Assurance Report

GHG Assurance Report

Memberships and Awards





ESG Data **Social** >>

Due to the integration of LOTTE Mart and LOTTE Super in 2023, and changes in LOTTE Shopping's internal ESG data management and disclosure standards, Some ESG data for each Business Division has been recalculated or corrected.

Employee Status | Overseas

Category		Unit	2021	2022	2023
Department Store	Total Number of Employees	person(s)	582	561	696
	Total Number of Employees	person(s)	198	196	175
	Hanoi	person(s)	14	15	13
	Non-Manager Level	person(s)	184	181	162
	Total Number of Employees	person(s)	-	-	155
	Hanoi Westlake¹⁾	person(s)	-	-	16
	Non-Manager Level	person(s)	-	-	139
	Total Number of Employees	person(s)	152	139	135
	Ho Chi Minh City	person(s)	15	16	14
	Non-Manager Level	person(s)	137	123	121
	Total Number of Employees	person(s)	77	77	86
	Jakarta	person(s)	14	13	12
	Non-Manager Level	person(s)	63	64	74
	Total Number of Employees	person(s)	155	149	145
	Chengdu	person(s)	15	14	15
Non-Manager Level	person(s)	140	135	130	

1) Opened in 2023

Category		Unit	2021	2022	2023
Mart	Total Number of Employees	person(s)	6,958	7,166	7,424
	Total Number of Employees	person(s)	2,182	2,493	2,738
	Male	person(s)	894	971	1,093
	Manager Level and Above	person(s)	28	30	29
	Non-Manager Level	person(s)	866	941	1,064
	Female	person(s)	1,288	1,522	1,645
	Manager Level and Above	person(s)	27	29	35
	Non-Manager Level	person(s)	1,261	1,493	1,610
	Female Executive Ratio	%	49.09	49.15	54.69
	Total Number of Employees	person(s)	4,776	4,673	4,686
	Male	person(s)	3,402	3,367	3,340
	Manager Level and Above	person(s)	63	71	76
	Non-Manager Level	person(s)	3,339	3,296	3,264
	Female	person(s)	1,374	1,306	1,346
	Manager Level and Above	person(s)	21	25	23
Non-Manager Level	person(s)	1,353	1,281	1,323	
Female Executive Ratio	%	25.00	26.04	23.23	

1) 16 stores in Vietnam and 48 stores in Indonesia

2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

APPENDIX

ESG Data

GRI Standards Index

ESRS Index

TCFD Index

SASB Index

Independent Assurance Report

GHG Assurance Report

Memberships and Awards





ESG Data Social >>

Due to the integration of LOTTE Mart and LOTTE Super in 2023, and changes in LOTTE Shopping's internal ESG data management and disclosure standards, Some ESG data for each Business Division has been recalculated or corrected.

Recruitment and Turnover

Category		Unit	2021	2022	2023	
Department Store	Total Recruitment	person(s)	109	126	103	
	Gender	Male	person(s)	37	48	44
		Female	person(s)	72	78	59
	Age	Under 30	person(s)	75	85	57
		30 to under 50	person(s)	34	39	46
		50 and above	person(s)	0	2	0
	Position	Manager Level and Above	person(s)	10	19	22
		Non-Manager Level	person(s)	99	107	81
	Total Turnover	person(s)	176	137	110	
	Gender	Male	person(s)	106	88	60
		Female	person(s)	70	49	50
	Age	Under 30	person(s)	17	13	9
		30 to under 50	person(s)	113	88	90
		50 and above	person(s)	46	36	11
	Position	Manager Level and Above	person(s)	106	71	39
		Non-Manager Level	person(s)	70	66	71
	Turnover Rate	%	6.8	4.3	3.4	
	Voluntary Turnover Rate	%	4.6	4.3	3.2	
	Length of Service	Average	years	14.5	14.2	15.0
Male		years	15.6	15.6	16.5	
Female		years	13.5	13.3	14.0	
Mart	Total Recruitment	person(s)	127	384	32	
	Gender	Male	person(s)	80	250	28
		Female	person(s)	47	134	4
	Age	Under 30	person(s)	75	238	7
		30 to under 50	person(s)	51	145	24
		50 and above	person(s)	1	1	1
	Position	Manager Level and Above	person(s)	8	12	4
		Non-Manager Level	person(s)	119	372	28
	Total Turnover	person(s)	385	275	286	
	Gender	Male	person(s)	236	171	195
		Female	person(s)	149	104	91
	Age	Under 30	person(s)	35	67	31
		30 to under 50	person(s)	291	175	191
		50 and above	person(s)	59	33	64
	Position	Manager Level and Above	person(s)	73	37	67
		Non-Manager Level	person(s)	312	238	219
	Turnover Rate	%	9.2	6.2	6.7	
	Voluntary Turnover Rate	%	3.9	4.4	4.0	
	Length of Service	Average	years	10.4	10.9	11.8
Male		years	12.6	12.9	14.0	
Female		years	9.5	10.0	10.9	

Category		Unit	2021	2022	2023	
Super	Total Recruitment	person(s)	15	72	4	
	Gender	Male	person(s)	7	42	4
		Female	person(s)	8	30	0
	Age	Under 30	person(s)	5	52	0
		30 to under 50	person(s)	10	20	4
		50 and above	person(s)	0	0	0
	Position	Manager Level and Above	person(s)	7	3	0
		Non-Manager Level	person(s)	8	69	4
	Total Turnover	person(s)	211	330	135	
	Gender	Male	person(s)	82	124	32
		Female	person(s)	129	206	103
	Age	Under 30	person(s)	22	24	17
		30 to under 50	person(s)	148	219	96
		50 and above	person(s)	41	87	22
	Position	Manager Level and Above	person(s)	24	62	21
		Non-Manager Level	person(s)	187	268	114
	Turnover Rate	%	13.7	25.7	3.9	
	Voluntary Turnover Rate	%	11.2	13.3	7.0	
	Length of Service	Average	years	10.5	10.8	11.9
Male		years	10.8	11.3	12.3	
Female		years	8.8	8.8	9.8	
E-Commerce	Total Recruitment	person(s)	171	196	30	
	Gender	Male	person(s)	93	105	11
		Female	person(s)	78	91	19
	Age	Under 30	person(s)	27	81	4
		30 to under 50	person(s)	144	114	26
		50 and above	person(s)	0	1	0
	Position	Manager Level and Above	person(s)	81	56	12
		Non-Manager Level	person(s)	90	140	18
	Total Turnover	person(s)	206	183	129	
	Gender	Male	person(s)	94	108	53
		Female	person(s)	112	75	76
	Age	Under 30	person(s)	49	19	21
		30 to under 50	person(s)	155	151	100
		50 and above	person(s)	2	13	8
	Position	Manager Level and Above	person(s)	71	71	40
		Non-Manager Level	person(s)	135	112	89
	Turnover Rate	%	21.5	18.3	13.5	
	Voluntary Turnover Rate	%	18.9	14.5	10.8	
	Length of Service	Average	years	3.8	4.2	5.2
Male		years	3.6	4.0	4.7	
Female		years	4.0	4.4	5.5	

2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

APPENDIX

ESG Data

GRI Standards Index

ESRS Index

TCFD Index

SASB Index

Independent Assurance Report

GHG Assurance Report

Memberships and Awards





ESG Data **Social** >>

Due to the integration of LOTTE Mart and LOTTE Super in 2023, and changes in LOTTE Shopping's internal ESG data management and disclosure standards, Some ESG data for each Business Division has been recalculated or corrected.

