

2024 SUSTAINABILITY REPORT

2024 Lotte GRS Sustainability Report

CREATE PLEASANT EXPERIENCES



About This Report

Report Overview

Lotte GRS recognizes the Sustainability Report as a key communication channel with its stakeholders. To transparently disclose both financial and non-financial performance related to the implementation of sustainable management practices, Lotte GRS publishes the 2024 Lotte GRS Sustainability Report.

Reporting Standards

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards 2021, the global framework for sustainability reporting, and fulfills the four AA1000 AccountAbility Principles (AA1000AP): inclusivity, materiality, responsiveness, and impact. In addition, the financial information, prepared in accordance with Korean International Financial Reporting Standards (K-IFRS), is based on consolidated financial statements audited by an independent accounting firm.

Reporting Period

This report covers Lotte GRS's sustainability activities and performance for the fiscal year from January 1 to December 31, 2024. To highlight key qualitative achievements, selected results from the first half of 2025 have also been included. For trend analysis, quantitative data from the past three years (2022–2024) are presented.

Changes from the Previous Report

This report reflects updates to the reporting scope and boundaries. In 2024, the company relocated its headquarters to the Samjeon Office (217, Baekjegobun-ro, Songpa-gu, Seoul), which resulted in adjustments to the reporting scope for certain data. Any changes in scope or revised data are indicated through footnotes in the relevant sections.

Reporting Scope

This report covers business activities from January 1 to December 31, 2024, and includes certain material information from the first quarter of 2025.

The reporting scope is limited to Lotte GRS Co., Ltd. Non-financial data covers Headquarters and domestic operations, including corporate stores of Lotteria, Angelinus, Krispy Kreme Doughnuts and PLE:EATING. Financial data is based on consolidated financial statements, with any separately presented figures clearly noted in the footnotes.

Report Assurance

To enhance the credibility and accuracy of the reporting process and its content, this report has been assured by Korea Standards Association (KSA), an independent assurance provider. The assurance was conducted in accordance with AA1000AS v3, and the results are presented in the third-party assurance statement on pages 95~96.

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The Lotte GRS Sustainability Report is available as an interactive PDF for easy access and quick navigation.

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About LOTTE GRS

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CEO Message

66 To our valued stakeholders who have supported Lotte GRS throughout its meaningful journey, 99

Greetings. This is Cha Woo Chul, CEO of Lotte GRS.

First and foremost, I would like to extend my sincere gratitude to all our stakeholders for your continued trust and support.

Despite a challenging economic climate and an increasingly uncertain business environment, Lotte GRS has continued to advance through persistent innovation and bold initiatives, maintaining steady growth. In 2024, revenue exceeded KRW 995 billion, achieving meaningful year-over-year growth. Operating profit also maintained a steady upward trend, further strengthening our financial stability. These achievements were made possible by employees who prioritize customer value, embrace new challenges, and generate creative ideas to drive growth, as well as the support and interest of our stakeholders.

Over the past year, Lotte GRS established a supply chain risk management process to support progress toward a sustainable future. By identifying and addressing potential risks in advance, the company minimized the risk of supply chain disruptions. This approach will be further systematized to enhance supply chain sustainability and strengthen trust and competitiveness in the global market.

Efforts to enhance brand competitiveness have included strategic investments in food technology and improvements in operational efficiency through process innovation. In addition, the company is diversifying its business portfolio by launching new brands, paving the way for more resilient growth.

Global expansion continues to be a key focus. In 2025, the first location in the United States is scheduled to open, following entries into Singapore and Malaysia, establishing a foothold for its growth as a leading global food service franchise from Korea.

With a foundation of transparent governance and ethical management, Lotte GRS is committed to sustainable growth and fulfilling its responsibility to future generations. Therefore, continued support and interest from stakeholders will be essential in the journey toward becoming a global leader in sustainability management.

June 2025



Chief Executive Officer,
Lotte GRS
Cha Woo Chul



Outside Director Message



Chairman of the Board of Directors and Out-
side Director, Lotte GRS
Shin Dongkweon

신 동 권

66 To all stakeholders dedicated to advancing a sustainable future for Lotte GRS 99

Greetings. This is Shin Dongkweon, Outside Director and Chairman of the Board of Directors of Lotte GRS.

In 1979, with the launch of Lotteria, Lotte GRS began its journey to become a leader in Korea's franchise industry and is now expanding its value across global markets. Built on a foundation of mutual trust and cooperation, the franchise business continues to reflect these core values in every aspect of Lotte GRS's operations.

In 2024, a significant advancement in corporate governance was made through the appointment of an outside director as Chairman of the Board of Directors. This shift strengthens the Board's independence and transparency, and reinforces the foundation for sound decision-making. The Board actively engages in discussions on sustainable business practices, the impact on diverse stakeholders, and shareholder responsibilities, holding regular meetings and pursuing optimal decisions through thorough deliberation.

Under this governance framework, Lotte GRS remains committed to realizing sustainable management. A mutually beneficial ecosystem between the franchisor and franchisees is being built, alongside fair and transparent business practices that foster shared growth. These efforts aim to deliver positive experiences to customers and create new value in collaboration with stakeholders.

Long-term vision and strategic goals continue to guide the company's pursuit of ESG-driven growth. Sincere appreciation is extended to all stakeholders for their ongoing support and interest as Lotte GRS moves forward toward a brighter, more sustainable future.

Thank you

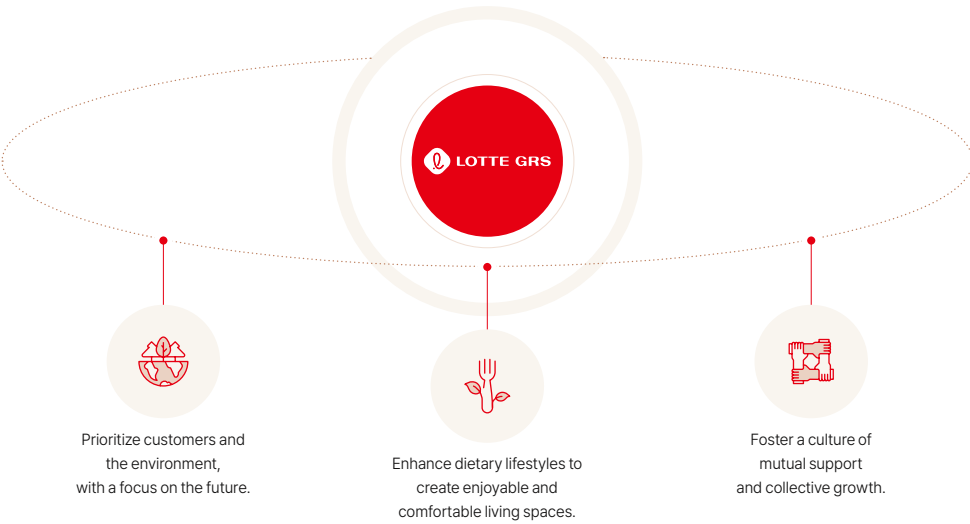
June 2025

LOTTE GRS Overview

Company Overview

Korea's Leading Food Service Franchise Company

Lotte GRS stands for 'LOTTE Global Restaurant Service,' reflecting a vision to grow into a global food service company. Since its founding, the company has steadily expanded new store openings and maintained its position as the top player in Korea's franchise industry through continuous sales growth. Continued efforts will be made to achieve sustainable growth as a global company representing Korea.



Company Name	Lotte GRS Co., Ltd.
Date of Establishment	October 25, 1979
Address	217, Baekjegobun-ro, Songpa-gu, Seoul (Samjeon-dong, LOTTE GRS 79 SQUARE)
Chief Executive Officer	Cha Woo Chul (appointed December 2020)
Business Areas	Food services, product brokerage, and other real estate leasing services
Brands	Lotteria, Angelinus, Krispy Kreme Doughnuts, PLE:EATING, and others
Number of Employees	5,264 People

Financial Overview

In 2024, Lotte GRS recorded revenue of KRW 995.4 billion, reflecting solid financial performance with 7.7% year-over-year growth. Operating profit rose 88% from the previous year to KRW 39.1 billion, and net income increased approximately 22-fold from KRW 900 million to KRW 19.6 billion, demonstrating improved profitability. Over the past three years, consistent improvements in business performance have strengthened financial soundness, with credit ratings of A2- maintained from both SCI and NICE Investors Service. By 2025, building on this robust growth trend, Lotte GRS continues its pursuit of reaching KRW 1 trillion in revenue.

Financial Statements

(Unit: KRW)

 Revenue 995,421,612,552	 Operating Profit 39,122,172,476	 Total Assets 774,943,732,471
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* As of December 31, 2024 (Consolidated basis)

Three-Year Financial Performance

Category	Unit	2022	2023	2024
Revenue	KRW 100 million	7,815	9,242	9,954
Operating Profit	KRW 100 million	17	208	391
Net Income	KRW 100 million	-138	9	196

Credit Ratings

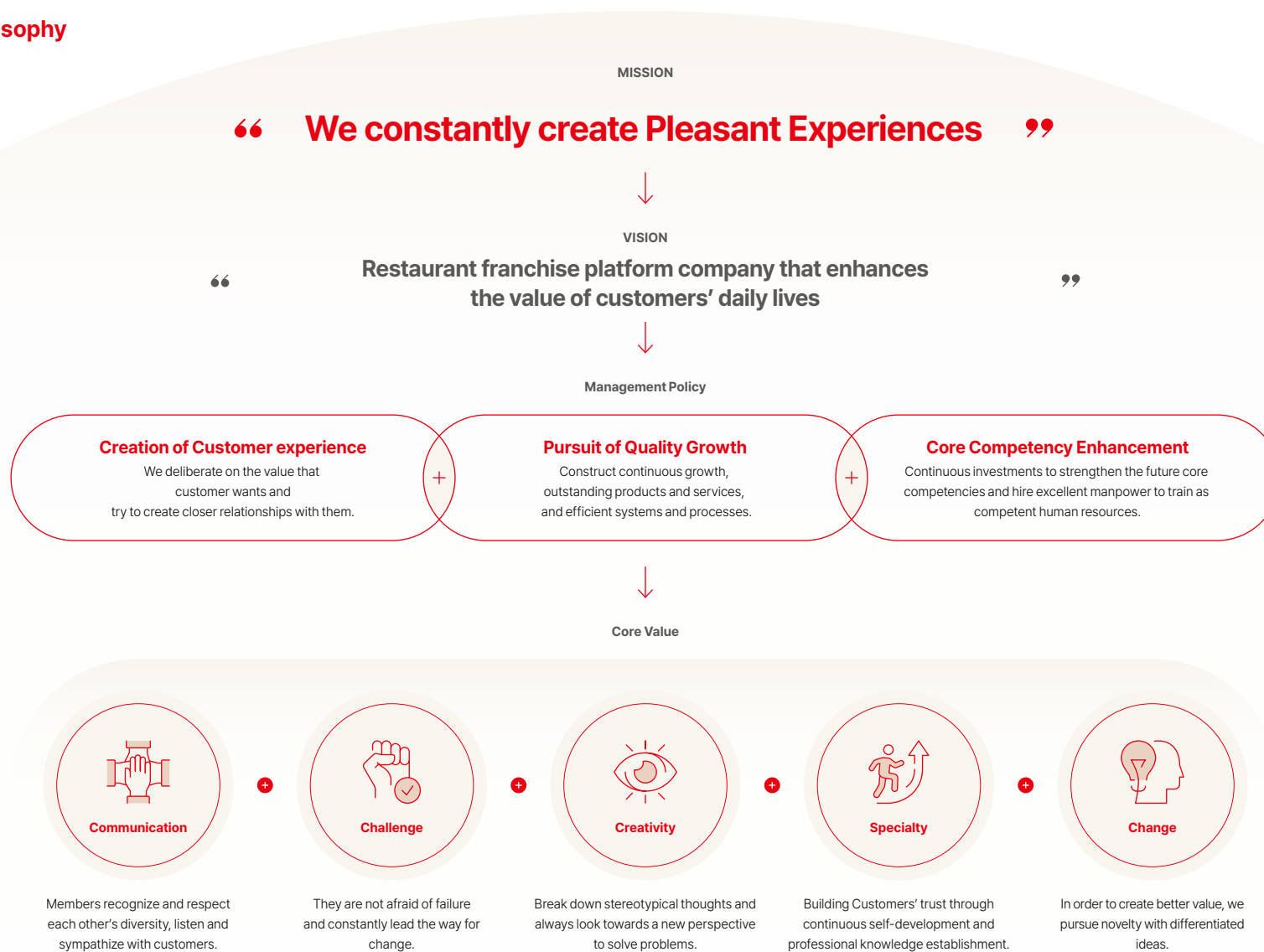
 SCI Credit Rating A2-	 NICE Credit Rating A2-
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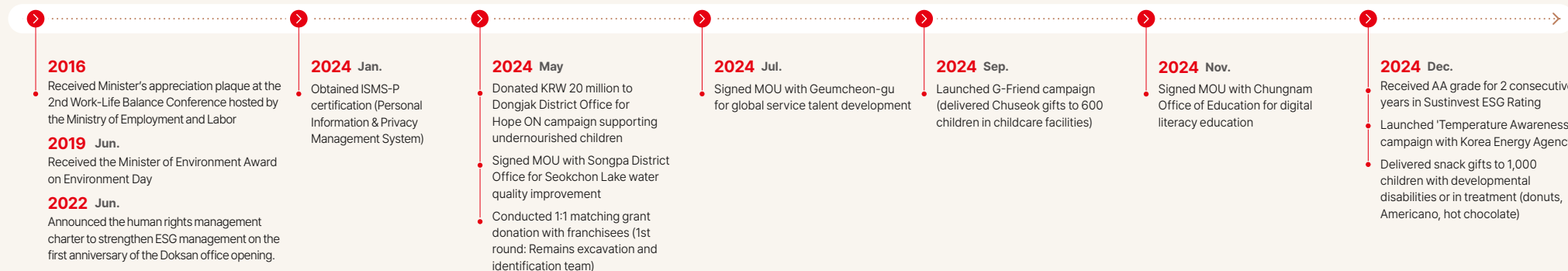
* As of December 31, 2024



LOTTE GRS Overview

Management Philosophy







LOTTE GRS Overview

Awards and Certifications

Awards



Certifications

HACCP	ISO 45001	ISO 37301	Family-Friendly Certification	ISMS-P	ESG Rating (AA)
Certification for managing food safety hazards across all stages from sourcing to distribution and sales	International standard for occupational health and safety management systems	Certification for compliance management and legal risk response systems	Certification for exemplary operation of family-friendly policies (e.g., parental leave, childcare support and etc.)	Certification for information security and personal data protection management systems	Received AA, the highest rating, in ESG evaluation by Sustainvest



LOTTE GRS Overview

Global Network

Lotte GRS operates a variety of food service franchises including Lotteria, Angelinus, Krispy Kreme Doughnuts, and PLE:EATING concession businesses, and continues to grow across domestic and international markets. In 1998, upon entering Vietnam, the company began rapidly expanding its business into markets such as Myanmar, Kazakhstan, and Mongolia. In 2025, it plans to enter Singapore and Malaysia through master franchise agreements, and the United States through a local legal entity. Lotte GRS will continue to grow as a global food service brand that is more widely loved by customers.

Business Sites

Country	Year Established	Number of Stores
1 Korea	1979	Lotteria: 1,323 stores Angelinus: 297 stores Krispy Kreme Doughnuts: 130 stores PLE:EATING: 42 stores
2 Vietnam (Direct Investment)	1996	Lotteria: 253 stores
3 Myanmar (Master Franchise)	2012	Lotteria: 46 stores
4 Laos (Master Franchise)	2015	Lotteria: 6 stores
5 Mongolia (Master Franchise)	2017	Lotteria: 6 stores
6 Kazakhstan (Master Franchise)	2019	Angelinus: 3 stores
7 Malaysia	Entry planned for 2025	
8 United States	Entry planned for 2025	
9 Singapore	Entry planned for 2025	

* Store count as of December 31, 2024





LOTTE GRS Overview

Business Overview

Lotte GRS operates Lotteria, Angelinus, Krispy Kreme Doughnuts, and PLE:EATING concession businesses, and continues to strengthen its competitiveness in domestic and international food service markets. The company is expanding its presence by enhancing product quality through new product development and introducing menus aligned with consumer trends. It is also laying the foundation for competitiveness through research and development in food technology and integrated cultural space SITE.

Lotte GRS Business Operations

Concession Business

Based on its franchise business expertise, LOTTE GRS has been recognized for its store management capabilities and brand value. In 2016, with its launch at Kyung Hee University Hospital at Gangdong, the company began steadily expanding its presence in the concession business at locations such as the SRT high-speed rail stations (Suseo, Dongtan, and Jije), Haeundae Paik Hospital, and Gimpo and Gimhae International Airports, broadening the scope of its concession business.



Lotteria

1,634 stores

Domestic: 1,323 / Overseas: 311

Angelinus is a brand that seeks to deliver a pleasant customer experience through each cup of coffee. With rich espresso-based beverages and emotionally resonant spaces, it has contributed to shaping the evolving landscape of Korea's coffeehouse market.



Krispy Kreme Doughnuts

130 stores

PLE:EATING is a multi-format dining space designed to deliver enjoyable culinary experiences across various times and places, built around the concept of 'Delicious Time, Tasteful Space.'

Lotteria is Korea's leading hamburger franchise, offering a variety of distinctive Korean-style burgers that cater to local tastes. With diverse menu options and convenient services, it delivers Taste the Fun to customers in their everyday lives.

ANGELINUS

Angelinus Coffee

300 stores

Domestic: 297 / Overseas: 3

Krispy Kreme Doughnuts was first introduced in Korea in 2004, marking the brand's debut in Asia. The company offers only doughnuts produced on the same day, ensuring freshness and softness for customers.

PLE:EATING

Concession - PLE:EATING

42 stores



LOTTE GRS Brands

Concession – PLE:EATING

Lotte GRS's concession business involves attracting, operating, and managing food and beverage brands in multi-use facilities such as airports, hospitals, and SRT stations. In 2016, starting with Kangdong Kyunghee University Hospital, the business expanded into international airports, hotels, and theme parks. Under the name PLE:EATING, which conveys the meaning of 'Pleasure + Eating,' the company offers over 20 brands including Korean, Chinese, Japanese, and snacks, delivering differentiated culinary experiences in airports, stations, workplaces, and family dining spaces.

Brand Overview



2016

Year Established

Operates **42** Stores
Domestically

Operational Scale

18 Brands

In-house Brands

* As of the end of 2024

Major Development Achievements



Incheon International
Airport



Gimpo • Gimhae • Jeju
Airports



Hanam Dream
Service Area



SRT Suseo • Dongtan •
Jije Stations



PLE:EATING
LOUNGE

Airports Stations

A comfortable and pleasant space, like a lounge
where visitors can take a brief rest



PLE:EATING
CITY

Urban Areas

A sensibly designed space that respects individual preferences,
offering moments of enjoyment amid busy urban life

PLE:EATING
HEALTHY

Hospitals

A space that provides nourishing meals to
support recovery and restore vitality



PLE:EATING
PARK

Leisure Facilities

A fun and enjoyable space offering exciting
experiences such as leisure and relaxation





BRAND 1

LOTTE GRS Brands

Lotteria

LOTTERIA™

Lotteria is leading the fast food industry through continuous new product development. In particular, it has transformed into a café-style quick service restaurant (QSR), establishing an innovative brand image. Building on this success, Lotteria has expanded into various countries, appealing to local tastes. It will continue to grow as a globally loved brand through a spirit of exploration and ongoing innovation, consistently delivering the joy of great taste.

Brand Overview

**1979**

Korea's First Hamburger Franchise

Year Established

Operates 1,634 Stores
1,323 Domestic / 311 Overseas

Operational Scale

Presence in 4 Global Markets,
With Plans for Continued Expansion

Global

* As of the end of 2024

Award Highlights

Ranked No. 1 in the Fast Food Service category for 26 consecutive years in the 2024 Korea Brand Power Index (K-BPI) survey hosted by the Korea Management Association (KMA)

Ranked No. 1 in the Fast Food category for 14 consecutive years in the 2024 National Customer Satisfaction Index (NCSI) survey hosted by the Korea Productivity Center (KPC)



● BRAND 2

LOTTE GRS Brands

Angelinus

ANGELINUS

In 2000, Angelinus was launched and has since contributed to the growth of Korea's espresso market and coffee culture, using only carefully selected coffee beans. Through systematic quality management, it consistently delivers the best products and services, offering a brief moment of rest amid busy daily life in a relaxed and open space. Each cup of coffee brewed by a professional barista conveys the value of a rich and authentic coffee culture to customers.

Brand Overview



* As of the end of 2024

2000

Specialty Coffee Brand

Year Established

Operates 300 Stores

297 Domestic / 3 Overseas

Operational Scale

Flagship

Specialty Store Enhancement

Specialized Store

Angelinus

ANGELINUS



BRAND 3

LOTTE GRS Brands

Krispy Kreme Doughnuts



In December 2004, Krispy Kreme Doughnuts opened its first store in Sinchon, Korea, and has since earned strong customer loyalty with its Original Glazed doughnuts and espresso coffee. Today, Krispy Kreme Doughnuts Korea operates over 100 stores nationwide, offering only freshly made doughnuts each day to maintain a soft and moist texture. The brand will continue to pursue sustainable growth through the taste of sweet happiness as it moves forward as a global brand.

Brand Overview



2004

Introduced in Korea as a Master Franchise

Year Established

Operates **130** Stores

Domestically

Operational Scale

* As of the end of 2024

Krispy Kreme



● BRAND 4

LOTTE GRS Brands

Dootoomers

DOOTOOMERS[®]
HAMBAK

Dootoomers is a Hambak brand developed under the concept of 'Hambak Stacker.' It offers thick, juicy 200g beef Hambaks at reasonable prices, delivering both rich flavor and high satisfaction. The brand name 'DOOTOOMERS' combines the Korean word meaning 'thick' with the English suffix '-ers,' symbolizing generous portions and a fulfilling dining experience. With various topping options tailored to individual preferences, customers can enjoy their own unique dishes. The slogan 'Stack It Your Way: Delicious Toppings Await!' conveys the promise of a satisfying meal.

Brand Overview

**2025**

Hambak Steak Brand

Year Established

First Store

Opened at Guro Digital Complex Station

Operational Scale

* As of March 2025

Menu

A menu offering customizable options such as Single Hambak, Double Hambak, Hambak Cutlet, and All the Stack, with various topping combinations for diverse enjoyment.

Stack It Your Way : Delicious Toppings Await!Double Original Demi
HambakDouble Spicy Demi Ham-
bakDouble Onion Pepper
Cream HambakDouble Carbonara Cream
Hambak

All the Stack

Dootoomers



● BRAND 5



LOTTE GRS Brands

Farmer's Box

FARMER'S BOX®

Farmer's Box is a sandwich-pairing café designed for office workers in their 20s and 30s, offering hearty sandwiches and premium coffee at reasonable prices. Under the slogan 'Unbox your happiness,' it delivers a satisfying and flavorful meal along with rich coffee, and also features a 'Half & Half' menu that allows customers to enjoy two flavors at once. The brand mascot, a goat named Farmy, symbolizes Farmer's Box's commitment to quality, while employees known as City Farmers embody sincerity and thoughtful service. Farmer's Box reinterprets fresh sandwiches and house-roasted coffee with a modern approach, establishing itself as a brand that delivers everyday happiness.

