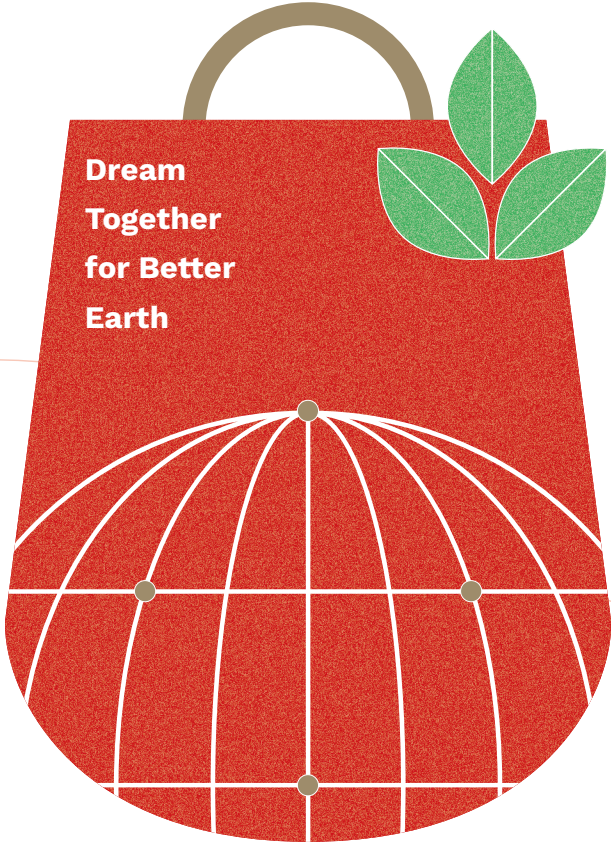


# LOTTE SHOPPING

2024 Sustainability Report



# About This Report

Report Overview

LOTTE Shopping publishes an annual sustainability report to transparently disclose its sustainability strategies, activities, and performance to stakeholders. We will continue to disclose key business achievements and sustainability-related information for LOTTE Shopping and its Business Divisions (LOTTE Department Store, LOTTE Mart, LOTTE Super, and LOTTE E-Commerce) through this report and actively communicate with a wide range of stakeholders.

Reporting Period

This report is based on activities and performance from January 1, 2024, to December 31, 2024. Certain key information includes data up to the first half of 2025. Quantitative performance and indicators, including financial information, are presented with three-year data (2022–2024) to illustrate trends.

Scope and Boundary of the Report

The scope of this report covers all domestic business sites operated by LOTTE Shopping and its Business Divisions, including headquarters, stores, and research centers. Certain items also include data and performance results from overseas operations.

Reporting Standards

This report adheres to the requirements of the Global Reporting Initiative (GRI) Standards 2021, an international sustainability reporting guideline. To reflect key issues relevant to the retail industry, it also complies with the Task Force on Climate-related Financial Disclosures (TCFD) framework, the European Sustainability Reporting Standards (ESRS), and industry-specific disclosure indicators of the Sustainability Accounting Standards Board (SASB). Environmental and social topics are reported under the “Governance – Strategy – Risk Management – Metrics and Targets” framework. Financial information has been prepared in accordance with the Korea International Financial Reporting Standards (K-IFRS), and non-financial information has also been prepared based on our disclosure system, aligned with the fiscal year.

Assurance of the Report

To enhance the reliability and quality of this report, LOTTE Shopping obtained third-party assurance from NICE Information Service. Detailed assurance information is available on pages 141–142 of the report.

Inquiries About the Report

For any inquiries regarding this report or its contents, please contact us using the information below. We value and welcome feedback from all stakeholders.

CONTACT INFORMATION

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# Letter From CEO

Dream Together for Better Earth  
LOTTE Shopping is committed to strengthening the execution of Environmental, Social, and Governance (ESG) management through sincere initiatives.



We extend our heartfelt gratitude to our customers, shareholders, partners, and employees for supporting LOTTE Shopping's bold endeavors and sustainable future.

In 2024, despite facing considerable challenges—including global economic volatility, domestic uncertainties, and sluggish consumer demand—we upheld the unwavering value of “Customer Centricity” under the vision of “the First Destination for Shopping” and dedicated ourselves to restoring the core competitiveness of each Business Division.

As a result, LOTTE Department Store achieved KRW 3 trillion in annual sales at the Jamsil Store and successfully opened Timevillas Suwon, a next-generation complex shopping mall. LOTTE Mart and LOTTE Super expanded the domestic grocery specialty format, Grand Grocery, both in Korea and overseas, and proudly marked the opening of a new store for the first time in six years. LOTTE ON also enhanced its platform capabilities and realigned its business and organizational structure around profitability, thereby reducing operating losses.

Moreover, LOTTE Shopping has positioned ESG management as a key pillar of its corporate strategy and remains committed to fulfilling its roles and responsibilities in building a sustainable future. We continue to transparently disclose our ESG initiatives and progress through this Sustainability Report. As a result, we have received the “Excellent (A)” rating for seven consecutive years—the longest in the retail sector—from the Korea Corporate Governance Service (KCGS), and for three consecutive years, our excellence in disclosure has been recognized by the League of American Communications Professionals (LACP).

We will continue to reinforce the execution of ESG management through the following key commitments.

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First, we are resolutely committed to achieving our “2040 Carbon Neutrality” goal.

LOTTE Shopping has identified carbon neutrality as its top ESG priority and is implementing emissions reduction initiatives under a mid- to long-term roadmap. In April 2025, we became the first retailer to receive approval from the Science Based Targets initiative (SBTi) for our greenhouse gas reduction targets—affirming their alignment with global standards. To ensure effective implementation, we will begin using renewable energy through a Power Purchase Agreement (PPA) in 2025 and will make every effort to secure additional reduction measures, including enhancing energy efficiency at stores and expanding solar power infrastructure.

Second, we will create an environment where we grow together with our partners, local communities, and employees.

LOTTE Shopping is committed to building a collaborative ecosystem for mutual growth through a variety of win-win programs, including education, consulting, financial support, and market expansion for small and medium-sized partners. We continue to promote social contribution activities both domestically and internationally by operating initiatives such as environmental cleanups, psychological counseling, and support for underprivileged groups through campaigns like RE:EARTH and RE:JOICE.

In particular, to help address the issue of low birth rates, we have strengthened support systems for employees during pregnancy and childcare by expanding family-friendly policies such as “Prenatal Check-up Leave for Expectant Fathers,” “Wish for a Baby Leave,” and “Mandatory Paternity Leave for Male Employees.” We will continue to listen to our employees and cultivate a family-friendly work environment where everyone feels safe and supported.

Third, we will make every effort to enhance shareholder value.

Since 2023, LOTTE Shopping has held the “CEO IR Day” annually to communicate directly with investors. In October 2024, we disclosed our corporate value enhancement goals and strategies through a dedicated Value-Up announcement. To increase predictability for investors, we introduced a minimum dividend per share and restructured the dividend process by announcing the dividend amount in advance, followed by the confirmation of the ex-dividend date.

We also enhanced our governance system by amending the Audit Committee regulations to include the right of consent for the appointment of internal audit personnel. In 2025, we appointed a new independent director with extensive global business insight and practical expertise in corporate operations, thereby strengthening the professionalism and accountability of the Board of Directors.

LOTTE Shopping will continue to be guided by our principle—that we must create positive environmental and social impact—and will pursue bold challenges and innovation toward a sustainable future. We kindly ask for your continued encouragement and support as we move forward on our journey to build a better world.

Thank you.

LOTTE Shopping Co., Ltd.

Kim Sang Hyun, Vice Chairman & Group CEO



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# Letter From CEO

## The Remarkable ESG Journey of LOTTE Department Store Continues



Dear Stakeholders, I am Chung Joon Ho, CEO of LOTTE Department Store. Since taking office, I have approached the publication of the 2024 LOTTE Shopping Sustainability Report with a stronger commitment than ever before. Recently, the international community has raised growing concerns over the possible end of the ESG era, as the United States, under the second Trump administration, has successively announced its withdrawal from the Paris Agreement, the World Health Organization (WHO), and the United Nations Human Rights Council (UNHRC). Even amidst this uncertainty, LOTTE Department Store remains steadfast in our pursuit of a single unchanging value—ensuring the sustainability of humanity—through our ESG journey.

In 2024, while LOTTE Department Store received external recognition for notable achievements such as reaching KRW 3 trillion in annual sales at the Jamsil Store, the opening of Timevillas Suwon, and the launch of Bacha Coffee Korea, we also quietly pushed forward with initiatives that simply had to be done. Marking its eighth year, the RE:JOICE Campaign—our mental wellness initiative—has been widely praised for its sincerity. It was highlighted in 2024 Trend Korea as a representative example of the care economy led by the corporate sector. We also made meaningful progress through additional initiatives such as opening a psychological counseling center at Timevillas Suwon and hosting the second RE:JOICE concert of the Kids Orchestra program.

Building on the heritage of GREEN LOTTE, we relaunched the RE:EARTH Campaign in 2022 and have since shared our ESG journey with customers through various programs. These include hosting the RE:EARTH Market, where customers and employees across all stores participated in plogging, selling upcycled goods made from collected store façade banners and cooler bags, and introducing eco-friendly packaging in our premium grocery section, Lépicerie. While small in scale, these actions carry great meaning. We have also expanded self-consumption solar power systems across 27

business sites, generating over 2,298 MW of eco-friendly energy annually. This achievement was recognized with the Minister's Award at the Korea Energy Award.

This year, LOTTE Department Store will continue to pursue the ESG journey from all directions. We plan to initiate a joint sponsorship program for “Young Carer”s in collaboration with the Seoul Metropolitan Government, participate in the 2025 World Environment Day event hosted by the Ministry of Environment and UNEP, and promote projects such as the creation of school forests, a circular secondhand clothing system, and the introduction of eco-friendly power through the Power Purchase Agreements (PPA). As a leading ESG company, we will not stop at expanding our positive impact—we aim to be the first in the retail industry to quantify the impact of our social contribution activities and pursue certification of our human rights management system.

Now, as the four-year ESG boom that swept the country begins to cool, we believe it is a crucial opportunity to reaffirm our unwavering commitment to ESG as a company. Whether these efforts turn out to be no more than a storm in a teacup will be determined by companies themselves. LOTTE Department Store pledges to respond with consistency and authenticity. We sincerely ask for the continued support and trust of all our stakeholders, including our customers, shareholders, and partners, as we move forward on LOTTE Department Store's remarkable ESG journey.

Thank you.

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

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# Letter From CEO

# LOTTE Mart and LOTTE Super are leading the way in building a sustainable future for retail by aligning business with ESG



Greetings. I am Kang Sung Hyun, CEO of LOTTE Mart and LOTTE Super. I would like to express my sincere appreciation to our customers and shareholders for their unwavering support, and to our employees and partners who have continued to give their best in every role.

The year 2024 was marked by persistent global supply chain disruptions and a prolonged downturn in domestic consumption. Despite these headwinds, LOTTE Mart and LOTTE Super delivered solid results by enhancing our fresh food offerings and securing stable performance across our overseas operations, guided by our vision of becoming the “No.1 Grocery Market.”

In addition, we launched a new ESG campaign titled “With Love: Sea”, establishing a virtuous cycle that spans environmental protection, social contribution, and win-win growth. As part of this initiative, we supported the restoration of marine ecosystems through eelgrass planting, fostered future environmental leaders through marine camps for children, and provided sustainable fishing equipment to our partners and local fishing communities. Thanks to these dedicated efforts, we achieved significant milestones in 2024. We became the first hypermarket in Korea to earn Green Star certification for three consecutive years, ranked No. 1 in the discount store category of the Korea Sustainability Index (KSI), and received the Prime Minister’s Commendation at the Korea Distribution Awards.

This year, we aim to advance our sustainability management by aligning our business strategies with ESG strategies—so that strong business performance leads to improved ESG outcomes, and robust ESG practices, in turn, generate business synergies. To reinforce our grocery competitiveness, we will further enhance the With Love: Sea campaign by developing sustainable seafood products that leverage locally sourced specialties, and by conducting ESG-themed promotions for seafood to provide customers with a more differentiated experience. We also plan to carry out more in-

depth initiatives, such as removing large submerged marine waste and distributing inflatable life jackets to ensure the safety of fishermen.

In parallel, we will accelerate our global ESG initiatives as we expand our overseas operations. Last year, LOTTE Mart in Vietnam provided customers with eco-friendly shopping bags and recently replaced paper receipts with fully digital alternatives. These efforts led to our selection in April as one of the Top 10 Vietnam Green ESG Enterprises 2025 – Retail Sector. In 2025, we plan to implement a wide range of global ESG initiatives in Indonesia, including mangrove planting, support for underserved communities, outreach events for disadvantaged children, and trade promotion programs for small and medium-sized enterprises leveraging local infrastructure.

Dear stakeholders, this year will bring continued change and challenges for LOTTE Mart and LOTTE Super. In January, we opened the Cheonho Store—our first urban grocery specialty store in six years—and plan to unveil a new Store in Guri city in the first half of the year. We will continue our journey toward becoming the “No.1 Grocery Market” by launching a variety of innovative services to strengthen our online and offline competitiveness, including the AI-powered LOTTE Mart ZETTA app and The Fresh Intelligence Project, an AI driven quality innovation initiative. We sincerely ask for your continued encouragement and support as LOTTE Mart and LOTTE Super strive to build a better tomorrow and shape the future of sustainable retail.

Thank you.

LOTTE Mart and LOTTE Super, LOTTE Shopping Co., Ltd.  
 Kang Sung Hyun, CEO



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# Letter From CEO



LOTTE E-Commerce is committed to creating a sustainable business environment through continuous transformation and innovation—even amid rapidly changing market conditions.

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

Amid rapidly evolving market conditions and intense competition, LOTTE E-Commerce has remained steadfast in upholding the core value of sustainable growth. Over the past year, we restructured our business portfolio to improve operational efficiency and established a strategic direction with a mid- to long-term perspective. In doing so, we also enhanced the functionality of the LOTTE ON platform, thereby strengthening our operational foundation.

In 2025, we will further reinforce LOTTE ON's competitiveness by expanding vertical services, particularly in the fashion and beauty categories. At the same time, we aim to position LOTTE ON as the Group's Online Gateway, developing it into a central online hub for engaging LOTTE Group customers. By leveraging the Group's diverse online and offline assets, we will strive to generate greater synergies across affiliates.

Given the fast-paced evolution of the e-commerce industry, it is essential to look beyond short-term outcomes and focus on building a sustainable business environment from a long-term perspective. To that end, we have driven meaningful environmental progress alongside efforts to reduce costs and enhance profitability. These initiatives include the adoption of eco-friendly packaging and carbon reduction measures throughout our logistics processes. We have led the way in green management by minimizing packaging use through delivery models such as Customer Basket Delivery and Packaging-Free Face-to-Face Delivery, while steadily expanding the use of electric vehicles to cut annual carbon emissions.

We also remain committed to supporting small and medium-sized enterprises (SMEs) and small business owners through strategic partnerships with local governments to broaden their access to online sales channels. Our initiatives include end-to-end training programs covering sales, marketing,

and settlement processes, empowering participants—particularly those new to digital commerce—to build operational independence. With the recent launch of the Onnuri Gift Certificate Specialty Store, we will continue to enhance the connection between online commerce and traditional markets by making it easier for customers to purchase outstanding local products online. Through these efforts, LOTTE E-Commerce is reinforcing its ESG management framework—not only within our own operations, but also across the supply chain—by fostering shared growth and responsible business practices in collaboration with our partners.

As a responsible corporate citizen, we will remain steadfast in our commitment to earning the trust of our customers and growing together with society. We kindly ask for your continued interest and support as we move forward on our journey toward a more sustainable future.

Thank you.

LOTTE E-Commerce, LOTTE Shopping Co., Ltd  
Park Ik Jin, CEO

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# About LOTTE Shopping Co., Ltd.

## Company Overview

### LOTTE Shopping Co., Ltd.

Since its establishment in 1970, LOTTE Shopping Co., Ltd. has led the advancement of Korea's retail industry as a comprehensive retail company. By operating a wide range of retail channels—including LOTTE Department Store, LOTTE Mart, LOTTE Super, and LOTTE E-Commerce—LOTTE Shopping delivers new shopping experiences and value to customers through integrated online and offline synergy.

Each Business Division has strengthened its competitiveness in the domestic retail market by responding flexibly to changes in customer lifestyles and offering differentiated products and services. Recently, We have enhanced personalized services and product recommendation features through its integrated online platform, LOTTE ON, while boosting digital competitiveness through data-driven marketing and technological investments. In addition to its domestic operations, LOTTE Shopping is actively expanding its global presence, focusing on the rapidly growing markets of Vietnam and Indonesia.

LOTTE Shopping will continue to drive customer-centric retail innovation in pursuit of becoming “the First Destination for Shopping.”

• General Information of LOTTE Shopping Co., Ltd.

(As of March 31, 2025)

Date of Establishment	July 2, 1970
Date of Listing	February 9, 2006
Primary Business	Retail
CEOs	Shin Dong Bin, Kim Samuel Sang Hyun, Chung Joon Ho, Kang Sung Hyun
Head Office	81, Namdaemun-ro, Jung-gu, Seoul, Republic of Korea
Credit Rating	Domestic AA- / International A Stable (JCR)

### Vision

1st  
Retail  
LOTTE

MANIFESTO

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

LOTTE  
Department  
Store

A 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



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# About LOTTE Shopping Co., Ltd.

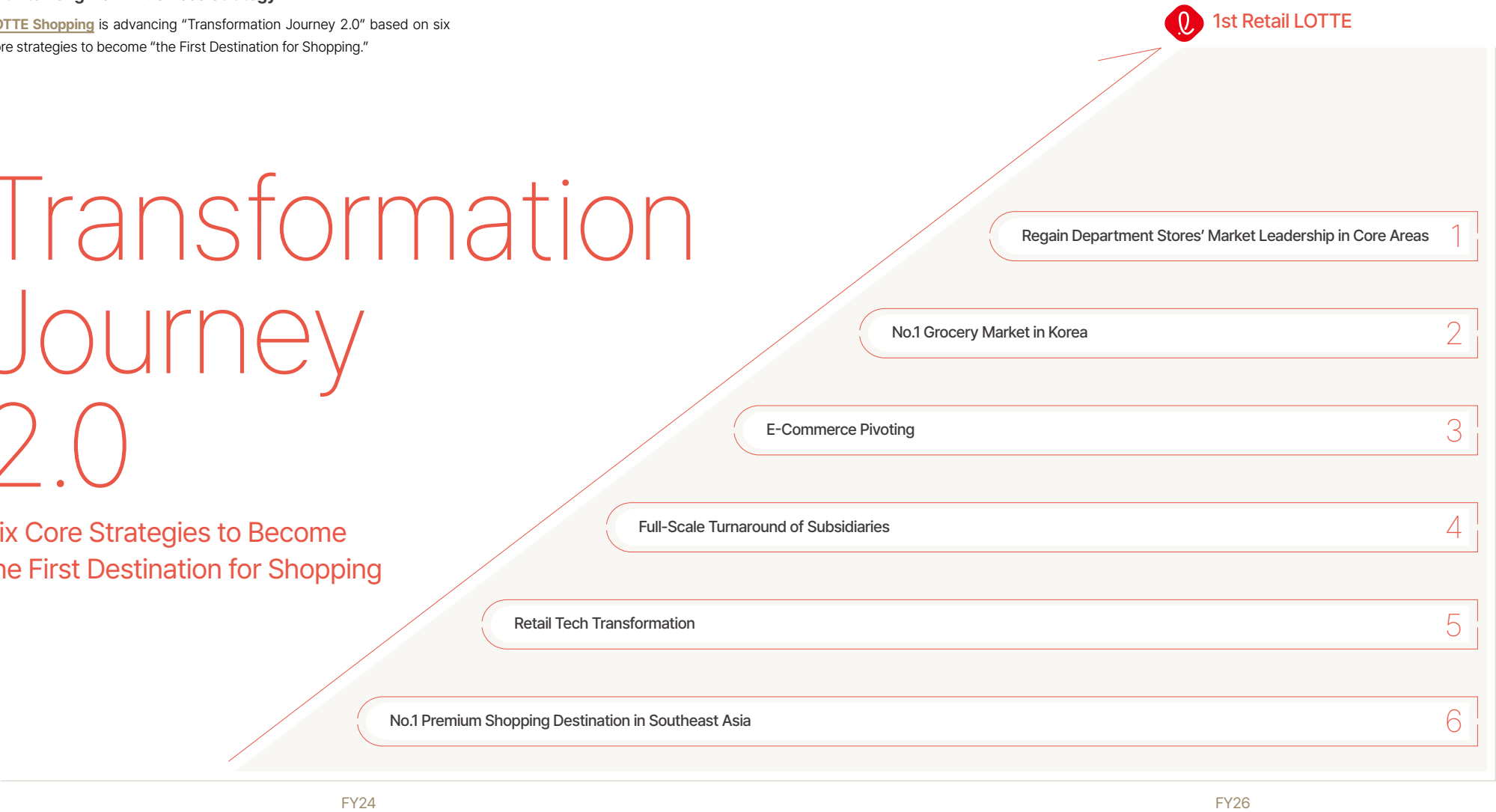
## Company Overview

### Mid- to Long-Term Business Strategy

LOTTE Shopping is advancing "Transformation Journey 2.0" based on six core strategies to become "the First Destination for Shopping."

# Transformation Journey 2.0

Six Core Strategies to Become the First Destination for Shopping



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# About LOTTE Shopping Co., Ltd.

## Company Overview

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### Regain Department Stores' Market Leadership in Core Areas

**LOTTE Department Store** is enhancing operational efficiency and profitability by renewing key stores and restructuring underperforming locations. In line with consumer trends favoring immersive and experiential content, we are expanding next-generation multi-purpose shopping malls and implementing regionally specialized strategies to establish them as local landmarks

2



### No.1 Grocery Market in Korea

Under the unified vision of becoming the “No.1 Grocery Market,” **LOTTE Mart and LOTTE Super** are accelerating their shift toward food-focused specialized retail formats. In addition to renewing major stores, we are reorganizing them into fresh food and deli-centric formats aligned with evolving consumer preferences and are strategically opening new stores to secure a stable profit base. We will continue to strengthen our position as a Grocery Market Leader by enhancing product competitiveness and developing store formats that reflect consumer trends.

3



### E-Commerce Pivoting

**LOTTE E-Commerce** is focused on a profitability-driven business overhaul and on strengthening its competitiveness in vertical commerce, particularly in the fashion and beauty sectors. We are advancing personalized marketing based on first-party data from LOTTE Members and plan to actively pursue the Retail Media Network (RMN) business through LaiLAC Center, LOTTE Shopping's dedicated AI organization.

1) Retail Media Network

4



### Full-Scale Turnaround of Subsidiaries

**LOTTE Shopping's key subsidiaries** are laying the groundwork for improved profitability through a revamped business portfolio. LOTTE Himart has been steadily improving its gross profit margin (GPM) by enhancing its home total services, while LOTTE Homeshopping has increased its operating profit by approximately 503% year-on-year through the discovery of promising brands and expansion of IP commerce. LOTTE Cultureworks is also establishing a stable profit base by introducing specialized theaters focused on overseas cinemas and pursuing a strategy to transform them into multi-purpose cultural spaces.

5



### Retail Tech Transformation

**LOTTE Shopping** is strengthening its digital innovation capabilities through LaiLAC, a generative AI tailored for the retail sector. LaiLAC delivers technologies that enhance operational efficiency, including real-time price comparison and automated ordering systems. It is also being applied across various areas, such as the advancement of marketing based on the Retail Media Network (RMN). In addition to cross-affiliate technology collaboration, we are reinforcing the LaiLAC ecosystem through strategic partnerships with global IT companies, with plans to expand its application across all business areas—including logistics, sales, and customer management.

6



### No.1 Premium Shopping Destination in Southeast Asia

**LOTTE Shopping** is accelerating its expansion into the Southeast Asian market, with Vietnam's Westlake Mall—developed by leveraging the group's full retail capabilities—serving as a flagship success case. We are expanding integrated shopping infrastructure centered around our hub in Singapore and reinforcing our business foundation through partnerships with local retailers and increased exports of private brand (PB) products. Furthermore, we aim to establish ourselves as a Grocery Market rooted in K-Food, delivering differentiated brand value that aligns with the demands of Southeast Asian consumers.



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# About LOTTE Shopping Co., Ltd.

## Major Business Areas

### Business Overview

**LOTTE Shopping** is restructuring its business model in response to changes in the domestic retail environment, while advancing its operational strategy with a focus on stability and profitability. We are enhancing competitiveness through the strategic renewal of core stores, conversion to food-centered specialty formats, and the introduction of smart logistics systems. We are also improving both profitability and efficiency through integrated operations across channels. Overseas, we are operating stores in high-potential markets such as Vietnam and Indonesia. In 2024, we are establishing an integrated hub (iHQ) in Singapore to support our expansion in the Southeast Asian market and to strengthen our global retail network.

Revenue (Consolidated basis, Unit: KRW million)

2024

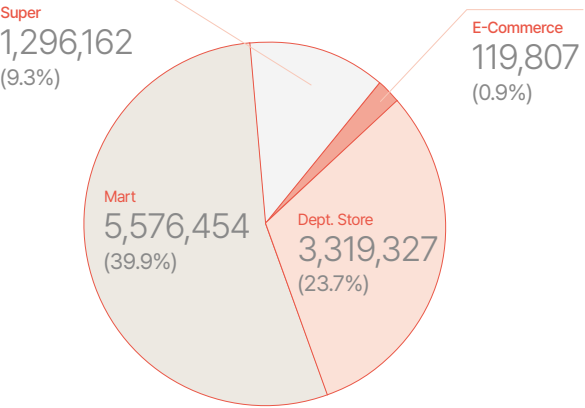
13,986,578

Operating Profit (Consolidated basis, Unit: KRW million)

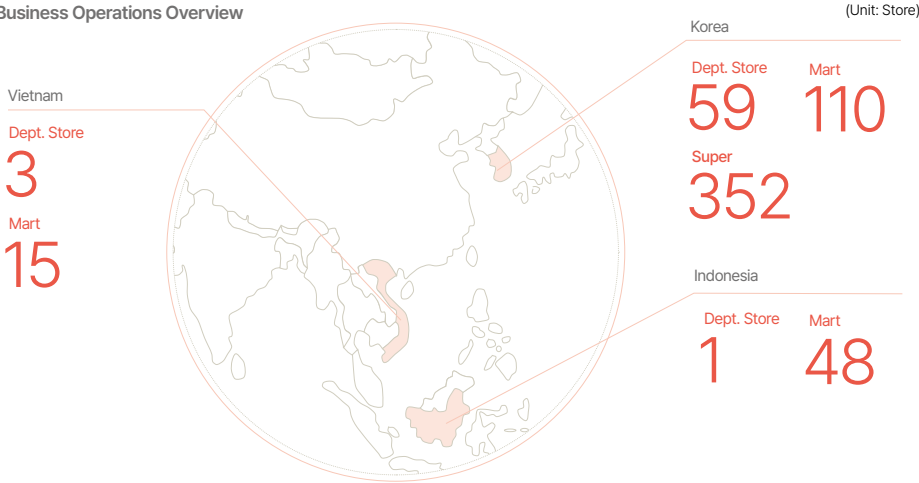
2024

473,114

2024 Revenue by Major Business Division (Composition Ratio) (Consolidated basis, Unit: KRW million)



### 2024 Business Operations Overview



### 2024 Revenue Overview

		(Unit: KRW 100 million)			
Category		Department Store	Mart	Super	E-Commerce
Domestic		32,036	40,795	12,962	1,198
	Vietnam	867	3,965	-	-
Overseas	Indonesia	214	11,005	-	-
	China	76 <sup>1)</sup>	-	-	-

1) Closed as of June 2024.

### Key Subsidiaries

Category	Unit	LOTTE Himart	LOTTE Homeshopping	LOTTE Cultureworks
LOTTE Shopping Ownership	%	65.3	53.5	86.4
Revenue	KRW million	2,356,657	924,884	451,729
Store	Store	314	-	183



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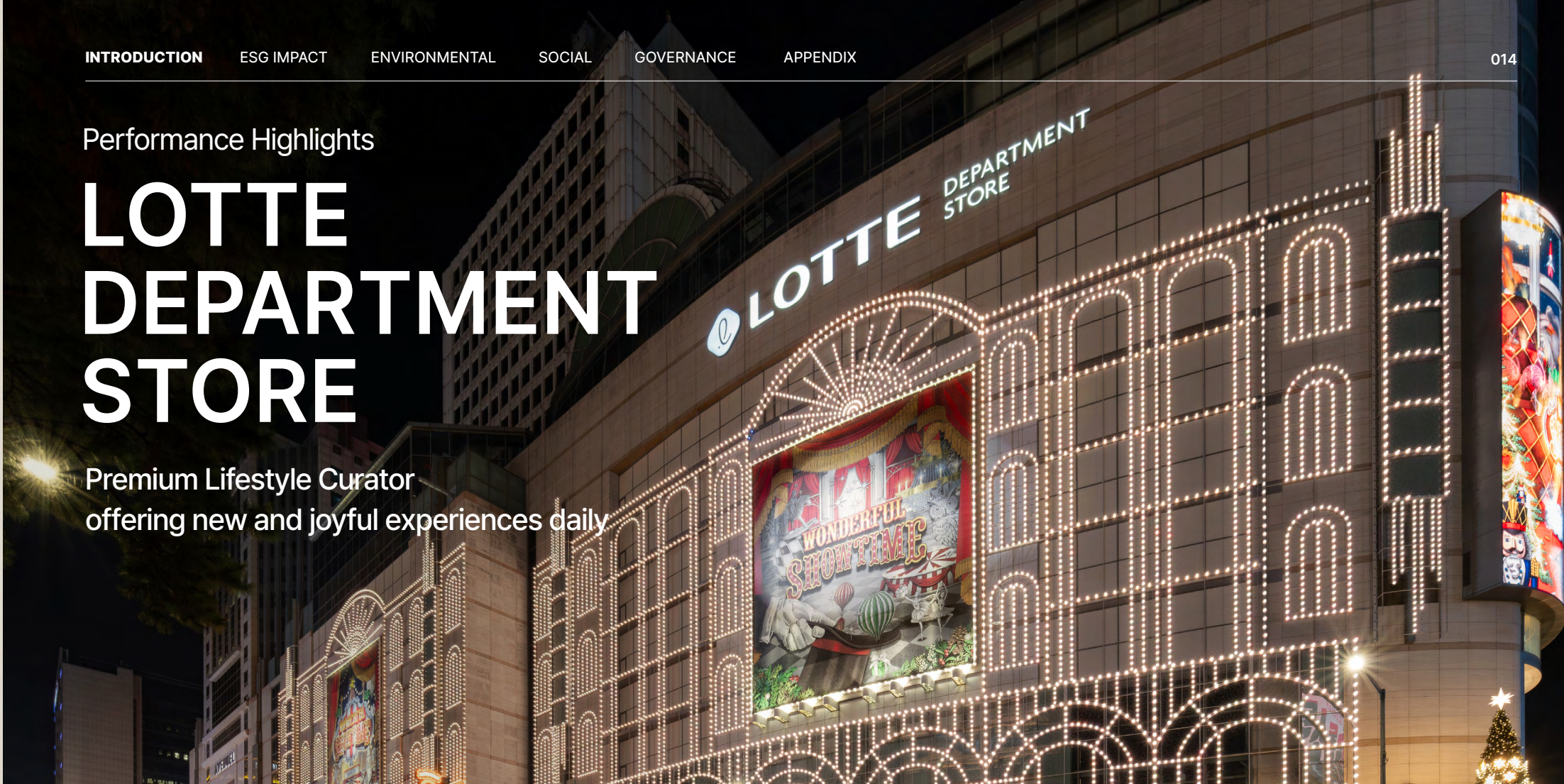
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# LOTTE DEPARTMENT STORE

Premium Lifestyle Curator  
offering new and joyful experiences daily



## LOTTE Department Store

### Overview

LOTTE Department Store, one of Korea’s most recognized and market-leading department store operators, continues to shape trends in the domestic retail industry. Through a steadfast commitment to customer satisfaction across department stores, outlets, shopping malls, and online channels, we have consistently delivered outstanding shopping environments. Moving forward, LOTTE Department Store aims to evolve into a true “Premium Lifestyle Curator,” leading new lifestyles and enriching the lives of customers.

### Business Direction

Building on the successful launch of our new shopping mall, Timevillas Suwon, we are preparing for the renewal opening of Timevillas Gunsan to strengthen our leadership in the shopping mall market. We also plan to carry out major renovations of flagship stores, including the Jamsil Store and Main Store, to reinforce our presence in key commercial areas.

In our overseas business, which we regard as a future growth driver, we are reviewing optimal sites for development into group-affiliated multi-complexes as a foundation for global competitiveness.



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## Opening of the Convergence Mall “Timevillas Suwon”

In October 2024, LOTTE Department Store reopened “Timevillas Suwon,” a convergence shopping mall that combines the premium value of department stores with the diversity of shopping malls. The brand name—merging “Time” and “Villas”—reflects the philosophy of creating a space “where even time wants to stay,” and the mall offers sophisticated interiors, a wide range of content, and customer-centric services.

Timevillas Suwon delivers a differentiated customer experience through features such as digital signage, art collaborations, a premium kids and sports zone, global fashion and beauty brands, and a premium dining space branded as “Dining Avenue.”

From its renewal opening through April 2025, the store attracted a cumulative total of approximately 290,000 purchasing customers and generated KRW 219.9 billion in offline sales over six months. Sales from new customers in their 20s and younger increased by 129% year-on-year, indicating a notable influx of younger shoppers. LOTTE Department Store aims to further develop Timevillas as a next-generation shopping mall that connects all aspects of the customer experience.



## LOTTE Department Store Jamsil Achieves KRW 3 Trillion in Sales

In 2024, LOTTE Department Store’s Jamsil Store achieved KRW 3 trillion in annual sales, driven by a “super-retail” strategy that seamlessly integrates its department store, luxury hall, and shopping mall. This milestone, reached just two years after surpassing KRW 2 trillion in 2022, reflects the store’s efforts to enhance trendy brand and F&B offerings, attract large-scale experiential pop-up events, and expand its portfolio of high-end brands to meet diverse customer needs.

The 2024 LOTTE Department Store Christmas Market, designed with a European holiday theme, also contributed to customer engagement, attracting approximately 390,000 visitors and offering experiences beyond shopping. Beginning with the renovation of the basement food hall at the Main Store in 2025, LOTTE Department Store is preparing a phased renewal plan aimed at achieving KRW 4 trillion in annual sales by 2027.



## Launch of Premium Coffee Franchise “Bacha Coffee”

As part of its premium content enhancement strategy, LOTTE Department Store secured the exclusive domestic franchise and distribution rights for the world-renowned coffee brand “Bacha Coffee.” The first store opened at the Cheongdam Store in August 2024, followed by the second store at the Main Store in April 2025.

The Cheongdam Store features a “Coffee Room” offering coffee and desserts, and a “Coffee Boutique” selling beans and merchandise. With attentive service provided by locally trained staff, the store delivers a differentiated customer experience.

Since its opening, the Cheongdam Store recorded an average monthly sales of approximately KRW 640 million and 80,000 visitors in 2024, marking a successful start. We plan to expand to additional locations, including the Jamsil Store.



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# LOTE MART, LOTTE SUPER

## No.1 GROCERY MARKET

Discover a joyful food life



## LOTTE Mart, LOTTE Super

### Overview

LOTTE Mart is a leading discount retailer in South Korea, promoting healthy food culture. It is spearheading domestic retail trends through its specialized grocery formats such as “Grand Grocery” and “ZETTAPLEX.” In addition to domestic operations, LOTTE Mart has expanded into Vietnam and Indonesia, operating a total of 173 stores worldwide and solidifying its presence as a global enterprise.

LOTTE Super is a community-focused, close-proximity retail channel that engages with customers at the nearest touchpoints. It is committed to consistently providing safe and fresh food. Through its franchise business, LOTTE Super also supports and nurtures small-scale entrepreneurs, taking the lead in fostering win-win growth and shared value creation.

LOTTE Mart and LOTTE Super will continue to offer high-quality grocery products and deliver a differentiated shopping experience unique to LOTTE, aiming to strengthen their position as Grocery Market Leaders. To achieve this, they remain committed to customer satisfaction through services grounded in sustainable management and social responsibility.

### Business Direction

LOTTE Mart and LOTTE Super are maximizing integration synergy to further enhance product competitiveness. We are reinforcing the unification of merchandise organizations and actively leveraging internal sourcing capabilities to realize scale merit. By expanding the launch of jointly developed products, we aim to offer broader choices for customers while improving the quality of fresh and deli items, stabilizing the value chain, and streamlining related processes.

We are also refining store formats based on local commercial characteristics and pursuing renewals that increase the share of grocery offerings. These efforts will help us deliver a differentiated shopping experience and secure a competitive advantage in the market. In addition, through the launch of our online platform “LOTTE Mart ZETA,” we will provide a seamless online-offline shopping experience to maximize customer convenience. We will continue to enhance customer satisfaction by strengthening data-driven personalized services.



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RE:FRESH

LOTTE Mart and LOTTE Super are strengthening their core business capability in fresh food through the “RE:FRESH” initiative to enhance quality. Domestically, we have accumulated expertise through the Lead Fresh project and are now extending this know-how to LOTTE Mart in Vietnam to bolster global competitiveness. In particular, AI-based sorting systems for fruits and meat have been introduced to precisely assess color, shape, and size, while detecting even minor defects—improving consistency and reliability. Through these AI systems, LOTTE Mart and LOTTE Super are delivering higher-quality fresh food with greater stability, while simultaneously enhancing efficiency across the entire distribution process.

Accelerating the Transition to the Grocery Format

To solidify their position as the No.1 Grocery Market Leaders, LOTTE Mart and LOTTE Super are accelerating their transition to grocery-focused specialty formats. In 2024, we opened the new “Grand Grocery Dogok Store,” reinforcing our competitiveness as a premium food specialty store. Grand Grocery offers high-quality ingredients in one location—including fresh produce, imported goods, premium meat and seafood, and organic products. With a deli-specialized zone, a bakery corner, and the premium lineup “BOTTLE BUNKER Select” from LOTTE Mart’s wine shop, the store provides a differentiated experience where gourmet dining meets shopping in a refined lifestyle space. Internationally, the Gandaria Store in Indonesia was renewed under the grocery format, increasing the share of food products from 60% to 80%. It offers a wide selection of K-Food through “YORIHADA Kitchen,” along with fresh domestic seasonal fruits delivered by air, premium meat and salmon, and popular Korean lifestyle brands such as “COCOLUCI,” “Beauty of Joseon,” and “MEDIPEEL”—all contributing to higher customer satisfaction. LOTTE Mart and LOTTE Super will continue expanding grocery-centered formats to deliver high-quality food and distinctive retail content to customers in both domestic and international markets.





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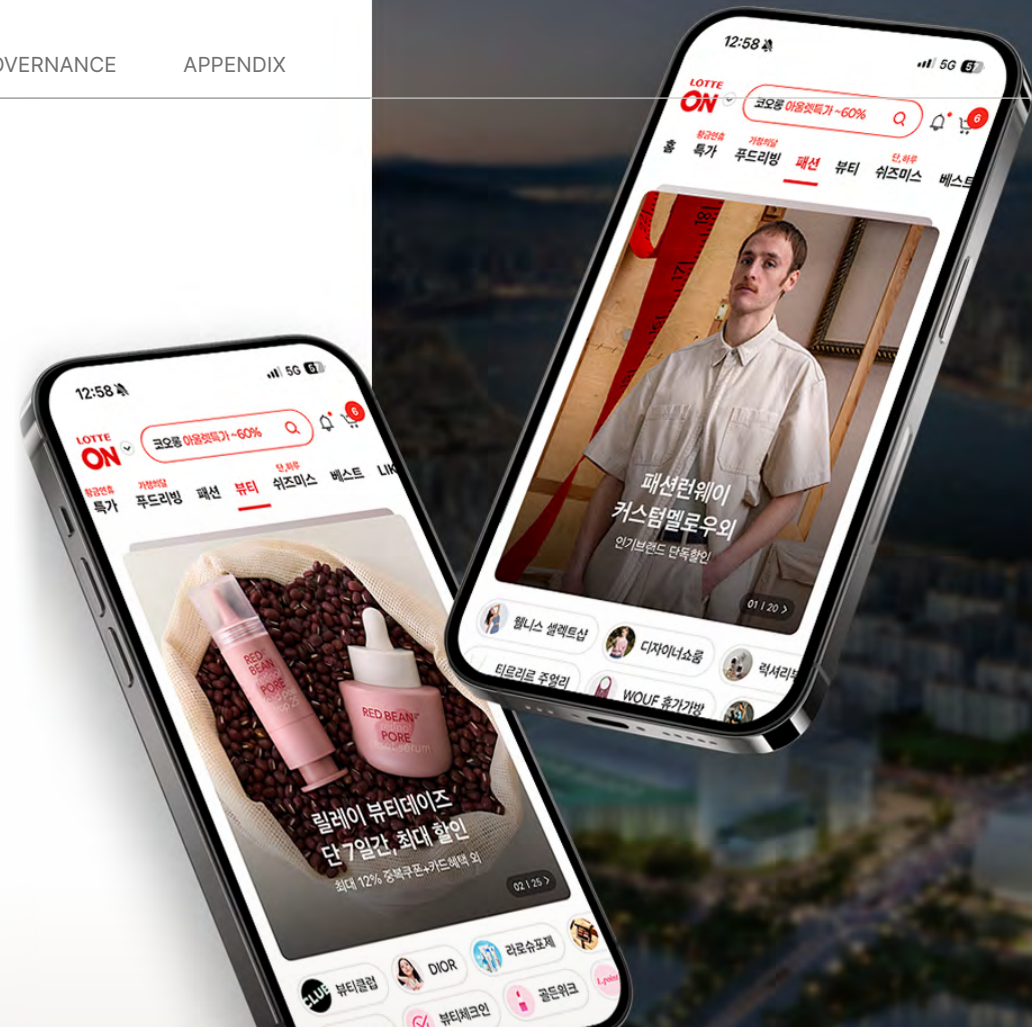
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# LOTTE E-Commerce

The Most Customer-Centric EC Platform



## LOTTE E-Commerce

### Overview

LOTTE E-Commerce, which launched Korea's first online comprehensive shopping mall on June 1, 1996, is developing optimized shopping solutions to extend LOTTE's offline retail leadership into the digital space. We are also advancing its ESG practices by continuously increasing investments in environmental and social areas, including eco-friendly operations, fostering a collaborative corporate culture, and promoting mutual growth with its partners.

### Business Direction

With the goal of becoming the most preferred shopping app among customers, LOTTE E-Commerce is strengthening its competitiveness by actively leveraging the core assets of LOTTE Group affiliates. We aim to build a lifestyle platform that overcomes the limitations of offline channels and delivers greater value to customers by focusing on trendy products and items with strong potential for online growth. To this end, we are enhancing online-offline synergy by integrating product data across channels and utilizing group assets to identify opportunities for customer acquisition and increased traffic. Through these efforts, LOTTE E-Commerce seeks to provide a differentiated shopping experience that sets us apart from other platforms



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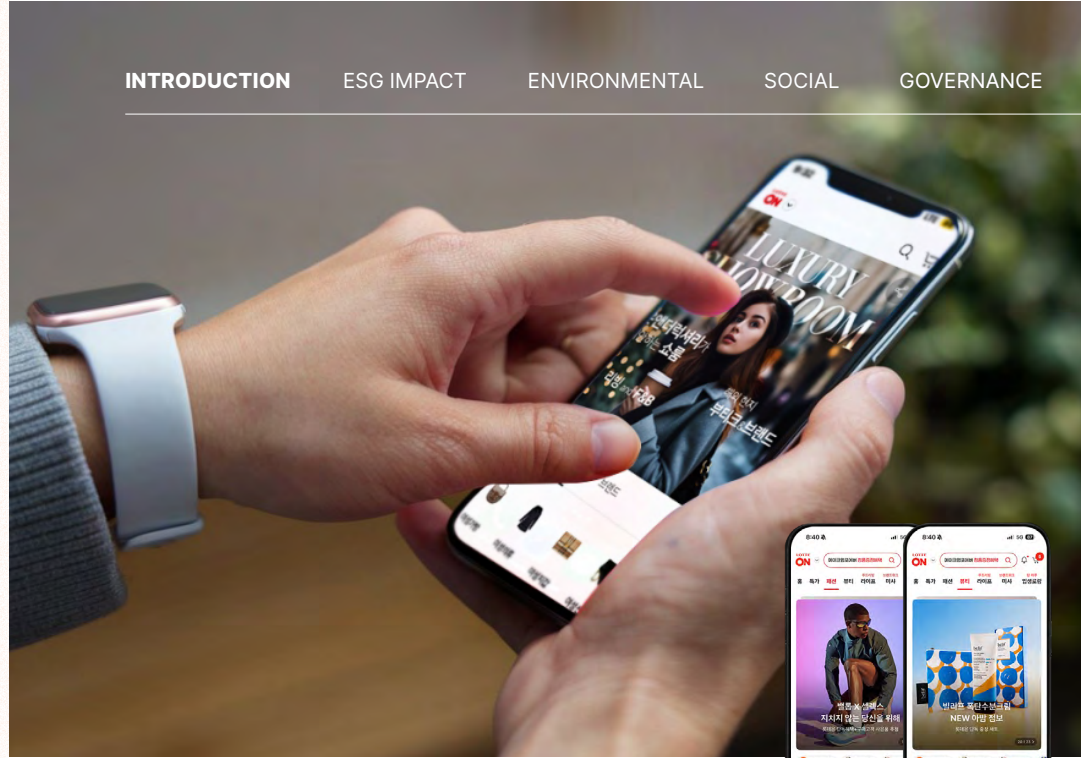
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## Online Gateway Powered by Affiliate Products and Services

Cumulative Customer Referrals to  
Affiliates in 2024

860,000

LOTTE E-Commerce is evolving into the group's Online Gateway by leveraging the products and services of various LOTTE affiliates, including LOTTE Cinema, LOTTE World, and LOTTE Giants. In 2024, cumulative customer referrals to affiliate companies via the e-commerce platform reached 860,000. Through the integrated, customer participation-based service "L.Stamp," we have successfully encouraged repeat visits and enhanced the overall user experience.

In 2025, we opened "L.TOWN," a LOTTE ON-exclusive content hub that brings together benefits from group affiliates, marking the official launch of our content-based synergy strategy. L.TOWN expands customer engagement through personalized content recommendations based on user interests, interactive missions, and event-driven interfaces. It is positioned to serve as a central hub that naturally connects a wide range of affiliate content.

LOTTE E-Commerce plans to further strengthen collaboration with affiliates through L.TOWN and enhance its role as a group synergy platform by curating content tailored to customer preferences and executing targeted marketing strategies.

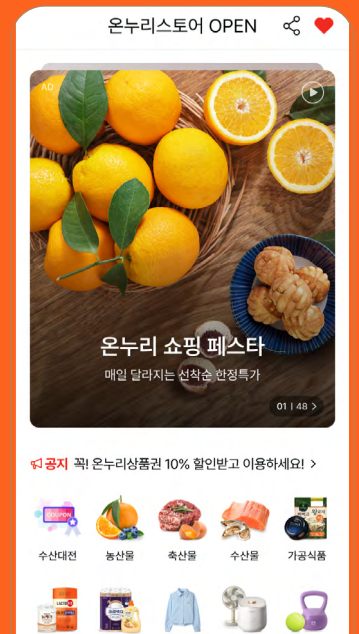
## Expansion of Vertical Businesses Focused on Fashion and Beauty

LOTTE E-Commerce is expanding its vertical service businesses across four key categories—fashion, beauty, luxury, and kids—with a strategic focus on the fashion and beauty segments since the second half of 2024. We are pursuing a brand- and product-centric strategy to differentiate ourselves from price-oriented open market platforms and gain a competitive edge. Looking ahead, we plan to continuously launch specialized sections tailored to customer needs and actively expand the onboarding of new brands. We are also strengthening our "Flagship Store Service," which enables participating brands to directly manage their customer relationships within the LOTTE ON open market, thereby promoting brand autonomy and establishing a foundation for sustainable growth.

## Expansion of Closed-Commerce Targeting Specific Customer Segments



LOTTE E-Commerce operates a personalized closed-deal commerce service targeting L.Point members. This service offers recommended products based on members' preferences at exclusive discounted prices not visible to the general public, thus increasing customer loyalty while attracting new customers. Moreover, LOTTE E-Commerce became the first comprehensive e-commerce platform to establish a dedicated marketplace for Onnuri Gift Certificates, promoting win-win growth with traditional markets and securing a leading position in the gift certificate distribution market. We plan to continue delivering a differentiated shopping experience through sophisticated, data-driven target analysis and to further expand customer touchpoints and business opportunities.





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# ESG Impact

## ESG Management System and Performance

### ESG Governance

#### Roles of the Board of Directors

**LOTTE Shopping's** ESG Committee serves as the highest-level advisory body for sustainable management. It is responsible for formulating mid- to long-term strategies for systematic ESG management and monitoring implementation progress across each Business Division. The committee also supervises and manages major non-financial risks—including carbon neutrality, resource circulation, human rights, supply chains, and safety and health. Resolutions made by the ESG Committee, as well as risks that may have a significant impact on business operations, are reported to the Board of Directors, the company's highest decision-making body.

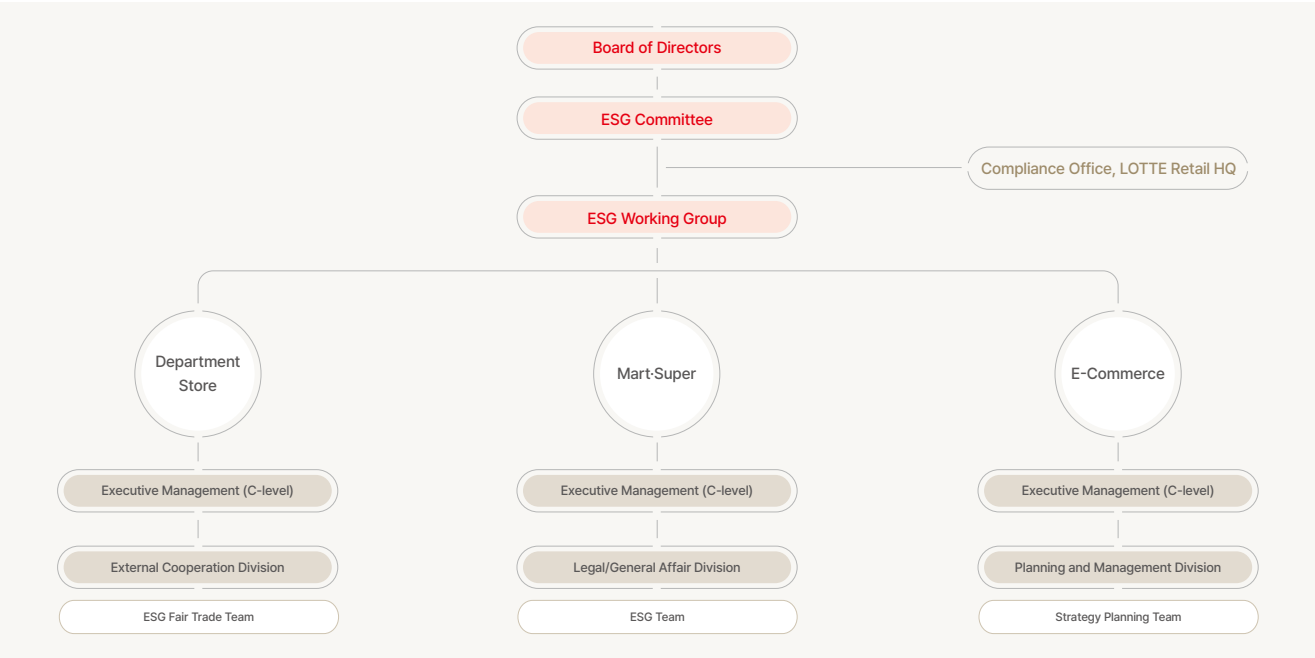
#### Roles of the ESG Working Group

To enhance company-wide execution of ESG initiatives, **LOTTE Shopping** operates an ESG Working Group consisting of dedicated ESG teams from each Business Division. The group is led by the Compliance Office of the Retail HQ, which functions as the ESG control tower, and monitors the implementation status of ESG activities across all divisions. In the event of major issues, the working group promptly activates a discussion framework to coordinate the company's response. Key matters reviewed and discussed by the working group are reported to the ESG Committee.

#### ESG KPIs for Executive Management

**LOTTE Shopping** has strengthened ESG execution by linking sustainability management to the CEO's performance evaluation indicators (KPIs). To ensure that executive management is fully accountable for achieving ESG goals and actively manages performance, approximately 20% of each Business Division CEO's KPIs consist of ESG-related items. This approach embeds ESG into the company's overall management strategy, supporting both sustainable growth and long-term corporate value creation.

#### • ESG Governance



#### • Composition of ESG-Related KPIs for Executive Management

Category	Key Performance Indicators (KPIs)
Environmental	<ul style="list-style-type: none"><li>Implementation of carbon neutrality</li><li>Management of emissions relative to reduction targets</li><li>Management of carbon intensity compared to the previous year</li><li>Execution of investment expenditures</li><li>Expansion of eco-friendly material usage</li></ul>
Social	<ul style="list-style-type: none"><li>Enhancement of employee education systems</li><li>Supply chain ESG risk management</li><li>Appropriateness of information technology investments</li><li>Improvement of security levels and management of security solution adoption</li><li>Management of disaster recovery system establishment</li><li>Minimization of information protection incidents</li></ul>
Governance	<ul style="list-style-type: none"><li>Activation of the ESG Committee</li><li>Board's function in reviewing and managing climate change strategy and risk</li></ul>
Others	<ul style="list-style-type: none"><li>Advancement of ESG disclosures</li><li>Specific key indicators for each Business Division</li></ul>

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## ESG Management System and Performance

### ESG Vision and Mission

#### Dream Together for Better Earth

**LOTTE Shopping** has adopted “Dream Together for Better Earth” as its ESG slogan, promoting ESG management that reflects the unique characteristics and social responsibilities of the retail industry. We recognize ESG as a new source of competitive advantage and a key driver of future growth. To strengthen the connection between business strategy and ESG strategy, we have established five key ESG initiatives. Referred to as LOTTE Shopping’s Top 5 ESG Initiatives, these priorities are reflected throughout our overall management.

Each Business Division at LOTTE Shopping develops execution strategies tailored to its specific characteristics based on these five initiatives. We are putting sustainable management into practice in a wide range of areas, including environmental protection, resource circulation, energy conservation, realization of social value, partnership development, and risk response. Through these efforts, we aim to generate a positive impact on both the environment and society and to grow as a trusted ESG leader recognized by customers and the market.

• LOTTE Shopping ESG Strategic Framework

LOTTE Shopping Vision

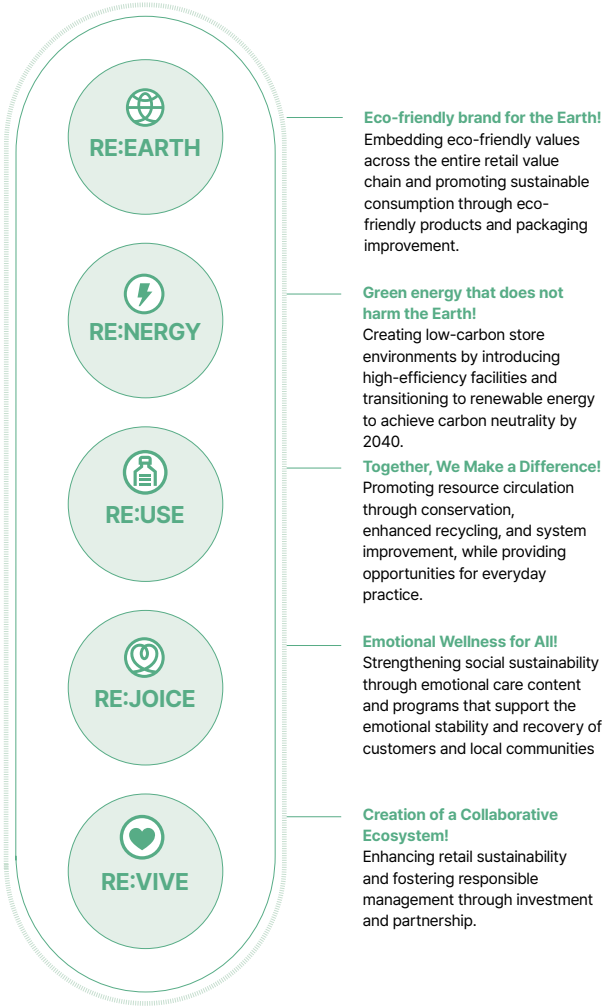
ESG Slogan & Priority

Main Initiatives

ESG Goals & Detailed Strategies



• Top 5 ESG initiatives





# ESG Impact

## ESG Management System and Performance

### ESG Highlights

#### SBTi Approval for Carbon Neutrality Reduction Targets

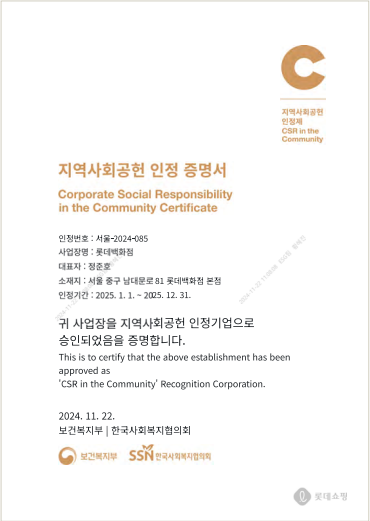
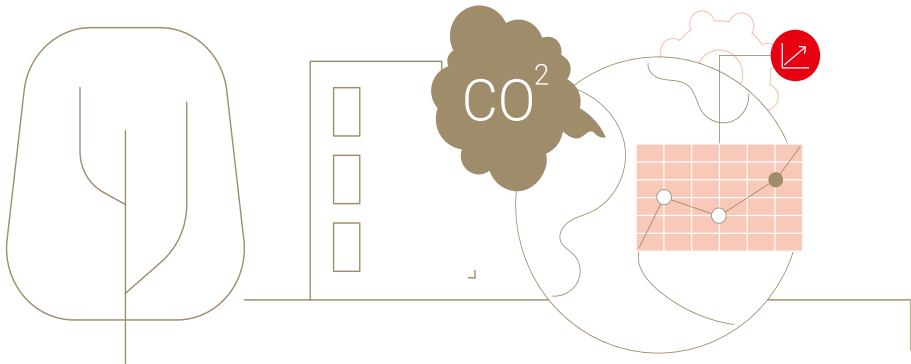
In 2023, **LOTTE Shopping** became the first company in Korea's retail industry to join the Science Based Targets initiative (SBTi), a global initiative for science-based emissions reduction targets. Since joining, we have continuously verified the scientific validity of our 2040 carbon neutrality targets, and in March 2025, we obtained final approval from the SBTi. This approval confirms the international validity of LOTTE Shopping's detailed targets and implementation strategies to reduce Scope 1, 2, and 3 emissions by approximately 46.2% by 2031, compared to 2021 levels. LOTTE Shopping has developed a 2040 carbon neutrality roadmap that reflects domestic and international regulations, industry characteristics, and our operational context. Based on this roadmap, we are implementing phased strategies to systematically reduce greenhouse gas emissions across our business sites and supply chain. We will continue to respond proactively to climate risks, pursue reduction efforts throughout the entire product manufacturing and logistics value chain, and strengthen ESG management by building a sustainable supply chain.