Compensation

Category		Unit	2021	2022	2023
Department Store	Average Salary of Employees				
	Male	KRW 10,000	7,644	8,236	8,737
	Female	KRW 10,000	5,257	5,352	5,716
	Average Starting Salary ¹⁾				
	Male	%	223.9	235.4	232.5
	Female	%	223.9	235.4	232.5
	Female Salary Compared to Male Salary ²⁾	%	100	100	100
Mart	Average Salary of Employees				
	Male	KRW 10,000	7,089	6,479	6,839
	Female	KRW 10,000	3,965	3,974	4,403
	Average Starting Salary ¹⁾				
	Male	%	175.8	182.4	177.6
	Female	%	170.6	182.4	177.6
	Female Salary Compared to Male Salary ²⁾	%	97	100	100
Super	Average Salary of Employees				
	Male	KRW 10,000	3,674	5,953	6,634
	Female	KRW 10,000	3,641	4,790	5,537
	Average Starting Salary ¹⁾				
	Male	%	157.5	150.0	148.1
	Female	%	157.5	150.0	148.1
	Female Salary Compared to Male Salary ²⁾	%	100	100	100
E-Commerce	Average Salary of Employees				
	Male	KRW 10,000	7,984	8,005	7,997
	Female	KRW 10,000	6,273	6,212	6,242
	Average Starting Salary ¹⁾				
	Male	%	155.9	184.1	193.6
	Female	%	155.9	184.1	193.6
	Female Salary Compared to Male Salary ²⁾	%	100	100	100
Total Annual Compensation of the Highest Paid Employee	KRW million	3,841 ³⁾	1,377	1,603	
Average Annual Compensation	KRW million	51	51	55	

1) Average salary compared to the legal minimum wage
 2) Based on the basic salary of regular entry-level employees; no gender disparity for the same rank and tenure
 3) Includes retirement income, as the CEO resigned in 2021

Training

Category		Unit	2021	2022	2023
Department Store	Total Training Hours	hour(s)	265,453	511,135	380,707
	Training Hours per Employee	hour(s)	53.2	91.8	68.2
	Total Training Costs	KRW 10,000	210,337	367,279	281,757
	Training Costs per Employee	KRW 10,000	42.2	66.0	50.5
Mart	Total Training Hours	hour(s)	135,101	129,039	147,786
	Training Hours per Employee	hour(s)	29.0	27.7	30.5
	Total Training Costs	KRW 10,000	140,476	227,522	225,824
	Training Costs per Employee	KRW 10,000	31.0	49.0	46.7
Super	Total Training Hours	hour(s)	107,057	70,638	51,709
	Training Hours per Employee	hour(s)	70.2	55.0	44.7
	Total Training Costs	KRW 10,000	73,878	87,243	72,305
	Training Costs per Employee	KRW 10,000	48.4	67.9	62.5
E-Commerce	Total Training Hours	hour(s)	17,383	9,789	5,535
	Training Hours per Employee	hour(s)	20.3	10.4	6.1
	Total Training Costs	KRW 10,000	78,000	64,900	52,954
	Training Costs per Employee	KRW 10,000	91.1	68.8	58.1

Employees Receiving Regular Performance Reviews and Career Development Reviews¹⁾

Category		Unit	2021	2022	2023
Department Store	Male	%	100	100	100
	Female	%	100	100	100
Mart	Male	%	100	100	100
	Female	%	100	100	100
Super	Male	%	100	100	100
	Female	%	100	100	100
E-Commerce	Male	%	100	100	100
	Female	%	100	100	100

1) Percentage of employees receiving reviews out of those eligible for evaluation

2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

APPENDIX

ESG Data

GRI Standards Index

ESRS Index

TCFD Index

SASB Index

Independent Assurance Report

GHG Assurance Report

Memberships and Awards





ESG Data **Social** >>

Due to the integration of LOTTE Mart and LOTTE Super in 2023, and changes in LOTTE Shopping's internal ESG data management and disclosure standards, Some ESG data for each Business Division has been recalculated or corrected.

Parental Leave

Category	Unit	2021	2022	2023		
Department Store	Number of Employees Using Parental Leave					
	Male	person(s)	71	67	55	
	Female	person(s)	117	113	84	
	Parental Leave Return Rate					
	Male	%	94.6	91.2	94.6	
	Female	%	89.2	92.7	93.2	
	Parental Leave Retention Rate¹⁾					
	Male	%	91.1	96.2	92.5	
	Female	%	94.3	98.8	98.8	
	Mart	Number of Employees Using Parental Leave				
		Male	person(s)	185	137	107
		Female	person(s)	144	103	83
Parental Leave Return Rate²⁾						
Male		%	90.4	96.2	92.7	
Female		%	61.6	82.4	95.0	
Parental Leave Retention Rate						
Male		%	86.1	97.6	90.4	
Female		%	86.8	79.7	86.5	
Super		Number of Employees Using Parental Leave				
		Male	person(s)	77	48	27
		Female	person(s)	18	12	14
	Parental Leave Return Rate²⁾					
	Male	%	78.1	62.5	76.0	
	Female	%	53.3	47.4	46.7	
	Parental Leave Retention Rate					
	Male	%	85.2	66.0	69.8	
	Female	%	60.0	75.0	33.3	
	E-Commerce	Number of Employees Using Parental Leave				
		Male	person(s)	19	18	20
		Female	person(s)	29	27	24
Parental Leave Return Rate						
Male		%	100	83.3	100	
Female		%	55.2	88.9	85.7	
Parental Leave Retention Rate						
Male		%	100	100	60.0	
Female		%	100	100	91.7	

1) Percentage of employees who worked for 12 months after returning from parental leave
 2) Due to incorrect information the data for previous years has been revised.

Human Rights Complaints and Resolutions

Category	Unit	2021	2022	2023	
Department Store ¹⁾	Number of Complaints Received	case(s)	-	27	32
	Number of Complaints Resolved	case(s)	-	27	32
Mart	Number of Complaints Received	case(s)	94	92	48
	Number of Complaints Resolved	case(s)	94	92	48
Super	Number of Complaints Received	case(s)	1	3	11
	Number of Complaints Resolved	case(s)	1	3	11
E-Commerce	Number of Complaints Received	case(s)	3	0	2
	Number of Complaints Resolved	case(s)	3	0	2

1) A new channel for reporting discrimination cases was established in August 2022. Previous reports were collected under ethical violations.

Human Rights Education¹⁾

Category	Unit	2021	2022	2023	
Department Store	Sexual Harassment Prevention Education	%	100	100	100
	Disability Awareness Education	%	100	100	100
Mart	Workplace Harassment Prevention Education	%	100	100	100
	Sexual Harassment Prevention Education	%	100	99.4	99.1
Super	Disability Awareness Education	%	100	99.3	99.2
	Workplace Harassment Prevention Education	%	100	99.3	99.1
E-Commerce	Sexual Harassment Prevention Education	%	100	100	100
	Disability Awareness Education	%	100	100	100
E-Commerce	Workplace Harassment Prevention Education	%	100	100	100
	Sexual Harassment Prevention Education	%	100	100	100
E-Commerce	Disability Awareness Education	%	100	100	100
	Workplace Harassment Prevention Education	%	100	100	100

1) Training completion rates

2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

APPENDIX

ESG Data

GRI Standards Index

ESRS Index

TCFD Index

SASB Index

Independent Assurance Report

GHG Assurance Report

Memberships and Awards





ESG Data **Social** >>

Due to the integration of LOTTE Mart and LOTTE Super in 2023, and changes in LOTTE Shopping's internal ESG data management and disclosure standards, Some ESG data for each Business Division has been recalculated or corrected.

Welfare

Category		Unit	2021	2022	2023
Department Store	Total Welfare Expenses	KRW million	61,444	72,795	71,660
	Welfare Expenses per Employee	KRW million	14.2	15.9	15.6
Mart	Total Welfare Expenses	KRW million	70,357	74,710	76,261
	Welfare Expenses per Employee	KRW million	5.8	6.4	6.6
Super	Total Welfare Expenses	KRW million	23,993	22,307	17,530
	Welfare Expenses per Employee	KRW million	5.5	6.0	5.0
E-Commerce	Total Welfare Expenses	KRW million	6,942	9,022	11,702
	Welfare Expenses per Employee	KRW million	7.2	9.0	12.3

Employee Satisfaction¹⁾

Category		Unit	2021	2022	2023
Department Store		point(s)	78.9	81.0	73.1
Mart		point(s)	70.5	75.0	74.1
Super		point(s)	66.0	67.2	72.4
E-Commerce		point(s)	72.1	76.3	73.8

1) LOTTE Value Creation Culture Assessment score

Collective Agreement¹⁾

Category		Unit	2021	2022	2023
Department Store	Number of Union Members	person(s)	571	512	507
	Union Membership Rate	%	59.4	57.0	58.0
Mart	Number of Union Members	person(s)	6,276	6,564	6,368
	Union Membership Rate	%	67.8	72.9	78.1

1) LOTTE Super and LOTTE E-Commerce operate a labor-management council.

