2025
SUSTAINABILITY REPORT

LOTTE CORPORATION

LOTTE CORPORATION

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INTERACTIVE PDF

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

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Amid changes in the global industrial landscape and evolving customer values, LOTTE Group is continuously working to strengthen fundamental competitiveness and build a foundation for future growth through bold execution. We are enhancing the competitiveness of existing businesses while identifying new growth opportunities and embedding ESG values throughout management practices to further shape the path toward sustainable growth.

LOTTE Group will continue to deliver greater value to customers and society by striking the right balance between ESG and business in pursuit of sustainable growth.

LOTTE AT A GLANCE

LOTTE Group

We enrich people's lives by providing superior products and services that our customers love and trust.

Since entering the food business in 1967, LOTTE has expanded its business portfolio into retail, chemicals, hotels, construction, and infrastructure, growing alongside customers in every aspect of their daily lives. Built on nearly six decades of expertise across diverse industries, we have established ourselves as a trusted brand among customers at home and abroad. At the same time, with sustainability and innovation at the core, we continue to embrace new challenges to help build a better future.

* As of the end of December 2025

Affiliates

Number of LOTTE Group affiliates operating in 32 countries worldwide

283

Assets

Total assets of LOTTE Group based on the simple aggregate of the Group affiliates

KRW 179.9 trillion

Employees

103,313 employees in Korea and 45,847 overseas

149,160

MISSION & VISION

Lifetime Value Creator

Mission

We enrich people's lives by providing superior products and services that our customers love and trust.

Vision

In 2017, LOTTE shifted the Group's growth direction toward qualitative growth to achieve sustainable growth over the next 50 years and announced a new vision aligned with this direction. The vision, "Lifetime Value Creator," reflects our commitment to delivering the greatest value to customers throughout every stage of their lives through the LOTTE brand.

About LOTTE

GLOBAL BUSINESS

LOTTE Group operates across 32 countries worldwide, spanning Asia, Europe, the Americas, Oceania, the Middle East, and Africa. By proactively responding to changes in the global business environment and strategically advancing overseas operations, we will continue to pursue stable growth while embracing bold challenges in a changing global landscape.

BUSINESS PORTFOLIO

LOTTE Group is strengthening its global capabilities across core businesses, including food and beverage, retail, chemicals, hotels, and infrastructure, while enhancing LOTTE's brand value. To proactively respond to the rapidly changing global business environment, we are reinforcing the fundamental competitiveness of existing businesses, based on which we seek to improve profitability and secure a differentiated competitive advantage.

GOVERNANCE STRUCTURE

LOTTE Group established LOTTE Corporation in 2017 and transitioned to a holding company structure to enhance management transparency and achieve sustainable qualitative growth.
In 2025, we further strengthened responsible management centered on the Group affiliates. Greater autonomy and expertise enable faster responses to a changing business environment, while our advanced governance structure enhances stakeholder trust and corporate value.

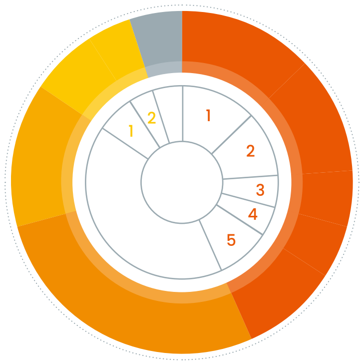
LOTTE AT A GLANCE

LOTTE Corporation

Since its establishment in 2017, LOTTE Corporation has worked to enhance the corporate and brand value of LOTTE Group by improving the growth and profitability of its subsidiaries, advancing its business portfolio, establishing mid- to long-term strategies, expanding investment in brands and R&D, and strengthening its ESG governance framework.

SHAREHOLDER COMPOSITION

(Unit: %)



Related parties	43.45	Treasury stock	27.51
1 Dong-Bin Shin	13.04	Individuals	13.66
2 HOTEL LOTTE	11.10	Domestic institutions	10.41
3 LOTTE ALUMINUM	5.06	1 National Pension Service	6.36
4 LOTTE Property & Development	5.00	2 Others	4.05
5 Others	9.25	Foreigners	4.97

* Based on the shareholder register as of December 31, 2025

CREATION OF ECONOMIC VALUE AND DISTRIBUTION TO STAKEHOLDERS IN 2025

(Unit: KRW million)

Direct Economic Value Generated

Sales
15,539,627

Economic Value Distributed

Shareholders and investors	Government	Employees	Local communities	Others
522,452	120,820	2,379,753	18,548	10,070,984
Dividends and interest expenses	Tax (by country)	Employee remuneration and benefits	Community investments (donations and support for social contribution activities)	Operating costs (purchases of raw materials and services)

Economic Value Retained

Direct economic value generated - Economic value distributed

2,427,070

* Consolidated basis

CORPORATE PROFILE

Company Name

LOTTE Corporation

Address of Headquarters:
300, Olympic-ro, Songpa-gu,
Seoul 05551, Korea

Establishment Date

1967

Established on March 24, 1967
(LOTTE Corporation launched on October 1, 2017)

Number of Employees

296

Number of employees at LOTTE Corporation (Unit: persons)

Number of Subsidiaries

83

Based on the consolidated statement of comprehensive income in the Business Report

Total Assets

23,071.1

Total assets on a consolidated basis
(Unit: KRW billion)

Credit Rating

A+

LOTTE Corporation corporate bond credit rating

* As of the end of December 2025

LOTTE HERITAGE

Nearly 60 years of innovation and growth to enrich people's lives

In the late 1960s, LOTTE launched its first business after recognizing the growth potential of Korea's food industry. We subsequently expanded into retail, hotels, chemicals, construction, and other sectors, growing alongside the development of the Korean economy. In the 1990s, we expanded into global markets, and in 2017 transitioned to a holding company structure to further professionalize Group management. Today, leveraging our accumulated capabilities, LOTTE is accelerating the enhancement of its business portfolio and investments in future industries.

1966-1967

Following the establishment of Dongbang Alumi Industry (currently LOTTE ALUMINUM) in 1966, LOTTE Confectionery (currently LOTTE Wellfood), the parent company of LOTTE, was founded in 1967. Its establishment marked a turning point in the modernization of Korea's food industry and the improvement of living standards, and it has since played a leading role in pioneering and advancing the nation's food industry.

1970s

1978
- Established LOTTE Hotel

1974
- Established LOTTE Int'l
- Acquired Chilsung Hanmi Beverage (currently LOTTE Chilsung Beverage)

1976
- Acquired Honam Petrochemical Corp (currently LOTTE Chemical)

1978
- Acquired Pyeonghwa Engineering & Construction (currently LOTTE Engineering & Construction)

1979
- Established LOTTERIA
- Established LOTTE Shopping

1980s

1980
- Acquired Korea Fuji Film, Co.

1982
- Established Daehong Communications
- Established LOTTE Giants
- Established LOTTE Property & Development

1983
- Established LOTTE Central Research Institute
- Established LOTTE Distribution business headquarters (currently People Networks)

1984
- Established LOTTE Hotel Busan

1985
- Established LOTTE Canon (currently Canon Korea)

1989
- Established the business headquarters of LOTTE World

1990s

1994 • Acquired Korea Seven

1995 • Established LOTTE Capital

1996 • Established LOTTE Logistics (currently LOTTE Global Logistics)
• Established LOTTE Data Communication Company (currently LOTTE Innovate)

1998 • Established LOTTE Mart

1999 • Established LOTTE Cinema (currently Cultureworks)

2000s

2000 • Established LOTTE.com (currently LOTTE e-commerce)
• Established LOTTE Super

2002 • Acquired Dongyang Card (currently LOTTE Card)

2006 • Acquired Woori Home Shopping (currently LOTTE Home Shopping)

2009 • Acquired Doosan Liquor BG (currently LOTTE Chilsung Beverage Liquor Division)

2010s

2010 • Acquired Buy The Way
• Acquired Malaysia's Titan Chemical
• Acquired Philippines' Pepsi (PCPPI)

2012 • Acquired Hi Mart (currently LOTTE Hi Mart)

2015 • Established LOTTE Members
• Acquired KT Rental (currently LOTTE Rental)

2016 • Acquired Samsung Fine Chemicals (currently LOTTE Fine Chemical)

2017 • Celebrated the 50th Anniversary of LOTTE Group
• Grading opening of LOTTE World Tower
• Launched LOTTE Corporation

2020s

2020 • Launched the integrated LOTTE Chemical

2021 • Declared LOTTE Group ESG Management

2022 • Launched an integrated corporation of LOTTE Confectionery and LOTTE Foods (currently LOTTE Wellfood)
• Established LOTTE BIOLOGICS

2023 • Acquired Iljin Materials (currently LOTTE Energy Materials)

2024 • LOTTE Data Communication renamed (currently LOTTE Innovate)
• Split-off of LOTTE ALUMINUM (Establishment of LOTTE Infracell and LOTTE Packaging Solutions)
• Sambark LFT renamed (currently LOTTE Engineering Plastics)

2025 • Established LOTTE HOTELS JAPAN
• Completed the LOTTE Chemical Indonesia (LCI) plant
• Merged LOTTE Wellfood India and Havmor

Accelerating the pace of business innovation and ESG leadership

2020

LAUNCH OF THE INTEGRATED LOTTE CHEMICAL

In 2020, LOTTE Chemical was relaunched as an integrated corporation through the merger with LOTTE Advanced Materials. While independently implementing business-specific operational and growth strategies across commercial and R&D functions, the company is generating functional and regional synergies, establishing a management system that balances efficiency and operational excellence, and strengthening the competitiveness of LOTTE Group's chemicals business.

2021

ADVANCEMENT OF ESG MANAGEMENT AT LOTTE GROUP

Since announcing the LOTTE Group ESG Statement in 2021, LOTTE has systematically advanced ESG management at the Group level. The Group has established ESG Committees within the boards of its listed companies and is enhancing corporate value by operating its businesses from a sustainability perspective. It also incorporates ESG indicators into CEO performance evaluations across its affiliates to strengthen the execution of its sustainability management, demonstrating its continued commitment to advancing ESG management.

LOTTE Group ESG Statement

2022

LAUNCH OF LOTTE WELLFOOD

Following the launch of the integrated corporation formed through the merger of LOTTE Confectionery and LOTTE Food in 2022, the company adopted the new name LOTTE Wellfood in 2023, marking the beginning of a new chapter. In addition to expanding beyond its confectionery-focused business into broader areas of food culture, the company has achieved greater operational efficiency through infrastructure integration, increased future-oriented investments, and strengthened R&D and marketing synergies. These efforts are expected to support the realization of greater corporate value as a global comprehensive food company.

ENTRY INTO THE FUTURE MOBILITY BUSINESS

Entry into the Future Mobility Business
In 2022, LOTTE Innovate acquired EVSIS as a subsidiary, marking its full-scale entry into the mobility business. Drawing on its expertise as Korea's first manufacturer of electric vehicle chargers, EVSIS is building ultra-fast charging infrastructure in overseas markets as well as in Korea, leading the expansion of LOTTE Group's eco-friendly smart mobility platform business.

2023

STRENGTHENED COMPETITIVENESS IN THE GLOBAL CDMO MARKET

In January 2023, LOTTE BIOLOGICS completed the acquisition of a biopharmaceutical manufacturing facility from BMS in the United States, officially entering the biopharmaceutical contract development and manufacturing organization (CDMO) business. Since then, the company has focused on strengthening quality competitiveness, establishing a CDMO conversion framework, and expanding core production infrastructure to position itself as a global CDMO company. In 2025, it further enhanced its competitiveness in the global CDMO market by expanding its business into antibody-drug conjugate (ADC) and large-scale CMO operations.

LOTTE BUSINESS

LOTTE BUSINESS PORTFOLIO

REINFORCING THE CORE

With a diversified business portfolio comprising the Food & Beverage, Retail, Chemical, and Hotel/Infrastructure Business Groups, LOTTE Group is pursuing high-quality growth. In 2025, we strengthened responsible management centered on the Group affiliates to enhance agility and execution-oriented leadership. Based on the board-led responsible management at each affiliate, we are focused on reinforcing the fundamental competitiveness of core businesses. Furthermore, we are enhancing our business portfolio while defining a clearer path toward sustainable growth through global expansion, AI transformation, and ESG initiatives.

FOOD & BEVERAGE BUSINESS GROUP

Food & Beverage Business Group began with the establishment of LOTTE Confectionery in 1967 and has expanded into beverages, alcoholic beverages, food ingredients, processed foods, and food service, growing into Korea's largest food business group. It is further accelerating global growth by strengthening the LOTTE brands in overseas markets.

SALES (KRW billion) 10,740.2

SALES SHARE 13.8%

RETAIL BUSINESS GROUP

Retail Business Group has grown alongside and helped drive the development of Korea's retail industry since the 1970s. Built on more than five decades of expertise and trust, it now delivers integrated online and offline services and content, providing differentiated experiences and new forms of enjoyment to customers worldwide.

SALES (KRW billion) 19,889.2

SALES SHARE 25.6%

CHEMICAL BUSINESS GROUP

Chemical Business Group has been growing alongside the advancement of Korea's chemical industry since the 1970s through continuous technological innovation and capacity expansion. It is accelerating the transition toward high-value-added businesses while strengthening the capabilities required of a global top-tier chemical company.

SALES (KRW billion) 22,661.4

SALES SHARE 29.1%

HOTEL/INFRASTRUCTURE BUSINESS GROUP

HOTEL LOTTE has led the development of Korea's tourism and cultural industries through its extensive infrastructure, broad network, talented workforce, and differentiated services. Meanwhile, Infrastructure Business Group contributes to improving life through a diverse portfolio spanning construction, rental services, logistics, and entertainment.

SALES (KRW billion) 24,506.1

SALES SHARE 31.5%

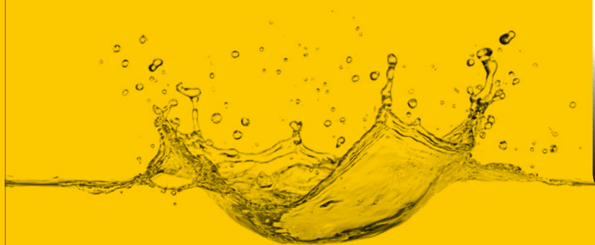
TOTAL SALES (KRW billion) 77,796.9

1. FOOD & BEVERAGE BUSINESS GROUP

LOTTE's food affiliates continue to lead the food industry through outstanding technology, product quality, and marketing capabilities. They are also creating new food cultures through differentiated brand strategies, the development of diverse restaurant franchise concepts, world-class food research, and rigorous safety and hygiene management. Following the integration of LOTTE Confectionery and LOTTE Food in 2022, LOTTE Wellfood achieved annual sales of more than KRW 4.2 trillion in 2025 and is evolving from a leader in Korea's food industry into a global food enterprise. As a flagship business sector of LOTTE Group, the food affiliates are strengthening their core competitiveness by cultivating mega brands and expanding their global presence, thereby increasing the value of their key brands. Additionally, to advance the data-driven decision-making framework, they have designated "Demand Forecasting" as a key pillar of digital and AI-driven innovation initiatives. By expanding the development and application of AI models tailored to the characteristics of each business, they are strengthening the foundation for sustainable growth.

MAJOR GROUP AFFILIATES

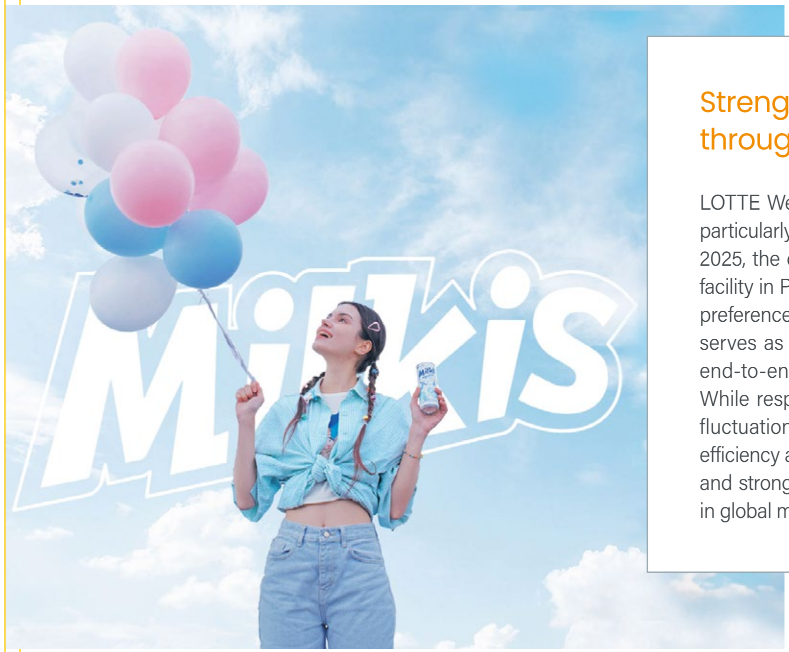
LOTTE Wellfood, LOTTE Chilsung Beverage, LOTTE GRS



KEY ACHIEVEMENTS IN 2025

Accelerating global market expansion with mega brands

LOTTE Chilsung Beverage continues to expand its exports driven by increasing global demand for K-beverages and is expanding its global presence through differentiated product competitiveness. In 2025, "Milkis" established itself as a mega brand, with annual sales exceeding 10 million cans driven by its distinctive combination of milk and carbonation. "Cantata" was ranked 25th in global beverage brand value, demonstrating its strong brand competitiveness in international markets. Through the continued growth of its flagship brands, LOTTE Chilsung Beverage is accelerating its expansion into global markets and aims to increase the share of overseas sales to approximately 50% by 2030, transforming itself into a truly global company.



Strengthening global competitiveness through overseas production expansion

LOTTE Wellfood is accelerating the expansion of its overseas production base, particularly in India, to strengthen its global business competitiveness. In February 2025, the company commenced operations at a new ice cream manufacturing facility in Pune, India, establishing a production system tailored to local consumer preferences. It plans to expand production lines in phases going forward. India serves as one of the company's key strategic hubs, supported by a localized, end-to-end business model that seamlessly connects production and sales. While responding to changes in the external business environment, including fluctuations in raw material prices, LOTTE Wellfood is enhancing operational efficiency and reducing cost burdens through expanded local production capacity and stronger distribution networks, thereby reinforcing its foundation for growth in global markets.

Expanding global markets by leveraging K-brands

LOTTE GRS is a comprehensive foodservice franchise company that operates a diverse portfolio of restaurant brands, including LOTTERIA, Angel-in-us, Krispy Kreme Doughnuts, and the PLE:EATING concession business. The company continues to pursue overseas expansion and investment, operating businesses across global markets including Vietnam, Myanmar, Kazakhstan, Mongolia, Malaysia, and the United States. In 2025, LOTTE GRS entered the Singaporean and Malaysian markets through a master franchise model and further expanded its global business footprint by opening its first U.S. LOTTERIA restaurant in California. Moving forward, LOTTE GRS will continue to promote the value of its brands worldwide by leveraging the competitiveness of K-food service brands and will strive to grow into a leading restaurant franchise company representing Korea.

Enhancing efficiency and sustainability through AI

In 2025, LOTTE Wellfood integrated and analyzed a wide range of internal and external data, including sales performance, promotional information, customer- specific sales data, and weather information, to develop an advanced demand forecasting model. This model has improved the accuracy of production and delivery planning, optimized inventory levels, and reduced product waste, thereby enhancing both operational efficiency and environmental sustainability. The company has also introduced a raw material price forecasting system that incorporates global climate data, production volumes, and market trends. This enables proactive responses to fluctuations in raw material prices, strengthening cost competitiveness, financial stability, and supply chain risk management capabilities.

2.
RETAIL BUSINESS GROUP

LOTTE's retail affiliates are actively driving channel innovation with the goal of becoming customers' "first shopping destination." The affiliates are expanding their market presence beyond Korea and across Asia as they grow into global retail companies, with LOTTE Mall West Lake Hanoi standing as a representative success story. Opened in Vietnam in September 2023, LOTTE Mall West Lake Hanoi has established itself as Hanoi's "first shopping destination" through its differentiated mix of shopping, cultural, and entertainment offerings. In line with the Group's AI commerce expansion strategy, the retail affiliates have strengthened integration with commercial AI platforms, simplifying the shopping journey from search to payment and delivering more personalized customer experiences. Through these customer-centric service innovations and strengthened data-driven decision-making, the retail affiliates are delivering differentiated shopping experiences.

MAJOR GROUP AFFILIATES

LOTTE Members, LOTTE Shopping (LOTTE Department Store, LOTTE Mart/Super, LOTTE e-commerce), LOTTE Hi-Mart, LOTTE Home Shopping, Korea Seven

KEY ACHIEVEMENTS IN 2025

Enhancing brand competitiveness through data-driven store strategies

In 2025, Korea Seven introduced an AI-based sales forecasting system to enhance store location competitiveness and improve operational efficiency. The system integrates and analyzes a wide range of internal and external commercial-area data, including pedestrian traffic, household demographics, and regional information derived from public data sources, and makes store development insights accessible through mobile platforms. For example, the system supports store openings with product assortments tailored to customer demand and the characteristics of each store and local market, enabling customers to purchase the products they need more conveniently while also strengthening product competitiveness.

Expanding the global presence of a world-class mixed-use complex

LOTTE Mall West Lake Hanoi, a large-scale mixed-use commercial complex that brings together LOTTE's strengths in shopping, culture, and entertainment, has established itself as a leading K-retail success story in Asia since its opening in September 2023. As of the end of 2025, the complex had achieved cumulative sales exceeding KRW 600 billion and attracted more than 29 million visitors, demonstrating stable business growth. Through the integrated operation of the shopping mall, hotel, and cinema, it is also contributing to local job creation and regional economic development. Through its differentiated content capabilities, LOTTE Shopping continues to strengthen its position as customers' "first shopping destination," creating sustainable value in global markets.

Enhancing shopping experiences through AI-driven pricing strategie

In 2025, LOTTE e-commerce implemented dynamic pricing to enhance demand forecasting-based customer product recommendations and improve internal profitability. The system flexibly adjusts product prices by comprehensively considering demand fluctuations, inventory levels, and customers' preferred purchasing times. As a result, customers can purchase products at more reasonable prices when inventory levels are high or during non-peak periods, while also receiving personalized benefits based on their purchasing history and preferences. This pricing strategy enhances perceived customer value while positively contributing to environmental sustainability through inventory optimization and improved resource efficiency.

Advancing AI-based content creation and productivity

LOTTE Home Shopping is strategically expanding short-form content production and broadening its media channels beyond its traditional TV home-shopping business model, proactively responding to evolving media consumption trends. The company has also incorporated AI technologies into its short-form content production process, reducing production time and improving efficiency, thereby enabling the rapid delivery of product information through diverse content formats. Additionally, by reducing repetitive tasks and reallocating personnel to higher-value activities, the company is contributing to company-wide process innovation and productivity improvement.

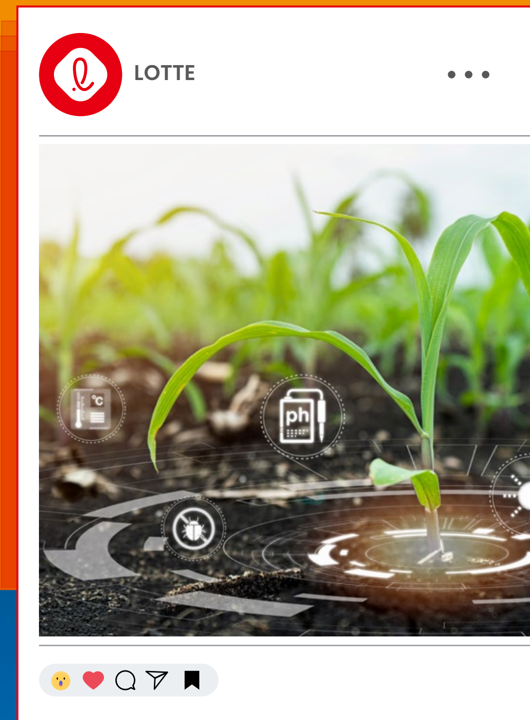
3.

CHEMICAL BUSINESS GROUP

LOTTE's chemical affiliates, including LOTTE Chemical, LOTTE Fine Chemical, LC Titan, and LC USA, have established production and sales bases around the world and provide optimal solutions in approximately 120 countries across a broad range of businesses, from basic petrochemical feedstocks to high-value specialty products. The affiliates are also accelerating their transition toward high-value-added businesses, building a business portfolio that delivers both profitability and growth. In particular, they are creating future value by expanding sustainable businesses such as battery materials, hydrogen energy, and recycling, while continuously strengthening the capabilities required to become a global top-tier chemical company with differentiated competitiveness. Furthermore, reflecting the characteristics of the chemical industry, where operational stability, quality consistency, and cost competitiveness are critical success factors, the affiliates are driving AI transformation across the entire value chain to simultaneously enhance operational efficiency, minimize risks, and optimize resource utilization.

MAJOR GROUP AFFILIATES

LOTTE ALUMINUM, LOTTE Energy Materials, LOTTE MCC, LOTTE Fine Chemical, LOTTE Chemical, LC Titan



KEY ACHIEVEMENTS IN 2025

LOTTE Chemical completes petrochemical complex in Indonesia

In November 2025, LOTTE Chemical completed the "LINE" Project, a large-scale petrochemical complex in Cilegon, Indonesia, with a total investment of approximately USD 3.95 billion. The complex serves as an integrated production base with the capacity to produce 1.0 million tons of ethylene, 520,000 tons of propylene, 400,000 tons of BTX, and 350,000 tons of polypropylene annually. In Indonesia, where the self-sufficiency rate for ethylene is only 44%, LOTTE Chemical plans to strengthen its market position in Southeast Asia by securing cost competitiveness through vertical integration from feedstocks to products, raising Indonesia's ethylene self-sufficiency rate to 90%, and generating approximately USD 2 billion in annual economic value.

LOTTE Infracell completes U.S. cathode foil production facility

In 2025, LOTTE Infracell, a subsidiary of LOTTE ALUMINUM, completed the construction of a cathode foil production facility for secondary batteries in Kentucky, U.S. Scheduled to begin commercial production in the fourth quarter of 2026, the facility will be the only cathode foil production base in the United States, with an annual production capacity of 36,000 tons. The company plans to actively target Korean and global battery manufacturers that have expanded into North America by leveraging geographic and tariff-related advantages. The company is also developing cathode foil products for energy storage systems (ESS) in addition to electric vehicles, and the facility is expected to become a key overseas production hub in the future.

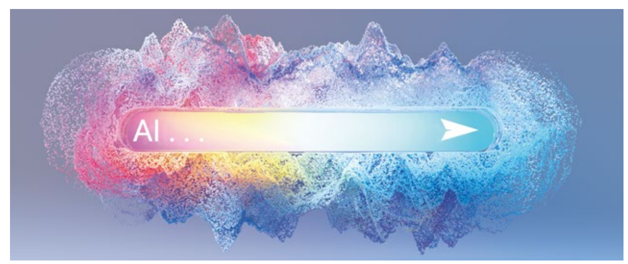
Accelerating AI transformation tailored to industry characteristics and sustainable value

LOTTE's chemical affiliates are leveraging AI technologies to improve production stability, strengthen quality competitiveness, and enhance responsiveness to market conditions, thereby increasing operational efficiency and resource utilization across the chemical industry.

LOTTE Chemical utilizes an AI-based color prediction model to improve the accuracy of color reproduction for synthetic resin products. By transforming a process that previously relied on repetitive sample testing and individual expertise into a data-driven system, the company can determine optimal formulations for target colors in advance, thereby reducing defect rates and optimizing raw material usage while also shortening production lead times and enhancing both customer responsiveness and confidence in product quality.

LOTTE Fine Chemical utilizes an AI model that forecasts contract prices based on pulp market analysis. By integrating and analyzing a wide range of external data—including global supply and demand conditions, raw material prices, logistics flows, and macroeconomic indicators—the model forecasts future price movements and supports more informed and strategic contract execution. This plays an important role in mitigating the risk of cost volatility and maintaining stable profitability.

LOTTE ALUMINUM has introduced an AI-based motor anomaly detection system across its manufacturing operations to enhance equipment reliability and productivity. The system analyzes a wide range of sensor data in real time to detect abnormal signals at an early stage and enable proactive maintenance. As a result, it helps prevent equipment failures, minimize losses caused by production interruptions, reduce unnecessary resource consumption, and contribute to environmental sustainability.



4.

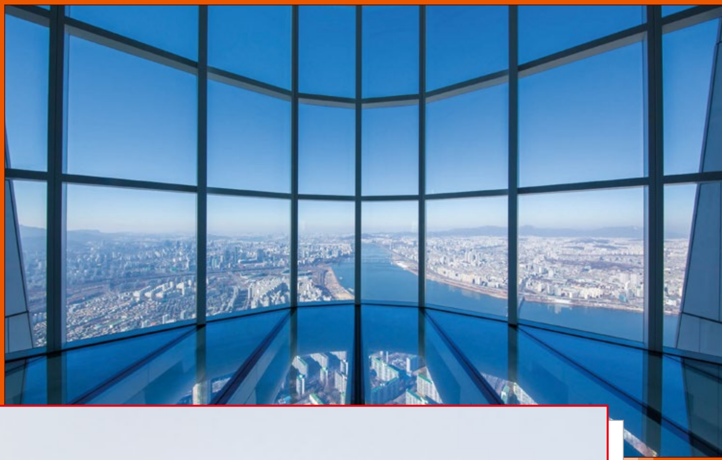
HOTEL/INFRASTRUCTURE BUSINESS GROUP

HOTEL LOTTE continues to maintain the No. 1 market position in Korea while actively expanding its overseas operations to grow into a global tourism company. LOTTE Hotels & Resorts showcased service expertise to a global audience by providing banquet catering services and state protocol personnel during the 2025 APEC Summit. LOTTE Duty Free continues to grow across global markets, including Asia, the U.S., Europe, and Oceania. Additionally, major tourism assets such as LOTTE World Adventure and the observatory located at the top of LOTTE World Tower, the tallest building in Korea (123 stories and 555 meters), have earned recognition for their competitiveness, further enhancing the brand value of the tourism business.

The Infrastructure affiliates are also recognized for their capabilities across a wide range of sectors, including construction, rental services, logistics, ICT, finance, marketing, entertainment, asset management, biotechnology, and sports. Through the welfare and cultural foundations, LOTTE supports social welfare and promotes cultural and artistic development, helping create a more inclusive and caring society.

MAJOR GROUP AFFILIATES

LOTTE Hotel Busan, HOTEL LOTTE (LOTTE Hotels&Resorts, LOTTE Duty Free, LOTTE World), Daehong Communications, LOTTE Engineering & Construction, LOTTE Global Logistics, LOTTE Rental, LOTTE BIOLOGICS, LOTTE Ventures, LOTTE Giants, LOTTE Innovate, LOTTE Capital, LOTTE Cultureworks



KEY ACHIEVEMENTS IN 2025

HOTEL LOTTE accelerates overseas expansion

In 2025, HOTEL LOTTE pursued overseas expansion as a core management strategy to enhance the scalability and sustainability of its hotel business. One of its most notable achievements was the execution of a land acquisition agreement for the New York Palace Hotel in the United States, eliminating the risk of rising lease expenses associated with the expiration of the existing lease agreement. This transaction is expected to improve the hotel's cash flow, while the resulting financial flexibility will support investments in renovating aging facilities, further strengthening its position as a landmark destination in New York. HOTEL LOTTE also established a joint venture (JV) with LOTTE Holdings in Japan to facilitate entry into the Japanese market. The venture is expected to generate synergies by combining HOTEL LOTTE's operational expertise with LOTTE Holdings' financial resources. Additionally, HOTEL LOTTE is collaborating with LOTTE Innovate to develop a property management system (PMS), which will be implemented at newly managed hotels in the future as part of its ongoing efforts to further enhance operational expertise.

Responding to emerging AI technologies and advancing humanoid adoption

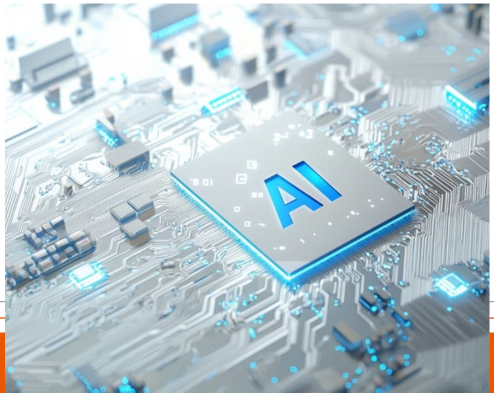
To proactively respond to the rapid advancement of AI technologies, LOTTE Group is pursuing a Group-wide AI humanoid adoption strategy, with participation from affiliates within the Hotel and Infrastructure Business Groups. HOTEL LOTTE is participating in a national robotics technology development initiative to develop hotel-specific humanoid robots for back-office functions such as guest room cleaning and organization. LOTTE Innovate is collaborating with Korea Seven to develop robots that provide customer guidance and service support in unmanned stores, while LOTTE Global Logistics is conducting pilot projects to automate repetitive tasks at logistics sites. These initiatives are designed to replace repetitive or high-risk tasks, improve operational efficiency and quality, and enhance workforce efficiency.

Protecting information assets with AI

In 2025, LOTTE Innovate developed a generative AI-based security intrusion detection system to protect information assets. Amid increasingly sophisticated cyber threats and over 1.5 million network traffic records per day across the Group, this system minimizes security risks through real-time analysis, proactive threat detection, and immediate response capabilities supported by an advanced security monitoring framework. The system also enhances information security across the Group and helps strengthen trust among customers and business partners.

Enhancing safety communication at construction sites with an AI-based translation model

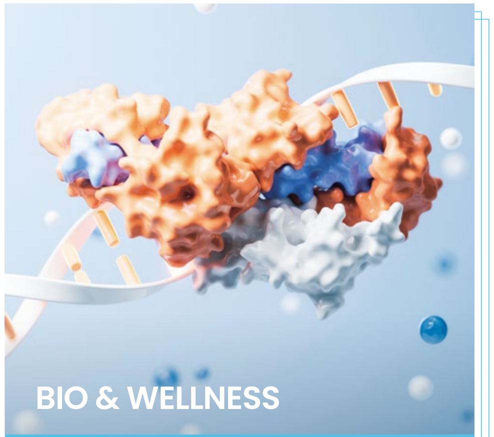
In 2025, LOTTE Engineering & Construction introduced an AI-based multilingual translation model given the high proportion of foreign workers at its construction sites. Incorporating construction-specific terminology, the model accurately communicates safety and quality guidelines and work instructions in multiple languages, helping reduce communication errors and prevent workplace accidents. Improved communication between managers and workers has enhanced both operational stability and productivity at construction sites. The company plans to expand this technology to create a safer and more efficient construction environment.



NEW GROWTH BUSINESS

REAFFIRMING THE FUTURE

In 2022, LOTTE Group identified four new growth domains to enhance corporate value and accelerate its transition to a sustainable growth model. The Group is focused on identifying and cultivating new growth engines across four domains—Bio & Wellness, Mobility, Sustainability, and New Life Platform. In the Bio & Wellness domain, it is advancing a biopharmaceutical CDMO business, while in the Mobility and Sustainability domains it is pursuing new businesses focused on EV charging services and battery materials. Through these efforts, LOTTE is transforming innovation into tangible results.



BIO & WELLNESS

LOTTE Corporation and the Group affiliates are fostering businesses in areas such as biopharmaceutical CDMO, HMR (Home Meal Replacement), and alternative food ingredients through a coordinated division of roles. LOTTE Corporation entered the biopharmaceutical CDMO business by establishing LOTTE BIOLOGICS in 2022, while the Food & Beverage Business Group is strengthening HMR capabilities through collaboration with the Retail Business Group affiliates. We develop health-oriented foods while pursuing in-house development and investments in promising companies to lead next-generation food ingredients, including alternative meat.

MOBILITY

To capture business opportunities arising from the evolution of new mobility solutions, including electric vehicles (EVs), we are expanding EV charging infrastructure and service capabilities centered on EVSIS, a subsidiary of LOTTE Innovate. In 2024, EVSIS established EVSIS America to expand into the North American market. In 2025, LOTTE Global Logistics, the Chemical Business Group affiliates, and LOTTE Innovate participated in the Seoul Mobility Show and Japan Mobility Show, strengthening their competitiveness in future eco-friendly logistics and mobility.

SUSTAINABILITY

To convert opportunities arising from global sustainability trends into results, we are focusing on high-value-added specialty eco-friendly businesses centered on the Chemical Business Group affiliates, including battery materials, hydrogen and ammonia, and recycled plastics. The battery materials business is strengthening profitability and responsiveness through global production bases, while the clean energy business is expanding through the construction and stable operation of hydrogen infrastructure. We are also advancing the circular economy by developing resource circulation systems and recycled and bio-based materials.

NEW LIFE PLATFORM

Among diverse business opportunities, we are fostering new growth drivers centered on content intellectual property (IP) and AI-based businesses. LOTTE Corporation is pursuing new content IP businesses by leveraging the Group's content capabilities and strengthening offline customer traffic and synergies with existing businesses through partnerships with global mega IP companies. We are also continuously developing new revenue models based on owned IP while strengthening core competitiveness in the digital industry by expanding AI-powered business models.

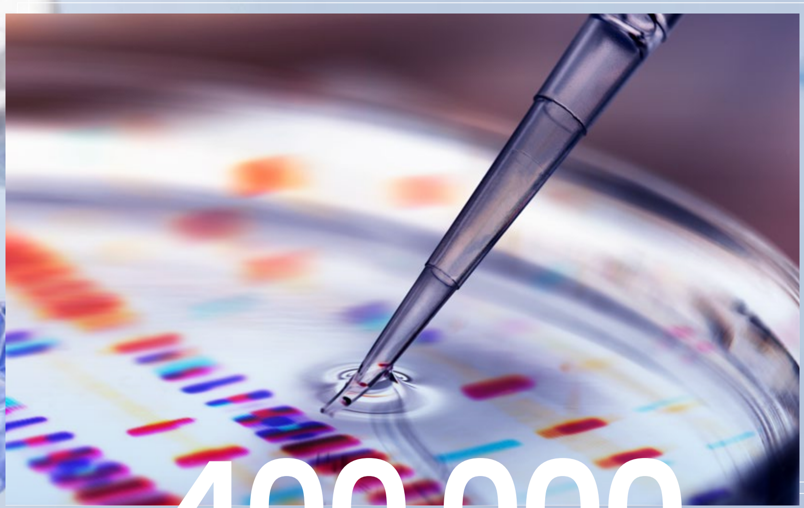
BIO & WELLNESS

Representing the future as a new growth engine

We are fostering biopharmaceutical CDMO, senior care, and food tech-based businesses as new growth drivers and next-generation businesses for the future.

Biopharmaceutical contract development and manufacturing (CDMO) is a core strategic business for the future of LOTTE Group. LOTTE BIOLOGICS has been leading this business since its launch as a subsidiary of LOTTE Corporation in June 2022 and is actively pursuing global expansion opportunities with the goal of becoming a Top 10 global biopharmaceutical CDMO by 2030. To this end, the company plans to secure a total antibody drug production capacity of 400,000 liters by constructing three bio plants in Songdo, Incheon, bringing the combined capacity of the Songdo facilities and the Syracuse Bio Campus in the United States to 400,000 liters. In addition, the company has established an antibody-drug conjugate (ADC) manufacturing platform at the Syracuse Bio Campus and is actively pursuing contract manufacturing opportunities.

Food tech-based new businesses are being developed primarily by LOTTE Wellfood and LOTTE Fine Chemical. They conduct in-house R&D to enhance the quality of next-generation food ingredients for health functional foods and alternative proteins and, based on these efforts, continuously strengthen capabilities to enter new markets.



400,000

Aim to secure a total antibody drug production capacity of 400,000 liters by constructing three bio plants in Songdo, Incheon, together with the existing Syracuse Bio Campus in the United States

KEY ACHIEVEMENTS IN 2025

ADC

Commercial launch of the ADC manufacturing facility at the Syracuse Bio Campus

Ribbon-cutting ceremony marking the completion of the ADC manufacturing facility at the Syracuse Bio Campus in the U.S.

Dual-Site

Expansion of global partnerships through the Dual-Site Strategy, a global CDMO platform connecting the Syracuse Bio Campus in the U.S. and the Songdo Bio Campus in Korea to maximize production efficiency and supply reliability

Building a foundation for global CDMO leadership

Supported by the investment and strategic nurturing by LOTTE Corporation, LOTTE BIOLOGICS is growing into a key growth engine of LOTTE Group. In January 2023, the company entered the biopharmaceutical CDMO business through the acquisition of a biopharmaceutical manufacturing facility from BMS in the U.S., securing a 40,000-liter production facility and a workforce with extensive GMP experience. It established manufacturing facilities to address growing demand in the rapidly expanding ADC market.

In 2025, LOTTE BIOLOGICS focused on the construction of the Songdo Bio Campus and the expansion of global partnerships. In particular, Songdo Bio Campus Plant 1 is scheduled to achieve mechanical completion by 2026, securing a total production capacity of 120,000 liters. The company will also continue to advance an efficient and stable manufacturing and operational system based on next-generation process technologies and facility automation. In addition, it expanded strategic partnerships leveraging its U.S. production base. LOTTE BIOLOGICS strengthened a global business foundation by expanding customer engagement by participating in major pharmaceutical and biotechnology exhibitions, including BIO International Convention, BIO Japan, CPHI Worldwide, and World ADC, and by signing Letters of Intent (LOIs) with multinational companies.

Beginning in 2026, LOTTE BIOLOGICS plans to pursue three key priorities: securing production capacity, strengthening order competitiveness, and stabilizing operations. To secure production capacity, the company will continue the construction of the Songdo Bio Campus while expanding ADC services at the Syracuse Bio Campus in the United States. To strengthen order competitiveness, it plans to establish a performance management system, enhance its market intelligence capabilities, and build an ESG management system. Finally, to stabilize operations, it will not only stabilize production but also strengthen internal infrastructure by attracting key talent and advancing the quality management system, thereby enhancing corporate value and reinforcing its position as a global CDMO.

LOTTE BIOLOGICS participating in CPHI Worldwide

Dual-Site Strategy for accelerating global CDMO growth

LOTTE BIOLOGICS is strengthening global CDMO competitiveness by pursuing the "Dual-Site Strategy," built around the Syracuse Bio Campus in the United States and the Songdo Bio Campus in Korea. Guided by the principle of "Two Continents, One Standard," the company applies the same world-class quality systems and operating standards used at the Syracuse Bio Campus to the Songdo Bio Campus. This approach enables the company to maintain consistent quality standards across regions and manufacturing sites, ensuring that customers receive the same level of manufacturing and quality services regardless of which site they use.

Through the Dual Hub Service model spanning the United States and Korea, LOTTE BIOLOGICS is strengthening supply reliability and production scalability while establishing a system capable of flexibly responding to customer production demand. Building on this foundation, the company continues to strengthen reliability and competitiveness in the global CDMO market.

As a key growth engine that will drive the future of LOTTE Group, LOTTE BIOLOGICS is emerging as a new leader poised to reshape the paradigm of high-value-added industries. Through continued investment and technological innovation, LOTTE BIOLOGICS will grow into a company that represents the future.

MOBILITY

Working in unison to pave a way to the future

We are focusing on fostering new businesses centered on EV charging infrastructure and autonomous freight trucks in response to the transition toward eco-friendly mobility.

The electric vehicle (EV) charging infrastructure business is centered on EVSIS, a specialized EV charging solutions provider. EVSIS possesses the technological capability to design and manufacture a full range of EV chargers, from standard and medium-speed to fast and ultra-fast models. Since becoming a subsidiary of LOTTE Innovate in 2022, EVSIS has installed 6,719 EV chargers across key locations of the Group affiliates, including LOTTE Department Store, LOTTE Mart, and HOTEL LOTTE, while also providing operation and maintenance services. Building on the competitive strengths, EVSIS has secured contracts for public fast charger projects administered by the Ministry of Climate, Energy and Environment and the Korea Environment Corporation, contributing to the expansion of public charging infrastructure.

The autonomous freight transportation business is centered on LOTTE Global Logistics. The company is currently conducting autonomous freight truck pilot projects while developing logistics-optimized purpose-built vehicles (PBVs) and building AI-based unmanned logistics systems to strengthen its future logistics competitiveness.

6,719

Installed and operating 6,719 EV chargers at key locations of the Group affiliates with high customer accessibility since joining LOTTE Group in 2022

KEY ACHIEVEMENTS IN 2025

KRW **6.4** billion

Value of the Public EV Fast Charger Manufacturing and Installation Project administered by the Ministry of Climate, Energy and Environment and Korea Environment Corporation

EVSIS provides a one-stop solution covering the entire EV charging industry, from charger manufacturing and operation to maintenance. Building on accumulated technological expertise and operational experience, EVSIS will continue to lead the development of a sustainable ecosystem and grow into Korea's leading EV charging company.

Presenting a future mobility value chain powered by clean energy

In 2025, LOTTE Group participated in the Seoul Mobility Show and the Japan Mobility Show, comprehensively showcasing its mobility businesses, including clean energy and autonomous driving technologies. This marked the first initiative of its kind for LOTTE Group. Five affiliates—including three chemical companies, LOTTE Chemical, LOTTE Energy Materials, and LOTTE Infracell, together with LOTTE Innovate and LOTTE Global Logistics—came together to present a clean energy-based future mobility value chain in one place, while showcasing the Group's advanced technologies, including key battery materials, the hydrogen value chain, autonomous vehicles, and delivery robots.

The Group's integrated exhibition pavilion was designed to provide a comprehensive view of this value chain. LOTTE Chemical presented its vision for a sustainable future through exhibits featuring key battery materials, automotive interior and exterior materials, and the hydrogen value chain. LOTTE Global Logistics demonstrated the potential of mobility innovation through smart logistics and next-generation mobility services, while LOTTE Innovate offered future mobility experiences through IT-enabled autonomous vehicle demonstrations. EVSIS demonstrated its technological competitiveness by unveiling an ultra-fast megawatt-class (MW) charger and showcasing charging infrastructure solutions spanning electric buses, electric trucks, and vessels.

LOTTE Group's "L.Mobility Panorama" Pavilion at the Seoul Mobility Show 2025

Expanding global presence of driven by technological and operational excellence

In 2025, EVSIS expanded exports to overseas markets, including the United States and Indonesia, based on its self-developed 240kW and 400kW ultra-fast chargers. In the United States, EVSIS obtained UL (Underwriters Laboratories) certification and secured supply agreements with major local charge point operators (CPOs), building a local track record while expanding its business through EVSIS America. At CES 2025, the company strengthened its product portfolio for global markets by showcasing a 240kW fast charger, a 400kW split-type ultra-fast charger, and 30kW and 100kW chargers.

Additionally, as part of an Official Development Assistance (ODA) project, EVSIS secured the Indonesia EV charging infrastructure project in December 2023. Under the project, approximately 70 ultra-fast and standard chargers are being deployed in phases at key locations, including public institutions, state-owned fuel stations, and multi-purpose charging stations. In 2025, the company signed a contract for an eco-friendly electric bus charging infrastructure platform project. This achievement is particularly significant because it extends beyond charger installation to the integrated development of the overall energy infrastructure required for electric bus operations. By providing integrated infrastructure solutions—including charger installation, platform operation, and maintenance services—EVSIS is building a presence in local markets while contributing to the development of sustainable transportation infrastructure in emerging markets.

Full Line-up

Complete lineup of EV chargers, ranging from slow (7kW, 11kW, and 14kW) to medium (30kW), fast (50kW, 100kW, and 200kW), and ultra-fast (300kW and above)

INTRODUCTION

CEO MESSAGE | OUR COMMITMENT | OUR ESG APPROACH

CEO MESSAGE

Dear Valued Stakeholders,

Amid an increasingly uncertain business environment marked by a global economic slowdown and geopolitical risks, LOTTE Group remains committed to ESG management with substance, in pursuit of stronger fundamental competitiveness and sustainable growth. Accordingly, we have reinforced our Group-wide ESG governance framework and embedded sustainability throughout our business operations, creating new business opportunities from environmental and social value.

Through this report, we seek to share the direction of sustainable management pursued by LOTTE Corporation and the Group affiliates, along with the actions that bring it to life.

Strengthening ESG Management Practices

First, LOTTE Group is enhancing its sustainable management framework by aligning each affiliate's core business with the ESG strategy.
To enable each affiliate to establish and implement ESG strategies tailored to business characteristics, LOTTE Group operates an ESG performance management system that is closely aligned with business strategy. In particular, in 2026, we increased the weighting of affiliate-specific key performance indicators, which reflect each company's business characteristics and ESG issues, compared with the previous year. Going forward, we will continue to refine the ESG performance evaluation framework to further strengthen alignment with business strategy.

Second, LOTTE Group continues to strengthen the management framework supporting climate change response and environmental management.
Based on the carbon neutrality roadmap, LOTTE Group has established 2030 carbon emissions reduction targets of 14.5% for chemical businesses and 35% for non-chemical businesses, compared to 2018 levels. To this end, we are implementing measures such as improving energy efficiency and transitioning to eco-friendly fuels. As a result, in 2025 we exceeded the carbon emissions reduction target by approximately 3.8%, marking a meaningful milestone.

This year, uncertainty surrounding energy supply has increased due to factors including the conflict in the Middle East, further underscoring the importance of energy management. In response, LOTTE Group is actively supporting the government's energy-saving efforts by minimizing operational energy consumption and conducting energy-saving campaigns for all employees, thereby contributing to energy supply stability.

Third, LOTTE Group is focused on creating shared value that promotes mutual growth with local communities and advances the public good.
Centered around the various initiatives under the flagship social contribution brand, the "Mom's Happiness" Project, we carry out CSV activities across the entire life cycle. In particular, the "Mom's Happiness Dream Attic" program, which has supported facility improvements at community children's centers since 2017, opened the 100th site in 2025, continuing to broaden support. In addition, through "Youth Library," a flagship social contribution program, we have been establishing study cafés and other amenity facilities at military bases since 2016. In 2025, we opened six additional facilities, helping improve reading and rest environments for service members dedicated to serving the nation.

Additionally, LOTTE Group is expanding social value through a wide range of participatory social contribution programs. Since 2021, we have carried out the "Seokchon Lake Water Quality Improvement Project," contributing to improvements in the public environment. In 2025, the "LOTTE Aquathlon," held at Seokchon Lake, attracted approximately 800 participants and was well received. In addition, the "Super Blue Marathon," which celebrated its 10th anniversary in 2025, has become a platform for inclusion where people with and without disabilities run together, fostering mutual understanding and empathy. Going forward, we will continue to expand diverse social contribution programs to fulfill social responsibility.

Fourth, LOTTE Group strives to build a trust-based governance framework and strengthen sustainability disclosure capabilities.
To create sustainable value and enhance the rights and interests of shareholders and all other stakeholders, we continue to strengthen corporate governance through greater transparency and accountability. We are therefore improving corporate governance with a particular focus on protecting shareholder rights, enhancing Board transparency, and reinforcing the independence of audit bodies. As a result, performance against the Key Governance Indicators has continued to improve year after year.

Additionally, to proactively prepare for mandatory ESG disclosures, we have established and continue to operate an integrated ESG management system comprising an IT data system and integrated management indicators. In 2026, we are reviewing the Group-wide sustainability management framework by identifying ESG-related risks and opportunities across major listed affiliates and assessing their financial impacts.

New LOTTE through Sustainable Innovation

On our path toward sustainable growth, LOTTE Group will continue to strengthen the integration of ESG and business while growing together with customers, local communities, and stakeholders to create greater value.

We sincerely appreciate your continued interest in and support for LOTTE Group's journey toward a sustainable future. Thank you.

Jung-Uk Goh, CEO & President
Jun-Hyung Rho, CEO & President
LOTTE Corporation

OUR COMMITMENT

Message from Chairperson of ESG Committee

Dear Valued Stakeholders,

I am Byung-Kyu Cho, Non-executive Director and Chair of the ESG Committee of LOTTE Corporation.

It is a great honor to assume my new role as Chair of the ESG Committee of LOTTE Corporation, and I do so with a deep sense of responsibility and commitment. I would like to express my sincere gratitude to all stakeholders for your unwavering trust in and support for LOTTE Corporation's sustainable growth and ESG management.

Since the "ESG Management Declaration Ceremony" in 2021, LOTTE Group has further strengthened its governance framework by establishing ESG Committees under the Boards of Directors of all listed Group affiliates. This established a foundation for managing and overseeing ESG within the Board-centered decision-making framework, while simultaneously managing risks and identifying opportunities across key ESG areas to enhance corporate value.

In the process, LOTTE Corporation has established key initiatives for each ESG area and encouraged the Group affiliates to actively implement them. We have established a Group-wide carbon neutrality roadmap and continue to implement initiatives to reduce greenhouse gas emissions and improve energy efficiency. At the same time, we have embedded the principles of human rights management across the Group and consistently worked to protect the rights and interests of all stakeholders, including customers and employees.

As of 2026, LOTTE Corporation considers the Group to have entered the "ESG Advancement" stage, where ESG management translates into business performance. Accordingly, the company is reinforcing the integration of ESG and business by assessing the financial impacts of individual ESG factors. In addition, LOTTE Corporation continues to enhance the consolidated ESG disclosure framework at the Group level to proactively respond to evolving mandatory ESG disclosure requirements in Korea and abroad, thereby building a robust Group-wide foundation for ESG disclosures.

Against this backdrop, the ESG Committee will continue to review the direction of ESG management by giving balanced consideration to both financial and non-financial factors. Guided by clear principles and standards, we will continue to make decisions that ensure stakeholders are provided with reliable information.

We look forward to your continued interest in and support for LOTTE Group's sustainable growth and responsible actions.

Thank you.

Byung-Kyu Cho
Chairperson of the ESG Committee, LOTTE Corporation

ESG STRATEGY

ESG Goals and Strategic Direction

LOTTE Group has been advancing sincere ESG management with the goal of achieving sustainable growth. We have established ESG governance across the Group, revised related policies and regulations, and built a framework for disclosure and data management. Dedicated ESG departments have been established, and ESG committees have been formed within the boards of directors (BOD) at each listed affiliate to ensure consistent execution of the Group's ESG strategy. In response to the global trend toward mandatory ESG disclosures, LOTTE Group is implementing an integrated ESG data system aimed at enhancing data management capabilities and transparency in information disclosure. Additionally, by upgrading the LETS (LOTTE Environment & Energy Total Service) system, we are managing environmental data related to greenhouse gas (GHG) and energy management, as well as emissions trading, more systematically while improving data consistency and reliability.

We are also making continuous efforts to enhance our capabilities in responding to climate change. LOTTE Group established the Eco-friendly Management Task Force Team, through which it sets GHG reduction targets and strategic direction while also formulating detailed short- and mid- to long-term reduction plans, taking into account the Group's technological capabilities and investment capacity. Efforts have been particularly focused on the Chemicals HQ, where carbon regulations are most pressing, in order to build a sustainable Group portfolio and enhance corporate value.