#### Selected as Korea's ESG Company of the Year 2024

**LOTTE Department Store** was selected as Korea's ESG Company of the Year 2024 by the Korea Green Foundation in recognition of its well-balanced performance across environmental, social, and governance areas. The award is based on a comprehensive evaluation of ESG performance and risk analysis, assessing the credibility and timeliness of ESG initiatives. LOTTE Department Store was particularly recognized for its RE:EARTH and RE:JOICE campaigns, which have established sustainable brand value and demonstrated leadership in addressing environmental and social challenges. We will continue to pursue responsible ESG practices

#### Recognized as a Leading Company in Community Contribution

In 2024, **LOTTE Department Store** was recognized under the Community Contribution Recognition Program, jointly organized by the Ministry of Health and Welfare and the Korea National Council on Social Welfare, for its contributions to local communities. The program acknowledges companies and institutions that actively engage in addressing and resolving local social issues on an ongoing basis. LOTTE Department Store has maintained strong partnerships with various nonprofit organizations—including the Korea Green Foundation and Korea Food for the Hungry International (KFHI)—to foster communication with local communities, and has actively promoted employee volunteer activities and social contribution programs. As a result, we received high evaluations based on both quantitative indicators, such as the proportion of the social contribution budget and program execution performance, and qualitative criteria, including its ESG management framework. We will continue to engage in sincere efforts to grow together with local communities and help create a better tomorrow.





To foster win-win growth with seafood partners, we provided sustainable smart equipment to Wando Abalone Co., Ltd., which helped reduce the abalone mortality rate compared to previous levels. We also ran a customer donation campaign to encourage the consumption of sustainable seafood, using the donations to supply biodegradable fishing nets to local fishing villages.

LOTTE Mart and LOTTE Super will continue to develop and implement ESG strategies that align with business objectives, aiming to maximize outcomes and strengthen long-term business competitiveness and the foundation for sustainable management.





# ESG Impact

## Double Materiality Assessment

### Double Materiality Assessment Process

#### Analysis of Global Standards and Internal/External Environment

LOTTE Shopping conducted a comprehensive review of ESG disclosure standards (GRI, SASB, TCFD), external ESG rating frameworks (KCGS, DJSI, Sustainalytics), and sustainability-related laws and regulations in Korea and abroad to identify 249 ESG-related keywords relevant to the company. Based on these keywords, a long list of 57 issues was compiled. To assess the relevance of these issues to our business operations, we analyzed internal and external factors, including major ESG issues reported within LOTTE Shopping over the past three years, ESG-related news articles published by leading domestic media outlets over the past year, and disclosure trends among domestic and international industry peers. As a result, we derived a refined issue pool of 22 material topics for further assessment.

#### Identification of Risks and Opportunities

To assess the materiality of the 22 identified issues, LOTTE Shopping analyzed the associated risks, opportunities, and potential impacts. Risk and opportunity factors were evaluated in the context of relevant laws and regulations, industry trends, and the expectations of rating and investment institutions. We then assessed the positive and negative impacts these factors may have on stakeholders, depending on the company's level of preparedness and response capabilities.

#### Stakeholder Engagement for Materiality Assessment

To evaluate materiality from the perspective of business operations and corporate value, LOTTE Shopping conducted a survey of internal employees. The survey identified issues anticipated to have a relatively greater impact on business performance and corporate value, while also collecting feedback on the characteristics, scale, scope, and response capacity regarding those impacts. A separate survey was administered to external stakeholders to assess materiality from their standpoint. This survey identified issues perceived as significantly affecting their relationship with LOTTE Shopping and gathered insights on the detailed aspects of such impacts.

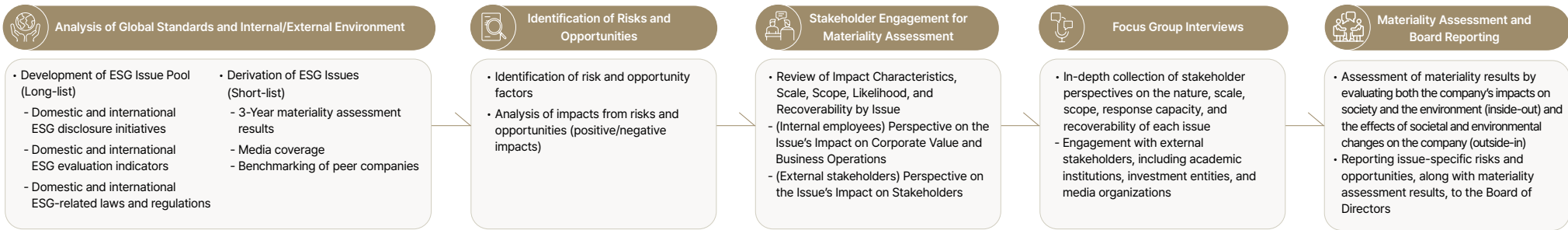
#### Conducting Expert Interviews (FGI)

To enhance the objectivity and reliability of the materiality assessment, LOTTE Shopping conducted focus group interview (FGI) with a diverse group of external experts, including ESG academic research institutions, investment firms, and media outlets. The scale, scope of impact, and response capacity regarding potential business opportunities and risks were comprehensively reviewed and evaluated, and the findings were quantified.

#### Materiality Assessment and Reporting

LOTTE Shopping reports the step-by-step results of its double materiality assessment and the identification of material issues to the Board of Directors and the ESG Committee. The ESG Committee reviews the assessment process, issue-specific risks and opportunities, and associated impacts to verify the validity and relevance of the results prior to approval. As the highest decision-making body for overseeing LOTTE Shopping's sustainability matters, the Board of Directors comprehensively reviews the management framework for material issues, including related goals, strategies, and key performance indicators, and supervises their implementation.

#### • Double Materiality Assessment Process





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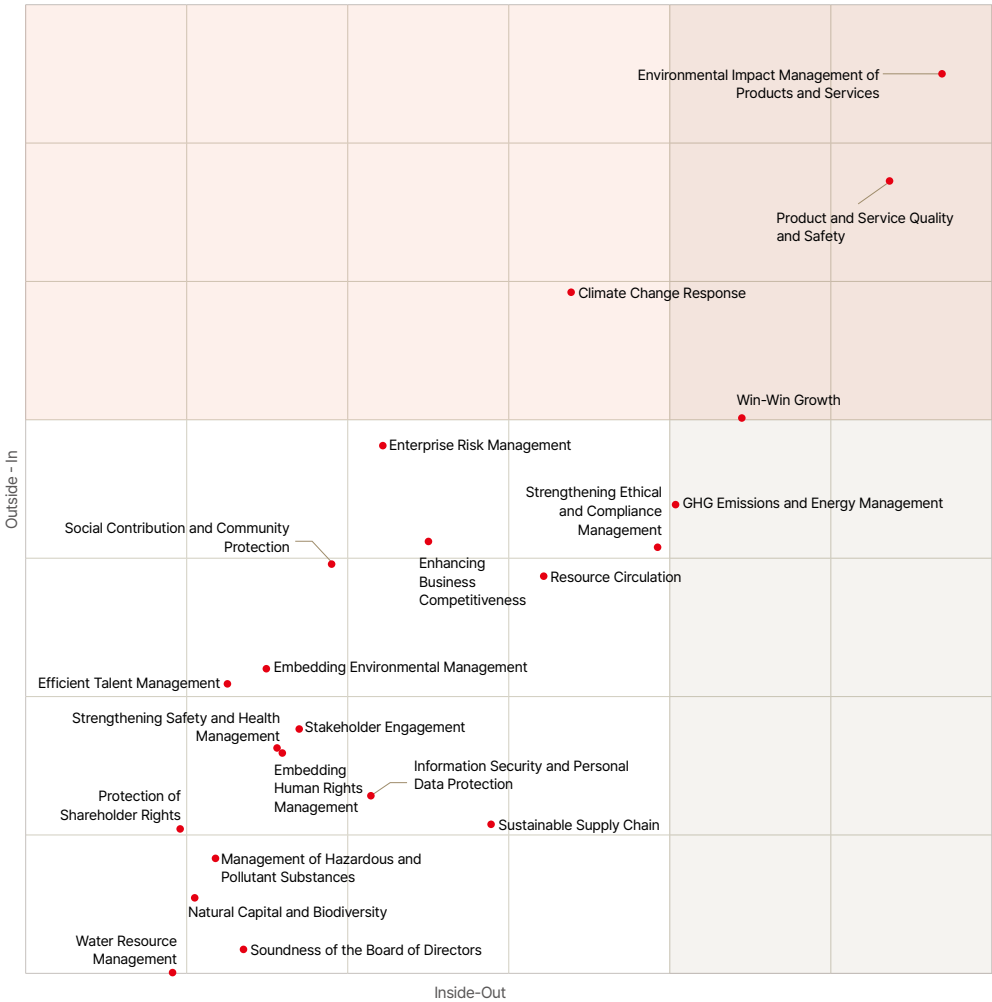
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Double Materiality Assessment Results

Double Materiality Map



Category		Issue	Change Overview
Material Issues	Environmental	1. Environmental Impact Management of Products and Services	Upward
	Social	2. Product and Service Quality and Safety	New
	Social	3. Win-Win Growth	New
	Environmental	4. Climate Change Response	Downward
	Environmental	5. GHG Emissions and Energy Management	New
General Issues	Economic/Governance	6. Strengthening Ethical and Compliance Management	-
	Environmental	7. Resource Circulation	-
	Economic/Governance	8. Enterprise Risk Management	-
	Economic/Governance	9. Enhancing Business Competitiveness	-
	Social	10. Social Contribution and Community Protection	-
	Social	11. Sustainable Supply Chain	-
	Environmental	12. Embedding Environmental Management	-
	Economic/Governance	13. Information Security and Personal Data Protection	-
	Social	14. Stakeholder Engagement	-
	Social	15. Efficient Talent Management	-
	Social	16. Strengthening Safety and Health Management	-
	Social	17. Embedding Human Rights Management	-
	Economic/Governance	18. Protection of Shareholder Rights	-
	Environmental	19. Management of Hazardous and Pollutant Substances	-
	Economic/Governance	20. Soundness of the Board of Directors	-
	Environmental	21. Natural Capital and Biodiversity	-
	Environmental	22. Water Resource Management	-






# ESG Impact

## Double Materiality Assessment

### Double Materiality Assessment Results

#### Management of Material Issues

Issue	Risk	Opportunity	Management Status in 2024
<div><b>Environmental Impact Management of Products and Services</b></div>	<ul style="list-style-type: none"><li>● <b>Market and Local Communities</b><ul style="list-style-type: none"><li>- Loss of ESG-conscious customers and a weakened sustainability image due to a limited portfolio of eco-friendly products</li><li>- Loss of customer and community trust resulting from negative environmental impacts of products or services</li></ul></li><li>● <b>Financial Performance and Cost Structure</b><ul style="list-style-type: none"><li>- Fines and financial losses from recalls or disposals due to violations of environmental regulations</li><li>- Increased production costs from sourcing eco-friendly materials and adopting sustainable manufacturing processes</li></ul></li></ul>	<ul style="list-style-type: none"><li>● <b>Market and Local Communities</b><ul style="list-style-type: none"><li>- Enhancement of customer trust and corporate reputation through the development and marketing of an eco-friendly product and service portfolio</li><li>- Creation of new business opportunities by reflecting eco-conscious consumption trends derived from consumer data and needs analysis</li></ul></li><li>● <b>Financial Performance and Cost Structure</b><ul style="list-style-type: none"><li>- Ability to command premium pricing through an eco-friendly portfolio</li><li>- Minimization of long-term environmental and safety risks of products and strengthening of brand equity through expanded eco-friendly offerings</li></ul></li></ul>	<ul style="list-style-type: none"><li>- Established principles and standards for sustainable product sourcing</li><li>- Sustainable product criteria: Based on domestic/international eco-certification standards and LOTTE Mart and LOTTE Super's internal standards<sup>1)</sup></li><li>- Developed application guidelines for LOTTE Shopping's RE:EARTH brand and guidance on environmental impact disclosure for packaging</li><li>- Provided eco-friendly packaging and delivery options, such as personal shopping bags and packaging-free direct delivery</li><li>- Expanded offerings of green products, Green Stores, and eco-certified goods</li></ul> <p><small>1) Established based on the environmental and social impact across the stages of raw materials – manufacturing/processing – consumption/disposal</small></p>
<div><b>Product and Service Quality and Safety</b></div>	<ul style="list-style-type: none"><li>● <b>Market and Local Communities</b><ul style="list-style-type: none"><li>- Reputational damage and spread of consumer complaints due to product-related safety incidents or quality defects</li><li>- Customer churn and brand image deterioration resulting from poor service or inadequate customer response</li></ul></li><li>● <b>Financial Performance and Cost Structure</b><ul style="list-style-type: none"><li>- Financial losses from product recalls, refunds, and compensation</li><li>- Increased long-term financial risks from quality and safety-related complaints, legal disputes, and rising insurance premiums</li></ul></li></ul>	<ul style="list-style-type: none"><li>● <b>Market and Local Communities</b><ul style="list-style-type: none"><li>- Enhanced customer trust and loyalty through quality improvements based on customer feedback and stronger customer service systems</li><li>- Strengthened competitiveness and market leadership through safety certifications and quality assurance systems</li></ul></li><li>● <b>Financial Performance and Cost Structure</b><ul style="list-style-type: none"><li>- Increased repurchase rate and average order value through competitively priced and high-quality PB and retail brand products</li><li>- Reduced cost losses and improved operational stability through proactive quality and safety management</li></ul></li></ul>	<ul style="list-style-type: none"><li>- Operation of Smart Safety Management System</li><li>- Operation of integrated platform for food hygiene inspections and safety information</li><li>- Implementation of fresh food quality enhancement project "RE:FRESH"</li><li>- Product safety inspections conducted (2024: 6,892 cases for food, 7,694 for non-food)</li><li>- Quality and safety management by Business Division</li><li>- Department Store: Sanitation guidance by certified quality evaluators (2024: 2,667 sessions, 106,680 hours)</li><li>- Mart-Super: Establishment of product safety standards, microbial and pesticide residue testing</li><li>- E-Commerce: Direct sourcing of luxury goods, authenticity verification</li><li>- Operation of integrated Customer Center</li><li>- Implementation of customer experience enhancement initiatives<ul style="list-style-type: none"><li>- Department Store: Service training by store</li><li>- Mart-Super: Advancement of Self Check-Out (SCO) systems</li><li>- E-Commerce: Operation of next-day delivery system "Naeil-ONDA"</li></ul></li></ul>
<div><b>Win-win Growth</b></div>	<ul style="list-style-type: none"><li>● <b>Market and Local Communities</b><ul style="list-style-type: none"><li>- Reputational damage from media exposure or FTC investigations related to unfair contracts, unilateral term changes, or delivery delays with small- and medium-sized partners</li><li>- Loss of community trust and ESG credibility due to failure to uphold win-win partnership commitments</li></ul></li><li>● <b>Financial Performance and Cost Structure</b><ul style="list-style-type: none"><li>- Increased procurement risk and disruptions in business operations and sales from unresolved conflicts or lack of capacity among partners, undermining supply chain stability</li><li>- Higher operational costs and lower collaboration efficiency from lack of win-win infrastructure such as joint logistics or platforms</li></ul></li></ul>	<ul style="list-style-type: none"><li>● <b>Market and Local Communities</b><ul style="list-style-type: none"><li>- Enhanced corporate image by fostering a culture of mutual growth and fulfilling social responsibility through co-development, sales support, and training with small and local partners</li><li>- Contribution to revitalizing local economies and gaining customer trust through regional distribution partnerships (e.g., local food, development of small brands)</li></ul></li><li>● <b>Financial Performance and Cost Structure</b><ul style="list-style-type: none"><li>- Improved operational efficiency by enhancing product quality and strengthening risk response capabilities through partner capacity building</li><li>- Contribution to differentiated product offerings and revenue generation by securing promising small brands early through partner development support</li></ul></li></ul>	<ul style="list-style-type: none"><li>- Consulting to strengthen partners' business stability</li><li>- Consulting to support partners in developing sales channels and expanding into overseas markets</li><li>- Support programs and consulting to improve partners' liquidity</li><li>- Establishment of the Partner Code of Conduct</li><li>- Sustainability assessment integrated into partner selection</li><li>- Mart-Super: ESG supply chain management system implementation (Since Jan 2025 – Ongoing)</li></ul>





# ESG Impact

## Double Materiality Assessment

### Double Materiality Assessment Results

#### Management of Material Issues

Issue	Risk	Opportunity	Management Status in 2024
<div><div>Climate Change Response</div></div>	<ul style="list-style-type: none"><li>● <b>Market and Local Communities</b><ul style="list-style-type: none"><li>- Potential downgrades in ESG evaluations and reduced investment attractiveness due to absence of a climate response strategy or insufficient implementation capabilities</li><li>- Heightened burden on supply chain partners due to increasing data requirements related to carbon neutrality commitments and Scope 3 emissions measurement</li></ul></li><li>● <b>Financial Performance and Cost Structure</b><ul style="list-style-type: none"><li>- Rising operational expenditures driven by infrastructure investments for renewable energy transition and procurement of external renewable electricity</li><li>- Operational disruptions and revenue decline in private brand (PB) product lines resulting from supply chain instability and raw material price volatility due to inadequate climate risk management</li></ul></li></ul>	<ul style="list-style-type: none"><li>● <b>Market and Local Communities</b><ul style="list-style-type: none"><li>- Strengthening of global market position through business operations and product development aligned with carbon neutrality goals</li><li>- Enhanced stakeholder trust and improved ESG ratings through strengthened climate risk management systems, including TCFD-aligned disclosure and scenario analysis</li></ul></li><li>● <b>Financial Performance and Cost Structure</b><ul style="list-style-type: none"><li>- Increased investment opportunities through fulfillment of Scope 3 emissions reduction targets required by investors and rating agencies</li><li>- Improved disaster resilience and recovery capacity through insurance and financial planning grounded in climate risk mitigation strategies</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Established climate change response governance under the Board of Directors, linked to executive KPIs</li><li>• Established and implemented the 2040 carbon neutrality roadmap and execution strategies</li><li>• Verified and obtained approval for greenhouse gas reduction targets under the Science Based Targets initiative (SBTi)</li><li>• Participated in the greenhouse gas emissions trading scheme</li></ul>
<div><div>GHG Emissions and Energy Management</div></div>	<ul style="list-style-type: none"><li>● <b>Market and Local Communities</b><ul style="list-style-type: none"><li>- Enhanced ESG responsiveness and investor trust through disclosure of renewable energy transition and Scope 3 reduction efforts</li><li>- Improved eco-friendly brand image and consumer perception through the adoption of energy-efficient systems (e.g., high-efficiency lighting, HVAC systems)</li></ul></li><li>● <b>Financial Performance and Cost Structure</b><ul style="list-style-type: none"><li>- Reduced operating costs through energy efficiency initiatives and generated revenue by selling surplus carbon credits via effective emissions management</li><li>- Expanded investment opportunities through transparent emissions reporting and active participation in ESG-related initiatives</li></ul></li></ul>	<ul style="list-style-type: none"><li>● <b>Market and Local Communities</b><ul style="list-style-type: none"><li>- Lower ESG ratings due to insufficient provision of greenhouse gas and energy data required by investors and evaluators</li><li>- Decline in corporate reputation and customer trust if market expectations for emissions reduction are unmet</li></ul></li><li>● <b>Financial Performance and Cost Structure</b><ul style="list-style-type: none"><li>- Financial penalties and compliance costs from regulatory violations and excess emission credit purchases</li><li>- Rising operational costs and resource burden from expanded climate response and management efforts</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Measurement and management of Scope 1, 2, and 3 emissions</li><li>• Measurement and disclosure of energy consumption</li><li>• Obtained ISO 50001 Energy Management System certification (Department Store, Mart-Super)</li><li>• Operation of solar power facilities<sup>1)</sup><ul style="list-style-type: none"><li>- Number of facilities: 93</li><li>- Power generated: 15,879,816 kWh</li><li>- GHG emissions reduced: 7,311 tCO<sub>2</sub>eq</li></ul></li><li>• Pilot testing of advanced energy technologies such as high-efficiency LED lighting and direct-drive motors (Department Store)</li><li>• Mart: Replaced 248,574 high-efficiency LED lights<sup>1)</sup></li></ul>

1) As of December 2024

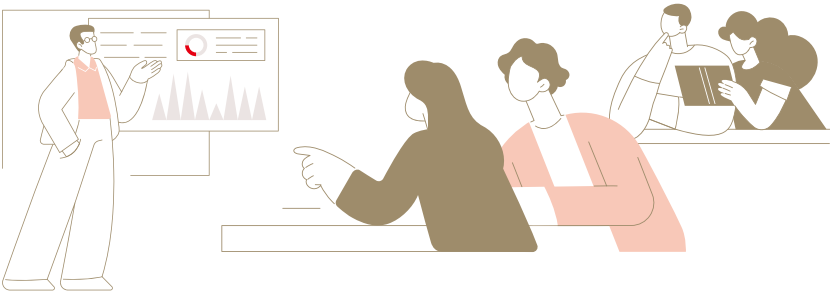


# ESG Impact

## Stakeholder Communication

### Stakeholder Communication Channels

LOTTE Shopping identifies a diverse range of stakeholders that interact with its business activities and products/services across economic, environmental, and social dimensions. To maintain continuous engagement, we operate various communication channels. Through these efforts, we strive to understand stakeholder interests and demands, reflect them meaningfully in our business operations and sustainability strategies, and build trust and create sustainable value.



#### • Stakeholder Engagement Overview

Stakeholder	Key Interests	Communication Channels	Key Issues	Key Activities	2024 Engagement Highlights
Customers	<ul style="list-style-type: none"><li>Product and Service Quality and Safety</li><li>Provision of transparent information</li></ul>	<ul style="list-style-type: none"><li>VoC channels (online, call center)</li><li>Chatbot</li><li>Chat consultations</li></ul>	<ul style="list-style-type: none"><li>Strengthening product and service quality and safety</li><li>Enhancing customer satisfaction</li></ul>	<ul style="list-style-type: none"><li>Customer complaint management</li><li>Sharing information via website, app, and social media</li><li>Operating customer satisfaction service programs</li></ul>	<ul style="list-style-type: none"><li>1,219,740 VoC cases received<sup>1)</sup> (100% resolved)</li></ul>
Employees	<ul style="list-style-type: none"><li>Fair evaluation and compensation</li><li>Improving organizational culture</li><li>Capacity building support</li></ul>	<ul style="list-style-type: none"><li>Labor union and labor-management council</li><li>Employee town halls</li><li>Internal communication channels</li></ul>	<ul style="list-style-type: none"><li>Employee communication</li><li>Human rights</li><li>Capacity development</li></ul>	<ul style="list-style-type: none"><li>Quarterly labor-management council meetings</li><li>Employee town halls</li><li>Junior board operations</li><li>CEO communication program</li></ul>	<ul style="list-style-type: none"><li>25 CEO communication sessions held</li><li>Labor-management council held 4 times</li></ul>
Partners	<ul style="list-style-type: none"><li>Win-win growth and mutual cooperation</li><li>Fair and transparent partnerships</li><li>ESG issue responsiveness and information sharing</li></ul>	<ul style="list-style-type: none"><li>Partner meetings</li><li>Partner roundtables</li><li>Partner grievance channels</li></ul>	<ul style="list-style-type: none"><li>Win-win growth</li><li>Human rights</li></ul>	<ul style="list-style-type: none"><li>Operation of reporting channel</li><li>Operating mutual growth and cooperation programs (market access support, capability training, etc.)</li><li>Operating win-win growth fund</li></ul>	<ul style="list-style-type: none"><li>9 partner grievances received (100% resolved)</li><li>Roundtables held as needed</li></ul>
Local Communities	<ul style="list-style-type: none"><li>Participation in social issues</li><li>Promoting mutual development</li></ul>	<ul style="list-style-type: none"><li>Channels with civic/environmental groups</li><li>Social contribution meetings</li></ul>	<ul style="list-style-type: none"><li>Climate change response</li><li>Community engagement and social contribution</li></ul>	<ul style="list-style-type: none"><li>Local donations and sponsorships</li><li>Eco-friendly campaigns</li><li>Counseling center operation</li><li>Volunteer corps operation</li><li>Disaster relief activities</li></ul>	<ul style="list-style-type: none"><li>KRW 17.54 billion in donations</li><li>2,068 RE-JOICE counseling cases</li></ul>
Shareholders and Investors	<ul style="list-style-type: none"><li>Corporate growth</li><li>Enhancing shareholder and investor value</li><li>ESG issue responsiveness</li></ul>	<ul style="list-style-type: none"><li>General meetings</li><li>Earnings announcements</li><li>Online/offline communications</li></ul>	<ul style="list-style-type: none"><li>Business portfolio enhancement</li><li>Financial/non-financial risk management</li></ul>	<ul style="list-style-type: none"><li>Quarterly investor NDRs</li><li>Earnings calls</li></ul>	<ul style="list-style-type: none"><li>Annual CEO IR Day<sup>2)</sup></li><li>Annual general meeting</li><li>Quarterly earnings announcements</li></ul>

1) Based on LOTTE ON submissions

2) Domestic only; held twice overseas in 2024



INTRODUCTION

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GOVERNANCE

APPENDIX

# ENVIRONMENTAL



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# Climate Change Response (TCFD)

## Climate Change Response Governance

### Roles and Responsibilities of Governance

#### Roles of the Board of Directors

The ESG Committee under **LOTTE Shopping's** Board of Directors is briefed on the 2040 Carbon Neutrality Roadmap, GHG reduction targets and strategies, mitigation activities and achievements, as well as the management of risks and opportunities identified through climate scenario analysis. The committee oversees the effective execution of LOTTE Shopping's climate change response efforts. It also reviews key ESG strategies and plans—including those related to climate action—assesses whether adequate resources and organizational support are in place for implementation, and adopts resolutions when necessary. Matters reviewed by the ESG Committee that are expected to have a material impact on business operations are formally submitted to the Board of Directors for deliberation.

#### Roles of Executive Management

**LOTTE Shopping's** executive management is responsible for overseeing carbon neutrality strategies, GHG reduction measures, and energy efficiency improvement plans. It reviews and approves climate action plans, monitors performance outcomes, and assesses climate-related risks and opportunities. Matters that require group-level oversight or decision-making are submitted to the Board of Directors for further review and action.

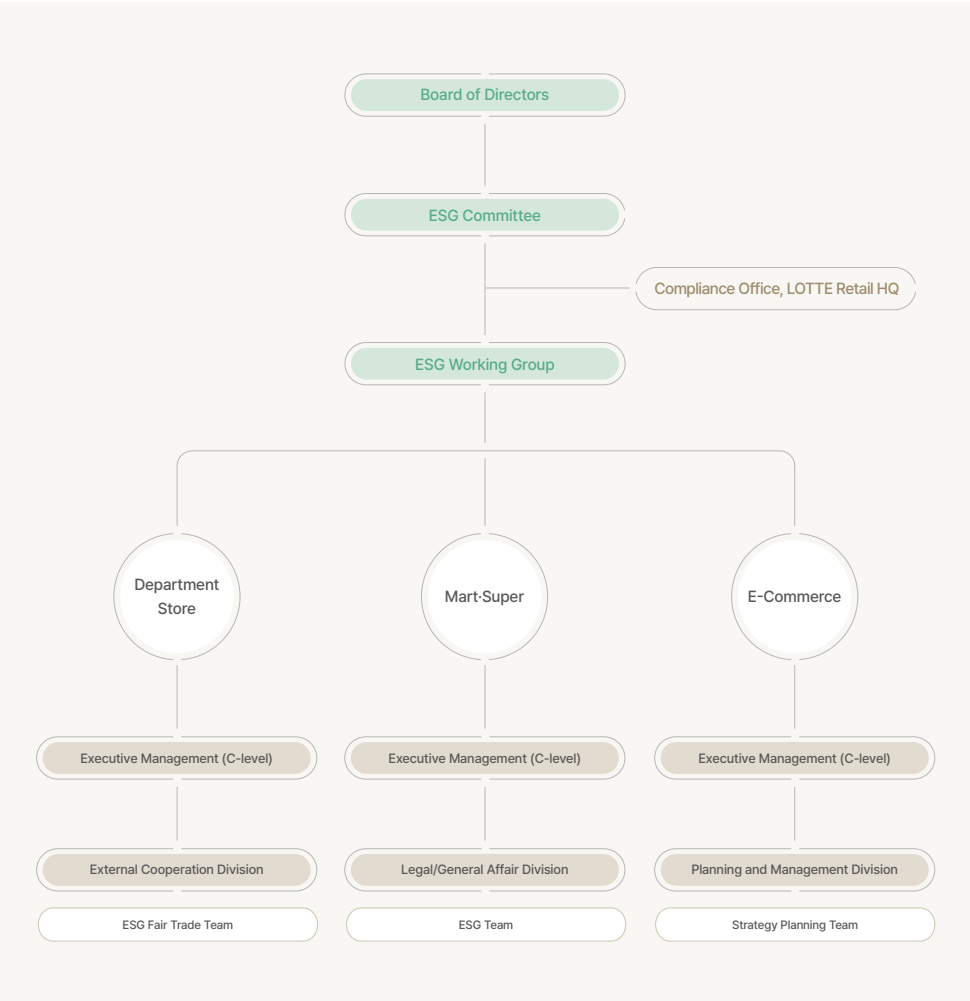
#### Roles of the Working-Level Organization

The ESG Working Group—comprising departments responsible for climate initiatives across **LOTTE Shopping** and its Business Divisions—monitors domestic and international regulatory and policy trends, and formulates and executes detailed strategies under the company's carbon neutrality roadmap. To proactively manage climate risks across the organization, the working group collaborates closely with relevant departments in each division. These departments are responsible for identifying climate-related risks in operations and implementing response measures such as operating energy management systems, optimizing processes, upgrading facilities, and reducing greenhouse gas emissions and energy consumption.

#### Climate-Related Executive KPIs

To ensure responsible execution of climate strategies, **LOTTE Shopping**—along with the CEOs of each Business Division—is evaluated based on environmental KPIs, including those related to climate change response. CEO-level KPIs include the governance for climate change response, progress toward carbon reduction targets, and the implementation of climate-related capital investments.

#### • Climate Change Response Governance





# Climate Change Response (TCFD)

## Climate Change Response Strategy

### Net-Zero Declaration

#### 2040 Carbon Neutrality Roadmap

**LOTTE Shopping** has established a mid- to long-term roadmap with phased strategies to achieve carbon neutrality by 2040. Emission reduction targets for 2030 and 2040 have been set based on changes in relevant domestic and international laws and policies, current industry conditions, and alignment with the company's long-term business strategy. Specifically, LOTTE Shopping aims to achieve a 40% reduction in greenhouse gas emissions from its operations by 2030 compared to 2018 levels, and to reach carbon neutrality across all business sites by 2040 through a continued transition to renewable energy. In addition, We are targeting net-zero emissions across the full value chain by 2050 by managing and reducing supply chain emissions.

To systematically establish and implement a rational carbon neutrality strategy, LOTTE Shopping became the first Korean retailer to join the Science Based Targets initiative (SBTi). In March 2025, we obtained final SBTi approval, validating our target to reduce Scope 1, 2, and 3 emissions by 46.2% by 2031 compared to 2021.<sup>1)</sup>

1) Near-term target approval for the 2031 reduction goal.

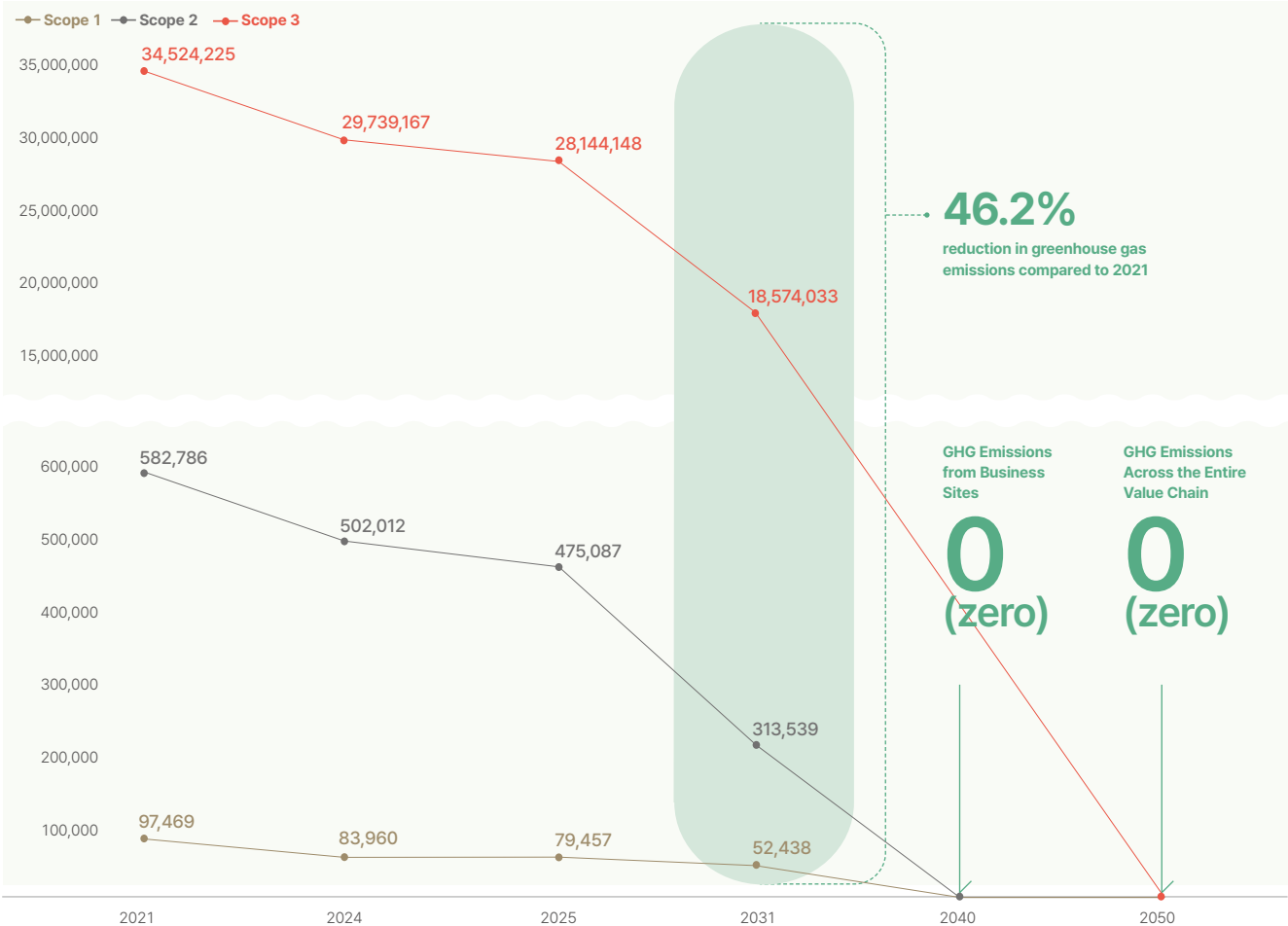
#### Annual Reduction Targets

Category	Unit	2025	2026	2027	2028	2029	2030	2035	2040
BAU Target Reduction Rate	%	21	21	22	34	37	40	68	100

#### Reduction Composition by Strategy (based on 100%)

Category	Unit	2025	2026	2027	2028	2029	2030	2035	2040
PPA	%	55	54	54	68	68	66	63	59
REC	%	0	0	1	2	3	4	14	20
Self-generated solar power	%	2	2	3	2	1	1	1	1
Energy Facility Investment	%	43	44	42	28	27	26	17	12
Others	%	-	-	-	-	-	2	6	8

#### Net-Zero Roadmap





# Climate Change Response (TCFD)

## Climate Change Response Strategy

### Carbon Neutrality Implementation Plan

#### Monitoring of Scope 1 & 2 Emissions

To systematically implement the 2040 Carbon Neutrality Roadmap and comply with the emissions trading system, **LOTTE Shopping** calculates and manages greenhouse gas emissions by Business Division. LOTTE Department Store and LOTTE Mart and LOTTE Super measure and manage emissions by location using the Safety Energy Facility Management System (SE-FMS) and the Facility Energy Management System (FEMS), respectively, based on IPCC guidelines and Korea's national greenhouse gas inventory guidelines.<sup>1)</sup> LOTTE E-Commerce also monitors its emissions using a greenhouse gas inventory based on IPCC guidelines. LOTTE Shopping undergoes third-party verification of emissions across all Business Divisions and ensures compliance with the emissions trading system through BAU based projections and the implementation of detailed strategies aligned with its 2040 carbon neutrality roadmap.

1) Guidelines on the Operation of Greenhouse Gas and Energy Target Management

#### Calculation of Scope 3 Emissions

To manage carbon emissions across the entire retail value chain, **LOTTE Shopping** has been calculating Scope 3 emissions since 2023. Out of the 15 categories, we selected 13 that best reflect the retail industry and our operational characteristics, and estimated emissions for each category using applicable methodologies. In March 2025, we obtained SBTi certification for our Scope 3 emissions calculation and have established and are implementing a near-term Scope 3 reduction plan through 2031, in accordance with SBTi recommendations. We will continue to expand the scope of data collection and enhance calculation methodologies to improve data reliability.

#### Energy Efficiency and Adoption of Renewable Energy

To achieve carbon neutrality by 2040, **LOTTE Shopping** is implementing solar power self-generation facilities, purchasing renewable energy, replacing outdated systems, and introducing energy-efficient equipment. Solar energy installations are being expanded across offline stores nationwide, and Power Purchase Agreements (PPAs) are under review. **LOTTE Department Store** is steadily replacing aging equipment, launching energy technology R&D projects, and conducting sample testing in 2024 for LED efficiency upgrades, direct-drive motors, and showcase door installations. We also plan to continuously expand self-consumption solar power systems and pursue large-scale investment initiatives to enhance the efficiency of energy-intensive equipment.

Since initiating its LED lighting replacement program in 2010, **LOTTE Mart and LOTTE Super** have adopted high-efficiency LED lighting across all stores, replacing a total of 248,574 units since 2021. To prevent energy loss from unnecessary cold air leakage and maintain product freshness, refrigerated showcase doors have been installed since 2022. We will continue to pursue a range of energy efficiency measures, including the replacement of HVAC systems with high-efficiency units, the introduction of inverters for refrigeration and freezing equipment, and the use of high-efficiency motors in ventilation systems. In parallel, self-consumption solar facilities will be expanded to support greenhouse gas reduction efforts.

#### • Scope 1 & 2 Emissions

(Unit: tCO<sub>2</sub>eq)

Category	2022	2023	2024
Scope 1 (Direct Emissions)	101,259	96,042	96,484
Scope 2 (Indirect Emissions)	621,371	614,007	619,138
Scope 1 + 2	722,630	710,049	715,622
Scope 1 + 2 Emission Intensity <sup>1)</sup>	6.80	6.76	6.94

1) GHG emissions per unit of revenue.  
Unit: tCO<sub>2</sub>eq per KRW 100 million

#### • Scope 3 Emissions<sup>1)</sup>

(Unit: tCO<sub>2</sub>eq)

	Category	2021	2022	2023	2024
Upstream	1. Purchased Goods and Services	22,558,200	20,452,475	19,867,509	19,633,442
	2. Capital Goods	646	1,071	1,218	358
	3. Fuel and Energy	56,399	61,184	62,906	63,606
	4. Upstream Transportation and Retail	8,263,465	8,455,974	7,261,874	7,143,375
	5. Waste Generated in Operations	2,025	4,399	2,765	2,461
	6. Business Travel	38	1,027	1,405	1,318
	7. Employee Commuting	20,508	20,791	25,188	20,448
	8. Leased Assets	2,418	2,597	3,072	2,948
Downstream	9. Downstream Transportation and Distribution	11,127	12,438	9,492	7,153
	11. Use of Sold Products	3,088,847	3,212,397	2,988,281	2,719,849
	12. End-of-life Treatment of Sold Products	266,318	226,030	201,616	182,703
	14. Franchises	9,828	9,482	10,174	12,778
	15. Investments	244,406	224,730	239,072	230,227
Total Scope 3 Emissions		34,524,225	32,684,595	30,674,573	30,020,667

1) Emissions for 2021–2023 have been restated due to changes in emission factors and an expanded calculation boundary.



# Climate Change Response (TCFD)

## Climate Change Risk Management

### Risk Management Process

#### Risk Management Procedures

To ensure the efficient and stable execution of the 2040 Carbon Neutrality Roadmap, **LOTTE Shopping** rigorously manages climate-related risks. A risk management procedure based on TCFD guidelines has been established to identify potential threats to business operations and to assess related risks and opportunities through financial impact analysis. Response strategies are developed and implemented for high-priority risks and opportunities, taking into account the likelihood of occurrence, the scale of potential negative impact, and alignment with the company's business plans.

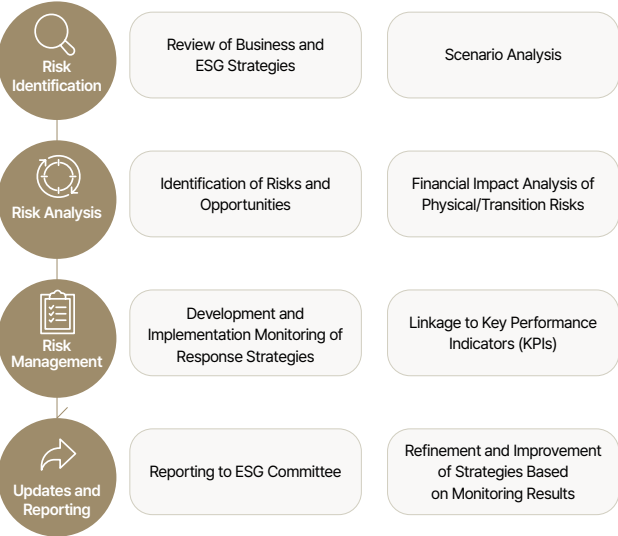
We continuously monitor the effectiveness of these strategies, assess performance, and refine and improve them as needed. The entire process—from risk identification to the derivation of risks and opportunities, development of response strategies, and monitoring results—is managed by LOTTE Shopping's ESG Working Group and reported to the ESG Committee.

#### Risk Identification

To identify risks and opportunities that may arise from climate change during business operations, **LOTTE Shopping** conducted scenario analysis aligned with its ESG strategy, implementation roadmap, and the results of its double materiality assessment. Both transition and physical risks were analyzed under multiple scenarios, including a Business-As-Usual (BAU) scenario, an intermediate scenario, a mitigation scenario, and the IPCC Representative Concentration Pathway (RCP) scenario. The scenario analysis yielded the modeled average annual loss (MAAL)<sup>1)</sup> as a percentage of current asset value, revealing that market risk and carbon pricing<sup>2)</sup> pose the greatest potential impact.

1) Modeled Average Annual Loss (MAAL): The average annual loss relative to asset holdings  
2) LOTTE Shopping, as a participant in the Emissions Trading Scheme, identified the need to manage carbon pricing separately from legal and regulatory risks.

#### • Risk Management Procedures



#### • Scenario Analysis Results

Scenario Analysis Results				Extremely Low	Low	Medium	Medium-High	High
Category		RCP 2.6		RCP 4.5		RCP 8.5		
		'30	'50	'30	'50	'30	'50	
Transition Risks								
	Carbon Pricing	E.L	L	E.L	L	E.L	E.L	
	Policy/Legal	E.L	E.L	E.L	E.L	E.L	E.L	
	Technology	E.L	E.L	E.L	E.L	E.L	E.L	
	Reputation	E.L	E.L	E.L	E.L	E.L	E.L	
	Market	L	L	L	L	L	L	
Physical Risks								
Acute	Coastal Erosion	L	L	L	L	M	M	
	Drought	E.L	E.L	E.L	E.L	E.L	E.L	
	Water Shortage	E.L	E.L	E.L	E.L	E.L	E.L	
	Wildfire	E.L	E.L	E.L	E.L	E.L	E.L	
Chronic	Temperature extremes	E.L	E.L	E.L	E.L	E.L	E.L	
	Tropical cyclone	E.L	E.L	E.L	E.L	E.L	E.L	



# Climate Change Response (TCFD)

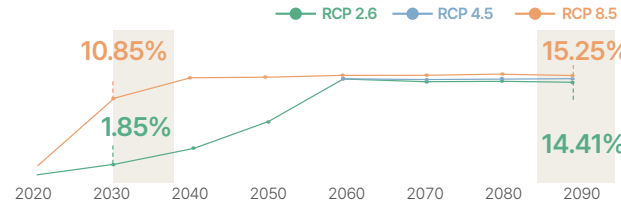
## Climate Change Risk Management

### Risk Management Process

#### Physical Risk Analysis

To assess the financial impacts of physical climate risks, **LOTTE Shopping** analyzed six risk types—including abnormal temperatures, drought, and wildfires—by evaluating both operational and management costs, as well as potential loss costs in the event of such risks. We quantified the average annual asset value loss rate for each scenario, using 10-year intervals from 2020 to 2090. The results indicate that, under all scenarios, loss costs from physical risk factors—and their corresponding financial impacts—are expected to rise significantly between 2030 and 2060. These insights are being incorporated into business operations and carbon neutrality strategies to minimize the likelihood and impact of future risks.

#### ◆ Analysis of Financial Impact from Physical Risks (Predicted Average Annual Loss Rate)



Category	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

#### Transition Risk Analysis

To identify risks and opportunities related to transition risks, **LOTTE Shopping** conducted scenario-based financial impact analysis. The assessment focused on carbon pricing, legal and regulatory changes, technology shifts, reputational risks, and market fluctuations. Operational and management costs, potential loss costs, and financial impacts from business disruptions were evaluated and quantified as the modeled average annual loss rate relative to current asset value. The analysis concluded that market risk poses the greatest potential financial impact on business operations.

#### ◆ Transition Risk Financial Impact Analysis

Category		Emissions Mitigation Scenario			Intermediate Scenario			Business-As-Usual (BAU) Scenario		
		2030	2040	2050	2030	2040	2050	2030	2040	2050
Carbon Pricing	Loss Rate	0	2.104	3.491	0	0.697	1.224	0	0.322	0.542
	Impact	Significant emissions reduction measures implemented to limit global temperature rise to below 2°C by 2100, resulting in increased demand and prices for emission credits			Emissions reduction implemented at the level of each country's Nationally Determined Contributions (NDCs), maintaining or increasing demand and prices for emission credits			Mild emissions reduction efforts result in stable or slightly declining demand and prices for emission credits		
Policy/Legal	Loss Rate	0.037	0.041	0.045	0.037	0.041	0.045	0.04	0.046	0.053
	Impact	Stringent GHG laws and regulations lead to enhanced management standards and large-scale workforce expansion, mitigating risk			Enhanced GHG regulations require additional workforce to ensure compliance			Regulatory standards remain unchanged, reducing regulatory preparedness and increasing recovery costs in the event of risk		
Technology	Loss Rate	0.233	0.264	0.284	0.233	0.264	0.286	0.252	0.292	0.334
	Impact	Proactive investment in the development and adoption of low-carbon technologies * Scope: LOTTE Shopping's business sites, upstream, downstream, capital goods, and partners			Relatively modest investment delays the development and adoption of low-carbon technologies * Scope: LOTTE Shopping's business sites, upstream, downstream, capital goods			Passive investment leads to uncertainty regarding the timeline for low-carbon technology development and adoption * Scope: LOTTE Shopping's business sites, upstream, downstream		
Reputation	Loss Rate	0.262	0.296	0.319	0.262	0.296	0.321	0.283	0.328	0.375
	Impact	Proactive response to heightened expectations from capital markets, evaluators, and customers			Gradual enhancement of feedback to stakeholders such as capital markets, evaluators, and customers			Passive response to stakeholder expectations results in reputational damage and negative impact on business operations		
Market	Loss Rate	5.243	5.922	6.376	5.243	5.922	6.428	5.655	6.561	7.502
	Impact	Active development of eco-friendly private brand (PB) products and expansion of related marketing to meet rising demand for eco-friendly, low-carbon products			Ongoing market preference for eco-friendly and low-carbon products supports the continued implementation of PB product development and marketing at current levels			Insufficient response to demand for eco-friendly, low-carbon products results in declining consumer preference and strategic misalignment in business direction		



# Climate Change Response (TCFD)

## Climate Change Risk Management

### Risk Management Process

#### Risk Management Strategy

Based on the financial impact assessments of both physical and transition risks, **LOTTE Shopping** has identified relevant risk and opportunity factors. Taking into consideration the likelihood and scale of impact, alignment with mid- to long-term business strategies, and current risk management capacity, we have developed corresponding response strategies. To proactively address growing customer demand for eco-friendly, low-carbon products, LOTTE Shopping plans to expand its line of private brand (PB) products certified with Environmental Product Declarations (EPDs). We are also working to reduce environmental impacts across the distribution process by advancing a smart logistics system. In addition, we remain committed to responding to regulatory changes and meeting stakeholder expectations for enhanced transparency in information disclosure.

Given the nature of LOTTE Shopping's business—which includes operating customer-facing facilities in major regional hubs—we also implement measures to prevent the occurrence of physical risks. These efforts include strengthening workplace health and safety management and establishing emergency response systems for incidents such as fires and earthquakes. The ESG Working Group, together with relevant operational departments, continuously monitors the implementation of risk management and response strategies. Outcomes are reported to the ESG Committee to ensure their integration into company-wide operational planning.



#### • Key Risks, Opportunities, and Response Strategies

Category		Risk Factors	Opportunity Factors	Response Strategies
Transition Risk	Policy/Legal	Strengthened disclosure requirements for greenhouse gas emissions	Enhanced stakeholder trust—including domestic and international partners and investors—through stronger climate-related disclosures	Establishment of detailed plans under the 2040 Carbon Neutrality Roadmap and disclosure of implementation status.
		Carbon tax, carbon emissions trading price fluctuations	Participation in emissions trading system (purchasing and selling)	Active adoption of renewable energy to secure surplus carbon credits
		Increased risk of litigation and related challenges due to the EU's expansion of corporate sustainability due diligence and climate-related legislation	-	Internal Compliance Systematization
	Technology	Development of low-power, low-carbon logistics service technologies	Leveraging policy incentives for expanded use of renewable energy	Increased investment in eco-friendly logistics centers and online platforms
	Market	Increased costs to respond to and implement low-carbon, eco-friendly logistics systems	Expansion of revenue sources through the development of new products and market leadership	Strengthened customer feedback collection and partner collaboration to expand eco-friendly, low-carbon product lines
		Rising demand for eco-friendly, circular economy-related products and adoption of low-carbon fuels		
	Reputation	Heightened customer sensitivity toward carbon emissions from products and services	Establishing a foundation for sustainable growth through portfolio diversification	Consideration of carbon emissions in product and service selection
		Growing interest in and influence of external evaluations related to climate change response		Expanded communication with stakeholders regarding climate action
Physical Risks	Rapid	Coastal erosion, Drought, Water stress, Wildfire	Expanded facility investments across all stores and affiliates to enhance customer trust	Infrastructure improvements for natural disaster resilience, fire prevention, and safety facilities
	Chronic	Temperature extremes, Tropical cyclone	Adoption of automated systems (e.g., AI)	Development of automated service systems



# Climate Change Response (TCFD)

## Climate Change Risk Management

### GHG Emissions Reduction at Business Sites

#### Operation of Solar Energy Facilities

**LOTTE Shopping** continues to expand the installation of solar energy facilities, focusing on its offline stores. As of December 2024, a total of 93 solar power systems are in operation, generating 15,879,816 kWh of energy annually.

**LOTTE Department Store** added 2 new installations in 2024, bringing the total to 27 solar facilities. These facilities generated and consumed 2,298,324 kWh of energy over the year, resulting in a reduction of approximately 1,072 tons of greenhouse gas emissions—an effect comparable to planting 7,673 pine trees.

**LOTTE Mart and LOTTE Super** collectively operate 66 solar power systems, which produced 13,581,492 kWh of energy in one year.<sup>1)</sup> This is equivalent to the annual electricity consumption of 3,409 four-person households and corresponds to a greenhouse gas emissions reduction of approximately 6,239 tons.

1) Includes 54 facilities at LOTTE Mart and 12 at LOTTE Super

#### Expansion of Electric Vehicle Deliveries

**LOTTE Shopping** is transitioning its corporate fleet to eco-friendly vehicles to directly reduce greenhouse gas emissions. As of the end of 2024, approximately 62% of all company-registered vehicles have been converted to eco-friendly models.

**LOTTE E-Commerce** is expanding EV deliveries in response to the growing demand for lower greenhouse gas emissions during distribution and transportation. We apply the same fuel reimbursement standard to electric vehicles as to diesel vehicles, enabling delivery drivers to earn additional profit equivalent to the fuel subsidy when operating electric vehicles. As of the end of 2024, electric vehicles account for approximately 13.0% of the delivery fleet.

#### Logistics System Optimization

**LOTTE Shopping** is working to enhance business competitiveness while reducing negative environmental impacts in the distribution process through logistics system optimization. The Customer Fulfillment Center (CFC), our automated logistics center in Busan scheduled for completion in 2026, will improve space utilization efficiency by handling approximately twice as many products per unit area compared to conventional logistics centers, thanks to the adoption of a smart logistics system. Additionally, by implementing the AI- and big data-powered Ocado Smart Platform (OSP), we aim to minimize waste through accurate demand forecasting and inventory management. Furthermore, we will reduce greenhouse gas emissions during transportation by optimizing vehicle dispatching and delivery routes using real-time communication technology, thereby realizing optimal logistics efficiency. Recognized for its efficiency, safety, and environmental performance, the Busan CFC received the government's top-tier Preliminary Certification for Smart Logistics Centers in November 2024.

#### • Status of Eco-Friendly Vehicle Ownership<sup>1)</sup>

(As of December 31, 2024)					
Category	Unit	Department Store	Mart	Super	Total
Total Vehicles Owned	units	44	29	32	105
Eco-Friendly Vehicles	units	26	17	22	65
Proportion of Eco-Friendly Vehicles	%	59.1	58.6	40.7	61.9

1) Electric and hybrid vehicles

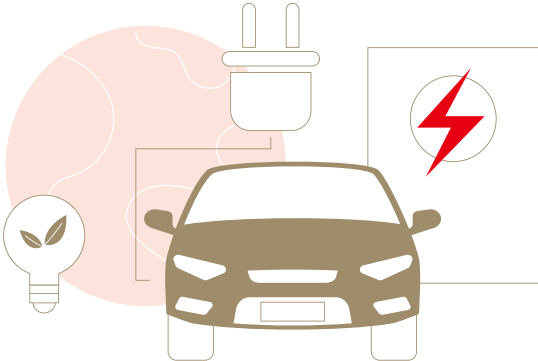
#### • Status of Delivery Electric Vehicle Ownership

(As of December 31, 2024)			
Category	Total Vehicles (units)	Electric Vehicles (units)	EV Proportion (%)
Delivery Vehicles <sup>1)</sup>	575	75	13.0

1) As of 2025, delivery operations have been transferred from E-Commerce to Mart.