Incidence of Workplace Accidents

Category		Unit	2021	2022	2023
Department Store	Lost Time Injuries	case(s)	4	2	6
	Lost Time illnesses	case(s)	0	2 ²⁾	0
	LTIFR ¹⁾		0.37	0.35	0.52
Mart	Lost Time Injuries	case(s)	86	96	79
	Lost Time illnesses	case(s)	5	3	1
	LTIFR ¹⁾		4.23	4.74	3.93
Super	Lost Time Injuries	case(s)	24	10	14
	Lost Time illnesses	case(s)	1	1	3
	LTIFR ¹⁾		3.04	1.73	2.87
E-Commerce	Lost Time Injuries	case(s)	1	1	0
	Lost Time illnesses	case(s)	0	0	0
	LTIFR ¹⁾		0.50	0.48	0.00

1) LTIFR(Lost Time Injury Frequency Rate) = (Number of lost-time injuries x1,000,000) / Total annual working hours

2) Data corrected retroactively for incidents that occurred in 2022

Safety and Health Education

Category		Unit	2021	2022	2023
Department Store	Industrial Safety and Health Education				
	Total Education Hours	hour(s)	97,092	132,894	135,840
	Total Participants	person(s)	4,046	5,537	5,660
Mart	Industrial Safety and Health Education				
	Total Education Hours	hour(s)	102,384	254,724	261,036
	Total Participants	person(s)	8,532	10,614	10,877
	Supervisory Education				
	Total Education Hours	hour(s)	5,600	32,496	20,592
	Total Participants	person(s)	350	2,031	1,287
Super	Industrial Safety and Health Education				
	Total Education Hours	hour(s)	58,524	45,084	77,664
	Total Participants	person(s)	4,877	3,757	3,448
	Supervisory Education				
	Total Education Hours	hour(s)	4,576	3,888	3,360
	Total Participants	person(s)	286	243	210
E-Commerce	Industrial Safety and Health Education				
	Total Education Hours	hour(s)	45,912	110,544	47,736
	Total Participants	person(s)	3,826	4,606	3,978

2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

APPENDIX

ESG Data

GRI Standards Index

ESRS Index

TCFD Index

SASB Index

Independent Assurance Report

GHG Assurance Report

Memberships and Awards





ESG Data **Social** >>

Due to the integration of LOTTE Mart and LOTTE Super in 2023, and changes in LOTTE Shopping's internal ESG data management and disclosure standards, Some ESG data for each Business Division has been recalculated or corrected.

Supply Chain Status

Category		Unit	2021	2022	2023
Status of Partners					
Department Store	Total Number of Partners	companies	7,044	7,404	7,848
	Total Purchase Amount from Partners	KRW million	510,300	545,400	553,000
Mart	Total Number of Partners ¹⁾	companies	1,497	1,553	1,496
	Number of Existing Partners	companies	1,271	1,333	1,367
	Number of New Partners	companies	226	220	129
	Total Purchase Amount from Partners	KRW million	2,829,795	2,890,282	2,682,125
Super	Total Number of Partners ¹⁾	companies	707	731	799
	Number of Existing Partners	companies	585	593	608
	Number of New Partners	companies	122	138	191
	Total Purchase Amount from Partners	KRW million	999,625	930,395	850,615
E-Commerce	Total Number of Partners	companies	22,003	43,640	93,375
	Total Purchase Amount from Partners ²⁾	KRW million	-	-	-

1) Number of partners with a direct purchase history (excluding special agreements and service providers)

2) Due to the marketplace business model connecting suppliers and consumers, there are no direct purchases through partners.

Win-Win Growth with the Supply Chain

Category		Unit	2021	2022	2023
Department Store	Educational Support	companies	198	316	1,192
	Financial Support	KRW million	73,563	73,876	77,250
	Technical Support	case(s)	0	8	23
Mart	Educational Support	companies	116	251	280
	Financial Support	KRW million	42,100	48,056	65,344
	Technical Support ¹⁾	companies	4	3	5
Super	Educational Support	companies	-	-	-
	Financial Support	KRW million	10,463	9,829	10,640
	Technical Support	companies	-	-	-
E-Commerce	Educational Support	case(s)	49	59	167
	Financial Support	KRW million	59,587	15,243	209,500
	Purchase/Sales Support	KRW million	7,680	32,751	8,000

1) Data recalculated due to changes in partner grievance reporting channels

Partner ESG Management

Category		Unit	2021	2022	2023
Supply Chain Social Impact Assessments¹⁾					
Partners assessed		companies	N/A	N/A	361
Partners with identified negative impacts		companies	N/A	N/A	0

1) LOTTE Department Store initiated SH (safety & health) assessments for new partners starting

Partner Company Grievance Handling

Category		Unit	2021	2022	2023
Department Store	Number of Complaints Received	case(s)	0	0	0
	Number of Complaints Resolved	case(s)	0	0	0
Mart	Number of Complaints Received	case(s)	3	5	1
	Number of Complaints Resolved	case(s)	3	5	1
Super	Number of Complaints Received	case(s)	0	0	1
	Number of Complaints Resolved	case(s)	0	0	1
E-Commerce ¹⁾	Number of Complaints Received	case(s)	26	23	15
	Number of Complaints Resolved	case(s)	26	23	15

1) Data recalculated due to changes in partner grievance reporting channels

Social Contributions

Category		Unit	2021	2022	2023
Donations ¹⁾		KRW million	14,820	17,489	15,759
Amount Raised by Employees		KRW million	63	58	62
Volunteer Activities²⁾					
Total Number of Participants		person(s)	1,225	997	884
Total Participation Hours		hour(s)	2,450	1,994	1,768
Average Participation Hours per Person		hour(s)	2	2	2

1) Based on the business report, 2) LOTTE Mart

3) LOTTE Shopping strictly prohibits the provision of political funds, election-related expenses, and lobbying funds to political organizations through internal donation policies in accordance with Article 31 of the Political Funds Act.

2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

APPENDIX

ESG Data

GRI Standards Index

ESRS Index

TCFD Index

SASB Index

Independent Assurance Report

GHG Assurance Report

Memberships and Awards



ESG Data **Governance** >>

Due to the integration of LOTTE Mart and LOTTE Super in 2023, and changes in LOTTE Shopping's internal ESG data management and disclosure standards, Some ESG data for each Business Division has been recalculated or corrected.

Board Composition

Category	Unit	2021	2022	2023
Board Composition				
Total participants	person(s)	9	9	9
Executive Director	person(s)	4	4	4
Independent Director	person(s)	5	5	5
Number of Female Directors	person(s)	1	2	2
Separation of CEO and Board Chair		X	X	X

Board Activities

Category	Unit	2021	2022	2023
Board Operations				
Number of Board Meetings	session(s)	16	16	15
Attendance Rate of Executive Directors	%	100	96.4	95.0
Attendance Rate of Independent Directors	%	98.8	92.5	94.7
Total Number of Board Agendas	case(s)	79	75	68
Number of Reports on Major ESG Matters	session(s)	30	28	23

Economic Value Creation and Distribution¹⁾

Category	Unit	2021	2022	2023
Total Sales	KRW million	15,573,550	15,476,036	14,555,864
Distribution of Economic Value				
Employees ²⁾	KRW million	1,670,162	1,664,724	1,610,846
Shareholders and Investors ³⁾	KRW million	622,278	647,748	744,967
Government ⁴⁾	KRW million	-81,851	-24,802	214,551
Local Community ⁵⁾	KRW million	14,820	17,489	15,759

1) Recalculated based on consolidated business reports due to changes in data calculation standards.

2) Salaries and welfare expenses 3) Dividends and interest expenses 4) Taxes and corporate tax 5) Donations

Corruption Risk Assessment of Business Sites

Category	Unit	2021	2022	2023
Target Team ¹⁾	Team	59	59	59
Percentage of Total Business Sites	%	100	100	100

1) For LOTTE Mart and LOTTE Super, the HQ organization is considered one business site, and the ratio is calculated based on the total number of business sites.

2) No significant corruption-related risks confirmed through third-party verification in 2023

Ethics and Compliance Education

Category	Unit	2021	2022	2023	
Mart	Total training hours	hour(s)	5,714	21,179	36,818
	Total participants	person(s)	11,427	11,955	13,380
Super	Total training hours	hour(s)	22,260	10,446	37,477
	Total participants	person(s)	2,226	1,741	12,188
E-Commerce	Total training hours	hour(s)	898	1,318	7,191
	Total participants	person(s)	1,131	1,122	2,001

Violations of the Code of Ethics

Category	Unit	2021 ¹⁾	2022 ¹⁾	2023	
Department Store	Violations of the Code of Ethics	case(s)	15	28	14
	Actions Taken ²⁾	case(s)	17	20	15
Mart	Violations of the Code of Ethics	case(s)	12	5	6
	Actions Taken ²⁾	case(s)	8	4	4
Super	Violations of the Code of Ethics	case(s)	6	5	4
	Actions Taken ²⁾	case(s)	6	8	4
E-Commerce	Violations of the Code of Ethics	case(s)	1	12	1
	Actions Taken ²⁾	case(s)	2	5	1

1) Data corrected due to changes in calculation standards (excluding general grievance reports)

2) Number of employees disciplined for fraud, unfair trade practices, anti-corruption, or other unethical behavior

2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

APPENDIX

ESG Data

GRI Standards Index

ESRS Index

TCFD Index

SASB Index

Independent Assurance Report

GHG Assurance Report

Memberships and Awards





ESG Data **Governance** >>

Due to the integration of LOTTE Mart and LOTTE Super in 2023, and changes in LOTTE Shopping's internal ESG data management and disclosure standards, Some ESG data for each Business Division has been recalculated or corrected.