In 2026, LOTTE Group will further advance its ESG management under the theme of "Advancing Sustainability Management for Qualitative Growth." Even amid an increasingly uncertain business environment, we will contribute to enhancing long-term corporate value through ESG management while responding flexibly to evolving internal and external challenges to strengthen our differentiated competitiveness. Over the long term, we will reinforce the Group's environmentally friendly business portfolio to drive sustainable growth, identify opportunities amid uncertainty, and create new opportunities for the future.

Strategic ESG Management Tasks

- Establish net zero strategies and management systems (establishment of the LOTTE Carbon Neutral Roadmap, performance tracking management)
- Incorporate climate risks and climate-related business strategies

- Establish ESG management indicators (development of standards for non-financial performance data management)
- Build and enhance data management systems (establishment of process non-financial performance data management and internal controls for ESG data)

- Establish pre-screening measures for future business investment risks (including ESG risk assessment and mitigation plan at the investment stage)
- Review ESG-based portfolios (corporate value enhancement by comprehensively considering both financial value and ESG value to promote sustainable management)

ESG STRATEGY

ESG KPIs and Implementation Status

ESG KPI Framework

In 2021, LOTTE Group established its ESG management plan and officially launched its ESG management through the ESG Management Declaration Ceremony, communicating this commitment both internally and externally. To support the practical implementation of ESG management, we created an ESG key performance indicator (KPI) framework and incorporated ESG performance into the performance evaluations of CEOs of the Group affiliates.

LOTTE Corporation analyzed the ESG management status of the Group affiliates in 2021, identified areas for improvement, and developed tailored KPIs for each company. The selection of indicators, evaluation criteria, and weightings were determined through sufficient communication and collaboration between LOTTE Corporation and its affiliates. Based on strong commitment and a shared understanding of the goals, we have been implementing the ESG KPIs since 2022.

Enhancing ESG KPI Management

To promote sustainability management and increase corporate value, LOTTE Corporation classifies the Group affiliates into three tiers—Group A, B, and C—based on the level of ESG management required, thereby managing ESG performance systematically. To realize ESG management at the level of leading global companies, we are annually improving ESG evaluation metrics and continuously expanding the Group affiliates subject to evaluation. In 2025, companies previously categorized as Group C but showing high carbon emissions or greater ESG demands from customers were reclassified to Group B, thus strengthening ESG oversight. In 2026, we plan to increase the weighting of industry-specific key tasks for each Group affiliate to identify additional sustainable business areas and further advance ESG management.

Moving forward, LOTTE Corporation will continue to set mid- to long-term ESG direction at the Group level and enhance the efficiency and effectiveness of ESG execution by operating an ESG KPI system that enables each Group affiliate to lead and manage ESG initiatives with autonomy and accountability.

LOTTE GROUP ESG STATEMENT

Acknowledging the significance of establishing a sustainable ecosystem and responding to climate change, LOTTE Group declares that we will pursue ESG management and create sustainable values for all stakeholders, including customers, shareholders, executives, partners, and local communities

01 We will strive to achieve 2040 Net Zero by contributing to innovative technology development and social carbon emission reduction. While reducing greenhouse gas emissions through process efficiency in the short term, we strive to achieve complete carbon neutrality by applying innovative technologies and conducting eco-friendly projects in the mid to long term.

02 We will establish a specific roadmap for achieving Net Zero and disclose our efforts and achievements in the process.

03 We will launch ESG committees under the board of directors of listed affiliates to accelerate and systematically execute the Group-wide ESG management.

04 We will incorporate ESG management performance in the CEO performance evaluation to induce and encourage ESG management throughout the Group

LOTTE Group will be at the forefront in addressing ESG issues by becoming a leader in global ESG management.
We will also contribute to the prosperity of society while enhancing corporate value in pursuit of sustainable growth.

STAKEHOLDER ENGAGEMENT

Stakeholder Communication

LOTTE Corporation defines shareholders and investors, the Group affiliates, employees, government, local communities, and non-profit organizations and associations as its six major stakeholder groups. Based on communication channels for each stakeholder, we listen to their opinions, identify main subjects of interest, and reflect them in our management process.

Classification	Shareholders and Investors	Group Affiliates	Employees	Government	Local Communities	NGOs and Associations
Main Interests of Stakeholders	• Maximizing shareholder value • Stable financial performance • Business outlook • Governance transparency • ESG risk management	• Directions for the Group operations • Sharing information among the Group affiliates • Fair trade	• Fair performance evaluation and compensation • Grievance handling • Employee benefits • Respecting female leadership • Supporting employee capability development	• Fulfilling legal responsibilities • Job creation • Tax payment	• Communication with local communities • Contributions to local communities	• Governance transparency • Social responsibility toward local communities and the environment • Expanding investments in eco-friendly management
Communication Channels	Annual and extraordinary general meetings of shareholders Corporate day IR disclosure materials (business report, corporate governance report, sustainability report)	• Regular VCM (Value Creation Meeting) • ESG Working-Level Council • LOTTE Personnel Code of Conduct • Environmental Management Seminar • Compliance Officer Sharing Meeting • Compliance Forum	• Labor-Management Council • Corporate Ethics Counseling Center including Sinmungo • Smart working platforms • People of LOTTE Group • LOTTE Diversity Forum	• Policy meetings and seminars	• Local government briefings and meetings	• Press releases • Relevant councils or meetings

DOUBLE MATERIALITY ASSESSMENT

Materiality Assessment Process

LOTTE Corporation conducts materiality assessments to identify ESG-related risks and opportunities and incorporate them into strategy development. For the material topics identified through the assessment, we establish implementation strategies and detailed action plans and monitor their progress. In 2025, the materiality assessment process was enhanced to reflect changes in the internal and external business environment as well as evolving sustainability-related stakeholder expectations. In 2026, we led the selection of ESG-related material topics and the identification of associated risks and opportunities for five Group affiliates.

For the 2025 materiality assessment, we expanded the scope to include LOTTE Wellfood, LOTTE Innovate, and LOTTE Chilsung Beverage, the listed subsidiaries consolidated by LOTTE Corporation. This enabled us to identify material topics recognized by key stakeholders from a consolidated perspective. We also broadly considered material topics across the Group's portfolio, including diverse businesses beyond the listed affiliates.

In 2026, we conducted interviews with representatives from relevant departments to review the implementation status of and identify areas for improvement related to the material topics identified in 2025. As a result, there were no changes to the material topics compared with the previous year. Accordingly, Climate change, Corporate governance, Human resource management, Ethical management and anti-corruption, Responsible product and service management, and Information security were reaffirmed as LOTTE Corporation's material topics from a sustainability perspective.

In this section, we present the risks and opportunities associated with each material topic for LOTTE Corporation, along with the strategic direction for addressing them.

Selection of Key Issues Based on Double Materiality

STEP 1

Formation of a pool of sustainability issues

- Analyze domestic and overseas sustainability disclosure and evaluation standards
- Analyze global sustainability trends
- Analyze sustainability issues in peer industries
- Analyze media coverage related to LOTTE Corporation during the reporting period
- Analyze key sustainability issues of major listed consolidated subsidiaries—LOTTE Chilsung Beverage, LOTTE Wellfood, LOTTE Innovate—including SASB industry-specific issues and key issues identified by ESG rating agencies
- Analyze sustainability-related feedback and requests from stakeholders
  - Based on secondary data collected by ESG-related departments, including IR, PR, Legal, Compliance, Talent Strategy, LOTTE Academy, and Strategic Planning (Investors, NGOs and civil society organizations, employee surveys, employee requests, ESG rating agencies, members of the Corporate Culture Committee's advisory board, etc.).

STEP 2

Identification of risks and opportunities related to sustainability issues

- Identify risks, opportunities, and impact pathways that sustainability issues may have on LOTTE Corporation and the environment and society
  - 26 financial impact pathways
  - 34 environmental and social impact pathways
- Classify into actual/potential and positive/negative impacts

STEP 3

Double materiality assessment

- Establish the double materiality assessment criteria
  - Financial materiality: Assess severity and likelihood
  - Impact materiality: Assess severity, occurrence, and recoverability
  - Use of a 0–5 point scale
- Conduct the double materiality assessment
  - First stage: Conducted by the Strategic Planning Team in charge of ESG
  - Second stage: Review by 7 issue-specific teams, collection of opinions and adjustment of the assessment
- Derive materiality assessment results:
  - 6 issues with either financial materiality or impact materiality rated as "Significant" (4 points or above) were selected as material issues
- Report to the management and BOD, final determination of material issues

DOUBLE MATERIALITY ASSESSMENT

Results of Materiality Analysis

As a result of evaluating the materiality of 14 sustainability-related issues relevant to LOTTE Corporation's business, six issues—including Climate change, Corporate governance, Human resource management, Ethical management and anti-corruption, and Information security—were selected as material topics from the perspective of double materiality. LOTTE Corporation classifies these issues as significant risks and opportunities that can have a material impact on corporate value and aims to respond to them systematically. Based on this, we will engage in communication with our key stakeholders, such as shareholders, employees, customers, and business partners. Furthermore, these material topics will be incorporated into the company-wide ESG strategic planning for continuous management.

Issue	LOTTE Corporation and major subsidiaries perspective[1]		The Group portfolio perspective			
	Impact materiality	Financial materiality	Food & Beverage	Retail	Chemical	Infrastructure
Climate change	●●●●●	●●●●●	✓	✓	✓	✓
Corporate governance	●●●●●	●●●●●	✓	✓	✓	✓
Human resource management	●●●●	●●●●●	✓	✓	✓	✓
Ethical management and anti-corruption	●●●●	●●●●●	✓	✓	✓	✓
Responsible product and service management	●●●●●	●●●●	✓		✓	
Information security	●●●	●●●●●		✓		✓
Safety and health	●●●●	●●●●	✓		✓	
Supply chain management	●●●●	●●●●	✓	✓	✓	✓
Risk management	●●●●	●●●●	✓	✓	✓	✓
Water resource management	●●●	●●●●	✓			
Minimization of environmental impact of packaging materials and waste	●●●	●●●●	✓			
Human rights management	●●●●	●●●	✓	✓	✓	✓
Diversity and inclusion	●●	●●●	✓	✓	✓	✓
Social contributions	●●●	●●	✓	✓	✓	✓

[1] LOTTE Wellfood, LOTTE Chilsung Beverage, LOTTE Innovate

DOUBLE MATERIALITY ASSESSMENT

Introduction of Material Topics

	Impact materiality perspective	Financial materiality perspective
● (grey)	Negative	Risk
● (green)	Positive	Opportunity

1. Climate Change Response

Description	Stakeholder	Impact Materiality (Environmental and social impact pathways and level): Potential impact pathways	Impact Materiality: Assessment result	Financial Materiality (Business impact pathways and level): Potential impact pathways	Financial Materiality: Assessment result	Page	LOTTE Corporation's Response Strategies
Enhancing regulatory responsiveness by proactively addressing physical and transition risks caused by climate change, establishing and implementing strategies to reduce greenhouse gas (GHG) emissions, and securing cost efficiency and a foundation for sustainable growth in the long term	• Environment • Shareholders	● (Negative) Acceleration of climate change and increased risk of natural disasters due to rising GHG emissions (e.g. supply chain disruptions, damage to production facilities) ● (Positive) Reduction of GHG emissions and mitigation of climate change by transitioning to renewable energy and improving energy efficiency ● (Positive) Mitigation of negative impact related to products and improved consumer perception of eco-friendly products by expanding the eco-friendly product lineup and increasing the use of eco-friendly packaging materials	●●●●● Significant	● (Risk) Revenue loss and increased insurance premiums in the event of production disruptions caused by climate risks (e.g. heat waves, heavy rainfall, typhoons) ● (Risk) Increased raw materials procurement and logistics costs due to supply chain disruptions caused by extreme weather events ● (Risk) Higher cost of regulatory compliance due to increased carbon taxes and emissions trading prices (increased operating expenses and reduced EBIT) ● (Risk) Greater operational cost burden due to increased transition costs for low-carbon technologies ● (Opportunity) Expansion of sustainable market share through the development of eco-friendly products and services ● (Opportunity) Reduction of electricity costs and tax benefits through the transition to renewable energy and improved energy efficiency	●●●●● Significant	p. 47-54	• Analyze climate change risks and opportunities at regular meetings such as the ESG Committee and incorporate them in corporate management decision-making • Establish a net zero plan based on 6 reduction measures—energy efficiency, renewable energy, energy transition, carbon capture, hydrogen energy, and the transition to zero-emission vehicles • Develop a mid- to long-term Group-level climate change response strategy with four pillars—Green Place (energy efficiency), Green Change (transition to decarbonized energy sources), Green Innovation (innovative eco-friendly solutions), and Green Cycle (leading green industry platform) • Formulate mid- to long-term strategies that take into account climate change scenarios and business linkage to secure engines of sustainable growth, for example, LOTTE Chemical's entry into new green businesses. • Increase the utilization of electric vehicles (EV) by customers and employees (with the focus on the Group affiliates in retail and service sector) by installing more EV charging stations • Promote the introduction and increased use of renewable energy within the Group affiliates on a continuous basis

2. Human Resources Management

Description	Stakeholder	Impact Materiality (Environmental and social impact pathways and level): Potential impact pathways	Impact Materiality: Assessment result	Financial Materiality (Business impact pathways and level): Potential impact pathways	Financial Materiality: Assessment result	Page	LOTTE Corporation's Response Strategies
Enhancing organizational productivity and innovation by developing employees' capabilities, expanding diversity and inclusion, and creating a safe and healthy work environment, thereby strengthening corporate competitiveness by attracting and retaining top talent	• Employees	● (Negative) Insufficient employee welfare programs and a lack of career development opportunities which may lead to lower job satisfaction and higher turnover rates among employees ● (Positive) Enhancing organizational capabilities and raising employees' satisfaction with their work by strengthening employee capabilities and creating a healthy work environment ● (Positive) Increasing work engagement and productivity by improving welfare programs that consider a healthy work-life balance	●●●● Important	● (Risk) Inadequate management of human resources may lead to higher turnover rates, resulting in higher recruitment and training costs. ● (Risk) A decline in welfare and capability development levels may result in a loss of key talents and weaken competitiveness in terms of talent acquisition within the industry. ● (Opportunity) Investing in employee welfare and capability development, and fostering an inclusive organizational culture will strengthen organizational stability and secure corporate competitiveness.	●●●●● Significant	p. 62-71	• Operate a standing organization, "HR Inno Community," to drive HR innovation across the Group affiliates • Establish the Group HR direction based on "Market-driven HR" and "Value-driven HR" principles • Execute 15 key tasks to realize the Group-level HR direction, continuously advancing HR innovation projects focused on boosting productivity and enhancing core competencies • Establish the direction for AI capability development for employees in preparation for the AI+X era • Became the first company in Korea to declare the Diversity Charter in 2013 • Hold quarterly LOTTE Corporation Labor-Management Council meetings

DOUBLE MATERIALITY ASSESSMENT

Introduction of Material Topics

	Impact materiality perspective	Financial materiality perspective
● (grey)	Negative	Risk
● (green)	Positive	Opportunity

3. Information Security

Description	Stakeholder	Impact Materiality (Environmental and social impact pathways and level): Potential impact pathways	Impact Materiality: Assessment result	Financial Materiality (Business impact pathways and level): Potential impact pathways	Financial Materiality: Assessment result	Page	LOTTE Corporation's Response Strategies
Strengthening cybersecurity measures and personal data protection systems to prevent legal and financial risks caused by information leaks, while enhancing trust with customers and stakeholders	• Consumers • Employees • Shareholders	● In case of customer data leakage, direct damage may occur to customers. ● If the information protection management system is insufficient, investor trust may decline.	●●● Informative	● In case of customer data leakage, legal costs for response may occur. ● Trust decline caused by customer data leakage may lead to long-term revenue downturns and potential stock price impacts due to decreased investor confidence.	●●●●● Significant	p. 72-77	• Operate the Committee on Information Security (chaired by the CEO of LOTTE Corporation) and the Working Committee on Information Security, with the focus on internal and external security incidents, compliance trends, security policies, and strategies for strengthening information security • Appoint the Chief Information Security Officer (CISO) and the Chief Privacy Officer (CPO) • Establish and present the Group Information Security Principles for all Group affiliates • Obtain the Information Security Management System (ISMS) certification and conduct annual information security and personal data protection training programs for all employees

4. Responsible Product and Service Management

Description	Stakeholder	Impact Materiality (Environmental and social impact pathways and level): Potential impact pathways	Impact Materiality: Assessment result	Financial Materiality (Business impact pathways and level): Potential impact pathways	Financial Materiality: Assessment result	Page	LOTTE Corporation's Response Strategies
Strengthening responsibility across all processes, including product and service safety, quality, and customer information protection, to secure customer trust, enhance brand value, and contribute to maintaining long-term market competitiveness.	• Consumers	● In the event of product recalls or safety accidents, consumer trust may decline, while the risks of lawsuits and legal sanctions may increase. ● Errors in product information or the omission of warning labels may lead to consumer health and safety issues and cause a loss of trust in the medium-to long-term. ● (green) Strict management of product and service quality can increase consumer satisfaction.	●●●●● Significant	● In case of product defects or safety issues, costs may incur in responding to customer complaints and product recalls ● If product defects and safety issues persist or responses are inadequate, it may lead to short-term and mid-to long-term revenue declines and damage to brand value. ● (green) By rigorously enhancing product and service quality to improve customer purchasing experience, long-term brand value can be increased and market competitiveness expanded.	●●●● Important	p. 78-81	• Operate a company-wide product quality management council for three major subsidiaries (LOTTE Wellfood, LOTTE Chilsung Beverage, LOTTE Innovate), each with dedicated quality management teams • The three major subsidiaries have obtained key product safety and quality certifications such as FSSC 22000 (Food Safety Certification) and ISO 9001 (Quality Management Systems).

DOUBLE MATERIALITY ASSESSMENT

Introduction of Material Topics

	Impact materiality perspective	Financial materiality perspective
● (grey)	Negative	Risk
● (green)	Positive	Opportunity

5. Corporate Governance

Description	Stakeholder	Impact Materiality (Environmental and social impact pathways and level): Potential impact pathways	Impact Materiality: Assessment result	Financial Materiality (Business impact pathways and level): Potential impact pathways	Financial Materiality: Assessment result	Page	LOTTE Corporation's Response Strategies
Enhancing shareholder value not only for LOTTE Corporation but also the entire portfolio through efforts to strengthen governance independence and transparency; and securing stakeholders' trust through the establishment of a professional and effective BOD and transparent information disclosure	• Shareholders	● (grey) A decline in governance transparency may result in agency problems and violations of shareholders' rights due to internal control failures. ● (green) The transparent disclosure of financial and non-financial information improves investor trust and reduces information asymmetry.	●●●●● Significant	● (grey) In case of deterioration in governance soundness, shareholder trust declines and stock price is impacted. ● (green) Efforts to enhance the BOD's independence, expertise, and diversity can improve decision-making effectiveness, leading to long-term growth of corporate value.	●●●●● Significant	p. 108-115	• Strengthen board independence through the operation of the independent lead director (ILD) system • Operate evaluation systems for the BOD and non-executive directors to enhance the board's operational efficiency • Apply guidelines on board expertise and diversity across the Group affiliates • Enhance the management and supervision of the Group's internal control system by operating a council of dedicated ICFR teams

6. Ethical Management and Anti-corruption

Description	Stakeholder	Impact Materiality (Environmental and social impact pathways and level): Potential impact pathways	Impact Materiality: Assessment result	Financial Materiality (Business impact pathways and level): Potential impact pathways	Financial Materiality: Assessment result	Page	LOTTE Corporation's Response Strategies
Establishing and operating ethical standards and internal control systems to ensure fair and transparent corporate operations, minimize the legal risks, and to enhance stakeholders' trust and our corporate reputation	• Shareholders • Consumers • Partner companies	● (grey) When unethical acts occur, sanctions by regulatory authorities and a decline in investor trust arise. ● (grey) When violations of fair trade occur, unfair competition among partner companies intensifies, leading to market order disruptions.	●●●● Important	● (grey) The occurrence of unethical behavior may lead to inefficient spending and an unnecessary deterioration of profitability. ● (grey) Exposure to issues arising from ethical management risks may result in lower levels of trust among investors and have a potentially negative impact on stock prices. ● (green) Establishing an ethical corporate culture can build long-term corporate trust and enhance brand value.	●●●●● Significant	p. 116-123	• Acquired the ISO 37301 certification to promote compliance and ethical management in line with the global standards (as of December 2025, 17 Group affiliates including LOTTE Corporation have obtained the certification) • Presented the Group's compliance management principles to all Group affiliates and established a compliance risk management system extending to major overseas subsidiaries • Established the "LOTTE Compliance Committee" as a direct organization under the CEO to strengthen the Group-wide compliance management system, and held regular quarterly meetings with the participation of external experts

ESG PERFORMANCE

SPECIAL REPORT ENVIRONMENTAL SOCIAL GOVERNANCE

SPECIAL REPORT

ESG RISK MANAGEMENT

1. Why ESG Risk Management Matters

ESG AT THE CORE OF MANAGEMENT

Standardization of Global Disclosure Standards

As global sustainability disclosure standards become more stringent, ESG disclosure is increasingly becoming a regulatory requirement. With the introduction of the ISSB's IFRS S1 and S2 standards, the EU's Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS), as well as the finalization of the Korea Sustainability Standards Board (KSSB) standards, the need for corporate sustainability disclosure continues to grow. At the same time, these standards place increasing emphasis on the identification of material risks and opportunities and the assessment of their financial impacts. Accordingly, LOTTE Corporation is strengthening capabilities at the Group level for ESG risk and opportunity analysis and sustainability disclosure.

Strengthening Stakeholder Trust

Stakeholder interest in sustainability disclosure is also increasing. Investors and financial institutions increasingly consider the financial impacts associated with material topics as key factors in their decision-making. Additionally, global ESG rating agencies, including MSCI and S&P Global, evaluate companies' risk management capabilities based on industry-specific criteria. Consumers and civil society are likewise raising their expectations for corporate environmental and social responsibility. Accordingly, LOTTE Corporation analyzes climate-related risks through the ESG Committee and incorporates them into management decision-making. We also operate an ESG KPI system to effectively respond to stakeholder expectations.

Implementing Integrated Group-wide Management

As the holding company for affiliates across diverse industries—including chemical, retail, food & beverage, and IT services—we recognize the need to identify and manage ESG risks and opportunities across the Group in an integrated manner, reflecting the characteristics of each industry. In particular, we seek to strengthen the ability to turn risks into opportunities by managing the impacts on the financial performance of individual affiliates at the Group level. Accordingly, in 2026, we identified ESG risk and opportunity factors for key affiliates and conducted detailed analyses of their financial impacts, laying the foundation for enhancing the Group's ESG risk management framework.

SPECIAL REPORT

2. ESG Risk Management Process

ESG Risk Management Process

ESG RISK AND OPPORTUNITY IDENTIFICATION

Selecting issues for analysis

- Analyzing the results of the materiality assessment, industry characteristics, stakeholder expectations, and regulatory and initiative requirements
- Selecting climate change as a common issue and company-specific issues for each affiliate

Analyzing ESG risk and opportunity factors

- Identifying drivers with a high likelihood of having financial impacts on the company in relation to each issue based on PEST analysis
- Developing financial impact pathways for each identified driver
- Classifying material financial impact pathways based on factors such as magnitude and likelihood

FINANCIAL IMPACT ANALYSIS

Selecting targets for quantitative analysis

- Reviewing data for quantitative analysis
- Classifying financial impact pathways suitable for quantitative analysis by reviewing data availability, reliability, and the reasonableness of calculation methodologies

Conducting quantitative financial impact analysis

- Collecting analysis data through discussions with relevant departments for each issue
- Developing calculation methodologies to quantify financial impacts
- Applying a common methodology to affiliates for the climate change issue
- Developing separate calculation methodologies for company-specific issues through discussions with relevant departments at each affiliate

ACTION PLAN DEVELOPMENT

Selecting action plans

- Developing action plans to enhance financial impact analysis and manage risks and opportunities
- Prioritizing action plans based on their financial impact, urgency for regulatory compliance, and implementation difficulty

Developing implementation roadmaps

- Developing phased implementation plans and roadmaps for each action plan
- Establishing plans to monitor the implementation status of action plans and periodically analyze risk and opportunity factors

SELECTION OF COMPANIES FOR ANALYSIS

To strengthen integrated ESG risk management capabilities at the Group level, LOTTE Corporation systematically identified ESG risks and opportunities for each affiliate and quantitatively analyzed the impacts of these risks and opportunities on each company's financial position and financial performance.

As 2026 was the first year in which an ESG risk and opportunity analysis was conducted at the Group level, the analysis focused on key affiliates. The five companies selected for analysis—LOTTE Chemical, LOTTE Shopping, LOTTE Wellfood, LOTTE Chilsung Beverage, and LOTTE Innovate—were chosen based on a comprehensive consideration of industry diversity, financial significance to the Group, and whether they are subject to mandatory KSSB disclosure requirements.

Going forward, we plan to conduct the analysis for all consolidated affiliates based on the 2026 analysis results for these five companies and establish an integrated ESG risk management framework at the Group level.

ESG RISK MANAGEMENT PROCESS

STEP 1. ESG Risk and Opportunity Identification

Selecting Issues for Analysis

Before identifying material ESG risks and opportunities for the five companies, key ESG issues were identified for each company. Based on the results of each company's materiality assessment, the issues currently considered important by each company were identified. Issues for analysis were then selected by reviewing industry characteristics, stakeholder requirements, and the requirements of regulations and global initiatives such as SASB and MSCI. Based on the analysis, "Climate Change Response" was selected as a common issue for the five companies. Finally, one company-specific issue was selected for each company based on input from the departments responsible for ESG and the individuals responsible for each issue.

Analyzing ESG Risk And Opportunity Factors

LOTTE Corporation conducted a PEST (Political, Economic, Social, and Technological) analysis of each issue selected for analysis to identify the drivers most likely to have a financial impact on the companies. We also mapped the pathways through which each driver could have a financial impact on the companies and classified them as risk or opportunity factors based on the nature of their impact. In developing the impact pathways, we thoroughly analyzed the characteristics of the financial impacts considered in each company's materiality assessment, financial impact disclosures by peer companies, and changes in the internal and external environment to establish the most reasonable impact pathways. We then discussed the results with the personnel responsible at each company to classify the financial impacts that were most likely to have a substantial impact on the company in terms of both magnitude and likelihood.

STEP 2. Financial Impact Analysis

Selecting Targets for Quantitative Analysis

LOTTE Corporation reviewed data availability, the reliability of the available data, and the reasonableness of the calculation methodologies to classify the financial impact pathways suitable for quantitative analysis. Based on the classification results, all risk and opportunity factors were categorized into those subject to quantitative analysis and those subject to qualitative analysis. For those subject to quantitative analysis, we carried out the processes of data collection and calculation methodology development.

Conducting Quantitative Financial Impact Analysis

To conduct a detailed analysis of the financial impact pathways associated with the risks and opportunities selected for quantitative analysis, LOTTE Corporation structured the impacts of each pathway on the company's financial position (assets and liabilities), financial performance (revenue and expenses), and cash flows. We also examined how each factor could affect the business model, value chain, and resource allocation, and established a financial impact classification framework linking each impact to the corresponding line items in the financial statements.

COLLECTION OF ANALYSIS DATA LOTTE Corporation collected the data required to conduct a quantitative analysis of financial impacts in accordance with the financial impact classification framework. The data required for the analysis were identified primarily through the business units responsible for each material topic. Where data managed at the holding company level were available, we ensured consistency with the data collected from each affiliate.

DEVELOPMENT OF METHODOLOGIES AND QUANTIFICATION OF FINANCIAL IMPACTS Based on the collected data, LOTTE Corporation developed methodologies for quantifying financial impacts. For the climate change response issue, we established calculation methodologies based on credible global scenarios and applied a common methodology across the five companies selected for analysis. For company-specific issues, we worked with the relevant departments to develop calculation methodologies that enable the most reasonable estimation of quantitative financial impacts at the present time.

STEP 3. Action Plan Development

Selecting Action Plans

Based on the results of the financial impact analysis, we identified action plans for ESG risk management at the Group level. These were classified into two categories: practical action plans to enhance quantitative financial impact analysis and action plans for the management of actual risks and opportunities.

LOTTE Corporation prioritized the action plans by comprehensively considering their feasibility, strategic alignment, financial impact, and urgency. We also distinguished between action plans to be implemented by all affiliates at the holding company level and company-specific action plans, laying the foundation for developing practical implementation roadmaps.

Developing Implementation Roadmaps

LOTTE Corporation established phased implementation plans and roadmaps for each action plan. Each roadmap includes detailed implementation plans, responsible departments, and target timelines to ensure that each action plan does not remain an abstract direction but is translated into concrete action. Moving forward, based on the roadmap, LOTTE Corporation will systematically monitor the implementation status of each action plan and periodically update the roadmap through analyses of ESG risks and opportunities to help ensure the Group's sustainability.

Additionally, we plan to expand ESG risk analysis beyond the initial five companies to all consolidated affiliates. To this end, we will continue to strengthen the ESG risk management framework while continuously monitoring the implementation status of the action plans so that ESG risk and opportunity management is embedded in management activities rather than remaining a one-time analysis.

SPECIAL REPORT

3. Analysis Results by Company

LOTTE CHEMICAL

ESG Risk and Opportunity Identification

Selecting Issues for Analysis

LOTTE Chemical selected "Climate Change Response" as the common issue and "Process and Employee Safety" as its company-specific issue for analysis.

CLIMATE CHANGE RESPONSE LOTTE Chemical operates an energy-intensive business, producing basic petrochemical feedstocks such as ethylene and propylene, monomer products, polymer products, synthetic resins, and construction materials. As a participant in the Korean Emissions Trading System (K-ETS), the company is directly exposed to the financial impacts of an increasing proportion of paid emissions allowances and rising carbon prices, making a proactive climate change response framework essential.

Additionally, the chemical industry in which LOTTE Chemical operates is exposed to a range of risks, including rising industrial electricity prices and higher raw material procurement costs resulting from supply chain carbon regulations. Accordingly, systematic management of climate change-related issues is also essential to ensuring business stability. To address these challenges, LOTTE Chemical has adopted carbon neutrality and environmentally responsible management as key priorities under its "GREEN PROMISE 2030" sustainability strategy and has established and is implementing a target to reduce carbon emissions by 20% by 2030 compared to 2018 levels.

PROCESS AND EMPLOYEE SAFETY The petrochemical industry inherently carries a constant risk of industrial accidents due to its continuous high-temperature, high-pressure processes, the handling of large volumes of chemicals, and the operation of large-scale production facilities. LOTTE Chemical operates production facilities in Korea's major petrochemical complexes, including Yeosu, Daesan, and Ulsan, where high-risk operations are routinely performed, making systematic occupational safety and health management critically important.

Accordingly, LOTTE Chemical places the highest priority on process and employee safety and strives to minimize safety incidents, including serious industrial accidents. Employee and process safety are also identified as material topics in the company's annual materiality assessment, with the related management framework disclosed in detail. Guided by its occupational safety and health vision of becoming "the safest and healthiest company in the world," LOTTE Chemical systematically manages occupational safety and health issues across all of its business sites.

Analyzing ESG Risk and Opportunity Factors

Based on the results of the PEST analysis for climate change response and employee and process safety, LOTTE Chemical identified ESG risks and opportunities and analyzed the reasonably expected financial impact pathways associated with each factor. The company also incorporated input from the ESG department and the relevant functional departments to identify the financial impacts considered material to the business.

Solar power facilities at the LOTTE Chemical R&D Center

Fire safety training

SPECIAL REPORT

ESG Risk and Opportunity Factors and Financial Impact Analysis Results

Issue	Driver	R/O	Financial Impact Pathway	Time Horizon	Value Chain Stage
Climate Change Response	Expansion of paid allocation under the Korean Emissions Trading Scheme (K-ETS)	Risk	Increased emissions allowance costs due to expanded paid allocation during Phase IV of the K-ETS	Medium- to long-term	Upstream
	Expansion of CBAM and carbon tax burden across the supply chain	Risk	Reduced export margins and increased raw material procurement costs due to the expanded scope of CBAM	Short- to long-term	Upstream, Downstream
	Energy price fluctuations and increases in electricity prices	Risk	Increased electricity costs due to higher industrial electricity tariffs	Short- to long-term	Own operations
	Growing consumer preference for eco-friendly and low-carbon products	Opportunity	New revenue generation through the transition to an eco-friendly and low-carbon materials portfolio and the expansion of the product lineup	Medium- to long-term	Downstream
	Growing stakeholder demand for Scope 3 emissions reductions	Risk	Revenue losses due to customer attrition resulting from inadequate responses to stakeholders' increasing demands for low-carbon supply chains	Short- to long-term	Downstream
		Opportunity	Revenue growth through long-term supply contracts with customers and premium pricing enabled by the expansion of the eco-certified product lineup	Short- to long-term	Downstream
	Expansion of renewable energy supply and brokerage infrastructure	Opportunity	New revenue generation through the expansion of PPA and REC brokerage services for the Group affiliates	Medium- to long-term	Upstream, Own operations, Downstream
	Acute physical climate risks (heat waves, floods, typhoons, etc.)	Risk	Revenue losses due to process disruptions and increased recovery costs resulting from flooding at coastal petrochemical complexes caused by typhoons and heavy rainfall	Short- to long-term	Own operations
		Risk	Reduced production efficiency at key processes and increased cooling energy costs due to extreme heat	Short- to long-term	Own operations
	Chronic physical climate risks (rising average temperatures, sea level rise, changing precipitation patterns, etc.)	Risk	Increased flood risks to facilities and declines in asset values due to sea level rise	Short- to long-term	Own operations
		Risk	Increased energy, water, and equipment replacement costs due to reduced process cooling efficiency resulting from rising temperatures	Short- to long-term	Own operations
		Risk	Revenue losses due to reduced operating rates at key processes resulting from unstable industrial water supplies caused by changing precipitation patterns	Short- to long-term	Own operations
Process and Employee Safety	Strengthened enforcement and penalties under the Serious Accidents Punishment Act	Risk	Increased costs due to sanctions, including administrative surcharges and punitive damages, in the event of a serious accident	Short- to long-term	Own operations
	Strengthened safety regulations, including PSM and the Chemical Substances Control Act	Risk	Increased costs due to work suspension orders, administrative fines, and the revision of the Chemical Accident Prevention and Management Plan in the event of regulatory non-compliance	Short- to long-term	Own operations
	Process accident risks involving high-temperature, high-pressure, and hazardous chemicals	Risk	Revenue losses due to operational shutdowns and increased facility restoration and damage compensation costs in the event of a large-scale leak, explosion, or fire	Short- to long-term	Own operations, Downstream
	Expanded safety management responsibilities for contractors and subcontractors	Risk	Increased legal liabilities for the principal contractor and support costs in the event of an occupational accident involving a contractor	Short- to long-term	Own operations, Downstream
	Increased worker health management burdens due to an aging manufacturing workforce	Risk	Increased compensation and litigation costs in the event of occupational diseases	Short- to long-term	Own operations

SPECIAL REPORT

LOTTE WELLFOOD

ESG Risk and Opportunity Identification

Selecting Issues for Analysis

LOTTE Wellfood selected "Climate Change Response" as the common issue and "Sustainable Raw Materials" as its company-specific issue for analysis.

CLIMATE CHANGE RESPONSE LOTTE Wellfood manufactures and sells a wide range of food products—including chewing gum, confectionery, ice cream, and edible oils—through 16 production facilities in Korea. Energy use in manufacturing, together with electricity consumption during refrigerated storage, frozen storage, and distribution, represents a primary source of greenhouse gas (GHG) emissions. As a participant in the K-ETS, the company is directly affected by climate-related financial impacts, including an increasing proportion of paid emissions allowances and rising industrial electricity prices, making a robust management framework essential.

In particular, because the food industry cannot readily pass climate-related cost increases on to consumers, it requires a more proactive response to climate risks—such as rising energy costs—than other industries. Accordingly, LOTTE Wellfood has established achieving carbon neutrality and RE100 across all domestic business sites by 2040 as key strategic goals. To this end, the company is actively promoting the transition to zero-emission vehicles, improvements in energy efficiency, expanded use of hydrogen energy, carbon capture, the transition to alternative raw materials and energy sources, and greater use of renewable energy.

SUSTAINABLE RAW MATERIALS LOTTE Wellfood's key raw materials—including cocoa, palm oil, s`ugar, and wheat—are closely associated with environmental and social issues such as deforestation, biodiversity loss, and child labor throughout their production and distribution processes. In particular, cocoa production has become a major international concern due to tropical rainforest conversion in key producing regions of West Africa and child labor linked to poverty among smallholder farmers. Likewise, palm oil production has been identified as a major driver of tropical deforestation, land conflicts, and biodiversity loss in Southeast Asia.

Accordingly, LOTTE Wellfood is expanding its sourcing of sustainable raw materials by considering the environmental and social impacts throughout the entire production and distribution process, rather than focusing solely on supply stability. Additionally, the SASB Standards identify raw material sourcing with environmental and social considerations as a key issue. Reflecting this trend and growing stakeholder expectations, the company selected "Sustainable Raw Materials" as one of its material topics.

Analyzing ESG risk and opportunity factors

Based on the results of the PEST analysis for climate change response and sustainable raw materials, LOTTE Wellfood identified ESG risks and opportunities and analyzed the reasonably expected financial impact pathways associated with each factor. The company also incorporated input from the ESG department and the relevant functional departments to identify the financial impacts considered material to the business.

Solar power generation facilities at the LOTTE Wellfood Yangsan Plant

LOTTE Wellfood's sustainable cacao project

SPECIAL REPORT

ESG Risk and Opportunity Factors and Financial Impact Analysis Results

Issue	Driver	R/O	Financial Impact Pathway	Time Horizon	Value Chain Stage
Climate Change Response	Expansion of paid allocation under the K-ETS	Risk	Increased emissions allowance costs due to expanded paid allocation during Phase IV of the K-ETS	Short- to medium-term	Own operations
	Energy price fluctuations and increases in electricity prices	Risk	Increased electricity costs due to higher industrial electricity tariffs	Short- to medium-term	Own operations
	Strengthened environmental regulations on packaging materials and demand for a transition to alternative materials	Risk	Increased packaging material costs due to mandatory recycled material use requirements and surcharges on EPR contributions	Short- to medium-term	Own operations, Downstream
	Structural increase in water costs	Risk	Direct increases in operating costs for food manufacturing processes due to higher water tariffs and water-use charges	Medium-term	Own operations
	Growing demand for a transition to low-carbon and environmentally friendly logistics systems	Risk	Increased costs for establishing low-carbon and eco-friendly logistics systems	Medium-term	Downstream
	Growing consumer preference for eco-friendly and low-carbon products	Risk	Declines in brand preference and revenue losses due to delays in the transition to eco-friendly and low-carbon products	Short- to medium-term	Downstream
		Opportunity	Revenue growth from products incorporating low-carbon and eco-friendly raw materials and packaging	Short- to medium-term	Own operations, Downstream
	Growing stakeholder demand for Scope 3 emissions reductions	Risk	Scope 3 management system implementation costs and revenue losses due to failure to meet supplier requirements resulting from missed reduction targets	Medium-term	Upstream, Own operations, Downstream
	Acute physical climate risks (heat waves, floods, typhoons, etc.)	Risk	Increased cost of sales due to higher energy costs for refrigerated logistics and product quality deterioration during extreme heat	Short- to long-term	Own operations, Downstream
	Chronic physical climate risks (rising average temperatures, sea level rise, changing precipitation patterns, etc.)	Risk	Increased logistics infrastructure investment costs for food and beverage distribution due to rising average temperatures	Short- to long-term	Own operations, Downstream
Sustainable Raw Materials	Growing consumer preference for ethical consumption and ESG-aligned products	Opportunity	Revenue growth in premium markets and reduced carbon emissions costs through the use of sustainable raw materials	Short- to medium-term	Own operations, Downstream
		Risk	Increased costs due to the price premium for sustainable raw materials	Medium- to long-term	Upstream

SPECIAL REPORT

LOTTE SHOPPING

ESG Risk and Opportunity Identification

Selecting Issues for Analysis

LOTTE Shopping selected "Climate Change Response" as the common issue and "Consumer Information Protection" as its company-specific issue for analysis.

CLIMATE CHANGE RESPONSE LOTTE Shopping operates a nationwide network of department stores, hypermarkets, supermarkets, e-commerce businesses, and logistics centers. Electricity consumed by refrigeration and freezing equipment, lighting, and HVAC systems constitutes a major component of the company's operating cost structure. Additionally, because carbon emissions occur throughout the retail supply chain—including logistics, delivery, and store operations—global retail buyers and business partners are increasingly demanding carbon reductions across their supply chains. Accordingly, the company has established a Carbon Neutrality 2040 Roadmap and is implementing measures to improve energy efficiency, expand renewable energy use, optimize logistics systems, and increase electric vehicle deliveries to reduce GHG emissions across its business sites.

CONSUMER INFORMATION PROTECTION By nature, the retail industry collects and processes large volumes of consumers' personal information, and LOTTE Shopping is no exception. Through department stores, hypermarkets, supermarkets, e-commerce platforms, and other retail channels, the company retains and processes substantial volumes of customer data each year. As online services continue to expand, the scale and complexity of data processing are also increasing. In particular, growing public concern over large-scale customer data breaches, along with stricter personal information protection regulations and the adoption of AI technologies, has increased the need for a more robust consumer information protection management system. Accordingly, LOTTE Shopping is strengthening its information security management framework based on its information security policies and personal information protection guidelines. The company has also enhanced its security monitoring system, disaster recovery system, and personal information management system to mitigate security risks and has established and implements response procedures for security and personal information breach incidents.

Analyzing ESG risk and opportunity factors

Based on the results of the PEST analysis for climate change response and consumer information protection, LOTTE Shopping identified ESG risks and opportunities and analyzed the reasonably expected financial impact pathways associated with each factor.

The company also incorporated input from the ESG department and the relevant functional departments to identify the financial impacts considered material to the business.

ESG Risk and Opportunity Factors and Financial Impact Analysis Results

Issue	Driver	R/O	Financial Impact Pathway	Time Horizon	Value Chain Stage
Climate Change Response	Expansion of paid allocation under the K-ETS	Risk	Increased emissions allowance costs due to expanded paid allocation during Phase IV of the K-ETS	Short- to medium-term	Own operations
Climate Change Response	Energy price fluctuations and increases in electricity prices	Risk	Increased electricity costs due to higher industrial electricity tariffs	Short- to medium-term	Own operations
Climate Change Response	Strengthened environmental regulations on packaging materials and demand for a transition to alternative materials	Risk	Increased packaging-related operating costs due to higher EPR contribution rates	Short- to medium-term	Own operations, Downstream
Climate Change Response	Growing consumer preference for eco-friendly and low-carbon products	Risk	Declines in brand preference and revenue losses due to delays in the transition to eco-friendly and low-carbon store operations	Short- to medium-term	Downstream
Climate Change Response	Growing consumer preference for eco-friendly and low-carbon products	Opportunity	Revenue growth from low-carbon and eco-friendly private brands and low-carbon-certified private label product lines	Short- to medium-term	Downstream
Climate Change Response	Growing stakeholder demand for Scope 3 emissions reductions	Risk	Scope 3 management system implementation costs and risks of lower ESG ratings and exclusion by institutional investors in the event of missed reduction targets	Medium-term	Upstream, Downstream
Climate Change Response	Acute physical climate risks (heat waves, floods, typhoons, etc.)	Risk	Revenue losses due to sharp declines in customer visits and temporary store closures during heavy rainfall and typhoons	Short- to long-term	Own operations, Downstream
Climate Change Response	Chronic physical climate risks (rising average temperatures, sea level rise, changing precipitation patterns, etc.)	Risk	Structurally higher cooling costs due to older buildings, including stores and logistics centers, failing to meet energy efficiency standards, and long-term declines in asset value	Short- to long-term	Own operations, Downstream
Consumer Information Protection	Strengthened Personal Information Protection Act and higher administrative surcharges (including revenue-based surcharges)	Risk	Administrative surcharges due to violations of the Personal Information Protection Act	Short- to medium-term	Own operations, Downstream
Consumer Information Protection	Strengthened Personal Information Protection Act and higher administrative surcharges (including revenue-based surcharges)	Risk	Fixed administrative fines for failure to comply with prior obligations under the Personal Information Protection Act, including mandatory ISMS-P certification and CPO qualification requirements	Short- to medium-term	Own operations, Downstream
Consumer Information Protection	Increasing sophistication of cyberattack techniques, including ransomware and advanced persistent threats (APTs)	Risk	Revenue losses and damage to brand image in the event of breaches of POS systems, payment infrastructure, or logistics systems	Short-term	Own operations, Downstream

SPECIAL REPORT

LOTTE CHILSUNG BEVERAGE

ESG Risk and Opportunity Identification

Selecting Issues for Analysis

LOTTE Chilsung Beverage selected "Climate Change Response" as the common issue and "Sustainable Packaging" as its company-specific issue for analysis.

CLIMATE CHANGE RESPONSE LOTTE Chilsung Beverage generates GHG emissions through boiler operation, refrigerated and frozen distribution, and electricity consumption during the production of beverages and alcoholic beverages. As a participant in the K-ETS, it also faces increasing costs as the proportion of paid emissions allowances rises. The beverage industry is particularly dependent on water resources because water serves both as a product ingredient and as a manufacturing input. As a result, reduced water availability caused by climate change may structurally increase production costs through higher water supply tariffs and water use charges.

Accordingly, LOTTE Chilsung Beverage has established the 2040 carbon neutrality target and is implementing strategies that include fuel switching, the transition to zero-emission vehicles, improved energy efficiency, carbon capture, and the expanded use of renewable energy. Additionally, in November 2024, the company became the first company in Korea's food industry to receive approval from the Science Based Targets initiative (SBTi) for both near-term GHG reduction targets and a net-zero target, demonstrating its commitment to carbon neutrality.

SUSTAINABLE PACKAGING LOTTE Chilsung Beverage delivers its beverages and alcoholic beverages in a variety of packaging materials, including PET bottles, aluminum cans, glass bottles, and paper cartons. Its business model is particularly dependent on plastic (PET) containers. The company is therefore directly affected by plastic-related regulations, the Extended Producer Responsibility (EPR) system, and policies mandating higher recycled content. These factors give rise to direct financial impacts, including cost fluctuations associated with the transition from virgin materials to recycled materials.

Accordingly, the company established a roadmap to reduce the use of virgin plastic by 20% by 2030. It is also expanding sustainable packaging through the "Reduce: Packaging Optimization" strategy, which focuses on developing lightweight package designs, investing in process improvements, and adopting new technologies, as well as "Recycle: Expanded Use of Recycled Materials" strategy, promoting the use of recycled PET and recycled PE film.

Analyzing ESG risk and opportunity factors

Based on the results of the PEST analysis for climate change response and sustainable packaging, the company identified ESG risks and opportunities and analyzed the reasonably expected financial impact pathways associated with each factor. It also incorporated input from the ESG department and the relevant departments to identify financial impacts considered material to the business.

ESG Risk and Opportunity Factors and Financial Impact Analysis Results

Issue	Driver	R/O	Financial Impact Pathway	Time Horizon	Value Chain Stage
Climate Change Response	Expansion of paid allocation under the K-ETS	Risk	Increased emissions allowance costs due to expanded paid allocation during Phase IV of the K-ETS	Medium-term	Own operations
Climate Change Response	Energy price fluctuations and increases in electricity prices	Risk	Increased electricity costs at business sites due to higher industrial electricity tariffs	Short- to long-term	Own operations
Climate Change Response	Energy price fluctuations and increases in electricity prices	Risk	Reduced profitability due to constraints on passing electricity tariff increases on to customers	Short- to long-term	Upstream, Own operations, Downstream
Climate Change Response	Structural increase in water costs	Risk	Increased operating costs due to reduced water availability resulting from climate change	Medium-term	Upstream, Own operations
Climate Change Response	Growing consumer preference for eco-friendly and low-carbon products	Risk	Declines in market share and revenue due to delays in the transition to an eco-friendly product portfolio	Long-term	Own operations, Downstream
Climate Change Response	Growing consumer preference for eco-friendly and low-carbon products	Opportunity	New revenue generation through the expansion of the eco-friendly premium product lineup	Long-term	Own operations, Downstream
Climate Change Response	Growing stakeholder demand for value chain (Scope 3) emissions reductions	Risk	Damage to brand value due to inadequate responses to stakeholders' increasing demands for climate action	Medium- to long-term	Upstream, Own operations, Downstream
Climate Change Response	Acute physical climate risks (heat waves, floods, typhoons, etc.)	Risk	Revenue losses due to extreme weather-related logistics disruptions, raw material shortages, and temporary offline channel closures	Short- to long-term	Own operations
Climate Change Response	Chronic physical climate risks (rising average temperatures, sea level rise, changing precipitation patterns, etc.)	Risk	Increased cooling energy costs and vending machine maintenance costs due to rising average temperatures	Short- to long-term	Own operations
Climate Change Response	Chronic physical climate risks (rising average temperatures, sea level rise, changing precipitation patterns, etc.)	Risk	Revenue losses due to manufacturing operations caused by unstable industrial water supplies resulting from changes in precipitation patterns	Medium-term	Upstream, Own operations
Sustainable Packaging	Higher mandatory packaging recycling rates and increased EPR contributions	Risk	Increased operating costs due to higher EPR contribution rates and stricter recycled content requirements	Short- to medium-term	Own operations
Sustainable Packaging	Stricter regulations on single-use plastics and reduction targets	Risk	Higher packaging production costs due to expanded mandatory recycled material content requirements	Short- to long-term	Upstream, Own operations
Sustainable Packaging	Growing demand for eco-friendly and label-free packaging	Risk	Increased marketing costs and capital investment burdens associated with the transition to label-free and lightweight packaging	Medium- to long-term	Own operations, Downstream
Sustainable Packaging	Advances in ultra-lightweight packaging, bio-based materials, and chemical recycling	Risk	Higher upfront R&D and capital investment, and stranded asset risks from delayed commercialization of eco-friendly packaging materials and technologies	Medium-term	Own operations, Downstream

SPECIAL REPORT

LOTTE INNOVATE

ESG Risk and Opportunity Identification

Selecting issues for analysis

LOTTE Innovate selected "Climate Change Response" as the common issue and "New Business Growth" as its company-specific issue for analysis.

CLIMATE CHANGE RESPONSE LOTTE Innovate's business is centered on IT services and data center operations. Electricity consumption at data centers in Seoul, Yongin, and Daejeon is the primary source of GHG emissions. Because its business is fundamentally dependent on electricity consumption, business growth directly leads to increased carbon emissions, requiring a more comprehensive climate change management framework.

Accordingly, LOTTE Innovate is continuously improving the energy efficiency of its data centers by obtaining Green Data Center certification, introducing eco-friendly free-cooling air circulation systems, and maintaining ISO 50001 certification. The company is also gradually expanding the use of renewable energy in line with the 2040 carbon neutrality plan.

NEW BUSINESS GROWTH LOTTE Innovate is expanding its business portfolio with smart farming, mobility, and AI as its three key new business areas. In addition to supporting climate change response, each of these businesses represents a future growth engine for the company and therefore requires proactive management of both risks and opportunities. The smart farming business leverages IoT- and AI-based automated agriculture to provide a technology-based solution for mitigating food supply instability caused by climate change. Meanwhile, through its subsidiary EVSIS, LOTTE Innovate is responding to growing demand for eco-friendly mobility infrastructure by expanding the electric vehicle (EV) charging business. The Aimember AI platform drives the digital transformation of affiliates across the Group while providing technical support for the Group's carbon neutrality efforts through functions such as ESG disclosure automation and energy optimization.

Accordingly, LOTTE Innovate seeks to strengthen the foundation for sustainable growth by proactively managing ESG risks and opportunities in these new business areas.

Analyzing ESG risk and opportunity factors

Based on the results of the PEST analysis for climate change response and the growth of new businesses, LOTTE Innovate identified ESG risks and opportunities and analyzed the reasonably expected financial impact pathways associated with each factor. The company also incorporated input from the ESG department and the relevant business units to identify the financial impacts considered material to the business.

ESG Risk and Opportunity Factors and Financial Impact Analysis Results

Issue	Driver	R/O	Financial Impact Pathway	Time Horizon	Value Chain Stage
Climate Change Response	Expansion of paid allocation under the K-ETS	Risk	Increased emissions allowance costs due to expanded paid allocation during Phase IV of the K-ETS	Short- to medium-term	Own operations
	Energy price fluctuations and increases in electricity prices	Risk	Increased electricity costs due to higher industrial electricity tariffs	Short- to medium-term	Own operations
	Acute physical climate risks (heat waves, floods, typhoons, etc.)	Risk	Increased service disruption and recovery costs due to flooding	Short- to long-term	Own operations
		Risk	Higher operating burdens and increased risks of service disruptions due to extreme heat	Short- to long-term	Own operations
		Opportunity	Strengthened competitiveness in eco-friendly services through the adoption of high-efficiency cooling technologies	Short- to long-term	Own operations
	Chronic physical climate risks (rising average temperatures, sea level rise, changing precipitation patterns, etc.)	Risk	Increased energy consumption due to higher cooling demand	Short- to long-term	Own operations
		Risk	Reduced free cooling efficiency and increased capital investment burdens	Short- to long-term	Own operations
		Opportunity	Strengthened competitiveness in eco-friendly services through AI-based energy optimization	Short- to long-term	Own operations
New Business Growth	Accelerated industrial transition driven by the implementation of domestic and international carbon neutrality policies	Opportunity	Revenue growth driven by increasing demand for EV charging infrastructure and smart farming businesses under government-led eco-friendly policies	Short- to medium-term	Own operations, Downstream

SPECIAL REPORT

4. What's Next: Action Plans

The internal/external business environment is changing rapidly due to factors such as accelerating climate crisis, expanding supply chain regulations, and rising stakeholder expectations. As a result, the ability to manage ESG risks and opportunities has become a fundamental requirement for achieving corporate sustainability. Additionally, as global sustainability disclosure standards and issue-specific legal/regulatory requirements continue to evolve, ESG performance has become a key factor directly affecting corporate value.