#### Operation of EV Charging Stations

To meet the growing demand for electric vehicles and contribute to reducing carbon emissions, **LOTTE Shopping** operates 1,921 EV charging stations across 155 store locations as of March 2025. Since 2023, we have been rapidly expanding EV charging infrastructure at major, easily accessible store hubs nationwide in collaboration with EVSIS, a subsidiary of LOTTE Data Communication. We determine the ratio of fast and slow chargers based on visitor usage characteristics by store type, and support greater user convenience by linking the service with point accumulation and parking benefits





# Map of Green

## Special Page



Number of Solar Energy Facilities



Number of Stores with EV Charging Stations



### Status of Solar Energy Facility Operations

Total			
Number of Installations	93	Annual Power Generation (kWh)	15,879,816
		Annual GHG Reduction (tCO <sub>2</sub> eq)	7,311

#### Seoul

Power Generation (kWh)  
599,255  
Annual GHG Reduction (tCO<sub>2</sub>eq)  
277

#### Busan

Power Generation (kWh)  
961,865  
Annual GHG Reduction (tCO<sub>2</sub>eq)  
445

#### Incheon

Power Generation (kWh)  
682,844  
Annual GHG Reduction (tCO<sub>2</sub>eq)  
315

#### Gwangju

Power Generation (kWh)  
608,722  
Annual GHG Reduction (tCO<sub>2</sub>eq)  
280

#### Daejeon

Power Generation (kWh)  
100,534  
Annual GHG Reduction (tCO<sub>2</sub>eq)  
46

#### Ulsan

Power Generation (kWh)  
1,397,812  
Annual GHG Reduction (tCO<sub>2</sub>eq)  
642

#### Gangwon-do

Power Generation (kWh)  
492,289  
Annual GHG Reduction (tCO<sub>2</sub>eq)  
226

#### Gyeongsangbuk-do

Power Generation (kWh)  
135,123  
Annual GHG Reduction (tCO<sub>2</sub>eq)  
62

#### Gyeongsangnam-do

Power Generation (kWh)  
1,998,275  
Annual GHG Reduction (tCO<sub>2</sub>eq)  
920

#### Gyeonggi-do

Power Generation (kWh)  
5,915,334  
Annual GHG Reduction (tCO<sub>2</sub>eq)  
2,726

#### Jeollabuk-do

Power Generation (kWh)  
969,712  
Annual GHG Reduction (tCO<sub>2</sub>eq)  
445

#### Jeollanam-do

Power Generation (kWh)  
373,273  
Annual GHG Reduction (tCO<sub>2</sub>eq)  
171

#### Chungcheongbuk-do

Power Generation (kWh)  
1,295,124  
Annual GHG Reduction (tCO<sub>2</sub>eq)  
595

#### Chungcheongnam-do

Power Generation (kWh)  
349,654  
Annual GHG Reduction (tCO<sub>2</sub>eq)  
161



### Status of EV Charging Station Operations

Total			
Number of Stores	155	Number of Stations	1,921
		Installed Capacity (kW)	69,162

#### Seoul

Number of Locations  
235  
Installed Capacity (kW)  
7,160

#### Busan

Number of Locations  
215  
Installed Capacity (kW)  
7,453

#### Daegu

Number of Locations  
69  
Installed Capacity (kW)  
2,181

#### Incheon

Number of Locations  
101  
Installed Capacity (kW)  
4,515

#### Gwangju

Number of Locations  
78  
Installed Capacity (kW)  
3,651

#### Daejeon

Number of Locations  
49  
Installed Capacity (kW)  
2,190

#### Ulsan

Number of Locations  
63  
Installed Capacity (kW)  
1,939

#### Gangwon-do

Number of Locations  
26  
Installed Capacity (kW)  
1,330

#### Gyeongsangbuk-do

Number of Locations  
47  
Installed Capacity (kW)  
1,700

#### Gyeongsangnam-do

Number of Locations  
176  
Installed Capacity (kW)  
6,776

#### Gyeonggi-do

Number of Locations  
611  
Installed Capacity (kW)  
18,559

#### Jeonbuk-do

Number of Locations  
108  
Installed Capacity (kW)  
3,921

#### Jeollanam-do

Number of Locations  
50  
Installed Capacity (kW)  
2,830

#### Chungcheongbuk-do

Number of Locations  
51  
Installed Capacity (kW)  
2,917

#### Chungcheongnam-do

Number of Locations  
35  
Installed Capacity (kW)  
1,620

#### Jeju

Number of Locations  
7  
Installed Capacity (kW)  
420

### Solar Energy Generation

2024

15,879,816 kWh

### GHG Emissions Reduced by Solar Power Generation

2024

7,311 tCO<sub>2</sub>eq

### EV Charging Stations

2024

1,921 units



# Environmental Management

## Environmental Management Governance

### Roles and Responsibilities of Governance

#### Roles of the Board of Directors

**LOTTE Shopping** has established an environmental management governance system that connects the Board of Directors, executive management, and operational departments to promote systematic environmental management. The ESG Committee under the Board reviews group-wide environmental management strategies and implementation plans. It supervises activities and performance related to greenhouse gas emissions reduction, energy consumption reduction, waste management, biodiversity conservation, and other key environmental areas, including progress against established goals.

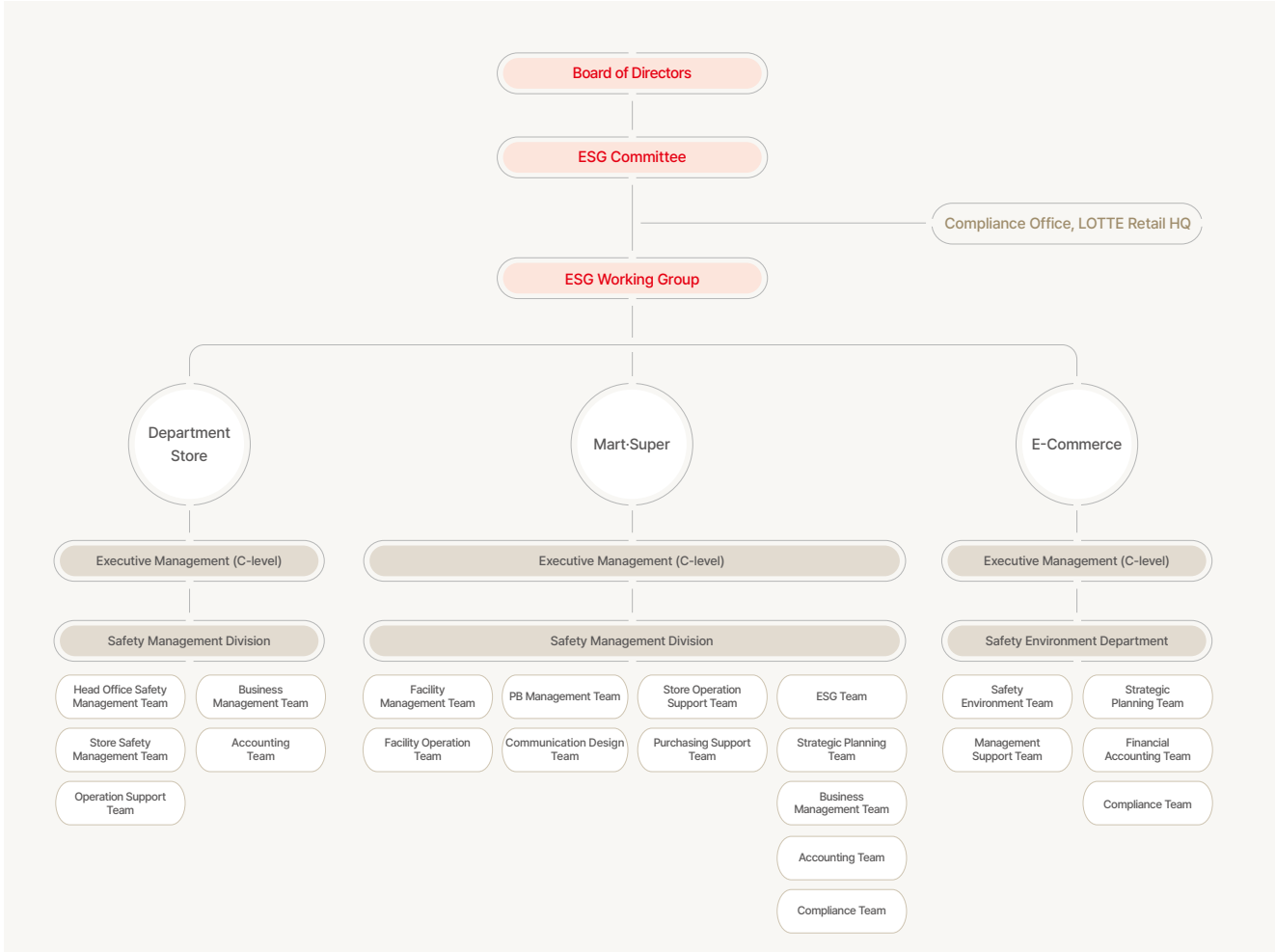
#### Roles of Executive Management

**LOTTE Shopping's** executive management reviews environmental management goals and implementation plans and holds the authority and responsibility for budget execution and monitoring of implementation status. They also review and receive reports on response strategies and the current status of managing environmental risks that could impact business operations.

#### Roles of the Working-Level Organization

The environmental management departments at **LOTTE Shopping** and each Business Division establish implementation plans to achieve environmental goals, including carbon neutrality, and formulate and carry out response strategies for environmental risks and opportunities that may arise during business operations. These departments manage and improve environmental facilities to comply with relevant laws and regulations and to reduce greenhouse gas emissions and improve energy efficiency. They also handle waste management and water use. In particular, for matters related to carbon neutrality and emissions reduction, these departments collaborate closely with the ESG Working Group to ensure coordinated strategy execution across the group, and jointly respond to third-party greenhouse gas verification and the emissions trading system. Considering the unique characteristics of the retail industry, they also work with relevant departments to promote circular resource use, manage environmental impacts of products and services, preserve biodiversity, and carry out eco-friendly campaigns.

#### • Environmental Management Governance





# Environmental Management

## Environmental Management Strategy

### Establishing the Foundation for Environmental Management

#### Environmental Management Policy

Since declaring its commitment to environmental value management in 2004, **LOTTE Shopping** has prioritized the environment as the foremost standard in all decision-making processes related to business operations and value creation. Externally, our goal for environmental management is to create environmental value for customers, consumers, people, and nature alike. Accordingly, we have established an environmental management policy and defined environmental management objectives for each Business Division, striving to become a globally recognized eco-friendly retail company.

#### • Environmental Management Policy

- 1 We will make the domestic retail industry eco-friendly and become a leading global retailer with environment conscious and energy-conscious management.
- 2 We will provide various products and living culture that promote environmental values and eco-friendly consumption.
- 3 We will spread environment-conscious and energy-conscious management to our business partners and encourage engagement in environmental issues.
- 4 We will actively work towards reducing waste and resources to improve our environmental practices continuously.
- 5 We will comply with environmental laws and regulations and implement more stringent internal standards.
- 6 We will engage in diverse activities for environmental conservation by making an environment fund and raising awareness of our indispensable environment to customers and society through a climate change campaign.

#### Environmental Management Strategy

**LOTTE Shopping** has established environmental management strategies tailored to the characteristics of each Business Division, aiming to achieve carbon neutrality by 2040.

**LOTTE Department Store** has designated energy efficiency initiatives and proactive climate risk response as its core strategies. To this end, we are expanding large-scale self-consumption solar facilities and conducting regular inspections and replacements of energy-intensive equipment such as chillers, boilers, and LED lighting.

**LOTTE Mart and LOTTE Super** are pursuing key initiatives such as building an environmental management system, establishing a circular resource system, creating a sustainable and safe consumption environment, and supporting partner companies' environmental management—all in collaboration with various stakeholders including customers and partners, to help create a more sustainable world. We set objectives and detailed action plans for each initiative and operate them through continuous monitoring and performance reviews to enhance their effectiveness.

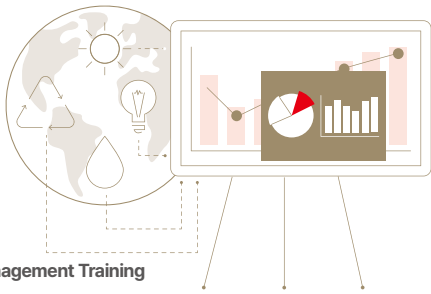
**LOTTE E-Commerce**, under the vision of realizing a "Sustainable Green ON," prioritizes managing environmental impacts during operations—such as reducing energy consumption—based on strict compliance with environmental laws and regulations. Given the nature of the online commerce business, we also closely monitor rapidly changing regulatory trends to respond proactively.

#### Third-Party Certification for Energy Management Systems

**LOTTE Department Store and LOTTE Mart** have established systematic energy management systems to track energy-related indicators and implement energy efficiency projects. As a result, we obtained and continue to maintain certification in the international energy management system standard (ISO 50001).

#### Environmental Management Training

**LOTTE Shopping** provides environmental management training for environmental management officers and relevant departments in each Business Division. We participate in environmental management seminars hosted by LOTTE Group to stay informed on key environmental and climate change issues and domestic and international trends. These seminars also serve to strengthen job competencies through best practice sharing and expert lectures among affiliates. In addition, to promote company-wide environmental management, we held briefings to share strategies and key issues with environmental management personnel at each store and with facility management partner company managers.



#### • 2024 Environmental Management Training

Category	Training Target	Training Title
Common	Environmental Management Officers	2024 1st Environmental Management Seminar
		2024 2nd Environmental Management Seminar
		2024 3rd Environmental Management Seminar
		2024 4th Environmental Management Seminar
Department Store	Safety Management Team Leaders at All Stores	2024 Business Plan and ESG Issues Workshop
	Partner Store Managers at All Stores	ESG Workshop for Facility Management Partners
Mart-Super	Company-wide Safety Management Managers	Job Training (GHG, Lighting Power Ratio Management)



# Environmental Management

## Environmental Management Strategy

### Establishing the Foundation for Environmental Management

#### Principles for Sustainable Product Sourcing

**LOTTE Shopping** follows five core principles for sustainable product sourcing to minimize negative environmental impact and to establish a sustainable retail system. We are committed to expanding the retail of products recognized for their environmental friendliness at each stage—from raw material selection and manufacturing methods to packaging and disposal—based on both domestic and international eco-certification standards. In particular, to protect marine resources, we have set retail targets for products certified by MSC<sup>1)</sup> and ASC<sup>2)</sup> and are expanding the range of certified items handled each year.

1) Marine Stewardship Council  
2) Aquaculture Stewardship Council

#### • LOTTE Shopping Product Sourcing Principles



#### Sustainable Product Standards

**LOTTE Mart and LOTTE Super** have established sustainable product standards based on five core sourcing principles, which are applied to product operation strategies such as the development of private brand (PB) products and the direct sourcing of fresh foods. These standards incorporate 47 domestic and international third-party certifications, along with 17 internal criteria developed by identifying and analyzing environmental and social impacts throughout the entire product lifecycle—from raw material selection and manufacturing/processing to consumption and disposal. Current internal criteria include the use of natural materials, paper packaging, label-free products, and upcycled/recycled items. These standards will be continuously refined by considering environmental and social impact as well as their relevance to the business.

For PB products and fresh food—which we manage directly across the entire retail process from product development to sales—we apply these sustainability standards from the planning stage. Products that meet the standards undergo an additional internal review process before being labeled under LOTTE Shopping's ESG campaign brand, RE:EARTH. For RE:EARTH-certified products, we have developed a dedicated labeling guideline that requires packaging to include the reason for RE:EARTH labeling and information on the product's environmental impact, helping ensure transparency for consumers. Additionally, as part of our social responsibility as a major retailer, we also handle donation-linked products and shared-growth products that support rural communities.

#### • Status of Sustainable Product Handling in 2024<sup>1)</sup>

(Unit: SKU)				
Category	Raw Material Stage	Manufacturing-Processing Stage	Consumption-Disposal Stage	Social Responsibility
PB & Fresh Food	424	61	352	50
NB Products	518	237	419	86
Total	942	298	771	136

1) For products certified in multiple stages, counts are duplicated by stage.

#### • Status of RE:EARTH Brand Application

(Unit: SKU)			
Category	2022	2023	2024
Products	193	315	362

#### • Status of Sustainable Product Revenue

(Unit: KRW million)			
Category	2022	2023	2024
Sales	296,631	308,001	355,163



# Environmental Management

## Environmental Management Risk Management

### Environmental Management Systems

#### LETS System

**LOTTE Shopping** inputs environmental data such as monthly greenhouse gas emissions, energy consumption, and emissions trading scheme responses into the LOTTE Environmental & Energy Total Service (LETS) system operated by the group, where it is subject to verification. Accordingly, under the responsibility of the CEO and the Board of Directors, the scope and standards for data calculation are managed in an integrated manner at the group level to ensure the reliability of the data.

#### Environmental Management Audits

**LOTTE Shopping** undergoes an annual environmental audit conducted by the group's Eco-Friendly Promotion Team, comprised of environmental experts from affiliated companies. The audits cover governance related to climate change, greenhouse gas emissions management, carbon intensity control, and investment execution performance. Feedback is provided based on the analysis and evaluation of these results at the group level.

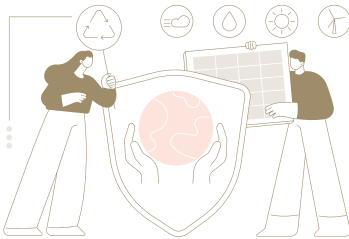


#### Safety Energy Facility Management System (SE-FMS)

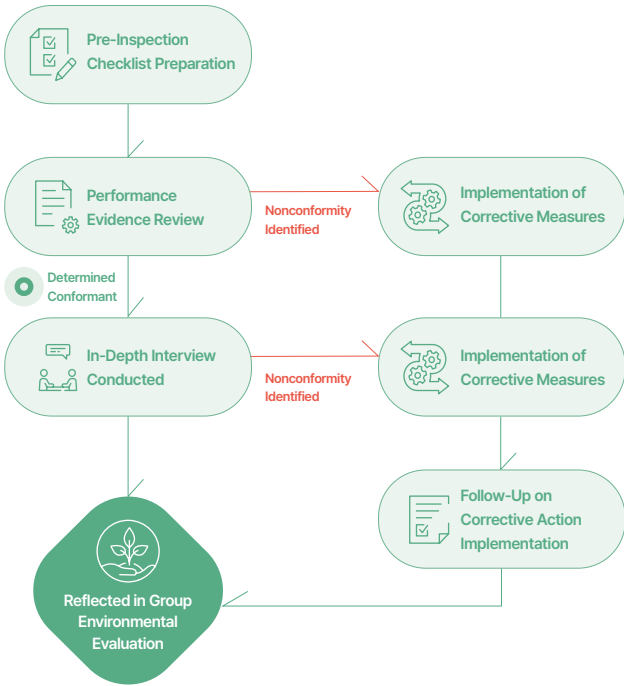
**LOTTE Department Store** utilizes the Safety Energy Facility Management System (SE-FMS), a data integration system customized for the Business Division, to measure and manage environmental and safety-related data at business sites nationwide. The system is built on KEPCO's Power Planner platform, enabling real-time analysis of electricity usage to identify waste, determine overuse of equipment, and analyze energy consumption fluctuations based on temperature—all of which are reflected in energy reduction planning.

#### Facility Energy Management System (FEMS)

**LOTTE Mart** operates the Facility Energy Management System (FEMS) to optimize measurement and management of energy usage. By monitoring energy use, we assess consumption by store and implement preventative measures at locations where risks are identified. **LOTTE Super** is currently piloting the FEMS at the Grand Grocery Dogok Store and the G Bugok Store, with plans to expand implementation across more locations in the future.



#### • Environmental Inspection Process



#### • Environmental Inspection Evaluation Indicators

Category	Evaluation Indicators
Climate Change Governance	Operation of climate-related organizations, training, and processes
	Establishment of reduction targets and implementation plans
	Development of systems and processes related to climate change
	Periodic performance reporting to executive management
	Reporting climate-related issues to the Board of Directors
Carbon Emissions Management	Carbon Emissions Management
Carbon Intensity Management	Year-over-year reduction in carbon intensity
Investment Execution	Execution performance against plan



# Environmental Management

## Environmental Management Risk Management

### Environmental Impact Management

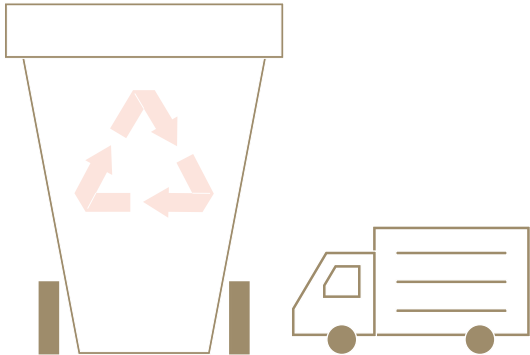
#### Waste Management

**LOTTE Shopping** manages waste through a systematic approach by outsourcing incineration and landfill disposal to certified waste management companies. To reduce waste and promote efficient resource use, we establish and manage annual waste generation targets and operate various resource circulation programs.

#### Waste Oil Recovery System

**LOTTE Mart and LOTTE Super** operate a waste oil recovery process at all Mart locations and at all directly managed Super store locations to ensure the professional treatment and recycling of waste oil generated from business sites. Collected waste oil is retrieved and refined by a certified collection company. For LOTTE Mart, collection volumes are registered in the Ministry of Environment's waste management platform, the "Allbaro System."<sup>1)</sup> The recovered waste oil undergoes primary refining with approximately a 90% yield and is subsequently delivered to biodiesel producers, where it is further refined into biodiesel.

1) LOTTE Super is not subject to Allbaro System registration requirements



#### Water Management

**LOTTE Shopping** records water consumption by business site and conducts quarterly analyses to develop and implement water reduction plans. **LOTTE Department Store and LOTTE Mart** have installed greywater recycling systems at select locations and are expanding the use of rainwater collection tanks, low-flush toilets, and foam-type faucets to reduce and reuse water.

##### • Status of Water Recycling

(Unit: %)

Category	2022	2023	2024
Department Store	11.8	14.1	10.8
Mart	2.3	2.2	1.5

#### Air Pollutant Management

**LOTTE Department Store and LOTTE Mart** are enhancing efforts to reduce air pollutant emissions and improve indoor air quality to protect the health and safety of customers, employees, partner companies, and local communities. In accordance with Article 2 of the Enforcement Decree of the Indoor Air Quality Control Act, indoor air quality in stores and parking facilities subject to regulation is evaluated annually by external professional institutions. In 2024, all 50 LOTTE Department Store locations and 99 LOTTE Mart locations were confirmed to meet legal standards. In addition, each location establishes and strictly manages its own targets for controlling hazardous substances. For air emission facilities designated for self-monitoring under the Clean Air Conservation Act, key pollutants such as sulfur oxides (SOx), nitrogen oxides (NOx), and particulate matter (PM) are measured. In 2024, all 38 LOTTE Department Store locations and 74 LOTTE Mart locations were confirmed to be in compliance with legal standards.

#### Cooler Bag Collection Program

**LOTTE Department Store** operates a cooler bag recovery program to promote the reuse and upcycling of cooler bags, which see a surge in usage during holiday gift set sales periods. To encourage returns, customers who return cooler bags are rewarded with point accruals or instant discounts. The collected cooler bags are either cleaned and reused or repurposed in upcycling projects.

##### • Status of Cooler Bag Collection in 2024

Category	Quantity Collected (units)	Weight Collected (tons)
Cooler Bag	29,738	14

#### Mobile Receipts

**LOTTE Department Store and LOTTE Mart** have set mobile receipts as the default option when customers accrue points, in an effort to reduce paper waste. Both Business Divisions participate in the Carbon-Neutral Action Point Program, which awards an additional KRW 100 in carbon-neutral points to customers who choose mobile receipts over paper receipts. LOTTE Department Store also operates the "Lotte Department Store Review (LottBaek Review)" program, which provides additional points to customers who write purchase reviews after receiving mobile receipts. Furthermore, LOTTE Mart began introducing mobile receipts at its Vietnam stores in January 2025.

##### • Status of Mobile Receipt Issuance<sup>1)</sup>

(Unit: cases)

Category	2022	2023	2024
Department Store	112,746,880	112,535,212	115,923,487
Mart	1,777,975	3,493,082	4,791,637

1) Based on domestic operations



# Environmental Management

## Environmental Management Risk Management

### Environmental Impact Management

#### Upcycling Projects

Since becoming the first in the industry to launch a cooler bag recovery program in 2022, **LOTTE Department Store** has been producing upcycled merchandise using collected cooler bags and exterior banners. In 2024, at the RE:EARTH booth of the Jamsil Christmas Market, we sold six types of RE:EARTH upcycled goods (camping chairs, aprons, tote bags, pouches, wallets, and cooler bags) made from cooler bags and banners. All proceeds were donated to support youth caregivers. Additionally, all customer-facing employees at LOTTE Department Store wear uniforms made by upcycling approximately 590,000 PET bottles. LOTTE Department Store will continue working to minimize negative environmental impact and contribute to shared growth with the local community.

[LINK](#) 2024 RE:EARTH Upcycling Projects



RE:EARTH Upcycling Goods

**LOTTE Mart and LOTTE Super** have signed a partnership with the Gyeonggi Environmental Energy Agency since 2023 to promote a circular economy culture. Joint initiatives include operating upcycling pop-up stores, hosting upcycled product workshops, and organizing exhibitions and sales of secondhand clothing to encourage resource circulation. Notably, in 2024, 1.5 tons of promotional and election banners collected from stores and nearby communities were upcycled into flooring materials, benches, and construction materials. These were donated to Suwon Nammun Rodeo Market and used to replace deteriorated infrastructure. This project, implemented as a public-private partnership pilot, has been recognized for promoting resource circulation, improving traditional market infrastructure, and revitalizing the local economy. LOTTE Mart and LOTTE Super will continue to promote sustainable circular economy practices and strengthen cooperative models with local communities through diverse resource circulation activities.



Upcycled facilities made from discarded banners

#### Bottle and Plastic Collection Machines

**LOTTE Mart and LOTTE Super** operate bottle and plastic collection machines to collect containers that customers may find difficult to properly separate and dispose of, ensuring appropriate disposal or recycling. By the end of 2024, approximately 47.4 million bottles and 7.2 million plastic PET bottles had been collected, either properly discarded or recycled into eco-friendly products by certified companies.

##### • Status of Bottle and Plastic Collection

Category	Unit	2024 Cumulative
Bottle Collection Machine		
Collection Volume	bottles	47,401,322
Carbon Reduction Effect	tCO <sub>2</sub> eq	9,935
Pine Tree Equivalents <sup>1)</sup>	trees	71,137
Plastic Collection Machine		
Collection Volume	units	7,202,651
Collection Weight	ton	158

1) Number of pine trees required to offset 1 tCO<sub>2</sub>eq of carbon dioxide per year, as defined by the National Institute of Forest Science

#### Promoting Reusable Cup Usage

**LOTTE Mart and LOTTE Super** have signed a business agreement with the coffee franchise “THEVENTI,” located in the headquarters building, to reduce the use of disposable cups among employees. Under this agreement, reusable cup usage is actively encouraged for headquarters employees, partner company staff, and visitors who use the café. As a result, a total of 58,972 beverages were served in reusable cups in 2024.



# Environmental Management

## Environmental Management Risk Management

### Promoting a Culture of Eco-Friendly Consumption

#### Eco-Friendly Packaging

In 2024, **LOTTE Department Store** introduced eco-friendly gift packaging to its premium market brand, **Lépicerie**. All paper used for the packaging has been switched to non-wood pulp and kraft paper made from sugarcane by-products. The packaging is designed to be easily opened and separated for disposal without the need for any tools, such as cutters. Additionally, reusable baskets made from paper materials that can be repurposed as picnic bags or storage containers after use are being utilized as packaging. For fresh food packaging, environmentally friendly ice gel packs and water ice packs are used to enhance recyclability and ease of waste separation. **Lépicerie** plans to continue minimizing plastic usage and expanding sustainable packaging using mono-material paper components.



Lépicerie eco-friendly packaging

**LOTTE Mart and LOTTE Super** are continuously working to improve product packaging. For example, all tomato category products are now packaged in containers made from recycled plastic. “Earth Pact,” a sugarcane-based paper material, is used for animal welfare-certified eggs, and paper packaging has been adopted for select beef products to apply eco-friendly packaging across key product lines. Additionally, the PB (Private Brand) product “GOOD TODAY” bifidus yogurt and bottled water are packaged using label-free (individual bottle) formats, while “YORIHADA” meal kits utilize kraft paper packaging. Furthermore, approximately 25% of all gift sets are composed of eco-friendly packaging using paper materials and recycled plastics, supporting customers in practicing environmentally conscious consumption and contributing to the promotion of a sustainable consumption culture.



PB brand “GOOD TODAY” label-free bottled water

PB brand “YORIHADA” meal kits

#### Sustainable Product Packaging Guidelines

**LOTTE Mart and LOTTE Super**, in collaboration with the World Wide Fund for Nature (WWF), published the “Sustainable Product Packaging Guidelines” to promote the importance of transitioning to sustainable packaging practices among customers and partner companies, and to lay the groundwork for expanding eco-friendly packaging. This guideline is the outcome of the “Sustainable Product Packaging Value Chain Development Project” agreement signed in 2023. It presents grading criteria for six key indicators used to evaluate the sustainability of packaging, including legal compliance, recyclability, and the use of recycled materials. To support small and medium-sized partner companies facing challenges in improving their packaging, LOTTE Mart and LOTTE Super plan to offer consulting based on successful improvement cases, training for practitioners, and technical support for packaging enhancements.

#### • Impact of Packaging Improvement for Mart-Super PB Products in 2024

Category	Unit	2024
“YORIHADA” Meal Kits: Paper Packaging		
Sales Volume (units)	EA	1,402,922
Plastic Reduction <sup>1)</sup>	ton	51
“GOOD TODAY” Bottled Water: Label-Free <sup>2)</sup>		
Sales Volume (units)	EA	41,385,732
Plastic Reduction <sup>3)</sup>	ton	22

1) Amount of plastic reduced through the use of paper packaging  
2) Total of 300ml, 500ml, and 2L products  
3) Amount of plastic reduced by eliminating labels



# Environmental Management

## Environmental Management Risk Management

### Promoting a Culture of Eco-Friendly Consumption

#### Environmental Product Declaration (EPD) Certification

Since 2022, **LOTTE Mart and LOTTE Super** have been measuring the carbon emissions throughout the entire lifecycle of products and promoting Environmental Product Declaration (EPD) certification for PB (Private Brand) products in support of the Ministry of Environment's green product policy. The EPD certification system quantifies and discloses the environmental impact across all stages of a product's life—raw material extraction, production, transportation and retail, use, and disposal—to enhance the eco-friendliness of products and services.

Recognizing that the responsible production and retail of PB products requires the active participation of small and medium-sized partner companies within the value chain, LOTTE Mart and LOTTE Super signed a business agreement with the Korea Environmental Industry & Technology Institute to support certification-related costs. As a result, a total of 19 PB products have acquired and maintained EPD certification. Notably, in 2024, GOOD TODAY Peach Iced Tea (1.5L) received an additional Low Carbon certification, which is granted to products whose greenhouse gas emissions fall below a specified threshold.



• Status of EPD Certification for PB Products in 2024 (Unit: SKU)	
Category	2024
Snacks	12
Beverages and Substitutes	3
Agricultural Products	4

#### Green Stores

Currently, **LOTTE Mart and LOTTE Super** operate a total of 58 green stores. In particular, LOTTE Super's premium Gongdeok branch obtained its first green store certification in 2024, joining the initiative. The Ministry of Environment's green store designation system recognizes retail stores that contribute to promoting green product sales and improving store environmental management. Through this, LOTTE Mart and LOTTE Super aim to enhance consumer access to green products and provide a positive shopping experience based on eco-friendly infrastructure.

LOTTE Mart currently offers approximately 200 types of green products monthly under this system and provides a Green Card service that accumulates 5~15% of the purchase amount as Eco Money when green products are purchased. Additionally, in alignment with the "Green Consumption Week" organized by the Ministry of Environment and the Korea Environmental Industry & Technology Institute, We runs the "Buy Green Campaign" to promote green consumption. During the campaign period, customers who purchase green products worth more than KRW 10,000 receive an additional 5% L.POINT reward, along with various other benefits.

#### Diversification of Packaging and Delivery Methods

**LOTTE Department Store** has conducted a pilot project for a label-free delivery service for online products in collaboration with LOTTE GLOBAL LOGISTICS. This initiative involves printing shipping information directly on the surface of the delivery box tape instead of using separate labels, aiming to reduce waste and protect customer information.

**LOTTE E-Commerce** allows customers to choose their preferred packaging method to minimize unnecessary packaging materials. By default, eco-friendly paper bags are used instead of disposable plastic bags for deliveries. Additionally, a delivery option is available where delivery personnel place items directly into customers' reusable shopping bags without additional packaging. Customers selecting the reusable shopping bag option receive additional L.stamp points, encouraging the use of this eco-friendly choice.

#### Promoting the Use of Reusable Shopping Bags

In celebration of "International Plastic Bag Free Day," **LOTTE Mart** hosted an eco-bag giveaway event at 16 stores across Vietnam. Each year, eco-bags are designed with illustrations of tourist attractions or city names, or by processing lotus leaves—reflecting Vietnam's geographical and cultural identity to encourage consumer acceptance. In 2024, the RE:EARTH brand was prominently featured to convey LOTTE Shopping's eco-friendly message. LOTTE Shopping will continue striving to lead the eco-friendly consumption trend in Vietnam.



Buy Green Campaign Poster



INTRODUCTION

ESG IMPACT

ENVIRONMENTAL

Climate Change Response (TCFD)

◆ Environmental Management

SOCIAL

GOVERNANCE

APPENDIX

# Environmental Management

## Environmental Management Risk Management

### Promoting a Culture of Eco-Friendly Consumption



2024 RE:EARTH MARKET

### RE:EARTH MARKET

**LOTTE Department Store's** RE:EARTH MARKET is a customer-participatory environmental campaign under the slogan "An Environmental Cleanup Project for a Cleaner Earth." It aims to raise awareness about urban and marine waste issues and promote eco-friendly practices such as zero waste and resource recycling in daily life.

The campaign's flagship programs, City Plogging and Beachcombing, involve collecting litter in urban areas and on beaches, respectively. Participants can exchange the collected waste for zero-waste or upcycled products at the RE:EARTH MARKET booth. In 2024, through six RE:EARTH MARKET events—including city plogging in Jeonju and Myeongdong, and beachcombing in Sokcho and Busan—a total of 3,750 citizens collected approximately 10,920 liters of waste. Notably, employees from participating brands joined the Sokcho beachcombing event, contributing to the spread of eco-friendly values.

To further encourage participation, LOTTE Department Store, LOTTE Outlets, and LOTTE Mall conducted the "RE:EARTH WEEK" campaign, a one-store-one-location environmental cleanup initiative. Over the course of a month, 1,254 customers across 30 stores collected 2,044 liters of waste.

[LINK 2024 RE:EARTH MARKET](#)

### RE:EARTH Puruging

Since 2023, **LOTTE Mart and LOTTE Super** have been conducting the RE:EARTH Puruging campaign to combat the climate crisis and promote eco-friendly culture. Puruging is a coined term that combines "pureuda" (meaning "green" in Korean) and "plogging," referring to everyday environmental activities like picking up trash while walking. In 2024, the campaign expanded online by recruiting "Net-Zero Crews" without participation limits. Participants could donate steps measured through a mobile app or certify various carbon-neutral practices such as plogging, energy saving, and resource recycling. As a result, about 8,500 people participated over one month, contributing a total of 580 million steps and certifying 691 carbon-neutral actions.

The offline event was held around Goguma Island in Chuncheon, a location suffering from illegal waste dumping. Approximately 100 individuals—including customers, employees, and local stakeholders like the Chuncheon Sustainable Development Council—joined the cleanup. The venue featured reusable booths, a coffee truck using multi-use containers and puffed rice plates, and an umbrella upcycling booth to repair broken umbrellas, promoting circular resource practices and minimizing single-use waste. Roughly 300 kg of trash was collected throughout the island, followed by junk art activities using the collected waste, allowing participants to reflect on the urgency of addressing the climate crisis. Moving forward, RE:EARTH Puruging will continue beyond a one-time event, aiming to become a meaningful campaign that genuinely raises climate awareness and encourages sustainable lifestyle practices through diverse and ongoing programming.

[LINK RE:EARTH Puruging](#)



2024 RE:EARTH Puruging



# Environmental Management

## Environmental Management Risk Management

### Biodiversity

#### With Love: Sea

**LOTTE Mart and LOTTE Super** launched the "With Love: Sea" campaign in 2024 under the slogan "Loving the Sea with Sincerity," aiming to create a retail environment that ensures the provision of safe food to customers. As the risks of marine ecosystem destruction increase due to rising sea temperatures from climate change and excessive waste generation, the need for safe and sustainable food supply through marine environmental conservation is growing. Accordingly, LOTTE Mart and LOTTE Super are planning and operating various activities centered on marine environmental conservation, coexistence with fishing villages and local communities, and the supply of sustainable seafood, to ensure responsible operation and management throughout the entire retail process between producers and consumers.

 **LINK 2024 With Love: Sea: Sea Forest Cultivation**



"Sea Forest Cultivation" campaign

#### Creating a Sustainable Marine Environment

**LOTTE Mart and LOTTE Super** are leading efforts to restore marine ecosystems by focusing on the cultivation of eelgrass forests. Eelgrass, a type of seaweed, absorbs approximately 4 tons of carbon per hectare<sup>1)</sup> annually, helping to prevent the desertification of the sea, which threatens marine biodiversity. In May 2024, employees of LOTTE Mart and LOTTE Super produced 4,000 eelgrass seedlings and transplanted them over an area of approximately 200 square meters off the coast of Jangjado, Gunsan City. As of November 2024, the formation of eelgrass colonies has been confirmed. Together with the Korea Fisheries Resources Agency, we are continuously monitoring environmental factors affecting eelgrass growth, such as water flow and wave action, as well as changes in germination rates, density, and morphological characteristics. Additionally, we are conducting awareness-raising activities to help people understand and empathize with the necessity of marine ecosystem conservation and its connection to future food sources. In 2024, we held a two-day children's camp, "Closer to the Sea," to cultivate future green leaders who understand the environmental and ecological value of the sea and the importance of marine ecosystems and biodiversity. Starting with learning about the value of biodiversity at the National Marine Biodiversity Institute of Korea, participants visited the National Institute of Ecology and CITES<sup>2)</sup> animal protection facilities to engage in theoretical and experiential learning about the relationship between the climate crisis, marine ecosystems, and endangered species.

1) Hectare (1ha = 10,000m<sup>2</sup>)  
2) Convention on International Trade in Endangered Species of wild Fauna and Flora



Children's marine ecology camp "Closer to the Sea" Donation of biodegradable fishing nets

#### Establishing a Sustainable Fisheries Environment

**LOTTE Mart and LOTTE Super** are contributing to reducing the negative environmental impact of the fisheries industry and fostering a sustainable fisheries environment to protect marine ecosystems and ensure a safe seafood supply. In 2024, we provided smart water tanks to our abalone suppliers, one of our key seafood suppliers, to minimize waste during the production stage. These smart tanks monitor water temperature, dissolved oxygen levels, and water levels in real time, enabling a reduction in abalone mortality rates by approximately 4.1% compared to previous levels and creating a more stable aquaculture environment. Additionally, believing that eliminating the root causes of fisheries environmental destruction and raising awareness are essential to a safe seafood supply, we ran a customer-participation campaign in October 2024, in which 1% of seafood purchase amounts were accumulated as donations. The donations were used to provide approximately 550 biomass-based carbon-neutral biodegradable fishing nets to the Jangjado village fishery cooperative in Gunsan. These nets are less prone to entanglement and naturally decompose safely after three years of use. Marine pollution and damages caused by abandoned fishing gear and "ghost fishing" amount to around KRW 400 billion annually—equivalent to about 10% of the nation's fisheries production value. Furthermore, LOTTE Mart and LOTTE Super set and continuously manage annual retail targets for products certified by the Marine Stewardship Council (MSC) and the Aquaculture Stewardship Council (ASC), which verify that seafood is produced in sustainable fishing and aquaculture environments.

◆ Status of ASC and MSC Certified Product Distribution				(Unit: SKU)
Category	2022	2023	2024	2024 Goal
MSC Certified Products	7	5	5	7
ASC Certified Products	13	21 <sup>1)</sup>	18	15

1) Includes one SKU of ASC certified product from LOTTE Department Store.



INTRODUCTION

ESG IMPACT

ENVIRONMENTAL

**SOCIAL**

GOVERNANCE

APPENDIX

# SOCIAL

RE:JOICE  
빛나는 당신을 위한  
심리상담소

- 050 Human Rights Management
- 057 Talent Management
- 067 Health and Safety Management
- 072 Quality Management
- 079 Sustainable Supply Chain
- 088 Social Contribution





# Human Rights Management

## Human Rights Management Governance

### Roles and Responsibilities of Governance

#### Roles of the Board of Directors

The ESG Committee of **LOTTE Shopping** serves as the highest decision-making body overseeing company-wide human rights management. It performs a supervisory role by reviewing and approving human rights policies, fostering a human rights culture, identifying and mitigating human rights risks, and overseeing all aspects of human rights management. The Committee also regularly evaluates the implementation of human rights practices, addresses key risks and improvement areas, and provides strategic direction to ensure ongoing compliance and continuous improvement across all Business Divisions.

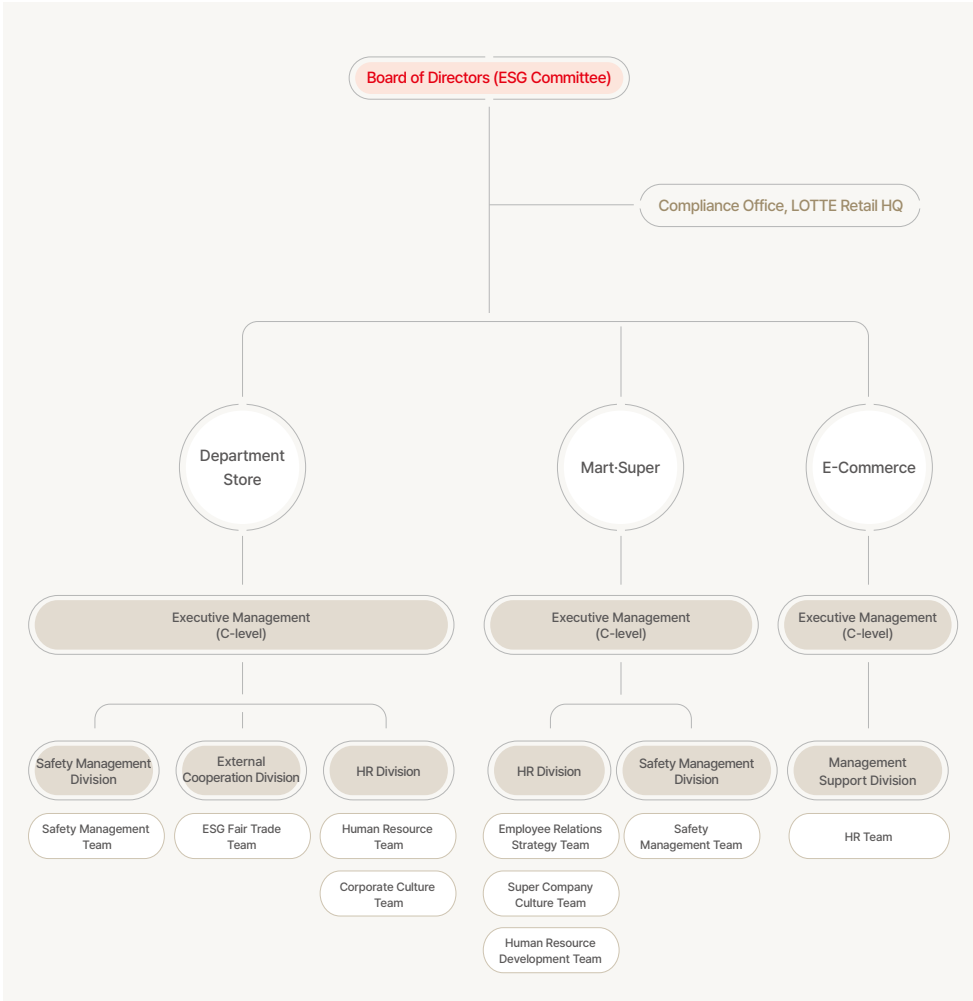
#### Roles of the Working-Level Organization

The Compliance Office, **LOTTE Retail HQ**, implements a structured operational framework for human rights management to foster a human rights-respecting corporate culture. It leads the development and implementation of company-wide human rights management plans. The Compliance Office also works closely with relevant departments across each Business Division to implement various initiatives, thereby enhancing their practical effectiveness. As the control tower for human rights management, the ESG Fair Trade Team of the External Cooperation Division at **LOTTE Department Store** leads the development and execution of human rights management plans. In addition to conducting Human Rights Impact Assessments, the team also develops and enforces human rights policies across relevant departments. The HR Division addresses specific human rights issues: the Human Resource Team oversees the prohibition of forced labor, compliance with labor standards, and non-discriminatory employment practices. The Corporate Culture Team promotes a human rights-friendly organizational culture by ensuring freedom of association and collective bargaining, establishing internal grievance mechanisms, and preventing workplace harassment. Meanwhile, the Safety Management Division ensures a safe and pleasant working environment by protecting the occupational safety, health, and environmental rights of all employees.

At **LOTTE Mart and LOTTE Super**, the Employee Relations Strategy Team and the SUPER Company Culture Team under the HR Division protect workers' fundamental rights, including labor-management relations, freedom of association, compliance with labor standards, and grievance handling. The Human Resource Development Team fosters a culture of mutual respect through organization-wide campaigns. Within the Safety Management Division, the Safety Management Team leads efforts to secure physical safety, improve working conditions, and provide emotional support, ensuring a safer, healthier work environment for all employees.

To realize sustainable management that respects human rights, **LOTTE E-Commerce** has established and is implementing a company-wide human rights management system. The HR Team acts as the operational unit under the supervision of the Head of the Management Support Division. It oversees all aspects of human rights management, from policy development to fostering a culture of respect among employees, and continuously promotes improved working conditions, non-discriminatory employment, and workplace human rights protection.

#### Human Rights Management Governance





# Human Rights Management

## Human Rights Management Strategy

### Establishing the Foundation for Human Rights Management

#### Human Rights Management Policy

**LOTTE Shopping** prioritizes respect for human rights across all business activities. We have established a Human Rights Management Policy to prevent violations and mitigate potential risks to the rights of various stakeholders, including employees, customers, partners, and local communities. The Policy is aligned with international standards such as the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, ILO Conventions, and principles prohibiting child and forced labor. We also ensure compliance with applicable human rights and labor laws in every country and region where LOTTE Shopping operates. All employees must comply with this Policy in their work, and we encourage all stakeholders to align with its principles.

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

#### Fostering a Culture of Respect for Diversity

**LOTTE Shopping** respects the diverse backgrounds and values of its employees and strives to create a work environment where each employee can fully demonstrate their capabilities. To this end, we have clearly stated a non-discrimination clause in our internal employment regulations, prohibiting discrimination during negotiations of employment conditions. In addition, to institutionalize a culture of respect for diversity, we provide training on the prohibition of discrimination and unethical behavior and operate a support system that allows employees to freely seek counseling. In addition, LOTTE Shopping sets and monitors annual short-term targets for the ratio of female team leaders in each Business Division to promote workforce diversity. In 2024, LOTTE Department Store achieved its target ratio<sup>1)</sup>, and we will continue to manage progress to ensure all Business Divisions meet their respective goals going forward.

1) 2024 target: 15.0%, 2024 achievement: 16.8%

#### Human Rights Education

**LOTTE Shopping** provides mandatory human rights education for all employees to foster a culture of human rights management and prevent workplace harassment and misconduct. We also provide annual disability awareness education to promote a culture of respect for diversity. Through these efforts, we aim to strengthen understanding of disability rights and the importance of non-discrimination, while continuing to build a more inclusive work environment.

#### • Key Areas of the Human Rights Management Policy





- Human Rights Management
  - Talent Management
  - Health and Safety Management
  - Quality Management
  - Sustainable Supply Chain
  - Social Contribution

# Human Rights Management

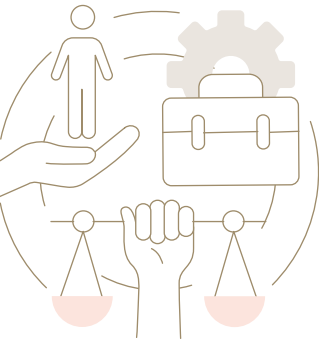
## Human Rights Management Strategy

### Establishing the Foundation for Human Rights Management

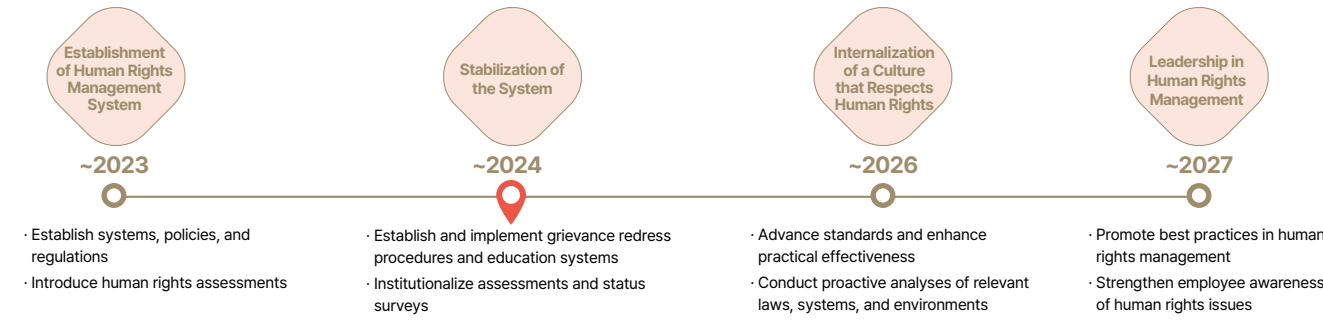
#### Mid- to Long-Term Human Rights Management Roadmap

To ensure systematic implementation of human rights management, **LOTTE Department Store** has established a mid- to long-term roadmap and yearly strategic plans. We also set division-specific KPIs and target levels. Through 2023, our focus was on building the overall framework, including the development of the Human Rights Management Policy and the introduction of the Human Rights Impact Assessment. In 2024, we have entered a stabilization phase, with a focus on enhancing the practical effectiveness of the human rights management system.

In 2024, we are focusing on establishing clear remedy procedures and developing and implementing a human rights education system to raise awareness among employees and stakeholders. To enhance the effectiveness of human rights management, we are regularly assessing and surveying key risks to monitor and drive improvements. Our goal for 2025 is to obtain certification for our Human Rights Management System. LOTTE Department Store will continue to prioritize human rights protection across all operations and collaborate with stakeholders to realize sustainable human rights management.



#### Year-by-Year Human Rights Management Roadmap



#### Mid- to Long-Term Human Rights Management Goals by Area

Area	KPIs	Current Level <sup>1</sup>	Target Level	Target Year	Detailed Action Plan
Safety and Health	Number of Serious Accidents	0 cases	0 cases	2030 (Long-term)	• Upgrade safety and health manuals
	Industrial Accident Rate	0.05%	0%		• Foster a Safety and Health Culture through Continuous Improvement
Corporate Culture	Workplace Harassment and Sexual Harassment Case Resolution Rate	100%	100%	2030 (Long-term)	• Operate Continuous Grievance Channels and Expert Response • Maintain 100% Resolution Rate for Human Rights Violation Reports • Expand preventive education beyond legally mandated regular sessions (e.g., new hires, managers, front-line staff)
Human Resources	Ratio of Female Managers <sup>2)</sup>	25%	25.5%	2025 (Mid-term)	• Implement mentoring programs to develop female team leaders and strengthen capabilities of female employees
Supply Chain Management	Number of Human Rights Violations at Partners	0 cases	0 cases	2035 (Long-term)	• Require signing of labor rights compliance agreements upon contract renewal
Human Rights Management System	Expansion of Human Rights Management	Regular Implementation of Human Rights Impact Assessments	Establish Human Rights Committee Expand to Other Business Divisions	2027 (Mid-term)	• Strengthen human rights function within the ESG Committee • Update Policies to Reflect Contemporary Values and International Standards
	Number of Sites Undergoing Human Rights Due Diligence	32 sites	55 sites	2030 (Long-term)	• Conduct assessments across all LOTTE Malls and Outlets
	Implementation Rate of Human Rights Awareness Diagnostics	Not Implemented	100%	2030 (Long-term)	• Achieve 30% by 2025 and 80% by 2028 • Conduct surveys on human rights awareness among employees and maintain at least 80% participation • Expand survey scope to include customers and partners

1) Based on 2024 data  
2) Includes employees directly managed by separately incorporated affiliates



# Human Rights Management

## Human Rights Risk Management

### Human Rights Impact Assessment

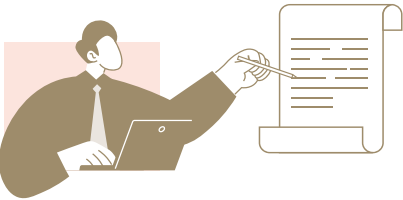
#### Setting Indicators and Scope

In 2024, **LOTTE Department Store** conducted a Human Rights Impact Assessment to assess the current status of human rights management and identify areas for continuous improvement. The assessment indicators were aligned with major global human rights standards such as the OECD Guidelines, the EU and German Supply Chain Due Diligence Acts, the ILO Conventions, the Universal Declaration of Human Rights, the National Human Rights Commission of Korea, and the K-ESG Guidelines. Considering the nature of LOTTE Shopping's industry and operations, the indicators were structured into ten categories.

To enhance the effectiveness of the assessment, we identified high-risk stakeholder groups in each category and analyzed the potential adverse impacts of LOTTE Shopping's business activities on them. Based on these findings, we will further refine our Human Rights Management Policy and collaborate with various stakeholders to foster a culture of human rights protection and respect.

#### Self-Assessment and On-Site Audits

To enhance understanding among relevant departments and promote a more systematic approach to human rights management, **LOTTE Department Store** offered training on human rights impact assessment indicators to staff and managers. Following the training, responsible personnel completed a self-administered written assessment. Based on 259 indicators across 10 categories, the assessment evaluated the human rights management system, institutional frameworks, and grievance procedures. This process enabled a thorough review of the organization's current human rights management level and helped identify areas requiring improvement. To ensure greater objectivity and reliability, external experts conducted on-site visits to major LOTTE Department Store locations and interviewed staff responsible for specific indicators. For stakeholders requiring in-depth analysis, both individual interviews and Focus Group Interview (FGI) were carried out. This approach made it possible to identify human rights risks not captured through document reviews and led to more practical recommendations for improvement. The final Human Rights Impact Assessment score was determined by combining the external experts' evaluation results and recommendations with feedback from relevant departments. As a result, we achieved significant improvements in our human rights management system and supply chain management. The implementation rate reached 96.9%, an increase of 7.6 percentage points compared to the initial 89.3% recorded in 2023. Moving forward, we will continue to strengthen our human rights management practices, including obtaining certification for our Human Rights Impact Assessment system.



#### • Composition and Scope of Human Rights Impact Assessment Indicators

Category	Indicator	Key Indicators	Vulnerable Stakeholders
Human Rights Management System and Grievance Procedures	56 indicators	- Policies and Guidelines on Human Rights Management - Dedicated Human Rights Organization and Committee - Stakeholder Identification and Human Rights Due Diligence	Employees, Customers (Consumers), Partners
Prohibition of Child Labor and Forced Labor	26 indicators	- Prohibition of Child Labor - Remedial Action When Child Labor is Identified - Prohibition of Forced Labor	
Freedom of Association and Collective Bargaining	26 indicators	- Freedom of Association and Collective Bargaining - Prohibition of Discrimination Against Union Activities - Alternative Measures in the Absence of Labor Unions	Employees
Humane Treatment	51 indicators	- Compliance with Labor Standards - Prohibition of Gender Discrimination - Prohibition of Workplace Harassment and Sexual Harassment - Prohibition of Employment Discrimination	
Occupational Safety and Health	25 indicators	- Obligations for Workplace Safety and Labor Protection - Provision of Essential Equipment and Education - Workplace Safety	
Responsible Supply Chain Management	16 indicators	- Prevention of Human Rights Violations at Partners - Implementation of Monitoring Practices - Consideration of Business Relationships	Partners
Right to a Healthy Environment	20 indicators	- Establishment and Maintenance of an Environmental Management System - Disclosure of Environmental Information - Preventive Approaches to Environmental Issues	Local communities
Protection of Local Residents' Rights	11 indicators	- Right to Health in the Community - Respect and Protection of Local Residents' Rights - Protection of Intellectual Property Rights	
Customer Rights Protection	20 indicators	- Responsibility for Products and Services - Compliance with Customer Protection Laws - Protection of Customer Privacy	Customers (Consumers)
Improvement of Working Conditions	8 indicators	- Guarantee of the Right to Rest - Guarantee of the Right to Health	Employees



# Human Rights Management

## Human Rights Risk Management

### Human Rights Impact Assessment

#### Identification of Risk Factors

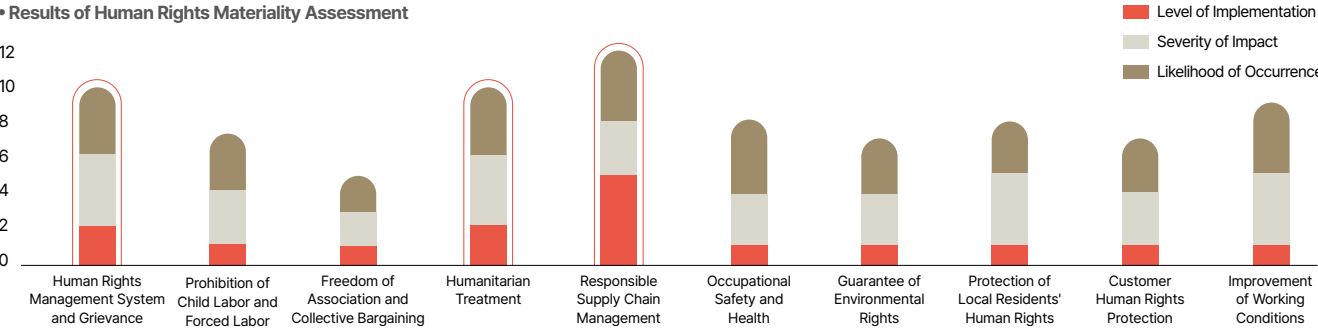
In 2024, **LOTTE Department Store** conducted a comprehensive Human Rights Impact Assessment to assess company-wide implementation of human rights management. As a result, we achieved an implementation rate of 96.9%, up 7.6 percentage points from the previous year. This demonstrates the solid establishment of our human rights management system and the proactive efforts of relevant departments.

However, the assessment also revealed areas in need of improvement. For these, we are preparing mid- to long-term improvement plans based on recommendations from external experts. LOTTE Department Store will implement systematic, phased measures in areas with identified risks to gradually mitigate their impact. We will continue conducting regular Human Rights Impact Assessments to identify actionable improvements and strengthen company-wide execution—fostering a human rights-centered culture and reinforcing the foundation for sustainable management.

◆ Human Rights Impact Assessment Results		(Unit: %)
Category	Achievement Rate	
Human Rights Management System and Grievance Procedures	95.5	
Prohibition of Child Labor and Forced Labor	100.0	
Freedom of Association and Collective Bargaining	100.0	
Humanitarian Treatment	99.0	
Responsible Supply Chain Management	68.8	
Occupational Safety and Health	100.0	
Guarantee of Environmental Rights	100.0	
Protection of Local Residents' Human Rights	100.0	
Customer Human Rights Protection	100.0	
Improvement of Working Conditions	100.0	
Total	96.9	

#### Identification of Key Human Rights Issues

Based on the results of the Human Rights Impact Assessment, **LOTTE Department Store** conducted a Human Rights Materiality Assessment to identify and manage key human rights issues in a structured manner. The assessment was based on the implementation level, impact, and likelihood of each issue. As a result of the 2024 assessment, three areas were identified as priorities: human rights management systems and remedy procedures, humane treatment, and responsible supply chain management. LOTTE Department Store will continue strengthening its practices by focusing on these priorities and pursuing ongoing improvement.