Information Security Education

Category	Unit	2021	2022	2023	
Department Store	Personal Information Protection Education				
	Total Training Hours Completed	hour(s)	4,307	6,072	6,234
	Total Number of Participants	person(s)	4,307	6,072	6,234
	Education for Personal Information Handlers				
	Total Training Hours Completed	hour(s)	316	375	32
	Total Number of Participants	person(s)	316	375	32
	Specialized Education for IT Personnel				
	Total Training Hours Completed	hour(s)	80	-	103
	Total Number of Participants	person(s)	80	-	107
Mart	Personal Information Protection Education				
	Total Training Hours Completed	hour(s)	4,475	11,460	10,707
	Total Number of Participants	person(s)	4,475	11,460	10,707
	Education for Personal Information Handlers				
	Total Training Hours Completed	hour(s)	237	304	228
	Total Number of Participants	person(s)	237	152	114
Super	Personal Information Protection Education				
	Total Training Hours Completed	hour(s)	4,772	3,781	3,467
	Total Number of Participants	person(s)	4,772	3,781	3,467
	Education for Personal Information Handlers				
	Total Training Hours Completed	hour(s)	39	124	58
	Total Number of Participants	person(s)	39	62	29
E-Commerce	Personal Information Protection Education				
	Total Training Hours Completed	hour(s)	853	1,072	1,004
	Total Number of Participants	person(s)	853	1,072	1,004
	Education for Personal Information Handlers				
	Total Training Hours Completed	hour(s)	690	104	98
	Total Number of Participants	person(s)	690	104	98
	Specialized Education for IT Personnel				
	Total Training Hours Completed	hour(s)	2,070	323	760
	Total Number of Participants	person(s)	690	323	380
	Mock Virus Training and Privacy Education				
	Total Training Hours Completed	hour(s)	-	-	117
	Total Number of Participants	person(s)	-	-	234
Privacy Protection Education for Employees at Team Leader Level and Above					
Total Training Hours Completed	hour(s)	-	-	59.3	
Total Number of Participants	person(s)	-	-	79	

Personal Information Protection

Category	Unit	2021	2022	2023	
Department Store	Incidents of Customer Personal Information Leakage, Theft or Loss	case(s)	0	0	0
Mart	Incidents of Customer Personal Information Leakage, Theft or Loss	case(s)	0	0	0
Super	Incidents of Customer Personal Information Leakage, Theft or Loss	case(s)	0	0	0
E-Commerce	Incidents of Customer Personal Information Leakage, Theft or Loss	case(s)	0	0	0

Violations of Laws and Regulations

Category	Unit	2021	2022	2023
Violations of Laws and Self-Regulations on Product and Service Information and Labeling				
Department Store	case(s)	0	0	0
Mart	case(s)	4	2 ¹⁾	2
Super	case(s)	0	0	0
E-Commerce	case(s)	0	0	0
Violations of Laws and Regulations Related to Marketing Communications				
Department 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 Laws and Regulations on Anti-competitive Practices and Monopolies				
Department Store	case(s)	0	0	1
Mart	case(s)	0	0	0
Super	case(s)	0	1	0
E-Commerce	case(s)	0	0	0
Violations of Laws Regarding the Health and Safety Impacts of Products and Services				
Department Store	case(s)	0	0	0
Mart	case(s)	2	1	0
Super	case(s)	0	0	0
E-Commerce	case(s)	0	0	0

1) Data corrected due to final reduction decisions on two corrective orders

2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

APPENDIX

ESG Data

GRI Standards Index

ESRS Index

TCFD Index

SASB Index

Independent Assurance Report

GHG Assurance Report

Memberships and Awards



GRI Standards Index **Universal Standards >>**

GRI 2 : General Disclosures 2021

Category	Index	Indicator	Page
The organization and its reporting practice	2-1	Organizational details	10
	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	132
Activities and workers	2-6	Activities, value chain and other business relationships	10-11, 72
	2-7	Employees	113-114
	2-8	Workers who are not employees ¹⁾	-
Governance	2-9	Governance structure and composition	92-93, 120
	2-10	Nomination and selection of the highest governance body	92-93
	2-11	Chair of the highest governance body	92
	2-12	Role of the highest governance body in overseeing the management of impacts	94-95
	2-13	Delegation of responsibility for managing impacts	92
	2-14	Role of the highest governance body in sustainability reporting	14
	2-15	Conflicts of interest	98
	2-16	Communication of critical concerns	95, 122
	2-17	Collective knowledge of the highest governance body	93-94
	2-18	Evaluation of the performance of the highest governance body	94
	2-19	Remuneration policies	94
Strategy, policies and practices	2-20	Process to determine remuneration	94
	2-21	Annual total compensation ratio	116
	2-22	Statement on sustainable development strategy	4-8
	2-23	Policy commitments	56, 72
	2-24	Embedding policy commitments	56-57, 73
	2-25	Processes to remediate negative impacts	97-98
	2-26	Mechanisms for seeking advice and raising concerns	56, 98
	2-27	Compliance with laws and regulations	121
	2-28	Membership associations	135
Stakeholder engagement	2-29	Approach to stakeholder engagement	19
	2-30	Collective bargaining agreements	68, 118

1) As of the business report, 10,933 employees (Male: 5,965, Female: 4,968)

GRI 3 : Material Topics 2021

Category	Index	Indicator	Page
Disclosures on material topics	3-1	Process to determine material topics	16
	3-2	List of material topics	16
	3-3	Management of material topics	16-18

2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

APPENDIX

ESG Data

GRI Standards Index

ESRS Index

TCFD Index

SASB Index

Independent Assurance Report

GHG Assurance Report

Memberships and Awards



GRI Standards Index **Topic-specific Standards >>**

Material Topic (GRI 200-400)

Material Topic 1. Climate Change Response

Category	Index	Indicator	Page
Disclosures on material topics	3-3	Management of material topics	17
Economic Performance	201-2	Financial implications and other risks and opportunities due to climate change	37-38
Energy	302-1	Energy consumption within the organization	110
	302-2	Energy consumption outside of the organization	110
	302-3	Energy intensity	110
	302-4	Reduction of energy consumption	42-44, 110
Emissions	305-1	Direct (Scope 1) GHG emissions	41, 110
	305-2	Energy indirect (Scope 2) GHG emissions	41, 110
	305-3	Other indirect (Scope 3) GHG emissions	41, 110
	305-4	GHG emissions intensity	41, 110
	305-5	Reduction of GHG emissions	41, 110

Material Topic 2. Circular Economy and Sustainable Packaging

Category	Index	Indicator	Page
Disclosures on material topics	3-3	Management of material topics	17
Waste	306-1	Waste generation and significant waste-related impacts	46
	306-2	Management of significant waste-related impacts	46-49, 111
	306-3	Waste generated	111
	306-4	Waste diverted from disposal	111
	306-5	Waste directed to disposal	111

Material Topic 3. Expansion of Eco-Friendly Products and Services

Category	Index	Indicator	Page
Disclosures on material topics	3-3	Management of material topics (Non-GRI)	17

Material Topic 4. Talent Retention and Empowerment

Category	Index	Indicator	Page
Disclosures on material topics	3-3	Management of material topics	17
Employment	401-1	New employee hires and employee turnover	115
	404-1	Average hours of training per year per employee	116
Training and Education	404-2	Programs for upgrading employee skills and transition assistance programs	60-62
	404-3	Percentage of employees receiving regular performance and career development reviews	63

Material Topic 5. Governance Transparency, Integrity, and Diversity

Category	Index	Indicator	Page
Disclosures on material topics	3-3	Management of material topics	18
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	69, 92, 113, 120

Material Topic 6. Ensuring a Quality Labor Environment

Category	Index	Indicator	Page
Disclosures on material topics	3-3	Management of material topics	18
Employment	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	64, 117-118
	401-3	Parental leave	117

Material Topic 7. Integrated Risk Management

Category	Index	Indicator	Page
Disclosures on material topics	3-3	Management of material topics (Non-GRI)	18

Material Topic 8. Diversity and Anti-discrimination

Category	Index	Indicator	Page
Disclosures on material topics	3-3	Management of material topics	18
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	69, 92, 113, 120
	405-2	Ratio of basic salary and remuneration of women to men	116
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	115



GRI Standards Index [Topic-specific Standards >>](#)

Non-Material Topics (GRI 200-400)