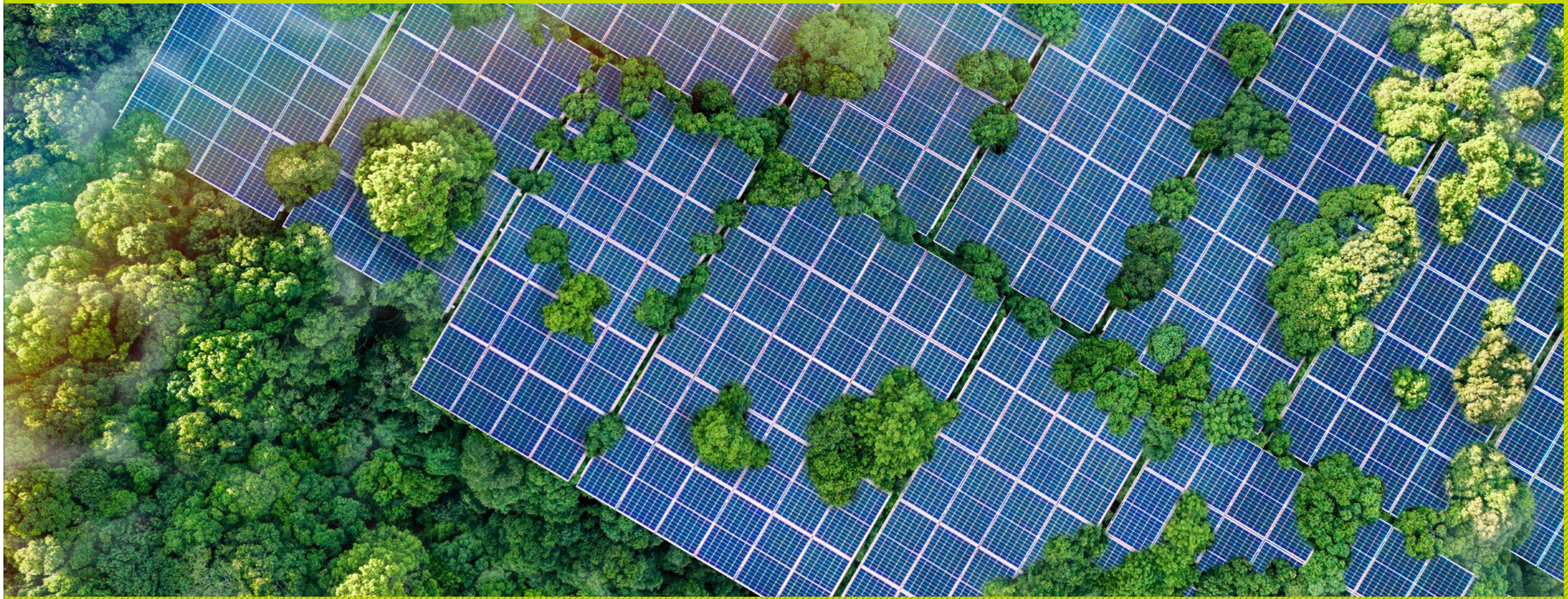
Accordingly, LOTTE Corporation views ESG not merely as a statement of management intent, but as a core pillar of risk management that underpins financial soundness and long-term competitiveness. In particular, we will build on the findings of the 2026 analysis of the Group's five key affiliates and expand our ESG risk management process across all Group affiliates. We will also progressively broaden the scope of quantitative analyses and further refine methodologies based on the quantitative financial impact assessment conducted in 2026, enabling us to generate more accurate financial impact information. We will also gradually expand the scope of the analysis to all consolidated affiliates, thereby establishing a fully integrated Group-wide ESG risk management framework.

Additionally, we will integrate the results of our ESG risk and opportunity analyses into our business planning and, through regular reviews and decision-making by the ESG Committee, embed risk mitigation and opportunity realization into our day-to-day management activities. Furthermore, we will establish and implement specific mitigation measures for identified risks while pursuing proactive investments and strategic portfolio transformation to capitalize on identified opportunities, thereby securing new growth drivers to enhance the Group's overall sustainability.

Each affiliate will also develop detailed management plans tailored to its business characteristics and operating environment based on the ESG risks and opportunities identified through this analysis, while regularly reviewing and monitoring the implementation process and progress. Through these efforts, each affiliate will proactively manage potential risks while actively realizing identified opportunities and translating them into tangible business outcomes. Furthermore, we will organically integrate the management activities of each affiliate at the Group level to respond proactively to evolving internal and external business environments and further strengthen the foundation for the sustainable growth of the entire Group.

ENVIRONMENTAL

LOTTE Group continues to pursue a systematic approach to creating environmental value, with climate action and the realization of a circular economy as two key pillars of the sustainability strategy. We proactively manage climate-related risks and incorporate them into management decision-making while strengthening the foundation for sustainable low-carbon and green growth through the adoption of renewable energy and greenhouse gas (GHG) reduction activities. At the same time, we are creating new growth opportunities by transitioning to a low-carbon product portfolio and expanding circular economy platforms. Furthermore, we are minimizing environmental impacts across the value chain while enhancing environmental sustainability, thereby reinforcing the value of our environmental management.

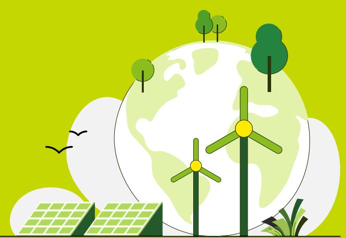


MATERIAL TOPIC

ADDRESSING CLIMATE CHANGE

MANAGEMENT APPROACH

LOTTE Corporation recognizes climate change as a major management issue and is proactively and systematically managing climate-related risks and performance. Centered on the ESG Committee under the Board of Directors (BOD), we analyze climate risks and reflect them in management decision-making, and we have established climate change scenario-based mid- to long-term strategies and conducted various reduction activities, including expanding the adoption of renewable energy, improving energy efficiency, and converting raw materials and fuel. We are also strengthening our capability to respond to climate change by analyzing the financial impact of stricter regulations on emissions allowances, continuously enhancing our carbon neutrality roadmap, and managing reduction performance through ESG KPIs.



Governance	• Board of Directors and Executive Management
Strategy	• Climate-Related Risks and Opportunities • Analysis of Climate-Related Risks and Opportunities
Risk Management	• Climate Risk and Opportunity Identification Process • Climate Risk and Opportunity Assessment Process • Scope of Risk and Opportunity Identification
Metrics & Targets	• Carbon Emissions Targets and Performance

GOVERNANCE

Board of Directors and Executive Management

LOTTE Corporation operates an ESG Committee under the BOD, the company's highest standing decision-making body, and continuously reports and deliberates on key agenda items related to overall ESG management, including climate change response. As a key decision-making body that manages and supervises overall climate change response, the ESG Committee presents directions for enhancing and advancing the execution of the LOTTE Group's carbon neutrality roadmap, and supports the monitoring of ESG-related risks and key decision-making.

In 2025, resolutions and reports were made focusing on key areas such as the direction of ESG initiatives and responses to climate change and regulations, thereby further refining the ESG management system. In addition, we continue to strengthen the ESG management system by incorporating carbon neutrality performance into CEO performance evaluations, ensuring that ESG principles are embedded in business strategies rather than remaining merely declarative.

Composition and Roles of the ESG Committee

Composition	Director Name	Contents
3 non-executive directors	Byung-Kyu Cho (Chairperson) Kyung-Chun Lee Young-Kyung Seo	**Purpose** • Providing strategic direction for LOTTE Group's carbon neutrality roadmap and supporting the monitoring of ESG risks managed by LOTTE Corporation and related decision-making
1 executive director	Jun-Hyung Rho	**Roles and Responsibilities** • Decision-making on the establishment and implementation of the company-wide ESG management strategy • Monitoring of key task performance under the ESG management strategy • Decision-making to maximize ESG-driven business opportunities and minimize risks

* As of April 2026

Key Climate Change-Related Resolutions in 2025

Date	Agenda Item	Approval Status	Board Attendance Rate
Feb. 13	Approval of the 2025 ESG strategic direction and KPI management plan	Approved	100%
	Report on the operation of the Group Eco-friendly Management Task Force Team, etc.	-	
May 27	Approval of the publication of the Governance Report and Sustainability Report, and environmental information disclosure	Approved	100%
	Report on greenwashing issues and response measures, etc.	-	
Sep. 22	Approval of 2025 ESG KPI operation results	Approved	100%
	Report on carbon and energy regulatory issues and response measures, etc.	-	
Dec. 22	Approval of the 2026 ESG KPI management plan	Approved	100%
	Report on the 2026 ESG implementation plan, etc.	-	

ADDRESSING CLIMATE CHANGE

STRATEGY

Climate-Related Risks and Opportunities

Identification of Climate-Related Risks and Opportunities

Climate change is a critical factor affecting corporate financial performance and business sustainability, and LOTTE Corporation systematically identifies and manages climate-related risks and opportunities across the Group's four major business groups—Food & Beverage, Retail, Chemical, and Infrastructure—including the holding company.

Specifically, we conducted a PEST (Political, Economic, Social, and Technical) analysis tailored to the characteristics of each industry for key affiliates, including LOTTE Chemical, LOTTE Shopping, LOTTE Wellfood, LOTTE Chilsung Beverage, and LOTTE Innovate. Based on the analysis, we identified climate-related risks and opportunities and their potential financial impact pathways.

List of Climate-Related Risks and Opportunities

Classification	No.	Classification	Type	All Sectors/ By Industry	Time Frame	Impacted Value Chain	Scope of Coverage				Business Impacts and Response Activities
							Food & Beverage	Retail	Chemical	Infra-structure	
Transition Risks	T1	Policy and Legal	Strengthened GHG emissions allowance regulations	All Sectors	Medium term Long term	Operation	●	●	●	●	The Korean government considers GHG reduction in the industrial sector as a critical task for achieving its Nationally Determined Contribution (NDC) and carbon neutrality goals. Accordingly, it plans to strengthen the 4th Basic Plan for the Emissions Trading Scheme (ETS) in 2025 beyond the current framework. As a result, ongoing costs such as emissions allowance procurement costs and investments to reduce GHG emissions are expected to increase.
	T2	Policy and Legal	Strengthened plastic regulations	By Industry	Short term Medium term Long term	Upstream Operation Downstream	●	●	●		Globally, regulations on plastic use and waste are tightening, particularly targeting single-use plastics, non-recyclable packaging, and microplastics—areas closely related to the business operations of LOTTE Group affiliates. In response, each affiliate is implementing relevant countermeasures, which have already led to investment costs that are expected to continue increasing in the future.
	T3	Market	Increased energy cost	All Sectors	Short term Medium term Long term	Operation	●	●	●	●	As power generation companies face rising energy transition costs to achieve net zero, energy costs are expected to increase. This is likely to lead to higher electricity procurement costs and additional investments in energy efficiency equipment, resulting in continued additional costs.
	T4	Market	Increased cost of raw materials	By Industry	Short term Medium term Long term	Upstream Operation	●		●		Due to the global transition efforts to address climate change, instability in the supply and demand of crude oil and petroleum products is increasing, and volatility in grain prices is rising as a result of extreme weather events. Consequently, raw material prices are expected to increase. While there are limitations in conducting detailed impact assessments, this issue is recognized as a material business issue, and is being continuously monitored.
	T5	Policy and Legal	Strengthened supply chain carbon regulations and Scope 3 reduction requirements	By Industry	Medium term Long term	Upstream	●	●	●		As supply chain (Scope 3) carbon reduction requirements and related regulations from major customers and investors continue to expand, costs associated with supplier carbon management, the transition to low-carbon raw materials, and disclosure compliance may increase. In response, the Group affiliates is establishing a supply chain carbon management system and expanding low-carbon products and services to address these risks.
	T6	Technology	Development of low-carbon and eco-friendly technologies	By Industry	Short term Medium term Long term	Operation	●		●	●	As net zero and climate change response emerge as core issues in global business management, demand for low-carbon and eco-friendly technologies is rapidly increasing. This trend is expected to lead to decreased sales due to declining competitiveness of existing products, as well as increased investment costs for the transition. In response, each Group affiliate is actively pursuing transition efforts to turn these risks into opportunities.

ADDRESSING CLIMATE CHANGE

The increase in emissions allowance procurement costs and energy costs resulting from stricter greenhouse gas (GHG) emissions regulations was identified as a major transition risk common across all business sectors, while other climate-related risks and opportunities were evaluated based on the business characteristics of each sector. We also assessed the financial impact of rising emissions allowance costs through scenario analysis and plan to further strengthen our climate-related risk and opportunity management framework by expanding the scope of analysis and enhancing our methodologies.

List of Climate-Related Risks and Opportunities

Classification	No.	Classification	Type	All Sectors/ By Industry	Time Frame	Impacted Value Chain	Scope of Coverage				Business Impacts and Response Activities
							Food & Beverage	Retail	Chemical	Infra-structure	
Physical Risks	T7	Acute	Increased extreme weather events such as heat waves and extreme cold	All Sectors	Short term Medium term Long term	Upstream Operation	●	●	●	●	An increase in the number of heat wave days is expected to lead to higher energy costs and a decline in asset value. Considering the characteristics of each business, we conduct scenario-based physical risk assessments and plan to progressively expand the scope of risk management.
	T8	Chronic	Risk of production interruption due to natural disasters	All Sectors	Short term Medium term Long term	Upstream Operation	●	●	●	●	To date, there have been no cases of production disruptions caused by natural disasters. However, climate scenario-based physical risk assessments are being carried out, taking into account the characteristics of each business. The scope of these assessments will gradually expand over time.
Opportunities	O1	Products and Services	Expansion of eco-friendly materials and circular economy platforms	By Industry	Medium term Long term	Operation	●	●	●		Global interest in the circular economy, which emphasizes waste reduction and resource efficiency, is increasing. The use of eco-friendly materials and business models based on resource circulation are emerging as new growth opportunities. Accordingly, each Group affiliate is actively engaging in response activities to secure additional business opportunities, with plans to continue expanding these efforts.
	O2	Market	Establishment of low-carbon, smart infrastructure	By Industry	Medium term Long term	Operation		●		●	To support the transition to net zero and strengthen climate risk response, enhancing energy efficiency and building infrastructure integrated with digital-based smart technologies are becoming increasingly important. To seize additional business opportunities, the Group affiliates in the retail and infrastructure sectors are making continuous investments and implementing response measures, with plans to further expand these efforts.
	O3	Market	Low-carbon product portfolio and brand innovation	By Industry	Medium term Long term	Operation	●	●	●		As consumer and investor demands for a carbon-neutral society continue to grow globally, the development of low-carbon products and the transition to eco-friendly brands are emerging as key drivers of corporate competitiveness. In response, we are strengthening our portfolio with eco-friendly and low-carbon products and pursuing a brand strategy that places sustainability at its core.

ADDRESSING CLIMATE CHANGE

Analysis of Climate-Related Risks and Opportunities

All Sectors T1. Strengthened GHG Emissions Allowance Regulations

Classification by type	All sectors (Food & Beverage, Retail, Chemical, Infrastructure)
Time frame	Medium, long term
Likelihood	Almost certain
Financial impact	Major
Value chain	Operation

* Comprehensive analysis of likelihood of occurrence and financial impact by industry using a qualitative scale of 1 to 5 points

Background In 2026, LOTTE Corporation conducted a financial impact analysis of stricter regulations on GHG emissions allowances, considering the adjusted paid allocation ratio under the 4th Basic Plan for the Emissions Trading Scheme and the business-as-usual (BAU) emissions projection considered when establishing the company-wide carbon neutrality roadmap. Based on the results of the financial impact analysis, we plan to proactively respond to the mid- to long-term trend of tightening emissions allowance regulations.

Impact on LOTTE Corporation The financial impact on LOTTE Corporation is limited due to its relatively low emissions on a standalone basis. However, five of the six Group affiliates included in this year's analysis—LOTTE Corporation, LOTTE Chemical, LOTTE Wellfood, LOTTE Shopping, LOTTE Chilsung Beverage, and LOTTE Innovate—excluding LOTTE Corporation, are subject to the K-ETS as entities eligible for emissions allowance allocation. Accordingly, these companies are required to reduce their emissions and may incur costs associated with emissions reduction or the purchase of additional emissions allowances.

Key Assumptions for Financial Impact Analysis We assumed that the Group affiliates would maintain their BAU Scope 1 and 2 emissions while the total emissions allowance allocation is gradually reduced and the paid allocation ratio increases. Carbon prices were estimated based on projections from the International Energy Agency (IEA) scenarios. The analysis periods were set to short-term (1 year), medium-term (over 1 year and within 5 years), and long-term (over 5 years), by applying the time frame classifications of KSSB Sustainability Disclosure Standard No. 2, Climate-related Disclosures. These correspond to the periods over which the effects of climate-related risks and opportunities are reasonably expected to occur, and the analysis results for each period were disclosed. Additionally, it was assumed that sales for each company in each period increase in proportion to BAU emissions, and a resilience analysis was performed by evaluating the cost of purchasing emissions allowances relative to sales (risk exposure).

Applied Scenarios

Scenario	Description
STEPS	A scenario that projects energy system transformations based on governments' currently announced policies and regulations (Stated Policies Scenario)
APS	A scenario that assumes all national targets—such as net-zero pledges—are fully implemented in a timely manner (Announced Pledges Scenario)
NZE	A scenario aiming to achieve global net-zero emissions in the energy sector by 2050, limiting global temperature rise to within 1.5°C (Net Zero Emissions by 2050)

Carbon Price Projections by Scenario[1)]

Scenario	Unit	2035	2040	2050
STEPS	KRW/tCO_2eq	74,724	89,094	107,775
APS	KRW/tCO_2eq	229,920	251,475	287,400
NZE	KRW/tCO_2eq	258,660	294,585	359,250

1) IEA World Energy Outlook Scenario Database 2025 (STEPS, APS, NZE)

Financial Impact and Resilience Analysis Results Based on the analysis using IEA scenarios, the cost of purchasing emission permits is expected to gradually increase due to the tightening of carbon regulations and the rise in unit prices of emission permits over time. In particular, in the case of the NZE scenario, where GHG reduction targets are the most challenging, the trend of an increasing cost burden is prominent from the short to medium term, and from the medium to long term. In the short and medium-term periods, the financial impact was shown to be limited, with the ratio relative to revenue being less than 1%. In the long-term period, even based on the most conservative NZE scenario, the ratio relative to revenue is around 7%. However, considering the scale of the mid- to long-term financial impact relative to revenue, it is judged that the company maintains resilience, being at a manageable level through GHG reduction activities and low-carbon transition efforts.

Response Status and Plans We formulated Carbon Neutral Roadmap 1.0 centered on major Group affiliates in 2022, and then established Carbon Neutral Roadmap 2.0 to supplement and expand it in 2024. Based on this, we are implementing reduction activities to mitigate identified risk costs, and we are refining climate scenario analysis and response strategies by progressively reinforcing the analysis scope and methodology.

ADDRESSING CLIMATE CHANGE

Analysis of Climate-Related Risks and Opportunities

All Sectors T3. Increased Energy Cost

Classification by type	All sectors (Food & Beverage, Retail, Chemical, Infrastructure)
Time frame	Medium, long term
Likelihood	Almost certain
Financial impact	Major
Value chain	Operation

* Comprehensive analysis of likelihood of occurrence and financial impact by industry using a qualitative scale of 1 to 5 points

Background According to the 11th Basic Plan for Electricity Supply and Demand, the share of renewable energy is expected to increase to 21.7% by 2030, making investment in the energy transition essential for power generation companies. In the long term, these transition costs could contribute to higher electricity prices.

Impact on LOTTE Corporation The impact is limited on LOTTE Corporation's standalone basis because its electricity consumption is relatively low. However, all five Group affiliates included in this year's analysis—LOTTE Chemical, LOTTE Wellfood, LOTTE Shopping, LOTTE Chilsung Beverage, and LOTTE Innovate—consume a significant amount of electricity to operate their businesses. The sharp rise in industrial electricity rates last year is having a substantial impact in the short term and could affect profitability.

Key Assumptions for Financial Impact Analysis We assumed that the Group affiliates would maintain annual BAU electricity consumption, and calculated electricity costs based on current electricity costs, utilizing the growth rate of projected values provided by the NGFS (Network for Greening the Financial System) scenario. The analysis periods were set to short-term (1 year), medium-term (over 1 year and within 5 years), and long-term (over 5 years), by applying the time horizons defined in KSSB Sustainability Disclosure Standard No. 2 Climate-related Disclosures. These correspond to periods where the impacts of climate-related risks and opportunities are reasonably expected to occur, and the analysis results for each period were disclosed. In addition, it was assumed that sales for each company during each period would increase in proportion to BAU emissions, and a resilience analysis was performed by evaluating the increase in electricity costs relative to sales (risk exposure).

Financial Impact and Resilience Analysis Results Based on an analysis using the Network for Greening the Financial System (NGFS) scenarios, electricity costs are expected to increase gradually over time due to rising electricity demand and higher electricity prices resulting from tighter carbon regulations. In particular, under the Net Zero 2050 scenario, which assumes the most ambitious GHG emissions reduction target, the projected cost burden tends to increase over time, with a clear upward trend from the short to medium term and from the medium to long term.

Applied Scenarios

Scenario	Description
Below 2°C	A scenario in which global climate policies limit the increase in the global average temperature to below 2°C
Current Policies	A scenario in which only currently implemented climate policies are maintained, resulting in limited reductions in GHG emissions.
Delayed Transition	A scenario in which the implementation of climate policies is delayed, followed by a rapid strengthening of climate policies after 2030
Fragmented World	A scenario in which insufficient international cooperation on climate policy prevents the achievement of global climate goals
Low Demand	A scenario in which energy demand declines due to changes in consumer behavior and improvements in energy efficiency.
NDC	A scenario in which countries implement their Nationally Determined Contributions (NDCs) for GHG emissions reduction
Net Zero 2050	A scenario in which global carbon neutrality is achieved by 2050 through strong climate policies implemented worldwide

Electricity Cost Projections by Scenario[1]

NGFS Scenario	Unit	2030	2035	2040	2050
Below 2°C (Korea)	Increase relative to the 2025 price (%)	29%	47%	49%	34%
Current Policies (Korea)	Increase relative to the 2025 price (%)	-8%	-11%	-10%	-10%
Delayed Transition (Korea)	Increase relative to the 2025 price (%)	-8%	27%	47%	33%
Fragmented World (Korea)	Increase relative to the 2025 price (%)	-8%	19%	40%	35%
Low Demand (Korea)	Increase relative to the 2025 price (%)	20%	49%	54%	35%
NDC (Korea)	Increase relative to the 2025 price (%)	31%	31%	30%	29%
Net Zero 2050 (Korea)	Increase relative to the 2025 price (%)	35%	53%	48%	27%

[1] NGFS GCAM 6.0 Scenario Database

ADDRESSING CLIMATE CHANGE

RISK MANAGEMENT

Analysis of Climate-Related Risks and Opportunities

In the short- and medium-term periods, the financial impact was found to be limited, with the impact accounting for around 1% of sales in most scenarios. In the long-term period, the impact accounts for approximately 1.5% of sales under the most conservative scenario (Net Zero 2050). However, considering the scale of the financial impact relative to sales in the medium and long term, these financial impacts remain manageable through energy efficiency improvements and the transition to renewable energy, demonstrating resilience.

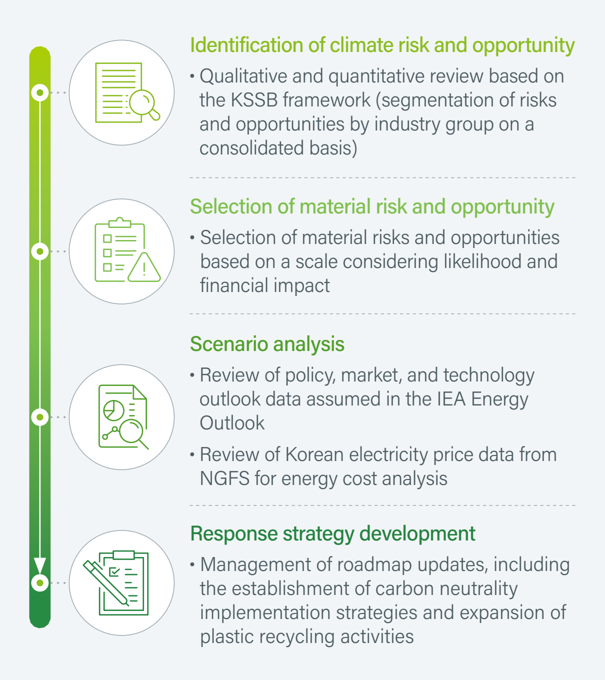
Response Status and Plans LOTTE Group established Carbon Neutral Roadmap 1.0 centered on major Group affiliates in 2022, followed by Carbon Neutral Roadmap 2.0 in 2024. As part of implementing the reduction roadmap, we are mitigating the risk of rising electricity costs by enhancing energy efficiency. In particular, given the significant impact of electricity costs on data center operations, we are implementing additional measures to support environmentally friendly data center operations. We will continue to monitor the forthcoming 2035 NDC and electricity price trends and respond accordingly, while strengthening management by enhancing the scope and methodology for financial impact assessment.

Climate Risk and Opportunity Identification Process

After identifying climate-related risks and opportunities, we select material topics based on industry-specific characteristics. Among the material risks, those that are suitable for scenario analysis are managed so that they can be incorporated into the development of response strategies.

Climate Risk and Opportunity Assessment Process

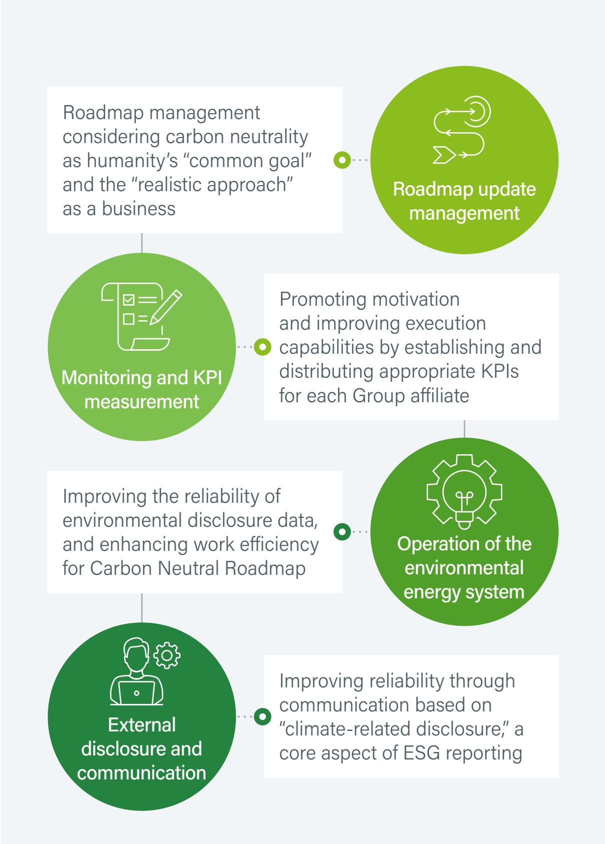
When establishing response strategies, a system is in place to set KPIs and establish evaluation criteria for each Group affiliate, and to annually refine and update them.



Scope of Risk and Opportunity Identification

LOTTE Corporation has established and manages a Group-wide net zero goal. This year, scenario analysis and detailed assessments of risks and opportunities were conducted for the holding company and key Group affiliates across the four major business groups—Food & Beverage, Retail, Chemical, and Infrastructure. Moving forward, we plan to gradually expand the scope of detailed analysis.

LOTTE Climate Change Response System



ADDRESSING CLIMATE CHANGE

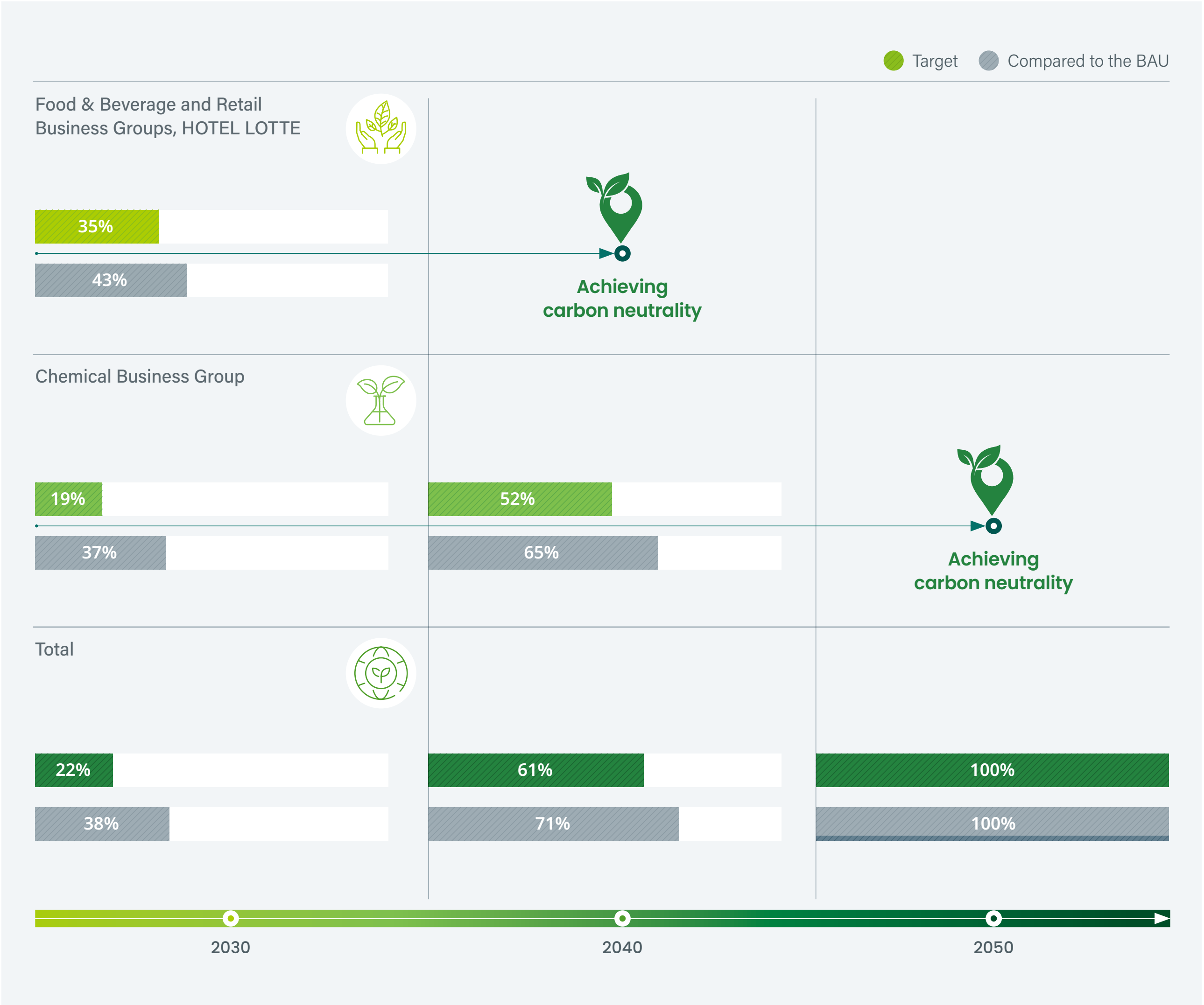
METRICS & TARGET

Carbon Emissions Targets and Performance

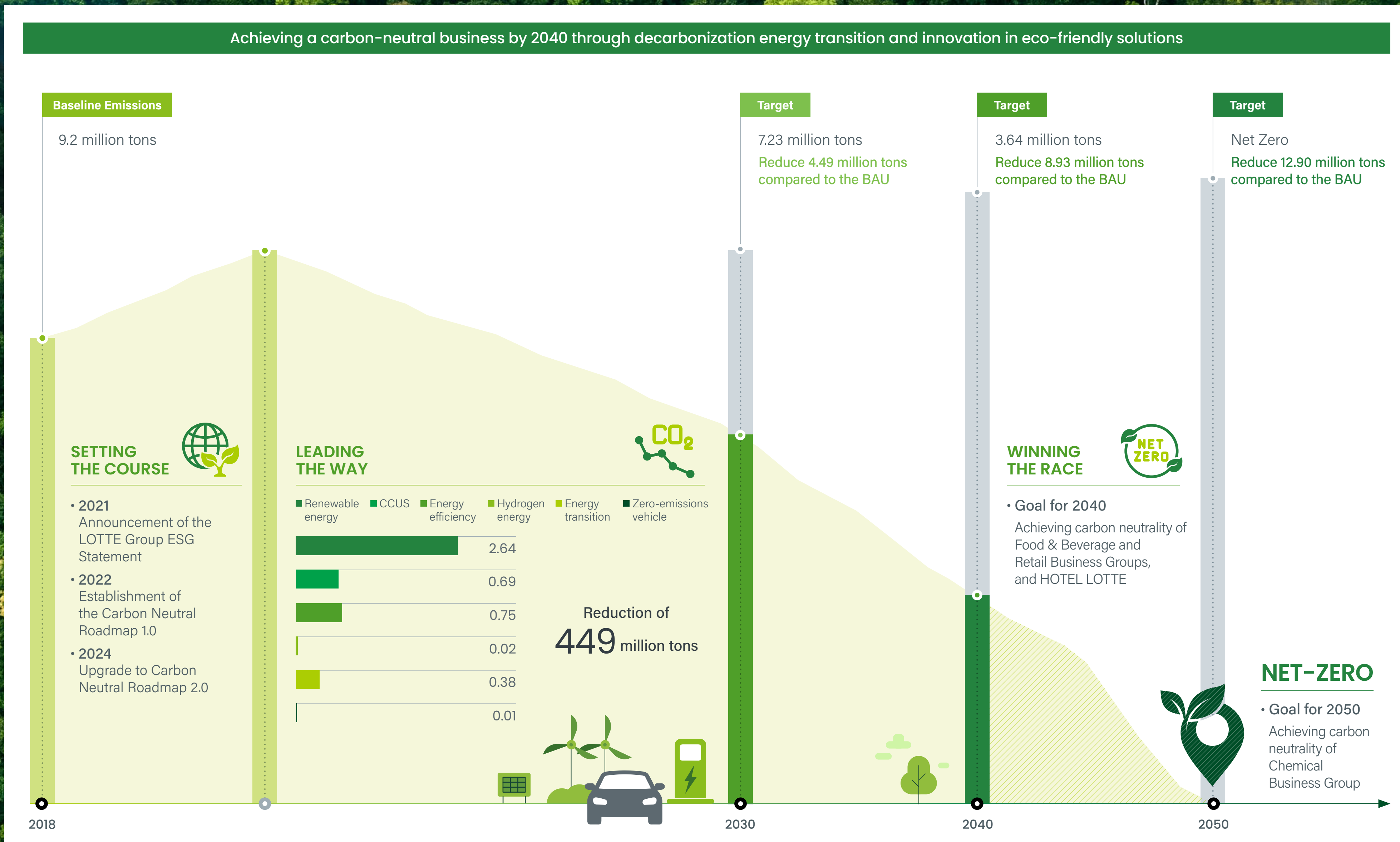
In accordance with the Carbon Neutral Roadmap, LOTTE Group aims to reduce greenhouse gas emissions generated at domestic business sites by 22% by 2030 and 61% by 2040 compared to 2018, and to achieve carbon neutrality in all business sites by 2050 through a phased approach. Additionally, we have prepared and implemented detailed reduction plans to achieve these goals. We have identified six key GHG reduction measures, including improving energy efficiency, deploying carbon capture technologies, expanding the use of renewable energy, switching to lower-carbon raw materials, switching to lower-carbon fuels, and transitioning to hydrogen energy and zero-emission vehicles. Each Group affiliate is implementing practical and effective emissions reduction initiatives tailored to its operations. At the Group level, the Eco-friendly Management Task Force Team has been established to develop both short- and mid- to long-term reduction plans and to monitor and evaluate each Group affiliate's implementation performance.

LOTTE Group is also continuously and systematically managing its carbon emission targets through KPI management and roadmap updates. In particular, as a result of managing carbon neutrality as an ESG KPI and focusing on enhancing our response to climate change, the Group recorded a total carbon emission volume of 8,448 thousand tCO_2eq in 2025—4,245 thousand tCO_2eq under Scope 1 and 4,203 thousand tCO_2eq under Scope 2—achieving emissions reductions that exceeded the target by 3.8%. We will continue to strive to achieve carbon neutrality through continuous implementation and target management.

LOTTE Group's Net Zero Achievement Rate (compared to 2018)



LOTTE Carbon Neutral Roadmap



STRENGTHENING ENVIRONMENTAL MANAGEMENT

LOTTE Group has established and operates an environmental data management system based on the Group-wide system (LOTTE Environment & Energy Total Service), and is continuously improving the Group's environmental management level through internal and external disclosure of environmental information and monitoring activities. We are also promoting environmental management based on management systems for key environmental areas such as climate, resources, and water resources.

Implementation System

Environmental Management Policies

LOTTE Group recognizes environmental values as a core element of management and establishes a foundation for sustainable growth by systematically managing environmental impacts in all business operations, while actively responding to related requirements and standards. To this end, we have established the LOTTE Group Statement on Environmental Management to clearly define the standards of conduct and principles of decision-making that all employees must follow in the course of business operations and management activities, and have established and operated an environmental management system based on this. Additionally, we are managing environmental risks by promoting compliance with regulations, minimization of pollutants, implementation of environmental agreements, and fulfillment of social responsibilities. It is publicly available on the LOTTE Group website, and we continuously improve our related policies and environmental management practices.

LOTTE Group Statement on Environmental Management

Environmental Management System

Environmental Management Organizations LOTTE Corporation operates a collaborative system centered around the Strategic Planning Team, working with environmental and ESG departments of major Group affiliates. In 2025, with the aim of implementing carbon neutrality and strengthening ESG policy management, we operated the Eco-friendly Management Task Force Team composed of environmental and energy experts from 12 Group affiliates. The Team verified and monitored environmental data and supported the expansion of renewable energy and improvements in energy efficiency.

The ESG Committee, the company's highest decision-making body on ESG matters, oversees ESG-related issues. In 2025, it discussed key environmental topics such as environmental information disclosure by LOTTE Corporation and carbon and energy regulatory issues and response measures.

Key Areas of Environmental Management of LOTTE Group

LOTTE Group considers both economic value and environmental sustainability by continuously improving environmental performance throughout its business activities. Additionally, we have established minimizing environmental impacts and promoting sustainable growth as the fundamental direction of our environmental management.

Environmental Management Organizations of LOTTE Group

General Manager (Strategic Planning Team of LOTTE Corporation)
Establishment of environmental management policies and evaluation indicators, climate risk management, etc.

LETS (Group Common System)
Data management for overall environmental management

Eco-friendly Management Task Force Team (composed of experts from the Group affiliates)
Establishment of carbon neutral roadmap, expansion of implementation of carbon reduction measures, management of key environmental index

Environmental Management Council of the Group Affiliates
A regular consultative body composed of environmental managers of the Group affiliates to operate environmental management seminars and workshops

Participating Group Affiliates (17 companies)
LOTTE Engineering & Construction, LOTTE Global Logistics, LOTTE Property & Development, LOTTE Versalis Elastomers, LOTTE Shopping (LOTTE Department Store, LOTTE Mart/Super, LOTTE e-commerce), LOTTE ALUMINUM, LOTTE Energy Materials, LOTTE MCC, LOTTE Wellfood, LOTTE INEOS Chemical, LOTTE Innovate, LOTTE Fine Chemical, LOTTE Chilsung Beverage, LOTTE Cultureworks, LOTTE Chemical, LOTTE Hi-Mart, HOTEL LOTTE (LOTTE Duty Free, LOTTE Hotels&Resorts, LOTTE World)

* As of April 2026

LOTTE Group Environmental Management Focus Areas and Themes

Areas	Themes
Climate action (2040 carbon neutrality)	• Establish eco-friendly production processes • Establish a low-carbon logistics system • Expand eco-friendly store operations
Resource circularity	• Establish a plastic circularity system • Expand eco-friendly packaging • Reduce food waste
Water stewardship	• Reduce water consumption and improve water quality
Sustainable production and consumption	• Expand sustainable sourcing and develop eco-friendly products

STRENGTHENING ENVIRONMENTAL MANAGEMENT

Implementation System

Environmental Management System Certification

LOTTE Group promotes systematic environmental management through ISO 14001 certification, the international standard for environmental management systems. As of April 2026, 17 Group affiliates have obtained the ISO 14001 certification.

ISO 14001 Environmental Management System Certification of LOTTE Group

17 companies

LOTTE Engineering & Construction, LOTTE Global Logistics, LOTTE Property & Development, LOTTE Versalis Elastomers, LOTTE ALUMINUM, LOTTE MCC, LOTTE Wellfood, LOTTE Innovate, LOTTE INEOS Chemical, LOTTE Fine Chemical, LOTTE Chilsung Beverage, LOTTE Cultureworks, LOTTE Chemical, LOTTE Hi-Mart, LOTTE Home Shopping, HOTEL LOTTE (LOTTE Duty Free, LOTTE Hotels &Resorts, LOTTE World), LOTTE Hotel Busan

* As of April 2026

Activities and Performance

Environmental Management Verification

Eco-friendly Management Task Force Team LOTTE Group operates the Eco-friendly Management Task Force Team composed of environmental and ESG experts from the Group affiliates, and it serves as the Group's ESG implementation organization to support ESG data advisory and verification as well as carbon neutrality activities. In 2025, the Group focused on establishing mandatory ESG disclosure indicators and implementing carbon neutrality activities.

Environmental Management Activities

Green Procurement LOTTE Group encourages green procurement activities by purchasing eco-friendly products that minimize environmental impact throughout the entire lifecycle of products, including production, distribution, and use. To this end, LOTTE Group purchases products certified with the Eco-Label[1], GR Mark[2], and other environmental certifications each year.

Major Activities of the Eco-friendly Management Task Force Team in 2025

Establishment of ESG policies	• Establish mandatory ESG disclosure indicators - Update management standards and verify data • Establish a carbon allowance policy guide - Establish carbon allowance accounting policies and LETS functions
Implementation of carbon neutrality	• Implement carbon neutral roadmaps - Verify data, including 2025 carbon emissions reductions • Support energy transition and efficiency improvement - Analyze the power profiles of the Group affiliates and assess economic feasibility

Environmental Education LOTTE Corporation holds group environmental management seminars by inviting external experts to enhance the expertise of personnel in charge of environmental and ESG matters. Through these seminars, we share the latest trends and professional knowledge and support the dissemination of best practices among Group affiliates. In 2025, a total of four seminars were held, with a focus on climate change response and strengthening ESG-related environmental capabilities.

Environmental Management Communication LOTTE Group regularly shares the environmental and ESG management activities of the Group and its affiliates through its official blog, maintaining active communication with stakeholders. This communication helps convey LOTTE Group's commitment to sustainable management both internally and externally and contributes to enhancing management transparency.

LOTTE Group official blog_#ESG Management

LOTTE Environment & Energy Total Service System Since 2018, LOTTE Group has been operating the LOTTE Environment & Energy Total Service (LETS) system to improve the efficiency and accuracy of environmental data management, comprehensively managing various environmental data such as greenhouse gas (GHG) and energy management, emissions trading, and environmental pollution indicators. In 2023, the Group developed Group ESG standard indicators integrating global ESG disclosure and assessment metrics. Based on these indicators, we carried out the LETS system enhancement project in 2024, adding global-standard indicator management and carbon neutrality roadmap management functions. In 2025, we selected and managed the Group's mandatory ESG indicators in preparation for consolidated sustainability disclosures.

[1] Eco-Label: Eco-Label: A voluntary certification program that identifies environmentally friendly products capable of reducing energy and resource consumption and minimizing pollutant generation throughout their life cycle. Certified products are labeled with the Eco-Label logo and accompanying information.

[2] GR Mark: A certification program administered by the Korean Agency for Technology and Standards for high-quality recycled products. The mark is awarded to recycled products whose quality has been improved through improvements to existing technologies or the development of new technologies.

STRENGTHENING ENVIRONMENTAL MANAGEMENT

Activities and Performance

Directions for Biodiversity Management Biodiversity is recognized as a critical value for the sustainable growth of companies and the stable future of society as a whole. In particular, the importance of managing the impact of corporate activities on natural ecosystems and playing a responsible role in biodiversity conservation continues to grow.

LOTTE Corporation recognizes biodiversity as a critical area of natural capital management and is striving to minimize potential environmental impacts during business operations. Moving forward, we will continue to enhance our management system through the establishment of biodiversity policy and natural capital analysis. We also plan to identify key impacts and establish a more systematic foundation for biodiversity management through an analysis of nature-related risks and opportunities based on the Taskforce on Nature-related Financial Disclosures (TNFD) framework.

CASE STUDY

Biodiversity and Forest Conservation Policy of LOTTE Chilsung Beverage

LOTTE Chilsung Beverage has established a policy for biodiversity conservation and forest conservation and systematically manages related risks.

LOTTE Chilsung Beverage has established the Biodiversity and Forest Conservation Policy to minimize potential environmental impacts arising from its business activities and to systematically promote biodiversity conservation and the protection of forest ecosystems. Through this policy, the company aims to manage natural capital-related risks and lay the foundation for sustainable business operations.

Biodiversity and Forest Conservation Policy

01 Establish sustainable use strategies for biodiversity conservation

02 Identify activities that may damage biodiversity and forests throughout business operations, and manage biodiversity- and forest-related risks by establishing appropriate countermeasures to minimize environmental impacts

03 Conduct continuous monitoring of natural resources affected by business activities and actively invest resources and capital in related policies and conservation activities

04 Actively promote sustainable research and development utilizing natural resources, and carry out biodiversity and forest conservation activities in collaboration with stakeholders

Biodiversity Risk Management Process of LOTTE Chilsung Beverage

LOTTE Chilsung Beverage operates a biodiversity risk management process based on the TNFD LEAP (Locate, Evaluate, Assess, Prepare) approach.

LOTTE Chilsung Beverage reviews the interrelationships of its business sites and key raw materials with the natural environment and identifies biodiversity-related risks and opportunities by analyzing its dependencies and impacts on natural capital. The company prioritizes the identified key issues based on their potential business impacts and management priorities and develops site-specific response measures and conservation activities. Through this process, the company plans to further enhance the biodiversity management system by continuously monitoring relevant conditions and implementation performance.

Risk identification	Identify impact drivers across business sites and the value chain
Priority assessment	Identify key issues through TNFD-based analysis
Implementation of response measures	Implement conservation activities and improvement measures at business sites
Performance monitoring	Manage indicators and monitor implementation progress
Reporting and improvement	Report to the ESG Committee and share results across the company

STRENGTHENING ENVIRONMENTAL MANAGEMENT

Activities and Performance

Net Zero Performance Management Indicators

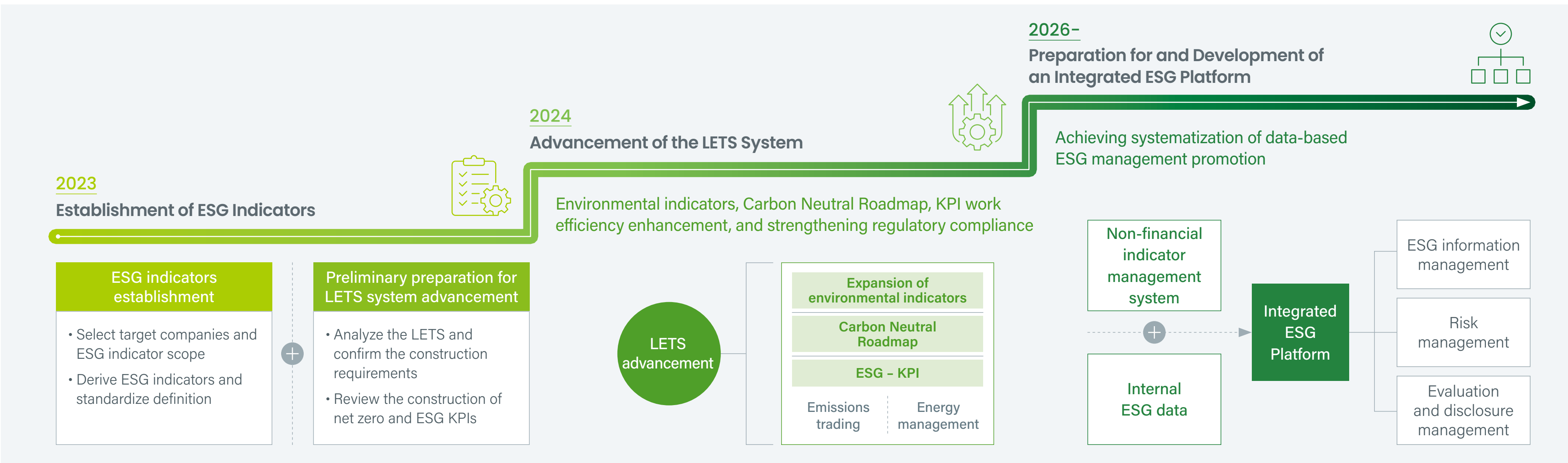
Since 2023, LOTTE Group has evaluated carbon neutrality implementation by incorporating climate change governance, carbon emissions management, emissions intensity management, and capital investment performance into its ESG KPIs, while continuing to improve its performance management indicators.

In 2025, we further advanced this framework by establishing Group indicators specifically designed for carbon neutrality implementation. To enhance data reliability, we compile carbon data from each Group affiliate on a monthly basis under the responsibility of each affiliate's executives. In addition, LOTTE Corporation provides guidelines to help the Group affiliates independently monitor and utilize carbon neutrality performance indicators and annually analyzes and evaluates performance and provides feedback on the results.

Composition of Net Zero Performance Management Indicators

Climate change governance	1. Operation of climate-related organizations, education, and processes 2. Establishment of 2025 reduction targets and mitigation plans 3. Development of a framework for climate change-related risks, opportunities, and financial impacts, as well as implementation processes for mitigation plans 4. Performance reporting to management (monthly, covering GHG emissions, mitigation progress, and related matters) 5. Submission of climate-related agenda items to the ESG Committee (or C-level executive committee, including Executive Committee) at least once per year				
Carbon emissions management	Achieve less than 70% of the emissions reduction target	Achieve 70% or more of the emissions reduction target	Achieve 80% or more of the emissions reduction target	Achieve 90% or more of the emissions reduction target	Achieve 1000% or more of the emissions reduction target
Carbon intensity management	Less than 1.5% year-on-year reduction in carbon intensity	1.5% or more year-on-year reduction in carbon intensity	2% or more year-on-year reduction in carbon intensity	2.5% or more year-on-year reduction in carbon intensity	3% or more year-on-year reduction in carbon intensity
Investment execution performance	Achieve less than 70% of the planned investment	Achieve 70% or more of the planned investment	Achieve 80% or more of the planned investment	Achieve 90% or more of the planned investment	Achieve 100% or more of the planned investment

Plan for Building an Integrated ESG Management Platform



FACILITATING CIRCULAR ECONOMY

LOTTE Group promotes eco-friendly practices across all stages of the value chain from manufacturing to distribution. To this end, we have established and enhanced a resource circularity risk management process, while applying LOTTE's unique resource circularity framework, the "5Re (Reduce, Replace, Redesign, Reuse, Recycle)" implementation model, to all areas of our business. In addition, we are accelerating the realization of the circular economy by establishing a Plastic Circularity System based on collaboration among the Group affiliates, expanding eco-friendly packaging, and reducing food waste.

Implementation System

Circular Economy System

LOTTE Group is promoting eco-friendly management at all stages of the value chain from manufacturing to distribution, and to this end, it is strengthening eco-friendly elements throughout business operations, from raw materials to packaging, sales, and disposal. LOTTE Corporation has established a collaborative framework, led by the Strategic Planning Team, that works closely with the ESG and environmental organizations of the major Group affiliates. In particular, as plastic-related regulations become more stringent and expectations for corporate social responsibility continue to rise, the Group is actively promoting resource circularity activities, centered on its food & beverage and chemical Group affiliates.

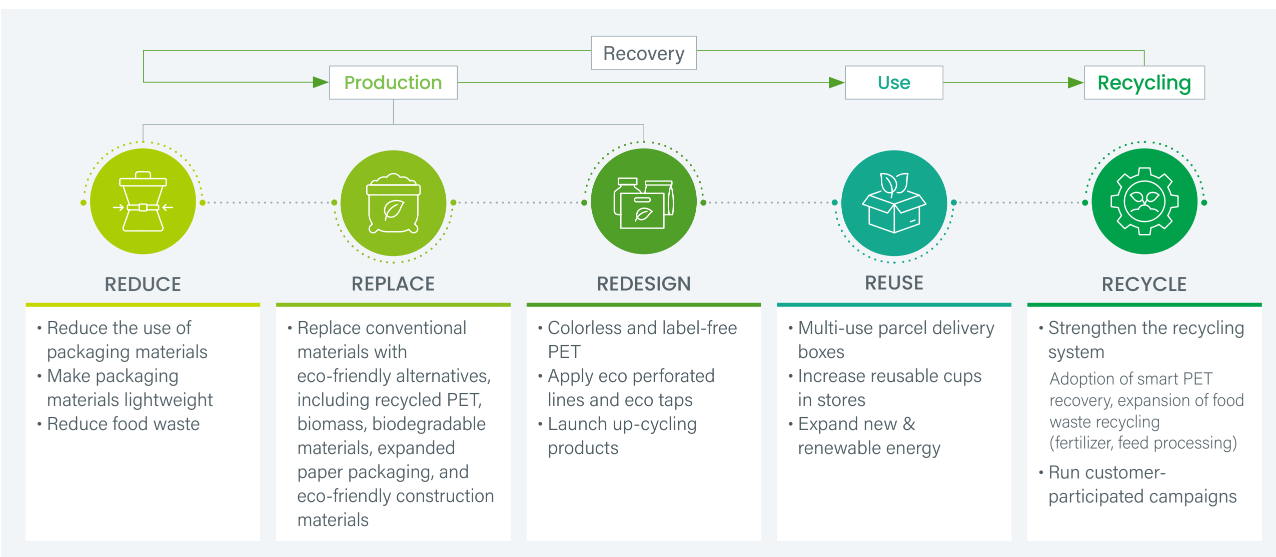
Mid- to Long-Term Resource Circularity Roadmap

LOTTE Group is promoting mid- to long-term resource circularity efforts centered on its food Group affiliates, and LOTTE Chilsung Beverage, in particular, has established a 2030 plastic reduction roadmap and set a goal of reducing the use of virgin plastics by 20% compared to 2023. To this end, the company is pursuing lightweighting and expanding the use of recycled materials as its key strategies.

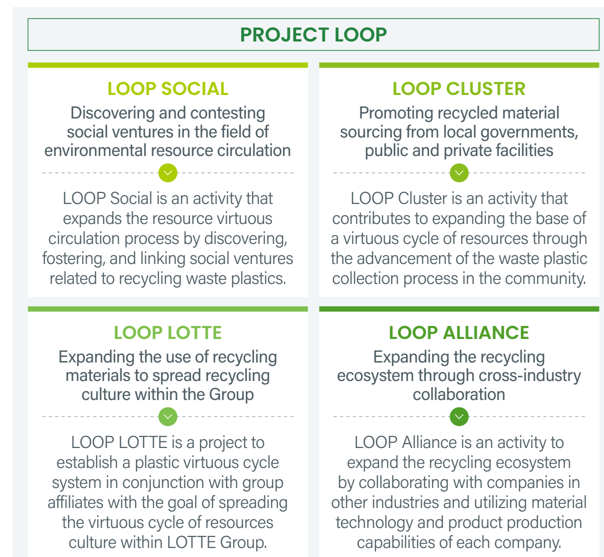
LOTTE Group's Resource Circularity Framework

LOTTE Group is applying the "5Re" implementation model, its resource circularity framework, across all areas of businesses. Based on PROJECT LOOP, LOTTE's proprietary circular model established through collaboration among the Group affiliates in 2024, we are expanding resource circularity projects. Going forward, we will continue our efforts to reduce plastic waste while carrying out campaigns and projects that encourage resource circularity in everyday life. We will also promote the development of new products by positioning resource circularity as a new green growth business.