Brand Overview

**2024**

Sandwich and Coffee Brand

Year Established

Operates **2** Stores
Domestically
Operational Scale

* As of the end of 2024

Farmer's Box



● BRAND 6



LOTTE GRS Brands

Chocolat Palette

Chocolat palette.

Chocolat Palette is a brand that delivers new and special everyday moments to chocolate lovers. Just like a palette filled with vivid colors, it offers a rich variety of chocolate desserts for diverse and delightful experiences. From premium products made with the finest couverture chocolate to original cacao beverages crafted in-house for deep and rich flavor, the selection is wide-ranging. Seasonal limited-time menus further enhance the enjoyment of each season's unique charm. Signature offerings such as 'Chocolate Bonbons,' 'Chocolat Fondue' with fresh fruits and snacks, and 'Chocolat Drinks' made in-store add a touch of sweetness and distinction to everyday life.

Brand Overview

**2024**

Premium Chocolate Dessert Brand

Year Established

Operates **2** Stores
Domestically
Operational Scale

* As of the end of 2024

Chocolat Palette



● BRAND 7

MUKYOKU

LOTTE GRS Brands

Mukyoku

MUKYOKU

Mukyoku is a Japanese ramen brand named after the word 'Muguk,' meaning 'no limit to flavor.' Launched at Terminal 1 of Incheon International Airport, Mukyoku presents deeply flavorful tonkotsu ramen crafted through the collaboration of Master Cho Byung-joo, a noodle artisan with 15 years of experience, and Master Takeda, a lifelong Japanese noodle craftsman. Fresh noodles are kneaded using traditional methods with only the finest flour, offering exceptional texture. The richly layered broth, recognized even in Tokyo, is carefully prepared and served in each bowl. The store's warm and simple interior, featuring Mukyoku's signature pattern, reinterprets the essence of a traditional ramen shop with a modern touch. Mukyoku aims to bring moments of comfort and lasting satisfaction to everyday life through each heartfelt bowl of ramen.

Brand Overview



2023

Japanese Ramen Specialty Brand

Year Established

Operates 1 Store

Domestically

Operational Scale

* As of the end of 2024

Menu

Featuring rich, authentic tonkotsu ramen made from pork bone broth, complemented by flavorful chashu rice bowls.



Tonkotsu Ramen

Spicy Tonkotsu
Ramen

Shoyu Ramen



Cold Soba

Skewered Fish
Cake Udon

Mukyoku

NEW OPENING
25.04.28

ESG Management

ESG Management Declaration • LOTTE GRS Business Value Chain • ESG Management Highlights • ESG Management Strategy Framework • Materiality Assessment • Management Approach for Material Topics • Stakeholder Engagement



ESG Management Declaration

LOTTE GRS

Lotte GRS practices ESG management based on its G.R.S. philosophy and remains committed to building a sustainable future.

Green Innovation

Leading the Way in Eco-Friendly Innovation

Eco-friendly products and services are being introduced to foster a sustainable dining culture, while carbon emissions are reduced across store operations and the supply chain, and resource circularity is promoted. Ongoing efforts are also being made to identify innovative solutions in response to climate change.

Responsible Business

Committed to Growing as a Socially Responsible Company

A safe and fulfilling work environment will be established to ensure employee well-being, while mutual growth with franchisees will be promoted. Growth alongside local communities will drive the creation of social value, and an ethical, responsible supply chain will be developed in collaboration with business partners.

Sustainable Governance

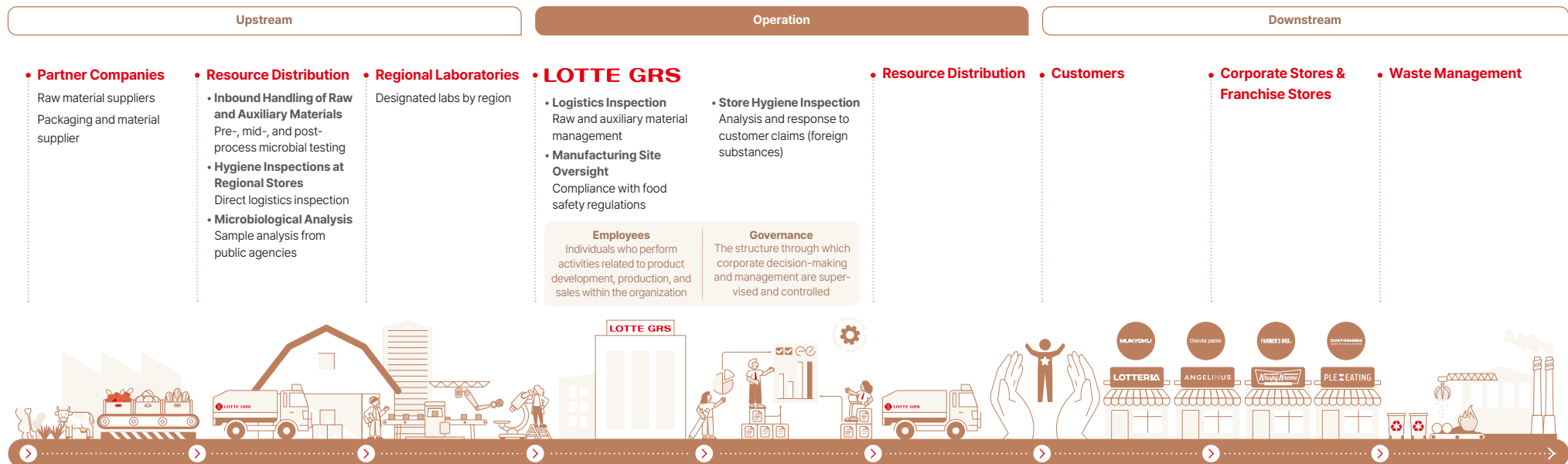
Establishing a Transparent and Trusted Management System

By establishing a fair and transparent decision-making framework, ESG values will be realized and stakeholder trust will be enhanced through compliance and ethical management. The ESG management system will be strengthened to lay the foundation for sustainable growth.



LOTTE GRS Business Value Chain

Lotte GRS has established a value chain encompassing every stage of the food and beverage service industry, from raw material sourcing to store operations, disposal, and recycling. Operational efficiency is enhanced through close coordination between Headquarters, logistics centers, logistics partners, and suppliers, while improvement initiatives are carried out at each stage to elevate the customer experience and advance ESG practices.



Value Chain Stage	Raw Material	Supply Chain & Regional Partners	Logistics Center	Business Operations	Customer • Service	Recycling & Waste Management
Relevant Material Topics	• Sustainable Environmental Management	• Supply Chain Management, Local Community Engagement and Development	• Product Responsibility, Safety and Health Management	• Product Responsibility, Eco-Friendly Packaging and Waste Circularity, Information Security	• Customer-Centric Management	• Sustainable Environmental Management, Eco-Friendly Packaging and Waste Circularity
Identified Risks	• Potential delays and cost increases in sourcing raw materials • Risk of food contamination or product recalls due to poor hygiene or inadequate quality control by suppliers	• Risk of supply imbalance and delivery delays due to dependence on certain regional partners	• Risk of food quality deterioration and waste due to failure of refrigeration or freezing equipment • Increased cost burden due to rising logistics costs and limitations in delivery routes	• Cybersecurity threats • Financial and non-financial risks due to weak internal controls • Human rights violations and talent attrition	• Insufficient responsiveness to changing consumer needs	• Risk of violating environmental regulations due to improper waste separation
Identified Opportunities	• Enhancing supply stability through collaboration with local farms and domestic food sources • Introducing plant-based proteins and raw materials produced through sustainable farming practices	• Enhancing supply chain flexibility through diversification of regional partners • Strengthening ESG value and brand reputation through cooperative engagement with local communities	• Strengthening ESG competitiveness through the introduction of eco-friendly logistics solutions (e.g., electric trucks, solar power)	• Attracting talent and improving organizational culture through flexible work arrangements and enhanced employee benefits	• Opportunity to improve products and services based on customer feedback • Strengthening customer loyalty through personalized marketing and enhanced membership programs	• Enhancing brand image through adoption of eco-friendly packaging • Improving operational efficiency and reducing costs through waste reduction and resource recycling



ESG Management Highlights

Strengthened global brand competitiveness

by establishing a 100% subsidiary, LOTTE GRS USA, in Delaware, United States



Promoted K-Food globally through **two consecutive years of participation in the National Restaurant Association (NRA) Show**, the world's largest food service exhibition



Achieved AA rating in the Sustainvest ESG Evaluation for two consecutive years



Established a **circular economy** through a waste resource recycling MOU signed between Lotte Wellfood and Hyundai Oilbank



Improved safety and health management standards, with more than **50% of business sites certified as Excellent in Risk Assessment**



Conducted **ESG assessments, due diligence, and recommendations for improvement** for top revenue-generating partners to strengthen ESG capabilities



Enhanced the evaluation-based framework for human rights protection, with **human rights assessments and corrective actions conducted for 509 individuals**



Signed a mutual growth agreement with the Korea Commission for Corporate Partnership to support local economic revitalization and circular economy initiatives



Strengthened preventive measures through organization-level risk management systems, with a focus on **risk identification, control verification, and continuous monitoring**

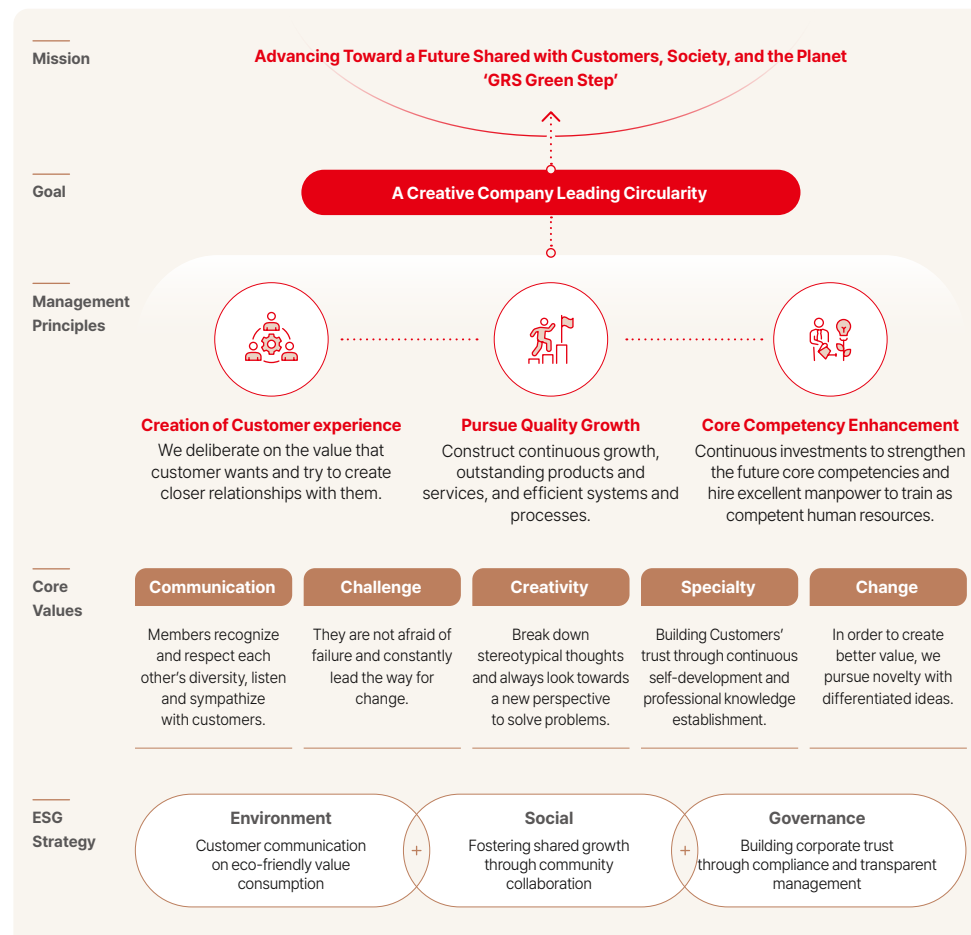




ESG Management Strategy Framework

Lotte GRS is working toward a sustainable future alongside customers, society, and the planet by practicing eco-friendly management, reinforcing social responsibility, and establishing transparent and ethical governance under the mission of 'GRS Green Step.' The company is committed to protecting the environment and driving sustainable development, while creating value that positively impacts customers and local communities. The company also aims to enhance corporate trust through responsible management, with a strong focus on achieving sustainable growth and long-term enterprise value.

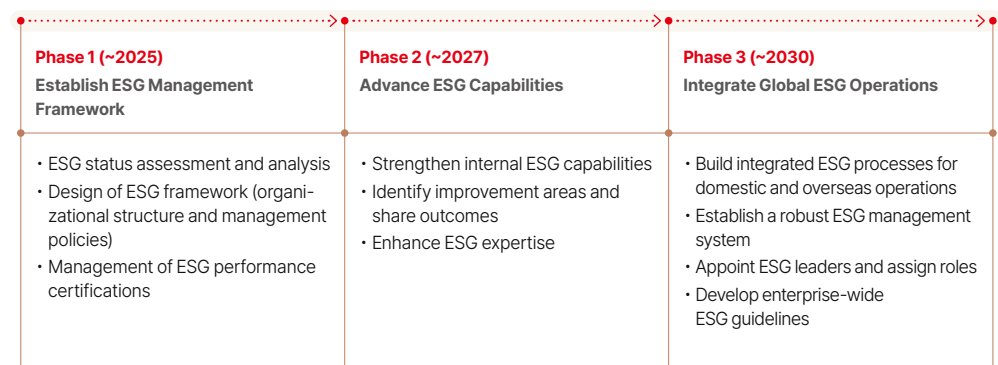
Lotte GRS ESG Management Strategy Framework



Lotte GRS ESG Organizational Structure



ESG Roadmap

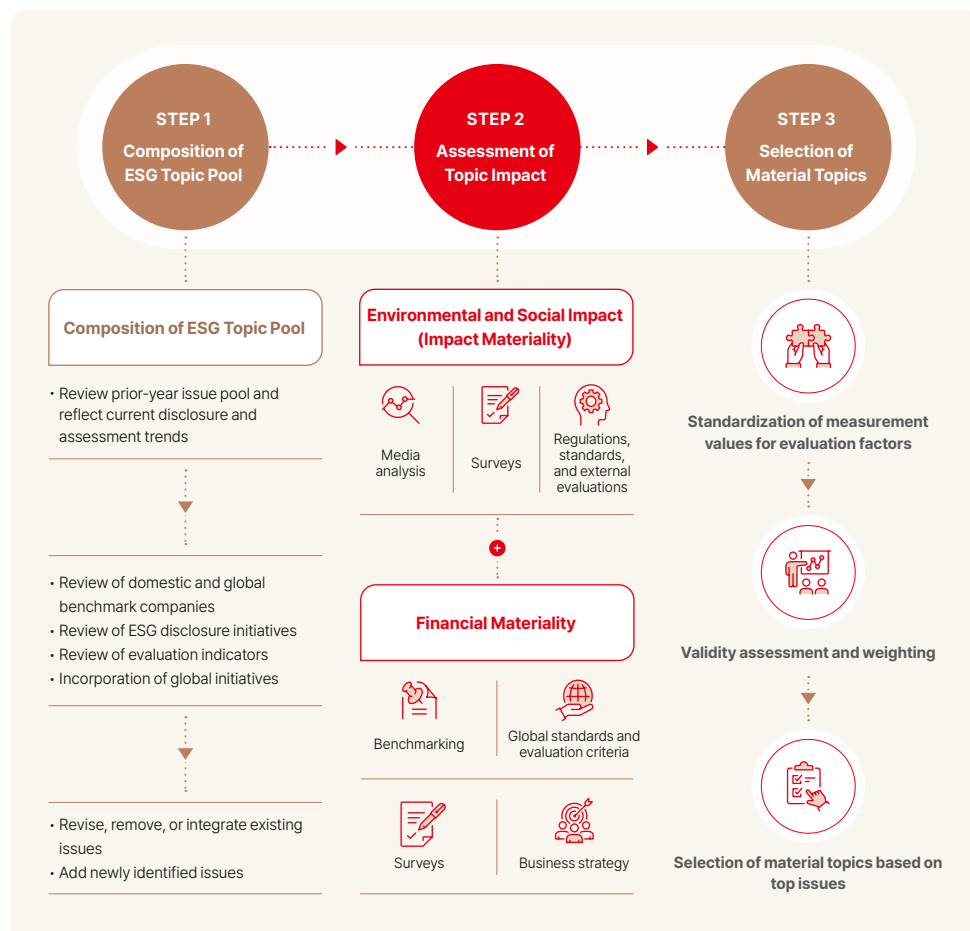




Materiality Assessment

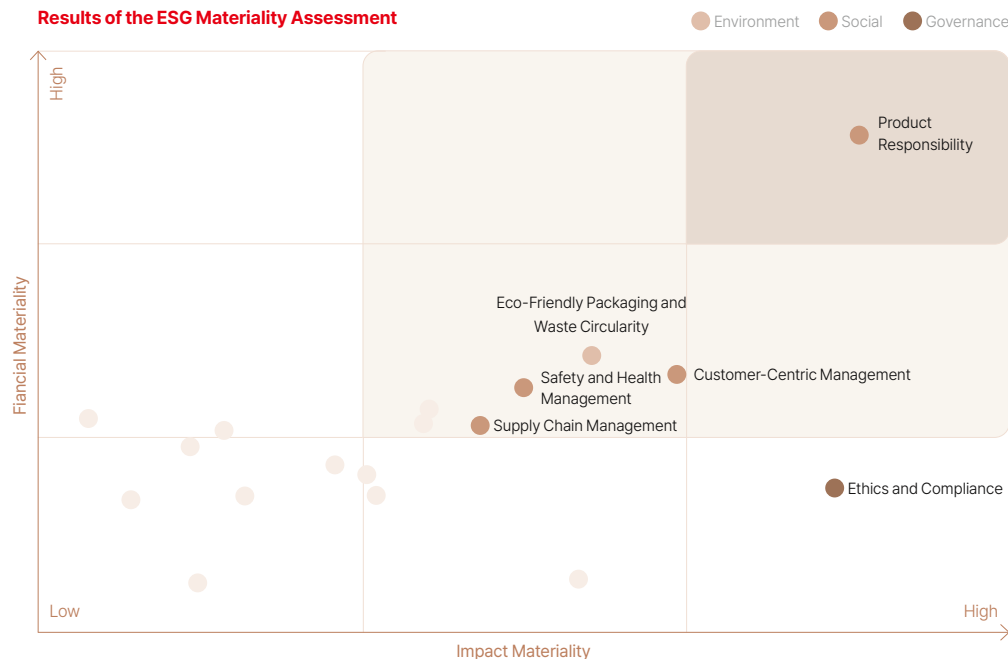
Lotte GRS conducted a Double Materiality assessment, which considers both environmental and social impacts as well as financial implications. This approach reflects not only how the company's business activities affect society and the environment, but also how social and environmental factors influence its financial performance. The assessment involved participation from the ESG Team, ESG representatives from each department, senior management, and external experts, enabling in-depth review and discussion from multiple perspectives. Based on this process, Lotte GRS evaluated Financial Materiality and Impact Materiality to identify key material topics essential for advancing ESG management.

Materiality Assessment Process



Selection of Material Topics

Results of the ESG Materiality Assessment



2025 Lotte GRS Six Material Topics

Rank	Area	Material Topic	Rank	Area	Material Topic
1	Social	Product Responsibility	4	Environment	Eco-Friendly Packaging and Waste Circularity
2	Social	Customer-Centric Management	5	Social	Safety and Health Management
3	Governance	Ethics and Compliance	6	Social	Supply Chain Management

Materiality Assessment

In 2024, as a result of the materiality assessment, 'Product Responsibility,' 'Safety and Health Management,' and 'Supply Chain Management' were selected as key topics for the second consecutive year. In addition, 'Customer-Centric Management,' 'Strengthening Ethics and Compliance,' and 'Eco-Friendly Packaging and Waste Circularity' were newly identified as material topics. Meanwhile, topics such as 'Customer Information Protection and Cybersecurity' and 'Establishing Sound Governance,' which had been selected as material topics in the previous year, were reclassified during the ESG advancement process as ongoing foundational tasks that the company must continue to pursue. Although no longer classified as material topics, they remain critical management issues and are continuously reported.

Materiality Assessment Results

 High  Medium  Low

Rank	Area	Material Topic	Impact Materiality		Financial Materiality		Double Materiality	Disclosure	
			Severity	Likelihood	Severity	Likelihood	Double Materiality Assessment Result	GRI	Reporting Page
1	Social	Product Responsibility						416-1, 417-1~3	28, 31~32
2	Social	Customer-Centric Management						418-1	28, 33~36
3	Governance	Ethics and Compliance						206-1	28, 37~40
4	Environment	Eco-Friendly Packaging and Waste Circularity						306-2~5	28, 41~42
5	Social	Safety and Health Management						403-1~9	28, 43~45
6	Social	Supply Chain Management						308-1~2, 414-1~2	28, 46~47



Management Approach for Material Topics

Lotte GRS has identified six key material topics by comprehensively considering both financial materiality and environmental and social impacts. Specific approaches have been established to effectively manage each topic, and this report presents in-depth analysis and response strategies for each, aiming to support the company's sustainable growth.

