

# **Code of Conduct for Lotte Group Partner Companies**

## **Foreword**

We, Lotte Group, recognize that climate change and sustainability are imminent and pressing issues for humanity, and aim to achieve the vision of sustainable business management through fulfilling corporate social and environmental responsibilities. In this regard, we wish to add value to humanity through ESG (environmental, social, governance) business management. We hope our partner companies (“Partners”) will join us in our efforts to achieve a sustainable future for humanity.

This Code represents our commitment to ESG management, sustainable growth, and fostering of social value. This Code presents our requests to our Partners concerning environmental protection, respect of human rights, safety, quality, law-abiding, ethical business management, and systematic management. We hope that, through following this Code, our Partners will join us in implementing ESG business management.

This Code is based on international principles and standards, including the UN Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the UN Convention on the Rights of the Child, the fundamental Conventions identified by the International Labor Organization, and the RBA (Responsible Business Alliance) Code of Conduct. Where this Code and national laws of the jurisdictions in which business is conducted are in conflict, Partners shall comply with the higher standard of the two.

## **I. Environmental Protection**

Partners of Lotte Group shall endeavor to implement environmental management policies established by Lotte Group. Partners shall proactively cooperate with Lotte Group by adopting measures for improvement following Lotte Group's environmental due diligence and establishing a data-based system for environmental management.

### **A. Regulatory Compliance**

- (1) Partners shall obtain and maintain environmental permits required for business operations, as well as understand and comply with local environmental regulations of the jurisdictions in which they conduct business.
- (2) Partners shall periodically monitor trends and changes in environmental regulations and endeavor to comply with such regulations.
- (3) Partners shall continually educate their employees on the content and trends of environmental regulations.

### **B. Compliance with Regulations on Substances**

Where there are regulations on substances in the jurisdictions in which Partners conduct business, such as restrictions limiting or banning the use of certain substances, or mandatory labeling of certain substances, Partners shall comply with such regulations.

### **C. Review of Environmental Impact**

- (1) Partners shall pay close attention to the environmental impacts that may be caused in the process of producing and distributing products or providing services, and endeavor to minimize such impacts.
- (2) Partners shall periodically assess any negative impacts on the environment and establish plans to minimize such impacts.
- (3) Partners shall endeavor to utilize eco-friendly products with reduced environmental impacts when producing and distributing products or providing services.

### **D. Action Against Climate Change**

- (1) Partners shall join Lotte Group in their efforts to achieve net-zero carbon emissions.
- (2) Partners shall record their carbon emissions and establish plans to minimize such emissions.
- (3) Partners shall establish plans to reduce energy usage.

(4) Partners shall endeavor to develop and implement new technologies to reduce carbon emissions and energy usage.

### **E. Resource Circulation**

(1) Partners shall systematically monitor and manage their waste output, and establish plans to minimize such output.

(2) Partners shall reduce their use of plastics in producing and distributing products or providing services, and endeavor to find ways to recycle plastic waste.

### **F. Management of Water Resources**

Partners shall systematically monitor and manage their use of water, and establish plans to reduce water use.

### **G. Management of Pollution**

(1) Partners shall identify sources of pollution and regularly monitor and manage their pollution output.

(2) Partners shall identify the characteristics of polluting substances, and establish suitable management plans based on such characteristics. Partners shall establish measures to safely handle, store, use, and dispose of substances harmful to humans or the environment, such as by appropriately marking such substances.

(3) Partners shall establish measures to eliminate or reduce the output of polluting substances.

## **II. Respect for Human Rights**

Partners of Lotte Group shall respect the UN Guiding Principles on Business and Human Rights, and protect and support human rights in all locations in which their businesses are conducted. Partners shall use their best efforts to establish a working environment in which members of the organization can reach their full potential and show mutual respect with no prejudice or unlawful discrimination.

### **A. No Discrimination**

(1) Partners shall not discriminate based on race, gender, education, age, disability, religion, place of birth, political stance, or any other grounds in hiring and employment practices such as wages, promotions, and access to training.

(2) Partners shall not require any applicants to meet conditions not relevant to the performance or position being sought when hiring any of their workers.

(3) Partners shall respect the diversity of their workers, and establish policies to promote the same.

## **B. Compliance with Labor Regulations**

(1) Partners shall understand and comply with the labor regulations of the jurisdictions in which they conduct business.

(2) Partners shall compensate their workers in accordance with the regulations of the jurisdictions in which they conduct business, such as regulations on minimum wage, overtime pay, and welfare payments.

(3) Partners shall ensure that their workers' working hours do not exceed the maximum working hours of the jurisdictions in which they conduct business. Partners shall secure voluntary consent from workers to work overtime.