LOTTE Group "5RE" Implementation Model



LOTTE Group Resource Circularity System "PROJECT LOOP"



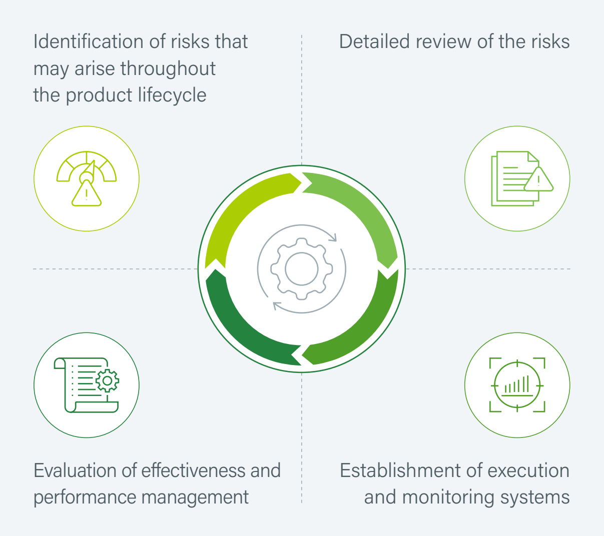
FACILITATING CIRCULAR ECONOMY

Implementation System

LOTTE Group Resource Circularity Risk Management Process

Resource circularity is associated with risks such as tightening regulations, rising waste disposal costs, conflicting stakeholder interests, and technological limitations, while opportunities include reducing waste generation through resource recycling and creating new markets through resource circularity systems. Under its resource circularity risk management process, LOTTE Group will continue to manage performance through collaboration with the Group affiliates.

Resource Circularity Risk Management Process



Activities and Performance

Resource Circularity Projects

Establishing a Plastic Circularity System Recognizing that all stages of the value chain for PET (polyethylene terephthalate), a plastic material—from raw material production and packaging manufacturing to product manufacturing, distribution, and sales—exist within the Group, LOTTE Group is establishing and continuously enhancing its own "Plastic Circularity System," which consists of reducing plastic use, collection and sorting, raw material recycling, and reducing plastic waste. In 2025, the Group launched the core Plastic Circularity System project (utilizing bath amenities), centered on LOTTE Chemical and HOTEL LOTTE, and plans to further enhance the system based on LOTTE Chemical's technological capabilities.

Expanding Eco-Friendly Packaging To promote the circular economy, LOTTE Group is reducing the use of unnecessary disposable items and expanding the use of eco-friendly packaging. To this end, LOTTE Group has established a consultative body among the Group affiliates to discuss the development and application of eco-friendly packaging. We are focusing on container lightweighting, mono-material packaging, and research on biodegradable plastic films. A representative example is LOTTE Chilsung Beverage, which is expanding eco-friendly packaging by increasing label-free products, further lightweighting containers, and launching nitrogen-infused bottled water through technological innovation.

Reducing Food Waste LOTTE Group continues to conduct R&D to reduce food waste generated across its business operations. The Group measures food waste generated by each Group affiliate and analyzes it by production, processing, and distribution stages to identify ways to reduce waste at each stage. In addition, we strive to minimize food waste through the development of freshness-enhancing technologies and to minimize final landfill waste by exploring recycling methods, such as converting food waste into fertilizer and animal feed. LOTTE Wellfood is promoting a waste cooking oil recycling business to convert waste cooking oil into energy resources, including biodiesel, and expanded the business further in 2025.

CASE STUDY

Building a Waste Cooking Oil Circular Value Chain

LOTTE Wellfood is promoting the circular economy by building a resource circularity system based on the systematic recycling of waste resources.

The waste cooking oil recycling business operates under a value chain where cooking oil is supplied to franchise stores, after which used cooking oil is collected, refined, and recycled. Waste cooking oil serves as feedstock for biodiesel, an eco-friendly fuel, helping reduce food waste byproducts and lower the carbon footprint.

Since launching the biofuel feedstock supply business in 2022, LOTTE Wellfood has expanded the use of waste cooking oil beyond biodiesel to marine biofuel, sustainable aviation fuel, among others. Building on the waste collection and transportation license obtained in 2023, the company established its own waste cooking oil collection and transportation network, enabling a stable supply to biofuel manufacturers. In addition, it is strengthening partnerships with waste cooking oil collectors to expand its feedstock supply base. To support entry into the global market, it obtained International Sustainability and Carbon Certification (ISCC) EU[1] certification for waste cooking oil, securing the supply certified feedstock for products exported to Europe.

Recognizing the limited availability of domestic waste cooking oil, the company operates dedicated storage tanks to accommodate future import and export volumes. Going forward, LOTTE Wellfood plans to expand its value chain by collecting waste cooking oil generated after the use of cooking oil products the company manufactures and sells, and supplying it to biofuel manufacturers.

1) A certification scheme for the sustainable production of biomass, circular resources, bio-based materials, and renewable energy in accordance with the European Union's mandatory sustainability criteria for biofuels.

SOCIAL

"We enrich people's lives by providing superior products and services that our customers love and trust." As reflected in this mission, which serves as the foundation and starting point of the Group's management activities, LOTTE's focus is always on people. We are therefore doing our utmost to achieve sound growth while fulfilling social responsibilities across all aspects of our business. We continue to strengthen stakeholder trust through fair talent management, a safe working environment, and responsible products and services, while proactively managing risks through information security and supply chain management. In addition, we are expanding the creation of social value by fostering a diverse and inclusive organizational culture and promoting shared growth and social contribution activities.

MATERIAL TOPIC

ENHANCING EMPLOYEE VALUE

MANAGEMENT APPROACH

Human capital is a key driver of sustainable growth and long-term competitiveness. Based on a human resources management system aligned with its business strategy, LOTTE Corporation operates fair and transparent recruitment processes, along with objective performance evaluation and compensation systems, while continuing to attract and retain exceptional talent. Additionally, we strengthen execution capabilities and professional expertise across the organization through talent and leadership development. We also foster an organizational culture based on diversity, equity, and inclusion (DEI) and create an environment where diverse talent can fully realize their potential through a global human resources management system.

Governance	• HR Management System • DEI Management System
Strategy	• HR Management Strategy • Advancing the Recruitment System • Establishing Employer Branding • Strengthening Employee Capabilities • Fostering a DEI Culture • Global HR Management
Risk Management	• Deriving HR Takes Based on HR Strategy • Creating a Workforce Structure with a Mid- to Long-term Perspective
Metrics & Targets	• Implementing the LOTTE HRD Index

GOVERNANCE

HR Management System

LOTTE Corporation HR Innovation Division

The HR Innovation Division at LOTTE Corporation is responsible for overseeing the company's overall human resources management to support successful business execution. Its key roles include securing future CEOs and future executive leaders, driving HR strategies to enhance productivity, and advancing global HR practices. Through these efforts, the Division enables HR departments across the Group affiliates to play a more active and strategic role as business partners.

Additionally, LOTTE Corporation operates various communication channels to share HR strategic directions and promote collaboration among the Group affiliates. These include strategic workshops for discussing HR strategies and communities for developing joint alternatives on key HR agendas. We also promote a vibrant and healthy organizational culture through such activities as the Organizational Culture TFT, composed of on-site employees, and the Junior Board. Through these collaborative and participatory efforts between LOTTE Corporation's HR Innovation Division and the Group affiliates, we effectively manage and innovate human resources.

LOTTE Academy

LOTTE Academy oversees talent development, leadership development, and organizational transformation across the Group. As the Group's "Leader Academy," it nurtures key talent from a mid- to long-term perspective by developing CEO candidates, enhancing executives' capabilities and broadening their strategic perspectives, and preparing the next generation of business leaders. It also serves as a "Change Agent," fostering creative and innovative thinking while leading organizational change.

In particular, LOTTE Academy researches methodologies to enhance employees' adaptability to and utilization of AX (AI Transformation) and DT (Digital Transformation). Building on improved AI literacy and a shift in organizational mindset, it promotes the practical application of AI tools and explores various approaches to the innovative transformation of AI-based business models. Additionally, it supports the development of creative thinking and capabilities needed to address real-world business challenges and operates practice-oriented projects that incorporate the Design Thinking methodology into employee training to promote customer-centric thinking.

In addition, LOTTE Academy serves as a "CoE (Center of Excellence)," providing advisory and support services across the full spectrum of HR activities based on its understanding of each Group affiliate's business. It directly operates upskilling programs for roles requiring strategic talent development, while establishing talent development systems and specialized training programs for expatriates and local employees at overseas subsidiaries to strengthen global business capabilities and drive business performance. Furthermore, it collaborates with the talent development departments of Group affiliates to promote projects aimed at enhancing expertise by industry and job function.

Group Talent Development Council

LOTTE Academy has established a collaborative framework with the talent development departments of each Group affiliate and operates the "Group Talent Development Council" annually. As the two key pillars of talent development, LOTTE Academy and the talent development departments of Group affiliates work together to define the Group's overall talent development direction, discuss, develop, and refine strategies, and deliberate on major human resource development (HRD) agendas.

ENHANCING EMPLOYEE VALUE

HR Management System

In 2025, the Council declared a paradigm shift in the Group's talent development approach in alignment with the job-based HR approach. It explored job-based methodologies to strengthen professional expertise and cultivate specialists tailored to each business area. The Council also discussed expanding the scope of the Group's core talent development and broadening perspectives on the need to develop next-generation key talent, strategies for strengthening the competitiveness of each Group affiliate through the development of core human capabilities, initiatives to cultivate AI talent, and measures to enhance the role and effectiveness of HRD.

Additionally, Group affiliates that had taken the lead in implementing expertise-focused talent development projects shared their challenges, achievements, and lessons learned. Participants also examined cases of developing internal expertise aligned with business strategy, building expertise development roadmaps covering all job functions, and advancing training systems centered on R&D personnel. Moving forward, LOTTE Academy will continue operating the Council to further enhance the Group's HRD framework and create an environment that supports employee growth.

DEI Management System

DEI Policy

In 2013, LOTTE Group recognized the value of diversity, equity, and inclusion (DEI) ahead of others and became the first Korean company to declare a Diversity Charter that respects diversity in gender, culture, physical characteristics, and generation, and commits to eliminating discrimination. The LOTTE Group Diversity Charter has been applied across the Group, including talent recruitment and development, communication programs, and overseas operations, fostering an inclusive corporate culture and driving creativity and innovation based on that culture.

LOTTE Group also respects human rights as fundamental rights and freedoms granted to all individuals. We strive to build a culture of trust where employees can fully demonstrate their capabilities without any prejudice or unlawful discrimination. To promote a culture of human rights and expand DEI values, we established the LOTTE Group Statement on Human Rights in 2022 and disclosed it on our official website for stakeholders.

The LOTTE Group Statement on Human Rights is founded on internationally recognized human rights principles and standards, such as the UN Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the UN Convention on the Rights of the Child. It outlines the standards of conduct and value judgment that all LOTTE employees are required to uphold in the course of management activities and business operations.

LOTTE Group Statement on Human Rights

LOTTE Group Diversity Charter

All LOTTE employees shall embrace diversity; pursue an open, impartial organizational culture where anyone can become a leader depending on his or her skills; and provide products and services that our customers love and trust, creating social value needed at this time. We therefore make pledge as follows:

1. We respect gender diversity.

We shall provide equal opportunities to men and women, offer active support so that they can sufficiently demonstrate their capabilities within the organization, and take the lead in implementing women-friendly systems, including childbirth and infant care.

2. We respect cultural diversity.

We shall take the lead in transcending nationality and race when recruiting and fostering talent who will lead our global business, and do our best to establish an open organizational culture so that our employees can unlock their full potential.

3. We respect physical diversity.

We shall embrace physical differences due to innate, acquired disabilities and provide optimal working environments so that our employees can demonstrate their unique skills. We also shall fulfill our social responsibilities and thus feel a sense of accomplishment in contributing to the company and society.

4. We respect generation diversity.

We shall strive to establish an organizational culture of communication and harmony where our employees can freely express their opinions and take action, irrespective of their job position and age.We shall strive to establish an organizational culture of communication and harmony where our employees can freely express their opinions and take action, irrespective of their job position and age.

ENHANCING EMPLOYEE VALUE

STRATEGY

HR Management Strategy

People of LOTTE

LOTTE Group places greater value on the potential to create the future than on the present. We therefore seek passionate and responsible individuals who grow personally while contributing to the advancement of society. With a top priority on attracting and developing global talent, we are committed to securing individuals who are both challenging and creative.

HR Strategy and Direction

LOTTE Group has established tailored HR strategies for each Group affiliate and focuses on ensuring fairness in HR systems and strengthening employees' execution capabilities. From a mid- to long-term perspective, we are building an HR ecosystem that fosters future-ready talent, promotes a performance-oriented corporate culture, and supports leadership transformation. In particular, to cultivate future-ready talent, we strive to proactively attract outstanding talent and provide them with opportunities to grow as professionals.

People of LOTTE

Talented people who are not afraid of failure
Those who are not intimated by failure and have the mettle and determination to challenge themselves for success

Talented people who constantly strive to improve their skills
Those who develop their knowledge and competencies to achieve success with their true skills, not the recklessness of youth

Talented people who understand the value of cooperation and win-win
Those who understand their role as social beings

In implementing HR strategies, LOTTE Academy and the HRD departments of each Group affiliate go beyond the traditional role of HR administrative staff, striving to act as partners that provide HRD solutions. Grounded in an understanding of each business area, they aim to contribute to securing and developing the core competencies necessary for executing business strategies. To this end, efforts are underway to strengthen HRD functions and expertise across the Group. Representative activities include hosting workshops for HRD professionals and operating HRD-related consultative bodies. These efforts help advance work related to human capital capability development, while tailored training programs aligned with the competency levels of HRD professionals enhance their execution capabilities.

LOTTE Group's HR direction is centered on "Market-Driven HR," which strengthens employee competitiveness in line with market changes and responds to market needs, and "Value-Driven HR," which supports not only current performance but also the creation of sustainable competitiveness from a mid- to long-term perspective. Following the establishment of the HR innovation direction in 2022, LOTTE Group focused on exploring opportunities for transformation across HR and building consensus around HR innovation centered on 15 key tasks in 2023. Since 2024, we have been advancing HR strategies and systems by implementing innovation tasks focused on productivity and strengthening core competencies.

HR Innovation Tasks

LOTTE Group has identified key HR innovation tasks as strategic HR aligned with business strategy, fair and transparent HR, externally open HR, and competency-oriented HR. In particular, LOTTE Academy and the HRD departments of the Group affiliates are working closely together to promote strategic HR aligned with business strategy and competency-oriented HR.

HR Innovation led by the Group Affiliates LOTTE Group recognizes that all its affiliates are pursuing innovation in response to a rapidly changing environment. Accordingly, we focus on enabling each Group affiliate to establish HR strategies aligned with its business strategy and implement them with employees at the center. Since establishing specialized HR strategies for each affiliate requires a deep understanding of the business strategy, HR teams of each Group affiliate collaborate closely with planning and strategy departments to review strategic objectives and implementation tasks, thereby setting the direction for their HR strategies.

In implementing affiliates-led HR strategies, LOTTE Group established the Integrated HR Innovation TFT in July 2022 with the goal of driving fundamental change and innovation. HR staff from the Group affiliates led continuous communication and information sharing while executing key implementation tasks. After sharing the results of over a year of activity in October 2023, the TFT concluded its operations. Subsequently, in 2024, LOTTE Group launched the HR Inno Community, a permanent organization to drive affiliates-led HR innovation, and has been accelerating change ever since.

In 2025, the HR Inno Community focused on six key tasks: Skill-based HR, Employee Engagement, Workforce Planning, Advancement of Job-based HR, Advancement of Global HR, and HR Business Partner. Participating Group affiliates identified and implemented detailed tasks tailored to their respective organizational characteristics for each task. The projects were concluded in November 2025 with a final presentation session where participants shared their achievements. In 2026, while continuing to strengthen HR innovation, the Community is advancing five key tasks, including AI × HR and core talent development.

ENHANCING EMPLOYEE VALUE

HR Management Strategy

Project to Establish an Expertise-focused Talent Development System

LOTTE Academy is carrying out a Group-wide project to cultivate specialists by industry and job function in line with the Group-wide job-based HR policies and framework. Through this project, LOTTE Academy and the talent development departments of each Group affiliate establish expertise development processes tailored to each stage of employee growth, strengthen job-specific training systems, and define expert profiles for each company's specialized job functions while exploring methodologies for developing them.

This project seeks to answer the question, "How should specialists in each field be developed within each company?" It begins by identifying development needs for each job function, followed by establishing field-specific training frameworks, designing expertise enhancement programs, and ultimately developing roadmaps for employees to grow into experts in their respective fields.

It is currently being implemented primarily at the Group affiliates that are reviewing the transition to a job-based HR system or have already introduced related systems. Going forward, LOTTE Academy plans to expand the project across the Group and continue advancing research, related systems, and development programs to strengthen employees' expertise.

Advancing the Recruitment System

As economic and social changes accelerate and uncertainty grows, the importance of securing Right People—specialist talent who are best suited for the role—has become increasingly critical. In response, LOTTE Group has fully transitioned to a year-round recruitment system, allowing each Group affiliate to hire the talent they need at the right time.

In 2024, we introduced a "predictable year-round recruitment" system to enhance applicant predictability by pre-announcing hiring schedules in March, June, September, and December. Additionally, we launched the new "I'M Recruitment" process, which eliminates credential-based screening and focuses solely on job-related competencies. This not only offers applicants a wider range of opportunities but also contributes to enhancing the diversity of the Group's workforce. Through the advancement of our recruitment system, we are improving candidate convenience while reinforcing fairness in evaluation.

Recruitment Website of LOTTE Group

Diversifying Talent Acquisition Channels

LOTTE Group is focused on expanding external channels to secure a wide range of talent. Through university-industry collaboration programs such as internships, sponsored students, and joint research, the Group is strengthening partnerships with universities and graduate schools known for their strengths in relevant fields to identify and proactively secure outstanding talent. Additionally, we utilize programs that connect graduates and trainees from external education institutions with recruitment opportunities.

In 2023, LOTTE was selected as a participating company in a digital talent development program jointly promoted by the Ministry of Employment and Labor and Busan Metropolitan City. As part of this initiative, we are collaborating with specialized training institutions in the Busan area to operate six-month programs, including tailored projects supported by mentors from IT-based Group affiliates such as LOTTE Innovate, LOTTE Members, and LOTTE e-Commerce.

Fair Recruitment

LOTTE Group ensures equal opportunities for all applicants by implementing job- and competency-based recruitment and blind recruitment practices for new hires, without regard to educational background, region of origin, or appearance. The Group has established and distributed the LOTTE Fair Recruitment Guidebook to all Group affiliates, updating it annually to ensure fairness in the recruitment process. Since 2014, LOTTE has also demonstrated its commitment to fair hiring by providing feedback to unsuccessful candidates to offer them opportunities for improvement and conducting biannual post-audits of all completed recruitment processes. These internal audits serve as a regular monitoring mechanism to monitor the recruitment process.

ENHANCING EMPLOYEE VALUE

Establishing Employer Branding

LOTTE Group is strengthening its recruitment branding efforts, and as part of this initiative, we share the employee experience (EX) with potential applicants. Through various channels such as university job fairs and JOB-cafés, we promote our organizational culture, recruitment and job-related information, and growth programs. Additionally, we provide recruitment and corporate culture-related content through YouTube so that applicants can conveniently access it at any time.

L-Recrui TV

LOTTE Group delivers a wide range of candid recruitment and job-related content through its dedicated YouTube channel, LRecrui TV, which was launched in 2020. The channel introduces LOTTE Group through engaging content such as "video blogs" that showcase the daily lives of employees and "Balance Game," where staff members introduce the company while playing games. Since 2023, the Group has expanded communication by producing the "LOTTE is" series, which offers honest, on-the-ground reviews of the company, and has continued to release additional episodes. As of December 2025, LRecrui TV has approximately 6,100 subscribers, features a total of 143 videos, and recorded more than 80,000 views across all content in 2025.

Job Fairs and JOB-Café

LOTTE Group provides employment information and career consultations to job seekers through offline recruitment events. In 2025, we participated in job fairs held at 14 universities, including Seoul National University, Yonsei University, Korea University, and KAIST. A total of 27 Group affiliates sent job function representatives and employees to meet with approximately 5,300 college students. Additionally, LOTTE Group held its own recruitment event, JOB-café, twice during the year. At these events, job function representatives from 30 Group affiliates met with approximately 3,500 applicants. Alongside employment information and introductions to the Group affiliates' products and services, commemorative gifts were provided to support and encourage job seekers.

Strengthening Employee Capabilities

LOTTE Group is making multifaceted efforts to enhance employee capabilities, led by LOTTE Academy and the talent development departments of the Group affiliates. We provide various programs such as onboarding training for new and experienced hires, mindset training for managers, and organizational revitalization workshops. Each affiliate has established its own competency development system, through which it promotes stronger business insight and professional expertise.

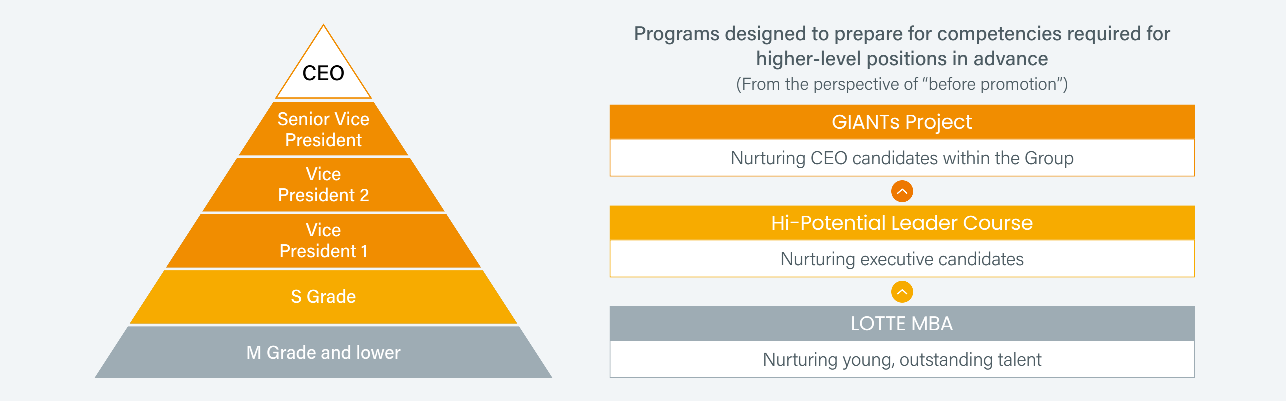
To enhance employee understanding of their company's industry and business areas, each Group affiliate offers training programs covering key industry issues and trends, the value creation processes of the company's main products and services, as well as new business initiatives and competitive strategies. Additionally, to enhance job-specific expertise, we operate educational programs aligned with each affiliate's job framework and systematically support the development of the core competencies required for each job function. Furthermore, we are striving to enhance job competency through lectures by in-house Subject Matter Experts (SMEs) and external specialized training programs.

Leadership Development

LOTTE Academy has established a core talent development system for the Group and operates various long-term programs aimed at nurturing the next generation of leaders, thereby supporting core talent in growing into well-prepared leaders.

GIANTs Project Since 2023, LOTTE Group has operated the "GIANTs Project" for CEO candidates selected through its CEO succession planning process. Through this program, participants systematically develop the self-management, business insight, and organizational leadership capabilities required of a CEO while experiencing and validating the roles expected of CEOs in enhancing corporate value, thereby demonstrating their qualifications.

LOTTE Group Core Talent Development System



ENHANCING EMPLOYEE VALUE

Strengthening Employee Capabilities

In 2025, the main program centered on a disruptive innovation strategy project designed to identify strategic opportunities from a broader, macro-level perspective beyond a business improvement perspective. Through a rigorous review of existing business strategies and the generation of ideas for new strategic directions, participants strengthened the capabilities expected of future CEOs by moving beyond conventional thinking and developing business concepts capable of leading the market. To enhance adaptability to rapidly changing market conditions, the program also featured dialogue sessions with CEOs of unicorn companies on entrepreneurial thinking, technological change, and the startup ecosystem, helping participants strengthen their capabilities to drive new growth businesses and cultivate innovative thinking. Additionally, participants expanded their strategic perspectives through an insight field trip to New York, where they visited innovation hubs of leading digital transformation (DT) companies and examined business cases across diverse sectors, including culture, the arts, food technology, and real estate development.

In 2026, LOTTE Group plans to further refine the program by incorporating the key success factors of its CEOs. We will continue our systematic efforts to develop outstanding future CEOs on an ongoing basis.

Hi-Potential Leader Course The "Hi-Potential Leader Course" is designed for S Grade high-potential talent selected by each Group affiliate, who are identified as candidates for executive positions. The program aims to develop the capabilities required for participants to successfully fulfill future leadership roles and consists of a management capability development component and a leadership capability development component.

Through the management capability development program, participants acquire the essential management knowledge expected of executives and apply it through case studies, discussions on the business environment, and practical exercises. The program also provides specialized learning modules on strategic thinking and decision-making, financial thinking and decision-making, and the global economy and business landscape. The leadership capability development program is based on LOTTE Group's "4S Leadership Model" and is designed to allow participants to experience the role of future executives in a realistic setting. Through various experiential methods—including presentations, in-basket exercises, and role-playing—participants simulate executive responsibilities and receive individualized feedback from professional coaches.

Additionally, the program operates the "LIVE CASE STUDY," a problem-solving course based on real business issues through hands-on management projects. Participants work on team projects centered on the Group's key business challenges and strategic initiatives, receiving support from the Future Strategy Institute and business departments to analyze internal and external business environments, formulate strategies, present their proposals, and reflect on their learning. Upon completion, each participant receives a comprehensive individual feedback report containing multidimensional assessment results, which serves as an important reference for developing the Group's core talent pool and selecting executives.

LOTTE MBA LOTTE Academy continues its long-term commitment to developing the Group's next generation of core talent. By broadening both the perspective and scope of its core talent development framework, we utilize the LOTTE MBA program primarily for M Grade employees (middle managers at the manager level) to cultivate future business leaders. The program provides opportunities to develop the insight required of future executives, including insights into new businesses, a global mindset, business innovation, and entrepreneurship.

The LOTTE MBA program helps create an environment that supports the selection and development of creative and ambitious young talent. Based on management capability development and business innovation education, the program is delivered through scenario planning and management projects, enabling participants to gain early experience in the role of business leaders and develop innovation strategies. Additionally, lectures delivered by CEOs of innovative companies and feedback from LOTTE Group executives help cultivate the talent that will lead the Group's future. Moving forward, we will continue expanding the talent pool of promising young talent while strengthening the foundation that enables them to acquire business insights and industry-specific competencies at an early stage so they can grow into highly competitive core talent.

LOTTE Academy

ENHANCING EMPLOYEE VALUE

Strengthening Employee Capabilities

AI Capability Development

LOTTE Academy has established an "AI Capability Development Model" built on three pillars—enhancing AI literacy, strengthening creative thinking and problem-solving capabilities, and advancing AI expertise—to prepare for the "AI+X era," in which every industry is being reshaped by AI. We continue to make ongoing efforts to strengthen employees' AI capabilities.

The AI capability enhancement program is implemented through a structured, phased approach. During the initial stage, which continued through the first half of 2025, the program focused on improving employees' understanding of and familiarity with generative AI. Since the second half of 2025, the program has evolved beyond improving AI literacy and fostering changes in mindset to further support the practical application of AI tools and the transformation of AI-based business models. In particular, we continue to promote new ways of working required in the AI+X era and enhance productivity, expertise, and efficiency through job-specific AI applications while continuing to strengthen capabilities for AI-driven business model innovation and organizational change management.

To this end, LOTTE Academy offers special lectures covering various AI fields and practical courses on generative AI. It has also incorporated "Secrets from AI Experts" into its regular curriculum, through which employees who excel in applying AI across the Group share their know-how. Additionally, we provide training that enables employees to learn and apply AI tools relevant to major job functions, strengthening practical AI capabilities while building an AI-based talent development system for practical application in business operations.

LOTTE Innovate, one of LOTTE Corporation's major consolidated subsidiaries, operates core technology programs to cultivate specialists in emerging technologies. The programs provide a wide range of job-specific training courses and hands-on learning opportunities led by internal and external experts, focusing on key technologies of the Fourth Industrial Revolution, including AI, cloud computing, data analytics, and security. From 2023 to 2025, a cumulative total of 13,377 employees completed these programs. To enable all employees to develop capabilities in ABC (AI, Big data, and Cloud)—LOTTE Innovate's core business area—the company launched the ABC Foundation Program in 2024. By 2025, a cumulative total of 1,447 employees had completed the program. Furthermore, LOTTE Innovate introduced the ABC Specialist Program, through which 87 employees completed the foundation and advanced courses.

In 2025, LOTTE Innovate hosted its in-house technology competition, "Inno Challenge," which included "Prompton," an AI-powered problem-solving competition. Building on the high level of employee interest and participation, we plan to continue offering educational and participatory programs to strengthen AI literacy in 2026.

LOTTE Innovate's Inno Challenge

In-house Venture Support

LOTTE Group operates its integrated in-house venture program, "LOTTE Unicorn Valley," to discover new growth engines and cultivate challenging talent. LOTTE Unicorn As the name of LOTTE Unicorn Valley signifies a place where ideas with the potential to become future unicorn companies can grow, the program accelerates employees' ideas, with LOTTE Ventures serving as the operating organization throughout the entire process—from planning and operation to spin-off. By combining LOTTE Ventures' expertise in startup acceleration with LOTTE Academy's talent development capabilities, the program enhances its expertise. For the 2025–2026 cycle, ideas were solicited over a period of approximately two months in areas including senior, robotics, AI, and eco-friendly, resulting in a total of 179 submissions. Following document screening and presentation evaluations, nine teams were selected and are currently undergoing the commercialization process.

Each year, the teams ultimately selected receive commercialization funding of up to KRW 100 million, complimentary access to dedicated incubation facilities in Seoul (L-CAMP and FASTFIVE Seolleung), training programs offered by LOTTE Academy, and one-on-one mentoring throughout every stage of the process by investment managers from LOTTE Ventures. During the acceleration process, the program connects participants with available infrastructure across the Group in areas such as food & beverage, retail, chemical, and IT, while also providing the legal and financial support required for commercialization. Following the year-end Demo Day and commercialization review, teams may spin off as independent corporations with guaranteed management autonomy. Even if a venture is unsuccessful due to unavoidable circumstances, participating employees are given an opportunity for reemployment for up to three years after the spin-off, thereby ensuring their employment stability. To date, a number of teams have successfully launched spin-off companies, including workershigh (LOTTE Chilsung Beverage), bottlehicker (LOTTE Chilsung Beverage), standegg (LOTTE Wellfood), annualleave (LOTTE Wellfood), ecomarine (LOTTE Chemical), and daddyforbebe (LOTTE Home Shopping).

ENHANCING EMPLOYEE VALUE

CASE STUDY

Advancing the Job- and Competency-based Talent Development System

LOTTE Wellfood is strengthening employee capabilities with the goal of transitioning to a talent development system centered on the purpose of each job and employees' growth pathways.

LOTTE Group is committed to talent development through the job- and competency-based HR management system, and LOTTE Wellfood is a Group affiliate that has taken the lead in adopting the Group's HR management system. The company is redefining the related framework to clarify the direction of employee growth in alignment with the organization's vision and strategy and to ensure that enhanced capabilities translate into performance.

Based on a talent development system built around three pillars—Leadership, Common Value, and Functional Skills—we promote autonomous and proactive employee growth. Within the Functional Skills pillar, we have enhanced related systems and the working environment to enable employees to generate performance and competitiveness based on professional expertise, while systematically designing step-by-step roadmaps and curricula to support employees' growth as experts alongside developing job descriptions.

As a global comprehensive food company, it also focuses on developing expertise in marketing strategy and brand and product management to build the core capabilities needed for a consumer-oriented portfolio. To this end, the company has planned and operates its own "Marketing Academy," cultivating global marketing professionals capable of delivering results based on consumer and market insights.

Fostering a DEI Culture

LOTTE Diversity Forum

LOTTE Group is carrying out various activities to ensure that the values of DEI become a core part of its competitive strength and corporate culture. Since its launch in 2012, the "LOTTE Diversity Forum," which marked its 14th edition in 2025, has been serving as an annual platform for communication aimed at building an inclusive workplace and strengthening employees' sense of belonging. In 2025, under the slogan "Weave You & Me (Weaving You and Me into We)," the 14th forum emphasized the importance of respecting the diversity of global talent with diverse nationalities and cultural backgrounds. Approximately 1,000 employees who attended the forum learned about diversity management practices and trends at global companies through expert lectures and panel discussions and explored ways to strengthen inclusivity toward global diversity.

2025 LOTTE Diversity Forum

Corporate Culture That Respects Diversity

In 2019, LOTTE Group officially declared its support for the United Nations' Women's Empowerment Principles (WEPs) and has since been working continuously to promote not only the quantitative expansion of female talent but also qualitative development from a mid- to long-term perspective. To this end, we are expanding job opportunities for women, building a female leadership pipeline, and operating leadership programs for women. Since 2014, LOTTE Group has run a "Women's Leadership Mentoring Program," in which female executives mentor female managers, supporting their self-directed learning. As a result of these ongoing efforts, as of the end of 2025, the number of female employees has more than doubled and the number of female managers has increased more than fivefold compared with 2013, when the LOTTE Diversity Charter was proclaimed.

As a global company, LOTTE Group is committed to ensuring cultural and ethnic diversity. Since launching overseas operations in 2006, we have continuously expanded global presence and, as of the end of 2025, operate businesses in 32 countries around the world.

The number of local employees working at overseas subsidiaries has reached approximately 45,000. To help employees from diverse backgrounds understand one another and share the Group's strategy and vision, LOTTE Group hosts a variety of annual events, including Global Roundtables (site visits), Global Conferences, and the Global Leaders Forum. As we continue to expand local hiring, we will continue to place strong emphasis on DEI management to strengthen employees' sense of belonging and their ties with local communities. Through these efforts, we will strive to enhance the competitiveness of our overseas subsidiaries and, in the mid- to long term, enhance the corporate value of LOTTE Group.

Creating a Culture that Embraces Persons with Disabilities

Since 2019, LOTTE Group has established and implemented a plan to expand employment opportunities for people with disabilities, achieving positive outcomes in terms of job creation and social integration. The Group's employment rate of people with disabilities has consistently exceeded the average for large business groups, reaching 3.20% in 2023, 3.21% in 2024, and 3.24% in 2025. In particular, Canon Korea, which operates "Angel With," a standard workplace for people with disabilities[1)], recorded an employment rate of people with disabilities of 7.14%.

In 2016, LOTTE Wellfood established "Sweetweed," a standard workplace for people with disabilities in Pyeongtaek, as part of its efforts to strengthen its social responsibility. The facility provides stable employment opportunities primarily through product portioning and packaging operations. Sweetweed also collaborates with educational institutions in the Pyeongtaek and Hwaseong regions to offer a variety of career development programs that help people with disabilities gain practical work experience and expand their employment opportunities.

1) A business model that employs a large number of people with disabilities who face relative difficulty in securing jobs in the general labor market, aiming to create stable employment and a foundation for social integration.

ENHANCING EMPLOYEE VALUE

Fostering a DEI Culture

To faithfully fulfill its disability employment obligations, LOTTE Wellfood continuously monitors its employment of people with disabilities, reviews recruitment plans, and continues to explore ways to create new job functions and roles.

LOTTE Innovate continues to promote inclusion by hiring socially vulnerable groups, expanding employment opportunities for people with disabilities, and partnering with standard workplaces for people with disabilities. As of the end of 2025, the company employed 96 people with disabilities (with persons with severe disabilities counted double), achieving an employment rate of 3.34%, exceeding the mandatory rate of 3.1%. Since 2021, it has supported athletes with disabilities through partnerships with coaching organizations and has further expanded employment opportunities through linked employment contracts and business partnerships with standard workplaces for people with disabilities.

Operational Status of LOTTE Affiliates' Standard Workplaces for People with Disabilities

Canon Korea
- Angel With Inc (subsidiary): Product consulting and production manufacturing for Canon Korea office equipment

LOTTE Wellfood
- Sweet With: Product packaging

HOTEL LOTTE (LOTTE Hotels&Resorts)
- Smile With: Dishwashing at hotels

LOTTE Chilsung Beverage
- Green With: Running a cafeteria at the head office and washing factory overalls in plants

Global HR Management

As a leading global company, LOTTE Group had 308 expatriates dispatched to 25 countries across 24 Group affiliates as of the end of 2025, alongside approximately 48,000 local employees. LOTTE Group has established and operates HR systems to support employees working overseas so that they can live comfortably in their local environments and perform to their full potential with pride. In particular, led by LOTTE Corporation's HR Innovation Division, the Group operates expatriate support programs that consider not only employees working overseas but also their families. Through these efforts, LOTTE Group continues to support its employees so that they can live stably and fully demonstrate their capabilities wherever they work around the world.

Global Leadership and Strategy Sharing Programs

LOTTE Group operates the Global Conference and the Global Leaders Forum to strengthen the management capabilities of its overseas subsidiaries and align global strategies across the Group.

The Global Conference, first launched in 2023, initially brought together local HR managers from overseas subsidiaries to review communication and collaboration systems for global HR. In 2024, participation was expanded to include managers from HR, finance, and procurement, with the program focusing on risk management and strengthening management capabilities. In 2025, 33 key local team leaders from overseas subsidiaries were selected to participate in the newly launched G-LIFT (Global LOTTE Leadership Inspiration for Team Leaders) development program, where the Group's global strategy and strategic direction were shared. Moving forward, LOTTE Group will continue to hold the Global Conference annually for outstanding local managers to cultivate global leaders and strengthen the capabilities of its overseas subsidiaries over the mid- to long-term.

The Global Leaders Forum was established in 2024 as a platform for heads of overseas subsidiaries to share the Group's direction and vision while discussing global strategy. In 2025, 25 heads of overseas subsidiaries participated in the Forum, engaging in in-depth discussions on the Group's global strategy, thereby enhancing their understanding of LOTTE Group. Additionally, 12 candidates for overseas subsidiary head positions participated alongside them through G-LEAD (Global LOTTE Executive Advancement & Development), a development program for future overseas subsidiary heads, thereby fostering the next generation of global leaders while broadening their experience. Moving forward, LOTTE Group will continue to hold the Global Leaders Forum annually to continuously discuss mid- to long-term growth priorities, including the expansion of global business, while systematically developing future global leaders.

Expatriate Compensation System

LOTTE Group revised its expatriate compensation system to help employees working overseas address the challenges they face in their local assignments and enable them to focus fully on their work. In February 2025, LOTTE Group held an information session for HR team leaders and approximately 70 HR practitioners from 23 Group affiliates with overseas operations, where feedback on the expatriate compensation system was gathered. The presentation materials were subsequently shared with the Group affiliates, and the opinions of both current and former expatriates were collected and incorporated into the compensation system. The revised expatriate compensation system will be applied for two years, from February 2025 through January 2027. To support its implementation, LOTTE Group developed and distributed a compensation system guidebook to 23 Group affiliates with overseas operations. An English version of the guidebook was also provided to help local employees understand and utilize the compensation system.

ENHANCING EMPLOYEE VALUE

RISK MANAGEMENT

Deriving HR Takes Based on HR Strategy

LOTTE Group defines and organizes detailed activities into HR tasks to ensure the systematic execution of its HR strategy. Each HR task is specified through a task definition document that outlines the review background, key activities, responsible parties, and processes, including detailed implementation plans. The HR tasks, derived through this process, are expected to provide a solid foundation for each Group affiliate's CEO to effectively drive the company's business strategy in the future.

Creating a Workforce Structure with a Mid- to Long-term Perspective

To maintain a healthy workforce structure of employees who drive business strategy execution over the mid- to long-term, thorough simulations are required in advance. The size of the workforce by job level is constantly changing due to various factors such as promotions, retirements, and new hires. Moreover, the ideal workforce structure varies depending on the business type and strategic direction of each Group affiliate. Therefore, each Group affiliate is moving away from the traditional method of simply adjusting the previous year's workforce. Instead, they define the necessary organizational capabilities based on their business and HR strategies and use them to determine the required workforce size by organization and position level, thereby establishing a mid- to long-term workforce structure.

METRICS & TARGET

LOTTE HRD Index

LOTTE Group recognizes that nurturing talented individuals and enhancing their capabilities are fundamental to securing sustainable competitive advantage and continues to invest in talent. To systematically measure and monitor the performance of talent development activities, LOTTE Academy has developed, implemented, and operates a Group-wide common metric called the "LOTTE HRD Index."

The LOTTE HRD Index is composed of sustainable and measurable indicators focusing on the current status of talent development, levels of investment related to talent growth, establishment of HR and HRD infrastructure, efforts to enhance employees' capabilities, and the cultivation of core competencies required to achieve each affiliate's business strategy. LOTTE Group plans to regularly assess the human capital readiness of each affiliate using the LOTTE HRD Index and further strengthen talent development activities.

LOTTE HRD Index Components

Area		Item	Indicator Details (Draft)	Checkpoints
Group-wide	Investment/ Infrastructure	Talent development investment level	• Talent development investment as a percentage of sales • Talent development investment as a percentage of labor costs • Talent development investment per employee • Average learning hours per employee	Overall investment and foundational conditions related to talent development
		Talent development organization and personnel	• HRD organizational structure and personnel management	
	HR capability enhancement	Employee capability enhancement	• Employee learning volume related to capability development (hours)	Level of investment and efforts toward enhancing employee expertise and developing leadership capabilities
		Leadership capability enhancement	• Leadership development learning hours for managers (hours)	
	Organizational capability enhancement	Organizational culture	• Investment in work style and organizational culture innovation/ improvement • Results of organizational culture assessment	Company-wide necessary activities and standards to strengthen organizational competitiveness
		Risk management	• Finance, legal, safety, labor, etc. • Investment level in capability development for risk management personnel by each area	
Affiliate-specific	Strategic tasks	Affiliate-specific core capability development	• Investment in key human capabilities required to achieve affiliate-specific strategies	Degree of efforts by each affiliate to secure human capabilities in strategic task areas
		Group-level strategic tasks	• Investment in human capability development in each area such as new business, AI, R&D, and global operations	

MATERIAL TOPIC

REINFORCING INFORMATION SECURITY

MANAGEMENT APPROACH

Safeguarding the company's information assets and customers' personal information is fundamental to responsible management. LOTTE Corporation continues to strengthen its information security capabilities in response to the evolving digital environment, thereby minimizing the legal and financial risks associated with information breaches. To this end, we have established and continue to enhance a robust information security management system. We also foster a strong information security culture across the organization through employee education and awareness initiatives, thereby strengthening stakeholder trust and reinforcing the foundation for stable business operations.

Governance	Information Security Principles Information Security Organization
Strategy	Establishing and Operating an Information Security Management System Enhancing Information Security Awareness Information Security Disclosure
Risk Management	Proactively Assessing and Addressing Information Security Risks Advancing the Information Security Management System
Metrics & Targets	Information Security Performance Metrics Information Security Goals

GOVERNANCE

Information Security Principles

As AI and automation continue to transform work environments, the importance of information security is increasingly emphasized. In response, LOTTE Group has established and operates a structured information security governance system to proactively address information security threats. The Group also enhances its information security level by transparently disclosing relevant information.

LOTTE Group has established and implemented the "Group Information Security Policy" to ensure system stability against cyber threats such as hacking and ransomware, protect users' personal information, and strictly comply with information security-related laws and regulations. This policy serves as the foundation for formulating the "Group Information Security Principles," reflecting updates in relevant laws, institutional frameworks, global and internal environmental changes, advancements in IT technology, and shifts in business models. Through this approach, the Group affiliates effectively respond to a wide range of security risks.

LOTTE Corporation has established and implements comprehensive "Information Security Regulations" that cover all areas of security management, including administrative, physical, technical, and personal data protection, based on the principles of safeguarding the company's core information and personal data. These regulations outline the fundamental principles of security and specify detailed compliance requirements for each area. They are published on the company intranet to ensure easy access and understanding for all employees. Furthermore, to meet the growing demands of compliance, LOTTE Corporation continuously reviews changes in laws, relevant systems, and internal and external environments. Based on these reviews, revisions are prepared and incorporated into the Information Security Regulations with the approval of the CEO, ensuring that the company's security policies remain up to date.

Group Information Security Principles

- We shall consider information security in achieving management goals.
- Our employees shall be responsible for abiding by the responsibilities and obligations stipulated in the Group Information Security Regulations and relevant laws.
- As a principle, information security laws and regulations applicable to the company's industry and size shall take precedence. However, in areas not addressed by such laws and regulations, the Group Information Security Regulations shall take priority.

LOTTE Group Information Security Regulations

- Group Information Security Policy
- Group Information Security Administrative Protection Guidelines
- Group Information Security Physical Protection Guidelines
- Group Information Security Technical Protection Guidelines
- Group Information Security Personal Data Protection Guidelines

LOTTE Corporation Information Security Regulations

- Information Security Regulations
- Internal Personal Data Management Guidelines
- Physical Information Security Management Guidelines
- Information System Security Management Rules
- Information Asset Management Rules
- Personnel Information Security Management Guidelines
- Information Security Inspection Rules
- Incident Response Rules
- Information Security Organization Management Guidelines
- Contractor Information Security Management Guidelines
- Encryption Management Rules

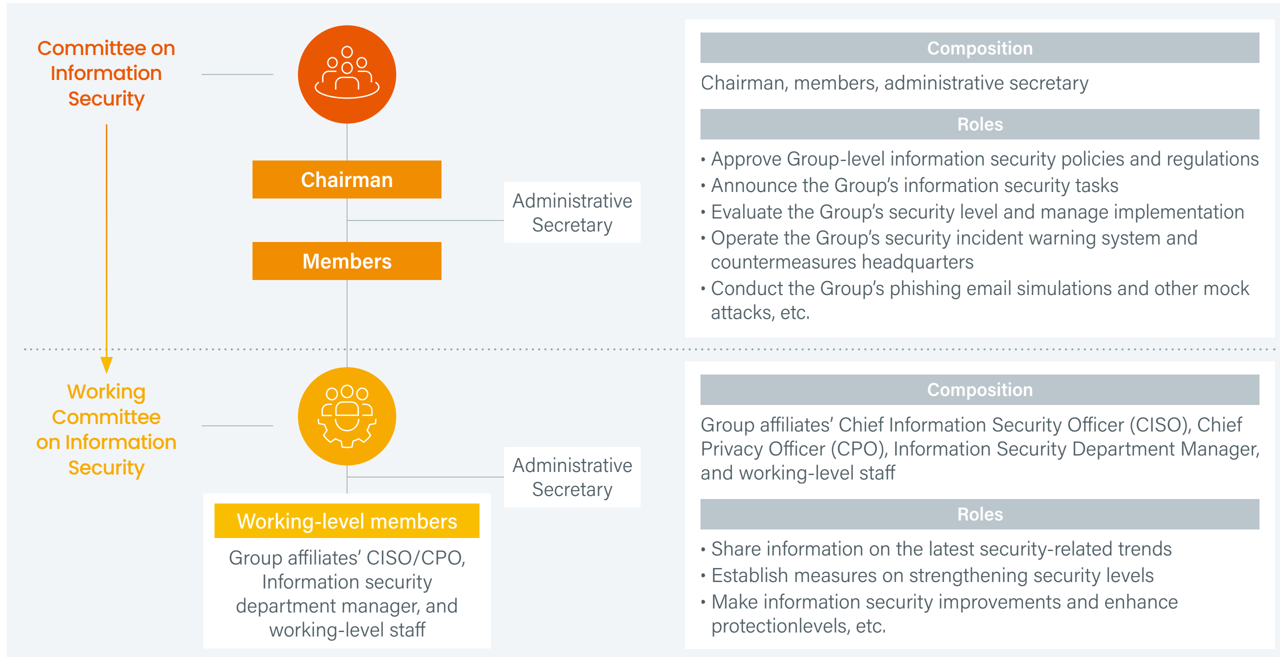
REINFORCING INFORMATION SECURITY

Information Security Organization

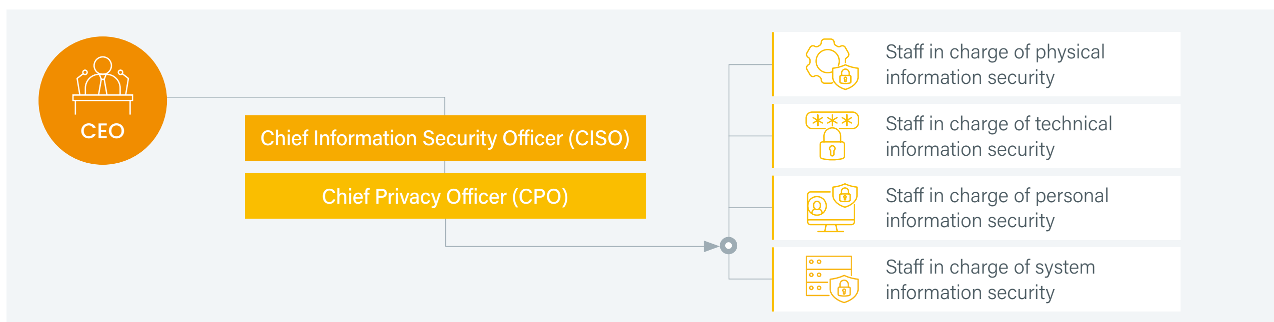
LOTTE Group establishes and strengthens its information security strategy and operations through the Committee on Information Security, chaired by the CEO of LOTTE Corporation, and the Working Committee on Information Security. The Group's information security organization builds a security framework tailored to its environment and culture. It also develops response measures through consultation on information security policies, major security issues, and the current state of security across the Group.

LOTTE Corporation appoints a Chief Information Security Officer (CISO) and a Chief Privacy Officer (CPO), who play central roles in information security and are granted overarching authority to direct and oversee the company's information security and personal data protection efforts. Additionally, the company has established a dedicated information security organization to actively respond to data leakage prevention and other information security compliance issues. To strengthen the execution of information security, LOTTE Corporation holds a quarterly Working Council on Information Security with the participation of security personnel responsible for each domain, including physical security, technical security, and personal data protection. This working-level council aims to establish a unified information security management system and focuses on discussing and improving responses to internal and external security incidents, compliance trends, security policies, and strategies for enhancing information security.

Information Security Organization



Information Security Organization Chart of LOTTE Corporation



REINFORCING INFORMATION SECURITY

STRATEGY

Establishing and Operating an Information Security Management System

Information Security Management System

LOTTE Corporation operates a comprehensive range of security solutions—including antivirus, document encryption, media control, and network/server access control—as well as a network and email-based advanced persistent threat (APT) defense system to block the inflow of malicious code, ensuring the protection of its information assets. Additionally, a real-time security monitoring system is in place to detect and respond to cyberattacks from external sources. When anomalies are detected, intrusion attempts are immediately analyzed and investigated, and necessary countermeasures are taken. Furthermore, prior to the launch of new or updated systems, the company conducts security validations such as penetration testing and infrastructure vulnerability assessments.

Security Incident Prevention System

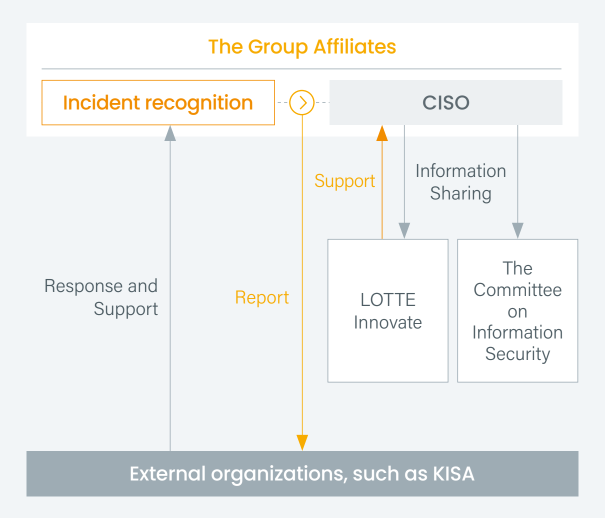
The Group affiliates immediately report incidents through the Group's information security portal system when a security incident occurs. LOTTE Innovate is responsible for professional security monitoring services and promptly analyzes reported incidents to determine their causes and circumstances while actively supporting the Group affiliates' incident response efforts. Furthermore, to prevent the recurrence of similar incidents, the incident's circumstances, causes, and response measures are carefully documented and shared with all Group affiliates, strengthening the Group's overall security posture.

A security incident prevention framework has also been established for overseas subsidiaries. Group affiliates such as LOTTE Mart and LOTTE Department Store operate local subsidiaries in major overseas markets, including Vietnam and Indonesia. To strengthen information security across these overseas operations, LOTTE Innovate has established a Global Integrated Security Zone, providing a secure network environment that helps prevent security incidents.

Disaster Recovery Response System

LOTTE Corporation ensures the stable operation of critical systems and prepares for risks arising from disasters by systematically managing a disaster recovery system built upon damage assessments and business impact analyses for each system. Quarterly drills are conducted regularly to verify the effectiveness of the disaster recovery system, continuously enhancing the company's ability to respond to emergencies. Improvements identified through these drills are promptly implemented to strengthen the resilience of the systems.

Security Incident Response System of LOTTE Group



Enhancing Information Security Awareness

Employee Training on Information Security

LOTTE Group operates a variety of training programs to strengthen employees' information security awareness and improve their expertise, including CISO information security courses, information security specialist courses, personal data handler training, and courses on personal data protection and information security.

LOTTE Corporation actively promotes campaigns, training, and security audit activities to strengthen employees' security awareness. Mandatory annual information security training is conducted to enhance employee awareness, with a 100% completion rate achieved by all training participants in 2025, while information security officers receive specialized training reflecting the latest laws and the Group policies to reinforce their professional capabilities.

Employee Training on Information Security and Personal Data Protection of LOTTE Corporation

Training hours per employee

2023	2024	2025
1 hour	1 hour	1 hour

Number of training participants

2023	2024	2025
310 people	275 people	296 people

REINFORCING INFORMATION SECURITY

Enhancing Information Security Awareness

LOTTE Innovate, one of LOTTE Corporation's major consolidated subsidiaries, conducts annual online training on personal data protection and information security for all employees. Additionally, in accordance with the Internal Personal Data Management Guidelines, mandatory personal data protection training is provided at least once a year to all personal data handlers. In 2025, customized training was provided to all 259 personal data handlers, with participants categorized into HR and labor personnel, personal data processing system personnel (operations and development), and general personal data handlers, according to their respective data handling responsibilities.

Information Security Campaign

LOTTE Corporation observes "Information Security Day" every month, providing employees with information, issues, and key updates related to information security. Through this campaign, the company enhances basic information security knowledge and awareness among its workforce.

Information Security Disclosure

Since 2022, LOTTE Corporation has published annual information security disclosures. By faithfully fulfilling its disclosure obligations and transparently communicating its information security activities, we continue to strengthen corporate credibility and reinforce ESG management. In 2025, we voluntarily published information security disclosures to provide greater transparency and more objective information, earning recognition as an Outstanding Company for Information Security Investment.