Material Topic	Risk	Opportunity	Management Approach	KPI
Product Responsibility	- Lack of sustainable menu development → weakened brand competitiveness and customer attrition - Insufficient sourcing of eco-friendly ingredients → supply chain instability and increased environmental regulatory risk - Inadequate quality control systems → risk of product recalls and decline in consumer trust	- Development of sustainable menus → enhanced brand image and expansion into new customer segments - Increased use of eco-friendly ingredients → stronger compliance with ESG regulations and improved market competitiveness - Strengthened quality and hygiene management → increased customer trust and a solid foundation for long-term revenue growth	- Expansion of eco-friendly and healthy ingredient sourcing → strengthened development of sustainable menu offerings - Enhanced hygiene and quality control at store and production stages → ensured food safety	- Number of food safety-related incidents - Percentage of sustainable raw materials used - ESG due diligence completion rate for business partners
Customer-Centric Management	- Decline in store and service quality → risk of customer attrition - Insufficient response to Voice of Customer (VOC) → deterioration of brand trust - Inadequate personal data protection → exposure to legal risks	- Improved customer experience → increased brand loyalty and repeat visits - Analysis of customer VOC → service innovation and enhanced personalized response - Use of digital technologies → customer data analysis and expansion of personalized service offerings	- Strengthened regular inspections and service training → improved store and service quality - Enhanced Voice of Customer (VOC) management system and feedback integration → increased brand trust - Reinforcement of personal data protection systems and security checks → prevention of legal risks	- Customer satisfaction score - Number of customer complaints received - Voice of Customer (VOC) resolution rate
Ethics and Compliance	- Inadequate compliance management systems → risk of legal violations and regulatory sanctions - Noncompliance with anti-corruption and ethical standards → decline in corporate trust and reputational risk - Insufficient internal training → reduced awareness of ethics and compliance, weakening of internal controls	- Establishment of a compliance management system → minimization of legal risks and enhancement of corporate trust - Strengthening of anti-corruption and ethical practices → creation of a sustainable management environment and increased investor confidence - Enhanced internal training and ethical awareness → improved organizational culture and stronger sense of accountability among employees	- Strengthening of compliance systems and regulatory reviews → prevention of legal risks - Expansion of ethics and anti-corruption policies to franchisees and partners → establishment of a monitoring system - Institutionalization of company-wide ethics and compliance training → reinforcement of internal oversight and controls	- Compliance and ethics training completion rate - Number of internal reports received and resolved - Number of regulatory violations
Eco-Friendly Packaging and Waste Circularity	- Insufficient adoption of eco-friendly packaging → risk of environmental regulation violations and damage to brand image - Lack of a resource circularity system → increased waste management costs - Inadequate recycling and waste management → environmental pollution and decline in stakeholder trust	- Adoption of eco-friendly packaging → enhanced brand image and alignment with eco-conscious consumer trends - Implementation of in-store resource circularity systems → reduced waste disposal costs and improved operational efficiency - Reduction of food waste and promotion of recycling → improved ESG ratings and enhanced regulatory compliance capabilities	- Adoption of sustainable packaging solutions → expanded use of eco-friendly packaging, strengthened regulatory compliance - Establishment of resource circularity systems at store and logistics stages → reduced waste disposal costs	- Percentage of eco-friendly packaging used - Waste recycling rate - Amount of waste reduced
Safety and Health Management	- Inadequate worker safety measures → increased risk of industrial accidents, expanded legal liability - Lack of a structured safety management system → rise in workplace incidents, operational disruptions - Insufficient safety and health training → reduced safety awareness, inadequate incident response capacity	- Strengthening industrial accident prevention → improved working conditions, increased productivity - Establishment of a safety management system → reduced legal risks, enhanced corporate trust - Expansion of safety and health training → strengthened safety culture, improved incident response capabilities	- Improvement of working environments → prevention of industrial accidents, minimization of legal risks - Implementation of safety inspections and operational guidelines → strengthened accident prevention - Mandatory safety and health training and establishment of response systems → enhanced emergency response capabilities	- Number of occupational accidents - Safety and health training completion rate - Number of workplace safety inspections conducted
Supply Chain Management	- Noncompliance with ESG standards across the supply chain → regulatory penalties, decline in consumer trust - Inadequate safety management by suppliers → production disruptions, potential legal risks - Lack of supply chain support → reduced supplier competitiveness, weakened partnerships	- Strengthen compliance with supply chain ESG standards → promote eco-friendly raw material sourcing and enhance sustainable ingredient management - Improve supplier hygiene and safety management → ensure food safety and reduce operational risks - Expand support for business partners → build a sustainable supply chain and maintain stable partnerships	- Establishment of ESG evaluation and monitoring systems → improved supplier compliance and strengthened contract standards - Reinforcement of hygiene and safety inspections → ensured production stability - Operation of sustainability support programs → strengthened long-term partnerships with suppliers	- Percentage of supplier with completed ESG due diligence - Number of supplier safety inspections conducted - Number of supplier participating in ESG improvement initiatives



Stakeholder Engagement

Lotte GRS establishes and implements a structured communication strategy to ensure smooth engagement across all aspects of its business. The company clearly identifies seven key stakeholder groups, including employees, customers, franchisees, business partners, local communities, government, media and associations, and shareholders and investors, and operates customized communication channels that reflect the characteristics of each group. The company makes every effort to listen to collected feedback and actively incorporate it into sustainability management. Through this trust-based communication, Lotte GRS seeks to achieve sustainable growth.

							
	Employees	Customers	Franchisees	Suppliers and Partners	Local Communities	Government · Media · Associations	Shareholders · Investors
Key Areas of Focus	- Talent acquisition and development - Improvement of working conditions - Employee capability enhancement - Performance evaluation and compensation - Human rights protection - Labor-management relations - Workplace health and safety	- Development of sustainable products - Enhancement of product quality and safety - Protection of customer data and privacy - Expansion of customer communication - Improvement of customer satisfaction	- Ensuring product quality and safety - Strengthening brand value - Implementing competitive pricing strategies	- Supplier management and collaboration - Promotion of mutual growth - Supply chain support initiatives - Establishment of supplier communication systems	- Social contribution activities - Support for local community development - Environmental protection in local communities (including biodiversity)	- Climate change response - Regulatory compliance - Contribution to local community development	- Financial and economic performance - Transparent and sound governance - Dividend distribution - Enhancement of shareholder value
Communication Channels	- Internal intranet - Safety councils - Online Whistleblowing Platform - Training programs - Labor-management council meetings	- Company website - Business reports - Customer satisfaction surveys - Lotte GRS social media accounts	- Operation of franchisee portal - Activation of franchisee representative council - Hosting of workshops for franchisee managers	- Supplier satisfaction surveys - Training and technical support for partners - Supplier meetings - Partner workshops	Local community partnership agreements	- Policy roundtables - National Information Society Agency (NIA) - Korea Franchise Association (KFA)	- General shareholders' meetings - Disclosure of Governance Reports - Publication of Sustainability Reports
Key Initiatives	- Operation of various family-friendly and employee welfare programs - Flexible work arrangements - Enhancement of training programs	- Product development incorporating customer feedback - Responsive handling of customer inquiries and suggestions - Establishment and operation of a global customer satisfaction system - Operation of various customer service channels (phone, SMS, video consultations, etc.)	- Financial and non-financial support - Franchisee training support	- Financial and non-financial support for shared growth - Implementation of the Supplier Code of Conduct - Collection of Feedback on Unfair Trade Practices	'Earth Day' carbon reduction program for employees - Seokchon Lake Cleanup stewardship program	- Participation in government-led meetings - Media outreach through press releases and interviews	- Corporate Investors Relations (IR) activities - Convening a general meeting of shareholders

2024 Material Topic

Product Responsibility • Customer-Centric Management • Ethics and Compliance • Eco-Friendly Packaging and Waste Circularity • Safety and Health Management • Supply Chain Management



Material Topic 1

Product Responsibility

Product Responsibility Management System

Food Safety Governance

Lotte GRS has established a systematic food safety management system centered around its Food Safety Team to ensure the delivery of safe and reliable products to consumers. The team is composed of dedicated personnel, including a team leader, and operates three regional labs in Icheon, Yangsan, and Gwangju to enhance quality control by region. At Headquarters, the team oversees logistics inspections, manufacturer site management, store hygiene inspection, raw and auxiliary materials control, compliance with food-related regulations, and the analysis and handling of customer foreign matter claims. At the logistics centers, food safety is ensured through microbial testing before, during, and after receipt of materials, regional store hygiene inspection, microbiological analysis, direct delivery inspections, and analysis of collected samples from government agencies.

Food Safety Organizational Chart



Key Responsibilities



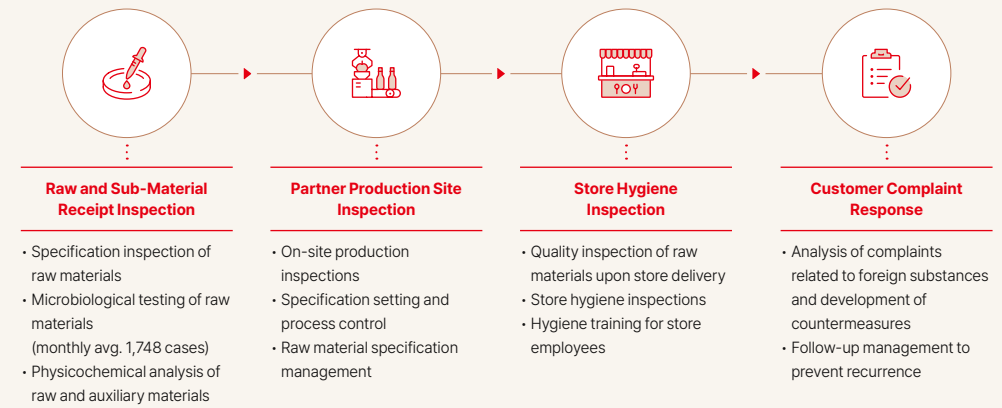
Food Safety Management System

Lotte GRS maintains its Hazard Analysis and Critical Control Points (HACCP) certification and provides technical support to ensure the safe production of food. The company secures product safety by analyzing and addressing potential hazards at each stage of the manufacturing process. Regular validation inspections are conducted across the entire production flow, including raw and auxiliary materials, finished products, employee hands, facility surfaces, airborne contaminants, compressed air, water, and packaging. When launching new products, validation of new processes and technical support further strengthen safety management at production sites.

Quality Management Process

Lotte GRS operates a systematic quality management process that spans from raw material sourcing to the consumption stage. Raw materials delivered to logistics centers are thoroughly inspected in designated labs before being shipped to stores, and a dual inspection system ensures that only high-quality products reach customers. The company reviews self-inspection reports submitted by business partners and conducts unannounced inspections to further ensure safety. Store hygiene conditions are regularly inspected, and production processes at partner facilities are periodically reviewed to maintain consistent quality standards. Customer foreign substance claims are analyzed post-occurrence to identify root causes, followed by corrective actions and preventative measures as part of an integrated quality management system.

Product Quality Management Process





Material Topic 1

Product Responsibility

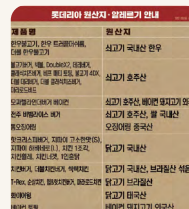
Product Responsibility Management Activities

Hygiene Inspections to Enhance Safety

Lotte GRS conducts systematic hygiene inspections, prioritizing the health and safety of consumers. The company verifies the specification compliance of raw and auxiliary materials in advance to ensure product safety and quality. In addition, objectively evaluates hygiene conditions at stores nationwide through microbial analysis and identifies areas for improvement. Based on inspection results of partner manufacturing sites, Lotte GRS establishes improvement plans for hygiene and production processes. In the event of hygiene-related customer complaints, each case is systematically managed to identify root causes and implement corrective actions, continuously reinforcing product safety.

Compliance with Food Safety Regulations

Lotte GRS thoroughly reviews country of origin, nutritional content, and allergen information displayed at retail locations in accordance with the Act on Labeling of Origin and the Special Act on Children's Dietary Life Safety Management. The company also conducts pre-checks to prevent labeling errors that may occur when introducing new raw and auxiliary materials, ensuring the continued accuracy and reliability of the information provided to consumers.



Food Safety Education and Communication

Lotte GRS regularly reviews and shares relevant data and key food safety topics across the organization to prevent foodborne illness, thereby strengthening company-wide risk management and preventive efforts. The company also conducts intensive food safety training during job-specific sessions for new employees, store managers, and SCs, ensuring that all employees and related personnel fully understand and comply with the latest food safety guidelines and potential risk factors.



Product Information Labeling

Lotte GRS complies with the Food Sanitation Act and related regulations by clearly providing essential information on key products, including nutritional content, weight, allergens, and raw material origins. In offline stores, this information is made easily accessible to customers on-site, while for delivery orders, the same details are provided through the Lotte EatZ app and printed receipts.

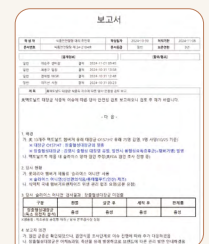
Product Safety Assessment and Quality Management System

Lotte GRS conducts a preliminary assessment of the impact that major products and service types may have on customer health and safety, achieving a 100% completion rate as of 2024. In accordance with Chapter 2, 'Review Process and Inspection Standards for Raw and Auxiliary Materials' of the Quality Management Regulations, the company clearly defines high-risk products subject to inspection and evaluates all such products without exception. From product development to distribution and consumption, a comprehensive quality and food safety management system is applied. Headquarters and logistics centers carry out various safety assurance activities, including hygiene inspections, microbial testing, regulatory compliance, and analysis and resolution of foreign substance claims.

Quality Risk Management

Lotte GRS regularly analyzes amendments to the Food Sanitation Act and related regulations, and implements necessary actions such as organizational restructuring and stakeholder communication based on the results. Through these efforts, the company continuously enhances its food safety management system.

In addition, when food safety incidents such as food poisoning occur in the industry, Lotte GRS proactively conducts safety tests to prevent risks in advance, and takes prompt measures including the implementation of appropriate actions and communication of brand management guidelines to prevent food safety accidents.





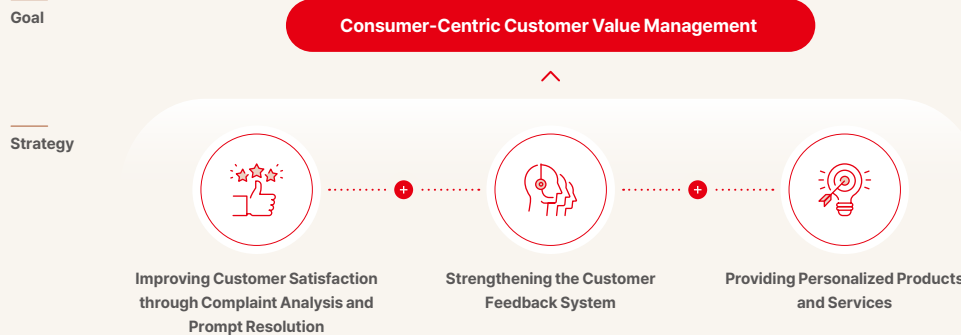
Material Topic 2

Customer-Centric Management

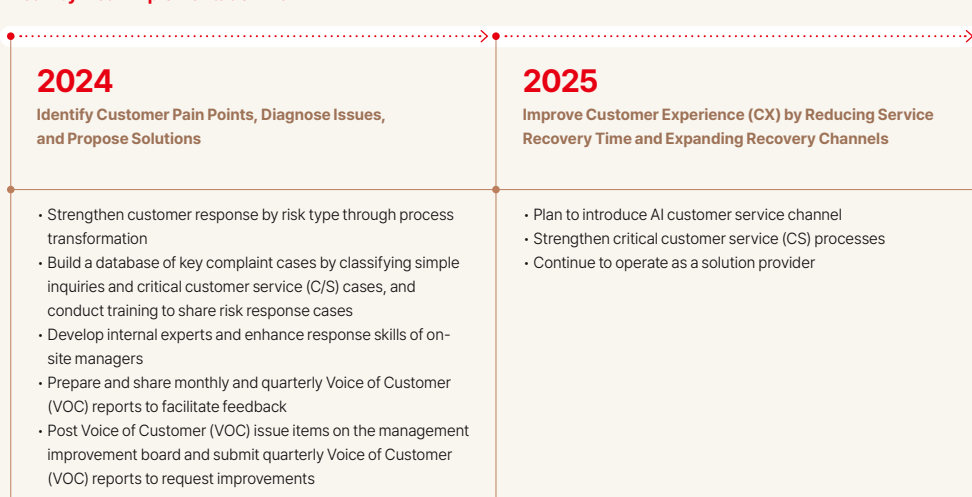
Customer-Centric Management Framework

Customer-Focused Goals and Implementation Plans

Lotte GRS places the highest value on customer satisfaction and focuses on building long-term trust through a structured customer communication platform and a prompt complaint resolution process. Customer complaints are thoroughly analyzed to identify root causes, and the company actively promotes ongoing improvement efforts to prevent recurrence.



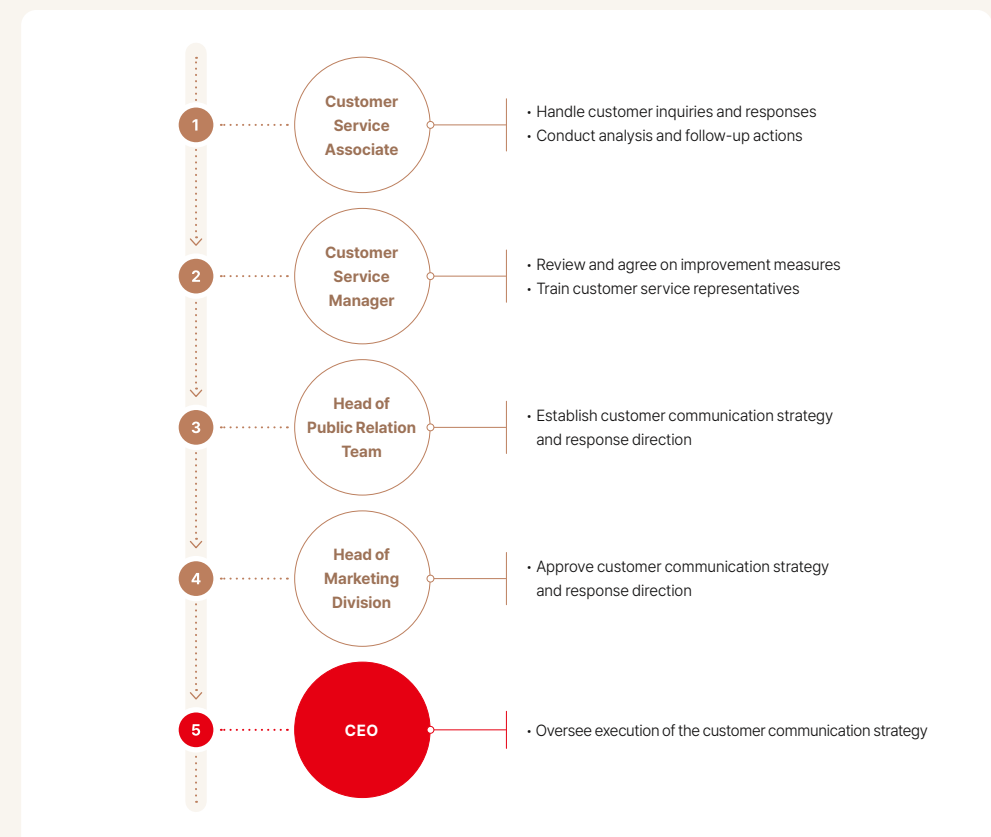
Year-by-Year Implementation Plan



Customer Management Reporting System

Lotte GRS prepares a monthly Voice of Customer (VOC) report to clearly identify the status of submissions by business unit and category (e.g., service, quality, cleanliness and hygiene), as well as the status of customer complaints and suggestions (received, reviewed, implemented, completed). In addition, a quarterly Voice of Customer (VOC) analysis report is conducted to comprehensively analyze submission trends by channel and brand, identify major issues, and develop corresponding improvement measures, allowing the company to continuously monitor the effectiveness of customer management and improvement initiatives in a structured manner.

Voice of Customer (VOC) Reporting Process





Material Topic 2

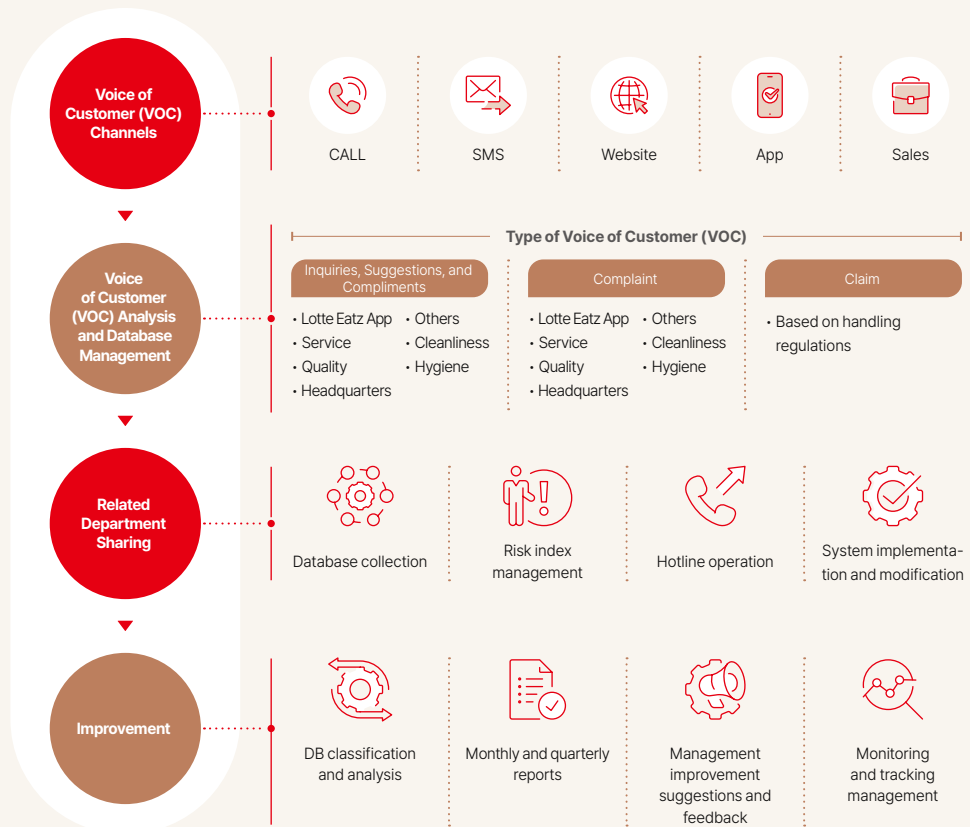
Customer-Centric Management

Customer-Centric Initiatives

Voice of Customer (VOC) Operations

Lotte GRS systematically manages Voice of Customer (VOC) feedback through various communication channels. Received customer complaints are thoroughly analyzed to identify root causes and are linked to specific improvement actions to prevent recurrence, thereby contributing to the continuous enhancement of the customer experience.

Voice of Customer (VOC) Operation Process

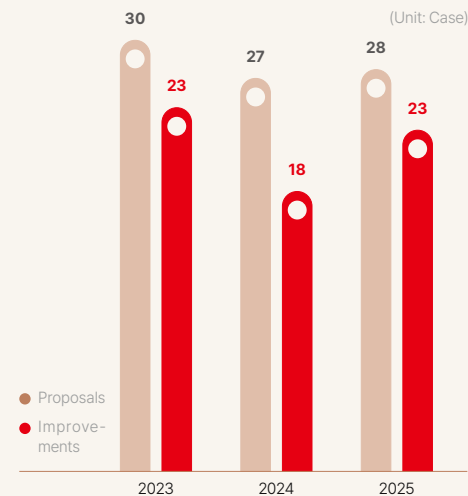


Voice of Customer (VOC) Management Activities

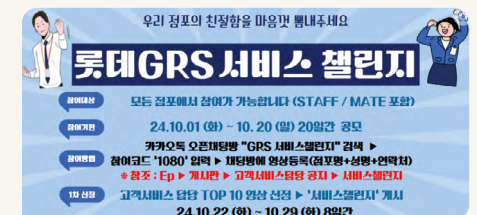
Lotte GRS is making continuous efforts to improve and internalize Voice of Customer (VOC) feedback through a range of customer-focused management activities. The company actively incorporates internal business improvement proposals to address the root causes of VOC issues and visually shares real customer experiences through monthly Customer Service (CS) comics. In addition, service challenges are held for employees, and customer response guidelines and complaint-handling protocols are shared to effectively disseminate resolution procedures and best practices across the organization.

