

LOTTE CHILSUNG BEVERAGE

ESG Policy



LOTTE CHILSUNG BEVERAGE



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[Environmental Management Policy]

1. Principle

LOTTE Chilsung Beverage (hereinafter referred to as the company) establishes and implements the environmental management policy to contribute to the sustainable development with the ESG slogan "To better the environment, To renew the society, To strengthen the company", and realizes the core value of sound and respected corporate.

2. Scope

We strive and support this policy to be implemented by all business sites, employees, subsidiaries, partners, and all stakeholders.

3. Environmental Management Policy

The company establishes and implements the environmental management system to pursue customer satisfaction and minimize the impact on the environment while producing and operating the beverage, liquor businesses throughout the globe.

The company shall effectively communicate the policy not only to its executives and employees, but also to any person involved in operations on behalf of Lotte Chilsung Beverage and practices the following.

1. The company shall continue to improve its system by establishing specific internal standards and complying with requirements from customers, applicable laws and regulations, ISO 14001 and other requirements agreed upon.
2. The company shall recognize its impact on the environment and shall continuously promote pollution prevention and improvement campaigns to be an environmentally friendly entity in the local communities.
3. The company shall establish goals and implements operation plans and verifies its appropriateness and validity to continue to improve the system's effectiveness.

This policy shall be reviewed on a regular basis to evaluate whether it is in line with the business purpose, and it will be revised by the CEO when required and promoted online in and out of the company.

4. Operational Practices

1. Response to Climate change and Commitment to Carbon Neutrality
 - 1) The company must strive to limit the rise in global temperature to below 1.5°C in line with international climate response policies. The company operates an environmental management system by establishing environmental goals and operating practices in consideration of environmental issues and stakeholders' opinions to minimize the impact on the environment.
 - 2) The company shall establish an operation roadmap and take a systematic approach to continue to promote it to achieve Carbon neutrality and RE100 by 2040.
 - 3) The company shall proactively adopt eco-friendly technologies to reduce carbon emissions and ensure that R&D and investments go into the new technology. A long-term investment roadmap for those technologies will be also established and implemented to achieve Carbon neutrality and RE100.
2. Environmental law compliance and Environmental Management System
 - 1) The company shall comply with applicable laws and regulations on water/air pollution, waste, soil pollution, bio-diversity conservation, etc. and shall operate its environmental management system based on ISO 14001 to minimize its negative impact on the environment. The company shall also make active efforts to identify and improve the environmental impact caused by the whole process of product development, manufacturing, use, and disposal.
 - 2) The company shall make efforts to continue to improve the environmental performance by managing environmental activities that could affect the goals determined by the environmental management policy. In the event it should be revised, (the enactment or amendment of the relevant rules, the CEO policy, the changes to facilities for pollution prevention, changes to requirements from stakeholders, etc.) the relevant standards will be accordingly amended and managed.
 - 3) The company shall conduct environmental impact assessments in accordance with applicable laws and other requirements determined by internal standards in the event of new projects, changes to activities, and purchasing.
3. Environmental Goals and C-Level KPI
 - 1) The company shall establish and implement ESG KPI.
 - 2) Related departments related to the sustainability such as environmental certification, management, eco-friendly technology adoption, and supply chain management, shall establish and proactively pursue environmental goals such as Carbon neutrality and energy reduction.

5. Relevant Company Standards

Details of environmental management policies shall be followed by internal guidelines in accordance with the company standards below.

1. Integrated Management System¹ Manual
2. Integrated Management System Operating Regulation
3. Guidelines for implementation and Food Safety/Environmental Goals
4. Internal Audit Regulations of Integrated Management System
5. Internal Audit Guidelines for Integrated Management System
6. Environmental Operation Management Regulations
7. Environmental Operation Management Guidelines
8. Water Resources Management Guidelines
9. Air Pollutant Management Guidelines
10. Water Pollutant Management Guidelines
11. Waste Management Guidelines
12. Hazardous Chemical Management Guidelines
13. Boundary Noise and Vibration Management Guidelines
14. Greenhouse Gas Emissions Management Guidelines
15. Environmental aspects Analysis and Assessment Guidelines
16. Environmental Compliance Assessment Guidelines
17. Environmental Emergency Preparedness and Response Guidelines
18. Environmental Risk Management Guidelines
19. Packaging materials/structure Rating and Labeling Guidelines

6. Enacted and amended

1. First enactment date : 2023.10.18

¹ Integrated Management System : Lotte Chilsung Beverage integrated the Food safety system and the Environmental management system.

[Water Resources Management Policy]

1. Principle

LOTTE Chilsung Beverage (hereinafter referred to as the company) shall efficiently monitor and manage its water resources to reduce wastewater during its operations and minimize its environmental impacts.

2. Scope

We strive and support this policy to be implemented by all Lotte Chilsung Beverage business sites, employees, subsidiaries, partners, and all stakeholders.

3. Water Resources Management Policy

The company shall reduce its wastewater during intake, consumption and treatment as a responsible entity that mainly deals with the beverages and liquor products. The company shall establish and implement systematic operation plans to efficiently manage and control water resources through the risk management to minimize its environmental impact.

1. The company shall reduce its water resources use throughout its operations from environmental and economic perspective and continuously conduct research and development to ensure that used water resources can be reused as much as possible.
2. The company shall establish risk response measures for those business sites with higher risks and shall make proactive efforts to secure the safety of customers and reduce water resources use for potential water-related incidents.
3. The company shall prepare and expand the alternative water resource utilization plans, using both natural resources and technologies to secure sustainable and safe water resources.
(Types of alternative water resources: Rainwater, Sea desalination, Wastewater reuse, Water demand control, etc.)
4. The company shall establish a cooperative system with suppliers to reduce water resources use and shall jointly implement the system for the effective water resource management.

4. Operational Practices

1. Water Resources Management Goals and Monitoring System
 - 1) The company shall establish goals and operational practices to reduce water resources use to minimize its environmental impact.
 - 2) The company shall take a systematic approach to water resources by conducting routine monitoring and shall establish and actively pursue strategies to reduce the pollution level of wastewater and increase the recycling rate.
2. Water Resources Risk Assessment and Response System
 - 1) The company shall identify and assesses the water risk at each business site and shall take a systematic approach to control and respond to water resources risk.
 - 2) The company shall prevent water resources incidents by analyzing and monitoring the water resources capacity with each manufacturing plan, and substantial, regulatory, environmental risks.
 - 3) The company shall proactively adopt technologies to utilize alternative water resources when applicable to its operations.

5. Relevant Company Standards

Details of water resources management policies shall be followed by internal guidelines in accordance with the company standards below.

1. Environmental Operation Management Regulations
2. Environmental Operation Management Guidelines
3. Water Resources Management Guidelines
4. Water Pollutant Management Guidelines
5. Environmental aspects Analysis and Assessment Guidelines
6. Environmental Compliance Assessment Guidelines
7. Environmental Emergency Preparedness and Response Guidelines
8. Environmental Risk Management Guidelines

6. Enacted and amended

1. First enactment date : 2023.10.18

[Green Purchasing Policy]

1. Principle

LOTTE Chilsung Beverage (hereinafter referred to as the company) shall minimize its environmental impacts and reduce waste of resources and pollutants discharge by expanding the green purchase of materials and products.

2. Scope




We strive and support this policy to be implemented by all Lotte Chilsung Beverage business sites, employees, subsidiaries, partners, and all stakeholders.

3. Green Purchase Standards

The company defines green products as certified products that minimize the energy and resources consumption, the greenhouse gas emissions and pollutants discharge prescribed of 「the Framework Act on Carbon Neutrality and Green Growth to Respond to the Climate Change」.

1. Green products consist of,
 - 1) Eco-labeled products: Products that improve the environmental performance compared to other products of the same application and that meet the same requirements.
 - 2) Low carbon products: Among the products with Eco-label, low carbon products are given to those products that additionally reduce Greenhouse gas emissions in accordance with 「the Framework Act on Low Carbon, Green Growth」.
 - 3) Good recycled products: Products that are determined and officially announced as a recycle product by “the Ministry of Trade, Industry and Energy” in accordance with Article 33 of 「the Resource Conservation and Recycling Promotion Act」 and Article 15 of 「the Industrial Technology Innovation Promotion Act」, and that meet the same requirements.

2. Green Product Certificates

Lists	ECO-LABEL	Low Carbon	Good Recycled(GR)
Image			
Certified to	Eco-friendly throughout the whole process (Satisfies KS quality)	ECO-LABEL products that reduce Greenhouse gas emissions	Good quality products that are manufactured re-using waste resources
Applications	Office devices, Home appliances, Daily supplies, etc.	Medical device, Medicines, All products except for primary agricultural, livestock, forest products	11 fields including waste paper, rubber, plastic, wood, etc.
Standards	ECO-LABEL Website	Notice at GPIS	Buygr.or.kr
Certified by	Ministry of Environment/ KEITI	Ministry of Environment/ KEITI	KATS/RIPA

4. Operational Practices

1. Principles for activating green purchasing

1.1 Green purchasing is strongly recommended

- 1) We establish institutional support measures to ensure that green products are given priority in all purchasing procedures.
- 2) We consider green purchasing not only when purchasing major raw materials and subsidiary materials, but also when purchasing fixtures and consumable materials.