#### • Key Agenda Issues and Response Plans

Key Issue	Current Status	Response Plan	Improvement Plan
Human Rights Management System and Grievance Procedures	Human Rights Oversight by ESG Committee	<ul style="list-style-type: none"><li>Need to assign clear roles and responsibilities for human rights within the ESG Committee or establish a separate governance body</li></ul>	<ul style="list-style-type: none"><li>Review enhancement of ESG Committee's responsibility and function for human rights management oversight</li></ul>
Improvement of Working Conditions	Reflection of Revised Maternity Protection Laws	<ul style="list-style-type: none"><li>Internal policies updated to reflect amendments to the Labor Standards Act and the Act on Gender Equality and Work-Family Balance, reinforcing family-friendly management</li><li>Operating above statutory standards by providing reduced working hours during pregnancy and childcare and supporting paternity leave and infertility treatment even when not designated as a priority support company</li></ul>	<ul style="list-style-type: none"><li>Conduct employee awareness survey on maternity protection policies</li><li>Conduct satisfaction survey on maternity and parental leave programs</li><li>Monitor effectiveness through return-to-work rate and 20-day paternity leave utilization</li></ul>
Responsible Supply Chain Management	Established Monitoring System for Human Rights Compliance in the Supply Chain	<ul style="list-style-type: none"><li>Step-by-step monitoring process to be established</li><li>Supplier grouping → Process design → Evaluation system (indicator development) → Monitoring → Evaluation and feedback</li></ul>	<ul style="list-style-type: none"><li>Gather feedback through partner meetings</li><li>Continue management by tracking implementation of improvement measures and analyzing results on key issues</li></ul>



# Human Rights Management

## Human Rights Risk Management

### Internalization of Human Rights Management

#### Grievance Handling System

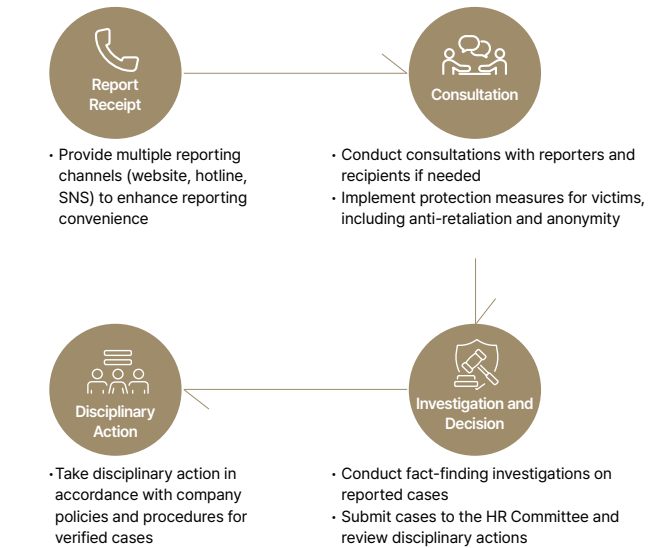
**LOTTE Shopping** operates a comprehensive human rights risk management system that emphasizes both preventive measures and swift, proactive responses to emerging issues. Each Business Division offers multiple reporting channels—such as the company website, KakaoTalk, and email—enabling customers, employees, and partners to easily file and resolve grievances. These channels cover not only direct human rights violations like discrimination, harassment, and sexual misconduct, but also issues that may affect the organizational culture or work environment. All reports are formally received, investigated, and addressed. Upon receiving a report, we prioritize protecting the identity and safety of the whistleblower and victim, minimizing harm, and proceeding with a principled remediation process. If the allegations are confirmed, appropriate actions—including disciplinary measures—are taken in accordance with internal policies.

#### • Grievance Channel Operation Performance

Category		2024	
		Reports Received	Cases Resolved
Department Store	Workplace Harassment	22	22
	Sexual Harassment	0	0
	Discrimination	0	0
Mart <sup>1)</sup>	Workplace Harassment	17	14
	Sexual Harassment	7	5
	Discrimination	8	8

1) As of the end of 2024, five cases were still under investigation.

#### • Grievance Handling Process



Category		2024	
		Reports Received	Cases Resolved
Super	Workplace Harassment	8	8
	Sexual Harassment	2	2
	Discrimination	0	0
E-commerce	Workplace Harassment	3	3
	Sexual Harassment	2	2
	Discrimination	0	0

#### Human Rights Management Campaigns

**LOTTE Department Store** operates continuous grievance channels and conducts regular employee surveys to support reporting of sensitive concerns, such as workplace harassment. All reported cases collected through these surveys are thoroughly investigated, and appropriate follow-up actions are promptly taken, reinforcing a reliable human rights protection system for employees.

**LOTTE Mart and LOTTE Super** are running a monthly campaign called “Creating a Culture of Mutual Respect” to eliminate workplace abuse and harassment and promote a horizontal organizational culture. The campaign raises awareness and reinforces ethics among employees through monthly educational sessions. It aims to foster a flexible and healthy work environment that encourages open communication and mutual respect.



“Creating a Culture of Mutual Respect” Campaign (LOTTE Mart-Super)



# Human Rights Management

## Human Rights Risk Management

### Internalization of Human Rights Management

#### Protection of Employee Rights

LOTTE Department Store implements various human rights protection initiatives to foster a respectful and inclusive working environment for all employees. To support staff experiencing emotional stress from customer-facing roles, we offer “Customer Service Employee Mind Care” training, which helps them recognize and manage stress. For working mothers returning from parental leave, we provide “Working Mom CLUB” workshops to support reintegration and career development. At sales locations nationwide, designated “Communication Counselors” serve as contact points for everyday concerns and grievances. In cases of human rights violations such as workplace harassment or sexual misconduct, we also connect affected employees with professional counseling services to support emotional recovery.



On-site communication counselor training (LOTTE Department Store)

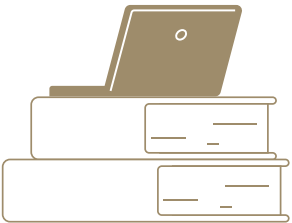
LOTTE Mart and LOTTE Super promote a psychologically safe and healthy work environment by offering various human rights protection and emotional support programs. In 2024, professional psychological counseling was provided to 98 employees, and job stress assessments and related training were conducted for 10,609 employees to support emotional recovery and strengthen stress management. To address potential conflicts in customer service roles, a response manual for customer-facing employees was developed and distributed, ensuring their rights are protected through prompt and structured grievance resolution. Additionally, quarterly training programs are offered to female employees returning from extended parental leave, supporting smooth reintegration and professional growth. The training includes practical content such as company and business overviews, HR system explanations, and networking opportunities. As of 2024, 18 employees have completed the program, contributing to improved adaptability and engagement on site.



Return-to-work training for employees following parental leave (LOTTE Mart-Super)

#### Protection of Partner Human Rights

Beginning in July 2024, LOTTE Department Store introduced a new agreement system to strengthen practical measures for protecting the human rights of partner employees, ensuring employment stability, and improving working conditions. Key provisions include: establishing management policies for worker human rights; prohibiting discrimination in employment, compensation, and promotion; improving working conditions and strengthening safety measures; prohibiting violence and coercive acts and protecting personal information; complying with statutory working hours and guaranteeing rest; and upholding worker rights in accordance with the Labor Standards Act and related laws. This agreement clarifies the human rights responsibilities of partners and promotes sustainable partnerships based on mutual respect and accountability. LOTTE Mart and LOTTE Super are also working to strengthen human rights protections for partner employees. We regularly encourage security service providers to conduct human rights training and collect data on its implementation and outcomes. In particular, we request that the training address core topics—such as workplace harassment prevention and disability awareness—at least once a year. These efforts aim to enhance human rights awareness among partner employees and foster safe, respectful working environments.





# Talent Management

## Talent Management Governance

### Roles and Responsibilities of Governance

#### Talent Management Organization

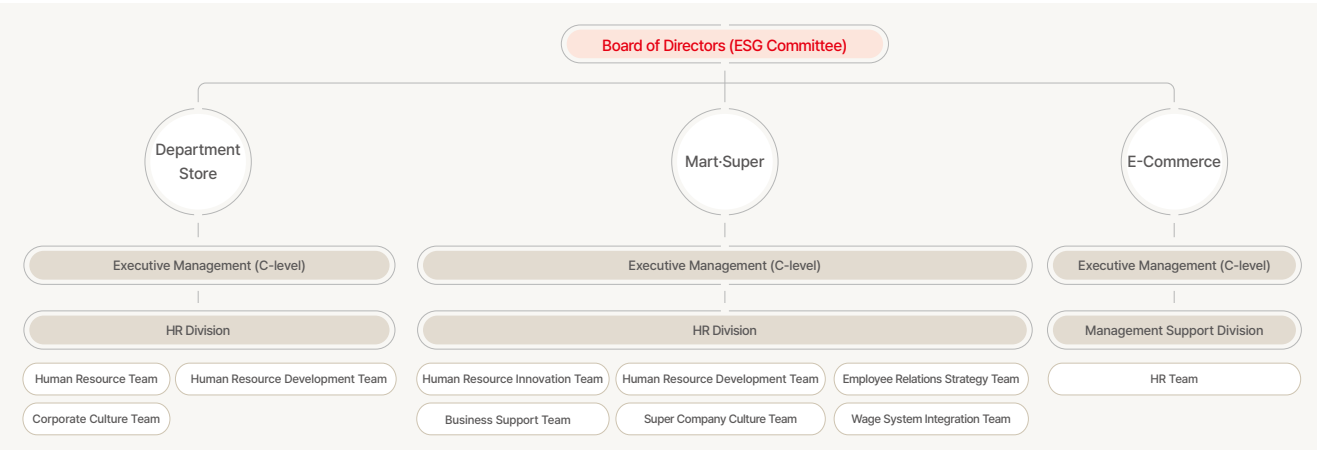
**LOTTE Shopping** has established a governance system that supports talent development through meaningful experiences across all stages—from recruitment and development to evaluation, compensation, and retirement. To help employees grow autonomously and develop job-specific expertise, we offer various capability-building programs and operate the In-Career system, an internal job posting program. We also maintain a fair and transparent performance evaluation and compensation system. In addition, we continuously enhance the work environment to improve employee satisfaction and engagement, while promoting initiatives that foster a workplace culture of diversity, respect, and well-being throughout each individual's life cycle.

At **LOTTE Department Store**, talent management is led by three teams within the HR Division. The Human Resource Team manages HR systems, workforce planning, recruitment, and performance evaluation. The Corporate Culture Team oversees labor relations, welfare programs, and the working environment. The Human Resource Development Team focuses on employee education and capability development.

**LOTTE Mart and LOTTE Super** operate company-wide HR functions through six teams: the Human Resource Innovation Team, Human Resource Development Team, Employee Relations Strategy Team, Wage System Integration TF, Business Support Team, and Super Company Culture Team. These teams collaborate closely to ensure efficient talent management. Following the integration of the Mart and Super divisions, the Wage System Integration Team was launched in 2024 to establish a fair and consistent compensation structure.

At **LOTTE E-Commerce**, the HR Team serves as the central body for talent management across the organization, overseeing recruitment, placement, education, development, and compensation through a structured HR framework.

#### • Talent Management Organizational Chart



#### Labor Union Structure

**LOTTE Department Store and LOTTE Mart** operate labor unions to promote stable labor relations and working conditions, based on mutual trust and a shared sense of community between labor and management, in accordance with relevant laws. The labor unions serve as a key channel for protecting employee rights and improving the work environment. Through regular consultations, they address issues related to working conditions, employee welfare, and organizational culture.

#### Operation of the Labor-Management Council

**LOTTE Shopping** operates a Labor-Management Council to promote active communication between labor and management and enhance employee engagement. Convening quarterly, the council expands communication channels and develops mutually beneficial solutions tailored to each business site. It also addresses a range of workplace issues, including improvements to working conditions, through mutual consultation aimed at fostering cooperative labor-management relations. Through these efforts, LOTTE Shopping is committed to fostering a stable working environment where labor and management grow together.

#### • Status of Labor-Management Council Operation

Category	Key Achievements in 2024
Department Store	<b>Expansion of Employee Welfare Programs</b> <ul style="list-style-type: none"><li>- Introduction of self-designed welfare system using individual credits</li><li>- New benefits: prenatal exam support, security service for single-person households, and remarriage leave</li><li>- Provision of an option to redeem condolence wreaths with L.POINT.</li><li>- Refresh leave and workation program for employees with 5 years of service</li></ul>
Mart	<b>Improvements to Working Conditions and Welfare Programs</b> <ul style="list-style-type: none"><li>- Introduction of academic degree support program, including a KRW 1 million congratulatory allowance for degree completion</li></ul>
Super	<b>Improvements to Working Conditions and Welfare Programs</b> <ul style="list-style-type: none"><li>- Establishment and improvement of various welfare programs</li></ul>
E-Commerce	<b>Improvements on 12 Welfare-Related Agenda Items</b> <ul style="list-style-type: none"><li>- Expansion of maternity gift options, increased flexibility in congratulatory and condolence leave, etc.</li></ul>



# Talent Management

## Talent Management Strategy

### Vision and Mission of Talent Management

#### Strategic Talent Management Model

**LOTTE Shopping** views talent as a core competitive advantage and has established a systematic talent management strategy as a foundation for sustainable growth. Under the vision “To be the First Destination for Shopping,” the strategy is built on four pillars: Strategy, Leadership, System, and Organizational Culture. To support this framework, LOTTE Shopping defines its core competencies as Self-Leadership, Teamwork, and Expertise. Through this model, employees are encouraged to set and pursue goals independently, collaborate seamlessly, and contribute to organizational success through professional capabilities. By implementing this strategic talent model, LOTTE Shopping aims to deliver customer-centric value and build a strong foundation for sustainable growth.

#### Leadership Model

As part of its talent management strategy, **LOTTE Shopping** has developed the “4S+ Leadership Model” for organization-wide leadership development. The model centers on four leadership types that drive change and innovation: Sailor (Navigator), Setter (Designer), Sprinter (Executor), and Supporter (Supporter). Each role enables leaders to set direction, execute strategy, and support team and colleague growth. With the addition of the core values “Customer-First Mindset” and “Leading by Example,” the enhanced 4S+ Model defines the behavioral standards expected of LOTTE Shopping leaders and provides a foundation for a strong leadership culture. Through this model, LOTTE Shopping aims to build an agile organization that evolves with its people.

● **Retail HPO(High Performance Organization) House Model**



● **Retail 4S+ Leadership Model**





- Human Rights Management
- Talent Management

  - Health and Safety Management
  - Quality Management
  - Sustainable Supply Chain
  - Social Contribution

# Talent Management

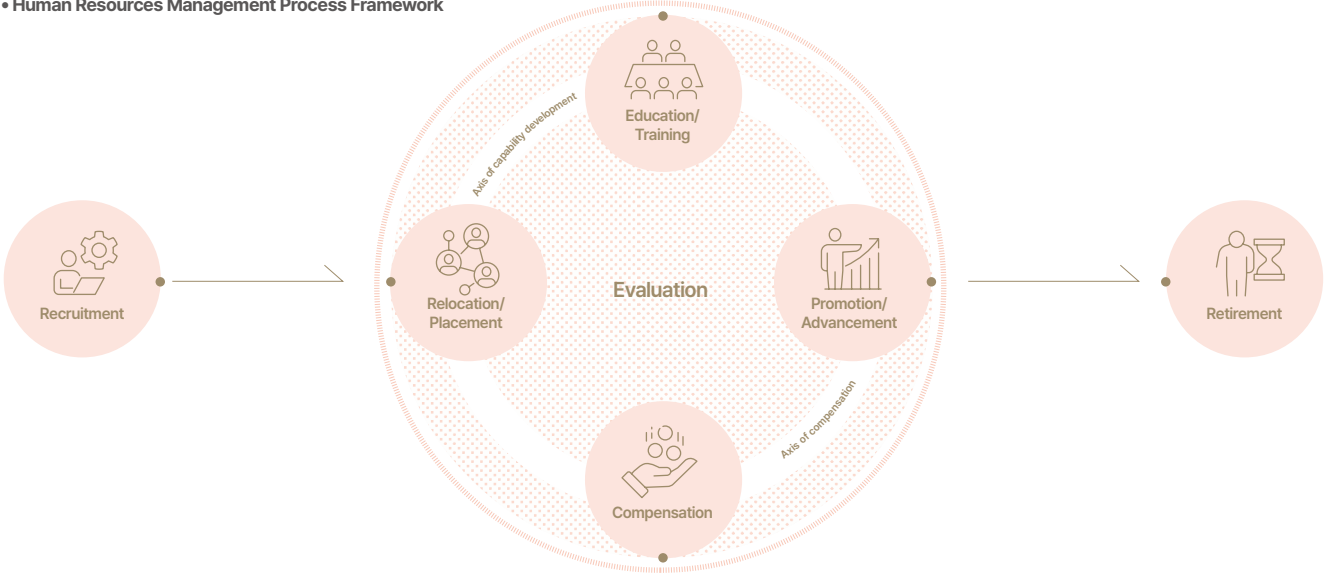
## Talent Management Strategy

### Multidimensional HR Management

#### Human Resources Management System

**LOTTE Shopping** operates a comprehensive HR system centered on seven core HR functions, covering the full employee lifecycle from recruitment to retirement. This system enables structured talent management aligned with business needs. After recruitment, we focus on capability development through training, assignment, and mobility. We retain top talent through merit-based promotion and advancement, and provide fair, performance-based compensation. Annual KPIs are set for each HR function by Business Division to reflect both LOTTE Shopping's unified talent framework and each division's specific characteristics. This structure allows for efficient, timely, and strategic talent management, supporting sustainable growth and enhancing organizational competitiveness

• Human Resources Management Process Framework



• HR Strategy by Business Division

Category	Relocation-Placement	Education-Training	Promotion-Advancement	Compensation
Department Store	<ul style="list-style-type: none"> <li>Reflect personal career aspirations through job posting and career development planning</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen professional competencies through structured job- and level-specific training</li> <li>Develop role-based leadership</li> <li>Foster next-generation talent</li> </ul>	<ul style="list-style-type: none"> <li>Incorporate 360-degree feedback</li> <li>Ensure fairness through discussion-based evaluation panels</li> </ul>	<ul style="list-style-type: none"> <li>Operate individual performance-based salary system</li> <li>Provide rewards based on personal performance</li> <li>Apply tiered cumulative incentive model</li> </ul>
Mart-Super	<ul style="list-style-type: none"> <li>Talent placement based on both individual and organizational growth considerations</li> </ul>	<ul style="list-style-type: none"> <li>Secure a pool of top talent through structured job competency programs</li> <li>Strengthen leadership</li> <li>Cultivate future leaders</li> </ul>	<ul style="list-style-type: none"> <li>Operate a performance-based promotion system</li> <li>Enhance procedural transparency and fairness</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen employee motivation through a performance-based individual salary system</li> </ul>
E-Commerce	<ul style="list-style-type: none"> <li>Capability-based placement aligned with business strategy, personal growth, and performance outcomes</li> </ul>	<ul style="list-style-type: none"> <li>Plan and deliver training programs to improve productivity</li> <li>Support job competency development for performance enhancement</li> </ul>	<ul style="list-style-type: none"> <li>Level-up based on performance and capabilities according to internal role guidelines</li> </ul>	<ul style="list-style-type: none"> <li>Operate a performance-based individual salary system</li> </ul>



# Talent Management

## Talent Management Strategy

### Multidimensional HR Management

#### Talent Recruitment

As a leading retail company in Korea, **LOTTE Shopping** prioritizes customer value and focuses on securing talent that drives sustainable growth. To this end, we have developed a fair and structured recruitment process backed by extensive experience, enabling us to identify and hire top talent. Since 2021, we have implemented rolling recruitment programs to ensure the timely hiring of exceptional candidates.

At **LOTTE Department Store**, A-Grade entry-level employees are recruited through the “Potential Track” and the newly introduced “I’M Track.” The Potential Track identifies candidates with high growth potential through a recruitment-linked internship, supported by programs that enhance real-world adaptability. Launched in 2024, the I’M Track emphasizes job-specific skills, passion, and vision, and is primarily used for roles requiring strong hands-on capabilities.

**LOTTE Department Store and LOTTE Mart** are strengthening competency-based hiring by diversifying and enhancing their interview panels. While interviews were traditionally conducted by senior employees with over 10 years of experience, junior-level MZ employees with 3–5 years of field experience now also participate to provide more balanced perspectives. To support interviewers with limited evaluation experience, LOTTE Shopping offers pre-interview training in addition to basic certification courses to ensure fairness. For experienced hires, interviews are conducted jointly by the HR Team and relevant departments to enable accurate evaluation. To further ensure fairness, LOTTE Shopping provides applicants with objective feedback, including score comparison graphs showing their individual results against overall and successful candidate averages for each interview type.

#### Core Talent Development System

**LOTTE Department Store** makes structured investments in talent development from the early stages of employment by operating professional development programs that enhance both future corporate value and individual growth. New hires receive onboarding programs tailored to their recruitment type and track, helping them adapt quickly to the organization. After onboarding, they are supported through mentoring and external training opportunities to grow into domain experts.

We also operate role-specific development roadmaps to cultivate specialists in areas such as MD, marketing, and design, enabling a structured pipeline of talent. In addition, our in-house Job Posting system supports career development by offering diverse role experiences based on individual capabilities, interests, and growth potential—beyond job specialization. To foster future leaders, we offer targeted programs such as Pre-Store Manager Training, New Store Manager Training, and Pre-Overseas Assignee Training, aligned with core competencies and career pathways. We also define required leadership competencies at each level and provide customized training for junior professionals, team leaders, store managers, and executives to strengthen leadership across the organization.

**LOTTE Mart and LOTTE Super** operate a structured talent development system called the “Career Journey,” which supports capability building from entry-level employees to the CEO level. The Career Journey offers a development roadmap with tailored training that addresses both job expertise and leadership competencies at each career stage.

After promotion to SA Grade, employees can participate in various programs—such as Pre-Store Manager, Pre-Overseas Assignee, and Pre-Team Leader Training—to build a balanced skill set in expertise, growth potential, and leadership. Team leaders and store managers who complete these programs become eligible for next-generation CEO development programs led by LOTTE Holdings, including Junior HiPO, Senior HiPO, and GIANTS. These programs strengthen strategic leadership through hands-on assignments in new domestic and overseas business development and high-impact, challenge-based projects.

**LOTTE E-Commerce** offers a structured onboarding program to help new hires integrate quickly and contribute effectively, laying the foundation for mutual growth between individuals and the organization. As part of onboarding, the “Buddy-Buddy Program” connects new employees with colleagues across teams, fostering internal networks and enhancing engagement.

In addition, we provide continuous development support through a systematic education system divided into five categories: common education, competency enhancement, introductory training, hierarchical training, and key talent development. This structure supports employee growth and capability building from onboarding through every stage of career development.



Onboarding Roadmap (LOTTE E-Commerce)

#### Internal Job Posting System

As part of career development support, **LOTTE Mart and LOTTE Super** operate an Internal Job Posting System. When vacancies arise, positions are first made available internally, allowing employees to apply for transfers and expand their growth opportunities. Applicants are evaluated for department and role fit through a comprehensive review of their passion, competencies, and job alignment. Employees with job-specific expertise and foreign language proficiency may be selected for overseas assignments, while those with strong sales knowledge may transition into Sales Master roles. This system enables diverse, capability-based career transitions across the organization.



- Human Rights Management
- **Talent Management**
- Health and Safety Management
- Quality Management
- Sustainable Supply Chain
- Social Contribution

# Talent Management

## Talent Risk Management

### Talent Development and Capability Building

#### Core Leader Development and Leadership Enhancement

**LOTTE Shopping** operates a comprehensive leadership development program to support sustainable organizational growth and strengthen the leadership capabilities of its executives and managers. Upon promotion, executives participate in programs including career lectures, leadership talks, and celebratory events to reinforce leadership roles and foster a positive leadership culture.

We also run HRM-linked assessments and simulations—such as servant leadership development, leadership evaluations, and real-case management scenarios—to build practical problem-solving skills. For LOTTE Shopping and its leadership affiliates, we conduct retail-specialized leadership assessments and debriefings. These evaluate individuals based on eight core competencies from the Group's leadership model and two retail-specific servant leadership traits, providing tailored growth recommendations.

To support female leadership, we host Women Leader Workshops that include CEO lectures, mentoring, and strength-based coaching. These sessions help participants define their vision, build networks, share leadership challenges, and explore practical solutions.

**LOTTE Department Store** offers tailored leadership development programs across all job grades—from entry-level staff to executives—with a particular focus on aligning with its team leader-centered organizational structure. One key program, “Team Leader Leadership Level UP Training,” provides foundational leadership training for newly appointed team leaders and advanced courses for experienced leaders facing practical challenges. These programs are designed to build essential skills for transitional and growth phases.

Additionally, the Pre-Store Manager Program prepares future store leaders with strong expertise and execution capabilities. It combines management mindset training and store operation instruction with hands-on field training and mentoring to cultivate practical leadership talent.

**LOTTE Mart and LOTTE Super** offer role- and level-specific leadership programs designed to cultivate flexible, high-performing leaders. The “Pre-Leader Training” program for future store managers and team leaders runs for approximately four months and focuses on developing core leadership competencies and practical store management skills.

For executives, training sessions are held three times a year on key topics such as Amazon's culture of innovation, evolving work practices, and AI applications in management. Store managers and team leaders also participate in annual leadership workshops featuring courses like understanding and using generative AI and enhancing 1:1 coaching skills. These programs emphasize hands-on leadership development and effective communication.

**LOTTE E-Commerce** operates the “New Team Leader Education” program for newly appointed team leaders. The program develops individual leadership by reviewing essential HR systems, identifying and applying personal strengths, and reinforcing practical skills. Leadership growth is further supported through feedback from team members and senior leaders.



New executive education



Pre-leader education (LOTTE Mart Super)



New team leader education (LOTTE E-Commerce)



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## Talent Risk Management

### Talent Development and Capability Building

#### Company-Wide Workshop

**LOTTE Shopping** participated in the retail group's company-wide "Blue Jeans Workshop," a communication and collaboration program aimed at strengthening execution across all Business Divisions and fostering a unified "One Team" organizational culture. The workshop brought together employees at all levels—from team members and team leaders to executives and the CEO—facilitating cross-divisional collaboration and enhancing execution capabilities.

The program was designed to maximize organizational synergy while supporting individual growth. It included communication skills training, practical lectures by internal instructors, and team-building and networking activities to strengthen inter-team connections.

#### AI Capability Enhancement and Technology Training

**LOTTE Shopping** participated in AI competency-building and technology-based productivity enhancement training conducted for all employees across the retail group. The training covered topics such as prompt engineering with generative AI, real-world business applications of AI, and basic coding. The program aimed to help employees apply AI technologies in their work and adapt to a rapidly evolving digital environment.



Blue Jeans Workshop

#### Top Team Insight Forum

Since 2023, **LOTTE Department Store** has operated a regular breakfast forum that includes employees at all levels—from the CEO and executives to team leaders and junior staff. The forum facilitates cross-level dialogue on shared topics and broadens employee perspectives through special lectures on subjects ranging from economic and retail trends to humanities and general knowledge. By promoting horizontal communication and continuous learning, the forum helps cultivate a culture of knowledge sharing across the organization.

#### Job Expertise Enhancement

**LOTTE Department Store** provides customized training programs to strengthen job-specific expertise among employees. Design and marketing staff receive training on generative AI, while sales management and MD roles are offered CAD training, ensuring function-specific education. In addition, we actively support participation in external professional programs such as Site Development and PM Master courses to support ongoing skill development.

#### Common Competency Enhancement Education

**LOTTE E-Commerce** operates an SQL(Structured Query Language)<sup>1)</sup> education program to build core employee competencies. The internally developed curriculum is structured in progressive stages—from basic to advanced—and delivered by in-house instructors to support effective data handling. Designed for immediate workplace application, the program enhances work efficiency and strengthens individual data utilization skills.

1) Structured Query Language

#### MD Job Competency Enhancement Training

**LOTTE Mart and LOTTE Super** offer a training program to enhance the foundational mindset and practical competencies of newly appointed MDs. The program begins with essential knowledge for MD duties and covers product development, system usage, and relevant regulations such as the Fair Trade Act and the Act on Labeling and Advertising. In collaboration with the LOTTE Central Research Center, training on product quality control and hygiene is also provided. Additionally, annual online courses on retail trends, product sourcing, and marketing further support the development of MD-specific competencies.

**LOTTE E-Commerce** offers tailored programs to strengthen the capabilities of Merchandisers (MDs). Through the "MD Mentoring Program" for junior MDs, LOTTE Shopping supports the effective acquisition of practical know-how. In addition, we hold a bimonthly "MD Know-how Share Meetup" for all MDs to share success stories and hands-on insights. Practical training is also provided through the "New MD Education" program, covering immediately applicable topics such as system usage, marketing collaboration procedures, and compliance issues. Furthermore, LOTTE Shopping continues to invest in developing in-house instructors to strengthen internal expertise.



MD Job Competency Enhancement Education (LOTTE E-Commerce)



# Talent Management

## Talent Risk Management

### Performance Evaluation and Compensation

#### Performance Evaluation System

**LOTTE Shopping** operates a performance-based compensation system grounded in fair and transparent evaluations. Designed to promote employee understanding and acceptance, the system rewards strong performance over seniority through diversified evaluation methods. This approach fosters motivation and encourages greater engagement in work.

**LOTTE Department Store** conducts biannual performance evaluations and operates an OKR (Objective and Key Result)-based performance management system adapted to each Business Division. This approach enhances operational efficiency and promotes a goal-oriented work culture. Managers set organizational goals and key initiatives, share progress, and guide team performance through ongoing OKR updates and real-time feedback. Evaluations incorporate a multi-dimensional approach, including peer feedback and leadership evaluations in which team members assess their managers. This enables more comprehensive performance analysis and supports personalized coaching.

**LOTTE Mart and LOTTE Super** conduct competency evaluations twice a year and performance evaluations monthly. These evaluations are intended not just to report results, but to support individual growth and capability development.

Before each evaluation, managers and team members hold pre-evaluation meetings to align expectations and provide feedback on strengths and areas for improvement. After sharing results, follow-up meetings are conducted to explain outcomes, discuss career development plans, and align future performance goals. A review process is also in place for employees to request reassessment based on actual achievements. The screening committee reviews each case, and final results are shared individually to ensure transparency and acceptance. Managers undergo biannual leadership assessments, followed by tailored coaching and leadership training to strengthen their capabilities. Additionally, an external commendation review system recognizes employees who enhance the company's reputation through public contributions. The review committee evaluates work relevance and impact, and eligible employees receive promotion bonus points and award money.

**LOTTE E-Commerce** has replaced traditional job ranks with a role-based Level System and operates a performance-based individual salary system. To foster a goal-oriented culture, an OKR -based performance management system is in place, and leaders are encouraged to hold regular meetings with team members to ensure continuous alignment on goals and direction. We also run a Talent Review system in which first-round evaluation results are reviewed and refined collaboratively by multiple evaluators to enhance objectivity and fairness. The schedule, process, and participating departments are transparently communicated to all employees.

After evaluations, all evaluators must confirm feedback delivery using a Feedback Guideline Completion Form. Employee feedback is also collected to assess the quality of the feedback process. These inputs are used to improve evaluation acceptance and continuously enhance the performance evaluation system.

• Performance Evaluation System Operation Status

Category		2022	2023	2024
Department Store	Employees Subject to Performance Evaluation	3,852	3,993	3,701
	Employees Who Received Performance Evaluation	3,852	3,993	3,701
	Percentage of Employees Who Received Performance Evaluation	100%	100%	100%
Mart	Employees Subject to Performance Evaluation	4,345	4,153	4,161
	Employees Evaluated	4,345	4,153	4,161
	Percentage of Employees Who Received Performance Evaluation	100%	100%	100%

Category		2022	2023	2024
Super	Employees Subject to Performance Evaluation	1,239	1,120	1,078
	Employees Who Received Performance Evaluation	1,239	1,120	1,078
	Percentage of Employees Who Received Performance Evaluation	100%	100%	100%
E-Commerce	Employees Subject to Performance Evaluation	1,000	955	674
	Employees Evaluated	1,000	955	674
	Percentage of Employees Who Received Performance Evaluation	100%	100%	100%



# Talent Management

## Talent Risk Management

### Enhancing Work Engagement

#### Value-Creation Culture

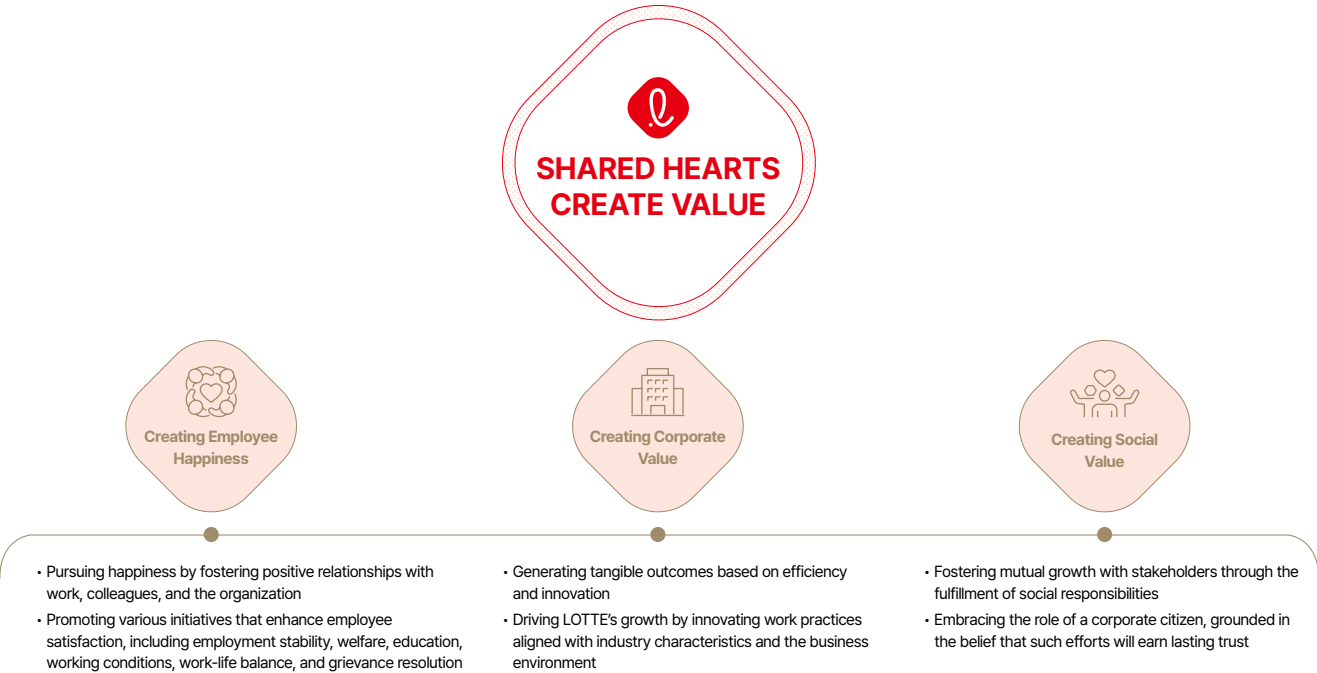
**LOTTE Shopping** believes people are the foundation of its future and is committed to creating sustainable value through a focus on talent, corporate culture, and leadership. To achieve this, we promote employee happiness by respecting diverse lifestyles, enhance corporate value through idea integration and innovation, and generate social value through mutual growth with stakeholders. Through these efforts, we actively contribute to cultivating LOTTE Group's unique value-creation culture.

#### Organizational Culture Assessment

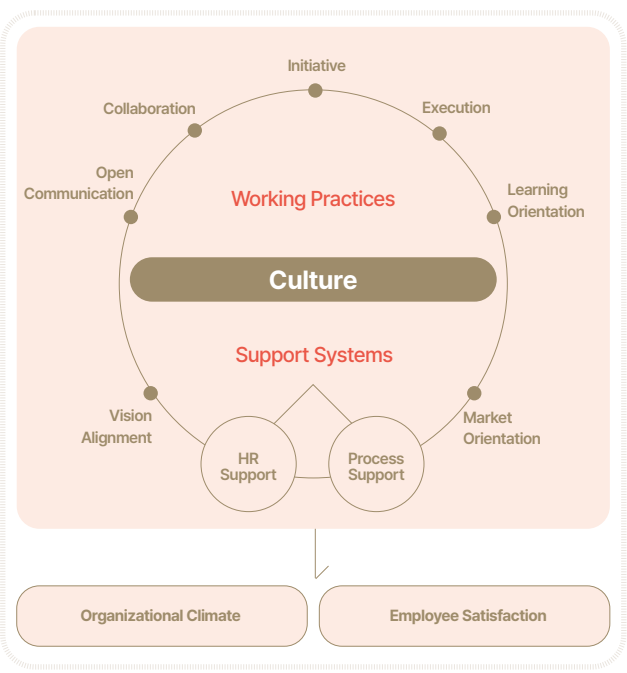
**LOTTE Shopping** regularly assesses the level of organizational culture and employee satisfaction through its Organizational Culture Assessment. The assessment is structured around two dimensions: working practices (behavior-based and value-based) and support systems (institution-based and system-based). It also examines employees' perceptions of the workplace atmosphere and their satisfaction with work, teams, and roles within the organization. Assessment results are analyzed by each Business Division and used to enhance the employee experience and strengthen the foundation for a healthy organizational culture.

**LOTTE E-Commerce** regularly conducts internal organizational culture surveys to collect employee feedback on leadership, OKRs, organizational culture, and related systems and policies. Insights from these surveys are used to review and improve current practices, fostering a more effective and satisfying workplace culture.

• Vision for Spreading the Value-Creation Culture



• Organizational Culture Assessment Framework





# Talent Management

## Talent Risk Management

### Enhancing Work Engagement

#### Organizational Culture Improvement

**LOTTE Department Store** operates a Communication Counselor System at all sales locations to foster a healthy organizational culture. To prevent workplace misconduct—such as sexual harassment, gender discrimination, and bullying—grievance-handling personnel are assigned to relevant departments, and a monitoring system ensures timely response. Counselors also receive job-related training through partnerships with external institutions to strengthen their expertise.

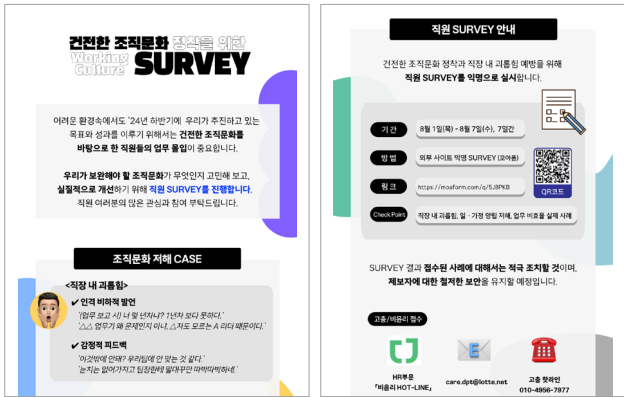
We promote a culture of appreciation through the peer recognition program “Thank You” and evaluate work practices via the Working Culture Survey to identify and improve inefficient processes. Team-building initiatives, such as the “Connecting the Team” event featuring acrostic poems using team names, further support employee engagement and immersion in the workplace.

**LOTTE Mart and LOTTE Super** operate a staggered start time system to support better work-life balance. Employees can choose from four start times based on their individual needs, such as childcare or self-development. To boost morale and foster a vibrant workplace culture, employee engagement programs are held about five times a year. These include accessible quiz events offering prizes and gift certificates, contributing to higher employee satisfaction.

To enhance operational efficiency, morning briefings at each store have been eliminated, allowing employees to focus directly on their tasks. A “One-Page Reporting System” has also been introduced, requiring simplified, one-page reports to create a more efficient work environment.

**LOTTE E-Commerce** promotes a healthy organizational culture and encourages voluntary employee participation through various cultural improvement initiatives. To reinforce a performance-oriented mindset, the “M.O.M (Member of the Month)” program recognizes top performers each month and shares their success stories company-wide to promote efficient work practices.

For open and horizontal communication, the CEO leads initiatives such as online and offline “Floor Meetings” and “CEO Coffee Chats,” where employees can engage in candid discussions by job function. To encourage cross-team interaction, “Mingle Lunch Day” invites employees from different departments to dine together, with extended lunch hours and meal subsidies supporting participation. Emotional well-being is further supported through the “Small Pleasure” program, which hosts seasonal events—such as on Sambok and Pepero Day—to bring joy to employees’ daily routines.



Organizational Culture Survey (LOTTE Department Store)



Mingle Lunch Day (LOTTE E-Commerce) CEO Floor Meeting (LOTTE E-Commerce)



# Talent Management

## Talent Risk Management

### Enhancing Work Engagement

#### Employee Benefits System

**LOTTE Department Store** operates customized employee welfare programs throughout the employee life cycle, providing support from onboarding to childbirth, parenting, and later career stages. To help address Korea's low birth rate, we recently introduced support for prenatal checkups and prenatal travel, along with a three-month guaranteed paternity leave program—fostering a truly family-friendly culture. Through the “Welfare Wallet” system, which allows employees to design their own welfare benefits, LOTTE Department Store expands individual choice and delivers personalized welfare experiences, contributing to a more satisfying and inclusive organizational culture.

**LOTTE Mart and LOTTE Super** have expanded the cash-equivalent welfare point system, previously limited to LOTTE Mart, to cover LOTTE Super employees as well. As a result, welfare points can now be redeemed freely at all LOTTE Mart and LOTTE Super stores

**LOTTE Mart** operates a financial support program for employees facing urgent or severe financial hardship, covering living expenses, medical costs, children's education, and hardship relief. This program is available not only to directly employed staff but also to partner company staff and contract service workers.

**LOTTE Super** provides housing subsidies, relocation support, and transportation allowances for employees in areas without company housing, along with group insurance to promote health and financial stability. Leisure benefits are also offered through summer resort programs, granting employees access to affiliated resort facilities during vacation periods.

**LOTTE E-Commerce** offers a variety of employee welfare programs to support work-life balance and promote family well-being. These family-friendly programs include early childhood education subsidies for employees with children aged 5 to 7 and congratulatory gifts for those with children entering elementary school. Paid leave is also provided on wedding anniversaries, encouraging employees to spend meaningful time with their families.

#### • Status of Employee Welfare Programs Operations

Category	Employee Benefits
All Business Divisions	<ul style="list-style-type: none"><li>• <b>Reemployment Support Services:</b> Career planning education and counseling for prospective retirees, mandatory retirees, and voluntary retirees, offered in partnership with a professional education agency, career-based consulting and education for those seeking reemployment in various specialized fields</li></ul>
Department Store	<ul style="list-style-type: none"><li>• <b>Work Insight Expansion:</b> Self-Designed Benefits Program “Welfare Wallet,” workation and refresh leave for employees in their fifth year to enhance engagement</li><li>• <b>Family-Friendly and Low Birthrate Support:</b> Prenatal examination leave for expectant fathers, prenatal examination support system for expectant parents as practical low birth rate support for married employees, prenatal trip, child care school entrance leave, child school entrance gifts (elementary/middle/high school), infertility leave and treatment cost support, children's education expenses, multi-child vehicle rental</li><li>• <b>Diverse Life-Style Care:</b> Pet bereavement leave, home security service for single-person households, remarriage leave, congratulatory and condolence benefits for unmarried employees, assignment allowance and single assignment transportation cost support, medical and nursing care expenses, company housing and jeonse (deposit-based lease) support, etc.</li><li>• <b>Others:</b> Employee discount (20%), LOTTE Family discount (retirees), retirement care, condominium and resort operation, in-house housing loan, etc.</li></ul>

Category	Employee Benefits
Mart/Super	<ul style="list-style-type: none"><li>• <b>Financial Support Program:</b> Assistance with living expenses, medical costs, children's education expenses, and encouragement payments for employees facing urgent or significant financial hardship (applicable to all employees including direct hires, partner companies, and contract workers)</li><li>• <b>Welfare Point System:</b> Provision of cash-equivalent points usable freely at both LOTTE Mart and LOTTE Super locations</li><li>• <b>Housing Subsidies:</b> Support for moving and transportation expenses, along with housing subsidies for employees assigned to areas without company-provided housing</li><li>• <b>Group Insurance for Employees:</b> Support for health management and life security through group insurance plans</li><li>• <b>Summer Resort Program:</b> Access to affiliated facilities during summer vacation</li><li>• <b>Welfare Point System:</b> Provision of cash-equivalent points usable freely at both LOTTE Mart and LOTTE Super locations</li></ul>
E-Commerce	<ul style="list-style-type: none"><li>• <b>Family-Friendly Programs:</b> Payment of infant education expenses (for children aged 5-7), congratulatory gifts for employees' children entering elementary school, paid leave for wedding anniversaries, etc.</li></ul>



# Health and Safety Management

## Occupational Health and Safety Governance

### Roles and Responsibilities of Governance

#### Roles of the Board of Directors

The Board of Directors at **LOTTE Shopping** serves as the highest decision-making body for company-wide health and safety management. It reviews and approves related policies and strategies, and supervises system improvements for major issues and risks. The Board also reviews key matters and improvement tasks reported by each Business Division and establishes a company-wide response framework to prevent serious industrial accidents and ensure the safety of employees and customers. In addition, it assumes full responsibility for health and safety performance in accordance with relevant laws and regulations and ensures ongoing improvement efforts.

#### Roles of Executive Management

Executive management at **LOTTE Shopping** is responsible for ensuring effective implementation of the company-wide health and safety management system at the field level. Led by health and safety officers in each Business Division, management inspects on-site risks, establishes and implements preventive measures, and supports policies and programs that protect both employees and customers. Compliance with relevant laws and regulations is continuously monitored, and key outcomes and plans are reported to the Board annually to ensure transparent and accountable oversight.

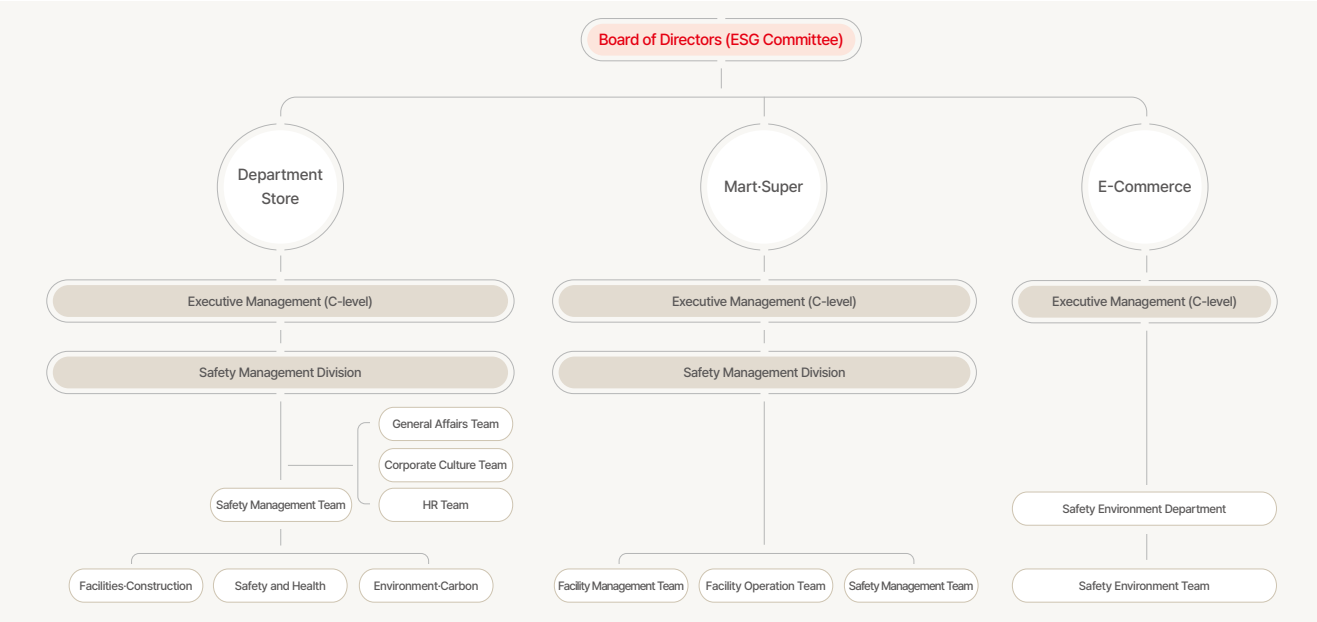
#### Roles of the Working-Level Organization

**LOTTE Shopping** actively enhances its company-wide health and safety management system, with a focus on the safety of all stakeholders, including customers and employees. Safety management teams operate at both headquarters and all business sites to improve employee health, working conditions, and customer safety. Through regular and specialized inspections, potential risks are identified and addressed promptly. We also monitor changes in health and safety regulations to ensure compliance and offers a range of training programs to strengthen the practical capabilities of frontline employees.

#### Occupational Safety and Health Council

**LOTTE Department Store, LOTTE Mart and LOTTE Super** hold quarterly Occupational Health and Safety Committee meetings to address key workplace health and safety issues. These meetings actively incorporate feedback from frontline employees to reflect real-world risks and identify areas for improvement, enabling the development of practical and actionable measures. Issues and risks reviewed by each Business Division are shared with the company-wide LOTTE Shopping Health and Safety Council, which also convenes quarterly. This council communicates with the central health and safety organization, supporting the consistent advancement of LOTTE Shopping's health and safety management system and strengthening overall response capabilities.

• Occupational Safety and Health Management Organizational Chart





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# Health and Safety Management

## Health and Safety Promotion Strategy

### Establishment of Health and Safety Management Foundation

#### Health and Safety Management Policy

**LOTTE Mart and LOTTE Super** have established and implemented a Health and Safety Management Policy to clearly define organizational roles and responsibilities and to manage and eliminate workplace hazards effectively. The policy applies to all individuals working at business sites, including employees and partner company personnel, and partner companies are actively encouraged to adopt it. Approved by the CEO, the policy and its revision history are transparently disclosed on the company's website.

**LOTTE Department Store and LOTTE E-Commerce** have also established Health and Safety Management Guidelines that prioritize the safety of various stakeholders, including employees, partner companies, and customers. These policies aim to ensure safe working environments. Based on them, each division implements systematic initiatives such as risk identification and proactive management. Through continuous monitoring and improvement, they pursue measurable enhancements in overall safety standards.

[LINK LOTTE Mart-Super Health and Safety Management Policy](#)

[LINK LOTTE Department Store Health and Safety Management Guidelines](#)

[LINK LOTTE E-Commerce Health and Safety Management Guidelines](#)



#### Implementation of Health and Safety Education

**LOTTE Shopping** provides mandatory occupational health and safety education for all employees to build proper safety awareness and practical response capabilities. This training serves as a critical foundation not only for legal compliance but also for workplace risk prevention and improved incident response.

**LOTTE Department Store** offers tiered training programs to enhance health and safety competencies, prevent workplace accidents, and protect workers. All employees complete mandatory health and safety education, while position-specific training is provided in parallel—such as manager and supervisor courses for team leaders, and safety management training for store managers and safety leads—to strengthen role-based capabilities. ISO 45001 internal auditor training is also provided to support autonomous on-site inspection and improvement. In addition, regular meetings and job-specific training sessions for health and safety personnel facilitate knowledge sharing and practical problem-solving among practitioners.

**LOTTE Mart and LOTTE Super** provide regular occupational health and safety training to prevent industrial accidents. In 2024, all employees are required to complete quarterly worker training, and new hires receive health and safety education during onboarding to instill a safety-first mindset from the start.

Quarterly job-specific training is provided to safety management personnel to enhance their professional expertise. In addition, legally mandated training is conducted once every two years for management representatives and annually for supervisors. Risk assessment training, though not legally required, is also offered to relevant personnel to strengthen their capabilities in proactively identifying and preventing potential workplace hazards.

**LOTTE E-Commerce** strengthens the expertise of its health and safety personnel by requiring completion of ISO 45001 auditor and internal auditor training, enhancing the organization's ability to operate its health and safety management system. Fire safety education is also mandatory for both new and existing employees, ensuring prompt and appropriate responses in emergency situations.



Fire safety legal education (LOTTE Department Store)



Quarterly job-specific education for the Safety Management Division (LOTTE Mart-Super)



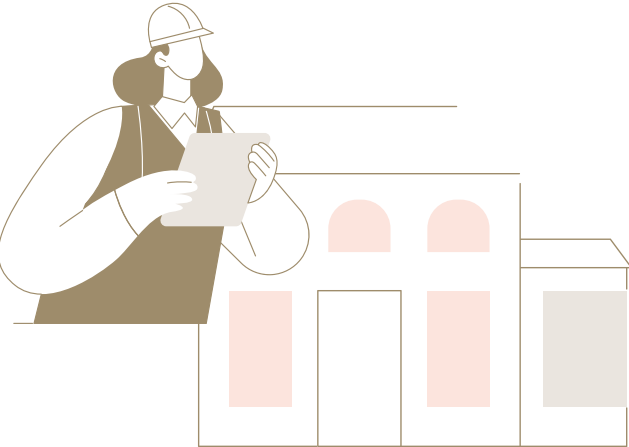
# Health and Safety Management

## Health and Safety Promotion Strategy

### Establishment of Health and Safety Management Foundation

#### Health and Safety Management Objectives

To implement a systematic approach to health and safety management, **LOTTE Shopping** has set and manages mid- to long-term Health and Safety objectives for all Business Divisions—including LOTTE Department Store, LOTTE Mart · Super, and LOTTE E-Commerce—from 2024 through 2026. Each division establishes annual goals based on its operational context and risk profile, and strengthens its management systems accordingly. At the company-wide level, LOTTE Shopping regularly monitors progress and analyzes outcomes to ensure health and safety practices are firmly embedded across the organization. Through these efforts, we are fostering a work environment where safety is a natural part of daily operations.



#### • Mid- to Long-Term Health and Safety Objectives

Category	2024	2025	2026
Department Store	<b>Advancement of Health and Safety Initiatives</b> <ul style="list-style-type: none"><li>Transition to Real-Time Risk Assessments and Quarterly Improvement of at Least One Hazard/Risk Factor at All Business Sites</li><li>Acquisition of ISO 45001 Certification</li><li>Expansion of AI-Based Fire Monitoring System Installation (29 Business Sites, 221 Channels)</li><li>Pilot Installation of 1,200 Arc Fault Circuit Interrupters to Prevent Electrical Fires</li></ul>	<b>Establishment of a Sustainable Health and Safety Management System</b> <ul style="list-style-type: none"><li>Expansion of ISO 45001-Certified Stores (54 stores → 67 business sites)</li><li>Establishment of Health and Safety Systems at Overseas Stores (4 Stores)</li><li>Integration of Third-Party Industrial Safety Management Contractors (23 Stores)</li><li>Installation of Safety Devices for CO<sub>2</sub> Fire Suppression Systems to Prevent Fatal Accidents (8 Stores)</li><li>Installation of Sprinkler Systems for Electric Vehicle Fire Suppression (2 Stores)</li></ul>	<b>Establishment of a Smart Health and Safety Management System</b> <ul style="list-style-type: none"><li>Completion of ISO 45001 Internal Auditor Training for Personnel at 67 Business Sites</li><li>Implementation of Occupational Health and Safety Assessments at Overseas Stores (4 Stores)</li><li>Digitalization of Occupational Health and Safety (OHS) Regulatory Documents<ul style="list-style-type: none"><li>Applicable Items: Risk Assessments, MSDS, Site Inspection Records</li></ul></li><li>Application of LOTO (Lock-Out, Tag-Out) System to Prevent Human Error During Use of Hazardous Machinery and Equipment</li></ul>
	<b>Strengthening Store-Level Health and Safety Management Systems</b> <ul style="list-style-type: none"><li>Expansion of Health and Safety Evaluation Items within KPIs</li><li>Increase in Participation in ISO 45001 Auditor Training and Certification</li><li>Implementation of Joint Risk Assessments with Partner Companies</li><li>Promotion of Smart Safety Management (Smart Airbag Vests, VR-Based Training, etc.)</li><li>Expansion of Health Promotion Initiatives for Employees</li><li>Distribution of Emergency Medical Devices to Employees</li></ul>	<b>Enhancing Communication and Training for Store-Level Health and Safety Management</b> <ul style="list-style-type: none"><li>Conducting Integrated ISO 45001 Certification Audit for Mart and Super</li><li>Production and Distribution of Video Manuals for Risk Assessments</li><li>Provision of Cooling Wear for Workers in Heat-Vulnerable Store Areas</li><li>Provision of Professional Psychological Counseling Services for Employees</li><li>Provision of CPR Training and Certification Support for Supervisors</li></ul>	<b>Embedding Health and Safety Practices in Daily Operations</b> <ul style="list-style-type: none"><li>Completion of ISO 45001 Surveillance Audit</li><li>Strengthening of Routine and Joint Inspections of Subcontractors</li><li>Introduction of Centralized Monitoring System Across Business Sites</li><li>Expansion of Rest Booths in Inspection Areas to Prevent Heat-Related Illnesses</li><li>Enhancement of Hazardous Substance Management in Workplaces (MSDS, Training, etc.)</li><li>Implementation of Measures to Reduce Workplace Illness Rates</li></ul>
E-Commerce	<b>Implementation and Operation of the Health and Safety Management System</b> <ul style="list-style-type: none"><li>Acquisition of ISO 45001 Certification</li><li>Continuous Operation of In-House Health Management Rooms</li></ul>	<b>Establishment of a Sustainable Health and Safety System</b> <ul style="list-style-type: none"><li>Completion of Specialized Training for Health and Safety Personnel</li><li>Operation of Employee Feedback Channels for Safety (Safety Report Hotline)</li></ul>	<b>Strengthening the Health and Safety Management Framework</b> <ul style="list-style-type: none"><li>Establishment of Themed Inspection Protocols (e.g., Fire, Slips, Falls, Musculoskeletal Disorders)</li><li>Advancement of the Health and Safety Management System Manual</li><li>Completion of ISO 45001 Recertification Audit (Valid Through 2027)</li></ul>



# Health and Safety Management

## Health and Safety Risk Management

### Health and Safety Management Activities

#### Third-Party Certification of the Health and Safety Management System

**LOTTE Mart and LOTTE Super** maintain ISO 45001 certification—the international standard for occupational health and safety management systems—across all stores and business sites. ISO 45001 provides a global framework for protecting worker health and safety and preventing industrial accidents and occupational illnesses.

Through this certification, LOTTE Mart and LOTTE Super have established systematic health and safety management processes to proactively identify and control potential hazards at each site. Regular internal audits and external surveillance audits are conducted to assess system effectiveness and sustainability. Based on these assessments, continuous improvements are made to ensure a safe environment for both employees and customers.