(4) Partners shall not delay the payment of wages.

(5) Partners shall furnish their workers with pay slips or similar documents written in a language the receiving worker understands.

(6) Partners shall allow foreign workers to keep the respective original documentation (e.g. passports or work permits) when hiring foreign workers.

(7) Partners shall provide education programs to their workers which are mandated by the jurisdictions in which they conduct business.

## **C. Humane Treatment**

(1) Partners shall strive to prevent inhumane treatment of workers, such as sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, or verbal abuse.

(2) Partners shall strive to prevent acts which inflict physical or mental pain on their workers or harm working conditions by taking advantage of superiority in the workplace outside the scope of employment.

(3) Partners shall establish measures to ensure humane treatment of workers, and adequately educate workers on such measures.

(4) Partners, in case an incident of inhumane treatment or workplace harassment occurs, shall take appropriate measures, taking into consideration the affected worker's requests and circumstances.

## **D. Freedom of Association**

- (1) Partners shall respect workers' right to organize, join, and engage in labor unions, as well as right to collective bargaining, in accordance with the laws of jurisdictions in which they conduct business.
- (2) Partners shall ensure that no penalty, such as discrimination, retaliation, or harassment, is imposed for organizing, joining, and engaging in labor unions.
- (3) Partners shall foster an environment in which workers can freely discuss working conditions and management direction.

#### **E. Protection of Underage Workers**

- (1) Child labor is not allowed in any form. Partners shall observe minimum working ages set forth by international standards and the regulations of the jurisdictions in which they conduct business.
- (2) Partners, in case hiring of workers under the age of 18 is required, shall consult a compliance officer in charge and identify minimum working ages set forth in the relevant regulations.
- (3) Partners may hire workers under the age of 18 if permitted by relevant regulations; however, Partners shall not employ such workers in positions which may be hazardous, and shall provide appropriate measures to guarantee educational opportunities.
- (4) Partners shall not source goods or services from companies using child labor or are in violation of regulations on child labor.

#### **F. No Forced Labor**

- (1) Forced labor in any form, such as through coercion or confinement, is prohibited. Partners shall not assault, threaten, confine, or take other actions in order to force labor, nor apply mental pressure by means of economic coercion or financial leverage.
- (2) Partners shall not source goods or services from companies using forced labor by means of assault, threat, confinement, mental coercion, or other abuse.

### **III. Safety Management**

Partners of Lotte Group shall strive to guarantee the safety of workers at all stages of producing and distributing products or providing services. Partners shall establish a management system to prevent accidents and cooperate with Lotte Group's workplace inspections.

#### **A. Regulatory Compliance**

Partners shall obtain and maintain safety permits required for business operations, as well as understand and comply with the safety regulations of the jurisdictions in which they conduct business.

### **B. Safety Assessment**

- (1) Partners shall periodically assess the safety of workplaces, recognize risks based on the characteristics of each workplace, and reflect the above in their safety assessments.
- (2) Partners shall assess the safety of machinery and equipment used in the workplace which may be dangerous to workers, and periodically inspect such machinery and equipment.
- (3) Partners shall install and periodically inspect equipment necessary to prevent accidents, such as safety devices and protective walls.

### **C. Establishment of Safety Management System**

- (1) Partners shall establish a department dedicated to safety management which reports to the manager of each workplace; said department shall function independently and establish a safety management system.
- (2) Partners shall establish a manual for responding to accidents; said manual shall include immediate action plans and initial response procedure, evacuation procedures, reporting systems, and follow-up measures.
- (3) Partners shall adequately educate workers on the accident response manual, and conduct periodic drills and exercises in accordance with the regulations of the jurisdictions in which they conduct business.
- (4) Partners, in case an accident has occurred, shall investigate the causes and endeavor to establish corrective measures.

### **D. Safety Education**

- (1) Partners shall periodically provide safety education for workers. Such safety education shall aim to enhance safety awareness and safety management capabilities.
- (2) Partners shall post important safety-related information in a clearly visible manner in the workplace.

### **E. Management of Cafeterias and Workers' Living Quarters**

- (1) Partners, if operating cafeterias, shall periodically inspect and maintain hygiene of cafeteria facilities so as to provide workers with hygienic food.

(2) Partners, if providing workers with living space, shall periodically inspect and maintain the safety and hygiene of such space, as well as install and manage emergency exits and fire protection equipment.

## **IV. Quality Management**

Partners of Lotte Group shall strive to ensure safety and high quality throughout the manufacture and distribution of products or the provision of services. Partners shall establish goals for the improvement of the quality of products and services, and establish systems to achieve such goals.