1.2 Exception conditions for strongly recommending green purchasing

- 1) If there is a significant decrease in quality of the green product.
- 2) When the supply of green products is unstable and may affect supply and demand.
- 3) When the price competitiveness of green products is significantly insufficient and the budget is exceeded.
- 4) When circumstances require the purchase of specific products other than green products.

2. Measures to revitalize green purchasing

2.1 Establishment of a green purchasing system

- 1) We monitor the status on a regular basis to continuously improve effective green purchasing practices and activities.

- 2) We establish a system for discovering and introducing green products, evaluating purchase performance, and establishing mid- to long-term goals.
- 3) We share information about the built system with stakeholders.

2.2 Partner management

- 1) We frequently update our partners' green product possession status and additional plans.
- 2) We encourage new certification by providing effective benefits to partner companies.

2.3 Company-wide management

- 1) We appoint a person in charge of green purchasing and open a related window within the company.
- 2) We actively communicate with relevant departments and request cooperation for green purchasing.

5. Relevant Company Standards

Green Purchasing Policy shall be in accordance with 「the Framework Act on Carbon Neutrality and Green Growth to Respond to the Climate Change」.

6. Enacted and amended

1. First enactment date : 2023.10.18

[Eco-friendly Packaging Policy]

1. Principle

LOTTE Chilsung Beverage (hereinafter referred to as the company) shall establish a virtuous cycle of resources to minimize its environmental impact by packaging waste and shall expand eco-friendly packaging to save resources and promote recycling.

2. Scope

We strive and support this policy to be implemented by all Lotte Chilsung Beverage business sites, employees, subsidiaries, partners, and all stakeholders.

3. Resource Circulation Management Policy

With the awareness of resource circulation rising, applicable laws and regulations have been strengthened and more consumers are looking for eco-friendly products. To follow the streams and requirements, the company implements the followings to contribute to a resource circulating economy by producing sustainable products and promoting the recycle.

1. The company shall continue to enhance R&D to reduce the packaging weight and apply new technologies and shall make active efforts to reduce its waste discharge and to use packaging materials with low carbon emissions.
2. The company shall increase the recycling rate by increasing the number of products without labels and applying new sustainable packaging materials.
3. The company shall promote the circulation of plastic resources by adopting and expanding recycled plastics (Recycled PET; r-PET, etc.). The company shall also actively take part in suppliers' R&D process of sustainable plastics (ex. Application of eco-friendly raw materials, etc.) and apply them to its products.
4. The company shall continue to promote campaigns to establish a resource circulation system and shall actively participate in agreements with the government and stakeholders

4. Operational Practices

1. Plastic packaging discharge reduction
 - 1) The company shall reduce its fixed waste discharge and continue to research and develop to find new ways to reduce the PET bottle weight and expand the rate of its products without labels.
 - 2) The company shall expand the eco-tabs and eco-cut lines to all products for easier recycling, and conduct R&D to expand it to liquor products to replace color PET bottles with colorless ones in the future.
2. Expanding the uses of recycled plastics
 - 1) The company must strive to produce recycled plastic products (Recycled PET; r-PET, etc.) using recycled raw materials and promote research and development to continuously improve the ratio of recycled raw materials in PET products.
 - 2) In order to build a resource circulation economy, the company will actively pursue r-PET raw materials and investment in technology and apply them through product quality verification.
3. Improving the ease of recycling
 - 1) In order to build a resource circulation economy, the company continuously promote research and development to improve the recycling grade of products to excellent grade or higher.
 - 2) The company are actively reviewing the introduction of new eco-friendly packaging technology.
4. Establishment of Re:Green resource circulation process
 - 1) The company must not only reduce the amount of waste generated during the product design and production stages, but also strive to properly separate and recycle waste from the consumption and discharge stages.

The company builds a plastic circulation ecosystem through 'production → distribution → consumption → collection → reuse'.
 - 2) The company strives to establish and expand a PET recovery system to collect and recycle waste generated to establish a resource circulation system in which consumers and companies cooperate.
 - 3) The company must expand the use of recycled raw materials and r-PET product composition to utilize them in products and packaging, and pursue collaboration with partners.
 - 4) Through upcycling, waste resources are recycled to produce, utilize, and donate products such as uniforms and eco bags, and through consumer participation campaigns, the company provides a foundation and actively support so that all stakeholders can participate in building a resource circulation process.

5. Relevant Company Standards

Details of Green Packaging Policy shall be followed by internal guidelines in accordance with the company standards below.

1. Guidelines for Packaging materials and structure break-down, and its marking.

6. Enacted and amended

1. First enactment date : 2023.10.18

[Biodiversity and Forest Protection Policy]

1. Principle

With the crisis of reduced biodiversity and forest damage rising, LOTTE Chilsung Beverage (hereinafter referred to as the company) is aware of the need to preserve the nature and promotes the sustainable growth by protecting it in various ways during its operations.

2. Scope

We strive and support this policy to be implemented by all Lotte Chilsung Beverage business sites, employees, subsidiaries, partners, and all stakeholders.

3. Biodiversity and Forest Protection Policy

Biodiversity is in jeopardy not only due to habitats of animals and plants destroyed by human activities, but also with forest damage, climate change and environmental pollution. The company recognizes the gravity of the matter and seeks to minimize its impact by its operations.

1. The company shall establish and implement the operation plan for sustainable growth that will contribute to preserving the diversity of species, ecosystem, and gene, which are determined by the term, biodiversity.
2. The company shall operate the risk management system to minimize its environmental impact by identifying potential damage to biodiversity and forest and preparing response measures to tackle it when the issues arise.
3. The company shall conduct routine monitoring of natural resources affected by its operations and shall promote the investment to support the relevant policies and the preservation activities.
4. The company shall promote R&D that focuses on using natural resources for the sustainability and shall cooperate with such stakeholders as local governments, residents, and suppliers to foster and spread protection activities in various ways.

4. Operational Practices

1. The company shall prepare measures for biodiversity and forest protection to reduce environmental risks by investigating, predicting, and evaluating its environmental impact based on ISO 14001.
2. The company shall reduce its pollutants and waste discharge to prevent the ecosystem disturbance and minimize its environmental impact.
3. The company shall promote campaigns for biodiversity and forest protection with various stakeholders such as relevant government departments, local governments, public institutions, and other private sectors.
4. The company shall continue with its green area projects to preserve forest and achieve carbon neutrality.

Lists	1st	2nd	3rd	4rd
Name	Chum-Churum Forest No.1	Chum-Churum Forest No.2	Chum-Churum Forest No.3	Falling Stars Forest
Year	2018	2018	2019	2019
Area	20,000m ³	3,300m ³	20,000m ³	1,300m ³

[Lotte Chilsung Beverage Green Space Creation Project]

5. Relevant Company Standards

Details of Biodiversity and Forest Protection policy shall be in accordance with 「the Biodiversity Conservation and Utilization Act」 and the National Biodiversity Strategy.

6. Enacted and amended

1. First enactment date : 2023.10.18

[Human Rights Policy]

1. Principle

This policy states that Lotte Chilsung Beverage (hereinafter referred to as the company) complies with international standards related to human rights, such as the UN Guiding Principles for Business and Human Rights (UNGPs), UN Global Compact, World Declaration of Human Rights, and OECD Guidelines for Multinational Enterprises, and the labor principles recommended by the International Labor Organization (ILO) and ratified by the country.

2. Scope

We strive and support this policy to be implemented by all Lotte Chilsung Beverage business sites, employees, subsidiaries, partners, and all stakeholders.

3. Human Rights Management Charter

We, at LOTTE Chilsung Beverage is committed to respecting and protecting the human rights of all workers and stakeholders as set out in the Universal Declaration of Human Rights and other international standards. Accordingly, in order to become a company that adds value to human life, we have established the "Lotte Chilsung Beverage Human Rights Management Charter" as the standard for correct behavior and value judgment that all executives and employees must adhere to during management activities and business performance. We pledge to faithfully comply with and implement this Charter.

1, When conducting business, we respect the dignity and value of all human beings and prioritize human rights management.

1, We respect international standards and norms on human rights, including 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.

1, We establish and implement related systems and policies, including a human rights management system, to ensure that human dignity and values are implemented throughout our management activities and become established as a culture within the organization.

1, We strive to protect and promote the human rights of the socially disadvantaged, and respect the human rights of all stakeholders and employees, including customers, related organizations and partners, and the local community.

1, We do not discriminate in employment or work on the grounds of race, gender, education, age, disability, religion, place of birth, or political views, and pursue an organizational culture of mutual respect and consideration.

1, We do not allow any form of forced or child labor, and we comply with the laws of the countries where we do business and the minimum working age set by international standards.

1, We comply with working hours and guarantee the minimum wage in accordance with the laws of the countries in which we do business.

1, We create a working environment that puts the safety and health of our employees first.

1, To protect and promote the human rights of our executives and employees, we guarantee freedom of association and the right to collective bargaining as stipulated in the Constitution.

1, We proactively prevent human rights violations such as workplace bullying and sexual harassment, and actively strive to provide relief for damages.

1, We pursue win-win development in an equal relationship with our partners, and support and cooperate with them to practice human rights management.

1, We do not use raw materials or products produced through illegal or unethical methods or methods that may violate human rights.

1, We protect personal information acquired during management and business promotion.

1, We comply with domestic and international environmental laws and strive to achieve carbon neutrality, environmental conservation, biodiversity and resource circulation.