Operational Proposals and Improvement Outcomes

Lotte GRS continuously strives to improve its systems and management practices with a customer-centric approach. A representative example is the enhancement of the Angel Tier coupon (for tumblers) usage process in the Lotte Eatz app. Due to frequent customer complaints about being unable to redeem the coupon within the valid period because of in-store tumbler shortages, the company updated the coupon notice to include: "If tumblers are out of stock in-store, delivery is available upon Voice of Customer (VOC) submission." In October 2024, this improvement was implemented, reducing the burden of return visits and effectively addressing dissatisfaction caused by inventory shortages.



Sharing customer response cases through comics



Implementation of service challenges for internal employees



Material Topic 2

Customer-Centric Management

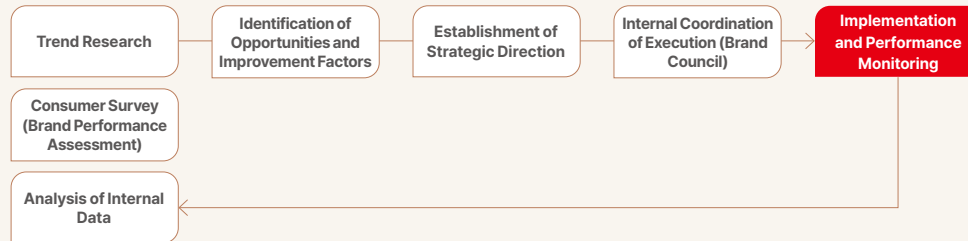
Customer-Centric Brand Innovation

Lotte GRS is continuously strengthening its brand competitiveness to realize its vision of becoming a “Restaurant franchise platform company that enhances the value of customers’ daily lives.” In particular, its marketing efforts focus on clarifying brand identity and expanding communication with customers, through which the company actively promotes various customer-centric activities aimed at delivering positive experiences.

Brand Performance Assessment Survey

Lotte GRS conducts annual brand performance diagnostics to thoroughly assess the strengths, weaknesses, and key issues of its major brands, including Lotteria, Angelinus, and Krispy Kreme Doughnuts. Insights gained from customer evaluation indicators and feedback are actively used to shape brand strategies and improve the customer experience. These efforts contribute to strengthening overall brand competitiveness.

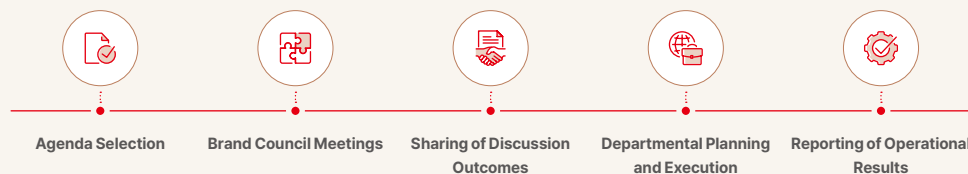
Brand Performance Assessment Process



Operation of Brand Council

The internal brand council is a core body composed of relevant representatives from all departments, ensuring consistency in brand identity and integrated execution of strategies. The council discusses a wide range of topics, including market trends, consumer preferences, new product development, advertising and promotions, and brand policies, while strengthening interdepartmental collaboration to deliver more positive experiences to customers.

Operation Process



Strengthening Brand Identity

In 2024, Lotte GRS undertook a rebranding of Lotteria under the new slogan 'TASTE THE FUN.' The brand identity (BI) and store identity (SI) were newly refreshed to convey joy and trust to customers by reinterpreting the brand's heritage and values in a modern, consumer-friendly image.

Development of Differentiated Products

Lotte GRS continues to launch 'K-Burgers' tailored to Korean tastes, leading the way in reinterpreting Western-style burgers through the eyes of Korean culture. In particular, the company has strengthened its bulgogi burger lineup by featuring Korea's traditional bulgogi as a core ingredient, offering differentiated menu options as a homegrown franchise. It is also actively expanding its K-food category by developing unique menu items featuring distinctly Korean ingredients such as rice, gochujang, pork cutlet, and more.

Activation of Customer Relationship Management (CRM) Marketing

Lotte GRS has implemented a structured Customer Relationship Management (CRM) system to strengthen its personalized marketing strategies across digital channels. In 2023, the company completed the development of its CRM system, renewed the Lotte EatZ app, and launched a new membership program, laying the groundwork for data-driven marketing activities. In 2024, the company expanded campaigns that deliver personalized information and benefits based on customer characteristics and interests. In 2025, Lotte GRS plans to further enhance customer engagement by introducing the STORE360 solution, enabling franchisees to conduct targeted marketing directly to customers.

Expansion of Customer Communication

Lotte GRS actively communicates with customers and shares brand updates through various social media channels, including its website, Lotte EatZ (web/app), Facebook, Instagram, YouTube, and KakaoTalk. The company also offers exclusive experiences such as new product tasting events for VVIP members, aiming to enhance customer engagement and strengthen brand loyalty.



Material Topic 2

Customer-Centric Management

CASE

Strengthening Customer Touchpoints: 'Lotteria 'Ria's Burger Art Museum,' Pop-up Store

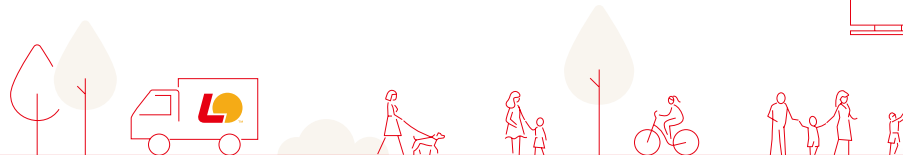
In 2024, in celebration of Lotteria's 45th anniversary, Lotte GRS operated a pop-up store titled 'Ria's Burger Art Museum,' in Seongsu-dong, Seoul, themed around 'Brain Art.'

The pop-up store featured interactive programs such as an art exhibition centered on hamburgers, a brainwave-based AI art experience, and a 'Time Machine Photo Zone' recreating key brand moments, attracting wide interest from MZ generation customers, families, and international visitors alike.

The pop-up store attracted over 18,000 visitors in a short period, and total direct and indirect interactions, including on-site visits, photo-taking, and inquiries, reached 360,000 over 18 days, demonstrating a high level of customer engagement. In particular, the brainwave-measuring experience, where customers had their brainwaves recorded after eating the Ria Bulgogi or Ria Shrimp and received AI-generated artwork, was fully booked within five hours of opening on Naver. The Time Machine photo zone also drew strong interest, with more than 10,000 customers participating.

Lotte GRS organized the pop-up store to expand customer touchpoints and effectively communicate the brand's unique heritage. Through interactive events, the company delivered a differentiated brand experience, built a positive brand image, and helped strengthen customer loyalty.

Moving forward, Lotte GRS plans to continue expanding various engagement activities with consumers, aiming to provide enjoyable experiences for all who love the Lotteria brand while actively promoting its value and heritage.





Material Topic 3

Ethics and Compliance

Ethics and Compliance Management System

Ethics Management Framework

Lotte GRS has established an ethical management framework to integrate ethical practices across all areas of business and foster a healthy organizational culture.

In particular, Lotte GRS operates the Management Audit Team, an independent unit under the direct supervision of the CEO, which is responsible for overseeing ethical management. And has established a reporting system through which employees can report unethical behavior, corruption, or grievances, allowing for the collection of diverse feedback. Through its ethical management activities, Lotte GRS aims to enhance corporate value, business performance, and credibility, and has designated the promotion of an ethical management culture and the advancement of its management system as a key strategic direction.

Additionally, specific action plans have been established and implemented, such as fostering a sound working environment, enhancing investigative expertise, and continuously conducting internal audits and monitoring activities to strengthen the tangible outcomes of ethical management efforts.

Goal

Enhance Corporate Value, Management Efficiency, and Credibility
Through Ethical Management Practices

Direction

“ Foster an ethical management culture and
advance the management system ”

Implement-
ation Plan

Culture Cultivation

- Establish ethics management policies
- Conduct ethics management training
- Run ethics management campaigns

Management System Advancement

- Operate reporting channels
- Perform internal audits and monitoring
- Strengthen expertise

2025 Operational Direction

Creating a Healthy Work Environment

- Ethics and workplace harassment prevention training (Integrated into regular training programs)
- Expanded reporting channels and enhanced protection for affected employees

Enhancing Investigative Expertise

- Completion of specialized training (Increase in the number of certified internal grievance counselors)

Conducting Continuous Internal Audit and Monitoring

- Audit of compliance with financial and operational procedures
- Investigation of fraud and irregularities
- Review of compliance with corrective measures and effectiveness of improvements

Compliance Management Framework

Lotte GRS has established a systematic and effective compliance management system to implement a sustainable compliance strategy and is operating it efficiently. These efforts aim to foster a corporate culture that respects laws and ethics, proactively prevent risks through strengthened internal controls, and uphold fair and transparent management practices. Ultimately, such initiatives enhance brand credibility and contribute to the long-term value of the company.

Continuous Implementation of the Compliance Strategy



Establishing and Operating a
Dedicated Compliance Team



Conducting Risk Assessments,
Setting Objectives, and
Implementing Plans



Performing Internal Audits and
Monitoring

Key Ethics and Compliance-Related Tasks

Management Audit Team

- Internal audits (general and special)
- Work improvement on corrective actions
- Monitoring operational effectiveness
- Ethics management regulation oversight
- Corporate ethics and workplace harassment prevention training
- Operation and management of Reporting System
- Investigation, reporting, and development of countermeasures (improvements)
- Others



Legal & Compliance Team

- Compliance management (including training)
- Litigation management
- Preparation of disclosure and reporting documents
- Intellectual property management
- Regulatory response and cooperation
- Contract review and legal examination
- Fair trade compliance management
- Others



Material Topic 3

Ethics and Compliance

Ethics and Compliance Management System

Code of Ethical Conduct

Lotte GRS aims to promote ethical management by clearly defining the standards for proper behavior and value-based decision-making, and by establishing procedures to put these into practice. Through this approach, the company supports employees in complying with corporate ethics and making responsible decisions, while focusing on fostering a fair and transparent organizational culture.

 Code of Ethical Conduct

The purpose of these guidelines is to promote ethical business practices by defining Lotte GRS's standards for proper conduct, value-based decision-making, and related procedures.

- ① Responsibilities and Obligations to Customers: Practice customer-centric management and uphold information protection and fair treatment based on high quality and trust.
- ② Responsibilities and Obligations to Shareholders: Maximize market value through transparent management and innovation, and respect the legitimate opinions of minority shareholders.
- ③ Responsibilities and Obligations to Employees: Pursue sustainable growth based on ethical responsibility and fair evaluation, and foster a trusted corporate culture.
- ④ Responsibilities and Obligations to Business Partners: Practice fair trade and compliance management, prohibit unethical behavior, and build mutual trust.
- ⑤ Responsibilities and Obligations to the State and Society: Comply with laws, protect the environment, implement safety management, and maintain sound business practices and political neutrality.
- ⑥ Related Regulations, Rewards, and Disciplinary Actions: Operate whistleblower protection, reward, and disciplinary measures fairly through the Ethics Committee.

 Compliance Management Policy

The purpose of this policy is to ensure that all members of the company (including the CEO, employees, and the Board of Directors) comply with and implement compliance obligations related to business activities. By doing so, the company upholds principles, responds to compliance requirements from business partners, suppliers, customers, and other stakeholders, and builds trust with stakeholders and the community.

- ① Responsibilities and Obligations to Customers: Practice customer-centric management and uphold information protection and fair treatment based on high quality and trust.
- ② Responsibilities and Obligations to Shareholders: Maximize market value through transparent management and innovation, and respect the legitimate opinions of minority shareholders.
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- ⑥ Related Regulations, Rewards, and Disciplinary Actions: Operate whistleblower protection, reward, and disciplinary measures fairly through the Ethics Committee.

Compliance Management System (ISO 37301)

Lotte GRS has acquired ISO 37301, the global compliance management system certification, to fulfill its social responsibilities and establish a sustainable corporate culture through ethical management and regulatory compliance. The company systematically identifies and assesses legal risks, including corruption, and performs improvement and monitoring activities. When procedural or regulatory changes are needed, immediate actions are taken following approval from the Compliance Officer or CEO. In addition, the company ensures the effectiveness of its compliance management system through regular inspections and ongoing improvement efforts. Lotte GRS operates a dedicated Internal Accounting Team to implement and evaluate the Internal Accounting Control System, thereby preventing financial risks in advance and further enhancing corporate credibility through transparent and reliable financial disclosures.



Anti-Corruption



Criminal Act, Improper Solicitation and Graft Act, Internal Regulations, etc.

Fair Trade (Franchise Business, Consumer Protection)



Fair Trade Act, Franchise Business Act, Labeling and Advertising Act, etc.

Information Security (Trade Secrets, Personal Information)



Personal Information Protection Act, Unfair Competition Prevention Act, etc.

Employment, Labor, and Unfair Treatment (Sexual Harassment, Gender Discrimination, Human Rights Violations)



Labor Standards Act, Equal Employment Opportunity Act, etc.

Criminal Act, Improper Solicitation and Graft Act, Internal Regulations, etc.



Food Sanitation Act, Framework Act on Food Safety, etc.

Fair Trade Act, Franchise Business Act, Labeling and Advertising Act, etc.



Industrial Safety and Health Act, Serious Accidents Punishment Act, etc.

Food Hygiene, Industrial Safety, Health and Environment, and Finance and Capital Markets (Including Internal Accounting Management and Anti-Money Laundering)



Capital Market Act, Corporate Tax Act, etc.



Material Topic 3

Ethics and Compliance

Ethics and Compliance Management Activities

Ethics and Compliance Training

Lotte GRS operates a variety of training programs to raise employees' awareness of compliance, prevent legal risks, and establish a culture of compliance within the company. The Legal & Compliance Team continuously monitors relevant regulations, including the Fair Transactions in Franchise Business Act and the Fair Trade Act, promptly sharing newly established or revised content and conducting training to help employees apply it effectively in their work. In addition, case-based, tailored training is provided to ensure that compliance principles are clearly understood and followed in actual business settings, with regular reviews conducted to prevent legal risks in advance. Furthermore, the company systematically establishes internal compliance guidelines, conducts periodic risk assessments and feedback sessions to strengthen employees' legal compliance capabilities, and continuously advances its company-wide compliance management system.

Category	Training Target	Topic	Content
Compliance Training for Executives	• Executives	• ESG management • Revisions to the Fair Transactions in Franchise Business Act	• ESG and governance transparency trends • Key considerations under the Enforcement Decree and review guidelines of the Fair Transactions in Franchise Business Act
First Half Compliance Training for Employees	• All Headquarters Employees and Relevant Store Personnel	• Regulatory trends related to franchise business • Job-specific training on the Fair Transactions in Franchise Business Act	• Overview of franchise business and general compliance • Overview and Q&A on the Fair Transactions in Franchise Business Act
Job-Specific Compliance Training	• Store Development Division	• Job-specific training on the Fair Transactions in Franchise Business Act	• Training on review guidelines for unfair trade practices in franchise businesses
Second Half Compliance Training for Employees	• Purchasing Strategy Division • Store Development Department • Business Teams (H, C, K)	• Job-specific training on the Fair Transactions in Franchise Business Act	• Guide to the amendment of the Fair Transactions in Franchise Business Act (Article 11-2, Clause 12)
Risk Assessment Training	• Departmental Risk Assessors	• Compliance • Risk assessment training	• 2024 risk assessment methodology training
Compliance Training for Employees	• ESG Division (Management Improving Team, HR Innovation Team, etc.) • H, C, K and Concession Business Divisions • FC Business Division (CRM Team, etc.)	• FC Business Division (CRM Team, etc.) • Issues related to personal information, location information, and the Act on Promotion of Information and Communications Network Utilization	• Recent labor law amendments and implications, including franchise-related labor issues (e.g., whether franchisors are deemed employers of franchisee employees) • Internal training on Lotte Eatz app operations
Compliance Training for Employees	• Store Development Division within the H, C, K Business Division • Marketing Division (Online Channel Team, etc.)	• Fair Transactions in Franchise Business Act and Monopoly Regulation and Fair Trade Act • Recent issues related to PG business, prepaid business, etc.	• Administrative notice on the Fair Transactions in Franchise Business Act • Latest updates on payment gateway and prepaid services

* H: Hamburger, C: Coffee, K: Krispy Kreme Donuts

Ethics and Compliance Campaigns

Lotte GRS operates a structured compliance management campaign aimed at fostering a transparent and fair business environment by raising employees' compliance awareness and preventing legal risks. The company also strictly prohibits the acceptance of undue benefits or improper solicitations from stakeholders, and through continuous campaigns, the company works to establish a transparent management culture and further strengthen its ethical corporate culture.

"명절 선물 안주고 안받기" 캠페인

안녕하십니까, 롯데GRS 가족 여러분!

우리 롯데GRS는 일직린 일동이 윤리경영과 준법경영을 준수함을 통해 지속가능경영을 추구하고, 투명한 경영환경을 조성하며 신뢰받는 기업이 될 수 있도록 최선을 다하고 있습니다.

이에, 모든 이해관계자로부터 부당한 이득(금품, 선물, 향음, 편의, 접대 등)을 제공받지 않습니다.

단약, 명절을 앞두고 임직원이 파트너사에 부당한 이득을 요구하거나 제공받는 것을 목격하셨다면, 즉시 당사 경영개선팀에 신고하시어 불공정한 관행이 근절될 수 있도록 적극적인 협조 바랍니다.

2025년 1월 21일
롯데지점주소 (주) 대표이사 **차 우 철** 拜上

주소: 서울 송파구 백석로237길 롯데GRS 709 SQUARE 7층경영지원팀 (우: 05005)
전화번호: 02) 709-6937 또는 709-2060
홈페이지: www.lottegrs.com (지속가능경영) ▶ 윤리경영 ▶ 제보하기
신상등록: 금품, 향음, 편의, 접대, 불공정거래, 기타 비윤리사항 행위 등록

*상상할 마음 없이 제공 받은 이득이 없도록.

준경하는 파트너사 대표자 여러분, 안녕하십니까!

푸른 별의 해인 2025년 을사년 새해가 밝았습니다.
파트너사 여러분의 가정에 항상 건강과 행복이 가득하시기를 바랍니다.

다사다난했던 지난해, 불확실한 경영 환경 속에서도 언제나 한결같이 당사를 위해 최선을 다해주신 파트너사 여러분께 롯데GRS 임직원들 대표하여 진심으로 감사의 말씀을 드립니다.

당사는 모든 이해관계자로부터 부당한 이득(금품, 선물, 향음, 편의, 접대 등)을 제공받지 않는 윤리경영 캠페인을 지속함을 통해 투명한 경영을 위한 노력을 다하고 있습니다.

금번 설명철도 마찬가지로 당사 임직원들에게 어떠한 경우에도 금품, 선물, 향음, 편의, 접대 등을 제공하는 일이 없도록 하여 윤리경영 실천 참여를 장중히 부탁드립니다.

만약, 당사 임직원이 파트너사에 부당한 요구를 하거나 이를 목격하셨다면, 즉시 당사 경영개선팀에 신고하시어 불공정한 관행이 근절될 수 있도록 적극적 협조 바랍니다.



Holiday Gift-Giving Prohibition Campaign

- Implementation Period: Conducted twice a year (Lunar New Year and Chuseok)
- Purpose: To foster a transparent business environment by eliminating the acceptance or solicitation of improper benefits from stakeholders

Employee Code of Ethics and Compliance Pledge

Lotte GRS has established an employee code of ethics to help employees clearly understand its ethical management policies and practice ethical behavior based on right action and valuation. The company also requires all new and experienced hires to sign a 'Compliance Commitment Pledge' to strengthen awareness of compliance and a sense of ethical responsibility among all employees. Through these efforts, Lotte GRS strictly prohibits unethical behavior, including bribery and improper solicitations, and works to prevent corruption.

일직원 윤리 규정

제1 조 (목적)
제2 조 (정의)
제3 조 (적용 범위)
제4 조 (금지 사항)
제5 조 (위반 조치)
제6 조 (기타)
롯데지점주소, 주식회사

직원 윤리 준수 서약서

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Material Topic 3

Ethics and Compliance

Ethics and Compliance Management Activities

Operation of Internal Reporting System

Lotte GRS Whistleblowing Channel

Lotte GRS operates an internal reporting system, the 'Whistleblowing Center,' enabling all stakeholders, including employees, customers, shareholders, and business partners, to anonymously report unethical conduct or irregularities. Reportable issues include unfair business practices, unreasonable demands, and various forms of misconduct or corruption. The identity of the whistleblower and the report content are strictly kept confidential to ensure a safe and trustworthy reporting environment.



Other Reporting Channels

- E-mail: riaaudit@lotte.net
- Phone: +82-2-709-2060~1 or 6937
- FAX: +82-2-708-2894
- Address: 7F, 79 SQUARE, 217 Baekjegobun-ro, Songpa-gu, Seoul, Republic of Korea. Lotte GRS Co., Ltd., Management Audit Team

Whistleblower Protection Policy



Reasonable Handling Normalization



Prohibit Disclosure and Guarantee Confidentiality



Prohibit Disadvantage and Prevent Discrimination



Protect Identity and Restrict Disclosure

Whistleblowing Handling Procedure



Post-Report Handling Process



Reporting Subjects

- Violations of the Code of Ethical Conduct
- Receiving money or entertainment from internal or external stakeholders in connection with job duties
- Sexual harassment-related matters
- Gaining unfair benefits or abusing authority through one's position or duties
- Illegal or unethical acts
- Causing financial loss to the company through fraudulent means or intent
- Concealing or aiding the above-mentioned violations
- Other unethical acts deemed inappropriate for a responsible employee

Category	Unit	2022	2023	2024
In Progress	Case	-	-	1
Completed	Case	34	49	39

*Based on cases received, investigated, and processed through the whistleblowing channel

Anti-Corruption Management

Lotte GRS operates an integrated system encompassing the Internal Accounting Control System, internal reporting, and risk management to ensure strong internal controls and prevent corruption. In particular, the Management Audit Team promptly responds to reports received through the 'Whistleblowing Center' and conducts audits to continuously improve related processes.

The company strictly complies with global anti-corruption guidelines, including the Korean 'Criminal Act,' the 'Improper Solicitation and Graft Act,' the U.S. Foreign Corrupt Practices Act (FCPA), the U.K. Bribery Act, and the Organisation for Economic Co-operation and Development (OECD) Anti-Bribery Convention. Based on these legal standards, Lotte GRS has developed a detailed Code of Conduct to guide ethical business practices and continues to strengthen efforts to proactively prevent corruption risks.

Category	Example	Unit	2022	2023	2024
Unjust Gain	Misconduct	Case	4	2	1
Negligent Work Behavior	Workplace sexual harassment, corruption, and unfair practices	Case	0	1	8

Material Topic 4

Eco-Friendly Packaging and Waste Circularity

Eco-Friendly Packaging and Waste Circularity Management System

Waste Data Collection and Monitoring System

Lotte GRS distinguishes between waste and recyclable materials when disposing of used materials, assigning D1 codes for waste and R1 codes for recyclables according to designated categories. The registered materials are managed through a program that allows annual cumulative tracking of usage by store, enabling a more systematic monitoring of waste generation.