Category	Index	Indicator	Page
Economic Performance	201-1	Direct economic value generated and distributed	120
Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	116
	202-2	Proportion of senior management hired from the local community	114
Indirect Economic impacts	203-1	Infrastructure investments and services supported	86-90
	203-2	Significant indirect economic impacts	73-78, 88-90
Anti-corruption	205-1	Operations assessed for risks related to corruption	97, 120
	205-2	Communication and training about anti-corruption policies and procedures	97, 120
	205-3	Confirmed incidents of corruption and actions taken	120
Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	121
Tax	207-2	Tax governance, control, and risk management	103
Water and Effluents	303-3	Energy intensity	111
	303-5	Reductions in energy requirements of products and services	111
Biodiversity	304-2	Significant impacts of activities, products and services on biodiversity	54
	304-3	Habitats protected or restored	45

Category	Index	Indicator	Page
Occupational Health and Safety	403-1	Occupational health and safety management system	70
	403-2	Hazard identification, risk assessment, and incident investigation	71
	403-3	Occupational health services	71
	403-4	Worker participation, consultation, and communication on occupational health and safety	70
	403-5	Worker training on occupational health and safety	71
	403-6	Promotion of worker health	71
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	71
	403-8	Workers covered by an occupational health and safety management system	70
	403-9	Work-related injuries	118
	403-10	Work-related ill health	118
Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	68
Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	56
Forced or Compusory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	56
Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	87-90,119
Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	72
	414-2	Negative social impacts in the supply chain and actions taken	119
Public Policy	415-1	Political contributions	119
Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	81
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	121
Marketing and Labeling	417-1	Requirements for product and service information and labeling	79
	417-2	Incidents of non-compliance concerning product and service information and labeling	121
	417-3	Incidents of non-compliance concerning marketing communications	121
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	121

2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

APPENDIX

ESG Data

GRI Standards Index

ESRS Index

TCFD Index

SASB Index

Independent Assurance Report

GHG Assurance Report

Memberships and Awards



ESRS Index

ESRS 2. General Disclosures

Indicator No.	Indicator	Page
ESRS 2 BP-1	General basis for preparation of sustainability statements	2
ESRS 2 BP-2	Disclosures in relation to specific circumstances	132-133
ESRS 2 GOV-1	The role of the administrative, management and supervisory bodies	14, 34, 92-95
ESRS 2 GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	16-18
ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes	94
ESRS 2 GOV-4	Statement on due diligence	56-57, 71
ESRS 2 SBM-1	Strategy, business model and value chain	10-11
ESRS 2 SBM-2	Interests and views of stakeholders	19
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	17-18, 37-38
ESRS 2 IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	16
ESRS 2 IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability	125-126

ESRS E1. Climate Change

Indicator No.	Indicator	Page
ESRS E1-1	Transition plan for climate change mitigation	37-38, 40
ESRS E1-3	Actions and resources in relation to climate change policies	34, 40
ESRS E1-4	Targets related to climate change mitigation and adaptation	40
ESRS E1-5	Energy consumption and mix	110
ESRS E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	110
ESRS E1-7	GHG removals and GHG mitigation projects financed through carbon credits	41
ESRS E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	37

ESRS E2. Pollution

Indicator No.	Indicator	Page
ESRS E2-2	Actions and resources related to pollution	45-50
ESRS E2-3	Targets related to pollution	42, 46

ESRS E3. Water and Marine Resources

Indicator No.	Indicator	Page
ESRS E3-2	Actions and resources related to water and marine resources	45, 51-52
ESRS E3-4	Water consumption	111

ESRS E4. Biodiversity and Ecosystems

Indicator No.	Indicator	Page
ESRS E4-3	Actions and resources related to biodiversity and ecosystems	45, 54
ESRS E4-5	Impact metrics related to biodiversity and ecosystems change	45

ESRS E5. Resource Use and Circular Economy

Indicator No.	Indicator	Page
ESRS E5-1	Policies related to resource use and circular economy	46-50
ESRS E5-2	Actions and resources in relation to resource use and circular economy	46-50
ESRS E5-3	Targets related to resource use and circular economy	46
ESRS E5-5	Resource outflows	111



ESRS Index

ESRS S1. Own Workforce

Indicator No.	Indicator	Page
ESRS S1-1	Policies related to own workforce	56
ESRS S1-2	Processes for engaging with own workers and workers' representatives about impacts	65, 68
ESRS S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	56, 98
ESRS S1-4	Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	56-57
ESRS S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	57
ESRS S1-6	Characteristics of the undertaking's employees	113-114
ESRS S1-7	Characteristics of non-employees in the undertaking's own workforce	113-114
ESRS S1-8	Percentage of total employees covered by collective bargaining agreements for employees not covered by collective bargaining agreements, a description of reasons and countermeasures	118
	No. of strikes, no. of work loss days due to strikes, measures and discussions to resolve strikes, etc.	129-130
ESRS S1-9	Average hourly wage difference between genders, ratio of women's hourly wage against men's hourly wage	116
	Persons subject to family care leave (maternity leave, parental leave, etc.), no. of persons who went on a leave, retention rate after returning to work after leave	117
ESRS S1-10	Adequate wages	128-130
ESRS S1-12	Persons with disabilities	113
ESRS S1-13	Percentage of employees that participated in regular performance and career development reviews	116
	Average number of training hours and expenses per person	116
ESRS S1-14	Percentage of own workers who are covered by the undertaking's health and safety management system based on legal requirements and/or recognized standards or guidelines	70
	Number and rate of work-related injuries and ill health, the number of days lost to work-related injuries, accidents, and ill health	118
ESRS S1-15	Work-life balance	117
ESRS S1-16	Remuneration metrics (pay gap and total remuneration)	116
ESRS S1-17	Number of work-related incidents and severe human rights impacts and incidents within its own workforce and any related material fines or sanctions for the reporting period	57, 71
	Number of complaints and severe human rights impacts and incidents within its own workforce and any related countermeasures and plans to prevent reoccurrence	117

ESRS S2. Workers in the Value Chain

Indicator No.	Indicator	Page
ESRS S2-1	Policies related to value chain workers	56
ESRS S2-2	Processes for engaging with value chain workers about impacts	56
ESRS S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	56, 99
ESRS S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action	119
ESRS S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	56

ESRS S3. Affected Communities

Indicator No.	Indicator	Page
ESRS S3-1	Policies related to affected communities	86
ESRS S3-2	Processes for engaging with affected communities about impacts	19
ESRS S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns	19
ESRS S3-4	Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	87-90
ESRS S3-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunitie	86

ESRS S4. Consumers and End Users

Indicator No.	Indicator	Page
ESRS S4-1	Policies related to consumers and end-users	84
ESRS S4-2	Processes for engaging with consumers and end-users about impacts	84
ESRS S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	84
ESRS S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	79-85
ESRS S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	84

ESRS G1. Business Conduct

Indicator No.	Indicator	Page
ESRS G1-1	Top decision-making body's declaration of ethical management and roles and responsibilities in relation to management and supervision	97
	Requirements in the Ethics Charter and Code of Conduct	97
ESRS G1-2	Operating the compliance program, conducting activities to make payment improvements, such as the win-win payment system	77, 99
	Diagnosing and conducting a due diligence on supplier ESG risks, reflecting diagnosis and due diligence results in supplier selection criteria	72-73
ESRS G1-3	Activities to prevent corruption or bribery, and a system to investigate and report outcomes to the administrative, management and supervisory bodies	97-98, 100
	Activities to prevent unfair trading, and a system to investigate and report outcomes to the administrative, management and supervisory bodies	99-101
ESRS G1-4	Number of confirmed incidents of corruption or bribery, details of public legal cases, the number of confirmed incidents in which own workers were dismissed or disciplined	120
	Number of confirmed incidents of unfair trading, details of public legal cases, the number of confirmed incidents in which own workers were dismissed or disciplined	120
ESRS G1-5	Political influence and lobbying activities	119
ESRS G1-6	Payment practices	77

2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

APPENDIX

ESG Data

GRI Standards Index

ESRS Index

TCFD Index

SASB Index

Independent Assurance Report

GHG Assurance Report

Memberships and Awards





2023 LOTTE Shopping Sustainability Report

[INTRODUCTION](#)

[ESG IMPACT](#)

[Performance Highlights](#)

[ESG Performance](#)

APPENDIX

[ESG Data](#)

[GRI Standards Index](#)

[ESRS Index](#)

TCFD Index

[SASB Index](#)

[Independent Assurance Report](#)

[GHG Assurance Report](#)

[Memberships and Awards](#)

TCFD Index

Category	TCFD Disclosure	Page
Governance	a. Describe the board's oversight of climate-related risks and opportunities.	34
	b. Describe management's role in assessing and managing climate-related risks and opportunities.	
Strategy	a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	35-37
	b. Describe the impact of climate related risks and opportunities on the organization's businesses, strategy, and financial planning.	
	c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C.	
Risk Management	a. Describe the organization's processes for identifying and assessing climate-related risks.	38-39
	b. Describe the organization's processes for managing climate-related risks.	
	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	
Metrics & Targets	a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	40-41
	b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	
	c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	