1, We proactively prevent human rights violations from occurring during the management process and provide prompt and appropriate remedies for human rights violations that occur.

As mentioned above, we pledge to do our best to establish and spread human rights management.

4. Operational Practices

1. Governance for Human Rights

The ESG Committee under the Board of Directors shall manage overall policies, set directions and conduct monitoring to review the implementation of the human rights management. The ESG team supports the ESG committee and takes care of the relevant matters such as training and education, information disclosure, due diligence on human rights and relief efforts for victims, etc.

2. Human Rights Impact Assessment

2.1 Key Considerations

The company shall conduct a human rights impact assessment when necessary to identify, prevent, and ease off the negative impact on the human rights. This procedure includes not only measures to identify, evaluate substantial and potential impacts on the human rights, but also response measures, records of such activities, and communication with stakeholders. The Human Rights Impact Assessment considers the followings.

- 1) It includes potential negative impacts on the human rights that can be caused either directly or indirectly by operations.

- 2) It considers extensive matters that relate to each business location and size, human rights risks, projects' characteristics, and local political and economic circumstances.
- 3) For its continuous and flexible implementation, it recognizes that as the business operations and its surroundings change, the human rights risks can also change.

2.2 Action Plans

The company shall strive to identify, evaluate its substantial and potential negative impacts on the human rights with the following process.

- 1) The company shall analyze the situation and devise improvement measures through the human rights impact assessment when it is necessary to prepare for human rights risks at major business sites.
- 2) The company shall conduct the routine evaluation with internal experts. When necessary, external experts can also support the procedures.
- 3) The company shall conduct interviews with groups and stakeholders that might be affected.
- 4) The company shall identify substantial and potential effects to take preventative measures and mitigate possible issues by sharing the assessments and carrying out the relevant procedures and shall take proper measures to tackle the actual impacts when already in progress.
- 5) The company shall conduct the assessments based on checklists that include the key considerations of the human rights.

2.3 Response and follow-up measure

The company shall establish response measures and follow up on them based on findings from the human rights impact assessment to prevent and mitigate potential negative impacts.

- 1) Internal response measure
 - I. The company shall clarify the roles and scope of responsibilities to solve the problems.
 - II. The company shall organize the process of decision making, budget allocation and monitoring procedures to effectively tackle the issues
 - III. The company shall take priority on the human rights matters and effectively manage them by informing the relevant departments of the problems identified by the human rights impact assessment.

2) Follow-up measure

- I. The company shall take measures to prevent and mitigate it when there is substantial and potential negative impact on the human rights.
- II. The company shall make efforts to improve the negative impact by itself or in cooperation with stakeholders when a problem arises despite the policy and procedures in place.
- III. The company shall take part in the process of troubleshooting when the negative impact is related to its operations in a complicated way, though it is not its responsibility to take a systematic measure.
- IV. The company shall take advantage of its influence when it can prevent and alleviate the negative impact on the human rights and if not, shall seek to strengthen its influence in cooperation with other relevant entities.
- V. The company shall run a grievance system to effectively respond to those stakeholders who might be affected.

2.4 Communication with stakeholders

The company shall communicate with stakeholders in a responsible manner when they raise the human rights issues.

- 1) The company shall communicate with stakeholders including affected groups, individuals, and investors with a sense of responsibility and transparency, and shall consider various forms of communication, such as in-person meeting, official reports, and online channels to provide them with access to information.
- 2) The company shall conduct its independent verification procedures for the credibility when the official report is issued that includes substantial and potential negative impacts on the human rights.
- 3) The company shall share information to help stakeholders evaluate whether it is properly responding to the human rights issues.

2.5 Internalization and system improvements

The company shall improve the human rights management through internalization of organizational culture and system improvements based on the results of the human rights impact assessment.

- 1) The company shall run campaigns to internalize human rights management in the organization with education to raise awareness of all executives and employees, education on human rights norms, and case studies into success and failure.
- 2) The company shall continue to improve the human rights management system with consulting, communication with stakeholders, and weaknesses found during implementation.

3. Grievance System

3.1 Key consideration

The company shall ensure all workers have an effective system to report grievances for prompt communication and handling.

3.2 The company shall handle grievances with existing channels such as counseling with the relevant department (in ESG team), anonymous Hotline, and LOTTE Chilsung Sinmungo and those involved in the process shall not be subject to any retaliation in terms of employment.

3.3 The grievance system contributes to the enhancement of the human rights as follows.

- 1) It enables the company to identify the negative impact on the human rights and those workers whose human rights are either affected or are likely to be affected have an effective mechanism to report grievances. They can report their concerns to the Person in charge in the ESG team in person, through snail mails, phone calls, and emails.
- 2) It prevents the spread of the human rights breach by taking initiative measures with collected grievances and victims.
- 3) It Identifies and improves problems with the human rights policy and procedures through the assessment of its implementation.

5. Relevant Company Standards

Details of the Human Rights Policy and its management shall be followed by internal guidelines in accordance with the company standards below.

1. Human Resource Management Manuals
2. Rewards and Penalty Regulations
3. Employment Procedures _Beverage
4. Employment Procedures _Liquor
5. ESG Committee Rules
6. Guidelines for Anti-Harassment and Abuse

6. Enacted and amended

1. First enactment date : 2023.10.18

[Code of Ethical Conduct]

1. Principle

LOTTE Chilsung Beverage (hereinafter referred to as the company) has established ethical behavior rules based on the highest ethical principle of the group, "LOTTE Code of Conduct". All executives and workers of LOTTE Group will find the ethical standards for job-related judgment and conduct in the Code of Ethics and Ethical norms. In accordance, it is strictly prohibited for all members of LOTTE Group to demand, receive, or provide any financial benefits to those concerned and LOTTE Group is encouraging to foster a practical ethical management culture with all executives, workers, suppliers, and third-party agents.

2. Scope

We strive and support this policy to be implemented by all Lotte Chilsung Beverage business sites, employees, subsidiaries, partners, and all stakeholders.

3. LOTTE Personnel Code of Conduct

1. Trust with Our Customers

1.1 Providing the Best Products and Services

1) Principle

We shall pursue the quality and service which our competitors can never imitate, and shall always make utmost efforts to this end. The quality and completeness of products and services to be used by customers shall be our most important value. Through our products and services, we shall build and maintain the trust that Lotte is reliable. This is our mission and the purpose of our existence; to create an affluent society.

2) Action Plan

- ① Make utmost efforts in order for our products and services to be customers' first choice.
- ② Always pursue the highest level of satisfaction for a price that our competitors can never imitate.
- ③ Make customers trust and use the products and services only with the brand name of Lotte. To this end, strictly comply with all policies and procedures regarding safety, hygiene and quality at every moment.

- ④ Accurately identify the rapidly changing demands of customers, and be committed to meeting the expectation of customers by, for example, quickly responding to the reasonable complaints and requirements of customers.
- ⑤ Pursuing short-term profits or concealing products' defects is an unconscientious act. Specifically, report and correct problems regarding the hygiene and safety or quality of products promptly.
- ⑥ Always check if products or components supplied by our partners comply with the standards and safety regulations of the company. Since even a minor component could largely affect the whole product, components or materials not meeting the standards or with defects shall be strictly excluded.
- ⑦ Domestic and foreign laws related to the safety of products are the minimum standards that we must basically comply with. In order to respond to safety problems which could occur later, establish and follow stricter in-house standards and safety criteria.

1.2 Honest Marketing

1) Principle

We shall provide only honest and truthful information in order to create the right customer values. We shall keep in mind that providing customers with false or exaggerated information for short-term sales growth or profits would in one moment, destroy customers' trust which our colleagues have built with their best efforts. We shall actively disclose any information which may significantly affect our customers, even if it is disadvantageous to us.

2) Action Plan

- ① Those who are responsible for the marketing of products and services and communication with customers shall be well aware of in advance and comply with the related laws and company regulations.
- ② In the event of producing PR material, check if inaccurate information is included.
- ③ When using PR material produced by external agencies, thoroughly check if there are any factual errors or violations of intellectual property rights.
- ④ Refrain from the marketing plan indiscriminately criticizing competitors' products based on information which is distorted and not objective. Pay particular attention when mentioning competitors' products in order not to violate the Fair-Trade Acts, etc.
- ⑤ Refrain from using vague or exaggerated wording when producing marketing material, and use words with clear meanings.

- ⑥ When the information about a product and service changes, inform the related division of such change to ensure that the product information is accurately reflected in the related material.

1.3 Protecting Customer Information Protection

1) Principle

The damage done by the leakage of the company's confidential information is to be borne by our company, but the damage caused by the leakage of customer information is directly passed on to our customers who are trusting us. Therefore, our company handles and manages customer information at the level beyond our company's confidentiality. We shall set the internal standards regarding customer information protection above legal standards and shall collect and manage customer information in accordance with such standards.