Information Security Disclosure in 2025

Classification	Investment	Number of People
Information technology	KRW 14,872,271,586	44.2
Information security	KRW 2,065,776,498	6
Ratio of Information security	13.9%	13.7%
Activities	• System vulnerability assessments (penetration testing and infrastructure vulnerability assessments) • Quarterly simulated virus response drills • Monthly Information Security Day • Monthly inspections of personal data stored on PCs • Quarterly Working Committee on Information Security meetings • LOTTE Group information security maturity assessments and vulnerability remediation • Personal data processor inspections • Subscription to personal data protection liability insurance • Quarterly IT disaster recovery drills	

More information about the LOTTE Corporation's information security disclosure in 2025 is available at the Comprehensive Information Security Disclosure Portal of Korea Internet & Security Agency

RISK MANAGEMENT

Proactively Assessing and Addressing Information Security Risks

In response to the increasing trend of cyberattacks using malicious emails disguised as work-related messages, LOTTE Corporation conducts regular simulated virus drills quarterly to enhance employees' security awareness and readiness against cyber threats. We provide customized security training to employees identified as at risk during these exercises, aiming to prevent security incidents and improve information security awareness among staff. Additionally, to ensure the reliability of information systems and strengthen security, we perform annual penetration testing and infrastructure vulnerability assessments. Through these systematic security checks, we proactively identify potential risks and take prompt corrective actions to continuously reinforce our information security system.

Advancing the Information Security Management System

Information Security Management System Certification

In 2023, LOTTE Corporation obtained its initial Information Security Management System (ISMS) certification after becoming subject to mandatory ISMS certification. In 2024 and 2025, through follow-up inspections, we evaluated and improved our internal security policies and business processes. We maintain ISMS certification by adhering to security standards across various areas, including information security, system operational stability, network security, and external intrusion response.

REINFORCING INFORMATION SECURITY

Advancing the Information Security Management System

LOTTE Chilsung Beverage, one of LOTTE Corporation's major consolidated subsidiaries, obtained the initial Information Security and Personal Information Protection Management System (ISMS-P) certification in 2023. In August 2025, the company completed the ISMS-P certification surveillance audit, followed by ISMS certification in December. Through these certifications, the Company's corporate website and online order and delivery management system were officially recognized as having an excellent information security management system.

LOTTE Innovate has also strengthened its information security management system by obtaining and continuously renewing various domestic and international information security standards and certifications, including ISMS, ISMS-P, and ISO 27001, thereby enhancing information security reliability and competitiveness.

Diagnosis of the Group's Information Security Level

To improve the level of information security management and establish a systematic management structure, LOTTE Group, led by the Committee on Information Security, conducts an annual comprehensive assessment covering four areas: management, physical security, technical security, and personal data protection. Identified improvements from the assessment are systematically managed, and their implementation status is continuously monitored.

Separate from the Group-wide regular assessments of information security levels, LOTTE Corporation conducts its own annual evaluations to strengthen its information security management system. We address issues identified through this process through proactive improvement efforts, thereby enhancing our overall information security capabilities.

Operation of Information Security Index

To continuously improve information security and ensure stable service delivery, LOTTE Group operates the "Group Information Security Index," which encompasses various information security-related activities, including the ratio of information security investment to IT spending, security inspections, employee training, and the implementation of security systems.

We systematically monitor the Group's information security operations to continuously enhance the overall level of information security, while also refining the indicators to address deficiencies and strengthen areas requiring additional management.

Inspection of Personal Data Management System

To ensure systematic personal data management, LOTTE Corporation has established and implemented an internal management plan. This plan includes comprehensive measures for personal data protection, covering encryption, collection, storage, and disposal procedures. Clear standards have been set to ensure security, and a system has been implemented to analyze abnormal patterns in processing logs for access to, retrieval of, and modification of personal data processing systems. In addition, controls and inspections for unauthorized access have been automated, and the personal data handlers for each system report the monthly inspection results to the CPO.

LOTTE Corporation regularly conducts inspections of personal data processors to ensure that the personal data of customers and employees is safely managed and protected. Through both document-based and on-site inspections, we ensure that the personal data management standards of our processors are maintained at the same level as those of LOTTE Corporation. Through these efforts, we continue to strengthen trust in our personal data protection practices.

Information Security System Certifications of the Group Affiliates

Classification	Group Affiliates	Details
Information Security Management System (ISMS)	11 companies	LOTTE Engineering & Construction, LOTTE Global Logistics, LOTTE Rental, LOTTE Shopping (LOTTE Department Store, LOTTE Mart/Super, LOTTE e-commerce), LOTTE Innovate, LOTTE Corporation, LOTTE Chilsung Beverage, LOTTE Cultureworks, LOTTE Hi-Mart, FRL Korea, HOTEL LOTTE (LOTTE Hotels&Resorts)
Information & Personal Information Management System (ISMS-P)[1]	10 companies	LOTTE Engineering & Construction, LOTTE Members, LOTTE Innovate, LOTTE GRS, LOTTE Chilsung Beverage, LOTTE Capital, LOTTE Home Shopping, Canon Korea, Korea Seven, HOTEL LOTTE (LOTTE Duty Free, LOTTE World)
Information Security Management System ISO (ISO 27001)[2]	7 companies	LOTTE ALUMINUM, LOTTE Innovate, LOTTE Fine Chemical, LOTTE Chilsung Beverage, LOTTE Chemical, Canon Korea, HOTEL LOTTE (LOTTE Hotels&Resorts, LOTTE Duty Free, LOTTE World)

[1] Information security certification system in Korea
[2] International information security standard certification

Personal Data Breaches

0 cases

(2020–2025)

REINFORCING INFORMATION SECURITY

Advancing the Information Security Management System

Strengthening Cybersecurity with Generative AI

In response to the growing use of generative AI technology to create and distribute new forms of malware, LOTTE Corporation is enhancing its response capabilities through AI-powered security automation. As part of its cyber security monitoring automation strategy, the company uses generative AI to assess the protection status of employees' personal data,, enabling early detection and prevention. Additionally, AI-powered security monitoring robots and AI agents have been introduced to elevate the overall security level across the Group.

METRICS & TARGET

Information Security Performance Metrics

LOTTE Corporation manages information security performance metrics with the goal of achieving an overall Group-wide average of 80% or higher across metrics such as security investments, activities, system implementations, and incident responses. In particular, we have set a target of achieving a 100% adoption rate for mandatory security solutions designated as Group-wide performance indicators and continuously monitor the implementation status across the Group affiliates to strengthen the overall level of technical security.

Information Security Goals

To ensure business continuity and reliability against internal and external security threats, LOTTE Group manages information security governance, fosters synergy, and oversees performance management. On the back of these efforts, we are putting sustainability management into practice.

Practicing Sustainability Management through Information Protection

- Improvement of information protection inspection system
- Standardization and platformization of information protection
- Enhancement of information protection capabilities

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- Strengthening compliance response
- Improving operational efficiency, raising the level of information protection to a higher standard
- Preventing security incidents

MATERIAL TOPIC

ENSURING RESPONSIBLE PRODUCT AND SERVICE

MANAGEMENT APPROACH

LOTTE Group is committed to ensuring the quality and safety of all products and services provided under the LOTTE brand. By responsibly managing quality and safety through its quality and safety management system, the Group builds customer trust, enhances brand value, and strengthens its long-term market competitiveness. LOTTE Corporation establishes the Group-wide direction for quality and safety management, while each of the Group affiliates that delivers products and services enhances quality and safety management throughout the entire product and service lifecycle through quality management councils and dedicated organizations.

Governance	• Quality and Safety Management System of the Group Affiliates
Strategy	• Strengthening Product Quality Management Capabilities • Enhancing Customer Satisfaction
Risk Management	• Product Safety and Quality Certifications • Abnormality Monitoring and Incident Response Process • Customer-Centric Quality Assessment and Management
Metrics & Targets	• Key Metrics for Responsible Product and Service Management

GOVERNANCE

Quality and Safety Management System of the Group Affiliates

LOTTE Group strives to ensure the quality and safety of products and services in pursuit of its mission: "We enrich people's lives by providing superior products and services that our customers love and trust." To this end, we have established dedicated management teams tailored to the characteristics of the Group affiliates and implement company-wide quality management processes to ensure systematic quality management.

LOTTE Wellfood operates a food safety management system to provide products that all consumers can enjoy with confidence. The Quality Safety Team at its headquarters oversees the company-wide food safety management system, conducting proactive safety management by assessing product safety and potential consumer impacts. The Team regularly receives feedback on key issues and customer claims from manufacturing plants to identify areas for improvement. Based on these insights, quality exchange meetings are held with manufacturing plants and related departments to share best practices and strengthen collaboration to prevent recurrence. Additionally, the Food Labeling Team at the company headquarters consistently manages and reviews all product labeling and advertising to ensure accurate and transparent information for consumers. The team also continuously monitors changes in relevant laws and regulations to enhance the reliability of product labeling and safety.

LOTTE Chilsung Beverage recognizes its responsibility for consumer health and public health. Accordingly, the company has established and operates a company-wide food safety management system to ensure product quality and food safety. The Safety and Quality Division, which reports directly to the CEO, oversees the overall system, while the Quality Assurance Department analyzes product safety and potential consumer impacts. The quality departments at each manufacturing plant manage product quality throughout the manufacturing process, while the Quality Assurance Team is responsible for consumer response and post-market quality improvement, maintaining a closely coordinated quality management system across the company.

LOTTE Innovate operates a company-wide quality management process structured around three stages—sales acquisition, execution, and operations. Through regular reviews at each stage led by internal committees, the Company systematically manages quality. This approach enables early identification and proactive response to potential quality risks during service delivery, thereby delivering customer-centered quality management.

	Chief Management Officer	Dedicated Quality Committee	Dedicated Quality Organization
LOTTE Wellfood	CEO	Company-wide Quality Committee	Quality Division
LOTTE Chilsung Beverage	CEO	Company-wide Quality Committee	Safety and Quality Division
LOTTE Innovate	CEO	Company-wide Quality Committee	Quality Management Team

ENSURING RESPONSIBLE PRODUCT AND SERVICE

STRATEGY

Strengthening Product Quality Management Capabilities

LOTTE Group operates quality inspection and management systems to enhance the quality of its products and services. The Group also continuously invests in training programs aimed at strengthening quality management capabilities across its employees and the entire value chain.

Key Quality Management Activities

LOTTE Wellfood places strong emphasis on collaboration across the entire value chain to produce high-quality products. To this end, the company operates the "LOTTE Food Safety Academy (LFSA)," a shared growth training program designed to enhance food safety management capabilities of small- to medium-sized partners. LFSA is managed by the Safety Center, a specialized food safety organization within the LOTTE Central Research Institute. It offers a structured and detailed curriculum tailored to each partner company's weaknesses and needs. It is also offered free of charge to non-partner companies, thereby expanding positive impact across the food industry. Additionally, regular hygiene inspections are conducted for partner companies and raw material suppliers through the Safety Center and external specialized institutions. Based on the evaluation results, improvement are made to ensure that food safety standards across the supply chain align with global standards.

LOTTE Chilsung Beverage conducts testing and analysis of raw materials and finished products through its Quality Assurance Team. Potential quality risks within the manufacturing process are identified in advance through regular on-site inspections. When quality issues requiring improvement are discovered, product shipments are immediately put on hold and are only released after corrective actions and verification procedures are completed. The company also clearly informs relevant practitioners of the handling and storage guidelines during the storage and distribution stages to ensure that product quality is maintained until it reaches consumers.

LOTTE Innovate operates employee quality competency enhancement programs to proactively respond to quality requirements. The company has developed a detailed quality management manual tailored to each stage of work, helping employees clearly understand the quality standards and procedures relevant to their roles and processes. All employees participate in quality management activities to enhance customer satisfaction and foster a strong quality culture.

CASE STUDY

Strengthening a Globally Certified Food Safety Management System

LOTTE Wellfood continues to enhance its food safety management system to strengthen globally competitive quality and build consumer trust.

Since adopting FSSC 22000 (Food Safety System Certification), a food safety standard recognized by the Global Food Safety Initiative (GFSI), in 2012, we have implemented it company-wide and established a management system aligned with global food safety standards. GFSI is a global collaborative organization that evaluates and recognizes internationally accepted food safety certification schemes and provides guidance on global food safety standards. LOTTE Wellfood has established a food safety management system based on international standards by obtaining and maintaining this certification across all of its manufacturing sites in Korea.

In addition, the company goes beyond certification itself by continuously enhancing internal standards and operating procedures to reflect evolving global requirements and expectations. Through regular inspections and training, it evaluates food safety performance at manufacturing sites and strengthens food safety management by ensuring that controls are consistently applied across production, sanitation, processes, and facilities.

Enhancing Food Safety Management across the Entire Supply Chain

LOTTE Chilsung Beverage ensures responsible food safety management through an integrated traceability system that covers the entire supply chain, from raw material receipt to finished product shipment.

Recognizing that food safety should not be limited to verifying the safety of finished products, the company has established a data-driven process management system and monitors every stage of the supply chain. To achieve this, detailed processes have been standardized and key indicators are monitored in real time, enabling the company to minimize quality variations and proactively prevent potential risks through systematic management.

The company also maintains a response system for abnormalities, allowing it to immediately suspend product shipments when issues arise during production and ensure that only products that pass verification procedures are released to the market. Additionally, strict storage guidelines are applied to logistics and distribution partners to ensure that consistent product quality is maintained throughout every stage of the process until products reach the consumer.

ENSURING RESPONSIBLE PRODUCT AND SERVICE

Enhancing Customer Satisfaction

As a "Lifetime Value Creator," LOTTE Group strives to deliver the highest value to its customers by actively listening to their voices and using that feedback as a foundation for quality improvement. Each Group affiliate operates a dedicated customer communication team and works to enhance the accessibility of customer communication channels, enabling more effective collection of customer feedback. This input is actively reflected in the improvement of products and services.

LOTTE Innovate has built an efficient communication system with customers based on its IT capabilities. Following the introduction of a speech-to-text (STT) system in 2021, a text summarization feature that condenses consultation content into a single sentence was added in 2023. In 2024, AI Voicebot and Consultation Guidebot services were established. Moving forward, the company plans to advance its AI Voicebot, Guidebot, STT, and text analysis (TA) services by leveraging its technological capability in AI Contact Center (AICC), while also expanding its business areas leveraging these technologies. Additionally, it aims to develop non-stop business models by utilizing AI Human and Agent AI technologies, contributing to the expansion of its internal and external businesses.

RISK MANAGEMENT

Product Safety and Quality Certifications

To promote quality management that meets key domestic and international standards, LOTTE Group obtains product safety and quality certifications recognized for their credibility. The Group regularly renews these certifications and maintains rigorous quality control standards.

Abnormality Monitoring and Incident Response Process

LOTTE Group operates an internal response process at the Group affiliate level to promptly address product quality and safety issues.

LOTTE Chilsung Beverage operates a "Smart Crisis Response System" to proactively manage potential risks that directly affect consumer safety and product quality. Moving beyond simple post-incident response, the company integrates internal and external channels with its Smart Call Center to monitor customer feedback (VOC) and complaints in real time. Abnormalities identified through this system are systematically classified based on their severity and potential impact. Based on the assessed risk level, the company determines an appropriate response level, makes prompt decisions, and implements immediate initial response measures in coordination with relevant departments. In particular, when a significant risk is detected, a company-wide emergency response control tower is immediately activated to ensure integrated risk management that seamlessly oversees the issue from occurrence through resolution.

Quality Certifications of the Group Affiliates

Group Affiliates	Certification	Scope
LOTTE Wellfood	FSSC 22000 Certification (Food safety certification)	All plants
	ISO 22000 Certification (Food safety management system)	All plants
LOTTE Chilsung Beverage	HACCP Certification (Food safety management certification)	8 business sites (5 for beverage, 3 for liquor)
	Quality Certification for Children's Food	1 business site (Opo Plant)
	FSSC 22000 Certification (Food safety certification)	8 business sites (5 for beverage, 3 for liquor)
	Organic Processing Certification (Organic agricultural, marine, and livestock products certification)	1 business site (Opo Plant)
LOTTE Innovate	ISO 9001 Certification (Quality management system)	All business sites (HQ, Seoul Center, Yongin Center, Daejeon Center, ICC)
	ISO 20000 Certification (IT service management system)	All data centers (Seoul Center, Yongin Center, Daejeon Center)
	CMMI Maturity Level 3 (Software development capability and organizational maturity certification)	All project execution departments (Strategic Project Division)

* As of the end of December 2025

ENSURING RESPONSIBLE PRODUCT AND SERVICE

Customer-Centric Quality Assessment and Management

To respond to rapidly changing markets and evolving customer needs, LOTTE Group makes continuous efforts to assess and improve quality from the customer's perspective.

LOTTE Wellfood operates the "Q Project" to assess product quality from the customer's perspective and identify areas for improvement. Through consumer evaluation panels, it compares and analyzes consumers' perceptions of product performance with the actual sensory characteristics of the products. Based on this analysis, brands and products requiring improvement are selected, and improvement plans are developed in collaboration with the R&D department. In 2025, it improved five priority brands and products and plans to produce them with the improvements applied in the first half of 2026. Moving forward, the company will operate the Q Project centered on mega brands targeting the global market, thereby strengthening market competitiveness.

METRICS & TARGET

Key Metrics for Responsible Product and Service Management

LOTTE Group has established and monitors relevant indicators to manage product and service quality as well as customer satisfaction.

VOC Handling Rate

(Unit: %)

Group Affiliates	2023	2024	2025
LOTTE Wellfood	100	100	100
LOTTE Chilsung Beverage	100	100	100

Customer Satisfaction Level

(Unit: Points)

Group Affiliate	2023	2024	2025
LOTTE Innovate	82.0/100	82.0/100	80.0/100

FOSTERING ORGANIZATIONAL CULTURE AND LABOR RELATIONS

LOTTE Group strives to foster an organizational culture in which all employees work together with shared commitment and collective effort to create greater value. To this end, we promote organizational culture innovation based on systematic Group-wide governance while driving meaningful change through employees' voluntary participation and open communication. We continue to advance our ways of working and collaborative culture, foster cooperative labor-management relations, and support employee growth and quality of life, thereby cultivating a culture in which both the organization and our employees grow together.

Implementation System

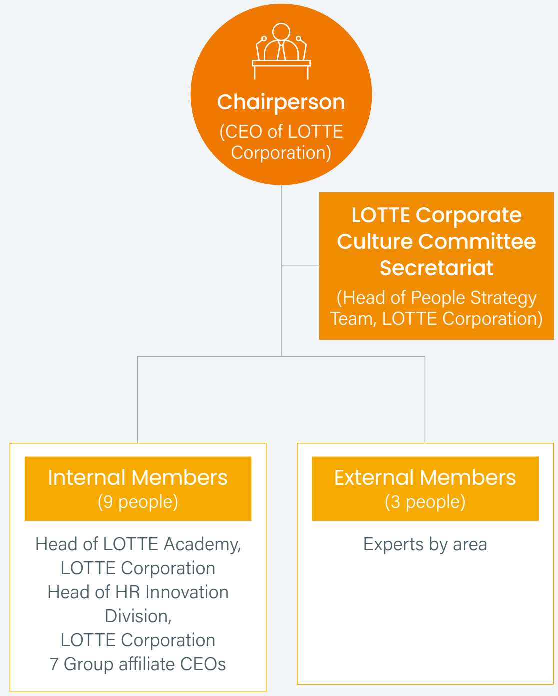
LOTTE Corporate Culture Committee

The LOTTE Corporate Culture Committee is a key decision-making body that establishes major policies for corporate culture innovation. It is comprised of the CEO of LOTTE Corporation, HR executives, CEOs of the Group affiliates, and external experts. This committee leads strategic decision-making for sustainable growth from a corporate culture perspective. The committee meets regularly once a quarter to discuss important issues related to corporate culture and formulate policies by reflecting the opinions of various stakeholders.

Operations of LOTTE Corporate Culture Committee in 2025

Classification	Date	Key Discussion Topics
1st regular meeting	Mar.	Sharing and discussing organizational culture issues across the Group affiliates
2nd regular meeting	Jun.	Organizational culture innovation strategies to enhance productivity
3rd regular meeting	Sep.	Measures to support the establishment of a job-based HR approach
4th regular meeting	Dec.	Cultivating CEO insights and sharing organizational culture activities and plans by affiliate

Organization and Key Roles of LOTTE Corporate Culture Committee



1 Establishing and maintaining the organizational culture vision

The Committee establishes LOTTE Group's long-term organizational culture visions and continuously reviews and adjusts strategies to maintain them.

2 Establishing corporate culture policies and strategies

The Committee develops policies and initiatives related to organizational culture, establishing implementation plans across the entire Group. This includes DEIB (Diversity, Equity, Inclusion, Belonging) policies.

3 Promoting internal communication

The Committee leads effective communication with diverse employees across the Group, fostering harmony and cooperation within the organization.

4 Performance monitoring

The Committee sets key indicators through organizational culture diagnosis and periodically analyzes them to identify areas of improvement.

5 Risk assessment and response

The Committee identifies cultural risks and establishes processes to minimize them. It also builds procedures for swiftly responding when unexpected cultural challenges arise.

FOSTERING ORGANIZATIONAL CULTURE AND LABOR RELATIONS

Implementation System

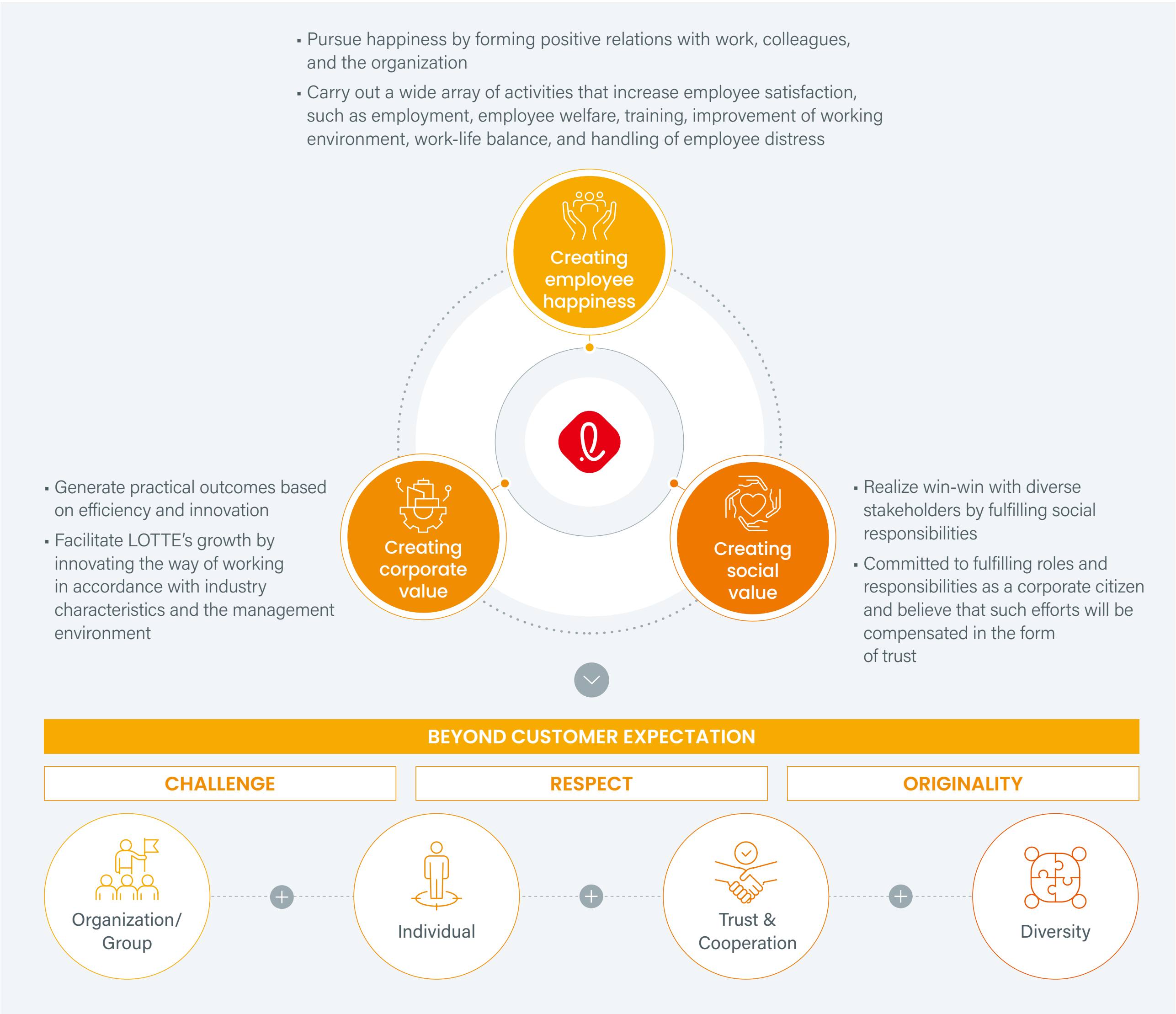
Establishing a Value Creation Culture

LOTTE Group strives to foster an organizational culture in which all employees work together with shared commitment and capabilities to generate greater value. We are therefore building our unique value-creation culture, which enhances "employee happiness" through respect for diverse lifestyles, "corporate value" through the fusion of various ideas and innovation, and "social value" through coexistence with various stakeholders.

To realize a value creation culture, LOTTE Corporation is reviewing mid- to long-term organizational culture systems and policies through external corporate benchmarking related to organizational culture, trend research, and insight generation. To encourage tangible improvements in our organizational culture, we are preparing field-based organizational culture consulting. We plan to design and implement customized change programs for each Group affiliate to enhance work methods, organizational unity, and leader trustworthiness. The effectiveness of these programs will be from time to time assessed to gauge employee perceptions, allowing us to continuously improve them.

We are also preparing to upgrade our data analysis system through the renewal of the value creation culture assessment, enabling detailed analysis of the level of organizational culture implementation and identification of each company's specific weaknesses. Based on this, we plan to design various programs that support improvement initiatives identified through the assessment and lead to actual behavioral change.

Corporate Culture System

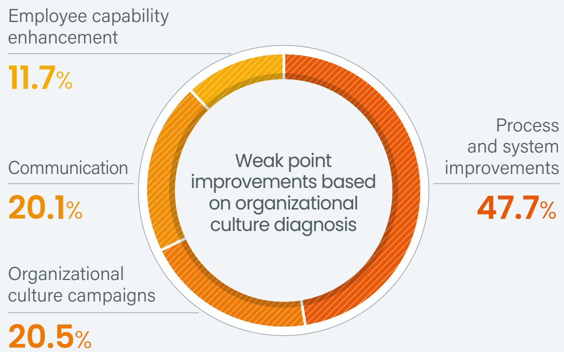


FOSTERING ORGANIZATIONAL CULTURE AND LABOR RELATIONS

Implementation System

Organizational Culture TFT LOTTE Group aims to foster customized organizational cultures for each Group affiliate. To achieve this, each Group affiliate has formed an Organizational Culture TFT, empowering them to autonomously drive the changes required during the organizational culture innovation process. The Organizational Culture TFT analyzes the results of the annual organizational culture diagnosis conducted for each Group affiliate. It identifies weaknesses, then establishes and implements improvement plans to address them. In 2025, 175 employees from the Group affiliates participated, identifying 86 improvement tasks. The TFT primarily focused on strengthening internal communication, eliminating and modifying inefficient work processes, and improving processes.

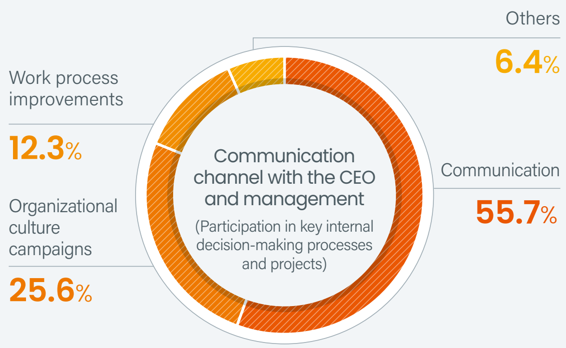
Organizational Culture TFT Activities in 2025



Business process and HR system improvements	• Revisions to approval authority regulations and manuals, and improvements to the work environment, etc. • HR system improvements, including compensation, performance evaluation, and employee benefits
Communication	• Division/team workshops, mentoring programs, and communication channel development
Organizational culture campaigns	• A culture of challenge, recognition and consideration, mutual respect, etc.
Employee capability enhancement	• Leadership programs, external training, professional certification support, etc.

Junior Board All LOTTE Group affiliates operate a Junior Board as a communication bridge between on-site employees and management. The Junior Board consists of employees in their 20s and 30s from various departments, including management support, marketing, and production. They directly discuss ideas for improving organizational culture with the CEO, focusing on areas such as innovation in work methods and fostering communication across generations and hierarchies, thereby driving tangible changes in organizational culture. In 2025, 245 employees participated, generating a total of 250 tasks, which formed the basis for organizational culture improvement activities.

Junior Board Activities in 2025



Communication	• CEO communication to share trends among millennials and Generation Z employees and convey employee feedback • Employee communication through surveys and the sharing of management activities
Work process improvements	• Work process improvements and organizational culture policy changes
Employee events	• Organizational engagement programs to enhance employee satisfaction
Others	• Employee-participatory CSV activities, etc.

CASE STUDY

Promoting Employee-Led Communication Councils

LOTTE Innovate operates employee-led communication councils to promote organizational culture improvement activities.

The CA Committee, consisting of a Junior Board and a Leader Board, serves as an employee consultative body that identifies organizational culture improvement tasks and facilitates workplace communication. Since 2021, its members have also been officially assigned concurrent roles on the Great Workplace (GWP) Task Force, strengthening employee representation.

Through participatory activities, the company has expanded communication and mutual understanding among employees. In 2025, it organized various employee-participatory programs to gather workplace feedback and create opportunities for sharing common interests. Representative activities included “Inno Link Day” with the CEO and the workplace visit program “Inno WHAT Day.” The company plans to continue expanding communication activities involving employees in 2026.

FOSTERING ORGANIZATIONAL CULTURE AND LABOR RELATIONS

Implementation System

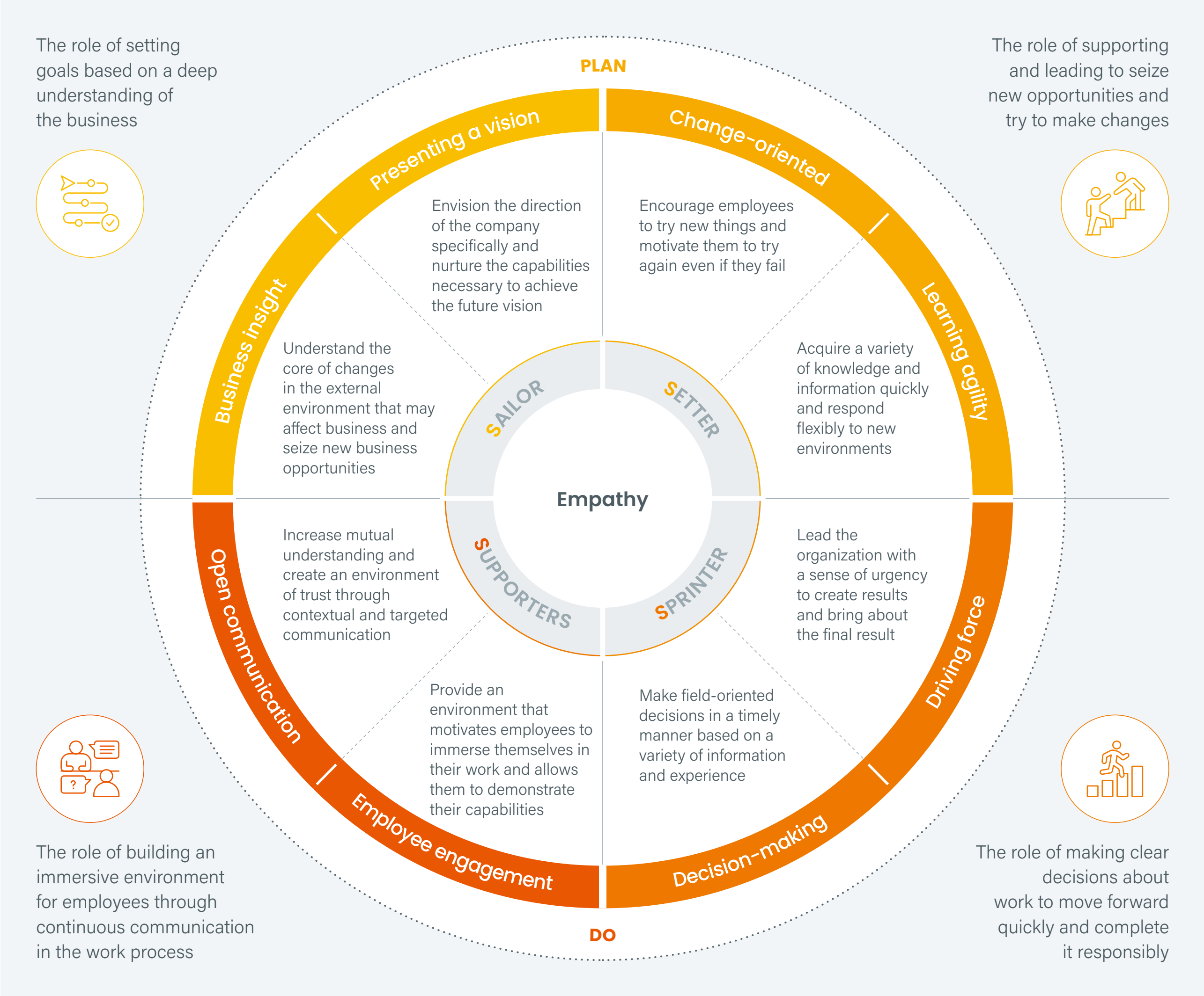
Transforming the Way of Working LOTTE Group is implementing the "ERRC Campaign" to enhance employee work efficiency and innovate its work culture. This campaign focuses on eliminating unnecessary tasks and concentrating on core work to strengthen productivity and efficiency. ERRC is a strategic tool that identifies and utilizes four factors: Eliminate (elements to remove from work), Reduce (elements to decrease), Raise (elements to enhance), and Create (elements to innovate). By leveraging this, LOTTE Group gathers employee feedback, reviews work processes, and conducts on-site assessments. This approach leads to improvements in inefficient practices, increased productivity, and even reduced working hours.

Internalizing Leadership

4S Leadership LOTTE Group aims to foster a corporate culture that embraces continuous challenges and an organizational culture that enables employees to voluntarily achieve their full potential. TO this end, we are promoting the "4S Leadership" model (Sailor, Setter, Sprinter, Supporter) to help individuals align with organizational goals, stay motivated in their work, and proactively deliver results.

LOTTE Group has defined the diverse roles and competencies expected of leaders and established and implemented the "4S Leadership Diagnosis and Feedback—Best Practice Sharing System" to embed 4S Leadership throughout the organization. Since conducting our first leadership diagnosis in September 2022, we have provided individualized diagnostic reports to help leaders identify their strengths and areas for improvement and have encouraged "self-learning" to support voluntary competency development based on the results. In addition, we have incorporated 4S Leadership content into all leadership development programs for managers across the Group to facilitate the organization-wide internalization of 4S Leadership. We also operate the "Fearless Leader" program, which recognizes exemplary leaders who actively practice 4S Leadership in the workplace and shares these best practices across the organization.

4S Leadership Model



FOSTERING ORGANIZATIONAL CULTURE AND LABOR RELATIONS

Implementation System

Self-Leadership LOTTE Group aims for an organizational culture that supports junior employees in strengthening their job expertise and growing into future leaders. To this end, we have established a self-leadership framework based on the DNA that has driven LOTTE's success and the roles required of junior employees in the current environment.

We also present six fundamental attitudes and approaches for junior employees to grow as experts and leaders, from the perspectives of "Work (task execution)" and "People (relationship building)," thereby building new ways of working and a new culture.

Through the synergy of 4S Leadership and Self-Leadership, we are building a creative and execution-oriented organizational culture.

Establishment of Creative Labor-Management Culture

LOTTE Group defines a progressive and cooperative labor-management culture as a "Creative Labor-Management Culture." We are continuously strengthening a virtuous cycle in which the company achieves sustainable growth through joint creative labor-management activities, thereby creating employee happiness. LOTTE Group has established "LOTTE's Creative Labor-Management Culture System," which includes a labor-management charter and a practice pledge. Based on this, we are working to enhance trust and cooperation between labor and management.

Creative Labor-Management Culture System

Labor-Management Charter

Creative labor-management culture "based on trust and cooperation"

CHARTER 1	CHARTER 2	CHARTER 3	CHARTER 4
Based on a culture of mutual respect and consideration, the company's labor union (workers) respects the company's management rights, and the company respects labor rights of the labor union (workers).	The company and labor union (workers) will resolve labor-management issues through communication based on common sense and reasonableness within the legal framework of each company.	The company and labor union (workers) will recognize growth as their top-priority goal for LOTTE's sustainable management and jointly execute growth, thereby engaging in mutual cooperation for creation of employee happiness and creation of social value.	To realize the value of the value creation culture, the company and labor union (workers) will continue to develop and advance it at each company.

Practice Pledge

Creating Corporate Value

1. Pursue efficiency: To improve work efficiency, LOTTE people improve existing work processes and take active part in change.
2. Creative mindset: LOTTE people establish an environment where creativity can be demonstrated to manifest creative thinking.
3. Strengthen communication: For open communication, LOTTE people listen attentively to employee opinions and create various channels to listen to employees' voices.
4. Achieve outcomes: LOTTE people make their best efforts to enhance the quality of products and services, which are outcomes of work.

Creating Employee Happiness

1. Balance between work and life: LOTTE people create the best environment possible to strike right balance between work and family life.
2. Women-friendly: Through respect and consideration, LOTTE people ensure maternal protection and foster female talent.
3. Partnership: LOTTE people do not simply stand by and watch colleagues' difficulties or predicaments, and show consideration and interest even for personal issues.
4. Creating happiness: LOTTE people understand that happiness is created through passionate devotion and put this understanding into practice.

Creating Social Value

1. Ethical conduct: LOTTE people do not engage in conduct that deteriorates the company's social value by violating internal regulations and procedures as well as laws.
2. Social contribution: As members of society, LOTTE people participate in local community issues and fulfill their social roles and responsibilities.

Creative Energy

Creative Foundation (Trust and Cooperation)

FOSTERING ORGANIZATIONAL CULTURE AND LABOR RELATIONS

Implementation System

Labor-Management Council LOTTE Corporation established a Labor-Management Council in December 2017, based on the participation and cooperation of employees and employers, to promote employee welfare and the sound development of the company. The Council has been operating regularly (once per quarter). Centered around the Labor-Management Council, labor and management are strengthening their relationship through continuous communication. Both parties are also striving to actively respond to the changing business environment and achieve their goals by exerting their best efforts in their respective positions. Furthermore, we are consistently working to foster a foundation of mutual trust through transparent and ethical management, while simultaneously fulfilling our social responsibilities. We will do our utmost to promote shared interests for both labor and management, such as enhancing employee welfare and improving productivity, through labor-management participation and cooperation.

Composition and Operation of LOTTE Corporation's Labor-Management Council

Classification	Details
Composition	Consists of 12 members, with an equal number of representatives from labor and management who are authorized to discuss and make decisions on matters directly or indirectly related to employees' working conditions
Meeting cycle	Quarterly
Key Activities	• Share information and foster a labor-management partnership - Share information on management plans and business conditions—essential precondition for worker participation • Build a participative organization and a high-commitment human resource management system - Discuss what all workers should do for improved productivity, what workers need, and how to encourage workers to actively participate in change

2025 Major Activities and Achievements of LOTTE Corporation's Labor-Management Council

Classification	Details
Labor-Management Council small group activities	• Provide activity support for communication between council members and employees
Club activity revitalization	• Ease activity requirements, including membership and participation criteria, and increase financial support
Promotion of annual leave utilization	• Introduce an annual leave promotion program in the first half of the year
Designation of collective annual leave days in 2026	• Agree on a 6-day collective annual leave, including traditional Korean holidays and sandwich days

Activities and Performance

LOTTE Organizational Culture Diagnosis

Led by LOTTE Academy, LOTTE Group conducts an annual Organizational Culture Diagnosis through employee surveys at each Group affiliate. The Group's diagnostic program, which began with an organizational effectiveness assessment in 2014, evolved into an employee engagement assessment in 2018 and a value creation culture assessment in 2020. In 2024, it was redesigned as a diagnostic framework focused on organizational culture innovation. With "innovation" established as the organizational culture goal, the framework is designed with a focus on ways of working, the work environment, employee empathy, and satisfaction. It assesses the Group's organizational culture across two dimensions—Way of Working and Support System—using a total of nine assessment areas and 46 survey questions.

Composition of the LOTTE Organizational Culture Diagnosis

1. Proactively responding to customer and market changes
2. Embracing failure and growing through trial and error
3. Making timely decisions and pushing forward amid uncertainties
4. Respecting and listening attentively to encourage open communication

● Way of working
● Support system

5. Allocating resources, optimizing workflows, and streamlining processes
6. Recognizing and rewarding roles, performance, and efforts; and supporting growth
7. Building consensus on vision and strategy, sharing policies and current status
8. Collaborating to achieve a shared goal
9. Setting challenging goals and demonstrating persistent effort

Company atmosphere	Representative adjectives chosen by employees	Employee satisfaction	① Overall satisfaction ② Intention to stay, recommendation index ③ Subjective improvement points

FOSTERING ORGANIZATIONAL CULTURE AND LABOR RELATIONS

Activities and Performance

Following the Organizational Culture Diagnosis, workshops are held with organizational culture managers from each Group affiliate to share methods for analyzing the results and improvement measures tailored to each organizational type, ensuring that the diagnosis leads beyond a simple assessment of the current state to the establishment of a targeted organizational culture. The 2025 Organizational Culture Diagnosis covered approximately 40,000 employees across the Group. Results were analyzed at the company, headquarters, division, team, and regional levels to assess the organizational culture of each unit and identify future directions for improvement.

Leadership Diagnosis

Since 2014, LOTTE Group has conducted an annual online survey-based "Leadership Diagnosis" for team leaders and above. LOTTE Academy provides diagnostic data on leaders' capabilities and leadership styles, enabling leaders to identify their strengths and weaknesses, as well as understand employee perceptions of their leadership and areas for improvement.

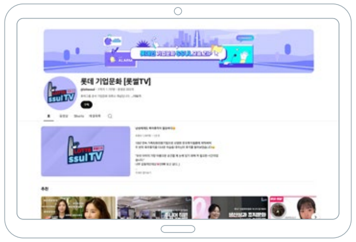
Based on LOTTE Group's 4S Leadership model, leadership capabilities are assessed across the four leadership types—Sailor, Setter, Sprinter, and Supporter. Leadership style is also assessed by analyzing the behavioral patterns leaders typically demonstrate while influencing members of their organizations. The diagnosis enables leaders to identify differences between their own perceptions and those of their team members, supporting self-reflection and the continuous enhancement of leadership capabilities. In addition, we promote a healthier organizational culture by organizing teams and aligning work assignments and roles with leaders' leadership styles. In 2025, the diagnosis covered a total of 3,500 leaders and approximately 30,000 respondents. Based on the results, we supported each leader in developing more effective leadership while providing opportunities for self-reflection.

Communicating and Promoting Group Values

LOTTE AWARDS The LOTTE AWARDS is an annual recognition program, held since 2021, that honors employees across LOTTE Group who have driven challenge and innovation and enhanced brand value. Awards are given in six categories: Sales & Marketing, R&D, Production & Procurement, AI & DX, Win-Win & Shared Growth, and Challenge. Notably, in 2024, the AI & DX category was newly established to emphasize the importance of LOTTE Group's digital transformation and AI transformation and to propagate it throughout the Group.

A total of 87 nominations were submitted for the 2025 LOTTE AWARDS, and six teams were ultimately selected following evaluations conducted by a panel of judges comprising executives and external experts. The Grand Prize was awarded to LOTTE Wellfood for becoming the first Korean food company to enter the Indian market and achieving sustained growth. Five teams received Excellence Awards for the following achievements: LOTTE Chilsung Beverage's hybrid beverage–alcohol production system, LOTTE R&D Center's development of zero-sugar ice cream, LOTTE Chemical Advanced Materials Business's AI-based color matching system, LOTTE Fine Chemical's establishment of a global distribution partnership, and LOTTE Innovate's launch of the AIMEMBER service.

LOTTE SSUL TV LOTTE Group operates the "LOTTE SSUL TV" YouTube channel to foster a horizontal communication environment within the organization by showcasing LOTTE Group's organizational culture. In 2025, we produced a total of 21 pieces of content (201 cumulative) covering topics such as directions for organizational culture improvement, intergenerational communication, job role V-logs, Group affiliate corporate culture systems, and ways of working. Notably, to create content targeting millennials and Generation Z, seven employee creators in their 20s and 30s, working in various roles, were selected. Through their contributions, we sought to deliver the authentic voices of our employees.



LOTTE SSUL TV

2025 LOTTE AWARDS

FOSTERING ORGANIZATIONAL CULTURE AND LABOR RELATIONS

Activities and Performance

Family-Friendly System

Pregnancy and Childbirth Support LOTTE Corporation supports employees with leave for infertility treatment and covers the costs of infertility procedures. To ensure a comfortable and safe working environment during pregnancy, we operate maternity protection lounges and a reduced-hour work system for pregnant employees. As part of our support for growing families, we provide congratulatory payments and childbirth gifts. In particular, employees who have two or more children receive a congratulatory payment of KRW 2 million for each child.

Parental Leave LOTTE Group recognized the importance of creating an environment where female talent can confidently use parental leave to foster their capabilities, leading to the introduction of an automatic parental leave system. This system, implemented in 2012, automatically processes parental leave following maternity leave without the need for a separate application. In 2017, we extended the parental leave period for female talent by an additional year. Concurrently, LOTTE Group became the first Korean company to introduce a mandatory parental leave program for male employees, requiring them to use parental leave within three months of childbirth and expanding parental leave pay support.

Childcare Leave LOTTE Group has introduced a childcare leave system that allows employees to take leave for one month to one year when their children enter elementary school, a period during which employees often face increased challenges in balancing work and parenting. We've also extended the parental leave period to a maximum of two years and six months, thereby fostering an environment where employees can effectively balance work and family life.

Family-Friendly Company Certification LOTTE Corporation has consistently operated various family-friendly systems, including family health support and family participation programs, to help employees alleviate the burdens of childbirth and childcare and better focus on their work. In recognition of these efforts, LOTTE Corporation obtained the "Family-Friendly Company Certification" from the Ministry of Gender Equality and Family in December 2024.

Leisure-Friendly Company Certification LOTTE Corporation strives to promote employees' work-life balance through paid leave programs (four days of Season Leave and three days of long-service leave for employees with 10 years of service), full implementation of the annual leave promotion system, and various in-house support programs. As a result, we were certified as a "Leisure-Friendly Company" by the Ministry of Culture, Sports and Tourism in November 2024.

LOTTE Family Day In May 2025, LOTTE Corporation hosted "Family Day – Connecting L," an event for employees and their families. A total of 186 participants from 56 families took part in programs organized around five themes: the Legend Zone, Love Zone, Learn Zone, Laugh Zone, and Luxury Lunch Zone. Activities included an office tour, family photo sessions, hands-on Instax experiences, one-day classes, a magic show, a wish tree, a special lunch, and commemorative gifts. Through these programs, we strengthened employees' and their families' sense of belonging and pride in the Company.

Welfare System

LOTTE Group offers a range of family-friendly programs designed to support employees at every stage of life, aiming to foster a work environment where everyone can find joy and motivation in their work. Through these efforts, we aim to enhance the quality of life for employees and increase employee engagement.

In 2012, LOTTE Group became the first major Korean corporation to introduce an automatic parental leave system for female employees, ensuring that when female employees apply for maternity leave, it automatically transitions into parental leave without any additional procedures. Since 2017, we have also institutionally supported male employees' involvement in childcare through a mandatory parental leave program for male employees. We have extended parental leave beyond the statutory one year by allowing an additional year of leave, and also provide infertility leave and financial support for infertility treatment.

For returning employees, we offer tailored educational programs such as "Mom's Healing" for women and "Daddy's School" for men. Since 2024, we have provided a multi-passenger vehicle free of charge upon the birth of an employee's third child. Additionally, we have expanded the eligible age for reduced working hours for childcare from the statutory age of eight to 12, making work-life balance even more manageable. To foster a flexible work environment, we introduced a flexible work system in 2016 and have been implementing a PC-Off system since 2017.

LOTTE Family Day

FOSTERING ORGANIZATIONAL CULTURE AND LABOR RELATIONS

Activities and Performance

Lifetime Welfare System of LOTTE Group

Joining the company → 30 years old → 40 years old → 50 years old → Retirement age of 60

Self development
- Support for leave
- Clubs
- Congratulatory and consolatory funds

Childcare support
- Childbirth support
- Medical expenses
- Housing fund support

Financial planning
- Protection-type insurance
- School expenses
- Medical checkup

Personal pension Retirement support
- Funeral support
- Reward for long service

Welfare System of LOTTE Corporation

Family events
- Funeral services in the event of a family member's death
- Leave for family events, financial support for congratulatory and condolence occasions

Education support
- Support for expenses for foreign language learning
- Support for e-learning education and duty training expenses
- Support for children's education expenses
- Support for childcare expenses

Health and post-retirement management
- Comprehensive medical checkups
- Enrollment in group insurance
- Support for medical expenses for employees, their spouses, and children
- Support in the event of a disability or serious illness affecting parents or parents-in-law
- Personal pension support system

Leisure and leave, etc.
- Rewards and vacation for long-term employees
- Flexible benefits program
- Operation of company resorts
- Support for comprehensive auto insurance and fuel expenses

CASE STUDY

Enhancing Work Engagement Through Employee Emotional Well-Being Programs

LOTTE Wellfood operates a variety of emotional well-being programs to support employees' psychological stability and successful adaptation to the organization.

For new hires, we provide internal mentoring and buddy programs to help them adapt smoothly to the organizational culture and communicate effectively with colleagues, while also offering monthly activity allowances to enhance the effectiveness of these programs. We have also developed and distributed an employee benefits guidebook to improve understanding and utilization of the welfare programs integrated following the merger of the former LOTTE Confectionery and LOTTE Food.

Additionally, the company operates counseling programs in partnership with external professional organizations and, since 2022, has expanded eligibility to employees' families, further enhancing both the effectiveness and inclusiveness of the program. These emotional well-being initiatives contribute not only to greater employee engagement but also to improved organizational productivity.

IMPROVING WORKPLACE SAFETY

LOTTE Group recognizes safety management not merely as an accident prevention activity, but as a core management priority for achieving sustainable growth and securing the operational competitiveness that supports it. To this end, we have established a prevention-oriented safety management system centered on dedicated organizations and digital safety management systems and continue to enhance safety standards across the Group through safety guidelines, on-site assessments and consulting, and customized education and training. Furthermore, we strive to prevent accidents by fostering a strong safety culture and to create a safer and more trusted business environment.

Implementation System

Safety Management Organization

Organization Dedicated to Safety Management LOTTE Group is dedicated to establishing a systematic approach that prevents accidents proactively and avoids the recurrence of similar risks. Following our Group-wide safety management innovation plan, each Group affiliate has elevated its safety management organization to report directly to the CEO. We are also enhancing safety management systems and manuals. As of 2025, all 35 Group affiliates (including three affiliates with joint departments) operate dedicated safety management organizations. Among these, 19 affiliates have established executive-level dedicated safety management organizations to drive more robust safety management. These 35 Group affiliates, which generated total revenue of KRW 69,687.3 billion in 2025, invested KRW 765.2 billion in safety management (approximately 1.1% of total revenue) in their efforts to prevent safety accidents.

Safety Management Council Since the second half of 2024, we have regularly held the Safety Management Council Meetings by Team Leader and the Working-level Safety Management Council Meetings twice a year. At each Safety Management Council meeting, we share safety-related issues, accident cases and countermeasures, and best practices, while strengthening communication and collaboration among the Group affiliates to enhance safety management capabilities. In particular, we expanded the Group Safety Pledge Ceremony conducted at the Team Leader Safety Management Council Meeting in the second half of 2025 to business sites across all Group affiliates, thereby raising safety awareness. In 2026, we plan to establish and operate customized training programs in collaboration with external professional institutions to strengthen the capabilities of working-level personnel.

Composition of LOTTE Group's Safety Management Organization

Classification	Total	Directly under the CEO		Not Directly under the CEO		
		Executive level	Non-executive level	Non-executive level	Joint department	Employee in charge
No. of the Group affiliates	35 companies	19 companies	10 companies	3 companies	3 companies	-

* As of the end of December 2025

2025 Safety Management Council Meetings

Classification	Safety Management Council Meetings by Team Leader		Working-level Safety Management Council Meetings	
	First Half	Second Half	First Half	Second Half
Date	Feb. 5	Jul. 17	Apr. 15–18	Oct. 23, 30
Participants	75 people	65 people	89 people	66 people
Key content	• Sharing of key safety management plans • Announcement of safety management assessment results • Presentation of best practices • Sharing of the Group's safety facility standardization plan	• Sharing of accident cases and countermeasures • Group Safety Pledge Ceremony • Serious accident response measures • Special lecture on safety culture by an external expert	• Safety management strategies and enhancement plans • Safety accident cases and analysis results • Benchmarking of best practices and operational approaches at visited sites	• Safety accident cases and analysis results • Feedback on the progress of safety facility standardization • Presentation of outstanding safety activity proposals

IMPROVING WORKPLACE SAFETY

Implementation System

Safety Management Innovation Measures

LOTTE Group announced the Group Safety Management Innovation Measures in 2021 to create a workplace where employees can work safely, and has been making significant investments in accident prevention. Furthermore, in line with the Ministry of Employment and Labor's Roadmap for Reducing Serious Accidents, which focuses on strengthening prevention through risk assessment and promoting a safety-conscious culture among workers, we are also implementing the "3 Steps to Reinforce the Preventive Diagnosis of Workplace Risk Factors."

LOTTE Group Safety Management Innovation Measures

LOTTE Group continues to strengthen its internal preventive activities and promote a worker participation-based safety culture. To proactively eliminate workplace hazards, it conducts risk assessments and safety inspections using advanced diagnostic equipment at least twice a year. Identified risk factors are also shared horizontally across all Group affiliates and are continuously managed until corrective actions have been fully implemented.

3 Steps to Reinforce the Preventive Diagnosis of Workplace Risk Factors

Safety Management Guide

Recommended Guide for Safety Management In April 2022, LOTTE Group collaborated with the Korea Industrial Safety Association to develop and distribute the Recommended Guide for Safety Management, aiming to enhance the level of safety and health management. This guide was developed by incorporating new safety standards based on existing safety manuals and guidelines.

Composition of the Recommended Guide for Safety Management

IMPROVING WORKPLACE SAFETY

Implementation System

Group Safety Facility Standardization LOTTE Group has continually revised the "Recommended Guide for Safety Facility Design and Construction" since first establishing it in 2017 to fundamentally eliminate risk factors that may lead to safety accidents by establishing standards for the design and construction phases of new construction and renovation projects. In 2022, the Group completed the standardization of 154 items and distributed them across all Group affiliates. Among these, seven items were immediately applied at existing business sites to implement improvement measures.