Reduction of Plastic and Synthetic Resin Packaging Use

Since 2021, Lotte GRS has continuously reduced the use of plastic products and synthetic resin packaging materials, effectively lowering both waste disposal charges and recycling contribution fees each year. From 2021 to 2024, the average reduction rate reached 9.7 percent by weight and 7.6 percent by cost, and the company aims to further reduce waste output and related expenses by approximately 7 percent in 2025.

Status of Waste Charges Payment

Category	Unit	2021	2022	2023	2024
Weight	Ton	777.9	613.8	563.3	469.8
Amount	KRW Million	137.5	108.2	102.5	93.1

Status of Recycling Charges Payment

Category	Unit	2021	2022	2023	2024
Weight	Ton	656.4	651.8	617.7	577.4
Amount	KRW Million	186.5	195.9	180.3	168.4

Conversion of Used Cooking Oil into Biodiesel

Since 2024, in line with the waste-to-resource circular economy MOU signed between Lotte Wellfood and Hyundai Oilbank, Lotte GRS has been supplying used cooking oil (UCO) generated from its Krispy Kreme Doughnuts division to Lotte Wellfood. The collected oil is recycled as a raw material for biodiesel, contributing to greenhouse gas reduction and the realization of a circular economy through waste resource recycling. Going forward, Lotte GRS plans to gradually expand the scope of participating divisions by enhancing its used cooking oil management and supply chain.

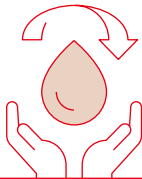
CASE

The used cooking oil recycling initiative involves collecting and refining used oil supplied to franchise stores in collaboration with partner companies specializing in oil purification. The refined oil is then sold as a raw material for biodiesel.

Unlike conventional diesel refined from petroleum, biodiesel is an eco-friendly fuel derived from animal and plant-based oils, offering similar characteristics and the advantage of serving as a substitute for petroleum-based fuels.

The use of biodiesel as an eco-friendly energy source is highly effective in reducing greenhouse gas emissions. It also contributes to environmental protection by lowering the discharge of food by-products that cause pollution and reducing carbon emissions. In addition, under the Renewable Fuel Standard (RFS), which mandates a minimum blending ratio of biodiesel, it is expected to significantly improve air quality.

* Used Cooking Oil (UCO): Waste cooking oil that has been discarded after use, utilized as a primary raw material for bioenergy
* Renewable Fuel Standard (RFS): A regulation that mandates a minimum blending ratio of biodiesel in diesel fuel distributed in the market. The current mandatory ratio is 4%, which is expected to increase to 8% by 2030





Material Topic 4

Eco-Friendly Packaging and Waste Circularity

Eco-Friendly Packaging and Waste Circularity Activities

Voluntary Participation in Environmental Regulations

Since 2018, Lotte GRS has voluntarily participated in government environmental regulations, primarily in the coffee sector, as part of its sustainable management efforts. That year, the company discontinued the use of single-use plastic cups in stores and offered a KRW 400 discount to customers using tumblers, achieving a short-term reduction in plastic consumption. In 2020, plastic straws and coffee stirrers were removed from service tables. In 2022, single-use cutlery, paper cups, and plastic cups were eliminated from stores and replaced with reusable alternatives. The same year, the company also introduced paper straws and wooden stirrers as part of its ongoing efforts to reduce plastic usage.

In 2024, Lotte GRS renewed its voluntary participation in environmental regulations for an additional five years, further reinforcing its long-term commitment to environmental protection. Additionally, in the Jeju region, the company took the lead in implementing a cup deposit system to raise awareness of the environmental impact of disposable items and promote sustainable consumption habits.

Use of Recycled Raw Materials for Resource Circulation

Since November 2023, Lotte GRS has collaborated with its affiliate, Lotte Chemical, to adopt Chemical Recycling Polyethylene Terephthalate (CR-PET), an eco-friendly PET material produced using chemical recycling technology. This initiative shifted the material composition from 100% PET to a more sustainable blend of 60% PET and 40% CR-PET. In 2023, the company launched its first drinking lid made with CR-PET, and in 2024, expanded its application to two types of ICE CR-PET lids (flat and dome-shaped). Additionally, Lotte GRS introduced an embossed PET cup made from 100% recyclable material, improving the recyclability of its existing PET cups and contributing to reduced chemical usage.



Reduction of Disposable Products and Plastic Substitution

Since September 2023, Lotte GRS has participated in the 'Disposable-Free Challenge,' encouraging customers visiting its stores to actively use reusable containers such as mugs and tumblers. This initiative helps reduce the use of disposable cups, including paper and PET cups, thereby minimizing waste generation. In addition, the company operates a cup collection system at selected stores and adopts a fixed monthly fee model to raise awareness of waste management responsibilities at the store level.

Furthermore, Lotteria has replaced the plastic spoons previously provided with Ice cream menu (e.g., Tornado) products with silicone and wooden alternatives. In the coffee segment, it has substituted plastic straws and stirrers with paper and wooden materials, starting with drinking lids. These efforts reflect Lotte GRS's active response to regulations on single-use plastics and its contribution to promoting eco-friendly consumption habits.

Operation of Eco-Friendly Stores

In August 2021, Lotte GRS opened 'A'lement,' an eco-friendly concept store at the Lotte Department Store Dongtan branch. The store is piloting the use of various sustainable items, including biodegradable cups, carriers designed to minimize paper use, and vegan ceramics.





Material Topic 5

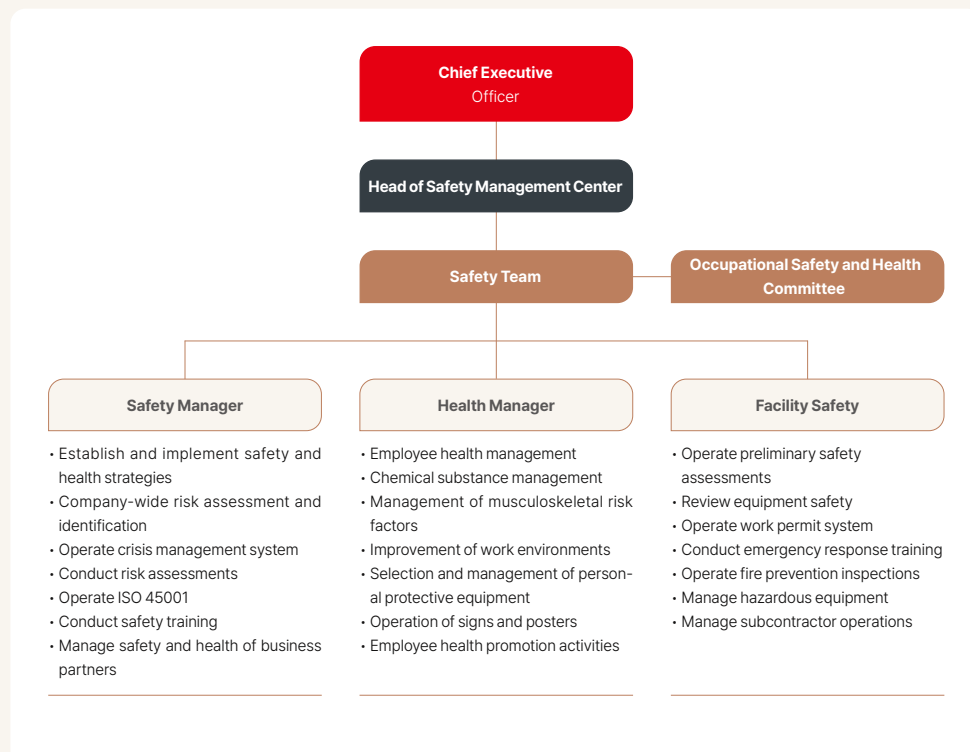
Safety and Health Management

Safety and Health Management Framework

Safety and Health Organizational Structure

Lotte GRS, led by its Safety Management Center, operates a team of specialized safety and health professionals in accordance with the Occupational Safety and Health Act and the Serious Accidents Punishment Act, carrying out company-wide safety management efforts. Through its expert safety and health organization, the company implements preventive and systematic safety and health practices to protect employees, customers, and business partners from serious and occupational accidents, while fostering a safe and pleasant working environment.

Safety and Health Management Organization Chart



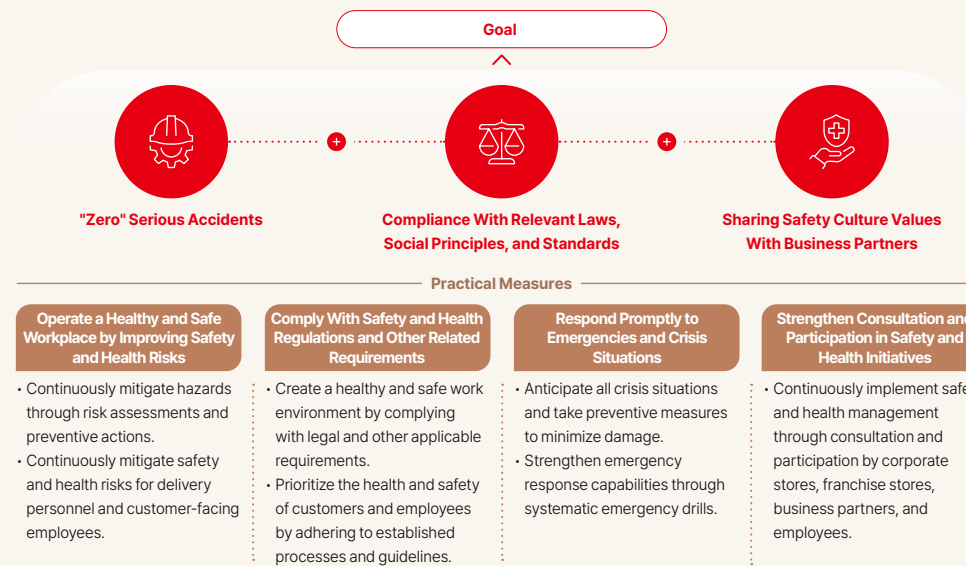
Occupational Safety and Health Management System

Lotte GRS publicly declares its commitment to safety and health, both internally and externally, and continues to advance a systematic and sustainable safety and health management framework. Based on the Occupational Safety and Health Act, the company applies its safety and health management system to 100% of its workforce, including employees and dispatched workers at Headquarters and all business sites nationwide. The system is operated in an integrated manner across all work environments, including manufacturing and food preparation sites where hazardous and risk factors may be present. Additionally, the company operates a separate Occupational Safety and Health Management System (ISO 45001), which, as of 2024, has been certified at 17 stores, with a goal of expanding certification to all 213 sites nationwide by 2025. In addition, internal audits (self-assessments) are conducted at least once a year for all business sites to enhance the effectiveness of management.



Occupational Safety and Health Policy

Lotte GRS regards the health and safety of its customers and employees as its top management priority and declares its safety management policy to achieve sustainable business operations.





Material Topic 5

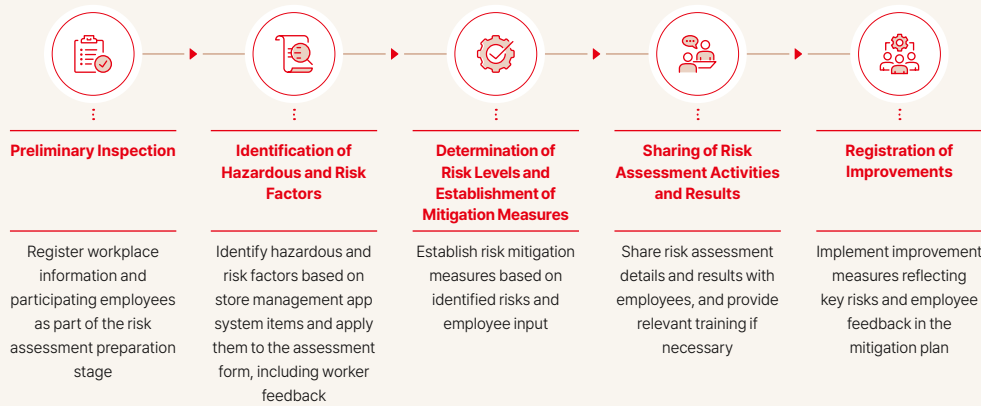
Safety and Health Management

Safety and Health Risk Management and Response Procedures

Execution of Risk Assessment

Lotte GRS conducts thorough risk assessments through its store safety management system, which is utilized by all employees. Each business site systematically analyzes the likelihood and severity of injuries or illnesses caused by hazardous or risk factors, and establishes appropriate mitigation measures. Identified risks are prioritized based on their severity and managed accordingly, with efforts focused on eliminating or improving them. Through these practices, the company aims to enhance safety and health awareness among all employees and to create a safer working environment.

Risk Assessment Process



Operation of the Outstanding Workplace Risk Assessment Program

Lotte GRS conducts risk assessments with the participation of all employees to identify potential hazards across all work processes. The company strives to eliminate or mitigate these risks to raise safety and health awareness among all members and to create a safer workplace. In addition, more than 50% of all business sites have been recognized as 'Outstanding Risk Assessment Sites' based on quantitative evaluations of their risk assessment implementation levels. By 2025, the company plans to expand this recognition to all corporate stores.

Target for Expanding Risk Assessments



Accident Response and Recurrence Prevention Procedures

Lotte GRS requires on-site workers or managers to immediately report any safety incidents through the store management app. Once a report is submitted, the safety management department conducts a thorough investigation to identify the cause of the incident, establishes preventive measures, and implements necessary corrective actions. In the case of a serious accident resulting in more than 21 days of work suspension, a response system is in place to assess the adequacy of the preventive measures.

The incident response process includes investigation of the root cause (direct, underlying, fundamental, and basic causes), use of an incident analysis checklist (hazardous objects, personnel involved, behaviors, work procedures, illnesses, organization, placement, awareness, management, maintenance, equipment and devices, safety devices, etc.), verification of the preventive measures (confirming whether the root causes have been addressed), and establishment of countermeasures (covering technical, managerial, environmental, and other aspects). Findings from the investigation are shared with relevant departments, and if necessary, additional actions are taken such as improving work procedures or reinforcing safety training. The safety management department at Headquarters regularly monitors the implementation of these measures and continuously guides and oversees company-wide improvement activities to prevent recurrence of similar incidents.

Operation of Safety and Health Services and Employee Health Management

Lotte GRS operates a range of occupational health services to protect employee health and prevent work-related illnesses. Regular health checkups are conducted based on job level and type, and are categorized into general checkups (MATE), special checkups (for night shift and manufacturing site workers), and comprehensive checkups (for full-time employees and their families). Employees with findings of concern receive tailored follow-up care in accordance with legal requirements, including on-site visits by nurses, notifications through the store management app, and access to health counseling services. Additionally, for business sites with potential exposure to hazardous factors, work environment monitoring is conducted every six months, and further hazard assessments are performed as needed.

In addition, to improve employee access to safety and health services, Lotte GRS operates an online reservation system, provides on-site health consultations, and has established a unified application system across all business sites nationwide. The company also conducts systematic evaluations and follow-up measures to enhance service quality.



Material Topic 5

Safety and Health Management

Leadership of Management and Employee Participation Structure

Executive Safety Inspections

Lotte GRS places the health and safety of its customers and employees as a top management priority, and to support the achievement of sustainable management, the CEO and Executive Team conduct monthly safety inspections. In 2024, a total of 37 safety inspections were carried out, with the results reported monthly and shared company-wide, contributing to the effectiveness of the safety management system.

Access to and Communication of Safety and Health Information

Lotte GRS provides various opportunities for participation and channels for information sharing to protect employee safety and health, actively incorporating on-site feedback and raising awareness of safety and health. Specifically, the company encourages employees to take part in safety and health initiatives through working group operations, regular safety inspections, and campaigns. It also strengthens access to safety and health information by utilizing the store management app and internal systems.

In addition, a joint Labor-Management Occupational Safety and Health Committee is convened once every quarter, with participation from six employer representatives (including the CEO, Head of the Safety Management Center, and Safety and Health Managers) and six employee representatives (including the Labor Union Chair and Union Executives). The Committee deliberates and makes decisions on key matters such as establishing industrial accident prevention plans, drafting safety and health management regulations, conducting safety and health training, monitoring and improving the work environment, managing employee health, investigating the causes of industrial accidents and developing preventive measures, maintaining industrial accident statistics, and selecting certified personal protective equipment.

Guarantee of the Right to Stop Work and Incident Response

Lotte GRS guarantees employees the right to stop work if they recognize a work environment that poses a threat to their life or health. When a report related to risk avoidance is received, the relevant department promptly inspects the site and takes necessary action. The company also has policies in place to ensure that employees are protected from any disadvantage or retaliation resulting from exercising this right. The right to stop work is clearly stated in Lotte GRS's Occupational Safety and Health Manual and internal Code of Ethics. Safety and health posters distributed monthly to business sites also inform employees of their right to stop work and evacuate immediately in the event of imminent danger that could lead to an industrial accident. In addition, the company regularly emphasizes how to exercise this right and the protections in place to prevent disadvantage during recurring safety and health training sessions for office and store employees.

Fostering a Safety Culture and Strengthening Education

Selection of Outstanding Stores and SC for Safety Management

Lotte GRS selects and awards stores and managers with outstanding safety management performance to raise safety and health awareness among employees and encourage participation in safety initiatives. Starting in 2025, the scope of recognition will be expanded to include outstanding franchise stores and business partners.

Implementation of Group and Hands-On Safety Training

Lotte GRS provides regular safety and health training to enhance employees' safety awareness. In particular, store managers who directly oversee and operate on-site locations are designated as supervisors and receive group training to continuously strengthen awareness of safety and health.

In addition, all managers have participated in hands-on training on 14 types of safety incidents, including electric shock, confined spaces, falls, first aid, etc., to strengthen their emergency response capabilities. In 2025, the training program will be expanded to include team leaders and executives.

2024 Safety Training Implementation Status

Category	Participants	Number of Participants	Completion Rate
Regular Safety and Health Training	All Employees	5,082 People	100%
Safety and Health Training at Hiring	New Employees	4,144 People	100%
Supervisor Training	Supervisors	246 People	100%





Material Topic 6

Supply Chain Management

Supply Chain Management System

Establishment of Supply Chain Management System

Lotte GRS has established a supply chain management system based on efficient processes and accurate manuals. A Code of Conduct covering compliance requirements such as human rights, environment, quality, and legal regulations has been developed and applied across the supply chain. Through supply chain evaluations and due diligence, the company implements corrective actions to ensure continuous oversight and quality improvement.



Code of Conduct for Lotte Employees



Code of Conduct for Business Partners

Communication with Business Partners

Lotte GRS has established a 'Business Partner Proposal Board' on its website to encourage open trade proposals from business partners. When a proposal is submitted, it undergoes a structured review process, including document screening and vendor inspections, with all activities systematically recorded and managed. Through this approach, the company aims to build a two-way communication system, foster ongoing mutual growth with partners, and enhance the efficiency of supply chain management.



Operation of Regular Conferences

Lotte GRS regularly holds conferences to share updates on raw material price trends, return and customer complaint status, and corresponding improvement measures. Led by the Purchasing Team and the Food Safety Team, these meetings promote transparent sharing of internal operations and help establish a foundation for promptly addressing issues within the supply chain.

Mutual Growth

Awards for Outstanding Partners

Lotte GRS selects and awards outstanding business partners each year on its anniversary. By formally recognizing their excellent performance, the company promotes long-term mutual growth and actively supports the strengthening of competitiveness among partners within the supply chain.



Hosting of Invitation-Based Events

Lotte GRS carries out various partner-focused initiatives to promote mutual growth with its business partners. In particular, the company hosts invitation-based events such as baseball game outings and the Mutual Growth Concert to strengthen trust with its partners and actively foster long-term, sustainable partnerships.

Expansion of Fair Trade Coffee Use

Lotte GRS is actively expanding its use of fair trade coffee beans to build a sustainable supply chain. As of February 2024, fair trade beans were used in Lotteria and Krispy Kreme stores, and by February 2025, they were also supplied to Kangwon Land. Through these efforts, Lotte GRS continues to promote social responsibility and environmental values.



Material Topic 6

Supply Chain Management

Supply Chain Management Activities

Supply Chain ESG Risk Management

Lotte GRS has established ESG management guidelines to enhance supply chain sustainability and operates a risk management process that allows for the enforcement of contractual penalties and compensation based on environmental and social impact assessment results. By 2025, the company plans to continuously strengthen ESG performance across the entire supply chain, while continuing to conduct systematic risk assessments when selecting new partners.

Overview of Supply Chain Evaluation

Evaluation Target	- New Suppliers: All vendors - Existing Suppliers: Manufacturing vendors with monthly transactions of KRW 15 million or more
Evaluation Method	- Environmental Assessment: Conducted through on-site visits and internal evaluations at the manufacturer - Unified evaluation form for new and existing vendors - Mobile-based inspections (linked to PC) and integrated with electronic approval system - Credit Rating: Verified through credit reports
Evaluation Criteria	- Composition: ESG-related items, quality, technology, food safety, etc. - Number of Items: 41
Transaction Standards	- Transactions are permitted only if both credit and environmental assessments are deemed suitable - Environmental Assessment: Only grades A and B (scores of 80 or higher) are eligible for transactions; grade C (70–79) requires improvement; grade F (below 70) must be re-evaluated within a month, with transition to an alternative supplier - Credit Rating: Grades of B– or higher are eligible; below B– requires corrective action and transition to an alternative supplier - Proactively identify potential alternative suppliers in advance; switch to alternatives if supplier is deemed unqualified for transactions

ESG Evaluation Criteria

ESG Management System	Environment and Human Rights	Safety
- Establishment of ESG-related systems - Occupational Health and Safety Management System	- Monitoring of waste water and waste emissions - Compliance with legal working hours and minimum wage requirements - Retention of identification documents of foreign workers	- Occupational health and safety training - Industrial accident prevention measures - Occurrence of safety incidents
		

Supply Chain ESG Due Diligence and Improvement

In 2024, Lotte GRS conducted ESG assessments on six high-priority business partners selected based on transaction volume, supply scale, etc. The assessment covered the areas of environment, labor and human rights, safety and health, and ethics and compliance. In particular, the environmental category focused on key items such as environmental management systems, energy and greenhouse gas emissions management, hazardous chemical management, and air and water pollution control, etc. Based on the assessment results, Lotte GRS provided ESG consulting and identified short- and mid-to-long-term improvement tasks. Follow-up monitoring was also conducted to verify task implementation, thereby continuously enhancing the ESG management level of the supply chain. In 2025, ESG evaluation will be added to the existing supply chain due diligence items, and the same ESG criteria will be applied to the assessment and management of new business partners.