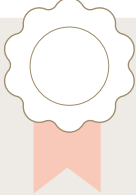
#### • ISO 45001 Certification Status

Certification Standard

ISO 45001: 2018

Certification Body

Korea International Standards Certification Center (KISCC)



Certification Scope and Validity Period

LOTTE Department Store

• Scope: Operation of department stores, outlets, and shopping malls

• Validity Period: September 9, 2024 – September 8, 2027

LOTTE Mart

• Scope: Sales of groceries and daily necessities

• Validity Period: December 23, 2024 – December 26, 2027

LOTTE E-Commerce

• Scope: Operation of e-commerce platforms, online shopping centers, and logistics centers

• Validity Period: September 2, 2024 – September 1, 2027

#### Workplace Safety Inspections

**LOTTE Shopping** prioritizes the safety of employees and customers by deploying professional safety personnel to carry out regular inspections and maintenance of key facilities. In accordance with Article 4, Item 5 of the Enforcement Decree of the Serious Accidents Punishment Act, safety management at all business sites is evaluated at least every six months, with findings and improvement actions reported to the CEO. This process supports the establishment and continuous advancement of a systematic safety management framework.

**LOTTE Department Store** conducts biannual inspections of 29 department stores, 21 outlets, and 4 shopping malls to assess compliance with occupational health and safety standards. When hazardous conditions or risks are identified, prompt corrective actions are taken. These inspections also evaluate the implementation of health and safety management at each site and gather feedback from frontline staff, fostering practical and proactive safety practices.

#### • Workplace Safety Inspections

Lotte Department Store <sup>1)</sup>						
Category	Department Store		Outlet		Shopping Mall	
	First Half	Second Half	First Half	Second Half	First Half	Second Half
Grade S (95 points or above)	22 sites	17 sites	16 sites	11 sites	2 sites	0 sites
Grade A (90 points or above)	8 sites	12 sites	5 sites	10 sites	2 sites	3 sites
Grade B (Below 90 points)	0 sites	0 sites	0 sites	0 sites	0 sites	1 sites

1) Based on the number of stores where risk factors were identified

As of the second half of 2024, 28 stores were rated Grade S. For sites where deficiencies were found, immediate improvement plans were developed and implemented.

**LOTTE Mart and LOTTE Super** conduct regular risk assessments and safety inspections at all business sites to continuously evaluate and improve safety levels. Identified risk factors are categorized into three levels: high- and medium-risk issues are promptly addressed with corrective measures, while low-risk issues are continuously monitored to ensure swift response to changes. For risks requiring structural solutions, phased mid- to long-term improvement plans are developed and systematically managed. Through these efforts, LOTTE Mart and LOTTE Super strengthen a proactive safety response system and maintain a work environment where employee safety remains the highest priority, thereby preventing industrial accidents.

LOTTE Mart · Super <sup>2)</sup>				
Category	Mart		Super	
	First Half	Second Half	First Half	Second Half
Risk Assessment	839 sites	922 sites	126 sites	114 sites
Safety Inspections	Total: 114 pts Avg. 9.8 cases per store		Total: 197 pts Avg. 3.9 cases per store	

2) Based on number of identified risk factors



# Health and Safety Management

## Health and Safety Risk Management

### Health and Safety Management Activities

#### Integrated Facility Safety Management System

**LOTTE Department Store** operates the SE-FMS (Smart Environment-Facility Management System) for integrated safety, health, and facility management. The system utilizes AI with machine learning to enhance fire monitoring and automatically activates exhaust fans in the event of a fire in underground parking lots, helping to minimize fire spread and enable a swift initial response.

Recognizing the unique risks of electric vehicle (EV) fires, LOTTE Department Store has also developed and installed a direct water-spray system targeting the underside of EVs. This enables faster and more effective suppression, reinforcing emergency response capabilities.

**LOTTE Mart** operates a Facility and Energy Management System (FEMS) to systematize facility inspections and safety management, helping to proactively prevent safety incidents at its business sites.

#### Safety Management Investment

**LOTTE Department Store, LOTTE Mart and LOTTE Super** allocate and manage annual health and safety budgets to ensure safe working environments and support employee well-being. Each Business Division actively invests in on-site safety management through regular facility inspections, equipment upgrades, and the expansion of safety gear. Funding is also directed toward employee wellness programs and medical support to promote better health management.

◆ Safety Management Budget Status			(Unit: KRW 100 million)
Category	Department Store	Mart/Super	
Facility Inspections	1,364.0	431.5	
Facility and Safety & Health Investments	333.4	138.5	
Health and Safety Management System	0.5	0.5	
Serious (Civil) / Industrial Accident Prevention	65.7	73.9	
Health and Safety Education	0.4	1.4	

#### Employee Health Promotion

**LOTTE Shopping** supports regular health checkups to foster a healthy work environment and prevent illness. For employees identified as requiring further examination, follow-up support includes guidance on additional diagnostic testing and referrals for professional medical consultations, helping them continuously monitor their health. These efforts enable early detection and prevention of illness while enhancing overall employee well-being.

**LOTTE Department Store** has expanded health checkup benefits to include family members through the updated Welfare Wallet program. We also provide promotional offerings through the RE:JOICE Psychological Counseling Center to support the mental well-being of employees and their families.

**LOTTE Mart and LOTTE Super** provides professional psychological counseling to support emotional well-being and a healthy work environment. Regular job stress assessments and training programs are conducted to identify and address stress factors proactively.

**LOTTE E-Commerce** provides on-demand health consultations and emergency response services through a 24/7 health management room available to both employees and partner company staff. We also publish a Monthly Health Report offering practical health tips and seasonal disease prevention guidance.

#### Seasonal Safety Management

**LOTTE Department Store** conducts seasonal, field-oriented inspections and training programs tailored to different types of accidents. In winter, fire drills and special training led by store managers are held to strengthen fire prevention and response, while heating equipment in vulnerable areas is inspected to prevent pipe freezing. In summer, countermeasures against typhoons and heavy rain are implemented, with focused inspections on the hygiene and safety of refrigeration and freezing equipment. During the thawing season, inspections target potential hazards such as loose fixtures, and subsidence of roads or sidewalks to prevent accidents from falling or tipping.

**LOTTE Mart and LOTTE Super** work to protect employee health and improve work environments in response to seasonal conditions. In winter, cold weather gear such as thermal gloves, earmuffs, neck warmers, and hot packs is provided. In summer, employees receive cooling vests, arm sleeves, and portable air conditioners to prevent heat-related illnesses. Additionally, a custom-designed perceived temperature meter has been developed and distributed to strengthen monitoring of climate-related safety risks.

#### Emergency Preparedness Measures

**LOTTE Department Store** has established a robust system of emergency drills and technology-based prevention protocols to ensure swift and effective crisis response. All stores regularly conduct drills such as emergency team dispatch simulations, elevator rescues, typhoon and flood response training, evacuation exercises, and hands-on CPR training to strengthen real-time response capabilities.

To enhance EV fire preparedness, we have reinforced first-response equipment and adopted AI-based video surveillance that detects smoke and flames in real time through CCTV footage, enabling earlier identification and faster response. Periodic precision diagnostics of electrical equipment are also performed to prevent blackouts and fires, and the installation of arc fault circuit interrupters further strengthens equipment-related preventive measures.

**LOTTE Mart and LOTTE Super** actively promotes field-focused safety management to prevent in-store accidents and strengthen emergency response capabilities. To reduce fire and explosion risks, battery storage boxes have been distributed to stores and logistics facility rear areas, establishing a safe system for battery storage and management while preemptively eliminating fire hazards.

CPR training is provided to store managers and headquarters executives to ensure a rapid first response in emergencies. On-site safety managers are also supported in obtaining CPR instructor certification, equipping them with essential life-saving skills for urgent situations



# Quality Management

## Quality Management Governance

### Roles and Responsibilities of Governance

#### Roles of Executive Management

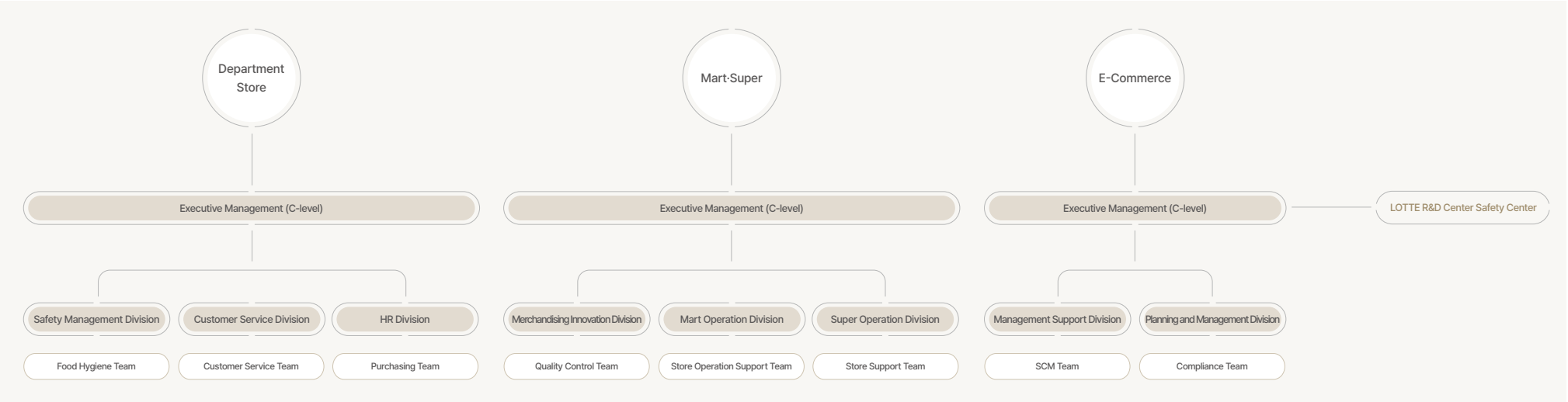
As the final decision-making authority across all distribution processes, the executive management of **LOTTE Shopping** fully recognizes that the products and services we provide have a direct impact on the safety, health, and convenience of our customers and local communities. Accordingly, they oversee the establishment and implementation of evaluation processes related to product and service quality and safety, and actively support the rigorous practice of quality management.

#### Roles of the Working-Level Organization

**LOTTE Shopping** has established and implemented evaluation and management processes covering all distribution stages to improve product and service quality and ensure safety. Appropriate quality and safety inspections are conducted at each stage—from procurement to distribution and sales—and we continue to enhance the level of inspection and control in collaboration with the Safety Center of the LOTTE Central Research Institute. Additionally, we manage customer touchpoints to protect customer interests and rights, and plan and operate product and service strategies designed to deliver innovative customer experiences.



• Quality Management Governance





- Human Rights Management
- Talent Management
- Health and Safety Management
- **Quality Management**
  - Sustainable Supply Chain
  - Social Contribution

# Quality Management

## Quality Management Strategy

### Quality Management System

#### Quality and Safety Management Process

**LOTTE Shopping** has established an integrated quality and safety management system spanning the entire distribution process. This system is led by the quality and safety departments of each Business Division and the LOTTE R&D Center Safety Center (hereinafter referred to as the “LOTTE Safety Center”). All products distributed by LOTTE Shopping undergo strict verification procedures prior to procurement. For private brand (PB) products, quality and safety inspections are conducted at every stage—from raw material sourcing to manufacturing, distribution, and sales. Furthermore, through close cooperation among Business Divisions, the LOTTE Safety Center, and relevant government agencies, we operate a real-time monitoring system that covers the entire distribution and consumption process, enabling prompt response in the event of any quality or safety issues.

#### • Product Lifecycle-Based Quality and Safety Management



1) Conducted separately based on the distribution structure of each Business Division

### Establishment of Quality Management Infrastructure

#### LOTTE Safety Center

**LOTTE Shopping** collaborates with the LOTTE Safety Center to ensure the safe distribution of products. The LOTTE Safety Center is a specialized research institute dedicated to maintaining in-store hygiene and ensuring product safety for the distribution affiliates of LOTTE Group. Since its official launch in 2009, the Center has built a best-in-class product analysis infrastructure through continued investment and talent development, and it is staffed with highly qualified researchers specializing in product inspections, analysis, training, and other related fields. The LOTTE Safety Center has developed an independent hygiene and safety management system based on domestic regulations and international food safety management standards. Leveraging this framework, the Center conducts regular on-site inspections to assess and improve hygiene conditions in stores. In addition, it continues to enhance the quality and sophistication of safety inspections for private brand (PB) products—including pre-distribution, routine, and special inspections—through ongoing research and the development and adoption of data-driven digital transformation systems. In 2024 alone, LOTTE Shopping conducted a total of 14,586 product safety inspections through the LOTTE Safety Center. To uphold strict quality and safety standards and enhance reliability, routine inspections are conducted regularly, even for identical products.

#### • Status of Safety Inspection

Category	2022	2023	2024
Food	4,684	7,703	6,892
Non-Food	12,528	8,994	7,694
Total	17,212	16,697	14,586

#### Smart Safety Management System

**LOTTE Shopping** has introduced a smart safety management system to systematically monitor and enhance hygiene and product safety across its stores. Through “Hi Genie”—an integrated hygiene inspection and safety information platform developed by the LOTTE Safety Center—store-level data is collected, and both hygiene management standards and risk factors are analyzed and managed accordingly. In 2024, we also developed and launched “L.Scan,” a self-check mobile app for household goods. Using the app, store employees can scan products to instantly access safety certification details, expiration dates, and recall history. This enables frequent safety checks and supports the swift identification and management of potential risks. **LOTTE Mart** has installed IoT-based smart sensors in refrigerators and freezers to monitor temperature, door activity, and power consumption in real time from a centralized control center. It became the first distributor in Korea to obtain Smart HACCP certification. Additionally, smart monitoring systems have been deployed in in-store food preparation areas to continuously assess and manage operational safety in real time.

#### Quality and Safety Training

In response to the rising global demand for enhanced quality and safety standards, **LOTTE Shopping** provides training programs for employees in quality and safety-related roles. The curriculum covers key topics such as hygiene and safety regulations, certification systems, quality and safety management for export products, and partner oversight—all aimed at strengthening role-specific competencies. In 2024, a total of 2,415 employees participated in the training. **LOTTE Mart and LOTTE Super** also conducted online and offline training sessions in 2024 for OEM partners. These sessions were designed to proactively mitigate risks by sharing relevant quality and safety regulations as well as LOTTE Shopping’s internal quality standards.

# Quality Management

## Quality Management Strategy

### Product Quality Management

#### Quality and Hygiene Supervision

**LOTTE Department Store** provides quality and hygiene supervision to partner companies operating in department stores, shopping malls, and outlets nationwide. This is carried out by designated quality evaluators assigned by region and store. In collaboration with the LOTTE Central Research Institute's Safety Center, evaluation plans are developed to reflect the operational characteristics of each store and partner.

Through cross-inspections by the Safety Center and quality evaluators, the entire process—from evaluation and improvement planning to the implementation of corrective actions and follow-up inspections—is managed systematically. All hygiene and safety inspection results are recorded in “Hi Genie,” the integrated inspection platform.

• Status of Quality and Hygiene Supervision in 2024

Category	Unit	2024
Quality Evaluators	persons	43
Partners Evaluated	companies	2,285
Quality and Hygiene Supervision	sessions	2,667
	hours	106,680

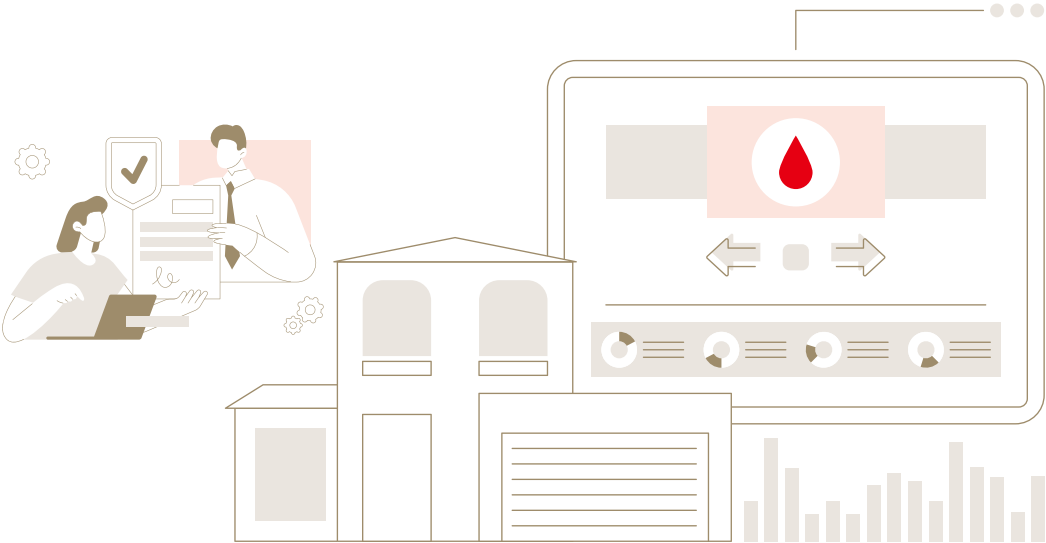


#### Foreign Substance Inspection

To prevent the contamination of food products with foreign substances, **LOTTE Shopping** conducts inspections in accordance with the standard analysis procedures established by the LOTTE Safety Center. The scope of detection has been expanded through the application of DNA analysis for animal and plant tissues, as well as Pyrolyzer GC/MS technology for plastic materials. In addition, a casebook of foreign substance analysis is shared with store teams to enable prompt and accurate responses to contamination-related issues.

#### Luxury Goods Verification System

**LOTTE E-Commerce** distributes luxury brand products through LOTTE ON, leveraging the platform's strong brand credibility. Merchandisers (MDs) carefully select brands and products that reflect the latest trends and directly enter into contracts with local partners in countries such as Italy and France. All directly sourced products undergo full inspection at the logistics center to verify authenticity. Only items that pass this inspection are sold with a label confirming they have been officially purchased and authenticated by LOTTE ON. As a result of this rigorous verification process, there were no complaints or authenticity issues reported in 2024, continuing the record set in 2023.





# Quality Management

## Quality Risk Management

### Product Management Control

#### Fresh Food Quality Improvement Project: “RE:FRESH”

Since 2022, **LOTTE Mart** has been implementing the “RE:FRESH” project through the establishment of the Lead Fresh Task Force (TF), with the aim of providing customers with fresh food products of the highest taste and quality in a stable manner. This project involves a comprehensive analysis of the entire process—from seed selection at the production site to harvesting, distribution, and in-store display—identifying and improving factors that lead to quality deterioration. The ultimate goal is to deliver only carefully selected, top-quality products to customers.

Since the project’s launch, a total of 220 improvement tasks have been identified and implemented across 45 product categories, including fruits, meat, and seafood. As of the end of 2024, renewal efforts have been completed for 31 of these categories. The project has also been extended to the Vietnam subsidiary, where 50 improvement tasks across seven categories—including apples and salmon—have been identified and implemented. Moving forward, LOTTE Mart plans to continue the “RE:FRESH” project and pursue a range of Lead Fresh campaign initiatives tailored to the specific needs of both domestic and overseas operations.

Case 1

Fruits

High-Sugar Watermelon<sup>1)</sup>

99%

1) 11°Brix or Higher

Defective Product Outbound Rate


0.01%

To ensure the distribution of high-quality fruit products, LOTTE Mart collaborates with local distribution centers to operate AI-based grading systems. These systems integrate deep learning technology into conventional non-destructive sugar content sorters, creating an automated produce inspection system that significantly enhances the objectivity and precision of sorting standards—ultimately improving quality reliability.

In 2022, LOTTE Mart became the first retailer in Korea to introduce AI-based sorting technology for melons and apples. Currently, the technology is applied to over 90% of items suitable for machine-based sorting, allowing for stable delivery of consistently high-quality and flavorful products.<sup>1)</sup>

LOTTE Mart plans to further expand the application of AI sorting systems while continuing to analyze and improve every stage of the fruit distribution process—from variety selection and cultivation to sorting, storage, and display—to further enhance the overall quality competitiveness of fresh foods.

<sup>1)</sup> Applied to 9 items, including watermelon, Korean melon, peach, and grape.



Case 2

Pork Belly

To ensure the quality of pork belly, LOTTE Mart conducted a Proof of Concept (POC) test in February 2024 and began applying SAFE AI in January 2025 to inspect all products in-house prior to sale. This approach ensures the consistent provision of high-quality products based on standardized criteria. At the Fresh Innovation Center, pork belly cross-sections are photographed and analyzed using artificial intelligence (AI) to proactively block the sale of products with excessive fat content. The number of inspections for sample products upon receipt has also been doubled. To maintain consistent quality, LOTTE Mart manages product traceability data collected through AI-based inspections. Additionally, all pork belly products are fully unwrapped for display, allowing customers to directly verify product condition.

Case 3

Hanwoo (Korean Beef)

LOTTE Mart is offering premium-quality Hanwoo (Korean beef) at reasonable prices by reforming its livestock distribution structure. Merchandisers (MDs) participate directly in auctions at local wholesale markets, streamlining distribution and strengthening quality control. A key result of this reform is the 2022 launch of “Marble Nine,” a high-end brand offering only BMS No.9 cuts—the highest marbling score within 1+-. In February 2024, Marble Nine sirloin was sold about 14% below the month’s average consumer price announced by the Korea Institute for Animal Products Quality Evaluation.

LOTTE Mart also offers antibiotic-free, eco-friendly Hanwoo and products certified under the “Clean Livestock Farm” program, selecting only beef from farms that meet strict standards for both raw materials and rearing conditions.

Case 4

Shine Muscat

LOTTE Mart expanded its Lead Fresh initiative from Korea to Vietnam, supplying popular Korean Shine Muscat grapes to boost agricultural exports. Through integrated sourcing between the Korean and Vietnamese entities, premium Shine Muscats were offered at competitive prices. In the second half of 2024, sales of Shine Muscats reached about KRW 490 million, up 60% year-on-year. Going forward, LOTTE Mart plans to expand integrated sourcing to include items such as pears and Korean melons, further enhancing the export competitiveness of Korean produce.

# Quality Management

## Quality Risk Management

### Product Safety Management

#### Food Safety Management

**LOTTE Mart and LOTTE Super** provide safe and reliable food through rigorous food safety management. In particular, during the summer season—when temperature and humidity rise sharply—they strengthen hygiene protocols to proactively address sanitation risks. A focused management period is designated for summer-season food categories, during which high-risk items are intensively managed using a three-tier hygiene management rating system based on hazard levels, in collaboration with the LOTTE Safety Center. For ready-to-eat products such as sushi and gimbap, LOTTE Mart and LOTTE Super reduce distribution time to maintain freshness, and conduct unannounced in-store inspections to ensure strict compliance with standards for cleanliness, hygiene, and store operations.

#### Hygiene Management of Food Preparation Facilities

**As LOTTE Mart and LOTTE Super** expand their fresh and prepared food categories under the Grand Grocery format, the importance of hygiene and safety management in in-store food preparation facilities has grown significantly. Regular hygiene inspections are conducted to ensure the quality and safety of products prepared in these facilities. In collaboration with the LOTTE Safety Center, we continuously monitor the sanitary conditions of food preparation areas and verifies compliance with applicable laws and regulations. Real-time monitoring is also carried out for both raw materials and finished products. Each store designates a Quality Supervisor (QSV), who is responsible for conducting routine hygiene inspections. All inspection results are recorded in the “Hi Genie” hygiene and safety inspection platform, enabling prompt response to identified issues or potential risks.

#### Retail Path Inspection

To ensure the safety of ready-to-eat foods, **LOTTE Mart and LOTTE Super** conduct retail path inspections at logistics centers prior to store delivery. Microbiological testing—such as for E. coli and foodborne pathogens—is performed on raw materials used in food products. For raw oysters, LOTTE became the first retailer in Korea to establish a farm-specific traceability system and uses genetic analysis techniques to rigorously control norovirus contamination. In addition, the Fresh Quality Innovation Center conducts thorough pesticide residue testing at the receiving stage. If agricultural products exceed regulatory limits, distribution is immediately suspended and resumed only after safety has been verified through corrective actions.

#### Household Chemical Products Management

**LOTTE Mart and LOTTE Super** strictly review and regulate product specifications and ingredients to ensure the provision of safe and legally compliant household chemical products. For private brand (PB) products in particular, LOTTE applies risk-based management grades and establishes safety standards by product type. These measures are based on domestic laws and regulations, product characteristics, target age groups, and emerging safety concerns, ensuring a high level of product safety. As of the end of 2024, four “GOOD TODAY” PB products from LOTTE Mart and LOTTE Super were certified as outstanding products for the reduction of hazardous substances.<sup>1)</sup> Since 2017, LOTTE has participated in the Voluntary Agreement for the Safety Management of Household Chemical Products to reinforce corporate responsibility in safety. In addition, all product ingredients are transparently disclosed on the Ministry of Environment's website to provide consumers with clear and accessible information.

1) “GOOD TODAY” oxygen bleach, baking soda, dehumidifier, and ethanol washer fluid.

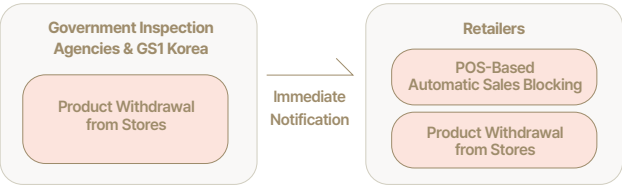
#### Online Product Management

**LOTTE E-Commerce** requires partner sellers to submit valid safety certification data when registering regulated products—such as electronic devices, children’s products, and household chemical products. In particular, KC certification for electronic and children's products is verified in collaboration with the LOTTE Safety Center. Using the RPA (Robotic Process Automation) system, monitoring is completed within three days of the product's sales launch. A second review by the LOTTE Safety Center is then conducted to identify non-compliant items. If a product is deemed non-compliant, both the seller and the sales representative receive immediate notification requesting corrections or supplementary documentation. If corrective action is not taken within the specified timeframe, the product is suspended from sale.

#### Hazardous Product Sales Blocking System

In 2009, **LOTTE Shopping** became the first retailer in the industry to implement the Hazardous Product Sales Blocking System to ensure safe consumption for customers. The system is designed so that when relevant government agencies—such as the Korea Agency for Technology and Standards (KATS), Ministry of Environment, or Ministry of Food and Drug Safety—identify a product as hazardous and share that information with retailers, sales of the affected product are immediately blocked at store level. LOTTE Shopping has also automated the sales-blocking notification process using RPA and maintains close collaboration with the relevant authorities. This enables rapid suspension of hazardous product sales and improves the effectiveness of subsequent response measures

##### • Hazardous Product Sales Blocking Process





# Quality Management

## Quality Risk Management

### Customer Communication

#### Integrated Customer Center Operations

**LOTTE Shopping** operates a centralized online customer center to respond promptly and efficiently to customer inquiries. To enhance accessibility and convenience, multiple service channels—including chatbots, live chat, and voice consultations—are provided. Beyond timely handling of inquiries and complaints, LOTTE also proactively identifies potential risks from the customer's perspective. These efforts aim to continuously improve service quality and provide a differentiated, customer-centric experience.

**LOTTE Department Store** further operates a dedicated online Voice of Customer (VoC) channel to deliver more refined and personalized customer service. Feedback submitted at each store is addressed in real time by the customer service office, which conducts daily one-on-one consultations. All reported cases are 100% processed and answered without exception.

#### • Status of Integrated Customer Center Operations

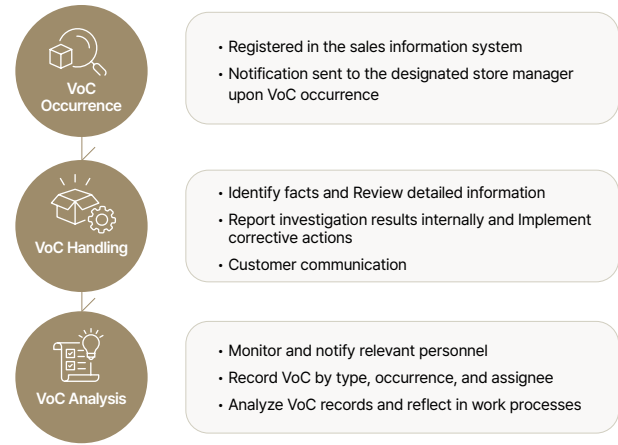
Category	Unit	2024
VoC Received	cases	1,219,740
VoC Resolution Rate	%	100

• Service Defect Rate Relative to Online Orders					(Unit: %)
Category	2021	2022	2023	2024	2025 Goal
Service Defect Rate	0.54	0.45	0.39	0.30	0.25

#### VoC Management System

**LOTTE Shopping** actively responds to customer needs and complaints through its VoC (Voice of Customer) management system, with the goal of continuously improving service quality. VoC submitted through the customer center is immediately shared with the relevant store via the system. In principle, each case is investigated and addressed within two days of registration. The system also maintains a detailed history of VoC occurrences categorized by type, store, and responsible department. In addition, LOTTE Shopping generates VoC analysis reports to identify improvement areas and implement corresponding action plans.

#### • VoC Response Process



#### VoC-Based Service Improvement

**LOTTE Department Store** prepares a monthly VoC calendar to identify issue types frequently reported during specific seasons or circumstances, as part of its efforts to enhance customer satisfaction. Identified VoC are categorized as either critical or general issues, with corresponding improvement plans established and implemented across all stores. In 2024, “service dissatisfaction” was designated as a critical issue. Service specialists were dispatched to each store to provide hands-on coaching tailored to on-site conditions and to offer guidance for service improvement. As a result, VoC related to service dissatisfaction decreased by approximately 11% compared to the previous year.

**LOTTE E-Commerce** promptly responds to customer complaints submitted via the customer center in order to restore trust and enhance service satisfaction. For sensitive issues directly related to product and service quality—such as counterfeit products, foreign substance contamination or spoilage in food, and breaches of personal information—relevant departments verify the issue immediately and operate under a system that aims to resolve all cases within two business days. In addition, for products with a defect or quality issue that causes return rates to exceed internal thresholds, relevant information is shared in real time with the assigned MD. The MD promptly determines whether to suspend sales or secure alternative products to prevent recurrence of similar issues.

#### • Status of VoC Submissions Related to Service Dissatisfaction at Dept. Store

Category	Unit	2023	2024
VoC Received	cases	7,442	6,630

#### Customer Satisfaction Survey

Since 2023, **LOTTE Department Store** has conducted customer satisfaction surveys twice a year to gain a precise understanding of customer needs, fulfill expectations, and continuously enhance service quality. Survey participants are selected based on data such as visit frequency and purchase volume. In 2024, approximately 30,000 customers took part in the survey. The survey gathers feedback on store-specific visit experiences, inconveniences encountered during the service process, and suggestions for improvement. Based on the results, LOTTE Department Store continues to implement customer-centric service improvement initiatives.

# Quality Management

## Quality Risk Management

### Customer Experience Improvement

#### Naeil-ONDA (Next day delivery)

**LOTTE E-Commerce** is enhancing its delivery services to create a customer-centric shopping environment. In March 2024, LOTTE E-Commerce launched Naeil-ONDA (Next day delivery) with approximately 10,000 items and has since expanded the service to cover 460,000 items as of April 2025. By refining product selection criteria and optimizing delivery data, we have improved both delivery efficiency and accuracy. Currently, about 55% of all items are eligible for Naeil-ONDA. In addition, LOTTE E-Commerce is reviewing the introduction of a same-day delivery service, Oneul-ONDA (Same day delivery), to offer more tailored delivery options suited to diverse lifestyle patterns, thereby continuously enhancing customer convenience.

Furthermore, since March 2023, we have been operating the Preferred Delivery Date service, which allows customers to directly select their desired delivery date up to 30 days in advance. This feature enables customers to receive items without any separate consultation and is particularly popular in categories like furniture, which include many large-sized items. Building on these improvements, LOTTE E-Commerce remains committed to delivering a differentiated shopping experience that meets and exceeds customer expectations.

1) As of April 2025.

#### Order Cancellation Process Enhancement

In 2024, **LOTTE E-Commerce** enhanced its order cancellation process to improve customer convenience and protect consumer rights. The revised policy allows customers to cancel orders easily within the mobile application without contacting the customer center. Additionally, the system was upgraded to permit changes to delivery addresses and product options even after purchase.

#### Enhanced Accessibility for Self Check-Out (SCO) System

**LOTTE Mart and LOTTE Super** are continuously upgrading the functions of their self check-out (SCO) systems to enhance customer convenience and user experience. In 2024, a pre-payment function for parking fees was added to the SCO terminals, streamlining the customer journey. Contactless payment options were also expanded for international customers. To ensure that all customers can use SCO more easily and comfortably, the systems are being improved to enhance both information accessibility and usability. Since February 2025, barrier-free kiosks have been introduced on a trial basis, marking the first step toward more inclusive shopping services that accommodate diverse customer needs. LOTTE Mart and LOTTE Super remain committed to building a customer-centric shopping environment and delivering accessible and convenient retail spaces for everyone.



SCO System for Cash and Gift Certificate Payments

#### Introduction of Cash & Gift Certificate SCO

In 2024, **LOTTE Mart and LOTTE Super** introduced a new self check-out (SCO) system that supports multiple payment methods—including cash, cards, gift certificates, and checks—on a single terminal. Previously, customers had to use staffed counters or cash-only SCOs to pay with cash or gift certificates. With the new system, all payment types can now be processed at one machine, resulting in shorter wait times and fewer payment errors. Equipped with an automatic settlement function, the ATM-type terminal completes the entire process—from inserting cash or gift certificates to payment and change return—in under five seconds. All transaction data is collected in real time by the store, headquarters, and system provider, ensuring high accuracy.

This system originated from an on-site employee's idea and was developed over two years to meet the specific operational needs of LOTTE Mart and LOTTE Super. It is recognized as a best-practice case for improving both operational efficiency and customer convenience. As of March 2025, the system is in pilot operation at 10 LOTTE Mart stores, with plans to first expand deployment across LOTTE Mart and then gradually roll it out to LOTTE Super.

• Usage Rate of Cash & Gift Certificate SCO Terminals <sup>1)</sup>			(Unit: %)
Store	Before Introduction <sup>2)</sup>	After Introduction	
Yangpyeong Store	82.1	99.6	
Geumcheon Store	78.3	98.6	
World Tower Store	69.8	96.1	
Gimpo Airport Store	73.0	90.5	
Ansan Store	68.4	86.4	

1) Based on monthly transaction share. SCO introduction timing varies by store; post-introduction data as of March 2025.

2) Based on the operation of SCO terminals that support card payments.



# Sustainable Supply Chain

## Supply Chain Management Governance

### Roles and Responsibilities of Governance

#### Roles of the Board of Directors

**LOTTE Shopping** operates a board-level oversight system to establish a sustainable supply chain and ensure responsible management. Key policies and strategic directions related to supply chain management are submitted to the Board as ESG agenda items. The Board reviews these reports to identify risks, assess the appropriateness of policies, and monitor implementation levels. In particular, it actively examines critical sustainability-related issues—such as ESG risks among partners, fair trade practices, and human rights and environmental concerns within the supply chain. When necessary, the Board recommends improvements to management, thereby reinforcing transparency and accountability throughout the supply chain.

#### Roles of Executive Management

**LOTTE Shopping's** executive management holds primary responsibility for the practical execution of supply chain management. It leads collaborative efforts across Business Divisions and relevant departments to ensure that policies and strategies are effectively implemented in the field. Management focuses on the prevention of financial and non-financial risks within the supply chain and oversees operational performance. It also plays a central role in field-based execution, including operating the ESG evaluation system for partners, identifying improvement areas, providing feedback, and monitoring compliance with fair trade practices. Moreover, management is responsible for designing and implementing concrete initiatives aimed at building a sustainable supply chain. In the event of any issues, swift action and decision-making are taken to prevent risk escalation. The system is continuously refined to ensure that responsible supply chain management is firmly embedded across the organization.

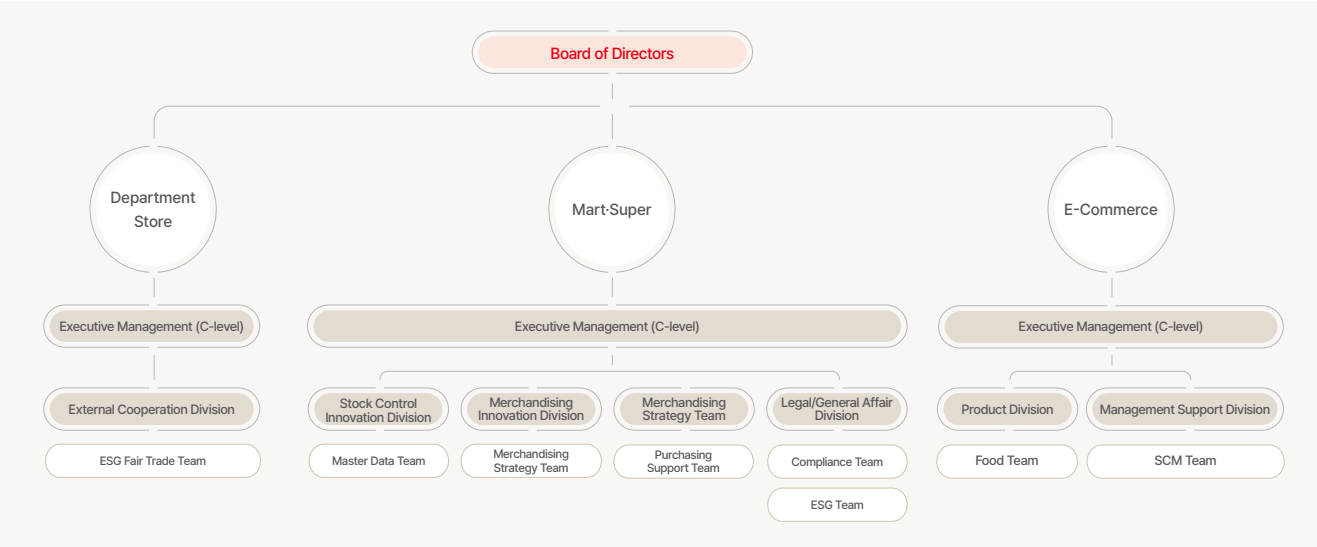
#### Roles of the Working-Level Organization

**At LOTTE Department Store**, the Win-Win Growth Part within the ESG Fair Trade Team serves as the core working-level unit for promoting collaborative growth within the supply chain. This team oversees a range of support programs aimed at fostering mutually beneficial partnerships with suppliers. It also works in cooperation with external institutions—such as the Korea Commission for Corporate Partnership and the Small Business Distribution Center—to plan and operate joint programs. Additionally, the team is responsible for managing the company's participation in external evaluations, including the Mutual Growth Index assessment.

**LOTTE Mart and LOTTE Super** reinforce supply chain sustainability and fairness through specialized working-level teams across each division. The Master Data Team under the SC Innovation Division monitors the onboarding processes for new suppliers and manages product and supplier master data. The Merchandising Strategy Team under the Merchandising Innovation Division facilitates supplier communication by developing contract guidelines and hosting "Partners' Day" events. The Purchasing Support Team within the Finance Division oversees contracts and ESG risk management for procurement and service partners. The Compliance Team under the Legal Affairs Division monitors fair trade-related contract compliance. Meanwhile, the ESG Team implements win-win growth policies and supports the ESG capability enhancement of suppliers through initiatives such as funding, market access programs, and training.

**At LOTTE E-Commerce**, the SCM Team is responsible for developing onboarding policies and operational processes for suppliers. It also strengthens fair and responsible supply chain practices through updates to business terms and the establishment of codes of conduct. The Food Team, in collaboration with external organizations, manages the Win-Win Growth Fund and provides training for suppliers, including those participating in government support programs.

• Supply Chain Management Governance



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# Sustainable Supply Chain

## Supply Chain Management Strategy

### Enhancing Business Stability

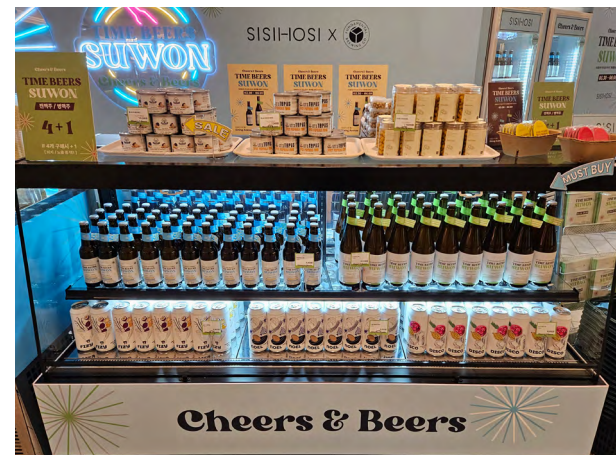
#### Support for Partners' Sustainable Management

To strengthen the foundation for sustainable growth, **LOTTE Department Store** has signed an ESG support agreement with the Korea Commission for Corporate Partnership for four consecutive years. Based on this agreement, we operate tailored consulting programs that provide practical support across the environmental, social, and governance areas—including diagnostics, identification of improvement tasks, expert consultation, and action planning. These efforts aim to help partners build autonomous ESG capabilities. We remain committed to enhancing the sustainability of the entire supply chain through mutual growth and to fostering a responsible retail ecosystem.

**LOTTE Mart and LOTTE Super** also implement ESG management support programs in collaboration with the Korea Commission for Corporate Partnership to enhance partners' ESG competencies. Through the 2024 program, partners improved their compliance with ESG evaluation indicators by an average of 35%, while approximately KRW 2.718 billion in penalties and fines were proactively prevented. We further incentivize high-performing partners with initiatives such as Win-Win Growth Fund support and cash rewards. In collaboration with the Korea Commission for Corporate Partnership, we also supported our partner Eunha Seafood in publishing its sustainability report—an example of our expanding efforts to help partners internalize ESG practices.

#### L-LAB

"L-LAB" is **LOTTE Department Store's** flagship win-win growth program designed to support partners throughout their research and development processes through technological collaboration. We provide financial support to small and medium-sized partners developing co-branded products with LOTTE Department Store to assist with product development costs. In addition, we offer comprehensive support to promote substantive growth, such as helping partners obtain national certifications that improve product quality. By delivering customized consulting services that span the entire product development cycle—including planning, design, quality enhancement, and distribution—we help partners build their own competitive capabilities and establish a solid foundation for sustainable, mutually beneficial growth.





# Sustainable Supply Chain

## Supply Chain Management Strategy

### Enhancing Business Stability

#### Food Safety Consulting

**LOTTE Department Store** operates a food safety consulting program to enhance the quality competitiveness and safety management systems of its food partners. In addition to technical support, we provide specialized guidance through mentoring with expert researchers. The program covers consulting for national certifications such as the Restaurant Sanitation Grading System, basic training on food safety policies and the Food Sanitation Act, and education on labeling and advertising laws to prevent false or exaggerated claims. These efforts help strengthen partners’ operational capabilities and support the creation of a safer distribution environment.

**LOTTE Mart and LOTTE Super** also offer food safety consulting to improve their partners’ capabilities, complemented by performance-sharing contracts. A cash incentive of KRW 100,000 is provided to each partner obtaining a sanitation grade certification. In 2024, 67 partners qualified for this incentive, which promoted higher hygiene standards and encouraged voluntary participation in safety management. These consulting efforts contribute to raising overall food safety levels across the supply chain.



Partner hygiene inspections  
(LOTTE Department Store)



Food safety consulting  
(LOTTE Mart-Super)

#### Environmental Product Declaration Certification Support

**LOTTE Mart and LOTTE Super** provided free consulting services to enhance the environmental management capabilities of small and medium-sized private brand (PB) manufacturing partners by supporting their acquisition of Environmental Product Declaration (EPD) certification. EPD certification is a system that quantifies and discloses the environmental impact of products and services throughout their entire life cycle—from raw material procurement and production to distribution and disposal. It is designed to promote eco-conscious consumption among customers and encourage businesses to adopt sustainable management practices.

To support partners in acquiring this certification, we conducted on-site inspections of their manufacturing facilities based on calculated carbon emissions data from the products they produce. Through these efforts, we have laid the foundation for successful certification and actively supported the internalization of environmentally conscious manufacturing practices in day-to-day operations

#### Supporting Smart Aquaculture Systems for Abalone Partners

**LOTTE Mart and LOTTE Super** provided smart system equipment to key small and medium-sized abalone suppliers, enabling integrated management of water temperature, dissolved oxygen levels, and water levels in storage tanks. This support was extended to a company jointly funded by approximately 1,200 abalone farmers and fishery households, in collaboration with the Wando County Office and local fishery cooperatives, with the aim of creating a virtuous cycle that benefits both producers and consumers.

Previously, it was difficult to manage abalone tanks due to rapidly changing weather and climate conditions. With the introduction of the Smart Tank System, real-time monitoring of tank conditions has become possible. As a result, the abalone mortality rate has improved by 4.1 percentage points, and fresher abalone can now be delivered to customers.

#### ON DREAM Project

**LOTTE E-Commerce** operates the “ON DREAM” project, a win-win partnership initiative designed to support small businesses in entering the online market and to help strengthen their independent business operations and distribution capabilities. This project offers comprehensive support throughout the entire sales process—including onboarding, product registration, promotions, and sales channel expansion—to ensure a stable transition into online retail.

It also provides hands-on consulting and training programs to enhance practical competencies in e-commerce operations. Additionally, we run the “LOTTE ON Partner.ship” service, which connects sellers with LOTTE ON’s partner companies to offer essential business services—such as website and promotional material production, overseas market entry support, corporate branding, and tax and accounting advisory—at discounts of up to 30%.

#### Enhancement of Partners’ Marketing Capabilities

**LOTTE E-Commerce** has been leveraging the expertise of its in-house merchandisers (MDs) since 2021 to collaborate with the Ministry of SMEs and Startups, various public institutions, and local governments in offering ongoing capacity-building consulting programs for partner companies. These programs are designed for a broad spectrum of businesses—including general small businesses, women-owned enterprises, youth-led startups, and social enterprises—and focus on delivering practical, hands-on insights from field professionals to help activate e-commerce sales.



- Human Rights Management
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# Sustainable Supply Chain

## Supply Chain Management Strategy

### Market Expansion and Sales Channel Support

#### Brand Expo

**LOTTE Department Store, LOTTE Mart and LOTTE Super** actively support the overseas expansion of domestic small and medium-sized enterprises (SMEs) by participating annually in the “Korea Brand Expo,” hosted by LOTTE Group. In 2024, the event was held in Mexico and the Middle East, bringing together LOTTE Holdings, six retail affiliates, and food affiliates to conduct import consultations with 100 SMEs. These sessions provided practical opportunities for SMEs to enter local markets. In addition, 1:1 export consultations between Korean SMEs and local buyers offered tailored support on market entry strategies and product localization. A consumer goods promotion event was also held in parallel to raise brand awareness and gauge local market response.



2024 Korea Brand Expo

#### SME Product Showcases

**LOTTE Department Store**, in collaboration with the Korea Federation of SMEs, hosted a product showcase event to support domestic SMEs in expanding their sales channels. The event focused on four major product categories—food, cosmetics, lifestyle goods, and fashion accessories—with six buyers from LOTTE Department Store conducting in-person evaluations of approximately 120 companies selected through preliminary document screening. Top-performing SMEs will be offered an opportunity to be featured in Dream Plaza, LOTTE Department Store’s exclusive section for SME brands. Selected companies will also receive various forms of support, including labor cost subsidies, interior design assistance, and co-prosperity-based margins. **LOTTE Mart and LOTTE Super** held similar showcases to support domestic consumer goods SMEs in entering retail channels. The events offered direct evaluation opportunities with category-specific merchandisers (MDs), and selected companies were granted benefits such as reduced entry fees. Through these efforts, LOTTE Mart and LOTTE Super aim to foster the growth of promising SMEs and provide customers with a broader range of product choices.



2024 LOTTE Department Store SME Product Showcase

#### B.Startup LOTTE Department Store Meetup Day

**LOTTE Department Store** operates an onboarding consultation program for promising startups established within the past seven years, actively supporting their expansion into the retail market. Through this program, LOTTE buyers conduct one-on-one tailored consultations with participating startups, identifying the capabilities required for onboarding and jointly reviewing areas for improvement, thereby providing practical support for retail entry. Since its launch in 2022, the program has attracted over 100 startups, many of which have successfully entered retail spaces such as “Dream Plaza” and the food hall. In the latest round, selected startups will again be offered opportunities to enter major retail platforms, including “SISIHOSI,” LOTTE Department Store’s curated lifestyle shop, and “Dream Plaza,” its win-win partnership store.



2024 LOTTE Department Store Meetup Day



# Sustainable Supply Chain

## Supply Chain Management Strategy

### Market Expansion and Sales Channel Support

#### Win-Win Sales Zones for SMEs

Since 2014, LOTTE Department Store has operated “Dream Plaza,” a dedicated sales space designed to support small and medium-sized enterprises (SMEs) by helping them develop new sales channels and lowering barriers to market entry. The plaza is a curated multi-brand store that features brands with competitive products but limited distribution access. LOTTE Department Store fully covers key operating costs, including store interior design and staff wages, thereby providing meaningful and practical assistance to participating SMEs.

In addition, through its curated lifestyle shop “SISIHOSI,” LOTTE Department Store is promoting local food through a RE-packaging support program. In collaboration with Inje-gun, Gangwon-do, we conducted a year-long market study and held a product evaluation fair to select five regional food products. Working together with a design-focused startup, we improved the product packaging and launched them in SISIHOSI stores. Moving forward, we plan to expand partnerships with more local brands across the country to promote the value of regional food and create more retail opportunities for small business owners.



Dream Plaza (LOTTE Department Store)

#### Revitalizing Distribution Channels for Gyeonggi-do SMEs

LOTTE Mart and LOTTE Super signed a business partnership agreement with Korea Gyeonggi Company to promote the revitalization of distribution channels for small and medium-sized enterprises (SMEs) in Gyeonggi-do. The agreement was established to support local SMEs in developing both online and offline sales channels and enhancing their marketing capabilities. As part of this partnership, we have implemented various distribution cooperation programs, including curated product exhibitions featuring goods from SMEs in the region. Through this initiative, LOTTE Mart and LOTTE Super aim to expand market access for outstanding local SMEs, contribute to the revitalization of the regional economy, and further strengthen our foundation for mutual growth with partners.

#### Korean Cultural Product Store "BOMUL"

LOTTE Mart and LOTTE Super opened “BOMUL,” the first Korean cultural product store within a hypermarket, at the ZETTAPLEX Seoul Station branch. The store was established to support product promotion and market entry for small and medium-sized enterprises and traditional cultural artists, while also serving as a platform to introduce consumers to unique Korean cultural products.



#### 2024 Korea Unity Festival with LOTTE

LOTTE Mart and LOTTE Super, in collaboration with the Ministry of SMEs and Startups, hosted the “2024 Korea Unity Festival with LOTTE” in Vietnam to support the market expansion of 80 Korean SMEs. During the event, 421 export consultation sessions were held, totaling KRW 17.4 billion in potential deal volume. A sales promotion for Korean SME products at LOTTE Mart Vietnam also achieved VND 510 million in revenue. The initiative was particularly meaningful in that it fully utilized LOTTE Mart and LOTTE Super’s local infrastructure—including stores and merchandisers in Vietnam—to offer practical solutions for SMEs and small business owners seeking entry into the Vietnamese market.

 [LINK 2024 Korea Unity Festival with LOTTE](#)

#### Step Up to Export

LOTTE Mart and LOTTE Super, in partnership with the Korea International Trade Association, hosted export consultation sessions and in-store promotional events to support the overseas expansion of outstanding consumer goods companies. In November 2024, both online and offline promotional events were held at 16 LOTTE Mart stores in Vietnam, with four of them featuring dedicated event booths to enhance brand exposure. This initiative provided export-ready companies with strong market potential a valuable opportunity to develop sales channels in Vietnam, contributing to tangible export outcomes.

#### Online Marketplace Sales Support

LOTTE E-Commerce is actively participating in the “2024 Online Marketplace Sales Support Program” led by the Ministry of SMEs and Startups to help small businesses enter the online market and increase sales. Targeting small businesses as defined under the Small Enterprises Basic Act, the program aims to support approximately 7,000 companies. Selected participants are matched 1:1 with online marketplaces and receive a variety of benefits, including exclusive deals, exposure in curated promotions, and marketing support. These efforts help expand brand visibility and drive tangible sales performance in online channels.

# Sustainable Supply Chain

## Supply Chain Management Strategy

### Ensuring Liquidity

#### Win-Win Growth Fund and Financial Support

**LOTTE Shopping** operates a Win-Win Growth Fund to support the financial stability of partner companies and to foster sustainable and mutually beneficial partnerships. The fund is managed in collaboration with financial institutions, enabling partners to secure necessary funding at lower interest rates. It is designed for use in practical business operations, such as working capital and facility investments. Through this fund, LOTTE Shopping helps ease financial burdens and enhance liquidity for partners, thereby contributing to the overall stability and competitiveness of the supply chain.

**LOTTE Department Store** also runs a separate Win-Win Growth Financial Support Program that provides interest-free loans to partners facing urgent capital needs. This program extends the scope of support beyond the existing fund, offering direct and immediate financial relief to small partners with limited cash flow. By doing so, it helps ensure the continued stability of their operations and reinforces the foundation for long-term partnerships.

#### Win-Win Payment System

**LOTTE Shopping** has introduced the Win-Win Payment System across all Business Divisions to support the financial soundness and liquidity of its partners. This system allows for early or cash payment of supply transactions by leveraging LOTTE's corporate credit, helping improve partners' cash turnover and reduce financial costs. All retail divisions—including LOTTE Department Store, LOTTE Mart and LOTTE Super, and LOTTE E-Commerce—are utilizing this system to establish a stable payment environment and support more secure business operations for partners. Training sessions have also been provided to first-tier partners on the system's structure and operational process.

LOTTE Shopping remains committed to expanding financial support programs, including the Win-Win Payment System, to foster sustainable growth and reinforce its role as a responsible retail partner.

#### Win-Win Margin System

**LOTTE Department Store** operates the Win-Win Margin System to strengthen partnerships with small and medium-sized enterprises (SMEs). This system is designed to enhance the profitability of partners by lowering sales commission rates (margins), thereby contributing to greater financial stability. It targets SMEs with competitive, high-quality products and offers reductions of up to 5 percentage points. In 2024, the system delivered approximately KRW 1.5 billion in margin reduction benefits, helping improve partners' profit structures and financial health. More than a short-term benefit, the Win-Win Margin System aims to support long-term competitiveness and self-reliant growth, reflecting our commitment to building strategic partnerships beyond transactional relationships.

#### Financial Support for Indonesian Partners

To ease the financial burden on local partners in Indonesia and promote sustainable win-win partnerships, **LOTTE Mart** has formed a collaboration with UOB Bank Indonesia. Through this initiative, LOTTE Mart offers low-interest loan benefits to approximately 1,400 partners supplying products to its 48 stores across Indonesia, helping enhance their liquidity. These partners can easily apply for loans through UOB Bank Indonesia's digital banking platform, UOB Infinity, and also benefit from early payment services. Following earlier financial support programs for local franchisees, this expanded initiative demonstrates LOTTE Mart's commitment to advancing win-win growth across its global business operations.

#### Early Payment to Partners

To proactively address the increased demand for capital during holiday periods, **LOTTE Department Store** provided early payments totaling approximately KRW 600 billion to over 4,400 partners nationwide during the Lunar New Year and Chuseok holidays. These payments were made up to eight days ahead of schedule, aiming to alleviate the temporary financial burden on SME partners caused by year-end bonuses and payments for raw and subsidiary materials. Regardless of sales volume, LOTTE Department Store fosters a fair and transparent trading environment and actively supports partners' stable operations through practical win-win measures such as early payment.

**LOTTE Mart and LOTTE Super** also offer early payments during holiday seasons to ease the financial burden on partners. In 2024, for the Lunar New Year and Chuseok, they advanced payments by up to 19 days, disbursing approximately KRW 53 billion to around 2,050 partners. These efforts support partners in securing liquidity and ensuring business stability, while continuously reinforcing cooperative growth.

#### Cash Payment Monitoring

**LOTTE Department Store, LOTTE Mart and LOTTE Super** offer a free Cash Payment Monitoring System to strengthen win-win partnerships not only with their direct (first-tier) partners but also with second-tier partners that transact with those first-tier suppliers. The system enables first-tier partners to monitor whether payments to second-tier partners are made in accordance with the agreed payment schedules specified in their contracts. This facilitates systematic management of payment status and compliance with due dates, promoting fair and transparent payment practices across the supply chain.



## 2024 LOTTE SHOPPING SUSTAINABILITY REPORT



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## Supply Chain Management Strategy

### Partner Capability Building and Community Engagement

#### Enhancing the Competitiveness of Rural Fresh Produce

**LOTTE Mart and LOTTE Super** are strengthening the competitiveness of fresh produce while expanding sales channels for locally grown agricultural products by innovating their fresh food distribution structure. One key initiative is the “Local Food” program, which offers products grown within a 50 km radius—bypassing long-distance transportation and multi-step distribution channels. This enables a distribution system that delivers freshness directly from the source. Through local merchandisers, we build direct networks with producers and ensure a stable supply by applying “L-GAP,” LOTTE Mart’s proprietary quality standard. Since 2021, LOTTE Mart and LOTTE Super have also been operating the “K-Variety Project” to promote the sustainable development of domestic agriculture and foster win-win partnerships with local farms. The project aims to reduce royalty costs associated with foreign seed varieties and enhance the competitiveness of Korean agricultural products. It not only provides consumers with healthier food options but also contributes to improved profitability for farmers.

#### Partners’ Day

**LOTTE Mart and LOTTE Super** hosted “Partners’ Day” to foster open communication with partners and build a foundation for co-prosperity and a sustainable retail ecosystem based on mutual trust. The event was held in five separate sessions, categorized into Fresh/Delicatessen, Processed/Daily, Alcoholic Beverages, Private Brand (PB), and General Merchandise divisions. Discussions were tailored to reflect the unique characteristics of each product group and current market conditions. Participants engaged in in-depth dialogue on key issues, distribution trends, and operational challenges specific to each product group. They also discussed actionable improvements and strategies for mutual growth. Through this initiative, we strengthened our collaborative framework for qualitative growth and enhanced the competitiveness of our partners. We will continue to reinforce the foundation for win-win cooperation through sustained communication and collaboration.