SASB Index

LOTTE Department Store, Multiline and Specialty Retailers & Distributors

Topic	Code	Accounting Metric	Description	Page	Note
Energy Management in Retail & Distribution	CG-MR-130a.1	(1) Total energy consumed	-	110	
		(2) Percentage grid electricity	0	-	
		(3) Percentage renewable	0.25%	-	
Data Security	CG-MR-230a.1	Description of approach to identifying and addressing data security risks	-	104-106	
	CG-MR-230a.2	(1) Number of data breaches	0	-	
		(2) Percentage that are personal data breaches	0	-	
Labour Practices	CG-MR-310a.1	(1) Average hourly wage	KRW 25,792	-	Based on the 2023 legal minimum hourly wage of 9,620 KRW
		(2) Percentage of in-store and distribution centre employees earning minimum wage, by region	0	-	
	CG-MR-310a.2	(1) Voluntary and (2) involuntary turnover rate for in-store and distribution centre employees	-	115	
Workforce Diversity & Inclusion	CG-MR-310a.3	Total amount of monetary losses as a result of legal proceedings associated with labour law violations	0	-	
	CG-MR-330a.1	Percentage of (1) gender and (2) diversity group representation for (a) executive management, (b) non-executive management and (c) all other employees	-	69, 92, 113	
	CG-MR-330a.2	Total amount of monetary losses as a result of legal proceedings associated with employment discrimination	0	-	
Product Sourcing, Packaging & Marketing	CG-MR-410a.1	Revenue from products third-party certified to environmental or social sustainability standards	KRW 1,330,118,180	-	Based on products with Ministry of Environment certification
	CG-MR-410a.2	Discussion of processes to assess and manage risks or hazards associated with chemicals in products	-	79, 81	
	CG-MR-410a.3	Discussion of strategies to reduce the environmental impact of packaging	-	47-50	

Topic	Code	Accounting Metric	Description	Page	Note
Activity Metrics	CG-MR-000.A	Number of: (1) retail locations	58 stores	-	
		Number of: (2) distribution centers	1 center	-	Bundang Retail Center
	CG-MR-000.B	Total area of: (1) retail space	4,230,089m ²	-	
		Total area of: (2) distribution centers	7,091m ²	-	Bundang Retail Center

2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

APPENDIX

ESG Data

GRI Standards Index

ESRS Index

TCFD Index

SASB Index

Independent Assurance Report

GHG Assurance Report

Memberships and Awards



SASB Index

LOTTE Mart, Food Retailers & Distributors

Topic	Code	Accounting Metric	Description	Page	Note
Energy Management	FB-FR-130a.1	(1) Operational energy consumed	-	110	
		(3) Percentage renewable	0	-	
Food Waste Management	FB-FR-150a.1	Amount of food waste generated	7,935 ton	-	
Data Security	FB-FR-230a.1	(1) Number of data breaches	0	-	
		(2) Percentage that are personal data breaches	0	-	
		(3) Number of customers affected	0	-	
	FB-FR-230a.2	Description of approach to identifying and addressing data security risks	-	104-106	
Food Safety	FB-FR-250a.1	High-risk food safety violation rate	0	-	Based on high-risk food as defined by the FDA
	FB-FR-250a.2	(1) Number of recalls	0	-	
		(2) Number of units recalled	0	-	Based on high-risk food as defined by the FDA
		(3) Percentage of units recalled that are private-label products	0	-	
Product Health & Nutrition	FB-FR-260a.1	Revenue from products labelled or marketed to promote health and nutrition attributes	KRW 2,354 million	-	Based on net sales of private label products
	FB-FR-260a.2	Discussion of the process to identify and manage products and ingredients related to nutritional and health concerns among consumers	-	79-81, 83	
Product Labelling & Marketing	FB-FR-270a.1	Number of incidents of non-compliance with industry or regulatory labelling or marketing codes	-	121	
	FB-FR-270a.2	Total amount of monetary losses as a result of legal proceedings associated with marketing or labelling practices	KRW 500,000	-	
Labour Practices	FB-FR-310a.1	(1) Average hourly wage	KRW 17,090	-	Based on the 2023 initial salary for grade A new employees
		(2) Percentage of in-store and distribution centre employees earning minimum wage, by region	0	-	Based on the 2023 legal minimum hourly wage of 9,620 KRW
	FB-FR-310a.2	Percentage of active workforce employed under collective agreements	-	118	
	FB-FR-310a.3	(1) Number of work stoppages	0	-	
		(2) Total days idle	0	-	
FB-FR-310a.4	Total amount of monetary losses as a result of legal proceedings associated with: (1) labour law violations and (2) employment discrimination	0	-		
Management of Environmental & Social Impacts in the Supply Chain	FB-FR-430a.2	Percentage of revenue from (1) eggs that originated from a cage-free environment	0.2%	-	Based on disclosed sales revenue. * 16% relative to net sales of the specified category
		Percentage of revenue from (2) pork produced without the use of gestation crates	0.2%	-	Based on disclosed sales revenue. * 8% relative to net sales of the specified category
	FB-FR-430a.4	Discussion of strategies to reduce the environmental impact of packaging	-	47-49	

Topic	Code	Accounting Metric	Description	Page	Note
Activity Metrics	FB-FR-000.A	Number of (1) retail locations	111 stores	-	
		Number of (2) distribution centers	3 centers	-	LOTTE Osan Distribution Center, Gimhae Distribution Center, LOTTE Fresh Quality Innovation Center
	FB-FR-000.B	Total area of (1) retail space	963,742m ²	-	Based on operating area
		Total area of (2) distribution centers	203,726m ²	-	LOTTE Osan Distribution Center, Gimhae Distribution Center, LOTTE Fresh Quality Innovation Center
	FB-FR-000.C	Number of vehicles in commercial fleet	27	-	
	FB-FR-000.D	Tonne-kilometres travelled	655,147km	-	

2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

APPENDIX

ESG Data

GRI Standards Index

ESRS Index

TCFD Index

SASB Index

Independent Assurance Report

GHG Assurance Report

Memberships and Awards





SASB Index

LOTTE Super, Food Retailers & Distributors

Topic	Code	Accounting Metric	Description	Page	Note
Energy Management	FB-FR-130a.1	(1) Operational energy consumed	-	110	
		(3) Percentage renewable	1.12%	-	Solar self-generation, 1.29% as a proportion of total electricity consumption
Food Waste Management	FB-FR-150a.1	Amount of food waste generated	35.2 ton	-	
Data Security	FB-FR-230a.1	(1) Number of data breaches	0	-	
		(2) Percentage that are personal data breaches	0	-	
		(3) Number of customers affected	0	-	
	FB-FR-230a.2	Description of approach to identifying and addressing data security risks	-	104-106	
Food Safety	FB-FR-250a.1	High-risk food safety violation rate	0	-	Based on high-risk food as defined by the FDA
		(1) Number of recalls	0	-	
		(2) Number of units recalled	0	-	Based on high-risk food as defined by the FDA
	FB-FR-250a.2	(3) Percentage of units recalled that are private-label products	0	-	
Product Health & Nutrition	FB-FR-260a.1	Revenue from products labelled or marketed to promote health and nutrition attributes	KRW 63 million	-	Based on net sales of private label products
		FB-FR-260a.2	Discussion of the process to identify and manage products and ingredients related to nutritional and health concerns among consumers	-	79-81, 83
Product Labelling & Marketing	FB-FR-270a.1	Number of incidents of non-compliance with industry or regulatory labelling or marketing codes	0	-	
		FB-FR-270a.2	Total amount of monetary losses as a result of legal proceedings associated with marketing or labelling practices	0	-
Labour Practices	FB-FR-310a.1	(1) Average hourly wage	KRW 14,246	-	Based on the 2023 initial salary for grade A new employees
		(2) Percentage of in-store and distribution centre employees earning minimum wage, by region	16.9%	-	Based on the 2023 legal minimum hourly wage of 9,620 KRW
	FB-FR-310a.2	Percentage of active workforce employed under collective agreements	-	-	Operation of labor-management councils
	FB-FR-310a.3	(1) Number of work stoppages	0	-	
(2) Total days idle		0	-		
Management of Environmental & Social Impacts in the Supply Chain	FB-FR-310a.4	Total amount of monetary losses as a result of legal proceedings associated with: (1) labour law violations and (2) employment discrimination	KRW 4 million	-	Fine imposed in November 2023 due to delayed use of paternity leave during a labor inspection by the Ministry of Labor
		FB-FR-430a.2	Percentage of revenue from (1) eggs that originated from a cage-free environment	0.3%	-
	FB-FR-430a.4	Discussion of strategies to reduce the environmental impact of packaging	-	47-49	