2) Action Plan

- ① The principles of customer information protection are applied to all information which can identify individuals. Treat such information as the subject of first priority protection.
- ② Limit the access to customers' personal information to ensure that only executives and employees involved in the applicable work are allowed to browse it.
- ③ The act of collecting customers' personal information indiscriminately may be the subject of punishment. Do not collect any personal information, except that which is allowed to be collected by law.
- ④ Use personal information only for the business with which the customers agreed. Completely destroy the personal information of the customers which becomes no longer relevant or necessary to your business in order to ensure that such information is not recovered, according to the related regulation within the set period.
- ⑤ Be fully aware of the personal information-related laws of each country, since the level of regulations regarding personal information may vary depending on country.
- ⑥ The leakage of personal information does not only occur online. The personal information of customers may be leaked in unexpected places such as on photocopiers, desks or in the boxes collecting reusable paper. Manage such information strictly.
- ⑦ Treat the customer information received from our partners at the same level with our own information.
- ⑧ In the event of entrusting our customer information to a partner company, check if the partner company has physical, administrative and technical capabilities, enough

to protect the customer information, and make sure whether it completely destroys such information after use.

1.4 Protecting Our Brand

1) Principle

Thinking that we are the face of Lotte, we shall first consider the position of our company and the profit of our customers before speaking about our company's business through media such as TV, blogs, Twitter, Facebook and Internet Websites. We shall be committed to protecting the logo, mission, trademark and brand value of our company without damaging them via the media.

2) Action Plan

- ① Keep in mind that the behavior of each executive and employee is directly connected with the image of the company, and work to be careful in our words and actions to keep our dignity.
- ② Do not mention any confidential information regarding the company (financial, sales, customers, partners, employee information and intellectual property rights, etc.) and the policy, accidents and rumors which the company has not announced officially, or do not publish and distribute files containing photos, video and voice via the media without permission.
- ③ Do not slander our company and stakeholders through the media, and do not mention the accidents, complaints and slandering happening in the business process with the company and stakeholders.
- ④ Do not distribute false information, encourage illegal/unlawful acts, distribute pornography, make a personal insult, swear and cause sexual discrimination, etc. which all may damage the reputation of the company, stakeholders or others.
- ⑤ Consult with the related division, including a PR Officer, about the purpose and details of the interview in advance when having an interview with the media.
- ⑥ In the event of mentioning your personal opinion regarding the company, make clear that it is not the company's opinion, but your own.

2. Trust with Our Employees

2.1 Equal Opportunity and Fair Treatment

1) Principle

We, the members of Lotte, shall provide fair opportunities for all, treat all in a fair way and pursue the open organizational culture where anyone could grow as much as their ability and efforts. We did not enter the company and were not promoted through external pressure or improper solicitation, and we are responsible for handing down the

clean organizational culture with no external pressure or improper solicitation over to our junior employees. We shall only reflect fair factors such as the characteristics of our business, capabilities and performance in the HR affairs. All HR-related decisions shall exclude discrimination based on personal characteristics, including gender, age, race, nationality and the region of origin, generation, religion and disability. In doing so, all executives and employees of Lotte could trust the company's decision-making.

2) Action Plan

- ① Create a community where a specific person is not discriminated against due to personal characteristics.
- ② Eliminate from the organization the discrimination against individuals due to characteristics such as gender, age, race, nationality or the region of origin, generation, religion and disability, most of which cannot be personally changed. Do not discriminate against individuals due to their unique characteristics in the processes of recruitment, promotion, placement, salary, compensation, welfare benefits and education, etc.
- ③ Laws or policies regarding working conditions may vary depending on country. If this results in a difference between the HR regulation or policy of the local corporation and the policy of Lotte Group, stipulate such regulation and policy and reasonably explain its difference from the Group policy.
- ④ Be wary of anyone who claims that only those with a certain gender, age and background are able to conduct the job well.
- ⑤ Any improper solicitation regarding HR is prohibited, as it would deal a fatal blow to our community in the long term.
- ⑥ Evaluate everyone based only on their capability and performance and clearly explain our principle to those who solicit recruitment and promotion.

2.2 Mutual Respect among Our Members

1) Principle

Every one of Lotte's executives and employees is valuable. We shall not allow any words and actions to undermine our respect and dignity. We shall reject any words or actions that undermine the dignity and class of our community and shall not create a working environment which is threatening, insulting, hostile or unpleasant.

2) Action Plan

- ① Always respect and care for your colleagues like your family.
- ② Do not judge others with your own values. Create the culture where various opinions and values of various people are recognized not as wrong, but as different and can also be understood.

- ③ The head of the department can only exist if there are members of the department. Since the members of the department are talents whom we entrusted to you to treat and foster with loving care, do your best to support them.
- ④ Employees shall do as they wish outside working hours. The director shall avoid making work orders outside working hours and ensure that the members strike the balance between work and family.
- ⑤ Avoid words and actions that express violence and sadism or show the sense of repulsion or incompatibility to others. Always be careful to ensure that your thoughtless words or actions do not hurt or cause misunderstanding to others.
- ⑥ In addition to words and actions, create a working environment devoid of bullying in the workplace by eradicating the acts of using improper wording or posting and sending improper content via communication systems such as telephone, messenger, social media, e-mail.
- ⑦ The above principles are applied not only to Lotte executives and employees, but also to relationships with our customers, partners and all stakeholders. Always speak and act carefully.

2.3 Gender Equality

1) Principle

The phrase 'the members of Lotte' includes the qualification and rights to be equally respected and treated. Lotte shall not discriminate against anyone due to gender and shall strictly ban words and actions expressing displeasure or hatred regarding gender.

2) Action Plan

- ① Childbirth and child-rearing are very important issues. Welcome and congratulate the maternity/paternity leave of your colleagues. Firmly eradicate any HR-related discrimination or inconvenience in connection with childbirth and child-rearing.
- ② The phrase 'female employee' is unnecessary, since it distinguishes employees by gender. In addition, female talents are not the subject of caring and compassion. Treat men and women equally without discrimination.
- ③ Ban any gender-related offensive conducts, sexual harassment and unwanted sexual contact and approach as well as any behaviors which create an uncomfortable working atmosphere due to the reason of refusing to go on a date.
- ④ Report to the in-house sexual harassment prevention team if you suffered or witnessed the above behaviors.
- ⑤ Anyone who commits sexual harassment will be strictly punished regardless of rank and the intention of their behaviors. Taking disadvantageous actions, including firing or placing the victim of sexual harassment to another department against their will shall also be subject to punishment.

- ⑥ The protection of victims shall be a top priority, when dealing with the sexual harassment cases. Do not push victims to reach a compromise with the abuser. Fulfil the confidentiality obligation in the disciplinary process.
- ⑦ The company shall strive to prevent sexual harassment by, for example, providing the education course once a year in order to prevent sexual harassment at work.

2.4 Safe Working Environment

1) Principle

We shall not only strictly comply with all laws regarding safety and hygiene, but also establish and follow even stricter in-house regulations to prevent any safety accidents. We shall be committed to providing a safe working environment not only for Lotte executives and employees, but also for our partners and all stakeholders, and actively spread the significance of safety to them. Lotte employees shall never neglect even any familiar jobs since we know that many accidents are caused by the mind of 'it'll never happen' and 'carelessness' in our daily life, not by the lack of experience.

2) Action Plan

- ① Prioritize safety more than other values, and do not hesitate to address or correct safety-related problems due to costs, delivery date and practice, etc.
- ② Aggressively find out dangerous working conditions and problems threatening safety, and promptly consult with the director or safety manager to improve even minor ones.
- ③ Be well aware of safety-related regulations and measures in the place where you are working, and follow the user manual, safety regulations and emergency response procedure when using the equipment within the workplace.
- ④ Analyze the types of possible safety accidents and prepare the initial response manual for each accident. Establish elaborate management plans for the safety of human/material resources regarding the continuous operating of the company such as employees, facilities and IT assets, and conduct education and training for the executives and employees on a regular basis.
- ⑤ The executives and employees shall not allow unauthorized access to the workplace of the company, proactively inform partners and stakeholders of the significance of safety and hygiene and request them to follow the regulations.
- ⑥ Consult with management if you or your colleagues are having a hard time working normally due to health problems, psychological anxiety, etc.
- ⑦ Do not drink too much alcohol to interfere with your performance at work, and do not produce, use, sell, possess any illegal drugs or work after taking such drugs.

- ⑧ If a safety accident occurs, do not cover it up; check the facts through accurate investigation so as to make relevant people responsible, and then compensate the victim properly.

2.5 Protecting Our Assets

1) Principle

We shall be committed to protecting the company's assets and use them for the intended purposes only. We shall actively protect not only tangible assets such as buildings, lands, communication equipment, funds, system, tickets for PR and vehicles, but also intangible assets such as information, technologies, working hours, especially trademarks and copyrighted works.

2) Action Plan

- ① The working hours of each employee also constitute the assets of the company. Avoid using private phone-calls, personal e-mail, social media and surfing the Web during working hours. It is the act of abusing the community's assets to use private calls and e-mailing beyond the level of common sense.
- ② Protect property, data infrastructure, equipment and consumables from misuse, damage, theft or improper management.
- ③ The intentional damage, embezzlement and theft of the company assets are subject to the cancellation of the employment agreement and criminal punishment. The unauthorized transfer and leakage of information and false reporting about costs are also not allowed.
- ④ Do not conduct illegal actions such as stock trading, gambling and downloading pornographic material using the electronic equipment of the company.
- ⑤ Do not instruct or ask about private affairs, including financial work, buying a present and searching for information, other than the official business of the company to other executives and employees. The waste of employees' working hours caused by your instructions is also the abuse of the company's assets.
- ⑥ Do not use invitation cards, gift cards or giveaways for PR purposes for your private use.
- ⑦ The assets of our competitors are as important as ours. Protect the assets of our partners and competitors in a precious way.
- ⑧ Consult with and get an approval from the director when using the company's assets for external use or for any purpose other than as intended.