In 2025, the initiative was renamed "Group Safety Facility Standardization," and enhancements were made to improve on-site applicability and user convenience. Based on feedback from on-site workers, the Group identified fundamental workplace issues and established and implemented a total of 139 Group Safety Facility Standardization standards—37 new, 58 revised, and 44 maintained—reflecting recurring hazards identified during safety inspections and the latest regulatory

Each standardization item was assigned an implementation grade based on risk analysis. Items with higher implementation risk grades were implemented immediately to minimize workers' exposure to accident risk factors. In addition, all standardization items are managed under the principle that they must be implemented within the prescribed timeframe. To make the standards easier to understand and apply, the Group provides detailed information for each item, including its risk grade, implementation deadline, and terminology. Access has also been improved by enabling users to view the information anytime and anywhere through QR codes. In 2026, the Group plans to develop and distribute a global version of the Group Safety Facility Standardization to enable its application at overseas business sites.

Safety Management Guide by Vulnerable Period Each year, during vulnerable periods such as typhoons and cold waves, we compile and disseminate safety management guides. These guides include information on weather advisories and warnings, key management points for workplaces specific to each type of advisory and warning, and similar accident cases from the same period. Additionally, in preparation for emergencies, we establish or update emergency contact networks and assign individual responsibilities to workers to enable immediate response in case of an incident. During dry weather warnings, typhoons, and other storm and flood warnings, we provide information

Safety Management Guide by Vulnerable Period

Classification		Details
Vulnerable period	2 weeks prior to the Lunar New Year holidays	Recommended guide for safety management during the Lunar New Year holidays
	During Mar.	Safety management guide for the thawing season (dry season)
	During Apr.	Fire prevention guide for the dry season
	During Jun.	Safety management guide for the summer season
	2 weeks prior to Chuseok	Safety management guide for the Chuseok holiday
	During Oct.	Safety management guide for the transitional seasons
	During Nov.	Safety management guide for the winter season
	During Dec.	Safety management guide for the year-end and New Year holidays
Storm and flood damage	In the event of weather warnings	Typhoons, cold waves, heavy rain, heat waves, heavy snow, dry weather warnings, etc.

Sharing Safety Management Information

Vulnerable Period

Typhoons, cold waves, heat waves, etc.

- Real-time weather advisories and warnings by date
- Key management points for each business site by advisory and warning type
- Similar accident cases from the same period, etc.

Safety Information

Serious Accidents Punishment Act, Occupational Safety and Health Act, and fire- and electrical safety-related laws

- Enactment and amendments of safety-related laws
- Response measures for each provision of the laws
- Sharing of best practices across the Group affiliates, etc..

Safety Accidents

Accidents in the same industry, etc.

- Monthly analysis results of safety accidents across the Group
- Accidents in the same industry and safety-related social issues
- Sharing of measures to prevent the recurrence of various safety accidents

IMPROVING WORKPLACE SAFETY

Implementation System

Safety Management System

Since 2017, LOTTE Group has been operating LOTTE Safety, our safety management system, to identify safety management status and issues in real time and manage them systematically. Users of LOTTE Safety can access necessary information and data, such as risk factors and improvement results from safety diagnoses, the status of activities including workplace safety education, training, and key schedules, and safety management guidelines. Through the safety control center, they can also share information on safety accident occurrences and accident analysis data. Furthermore, to foster a shared commitment to "Safety First," we disseminate the importance of safety management monthly through the LOTTE Safety system, based on accident cases within LOTTE Group and across the same industry. We plan to enhance motivation for safety management by expanding opportunities to recognize and reward performance, including operating a safety management award system and providing incentives.

After the system's development, we enhanced it in 2023 due to the new legal documentation requirements resulting from the full revisions to the Serious Accidents Punishment Act and the Occupational Safety and Health Act, as well as the need to improve certain menus and the overall design. New menus were added, including support for legal documentation, risk assessments, and construction site management. We also improved existing menu functionalities and completely revamped the design.

As of December 2025, approximately 2,800 safety managers are using LOTTE Safety. Through the operation of LOTTE Safety, we provide a smart safety management environment, where diverse information exchange and activities take place.

Major Components of LOTTE Safety and Information Provision Status

SAFETY DIAGNOSIS	SAFETY ACTIVITIES	WORK SHARING	SAFETY DATA ROOM
The Group safety consulting (3,333 cases), Internal safety inspections (14,193 cases), surveys (2,166 cases), etc.	Training and education (94,386 cases), Safety events (18,381 cases), Occupational safety documents (9,375 cases), etc.	Work notices (1,651 cases), Media clippings (639 cases), Open bulletin board (1,681 cases), etc.	Business sites status (14,193 cases), Best practices (2,791 cases), Legal information (5,575 cases), etc.

Certification of Safety and Health Management System

LOTTE Group is expanding its acquisition of international standard certifications for safety and health management systems to create a safe environment across the entire organization. We consistently advocate for the application of standard safety and health system management throughout all processes. This includes encouraging new certifications and renewals for the Group affiliates' safety and health management systems, and providing bonus points when measuring the safety management level of certified Group affiliates. As of 2025, 20 Group affiliates have obtained the ISO 45001 certification, and one Group affiliate has achieved the KOSHA-MS certification.

ISO 45001 (Occupational Health and Safety Management System) Certification Status of LOTTE Group

20 companies

LOTTE Engineering & Construction, LOTTE Global Logistics, LOTTE Property & Development, LOTTE Shopping (LOTTE Department Store, LOTTE Mart/Super), LOTTE Wellfood, LOTTE Innovate, LOTTE INEOS Chemical, LOTTE Fine Chemical, LOTTE R&D Center, LOTTE Cultureworks, LOTTE Capital, LOTTE Chemical (Advanced Materials, Basic Materials), LOTTE Chilsung Beverage, LOTTE Hi-Mart, LOTTE Home Shopping, LOTTE GRS, LOTTE Energy Materials, Canon Korea, HOTEL LOTTE (LOTTE Hotels&Resorts, LOTTE Duty Free, LOTTE World), LOTTE Hotel Busan

* As of December 2025

KOSHA-MS (Safety and Health Management System) Certification Status of LOTTE Group

1 company

LOTTE Engineering & Construction

* As of December 2025

IMPROVING WORKPLACE SAFETY

Activities and Performance

Safety Management Diagnosis

Regular Safety Diagnosis Consulting for the Group Affiliates' Business Sites To build a sustainable safety management system through more systematic and smart safety management, LOTTE Group continuously identifies similar issues within LOTTE Group related to major domestic and international disasters and seeks improvement measures. Furthermore, we are establishing an accident prevention system and developing response plans in line with strengthened safety-related regulations, such as the Serious Accidents Punishment Act and the Occupational Safety and Health Act. Simultaneously, we are strengthening the Group-wide safety management consulting to oversee implementation. Additionally, if high-risk or socially sensitive workplaces emerge, we conduct special safety consulting to proactively eliminate risk factors and resolve issues.

To prevent safety accidents at Group affiliates' business sites through the discovery and improvement of risk factors, the Safety Consulting Part of the CM Division of LOTTE Engineering & Construction leads the regular safety diagnosis consulting for the Group affiliates' business sites. We provide five-year safety diagnosis analysis results to help identify vulnerable areas and locations within workplaces. This is done by classifying risk factors into seven types, six locations, and three levels of severity. Additionally, we share accident cases from Group affiliates and across the same industry to support the development of countermeasures for similar accidents.

In 2025, we conducted on-site safety diagnoses at 495 business sites across 30 Group affiliates, identifying 5,990 risk factors and providing solutions for improvement. For 2026, we plan to conduct safety diagnoses at 492 domestic business sites across 30 Group affiliates. Furthermore, to elevate safety awareness at overseas business sites, we intend to conduct safety diagnoses at 58 business sites across 11 Group affiliates in three countries to identify risk factors. We also plan to conduct education and training for fire and emergency response, along with safety training for expatriate employees and local business site managers.

Measures to Strengthen the Group Affiliates' Safety Management Consulting

	Special Safety Diagnosis	Establishment of Safety Management Guide	System Support
Scope of work	High-risk and vulnerable business groups	Prevention of recurrence of risk factors	Checking whether the guide has been implemented
Target	• Overseas business sites • Construction and sites • Large logistics centers • Communal living communities • Lack of level measurement	• Response to the Industrial Safety and Health Act • Response to the Serious Accident • Punishment Act • Overseas Business Site Manuals • Construction and site management guide • Safety management operation guide	• LOTTE Safety system support - Contract documents for projects subject to the Industrial Safety and Health Act - Management of on-site equipment history - Application for external construction work • Provision of various kinds of legal data
Expected effect	Identification and improvement of risk factors in high-risk business groups	Solving fundamental problems and responding to safety-related laws and regulations	Establishment of safety management informatization and accumulation of big data

Result of the 2025 Regular Business Site Safety Diagnosis Consulting

1. Performance

Classification	Unit	Total	Food & Beverage[1]	Retail[2]	Chemical[3]	Hotel[4]	Others[5]
Group affiliates	Companies	**30**	8	3	7	3	9
Business sites	Locations	**495**	50	263	31	38	113
Total risk factors	Cases	**5,990**	767	2,811	733	700	979
Average cases	Cases	**12.1**	15.3	10.7	23.6	18.4	8.7

[1] LOTTE Wellfood, LOTTE R&D Center, LOTTE Chilsung Beverage, LOTTE GRS, Baekhak Beverage, Sanchung Beverage, Chung buk Soju, CH Beverage
[2] LOTTE Shopping (LOTTE Department Store, LOTTE Mart/Super), LOTTE Hi-Mart, LOTTE Home Shopping
[3] LOTTE ALUMINUM, LOTTE Energy Materials, LOTTE Engineering Plastics, LOTTE MCC, LOTTE INEOS Chemical, LOTTE Fine Chemical, LOTTE Chemical (Basic Materials, Advanced Materials)
[4] LOTTE Property & Development, HOTEL LOTTE (LOTTE Duty Free, LOTTE World), LOTTE Hotel Busan
[5] LOTTE Engineering & Construction, LOTTE Global Logistics, LOTTE Foundation for Arts, LOTTE Innovate, LOTTE Academy, LOTTE Giants, LOTTE Cultureworks, Canon Korea, Korea Fujifilm

2. Diagnostic Analysis Results

- Average number of risk factors increased by 0.6 cases year-over-year (11.5 cases in 2024 → 12.1 cases in 2025)
- Occurrence status by risk type: Electricity (25.6%), Firefighting (18.9%), Safety (17.0%)
- Occurrence status by location: Sales facilities (26.8%), Maintenance (25.0%), Ancillary facilities (22.6%)

IMPROVING WORKPLACE SAFETY

Activities and Performance

Measuring Safety Management Level of the Group Affiliates

To boost interest in safety, expand autonomous safety management, and provide focused management of high-risk Group affiliates and business sites, the Safety Consulting Part of LOTTE Engineering & Construction CM Division conducts annual safety management level measurements for Group affiliates and business sites. We individually share identified deficiencies with each Group affiliate based on the measurement results. By leveraging accumulated big data, we analyze vulnerable areas and shortcomings in safety management at each business site to proactively prevent safety accidents.

In 2025, LOTTE Group measured the safety management level of 37 Group affiliates and 490 business sites. Based on the assessment results, it strengthened improvement activities by conducting comprehensive safety assessments for underperforming Group affiliates and providing focused support for business sites requiring improvement, including safety assessments twice a year. In addition, beyond the existing headquarters assessment indicator relating to the organizational structure of dedicated safety departments, the Group introduced new indicators reflecting the authority over personnel and budgets required for safety departments under the Serious Accidents Punishment Act. This was intended to strengthen compliance with legal requirements while enhancing the practical functions of safety departments.

Safety Education and Training

To improve the safety awareness and initial response capabilities of our employees, we mandate regular safety education and training sessions, along with safety events, organized around various themes. All safety-related education, training, and event results conducted at our business sites are registered in LOTTE Safety. This allows headquarters to approve their proper execution, and the results are reflected in the safety management level measurement to prevent any omissions. We also analyze and share data on employee attendance rates and areas needing improvement.

Results of the 2025 Safety Management Level Measurement

- Period & Targets: Jan. 1, 2025 to Dec. 31, 2025 for 490 business sites of 37 Group affiliates
- Measurement Indicators and Scores

Target	Headquarters (30%)				Business Sites (70%)				Total
Item	Dedicated organization	Safety activities	Accident rate	Addition/ deduction	Safety assessment	Safety activities	Level of interest	Addition/	
Scoring	30 points	50 points	20 points	±10 points	50 points	30 points	20 points	±10 points	**200 points**

- Rating Criteria

Classification	Level S	Level A	Level B	Level C	Note
HQ + Business sites	90 points or more	80-89 points	70-79 points	Less than 70 points	Absolute grading
	Excellent	Average	Attention	Caution	

- Measurement Results
  - Announcement of the overall findings and measurement results to each Group affiliate
  - The average safety management level of the Group affiliates increased by 0.9 points compared to 2024 (three more Level S Group affiliates, two fewer Level A Group affiliates, with all other levels remaining unchanged)
  - Provision of focused support for business sites during the following year's safety consulting program (business sites with inadequate safety management level measurement results or a continued decline in safety management levels)

Safety Education and Training System

Classification	Education			Training		
	New workers	Construction workers	Regular education	Morning signal training	Emergency response team training	Disaster response and evacuation drills[1]
Cycle, period	Prior to on-site deployment	Pre-construction engagement	Twice every six months	Once a day	More than twice a month	Once a month (on a rotating basis)
Host	Safety manager or supervisor	Safety manager or supervisor	Business site manager	Team leader, part leader, etc.	Business site manager or leader	Business site manager
Trainee	New workers (including partner company employees, dispatched workers, A/R employees, and part-time workers)	Construction workers	All employees	Team and part members	Assigned personnel	All employees
Content	Initial fire-fighting, evacuation, etc.	Initial fire-fighting, reporting tips, flammables handling, etc.	Theoretical education and practical training	Locations of fire extinguishers, fire hydrants, and emergency exits	Initial response	Disaster response and evacuation

[1] Fire, terrorism, earthquakes, storm, and flood damage

IMPROVING WORKPLACE SAFETY

Activities and Performance

Training for New Workers For all new workers (including partner company employees, dispatched workers, part-time workers, and all other workers within the business site), basic training is mandatory before assigning them to workplace tasks. Common training includes initial fire extinguishing procedures, reporting procedures and emergency communication, and hands-on practice using fire extinguishers and fire hoses. We train workers at public-use facilities on the location of fire shutters and emergency exits and customer evacuation procedures, while workers who handle ignition sources receive training on the safe handling of ignition sources, hazardous materials management, and the use of fire blankets.

Training for Construction Workers Before external partner companies' construction workers are assigned to construction work, we provide compulsory training on workplace safety rules, the safe handling of ignition sources, and the location and proper use of fire extinguishers and fire hoses, including initial fire extinguishing procedures. For those who have completed the training, a training certificate for the relevant business site is attached to their safety helmets (workers without the certificate are prohibited from entering the site).

Regular Training To enable a practical response in the event of a safety accident, we conduct practical training on fire protection facilities attended by all workers at the business site, theoretical training (every quarter) on initial fire suppression and customer evacuation guidance, public-private joint training (at least once a year), firefighting competitions, and training by invited officials from relevant organizations.

Morning Signal Drill We clearly indicate the location of fire extinguishers, fire hydrants, emergency exits, etc. to secure their visibility and ensure that their locations are imprinted in the minds of our employees while conducting a "Morning Signal Drill" in which workers point to the locations of the safety facilities and repeat them three times together before starting work every day.

Training for Emergency Response Team We designate an emergency response team (daytime and nighttime), a small, highly trained initial response team, in advance and conduct unannounced training on emergency dispatch and initial response at bi-weekly intervals. The head of the business site is dispatched along with the emergency response team and takes charge of directing the drill after the handover at the site.

Evacuation Drills To guide customer evacuation and properly respond to situations such as fire, earthquake, terrorism, we create the same environment as a real fire, such as power outages, fire shutters, and emergency alarms and conduct drills with the top priority of customer safety and evacuation guidance within the business site.

Performance of Regular Training in 2025

Classification	Group Affiliates (Companies)	Business Sites (Locations)	No. of Workers (Persons)	No. or Participants (Persons)	Participation Rate (%)
Total			**152,270**	**147,768**	**97.0**
Q1			38,421	36,795	95.8
Q2	35	495	38,166	37,046	97.1
Q3			37,855	36,982	97.7
Q4			37,828	36,945	97.7

CASE STUDY

Promoting Employee Participation in Safety Culture

LOTTE Wellfood is strengthening on-site safety capabilities through safety culture activities and training that engage not only employees but also personnel from partner companies.

To prevent workplace accidents, we operate participatory safety culture programs through which employees directly identify hazards and propose improvement ideas. Suggestions are accepted through a permanent online submission system that allows anyone to participate easily, and participation has been expanded beyond LOTTE Wellfood employees to include partner company personnel, enabling the incorporation of diverse workplace perspectives. Submitted proposals are reviewed, and outstanding cases are selected and shared across the Group, contributing to the continuous improvement of safety management standards. In 2025, a total of 710 safety suggestions were submitted, of which 647 cases (91%) were successfully addressed and implemented.

The company also provides a variety of occupational safety and health training programs throughout the year to strengthen the safety capabilities of employees and partner company personnel. In 2025, training programs tailored to different roles and competency levels were conducted, including functional workshops, firefighting skills training, executive lectures, and experiential learning programs. In particular, practical applicability was enhanced through VR-based training, internal auditor development programs, and ISO 45001 training, while fire safety and disaster response training was also conducted at headquarters and business sites. Through these efforts, it seeks to embed a company-wide safety culture and strengthen practical accident prevention capabilities.

BUILDING A SUSTAINABLE SUPPLY CHAIN

LOTTE Group aims to build a sustainable supply chain that fosters shared growth and creates sustainable value together with its partner companies based on mutual trust. To this end, we operate a wide range of win-win cooperation programs—including financial support, market access, education, and innovation support—to strengthen the competitiveness of our partner companies while advancing the shared growth framework between large enterprises and SMEs. Furthermore, we are expanding the scope of our shared growth efforts to local communities and rural and fishing communities, thereby contributing to a healthy business ecosystem.

Implementation System

Direction for Shared Growth

LOTTE Group respects the value of mutual growth and strives to create a healthy business ecosystem, growing together with our partner companies based on mutual trust. Furthermore, we view shared growth with our partners as a key driver of sustainable management. We implement practical, meaningful partner support programs and are broadening their reach to include small business owners and farming and fishing communities.

Code of Conduct for LOTTE Group Partner Companies

In June 2022, LOTTE Group established and published a Partner Company Code of Conduct. This code outlines requirements for our partners across six areas: environmental protection, respect for human rights, safety management, quality control, compliance and ethical management, and management systems. These requirements are based on international guidelines such as the UN Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the UN Convention on the Rights of the Child, the International Labour Organization (ILO) Core Conventions, and the Responsible Business Alliance (RBA) Code of Conduct. LOTTE Group hopes that all partner companies will comply with this code and participate in our ESG management.

LOTTE Group's Win-Win Growth System

Reach Higher, Go Farther, Together LOTTE

LOTTE Group respects the value of win-win and grows and cooperates with its partners to create a healthy business ecosystem

Funding

- Shared Growth Fund
- Early payment, Win-win Payment system
- Contributing to and operating the Win-Win Cooperation Fund

Sales Channel Support

- Pioneering domestic and international sales channels for partner companies
- Operation of a Win-Win Center specializing in SMEs
- Win-win programs for rural and regional areas

Education and Innovation Support

- Shared Growth Academy
- Business management consulting for partners
- Startup accelerator

Enhancing partners' competitiveness through funding, sales channels, and training support

BUILDING A SUSTAINABLE SUPPLY CHAIN

Activities and Performance

Support Programs for Partner Companies

LOTTE Group implements various practical win-win cooperation programs to enhance the competitiveness of our partner companies, including support for funding, sales channels, education, and innovation. Additionally, to promote cooperation between large enterprises and SMEs, we have signed and are implementing the "Agreement on Strengthening the Partner Company Ecosystem (formerly the Voluntary Agreement to Resolve Polarization)"[1] with the Korea Commission for Corporate Partnership (KCCP).

As a result of continuously implementing these shared-growth and win-win cooperation programs, LOTTE Group has consistently improved its ratings in the "Win-Win Growth Index Evaluation" conducted by the Korea Commission for Corporate Partnership. In 2025, LOTTE Department Store, LOTTE Wellfood, LOTTE Innovate, LOTTE Chemical, and LOTTE GRS each received the "Highest" rating in the Win-Win Growth Index Evaluation. In particular, LOTTE Chemical was recognized as an Honor Company after earning the Highest rating for three consecutive years, while LOTTE Department Store became the first company in its industry to receive the Highest rating.

[1] A win-win cooperation program aimed at resolving the polarization between large enterprises and SMEs and strengthening the competitiveness of SMEs. Under this agreement, participating companies voluntarily select and implement support programs.

Status of LOTTE Group's "Strengthening the Ecosystem of Partner Companies" Agreements

Agreements totaling

KRW **3,320.7** billion

11 Group affiliates

LOTTE Engineering & Construction, LOTTE ALUMINUM, LOTTE Wellfood, LOTTE Innovate, LOTTE Shopping (LOTTE Department Store, LOTTE Mart/Super), LOTTE Chemical, LOTTE Hi-Mart, LOTTE Home Shopping, LOTTE GRS, Korea Seven, HOTEL LOTTE (LOTTE Duty Free)

* Cumulative from 2018 to 2025

In addition, at the 2025 Shared Growth Week Commemoration Ceremony, hosted by the Ministry of SMEs and Startups and organized by the KCCP, LOTTE Mart/Super received the Presidential Citation for Contributions to Shared Growth between Large Enterprises and SMEs, the highest honor in the organizational category, while LOTTE GRS received the Minister of SMEs and Startups Commendation.

Win-win Payment System Since 2018, LOTTE Group has been operating the Win-win Payment System in partnership with the Korea Foundation for Cooperation of Large & Small Business, Rural Affairs (KOFCA). This system facilitates smooth payment of supply proceeds between large and small-to-medium enterprises. The Win-win Payment System allows all partner companies down the supply chain to convert their receivables into cash early, at a low discount rate comparable to that of a large corporation, when the large corporation issues non-recourse receivables. LOTTE Group was the first major corporation to introduce this system across all the Group affiliates. Currently, we process 100% of our credit payments, excluding cash payments, through this Win-win Payment System.

Early Payments to Partner Companies Given that partners need additional funds to pay salaries and bonuses ahead of the important traditional holidays, such as Lunar New Year and Chuseok, LOTTE Group ensures early payment of transaction amounts during these peak holiday periods, assisting our partner companies in managing their funds smoothly.

LOTTE Group Performance of Early Payments to Partners

Classification	Unit	2024 Lunar New Year	2024 Chuseok	2025 Lunar New Year	2025 Chuseok	2026 Lunar New Year
Target	Companies	13,831	12,116	11,067	11,110	13,354
Amount	KRW billion	880.0	1,048.9	686.3	885.3	1,074.9

Win-Win Cooperation Fund LOTTE Corporation makes efforts not only for shared growth with its partner companies but also for shared growth with the local community. In 2021, we contributed KRW 15 billion to Korea Foundation for Cooperation of Large & Small Business, Rural Affairs (KOFCA), creating a fund for shared growth investment and a fund for mutual growth in rural areas. Utilizing these funds, we support domestic and international market expansion for SMEs, provide welfare benefits for employees of partner companies, and operate various mutual growth programs for the development of local communities and rural areas.

Operation Status of KOFCA Funds

Classification	Key Projects	Target	Executed Amount
Domestic and overseas market expansion support	Support for overseas expansion of partner companies	681 companies	KRW 2,950 million
	Startup accelerating program	41 companies	KRW 1,850 million
Partner company welfare support	LOTTE Shared Growth Concert	1,132 companies	KRW 1,200 million
Shared growth with local communities and rural areas	Emergency relief and support for low birth rates and grandparent-headed families	About 3,850 households	KRW 2,200 million
	Plastic circularity program	SuperBin	KRW 900 million
	Rural economic revitalization program	Inje-gun, Gangwon State; Ganghwa-gun, Incheon	KRW 1,650 million
	Seokchon Lake water quality improvement program	Songpa-gu, Seoul	KRW 600 million

* Cumulative from 2021 to 2025

BUILDING A SUSTAINABLE SUPPLY CHAIN

Activities and Performance

Education and Innovation Support LOTTE Group is committed to enhancing the professional capabilities of our partner companies' employees. To this end, we provide educational programs equivalent to those offered to our own employees and deliver effective management consulting tailored to specific needs of partner companies. In terms of education and innovation support, we operate a Shared Growth Academy to provide training for partner companies. We also run ESG support programs for small and medium-sized partner companies, contributing to the widespread adoption of ESG management. Additionally, we offer big data-based consulting to improve sales and operate a startup acceleration program.

Support for Overseas Expansion of Partner Companies LOTTE Group is dedicated to helping its partner companies expand their sales channels both domestically and internationally and enter overseas markets. To this end, we operate the "LOTTE-KOREA BRAND EXPO" in collaboration with the Ministry of SMEs and Startups. As one of the largest overseas market entry support programs in Korea, the LOTTE-KOREA BRAND EXPO aims to expand sales channels for companies facing difficulties in entering overseas markets on the back of a collaborative effort involving LOTTE Corporation and various Group affiliates from retail (LOTTE Mart/Super, LOTTE Department Store, LOTTE Home Shopping, Korea Seven), food & beverage (LOTTE Wellfood), and hotel (LOTTE Duty Free) businesses.

The participating companies consist of excellent Korean small and medium-sized enterprises (SMEs), venture companies, and startups in food & beverage, beauty, and apparel, which are of high interest to overseas consumers. The expo facilitates export consultations with international buyers and hosts Hallyu (Korean Wave) cultural events to promote Korean cultural content.

LOTTE Group plans to expand its win-win support for market development, currently centered on retail group affiliates, to include our food and chemical group affiliates. We will continue to promote overseas market entry support programs for our partners, tailored to the specific characteristics of each business sector.

Support for Partner Companies' Employee Benefit To foster |shared growth and a culture of mutual prosperity between large and small enterprises, LOTTE Group invites employees of our partner companies to attend cultural performances, such as classical orchestra concerts. These events also serve as a platform for communication, with executives from LOTTE Corporation and key group affiliates attending to express gratitude and engage with partner company employees. At the event held in March 2026, a variety of activities were organized for employees of partner companies attending the concert, and commemorative gifts consisting of products from Group affiliates were presented.

Distinguished guests included the Chairperson of the Korea Commission for Corporate Partnership, who attended for the second consecutive year, as well as the Chairperson of the Korea Institute for Corporate Partnership, the Secretary of the National Assembly's Climate, Energy, Environment and Labor Committee, and the Vice Minister of Trade, Industry and Energy. Together, they participated in a Shared Growth Ceremony to celebrate the continued partnership between LOTTE and its partner companies. We will continue to expand communication with our partner companies through regular cultural performances.

Achievements of LOTTE-Korea Brand Expo

Classification	Unit	2023		2024		2025	
		Australia	Indonesia	Mexico	Vietnam	France	Austria
SME	Companies	100	100	100	90	50	51
Consultation amount	KRW billon	80.9	39.4	29.6	17.7	90.8	71.8
No. of consultations	Cases	595	396	538	420	511	575

LOTTE Shared Growth Concert

- Venue
  LOTTE Concert Hall
- Performances
  - Conducted the concert with explanations of the classical pieces performed
  - Enhanced participants' understanding and satisfaction by complementing the classical program with performances of art songs, popular songs, and pop music by well-known artists

Classification		2024	2025	2026
Invitation	Number of partner companies	308	270	305
	Number of employees	1,360	1,319	1,273
Attendance	Number of employees	1,087	1,224	1,106
	Attendance rate (%)	80	93	87
Performance satisfaction level (%)		96.1	98.0	97.8

BUILDING A SUSTAINABLE SUPPLY CHAIN

CASE STUDY

Participating in the Korea Commission for Corporate Partnership's "Supplier ESG Support Program"

Recognizing that partner companies' ESG capabilities contribute directly to the Group's competitiveness, LOTTE Group actively supports the establishment of ESG management practices among its partner companies.

Although the importance of ESG management continues to grow, many small and medium-sized enterprises face challenges in building their own ESG management systems due to limited financial and human resources. Accordingly, six LOTTE affiliates—including LOTTE Duty Free, LOTTE Department Store, LOTTE Innovate, LOTTE Chemical, and LOTTE Hi-Mart—have participated since 2019 in the "Supplier ESG Support Program," a flagship project organized by the KCCP, helping partner companies establish ESG management systems. Each affiliate contributes to a shared growth fund and jointly develops implementation plans with partner companies. Based on the KCCP's ESG Standard Guidelines for SMEs, they systematically develop industry- and company-specific ESG indicators, provide employee training and competency assessments, conduct on-site assessments in collaboration with experts, and provide ESG consulting and evaluations.

Through this program, LOTTE Group supports the tangible growth of its supplier partners. The six participating affiliates have shared ESG management expertise with a total of 419 supplier partners, of which 291 companies have obtained the "Certificate of ESG Excellence for SMEs"[1] from the KCCP. In addition, they support the establishment of ESG management among SME partners through various incentives, including market expansion programs, preferential fund interest rates, and additional points in periodic evaluations.

[1] Issued to partners demonstrating a high level of compliance with ESG evaluation criteria. SMEs that obtain the certificate are eligible for preferential lending rates from five banks (Shinhan Bank, Hana Bank, BNK Kyongnam Bank, Industrial Bank of Korea, and KB Kookmin Bank), as well as preferential access to overseas market entry support programs offered by KOTRA and KOICA and environmental and energy technology support provided by the Korea Institute of Energy Research and the Korea Environmental Industry & Technology Institute.

Key Programs of the Group Affiliates in 2025

Group Affiliates	LOTTE Department Store	LOTTE Mart/Super	Korea Seven	LOTTE GRS	
Program	Win-Win Margin System	Global Bridge in Indonesia	Commercialization of Local Specialty Agricultural Products	Youth Farmer Sustainable Growth Project	"Lottridangil" Campaign: Jinhae Jungang Market
Details	Sales commission reduced by up to 5%; 151 companies supported	Supported overseas market entry for 30 SMEs through Gandaria City Mall in Indonesia	Commercialized aid pouch beverages made from agricultural products grown by young farmers	Commercialized agricultural products from young farmers (e.g., imperfect cheese potatoes)	Featured local restaurants from Jinhae Jungang Market at LOTTE GRS stores nationwide
Period	Apr. 2025–Mar. 2026	Jun. 2025	Aug. 2021–	Mar. 2025–Mar. 2026	Mar.–Apr. 2025

Became the First in the Industry to Achieve the Highest "Excellent" Rating in the Win-Win Index

LOTTE Department Store pursues a shared-growth strategy with its partners based on two key pillars: compliance with fair trade practices and strengthening win-win growth.

Under the shared-growth slogan "Higher and Further! Together LOTTE," we provide support across a wide range of areas, including finance, management, market access, and communication. We operate shared-growth funds totaling KRW 200 billion to strengthen financial support for SME partners and reduce the burden on key SME partners through the Shared Growth Margin Program. We also provided ESG management consulting to 16 SME partners and support stable market access through dedicated sales support spaces and distribution channels utilizing private-label brands. In addition, collaboration programs involving SMEs and small business owners generated KRW 116 million in sales, while 262 partner companies participated in partner communication workshops, strengthening the foundation for mutual cooperation.

As a result of these efforts, LOTTE Department Store became the first company in the department store and duty-free sectors to receive the highest "Excellent" rating in the 2024 Win-Win Index and maintained this top rating in 2025, earning external recognition for its shared-growth management achievements.

LOTTE Department Store's Companion Workshop

PROMOTING STRATEGIC SOCIAL CONTRIBUTIONS

Based on its mission of enriching people's lives, LOTTE Group carries out strategic social contribution activities by bringing together the specialized capabilities of its Group affiliates. Through customized programs tailored to the characteristics of each stage of the life cycle (from infants and young children to older adults), the Group makes meaningful contributions to addressing social issues while creating shared value. In particular, the Group enhances the effectiveness of its activities and realizes the value of sharing by strengthening collaboration among Group affiliates and engagement with stakeholders across a wide range of areas, including education, the environment, welfare, and culture.

Implementation System

CSV Framework

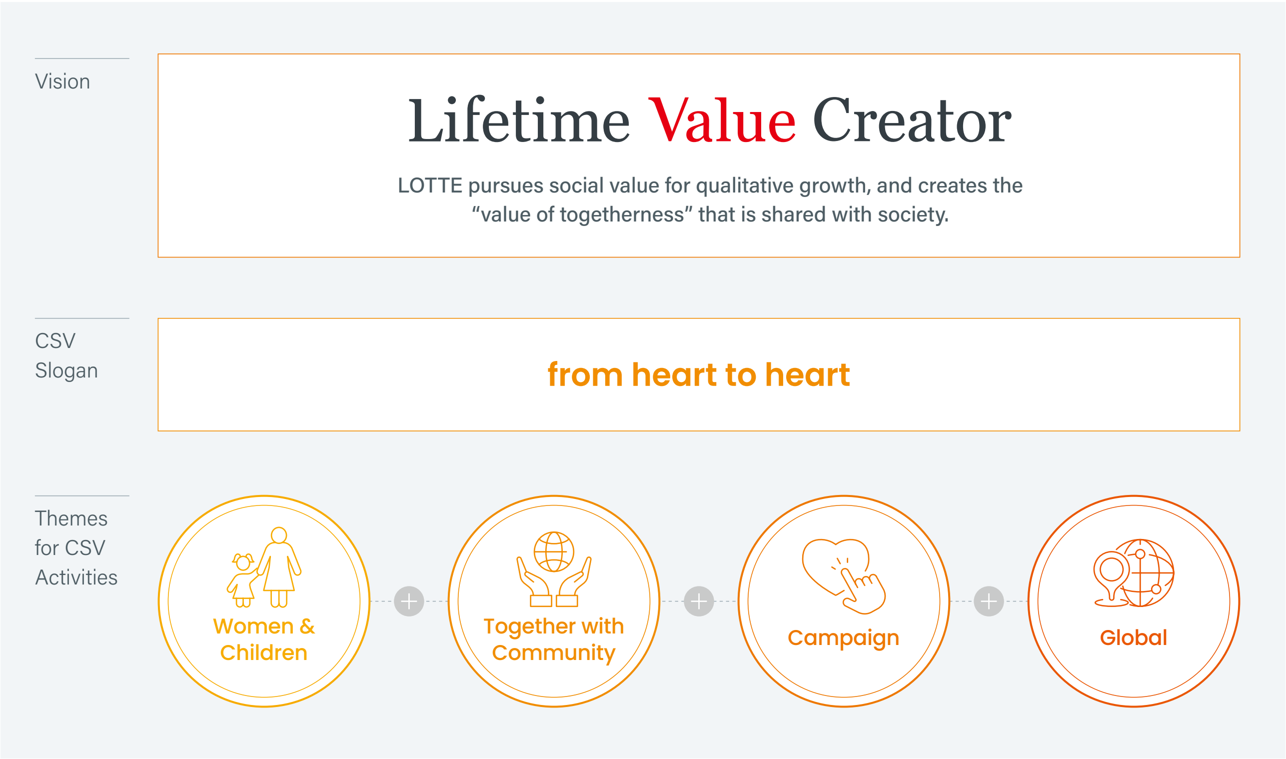
LOTTE Group is dedicated to building social infrastructure and undertaking various sharing activities for marginalized groups to foster a more prosperous society. We are also pursuing more systematic and practical support projects by leveraging the capabilities and resources of the Group's businesses, including retail, food & beverage, chemical, and hotel services.

Through our CSV (Creating Shared Value) activities, we create social value that drives sustainable growth and strive to realize our vision of "Lifetime Value Creator" by sharing the value created through these efforts with society. Centered around the slogan "Heart to Heart," which expresses the ripple effect of empathy created when LOTTE's sincerity reaches the hearts of community members, we have established three main themes—women & children, love for the country, and community.

CSV Implementation Organization

LOTTE Group realizes the value of mutual growth and sharing by engaging in various philanthropic activities throughout local communities, primarily through the Charlotte Volunteer Group, which comprises both labor and management from the Group affiliates. In 2025, we held a workshop for all social contribution managers across the Group affiliates to share our CSV strategy and discuss the direction of social contribution activities, including expert lectures.

CSV System of LOTTE Group



PROMOTING STRATEGIC SOCIAL CONTRIBUTIONS

Implementation System

Donation and Sponsorship Process

LOTTE Group recommends that our Group affiliates standardize their donation and sponsorship processes and execute them in accordance with established criteria to ensure rational decision-making and procedural legitimacy.

For LOTTE Corporation, donations and sponsorships exceeding KRW 500 million are decided through the Board of Directors (BOD). It is stipulated that a legal review opinion from the Legal Team must be requested for agenda items submitted to the BOD. The CSV Team at LOTTE Corporation verifies the legal entity of the donation recipient, the purpose of the donation, and its past activity records to review the legitimacy and appropriateness of the donation, and implements follow-up measures based on the review results. If necessary, it consults with the Compliance Team.

Direction for CSV Activities

Major Projects in 2025 In 2025, we focused on advancing our flagship CSV programs, including Mom's Happiness Dream Attic, Mom's Happiness Playground, and Youth Library. The Mom's Happiness Dream Attic project expanded beyond regional children's center remodels to include health promotion programs for children and cultural experience programs for emotional support. Also, the Mom's Happiness Playground project involved creating new indoor playgrounds, allowing children to enjoy play activities without being affected by negative external environmental factors like fine dust. Additionally, we successfully carried out the Seokchon Lake water quality improvement project in collaboration with several Group affiliates, including LOTTE Property & Development. We plan to expand collaborative programs that create synergy through organic collaboration with the Group affiliates.

CSV Direction for 2026 Centered on our flagship social contribution brand, "Mom's Happiness," we plan to promote CSV initiatives that span all stages of life, serving all generations from infants and young children to older adults.

In particular, through the inaugural "LOTTE Mom's Happiness Family Award" and related public campaigns, we plan to further strengthen our flagship social contribution brand, "Mom's Happiness," taking the lead in creating a happier society where families and communities thrive together. We will also continue to identify new initiatives that address social issues such as declining birth rates and population aging, thereby contributing to a richer quality of life for humanity.

Activities and Performance

CSV Programs

Infants & Toddlers

"LOTTE Mom's Happiness Family Award" And Public Campaign

LOTTE Group actively responds to social issues such as declining birth rates and family disintegration. As part of these efforts, we established the "LOTTE Mom's Happiness Family Award" in May 2026 to recognize individuals and organizations striving to bring about positive change amid challenging circumstances. To raise awareness of the purpose of the LOTTE Mom's Happiness Family Award and promote the importance of the right to care for infants and young children among the public, we also held the three-day public campaign, "Mom's Happiness Festival," at Seoul Plaza in front of Seoul City Hall.

- **Goal:** Promoting life-cycle-specific social contribution activities for all generations centered on our flagship social contribution brand, "Mom's Happiness"
- **Plan:** Promoting major projects tailored to each life stage

Infants, Toddlers & Families	Children & Adolescents	Youth	Middle-Aged & Seniors
• **The inaugural LOTTE Mom's Happiness Family Award and public campaign:** Activities to raise awareness of declining birth rates and caregiving	• **Mom's Happiness Dream Attic:** Regional children's center remodeling project, multicultural family and emotional support programs • **Mom's Happiness Playground:** Public indoor playground development project • **Sponsorship of the Korea Ski & Snowboard Association:** Discovering and fostering ski and snowboard athletes	• **Youth Library:** Military library installation project for military units with limited access to cultural resources, book concerts for the Navy • **VALUE for ESG:** ESG-themed university student volunteer group, operation of the fifth volunteer group scheduled for October	• **Grandparent-Grandchild Caring:** A project to improve the residential environment for grandparent-grandchild households

PROMOTING STRATEGIC SOCIAL CONTRIBUTIONS

Activities and Performance

Children & Adolescents

Mom's Happiness – Playground, Dream Attic Projects Since 2017, LOTTE Group has been running the "Mom's Happiness Playground" and "Mom's Happiness Dream Attic" projects, with an aim to address inequality in children's play and educational environments.

The Mom's Happiness Playground project creates environmentally friendly playgrounds that guarantee children's right to safe play by involving children and their caregivers from the design stage. A distinctive feature of the project is the incorporation of LOTTE World's "Lotty Friends" characters into both its educational content and playground design, reflecting LOTTE's unique identity. Beginning in 2023, the project shifted its focus from outdoor playgrounds to indoor public playgrounds. In 2024, it received the Prime Minister's Award at the 13th National Sharing Awards in recognition of its continued contributions. In 2025, additional Mom's Happiness Playgrounds were established at Gimpo Airport and in Chilgok County, Gyeongsangbuk-do. As of the end of 2025, a total of 32 playgrounds were in operation nationwide.

The Mom's Happiness Dream Attic project improves the environments of community children's centers while supporting children's learning and play through eco-friendly wooden libraries and digital learning areas. In 2025, six additional Dream Attic centers were opened, bringing the nationwide total to 100. A design competition was also held to create more distinctive spaces. Children using the Dream Attic centers also receive digital education and online learning support. In January 2026, LOTTE Group held a ceremony celebrating the opening of the 100th LOTTE Mom's Happiness Dream Attic to review the project's progress. The event also provided approximately 1,000 children and related personnel from Dream Attic centers nationwide with opportunities to enjoy performances and visit attractions such as Seoul Sky and LOTTE World Aquarium.

Establishment of the Mom's Happiness Playground

32 locations

(Cumulative from 2017 to 2025)

Establishment of the Mom's Happiness Dream Attic

100 locations

(Cumulative from 2017 to 2025)

Mom's Happiness Playground

VALUE for ESG

Youth

Youth Library and Proud Army Family Awards Sponsorship
Initiated in 2016, the "Youth Library" project establishes reading and relaxation spaces for frontline military units with limited access to cultural resources. It creates study cafes and other facilities, reflecting the needs of Army, Air Force, and Navy personnel and the specific characteristics of each military unit.

In 2025, we opened six new locations and hosted Book Concert events for service members using the Youth Library, offering opportunities to connect through books by featuring author lectures, talk shows, and musical performances. At the Book Concert, we invited approximately 300 Navy personnel to engage in conversations with announcer Choi Hee and baseball player Lee Dae-ho. Furthermore, through the Proud Army Family Awards, organized annually by the Army Headquarters, we have continued to support military personnel and civilian military employees' families dedicated to serving the nation.

VALUE for ESG VALUE stands for "Value Creators in Universities" and "VALUE for ESG" is LOTTE Group's college student volunteer group established to collaborate with young people in addressing and resolving community issues from an ESG perspective.

In 2025, a total of 80 university students were divided into 10 teams to carry out social contribution activities aligned with environmental, social, and governance (ESG) themes. Representative activities included providing emotional support for firefighters, families of children with disabilities, and children living in childcare centers; upcycling discarded cosmetics and umbrellas; and producing guidebooks to support the settlement of migrants. Through 162 hours of volunteer service, the program benefited a total of 1,691 people. Participants also took part in volunteer activities organized by LOTTE BIOLOGICS, conducting social contribution activities in collaboration with the company.

PROMOTING STRATEGIC SOCIAL CONTRIBUTIONS

Activities and Performance

Middle-Aged & Seniors

Grandparent-Grandchild Caring The "Grandparent-Grandchild Caring" project is a social contribution project that aims to improve the aging residential environments of 50 grandparent-grandchild households in rural farming and fishing communities nationwide, and supports travel for grandparents and grandchildren. This project was designed to reduce welfare gaps for grandparent-grandchild households and create a safer, more comfortable living environment in response to the challenges of low birth rates and an aging society. The first home improvement project was successfully completed in February 2025. In addition to environmental improvement projects, LOTTE Group plans to continuously identify and pursue additional areas of support with the Group affiliates to address welfare blind spots.

Others

Seokchon Lake Water Quality Improvement Project
LOTTE, in collaboration with Songpa-gu Office, has been carrying out the Seokchon Lake Water Quality Improvement Project since 2021. As a result of this project, the basic water quality has been enhanced and algae formation suppressed using an eco-friendly photocatalyst method, improving the lake's water clarity. The transparency of Seokchon Lake has increased from 0.6 meters to a maximum of 2 meters, and most items under the Water Quality Environmental Standards have received a Grade 1 rating. In May 2025, three LOTTE Group affiliates (LOTTE Corporation, LOTTE Property & Development, and LOTTE World) signed a business agreement with Songpa-gu Office, Green Future Foundation, and GENKS for the "2025 Seokchon Lake Water Quality Improvement" project. Accordingly, alongside water quality improvement efforts, we are conducting various environmental cleanup activities, including tree planting and ecological monitoring.

Furthermore, leveraging the cleaner Seokchon Lake, LOTTE Property & Development has hosted the "LOTTE Aquathlon" every July since 2022. This event consists of a 1.5 km swim in Seokchon Lake and a climb up the 123-story LOTTE World Tower. In 2025, the event attracted approximately 800 participants.

Disaster Relief Projects LOTTE Group has established an emergency relief cooperation system with related organizations like the Korea Disaster Relief Association and KOFCA. When national disasters such as earthquakes, wildfires, or heavy rainfall occur, we support community recovery efforts by securing disaster relief funds and preparing relief kits. In March 2025, we donated KRW 1 billion to the Community Chest of Korea to aid in the swift recovery of wildfire-affected areas and displaced residents. Group affiliates including Retail Business Group, Food & Beverage Business Group, LOTTE Fine Chemical, and HOTEL LOTTE also participated by providing daily necessities.

Sponsorship of the Korea Ski & Snowboard Association
As the chair company of the Korea Ski & Snowboard Association, LOTTE Group has signed cooperation agreements with the ski associations of leading winter sports nations, including the United States, Canada, and Finland, and actively promotes exchanges of technology and expertise to strengthen Korea's competitiveness in snow sports. As a result, Korea achieved its best-ever performance in snow sports at the 2026 Milan–Cortina Winter Olympic Games, winning one gold, one silver, and one bronze medal. LOTTE Group plans to continue to support the broader development of skiing and snowboarding by helping athletes enhance their performance and discovering and nurturing promising talent.

Sponsorship of the Korea Ski & Snowboard Association

CASE STUDY

LOTTE Department Store's "RE:JOICE" Campaign

LOTTE Department Store supports the recovery of individuals in need of mental and emotional care and their journey toward new challenges

Over the past decade, the company has generated social value through the RE:JOICE campaign by contributing about KRW 10 billion in donations. It also operates four "RE:JOICE Counseling Centers" within its department stores and provides free counseling services in partnership with 70 social welfare organizations nationwide. Through the "RE:JOICE Dreamers" program, which supports youth with family caregiving responsibilities, it has provided scholarships totaling KRW 270 million to around 20 young people.

Launched in 2017 to foster social awareness of mental health among customers and employees, the initiative expanded its scope in 2022 to include all members of society. In April 2026, marking its 10th anniversary, it became the first initiative in the industry to publish an "Impact Report" and host a forum on the theme of "Mental and Emotional Well-Being." LOTTE Department Store will continue to advance emotional well-being as a societal issue rather than merely an individual concern and will further its commitment to corporate social responsibility.

RE:JOICE Counseling Center	Mental and Emotional Well-Being Program
Cumulative counseling recipients 5,677 people	Participating social welfare organizations 70 nationwide
Counseling sessions 12,806 cases	Program beneficiaries 2,139 people

* As of the end of 2025 (cumulative)

PROMOTING STRATEGIC SOCIAL CONTRIBUTIONS

CASE STUDY

LOTTE Wellfood's Campaign to Promote Healthy Oral Care

LOTTE Wellfood promotes awareness of proper oral health management through campaigns and educational programs focused on dental health.

Since entering into a social contribution partnership agreement with the Korean Dental Association in 2013, LOTTE Wellfood has continued to operate the "Healthy Teeth for Korea Project." Its flagship program, "Dr. Xylitol Bus, Roll Out!," is a mobile dental clinic created by converting a large bus that visits areas with limited access to dental care, as well as elementary schools, military bases, and residential facilities for people with disabilities, providing free dental care and oral health education each month. The campaign has been widely recognized as a successful social contribution initiative that combines the unique characteristics of LOTTE Wellfood's Xylitol gum products with the professional expertise of the Korean Dental Association.

In addition, to promote oral health among young children, LOTTE Wellfood entered into a partnership agreement in 2022 with the Seoul Metropolitan Office of Education, the Korean Dental Hygienists Association, and Action for Prevention of Dental Diseases. In collaboration with the Seoul Metropolitan Office of Education, the company selected 44 "Smart Habit Oral Health Practice Kindergartens" in 2023 and conducted educational programs designed to foster healthy dental habits. In 2024, the initiative was expanded to elementary schools through experiential learning programs. In 2025, the program expanded its reach to provide education to 120 kindergartens and elementary schools in Seoul and Incheon. The company will continue to expand both the geographic reach of the program and the number of participants, helping foster proper oral health management habits.

Healthy Teeth for Korea Project, Dr. Xylitol Bus, Roll Out!

"L-CAMP": Startup Discovery and Growth Support Program

Since 2016, LOTTE Group has operated the "L-CAMP" program to discover and support the growth of startups with innovative ideas.

Led by LOTTE Ventures, L-CAMP pursues innovation that creates social value and delivers benefits for all stakeholders. Through a virtuous cycle in which startup value grows and investment by LOTTE Group increases, we contribute to the healthy development of the startup ecosystem and the sustainable growth of the national economy.

Companies participating in L-CAMP are selected through an annual open recruitment process and can receive a wide range of support throughout all stages of growth, from the early startup phase onward. Participants benefit from practical programs including expert mentoring, market validation of business ideas, office hours (business capability enhancement programs), and demo days designed to attract follow-on investment. From 2016 through 2025, the program selected and supported a total of 208 startups. In 2026, it plans to further support commercialization through proof-of-concept (PoC) collaborations with the Group affiliates while strengthening linkages to investment. In particular, the program will expand recruitment in fields such as AI, robotics, and food tech, where synergies can be created with the Group affiliates. By further advancing its open innovation framework, we will actively support startups in transforming their potential into business growth.

LOTTE Ventures' L-CAMP and Food Changers Orientation

L-CAMP Operational Performance

Number of startups selected	Enterprise value of supported companies
208	Approximately KRW 1,951.7 billion (2.4-fold growth compared to their value at the time of investment)

L-CAMP Operational Performance in 2025

- 13th L-CAMP
  197 companies applied, 6 were selected (33:1 competition rate)
  → 1 received direct investments
- 5th Food Changers
  53 companies applied, 4 were selected (13:1 competition rate)
  → 1 received direct investments
- Key Programs
  - Expert mentoring and support for market validation of business items
  - Business meetings and collaboration with working-level staff from LOTTE Group affiliates
  - Office hours: Corporate culture, accounting practices, guest lectures by L-CAMP alumni, and business plan writing
  - Booth support at the Agri-Food Startup Expo (AFRO) for selected Food Changer companies (1,189 visitors)
  - Demo Day: 149 attendees, including representatives from the Group affiliates, venture capital firms, and related organizations

GOVERNANCE

Fair and transparent corporate governance is the foundation for a company's sustainable growth and building trust. Building on its advanced corporate governance framework, LOTTE Group continues to strengthen its governance systems and practices to promote responsible decision-making and enhance shareholder value. Led by LOTTE Corporation, the Group affiliates reinforce stakeholder trust through the Boards of Directors with expertise and independence, transparent disclosure practices, and compliance and ethics management systems aligned with global standards, thereby improving the fairness and transparency of corporate operations. Through these efforts, LOTTE Group continues to create sustainable corporate value amid a rapidly changing business environment.

MATERIAL TOPIC

ADDRESSING CLIMATE CHANGE

MANAGEMENT APPROACH

Fair and transparent corporate governance is a fundamental pillar of sustainable corporate growth. LOTTE Corporation strengthens the independence and expertise of its Board of Directors (BOD) based on advanced corporate governance, while establishing a responsible decision-making structure to enhance stakeholder trust. In 2024, we disclosed the "Corporate Value-Up Plan," which was followed by the faithful implementation in 2025, further strengthening trust with shareholders and the capital market. We also continue to enhance our internal control system, promote fair corporate management, and proactively manage a wide range of risks, thereby reinforcing the foundation for sustainable growth.

Governance	• Composition of the BOD • BOD Committees
Strategy	• BOD Independence • BOD Competencies • BOD Operations • Enhancing Shareholder Value
Risk Management	• Appointment and Evaluation of Non-executive Directors • BOD Evaluation and Compensation • Executive Evaluation and Compensation • Compliance with Key Governance Indicators
Metrics & Targets	• Key Governance Indicators

GOVERNANCE

Composition of the BOD

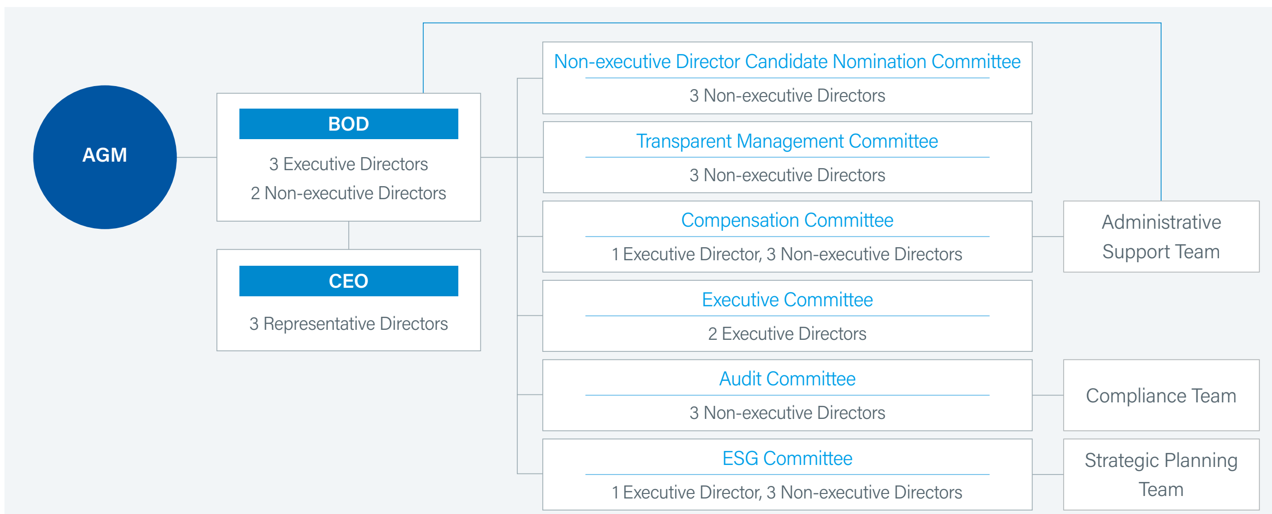
To enhance corporate value and protect the rights and interests of shareholders and other stakeholders, LOTTE Corporation has established and operates a BOD as the company's highest permanent decision-making body. The BOD holds the authority to appoint the CEO and supervises the execution of duties by the management. In addition, it resolves matters stipulated by laws or the Articles of Incorporation, matters delegated by the shareholders' meeting, and key issues related to the company's basic management policies and business execution.