Topic	Code	Accounting Metric	Description	Page	Note
Activity Metrics	FB-FR-000.A	Number of (1) retail locations	358 stores		
		Number of (2) distribution centers	6 centers		Super (Shingal, Icheon, Gimhae, Gwangju), CS Distribution (Gwangneung, Osan)
	FB-FR-000.B	Total area of (1) retail space	162,440m ²		Based on operating area of direct stores
		Total area of (2) distribution centers	75,951m ²		Super (Shingal, Icheon, Gimhae, Gwangju), CS Distribution (Gwangneung, Osan)
	FB-FR-000.C	Number of vehicles in commercial fleet	32		
FB-FR-000.D	Tonne-kilometres travelled	976,672km			

2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

APPENDIX

ESG Data

GRI Standards Index

ESRS Index

TCFD Index

SASB Index

Independent Assurance Report

GHG Assurance Report

Memberships and Awards



SASB Index

LOTTE E-Commerce, E-Commerce

Topic	Code	Accounting Metric	Description	Page	Note
Data Security & Fraud Protection	CN0404-06	Discussion of management approach to identifying and addressing data security risks	-	104-106	
		Number of data security breaches	0	-	
	CN0404-07	Percentage involving customers' personally identifiable information (PII)	0	-	
		Number of customers affected	0	-	
Employee Recruitment, Inclusion, and Performance	CN0404-11	(1) Voluntary and (2) involuntary employee turnover rate	-	115	
		Percentage of gender and racial/ethnic group representation for (1) executives	Male: 100%, Female: 0%	-	
	CN0404-12	Percentage of gender and racial/ethnic group representation for (2) technical staff	Male: 24%, Female: 24%	-	Design roles included
		Percentage of gender and racial/ethnic group representation for (3) all others	-	113	

2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

APPENDIX

ESG Data

GRI Standards Index

ESRS Index

TCFD Index

SASB Index

Independent Assurance Report

GHG Assurance Report

Memberships and Awards



Independent Assurance Report

To Management and stakeholders of LOTTE Shopping

NICE Information Service (“we” or “us”) has been requested by LOTTE Shopping (“the Company” or “LOTTE Shopping”) to perform an independent assurance on the LOTTE Shopping 2023 Sustainability Report (the “Report”) for the Company. The Directors of LOTTE Shopping have sole responsibility for the preparation of the Report. Our statement represents our independent opinion based on data and information that LOTTE Shopping disclosed in the Report.

Assurance Standards and Scope

This assurance statement is based on AA1000AS v3, an internationally recognized standard on sustainability assurance by providing a Type 2, moderate level assurance. We believe that LOTTE Shopping is reporting in accordance with the GRI (Global Reporting Initiatives) Standards 2021.

- Compliance with AA1000AP (2018) of Inclusivity, Materiality, Responsiveness, Impact
- Reliability review of reported data and performance indicators
- Compliance with GRI Standards 2021 Reporting Principles
- Compliance with reporting in accordance with the GRI Standards 2021

We have reviewed that the Topic-specific disclosures of GRI Sustainability Reporting Standards 2021 which are identified in the process for defining report content.

No.	Material Topics	Topic-specific Standard	
		Disclosure Index	Reporting Index
1	Climate Change Response	201-2, 302, 305	201-2, 302-1-302-4, 305
2	Circular Economy and Sustainable Packaging	301, 306	306
3	Expansion of Eco-friendly Products and Services	N/A	N/A
4	Talent Retention and Empowerment	401-1, 404	401-1, 404
5	Governance Transparency, Integrity, and Diversity	405-1	405-1
6	Ensuring a Quality Labor Environment	401-2-401-3	401-2-401-3
7	Integrated Risk Management	N/A	N/A
8	Diversity and Anti-discrimination	405, 406	405, 406

Assurance Target and Approach

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

- reviewed quality of contents in the Report;
- reviewed the selection of material topics through double materiality assessment methodology and assessment report;
- reviewed reliability of reported data and performance indicators of material topics;
- interviewed people in charge of sustainable aspects such as strategies, commitments, plans included in the Report;
- reviewed disclosure materials such as audit report, website, etc. for confirming credibility of information in the Report;
- reviewed internal management system such as data generation, management, reporting process, etc. for reported performance (Sampling methods);
- conducted due diligence of on-site for confirming evidence suitability about main data and information (Visited HQ of LOTTE Shopping in Seoul)

Limitations

We have identified the information described in the report according to the above assurance standards AA1000AS v3 and scope as follows. Some of reported data were confirmed by referring to external sources such as company’s audit reports and DART (Data Analysis, Retrieval and Transfer System), etc., and interviews were carried out by the person in charge at the on-site. But we did not conduct external stakeholders’ interviews during our assurance-providing service for LOTTE Shopping. Our assurance engagement was conducted in limited scope by on the assumption that the data provided by LOTTE Shopping to us as part of our review were provided in good faith. This engagement is not covered other data and information of suppliers, contactors, or any other third-parties except reporting scope specified in LOTTE Shopping 2023 Sustainability Report.

Assurance Findings

Based on the document reviews and interviews, we did not find any inappropriate parts in the information and data in the Report based on methods for assurance standard, scope and target. There are our opinions according to each principle as follows.

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

APPENDIX

ESG Data

GRI Standards Index

ESRS Index

TCFD Index

SASB Index

Independent Assurance Report

GHG Assurance Report

Memberships and Awards



Independent Assurance Report

Inclusivity

LOTTE Shopping defines main stakeholders who influence the business activities as Customers, Shareholders and Investors, Employees, Partners, and Local Community. And, LOTTE Shopping operates engagement processes considering by groups' characteristics. We confirmed that LOTTE Shopping identifies and listens stakeholders' opinion in order to reflect business decision-making.

Materiality

LOTTE Shopping has considered the priority of issues based on analysis of financial impact, including ESG evaluation indicators in perspective of finance and investment, stakeholders' survey based on financial impacts, and analysis of social and environmental impacts, including media research, stakeholders' survey based on social and environmental impacts. We have identified that 8 material issues derived from the double materiality assessment were reflected in the report without omission.

Responsiveness

LOTTE Shopping has made decisions for ESG-related issues and strategies by operating ESG Committee under Board of Directors and cooperating with ESG working council. In addition, LOTTE Shopping responds and manages the opinion by operating internal and external communication channels such as VOC channel, partners' communication channels (partner meetings, informal meetings, reporting channel), Employees' communication channels (labor-management councils, informal meetings), and local communities' cooperation meetings, etc.

Impact

LOTTE Shopping sets up quantitative indicators and monitors in order to identify and manage the direct and indirect impacts of material topics. We have measured the impacts how organization's activities affect to stakeholders in terms of sustainability, and we have analyzed and identified value created for stakeholders in the mid and long-term perspectives.

Reliability of Performance Information

As a result of verifying the reliability of the performance information based on data sampling and the relevant documents of LOTTE Shopping's material issues, we did not find any intentional error or misstatement. LOTTE Shopping has been disclosing the information of sustainable performances for past three years, thereby it can be compared as time-series. We confirmed certain errors during the assurance process were modified before publishing of Sustainability Report.

Recommendations

It is remarkable that LOTTE Shopping is preemptively responding to internal and external ESG management demands by forming an ESG Committee and ESG working council. We highly appreciate that LOTTE Shopping has established governance structure for climate change response by announcing 2040 Carbon Neutral with building roadmap. In addition, the Company also has operated the risk management through scenario analysis and specific implementation tasks. We recommend as follows for the future improvement.

1. We recommend to analyze financial impacts and prepare a solution by calculating financial performances per issue in order to advance double materiality assessment.
2. We recommend that scope and standards for ESG performance management be clarified and measured, and the quantified performance to be managed sustainably.

Competence and Independence

NICE Information Service is an independent assurance provider and an officially licensed provider of AA1000 which officially-certified by AccountAbility. The assurance was conducted by a team with adequate ESG knowledge and expertise in assurance. We did not participate to fill-out the Report, and we do not have any interests that could undermine our independence.