#### Delightful Shopping Festival for Unity and Harmony

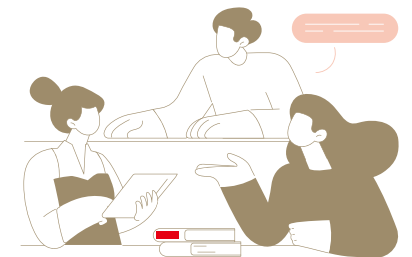
**LOTTE E-Commerce** regularly participates in the “Delightful Shopping Festival for Unity and Harmony” to support the promotion and sales growth of outstanding products offered by small businesses. Through its platform LOTTE ON, LOTTE E-Commerce provides practical promotional support—such as issuing discount coupons—to help expand the online sales of SME products. These efforts effectively highlight the product competitiveness of small business owners and contribute to sustainable growth in the digital marketplace.

#### Seller Training Center

**LOTTE E-Commerce** supports small and medium-sized enterprises (SMEs) in enhancing their competitiveness and self-sufficiency by offering training and consulting programs based on LOTTE Shopping’s retail expertise and operational know-how accumulated through its online platform. The training program includes practical, hands-on content in areas such as startup preparation, Seller Office operations, marketing strategies, online sales techniques, and specialized courses. We provide step-by-step, tailored learning opportunities to help SMEs achieve stable growth in the online distribution environment.



2025 Partners' Day (LOTTE Mart-Super)





# Sustainable Supply Chain

## Supply Chain ESG Risk Management

### Establishing a Risk Management Foundation

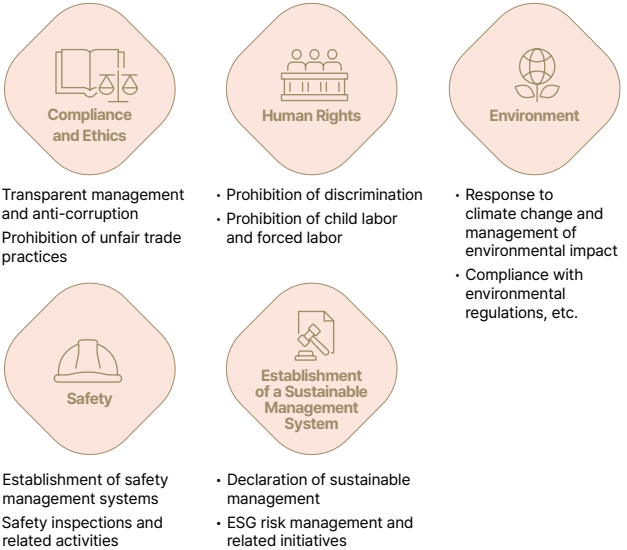
#### Partner Code of Conduct

**LOTTE Shopping's** Partner Code of Conduct outlines the mandatory standards that all partners—those providing goods and services or engaged in any form of business relationship—must adhere to. The Code comprehensively defines principles and practical guidelines across key areas, including compliance and ethics, human rights, environment, safety, and the establishment of a sustainable management system.

We clearly stipulate compliance with this Code when entering into contracts with partners and encourage adherence throughout all business activities to promote sustainable win-win growth and the creation of social value. In addition, we expect our partners to actively participate in LOTTE Shopping's ESG risk assessments and cooperate in implementing the necessary corrective actions.


[LINK LOTTE Shopping Partner Code of Conduct](#)

#### • Principles of the Partner Code of Conduct



#### Partner Self-Assessment Checklist

**LOTTE Shopping** regularly provides the “Partner Self-Assessment Checklist” to help partners evaluate their ESG management practices. The checklist consists of 29 items that comprehensively cover key ESG areas, including compliance and ethics, human rights, environment, and safety. It is designed to enable partners to independently assess their current status in sustainable management and identify areas for improvement.


[LINK LOTTE Shopping Partner Self-Assessment Checklist](#)

#### Partner Selection and Evaluation

To build a sustainable supply chain, **LOTTE Shopping** has established systematic criteria for transactions, selection, and evaluation of partners. Based on these standards, we select and evaluate partners in a structured and transparent manner. Minimum transaction thresholds are set according to financial soundness and credit ratings, while exclusion criteria are used to preemptively identify and mitigate potential risks. To enhance the quality of products and services, we consider a range of evaluation factors beyond bid pricing. Depending on the type of contract, both regular performance evaluations and delivery-based assessments are conducted to thoroughly examine each partner's capabilities and execution levels. Since 2023, LOTTE Shopping has applied a Safety & Health (SH) Evaluation to newly contracted construction and service partners. This assessment is conducted by professional credit rating agencies and evaluates key safety and health management activities as part of the transaction criteria.

**LOTTE Mart and LOTTE Super** also conduct separate assessments of their purchasing and service partners, focusing on quality, safety, and ESG performance. These evaluations include detailed checks on the implementation of safety and health management systems, participation in training and facility inspections, and fulfillment of employee welfare programs.

**LOTTE E-Commerce**, reflecting the nature of its open market platform, operates a distinct partner screening process. This includes a comprehensive review of issues such as copyright or intellectual property infringement, presence of illegal or non-compliant products, youth protection certification, and TNS-related concerns.

#### Establishment of a Supply Chain ESG Management System

**LOTTE Mart and LOTTE Super** are working to establish a systematic supply chain ESG management system to enhance sustainability across the supply chain and foster a responsible retail environment. To this end, we are analyzing transaction volume, transaction type, product categories, and company size across all partners. Based on this analysis, we will develop criteria to identify key partners with a significant level of ESG risk exposure. As a next step, we plan to create a standardized written ESG assessment to evaluate ESG risks, starting with key partners. This will be followed by progressive capacity-building initiatives and improvement programs through on-site inspections and consulting support. Furthermore, we aim to institutionalize a supply chain ESG management policy grounded in this process and disclose it publicly to enhance transparency and credibility.



ESG Consulting for Partners (LOTTE Mart-Super)

# Social Contribution

## Social Contribution Governance

### Roles and Responsibilities of Governance

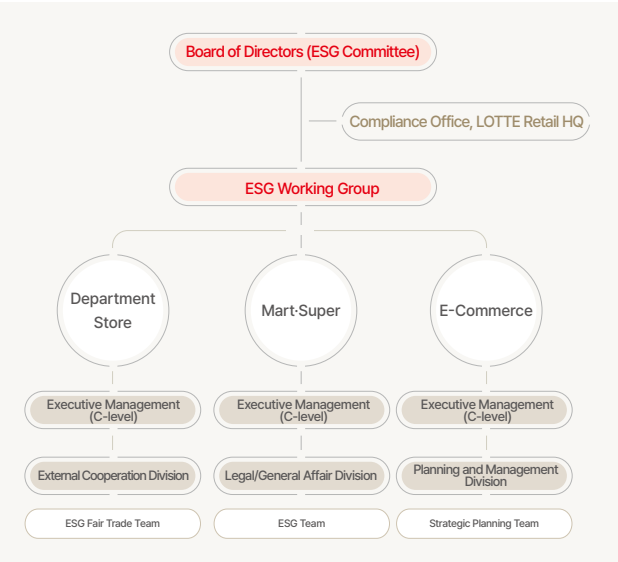
#### Roles of the Board of Directors

The ESG Committee of **LOTTE Shopping** establishes and reviews the overall direction and strategy for social contribution activities across all Business Divisions. The CEOs of each division are responsible for allocating and executing the social contribution budget and for reviewing the plans and results to ensure alignment with the overarching strategy.

#### Roles of the Working-Level Organization

The planning and implementation of social contribution activities are managed by the ESG departments within each Business Division. These departments develop detailed action plans aligned with LOTTE Retail HQ's strategy and evaluate their direction through the ESG Working Group, reporting the results to the ESG Committee.

• Social Contribution Governance



## Social Contribution Strategy

### Implementation Direction for Social Contribution

#### Mid- to Long-Term Social Contribution Strategy

**LOTTE Shopping** has established a company-wide social contribution strategy that reflects the characteristics of the retail industry—closely connected to customers and local communities—and leverages its core strengths to generate positive social and environmental value. Guided by its ESG management framework and five core ESG initiatives, LOTTE Shopping's social contribution efforts center on two main pillars: RE:EARTH and RE:JOICE. RE:EARTH is a campaign for a sustainable environment that fosters eco-friendly practices and advances environmental protection efforts. RE:JOICE is a campaign designed to enhance individuals' self-worth and aspirations. It promotes the physical and emotional well-being of diverse stakeholders and encompasses a broad range of initiatives aimed at fostering co-prosperity and win-win growth with local communities. In addition, LOTTE Shopping promotes cultural and artistic diversity by

supporting women, persons with disabilities, and young artists, while expanding opportunities for the public to engage with culture and the arts. Each Business Division sets its own social contribution plans and goals in line with the overarching strategy and implements programs tailored to its specific characteristics. LOTTE Shopping will continue to pursue meaningful and impactful social contribution activities through ongoing communication and collaboration with employees, customers, partners, local communities, and government agencies.

• Social Contribution Campaign Brands



• Mid- to Long-Term Social Contribution Goals





# Social Contribution

## Social Contribution Strategy

### Environmental

#### Children's Environmental Art Contest

As part of its social contribution initiatives, **LOTTE Department Store** has been hosting the LOTTE Children's Environmental Art Contest annually since 1979 to raise awareness about the importance of environmental conservation. Now in its 42nd year, the contest was held concurrently in 16 regions nationwide to improve accessibility, drawing participation from approximately 10,000 children and their parents.

Under the theme "What can we do to make the Earth happy?", children expressed the value of nature and the necessity of protecting the environment through their artwork. The event also included a variety of experiential booths, such as workshops for creating upcycled goods and coloring activities. A portion of the participation fees was donated to the Korea Green Foundation.



The 42nd LOTTE Children's Environmental Art Contest

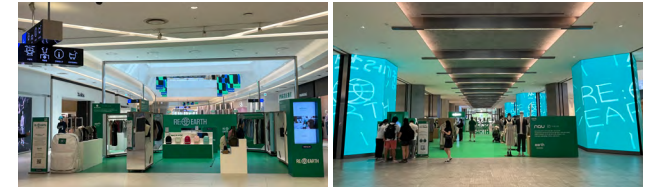
#### CHARLOTTE Eco Dreamers

CHARLOTTE Eco Dreamers is the only university student supporter program in Korea's retail industry where students interested in the environment, CSR, and retail take the lead in planning environmental campaigns and creating content. The 10th Cohort of CHARLOTTE Eco Dreamers, recruited in 2024, consisted of 30 university students—including participants from Vietnam—to celebrate the first anniversary of LOTTE Mall West Lake Hanoi. Participants created both online and offline content to promote the RE:EARTH campaign and organized team projects under the "RE:EARTH Market" initiative, successfully operating five pop-up stores. The top-performing team planned and managed a RE:EARTH pop-up store at LOTTE Mall West Lake Hanoi, centered on the theme of paper recyclability.

[LINK 2024 CHARLOTTE Eco Dreamers](#)



2024 CHARLOTTE Eco Dreamers 10th Cohort



RE:EARTH Pop-Up, RE:EARTH Pop-Up, TimeVillas Suwon (left) / Dongtan (right)

#### RE:EARTH Pop-Up

To commemorate World Environment Day, **LOTTE Department Store** hosted RE:EARTH pop-up stores at its TimeVillas Suwon and Dongtan locations in collaboration with MUSINSA Earth, a curated platform for sustainable lifestyles. The pop-ups showcased a variety of eco-friendly brands committed to sustainability. All display elements—including hangers, fixtures, back walls with monitor inserts, and letter sculptures—were made from environmentally friendly paper-based boards such as honeycomb board and reinforced corrugated cardboard. The event attracted approximately 23,000 visitors. All merchandise, including brand goods and eco-themed quiz prizes, featured upcycled and vegan products. Through its eco-conscious design and content, the RE:EARTH pop-up effectively conveyed the core values of the campaign—environmental protection and sustainability.

#### Environmental Clean-Up Volunteering

To commemorate World Environment Day, **LOTTE Department Store** operated RE:EARTH pop-up stores at its TimeVillas Suwon and Dongtan locations in collaboration with MUSINSA Earth, a curated platform for sustainable lifestyles. The pop-ups featured various eco-friendly brands committed to sustainability. All display elements—including hangers, fixtures, back walls with monitor inserts, and letter sculptures—were made from eco-friendly paper boards such as honeycomb board and reinforced corrugated cardboard. About 23,000 visitors attended the event. Brand merchandise and eco-themed quiz prizes were composed entirely of upcycled and vegan products. Through its eco-conscious design and content, the RE:EARTH pop-up successfully communicated the campaign's core values of environmental stewardship and sustainability.



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- Talent Management
- Health and Safety Management
- Quality Management
- Sustainable Supply Chain

◆ **Social Contribution**

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# Social Contribution

## Social Contribution Strategy

### Environmental

#### Stream Plogging on World Water Day

In celebration of World Water Day on March 22, **LOTTE Mart and LOTTE Super** conducted a stream clean-up near their headquarters in Songpa-gu, at Seongnaecheon Stream. Originally restored to a natural stream in the early 2000s by removing concrete and planting aquatic vegetation and wildflowers, Seongnaecheon is now home to invasive and non-native plant species such as *Sicyos angulatus* and *Ambrosia trifida*. Due to their aggressive propagation, these species pose a threat to local ecosystems by disrupting biodiversity and hindering the growth of native plants, necessitating prompt removal and ongoing management.

To address this, 120 volunteers—including employees of LOTTE Mart and LOTTE Super (Charlotte Volunteers), Songpa District Facility Management Corporation, and other local public institutions—participated in a plogging event. The group collected trash along the Seongnaecheon trail and removed approximately one ton of invasive plants.



Plogging at Seongnaecheon Stream

#### Official Partner of Save Race, Run for Every Child

**LOTTE Mart and LOTTE Super** participated as the exclusive official partner of the “2024 Save Race, Run for Every Child,” a charity marathon held to support the Earth and future generations through running. Co-hosted by the Korean Committee for UNICEF and KakaoBank, the event donated all participation fees to support countries and children impacted by the climate crisis.

LOTTE Mart sponsored the event by providing “GOOD TODAY” private brand products—including bottled water, multivitamins, and protein bars—along with eco-friendly reusable shopping bags and mobile gift vouchers. At the event venue, we operated a RE:EARTH booth to showcase the various sustainability initiatives implemented by LOTTE Mart and LOTTE Super. The booth also featured a climate-focused quiz event, where upcycled umbrellas and socks made from recycled materials were distributed, promoting the values of sustainability and sharing.



RE:EARTH Booth, 2024 Save Race, Run for Every Child





# Social Contribution

## Social Contribution Strategy

### Mental Wellness

#### RE:JOICE Psychological Counseling Center

As part of the RE:JOICE campaign, **LOTTE Department Store and LOTTE Mart** operate psychological counseling centers to support the mental wellness of both customers and employees.

Since the opening of the first center at LOTTE Department Store Centum City in 2020, the service has steadily expanded and is now available at four locations. Advised by psychiatrist Dr. Namwook Kim, the RE:JOICE Psychological Counseling Centers offer mental health services at approximately 50% lower cost than standard counseling centers. They also provide programs designed to serve a wide range of customers, including art therapy and child-specific programs such as intelligence assessments. In particular, the RE:JOICE Psychological Counseling Center at TimeVillas Suwon, which opened in April 2024, includes a dedicated space for children's play therapy, reflecting the high number of local female customers raising children.

In the first half of 2024, LOTTE Mart operated a "Mobile Psychological Counseling Center" at ten stores for its busy employees, and in the second half of the year, it introduced a company-wide psychological counseling program available to all employees.

• Status of RE:JOICE Counseling Center Operations (Unit: cases)			
Category	2023	2024	Total <sup>1)</sup>
RE:JOICE Center	2,304	2,068 <sup>2)</sup>	10,030
Mobile Center	128	52 <sup>3)</sup>	180

1) Cumulative figures as of the end of 2024  
2) Psychological counseling center closed due to the sale of the Centum City store in 2024  
3) Figures recorded prior to the company-wide program launch in the second half of 2024



RE:JOICE Psychological Counseling Center Mobile Psychological Counseling Center

#### MindCare Program

Since 2020, **LOTTE Department Store** has been operating the MindCare Program in partnership with community welfare centers to provide psychological counseling services to low-income and other vulnerable groups. In 2024, the program was implemented across 11 institutions nationwide, delivering counseling to 283 participants. To enhance the program's long-term impact through continued care, previously participating welfare centers are also encouraged to rejoin the initiative. Notably, the 7th round of the program in 2024 included a more diverse participant group, such as multicultural families and middle-aged men living alone. This round ran approximately four months longer than earlier sessions and received exceptionally high satisfaction ratings from participants.

• Status of the MindCare Program Operations					
Category	Unit	5th Cohort	6th Cohort	7th Cohort	Total <sup>1)</sup>
No. of Partner Institutions	institutions	10	12	11	70
No. of Participants	cases	286	609	283	2,139

1) Cumulative figures for Cohorts 1 through 7



MindCare Program 7th Cohort

#### RE:JOICE Dreamers

**LOTTE Department Store** supports teenage family caregivers—young individuals who face difficulties in continuing their education or pursuing career development due to the responsibility of caring for a family member with an illness or disability. The program began in 2021 as a scholarship initiative funded through crowdfunding. It has since expanded to offer coaching in academics, career planning, and interpersonal skills. Operating funds for the campaign are raised through public participation during the Christmas season, including proceeds from the sale of RE:ALs goods at the Christmas market and AVENUEL customer point donation programs. Looking ahead to 2025, LOTTE Department Store will continue to provide strong support for the third cohort of RE:JOICE Dreamers.



RE:JOICE Dreamers 2nd Cohort



# Social Contribution

## Social Contribution Strategy

### Local Community

#### Mobile Toys“R”Us

Toys“R”Us, operated by [LOTTE Mart and LOTTE Super](#), is the largest toy specialty store in Korea and has continued to carry out donation and support initiatives for children from underserved communities. In 2024, special Mobile Toys“R”Us events were held for children with disabilities who face challenges in participating in outdoor activities, in celebration of Children’s Day and Christmas. Approximately 450 children hospitalized at Bobath Children’s Hospital in Hanam received age-appropriate toys featuring popular characters, along with performances such as balloon art shows and magic shows. For the Christmas event, Value for ESG, the university student volunteer group from LOTTE Holdings, collaborated to organize a range of activities for both children and hospital staff, including a wish-writing event, photo zones, and prize giveaways. In May and December, Toys“R”Us stores nationwide partnered with local child welfare institutions to support children from marginalized backgrounds. These efforts included visiting child welfare centers to host Children’s Day events, and inviting children from affiliated institutions to Toys“R”Us stores to enjoy interactive experiences and receive toys—offering joyful and memorable moments in their daily lives.



2024 Mobile Toys“R”Us with Value for ESG

#### “Good Today” Cultural and Emotional Support in Vietnam

[LOTTE Mart](#) launched the “GOOD TODAY” cultural and emotional support program to provide children in Hanoi, Vietnam—where LOTTE Mart is actively operating—with meaningful cultural experiences, foster positive self-identity, and encourage future aspirations. In collaboration with Korea Food for the Hungry International (KFHI) and leveraging its local networks and infrastructure, LOTTE Mart visited an elementary school in Bac Giang Province, located in northern Vietnam. Although geographically close to Hanoi, Bac Giang is a traditionally conservative and underdeveloped area where children have limited access to cultural and artistic experiences. In response, LOTTE Mart provided toys and organized engaging activities such as a magic show and balloon art. Additionally, students from the KFHI-supported Bac Giang Hope School were invited to LOTTE Mall West Lake Hanoi, where they enjoyed shopping for school supplies and toys and visited the aquarium. LOTTE Mart remains committed to offering various programs to support underserved communities and children not only in Korea but also across global regions.

[LINK 2024 'Good Today'](#)



2024 “Good Today”



“Sharing Kimchi with Love” Event

#### CHARLOTTE Volunteer Corps

[LOTTE Mart and LOTTE Super](#) operate the CHARLOTTE Volunteer Corps at each store nationwide to carry out localized social contribution activities tailored to the needs of each region. Each store establishes a one-on-one partnership with a local welfare institution serving vulnerable groups and conducts regular volunteer activities. In 2024, volunteer operations were integrated across Mart and Super stores for the first time, enhancing both program structure and execution capabilities. To promote in-person volunteering in the post-pandemic era, LOTTE Mart and LOTTE Super introduced a recognition system to reward outstanding stores and employees. In addition to delivering essential supplies to welfare institutions on a bimonthly basis, stores also engage in themed, hands-on volunteer programs with their partner organizations, such as making flowerpots from used coffee grounds, participating in traditional folk games, and cooking samgyetang (Korean ginseng chicken soup).

#### Food Support for Underserved Groups – Food Bank

To promote food security for underserved communities, [LOTTE Mart and LOTTE Super](#) signed a partnership agreement with the National Food Bank Program. Under this initiative, stores donate near-expiry fresh and processed food items on a monthly basis. Since the launch of the partnership, a cumulative total of 2.56 million food items, valued at approximately KRW 5.87 billion, has been donated to those in need.

#### Sharing Kimchi with Love

As part of its commitment to co-prosperity with local communities, [LOTTE Shopping](#) actively engages in various charitable initiatives. The Jungdong branch of LOTTE Department Store participated in the “2024 Sharing Kimchi with Love in Bucheon” event, providing kimchi to 733 vulnerable households in the region. In addition, the Daegu Yulha branch of LOTTE Outlet hosted a kimchi-making event in collaboration with employees from LOTTE Group retail affiliates and local volunteers. The freshly made kimchi was distributed to at-risk individuals, including elderly people living alone and children experiencing food insecurity.



# Social Contribution

## Social Contribution Strategy

### Local Community

#### Hope Cup

**LOTTE Mart and LOTTE Super** served as an official sponsor of the 2024 HOPE CUP, an international event organized by Korea Food for the Hungry International (KFHI). The HOPE CUP brings together sponsored children from around the world to share the values of hope and unity through football and cultural exchange. As part of the sponsorship, LOTTE Mart and LOTTE Super provided 14 varieties of snacks and beverages under their private brand “GOOD TODAY” to 160 participants from 10 countries. Additionally, 30 children from Vietnam and South Africa were invited to experience Korean culture through visits to LOTTE Mart ZETTAPLEX Jamsil and LOTTE World, creating a meaningful opportunity for cultural exchange that extended beyond material support.



2024 Hope Cup

#### Priority Parking for National Meritorious Persons

**LOTTE Department Store** Incheon Store became the first private facility in the region to establish priority parking spaces for national meritorious persons. This initiative aims to improve accessibility for veterans and their families, with designated spaces placed in the most frequently used areas of the parking lot. **LOTTE Mart and LOTTE Super** also became the first hypermarket operators to implement priority parking for national meritorious persons. Through a business agreement with the navigation app T Map, navigation guidance to these priority zones will be available via the app. As of March 2025, priority parking has been installed at 11 stores. LOTTE Department Store, LOTTE Mart and LOTTE Super will continue striving to enhance accessibility and convenience for veterans and other socially vulnerable groups visiting their stores.



Priority Parking for National Meritorious Persons

#### Fire Extinguisher Donation on Firefighters' Day

To commemorate Firefighters' Day on November 9, **LOTTE Mart and LOTTE Super** donated approximately 400 dry chemical fire extinguishers to fire stations and households vulnerable to fire hazards. This initiative was launched to enhance initial response capabilities in fire-prone homes and facilities and to promote awareness of fire safety. The donated extinguishers were distributed through the National Disaster Relief Association to nearby fire stations, multicultural families, and disaster-affected households located near LOTTE Mart and LOTTE Super stores.

#### Support for the Center for Independent Living for the Intellectually Disabled

The CHARLOTTE Volunteer Corps of **LOTTE Department Store** Ulsan Store visited the Ulju-gun Center for Independent Living for the Intellectually Disabled and donated essential household supplies, including facial tissues, wet wipes, coffee, toilet paper, bottled water, and cleaning products. The donated items were distributed to households of individuals with disabilities in the Ulju-gun area through the center.



Fire Extinguisher Donation

Household Supplies Donation



# Social Contribution

## Social Contribution Strategy

### Culture and Arts

#### LOTTE Department Store Kids Orchestra

**LOTTE Department Store** operates the LOTTE Department Store Kids Orchestra to provide children with a passion for classical music the opportunity to gain real orchestral experience and receive guidance from world-class musicians.

In 2024, 72 children were selected as the second cohort of orchestra members and received regular instruction from professional faculty, including Music Director Lee Min Hyung, who successfully led the first cohort, and Lee Sung Joo, former Director of the Korea National Institute for the Gifted in Arts. The orchestra also participated in a masterclass with members of the world-renowned Metropolitan Opera Orchestra, offering a rare opportunity for advanced musical education.

In August, the orchestra held the RE:JOICE Concert at LOTTE Concert Hall, donating all proceeds from the performance to Korea Food for the Hungry International (KFHI). In addition, Traveling Concerts were held at public venues including Seoul Plaza and the lawn plaza at Nodeul Island, where the orchestra performed familiar film and animation soundtracks such as Star Wars and Aladdin, bringing classical music closer to the public.

LOTTE Department Store will continue to offer children valuable growth opportunities through structured music education via the Kids Orchestra, while also striving to expand public access to classical music performances.



Kids Orchestra 2nd, Masterclass



Kids Orchestra 2nd, Performance at City Hall Plaza

#### Exhibition for Artists with Disabilities

**LOTTE Department Store** continues to support the creative expression of artists with disabilities through various initiatives aimed at promoting their work and raising public awareness. Following last year's exhibition at the Masan Store, the 2024 edition was held at the Changwon Store under the title Special Exhibition for Artists with Developmental Disabilities in Gyeongsangnam-do. This year, the call for submissions was extended to North Gyeongsang Province and Ulsan, bringing together 45 artists with developmental and physical disabilities. Each artist presented a distinctive piece of work that expressed their unique perspectives and emotions.

LOTTE Department Store will continue to support the creative pursuits of artists with disabilities and strive to offer more opportunities for the public to experience diverse cultural and artistic exhibitions.



Lee Ji Yong, "Clockworld"



Kim Do Eun, "Dandy and Seri the Explorers"

#### RE:JOICE Exhibition

**LOTTE Department Store** hosts the RE:JOICE Exhibition each year in celebration of International Women's Day, presenting works by women artists that highlight themes of inspiration and inclusion. In 2024, under the theme Inspire Inclusion, the exhibition featured original pieces by Korean female artists across a wide range of mediums. Held at five LOTTE Gallery locations nationwide, the 3rd RE:JOICE Special Exhibition showcased diverse genres—including ceramics, portraiture, and succulent art—that conveyed messages of resilience and empowerment, honoring women's strength and autonomy across generations.

In addition, from February 28 to April 21, a special exhibition was held at the AVENUEL Art Hall in Jamsil featuring the acclaimed ceramic artist Park Young Sook, who is widely recognized for introducing Korea's traditional moon jar to the global art scene. Her showcase further amplified the cultural significance and inspirational message of the RE:JOICE Exhibition.



2024 RE:JOICE exhibition



# Social Contribution

## Social Contribution Risk Management

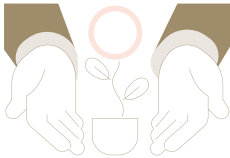
### Social Contribution Monitoring

#### Transparent Use of Donations

**LOTTE Shopping** ensures systematic and efficient management of donation activities in accordance with its internal Donation Policy, which sets forth clear execution standards. All donations are reviewed based on a comprehensive evaluation of the recipient organization's credibility, supported area, and target beneficiaries. The evaluation also considers the organization's fund management transparency, engagement with donors and beneficiaries, and post-disbursement monitoring capabilities. We verify whether the planned and actual use of donations align with their original purpose to ensure operational effectiveness.

To prevent donations from being used as disguised bribes, we maintain documented records of legitimacy assessments. A step-by-step monitoring process is conducted, including the completion of a pre-donation checklist, implementation of internal approval procedures, and agreement from the risk management department. In addition, LOTTE Shopping strictly prohibits political contributions, election-related funds, and lobbying funds for political organizations in accordance with Article 31 of the Political Funds Act. These restrictions are explicitly stipulated in the Donation Policy and are fully observed.

To ensure transparency in donation execution, all donation-related budgets and disbursements are managed in accordance with accounting standards and audit procedures. Related information is publicly disclosed to ensure accessibility for a wide range of stakeholders.



◆ Status of Donation Disbursement (Unit: KRW million)			
Category	2022	2023	2024
Donations	17,489	15,759	17,540

#### Effectiveness Management of Social Contribution

**LOTTE Department Store** conducts semiannual monitoring of social contribution expenditures to evaluate the effectiveness of its initiatives and the appropriateness of fund utilization. The findings are incorporated into the planning and budgeting of future programs. For the RE:JOICE Counseling Centers, each center holds monthly meetings to review operational expenses, the number of counseling sessions, counselor satisfaction, and any notable issues. In the case of the MindCare Program, one-on-one monitoring is conducted for each beneficiary institution, and post-program evaluation meetings are held to ensure that donated funds are used appropriately.



**LOTTE Mart and LOTTE Super** also monitor the effectiveness of spending across individual social contribution activities, assessing the appropriateness of both the programs and the use of funds. Expenditures are analyzed by year, focus area, and stakeholder group, and the results are reflected in future planning and budgeting. In addition, one-on-one monitoring is conducted with each implementing organization, and final reports are collected to verify that funds were used transparently and in accordance with the intended purposes of the initiatives.





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# GOVERNANCE



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# Board of Directors

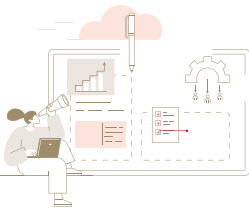
## Board Composition

### Board Composition

The Board of Directors of **LOTTE Shopping** is composed of 11 directors elected at the General Meeting of Shareholders. To ensure independent judgment and objective decision-making, a majority of the Board—six out of 11 members—are independent directors. The Board comprises five executive directors with professional expertise and experience, and six independent directors with a high degree of independence. It deliberates and resolves key management issues and serves both supervisory and advisory functions for the executive team. In March 2024, LOTTE Shopping introduced a Senior Independent Director system to further enhance the Board’s independence and transparency from the management and controlling shareholders. This initiative underscores the company’s commitment to the principles of checks and balances and responsible corporate governance.

### Director Appointment

To ensure the composition of the Board with individuals who possess both professionalism and a strong sense of accountability, **LOTTE Shopping** operates a transparent and systematic screening and appointment process. Executive director candidates are nominated through recommendations by the Board of Directors, while independent director candidates are selected in accordance with Articles 382(3) and 542-8 of the Commercial Act. Qualified individuals are reviewed by the Independent Directors Candidate Recommendation Committee to ensure a balanced and fair nomination process. Final appointments are made through approval at the General Meeting of Shareholders, following verification that no disqualifying factors are present. The Chairperson of the Board is elected by resolution of the Board of Directors.



### • Status of Board Composition

(As of March 31, 2025)						
Category	Name	Position	Major Career	Gender	Nationality	Initial Appointment Year
Executive Director	Shin Dong Bin	CEO	(Current) CEO, LOTTE Holdings (Current) Chairman, LOTTE Group (Current) CEO, LOTTE Chemical, LOTTE Wellfood	Male	Korea	2025
	Kim Samuel Sanghyun	CEO Chairperson of the Board	(Current) Vice Chairman & Head of LOTTE Retail HQ, LOTTE Group (Former) CEO, DFI Retail Group – Hong Kong & Singapore Operations (Former) CEO, P&G Korea; Regional President, ASEAN	Male	USA	2022
	Chung Joon Ho	CEO	(Current) CEO, Department Store Division, LOTTE Shopping (Former) CEO, LOTTE GFR (Former) Head of Overseas Fashion Division, SHINSEGAE INTERNATIONAL	Male	Korea	2022
	Kang Sung Hyun	CEO	(Current) CEO, Mart and Super Division, LOTTE Shopping (Former) CEO, LOTTE-Nestlé Korea (Former) Head of Health & Beauty Division (LOHB's), LOTTE Shopping	Male	Korea	2021
	Kim Won Jae	Executive Director	(Current) Head of Finance Support Division, LOTTE Retail HQ (Former) Head of Finance Division, LOTTE Shopping (Former) Head of Finance Team 2, Financial Innovation Office, LOTTE Corporation	Male	Korea	2025
Independent Director	Sim Sue Ohk	Senior Independent Director	(Current) Professor, SKK Graduate School of Business, Sungkyunkwan University (Former) Vice President, Head of Global Marketing Office, Samsung Electronics (Former) Senior Vice President, Visual Display Business, Samsung Electronics	Female	Korea	2022
	Cho Sang Chul	Independent Director	(Current) Attorney, Bae, Kim & Lee LLC (Former) Chief Prosecutor, Seoul High Prosecutors' Office (Former) Chief Prosecutor, Seoul Western District Prosecutors' Office	Male	Korea	2022
	Han Jae Yeon	Independent Director	(Current) Chairperson, BnH Tax Corporation (Former) Commissioner, Daejeon Regional Tax Office (Former) Director, Income Tax Support Bureau and Tax Collection & Legal Affairs Bureau, National Tax Service	Male	Korea	2024
	Cho Hyun Keun	Independent Director	(Former) CEO, Pulmuone Waters Co., Ltd. (Former) CEO, Diageo Japan K.K. (Former) Regional President, Philip Morris Asia Ltd.	Male	Korea	2025
	Kanai Hiroyuki	Independent Director	(Former) CEO, Tokiwa Corporation (Former) President & Representative Director, Henkel Japan Ltd. (Former) Sales Director, Seoul Branch, P&G Korea	Male	Japan	2025
	Jeong Chang Kook	Independent Director	(Former) Chief Financial Officer (CFO), Ecobit Co., Ltd. (Former) Chief Financial Officer (CFO), ADT CAPS Co., Ltd. (Former) Chief Financial Officer (CFO), Acushnet Korea Ltd.	Male	Korea	2025



- Board of Directors
  - Shareholder-Centric Management
  - Ethics and Compliance Management
  - Risk Management
  - Information Security

# Board of Directors

## Board Composition

### Board independence

To ensure the independence of the Board of Directors, **LOTTE Shopping** has appointed 6 out of 11 directors as independent directors. In March 2024, we introduced the Senior Independent Director system to further strengthen oversight and checks on management and to enhance board independence. The Senior Independent Director has the authority to convene meetings of independent directors and provides support for necessary matters to ensure the efficient and independent performance of their duties. Additionally, the Senior Independent Director reviews the functions and performance of the Board and its committees and, when necessary, may request management to report or share information on pending matters.

Independent directors at LOTTE Shopping are nominated through the deliberation of the Independent Directors Candidate Recommendation Committee. Nominees are selected from candidates who meet the qualifications set forth in Article 382(3) and Article 542-8 of the Commercial Act. Furthermore, in accordance with the Commercial Act, we restrict the concurrent appointments of independent directors. An independent director may not serve as a director, executive officer, or auditor at more than two companies other than LOTTE Shopping. All appointed independent directors comply with the internal regulations of the Board of Directors and contribute to maintaining the company's independent and transparent decision-making system.

### • Status of Concurrent Positions of Independent Directors

(As of March 31, 2025)		
Name	Concurrent Position	Status of Concurrent Positions
Sim Sue Ohk	Yes	Independent Director, Pulmuone Co., Ltd.
Cho Sang Chul	Yes	Independent Director, BINEX Co., Ltd.
Han Jae Yeon	Yes	Independent Director, Husteel Co., Ltd.
Cho Hyun Keun	No	-
Kanai Hiroyuki	No	-
Jeong Chang Kook	No	-

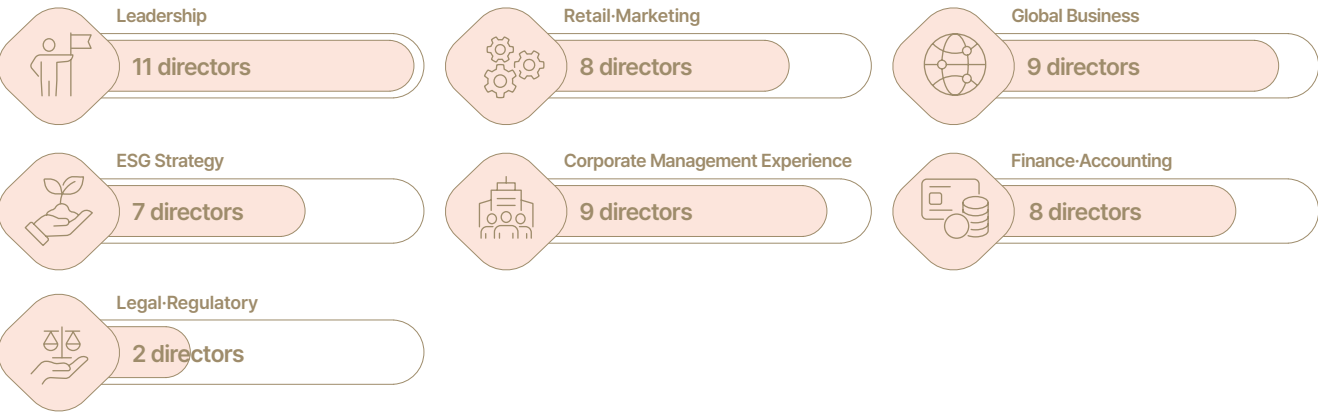
### Board Expertise

**LOTTE Shopping** continuously strengthens the expertise of its Board of Directors to facilitate in-depth deliberation on major management issues and to ensure the effective provision of strategic advice. By appointing directors with professional expertise and practical experience in areas such as law, accounting, finance, ESG, and global business management, we have enhanced the functional effectiveness of the Board. In particular, we have established an advisory structure that provides both insight and execution capability by forming a Board primarily composed of experts with experience in management and finance at major domestic and international companies. Based on this structure, LOTTE Shopping continues to reinforce its capabilities in developing mid- to long-term business strategies and responding to risks.

### Board Diversity

**LOTTE Shopping** prioritizes ensuring diversity within the Board of Directors to reflect the interests of various stakeholders in a balanced manner and to respond flexibly to rapidly changing business environments. In accordance with the standards set forth in the Corporate Governance Charter, we make continuous efforts to incorporate diversity in gender, nationality, industry background, and professional experience when forming the Board. Currently, the Board of LOTTE Shopping includes one female director and one non-Korean director, reflecting a structure that takes into account both gender and cultural diversity. In 2025, we further enhanced market-oriented perspectives and execution capabilities by newly appointing an independent director with practical expertise in retail, consumer goods, and global business. With this foundation, LOTTE Shopping continues to advance multidimensional decision-making and balanced corporate governance.

### • Board Skills Matrix (BSM)





# Board of Directors

## Board Operations

### Roles of the Board of Directors

As the highest decision-making body, the Board of Directors at **LOTTE Shopping** deliberates and resolves matters stipulated by applicable laws and the Articles of Incorporation, matters delegated by the General Meeting of Shareholders, and key issues related to the company’s fundamental management policies and business execution. The Board also performs supervisory functions over the management. It establishes LOTTE Shopping’s mid- to long-term business direction and objectives, oversees and manages a wide range of financial and non-financial risks associated with business operations, and addresses key sustainability issues including climate change response, human rights, and safety and health.m.

### Board Meeting Procedures

According to the regulations of the Board of Directors, meetings may be convened by the Chairperson or by a director designated by the Chairperson. Notice of the meeting must be provided to each director at least one week in advance. However, if all directors consent, a meeting may be held at any time without the formal convening procedure. Regular board meetings are, in principle, held once a month, and special meetings may be convened on an ad-hoc basis as needed. A meeting is duly convened when attended by a majority of the directors in office, and resolutions are adopted with the approval of a majority of the attending directors. For matters falling under Article 397-2 (Prohibition of Usurpation of Corporate Opportunity) and Article 398 (Prohibition of Self-Dealing) of the Commercial Act, resolutions require the consent of at least two-thirds of all directors. Directors may attend meetings remotely if real-time voice communication is available. However, directors who have a special interest in a particular agenda item are not permitted to exercise voting rights on that matter.

#### ◆ Status of Board Meetings Held in 2024

No. of Meetings Held	No. of Items Reported	No. of Resolutions Passed	Attendance Rate of Executive Directors	Attendance Rate of Independent Directors
15	25	62 <sup>1)</sup>	100	95.7

1) 60 resolutions passed, 2 deferred

### Board Evaluation

**LOTTE Shopping** evaluates the performance of its board members in accordance with the evaluation provisions set forth in the Corporate Governance Charter. In particular, to promote active participation by independent directors, we conduct a comprehensive annual review that includes their attendance at board and committee meetings, contributions to agenda discussions, effectiveness in providing expert advice, and their role in internal control over financial risks as members of the Audit Committee. The results of this evaluation are reflected in future board composition. Since 2024, independent directors have also carried out evaluations of the Board itself to assess the adequacy of its composition and the efficiency of its operations. The evaluation criteria cover the Board’s roles and responsibilities, structure, and operations. The results and corresponding improvement plans are reported to the Board of Directors.

### Board Remuneration

In accordance with Article 388 of the Commercial Act and Article 42 of **LOTTE Shopping’s** Articles of Incorporation, director remuneration is determined by a resolution of the Board of Directors, within the limits approved at the General Meeting of Shareholders and based on the Executive Remuneration Policy. To enhance transparency in the remuneration process, the remuneration is reviewed and approved by the Compensation Committee. The CEO’s remuneration is determined based on a comprehensive assessment that includes not only financial performance, but also non-financial criteria such as leadership, ethical management, overall contributions to the company, and the achievement of key ESG-related performance indicators (KPIs).

#### ◆ Status of Board Remuneration Paid in 2024

(Unit: KRW million)

Category	No. of Directors	Total Remuneration	Average Remuneration per Director
Registered Directors	4	4,026	1,027
Independent Directors	2	148	74
Audit Committee Members	3	245	82

### Board Education

**LOTTE Shopping** provides a variety of training programs to enable independent directors to make professional decisions and fulfill their responsibilities based on a thorough understanding of the company. These programs cover a wide range of topics—including business strategy, industry and business outlook, new business initiatives, and ESG disclosure and evaluation systems—to support informed and independent participation in major management decisions. In particular, specialized training is provided to Audit Committee members on internal accounting management systems, compliance oversight, internal control, accounting standards, and sustainability reporting frameworks to ensure that the committee performs its audit function independently and responsibly.

#### ◆ Status of Training for Independent Directors in 2024

Date	Participants	Key Topics
2024.02.08	Shim Sue Ohk Kim Do Seong Kim Yong Dai Cho Sang Chul Jeon Mi Young	• 2023 business performance vs. plan and mid- to long-term plans • Guidelines on writing-related-party transaction statements
2024.03.06		• Evaluation and status of internal accounting management systems (consolidated/separate)
2024.03.26		• Overview of KCGS Board evaluation criteria • Direction of E-Commerce strategy
2024.05.09	Kim Do Seong Shim Sue Ohk Han Jae Yeon Cho Sang Chul Jeon Mi Young	• Development of the Board Skills Matrix
2024.06.04		• Progress and future plans for the Ocado Project • Review of LOTTE Shopping Board evaluation process
2024.08.07	Kim Do Seong Shim Sue Ohk Han Jae Yeon	• Key updates and trends in internal accounting management systems
2024.10.10	Shim Sue Ohk Kim Do Seong Cho Sang Chul Jeon Mi Young	• Presentation on “Corporate Value Enhancement Plan”
2024.11.22	Kim Do Seong Shim Sue Ohk	• Compliance oversight for directors and Audit Committee members (analysis of key domestic and global case law) • Role of the Board in corporate value-up programs
2024.12.12	Shim Sue Ohk Kim Do Seong Cho Sang Chul Jeon Mi Young	• Overview of LOTTE Shopping’s debt covenants and liquidity status



- ◆ Board of Directors
- Shareholder-Centric Management
- Ethics and Compliance Management
- Risk Management
- Information Security

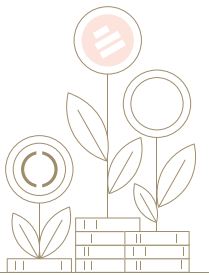
# Board of Directors

## Board Committees

### Audit Committee

The Audit Committee of **LOTTE Shopping** is composed of directors appointed at the General Meeting of Shareholders, in accordance with the Commercial Act and internal Audit Committee regulations, to ensure the independence and transparency of the company's audit function. All members of the committee are independent directors. The current Chairperson is Jeong Chang Kook, an independent director with expertise in accounting and finance. The committee audits the legality and soundness of the Board of Directors' and management's activities and financial operations, and reviews the accuracy of financial reporting. It is authorized to examine the overall business operations and asset status of the company, including subsidiaries, and may request business reports. The committee also reviews the appointment, replacement, or dismissal of external auditors and evaluates the effectiveness of the internal accounting management system. In 2025, we revised the relevant regulations to require the consent of the Audit Committee for appointments and dismissals of members of the internal audit department. This measure further strengthens the independence of the audit organization, enhances the effectiveness of the internal control system, and increases external trust.

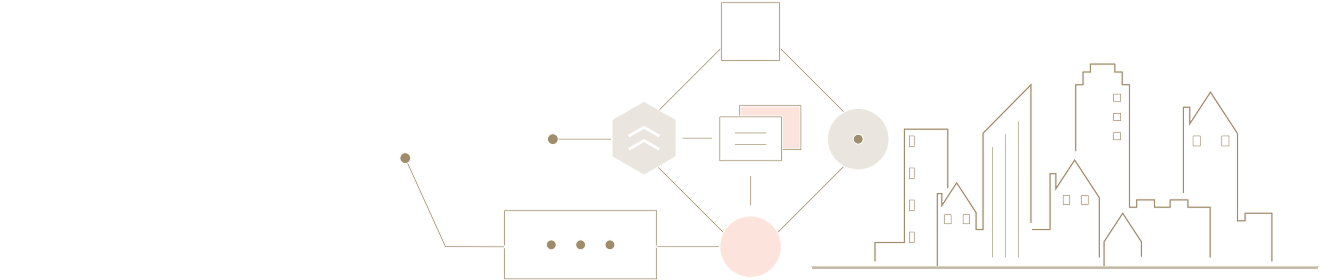
◆ Audit Committee Composition (As of March 31, 2025)		
Role	Position	Name
Chair	Independent Director	Jeong Chang Kook
Member	Independent Director	Sim Sue Ohk
Member	Independent Director	Han Jae Yeon



### Independent Director Nomination Committee

The Independent Director Nomination Committee of **LOTTE Shopping** is composed entirely of independent directors, in accordance with the Commercial Act, the Articles of Incorporation, and Board regulations. The committee is responsible for recommending candidates for independent directorships to be appointed at the General Meeting of Shareholders. It forms a candidate pool and conducts regular reviews at least once a year. Based on the expertise and qualifications of each candidate, the committee evaluates whether they serve the interests of the company and its shareholders, and assesses compliance with legal requirements related to independence to select and recommend suitable nominees. In addition, the committee deliberates and resolves matters related to the nomination process and other items delegated by the Board of Directors.

◆ Independent Director Nomination Committee Composition (As of March 31, 2025)		
Role	Position	Name
Chair	Independent Director	Cho Hyun Keun
Member	Independent Director	Cho Sang Chul
Member	Independent Director	Kanai Hiroyuki



### Transparent Management Committee

The Transparent Management Committee of **LOTTE Shopping** is composed entirely of independent directors and operates with the aim of fostering an ethical corporate culture and advancing transparent business practices. The committee reviews major policies and implementation records related to internal transactions among affiliates, compliance management, and corporate social contribution activities. It also examines relevant business documents—such as transaction methods, criteria for selecting counterparties, and detailed terms of transactions—and may recommend corrective or improvement measures when necessary. In cases where violations of laws or internal regulations are identified or suspected, the committee may request appropriate actions, including adjustments to transaction terms or suspension of transactions, taking into account the seriousness of the violation, its impact on the company, and the necessity of corrective action.

◆ Transparent Management Committee Composition (As of March 31, 2025)		
Role	Position	Name
Chair	Independent Director	Sim Sue Ohk
Member	Independent Director	Cho Sang Chul
Member	Independent Director	Han Jae Yeon



# Board of Directors

## Board Committees

### Compensation Committee

The Compensation Committee of **LOTTE Shopping** was established to enhance the fairness and transparency of executive compensation and is composed entirely of independent directors. The committee reviews the appropriateness of the total compensation cap for registered directors submitted to the General Meeting of Shareholders. It also deliberates and approves matters such as individual compensation—including performance-based incentives—for registered directors, and sets compensation limits by job grade for non-registered executives.

◆ Compensation Committee Composition			(As of March 31, 2025)
Role	Position	Name	
Chair	Independent Director	Cho Sang Chul	
Member	Independent Director	Cho Hyun Keun	
Member	Independent Director	Jeong Chang Kook	

### ESG Committee

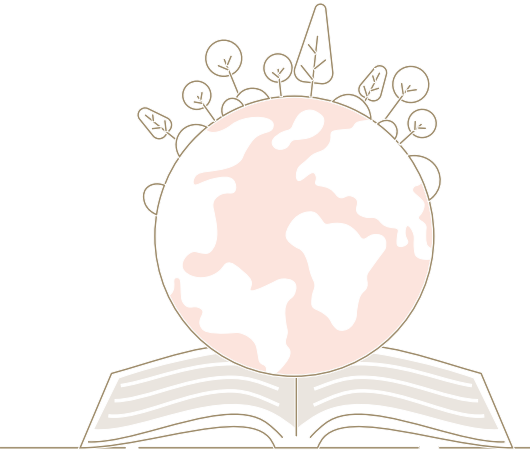
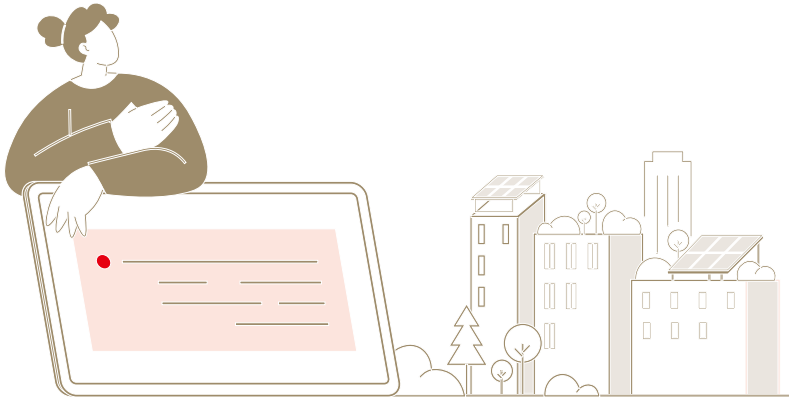
The ESG Committee of **LOTTE Shopping** is composed entirely of independent directors and serves as the highest consultative body for advancing systematic ESG management. The committee deliberates and resolves matters related to the company's ESG policies and activities. It is responsible for establishing mid- to long-term ESG management goals, monitoring implementation progress and performance, and identifying and managing key ESG issues and risks.

In 2024, the committee convened four times to deliberate and approve key agenda items, including domestic and global ESG implementation plans and progress, carbon neutrality action plans and progress, and mid- to long-term plans for enhancing the employee training system.

◆ ESG Committee Composition			(As of March 31, 2025)
Role	Position	Name	
Chair	Independent Director	Han Jae Yeon	
Member	Independent Director	Cho Hyun Keun	
Member	Independent Director	Kanai Hiroyuki	

### ◆ Status of ESG Committee Operations in 2024

Category		Agenda
2024.03.06	Resolution	Selection of LOTTE Shopping's 2024 ESG material issues
	Resolution	Review of ESG action plans by Business Division for 2024
2024.04.18	Resolution	Mid- to long-term plan to enhance the employee training system
	Resolution	Carbon neutrality implementation plan
	Resolution	Information security enhancement plan
	Resolution	Review of global ESG trends and LOTTE Shopping's strategic direction
2024.08.22	Report	LOTTE Shopping's ESG initiatives for 2024
2024.09.12	Resolution	LOTTE Shopping's PPA strategy plan
	Report	Progress on the employee training system enhancement
	Report	Progress on environmental management initiatives
	Report	Progress on information security enhancement





# Shareholder-Centric Management

## Exercise of Shareholder Rights

### Convening and Holding Shareholders’ Meetings

**LOTTE Shopping** holds its annual General Meeting of Shareholders within three months after the end of each fiscal year, following a resolution by the Board of Directors. Extraordinary General Meetings may also be convened as necessary. When convening a General Meeting, we send a notice stating the date, location, and purpose of the meeting to each shareholder via written or electronic document at least two weeks prior to the meeting date. For shareholders<sup>1)</sup>, the notice of convocation may be substituted by disclosure through the Korea Exchange's electronic disclosure system or a public announcement in a daily newspaper.

Through these procedures, LOTTE Shopping ensures that all shareholders receive timely and accurate information regarding the General Meeting and continues to promote a foundation for transparent and fair decision-making.

1) Shareholders holding 1% or less of the total number of issued shares

#### • Status of General Shareholders’ Meetings

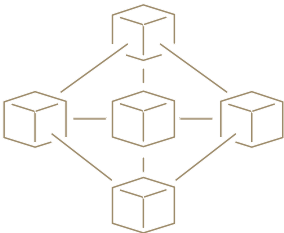
Category	53rd Fiscal year	54th Fiscal year	55th Fiscal year
Peak Date for Annual General Meetings	2023.03.24	2024.03.22	2025.03.21
	2023.03.30	2024.03.27	2025.03.27
	2023.03.31	2024.03.29	2025.03.28
Date of Annual General Meeting	2023.03.29	2024.03.26	2025.03.24
Avoidance of Peak Date	Yes	Yes	Yes
Implementation of Electronic Voting	Yes	Yes	Yes
Proxy Voting	Available	Available	Available

### Exercise of Voting Rights

**LOTTE Shopping** shareholders are entitled to one voting right per share held. Resolutions at the General Meeting of Shareholders are passed in accordance with applicable laws and the Articles of Incorporation, requiring approval by a majority of the voting rights of shareholders present and by at least one-quarter of the total number of issued shares.

To promote shareholder participation and facilitate the exercise of voting rights, LOTTE Shopping holds its Annual General Meetings on dates that avoid the most concentrated meeting period. For the past four fiscal years, meetings have been held on dispersed dates in accordance with this principle. We have also adopted an electronic voting system to enhance accessibility and convenience, and provides General Meeting information promptly through electronic notices. In addition, shareholders who meet the prescribed ownership threshold are granted the right to propose agenda items for the General Meeting.

To protect the voting rights of shareholders who are unable to attend in person, LOTTE Shopping permits proxy voting under Article 27 of its Articles of Incorporation. Shareholders may exercise their voting rights by submitting a power of attorney in the designated format prior to the opening of the meeting. Pursuant to Article 153 of the Financial Investment Services and Capital Markets Act, we provide proxy forms and reference materials via the electronic disclosure system. Furthermore, following the General Meeting, LOTTE Shopping discloses the approval rates for each agenda item—based on the number of shares represented—on its official website to enhance the transparency and credibility of the decision-making process.



• Status of Share Issuance			(As of December 31, 2024)
Category	No. of Shares Issued	Issuance Ratio (%)	No. of Shares with Voting Rights <sup>1)</sup>
Common Shares	28,288,755	4715	28,226,062

1) Excludes treasury shares and shares held by affiliated executives with restricted voting rights.

• Status of Share Ownership			(As of December 31, 2024)
Shareholder Name	No. of Shares Held	Ownership Ratio (%)	
LOTTE Holdings Co., Ltd.	11,315,503	40.00	
Shin Dong Bin	2,893,049	10.23	
HOTEL LOTTE Co., Ltd.	2,507,158	8.86	
National Pension Service	1,819,362	6.43	
Employee Stock Ownership Association	15,728	0.06	





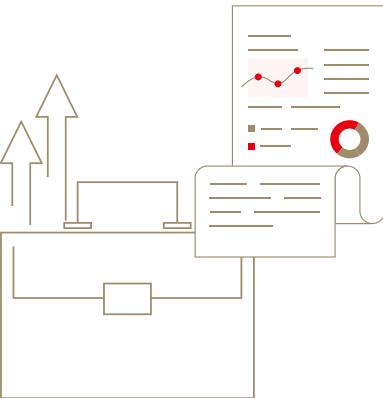
# Shareholder-Centric Management

## Protection of Shareholder Interests

### Shareholder Return Policy

**LOTTE Shopping** is committed to enhancing shareholder value through consistent dividend payments and is striving to establish a stable and predictable dividend policy. In the Corporate Value Enhancement Plan announced in October 2024, we set a target shareholder return ratio of 35% or higher for the period from 2024 to 2026 and proposed a minimum dividend per share (DPS) of KRW 3,500.

To enhance dividend predictability and enable shareholders to make informed investment decisions, we transitioned to a policy in which the dividend amount is determined prior to setting the record date. This new approach was first implemented for the 55th fiscal year (FY 2024). LOTTE Shopping will continue to protect shareholder rights and interests by pursuing advanced and transparent dividend policies.



### Shareholder Communication

**LOTTE Shopping** holds quarterly Non-Deal Roadshows (NDRs) led by the CFO and conducts earnings announcements via conference calls to enhance accessibility and convenience for shareholders. To strengthen communication between management and shareholders and investors, we launched “CEO IR DAY” in 2023. In October 2024, LOTTE Shopping became the first company in the retail sector to announce a Corporate Value Enhancement Plan, further expanding both domestic and global investor relations (IR) activities. During the 2024 “CEO IR DAY,” the CEO personally presented key financial indicators, business performance, and results of consolidated asset revaluation, and introduced LOTTE Shopping's mid- to long-term business strategies along with its value-up goals and plans. In-person sessions were also held for local investors in Hong Kong and Singapore. Going forward, LOTTE Shopping will continue to transparently provide financial and non-financial information through regular communication channels led directly by the CEO and CFO, enabling shareholders and investors to make well-informed decisions.