Examples of Supply Chain ESG Improvements

• CASE 1		(Unit: Case)			
Category	Short-Term Task			Mid-to-Long-Term Task	Remarks
	Improvement Task	Improvement Completed	Improvement Needed		
Environment	1	-	1	-	- Lack of compliance with working conditions and absence of labor and human rights training → Training completed in August 2024 - Freedom of association provisions need to be included in the Human Rights Charter and employment regulations → To be adopted after Labor-management council in the second half of 2024
Labor and Human Rights	6	3	3	1	
Ethics and Compliance	-	-	-	-	
Total	7	3	4	1	- Provision of employment contracts and pay slips in native languages for foreign workers required → Scheduled for adoption following Labor-management council in the first half of 2025 - Need to specify environmental management goals and disclose them externally → To be disclosed in the Sustainability Report following Board of Directors approval in the first half of 2025 - Long-term task: Apply ESG criteria when selecting suppliers
• CASE 2		(Unit: Case)			
Category	Short-Term Task			Mid-to-Long-Term Task	Remarks
	Improvement Task	Improvement Completed	Improvement Needed		
Environment	3	2	1	1	- Management of energy usage and greenhouse gas emissions data → Disclosure completed on the company website in August 2024 - Need to formalize provisions on freedom of association, human rights protection, and prohibition of child labor → Human Rights Charter adopted in August 2024 - Need to establish a grievance handling system → System implemented in August 2024
Labor and Human Rights	8	7	1	3	
Ethics and Compliance	3	3	-	-	
Total	14	12	2	4	Long-term tasks: Obtain ISO 14001 certification, apply ESG criteria when selecting suppliers, and regularly review discrimination issues and conduct company-wide employee surveys

General ESG Performance

ENVIRONMENT • SOCIAL • GOVERNANCE



ENVIRONMENT

050 Sustainable Environmental Management





Sustainable Environmental Management

Environmental Management System

Strengthening ESG Organization and Management System

Lotte GRS is expanding the practical influence of its dedicated ESG Team, which serves as the control tower for environmental management and is establishing an organizational response system capable of proactively addressing climate change. Starting in July 2021 with internal approval to form the ESG Team, the company has strengthened its structure by reorganizing team alignment and roles as of December 2023, and plans to finalize ESG-related Key Performance Indicator (KPI)'s in consultation with the Business Strategy Team by 2025. To effectively carry out ESG initiatives, the organizational framework continues to evolve. ESG indicators are incorporated into the CEO's KPIs, and in accordance with Ministry of Environment guidelines, the ESG Team collaborates closely with each business unit to incorporate environmental considerations from the planning stage. The company is also establishing decision-making and execution processes for environmental management.

Managing Environmental Impact Across the Value Chain

Lotte GRS manages environmental impacts across every stage of its value chain. In the procurement stage, the company promotes the purchase of sustainable raw materials and products, and works to improve packaging sustainability. In the manufacturing stage, the company engages in activities such as waste circularity from a circular economy perspective, the development of sustainable products, and the production of eco-friendly food through smart farm collaborations. At the store operation and sales stages, the company carries out activities such as reducing energy consumption, lowering carbon emissions, and minimizing the use of single-use products, etc., while also responding to environmental regulations. Relevant departments at each stage efficiently manage these initiatives. Going forward, the company will continue to strengthen end-to-end environmental impact management across both upstream and downstream operations to minimize negative environmental impacts throughout the business value chain.



Climate Change Response

Responding to Financial Risks Posed by Climate Change

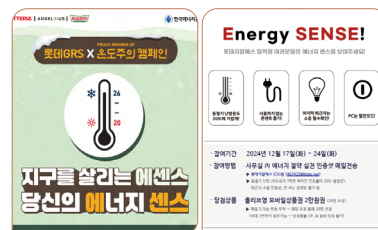
Lotte GRS systematically analyzes and responds to the financial impacts caused by climate change. Key risks include supply instability of major agricultural products due to natural disasters, resulting in rising raw material costs, government regulations related to increased greenhouse gas emissions (e.g., carbon taxes), and additional investment costs to improve the storability of raw materials. In response, the company is reducing carbon dioxide emissions by renewing and expanding its range of plant-based products and mitigating raw material supply risks by shifting from a 100% lettuce composition to a 50:50 mix of lettuce and cabbage. The company continues to make efforts to minimize financial risks associated with climate change.

Innovating Eco-Friendly Food Production through Smart Farm Collaboration

Lotte GRS is actively collaborating with smart farm specialists to promote eco-friendly food production and sustainable agriculture. In August 2023, the company initiated a partnership with SmartArk Co., Ltd. through the third cohort of the Future Food program, supported by Lotte Ventures. Following the Proof of Concept (POC) phase of the Future Food initiative, additional pilot projects have been carried out through collaboration with the in-store initiative 'Lettuce TEST 81K.' Even after the testing phase ended in May 2024, discussions have continued, and SmartArk plans to attract direct investment to establish smart farm facilities in either Yeoncheon or Jeju. Furthermore, Lotte GRS is currently considering registering SmartArk as a new partner in its procurement strategy division once the facility is established.

'Temperature Awareness' Campaign

Lotte GRS collaborated with the Korea Energy Agency to carry out the 'Temperature Awareness' campaign at its headquarters and stores. The campaign conveyed a dual meaning, combining 'pay attention to temperature' and 'be a temperature-conscious person,' and used nudge design to encourage adherence to optimal indoor temperatures of 26°C in summer and 20°C in winter. In line with this, the company promoted various energy-saving actions such as maintaining indoor temperature at 20°C, turning off unused lights, unplugging electronics, and keeping doors closed while heating. To further engage the public, Lotte GRS launched the 'Find the Temperature Awareness Sticker' event on Instagram and ran the 'Energy SENSE (Essence!)' campaign, which together attracted a total of 861 participants.



'WEMOV' Carbon Reduction Project

In celebration of Earth Day, Lotte GRS launched the '3GO Carbon Reduction Project' for all employees. This campaign, held in collaboration with the environmental nonprofit foundation the Korea Green Foundation and the walking reward platform WEMOV, encouraged employees to incorporate walking into their daily routines. A total of over 1,600 employees participated, and the steps they recorded via the WEMOV app were converted into carbon reduction points, with 1 point earned for every 100 steps. The accumulated points were used to generate a donation, which was directed by the Korea Green Foundation toward improving living conditions for children affected by the climate crisis. Walking 7,000 steps a day reduces approximately 824g of carbon emissions. When practiced consistently for a year, this has the same environmental impact as planting two pine trees.



'Donation King' Project – Warm Steps

From July 28 to August 7, 2024, Lotte GRS conducted the 'Warm Steps' project with the participation of all employees. The initiative aimed to reduce carbon emissions through walking and promote carbon neutrality through donation-based compensation. Team rankings were determined based on the average number of steps taken, and rewards were provided to the top-performing teams, encouraging team spirit and collaboration. The donation points collected through employee participation were used to support the operation of the 1st Climate Aptitude Test, organized by the Korea Green Foundation, helping to raise awareness of climate change within the organization and promote a culture of giving.



Sustainable Environmental Management

Biodiversity Conservation

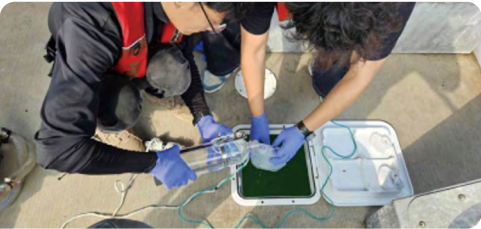
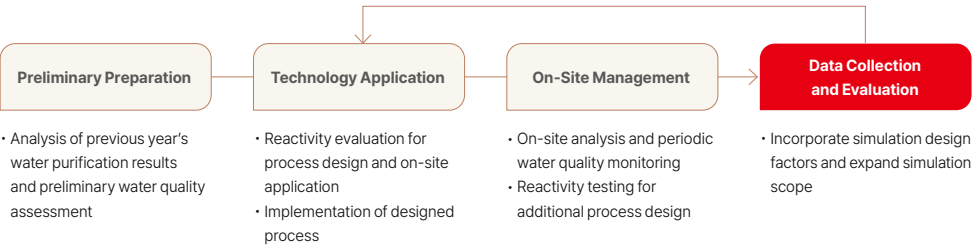


Enhancing Water Quality in Seokchon Lake

On May 22, 2024, Lotte GRS signed the '2024 Seokchon Lake Water Quality Improvement Agreement' together with Songpa District Office, Lotte Property & Development, Lotte Corporation, Lotte Chilsung Beverage, and Lotte Department Store. This initiative focused on improving the overall water quality of Seokchon Lake by reducing turbidity and suppressing algae growth through the application of eco-friendly photocatalytic technology. As a result, the transparency of Seokchon Lake improved from 0.6 meters to up to 2 meters, and its water quality grade was significantly enhanced from Level 3 to Level 2, which allows for bathing and swimming, and with additional purification, it can be suitable for drinking water. Under this agreement, Lotte GRS was responsible for funding the water quality improvement and providing on-site support. Songpa District Office handled administrative support and baseline data, the Green Future Foundation provided water quality monitoring and technical consultation, and the actual construction work was carried out by GENS Co., Ltd.



Water Quality Improvement Process



Water Quality Sampling



Water Purification Vessel

Water Quality Target Achievement Status

Category	TOC(mg/L)	SS(mg/L)	T-N(mg/L)	T-P(mg/L)	Chl-a(μg/L)	DO(mg/L)	Transparency (cm)
Target	3.5 or less	5.0 or less	0.4 or less	0.02 or less	6.0 or less	7.5 or more	200 or more
Result	2.5	4.0	0.35	0.009	4.3	8.9	272
	Target Achieved	Target Achieved	Target Achieved	Target Achieved	Target Achieved	Target Achieved	Target Achieved
Environmental Standards for Lakes and Marshes	Grade I-B 3.0 mg/L or less	Grade I-B 5.0 mg/L or less	Grade II 0.4 mg/L or less	Grade I-A 0.01 mg/L or less	Grade I-A 5.0 mg/m³ or less	Grade I-A 7.5 mg/L or more	Not Applicable



SOCIAL

054 Human Resource Management

060 Human Rights Management

064 Local Community Engagement
and Development

069 Information Security



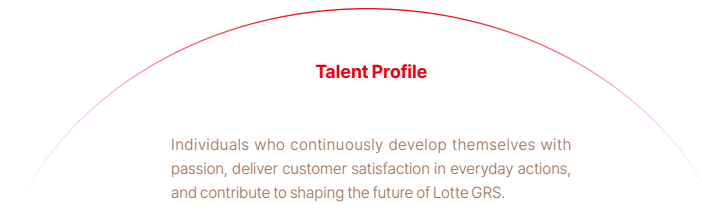


Human Resource Management

Human Resource Management System

Lotte GRS Talent Profile

Lotte GRS is committed to identifying passionate and responsible talent who will drive both corporate growth and sustainable development in society. In particular, securing and developing outstanding global talent is a top priority, and the company actively seeks individuals with innovative thinking and a spirit of challenge.



Recruitment Process



Adoption of a Digital Recruitment Platform

Lotte GRS is working to shorten the recruitment process by introducing a recruitment platform based on an automated system. The company also aims to strengthen recruitment branding to secure outstanding talent and enhance its corporate image. In addition, job interview content will be created and posted on the company website to provide applicants with clearer and more practical information.

Promotion of Industry-Academia Collaboration

Lotte GRS is actively hiring talent with strong practical capabilities and on-site understanding through industry-academia collaboration. In particular, the company accelerates the onboarding of junior professionals by hiring those verified through internships at an early stage, thereby responding proactively to the rapidly changing job market. In 2024, Lotte GRS also held a total of six job briefings and recruitment interviews, securing outstanding talent through diverse channels.

Expanding Foreign Talent Recruitment

In the second half of 2024, Lotte GRS plans to expand its hiring eligibility to include F-4 visa holders, in addition to those holding F-5 and F-6 visas. In 2025, the company will collaborate with Lotte Group to launch an internship program for international students. Following the program, Lotte GRS will continue reviewing additional visa types to further broaden its recruitment scope.

- 1) F-5 (Permanent Residency Visa): Allows foreign nationals to reside permanently in Korea
- 2) F-6 (Marriage Immigrant Visa): Allows foreign spouses of Korean nationals to reside in Korea
- 3) F-4 (Overseas Korean Visa): Allows ethnic Koreans with foreign nationality to reside and work in Korea long-term



Recruitment Information Session



Category	Introductory Training		Leadership Development	Job-Specific Competency Training	Online Training	General Training	ESG
	New Hire (Newly Appointed)	Experienced Hire					
Executive	Newly appointed executive training program	Executive onboarding program		Leaders forum			
S			High-potential leader				
M		Experienced employee					
SA		Orientation program	Manager promotion qualification program				
A	New employee orientation program						
JA	Introductory training for new store managers						
AM	AM orientation program						



Human Resource Management

Employee Training

Operation of Specialized Training Programs

Lotte GRS, as a global food service company, is committed to fostering professionals who will lead the future of the industry. To this end, the company offers systematic and specialized training programs for a wide range of stakeholders, including employees, franchise owners and staff, and consumers, helping each individual fully develop their capabilities. Lotte GRS has also established educational infrastructure such as classrooms, dormitories, and brand-specific training facilities (Pilot-Shops) to cultivate talent with global competitiveness, and actively provides field-oriented practical training that incorporates the latest trends and technologies.



Conduct Job-Centered Capability Development Training



Expand EdTech-Based Training Programs



Establish a Culture of Self-Directed Learning



Formalize Leadership Training



Strengthen Social Contribution Training

Head Office Staff

Strengthen core competencies and stay aligned with industry trends

Generative AI training	150 People
Data analytics training (Tableau)	179 People
Trend dissemination training (2025 trend korea)	91 People

Sales Staff

Strengthen job competencies and embed training through tiered programs

Store management (store manager/assistant store manager)	834 People
SC	103 People

Utilize In-House Built Metacampus Training



Applied Training

- Franchise store manager development program
- AM orientation program



Develop and Implement 3D Store Learning



Applied training

- Utilize brand-specific in-store training
- Utilize for new employee training

Operate Academy RICE Class (Online)



Target Open to anyone seeking training
Operation Program: Expert lectures, knowledge sharing, newly introduced content

Schedule	Details
'24.09	Manage customer reviews from delivery channels
'25.01	2025 revised labor management
'25.02	Guide to the improved business trip system
'25.03	Special lecture on income tax savings

Introduce and Formalize Leadership-Level Training

Target Executives and senior employees
Operation Conducted twice a year (once per half year)

2025 First Half Leadership Competency Enhancement Training

Schedule and Participants	March 19 (90-minute lecture) / Total of 179 people
Method	Offline group training + Real-time live training conducted simultaneously
Topic	The power of a single word! Leading the team through leadership communication skills
Speaker	Park Jae Yeon, CEO of Replus HumanLab

Continue Offering Education Donations

Operate barista job experience program



2024 Operation Performance

'Dream Pathy, Career experience program	6 sessions / 100 people
2024 Geumcheon career and college fair	91 people trained

MOU Signed With Geumcheon District for Career Experience Program



NGO (G Foundation) Partnership Career Experience Program

Target Youth preparing for independence
Schedule Schedule once a year (scheduled for May 2025)
Program Barista career introduction and practical training



Human Resource Management

Employee Training

Franchise Training System

Lotte GRS operates brand-specific development programs through LOTTE GRS ACADEMY to enhance the capabilities of franchise store managers.



New Employee Program

A tiered program for new trainees, covering theoretical and practical education, on-site training, and IT and administrative skills.



Experienced Employee Program

A program for trainees with store experience, focused on reinforcing theoretical and practical knowledge and strengthening management capabilities.

LOTTERIA™

New Hire

Off-JT Lv.1

Theory and practical training

OJT

On-the-job training and e-learning

Off-JT Lv.2

Store management training

Experienced Hire

Pre-learning & test

E-learning, written & practical exams

Off-JT Lv.1

Theory and practical training

Off-JT Lv.2

Store management training

ANGELINUS

Integrated

Off-JT

Theory and practical training & store management training

OJT

On-the-job training and e-learning



Integrated

Off-JT

Theory and practical training & store management training

OJT

On-the-job training and e-learning



Opening of LOTTE GRS ACADEMY, Integrated Foodservice Training Center

Lotte GRS has invested in talent development infrastructure by establishing the LOTTE GRS ACADEMY at the Geumcheon Lotte Tower headquarters. The academy includes lecture rooms for theory and practice, IT training facilities, pilot shops that enable manufacturing practice for Lotteria, Angelinus, Krispy Kreme Doughnuts, and concession business brands, as well as dormitory facilities. This enables employees and external stakeholders to receive efficient and convenient training focused on practical skills.

Furthermore, LOTTE GRS ACADEMY collaborates with external institutions and private companies to offer facility leasing and other partnerships, strengthening community connections and enhancing social impact. Through the academy, Lotte GRS provides systematic, practical education to develop specialized talent and drives continuous improvement in the competitiveness of the foodservice industry.



2024 LOTTE GRS ACADEMY Opening Ceremony

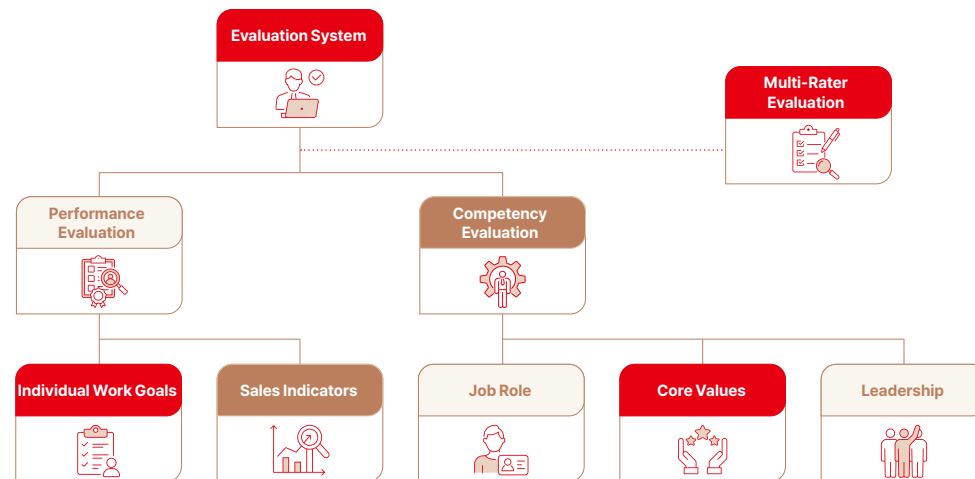


Human Resource Management

Employee Performance and Compensation

Performance Evaluation System

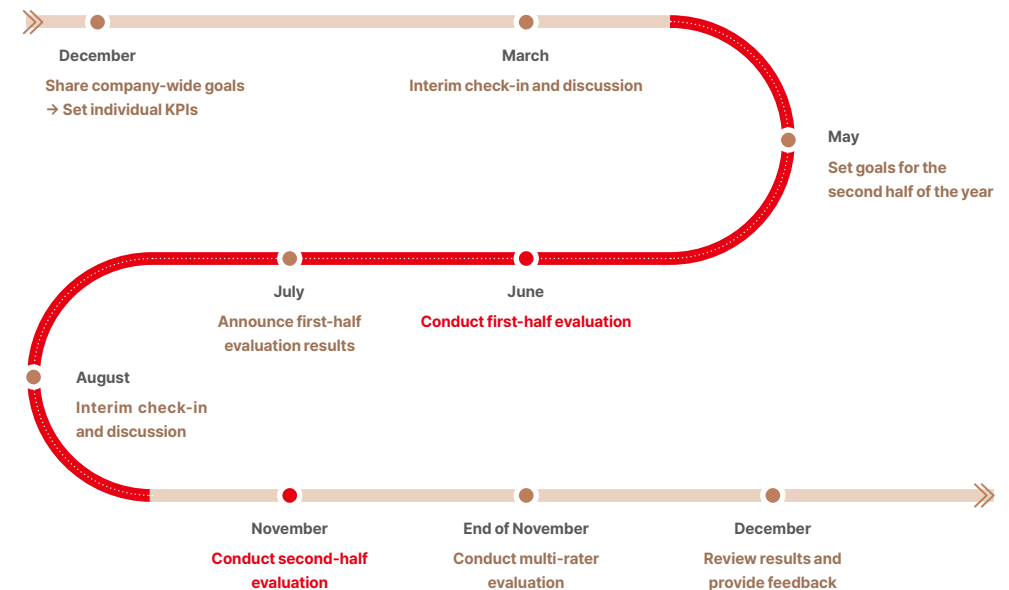
Lotte GRS operates a fair and transparent performance evaluation system to systematically manage employee performance and capabilities. Evaluations are conducted twice annually, once each in the first and second half of the year, with results serving as a foundation for smooth communication and effective personnel management within the organization. Evaluation results are reflected in workforce placement and mobility, skill development, compensation, and promotion decisions. High-performing talent is assigned to optimal positions, while employees requiring further development receive tailored training programs to support the growth of both individuals and the organization.



- **Performance Evaluation:** Sets individual work goals and sales targets, assessing achievement against these objectives. Evaluation criteria vary by business unit and include factors such as business performance, operational evaluation, and field management capabilities.
- **Competency Evaluation:** Comprehensive assessment of the knowledge, skills, and attitudes required for job performance, including core values and leadership competencies specific to each role.
- **Multi-Rater Evaluation:** Incorporates perspectives from supervisors, peers, and other evaluators to ensure fairness and objectivity.
- **Utilization of Key Performance Indicators (KPIs):** Supports quantitative evaluation by using indicators that measure the realization of critical success factors (CSFs) and the achievement of goals.

Evaluation Process

The evaluation process comprises performance, competency, and multi-rater evaluations, designed to employ diverse methods to ensure objectivity and fairness.



Utilization of Evaluation Results and Compensation

Lotte GRS assigns top talent to appropriate roles based on performance evaluations and provides tailored training programs for those requiring skill development. Additionally, the company offers fair compensation aligned with individual performance and provides promotion opportunities to employees who contribute to organizational growth.



Human Resource Management

Employee Benefits

Employee Benefits System

Lotte GRS operates a variety of employee benefits programs to ensure that employees work in a healthy and fulfilling environment. These programs not only contribute to improving employees' quality of life but also serve as a foundation for increased job satisfaction and efficiency, ultimately playing a key role in the company's sustainable growth. Lotte GRS will continue to enhance and expand its benefits policies to further improve employee satisfaction and performance.

Health

- Health checkups (employee, spouse, and parents)
- Group insurance

Education/Lifestyle

- EZ Learning tuition support
- Long-service award leave, etc.

Leisure

- Benefits such as condo support for family (domestic and overseas), personal domestic travel, etc.

Family-Friendly

- Support for congratulatory and condolence events
- Flexible work during pregnancy and childcare, maternity leave for employee and spouse, childcare leave, prenatal checkup leave, infertility leave and support, wedding congratulatory gifts, childbirth and school entrance congratulatory gifts, child education allowances, etc.
- Pet leave

Creating a Work Environment Where Employees Want to Work

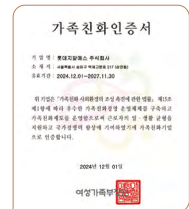
Lotte GRS fosters a horizontal work environment that enables employees to engage in their tasks with greater autonomy and focus. To this end, a flexible work system has been introduced enabling employees to adjust their commuting hours as needed, while actively streamlining work processes by reducing unnecessary procedures. Furthermore, by promoting smooth collaboration and communication among employees and establishing a culture of shared goals, Lotte GRS enhances work efficiency and supports sustainable growth.