2.6 Protecting Our Intellectual Property Rights

1) Principle

We shall always value and protect the intellectual property rights of the company. We shall not disclose the intellectual property and various information of the company to the outside without prior permission or due procedure. The range of intellectual property rights include not only trademarks, patent rights, copyright, design rights and utility model rights, but also the business and technical secrets of the company which are yet to be disclosed to the outside.

2) Action Plan

- ① All information related to the company business is the intellectual property of the company. Accurately record, report and systematically manage such information.
- ② Be well aware of which information must be protected, and comply with the in-house regulations on the intellectual property rights protection.
- ③ Pay particular attention not to violate the regulations on intellectual property rights protection when in contact with outsiders.
- ④ Clearly recognize that the unauthorized use, reproduction, distribution and alteration which infringes the intellectual property rights are subject to disciplinary actions or criminal punishment according to related regulations or laws.
- ⑤ Know-hows or technologies produced by the executives and employees at work shall not belong to individuals, but to the assets of the company. Manage even the intellectual property rights produced by individuals in accordance with the company regulations.
- ⑥ Check national differences and ensure that the intellectual property of the company is also protected overseas, since the laws on intellectual property rights may vary depending on country.
- ⑦ In the event of conducting business in cooperation with our partners, consult on and clarify who is the owner of the intellectual property rights in advance in order to avoid disputes over the intellectual property rights.
- ⑧ The intellectual property rights of our partners and all stakeholders shall be respected. Always check whether our new products or services infringe the intellectual property rights of others.
- ⑨ When we recruit manpower from our competitors and vice versa, verify and manage the entrance/resignation procedures of the company so as to check whether the intellectual property rights of others or our company are infringed.

2.7 Preventing Information Leakage

1) Principle

We shall properly use the communication equipment where needed at work, and ensure that information leakage does not occur by strictly following the company regulations on the information protection.

2) Action Plan

- ① All electronic equipment provided by the company is only for the company's business. Check the acceptable standards if you wish to use them for purposes other than the company's business.
- ② The company is obliged to check and record how the executives and employees use communication and services through electronic equipment in order to protect information.
- ③ Frequently check whether a personal computer is infected with a virus, and that the firewall is active and the security software is updated to the latest standards.
- ④ Use only authorized software within the company. Follow the company regulations and procedures when uploading and downloading all data.
- ⑤ Change your PIN(Personal Identification Number) more than once every three months and do not share it with others.
- ⑥ Delete the data related to the company business saved in your personal hard disk or electronic devices in the event of leaving the company or moving to another company. The director shall strictly manage the data to ensure that illegal data leakage does not occur when an employee leaves the company or moves to another company.
- ⑦ Manage your business through the company's security system within the company. Get approval from the director if necessary since it is not allowable to leak the documents and information of the company via unauthorized storage media or e-mail to the outside without permission.
- ⑧ Always clearly designate a recipient and set a password for documents requiring confidentiality in order to prevent the leakage of the company's important information via e-mail.
- ⑨ Pay particular attention not to leak the important information of the company in offline occasions such as meetings with the executives and employees of the company, our customers and partners.
- ⑩ Ensure that the personal social media does not become a channel to leak the information about the company.

3. Trust with Our Partners

3.1 Compliance with the Fair Trade Act

1) Principle

We are taking the lead in complying with the Fair Trade Acts applicable to the subject regions around the world. The principles of equality, fairness and openness are the most important principles which have grown our society. We shall consider these principles as the very basic principles in our relationship with all partners around the world. We shall aggressively correct the existing practices of unfair trade, if any, to set the culture of fair trade, and shall pursue the beautiful culture of co-existence.

2) Action Plan

- ① Do not ask our partners to conduct unfair trade or practices by abusing your position. Fully understand the Fair Trade Act, and strictly reject any unfair actions that violate this Act.
- ② Select a partner publicly in accordance with the objective criteria and specified procedures such as quality, prices and financial soundness.
- ③ Provide an opportunity for a company, which shares Lotte's dedication to and effort in integrity, ethics and social responsibility, to be selected as our partner.
- ④ Consult with and gain approval from the director since there could occur information leakage, improper solicitation or situations violating the Fair Trade Act when conducting business with our partners where the executives and employees' relatives or friends are working, or any stakeholders.
- ⑤ Frequently check and be well aware of the details to avoid the violation of the Fair Trade Act since the laws and policies regarding fair trade may vary depending on country and the details of the Fair Trade Act are changing as times and the world change.

3.2 Respect for Our Partners

1) Principle

We shall value our cooperation and relationships with all partners and treat them in an equal and fair way. All the principles of the code of conduct that we observe shall be applied to the relationships with our partners.

2) Action Plan

- ① Respect and treat the executives and employees of our partners equally and fairly like those of Lotte.
- ② Respect the management policy and the executives and employees' working hours of our partners.

- ③ Explain the provisions regarding Lotte's code of conduct and other policies to the partners, and request them to agree and comply to them.
- ④ Treat the partners in a fair way, regardless of their size.
- ⑤ Always pay particular attention to the protection of partners' confidential information and intellectual property rights.
- ⑥ Actively provide partners with various growth opportunities, including HR development, quality improvement and technology development. The improvement of their competitiveness will be a driving force of our growth.

3.3 Fair Competition

1) Principle

We shall compete in a fair way based on the creativity of the company for the proper development of the national economy. We shall discourage the acts of undermining fair competition and shall take the lead in creating a fair and transparent world.

2) Action Plan

- ① It is prohibited to conduct any acts of disturbing the reasonable choice of customers through mutual agreement or connivance among companies and limiting the actual competition among companies. Do not conduct any prohibited act for immediate gains or results.
- ② Never even discuss with the competitors on anything against the Fair Trade Acts, including prices, the details of bidding, costs, profits, market share, sales region, the distribution of product family, business conditions, distribution method, the allocation of regions or markets, the boycott of a specific supplier and customer, provided products or services, and the class of customers or suppliers.
- ③ Do not participate in meetings with the competitors where the agenda is not clear. Even if participating in the meeting with a clear agenda, clearly show your intention to refuse the discussion when a dangerous subject begins to be discussed.
- ④ While an act, which is allowed in a certain country, may be illegal in another country, our competitors in a certain country may become our partners in another country. In order to prevent the violation of laws in such a case, be fully aware of competition-related laws of each country in advance.
- ⑤ Consider the possibility of violating the laws in advance, if the company runs the joint venture or cooperates with the competitor after finding it difficult to achieve its business goal alone.
- ⑥ An illegal act could significantly affect not only individuals, but also the company's reputation. In addition to doing an illegal act itself, do not abet, condone and assist an illegal act.

3.4 Lawful Information Collection

1) Principle

We shall collect and secure information about our competitors in a legitimate and fair way. We shall not take away or misuse technologies belonging to our partners by using our status in the business process, and shall strive to enhance the win-win cooperation relationship with our partners.

2) Action Plan

- ① Do not collect the information of our competitors by using your personal relationships or through our customers and partners. Include and follow the provision of 'Confidentiality' in the agreements with the partners.
- ② Consult with the Compliance Officer in advance, especially since the direct collection/exchange of information with the competitors could be considered a violation of the Fair Trade Act.
- ③ Since it could be a problem to require the confidential information of the competitors when hiring an employee who has worked for our competitor, do not acquire the information of the competitors through such an employee.
- ④ In the event of acquiring the information of our competitors from anonymous sources, consult with the Compliance Officer in advance when viewing and processing such information.
- ⑤ You may be subject to punitive damages if caught taking away or misusing the technical materials of partners such as our subcontractors. Do not require our partners to provide their technologies and related materials without any fair reasons.

3.5 Prohibition of Corruption and Improper Solicitation

1) Principle

We shall conduct our business in a fair and transparent way. We shall not make any unfair personal profit, receive or provide improper money and valuables and entertainment treatment in our business relations. This principle is applied to all countries where we are conducting the business, and we shall respect and comply with any applicable domestic and foreign anti-corruption laws, including OECD Anti-Bribery Convention, Foreign Corrupt Practices Act (FCPA) and UK Bribery Act, in relation to our business activities in those regions.

2) Action Plan

- ① The executives and employees of the company shall not make improper solicitation for any public officials.
- ② The executives and employees of the company shall not provide money and valuables in relation to their duty for any stakeholders. Specifically, they shall not

provide money and valuables above a certain amount for public officials, regardless of job relevance.

- ③ Money and valuables, prohibited to be provided, include all tangible/intangible financial gains such as gifts, meals, courteous and entertainment treatment, convenience, donations and sponsorship as well as cash.
- ④ Politely decline any money and valuables provided by stakeholders and then clearly explain the related company regulations and spirit of Lotte.
- ⑤ Comply with the company regulations regarding gifts, meals and courteous treatment and return any gifts that go against the regulations. If it is difficult to return the gifts, deal with it in accordance with the related regulations through consultation with the Compliance Officer or Ethical Management Officer.
- ⑥ Even if our partners such as stakeholders who are working with us receive any impermissible money and valuables, it may be seen as our fault. Explain our regulations to the stakeholders by, for example, specifying that the violation of the Anti-corruption Laws is the reason of contract cancellation, and then require them to follow the regulations.
- ⑦ Regulations or customs regarding gifts, meals and courteous treatment may vary depending on the country. Identify in advance and follow the related regulations or customs when taking a business trip or working at local offices overseas.
- ⑧ Receive advice and approval from the Compliance Officer of the company in advance for conducting business if it is unclear whether the domestic laws and code of conduct are being violated or whether the local laws and customs are different from this code of conduct or the company regulations while working in the foreign countries.