#### • 2024 Key IR Schedule

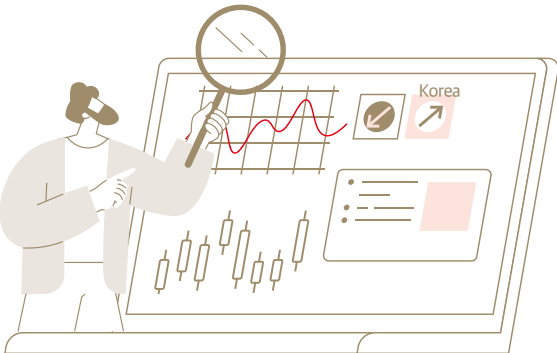
Date	Location	Event
2024.05.09	Korea	Q1 2024 Earnings Conference Call
2024.05.13~14, 16		Q1 2024 Non-Deal Roadshow (NDR)
2024.08.07	Korea	Q2 2024 Earnings Conference Call
2024.08.09, 12		Q2 2024 Non-Deal Roadshow (NDR)
2024.10.11	Korea	2024 CEO IR DAY
2024.10.15	Singapore	2024 CEO IR DAY
2024.10.16	Hong Kong	2024 CEO IR DAY
2024.11.07	Korea	Q3 2024 Earnings Conference Call
2024.11.11~12		Q3 2024 Non-Deal Roadshow (NDR)
2025.02.06	Korea	Q4 2024 Earnings Conference Call
2025.02.10~12		Q4 2024 Non-Deal Roadshow (NDR)

### Transparent Information Disclosure

**LOTTE Shopping** discloses both financial and non-financial information related to its business operations through the Financial Supervisory Service's Data Analysis, Retrieval and Transfer System (DART), the Korea Exchange disclosure platform, and the company's official website.

We also operate a separate English-language website for overseas investors and global stakeholders, where IR materials, disclosure schedules, and major management-related updates are regularly posted and accessible.

This allows stakeholders to access accurate and timely information related to our business activities. In addition, we issue a monthly IR letter for internal executives, sharing key management updates and promoting awareness of the importance of transparent disclosure.





# Ethics and Compliance Management

## Ethics Management Strategy

### Establishing the Foundation for Ethics Management

#### Code of Ethics and Code of Conduct

**LOTTE Shopping** has established and operates a Code of Ethics and a Code of Conduct to fulfill its corporate responsibilities and pursue sustainable growth by encouraging proper thinking, sound judgment, and ethical behavior by the company, its employees, and partners. The Code of Ethics sets forth the principles to be observed from the standpoint of various stakeholders, including customers, shareholders, employees, and business partners. The Code of Conduct provides specific behavioral guidelines and implementation procedures that cover our commitments to customers, responsibilities and obligations to shareholders, basic ethics for employees, sound relationships with partners, and standards for making value-based judgments regarding the state and society.

 [LINK Code of Ethics and Code of Conduct](#)

#### Promoting an Ethical Corporate Culture

**LOTTE Department Store** operates the “Clean Sharing” External Lecture Program to promote a corporate culture rooted in ethical values. Under this initiative, when employees deliver lectures at external institutions using the professional knowledge and experience they have gained at the company, a portion of the lecture fees is donated to welfare organizations. This practice aims to strengthen ethical awareness while fulfilling social responsibility. LOTTE Department Store continues to implement a variety of embedding activities to ensure that ethical management evolves beyond mere regulatory compliance and is autonomously practiced across both daily business operations and external engagements.

#### Ethics Education

**LOTTE Shopping** conducts company-wide ethics education to enhance employees’ ethical awareness and embed a culture of ethical management. This includes foundational training on the Code of Ethics and Code of Conduct, as well as practical guidance on real-life ethical issues that may arise in the workplace.

At **LOTTE Department Store, LOTTE Mart and LOTTE Super** the importance of ethical management is emphasized through onboarding programs for new employees, which cover LOTTE Shopping’s ethical principles and related policies. In addition, to prevent unethical behavior and unfair trade practices during holiday seasons, company-wide training is provided twice a year. These sessions cover key control items, procedures for self-reporting gift receipts, and available whistleblowing channels.

**LOTTE Mart and LOTTE Super** also provide training to frontline departments and branch managers on actual violation cases, relevant internal regulations, and future risk mitigation strategies to ensure company-wide dissemination. Training is also provided to newly appointed personnel in managerial positions, focusing on major risks specific to their roles and related control measures.

**LOTTE E-Commerce** provides company-wide anti-money laundering (AML) education in accordance with the Act on Reporting and Using Specified Financial Transaction Information. The training covers key compliance topics, including an overview of money laundering and terrorist financing, how to recognize suspicious transactions, procedures for customer verification, and internal reporting protocols.

## Ethics Risk Management

### Preventive Measures Against Unethical Conduct

#### Ethics and Compliance Pledge

All employees of **LOTTE Shopping** annually sign the Ethics and Compliance Pledge, which is based on the company’s compliance management policy. Through this pledge, employees affirm their commitment to faithfully comply with domestic and international laws, the Code of Conduct, and all internal regulations.

#### Monitoring of Ethical Violations

**LOTTE Department Store** operates the Clean Center program, which requires employees to return any gifts received from stakeholders. In cases where returning is not feasible, the gifts are donated to welfare organizations. This initiative helps clarify internal control standards regarding gift acceptance and promotes a fair and transparent business environment based on sound relationships with partners.

**LOTTE Mart and LOTTE Super** conduct unannounced on-site inspections at sales locations twice a year to prevent potential ethical violations during holiday periods and to enhance employee awareness. These inspections focus on key risk areas such as unauthorized removal of goods and acceptance of gifts. Additionally, corporate credit card usage by employees is regularly monitored to detect inappropriate or unauthorized transactions, with the aim of fostering a transparent expense management culture.

#### Whistleblowing System

**LOTTE Shopping** operates an anonymous reporting system to foster an ethical corporate culture and monitor unethical behavior within the organization. In line with the Compliance Management System Operation Guidelines, we have established clear procedures that span the entire reporting process—from submission and investigation to resolution. Reports can be submitted via telephone, mail, or the company’s online website.

Reporting channels and procedures are communicated through the internal bulletin board, and partner companies are also encouraged to utilize the system to report any unethical conduct and to implement appropriate remedial actions. The confidentiality of both the whistleblower and the reported information is strictly protected, and we ensure that no disadvantage is incurred as a result of filing a report. The operational status of the anonymous reporting system is reported annually to the CEO.

#### • Procedure for Reporting Unethical Conduct





# Ethics and Compliance Management

## Compliance Management Governance

### Roles and Responsibilities of Governance

#### Roles of the Board of Directors

The Board of Directors at LOTTE Shopping performs oversight and supervisory functions to ensure that the compliance management system is fully embedded across all areas of business operations. The Board reviews relevant policies and monitors implementation status at the company-wide level. Each Business Division CEO reviews and monitors the execution strategies for ethics and compliance management and assesses the effectiveness of activities to prevent and mitigate compliance-related risks.

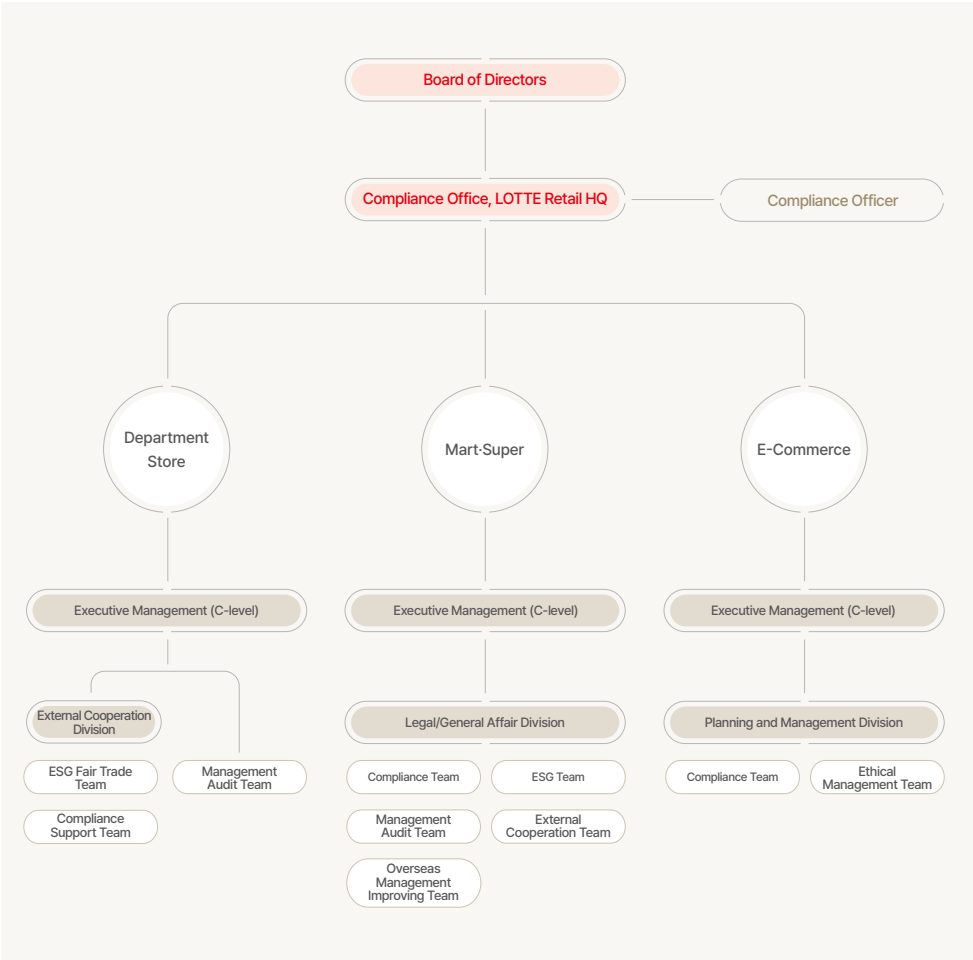
#### Roles of the Compliance Organization

LOTTE Shopping has appointed the Head of the Compliance Office, LOTTE Retail HQ, as the Compliance Officer. The Compliance Officer is responsible for planning and implementing compliance support activities to identify and prevent legal risks within the company, and reports outcomes and key issues directly to the Board of Directors. In addition, the Compliance Officer oversees the execution of compliance management strategies and is responsible for establishing and implementing response strategies based on identified risks. This includes assessing and managing the effectiveness of the Fair Trade Compliance Program. To this end, LOTTE Shopping has established a company-wide compliance control framework, comprising the Compliance Office at LOTTE Retail HQ and compliance working groups within each Business Division, which work collectively to conduct enterprise-wide compliance control activities.

#### Roles of the Working-Level Organization

Under the supervision of the Compliance Office at LOTTE Retail HQ, LOTTE Shopping plans and implements activities to identify, prevent, and respond to compliance risks tailored to the specific characteristics of each Business Division. To promote compliance management rooted in day-to-day operations, we develop self-assessment checklists and provides training for both managers and frontline employees. In the event of major compliance issues, LOTTE Shopping establishes a prompt and systematic response system through close coordination with LOTTE Retail HQ. To strengthen the oversight and supervision of fair trade practices, the Board of Directors appoints a Fair Trade Compliance Manager for each Business Division and guarantees their independence in performing duties. Each Compliance Manager monitors the overall implementation of the fair trade compliance program within their respective division and supervises the effectiveness of training and corrective actions conducted by the designated compliance personnel. The manager also reports operational performance and future plans to the CEO.

• Compliance Management Governance





# Ethics and Compliance Management

## Compliance Management Strategy

### Foundation for Compliance Management

#### Compliance Management Policy and Operation Guidelines

To foster an ethical and fair corporate culture, **LOTTE Shopping** has established a Compliance Management Policy and systematically manages its implementation to ensure adherence by all employees. Annual compliance objectives are set and executed based on key principles such as anti-corruption and the prohibition of unfair trade practices. Moving forward, LOTTE Shopping will continue to enhance the effectiveness of its ESG management system by reinforcing fairness and transparency across the organization through responsible compliance management.



#### • Compliance Management Policy

We faithfully comply with all applicable domestic and international laws, the Code of Conduct, and internal regulations in the performance of our duties, and under no circumstances shall we engage in any illegal conduct.

We recognize all partner companies as essential stakeholders in our mutual growth and are committed to establishing a culture of fair and transparent transactions.

We actively support the company's compliance practices and endeavor to foster an anti-corruption environment and uphold corporate social responsibility based on ESG principles and a commitment to strengthening our competitiveness.

#### Compliance Education

**LOTTE Shopping** conducts company-wide compliance education annually to embed the Compliance Management Policy across the organization. The program addresses key compliance risk areas, including the compliance management system, Code of Conduct, anti-corruption and conflict of interest prevention, and internal transactions among affiliates. The training is customized to reflect the unique characteristics of each Business Division and the level of risk exposure associated with different job roles. For high-risk areas such as personal information protection, fair trade, and sexual harassment, separate in-depth programs are offered to enhance effectiveness.

In 2024, to strengthen leadership accountability for compliance, LOTTE Retail HQ held targeted education sessions for the CEO and executive officers. In addition, the CEO personally delivered a company-wide lecture on the Compliance Code of Conduct, reinforcing a culture of compliance throughout the organization.

#### Promoting a Culture of Compliance Among Partners

**LOTTE Shopping** has established a Partner Code of Conduct to enhance compliance awareness among its partners and ensure adherence to relevant laws and regulations. The Code outlines the fundamental principles of responsible business practices throughout all transactional relationships and includes key compliance areas such as legal compliance, fair trade practices, and anti-corruption. All partners are required to comply with these standards.

In addition, LOTTE Shopping provides a self-assessment checklist to help partners evaluate the level of their implementation in ethical and compliance management. Through this initiative, we aim to promote a culture of compliance across its supply chain and strengthen the foundation for responsible management.

#### Fair Trade Education

**LOTTE Shopping** provides fair trade education tailored to the rank and job responsibilities of employees in each Business Division to enhance awareness and strengthen practical implementation.

LOTTE Department Store provides mandatory fair trade education to all employees. Additionally, role-specific training is offered to those responsible for fair trade compliance, including executives in sales-related departments, self-compliance officers at both headquarters and store levels, and merchandisers.

**LOTTE Mart and LOTTE Super** offer both company-wide mandatory education and practical, job-specific sessions for departments involved in product, franchise, and sales operations. In 2024, training topics included revised guidelines for reviewing promotional events, self-inspection procedures for stores, and comprehensive education on franchise operations.

**LOTTE E-Commerce**, considering the unique nature of its open market platform—marked by diverse partner types and fluid business relationships—distributes educational materials in quiz format to promote engagement. These materials cover fair trade laws and key operational considerations. Additional training topics included dark patterns, labeling and advertising regulations, customer service dispute resolution, and administrative enforcement cases related to open market operations.

#### Compliance Newsletter

To enhance employees' compliance awareness and support the prevention of legal risks, **LOTTE Shopping** publishes a monthly Compliance Newsletter under the direction of the Compliance Office, LOTTE Retail HQ. The newsletter provides updates on key retail-related issues, changes in relevant laws and regulations, and practical compliance reminders. It also includes guidelines for managing legal risks in areas such as contracting, advertising, and event operations. This initiative helps frontline operations stay aligned with regulatory requirements and reinforces LOTTE Shopping's capacity for proactive risk management.



# Ethics and Compliance Management

## Compliance Risk Management

### Anti-Corruption and Fair Trade Compliance

#### Third-Party Certification of the Compliance Management System

**LOTTE Shopping** is committed to establishing a compliance management system aligned with international standards. In 2018, LOTTE Department Store became the first in the department store industry to obtain ISO 37001, the global standard for anti-bribery management systems. Since then, all Business Divisions have achieved certification, enabling the company to systematically embed anti-corruption practices across its operations. In 2024, a third-party verification body confirmed that there were no material corruption-related risks and that the system was functioning effectively. In addition to anti-bribery efforts, LOTTE Shopping has developed an integrated compliance management framework encompassing major risk areas such as fair trade and occupational safety. As a result, we acquired ISO 37301—the international standard for compliance management systems—in 2022. Building on these foundations, LOTTE Shopping continues to advance compliance monitoring across its Business Divisions and deepen the internalization of globally aligned compliance practices.

#### Fair Trade Compliance Program

**LOTTE Shopping** operates the Fair Trade Compliance Program (CP) to promote a fair and transparent market order and to establish a culture of sound business practices. The CP functions as a company-wide compliance management system aimed at preventing violations of the Fair Trade Act and other relevant regulations, while also raising compliance awareness among employees. The program centers on proactive inspections of major risk areas, compliance training, and system improvement initiatives. We continuously update our compliance standards and processes to reflect legal and regulatory changes, and operate monitoring systems and reporting channels to enable a swift and structured response to potential risks. LOTTE Shopping remains committed to strengthening the effectiveness of the CP to further embed a culture of fair trade and realize responsible compliance management.

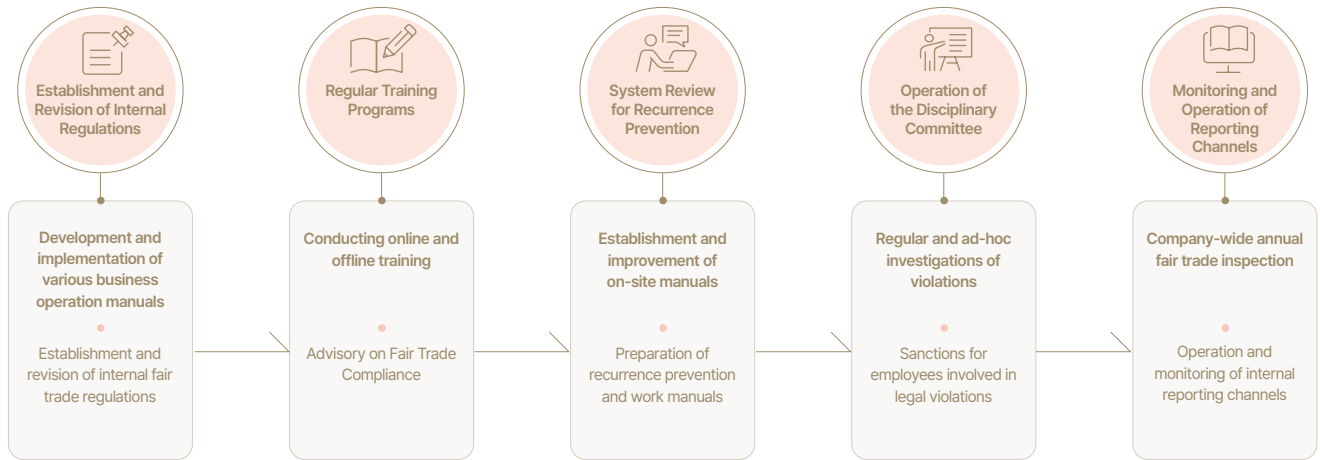
#### Compliance Risk Monitoring

**LOTTE Shopping** has appointed the Head of the Compliance Office at LOTTE Retail HQ as the Compliance Officer, who leads compliance support activities aimed at proactively preventing legal risks. The results of these efforts are reported directly to the Board of Directors. Working-level compliance teams within each Business Division operate under the Fair Trade Compliance Program (CP) framework and contribute to company-wide systematic compliance management. In 2024, monitoring efforts focused on key risk items such as contract execution, product return issues, display allowances, subcontract pricing changes for Private Brand (PB) goods, and advance disclosure documents for franchise agreements. Based on the results of fair trade self-assessments and on-site inspections, necessary improvements were identified and implemented. In particular, we strengthened our field-based compliance response system by supervising self-assessments independently conducted by retail stores. Through this initiative, we aim to enhance employee awareness of compliance and continuously improve practical, site-level risk management capabilities.

#### Conflict of Interest Risk Management

**LOTTE Shopping** manages conflict of interest risks to ensure that the direct or indirect interests of executives do not influence corporate decision-making. Transactions involving executives or their relatives are classified as “transactions with related parties,” and are subject to a formal pre-reporting and verification process. All executives—including independent directors—are required to report any such transactions to the Compliance Office at LOTTE Retail HQ. Each executive must also submit an annual Disclosure of Transactions with Related Parties form. These disclosures are regularly reported to the Board of Directors, thereby strengthening a culture of transparent and trust-based decision-making.

#### • Compliance Program



# Ethics and Compliance Management

## Compliance Risk Management

### Anti-Corruption and Fair Trade Compliance

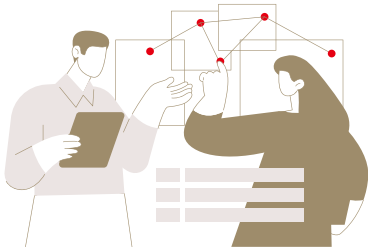
#### Fair Trade Whistleblowing System

To prevent violations of the Fair Trade Act and strengthen oversight, **LOTTE Shopping** operates an Unethical Conduct Reporting System for employees and a separate Fair Trade Whistleblowing System. Partners can report any unfair practices or damage experienced during business transactions via phone, email, or the company's online platform. All reports are reviewed in accordance with internal policies, and if necessary, follow-up actions such as disciplinary measures are taken.

In addition, **LOTTE Department Store** provides whistleblowing channels in English, Vietnamese, and Indonesian to improve accessibility for overseas partners, thereby reinforcing fair trade practices in global business environments.

#### Pre-Agreement System for Promotional Events

**LOTTE Department Store** operates a Pre-Agreement System for Promotional Events to ensure compliance with the Act on Fair Transactions in Large Retail Business when conducting promotional event-related work. From the early planning stages of each promotional event, the department in charge of fair trade compliance reviews adherence to regulatory procedures. This system strengthens internal controls related to promotional events and reduces the risk of unfair trade practices.



#### Fair Trade Self-Assessment

**LOTTE Mart and LOTTE Super** operate a Fair Trade Self-Assessment System that enables real-time risk monitoring across everyday fair trade operations. This system shifts the focus from reactive measures to proactive, field-level risk management.

The self-assessment checklist covers key items such as the retention of contracts and official documents, management of promotional staff, compliance with procedures for returns and promotional events, and adherence to labeling and advertising regulations. Retail stores conduct self-assessments and upload the results to the system on a monthly basis.

The Head Office reviews these assessments, evaluates the risks, and provides feedback. Based on the findings, the Head Office also conducts unannounced on-site inspections. This dual approach—centralized oversight and decentralized self-assessment—supports the continued embedding of a compliance culture at the store level.

#### Fair Trade Guidelines & Handbook

To proactively prevent fair trade risks and respond effectively to changes in laws and regulations, **LOTTE Shopping** has established and operates Fair Trade Guidelines tailored to each Business Division. During special periods such as holidays, supplementary operational rules are developed and distributed to address potential risks. In addition, we continuously provide operational guidance for promotional events and highlight key considerations related to labeling and advertising—such as greenwashing—to strengthen practical compliance capabilities at the field level.

**LOTTE Mart and LOTTE Super** develop fair trade guidelines and publish and update the Fair Trade Handbook based on business-relevant legislation, including the Fair Trade Act, Act on Fair Transactions in Large Retail Business, Subcontracting Act, and Labeling and Advertising Act. The handbook shares updates on legal revisions and key compliance points, supporting risk prevention and management throughout the contracting and operational processes.

#### Compliance Internalization Program

To enhance employees' awareness of compliance and their understanding of relevant laws and regulations, **LOTTE Shopping** operates a range of compliance programs beyond formal training. One key initiative is the Compliance Quiz Contest, held company-wide for all employees. The contest covers major risk areas such as anti-corruption and fair trade, as well as legally mandated training topics including the prevention of sexual harassment and workplace bullying. To encourage employee engagement and reinforce content retention, we offer rewards to top-performing participants and provide explanations for questions with high error rates.

**LOTTE Mart and LOTTE Super** operate the Fair Trade Daily Quiz for all employees. Under this system, employees must answer a compliance-related question—covering topics such as the Fair Trade Act, the Act on Fair Transactions in Large Retail Business, and the Subcontracting Act—before they can access internal business platforms. This structure naturally cultivates compliance awareness in daily operations.





# Risk Management

## Risk Management Governance

### Roles and Responsibilities of Governance

#### Roles of the Board of Directors

To adapt to a rapidly changing internal and external business environment and ensure operational stability, the Board of Directors of **LOTTE Shopping** oversees the entire process of identifying and managing business-related risks. The Board receives regular reports on company-wide risk management from the Compliance Office of LOTTE Retail HQ. For risks that are expected to have a material impact on business operations, the Board assesses their significance and directly deliberates and resolves on the formulation and implementation of corresponding response strategies. In addition, the ESG Committee works in close coordination with the ESG Working Group to identify and respond to ESG-related risks. Key issues identified through this process are submitted to the Board for deliberation and resolution.

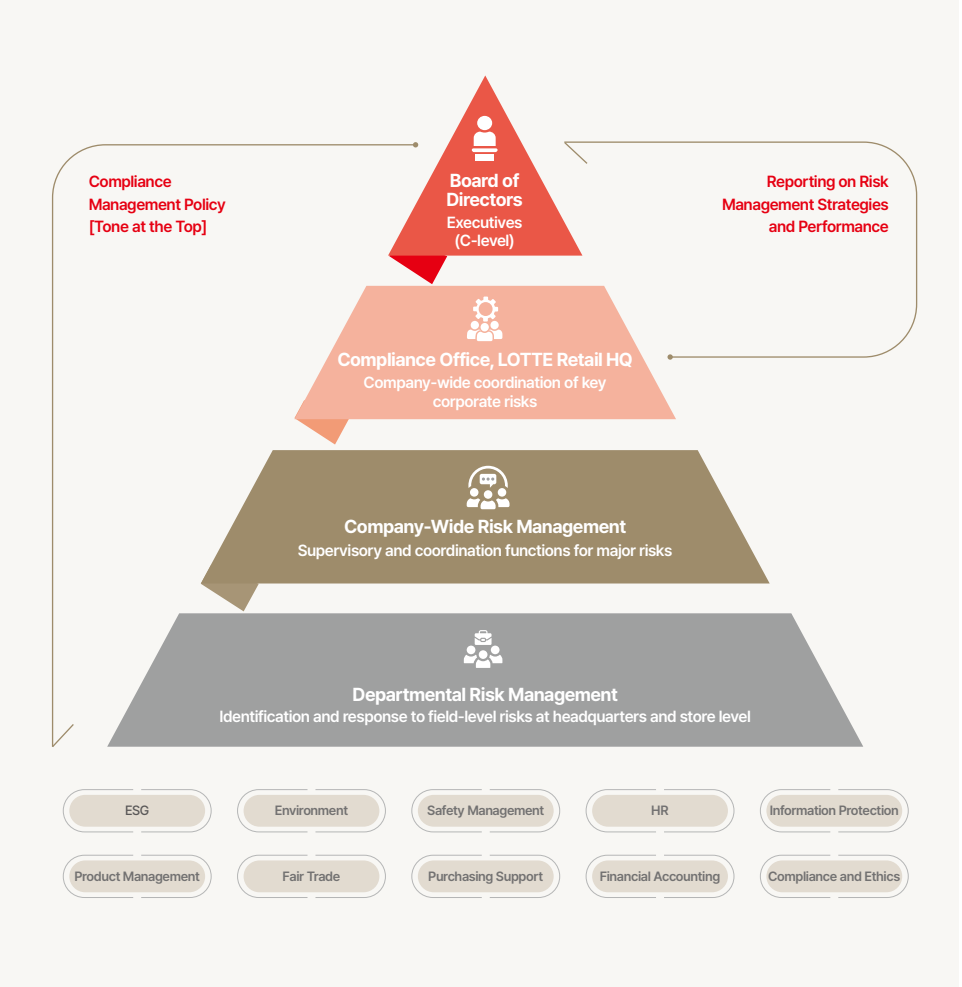
#### Roles of LOTTE Retail HQ

**LOTTE Shopping** has designated the Compliance Office at LOTTE Retail HQ as the central organization responsible for company-wide risk management, overseeing major corporate-level risks. Following a reorganization in 2024, the Compliance Office, which oversees legal affairs, ESG, and external communications, identifies both financial and non-financial risks associated with business operations. Based on a materiality assessment, key risks are selected, and control departments are assigned to supervise risk management by Business Division, while operational departments are designated to identify risks and carry out response measures. The Compliance Office monitors each division's risk management activities, reviews the adequacy of response strategies, supports training to strengthen risk management capabilities, and reports to the Board of Directors at least once a year on the overall status and improvement plans.

#### Roles of Each Business Division

Each Business Division at **LOTTE Shopping** operates operational departments, which identify and address risks arising at the headquarters and store levels, as well as control departments, which establish response strategies for risks identified in the field and support the activities of the operational departments. For general risks, the operational departments independently set risk management objectives, monitor progress, and implement training and corrective measures. For major risks, control departments are designated in accordance with the company-wide risk response framework to ensure a higher level of oversight and intervention.

#### • Risk Management Governance



# Risk Management

## Risk Management Strategy

### Risk Management Process

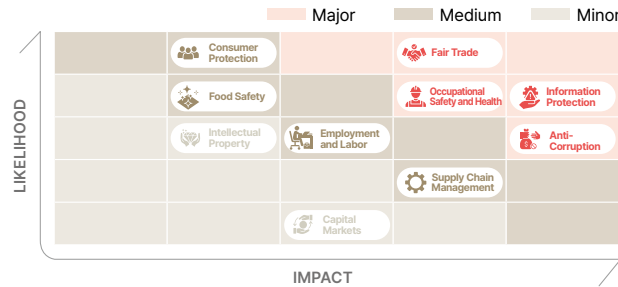
#### Risk Identification and Assessment

Based on the implementation of the Group Code of Conduct, **LOTTE Shopping** identifies company-wide risks and derives a final risk pool consisting of 30 items across 10 domains. For each risk, we designate a working-level department responsible for potential occurrence and a control department responsible for oversight, followed by a formal risk assessment. Through business process analysis by relevant departments, we identify the context of risk occurrence, root causes, and the scope of affected stakeholders. These insights are reflected in a customized assessment tool used to quantitatively assess both the likelihood and impact of each risk. Based on the assessment results, risks are categorized into three levels: Major (key risks), Medium and Minor (general risks). Domains with a high concentration of Major-level risks are designated as Key Risk Areas (Red Zones) and are given management priority.

#### Risk Response Strategy

**LOTTE Shopping** applies risk response strategies at the HQ, Business Division, and field levels, depending on the severity of each risk. For major risks, the Compliance Office at LOTTE Retail HQ designates both a control department and a working-level department, and establishes a Two-Track Strategy to ensure coordinated oversight and implementation. For general risks, the working-level department independently sets management objectives and carries out response activities.

#### • Compliance Risk Materiality Assessment Results



#### Risk Monitoring

**LOTTE Shopping** develops and implements an annual monitoring plan for key risks associated with business operations, taking into account the nature of each risk type and the characteristics of individual Business Divisions. The Compliance Office at LOTTE Retail HQ collaborates with each division to assess the management status of key risk areas, including fair trade, information security, safety and health, and product quality. The monitoring system is continuously enhanced to reflect changes in the external environment, such as major regulatory revisions, industry trends, and emerging risks.

#### Risk Management Training

Based on its enterprise-wide risk management framework, **LOTTE Shopping** develops and implements an annual training plan for key identified risks, taking into account the nature of each risk and the specific characteristics of each Business Division. Risk training is categorized by purpose and target audience into regular training, specialized training, job-specific training, and legally mandated training. The curriculum covers a broad spectrum of business-related risk areas, including ethics and compliance, fair trade, information security, safety and health, and quality. Depending on the risk's scope of impact, training is provided through company-wide programs and Business Division-specific modules. A structured training system is in place to enhance risk awareness among working-level teams and to strengthen their ability to respond effectively.

#### • Key Risk Control and Response Strategies

Category	Fair Trade	Anti-Corruption	Occupational Safety and Health	Information Protection
Major Violation Types	<ul style="list-style-type: none"><li>Shifting interior/promotional costs to partners</li><li>Requesting business information</li><li>Unfair practices toward partners</li></ul>	<ul style="list-style-type: none"><li>Solicitation and provision of money or valuables</li><li>Bribery</li></ul>	<ul style="list-style-type: none"><li>Failure to fulfill safety management duties</li><li>Failure to assign legally mandated personnel</li><li>Failure to conduct risk assessments</li></ul>	<ul style="list-style-type: none"><li>Unauthorized use of personal data</li><li>Failure to implement adequate data protection measures</li><li>Unauthorized disclosure of trade secrets</li></ul>
Enterprise-Level Controls	<ul style="list-style-type: none"><li>Appointment of fair trade compliance managers</li><li>Fair trade training for store managers and staff</li><li>Operation of fair trade whistleblowing channels</li><li>On-site compliance clinics for sales and merchandising (covering the Large-Scale Distribution Act, Subcontracting Act, and Labeling and Advertising Act)</li></ul>	<ul style="list-style-type: none"><li>Anti-corruption training for all employees</li><li>Collection of ethics and compliance pledges</li><li>On-site compliance monitoring at headquarters and stores</li><li>Operation of anti-corruption reporting channels</li></ul>	<ul style="list-style-type: none"><li>Establishment of a dedicated safety and health organization</li><li>Formulation of safety and health management plans</li><li>Company-wide safety and health training for all employees</li><li>Workplace risk assessments and implement corrective actions</li></ul>	<ul style="list-style-type: none"><li>Collection of personal data and trade secret pledges</li><li>Personal data protection training for all employees</li><li>Specialized training for data handlers and IT developers</li><li>Manage information security solutions, Monitor personal data disposal, and Check system logs</li></ul>
Key Control Measures				
Operational-Level Controls	<ul style="list-style-type: none"><li>Completion of MD move-in/out checklists</li><li>Control through the Electronic Contract System (ECS)</li><li>Appointment of compliance managers at store</li></ul>	<ul style="list-style-type: none"><li>Preparation of anti-corruption prevention checklists and prior approvals (e.g., for entertainment expenses, donation disbursements, external event participation)</li></ul>	<ul style="list-style-type: none"><li>Deployment of safety management professionals at store</li><li>Stakeholder engagement with employees and partners (via Occupational Safety and Health Committees and safety subcontracting consultative bodies)</li></ul>	<ul style="list-style-type: none"><li>Prior agreement on personal data access and disposal, and IT system/program use</li><li>Check data deletion and disposal upon employee termination</li></ul>



# Risk Management

## Risk Management Strategy

### Financial Risk Management

#### Overseas Business Risk

As a global retail company with operations not only in Korea but also in countries such as Vietnam and Indonesia, **LOTTE Shopping** manages overseas risks by taking into account the scale of each business site, workforce composition, and local legal and regulatory environments. For **LOTTE Department Store**, where each international operation functions as an independent legal entity, headquarters conducts on-site inspections and carries out legal and risk assessments to strengthen risk response capabilities at the local level. **LOTTE Mart** has established a centralized control tower to oversee all overseas operations and formed dedicated compliance teams by country, enabling a systematic compliance management system. Furthermore, customized operational manuals and internal regulations are in place for each business site to proactively prevent risks arising from intentional or negligent misconduct.



#### Tax Risk

**LOTTE Shopping** recognizes that effectively managing tax risks and complying with domestic tax laws and international standards are critical to sustainable management. To protect the interests of customers and shareholders while contributing to national fiscal soundness, we faithfully fulfill our tax obligations with support from both our in-house tax professionals and external experts. Tax-related risks are systematically reviewed and subject to ongoing monitoring.

#### Foreign Exchange Risk

In operating overseas businesses, **LOTTE Shopping** is exposed to foreign exchange risk related to currencies such as the USD (U.S. Dollar) and CNY (Chinese Yuan), requiring appropriate risk management. Accordingly, we continuously monitor potential exchange rate fluctuations and regularly evaluate their impact on pre-tax profit and loss. The table below outlines the estimated effect on pre-tax profit and loss assuming a 10% change in the exchange rates of key foreign currencies.

• Sensitivity Analysis of Pre-Tax Profit and Loss to Exchange Rate Fluctuations <span>(Unit: KRW thousand)</span>		
Currency	10% Increase	10% Decrease
USD	(888,364)	888,364
CNY	401,827	(401,827)

#### Accounting Risk

**LOTTE Shopping** operates its Internal Accounting Management System in accordance with internal accounting control regulations and reports its operational status annually to the General Meeting of Shareholders, the Board of Directors, and the Audit Committee, in accordance with the Act on External Audit of Stock Companies (the “External Audit Act”). The Audit Committee evaluates the system’s effectiveness and reports its assessment to the Board, while the external auditor issues an audit opinion on the system through the annual audit report. To enhance the system’s effectiveness, the internal accounting team continuously monitors its operation, identifies accounting-related risks, and drives ongoing improvements to internal control processes.

#### Interest Rate Risk

**LOTTE Shopping** manages the risk of fluctuations in interest income and expenses resulting from its exposure to variable-rate financial instruments. Since changes in interest rates can increase financial uncertainty, we operate a risk management framework aimed at minimizing volatility in net interest expense and ensuring financial stability and corporate value. The table below presents the estimated impact on annual interest income and expenses in the event of a 1 percentage point (100 basis points) change in the base interest rate.

• Sensitivity Analysis of Interest Income and Expense to Base Rate Changes <span>(Unit: KRW thousand)</span>		
Category	100bp Increase	100bp Decrease
Interest Income	268,382	(268,382)
Interest Expense	21,387,903	(21,387,903)

# Information Security

## Information Security Governance

### Roles and Responsibilities of Governance

#### Roles of Executive Management

**LOTTE Shopping** has established and operates a structured information security governance system. In accordance with domestic information security regulations, each Business Division appoints a Chief Information Security Officer (CISO) and a Chief Privacy Officer (CPO). These officers are responsible for formulating information security policies, identifying risk factors, operating security teams, developing implementation plans, and managing security risks. Security-related issues are regularly reviewed, and key matters are shared with senior management and the Board of Directors as necessary through formal reporting channels.

#### Roles of the Working-Level Organization

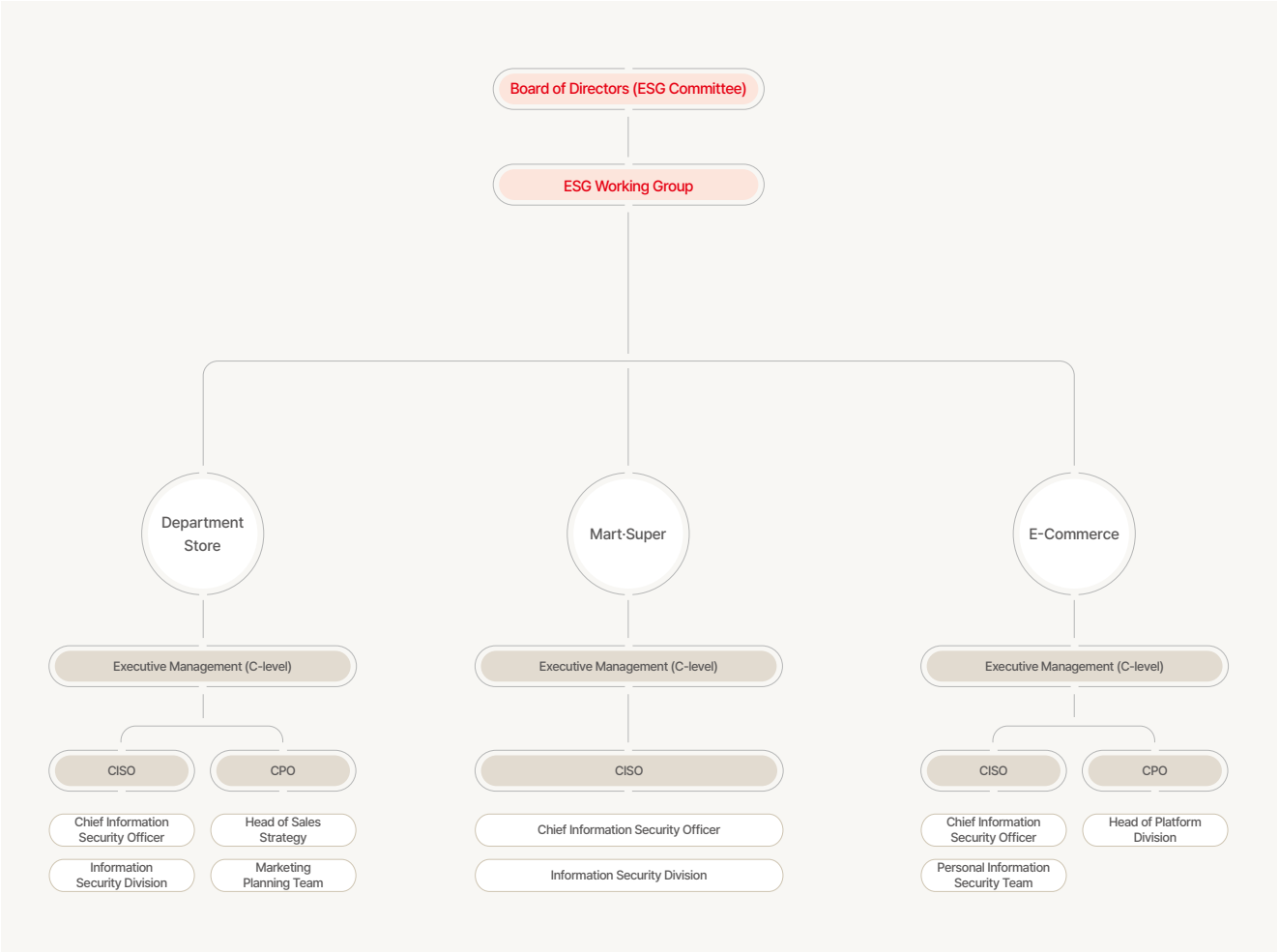
**LOTTE Shopping** operates dedicated information security teams at both the headquarters and Business Division levels to protect customer personal information and critical corporate data. These teams proactively respond to cyber threats, including data breaches and hacking, by establishing and implementing structured security policies to prevent risks in advance. We closely monitor relevant laws and evolving regulatory trends on data privacy and ensure full compliance. To enhance our responsiveness to information security issues that may arise at customer touchpoints, we also provide targeted training and conduct inspections to strengthen the capabilities of operational personnel.

#### Information Security Committees

**LOTTE Shopping** operates an Information Security Committee, which includes the participation of the Chief Privacy Officer (CPO), to ensure a structured and consistent approach to information security management. Serving as a key component of the company's information security governance, the committee is responsible for establishing company-wide security strategies and making decisions on major information security matters.

To strengthen execution at the working level, quarterly coordination meetings are held, led by the heads of sales planning (support) teams responsible for information security at each store. These meetings promote interdepartmental communication and facilitate the development of practical response measures to security issues.

• Information Security Governance





# Information Security

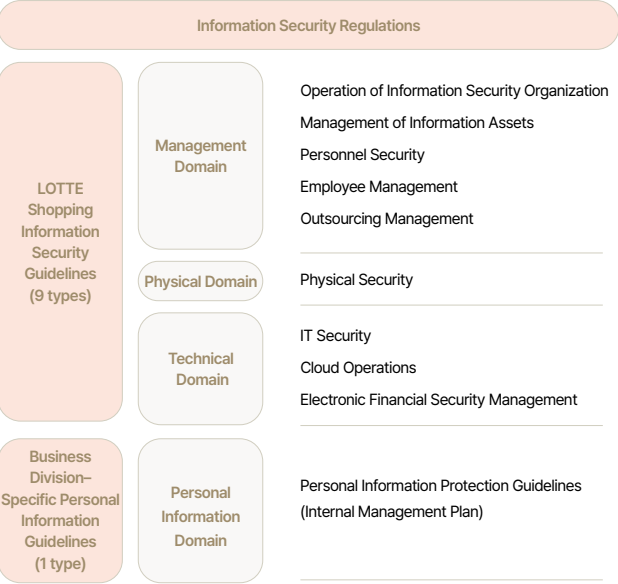
## Information Security Strategy

### Embedding Security Awareness

#### Information Security Policy

**LOTTE Shopping** has established and operates Business Division-specific information security policies and guidelines based on the overarching information security policy of LOTTE Group. These policies consist of detailed guidance across various domains, including information security governance, asset management, personnel security, IT security, physical security, employee security, vendor management, cloud operations, and personal data protection. The policies are regularly revised to reflect changes in laws and regulations, developments in IT technology, and evolving business environments. To ensure easy access and employee awareness, all policies are made available through the company's internal groupware and bulletin board system.

#### Information Security Policy Framework



#### Personal Information Protection Guidelines

**LOTTE Shopping** is committed to safeguarding the personal information of all stakeholders, including employees, partners, and customers. To ensure systematic protection and management, we have established a Privacy Policy that covers the collection, use, processing, management, and technical protection measures for personal data. This policy is made readily accessible to employees via the company's internal groupware and bulletin board.

**LOTTE Mart and LOTTE Super** enhance transparency and user comprehension by providing not only the full Privacy Policy on their websites but also supplementary materials, including an Easy-to-Understand Privacy Policy and a separate Policy for the Management of Fixed Video Surveillance Devices. They also clearly identify the departments responsible for handling inquiries and grievances related to personal data, ensuring prompt and effective responses. LOTTE Department Store and LOTTE E-Commerce have adopted a labeling system for their online Privacy Policies, enabling customers to navigate and understand the content more easily.

- LINK

Privacy Policy\_ Department Store
- LINK

Privacy Policy\_Mart-Super
- LINK

Privacy Policy\_ E-Commerce

#### Information Security Training

Recognizing the critical importance of information security, **LOTTE Shopping** operates a variety of training programs to proactively prevent security incidents. To enhance awareness and response capabilities against email-based hacking incidents involving malicious attachments, we conduct a Phishing Email Simulation Drill twice annually—and four times per year at LOTTE Department Store. These drills strengthen employees' ability to detect malicious emails and improve their familiarity with response procedures. The drills also assess readiness in responding to Distributed Denial of Service (DDoS) attack scenarios. In addition, we participate in quarterly group-wide information security trainings. Each Business Division independently plans and executes simulation exercises to ensure a robust and practical security response framework.

#### Information Security Training

To enhance employees' awareness and capabilities in data protection, **LOTTE Shopping** provides Personal Information Protection training to all employees. In addition, employees who handle personal data or perform IT-related tasks receive tailored information security training aligned with their job responsibilities.

Considering the nature of its digital business operations and online platform, **LOTTE E-Commerce** also offers specialized training programs for executives and leadership groups. Through these initiatives, we aim to strengthen information security capabilities across the organization.

#### Status of Information Training in 2024

Category	Target	No. of Participants	Training Hours
Department Store	All Employees	5,602	5,602
	Personal Data Handlers	25	25
	IT Personnel	101	101
	Information Security Personnel	4	98
Mart-Super	All Employees	14,061	14,061
	Personal Data Handlers	196	392
	IT Personnel	28	28
E-Commerce	All Employees	686	686
	Personal Data Handlers	277	277
	IT Personnel	257	257

# Information Security

## Information Security Risk Management

### Security Risk Mitigation

#### Security Monitoring System

**LOTTE Shopping** operates a 24/7 security monitoring program in collaboration with the Group's Computer Emergency Response Team (CERT) to prevent security incidents and enable swift responses. A variety of security solutions and protection systems have been established to safeguard information assets and proactively counter cyber threats. Security events such as hacking attempts, malware intrusions, and other cyberattacks are monitored in real time through a year-round, around-the-clock surveillance service.

#### Security Assessment

**LOTTE Shopping** conducts annual vulnerability assessments and penetration testing to regularly evaluate and strengthen its security posture. These assessments provide a detailed review of the security status across core infrastructure and services. Based on the findings, we identify necessary improvements and implement them in a phased manner to enhance overall security resilience.



#### Security Incident Response Process

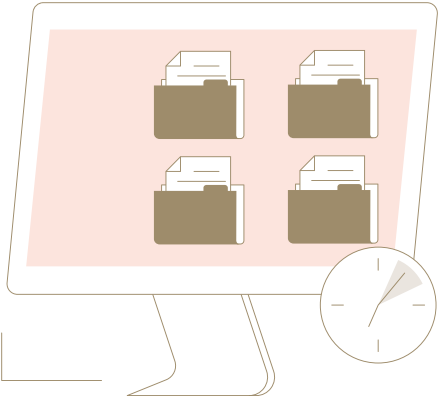
**LOTTE Shopping** operates a structured, multi-step Security Incident Response Process to ensure timely and organized management of security incidents. When an incident occurs, the dedicated information security team receives the report and verifies whether an actual breach has taken place. The response team then assesses the expected impact and level of system disruption to determine the severity of the incident. If required, senior management reviews and approves the declaration of the incident and authorizes the appropriate response level. This systematic response framework strengthens LOTTE Shopping's organization-wide response capabilities and safeguards information assets and business continuity.

##### • Security Incident Response Process

Step	Responsible Department	Key Actions
1 Report Receipt	Information Security Department	Receive incident report
2 Fact Verification	Incident Response Organization	Verify breach occurrence
3 Severity Assessment	Incident Response Organization	Assess severity based on damage scope and disruption level
4 Alert Level Approval	Executive Management	Declaration of incident and approval of response level

#### Disaster Recovery System

To manage information security risks systematically, **LOTTE Shopping** has established and operates Disaster Recovery Systems across all Business Divisions. These systems provide the foundational framework for swiftly restoring critical operations and ensuring business continuity in the event of unexpected disruptions such as system failures or cyberattacks. We classify the criticality of company-wide information systems to identify those that must be prioritized for recovery in the event of a disaster. Recovery strategies are developed by setting Recovery Point Objectives (RPOs) and Recovery Time Objectives (RTOs). In addition, we develop scenarios simulating disaster and security incident situations and conduct regular drills and inspections that incorporate response and recovery actions to verify the effectiveness of recovery procedures.





# Information Security

## Information Security Risk Management

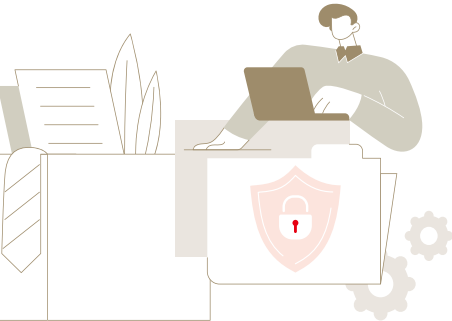
### Security Risk Mitigation

#### Personal Information Protection System

**LOTTE Shopping** implements a range of security solutions to protect personal information. These include minimizing user access privileges, encrypting databases, enforcing access controls, securing files through encryption, and applying multi-factor authentication. Such measures are designed to prevent data breaches and ensure robust information security. We also regularly monitor logs of activities—such as data viewing, modification, and downloading—to detect unauthorized access and anomalous behavior. Through this monitoring, we strengthen our preventive and risk-based approach to managing personal information.

#### Personal Information Compliance Monitoring

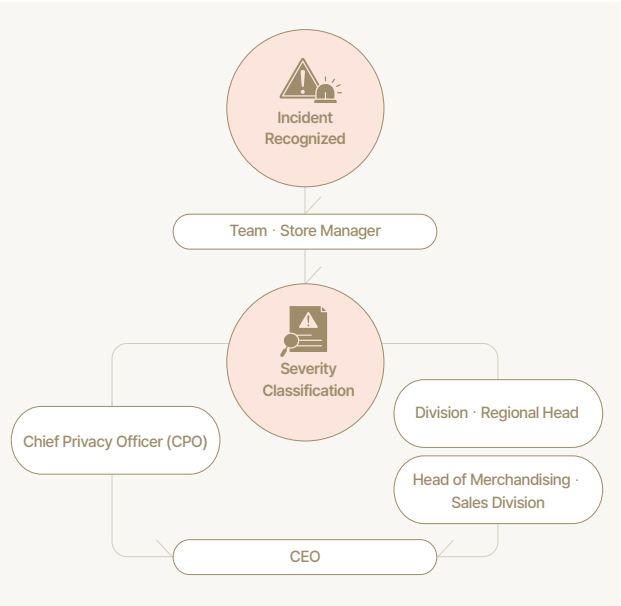
**LOTTE Shopping** strictly complies with both domestic and international regulations on personal data protection, including the Personal Information Protection Act, the Act on Promotion of Information and Communications Network Utilization and Information Protection, and the OECD Guidelines on the Protection of Privacy and Transborder Flows of Personal Data. When developing or implementing new customer services or systems, we conduct comprehensive reviews of compliance requirements from managerial, technical, and legal perspectives. We also undergo annual group-wide information security assessments to monitor our adherence to relevant compliance obligations on a regular basis.



#### Personal Data Breach Response Process

**LOTTE Shopping** has established a multi-step response framework to ensure prompt and systematic action in the event of a personal data breach. When a breach is identified, the responsible department or store manager immediately reports the incident and classifies its severity. The response pathway is then determined based on the extent of the impact and the required level of response. In the case of a serious breach, the incident is escalated to the CEO to initiate a company-wide response. Through this structured process, LOTTE Shopping strengthens its ability to respond to personal data breaches quickly and consistently.

• Personal Data Breach Response Process

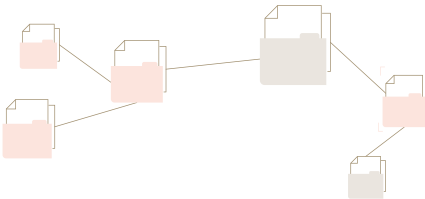


#### Personal Data Processor Audits

**LOTTE Shopping** conducts annual audits of all contractors entrusted with the processing of personal information. These audits cover key areas such as security controls and data destruction practices. If areas for improvement are identified, we provide guidance and conduct follow-up training to ensure corrective actions are implemented. **LOTTE E-Commerce** supplements document-based audits with on-site inspections. To enhance oversight, we are gradually increasing the proportion of on-site audits, with the goal of covering 50% of all processors by 2025.

• Status of Personal Data Processor Audit in 2024

Category	No. of Audited Processors	Completion Rate
Department Store	44 contractors	100%
Mart-Super	76 contractors	100%
E-Commerce	68 contractors	100%



# Information Security

## Information Security Risk Management

### Security Risk Mitigation

#### Third-Party Certification of Information Security Systems

All Business Divisions of LOTTE Shopping have acquired and consistently maintained certification under the Information Security Management System (ISMS<sup>1)</sup>), Korea's national standard for information protection. The ISMS framework is designed to safeguard information assets and prevent damage from security threats. Through this certification, LOTTE Shopping has established a structured information security management system, creating a foundation for proactively mitigating cyber risks such as data breaches and hacking. We conduct regular internal audits and undergo assessments by external certification bodies to verify the effectiveness and operational stability of our systems. Based on these evaluations, we continue to enhance our information security environment to ensure a safe and reliable experience for both customers and employees.

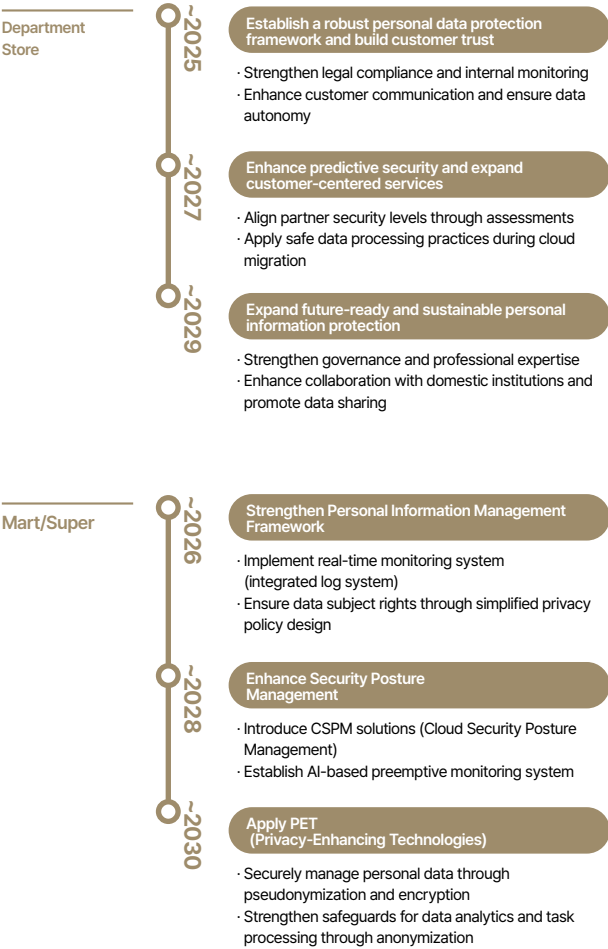
#### Mid- to Long-Term Goals for Personal Information Protection

LOTTE Department Store, LOTTE Mart and LOTTE Super have established and implemented mid- to long-term goals aimed at strengthening security capabilities and preventing incidents involving personal information. These goals help elevate organization-wide awareness of information protection and provide a clear direction for building a sustainable and resilient security framework. In line with the rapidly evolving digital landscape and growing customer expectations, we are progressively enhancing our level of information security to create a stable and trustworthy data management environment.