To ensure effective performance of duties in accordance with laws and internal regulations related to the BOD, the CEO concurrently serves as the Chair of the BOD. This dual role is intended to enhance the efficiency of board operations and ensure the swift execution of board decisions. To strengthen the independence of decision-making and oversight functions within the BOD, the company introduced and implemented the independent lead director (ILD) system through a board resolution in March 2024.

Under this dual structure, the BOD maintains its independence from executive management and controlling shareholders by comprising a majority of independent directors and engaging in deliberate and effective discussions and decision-making. As of the end of March 2026, four out of the seven board members are non-executive directors, accounting for approximately 57.1% of the BOD.

To ensure the independence and fairness of the nomination and appointment process for directors, LOTTE Corporation operates the Non-executive Director Candidate Nomination Committee, which is composed entirely of non-executive directors. Based on internal regulations, the Committee selects candidates who meet the qualifications stipulated by relevant laws and then reviews each candidate's independence from the company and its largest shareholder, as well as their professional competencies required by a global enterprise. The Committee ultimately recommends those deemed to best serve the interests of both the shareholders and the company.

Organization of the BOD and Committees



ADDRESSING CLIMATE CHANGE

Composition of the BOD

BOD Composition

Classification	Name	Gender	Major Career	Position and Committee Activity	Date of Appointment – Date of Termination (Current Term)	BOD Attendance Rate in 2025
Executive Directors	Dong-Bin Shin	Male	(Current) Vice Chairman, The Federation of Korean Industries (Current) Vice Chairman, Korea-Japan Economic Association (Current) Asia Business Council Member	CEO	Mar. 24, 2026 – Mar. 24, 2029 (3 years)	83%
	Jung-Uk Goh	Male	(Current) CEO & President, LOTTE Corporation (Former) Head of Financial Innovation Office & President, LOTTE Corporation (Former) CEO, LOTTE Capital	CEO Chair of the Board and Annual General Meeting Executive Committee Compensation Committee	Mar. 24, 2026 – Mar. 24, 2029 (3 years)	100%
	Jun-Hyung Rho	Male	(Current) CEO & President, LOTTE Corporation (Former) Head of Corporate Strategy Office & President, LOTTE Corporation (Former) CEO, LOTTE Innovate	CEO Executive Committee ESG Committee	Mar. 24, 2026 – Mar. 24, 2029 (3 years)	100%
Non-executive Directors	Kyung-Chun Lee	Male	(Current) Managing Partner, ClassHankyul Law Firm (Former) Director, Seoul Bankruptcy Court (Former) Chief Judge, Seoul High Court	Lead Independent Director Transparent Management Committee Non-executive Director Candidate Nomination Committee Compensation Committee ESG Committee	Mar. 24, 2026 – Mar. 24, 2028 (2 years)	100%
	Hae-Kyoung Kim	Female	(Former) CEO, KB Credit Information (Former) Vice President, KB Credit Information (Former) Head of KB Kookmin Bank (Gangdong/North)	Compensation Committee Audit Committee Transparent Management Committee Non-executive Director Candidate Nomination Committee	Mar. 24, 2026 – Mar. 24, 2028 (2 years)	100%
	Young-Kyung Seo	Female	(Current) Visiting Professor, Graduate School of International Studies, Yonsei University (Former) Member, Monetary Policy Board, Bank of Korea (Former) Director, Sustainable Growth Initiative, Korea Chamber of Commerce and Industry	Audit Committee Transparent Management Committee Non-executive Director Candidate Nomination Committee ESG Committee	Mar. 26, 2025 – Mar. 26, 2027 (2 years)	100%
	Byung-Kyu Cho	Male	(Former) President & CEO, Woori Bank (Former) CEO, Woori Financial Capital (Former) Executive Vice President, Corporate Group, Woori Bank	ESG Committee Compensation Committee Audit Committee	Mar. 24, 2026 – Mar. 24, 2029 (3 years)	N/A

* As of the end of March 2026

ADDRESSING CLIMATE CHANGE

BOD Committees

To enhance the expertise and efficiency of BOD operations, LOTTE Corporation has established and operates six committees within the BOD—the Audit Committee, Transparent Management Committee, Compensation Committee, Non-executive Director Candidate Nomination Committee, ESG Committee, and Executive Committee. The Audit Committee, the Non-executive Director Candidate Nomination Committee, and the Transparent Management Committee are composed entirely of non-executive directors, while the Compensation Committee and the ESG Committee consist of a majority of non-executive directors.

The Executive Committee, which serves as the company's executive body, is composed solely of executive directors. It deliberates and resolves matters delegated to the Executive Committee by the BOD, excluding those stipulated by laws and the Articles of Incorporation, and conducts preliminary reviews of agenda items before they are submitted to the BOD.

Committee within Board of Directors

Committee	Chairperson	Member	Roles and Responsibilities
Audit Committee	Young-Kyung Seo	Hae-Kyoung Kim, Byung-Kyu Cho	• Audit of directors' performance of duties and review of financial statements • Request for business reports from directors and others, and investigation into the company's operations and financial status • Appointment, change, and dismissal of external auditors
Transparent Management Committee	Kyung-Chun Lee	Young-Kyung Seo Hae-Kyoung Kim	• Large-scale internal transactions under Article 26 of the Monopoly Regulation and Fair Trade Act, and transactions falling under Article 542-9(3) of the Commercial Act • Authority to review and approve related-party transactions
Compensation Committee	Hae-Kyoung Kim	Kyung-Chun Lee, Byung-Kyu Cho, Jung-Uk Goh	• Approval of the remuneration limit for registered directors to be submitted to the AGM • Approval of individual remuneration for registered directors, including performance-based bonuses
Non-executive Director Candidate Nomination Committee	Kyung-Chun Lee	Hae-Kyoung Kim, Young-Kyung Seo	• Verification and recommendation of non-executive director candidates through a fair and transparent process, ensuring they are not disqualified under applicable law and that they serve the best interests of shareholders and the company
ESG Committee	Byung-Kyu Cho	Kyung-Chun Lee, Young-Kyung Seo, Jun-Hyung Rho	• Decision-making on the establishment and implementation of the company-wide ESG management strategy • Monitoring of the progress of key tasks based on ESG strategies • Decision-making to maximize ESG-driven business opportunities and minimize related risks
Executive Committee	Jung-Uk Goh	Jun-Hyung Rho	• Deliberation and resolution on matters delegated to the Executive Committee by the BOD, excluding those stipulated by law and the Articles of Incorporation • Review of matters requiring preliminary examination before submission to the BOD

* As of the end of March 2026

STRATEGY

BOD Independence

Directors are appointed at the annual general meeting (AGM). Candidates for appointment are selected by the BOD (for executive directors) and the Non-executive Director Candidate Nomination Committee (for non-executive directors), and finalized as agenda items for the AGM. Pursuant to Articles 382 (Appointment of Directors) and 542-8 (Appointment of Non-executive Directors) of the Commercial Act, individuals disqualified under these provisions cannot serve as non-executive directors. Among LOTTE Corporation's non-executive directors, there have been no cases of candidates being disqualified under these criteria or of directors becoming disqualified after appointment. In March 2024, the company introduced the ILD system through a BOD resolution to further strengthen independent decision-making and oversight within the BOD.

Status of Non-executive Director's Concurrent Positions

Director with Concurrent Position		Concurrent Company	
Name	Position	Company Name	Position
Young-Kyung Seo	Non-executive director	Samsung Card	Non-executive director
Byung-Kyu Cho		Hanwha Energy	

* As of the end of March 2026

Qualifications for Non-executive Directors

According to Article 382, Paragraph 3 and Article 542-8 of the Commercial Act, the following individuals cannot serve as Non-executive Directors of LOTTE Corporation:

1. If the largest shareholder is a natural person, the person, his or her spouse, and their lineal ascendants-descendants
2. If the largest shareholder is a corporation, the directors, auditors and employees of the corporation
3. If a person and his specially related person, as defined by the Presidential Decree, who are shareholders of a listed company own the largest number of shares excluding shares without voting rights based on the total number of issued shares, the person himself (hereinafter referred to as the "largest shareholder") and his specially related person

ADDRESSING CLIMATE CHANGE

BOD Competency

BOD Expertise, Accountability, and Diversity

LOTTE Corporation operates systematic policies based on the Corporate Governance Charter to ensure the expertise, accountability, and diversity of the BOD. In particular, in line with the intent of the recent amendments to the Commercial Act, LOTTE Corporation is focused on strengthening the Board's capabilities so that directors can faithfully perform their duties in the interests of not only the company but also all shareholders.

The BOD consists of three executive directors with broad corporate management experience and four non-executive directors with expertise in accounting and finance, law, and business management. This expertise-driven Board composition enables objective oversight of management by leveraging each director's professional expertise while carefully considering potential conflicts of interest among stakeholders, thereby promoting a decision-making structure that serves the best interests of all shareholders.

We also continue to operate the Board Skills Matrix (BSM), which was introduced in 2024. Through the BSM, we assess the appropriateness of the Board's composition, proactively identify competency areas requiring reinforcement, and reflect the findings in the next director nomination process, thereby strengthening the Board's collective expertise and decision-making capabilities.

In terms of diversity, we have incorporated into our Articles of Incorporation a requirement that the Board not be composed exclusively of one gender, while continuing to appoint directors without restrictions based on race, nationality, or area of expertise. Additionally, we continue to provide regular training and dedicated support through a dedicated organization for non-executive directors so that directors appointed in accordance with the "Guidelines on BOD Expertise and Diversity" can faithfully fulfill their fundamental responsibilities of promoting the company's long-term growth and protecting shareholders' rights and interests.

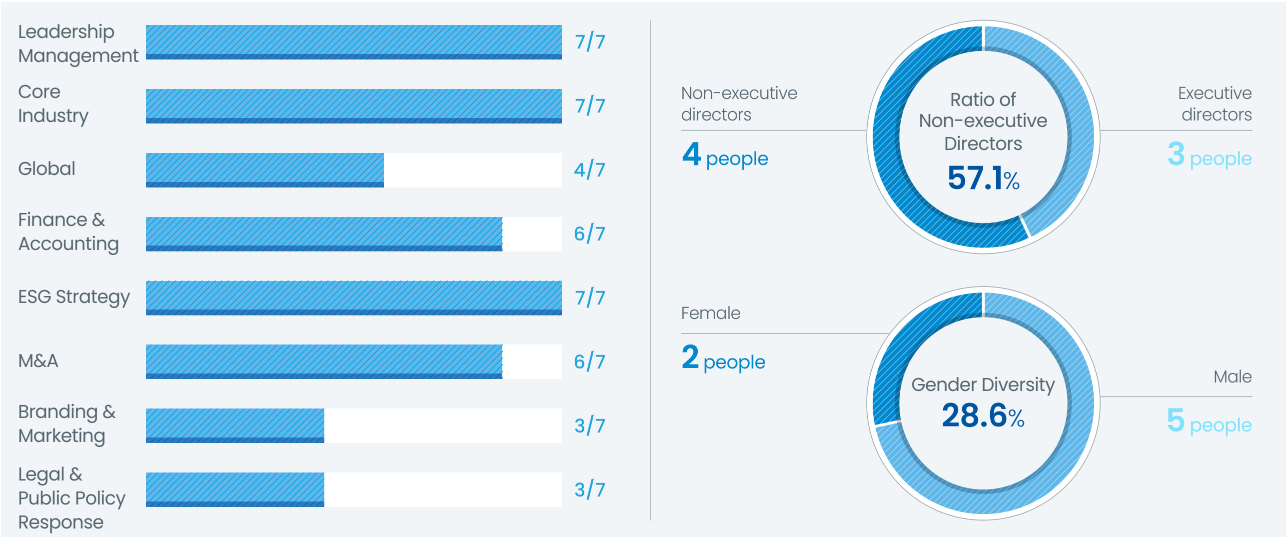
Moving forward, we will continue to strengthen trust with investors and other stakeholders by transparently disclosing the BSM and faithfully implementing enhanced governance standards.

LOTTE Group Guidelines on BOD Expertise and Diversity

Education and Support for Non-executive Directors

In accordance with the Corporate Governance Charter, non-executive directors may request the company to provide information necessary for performing their duties or seek advice from external experts. Furthermore, recognizing the importance of understanding the company's characteristics as a holding company, regular training sessions are provided on key management matters of the holding company and the Group affiliates to support non-executive directors in performing their roles effectively.

Board Skills Matrix of LOTTE Corporations' BOD



2025 Non-executive Director Training

Date	Training Provider	Partici-pants	Key Training Topics
Feb. 6	The company	All	Board activities and major matters related to company management
Apr. 16	The company	All	Board activities and major matters related to company management
Apr. 24	The company	All	Board activities and major matters related to company management
Apr. 25	The company	All	Board activities and major matters related to company management
May 21	The company	All	Anti-corruption management, etc.
Jun. 20	The company	All	Board activities and major matters related to company management
Jul. 23	The company	All	Board activities and major matters related to company management
Sep. 22	The company	All	Board activities and major matters related to company management
Oct. 20	The company	All	Board activities and major matters related to company management

ADDRESSING CLIMATE CHANGE

BOD Operations

LOTTE Corporation has established the BOD Operational Regulations that specifically define the authority, responsibilities, and operational procedures of the BOD. To ensure efficient and rational board management, based on the BOD Operational Regulations, along with the Articles of Incorporation and the Board Regulations, the company is making optimal management decisions for the benefit of the corporation and shareholders. In accordance with the Board Regulations, our board meeting is divided into regular board meetings, held at least once per quarter, and special board meetings convened as needed. Regular BOD meetings are held quarterly to approve financial statements and to convene the AGM, while special BOD meetings are convened as necessary to address urgent matters.

BOD Performance in 2025

Number of meetings held 12

Agenda items 23 resolution matters, 8 report matters

BOD Attendance Rate in 2025

Overall average 97%

Executive director's attendance rate 94%

Non-executive director's attendance rate 100%

Details on BOD Meetings in 2025

No.	Date	Agenda Items		Approval Status	Attendance/ Capacity
		Classification	Details		
1	Feb. 11	Resolution	1. Approval of the 58th Financial Statements	Approved	9/9
			2. Approval of the 58th Business Report	Approved	
			3. Approval of the record date for the 58th dividend	Approved	
		Report	1. Report on the 2024 operation of the separate and consolidated Internal Control over Financial Reporting (ICFR)	-	
2	Mar. 11	Resolution	1. Approval of amendments to the 58th financial statements and Business Report	Approved	9/9
			2. Approval of the convening of the AGM and its agenda	Approved	
			3. Approval of the 2025 LOTTE Giants advertising agreement	Approved	
			4. Approval of the 2025 donation to LOTTE Foundation for Arts	Approved	
			5. Approval of the treasury stock report	Approved	
			6. Approval of the sale of the company's equity interest in LOTTERIA Vietnam	Approved	
		Report	1. Report on the 2024 evaluation of the operation of the separate and consolidated ICFR	-	
3	Mar. 26	Resolution	1. Appointment of Dong-Woo Lee as Chief Executive Officer	Approved	9/9
			2. Appointment of committee members	Approved	
			3. Appointment of the independent lead director	Approved	
			4. Approval of participation in the paid-in capital increase of LOTTE BIOLOGICS	Approved	
4	Apr. 22	Report	1. LOTTE Group's design philosophy and principles	-	9/9
5	May 27	Resolution	1. Approval of amendments to the Audit Committee Regulations	Approved	9/9
		Report	1. Report on the activities of the Compliance Officer	-	
6	Jun. 2	Resolution	1. Approval of the execution of a price return swap agreement	Approved	9/9
7	Jun. 26	Resolution	1. Approval of the sale of treasury stock	Approved	9/9
8	Jul. 24	Report	1. Report on the management review of the ISO 37301 Compliance Management System	-	9/9
9	Sep. 22	Resolution	1. Approval of amendments to the Board Regulations	Approved	9/9
10	Oct. 23	Report	1. Strategy for enhancing the LOTTE Group brand value	-	9/9
11	Nov. 26	Report	1. Report on the 2026 regular executive appointments	-	8/9
12	Dec. 22	Resolution	1. Appointment of the Chief Executive Officer and Chair of the Board	Approved	7/9
			2. Approval of amendments to the Executive Committee Regulations	Approved	
			3. Review of participation in the paid-in capital increase of LOTTE BIOLOGICS	Approved	
			4. Approval of the delegation of bond issuance authority to the Chief Executive Officer	Approved	
			5. Approval of the provision of payment guarantees for overseas subsidiaries	Approved	
			6. Approval of major intercompany transactions	Approved	
		Report	1. Report on the 2026 management plan	-	

ADDRESSING CLIMATE CHANGE

BOD Operations

Board Committee Meetings in 2025

Committee	No. of Meetings Held
Audit Committee	8
Transparent Management Committee	3
Compensation Committee	4
Non-executive Director Candidate Nomination Committee	1
ESG Committee	4
Executive Committee	8

Please refer to the 59th Business Report for the major agenda items of the Board committees of LOTTE Corporation in 2025.

Enhancing Shareholder Value

Stock Information

Per the Articles of Incorporation, shareholder voting rights are specified as one vote for each share, with no voting rights for preferred shares. Accordingly, LOTTE Corporation grants fair voting rights to shareholders based on the type and number of shares they hold. As of the end of March 2026, LOTTE Corporation's total issued shares consist of 99,663,776 common shares and 805,603 preferred shares. The number of shares eligible to exercise voting rights is 72,510,496, which is 72.2% of the total issued shares.

Protection of Shareholder Rights and Interests

LOTTE Corporation has implemented and operates systems to encourage shareholder participation in the AGM and to promote the exercise of voting rights, ensuring that shareholder opinions are actively reflected in the company's decision-making process. In February 2021, we introduced an electronic voting system to allow shareholders to exercise their voting rights through various means. Additionally, when convening an AGM, we notify shareholders of the date, venue, and agenda items at least two weeks in advance, enabling shareholders to review proposals thoroughly before voting. Regardless of whether shareholder proposals meet the legal requirements, LOTTE Corporation will continue to listen to diverse perspectives and do its utmost to promote the sustainable development of both the company and its shareholders.

Treasury Stock Cancelation

LOTTE Corporation is committed to enhancing shareholder value and strengthening shareholder returns through the strategic cancellation of treasury shares. Following approval at the AGM on March 25, 2022, the company resolved to cancel 182,020 Class II preferred treasury shares that had been acquired through the exercise of appraisal rights by dissenting shareholders in connection with the merger and split-off merger completed on April 2, 2018. After completing the required creditor objection period, the share cancellation was finalized on May 11, 2022, and the change in listing was completed. As a result, the total number of issued preferred shares decreased from 987,623 at the end of 2021 to 805,603 at the end of 2022.

In addition, pursuant to a Board resolution adopted on March 9, 2026, the company cancelled 5,245,461 common treasury shares on March 31, 2026. As a result, the total number of issued common shares decreased from 104,909,237 to 99,663,776, and the change in listing was completed on April 15, 2026.

Disclosure of Corporate Information

LOTTE Corporation publishes its quarterly earnings release materials on the investor relations (IR) website following the submission of its quarterly audit reports. Additionally, the company actively conducts IR activities on an ongoing basis after each earnings announcement through various channels such as non-deal roadshows (NDRs), in-person meetings, video conferences, and conference calls with major domestic and international institutional investors.

Corporate Value-Up Plan Implementation Status

To achieve sustainable growth and enhance shareholder value, LOTTE Corporation has continuously explored ways to increase corporate value. In 2024, we disclosed the "Corporate Value-Up Plan," presenting specific initiatives from a mid- to long-term perspective to enhance corporate value in ways that lead to greater shareholder value. The plan includes our mid- to long-term shareholder return policy for 2024–2026, with a target shareholder return ratio of at least 35%, achieved through dividends and treasury stock cancellations, as its central objective. We also assessed our current position by comparing and analyzing our price-to-book ratio (PBR), dividend payout ratio, shareholder composition, and other indicators against those of major domestic holding companies. Based on this assessment, we established three strategic objectives: enhancing the value of our investment holdings, strengthening shareholder returns, and leading ESG management. In 2025, we focused on these strategic objectives and worked diligently to fulfill the commitments made to shareholders and the capital market through the Corporate Value-Up Plan.

ADDRESSING CLIMATE CHANGE

Enhancing Shareholder Value

Firstly, to enhance the value of our investment holdings, we advanced the Group portfolio and strengthened the competitiveness of our subsidiaries. To this end, our major business groups strengthened their fundamental competitiveness by restructuring their business portfolios with a focus on profitability and improving operational efficiency. At the same time, we laid the foundation for enhancing the value of our investment holdings by streamlining non-core assets while continuing to invest in new businesses.

Secondly, we actively implemented our shareholder return policy, including dividends and treasury stock cancellations, to strengthen shareholder returns. Under our 2024–2026 mid- to long-term shareholder return policy, we established a target shareholder return ratio of at least 35% and put in place a return framework that combines dividends with the cancellation of treasury shares already held. As a result, total dividends paid in 2025 increased by 11.8% compared with the previous year, and the dividend per share also increased. Following the return to profitability on a separate basis in 2025, we paid a dividend of KRW 1,250 per share, an increase of KRW 50 from the previous year, resulting in a dividend payout ratio of 127%. Additionally, we implemented our shareholder return policy by cancelling 5% of the treasury shares we held in March 2026.

Lastly, we are strengthening execution capabilities across all aspects of environmental, social, and governance (ESG) management to lead in ESG management. We continue to advance our ESG management by focusing on achieving carbon neutrality by 2050, promoting respect for diversity, and expanding compliance with key corporate governance indicators. Based on a Board-led, accountable decision-making framework, we are also continuously enhancing transparency and accountability.

Through the faithful implementation of the objectives set forth in the Corporate Value-Up Plan, LOTTE Corporation continues to strengthen the foundation for enhancing long-term corporate value and shareholder value.

Shareholder Return Status

Classification	2023	2024	2025
Dividend yield	5.3%	5.8%	4.0%
Dividend per share (KRW)	1,500	1,200	1,250
Target shareholder return ratio	At least 35% (Cash dividends + Treasury stock cancellations)		

RISK MANAGEMENT

Appointment and Evaluation of Non-executive Directors

LOTTE Corporation has established and operates the Non-executive Director Candidate Nomination Committee, composed entirely of Non-executive Directors. To strengthen the capabilities of the BOD, non-executive director candidates are appointed after a thorough evaluation of their competencies across various dimensions, including leadership, business acumen, and risk management. In accordance with Article 11 of the Corporate Governance Charter, the company has also established evaluation criteria for non-executive directors. These evaluations are conducted annually and incorporate both quantitative factors (such as meeting attendance and committee participation) and qualitative factors (such as expertise and contributions). The results are used to encourage and support effective participation by non-executive directors and are considered when reviewing their reappointment at the end of their terms.

BOD Evaluation and Compensation

In accordance with Article 11 of the Corporate Governance Charter, LOTTE Corporation reflects the results of the BOD's management performance evaluations appropriately in its compensation. The remuneration or expenses necessary for the performance of directors' duties are strictly managed within the limits approved by the AGM. In particular, the role of the Compensation Committee has been enhanced to maximize objectivity and transparency in determining compensation for registered directors. The Compensation Committee ensures objectivity and transparency in the compensation process for registered directors by reviewing and resolving matters such as the proposed compensation limit to be submitted to the AGM, approval of individual compensation for registered directors, and other BOD-delegated matters related to executive compensation. Details of this compensation policy are disclosed through the Corporate Governance Charter and the Business Report.

ADDRESSING CLIMATE CHANGE

Executive Evaluation and Compensation

LOTTE Corporation conducts fair and objective evaluations of individual executives each year, using a variety of criteria including business performance, leadership, and organizational culture, in order to establish a responsible corporate governance system. Individual executive compensation is determined based on the Executive Compensation Regulations, taking into account the scope of responsibilities, management performance, and the ability to secure future growth drivers. The Compensation Committee thoroughly reviews and approves whether executive compensation is designed to align with the company's long-term profitability and shareholders' interests. Through this performance-based compensation system, we encourage responsible management and establish a governance structure in which corporate profits translate into shareholder value. Details of the company's compensation policy are disclosed through the Corporate Governance Charter and the Business Report.

Compliance with Key Governance Indicators

LOTTE Corporation is working to improve its corporate governance with a focus on protecting shareholder rights, enhancing the transparency of the BOD, and strengthening the independence of the Audit Committee, with the goal of improving its compliance rate with the key governance indicators. In 2024, the company amended its Articles of Incorporation to allow the BOD to determine the dividend record date by resolution, thereby adjusting the record date to follow dividend confirmation and resolving the reason for non-compliance with the relevant indicator.

Additionally, the appointment of a female non-executive director and the independent operation of the Audit Committee allowed the company to meet the key indicators at the same level as the previous year. LOTTE Corporation will continue to enhance its internal procedures and implement phased action plans to achieve an 80% compliance rate with the key governance indicators by 2026.

METRICS & TARGET

Key Governance Indicators

Classification	Content	Expected Effects
Ratio of non-executive directors on the board	57.1%	Enhancing independence and transparency
Proportion of female executive directors	28.6%	Expanding diversity
Operation and convening of committees	6 steering committees in operation (28 meetings held)	Enhancing expertise and transparency
Implementation of lead independent director (LID) system	Adopted in 2024	Strengthening independence of the BOD
Operation of non-executive directors' council	11 times	Enhancing management expertise and understanding
Strengthening independence of Audit Committee	Audit Committee composed entirely of non-executive directors	Strengthening internal controls
Training and field activities for non-executive directors	9 times	Enhancing management expertise and understanding

Key Governance Indicator Compliance Rate in 2025

73.3%

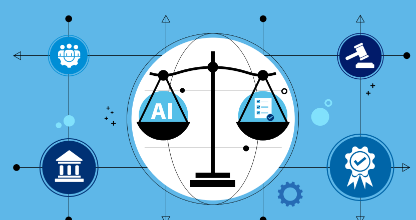
(Based on the Corporate Governance Report disclosed on May 30, 2025)

MATERIAL TOPIC

EMBEDDING ETHICS AND COMPLIANCE

MANAGEMENT APPROACH

Fair and transparent operations are fundamental to ensuring the sustainability of corporate growth. Accordingly, LOTTE Corporation is strengthening its compliance and ethical management framework based on the ISO 37301 Compliance Management System while continuously enhancing its internal control and compliance management systems. In particular, the Compliance Committee and the Compliance Officer play a central role in establishing Group-wide policies and overseeing their implementation, while systematically managing and monitoring risks across domestic and overseas the Group affiliates. Through these efforts, we continue to strengthen ethics and compliance management across the Group, thereby fostering a fair and transparent corporate culture.



Governance	• Compliance Management Framework • Ethical Management Framework
Strategy	• Compliance Activities • Ethical Management Activities
Risk Management	• Compliance Level Assessment • Strengthening Compliance Capabilities • Obtaining International Standard Certification
Metrics & Targets	• Key Compliance Indicators

GOVERNANCE

Compliance Management Framework

Compliance Committee

To establish Group-wide compliance policies and oversee the compliance activities of the Group affiliates, LOTTE Group established the LOTTE Compliance Committee, composed of external experts and the heads of relevant departments within LOTTE Corporation, as an organization reporting directly to the CEO in December 2017. The Compliance Committee holds regular quarterly meetings to deliberate and resolve on the introduction of LOTTE Group's compliance policies and the establishment of compliance guidelines. The details of its activities are disclosed on the website.

Details of the Compliance Committee's activities are available on the company website.

Compliance Officer & Compliance Management Officer

In December 2020, LOTTE Corporation appointed Eun-jae Park, Head of Legal & Compliance Division, as Compliance Officer to monitor employees' compliance with the company's compliance control standards and report the results to the CEO and the BOD. Additionally, we designated the Compliance Officer as the Compliance Management Officer under ISO 37301 to oversee the Compliance Management System, with the review results also reported to the CEO and the BOD. In 2025, we reported the Compliance Officer's activities to the BOD in May and presented the management review of the ISO 37301 Compliance Management System in July. Moving forward, we will continue to report annually to the BOD on our compliance control and compliance management objectives and the results of their achievement.

Composition of the Compliance Committee

Chairperson	• Jung-hwa Park, Former Supreme Court Justice
Internal members	• Doo-Hwan Park, Head of HR Innovation Division, LOTTE Corporation • Eun-jae Park, Head of Legal & Compliance Division, LOTTE Corporation • Young-jun Choi, Head of Financial Innovation Division, LOTTE Corporation
External members	• Inbae Kim, Professor of Economics, EWHA Womans University • Ojoon Kwon, Representative Lawyer at Ojoon Kwon Law Office • Jonggeun Park, Representative Lawyer at Dambak Law firm

* As of the end of April 2026

Operating Status of the Compliance Committee in 2025

No.	Date	Agenda Items
26	Mar. 13	• Revision of the LOTTE Personnel Code of Conduct • Strengthening contract risk management across the Group affiliates • 2024 results of the Group internal control over financial reporting (ICFR)
27	Jun. 12	• Results of the revision to the LOTTE Personnel Code of Conduct • Support for establishing risk management systems for overseas Group affiliates • Advancing contract and dispute risk management across the Group affiliates
28	Oct. 28	• Appointment of a new Chair of the Compliance Committee (Jung-hwa Park, Former Supreme Court Justice) • 2025 key compliance activity progress and plans • Strengthening the implementation of the Group anti-corruption program
29	Dec. 11	• Response to the revised Commercial Act • 2025 compliance KPI evaluation results and improvement plans for underperforming Group affiliates • The Group anti-corruption program monitoring cases

EMBEDDING ETHICS AND COMPLIANCE

Compliance Management Framework

Compliance Goals and Performance Management

In accordance with the compliance control standards and the ISO 37301 Compliance Management System, LOTTE Corporation sets compliance control and compliance goals and reports the details to the CEO and the BOD. Additionally, the company also reports the results of monitoring the achievement of those goals, the audit results of the Compliance Management System, and the evaluation results based on the compliance performance indicators. The BOD oversees the performance of the CEO's and the Compliance Management Officer's roles in operating the Compliance Management System, while the CEO is responsible for setting the goals for and managing the performance of the Compliance Management System.

LOTTE Corporation reviews and evaluates the current status of compliance activities for its domestic Group affiliates. Based on these evaluations, we are building a strong foundation for compliance management while also supporting the Group affiliates in identifying areas for improvement based on the evaluation results and strengthening their own compliance. In 2025, we focused on identifying key risks across the Group affiliates and establishing a foundation for designing controls to manage those risks. In 2026, we plan to strengthen monitoring to verify that those controls are operating effectively in actual business processes.

Administrative Compliance Charter

Established in 2017, the LOTTE Group Administrative Compliance Charter outlines the compliance obligations and responsibilities of both employees and the company. In accordance with the Administrative Compliance Charter, LOTTE Group provides regular compliance training to all employees and operates a compliance management system. LOTTE Corporation has made the Administrative Compliance Charter available on its official website in English, Chinese, Japanese, Vietnamese, and Indonesian.

Administrative Compliance Charter

Global Compliance Management System

LOTTE Corporation is responsible for establishing the compliance management system for LOTTE Group and disseminating it to both domestic and overseas Group affiliates. Each Group affiliate implements the system by applying the principles of compliance management. In 2026, we plan to continuously monitor the management plans and activities of each Group affiliate's overseas subsidiaries.

Global Compliance Work Guidelines

In May 2020, LOTTE Corporation established the Global Compliance Work Guidelines to enable Group affiliates and overseas subsidiaries to effectively carry out compliance-related tasks. The guidelines cover areas such as the establishment and operation of dedicated compliance teams, management of compliance risks, implementation of compliance programs, provision of compliance training and monitoring, employee pledges, reporting, investigation and sanctions related to violations, rewards for compliance best practices, and reporting of related activities. Each Group affiliate is required to incorporate the key contents of the guidelines into its internal regulations and ensure that all employees comply accordingly.

In January 2025, we distributed a revised version of the guidelines to the Group affiliates, incorporating additional content such as compliance with the LOTTE Personnel Code of Conduct and the establishment of compliance risk management systems at overseas subsidiaries. In 2026, we plan to distribute a standard compliance issue report template to overseas subsidiaries and, based on the reports, systematically monitor each Group affiliate's improvement management activities.

Global Compliance Management System

Localization	Systematization	Globalization
Overseas companies	Parent company	Holding company
Self management by overseas subsidiaries	Cooperation with parent company in Korea	Globally common matters
• Reflect regional characteristics of the overseas location • Area where local self-management is efficient	• Area that requires management by the parent company in Korea • Area that requires a joint response	• Global standard • Group-level compliance identity

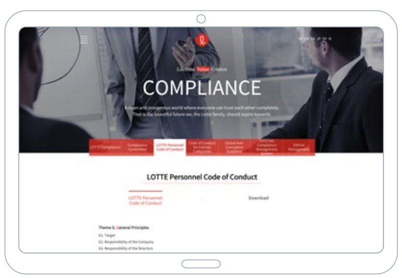
EMBEDDING ETHICS AND COMPLIANCE

Ethical Management Framework

LOTTE Personnel Code of Conduct

The LOTTE Personnel Code of Conduct outlines the ethical principles all LOTTE Group employees must follow, including the prohibition of workplace bullying, sexual harassment, discrimination, unfair dealings with partners, corruption, improper solicitation, insider trading, and dishonest marketing. It reflects domestic and international laws and social and ethical requirements.

LOTTE Corporation publishes the Code on the Group website and provides annual training to Group affiliate employees. In January 2025, we revised the Code to reflect societal changes and stakeholder expectations, and provided online training to all Group affiliate employees.



LOTTE Personnel Code of Conduct

Global Anti-Corruption Guidelines

LOTTE Corporation has established the Global Anti-Corruption Guidelines, which reflect international standards and expand on the LOTTE Personnel Code of Conduct, ensuring that employees of the company, domestic Group affiliates, and overseas subsidiaries comply with anti-corruption laws in each country and foster a transparent and sound corporate culture. These guidelines cover compliance with anti-corruption laws, prohibition of bribery, and procedures for reporting and handling violations. Both the Korean and English versions of the guidelines are publicly available on the official website. LOTTE Corporation has distributed the guidelines to all Group affiliates and instructed them to modify or adapt them as appropriate based on local laws and conditions.

Global Anti-Corruption Guideline

LOTTE Group AI Ethics Charter

In April 2026, LOTTE Group held the AI Ethics Charter Declaration Ceremony and proclaimed the "AI Ethics Charter," which declares that "LOTTE upholds proper conduct and ethical values throughout every stage of AI development, deployment, and use, thereby contributing to a richer quality of life for humanity." The Charter was established to prevent social issues that may arise throughout the development and use of AI and to promote responsible, human-centered technological innovation. It is also based on the AI ethics guidelines of UNESCO and Korea's Ministry of Science and ICT and is built around six core values: respect for human dignity, safety, transparency, fairness, accountability, and solidarity.

STRATEGY

Compliance Activities

Compliance Training

LOTTE Corporation provides training on the LOTTE Personnel Code of Conduct to all employees. Compliance training is also conducted for newly appointed executives, new hires, and experienced hires. Additionally, various mandatory legal training programs are offered, including personal data protection and information security, prevention of workplace harassment and sexual harassment, and disability awareness in the workplace.

LOTTE Corporation also supports the enhancement of compliance capabilities across the Group affiliates and strengthens the expertise of relevant departments by operating a range of in-depth training programs tailored to each affiliate's business characteristics, employee positions and ranks, job relevance, and key regulatory issues. Leading activities include holding compliance workshops for team leaders and staff in charge of fair trade at the Group affiliates, and providing business-specific training in franchising, e-commerce, and retail. Furthermore, training was conducted to ensure accurate compliance with the Korea Fair Trade Commission's corporate group policies and disclosure systems. This training also included guidance on the newly introduced Supply Price Linkage System and subcontract payment disclosures in 2023.

One of LOTTE Corporation's major consolidated subsidiaries, LOTTE Innovate, has been conducting various activities targeting domestic and overseas subsidiaries to minimize legal issues arising from business expansion. It reviewed and improved its compliance management system in 2023. In 2024, training was conducted for all subsidiaries, including overseas subsidiaries, and all employees submitted compliance pledges to promote compliance awareness. In 2025, the company designated personnel in each department and provided training on risk identification and risk management measures to embed risk management capabilities across the organization.

EMBEDDING ETHICS AND COMPLIANCE

Compliance Activities

Compliance Forum

Since 2022, LOTTE Corporation has hosted the LOTTE Group Compliance Forum for compliance professionals across the Group. In 2025, the forum was attended by 243 compliance personnel from 44 Group affiliates. The program included keynote lectures by Eun-jae Park, Head of Legal & Compliance Division at LOTTE Corporation, and Professor Daesoo Kim of the Department of Brain and Cognitive Sciences, College of Life Science and Bioengineering, KAIST, along with presentations highlighting best practices from Group affiliates and in-depth discussions on the compliance management direction and plans for 2026.

Monitoring of Internal Monitoring Activities Within the Group Affiliates

LOTTE Corporation regularly collects and monitors the compliance activity reports of major Group affiliates. In September 2024, regular monitoring was conducted for 31 Group affiliates, recording a high average score of 98.0 points. The results confirmed that internal audit activities are being actively carried out across most Group affiliates.

In January 2025, LOTTE Corporation held an informational session for its Group affiliates to explain the evaluation plan for their risk management activities and requested that they strengthen operational-level controls over risks to enable more direct and effective risk control. Following regular monitoring, we provide detailed results and improvement recommendations to the Group affiliates and plan to continuously review whether improvements have been implemented and support improvement efforts.

Ethics Hotline (Sinmungo)

LOTTE Group operates an ethics hotline called “Sinmungo” on the LOTTE Corporation website, through which it receives reports on misconduct such as abuse of authority for personal or third-party gain, violations of internal accounting control regulations, corrupt practices, workplace sexual harassment or bullying, and other acts that go against social responsibility. All stakeholders, including employees, can freely access Sinmungo via the Korean and English versions of the LOTTE Corporation website and may submit reports either under their real names or anonymously.

In addition, reports can be submitted via email or post. To ensure a safe reporting environment, the identity of whistleblowers is strictly protected, and disciplinary or other necessary measures are taken against any employee who breaches this protection policy. In 2025, a total of 634 reports were received through Sinmungo, all of which were reviewed and appropriate actions were taken in accordance with internal procedures.

Reporting unfair and legal acts

Status and Types of the Sinmungo Reporting

Classification		2023	2024	2025
Important matters	Corruption	48	114	146
	Partner complaints	9	0	0
	Safety	0	0	0
	Quality	1	0	0
	Sexual harassment	0	0	0
	Unfair recruitment	6	5	9
	Workplace harassment	24	0	0
	Personnel complaints, etc.	1	0	0
	Subtotal	89	119	155
Simple matters	Customer complaints	158	3	2
	Compliment, suggestions, etc.	348	349	477
	Subtotal	506	352	479
Total		595	471	634

* Based on the sum of the entire Group

EMBEDDING ETHICS AND COMPLIANCE

Ethical Management Activities

Code of Conduct Training and Campaigns

In 2020, LOTTE Corporation mandated the LOTTE Personnel Code of Conduct training across all Group affiliates. In 2024, the training materials were designed to provide a comprehensive overview of the Code of Conduct, introduce domestic and international cases of compliance violations, and emphasize the importance of adhering to the Code. LOTTE Corporation also delivers CEO Compliance Messages, urging employees to comply with relevant laws and the LOTTE Personnel Code of Conduct, and to actively participate in compliance activities such as training and monitoring. The message also calls for collective efforts to establish a strong culture of compliance within the organization.

Written Pledge on Compliance

All employees of LOTTE Corporation annually submit a Written Pledge on Compliance, affirming their commitment to comply with all applicable laws, regulations, and internal rules in the performance of their duties. In 2025 and 2026, the pledge was revised to reflect the revised LOTTE Personnel Code of Conduct, and all employees completed the signing of the updated pledge.

Sharing Ethical Management Practices Across the Group Affiliates

LOTTE Group continues to hold exchange meetings and conferences for ethical management personnel of the Group affiliates to share recent ethical management issues, activities, and future directions.

Ethical Management Activity Exchange within the Group

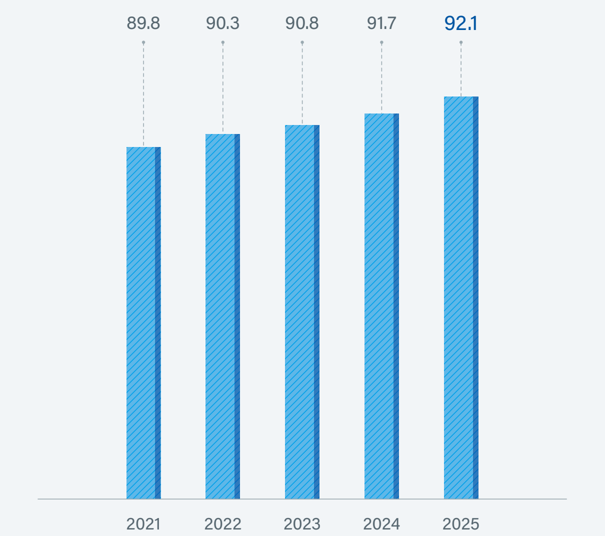
Classification	2023	2024	2025
Ethical management team meetings	4 times, 136 people	4 times, 154 people	4 times, 145 people

RISK MANAGEMENT

Compliance Level Assessment

Since 2015, LOTTE Group has conducted an annual survey of employees at its Group affiliates based on the LOTTE Personnel Code of Conduct to assess the overall level of compliance awareness and practice. In 2025, the survey was conducted, targeting all 40,258 employees of LOTTE Group, with 24,252 respondents (60.2% response rate). The overall score was 92.1 points, an increase of 0.4 points from 2024. Although the overall score has steadily increased over the past five years, the three categories with relatively lower scores were trust among employees, trust with shareholders, and cultural adoption. To improve in these areas, LOTTE Group will continue its efforts to promote mutual respect among members, fair opportunities and treatment, enhancement of shareholder value, and the establishment of a culture of ethical management.

Compliance Level Assessment Result (Unit: Points)



LOTTE Corporation regularly compiles and evaluates the compliance capabilities and activities of its major Group affiliates. The compliance assessment includes the area of fair trade. Evaluation in the compliance domain is conducted by reviewing and monitoring compliance awareness, training, inspections and monitoring, and compliance systems and frameworks. As a result of the compliance area assessment, the 30 Group affiliates received a high average score of 93.57 points. We provided each affiliate with detailed results and improvement recommendations, supporting their independent efforts to enhance compliance practices.

Strengthening Compliance Capabilities

CP Internalization Activities for the Group Affiliates

To proactively prevent fair trade-related risks and foster a transparent corporate culture throughout LOTTE Group, LOTTE Corporation is making various efforts to promote the adoption of the Compliance Program (CP) within the Group. Since the establishment of LOTTE Corporation, we have provided policy-based support for the introduction of CP by key Group affiliates as part of our proactive fair trade risk management policy. As a result, major Group affiliates have introduced and are operating the program.

LOTTE Chilsung Beverage, one of LOTTE Corporation's major consolidated subsidiaries, introduced a CP to prevent unfair trade and build a fair trade culture. The company established the eight core elements of the compliance program to proactively prevent its employees from committing violations during their work by ensuring they are well-versed in fair trade-related laws and regulations. Additionally, it conducts regular training for its business departments on revisions to relevant laws and regulations. In 2025, the company pursued activities such as a preliminary review of business risks, monitoring subcontract payments, and obtaining external CP certification. In recognition of these efforts, the company achieved an AA rating in the CP rating evaluation conducted by the Korea Fair Trade Commission.

EMBEDDING ETHICS AND COMPLIANCE

Compliance Level Assessment

LOTTE Corporation received CP consulting from the Korea Fair Competition Federation from July to November 2022 to introduce and efficiently operate the program. Based on the consulting results, the LOTTE Compliance Committee passed the resolution on "Operation of the Holding Company CP" in December 2022. Subsequently, in February 2023, the LOTTE Corporation BOD resolved on "Matters Relating to the Operation of the Holding Company CP." In 2023, we also established new business procedures for subcontracting transaction compliance within the LOTTE Corporation compliance management portal. As of 2024, we had reviewed risks and provided opinions on 55 subcontracting transaction cases. In 2025, we established a preventive risk management system to strengthen operational-level controls based on case studies. Building on these efforts, as the representative company of LOTTE Group, LOTTE Corporation plans to diagnose risks across its business operations from a fair trade perspective and systematically operate the CP as a preemptive preventive measure.

Compliance Guidelines

Since 2022, LOTTE Corporation has established and distributed Compliance Guidelines[1], following approval by the LOTTE Corporation Compliance Committee, to strengthen the fair trade capabilities of the Group affiliates and enhance their business processes by providing guidance on major fair trade trends and efficient standardized management procedures.

In 2025, we established and distributed the Global Compliance Work Guidelines, the Business Operations Guide under the Amended Commercial Act, and the Guide to Directors' Fiduciary Duties and Executive Liability to help prevent legal disputes at Group affiliates and enable proactive and preventive compliance risk management. Moving forward, LOTTE Corporation will continue to communicate closely with the Group affiliates and provide policy support to help prevent regulatory risks—including those related to fair trade—and establish effective control procedures for key risks.

[1] Compliance Guidelines distributed in 2025: Global Compliance Work Guidelines (Jan. 2025), Business Operations Guide under the Amended Commercial Act (Oct. 2025), and Guide to Directors' Fiduciary Duties and Executive Liability (Nov. 2025)

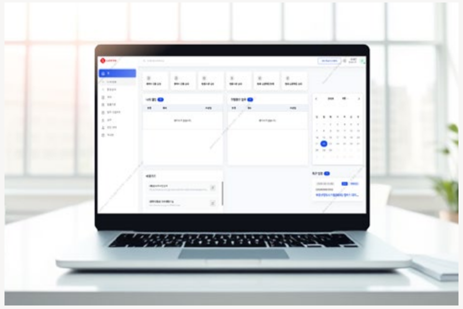
CASE STUDY

Advancing the Integrated Compliance Management System

LOTTE Wellfood has established a compliance management system aligned with global standards and systematically operates and continuously advances it.

In 2019, the company became the first in the confectionery industry to obtain ISO 37001 certification for its Anti-Bribery Management System. In 2023, it further obtained ISO 37301 certification for its Compliance Management System and now operates an integrated compliance framework based on both international standards. Since first obtaining ISO 37301 certification in 2023, the company has maintained the certification through annual surveillance audits. In 2025, it completed the recertification audit covering its headquarters and 11 manufacturing plants, reaffirming that its compliance and compliance risk management framework continues to operate in a stable manner in line with international standards.

Building on this compliance framework, LOTTE Wellfood continues to advance its fair trade compliance program (CP). Through quarterly risk assessments and reviews of operational effectiveness, the company continuously evaluates the effectiveness of the program and identifies areas for improvement. It also provides all employees with annual training on fair trade and compliance, enhancing legal awareness and fostering a stronger culture of compliance throughout the organization. In addition, business departments may obtain legal guidance through the company's internal compliance portal regarding potential violations of compliance-related laws, including the Monopoly Regulation and Fair Trade Act, the Fair Transactions in Subcontracting Act, and the Fair Agency Transactions Act, thereby strengthening day-to-day compliance practices. Through these efforts, LOTTE Wellfood continues to ensure that compliance management becomes firmly embedded across the organization.



EMBEDDING ETHICS AND COMPLIANCE

Obtaining International Standard Certification

Compliance Management System Certification

To promote compliance and ethical management in line with global standards, LOTTE Corporation introduced the ISO 37301 Compliance Management System in May 2023, established its Compliance Policy, and appointed Eun-jae Park, Head of Legal & Compliance Division, as the Compliance Officer. In April 2024, we analyzed compliance risks. In August, we successfully completed the first and second surveillance audits for ISO 37301 conducted by the Korea Management Registrar, received confirmation of conformity, and maintained certification.

Under the Compliance Management System, potential risks are identified based on the operations of each department and assessed according to their likelihood and potential impact. The results are classified as Major, Medium, or Minor risks. For risks rated Medium or higher, each department is required to establish appropriate control objectives and measures, with particular emphasis placed on the effectiveness of those controls. Once the compliance risks have been analyzed and the control objectives and measures established, the designated controls are implemented. The results of their operation are reviewed and evaluated annually by monitoring whether the established control objectives have been achieved.

This risk management process is reflected not only in the Compliance Management System but also in the Corporation's Compliance Control Standards. In 2026, we plan to identify key compliance risks based on major laws and regulations, internal regulations, and past compliance violation cases, and conduct a detailed review of the existing control measures for those risks. Where existing controls are found to be insufficient, we will strengthen risk management by identifying and implementing new control measures.

Compliance Policy

ABMS Certification

LOTTE Group goes beyond mere compliance with anti-corruption laws by operating the ISO 37001 Anti-Bribery Management System (ABMS) to promote ethical management in line with global standards. LOTTE Corporation supports the expansion of certified Group affiliates by providing assistance with certification processes and awarding additional points in Group affiliate evaluations. As of December 2025, 13 major Group affiliates have adopted and are operating the ISO 37001 ABMS.

ISO 37301 Anti-Bribery Management System Certification of LOTTE Group

17 companies

Shopping (LOTTE Department Store, LOTTE Mart/Super, LOTTE e-commerce), LOTTE Energy Materials, LOTTE Wellfood, LOTTE Innovate, LOTTE Fine Chemical, LOTTE GRS, LOTTE Corporation, LOTTE Chilsung Beverage, LOTTE Cultureworks, LOTTE Chemical, LOTTE Hi-Mart, LOTTE Home Shopping, Korea Seven, HOTEL LOTTE (LOTTE Hotels&Resorts, LOTTE Duty Free)

* As of December 31, 2025

Group Affiliates' International Standard Certifications

LOTTE Chilsung Beverage became the first company in Korea's beverage and liquor industry to obtain international certifications for the Compliance Management System (ISO 37301 in 2021) and the Anti-Bribery Management System (ISO 37001 in 2019). These certifications recognize the company's establishment of systems that meet international standards for compliance and anti-bribery. Follow-up and renewal audits for the certifications are conducted annually.

LOTTE Innovate obtained ISO 37001 certification for the Anti-Bribery Management System in 2023 and completed integrated certification for ISO 37301 (Compliance Management System) in 2024, establishing a global-standard ESG management system. The company identifies anti-bribery risks and assesses and monitors their likelihood and impact through annual surveillance audits, thereby strengthening employees' commitment to compliance and fostering a fair and transparent corporate culture.

ISO 37301 Compliance Management System Certification of LOTTE Group

13 companies

LOTTE Engineering & Construction, LOTTE Global Logistics, LOTTE Energy Materials, LOTTE Innovate, LOTTE Fine Chemical, LOTTE Chilsung Beverage, LOTTE Capital, LOTTE Cultureworks, LOTTE Chemical, LOTTE Hi-Mart, LOTTE Home Shopping, Korea Seven, HOTEL LOTTE (LOTTE Hotels&Resorts, LOTTE Duty Free)

* As of December 31, 2025

EMBEDDING ETHICS AND COMPLIANCE

METRICS & TARGET

Key Compliance Indicators

Status of Key Compliance Indicators

Compliance Training

Date	Training Program	Training Topic	Number of the Group Affiliates
Jan. 2025	Serious Accidents Punishment Act Training	Major court rulings, practical issues, and implications related to the Serious Accidents Punishment Act	29
Jan. 2025	Corporate Group Disclosure Training	Training on disclosure best practices, etc.	53
Apr. 2025	Corporate Group Disclosure Training	Training on disclosure preparation standards for corporate group status, intra-group transactions, unlisted companies, etc.	58
May 2025	Corporate Group Disclosure Training	Training on reviewing disclosure materials for corporate group status, etc.	60
Jul. 2025	Subcontracting Disclosure Training	Training on subcontracting disclosure schedules, preparation standards, etc.	53
Oct. 2025	Corporate Group Disclosure Training	Training on disclosure preparation standards for corporate group status, key considerations, etc.	80
	Specialized Training on the Franchise Business Act	Franchise business regulations and comprehensive policy measures	4
Nov. 2025	Group Affiliate Compliance Workshop	Case-based compliance system management and directions for improving the 2025 compliance level assessment	30

Code of Conduct Education

Classification	Unit	2023	2024	2025
Completion rate of the Group affiliate employees	%	98	96	96
Number of the Group affiliate employees who completed the course	Persons	40,300	36,381	38,658

Compliance Performance Evaluation

LOTTE Corporation operates a compliance management system (ISO 37301) and conducts annual compliance performance evaluations based on defined compliance performance indicators. These indicators consist of four components: organizational culture, leadership, compliance management, and social responsibility. In the 2025 performance evaluation, we achieved a score of 4.4 out of 5. The evaluation results were included in the compliance management review report and reported to the CEO and the BOD. We plan to make improvements by reinforcing management's commitment and actively addressing identified areas for improvement.

ELEVATING RISK MANAGEMENT

Based on the Compliance Control Standards and ISO 37301, LOTTE Corporation has established an integrated risk management system and systematically manages enterprise-wide risks. We operate a proactive response system that encompasses not only management and financial risks but also key non-financial risks, including occupational safety, environmental management, information security, and ethical management. We have also established a risk management process covering the entire cycle of risk identification, assessment, control, and monitoring. Through our anti-fraud program and the continuous enhancement of internal controls, we strengthen the effectiveness of risk management and reinforce the foundation for stable and sustainable operations.

Implementation System

Risk Management System

LOTTE Corporation manages all its risks based on the Compliance Control Standards and the ISO 37301 compliance management system. Major management and financial risks, such as changes in the business environment, business strategies, and large-scale investments, are reviewed by the Executive Committee, a committee within the BOD. The Compliance Officer, who is responsible for ensuring compliance with ISO 37301 (Head of Legal & Compliance Division), operates the risk management system under the ISO 37301 compliance management system. Each year, the officer reports the risk management results and improvement plans to the BOD via the CEO. The BOD oversees the CEO in the operation of the compliance management system, including risk management. The CEO reviews the performance of the compliance management system, including risk management, and provides appropriate support.

Supporting the Compliance Officer are the Legal Team and the Compliance Team, under the LOTTE Corporation Legal & Compliance Division. The Compliance Team acts as the department responsible for ISO 37301 compliance management system certification, handling practical tasks such as reporting activities and responding to certification audits. Each department designates at least one ISO 37301 internal auditor. This auditor is responsible for leading tasks related to their department's duties, including analyzing risks, setting control objectives and control measures, and checking the results of achieving those objectives. The head of each department reviews and approves these results. Furthermore, all employees are responsible for complying with the ISO 37301 compliance management system and cooperating in its operation.

To effectively respond to the continuously changing internal and external business environments, LOTTE Corporation is strengthening the role of its Executive Committee, which operates under the BOD. Beyond its existing review of major management and financial risks, the Executive Committee now also manages and oversees significant non-financial risks that the company faces. These include risks related to disasters, industrial safety, health, environment, information security, and ethical management. For agenda items presented to the Executive Committee, risks are assessed by considering the reliability of information, likelihood of occurrence, severity, and accountability. Based on the assessment results, necessary measures are determined and implemented.