4. Trust with Our Stockholders

4.1 Improving Stockholder Value

1) Principle

By establishing effective internal control systems, we shall work to monitor and constantly improve the performance of the company on behalf of the stockholders and to enhance stakeholder value in the long term. We shall build the relationship of mutual trust with stockholders and guarantee the equal rights of all stockholders.

2) Action Plan

- ① Be committed to enhancing the profit of our stockholders through efficient and reasonable decision-making and transparent and sound management activities.

- ② Modify the Internal Accounting Control regulations and systems, and actively cooperate for audits or investigations to ensure independent supervision.
- ③ Respect the due right of the stockholders as much as possible, and build a relationship of mutual trust with them.
- ④ Guarantee equal treatment for all stockholders, and actively guarantee the rights of minority stockholders.
- ⑤ It is Lotte's stockholders who have affection to and interest in Lotte more than anyone. Carefully listen to the reasonable opinions of stockholders.

4.2 Preventing Conflicts of Interest

1) Principle

If there is a conflict of interest between individuals and the company, we shall work to meet the interest of the stakeholders such as the company and stockholders. If there is, or is feared to be, a conflict of interest, we shall report the situation to and get approval from the company to ensure that our personal interests do not confuse the reasonable decision-making.

2) Action Plan

- ① Do not act against the interests of the stakeholders such as the company and stockholders, including making personal gains through the position of Lotte executives and employees. It is also prohibited to acquire personal gains indirectly through family members, friends and agents of Lotte executives and employees.
- ② Get approval from the company in advance in the event that there may be a conflict of interest with the company, including self-dealing transactions or utilizing the business opportunity of the company.
- ③ Do not become the executive or employee of another company conducting the business in the same field or do not acquire the share of such company without the approval of the company.
- ④ Consult with the Compliance Officer in advance in the event that there could be a conflict of interest between the executives and employees and the company or that it is unclear whether there is a conflict of interest.

4.3 Improvement of Accounting Transparency

1) Principle

We shall accurately record any matters regarding the performance and financial position of the company in accordance with related laws, accounting standards and internal regulations. All accounting records shall be proven by appropriate accounting information. We shall record any matters regarding any performance and costs at the time of their occurrence in order to identify the accurate management situation. We shall not distort

any data. Accurate accounting records are not an obligation simply limited to those who are responsible for accounting and finance, but the common obligation of all executives and employees.

2) Action Plan

- ① Prepare and manage the accounting records in accordance with the authorized accounting standards.
- ② Not only do international and national accounting standards differ, but they are also being frequently amended. Always check the latest standards.
- ③ Record the related data within the proper accounting period. Do not record any revenues or costs in advance or later in order to exaggerate the short-term performance or temporarily avoid a reprimand.
- ④ All costs incurred shall be proven by the uniform accounting data. Record time and expenses regarding the costs and submit it as a report.
- ⑤ In the event that a person in charge manipulates the accounting documents according to the instruction of his/her supervisor, both he/she and his/her supervisor shall have civil/criminal responsibilities. In the event that the supervisor instructs the manipulation of documents, the person in charge shall immediately consult with the compliance officer.
- ⑥ Consult on the problem with the director when your counterparty in the transaction is suspicious of manipulating the accounting documents or suspected as an individual, company or country having untransparent business practice, and reconsider such a transaction.
- ⑦ The director shall thoroughly check everything in accordance with principles in order to provide accurate and transparent information, and shall monitor the data on a regular basis in order to prevent the manipulation of accounting documents.

4.4 Prohibition of In-house Trading

1) Principle

We shall not make any unfair profit for ourselves, our family members or friends by utilizing undisclosed and insider information. We shall be committed to protecting the profit of our stockholders through efficient and reasonable decision-making and transparent and sound management activities.

2) Action Plan

- ① Always pay particular attention when providing any information regarding our business. Specifically, if it is insider information, providing such information to others and using it for personal use are all illegal. In addition, it may harm the due rights of the stockholders who have affection to and interest in Lotte the most.

- ② Insider information includes data regarding management performance, the transfers of executives, restructuring, mergers, acquisition, new product development, new patents, information regarding large-scale investments and the investment plans for a certain region. Manage the information in accordance with the same standards as insider information, if it is unclear whether the information that you are handling is insider information.
- ③ All trades such as transactions using the undisclosed important information and stock exchanges, the establishment/acquisition of the security right and securities lending transactions are strictly prohibited.
- ④ Do not provide the undisclosed important information in expectation of transactions by others or do not recommend anyone to be involved in the other transactions by using such information.
- ⑤ It is prohibited to conduct stock trading by using the insider information that you came to know at work even after leaving the company or moving to another company.
- ⑥ Protect the information in accordance with the same standards applied to our insider information, in the event of coming to know the insider information of your partners and competitors.
- ⑦ In principle, it is prohibited to own the stocks of our partners which have business relations with our company. The same applies to the case of acquiring the stocks of our partners in the name of your family members and relatives.
- ⑧ Consult with the Compliance Officer even if you have owned the stocks of our partners before entering our company, since there may be a conflict of interest, including providing unfair convenience in the business process.
- ⑨ It is prohibited to be involved in the trading of derivatives such as hedge trading and short stock selling for the stocks of our company and its affiliates and the related options and swaps.

5. Trust with Society

5.1 Environmental Protection

1) Principle

We shall play a leading role in every type of business for environmental protection. We shall always think of the impact that our business could have on the environment and shall be committed to protecting the environment, starting from the small things. With the responsibility of environmental protection, we shall establish and strictly meet the standards beyond the level required by the environmental laws of each country, not only within our country, but also in every country where we are operating our business.

2) Action Plan

- ① Use natural resources only as much as needed in an efficient way and reduce the emission of environmental pollutants below the statutory level.
- ② Check first whether the development of new products or the change of any processes could have an adverse impact on the environment.
- ③ Establish the internal regulations to ensure that our activities meet the legal standards regarding the environment and regularly check if such regulations are complied with.
- ④ Actively seek the way of environmental protection through the change or innovation of our business, and encourage the executives and employees to do or make the related activities and efforts.
- ⑤ Require our partners and stakeholders to meet the same environmental protection standards as we do. Specify and sufficiently inform them that their contract with us may be cancelled if caught violating environment-related laws.
- ⑥ Frequently check if local environment-related laws change when working overseas, and take advance measures in response to such change.

5.2 Creation of Social Values and Social Contribution

1) Principle

We shall not only create social values and make the world affluent via our business, but also actively conduct social contribution activities with our capabilities and resources. As a member of the society, we shall participate in the problem-solving activities in the local community and take the lead in developing the local community. We shall actively encourage the social service activities of each executive and employee and be committed to contributing to society by, for example, participating in social service and disaster relief activities at the company level.

2) Action Plan

- ① The members of Lotte are accompanied with a higher level of social responsibility than others. Each executive and employee of Lotte shall be committed in fulfilling his/her responsibility and duty as a member of the local community to enhance the trust for the company.
- ② Respect the culture and values of the local community and contribute to improving the quality of life in the local community.
- ③ Provide a positive impact on social development by actively supporting activities for public interests, including academics, art, culture and sports, which psychologically enrich humanity.

- ④ Active participation in social service activities as individuals or on behalf of the company is the duty and responsible action of Lotte members. Actively participate in social service activities such as volunteer work and disaster relief.
- ⑤ Seek the plans with which our business activities can create social values and fulfill our social responsibility, and work to act on such plans.

5.3 Respect for Human Rights

1) Principle

Human rights are the basic rights and freedoms to be granted to everyone. The members of Lotte shall support and respect the "United Nations Guiding Principles on Business and Human Rights" declared internationally and guarantee human rights in places where we are conducting our business.

2) Action Plan

- ① Regarding our business, we shall respect human rights anywhere at any time.
- ② We shall follow our values and standards regarding respect for human rights and spread them to our partners.
- ③ We shall work to prevent a negative impact on human rights, which may be caused by our business.
- ④ We shall guarantee and support human rights in the local community which we belong to.
- ⑤ We shall be well aware of and comply with local laws regarding labor.
- ⑥ We shall not allow child labor in the workplace of our company and partners and shall follow the local laws and international standards regarding the minimum working age.
- ⑦ Consult with the Compliance Officer and check the requirements of the minimum working age in accordance with the related laws, when an employee below 18 is required to be employed.
- ⑧ Coercion, confinement or other forced labor, etc. shall not be allowed.

5.4 Respect for Cultural Diversity

1) Principle

We shall accept the values and customs of each country as much as possible, to live up to the reputation of Global Lotte, and shall embrace various cultures and opinions of people around the world with an open mind. We shall be obliged to preciously protect and develop the resources and human resources of the countries where we are conducting our business, since we borrowed these resources from those countries.

2) Action Plan

- ① Do not discriminate against the local executives and employees due to different culture and values.
- ② Open communication is very important anywhere. Create various opportunities and channels to ensure that the opinions of the locals can be heard carefully.
- ③ Do not force the locals to follow our values and customs, and do learn from them first.
- ④ There are different laws, customs and manners depending on countries and regions. Pay particular attention when working overseas or on a business trip, since a behavior that is not a problem at home may cause trouble in foreign countries.
- ⑤ The principle of 'trust' is applied all around the world. Always check things that the locals value and value them as well so that the locals can trust us.