• Third-Party Certification Status of Information Security Management Systems

Category	Certification Standard	Scope of Certification	Valid Period
Department Store	ISMS	Operation of LOTTE Department Store Online Services (Homepage, Culture Center, Wedding)	2024.10.06 ~ 2027.10.05
Mart-Super	ISMS	Operation of LOTTE Mart Online Services (Company introduction, LOTTE Mart GO, Culture center, Recruitment, SRM partner portal, BottleBunker)	2023.11.15 ~ 2026.11.14
	ISMS	LOTTE Mart/Super online services (Company introduction, LOTTE Mart GO, BottleBunker, Culture center, Recruitment, SRM partner portal)	2024.12.18 ~ 2027.12.17
E-Commerce	ISMS	Operation of Online Shopping (LOTTE ON)	2025.03.05 ~ 2028.03.04

#### • Mid- to Long-Term Goals for Personal Information Protection





- INTRODUCTION
- ESG IMPACT
- ENVIRONMENTAL
- SOCIAL
- GOVERNANCE
- APPENDIX**

# APPENDIX

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144	Production Department



# ESG Data

## Financials

### Consolidated Statement of Financial Position

Category	(Unit: KRW million)		
	55th	54th	53rd
<b>Total Assets</b>	39,003,045	30,644,699	31,703,576
Current assets	5,516,938	5,563,803	6,179,514
Non-Current assets	33,486,107	25,080,896	25,524,062
<b>Total Liabilities</b>	21,969,427	19,808,249	20,668,459
Current liabilities	9,836,042	10,903,416	10,622,586
Non-current liabilities	12,133,385	8,904,833	10,045,873
<b>Total Equity</b>	17,033,617	10,836,450	11,035,117
Stockholders' equity attributable to owners of the Company	15,503,955	9,493,521	9,567,654
Non-controlling interests	1,529,663	1,342,928	1,467,463
<b>Total Equity and Liabilities</b>	39,003,045	30,644,699	31,703,576

### Consolidated Statement of Comprehensive Income

Category	(Unit: KRW million)		
	55th	54th	53rd
<b>Sales</b>	13,986,578	14,555,864	15,476,036
<b>Cost of Sales</b>	(7,251,356)	(7,781,159)	(8,662,606)
<b>Gross Profit</b>	6,735,222	6,774,705	6,813,429
Selling, general and administrative expenses	(6,249,345)	(6,263,902)	(6,424,519)
Bad debt expense	(12,763)	(2,398)	(2,685)
<b>Operating Profit</b>	473,114	508,405	386,226
Other income	225,525	181,663	158,256
Other expenses	(1,271,508)	(334,285)	(783,082)
Other bad debt recovery (expense)	(42,222)	8,732	(2,849)
Finance income - Interest income calculated using the effective interest method	144,824	161,344	117,381
Finance income - Others	239,096	250,814	225,426
Finance costs	(932,685)	(739,853)	(798,363)
<b>Equity Method Income on Instruments in Associates</b>	142,626	147,141	129,663
<b>Profit(loss) before Income Tax</b>	(1,021,230)	183,961	(567,342)
Income tax revenue (expense)	27,155	(14,780)	248,650
<b>Profit (loss)</b>	(994,075)	169,180	(318,692)
<b>Other Comprehensive Income</b>	7,191,635	(176,781)	(330,686)
Items that will never be reclassified to profit or loss	7,108,910	(111,804)	(300,297)
Items that will be subsequently reclassified to profit or loss	82,724	(64,977)	(30,389)
<b>Total Comprehensive Income</b>	6,197,559	(7,600)	(649,378)
Profit (loss), attributable to			
Owners of the Company	(968,016)	174,404	(324,571)
Non-controlling interests	(26,059)	(5,223)	5,878
Total comprehensive income (loss) attributable to			
Owners of the Company	6,188,851	20,820	(474,546)
Non-controlling interests	8,708	(28,421)	(174,832)
<b>Earnings (loss) per Share</b>			
Basic earnings (loss) per share <sup>1)</sup>	(34,674)	5,794	(11,772)
Diluted earnings (loss) per share from continuing operations <sup>1)</sup>	(34,674)	5,794	(11,772)

1) Unit: KRW



ESG Data

Environmental

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

Category		Unit	2022	2023	2024
Department Store	Total Emissions	tCO <sub>2</sub> eq	386,633	384,081	389,064
	Scope 1	tCO <sub>2</sub> eq	41,599	40,285	40,472
	Scope 2	tCO <sub>2</sub> eq	345,034	343,796 <sup>2)</sup>	348,591
	Emissions Intensity <sup>1)</sup>	tCO <sub>2</sub> eq/KRW 100 million	11.84	11.51	11.72
Mart	Total Emissions	tCO <sub>2</sub> eq	278,539	272,972	273,523
	Scope 1	tCO <sub>2</sub> eq	49,485	46,340	46,789
	Scope 2	tCO <sub>2</sub> eq	229,054	226,632	226,734
	Emissions Intensity <sup>1)</sup>	tCO <sub>2</sub> eq/KRW 100 million	4.72	4.76	4.90
Super	Total Emissions	tCO <sub>2</sub> eq	56,629	52,503	52,485
	Scope 1	tCO <sub>2</sub> eq	10,069	9,346	9,141
	Scope 2	tCO <sub>2</sub> eq	46,561	43,156	43,344
	Emissions Intensity <sup>1)</sup>	tCO <sub>2</sub> eq/KRW 100 million	4.22	4.02	4.05
E-Commerce	Total Emissions	tCO <sub>2</sub> eq	829	493	550
	Scope 1	tCO <sub>2</sub> eq	107	70	82
	Scope 2	tCO <sub>2</sub> eq	722	423	468
	Emissions Intensity <sup>1)</sup>	tCO <sub>2</sub> eq/KRW 100 million	0.73	0.38	0.46

1) Sales figures for 2022–2023 have been revised due to changes in the business operations of consolidated subsidiaries.

2) The 2023 data has been corrected due to a clerical error.

GHG Emissions (Scope 3, Domestic Business Sites)

Category		Unit	2022	2023	2024
Total Emissions		tCO <sub>2</sub> eq	32,684,595	30,674,573	30,020,667
Upstream	1. Purchased Goods and Services	tCO <sub>2</sub> eq	20,452,475	19,867,509	19,633,442
	2. Capital Goods	tCO <sub>2</sub> eq	1,071	1,218	358
	3. Fuel and Energy	tCO <sub>2</sub> eq	61,184	62,906	63,606
	4. Upstream Transportation and Retail	tCO <sub>2</sub> eq	8,455,974	7,261,874	7,143,375
	5. Waste Generated in Operations	tCO <sub>2</sub> eq	4,399	2,765	2,461
	6. Business Travel	tCO <sub>2</sub> eq	1,027	1,405	1,318
	7. Employee Commuting	tCO <sub>2</sub> eq	20,791	25,188	20,448
	8. Upstream Leased Assets	tCO <sub>2</sub> eq	2,597	3,072	2,948
Downstream	9. Downstream Transportation and Distribution	tCO <sub>2</sub> eq	12,438	9,492	7,153
	11. Use of Sold Products	tCO <sub>2</sub> eq	3,212,397	2,988,281	2,719,849
	12. End-of-life Treatment of Sold Products	tCO <sub>2</sub> eq	226,030	201,616	182,703
	14. Franchises	tCO <sub>2</sub> eq	9,482	10,174	12,778
	15. Investments	tCO <sub>2</sub> eq	224,730	239,072	230,227

Energy Consumption

Category		Unit	2022	2023	2024
Department Store	Total Consumption	TJ	8,074	8,039	8,143
	Electricity	TJ	7,040	6,984 <sup>2)</sup>	7,076
	Heat	TJ	819	793	796
	Steam	TJ	215	262	271
	Energy Change	TJ	1,017	-35	104
	Consumption Intensity <sup>1)</sup>	TJ/KRW 100 million	0.247	0.241	0.245
Mart	Total Consumption	TJ	5,618	5,538	5,547
	Electricity	TJ	4,725	4,665	4,680
	Heat	TJ	818	786	795
	Steam	TJ	75	88	72
	Energy Change	TJ	109	-80	9
	Consumption Intensity <sup>1)</sup>	TJ/KRW 100 million	0.095	0.097	0.099
Super	Total Consumption	TJ	1,120	1,038	1,038
	Electricity	TJ	972	901	905
	Heat	TJ	147	136	132
	Steam	TJ	1	1	1
	Energy Change	TJ	-104	-82	1
	Consumption Intensity <sup>1)</sup>	TJ/KRW 100 million	0.083	0.079	0.080
E-Commerce	Total Consumption	TJ	17	9	11
	Electricity	TJ	15	9	10
	Heat	TJ	2	1	1
	Steam	TJ	-	-	-
	Energy Change	TJ	-12	-8	1
	Consumption Intensity <sup>1)</sup>	TJ/KRW 100 million	0.015	0.007	0.009

1) Sales figures for 2022–2023 have been revised due to changes in the business operations of consolidated subsidiaries.

2) The 2023 data has been corrected due to a clerical error.

# ESG Data

## Environmental

### Waste

Category		Unit	2022	2023	2024
Department Store	Total Waste Generated	ton	26,878	25,178	28,358
	Recycled Waste	ton	25,582	24,431	27,742
	General Waste	ton	25,582	24,431	27,742
	Hazardous Waste	ton	0	0	0
	Non-Recycled Waste	ton	1,296	748	616
	Landfilled	ton	206	42	159
	Incinerated	ton	1,090	706	457
	Other	ton	0	0	0
	Waste Recycling Rate	%	95.2	97.0	97.8
Mart	Total Waste Generated	ton	19,917	20,931	21,188
	Recycled Waste	ton	19,157	20,623	20,899
	General Waste	ton	19,150	20,616	20,887
	Hazardous Waste	ton	7	7	12
	Non-Recycled Waste	ton	758	309	289
	Landfilled	ton	79	47	98
	Incinerated	ton	574	244	191
	Other	ton	105	18	0
	Waste Recycling Rate	%	96.2	98.5	98.6
Super	Total Waste Generated	ton	172	123	157
	Recycled Waste	ton	110	70	52
	General Waste	ton	110	70	52
	Hazardous Waste	ton	0	0	0
	Non-Recycled Waste	ton	62	53	105
	Landfilled	ton	0	0	0
	Incinerated	ton	62	53	105
	Other	ton	0	0	0
	Waste Recycling Rate	%	64.2	56.9	33.0

### Water

Category		Unit	2022	2023	2024
Department Store	Total Water Withdrawal	ton	4,742,524	5,180,329	5,400,007
	Groundwater	ton	233,667	223,326	280,844
	Rainwater Harvested	ton	824	720	245
	Municipal Water Supply	ton	4,508,033	4,956,283	5,118,918
	Total Water Discharge	ton	4,742,524	5,180,329	5,400,007
	Discharged to Sewer	ton	4,742,524	5,180,329	5,400,007
	Total Water Reused	ton	559,494	732,728	581,648
	Greywater	ton	558,670	732,008	581,403
	Rainwater Harvested	ton	824	720	245
	Water Recycling Rate	%	11.8	14.1	10.8
Mart	Total Water Withdrawal	ton	2,207,651	2,186,497	2,203,320
	Municipal Water Supply	ton	2,207,651	2,186,497	2,203,320
	Total Water Discharge	ton	2,207,651	2,186,497	2,203,320
	Discharged to Sewer	ton	2,207,651	2,186,497	2,203,320
	Total Water Reused	ton	50,776	47,521	33,685
	Greywater	ton	50,776	47,521	33,685
	Water Recycling Rate	%	2.3	2.2	1.5
	Total Water Withdrawal	ton	4,517	4,558	5,258
	Groundwater	ton	1,757	1,818 <sup>2)</sup>	2,635
	Municipal Water Supply	ton	2,760	2,740	2,623
E-Commerce <sup>1)</sup>	Total Water Discharge	ton	4,517	4,558	5,258
	Discharged to Sewer	ton	4,517	4,558	5,258
	Total Water Reused	ton	2,414	2,608	2,551
	Greywater	ton	2,414	2,608	2,551
	Water Recycling Rate	%	53.4	57.2	48.5

1) The scope is based on the E-Commerce business site's area relative to the total floor area of Lotte World Tower, excluding leased office spaces.  
2) The 2023 data has been corrected due to a clerical error.



ESG Data

Environmental

Sales of Eco-friendly Products

Category		Unit	2022	2023	2024
Department Store <sup>1)</sup>	Eco-certified Products	SKU	4,393	4,393	4,393
	Sales Revenue	KRW million	7,454	7,929	8,013
Mart	Eco-certified Products	SKU	1,477	1,684	1,536
	Phase: Raw Materials	SKU	867	919	706
	Phase: Manufacturing and Processing	SKU	153	190	193
	Phase: Consumption and Disposal	SKU	457	575	637
	Sales Revenue	KRW million	208,670	215,918	223,059
Super	Eco-certified Products	SKU	317	377	475
	Phase: Raw Materials	SKU	194	217	236
	Phase: Manufacturing and Processing	SKU	46	74	105
	Phase: Consumption and Disposal	SKU	77	86	134
	Sales Revenue	KRW million	65,909	72,142	81,919
E-Commerce	Eco-certified Products	SKU	66,304	117,633	107,433
	Sales Revenue	KRW million	3,923	2,854	2,956

1) The data for 2022–2023 has been recalculated due to a change in the data calculation methodology.

Purchases of Eco-friendly Products

Category		Unit	2022	2023	2024
Department Store	Total Purchase Amount	KRW million	119,300	126,200	135,300
	Purchase Amount of Eco-certified Products	KRW million	2,462	2,329	3,189
	Percentage of Eco-certified Products Purchased	%	2.06	1.85	2.36
Mart	Total Purchase Amount	KRW million	110,139	87,298	94,829
	Purchase Amount of Eco-certified Products	KRW million	6,071	4,595	1,443
	Percentage of Eco-certified Products Purchased	%	5.51	5.26	1.52
Super	Total Purchase Amount	KRW million	28,296	21,717	15,059
	Purchase Amount of Eco-certified Products	KRW million	12	27	25
	Percentage of Eco-certified Products Purchased	%	0.04	0.13	0.17
E-Commerce	Total Purchase Amount	KRW million	39,824	32,031	11,302
	Purchase Amount of Eco-certified Products	KRW million	2	73	72
	Percentage of Eco-certified Products Purchased	%	0.01 <sup>1)</sup>	0.23 <sup>1)</sup>	0.64

1) The 2022–2023 data has been corrected due to a clerical error.

Environmental Compliance Violations

Category		Unit	2022	2023	2024
LOTTE Shopping	Number of Violations	Cases	0	1 <sup>1)</sup>	0
	Fines and Penalties Incurred	KRW	0	0	0
Department Store	Number of Violations	Cases	0	0	1 <sup>2)</sup>
	Fines and Penalties Incurred	KRW	0	0	0
Mart	Number of Violations	Cases	0	0	1 <sup>3)</sup>
	Fines and Penalties Incurred	KRW	0	0	0
Super	Number of Violations	Cases	0	0	0
	Fines and Penalties Incurred	KRW	0	0	0
E-Commerce	Number of Violations	Cases	0	0	0
	Fines and Penalties Incurred	KRW	0	0	0

1) A fine was imposed for failing to meet the submission deadline for the notification of cancellation of GHG emission allowance allocation, applicable to seven Lotte Shopping business sites that had ceased operations.  
2) An administrative fine was imposed due to delayed reporting of waste transfer and receipt records.  
3) A deferred prosecution was issued after retroactive reporting of air pollutant measurements, which were initially omitted in violation of the Clean Air Conservation Act.

ESG Data

Social

Domestic Employees

Category		Unit	2022	2023	2024
Department Store	Total Number of Employees	Persons	4,566	4,609	4,286
	Gender				
	Male	Persons	1,698	1,700	1,592
	Management Level and Above <sup>1)</sup>	Persons	779	829	800
	Female	Persons	2,868	2,909	2,694
	Management Level and Above <sup>1)</sup>	Persons	283	342	392
	Percentage of Female Managers <sup>1)</sup>	%	26.65	29.21	32.89
	Employment Type				
	Permanent	Persons	4,563	4,598	4,271
	Non-permanent	Persons	3	11	15
	Age				
	Under 30	Persons	581	582	567
	30 to under 50	Persons	3,237	3,151	3,003
	50 and above	Persons	748	876	716
	Diversity				
	Employees with Disabilities	Persons	174	173	169
Mart	Total Number of Employees	Persons	11,397	10,616	10,348
	Gender				
	Male	Persons	3,444	3,321	3,306
	Management Level and Above <sup>1)</sup>	Persons	867	916	988
	Female	Persons	7,953	7,295	7,042
	Management Level and Above <sup>1)</sup>	Persons	112	122	170
	Percentage of Female Managers <sup>1)</sup>	%	11.44	11.75	14.68
	Employment Type				
	Permanent	Persons	11,395	10,614	10,347
	Non-permanent	Persons	2	2	1
	Age				
	Under 30	Persons	428	399	349
	30 to under 50	Persons	4,834	4,692	4,608
	50 and above	Persons	6,135	5,525	5,391
	Diversity				
	Employees with Disabilities	Persons	232	215	205
	National Veterans	Persons	102	94	90
	Foreign Nationals	Persons	2	3	4

\* 9,397 workers not classified as executives or employees under the business report standard  
1) Equivalent to M Grade or higher.

Category		Unit	2022	2023	2024
Super	Total Number of Employees	Persons	3,752	3,481	3,511
	Gender				
	Male	Persons	1,164	1,064	1,041
	Management Level and Above <sup>1)</sup>	Persons	226	225	245
	Female	Persons	2,588	2,417	2,470
	Management Level and Above <sup>1)</sup>	Persons	21	19	22
	Percentage of Female Managers <sup>1)</sup>	%	8.50	7.79	8.24
	Employment Type				
	Permanent	Persons	3,750	3,481	3,511
	Non-permanent	Persons	2	0	0
	Age				
	Under 30	Persons	198	141	120
	30 to under 50	Persons	1,551	1,425	1,413
	50 and above	Persons	2,003	1,915	1,978
	Diversity				
	Employees with Disabilities	Persons	79	72	65
	National Veterans	Persons	8	4	4
	Foreign Nationals	Persons	1	1	3
E-Commerce	Total Number of Employees	Persons	1,000	970	688
	Gender				
	Male	Persons	460	425	315
	Management Level and Above <sup>1)</sup>	Persons	220	226	185
	Female	Persons	540	545	373
	Management Level and Above <sup>1)</sup>	Persons	147	181	161
	Percentage of Female Managers <sup>1)</sup>	%	40.05	44.47	46.53
	Employment Type				
	Permanent	Persons	949	927	673
	Non-permanent	Persons	51	43	15
	Age				
	Under 30	Persons	219	159	86
	30 to under 50	Persons	728	753	573
	50 and above	Persons	53	58 <sup>2)</sup>	29
	Diversity				
	Employees with Disabilities	Persons	11	7	4
	National Veterans	Persons	12	10	8
	Foreign Nationals	Persons	0	0	0

2) The 2022-2023 data has been corrected due to a clerical error.



ESG Data

Social

Overseas Employees, Department Store<sup>1),2)</sup>

Category		Unit	2022	2023	2024
Total Number of Employees		Persons	412	551	497
Hanoi	Total Number of Employees	Persons	196	175	174
	Gender				
	Male	Persons	-	-	29
	Management Level and Above	Persons	-	-	2
	Female	Persons	-	-	145
	Management Level and Above	Persons	-	-	14
	Percentage of Female Managers	%	-	-	87.5
	Total Number of Employees	Persons	N/A	155	109
	Gender				
	Male	Persons	N/A	-	14
Hanoi Westlake	Management Level and Above	Persons	N/A	-	1
	Female	Persons	N/A	-	95
	Management Level and Above	Persons	N/A	-	7
	Percentage of Female Managers	%	N/A	-	87.5
	Total Number of Employees	Persons	139	135	130
Ho Ci Minh City	Gender				
	Male	Persons	-	-	52
	Management Level and Above	Persons	-	-	6
	Female	Persons	-	-	78
	Management Level and Above	Persons	-	-	8
	Percentage of Female Managers	%	-	-	57.1
	Total Number of Employees	Persons	77	86	84
	Gender				
	Male	Persons			41
	Management Level and Above	Persons	-	-	5
Jakarta	Female	Persons	-	-	43
	Management Level and Above	Persons	-	-	7
	Percentage of Female Managers	%	-	-	58.3

Overseas Employees, Mart

Category		Unit	2022	2023	2024
Total Number of Employees		Persons	7,166	7,424	6,888
Vietnam	Total Number of Employees	Persons	2,493	2,738	2,657
	Gender				
	Male	Persons	971	1,093	1,063
	Management Level and Above	Persons	30	29	31
	Female	Persons	1,522	1,645	1,594
	Management Level and Above	Persons	29	35	39
	Percentage of Female Managers	%	49.15	54.69	55.71
	Total Number of Employees	Persons	4,673	4,686	4,231
	Gender				
	Male	Persons	3,367	3,340	3,018
Indonesia	Management Level and Above	Persons	71	76	73
	Female	Persons	1,306	1,346	1,213
	Management Level and Above	Persons	25	23	29
	Percentage of Female Managers	%	26.04	23.23	28.43

1) Some data for 2022–2023 is not provided due to the transfer of overseas business operations, with detailed indicators managed from 2024 onward.

2) The data has been revised and the relevant records removed due to the closure of the Chengdu store in June 2024.

ESG Data

Social

Recruitment and Turnover

Category		Unit	2022	2023	2024
Department Store	Total Recruitment	Persons	126	103	103
	Gender				
	Male	Persons	48	44	36
	Female	Persons	78	59	67
	Age				
	Under 30	Persons	85	57	66
	30 to under 50	Persons	39	46	34
	50 and above	Persons	2	0	3
	Position Level				
	Management Level and Above	Persons	19	22	21
	Below Management Level	Persons	107	81	82
	Turnover Rate	%	4.3	3.4	7.4
	Voluntary Turnover Rate	%	4.3	3.2	2.3
	Total Recruitment	Persons	384	32	66
	Gender				
Mart	Male	Persons	250	28	30
	Female	Persons	134	4	36
	Age				
	Under 30	Persons	238	7	48
	30 to under 50	Persons	145	24	16
	50 and above	Persons	1	1	2
	Position Level				
	Management Level and Above	Persons	12	4	4
	Below Management Level	Persons	372	28	62
	Turnover Rate	%	6.2	6.7	4.2
	Voluntary Turnover Rate	%	4.4	4.0	2.9

Category		Unit	2022	2023	2024
Super	Total Recruitment	Persons	72	4	21
	Gender				
	Male	Persons	42	4	13
	Female	Persons	30	0	8
	Age				
	Under 30	Persons	52	0	15
	30 to under 50	Persons	20	4	6
	50 and above	Persons	0	0	0
	Position Level				
	Management Level and Above	Persons	3	0	0
	Below Management Level	Persons	69	4	21
	Turnover Rate	%	25.7	3.9	5.1
	Voluntary Turnover Rate	%	13.3	7.0	3.1
	Total Recruitment	Persons	196	30	32
	Gender				
E-Commerce	Male	Persons	105	11	22
	Female	Persons	91	19	10
	Age				
	Under 30	Persons	81	4	11
	30 to under 50	Persons	114	26	21
	50 and above	Persons	1	0	0
	Position Level				
	Management Level and Above	Persons	56	12	14
	Below Management Level	Persons	140	18	18
	Turnover Rate	%	18.3	13.5	25.0
	Voluntary Turnover Rate	%	14.5	10.8	23.0



ESG Data

Social

Compensation

Category		Unit	2022	2023	2024
Department Store	Average Annual Salary per Employee				
	Male	KRW 10,000	8,236	8,737	9,139
	Female	KRW 10,000	5,352	5,716	6,057
	Average Entry-Level Salary Relative to Minimum Wage				
	Male	%	235.4	232.5	233.8
	Female	%	235.4	232.5	233.8
	Female-to-Male Base Salary Ratio <sup>1)</sup>				
		%	100	100	100
	Average Annual Salary per Employee				
	Male	KRW 10,000	6,479	6,839	6,530
Mart	Female	KRW 10,000	3,974	4,403	3,648
	Average Entry-Level Salary Relative to Minimum Wage				
	Male	%	182.4	177.6	178.9
	Female	%	182.4	177.6	178.9
	Female-to-Male Base Salary Ratio <sup>1)</sup>				
		%	100	100	100
Super	Average Annual Salary per Employee				
	Male	KRW 10,000	5,953	6,634	6,079
	Female	KRW 10,000	4,790	5,537	4,845
	Average Entry-Level Salary Relative to Minimum Wage				
	Male	%	150.0	148.1	164.1
	Female	%	150.0	148.1	164.1
	Female-to-Male Base Salary Ratio <sup>1)</sup>				
		%	100	100	100
E-Commerce	Average Annual Salary per Employee				
	Male	KRW 10,000	8,005	7,997	7,395
	Female	KRW 10,000	6,212	6,242	6,516
	Average Entry-Level Salary Relative to Minimum Wage				
	Male	%	184.1	193.6	188.8
	Female	%	184.1	193.6	188.8
	Female-to-Male Base Salary Ratio <sup>1)</sup>				
		%	100	100	100
Annual Total Compensation of the Highest-Paid Employee		KRW million	1,377	1,603	1,677
Average Annual Total Compensation of Employees		KRW million	51	55	53

1) Based on the base salary of full-time entry-level employees; no gender pay gap exists for employees of the same rank and tenure.

Training & Education

Category		Unit	2022	2023	2024
Department Store <sup>1)</sup>	Total Training Hours	Hours	408,346	358,852	332,212
	Training Hours per Employee	Hours	89.4	77.9	77.5
	Total Training Expenditure	KRW 10,000	367,279	298,135	324,719
	Training Expenditure per Employee	KRW 10,000	80	65	76
Mart	Total Training Hours	Hours	129,039	147,786	152,162
	Training Hours per Employee	Hours	27.7	30.5	33.0
	Total Training Expenditure	KRW 10,000	227,522	225,824	251,314
	Training Expenditure per Employee	KRW 10,000	49	47	55
Super	Total Training Hours	Hours	70,638	51,709	33,675
	Training Hours per Employee	Hours	55.0	44.7	30.2
	Total Training Expenditure	KRW 10,000	87,243	72,305	64,399
	Training Expenditure per Employee	KRW 10,000	68	62	58
E-Commerce	Total Training Hours	Hours	9,789	5,535	1,243
	Training Hours per Employee	Hours	10.4	6.1	1.9
	Total Training Expenditure	KRW 10,000	64,900	52,954	42,403
	Training Expenditure per Employee	KRW 10,000	69	58	64

1) The data for 2022–2023 has been recalculated due to a change in the data calculation methodology.

Employees Receiving Regular Performance Reviews<sup>1)</sup>

Category		Unit	2022	2023	2024
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) Based on the number of employees who received regular performance evaluations out of those eligible.

# ESG Data

Social

Parental Leave

Category		Unit	2022	2023	2024
Department Store	Number of Employees Taking Parental Leave				
	Male	Persons	67	55	48
	Female	Persons	113	84	108
	Return-to-Work Rate After Parental Leave				
	Male	%	91.2	94.6	92.9
	Female	%	92.7	93.2	91.8
	Retention Rate After Returning from Parental Leave				
	Male	%	96.2	92.5	92.5
	Female	%	98.8	98.8	92.8
Mart	Number of Employees Taking Parental Leave				
	Male	Persons	137	107	75
	Female	Persons	103	83	70
	Return-to-Work Rate After Parental Leave				
	Male	%	96.2	92.7	93.0
	Female	%	82.4	95.0	97.6
	Retention Rate After Returning from Parental Leave				
	Male	%	97.6	90.4	83.8
	Female	%	79.7	86.5	85.0
Super	Number of Employees Taking Parental Leave				
	Male	Persons	48	27	21
	Female	Persons	12	14	11
	Return-to-Work Rate After Parental Leave				
	Male	%	62.5	76.0	79.3
	Female	%	47.4	46.7	100
	Retention Rate After Returning from Parental Leave				
	Male	%	66.0	69.8	89.5
	Female	%	75.0	33.3	87.5
E-Commerce	Number of Employees Taking Parental Leave				
	Male	Persons	18	20	22
	Female	Persons	27	24	30
	Return-to-Work Rate After Parental Leave				
	Male	%	83.3	100	100
	Female	%	88.9	85.7	97.0
	Retention Rate After Returning from Parental Leave				
	Male	%	100	60.0	50.0
	Female	%	100	91.7	67.0

Human Rights Risk Management

Category		Unit	2022	2023	2024
Department Store	Grievances Received	Cases	27	32	22
	Grievances Resolved	Cases	27	32	22
Mart	Grievances Received	Cases	92	48	32
	Grievances Resolved	Cases	92	48	27 <sup>1)</sup>
Super	Grievances Received	Cases	3	11	10
	Grievances Resolved	Cases	3	11	10
E-Commerce	Grievances Received	Cases	0	2	5
	Grievances Resolved	Cases	0	2	5

1) As of the end of 2024, five cases are under review.

Collective Bargaining

Category		Unit	2022	2023	2024
Department Store	Number of Employees Who Are Union Members	Persons	512	507	390
	Union Membership Rate	%	57.0	58.0	48.4
Mart	Number of Employees Who Are Union Members	Persons	6,564	6,368	6,149
	Union Membership Rate	%	72.9	78.1	82.3

\* LOTTE Super and LOTTE E-Commerce operate a labor-management council.



ESG Data

Social

Occupational Injury

Category		Unit	2022	2023	2024
Department Store	Total Work-related Lost-time Cases	Cases	4	6	4
	Injury-related	Cases	2	6	4
	Illness-related	Cases	2	0	0
	LTIFR <sup>1)</sup>	%	0.35	0.52	0.37
Mart	Total Work-related Lost-time Cases	Cases	99	80	60
	Injury-related	Cases	96	79	58
	Illness-related	Cases	3	1	2
	LTIFR <sup>1)</sup>	%	4.74	3.93	2.57
Super	Total Work-related Lost-time Cases	Cases	11	17	14
	Injury-related	Cases	10	14	14
	Illness-related	Cases	1	3	0
	LTIFR <sup>1)</sup>	%	1.73	2.87	2.18
E-Commerce	Total Work-related Lost-time Cases	Cases	1	0	0
	Injury-related	Cases	1	0	0
	Illness-related	Cases	0	0	0
	LTIFR <sup>1)</sup>	%	0.48	0	0

1) Lost Time Injury Frequency Rate(LTIFR) : Number of work-related lost-time cases per one million hours worked

Safety and Health Training

Category		Unit	2022	2023	2024
Department Store	Occupational Safety and Health Training				
	Number of Trainees	Persons	5,537	5,660	5,754
	Total Training Hours	Hours	132,894	135,840	138,096
Mart	Occupational Safety and Health Training				
	Number of Trainees	Persons	10,614	10,877	10,538
	Total Training Hours	Hours	254,724	261,036	309,808
	Supervisor Safety Training <sup>1)</sup>				
	Number of Trainees	Persons	2,031	1,287	1,156
	Total Training Hours	Hours	32,496	20,592	18,496
Super	Occupational Safety and Health Training				
	Number of Trainees	Persons	3,757	3,448	3,306
	Total Training Hours	Hours	45,084	77,664	74,904
	Supervisor Safety Training <sup>2)</sup>				
	Number of Trainees	Persons	243	210	206
E-Commerce	Occupational Safety and Health Training <sup>3)</sup>				
	Number of Trainees	Persons	1,058	1,010	967
	Total Training Hours	Hours	12,696	12,120	11,604

1) Target Participants: Team Leaders, Department Managers, and Safety Managers  
2) Target Participants: Store Managers and Center Managers  
3) The data for 2022-2023 has been recalculated due to a change in the data calculation methodology.

# ESG Data

## Social

### Status of Partner Management

Category		Unit	2022	2023	2024
Department Store	Total Number of Partners	Companies	7,404	7,848	8,081
	Existing	Companies	7,044	7,487	7,761
	New	Companies	360	361	320
	ESG Risk Assessment of New Partners				
	Partners Assessed for Social Impact	Companies	360	361	320
	Partners with Identified Negative Impact	Companies	0	0	0
	Partner ESG Capacity Building				
	Training	Cases	5	20	21
	Consulting	Cases	1	20	20
	Win-win Growth Support for Partners				
	Training Support	Companies	316	1,192	1,000
	Technical Support	Cases	8	23	45
	Financial Support	KRW million	73,876	77,250	69,090
	Total Number of Partners	Companies	1,553	1,496	1,419
	Existing	Companies	1,333	1,367	1,300
Mart	New	Companies	220	129	119
	ESG Risk Assessment of New Partners				
	Consulting <sup>1)</sup>	Cases	10	19	25
	Win-win Growth Support for Partners				
	Training Support <sup>1)</sup>	Companies	251	280	283
	Technical Support <sup>1)</sup>	Cases	3	10	12
	Financial Support	KRW million	48,056	65,344	76,531
Super	Total Number of Partners	Companies	731	799	769
	Existing	Companies	593	608	667
	New	Companies	138	191	102
	Win-win Growth Support for Partners				
	Financial Support	KRW million	9,829	10,640	13,950
E-Commerce	Total Number of Partners	Companies	52,074	93,375	128,802
	Existing	Companies	29,420	43,640	93,375
	New	Companies	22,654	49,735	35,427
	Win-win Growth Support for Partners				
	Training Support	Cases	59	167	24
	Purchase/Sales Support	KRW million	32,751	8,000 <sup>2)</sup>	0
	Financial Support	KRW million	15,243	217,500	17,000

1) LOTTE Mart-Super jointly reported the data following the business unit integration in 2023.  
2) 2023 data calculated and compiled in 2024.

### Handling of Partner Grievances

Category		Unit	2022	2023	2024
Department Store	Grievances Received	Cases	0	0	0
	Grievances Resolved	Cases	0	0	0
Mart	Grievances Received	Cases	5	1	6
	Grievances Resolved	Cases	5	1	6
Super	Grievances Received	Cases	0	1	1
	Grievances Resolved	Cases	0	1	1
E-Commerce	Grievances Received	Cases	23	15	2
	Grievances Resolved	Cases	23	15	2

### Social Contributions

Category		Unit	2022	2023	2024
LOTTE Shopping	Donations <sup>1)</sup>	KRW million	17,489	15,759	17,540
	Employee Contributions	KRW million	58	62	60
Department Store	Volunteer Activities <sup>2)</sup>				
	Number of Employee Volunteers	Persons	-	-	79
	Total Volunteer Hours	Hours	-	-	518
Mart-Super	Volunteer Activities				
	Number of Employee Volunteers	Persons	997	884	450 <sup>3)</sup>
	Total Volunteer Hours	Hours	1,994	1,768	1,500 <sup>3)</sup>

1) Based on the business report.  
2) Volunteer activities were conducted in 2022–2023, but the data is not available due to the absence of data management.  
3) LOTTE Mart-Super jointly reported the data following the business unit integration in 2023.



# ESG Data

## Governance

### Economic Value Generated and Distributed

Category	Unit	2022	2023	2024
Stakeholders				
Employees <sup>1)</sup>	KRW million	1,664,724	1,610,846	1,714,565
Shareholders/Investors <sup>2)</sup>	KRW million	647,748	744,967	764,530
Government <sup>3)</sup>	KRW million	-24,802	214,551	164,643
Local Communities <sup>4)</sup>	KRW million	17,489	15,759	17,540

1) Salaries and Welfare Programs  
2) Dividends and Interest Expenses  
3) Taxes and Corporate Tax  
4) Donations

### Board Composition

Category	Unit	2022	2023	2024
Total Number of Directors	Persons	9	9	8
Executive Directors	Persons	4	4	3
Independent Directors	Persons	5	5	5
Number of Female Directors	Persons	2	2	2
Separation of Roles Between CEO and Chair of the Board		X	X	X

### Board Activities

Category	Unit	2022	2023	2024
Board Operations				
Number of Board Meetings Held	Times	16	15	15
Attendance Rate of Executive Directors	%	96.4	95.0	100
Attendance Rate of Independent Directors	%	92.5	94.7	95.7
Total Number of Agenda Items Reviewed	Cases	75	68	87
Number of ESG-Related Material Agenda Items Reported	Cases	28	23	33

### Ethics and Compliance Training

Category	Unit	2022	2023	2024
Mart	Total Training Hours	Hours	21,179	36,818
	Total Number of Participants	Persons	11,955	13,380
Super <sup>1)</sup>	Total Training Hours	Hours	10,446	32,766
	Total Number of Participants	Persons	1,741	5,122
E-Commerce	Total Training Hours	Hours	1,317 <sup>2)</sup>	7,191
	Total Number of Participants	Persons	1,122	2,001

1), 2) The 2023 data has been corrected due to clerical errors.

### Violations of Code of Ethics

Category	Unit	2022	2023	2024
Department Store	Violations of Code of Ethics	Cases	28	14
	Disciplinary Actions Taken <sup>1)</sup>	Cases	20	15
Mart	Violations of Code of Ethics	Cases	5	6
	Disciplinary Actions Taken <sup>1)</sup>	Cases	4	4
Super	Violations of Code of Ethics	Cases	5	4
	Disciplinary Actions Taken <sup>1)</sup>	Cases	8	4
E-Commerce	Violations of Code of Ethics	Cases	12	1
	Disciplinary Actions Taken <sup>1)</sup>	Cases	5	1

1) Number of employees disciplined due to violations of the code of ethics

### Corruption Risk Assessment

Category	Unit	2022	2023	2024
Number of Assessed Teams <sup>1)</sup>	Cases	59	59	56
Percentage of Total Business Sites	%	100	100	100

1) For the Mart and Super divisions, the headquarters of each division is considered a single business site when calculating the total number of sites.  
\* As of 2023, zero material corruption-related risks were identified through third-party verification.

ESG Data

Governance

Information Security Training

Category		Unit	2022	2023	2024
Department Store	Personal Information Protection Training				
	Total Training Hours	Hours	6,072	6,234	5,602
	Total Number of Participants	Persons	6,072	6,234	5,602
	Training for Personnel with Access to Personal Information				
	Total Training Hours	Hours	375	32	25
	Total Number of Participants	Persons	375	32	25
	Specialized Training for IT Personnel				
	Total Training Hours	Hours	0	103	101
	Total Number of Participants	Persons	0	107	101
Mart	Personal Information Protection Training				
	Total Training Hours	Hours	11,460	10,707	10,554
	Total Number of Participants	Persons	11,460	10,707	10,554
	Training for Personnel with Access to Personal Information				
	Total Training Hours	Hours	304	228	314
	Total Number of Participants	Persons	152	114	157
Super	Personal Information Protection Training				
	Total Training Hours	Hours	3,781	3,467	3,507
	Total Number of Participants	Persons	3,781	3,467	3,507
	Training for Personnel with Access to Personal Information				
	Total Training Hours	Hours	124	58	78
	Total Number of Participants	Persons	62	29	39
E-Commerce	Personal Information Protection Training				
	Total Training Hours	Hours	1,072	1,004	686
	Total Number of Participants	Persons	1,072	1,004	686
	Training for Personnel with Access to Personal Information				
	Total Training Hours	Hours	104	98	27
	Total Number of Participants	Persons	104	98	27
	Specialized Training for IT Personnel				
	Total Training Hours	Hours	323	760	257
	Total Number of Participants	Persons	323	380	257

Personal Information Protection Risk Management

Category		Unit	2022	2023	2024
Department Store	Incidents of Customer Personal Information Leaks, Theft, or Breaches	Cases	0	0	0
Mart	Incidents of Customer Personal Information Leaks, Theft, or Breaches	Cases	0	0	0
Super	Incidents of Customer Personal Information Leaks, Theft, or Breaches	Cases	0	0	0
E-Commerce	Incidents of Customer Personal Information Leaks, Theft, or Breaches	Cases	0	0	1

Legal and Regulatory Violations

Category		Unit	2022	2023	2024
Violations of Laws and Voluntary Codes on Product and Service Information and Labeling					
	Department Store	Cases	0	0	0
	Mart	Cases	2	2	0
	Super	Cases	0	0	0
	E-Commerce	Cases	0	0	0
Violations of Laws and Regulations Related to Marketing Communications					
	Department Store	Cases	0	0	0
	Mart	Cases	0	0	0
	Super	Cases	0	0	0
	E-Commerce	Cases	0	0	0
Violations of Anti-competitive and Anti-monopoly Laws and Regulations					
	Department Store	Cases	0	1	0
	Mart	Cases	0	0	0
	Super	Cases	1	0	0
	E-Commerce	Cases	0	0	0
Violations of Laws on the Health and Safety Impacts of Products and Services					
	Department Store	Cases	0	0	0
	Mart	Cases	1	0	0
	Super	Cases	0	0	0
	E-Commerce	Cases	0	0	0



# Initiative Index

GRI Standards Index

Universal Standards

GRI 1: Foundation 2021

Category	Indicator
Statement of use	LOTTE Shopping has reported the information cited in this report for the period from January 1, 2024 to December 31, 2024, in accordance with the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	As of June 2025, there are no applicable GRI Sector Standards published for the retail industry.

GRI 2: General Disclosures 2021

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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	119-129
	2-5	External assurance	141-142
Activities and workers	2-6	Activities, value chain and other business relationships	13-19
	2-7	Employees	122-123
	2-8	Workers who are not employees	122
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	2-10	Nomination and selection of the highest governance body	97, 100
	2-11	Chair of the highest governance body	97
	2-12	Role of the highest governance body in overseeing the management of impacts	97, 100-101
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GRI 3: Material Topics 2021

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	3-2	List of material topics	26
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Category	Index	Indicator	Page
Governance	2-16	Communication of critical concerns	99
	2-17	Collective knowledge of the highest governance body	98
	2-18	Evaluation of the performance of the highest governance body	99
	2-19	Remuneration policies	99
	2-20	Process to determine remuneration	99
	2-21	Annual total compensation ratio	125
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	2-24	Embedding policy commitments	51, 55-56, 80-83, 85-86
	2-25	Processes to remediate negative impacts	104-108
	2-26	Mechanisms for seeking advice and raising concerns	55, 104, 108
	2-27	Compliance with laws and regulations	121, 129-130
	2-28	Membership associations	143
	2-29	Approach to stakeholder engagement	29
Stakeholder engagement	2-30	Collective bargaining agreements	126

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## GRI Standards Index

### Topic-Specific Standards

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#### Material Topic 2: Product and Service Quality and Safety

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Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	73
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	130

#### Material Topic 3: Win-win Growth

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#### Material Topic 4: Climate Change Response

Category	Index	Indicator	Page
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Economic Performance	201-2	Financial implications and other risks and opportunities due to climate change	34-36

#### Material Topic 5: GHG Emissions and Energy Management

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	302-2	Energy consumption outside of the organization	119
	302-3	Energy intensity	119
	302-4	Reduction of energy consumption	119
Emissions	305-1	Direct (Scope 1) GHG emissions	33, 119
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	305-4	GHG emissions intensity	33, 119
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## GRI Standards Index

### Topic-Specific Standards

#### Non-Material Topics (GRI 200-400)

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# Initiative Index

## ESRS Index

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\* Material Topic "Win-win Growth": Not covered under ESRS



# Initiative Index

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	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.	32-33
	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.	34-37
	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.	33
	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.	

# Initiative Index

## SASB Index

### LOTTE Department Store | Multiline and Specialty Retailers & Distributors

#### Accounting Metrics

Topic	Code	Metric	2024 Data	Page	Note
Energy Management in Retail & Distribution	CG-MR-130a.1	(1) Total energy consumed	8,143TJ	-	
		(2) Percentage grid electricity	0	-	
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Data Security	CG-MR-230a.1	Description of approach to identifying and addressing data security risks	-	114	
		(1) Number of data breaches	0	-	
	CG-MR-230a.2	(2) Percentage that are personal data breaches	0	-	
		(3) Number of customers affected	0	-	
Labour Practices	CG-MR-310a.1	(1) Average hourly wage	KRW 28,325	-	
		(2) Percentage of in-store and distribution centre employees earning minimum wage, by region	0	-	
	CG-MR-310a.2	(1) Voluntary turnover rate for in-store and distribution centre employees	2.30%	-	
	CG-MR-310a.3	Total amount of monetary losses as a result of legal proceedings associated with labour law violations	0	-	
Workforce Diversity & Inclusion	CG-MR-330a.1	(1) Percentage of gender representation in executive management	16.30%	-	
		(2) Percentage of gender representation in non-executive management	28.60%	-	
		(3) Percentage of gender representation among all other employees	63.40%	-	
	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 8,013.09 million	-	
	CG-MR-410a.2	Discussion of processes to assess and manage risks or hazards associated with chemicals in products	-	73, 76	
	CG-MR-410a.3	Discussion of strategies to reduce the environmental impact of packaging	-	43-45	

#### Activity Metrics

Topic	Code	Metric	2024 Data	Page	Note
Activity Metrics	CG-MR-000.A	Number of retail locations	59	-	Based on domestic business sites
		Number of distribution centers	1	-	
	CG-MR-000.B	Total area of retail space	4,156,931m <sup>2</sup>	-	Based on domestic business sites
		Total area of distribution centers	7,091m <sup>2</sup>	-	



# Initiative Index

SASB Index

LOTTE Mart | Food Retailers & Distributors

Accounting Metrics

Topic	Code	Metric	2024 Data	Page	Note
Energy Management	FB-FR-130a.1	(1) Operational energy consumed	5,547TJ	-	
		(2) Percentage grid electricity	0	-	
		(3) Percentage renewable	0.05%	-	
Food Waste Management	FB-FR-150a.1	(1) Amount of food waste generated	9,303ton	-	
		(2) Percentage diverted from the waste stream	100%	-	
		(1) Number of data breaches	0	-	
Data Security	FB-FR-230a.1	(2) Percentage that are personal data breaches	0	-	
		(3) Number of customers affected	0	-	
		Description of approach to identifying and addressing data security risks	-	114	
Food Safety	FB-FR-250a.1	High-risk food safety violation rate	0	-	
		(1) Number of recalls	2	-	
		(2) Number of units recalled	2 SKU	-	
Product Health & Nutrition	FB-FR-260a.1	Revenue from products labelled or marketed to promote health and nutrition attributes	KRW 2,202 million	-	
		Discussion of the process to identify and manage products and ingredients related to nutritional and health concerns among consumers	-	73-74, 76	
		Number of incidents of non-compliance with industry or regulatory labelling or marketing codes	0	-	
Product Labelling & Marketing	FB-FR-270a.2	Total amount of monetary losses as a result of legal proceedings associated with marketing or labelling practices	0	-	
		(1) Average hourly wage	KRW 17,947	-	
		(2) Percentage of in-store and distribution centre employees earning minimum wage, by region	0	-	
Labour Practices	FB-FR-310a.2	Percentage of active workforce employed under collective agreements	99.70%	-	
		(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 38 million	-	
		Revenue from products third-party certified to environmental or social sustainability sourcing standards	KRW 116,374 million	-	
		Percentage of revenue from (1) eggs that originated from a cage-free environment	0.31%	-	
	FB-FR-430a.2	Percentage of revenue from (2) pork produced without the use of gestation crates	0.05%	-	
		Discussion of strategy to manage environmental and social risks within the supply chain, including animal welfare	-	48	
		Discussion of strategies to reduce the environmental impact of packaging	-	43-45	

Activity Metrics

Topic	Code	Metric	2024 Data	Page	Note
Activity Metrics	FB-FR-000.A	Number of (1) retail locations	110	-	
		Number of (2) distribution centres	3	-	
	FB-FR-000.B	Total area of (1) retail space	950,006m <sup>2</sup>	-	
		Total area of (2) distribution centres	203,726m <sup>2</sup>	-	
	FB-FR-000.C	Number of vehicles in commercial fleet	29	-	
	FB-FR-000.D	Tonne-kilometres travelled	683,921km	-	

Initiative Index

SASB Index

LOTTE Super | Food Retailers & Distributors

Accounting Metrics

Topic	Code	Metric	2024 Data	Page	Note
Energy Management	FB-FR-130a.1	(1) Operational energy consumed	1,038TJ	-	
		(2) Percentage grid electricity	0	-	
		(3) Percentage renewable	1.15%	-	
Food Waste Management	FB-FR-150a.1	(1) Amount of food waste generated	52ton	-	
		(2) Percentage diverted from the waste stream	100%	-	
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	-	114	
Food Safety	FB-FR-250a.1	High-risk food safety violation rate	0	-	
	FB-FR-250a.2	(1) Number of recalls	0	-	
		(2) Number of units recalled	0	-	
Product Health & Nutrition	FB-FR-260a.1	Revenue from products labelled or marketed to promote health and nutrition attributes	KRW 45 million	-	
	FB-FR-260a.2	Discussion of the process to identify and manage products and ingredients related to nutritional and health concerns among consumers	-	73-74, 76	
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 16,461	-	
		(2) Percentage of in-store and distribution centre employees earning minimum wage, by region	26.50%	-	
	FB-FR-310a.2	Percentage of active workforce employed under collective agreements	-	-	Operation of the Labor-Management Council
	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	KRW 0.57 million	-	
Management of Environmental & Social Impacts in the Supply Chain	FB-FR-430a.1	Revenue from products third-party certified to environmental or social sustainability sourcing standards	KRW 57,306 million	-	
	FB-FR-430a.2	Percentage of revenue from (1) eggs that originated from a cage-free environment	0.32%	-	
	FB-FR-430a.3	Discussion of strategy to manage environmental and social risks within the supply chain, including animal welfare	-	48	
	FB-FR-430a.4	Discussion of strategies to reduce the environmental impact of packaging	-	43-45	

Activity Metrics

Topic	Code	Metric	2024 Data	Page	Note
Activity Metrics	FB-FR-000.A	Number of (1) retail locations	352	-	
		Number of (2) distribution centres	6	-	
		Total area of (1) retail space	159,370m <sup>2</sup>	-	
	FB-FR-000.B	Total area of (2) distribution centres	75,951m <sup>2</sup>	-	
		Number of vehicles in commercial fleet	32	-	
	FB-FR-000.D	Tonne-kilometres travelled	874,598km	-	



# Initiative Index

SASB Index

LOTTE E-Commerce | E-Commerce

Accounting Metrics

Topic	Code	Metric	2024 Data	Page	Note
Hardware Infrastructure Energy & Water Management	CG-EC-130a.1	(1) Total energy consumed	11TJ	-	
		(3) Percentage renewable	0	-	
	CG-EC-130a.2	(1) Total water withdrawn	5,258ton	-	
Data Privacy & Advertising Standards	CG-EC-220a.1	Number of users whose information is used for secondary purposes	0	-	
	CG-EC-220a.2	Description of policies and practices relating to targeted advertising and user privacy	-	-	
Data Security	CG-EC-230a.1	Description of approach to identifying and addressing data security risks	-	114	
Employee Recruitment, Inclusion & Performance	CG-EC-330a.1	Employee engagement as a percentage	45.4%	-	
	CG-EC-330a.2	(1) Voluntary turnover rate for all employees	23%	-	
	CG-EC-330a.3	(1) Percentage of gender representation in executive management	0	-	
		(2) Percentage of gender representation in non-executive management	0	-	
		(3) Percentage of gender representation in technical employees	22%	-	Based on IT positions
		(4) Percentage of gender representation among all other employees	54%	-	
	CG-EC-330a.4	Percentage of technical employees that require a work visa	0	-	
Product Packaging & Distribution	CG-EC-410a.2	Discussion of strategies to reduce the environmental impact of product delivery	-	37, 46	

Activity Metrics

Topic	Code	Metric	2024 Data	Page	Note
Activity Metrics	CN0404-A	Entity-defined measure of user activity: App Monthly Active Users (MAU) in 2024	2,212,502	-	
	CN0404-C	Number of shipments	19,955,293	-	

# Independent Assurance Report

## 온실가스 검증의견서

롯데쇼핑(주) MOC-25-017

### 검증 범위

한국표준협회는 롯데쇼핑(주)의 온실가스 배출량 명세서의 직접배출(Scope1) 및 간접배출(Scope2)에 대한 검증을 수행하였습니다.

### 검증 기준 및 절차

- 한국표준협회는 다음의 기준 및 절차에 따라 검증을 수행하였습니다.
- 온실가스 배출권거래제의 배출량 보고 및 인증에 관한 지침(환경부고시 제2024-155호)
- 온실가스 배출권거래제 운영을 위한 검증지침(환경부고시 제2024-169호)
- 2006 IPCC Guidelines, KS I ISO 14064-1: 2018 및 KS I ISO 14064-3:2019

### 검증 수준

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

### 검증 결론

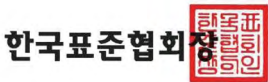
검증팀 검증결과 명세서에 중대한 오류, 누락 및 허위사실이 발견되지 않았으며, 온실가스 배출량 데이터가 적절하게 산정되었음을 확인합니다.

## 2024년 온실가스 배출량(Scope1, Scope2) (단위 : tCO<sub>2</sub>eq)

연도	직접배출	간접배출	총량
2024	96,481.87	621,262.099	717,550

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

2025년 06월 04일



## GHG Emission Verification Opinion

LOTTE SHOPPING Co., Ltd. MOC-25-017

### 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. 2024-155 provided by Ministry of Environment, Republic of Korea)
  - Verification Guidelines for the Operation of the Greenhouse Gas Emission Trading System (No. 2024-169 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.

## 2024 GHG Emissions(Scope1, Scope2) (Unit tCO<sub>2</sub>eq)

Year	Scope 1	Scope 2	Total
2024	96,481.87	621,262.099	717,550

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

June 04, 2025

Dongmin Moon

KOREAN STANDARDS ASSOCIATION



# Independent Assurance Report

## 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 2024 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	Environmental Impact Management of Products and Services	N/A	N/A
2	Product and Service Quality and Safety	416	416
3	Win-win Growth	N/A	N/A
4	Climate Change Response	201-2	201-2
5	GHG Emissions and Energy Management	302, 305	302-1~302-4,
			305-1~305-5

#### 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 2024 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.

# Independent Assurance Report

## Independent Assurance Report

- Inclusivity**

LOTTE Shopping defines main stakeholders who influence the business activities as Customers, Employees, Partners, Local Community, and Shareholders and Investors. 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 conducted double materiality assessment in order to selecting material topics. And, the Company has considered the priority of issues based on the process of analyzing international index and internal/external environment, identifying risk and opportunities, collecting stakeholders’ concerns, interviewing expertise, etc. We have identified that 5 material issues derived from the double materiality assessment were reflected in the report without omission.
- Responsiveness**

LOTTE Shopping has established ESG Committee under the Board of Directors for advancing ESG management so that the Company makes decisions on ESG issues and strategies. In addition, LOTTE Shopping responds and manages the opinion by operating internal and external communication channels such as VOC channel (online, cs center), Employees’ communication channels (labor-management councils, informal meetings), partners’ communication channels (partner meetings, informal meetings, reporting channel), and local communities’ cooperation channel and meetings, etc.
- Impact**

LOTTE Shopping identifies and manages the direct and indirect impacts of its material issues by categorizing them into risks and opportunities, as well as areas of occurrence. For each issue, the company reports its impact, current response status, and future plans, while also establishing quantitative indicators to enable systematic monitoring. 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 conducting ESG strategies and is preemptively responding to internal and external ESG management demands by forming an ESG Committee under the Board of Directors and operating ESG working council. We highly appreciate that LOTTE Shopping has verified validity for its reduction target after building roadmap for 2040 Carbon Neutral and has achieved the approval of SBTi. In addition, the Company also has executed the strategies step-by-step for overall facilities and supply chain in order to reduce GHG emissions. We recommend as follows for the future improvement.

1. We recommend setting key performance indicators (KPIs) for each material issue derived and continuously managing performance as the management of material issues identified through the double materiality assessment is critical in terms of responsiveness to changes in the business environment and from a risk management perspective.
2. We recommend to analyze financial impacts and prepare a solution by calculating financial performances per issue in order to advance double materiality assessment.

### 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.

Lead Assurer **Jung, Jin Seul**, ACSAP

*Jung*

June, 2025  
CEO of NICE Information Service  
**Kim, Jong Yoon**

*Kim*



# Memberships and Awards

## Memberships

Business Division	Association
LOTTE Shopping Co., Ltd.	UN Global Compact Network Korea
	Korean Academy of Business Ethics
Department Store	KPRC(Korea Packaging Recycling Cooperative)
	Fair Competition Federation
	CONCERT(CONsortium of CERT)
	Korea Personnel Improvement Association(Korean HR Managers & Training Officers)
	Intercontinental Group of Department Stores(IGDS)
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
	Korea On-Line Shopping Association(KOLSA)
	Korea Internet Corporations Association(K-Internet)
	Korea Fintech Industry Association(KORFIN)

## Awards

Business Division	Date	Organization	Awards
Department Store	2024.05	Ministry of Employment and Labor	Presidential Citation
	2024.06	Ministry of Patriots and Veterans Affairs	Minister of Patriots and Veterans Affairs Award
	2024.07	Ministry of the Interior and Safety	Presidential Order of Industrial Service Merit for Industrial Accident Prevention
	2024.11	Ministry of the Interior and Safety	Minister of the Interior and Safety Award
	2024.11	Korea Energy Agency	Minister of Trade, Industry and Energy Award
Mart-Super	2024.02	iF Design Award	Winner of 2025
	2024.04	MONDE SELECTION	Gold: 1 'YORIHADA', 3 'GOOD TODAY'
			Silver: 3 'YORIHADA', 2 'GOOD TODAY'
			Bronze: 1 'YORIHADA'
	2024.04	Korea Management Registrar Inc.(KMR)	Green Star Certification
	2024.04	Korea Federation of SMEs and others	Minister of SMEs and Startups Award
	2024.11	Ministry of Environment, Korea Waste Association	Minister of Environment Award
	2024.11	Korea Standards Association	No.1 in 2024 Korea Sustainability Index – Discount Store Category
	2024.12	Ministry of Trade, Industry and Energy	Prime Minister's Commendation
	2025.01	Korea Foundation for Cooperation of Large & Small Business, Rural Affairs(KOFCA)	2024 Recognized ESG Practitioner in Rural Areas

# Production Department

## LOTTE Retail HQ

### Compliance Office

Lee Young Noh, Lee Hye Mi, Lim Se Je

## LOTTE Department Store

### ESG Fair Trade Team

Jung Dae Kwang, Yoon Jae Won, Cho A Ram

ESG Fair Trade Team	Jung Ah mi, Han Seung Wook, Lee Min Seok
Management Audit Team	Kim Hak Hyung
Customer Service Operation Team	Han Tae youk, Ko Young Seo
Purchasing Team	Park jae hee, Lee hae won
Corporate Culture Team	Yoo Ho chan
Planning Team	Hwang Ye In
Safety Management Team	Kim Tae Jong, Ham Jun Hyeok, Lim Hyung In, Choi Ki Hoon
Human Resource Development Team	Kim Ji Han
Information Security Division	Park Ji Eun
Human Resource Team	Kim Jeong Ho
Marketing Team	Chang Min Gyeong
Visual Strategy Team	Jung Ajin
Food Safety Team	Lee Seok Ho

## LOTTE Mart · LOTTE Super

### ESG Team, LOTTE Mart & LOTTE Super

Kim Hye Young, Kwon Young In, Park Tae Soon, Lee Su Ji, Seo Ju Yeon

Strategy Planning Team	Kim Se Youn, Yoon Jae Geun
Human Resource Innovation Team	Kim Yeong Sang, Kim Ji Yoon
Human Resource Development Team	Seo Ji Hye
Employee Relations Strategy Team	Kang Soo Min
Super Company Cultere Team	Kim Dong Ki
Accounting Team	Kim Tae Ho, Kim Myung Suk
Purchasing Support Team	Park Jin Yeong, Kim Il Rok
Compliance Team	Kim Yu Mi
Management Improvement Team	Park Ji Eun, Go Seon Na
Safety Management Team	Lee Young Koo, Choi Hyun Seok
Safety&Facility Operation Team	Kim Sung Jong, Kim Tae Hun
Facility Management Team	Kim Hyung Doo, Lim Tae Won
Information Management Division	Choi Ha Na, Yoon Hee Sung
Lead Fresh TF	Lee Yong Ho
Quality Management Team	Yang Ju Hee, Lee Young Sim, So Young
Communication Design Team	Ko Kyoung Sun, Park Jung In

## LOTTE E-Commerce

### Strategy Planning Team

Kim Keun man, Nam Ho Jin

Personal Information Security Team	Yu Shin, Choi Eun Jin, Kim Si Hyun
Food Team	Lee Jung Ju, Choi Hye Ri
Safety Environment Department	Kim Sun Woo
Ethical Management Team	Song Jin Young, Son Chan Bae
Supply Chain Management Team	Kim Jin Su, Kim Bo Gyun
HR Team	Seo Han Ju, Ga So Yeon, Bang Chae Rin, Song Yeon Ju, Choi Seo Yul
Compliance Team	Moon So Yun, Kim Jung Hye
Management Support Team	Oh Sang Hoon



# LOTTE SHOPPING

2024 Sustainability Report

**Dream Together for Better Earth**