### **A. Regulatory Compliance**

Partners shall comply with the regulations concerning product quality, safety, and hygiene of the jurisdictions in which they conduct business.

### **B. Establishment of Quality Management System**

(1) Partners shall establish detailed goals on quality improvement of products and services.

(2) Partners shall establish detailed policies regarding quality management throughout the manufacture and distribution of products or the provision of services, and educate workers on the terms of such policies.

(3) Partners shall post important quality management-related information in a clearly visible manner in the workplace.

### **C. Quality Assessment**

(1) Partners shall periodically assess the quality of their products and services.

(2) Partners shall establish procedures to receive feedback from customers regarding their products and services.

(3) Partners, if their products or services fail to meet quality goals or customers provide negative feedback, shall establish measures for improvement.

(4) Partners, upon occurrence of an accident relating to product or service quality, shall investigate the causes and establish corrective measures.

### **D. Quality Management Education**

(1) Partners shall periodically provide quality management education for their workers. Such education shall aim to enhance quality management awareness and quality management capabilities.

- (2) Partners shall post important quality management-related information in a clearly visible manner in the workplace.

## **V. Compliance and Ethical Management**

Partners of Lotte Group shall implement law-abiding and ethical management practices, and strive to manage the company in an ethically, legally, and socially responsible and appropriate manner. Partners shall enhance the transparency of management, comply with the laws of the jurisdictions in which they conduct business, and maintain the highest ethical standards.

### **A. No Bribery**

- (1) Workers of Partners shall not provide or offer to provide any benefits, whether monetary or non-monetary, to third parties (including public officers and workers of public institutions) for unlawful or otherwise inappropriate purposes.
- (2) Workers of Partners shall not receive or offer to receive any benefits, whether monetary or non-monetary, from third parties for unlawful or otherwise inappropriate purposes.
- (3) Partners shall continually monitor whether workers provide or receive unlawful or otherwise inappropriate benefits, and, where a violation has occurred, take necessary measures.

### **B. Transparency of Management**

- (1) All corporate activities of Partners shall be performed in a transparent manner, and all transactions made by Partners shall be recorded without error in internal documents, such as company books and financial records.
- (2) Partners' management activities, financial status, safety management conditions, and environmental protection conditions shall be made public in accordance with the regulations and practices of the jurisdictions in which they conduct business.

### **C. Prevention of Unfair Trade Practices**

- (1) Partners shall comply with fair trade and antitrust laws and regulations of the jurisdictions in which they conduct business.
- (2) Partners shall not engage in acts that may harm fair competition by abusing a market dominant position or using superior bargaining power.
- (3) Partners shall not agree upon the price, amount, territory, or trade terms of products or services with other companies with an intent to unfairly limit free competition in the market.



## **D. Responsible Sourcing**

- (1) Partners shall not source raw materials produced with the possibility of human rights violations or environmental damage, and shall not source products or services from companies using unlawful or unethical methods.
- (2) Partners shall periodically check whether sourced raw materials are produced with the possibility of human rights violations or environmental damage, and whether suppliers are using unlawful or unethical methods to produce products or provide services.
- (3) Partners shall establish detailed policies for the management of responsible sourcing.

## **E. Protection of Personal Information**

- (1) Partners, in collecting and processing personal information, shall comply with the data protection regulations of the jurisdictions in which they conduct business.
- (2) Partners shall implement sufficient lawful measures for the protection of personal information acquired in the course of business conduct.
- (3) Partners shall use sufficient measures to prevent unauthorized release of trade secrets and other confidential information obtained from other companies in the course of business conduct.

## **F. Protection of Intellectual Property**

- (1) Partners shall implement sufficient measures to avoid infringing intellectual property rights of others in the course of business conduct.
- (2) Partners shall not misappropriate competitors' trade secrets in the course of business conduct.

# **VI. Management System**

Partners of Lotte Group shall recognize the importance of, and establish a system for, sustainable management. Partners shall establish long-term goals for corporate social responsibility, periodically assess achievements, and take measures for improvement.

## **A. Statement of Sustainable Management**

- (1) Partners shall establish goals for sustainable management, integrate those goals into documents, and publish such documents.

(2) Partners shall regularly educate workers on goals and implementation plans for sustainable management, and periodically review and monitor the progress of achieving such goals.

## **B. Risk Management**

(1) Partners shall endeavor to identify environmental, human rights, labor, safety, compliance, and ethical risks which may arise in the course of business conduct.

(2) Partners, in case there is a possibility of an environmental, human rights, labor, safety, compliance, or ethical risks, shall take necessary preventative measures.

(3) Partners, in case an environmental, human rights, labor, safety, compliance, or ethical risks has occurred, shall take necessary measures to remove and mitigate such risks.