5.5 Compliance with the Laws of Each Country

1) Principle

The members of Lotte are working to respect the laws all around the world. We shall be fully aware of and understand the related laws and company regulations applicable in our business process and shall regularly check whether the related regulations are complied with in our daily work. Especially, we shall firmly exclude the act of being involved in corruption or criminal activities for profit.

2) Action Plan

- ① Understand the laws applicable in the business process and conduct the business in accordance with such laws.
- ② If dispatched to an overseas workplace, fully understand the related laws of other countries which could affect your business as well as the country where you are dispatched.
- ③ Thoroughly check and follow the trade laws regarding import and export, including the licensing or approval of each government, in the event of importing and exporting commodities or products.
- ④ It is prohibited to do businesses with countries or organizations and individuals against which trade sanctions have been imposed.
- ⑤ Consult with the Compliance Officer in advance in the event of international trade negotiations or transactions and trade with foreign governments/organizations.
- ⑥ Report the cases to the applicable department such as "Sinmungo" of the Group or each company in the event that there is suspicion of money laundering such as purchasing a large number of vouchers unnecessarily and turning them into cash.

5.6 Separation of Politics and Economy

1) Principle

Politics is the process of democracy that makes the world better by gathering various opinions based on the principle of one-man one-vote for all members of the nation. We believe that the world could develop further through such processes. If a company is involved in such a fair process in an unfair way, it would become an obstacle in making a better world. We shall not restrict our employees from expressing their personal opinions regarding politics. Even if a certain politician or political organization has a favorable opinion or claim to our business, however, we shall not support or join them in an unfair way at the level of the Group, affiliates and organizations.

2) Action Plan

- ① The name of Lotte shall not be used for political activities or for the interests of political parties or their candidates.
- ② Do not do any acts which support or appear to support a certain politician or organization by using the resources and costs of the company.
- ③ Do not expose your title or position in the company to ensure that you don't look like you are supporting them at the company level, when personally attending the meetings of certain politicians or political parties. Keep in mind that our title or position may be utilized by others, regardless of our intentions.
- ④ Consult with the PR Officer of the company when you are likely to be exposed to the media such as newspapers or broadcasting.
- ⑤ Always pay particular attention when uploading a post or writing a comment via social media to ensure that your wording is not misunderstood in a political way.

4. Relevant Company Standards

Details of the Ethic Management and the Rule shall be followed by internal guidelines in accordance with the company standards below.

1. Human Resource Management Manuals
2. Rewards and Penalty Regulations
3. Employment Procedures _Beverage
4. Employment Procedures _Liquor
5. Ethic Regulations
6. ESG Committee Rules
7. Guidelines for Anti-Harassment and Abuse

5. Enacted and amended

1. First enactment date : 2023.10.18

[Diversity · Inclusion Policy]

1. Principle

LOTTE Chilsung Beverage (hereinafter referred to as the company) establishes and implements this policy to improve the diversity-inclusion to prevent discrimination, bullying and sexual harassment in the workplace, and foster a healthy working environment for workers to focus on their jobs.

2. Scope

This policy applies to the company and its employees. We recommend that all affiliated companies and their executives and employees, as well as partners and their executives and employees doing business with us, comply with this policy or a policy at a similar level to this policy.

3. LOTTE Group Charter on Diversity

All LOTTE executives and employees shall have an attitude of embracing diversity, aim for transparent and impartial organizational culture where anyone can be a leader with their abilities, and create new social values of today with products and services that are loved and trusted.

1. Gender Diversity

The company shall provide equal opportunities to its executives and employees regardless of gender and shall take the lead in implementing systems for female workers, including but not limited to pregnancy and nursing leave.

2. Culture Diversity

The company shall take the lead in finding and training the talented who will lead the global business without discrimination based on nationality and race and shall do its utmost to foster an open organizational culture for its workers to demonstrate their abilities.

3. Physical Diversity

The company shall embrace physical differences of either congenital or acquired disabilities, shall provide optimum conditions for workers to develop their own abilities, and shall fulfill social responsibilities by giving them a sense of accomplishment that they contribute to the enterprises and society.

4. Age Diversity

The company shall make efforts to realize an organizational culture where workers can freely express their opinions and act regardless of their seniority and age.

4. Fundamentals

1. Diversity and Inclusion

Diversity means respecting one another regardless of culture, gender, nationality, race, religion or belief, social and economic status, and ability, and Inclusion means that all executives and employees can participate and reach their full potential with a sense of belonging in the organization. Diversity and Inclusion together can contribute to fostering a working environment where all members respect each other without discrimination, and it will be achieved with the followings below.

- 1) The company shall maintain a workplace that inclusion and respects differences.
- 2) The company shall create an environment where all workers can contribute with their abilities, experiences, and knowledge.
- 3) The company shall support all workers to pursue their personal vision and shall allow them to work at flexible hours, places, and with their own methods.
- 4) The company shall aim for an open culture that removes barriers between each team and shall lead them to work as one team with the open communication.
- 5) The company shall arrange various networking groups where all workers can communicate.
- 6) The company shall ensure that none of worker is excluded from a work or a workplace due to their physical, mental disabilities.
- 7) The company shall recognize that it is a workplace where all workers work together with different backgrounds, nationalities, race, and different abilities.
- 8) The company shall foster an environment where all workers can work together regardless of their marital and nursing status.
- 9) The company shall adopt a promotion system based on competence and impartial evaluation.
- 10) The company shall take precautions to prevent discriminative employment results when using AI during the hiring, management, education by blocking those algorithms that might cause prejudice against specific groups, etc.

2. Equity means it provides equal opportunities in promotion, recruitment, education, etc. so all workers can demonstrate their abilities, and it will be achieved with the followings below.

- 1) The company shall not discriminate against any worker based on race, nationality, gender, age, school ties, religion, region, disability, marital status, sexual orientation, etc.
- 2) The company shall ensure the gender equality is observed in the company, affiliates, and suppliers.
- 3) The company shall not discriminate against female workers due to pregnancy, childbirth, and nursing.
- 4) The company shall ensure workers' individual growth is not affected by the gender difference.

- 5) The company shall ensure the equal work environment is provided for the same job with the same value.
 - 6) The company shall conduct impartial evaluation based on competence and take a systematic approach for proper compensations.
 - 7) The company shall provide equal opportunities for employment when the qualification requirements and job competence are met and shall treat all workers in the same manner regardless of their social, cultural, academic backgrounds.
3. Anti-Harassment and Bullying
- It is prohibited for all executives and employees to do the following acts taking advantage of their seniority or relationships that could cause physical and mental pain with excessive workloads and worsen the working conditions. The acts include but not limited to
- 1) Physical harassment
 - 2) Mental harassment
 - 3) Work-related harassment
 - 4) Personal bullying and harassment
4. Prohibition of sexual harassment
- It is prohibited for all executives and employees to do any act that can cause sexual humiliation or disgust with words and behavior, etc., or that gives any type of employment disadvantages due to the defiance.

5. Operational Practices

1. The company shall provide education on a regular basis and take precautions to improve diversity, inclusion, and to prevent discrimination, bullying and sexual harassment in the workplace.
2. The company shall organize and operate a dedicated team to receive, consult, investigate, and handle the violation.
3. The company shall organize a system where anyone can report the incidents in person, online when the violation is found.
4. The company shall have the team in charge investigate and handle the violation according to the investigation results and take disciplinary measures against the perpetrator.
5. The company shall take measures to ensure victims and whistleblowers are not subject to any employment disadvantage or otherwise treated and shall not disclose any details of the incident unless required for the investigation and handling.

6. Relevant Company Standards

Details of Diversity-Inclusion Policy and its management shall be followed by internal guidelines in accordance with the company standards below.

1. Human Resource Management Manuals
2. Rewards and Penalty Regulations
3. Employment Procedures _Beverage
4. Employment Procedures _Liquor
5. ESG Committee Rules
6. Guidelines for prevention of harassment, bullying and response measures

7. Enacted and amended

1. First enactment date : 2023.10.18

[Corporate Governance Charter]

The Preamble

Lotte Chilsung Beverage (hereinafter referred to as the company) contributes to the rich life by providing products and services that are loved and trusted.

As a company loved by the people, the company fulfills its social responsibility with the continuous growth.

The company establishes the corporate governance charter below and enhances shareholder value to consolidate a fair and transparent governance structure for the sustainable growth.

1st chapter, Shareholders

Article 1. The Rights

- ① Shareholders have basic rights based on the Commercial Act and relevant laws, such as the right to participate in distribution of profits, the right to attend and vote at the general shareholders' meeting.
- ② The shareholder rights shall be prioritized when it comes to matters that lead to significant changes to the company and shareholder rights.
- ③ The company shall arrange and determine the date and place, agenda of the general shareholders' meeting and shall provide such information in advance so as many shareholders can participate.
- ④ Shareholders can propose a bill, inquire, and demand an explanation during the general shareholders' meeting as set out in the Commercial Act and relevant laws.

Article 2. Impartiality

- ① Shareholders have one vote for each stock. However, voting rights can be restricted on occasions as set out in the relevant laws.
- ② The company shall provide information to shareholders in a timely, impartial manner.
- ③ The company shall protect shareholders from un-legitimate internal transactions, self-dealing, and management interference and such by other major shareholders.