Risk Management System

ELEVATING RISK MANAGEMENT

Implementation System

ICFR Management System

The ICFR (Internal Control over Financial Reporting) Management System is a framework introduced to ensure the preparation and disclosure of reliable accounting information. Under the Act on External Audit of Stock Companies (hereinafter referred to as the External Audit Act), all listed companies within LOTTE Group and unlisted companies with assets exceeding KRW 100 billion are obligated to operate an ICFR Management System. Notably, the assurance level for listed companies' ICFR Management Systems is elevated to an audit, based on the asset size of their separate financial statements.

LOTTE Corporation has established an ICFR Management System in accordance with Article 8 of the External Audit Act. A dedicated Compliance Team has been set up directly under the Audit Committee. This Compliance Team is responsible for overseeing the operation and evaluation of the ICFR Management System, as well as supporting the Audit Committee's duties. The Compliance Team independently performs tasks such as risk analysis, evaluation and reporting of internal control operation status, management of ICFR regulations, inspection of operation status, employee training, and change management.

Operation of a Council of Dedicated Teams to the ICFR Management System To ensure the effective operation of its ICFR Management System, LOTTE Group has been operating the Council of Dedicated ICFR Teams (hereinafter referred to as "the Council") since 2019, with participation from major Group affiliates. The Council serves as the focal point for LOTTE Group's ICFR Management System operation, discussing the direction of system establishment and operation. It also promotes continuous system improvement by sharing issues from each company and developing solutions.

The Council comprises various dedicated ICFR teams and personnel from within LOTTE Group. There are no restrictions on attendance, allowing diverse stakeholders, including managers and working-level staff, to participate freely. Council members perform various roles, such as offering opinions on agenda items, sharing useful information, and participating in decision-making regarding the direction of the system's operation. When necessary, dedicated personnel from unlisted companies also join the council for listed companies. They share operational issues and discuss solutions with the listed companies' dedicated teams, facilitating open communication and knowledge transfer. The overall operation and management of the Council are handled by the Compliance Team at LOTTE Corporation.

In 2023, the Council was further segmented for more detailed management. A quarterly council was operated for listed companies within LOTTE Group, and a monthly council was operated for key subsidiaries within the scope of evaluation and reporting based on the holding company's consolidated figures. This allowed for precise management of the intermediate holding company consolidated groups within the Group and the holding company's consolidated group. Additionally, to strengthen the expertise of LOTTE Group's dedicated teams, we began hosting the LOTTE Group ICFR Dedicated Organization Workshop in 2023, which includes ICFR dedicated teams and personnel from the Group affiliates with total assets exceeding KRW 100 billion. The workshop consists of lectures by accounting firms and breakout group sessions. It provides education related to the ICFR Management System, as well as training on the latest accounting issues such as sustainability disclosure standards and global minimum tax, to enhance risk management capabilities.

Through these efforts, all Group affiliates have received unqualified opinions on their ICFR Management Systems since audits began in 2019. We will continue to actively operate the Council to facilitate the sharing and utilization of expertise and best practices, ensuring the effective operation of the ICFR Management System.

Fiscal Year Subject to Audit for the ICFR Management System of Listed Companies

Asset size at the end of the previous year	Fiscal Year Subject to Audit	
	Based on Separate Financial Statements	Based on Consolidated Financial Statements
More than KRW 2 trillion	2019	2023
KRW 0.5 trillion to KRW 2 trillion	2020	2029

Composition of the Council Dedicated to ICFR Management System

Classification	Key Members
LOTTE Corporation Compliance Team	4 people (1 managing director, 3 senior managers)
LOTTE Corporation Compliance Team	LOTTE Shopping ICFR Team, LOTTE Chemical Internal Control Team, LOTTE Wellfood Internal Control Team, LOTTE Fine Chemical ICFR Management Team, LOTTE Chilsung Beverage Internal Control Team, LOTTE Innovate ICFR Management Team, LOTTE Fine Chemical ICFR Management Team, LOTTE Energy Materials ICFR Management Part, LOTTE Hi-Mart Internal Control Team, LOTTE Rental ICFR Team
LOTTE Corporation Consolidated Group Council	LOTTE Fine Chemical ICFR Management Team, LOTTE Chilsung Beverage Internal Control Team, LOTTE Wellfood Internal Control Team, LOTTE Innovate ICFR Management Team, LOTTE BIOLOGICS ICFR Management Part, LOTTE GRS ICFR Korea Seven personnel in charge of ICFR management, Daehong Communications Compliance Management Team, LOTTE Members Finance Team[1]
Others	Department, organizations and personnel dedicated to ICFR management of the Group affiliates in Korea and overseas (LOTTE Global Logistics ICFR Management Part, HOTEL LOTTE Corporate ICFR Team, etc.)

[1] The team of LOTTE Members is composed of one dedicated person and Anse Accounting Corporation, a PA (Private Accountant)

ELEVATING RISK MANAGEMENT

Implementation System

Activities of the Council Dedicated to ICFR Management System

Classification	2023	2024	2025	Key Activities
LOTTE Group Listed Company Council	4 times	4 times	4 times	Discussion of the annual operation plan, evaluation progress and system operation issues, sharing of best practices by each company, and discussion of mid- to long-term internal control strategies and objectives
LOTTE Corporation Consolidated Group Council	8 times	8 times	8 times	

Workshops for the Council Dedicated to ICFR Management System

Classification	Training Provider	Key Training Topics
1st (Jul. 21, 2023)	Samil PwC Samjong KPMG	• Understanding audits of the consolidated ICFR management system • Advanced course on IT general controls • Advanced course on business process controls
2nd (Jul. 17, 2024)	Samil PwC EY Hanyoung	• Skills for evaluating internal control design • Exposure draft of sustainability disclosure standards • Overview of the impact of the global minimum tax • Checkpoints for preventing financial fraud • ICFR management system trends and key focus areas of external auditors
3rd (Aug. 27, 2025)	Samil PwC Samjong KPMG EY Hanyoung	• IFRS 18 adoption and its impact • Recent trends in internal control, financial fraud management, and integration of enterprise-wide risk management and internal control • Advanced ICFR course (Deficiencies identified through case studies and company preparedness) • Advanced ITGC course (K-SOX IT control methodology)

Risks and Opportunities Related to Risk Management

LOTTE Group is dedicated to ensuring management stability and enhancing its brand value by implementing risk management frameworks both domestically and globally. LOTTE Corporation gathered and assessed the risk management activities of its key domestic Group affiliates in 2024, offering guidance on necessary enhancements. In 2025, we distributed guidance to document business process-level control measures based on the identified risks. Regarding overseas Group affiliates, building on the local due diligence we conducted in 2024, we have regularly collected and reviewed their risk control status and the oversight of domestic parent companies since 2025.

If a company fails in risk management, it can lead to increased uncertainty in business operations in the short term and difficulties in sustainable management in the long term. Additionally, depending on the nature of the risks, there may be financial impacts such as legal costs and reduced business profitability. To address this, LOTTE Corporation has distributed a Risk Management Guideline in January 2025. This guideline includes risk identification and assessment, classification of risk levels, operation and monitoring of control measures, and methods for monitoring, ensuring that all employees of the Group affiliates understand and can appropriately manage the risks associated with their departments and the company. We will continue to review the risk management activities of the Group affiliates, share best practices, and strive to improve the overall risk management framework across the Group.

Internal Monitoring System

LOTTE Corporation continuously improves and enhances its internal control policies. Based on the organizations and procedures set forth in laws, the Articles of Incorporation, and internal regulations, internal monitoring is carried out. The internal monitoring system consists of the BOD, the Internal Audit Department, and other monitoring mechanisms.

The BOD reviews and decides on matters defined by law or the Articles of Incorporation, matters delegated by the General Meeting of Shareholders, basic management policies, and key issues related to business operations. The Internal Audit Department conducts audits related to the company's operations, including routine audits, regular audits, ad-hoc audits, special audits, and cash audits. Other internal monitoring mechanisms include procedures for transaction execution approval, approval and record-keeping of transactions, segregation of duties for the protection of related assets, documentation of transaction evidence and books, classification of access rights to assets and documents, and independent, periodic verification procedures such as comparison and reconciliation. Audit findings are immediately reported to the department head and management, and actions are taken according to the audit guidelines. Follow-up actions are taken at appropriate times. The Audit Committee prepares an evaluation opinion on the internal monitoring system annually, which is attached to and disclosed with the annual report. There were no audit findings in 2025.

Key Functions of LOTTE Corporation' Internal Monitoring System and Operation Status in 2025

Classification	Key Functions	Operational Status
BOD	Supervise the execution of directors' duties and deliberate and resolve on significant matters related to the company's business operations, etc.	Held 12 times in total
Audit Committee	Audit the company's affairs and assets and the execution of directors' duties, etc.	Held 8 times in total
Internal Audit Department	Conduct audits of the company's operations and financial position	Management Audit Office (23 people)
Compliance Team	Support the Audit Committee by assisting with its duties and entrusted responsibilities	4 people
Compliance Officer	Monitor whether company employees comply with the internal control standards	Compliance Management Office (18 people)

ELEVATING RISK MANAGEMENT

Implementation System

Risk Management Process

Led by the department responsible for the ISO 37301 Compliance Management System certification together with the ISO 37301 internal auditors in each department, LOTTE Corporation identifies risks that have occurred or may occur and evaluates them based on their likelihood and potential impact, classifying them as Major, Medium, or Minor. Likelihood is scored based on factors such as past occurrences of the risk and the probability of future occurrence, while impact is scored based on the expected severity of adverse consequences and the extent to which the risk can be managed should it materialize.

We update our risk inventory annually to reflect changes in internal and external issues and the business environment. The department responsible for the Compliance Management System certification provides guidance to each department's internal auditors and relevant employees on establishing appropriate control objectives and control measures that correspond to each risk level. Following the annual operation of the Compliance Management System, we review and evaluate whether the previous year's control objectives have been achieved and report the results to the CEO and the BOD.

In 2025, under this risk management process, we analyzed a total of 123 risks (4 Major, 44 Medium, and 75 Minor) and established 241 control objectives, including compliance training and monitoring activities, to address them. Additionally, our review and evaluation of the previous year's control objectives confirmed that 233 of the 248 control objectives established for 2024 had been achieved, a 93.9% achievement rate.

Activities and Performance

LOTTE Group Anti-Fraud Program

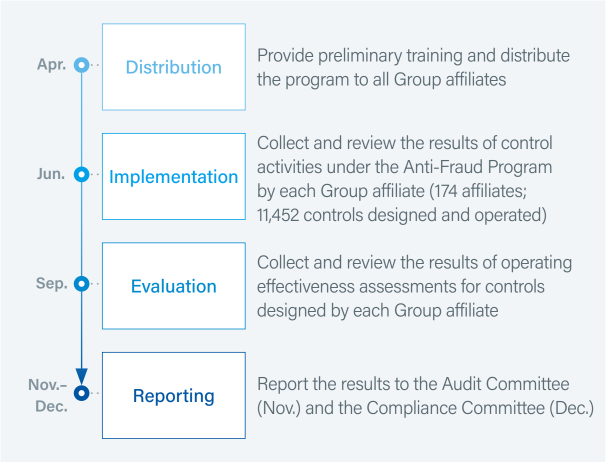
In response to growing societal concerns regarding internal financial controls, such as large-scale embezzlement incidents, LOTTE Corporation has implemented various control activities to prevent fraud across its domestic and international Group affiliates. Each year, LOTTE Corporation visits several Group affiliates to review the design of internal controls over financial processes and identify areas for improvement, and provides consulting on improvement measures.

Furthermore, to ensure that the Group affiliates can independently assess and enhance the design of their key internal financial controls, LOTTE Group has introduced and operates an assessment item on the implementation level of financial internal controls in its compliance evaluation criteria in 2023. As a result of the 2025 assessments of the Group affiliates, no suspicious financial flows indicative of fraud or material deficiencies or instances of non-compliance in internal control processes were identified.

In 2024, following the introduction by the Financial Supervisory Service of the "Disclosure System for the Design, Operation, and Results of Internal Controls over the Risk of Financial Fraud" (hereinafter, the "Financial Fraud Control Disclosure"), LOTTE Corporation introduced the "LOTTE Group Anti-Fraud Program" to respond to the new disclosure requirements while strengthening the management of fraud risks across the Group's global operations. The Program is designed to standardize internal controls over financial fraud risks that had previously been managed independently by each Group affiliate through the establishment of Group-wide guidelines. It also aims to strengthen the Group's anti-fraud capabilities by enabling the timely prevention and detection of potential corruption and fraudulent activities, thereby contributing to the Group's sound development. Moreover, we go beyond identifying theoretical fraud risks based solely on business process analysis by collecting and analyzing actual domestic and international fraud cases to design practical, risk-based control activities, thereby operating an effective internal control system.

In the first half of 2025, LOTTE Corporation distributed the Anti-Fraud Program to a total of 174 domestic and overseas Group affiliates (69 domestic and 105 overseas affiliates) and completed a review of the status of their anti-fraud control activities. In the second half of the year, we required each Group affiliate to conduct and submit a self-assessment of the operating effectiveness of its anti-fraud controls and reviewed the results. The 2025 operational details and the results were reported to our Audit Committee and the LOTTE Group Compliance Committee.

Additionally, with reference to the Financial Supervisory Service's "Guidelines for the Disclosure of Financial Fraud Controls," we established 17 control items from the Anti-Fraud Program as the Group's standard disclosure items for financial fraud controls. These disclosure items were incorporated into the internal control activities of the Internal Control over Financial Reporting (ICFR) systems of LOTTE Corporation and its major subsidiaries, and we reviewed the design and operating effectiveness of those controls. As a result of the 2025 evaluation, all items received an unqualified opinion. Moving forward, we will continue to faithfully disclose the results of our anti-fraud activities under this Anti-Fraud Program, thereby providing the market and our stakeholders with accurate and sufficient information.



ELEVATING RISK MANAGEMENT

Activities and Performance

Risk Management Activity Evaluation

LOTTE Corporation evaluates the performance of its ISO 37301 compliance management system annually. The performance indicators evaluate whether all organizations identify and assess compliance obligations and risks, set priorities, and manage them effectively; whether all employees understand and apply risk control objectives and measures; and whether the risk management process is regularly reviewed and managed. As a result of the internal evaluation conducted in July 2025, we achieved a score of 4.4 points out of 5, a 0.1-point increase compared to the previous year. The evaluation results will be included in the ISO 37301 compliance management system management review report and will be reported to the CEO and the BOD.

Starting in 2026, we will collect and review the risk management activities of domestic and international Group affiliates, and propose areas for improvement. For key domestic Group affiliates, we plan to evaluate risk analyses and assessments, control objectives and measures, and operational evaluation results, and provide feedback based on these evaluations.

ICFR Management Activity

Attestation of ICFR for Consolidated Financial Reporting With the implementation of audits of the Internal Control over Financial Reporting (ICFR) for consolidated financial statements, internal control assurance became required for the "Confinas System," the Group's consolidated accounting system that supports the preparation of consolidated financial statements. Accordingly, since 2022, LOTTE Corporation has undergone independent assurance on the appropriateness of the design and operating effectiveness of the internal controls over its consolidated accounting system. The results confirmed that the controls were appropriately designed and operating effectively. By obtaining ISAE 3402 assurance for the consolidated accounting system, we provide a broad range of stakeholders with reasonable assurance that the internal controls over the consolidated accounting system are appropriately designed and operating effectively.

Assessment of ICFR operation LOTTE Corporation conducts an annual review of the operation of its ICFR Management System and reports the results to the AGM, BOD, and Audit Committee. Additionally, in accordance with Article 8, Paragraph 5 of the External Audit Act, the company's Audit Committee evaluates the operation of the ICFR Management System and reports the findings to the BOD annually.

2025 Assessment Result Reporting Status of the ICFR Management System

Date	Reported by	Reported to	Contents
Feb. 9, 2026	CEO	BOD, Audit Committee	Report on the operation status of separate and consolidated ICFR management systems in 2025
Mar. 9, 2026	Audit Committee	BOD	Report on the evaluation of the operation status of separate and consolidated ICFR management systems in 2025
Mar. 24, 2026	CEO	Shareholders	Report on the operation status of separate and consolidated ICFR management systems in 2025

Assessment Results of ICFR Operation (Past Three Years)

Classification	Area of Certification	Year	Assurance Provider	Assurance Result
ISAE 3402	Appropriateness of the design and operating effectiveness of internal controls over consolidated financial reporting support services and the Confinas consolidated financial reporting support system	2022	Samil PwC[1]	Unqualified
		2023	Samil PwC	Unqualified
		2024	Samil PwC	Unqualified
		2025	EY Hanyoung	Unqualified

[1] In preparation for the audit of the ICFR for consolidated financial statements, effective since 2023

ELEVATING RISK MANAGEMENT

Activities and Performance

In 2025, based on the ICFR Management System Design and Operation Conceptual Framework, the operational status of the ICFR Management System was evaluated and determined to be effectively designed and operated from the perspective of materiality. The Audit Committee, upon receiving the report, concurred with this judgment. Additionally, the external auditor, Samil PwC, expressed an unqualified opinion.

Assessment Results of ICFR Operation (Past Three Years)

Fiscal Year	Scope	Result by the Company	Result by the Audit Committee	Result by the External Auditor
59th (2025)	Consolidated	Unqualified	Unqualified	Unqualified
	Separate	Unqualified	Unqualified	Unqualified
58th (2024)	Consolidated	Unqualified	Unqualified	Unqualified
	Separate	Unqualified	Unqualified	Unqualified
57th (2023)	Consolidated	Unqualified	Unqualified	Unqualified
	Separate	Unqualified	Unqualified	Unqualified

CASE STUDY

Building a Practical Foundation for Institutionalizing the ICFR System

LOTTE Corporation operates the ICFR system not merely as a means of regulatory compliance, but as a practical risk management tool for protecting corporate value.

Through years of operating the system, we have recognized that successful implementation depends on the understanding and execution of frontline practitioners. Accordingly, we have focused on creating a practical internal control environment that is easy to understand and apply in day-to-day operations. As part of these efforts, we published "A Practical Guide to Internal Control over Financial Reporting," a practical guidebook on ICFR, in August 2025. Drawing on the accumulated expertise of LOTTE Corporation's Compliance Team, the publication was developed through approximately six months of research and writing and is designed to help even beginners understand key concepts intuitively. The guide also enhances understanding by presenting practical examples and implementation approaches alongside theoretical explanations. The publication has been distributed to the CEOs of major Group affiliates, as well as ICFR managers and dedicated ICFR teams across the Group, supporting the practical application of the system in the field.

The publication of this guidebook represents a meaningful achievement that demonstrates our strong commitment to risk management and our ability to execute it. Going forward, LOTTE Corporation will move beyond a passive approach to regulatory compliance and proactively embed risk management systems throughout the Group, thereby strengthening corporate value and securing a foundation for sustainable growth.

APPENDICES

FINANCIAL AND NON-FINANCIAL PERFORMANCE SUMMARY

Financial Information

SUMMARIZED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unit: KRW)

	59th (As of the end of Dec. 2025)	58th (As of the end of Dec. 2024)	57th (As of the end of Dec. 2023)
Current assets	5,453,937,699,835	5,016,589,922,670	5,854,119,649,407
Cash and cash equivalents	1,391,291,862,106	1,254,824,478,888	1,579,854,555,114
Trade and other receivables	1,308,818,106,858	1,318,784,044,271	1,555,241,636,165
Other current financial assets	1,039,362,449,959	733,182,416,234	1,189,545,825,062
Inventories	1,450,942,786,396	1,429,094,324,979	1,296,611,415,511
Current tax assets	23,435,041,981	24,268,510,817	19,478,021,899
Other current non-financial assets	211,030,030,920	224,031,596,247	213,388,195,656
Assets held for sale	29,057,421,615	32,404,551,234	-
Non-current assets	17,617,134,597,501	17,643,687,771,227	17,306,311,097,051
Investments in associates and joint ventures	5,867,580,312,010	6,313,496,234,514	6,848,621,810,575
Trade and other receivables	41,998,597,199	36,186,900,719	17,737,398,288
Other non-current financial assets	655,865,333,299	833,587,584,684	871,958,308,825
Property, plant and equipment	8,348,886,080,784	7,610,763,889,601	6,736,288,618,116
Intangible assets	1,032,678,927,656	1,069,188,570,790	995,509,721,376
Investment property	630,888,003,726	624,194,340,436	624,893,901,228
Right-of-use assets	779,471,100,655	914,994,039,579	886,680,643,177
Net defined benefit assets	133,576,968,115	87,237,067,620	134,929,161,528
Deferred tax assets	79,425,785,004	82,994,319,117	92,687,599,553
Other non-current non-financial assets	46,763,489,053	71,044,824,167	97,003,934,385
Total Assets	**23,071,072,297,336**	**22,660,277,693,897**	**23,160,430,746,458**
Current liabilities	6,742,334,830,996	6,577,895,941,552	6,727,891,073,451
Non-current liabilities	6,907,097,532,875	6,882,617,406,890	6,759,698,065,506
Total Liabilities	**13,649,432,363,871**	**13,460,513,348,442**	**13,487,589,138,957**

FINANCIAL AND NON-FINANCIAL PERFORMANCE SUMMARY

Financial Information

SUMMARIZED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unit: KRW)

	59th (As of the end of Dec. 2025)	58th (As of the end of Dec. 2024)	57th (As of the end of Dec. 2023)
Capital stock	21,142,968,000	21,142,968,000	21,142,968,000
Capital surplus	4,294,439,105,871	4,259,254,066,826	4,260,105,626,826
Capital adjustment	(1,611,715,639,902)	(2,143,605,998,042)	(2,425,914,978,659)
Accumulated other comprehensive income	300,281,465,203	321,118,401,957	17,321,807,176
Retained earnings	3,072,175,794,644	3,787,124,026,370	4,976,441,921,291
Non-controlling interests	3,345,316,239,649	2,954,730,880,344	2,823,744,262,867
Total Equity	**9,421,639,933,465**	**9,199,764,345,455**	**9,672,841,607,501**

FINANCIAL AND NON-FINANCIAL PERFORMANCE SUMMARY

Financial Information

SUMMARIZED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(Unit: KRW)

	59th (January 1, 2025 – December 31, 2025)	58th (January 1, 2024 – December 31, 2024)	57th (January 1, 2023 – December 31, 2023)
Revenue	15,539,626,589,471	15,756,975,627,179	15,159,775,895,639
Operating profit	239,439,333,968	340,468,760,521	493,689,284,141
Profit (loss) before income tax	(474,183,614,238)	(886,622,654,541)	373,916,519,699
Profit (loss) for the year	(595,003,287,583)	(946,077,909,988)	163,660,188,554
Profit attributable to owners of the Parent Company	(647,552,868,590)	(1,018,805,985,752)	(15,357,995,337)
Non-controlling interests	52,549,581,007	72,728,075,764	179,018,183,891
Total comprehensive income (loss) for the year	(555,365,071,008)	(663,926,398,048)	12,078,877,927
Profit attributable to owners of the Parent Company	(623,627,223,820)	(767,749,123,890)	(128,929,924,097)
Profit attributable to non-controlling interests	68,262,152,812	103,822,725,842	141,008,802,024
Basic earnings per common share	(9,028)	(14,389)	(215)
Basic earnings per preferred share	(8,978)	(14,339)	(165)
Diluted earnings per common share	(9,028)	(14,389)	(215)
Diluted earnings per preferred share	(8,978)	(14,339)	(165)
Number of entities included in consolidation	83	88	89

FINANCIAL AND NON-FINANCIAL PERFORMANCE SUMMARY

Non-financial Information

ENVIRONMENT

		Unit	2023	2024	2025
Energy Consumed					
Energy consumption	Total energy consumption (within the organization)	GJ	18,668.79	17,842.01	16,122.09
	Energy consumption – Fuel	GJ	4,948.33	4,591.21	4,560.12
	Energy consumption – Electricity	GJ	13,720.46	13,250.80	11,561.96
	Energy consumption – Steam	GJ	0	0	0
	Energy intensity per KRW 1 billion in sales	GJ/KRW billion	1.231	1.132	1.037
	Energy intensity per employee	GJ/Person	61.21	63.95	54.47
Water Usage					
Water consumption		m^3	6,673	5,987	4,544
Water withdrawal	Total water withdrawal	m^3	7,519	6,956	5,616
	Water withdrawal – Surface water	m^3	0	0	0
	Water withdrawal – Groundwater	m^3	3,122	3,250	3,019
	Water withdrawal – Third-party supplied water	m^3	4,397	3,706	2,597
Water use and recycling	Total water recycled	m^3	3,264	3,154	3,022

* Unless otherwise stated, the non-financial information presented in this report is based on data from LOTTE Corporation.

FINANCIAL AND NON-FINANCIAL PERFORMANCE SUMMARY

Non-financial Information

ENVIRONMENT

		Unit	2023	2024	2025
GHG Emissions					
Total GHG emissions (Scope 1+Scope 2)		tCO_2eq	974.63	930.09	846.30
GHG emissions	Scope 1 (Separate basis in Korea)	tCO_2eq	318.03	295.96	293.00
	Scope 2 (Separate basis in Korea)	tCO_2eq	656.60	634.12	553.30
GHG emissions intensity per KRW 1 billion in sales (Scope 1 + Scope 2)	GHG emissions intensity per KRW 1 billion in sales	tCO_2eq/KRW billion	0.06	0.06	0.05
	GHG emissions intensity per KRW 1 billion in sales (Scope 1)	tCO_2eq/KRW billion	0.02	0.02	0.02
	GHG emissions intensity per KRW 1 billion in sales (Scope 2)	tCO_2eq/KRW billion	0.04	0.04	0.04
GHG emissions intensity per employee (Scope 1+Scope 2)	GHG emissions intensity per employee	tCO_2eq/Person	3.20	3.33	2.86
	GHG emissions intensity per employee (Scope 1)	tCO_2eq/Person	1.04	1.06	0.99
	GHG emissions intensity per employee (Scope 2)	tCO_2eq/Person	2.15	2.27	1.87
Waste Management					
Waste generation	Total waste generated	Ton	42.24	50.30	43.47
	Ratio of hazardous waste generated to total waste generated	%	0	0	0
Hazardous waste treatment	Total hazardous waste treated	Ton	0	0	0
	Hazardous waste treated – Incineration	Ton	0	0	0
	Hazardous waste treated – Landfill	Ton	0	0	0
	Hazardous waste treated – Others	Ton	0	0	0
Waste treatment	Total non-hazardous waste treated	Ton	42.24	50.30	43.47
	Non-hazardous waste treated – Recycle/Reuse	Ton	42.24	50.30	43.47
	Non-hazardous waste treated – Incineration	Ton	0.00	0.00	0.00
	Non-hazardous waste treated – Landfill	Ton	0.00	0.00	0.00
	Non-hazardous waste treated – Others	Ton	0	0	0
Environmental Law Violations					
Number of compliance violations related to environmental permits, standards, and regulations		Cases	0	0	0

FINANCIAL AND NON-FINANCIAL PERFORMANCE SUMMARY

Non-financial Information

SOCIAL

		Unit	2023	2024	2025
Gender Pay Gap					
Ratio of average female pay to average male pay		%	96.86	98.56	95.40
Employees					
Total employees	Total number of employees	Persons	305	279	296
By gender	Number of employees – Female	Persons	92	81	84
	Number of employees – Male	Persons	213	198	212
By employment type	Total number of permanent employees	Persons	297	263	281
	Number of permanent employees – Female	Persons	92	75	77
	Number of permanent employees – Male	Persons	205	188	204
	Total number of temporary employees	Persons	8	16	15
	Number of temporary employees – Female	Persons	0	6	7
	Number of temporary employees – Male	Persons	8	10	8
By age	Number of employees – Under 30	Persons	16	13	11
	Number of employees – 30s and 40s	Persons	257	236	248
	Number of employees – 50 and over	Persons	32	30	37
Workers who are not employees	Number of workers who are not employees	Persons	0	0	21
New Employee Hires					
Total number of new employee hires		Persons	46	41	58
By gender	Number of new employee hires – Female	Persons	15	14	16
	Number of new employee hires – Male	Persons	31	27	42
By age	Number of new employee hires – Under 30	Persons	3	5	2
	Number of new employee hires – 30s and 40s	Persons	38	35	49
	Number of new employee hires – 50 and over	Persons	5	1	7
New employee hire rate	New employee hire rate	%	15.1	14.7	19.6
	New employee hire rate – Female	%	16.3	17.3	19.0
	New employee hire rate – Male	%	14.6	13.6	19.8

FINANCIAL AND NON-FINANCIAL PERFORMANCE SUMMARY

Non-financial Information

SOCIAL

		Unit	2023	2024	2025
Employee Turnover					
Total employee turnover		Persons	31	61	44
By gender	Employee turnover – Female	Persons	11	24	12
	Employee turnover – Male	Persons	20	37	32
By age	Employee turnover – Under 30	Persons	2	4	2
	Employee turnover – 30s and 40s	Persons	23	52	31
	Employee turnover – 50 and over	Persons	6	5	11
Turnover rate	Voluntary turnover rate	%	10	23	16
	Turnover rate	%	10	23	16
Employee Education & Training					
Training hours	Average hours of training per employee	Hours	75.1	64.6	54.3
	Average hours of training per employee – Female	Hours	79.7	65.4	63.2
	Average hours of training per employee – Male	Hours	73.1	64.4	50.8
	Average hours of training per employee – Under 30	Hours	55.3	42.3	47.0
	Average hours of training per employee – 30s and 40s	Hours	80.9	71.3	59.6
	Average hours of training per employee – 50 and over	Hours	42.3	31.3	17.4
Training expenditures	Total training expenditures	KRW million	442	440	471
	Training expenditures – Female	KRW million	141	135	96
	Training expenditures – Male	KRW million	301	305	375
	Training expenditures – Under 30	KRW million	11	4	2
	Training expenditures – 30s and 40s	KRW million	336	346	435
	Training expenditures – 50 and over	KRW million	94	90	34
	Employee education & training expenditures per person	KRW million/Person	1.39	1.31	1.76

FINANCIAL AND NON-FINANCIAL PERFORMANCE SUMMARY

Non-financial Information

SOCIAL

		Unit	2023	2024	2025
Employee Evaluation & Compensation					
Evaluation & compensation ratio	Percentage of employees receiving regular performance and career development reviews[1]	%	94.8	96.4	92.6
	Percentage of employees receiving regular performance and career development reviews – Female	%	92.1	90.3	90.5
	Percentage of employees receiving regular performance and career development reviews – Male	%	96.3	99.3	93.4
Employee Diversity					
Person with disabilities	Number of employees with disabilities	Persons	9	9	9
	Percentage of employees with disabilities	%	3.09	3.04	3.31
Discrimination					
Cases received	Number of grievances received through grievance handling channels	Cases	595	471	634
Cases resolved	Number of grievances resolved among those received through grievance handling channels	Cases	595	471	634
Parental Leave					
Employees entitled to parental leave[2]	Number of employees entitled to parental leave	Persons	14	8	15
	Number of employees entitled to parental leave – Female	Persons	5	3	4
	Number of employees entitled to parental leave – Male	Persons	9	5	11
Employees that took parental leave	Number of employees that took parental leave	Persons	10	9	5
	Number of employees that took parental leave – Female	Persons	4	5	2
	Number of employees that took parental leave – Male	Persons	6	4	3
Employees retained after returning from parental leave[3]	Number of employees retained 12 months after returning from parental leave	Persons	14	8	6
	Number of employees retained 12 months after returning from parental leave – Female	Persons	5	4	2
	Number of employees retained 12 months after returning from parental leave – Male	Persons	9	4	4
Retention rate[4]	Retention rate after parental leave	%	87.5	88.9	66.7
	Retention rate after parental leave – Female	%	71.4	80.0	66.7
	Retention rate after parental leave – Male	%	100.0	100.0	66.7

1) Employees subject to performance reviews: Employees excluding fixed-term employees, advisors, and consultants
2) Employees entitled to parental leave: Employees or their spouses who gave birth during the reporting year
3) Employees retained after returning from parental leave: Some 2023 and 2024 data have been revised due to changes in the reporting methodology.
4) Retention rate: Number of employees retained for 12 months after returning to work / Number of employees who returned to work

FINANCIAL AND NON-FINANCIAL PERFORMANCE SUMMARY

Non-financial Information

SOCIAL

		Unit	2023	2024	2025
Employee Injuries					
Lost time injury	Lost time injury rate (LTIR)	Per 1 million hours worked	0	0	0
	Lost time injury rate (LTIR) – Own workforce	Per 1 million hours worked	0	0	0
	Lost time injury rate (LTIR) – Partner companies' workforce	Per 1 million hours worked	0	0	0
	Lost time injuries (LTI)	Cases	0	0	0
	Lost time injuries (LTI) – Own workforce	Cases	0	0	0
	Lost time injuries (LTI) – Partner companies' workforce	Cases	0	0	0
Information Security					
Corporate data and customer information leakage incidents	Number of issues related to information security	Cases	0	0	0
	Total number of verified customer data breaches (including theft and loss)	Cases	0	0	0
Donations					
Donations	Total donations	KRW million	17,008	19,677	18,548
	Political contributions	KRW million	0	0	0
	Other donations	KRW million	17,008	19,677	18,548
Social Contribution Expenditures					
Social contributions	Donations as a percentage of sales	%	0.11	0.12	0.12

FINANCIAL AND NON-FINANCIAL PERFORMANCE SUMMARY

Non-financial Information

GOVERNANCE

		Unit	2023	2024	2025
Status of BOD[1]					
BOD Composition	Total number of BOD members	Persons	8	9	8
By type	Number of executive directors	Persons	3	4	3
	Number of other non-executive directors	Persons	0	0	0
	Number of non-executive directors	Persons	5	5	5
	Percentage of non-executive directors on the Board	%	62.5	55.6	62.5
By gender	Number of non-executive directors – Male	Persons	4	4	3
	Number of non-executive directors – Female	Persons	1	1	2
	Percentage of female directors on the Board	%	12.5	11.1	25.0
	Number of female executives who are neither controlling shareholders nor relatives among registered executives	Persons	1	1	2
BOD operation	Number of BOD meetings held	Times/Year	10	10	12
	Non-executive Directors' BOD attendance rate	%	96	100	100
Audit Committee					
Composition of the Audit Committee	Percentage of non-executive directors on the Audit Committee	%	100	100	100
	Number of Audit Committee members who meet the legal requirements for accounting or financial expert	Persons	1	1	1
Operation of the Audit Committee	Number of Audit Committee meetings held	Times/Year	8	8	8
	Ratio of non-audit services provided by external auditors	%	54.1	79.2	8.6
Compensation Committee					
Composition of the Compensation Committee	Percentage of non-executive directors on the Compensation Committee	%	75	75	75
Non-executive Director Candidate Nomination Committee members					
Composition of the Non-executive Director Candidate Nomination Committee	Percentage of non-executive directors on the Non-executive Director Candidate Nomination Committee	%	100	100	100

[1] Based on the Business Report

FINANCIAL AND NON-FINANCIAL PERFORMANCE SUMMARY

Non-financial Information

GOVERNANCE

		Unit	2023	2024	2025
CEO Compensation					
CEO's total annual compensation		KRW million	6,449	5,972	4,210
Ratio of the CEO's annual total compensation to the median annual total compensation of all employees		%	55.16	50.92	34.17
Shareholder Return					
Dividend	Cash dividend per share in the corresponding year	KRW	1,500	1,200	1,250
	Stock cancellation over the past 3 years	Qualitative (Y/N)	Not applicable	Not applicable	Not applicable
Ethical Management Education					
Anti-corruption (ethics) education	Percentage of employees who received anti-corruption training	%	97.6	95.8	94.6
	Percentage of governance body members who received anti-corruption training[1]	%	67	25	33
Anti-corruption (ethics) incidents	Number of violations of anti-corruption laws and regulations	Cases	0	0	0
Confirmed corruption/ bribery incidents	Number of convictions for violations of anti-corruption and anti-bribery laws	Cases	0	0	0
	Amount of fines imposed for violations of anti-corruption and anti-bribery laws	KRW million	0	0	0
Creation and Distribution of Economic Value					
Direct economic value generated	Sales	KRW million	15,159,776	15,756,976	15,539,627
Economic value distributed	Operating costs (purchases of raw materials and services)	KRW million	10,012,406	10,261,838	10,070,984
	Employee remuneration and benefits	KRW million	2,094,208	2,305,442	2,379,753
	Dividends and interest expenses	KRW million	479,401	553,313	522,452
	Tax (by country)	KRW million	210,256	59,455	120,820
	Community investments (donations and support for social contribution activities)	KRW million	17,008	19,677	18,548
Economic value retained	Direct economic value generated - Economic value distributed	KRW million	2,346,496	2,557,251	2,427,070

[1] Based on executive directors

SUSTAINABILITY DISCLOSURE

GRI Index

Statement of Use	GRI 1 Used
LOTTE Corporation reports on its activities and achievements for the reporting period (from January 1, 2025, to December 31, 2025) in accordance with GRI Standards.	GRI 1: Foundation 2021

UNIVERSAL STANDARDS

Classification	Disclosure	Requirement	Page	Note
Universal Standards 1	1-7	Publish a GRI content index	142-146	
The organization and its reporting practices	2-1	Organizational details	4-5	
	2-2	Entities included in the organization's sustainability reporting	154	
	2-3	Reporting period, frequency and contact point	154	
	2-4	Restatements of information	154	
	2-5	External assurance	153	
Activities and workers	2-6	Activities, value chain and other business relationships	4-22, P. 41-48 of Business Report	
	2-7	Employees	136, P. 563-564 of Business Report	
	2-8	Workers who are not employees	136, P. 563-564 of Business Report	
Governance	2-9	Governance structure and composition	108-110	
	2-10	Nomination and selection of the highest governance body	108	
	2-11	Chair of the highest governance body	108-109	
	2-12	Role of the highest governance body in overseeing the management of impacts	110, 112-113	
	2-13	Delegation of responsibility for managing impacts	35-37, 45, 47, 110	
	2-14	Role of the highest governance body in sustainability reporting	47, 110	
	2-15	Conflicts of interest	108-109, 110	
	2-16	Communication of critical concerns	112-113	
	2-17	Collective knowledge of the highest governance body	111	
	2-18	Evaluation of the performance of the highest governance body	114-115	

SUSTAINABILITY DISCLOSURE

GRI Index

UNIVERSAL STANDARDS

Classification	Disclosure	Requirement	Page	Note
Governance	2-19	Remuneration policies	P. 566 of Business Report	
	2-20	Process to determine remuneration	114-115, P. 566 of Business Report	
	2-21	Annual total compensation ratio	141	
Strategy	2-22	Statement on sustainable development strategy	24-25, 27	
	2-23	Policy commitments	27, 55, 63, 117-118, 121	
	2-24	Embedding policy commitments	26, 53-54, 58, 71, 77, 116-117	
	2-25	Processes to remediate negative impacts	116-123	
	2-26	Mechanisms for seeking advice and raising concerns	119	
	2-27	Compliance with laws and regulations	135, 141	
	2-28	Membership associations	152	
Stakeholder engagement	2-29	Approach to stakeholder engagement	28	
	2-30	Collective bargaining agreements	Not applicable	
Management approach	3-1	Process to determine material topics	29	
	3-2	List of material topics	30-33	
	3-3	Management of material topics	31-33	

SUSTAINABILITY DISCLOSURE

GRI Index

TOPIC-SPECIFIC STANDARDS

Classification	Disclosure	Requirement	Page	Note
GRI 101 (Biodiversity)				
Biodiversity	101-1	Policies to halt and reverse biodiversity loss	57	
	101-2	Management of biodiversity impacts	57	
	101-4	Identifying biodiversity impacts	57	
GRI 200 (Economic Performance)				
Economic Performance	201-1	Direct economic value generated and distributed	5, 141	
	201-2	Financial implications and other risks and opportunities due to climate change	48-52	
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	102-106, 139	
	203-2	Significant indirect economic impacts	99-100, 106	
Anti-corruption	205-1	Operations assessed for risks related to corruption	120	
	205-2	Communication and training about anti-corruption policies and procedures	118, 141	
	205-3	Confirmed incidents of corruption and actions taken	119, 141	

SUSTAINABILITY DISCLOSURE

GRI Index

TOPIC-SPECIFIC STANDARDS

Classification	Disclosure	Requirement	Page	Note
GRI 300 (Environmental Performance)				
Energy	302-1	Energy consumption within the organization	134	
	302-3	Energy intensity	134	
Water and Effluents	303-3	Water withdrawal	134	
	303-5	Water consumption	134	
Emissions	305-1	Direct (Scope 1) GHG emissions	135	
	305-2	Indirect (Scope 2) GHG emissions	135	
	305-4	GHG emissions intensity	135	
	305-5	Reduction of GHG emissions	53-54	
Waste	306-1	Waste generation and significant waste-related impacts	59-60	
	306-2	Management of significant waste-related impacts	59-60	
	306-3	Waste generated	135	
	306-4	Waste diverted from disposal	135	
	306-5	Waste directed to disposal	135	

SUSTAINABILITY DISCLOSURE

GRI Index

TOPIC-SPECIFIC STANDARDS

Classification	Disclosure	Requirement	Page	Note
GRI 400 (Social Performance)				
Employment	401-1	New employee hires and employee turnover	136-137	
	401-3	Parental leave	138	
Occupational Health and Safety	403-1	Occupational health and safety management system	91-94	
	403-2	Hazard identification, risk assessment, and incident investigation	95-96	
	403-3	Occupational health services	90	
	403-4	Worker participation, consultation, and communication on occupational health and safety	91	
	403-5	Worker training on occupational health and safety	96-97	
	403-6	Promotion of worker health	90	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	96-97	
	403-9	Work-related injuries	139	
Training and Educations	404-1	Average hours of training per year per employee	137	
	404-3	Percentage of employees receiving regular performance and career development reviews	138	
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	136, 138, 140	
	405-2	Ratio of basic salary and remuneration of women to men	136	
Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	102-106	
Public Policy	415-1	Political contributions	139	
Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	78-81	
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	139	

SUSTAINABILITY DISCLOSURE

TCFD Index

Classification	Indicator	Page	Note
Governance	The board's oversight of climate-related risks and opportunities	47, 110	
	Management's role in assessing and managing climate-related risks and opportunities	47, 58	
Strategy	The climate-related risks and opportunities the organization has identified over the short, medium and long term	48-49	
	The impact of climate-related risks and opportunities on the organization's business, strategy and financial planning	50-52	
	The resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	50-52	
Risk Management	The organization's processes for identifying and assessing climate-related risks	52	
	The organization's processes for managing climate-related risks	52	
	How processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management	52	
Metrics and Targets	The metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	48, 53-54	Energy consumption, GHG emissions
	Scope 1, Scope 2, and if appropriate, Scope 3 GHG emissions and the related risks	53-54, 135	
	The targets used by the organization to manage climate-related risks and opportunities and performance against targets	52	

SUSTAINABILITY DISCLOSURE

IFRS S2 Index

Classification	Indicator	Page	Note
Governance	The governance body(s) or individual(s) responsible for oversight of climate-related risks and opportunities	47, 58, 110	
	Management's role in the governance processes, controls, and procedures used to monitor, manage, and oversee climate-related risks and opportunities	47, 58	
Strategy	The climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects	48-49	
	The current and anticipated effects of those climate-related risks and opportunities on the entity's business model and value chain	50-52	
	How the entity has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making	50-52	
	The effects of climate-related risks and opportunities on the entity's financial position, financial performance and cash flows	50-52	
	The climate resilience of the entity's strategy and business model	50-52	
Risk Management	The entity's processes to identify, assess, prioritize and monitor climate-related risks and opportunities	52	
Metrics and Targets	Climate-related metrics	53-54, 134-135	
	Climate-related targets	53-54	

SUSTAINABILITY DISCLOSURE

ESRS Index

ESRS 2. GENERAL DISCLOSURES

Classification	Requirements	Page
BP-1	General basis for preparation of sustainability statement	154
BP-2	Disclosures in relation to specific circumstances	-
GOV-1	The role of the administrative, management and supervisory bodies	47, 62-63, 73, 82, 108-110
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	47, 82, 110
GOV-3	Integration of sustainability-related performance in incentive schemes	27
GOV-4	Statement on sustainability due diligence	76, 87-88, 95-96, 116
GOV-5	Risk management and internal controls over sustainability reporting	-
SBM-1	Strategy, business model and value chain	9-22
SBM-2	Interests and views of stakeholders	28-29
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	29-33, 38-45
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	29, 35-37
IRO-2	Disclosure Requirements in ESRS covered by the undertaking's sustainability statements	149-151

E1 CLIMATE CHANGE

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E1-1	Transition plan for climate change mitigation	50-54
E1-2	Policies related to climate change mitigation and adaptation	50-54
E1-3	Actions and resources in relation to climate change policies	48-49
E1-4	Targets related to climate change mitigation and adaptation	53-54
E1-5	Energy consumption and mix	134
E1-6	Gross Scopes 1, 2, 3 and total GHG emissions	135
E1-7	GHG removals and GHG mitigation projects financed through carbon credits	-
E1-8	Internal carbon pricing	-
E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	31, 50-52

SUSTAINABILITY DISCLOSURE

ESRS Index

S1 OWN WORKFORCE

Classification	Requirements	Page
S1-1	Policies related to own workforce	62-63, 83, 86-87
S1-2	Processes for engaging with own workers and workers' representatives about impacts	85-86
S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	119
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	62-71, 82-97
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	71, 92
S1-6	Characteristics of the undertaking's employees	136-138
S1-7	Characteristics of non-employee workers in the undertaking's own workforce	136
S1-8	Collective bargaining coverage and social dialogue	-
S1-9	Diversity metrics	69-70, 136-138
S1-10	Adequate wages	-
S1-11	Social protection	89-90
S1-12	Persons with disabilities	69-70, 138
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S1-14	Health and safety metrics	91-97, 139
S1-15	Work-life balance metrics	89-90, 138
S1-16	Remuneration metrics (pay gap and total remuneration)	136, 141
S1-17	Incidents, complaints and severe human rights impacts	119, 138

SUSTAINABILITY DISCLOSURE

ESRS Index

S4 CONSUMERS AND END USERS

Classification	Requirements	Page
S4-1	Policies related to consumers and end-users	72, 78
S4-2	Processes for engaging with consumers and end-users about impacts	80
S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	80-81, 119
S4-4	Taking action on material impacts on consumers and end-users, and approaches to mitigating material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	75-77, 80-81
S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	81

G1 BUSINESS CONDUCT

Classification	Requirements	Page
G1-1	Corporate culture and business conduct policies	117-120
G1-2	Management of relationships with suppliers	98-101
G1-3	Prevention and detection of corruption or bribery	116-123
G1-4	Confirmed incidents of corruption and bribery	141
G1-5	Political influence and lobbying activities	139
G1-6	Payment practices	-

AWARDS & MEMBERSHIP

AWARDS

2025

- LOTTE Corporation 2024 Sustainability Report received the Platinum Award in 2025 LACP Vision Awards and the Bronze Award in 2025 Galaxy Awards
- LOTTE Corporation 2023 Sustainability Report received the Grand Award in 2025 ARC Awards

2024

- Received the Grand Prize at the Corporate Category in the 2024 Korea Compliance Awards
- Received the Prime Minister's Commendation at the 13th National Sharing Awards
- LOTTE Corporation 2023 Sustainability Report received the Bronze Award in 2024 Galaxy Awards
- LOTTE Corporation 2022 Sustainability Report received the Grand Award in 2024 ARC Awards and the Platinum Award in 2024 LACP Vision Awards

2023

- Received the NCRC Award to companies practicing child rights management (National Center for the Rights of the Child)
- LOTTE Corporation 2022 Sustainability Report received the Platinum Award in 2023 LACP Spotlight Awards and Bronze Award in 2023 Galaxy Awards
- LOTTE Corporation 2021 Sustainability Report received the Grand Award in 2023 ARC Awards

2022

- LOTTE Corporation 2021 Sustainability Report received the Grand Award in 2022 Galaxy Awards and the Gold Award in 2022 LACP Spotlight Awards

2021

- LOTTE Academy received the 1st Korea Human Resource Development Award (The Korean Association of Human Resource Development)
- Commendation from the Minister of Culture, Sports and Tourism in the sector of chair company at the 2nd Korea Sports Mecenat Awards (Ministry of Culture, Sports and Tourism)
- LOTTE Corporation 2020 Sustainability Report received the Gold Award in 2021 ARC Awards

MEMBERSHIP

- The Federation of Korean Industries
- Korea Ski & Snowboard Association

* As of December 2025

INDEPENDENT ASSURANCE STATEMENT

LOTTE Corporation

Dear Stakeholders

Korean Foundation for Quality (hereinafter 'KFQ') has been engaged to independently verify the 2025 Sustainability Report (hereinafter 'the Report')[2] of LOTTE Corporation[1] (hereinafter 'the Company'). KFQ is responsible for providing an independent third-party verification opinion on the report based on the verification criteria and scope specified below. The responsibility for the preparation of this report lies with the Company's management.

[1] Organization Address (based on headquarters): LOTTE World Tower, 300, Olympic-ro, Songpa-gu, Seoul 05551, Republic of Korea
[2] Data Collection Period: Covering from January 1, 2025, to December 31, 2025, with select ESG activities and performance extended through the first half of 2026. Quantitative data for the past three years (2023–2025) is also provided to track trends.

Verification Purpose

The purpose of this verification is to ensure the reliability of the data and information stated in the Company's report.

Verification Scope

1. **Verification Boundary:** Activities and achievements driven by LOTTE Corporation and at the LOTTE Group level.

2. **Verification Items (Based on the GRI Standards 2021)**

Category	GRI Standards	
Universal Standards	• 2-1 to 2-5 (The organization and its reporting practices) • 2-6 to 2-8 (Activities and workers) • 2-9 to 2-21 (Governance)	• 2-22 to 2-28 (Strategy, policies, and practices) • 2-29 to 2-30 (Stakeholder engagement) • 3-1 to 3-3 (Material Topics Disclosures)
Topic Standards	• GRI 205 (Anti-corruption) • GRI 206 (Anti-competitive Behavior) • GRI 302 (Energy) • GRI 305 (Emissions)	• GRI 401 (Employment) • GRI 404 (Training and Education) • GRI 416 (Customer health and Safety) • GRI 418 (Customer Privacy)

* Topic Standards: Provisions Criteria for Material Issues

3. **Excluded Items from Verification :** The following items are not included within the scope of verification.
   1) Performance and reporting practices of related companies (excluding Group affiliates), suppliers, and third parties
   2) Items related to other sustainability initiatives not based on the GRI Standards 2021 presented in the report
   3) Other related information such as periodic disclosure reports and financial statements

Verification Criteria and Level of Assurance

This verification has been conducted based on [ISAE 3000 (Revised)] under a [Limited Assurance] level.

Verification Method

The audit team reviewed relevant procedures, systems, and control mechanisms, along with available performance data, to assess the reliability of the information disclosed in the Report based on the aforementioned criteria. The documents reviewed during the verification process are as follows:

- **Non-financial Information :** Data provided by the company, disclosed Business Reports, and information obtained from media and/or the internet.
- **Financial Information :** Data disclosed in the electronic disclosure system (dart.fss.or.kr) of the Financial Supervisory Service and data posted on the homepage.
  (However, the contents of the above data are not included in the verification scope.)

The verification was conducted through document review, on-site visits, and interviews with the responsible personnel. The validity of the materiality assessment procedure in the Report, the selection of material issues considering stakeholders, the data collection, management, and report preparation procedures, as well as the appropriateness of narrative disclosures, were evaluated through interviews with the responsible personnel. Additionally, interviews with internal/external stakeholders were conducted. Subsequently, it was confirmed that any errors, inappropriate information, or unclear expressions identified in the above steps were appropriately corrected before the publication of the Report.

Verification Limitations

This verification inherently contains limitations that may arise in the process of applying the criteria and methodology.

Competency and Independence

The audit team for this verification was duly composed in accordance with KFQ's internal regulations. KFQ has no conflicts of interest that could compromise the independence and impartiality of the verification, apart from providing third-party verification services.

Verification Opinion

Based on the verification activities performed, the audit team, on the basis of the procedures performed and the evidence obtained, has not become aware of any matter that causes us to believe that the sustainability information included in the Company's report has not been properly prepared, in all material respects, in accordance with the reporting criteria (GRI Standards(2021) – Accordance, TCFD, IFRS S2, ESRS).

kfq Korean Foundation for Quality

2026-06-26
Seoul, Korea
Ji Young Song, CEO
Korean Foundation for Quality (KFQ)

Ji Young Song

ABOUT THIS REPORT

LOTTE Corporation has been publishing an annual sustainability report since 2021, sharing the company's mid- to long-term strategies and goals, business performance, and ESG management status with stakeholders. Going forward, we will continue to publish an annual sustainability report to transparently disclose our efforts toward sustainable growth and social value creation.

Reporting Period

This report covers the activities and performance from January 1 to December 31, 2025. Quantitative performance data for the past three years (2023–2025) are presented to facilitate trend analysis. Additionally, to ensure the timeliness of the information, some ESG activities and performance include information through the first half of 2026.

Reporting Scope

This report primarily covers the activities and performance of LOTTE Corporation and those pursued at the Group level. For activities and performance of individual Group affiliates, the relevant company is explicitly identified as the subject. Financial information is limited to the consolidated financial statements of LOTTE Corporation prepared in accordance with the Korean International Financial Reporting Standards (K-IFRS). To facilitate stakeholders' understanding, content prepared based on separate financial statements is identified through footnotes. In addition, if any information presented in previous reports has been revised or restated, the changes are explained in the relevant footnotes.

Reporting Principles and Report Standards

This report has been prepared in accordance with the GRI Standards 2021 issued by the Global Reporting Initiative (GRI). In addition, it reflects the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the European Sustainability Reporting Standards (ESRS) under the Corporate Sustainability Reporting Directive (CSRD), and the Sustainability Disclosure Standards issued by the International Sustainability Standards Board (ISSB).

External Assurance

LOTTE Corporation obtained third-party assurance from an independent assurance provider, the Korean Foundation for Quality, in accordance with ISAE 3000 (Revised), the assurance standard issued by the International Auditing and Assurance Standards Board (IAASB), to enhance the credibility of the report preparation process and the information disclosed in this report.

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AI/DT Part	Hee-Tae Kim
Business Cooperation Part	Bo-Ra Nam
Competency Development Team	Yoo-Seung Ma
Compliance Part	Gyeong-Min Nam
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New Biz Development Part 2	Seon-Bin Lim
People Development Part	Jung-Woon Moon
Public Relations Part	Seong-Eun Kang
STAR Part	Don-Yul Choi

Group Affiliates	Name
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LOTTE CM Division	Chong-Won Jun
LOTTE Department Store	A-Ram Cho
LOTTE Innovate	Hye-Ji Jang
LOTTE Ventures	June-Hyuck Lee
LOTTE Wellfood	Il-Gyu Park

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