June, 2024
 CEO of NICE Information Service
Shin, Hee Boo




GHG Assurance Report

2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

APPENDIX

ESG Data

GRI Standards Index

ESRS Index

TCFD Index

SASB Index

Independent Assurance Report

GHG Assurance Report

Memberships and Awards

MOC-23-007

온실가스 배출량 검증 의견서

롯데쇼핑(주)

검증 범위
한국표준협회는 다음의 기준 및 절차에 따라 검증 수행하였습니다.
한국표준협회는 다음의 기준 및 절차에 따라 검증을 수행하였습니다.
· 온실가스 배출권거래제의 배출량 보고 및 인증에 관한 지침(환경부고시 제2023-221호)
· 온실가스 배출권거래제 운영을 위한 검증지침(환경부고시 제2021-112호)
· 기타 지침에 정해지지 않은 사항은 2006 IPCC Guidelines, KS I ISO 14064-1 : 2018 및 KS I ISO 14064-3 : 2019을 참고함

검증 기준 및 절차
한국표준협회는 다음의 기준 및 절차에 따라 검증을 수행하였습니다.
· 온실가스 배출권거래제의 배출량 보고 및 인증에 관한 지침(환경부고시 제2023-221호)
· 온실가스 배출권거래제 운영을 위한 검증지침(환경부고시 제2021-112호)
· 기타 지침에 정해지지 않은 사항은 2006 IPCC Guidelines, KS I ISO 14064-1 : 2018 및 KS I ISO 14064-3 : 2019을 참고함

검증 수준
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.

●2023년 온실가스 배출량(Scope1, Scope2) (단위 : tCO2eq)

연 도	직접배출	간접배출	총 량
2023	96,041.715	614,167.104	710,014

* 참고 : 온실가스 배출량은 사업장별로 소수점단위 이하를 절사하여 합산하므로 총류별 배출량 합계와 차이가 있습니다.
* 본 배출량은 2024년 3월 명세서 배출량 기준이며 향후 최종 배출량 값이 변동될 수 있습니다.

2024년 6월 4일

한국표준협회

KSA-MOF-644(Rev.0;24.02.14)

MOC-23-007

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

Level of Assurance
LOTTE 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.

●2023 Emissions(Scope1, Scope2) (Unit : tCO2eq)

Year	Scope 1	Scope 2	Total
2023	96,041.715	614,167.104	710,014

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

June 4, 2024

Myung So Kang

KOREAN STANDARDS ASSOCIATION

KSA-MOF-644(Rev.0;24.02.14)



Memberships and Awards

Memberships

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

Awards

Business Division	Date	Organization	Awards
LOTTE Shopping Co., Ltd.	2023.04	JoongAng Ilbo	2023 JoongAng ESG Award in the Retail and Consumer Services Sector
	2023.08	LACP	2022 Vision Awards Platinum in the ESG Report Category
	2023.08	LACP	2022 Vision Awards Gold in the Sustainability Report Category
	2023.10	MerComm	2023 Galaxy Awards Gold in the Sustainability Report (Print) Category
	2023.12	Korea Management Association	Management Grand Awards Report of the Year for Sustainability Reports
Department Store	2023.08	Red dot Design Award	2023 Grand Prize in the Apps Category 2023 Grand Prize in the Interface & User Experience Design Category
	2023.11	Ministry of Trade, Industry and Energy	2023 Korea Energy Award Minister's Commendation for Energy Efficiency Improvement
	2023.11	Ministry of SMEs and Startups	2023 Shared Growth Week Minister's Commendation for Large and Small Business Win-Win Growth
	2023.12	i-AWARDS KOREA	Web Award Korea 2023 Innovation Award in the Service Category
	2023.12	IGDS	Top 10 Most Innovative Department Stores in the World
Mart/Super	2023.04	MONDE SELECTION	2023 MONDE SELECTION 6 YORIHADA Products Awarded (1 Gold, 4 Silver, 1 Bronze)
	2023.04	Korea Enterprises Federation	Korean Labor-Management Cooperation Awards Grand Prize for Large Corporations
	2023.04	Korea Management Certification Institute	Green Star Certification
	2023.05	Red dot Design Award	2023 Grand Prize in the Brands & Communication Design Category
	2023.09	Korea Productivity Center	12 Consecutive Years Ranked First in the NBCI (National Brand Competitiveness Index) for Large Supermarkets
	2023.11	iF Design Award	2023 Grand Prize in the Communication Typography/Signage Category
	2023.11	Gwangju Metropolitan City	Mayor's Commendation for Contribution to Fire Response Development
	2023.12	Ministry of the Interior and Safety	Minister's Commendation for Civil Defense
	2023.12	KOFCA (Korea Foundation for Cooperation of Large&Small Business, Rural Affairs)	Commendation for Recognized ESG Practice in Rural Areas
	2023.05	Ministry of Gender Equality and Family	Minister's Commendation for Best Family Friendly Management
E-Commerce	2023.05	Korea Federation of SMEs	Fair Trade Commission Chairman's Commendation for Win-Win Excellence in Distribution Cooperation
	2023.05	Ministry of Employment and Labor	Minister's Commendation for Meritorious Service in Gender Equality in Employment
	2023.07	Ministry of Health and Welfare	Presidential Commendation for Excellence in Work-Life Balance and Population Policy Merit
	2023.09	Ministry of Employment and Labor	Presidential Commendation for Creating Good Jobs
	2023.11	Ministry of SMEs and Startups	Presidential Commendation for Excellence in Win-Win Growth between Large and Small Businesses

2023 LOTTE Shopping Sustainability Report

INTRODUCTION

ESG IMPACT

Performance Highlights

ESG Performance

APPENDIX

ESG Data

GRI Standards Index

ESRS Index

TCFD Index

SASB Index

Independent Assurance Report

GHG Assurance Report

Memberships and Awards



Production Department



LOTTE Retail HQ

Compliance Office

Lee Young Noh,
Lee Hye Mi, Jang Hui Bum



Department Store

ESG Team	Yoon Jae Won, Cho A Ram, Hwang Hye Jin
•Management Audit Team	Choi Sang Hun, Kim Hak Hyung
•Customer Service Operation Team	Han Tae Youk, Ko Young Seo
•Fair Trade Team	Choi Su Jin, Kim Han Jun
•Purchasing Team	Kim Dong Ju
•Corporate Culture Team	Yoo Ho Chan, Jeong Gu Seung
•Planning Team	Yoon Jae Wan, Hwang Ye In
•Safety Management Team	Kim Tae Jong, Ham Jun Hyeok, Lim Hyung In, Choi Ki Hoon
•Human Resource Development Team	Jeon Un Young
•Information Security Division	Park Ji Eun
•Human Resource Team	Kim Jeong Ho
•VIP Marketing Team	Kim Hye Kyeong
•Visual Strategy Team	Lee Ji Su



Mart



Super

ESG Team	Kim Hye Young, Kwon Young In, Park Tae Soon, Lee Su Ji, Seo Ju Yeon
•Personalized Marketing Team	Kim Min Soo
•Management Improvement Team	Park Ji Eun, Go Seon Na
•Fruits Team/Grain & Egg Team	Choi Duk Su, Kim Mi Ran
•Purchasing Support Team	Park Jin Yeong, Cho Yeong Woong, Kim Ye Rin
•Company Culture Team	Kim Dong Ki, Choi Go Eun, Kang Ga Eun
•External Relations Team	Kim Jung Wook
•Brand Strategy Team	Kang San
•Safety & Facility Operation Team	Kim Sung Jong, Kim Min Je
•Safety Management Team	Jeon Joo Hwan, Lee Tae Seob
•Work Process Innovation Team	Lee Yong Jin
•Operation Innovation Team	Lee Da Hyeon
•Human Resource Innovation Team	Kim Yeong Sang, Shin Dong Chan, Han Soo Kyung, Kim Ji Min, Kim Ji Yoon, Lim So Youn
•Human Resource Development Team	Lee Seung Hyun, Lee Sun Jae
•Wage System Integration Team	Kim Jung Ok, Yun Sang Yeol
•Strategy Planning Team	Song Young Woo
•Information Security Division	Choi Ha Na
•Employee Assistance & Counseling Center Team	Kim Soon Jung
•Employee Welfare Team	Lee Gwang Baek, Kang Soo Min, Kim Young Jun
•Livestock Team/Fishery Team	Moon Seong Mo, Park So Hee
•Commercial Plan Team	Son Soo Min
•Quality Management Team	Choi Ji Young, Kim Hyeon Gyeong
•Compliance Team	Kim Yu Mi
•Lead Fresh Team	Woo Young Mun
•PB Management & Export Team	Kim Bo Kwang



E-Commerce

Business Strategy Team	Kim Keun Man, Nam Ho Jin
•Personal Information Protection Team	Yu Shin, Choi Eun Jin
•Seller Communication Team	Lee Jung Ju, Lee Chul Gyu, Choi Hye Ri
•Safety Environment Department	Lim Yo Sub
•Ethical Management Team	Hong Min Suk, Son Chan Bae, Song Jin Young
•Information Security Team	Kim Si Hyeon
•Culture Team	Kim Geun Hyeong, Song Yeon Ju, Bang Chae Rin
•Customer Value Team	Kim Jin Su
•HR Team	Ga So Yeon, Jang So Young, Min Kyung Chan
•Talent Team	Seo Han Ju, Lim Yae Ji, Kim Hye Won



LOTTE SHOPPING

2023 Sustainability Report

Dream Together for Better Earth