Promoting Work-Life Balance through Circle Activities

Lotte GRS actively operates a variety of employee circle activities to boost creativity and strengthen individual capabilities. Approximately 50 circles, including soccer, baseball, and movie clubs, are organized across both metropolitan and regional areas. These activities help employees share common interests, build fellowship, and effectively relieve work-related stress.

Family-Friendly Certification

Lotte GRS has established various systems and a culture that enable employees to balance work and family life while maximizing their capabilities in a sustainable work environment. In 2013, the company first obtained the Family-Friendly Company Certification and has since been exemplary in operating programs that support work-life balance, including childbirth and childcare support, flexible working arrangements, and family-friendly initiatives. Through these efforts, the company continuously renews and maintains the certification, contributing to improved employee quality of life and the realization of sustainable management based on a healthy and stable organizational culture.



Employee Family Domestic and Overseas Travel Support

Lotte GRS provides travel subsidies for domestic and overseas family trips to foster a work-life balance and promote a family-friendly corporate culture. As of 2024, a total of 600 employees received travel subsidies, enhancing employee satisfaction with welfare benefits. The company plans to continuously design and improve practical and highly satisfying welfare programs to further enhance employees' quality of life.



Employee Health Checkups and Follow-Up Care

Lotte GRS conducts annual health checkups to manage employee health, aiming for a 100% participation rate among all employees. The company supports health checkup expenses and actively provides follow-up care, including health consultations with nurses, for employees with findings requiring attention, ensuring comprehensive health management.

On-Site Health Consultation and Wellness Room Operation

Lotte GRS operates the 'Mobile Health Consultation and Health Management Room' in collaboration with the Songpa Public Health Center to promote employee health. This initiative provides personalized exercise routines and nutrition counseling to help employees manage their health in daily life, encouraging voluntary and sustained health practices.



Human Resource Management

Human Rights Management System

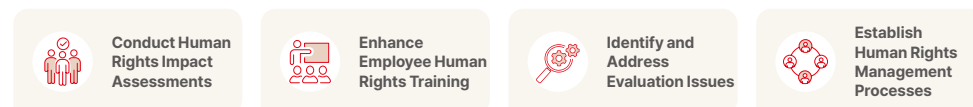
Human Rights Management Goals and Strategy

Lotte GRS places the happiness of all stakeholders as its highest value and practices human rights protection and respect as core management principles. The company actively responds to the growing societal demand for human rights management and continuously strives to earn the trust of its stakeholders.

To this end, Lotte GRS has established a systematic human rights governance framework and strengthened risk identification and management to prevent human rights violations. The company also fosters a sustainable environment and promotes a culture of mutual respect, while enhancing internal control systems to cultivate a desirable corporate culture. Lotte GRS will continue to elevate its human rights management standards, aiming to improve both business performance and corporate value, and strive to achieve coexistence with all stakeholders.



Operational Direction



Declaration of the Human Rights Management Charter

Lotte GRS, striving to grow as a foodservice franchise platform that adds value to customers' daily lives, is committed to realizing a 'fair society without discrimination' and practicing 'human rights management that prioritizes humanity.' In 2022, the company declared a Human Rights Management Charter based on international human rights principles and standards to embody these goals, enhancing human dignity and value while setting clear behavioral and judgment guidelines for employees. Building on this foundation, Lotte GRS respects all stakeholders and actively pursues sustainable social development as a responsible corporate citizen.

Human Rights Management Pledge

Lotte GRS actively pursues the realization of a fair, non-discriminatory society and practices human rights management by adhering to domestic and international human rights principles, including the UN Universal Declaration of Human Rights and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises. To this end, the company upholds core values such as prohibiting forced and child labor, ensuring safe working environments, fostering mutual cooperation with franchisees and partners, banning the use of unethical materials, protecting personal information, preserving the environment, guaranteeing freedom of association and collective bargaining, and preventing and remedying workplace human rights violations. Furthermore, Lotte GRS has established a Human Rights Management Pledge, which all employees strictly follow, leading efforts toward a sustainable future.

Human Rights Management Charter



The form contains the text of the Human Rights Management Charter and a section for employee signatures. The charter text is in Korean and outlines the company's commitment to human rights. The signature section includes fields for the employee's name, position, and date.

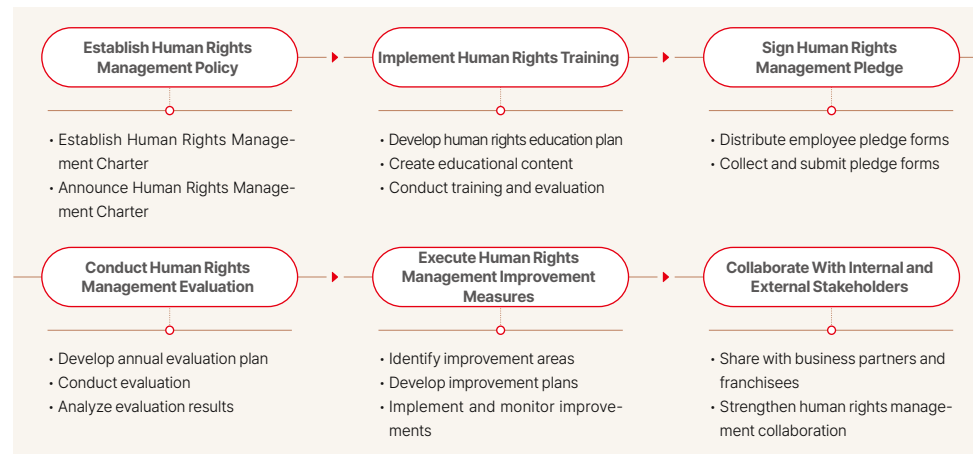


Human Resource Management

Human Rights Management Activities

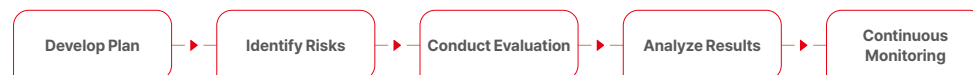
Establishment of Human Rights Management Process

Lotte GRS positions human rights as a core management value and pursues sustainable growth and a positive organizational culture through a systematic human rights management process. To this end, the company has established and operates a clear human rights management process, enhancing human rights protection through structured risk management and continuous improvement activities. Additionally, Lotte GRS strengthens human rights education for employees and various stakeholders, actively fostering a fair and non-discriminatory corporate culture and committed to practicing human rights management.



Human Rights Impact Assessment

Lotte GRS conducts a human rights impact assessment targeting 509 Headquarters employees to proactively prevent and promptly identify human rights violations among stakeholders. The current assessment comprises 13 criteria, with plans to expand the scope to include branch offices and corporate stores to enhance the reliability and validity of the results. Through this evaluation, human rights-related improvement areas are identified, and concrete, practical measures are actively pursued to establish a more effective human rights protection system.



Assessment Criteria

Awareness of Human Rights	Fair Employment Opportunities	Working Conditions	Humane Treatment	Workplace Harassment
Forced Labor	Child Labor	Freedom of Association and Collective Bargaining	Human Rights Management in the Supply Chain	Disability Discrimination

Human Rights Assessment Improvements and Grievance Management

Lotte GRS identifies and implements corrective measures based on the findings of the human rights impact assessments, maintaining transparent disclosure of progress. The company actively promotes various internal grievance channels to ensure employees can report and resolve human rights-related concerns freely and effectively.

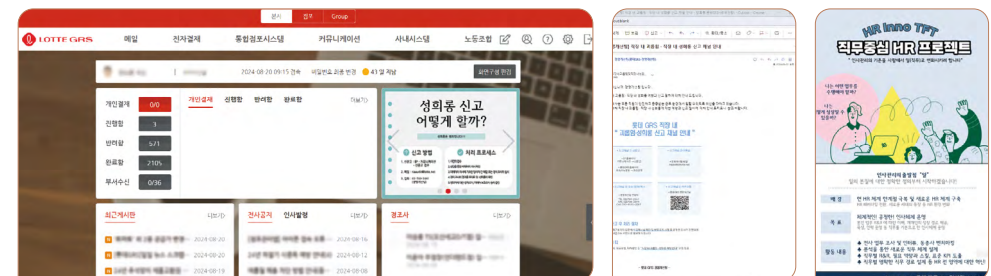
To enhance accessibility, a popup link is displayed on the main page of the internal portal, providing direct access to the grievance submission page for convenient reporting. Regular company-wide email communications encourage employee engagement, while job-specific HR consulting supports practical issue resolution and the cultivation of a healthy organizational culture.

Going forward, Lotte GRS remains committed to strengthening communication channels for the protection of employee human rights and the resolution of grievances, fostering a respectful and inclusive workplace environment.

Operate Fair HR Systems (Including Promotion, Compensation, and Personnel Policies)

Conduct Human Rights Training for All Employees

Promote Employee Grievance Resolution Channels





Human Resource Management

Human Rights Management Activities

Human Rights Protection Training

As the importance of human rights management grows, Lotte GRS conducts systematic human rights protection training for all employees. Given the increasing impact of corporate human rights violations on business operations and the prominence of human rights practices in investment decisions, the company is intensifying efforts to prevent violations and foster a respectful organizational culture. To this end, various human rights education programs are provided to ensure employees fully understand and practice the importance of human rights protection, aiming to establish a fair and sustainable corporate culture. Moving forward, Lotte GRS will continue to strengthen its human rights management activities to safeguard employee rights and actively contribute to sustainable organizational growth and stakeholder trust.

2024 Human Rights Training Completion Status

Category	Target	Training Content
Human Rights Training, Building a Respectful Society	All employees	Exploration of the historical development of human rights focusing on the past, present, and future; contemporary human rights issues; and exploration of human rights protection measures in the digital and AI era.



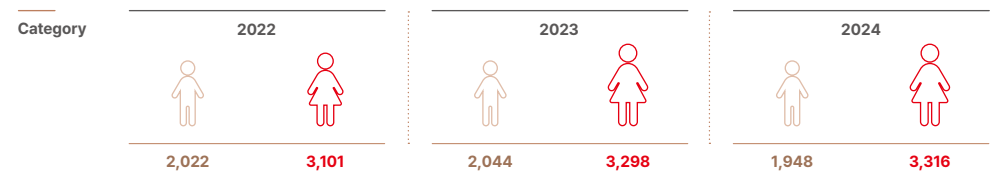
Category	Target Participants	Unit	Number of Participants
Sexual Harassment Prevention Training	Employees	Person	5,084
Disability Awareness Training	Employees	Person	5,136
Workplace Harassment Prevention Training	Employees	Person	5,084

Employee Diversity

As of 2024, Lotte GRS's total number of employees stands at 5,123, representing a 4.10% decrease from the previous year. However, in terms of gender-balanced employment, the proportion of female employees increased from 61.7% to 62.9%. Lotte GRS is committed to preventing gender-based discrimination in all aspects of employment and continuously strives to enhance workforce diversity.

Gender Employment Status

(Unit: Person)



Grievance Counseling Program

Since 2019, Lotte GRS has been operating a year-round counseling program to proactively address employee grievances. Consultations are received through anonymous channels such as KakaoTalk and email, and psychological treatment is provided when necessary. Grievances related to workplace misconduct or unethical behavior are appropriately handled by the Management Improvement Team, with strict confidentiality maintained regarding the employee's identity. In addition, Lotte GRS supports up to five professional psychological counseling sessions per year through its Employee Assistance Program (EAP), in collaboration with external expert organizations.

Internal Grievance Counseling Process



Category	Unit	2022	2023	2024
Internal Grievance Counseling	Case	20	15	16
External Referral Counseling	Case	39	79	36



Human Resource Management

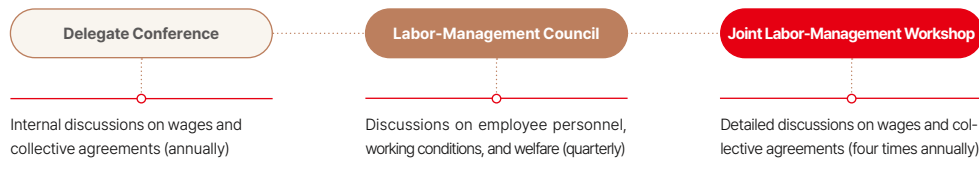
Human Rights Management Activities

Labor-Management Relations

Lotte GRS operates an annual labor-management cooperation program aimed at enhancing employee value creation and improving working conditions. To support this, the company continuously facilitates smooth communication and consultation between labor and management regarding workplace improvements. Agreed-upon matters are transparently communicated through company-wide emails and the official labor union website. As of 2024, the labor union membership stands at 1,150 employees, representing approximately 71% of the total regular full-time employees.

Freedom of Association and Collective Bargaining

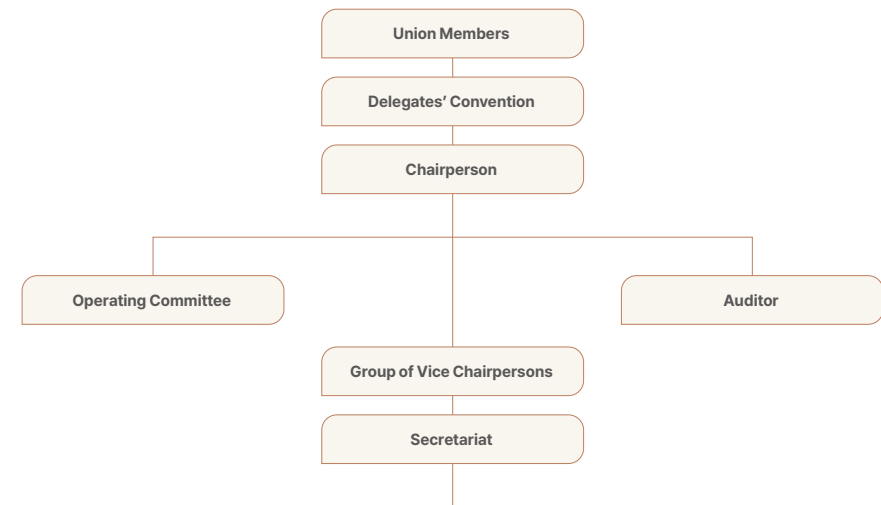
Lotte GRS has maintained a record of zero labor disputes since its founding, based on mutual trust between employees and the labor union. The company fosters a stable working environment through smooth communication and collaboration. Employee-related matters are addressed not only through regular meetings but also through ongoing discussions to promote a constructive labor-management relationship. In addition, Lotte GRS operates communication channels to improve working conditions, enhance employee benefits, protect human rights, and address grievances, thereby striving to build a healthier and more sustainable organizational culture.



Labor-Management Relations Activities

Joint Labor Management Events	Overseas Cultural Experience (Vietnam)	Overseas Cultural Experience (Singapore)	Overseas Cultural Experience (Hawaii)
As part of joint labor-management events, employees were invited to a group movie screening.	For employees with over two years of service, labor and management jointly organized an overseas cultural experience in Vietnam.	For employees with over eight years of service, labor and management jointly organized an overseas cultural experience in Singapore.	For employees with over twelve years of service, labor and management jointly organized an overseas cultural experience in Hawaii.

Labor Union Organization Chart



Composed of 17 branches, 2 organizational unity teams, a General Affairs Department, and a Dispute Resolution Department.



Labor Union Event



Overseas Cultural Experience (Vietnam)



Overseas Cultural Experience (Singapore)

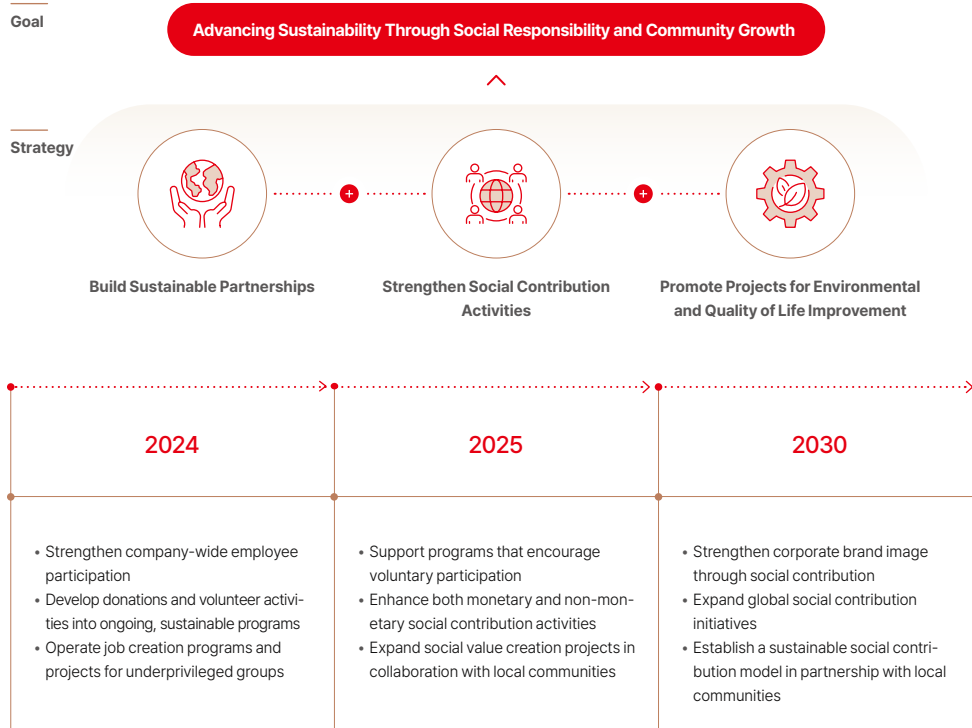


Local Community Engagement and Development

Community Engagement Framework

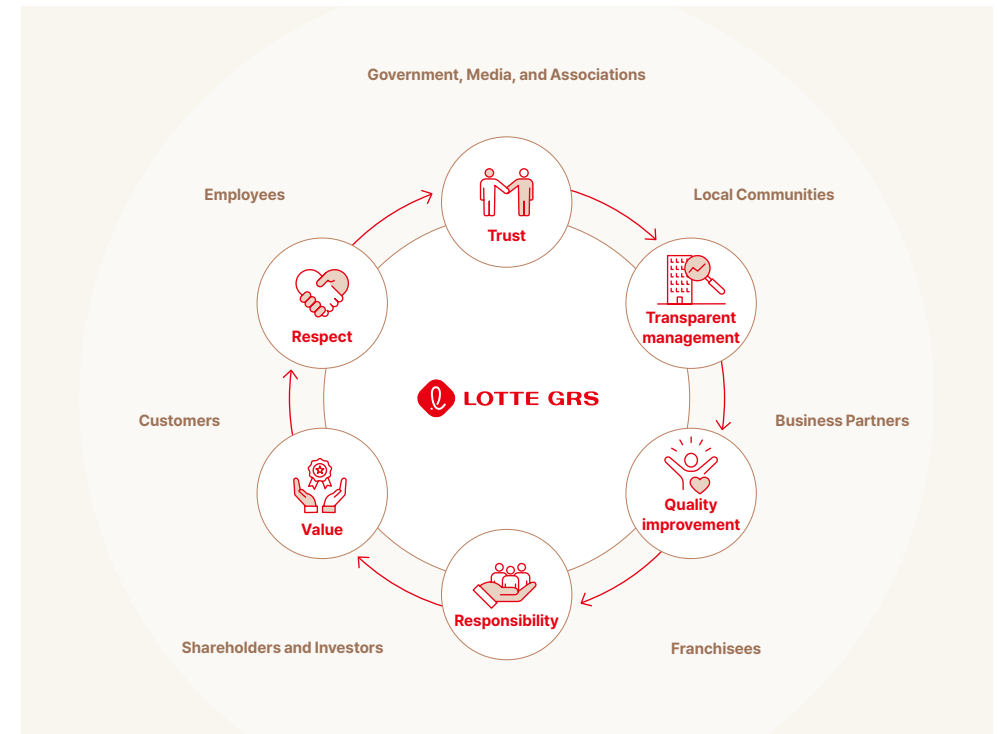
Community Engagement Strategy

Lotte GRS is committed to fulfilling its corporate social responsibility with a spirit of continuous change and innovation, aiming to contribute to social development and improved quality of life. As a company that grows alongside local communities, the company actively promotes a wide range of campaigns and initiatives grounded in a deep understanding of social challenges, taking the lead in addressing local issues and creating tangible value. Moving forward, Lotte GRS will further strengthen its social responsibility efforts, leveraging its resources and capabilities to help build a better community and a more sustainable future.



Community Engagement Vision

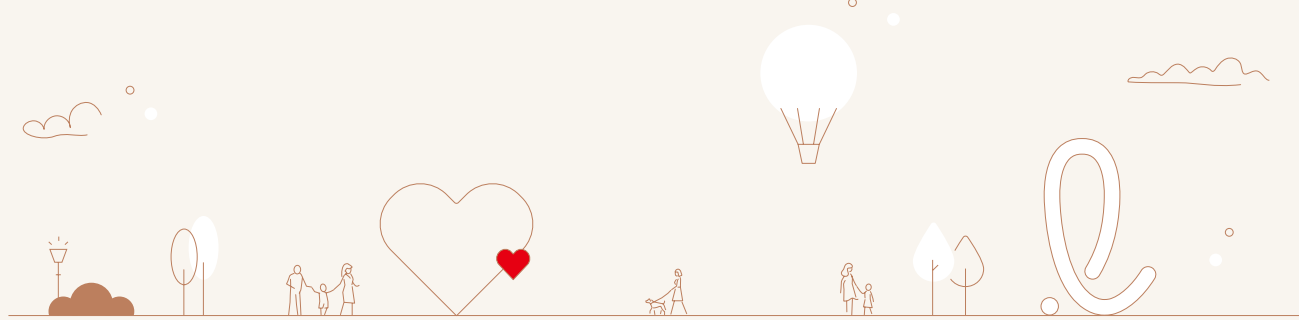
Lotte GRS practices sustainable social contribution based on its core values of trust, transparent management, quality improvement, responsibility, value, and respect. The company upholds responsible management grounded in stakeholder trust and strives to enhance transparency. It actively promotes a wide range of initiatives to create social value, fosters an organizational culture that respects employees and stakeholders, and works to improve quality of life, contributing to a better society. Lotte GRS will continue expanding its corporate social responsibility efforts and driving meaningful change.