Article 3. Responsibility

- ① Recognizing its significance to the management, shareholders shall actively exercise their voting rights for the growth of the company.
- ② Major shareholders shall exert their influence in the interests of the company and all shareholders shall not jeopardize the company with opposite acts.

2nd Charter, the Board of Directors

Article 4. Role

- ① The Board of Directors has comprehensive authority over the management and performs the function of decision-making and supervision.
- ② The Board of Directors can delegate authority to the Chief Executive or to the Board Committee. However, major matters are excluded as prescribed by Applicable Laws, Articles of incorporation, or the Board Regulations.

Article 5. Composition and Appointment

- ① The Board of Directors shall consist in a scale for effective and careful decision-making and shall have enough directors to operate the committee within the Board.
- ② The Board of Directors shall have non-executive directors independent from management and major shareholders, and the least number of them shall exceed three and the majority of directors for their independence.
- ③ The Board of Directors shall consist of competent persons for its effectiveness, and their term in office shall be guaranteed unless disqualified.
- ④ The company shall not appoint a person responsible for jeopardizing corporate value or infringing on shareholder rights. (as newly determined by a resolution of the Compliance Committee on 2nd December 2021)
- ⑤ The company promotes the diversity of the Board for its flexible role in the changing environments based on various perspectives and experiences.
- ⑥ The company shall have shareholders exercise their voting rights to judge the Board candidates with sufficient information and time.

Article 6. Operation

- ① The Board shall be held on a regular basis, and on occasions when required.
- ② The regulations that stipulate the authority and responsibilities of the Board shall be in place to ensure its smooth and effective operations.
- ③ The company shall record, maintain, and keep minutes of each meeting in the archive.
- ④ The company shall disclose the details of the Board members, such as the attendance rate, and their voting results on agenda subject to public disclosure.
- ⑤ The Directors can participate in the Board meeting with online methods.

Article 7. The Board Committee

- ① The Board of Directors can establish a committee within the Board that performs specific functions and roles for prompt and efficient decision-making.
- ② The composition, operation, and authority of the Committee shall be in accordance with the provisions of each Committee.
- ③ The Board Committee shall notify the directors of its resolution, and each director notified can demand the convening of the Board to make a resolution on the agenda again.

Article 8. Director Duty

- ① The Directors shall perform their duties with care and integrity.
- ② The Directors shall refrain from exercising their authority for their own, or other third parties' interests and shall always pursue what is best for the company and shareholders.
- ③ The Directors shall not disclose any confidential information for their own, or other third parties' interests.

Article 9. Director Responsibility

- ① The Directors shall collect and review reliable data and information when making decisions and perform their duties with integrity in the best interest of the company.
- ② The Directors shall be held liable for damages to the company caused by the violation of the laws, articles of incorporation, or neglect of duty. The Board Directors will be held liable for damages to third parties as well when found with malice or gross negligence.
- ③ The company can take out the liability insurance at its expense to secure the effectiveness of the liability and recruit those who will contribute to the growth of the company.

Article 10. Non-executive Director

- ① Non-executive directors shall participate in the decision-making process with the Board and shall supervise and support management as members of the Board.
- ② Non-executive directors shall be designated by the Non-executive Director Candidate Recommendation Committee and appointed at the general shareholders' meeting. The Committee shall be organized in a way that ensures the impartiality and independence of the candidate.
- ③ Non-executive directors can request the necessary information for their duties and if necessary, can seek advice from external experts through appropriate procedures. The company shall support the expenses for such activities.

- ④ For non-executive directors to apprehend the management issues, the company shall report and provide the relevant information on a regular basis, together with continuous education or training programs.

Article 11. Evaluation and Compensation

- ① The Board operations shall be evaluated with impartiality and compensated accordingly.
- ② Both the Board director and the non-executive director shall be periodically evaluated to improve the efficiency of the Board.
- ③ The remuneration and expenses of the director shall be managed by the Board within the limit determined by the resolution of the general shareholders' meeting.
- ④ The remuneration of the director shall be in line with their duties and the company's financial status and shall correspond with the long-term growth.
- ⑤ The Board of Directors can delegate to the Remuneration Committee the matters in terms of remuneration, such as determining the remuneration limit for registered directors.

3rd Charter, Audit Organization

Article 12. Audit Committee

- ① For its independence, the Audit Committee shall consist of all non-executive directors, and at least one of its members shall be an accounting and finance expert.
- ② The Audit Committee shall be responsible for checking the legality of management operations, inspecting the financial status, reviewing the accuracy of financial reports, approval of the appointment and dismissal of external auditors, and follow-up reports at the general shareholders' meeting.
- ③ The Audit Committee can approach and copy the accounting records and documents in the archives and can demand to the Directors their sales reports or investigate the status of their duties and properties.
- ④ When necessary, the Audit Committee can request advice from external institutions, experts, etc. at the company's expense.

Article 13. External Auditor

- ① The company shall ensure external auditors remain legally and substantially independent from the company, management, and major shareholders.
- ② The external auditor shall attend the general shareholders' meeting and answer questions from shareholders and explain about their audit reports when required.

- ③ The external auditor shall check whether there is any discrepancy between the audit results and the audited financial statements, or regular public posting.
- ④ The external auditor shall check the irregularities, or illegal acts during the audit.
- ⑤ The external auditor shall also consider the viability of the company as laid out in 『the Act on External Audit of Corporations』.
- ⑥ The external auditor shall report to the Audit Committee significant matters identified during the audit.

4th Charter, Stakeholders

Article 14. Protection of the Stakeholders Rights

- ① The company shall seek for mutual growth, sharing greater value with various stakeholders such as customers, executives and employees, and suppliers.
- ② The company shall respect the rights of workers and improve the quality of their lives.
- ③ The company values the business relationship with its suppliers and strives to contribute to establishing the fair market and balanced development of the national economy, complying with Applicable Laws and Regulations.
- ④ The company shall comply with the creditor protection procedures for such matters as merger, capital reduction, division, etc. that significantly affect the creditors.
- ⑤ When a stakeholder is also a shareholder, the company shall protect both rights as the stakeholder and the shareholder.
- ⑥ The company shall provide information required for the protection of stakeholders' rights within the limit set by applicable laws and contracts with third parties and shall guarantee stakeholders the access to the information.

5th Charter, Market Monitoring

Article 15. Public Posting

- ① The company shall prepare and post its business reports, quarterly and half reports and shall disclose its relevant information to shareholders and stakeholders in a prompt and faithful manner.
- ② The company shall also disclose information in detail in a timely and accurate manner when it could significantly affect the decision-making of shareholders and stakeholders.
- ③ The company shall strive to prepare the posting in simple ways that are easy for stakeholders to understand and use.
- ④ The company shall designate a manager in charge of the posting and take a systematic approach to establish the system that quickly delivers the relevant information to the person in charge.

- ⑤ The company shall not favor or discriminate against any stakeholder in terms of the scope and timing of information disclosure and shall enable all stakeholders to simultaneously approach it.

Article 16. Management Rights

- ① Acts that change the management rights, such as acquisition, merger, division, and transfer of operations, shall follow transparent and impartial procedures.
- ② The company shall not sacrifice the interests of the company and shareholders for the management rights of few major shareholders and executives.
- ③ As set out in Applicable Laws and Regulations, the company shall allow shareholders who oppose significant structural changes such as mergers, business transfers to claim their share at a fair value.

[Tax Policy]

1. Principle

The purpose of this policy is to faithfully fulfill its tax obligations to the countries in which it conducts business by stipulating the tax policies that LOTTE Chilsung Beverage (hereinafter referred to as the company) must comply with.

2. Scope

This policy applies to LOTTE Chilsung Beverage. The company faithfully fulfills its tax obligations to prevent disadvantages to its executives and employees, subsidiaries, partners, and all stakeholders.

3. Tax Policy Basic Principles

1. In addition to domestic laws, the company faithfully fulfills its tax reporting and reporting obligations in accordance with the laws of each country where we conduct business. In a transparent relationship with the tax authorities of each country, we faithfully fulfill our obligations as taxpayers, including submitting data stipulated by relevant laws.
2. The company complies with Applicable Laws and Regulations of each country where it operates and fulfills its tax obligations with integrity and does not engage in any type of transactions or contracts to transfer income between countries to take advantage of international differences and loopholes and does not use any tax haven to reduce the tax burden. the company do not use tax havens to unfairly reduce our tax burden, and we faithfully fulfill our tax obligations in international transactions through a normal tax structure.
3. As far as transactions with the related parties are concerned, the company applies reasonable market prices and complies with the OECD Guidelines for Transfer Pricing and Applicable Laws and Regulations and manages its implementation with official reports reviewed and prepared with external tax experts.
4. All executives and employees of the company and its subsidiaries comply with Applicable Laws and Regulations of each country and conduct their duties based on a transparent relationship with tax authorities.
5. The company pays taxes in a fair manner and complains about unreasonable taxation through legitimate procedures such as trial and administrative litigation.
6. The company takes preventative measures to manage potential tax risks (investments, enhancing competitiveness, restructuring, etc.) during its global operations. When reviewing and assessing risks, its decisions are made based on the advice from external tax experts and authorities.

4. Enacted and amended

1. First enactment date : 2023.10.18




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