Local Community Engagement and Development

Past 10 Years of Community Engagement Activities



2014~2017

- 2014.08** Supported Didim Seed Bank Book by Ministry of Health and Welfare and Korea National Council on Social Welfare
- 2014.10** Produced and supported eco-friendly fertilizer by participating in Seoul Agricultural Exhibition
- 2015.01** Awarded 'citation by Mayor of Seoul' for recognition of contribution in 3rd Seoul Urban Agriculture Exhibition
- 2015.02** Awarded 'appreciation plaque by superintendent of education of Seoul' for recognition of vitalizing youth sport club
- 2015.04** Angelinus Coffee awarded 'citation by head of Yongsan-gu office' with visiting CSR activities
- 2015.09** Awarded from 2015 CSR Award in culture and athlete sector
- 2015.10** Sponsored school sport club baseball leagues by superintendent of education in Seoul (for 3 consecutive years)
- 2015.12** 'Pleasant day' sharing activity of Lotteria employees with Beautiful Store
- 2016.01** Signed an agreement on 'Establishing win-win cooperation to diversify sales channels for Jeju agricultural and specialty products'
- 2016.03** Entered CSR agreement 'Mom Happy Birthday Party' with Holt Children's Services
- 2016.04** Operation of Jeju Island's 'Coffee Bean Recycling Campaign'
- 2016.08** Charlotte volunteers operated CSR activity
- 2016.09** Signed agreement with Busan Creative Economy Innovation Center for 'ANGEL Startup Idea Factory'
- 2017.01** Entered win-win agreement for hamburger bun
- 2017.03** Charlotte volunteers operated CSR activity 'Residential Environment Improvement for single Parents'
- 2017.04** Entered vitalization agreement for school sport club with Seoul Metropolitan Office of Education
- 2017.07** Entered local three-party co-existence agreement with Yangyang-gun and Seogwang Nonn-ghyup
- 2017.08** Entered CSR agreement 'Happy Deliver' with Holt Children's Services
- 2017.09** Charlotte volunteers operated CSR activity 'Provided Samgyetang for senior citizen who lives alone'
- 2017.12** Concluded a contract to supply Braille menus to promote the welfare of the visually impaired
Operated CSR activity 'MOM happy birthday party' (for 2 consecutive years, total 37 families)

2018~2019

- 2018.02** Charlotte volunteers operated CSR activity 'Residential Environment Improvement for disabled person'
- 2018.03** Entered 'Rainbow Happiness Project' agreement with Multicultural General Welfare Center
- 2018.04** Operated CSR activity 'Queens Market with single parents'
Operated CSR activity 'Support Wedding of multicultural family' (8 families)
- 2018.06** Operated CSR activity 'MOM comfortable Glamping for single parents'
- 2018.07** Charlotte volunteers operated CSR activity 'Provided Samgyetang for disabled persone'
- 2018.10** Operated CSR activity 'Barista Class for multicultural families' (76 member)
- 2018.11** Charlotte volunteers operated CSR activity 'Picnic for single parents' (for 2 consecutive years)
Operated CSR activity 'Support Event of disabled person in multicultural families'
- 2018.12** Operated CSR activity 'MOM happy birthday party' (for 3 consecutive years, total 61 families)
Operated CSR activity 'Sport Class for teenager in multicultural families' (total 9 times)
- 2019.02** Charlotte volunteers operated CSR activity 'Support Traditional holiday Event for disabled person'
- 2019.04** Operated CSR activity 'MOM comfortable Market' with single parents
- 2019.06** Operated CSR activity 'MOM comfortable Glamping for single parents' (for 3 consecutive years)
- 2019.08** Charlotte volunteers operated CSR activity 'Provided Samgyetang for disabled persone' (for 2 consecutive years)
Operated CSR activity 'MOM'S FESTA Market' with single parents
- 2019.10** Operated CSR activity 'MOM comfortable birthday party' (for 4 consecutive years, total 84 families)
- 2019.12** Charlotte volunteers operated CSR activity 'Labor service in YONGSAN welfare facilities' (total 25 times)
Charlotte volunteers operated CSR activity 'Making Doll for children living developing country'

2020~2022

- 2020.03** Charlotte volunteers operated CSR activity 'Making Dolls for Children living in developing countries'
- 2020.04** Krispy Kreme Doughnuts Brand operated CSR activity 'Share-Ring'
- 2020.06** Operated CSR activity 'MOM Comfortable Birthday Party' (for 5 consecutive years, total 90 families)
- 2020.08** Charlotte volunteers operated CSR activity 'Making Shiny and Clean Pop-Up Books for Children living in developing countries'
- 2020.10** Operated CSR activity 'MOM Comfortable Queens Funding' with single parents (total 4 times)
- 2021.01** Making natural soap (at home)
- 2021.05** MOM Comfortable Queen's Funding Social Contribution Operation (5 times)
- 2021.06** Volunteer activities and donations to the abandoned dog protection center (raising amount of executives and employees)
- 2021.12** MOM Comfortable One Day Class Operation
- 2022.02** Donation of quarantine products to Geumcheon-gu Office
- 2022.03** Donation of quarantine products to disabled people's living facilities
The 1st donation for the Social Contribution Project 'Hope ON' for Underprivileged Children is delivered to Geuncheon District Office.
- 2022.04** Volunteer activities and donations to the Ullin Forest Fire Abandoned Dog Protection Center (Amount raised by employees)
- 2022.05** Volunteer to produce mood lamps for children in coal mining villages
Operation of social contribution activities of 'Blood Donation of Love' for children with pediatric cancer
- 2022.06** Second donation of quarantine products to Geumcheon-gu Office
Selected as an excellent donation organization in Geumcheon-gu in '2021 and won the 'Geumcheon-gu Mayor's Appreciation Plaque'
- 2022.07** The 2nd donation for the Social Contribution Project 'Hope ON' for Underprivileged Children is delivered to Gwanak District Office.
- 2022.09** Operated CSR activity 'MOM'S FESTA Market' with single parents
- 2022.10** The 3rd donation for the Social Contribution Project 'Hope ON' for underprivileged children is delivered to Seongsu District Office.
- 2022.11** Participation in 'Geumcheon-gu Sharing Kimjang Event for Love.'
- 2022.12** Angelinus donates organic feed for the 'Angel Day Campaign' to support animal protection.
Recognized in the 'Geumcheon Sharing Hall' through local community contribution activities.

2023

- 2023.03** Seoul City Signs Memorandum of Understanding on 'Accompanying Digital Accessibility for Persons with Disabilities'
- 2023.04** The 4th donation for the Social Contribution Project 'Hope ON' for underprivileged children is delivered to Jungnang District Office.
- 2023.07** Lotteria Donates 500 Bulgogi Burgers to Soldiers stationed on Ulleungdo and Dokdo Islands
- 2023.09** Donation of 30 Million Won for the Establishment and Operation Fund of Bovas Children's Rehabilitation Center
- 2023.10** Operated CSR activity 'MOM'S FESTA Market' with single parents
The 5th donation for the Social Contribution Project 'Hope ON' for underprivileged children is delivered to Guro District Office.
- 2023.11**
- 2023.12** MOM Comfortable One Day Class Operation



Local Community Engagement and Development

Community Contribution Activities

Digital Literacy Program 'Digital Masil'

Lotte GRS recognizes that the rapid spread of digital technology has made it difficult for the senior population to use kiosks and is actively working to resolve this issue. In March 2023, the company signed an MOU with the Seoul Metropolitan Government, joined the 'Companion for the Digitally Underserved' campaign, and, as part of this initiative, operates the kiosk training program 'Digital Masil.' As part of this initiative, Lotte GRS launched the kiosk training program 'Digital Masil' in April 2023, offering both theoretical education and hands-on practice at Lotteria stores. The program provides seniors with the opportunity to directly practice ordering, and has received a positive response, with a satisfaction rate of 99.2%. In 2023, Lotte GRS completed training for 800 participants and expanded the program to 2,200 participants in 2024. In 2025, the company plans to broaden the program to the Seoul, Gyeongsang, Jeolla, and Gyeonggi regions, with a goal of training a total of 5,000 participants. Lotte GRS will continue to expand practical support for digitally underserved groups.

Status of Digital Masil Operations

Category	Unit	2023	2024
Goal	Person	500	1,500
Performance	Person	800	2,200
Achievement Rate	%	160	147



'Hope ON Fund' Created by Company and Customers

Lotte GRS raises donation funds through its integrated food service ordering app, 'Lotte EatZ.' When customers place orders through the Lotte EatZ app, the company accumulates a set donation amount in proportion to the number of orders. The funds raised are used for various social contribution activities, including support for municipalities and child sponsorship.

Customer-Participatory 'Hope ON Campaign'

Lotte GRS donates KRW 50 per customer order through the 'EatZ Order' feature on the Lotte EatZ app, contributing to municipalities in a relay format. Since March 2022, the company has delivered a total of KRW 190 million to seven municipalities, supporting approximately 5,000 children experiencing food insecurity. The funds raised have been used for various social contribution activities, including the construction of rehabilitation centers for children with disabilities and kimchi-making events for underprivileged families. In 2024, both order volume and donation amounts increased by 31% compared to the previous year. In 2025, Lotte GRS plans to further promote the use of EatZ Order and continue expanding the Hope ON Fund.



'Hope ON Project' Supporting Undernourished Children's Daily Living

Since 2022, Lotte GRS has been providing funds to municipalities to support the livelihood stability of children experiencing food insecurity, delivering a total of KRW 190 million to seven municipalities to date. These funds have been used to support various welfare programs, benefiting more than 5,000 children.

Category	Geumcheon District Office	Gwanak District Office	Seongbuk District Office	Jungnang District Office	Guro District Office	Dongjak District Office	Yeongdeungpo District Office	Yangcheon District Office
Date	2022.03	2022.07	2022.10	2023.04	2023.07	2024.05	2024.08	2025.04
Amount	KRW 30 Million	KRW 30 Million	KRW 30 Million	KRW 30 Million	KRW 30 Million	KRW 20 Million	KRW 20 Million	KRW 20 Million





Local Community Engagement and Development

Community Contribution Activities

Support for Vulnerable Groups Affected by Climate Change

Lotte GRS used funds raised through a carbon reduction project, in partnership with the Korea Green Foundation, to support communities vulnerable to the climate crisis. Recognizing the increased risks faced by low-income households and residents in areas with limited infrastructure, the company participated in summer-preparation efforts by providing pest control and specialized cleaning services for 10 households in Seoul, removing harmful elements such as mold and supplying dehumidifiers. Lotte GRS will continue to focus on children directly affected by climate inequality and steadily promote support programs tailored to their needs.

Donut Class Program

Lotte GRS provides participants with various activity opportunities through its store visit program, including donut-making process education, production facility tours, hands-on experience in donut packaging and creation, photo sessions, etc. These activities are designed to promote career exploration and deepen understanding of various occupations. Through these experiences, the company supports children in gaining new perspectives and envisioning their future more concretely.



Funding for Rehabilitation Centers for Children with Developmental Disabilities

Lotte GRS has pledged to donate a total of KRW 100 million over three years to support the construction of 'Bobath Children's Hospital,' a rehabilitation center for children with disabilities led by the Lotte Medical Foundation. In alignment with this commitment, the company contributed KRW 30 million in both 2023 and 2024, and plans to donate an additional KRW 40 million in 2025.

Franchisee Participation Donation Program 'Matching Grant'

Since 2024, Lotte GRS has been operating the 'Matching Grant' donation program in partnership with franchise stores. Under this program, when a franchise owner donates burgers to the local community, Lotte GRS donates the same quantity, contributing to the spread of a shared giving culture. In 2024 alone, the company supported a total of eight events, donating 1,360 burgers and product exchange vouchers.



Sponsorship of the 'Super Blue Marathon'

Lotte GRS is carrying out social contribution activities as part of its disability awareness campaign by sponsoring products for the 'Super Blue Marathon,' co-hosted by Lotte Group and Special Olympics Korea. On October 6, 2024, the 9th event was held at Peace Plaza in Sangam World Cup Park. It was organized to put Lotte Group's Diversity Charter into practice (eliminating discrimination based on disability, gender, nationality, generation, etc.) and to raise awareness of disabilities. To encourage participation in the event, Lotte GRS provided company products worth approximately KRW 2 million as prizes for a social media event linked to the marathon.



Local Community Engagement and Development

Community Contribution Activities



Angelinus Launches New Menu Featuring Darae, a Specialty from Gangwon

Lotte GRS continues to expand its social contribution activities by leveraging the unique characteristics of the food service industry and the expertise of its employees to meet the practical needs of local communities. In 2024, the company contributed to revitalizing the local economy by launching new beverages and desserts made with 'darae,' a specialty product of Gangwon Province.

Darae is a fruit with a sweet taste and rich nutritional content, including vitamins, dietary fiber, etc., and Gangwon Province accounts for approximately 70% of its total domestic production. However, due to challenges in production and distribution, as well as limited promotional efforts, consumer recognition of darae has remained low despite its quality and health benefits.

To address this, Lotte GRS developed collaborative products using darae and carried out active promotional marketing to raise awareness of the value of this regional specialty and create new market opportunities.



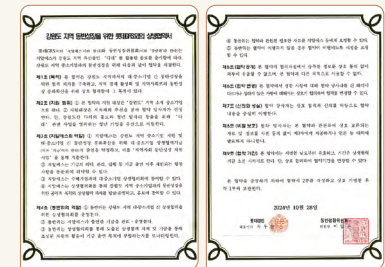
Win-Win Partnership Agreement for Mutual Growth

For this mutual growth initiative, a regional co-prosperity model agreement was signed with the participation of the company, the municipality, and the Korea Commission for Corporate Partnership. To promote a culture of mutual growth between large corporations and small businesses in the Gangwon Province region, the initiative was carried out by having the Korea Commission for Corporate Partnership contribute a mutual growth fund, which was then reinvested into the local community.

Lotte GRS not only launched new products using specialty ingredients from Gangwon Province but also provided practical support such as agricultural equipment to improve production efficiency and product package design assistance. In addition, a portion of the sales revenue from the new products was reinvested to enhance the productivity of youth-run businesses in Gangwon Province, establishing a sustainable mutual growth model that goes beyond one-time social contribution activities and supports the long-term development of the local community.

Through these agreements and support for youth-led businesses, Lotte GRS has made multifaceted efforts not only to promote specialty products from Gangwon Province but also to strengthen the competitiveness of local youth enterprises, encourage youth entrepreneurship and settlement, and help address the region's low youth population ratio (approximately 3%), which falls below the national average.

Lotte GRS will continue to do its utmost to create social value through ongoing collaboration with local communities and various stakeholders, and to establishing itself as a company that contributes to the sustainable development of regional communities.





Information Security

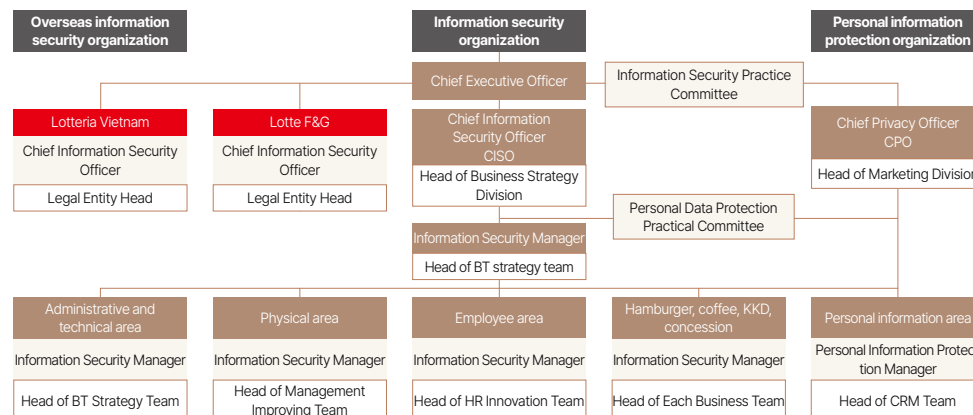
Information Security Strategic Framework

Personal Information & Information Security Management System (ISMS-P) Certification

Lotte GRS has obtained the Personal Information & Information Security Management System (ISMS-P) certification, Korea's highest-level integrated certification for information security and personal information protection management systems. The ISMS-P certification is granted only to companies that pass a rigorous evaluation of 101 criteria, including 16 items for system establishment and operation, 64 for protection measures, and 21 for personal information processing requirements, based on standards jointly announced by the Ministry of Science and ICT and the Personal Information Protection Commission. In 2023, Lotte GRS newly acquired the ISMS-P certification, which includes personal information protection standards, in addition to its existing Information Security Management System (ISMS) certification, in order to more securely protect and manage customer personal information. This certification applies across all major online services, including the Lotte Eatz app, customer relationship management (CRM) system, and official website, and the company is further strengthening customer information protection and oversight through the ongoing advancement of its information security systems and management framework.

Information Security Organization

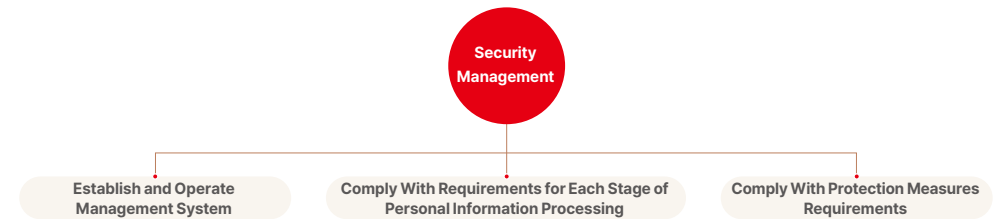
Lotte GRS appoints a Chief Information Security Officer (CISO) with independence and expertise in accordance with applicable laws, and continues to strengthen its information security management system under this leadership. The company conducts regular security inspections to identify potential vulnerabilities in systems and networks in advance and promptly implements corrective measures. In addition, regular security training is provided to employees to raise awareness and promote a culture of safe information management. In addition, Lotte GRS has established a systematic response process to ensure swift action in the event of a security incident, minimizing the impact of information breaches and preventing the spread of further damage.



Lotte GRS Information Security Policies and Guidelines

Lotte GRS has established and operates information security policies and guidelines to build a systematic information security management framework. These serve as clear standards for protecting the company's information assets and securely managing personal information and core systems.

Based on these policies and guidelines, Lotte GRS conducts regular security inspections and employee security training, while operating a response process that enables immediate action in the event of a security incident, thereby continuously strengthening its information protection capabilities. Lotte GRS will continue its efforts to maintain a robust information security system and create a secure information environment.



Information Security Policies and Guidelines

Category	Description
Information Protection Policy	Standards for security incident prevention, information asset protection, and systematic management
Personal Information Management Plan	Personal information protection, systematic management, and security assurance
Information Security Organization Guidelines	Organizational structure, operating regulations, and continuous information security management
Personnel Security Guidelines	Information security standards and risk prevention during hiring, employment, and resignation
Partner Security Management Guidelines	Information protection standards and risk prevention for partners and external personnel
Information Asset Management Guidelines	Classification of information assets, designation of importance, and effective protection and management
Physical Security Policy	Physical security, facility protection, and video surveillance management
Incident Response Policy	Prevention and response to security incidents, protection of information assets
Information Systems Security Policy	Information system management and protection, assurance of confidentiality, integrity, and availability
Personal Information Protection Policy	Personal information processing standards, incident prevention, and protection measures
Location Information Handling Guidelines	Protection of location information, and prevention of leakage, tampering, and damage

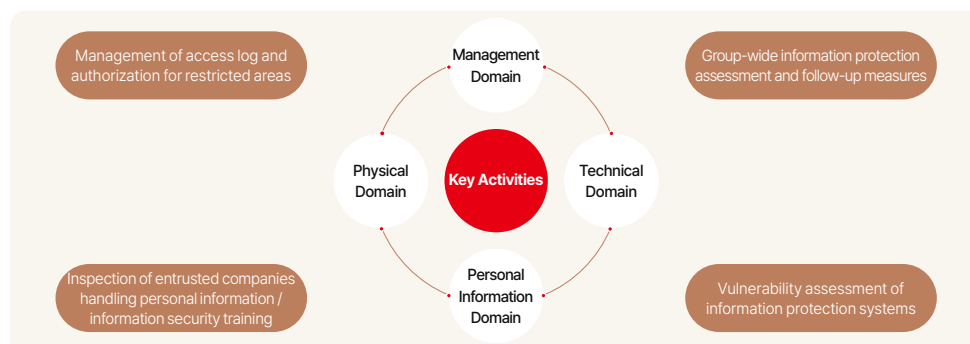


Information Security

Information Security Enhancement Activities

Sustainable Information Security Management Plan

Lotte GRS strategically carries out various activities to ensure systematic information security operations and build a sustainable security environment, including managing information security policies and guidelines, operating a dedicated organization, conducting security inspections of personal information processors, expanding information security investments, establishing key activity plans, providing security training for employees, etc. Through these efforts, the company thoroughly protects its information assets, proactively mitigates potential security risks, and enhances security awareness among employees and stakeholders, thereby supporting the company's sustainable growth.



Information Security Training and Campaigns

Lotte GRS operates a variety of education and training programs to strengthen information security capabilities among its employees. The company raises security awareness by sharing recent security issues through 'Information Security Day' news clippings and enhances practical response capabilities through simulated virus response training. In addition, legally mandated personal information protection training is conducted to improve understanding of compliance obligations. Customized training is also provided based on the roles and responsibilities of personal information handlers, helping employees build role-specific competencies in information protection. Through these efforts, Lotte GRS is fostering a company-wide culture of information security and continuously working to build a safer security environment.

Activity Name	Target Participants	Frequency
Information protection day news clipping	Employees	Monthly
Simulated virus training	Employees	Quarterly
Mandatory legal training (personal information protection)	Employees	Annually
Tiered training for personal information handlers	Personal information handlers	-

Information Security Incident Response System

Lotte GRS operates a systematic security process to prevent information security incidents in advance and respond swiftly when they occur. Through this approach, the company identifies potential security threats in advance, establishes effective response measures, and focuses on protecting information assets and preventing the spread of damage. The company's incident response framework applies to all information assets, employees, IT systems, and all users of those systems. In addition, Lotte GRS strengthens network and system security, prevents incidents through regular security inspections and continuous monitoring, and minimizes security risks through prompt response actions when incidents occur.

Information Protection Day

Lotte GRS has implemented a self-assessment checklist to strengthen systematic information security management, enabling Headquarters, branches, and stores to conduct independent security inspections. In particular, on the designated 'Information Security Day' each month, company-wide self-assessments are actively encouraged to identify potential vulnerabilities in advance and implement corrective measures. Through these efforts, Lotte GRS prioritizes customer information protection and cybersecurity, and continues to work toward establishing a secure information management environment.

Virus Response Training and Awareness Campaigns

Lotte GRS conducts simulated virus response training on a quarterly basis. Through regular training, employees are educated to proactively block external intrusion attempts via malicious emails and to respond promptly through timely reporting and effective communication in the event of an incident. In addition, the company's information security campaigns use real-world cases to help employees better understand and relate to the importance of information protection.

Personal Information Protection

Lotte GRS strictly complies with the Personal Information Protection Act and operates a systematic set of security measures to ensure the safe management of personal information. Unauthorized access to personal data is fundamentally blocked through database access control and data encryption, while strict access rights management further enhances security. In addition, personal information training ensures that employees fully understand the concept and importance of personal information, the relevant legal framework, protection principles, the use and safeguarding of personal data in the era of the Fourth Industrial Revolution, the need for prevention and response to data breaches, etc., thereby continuously raising the organization's overall level of security awareness.



GOVERNANCE

071 Establishing Sound Governance

076 Financial and Non-Financial
Risk Management

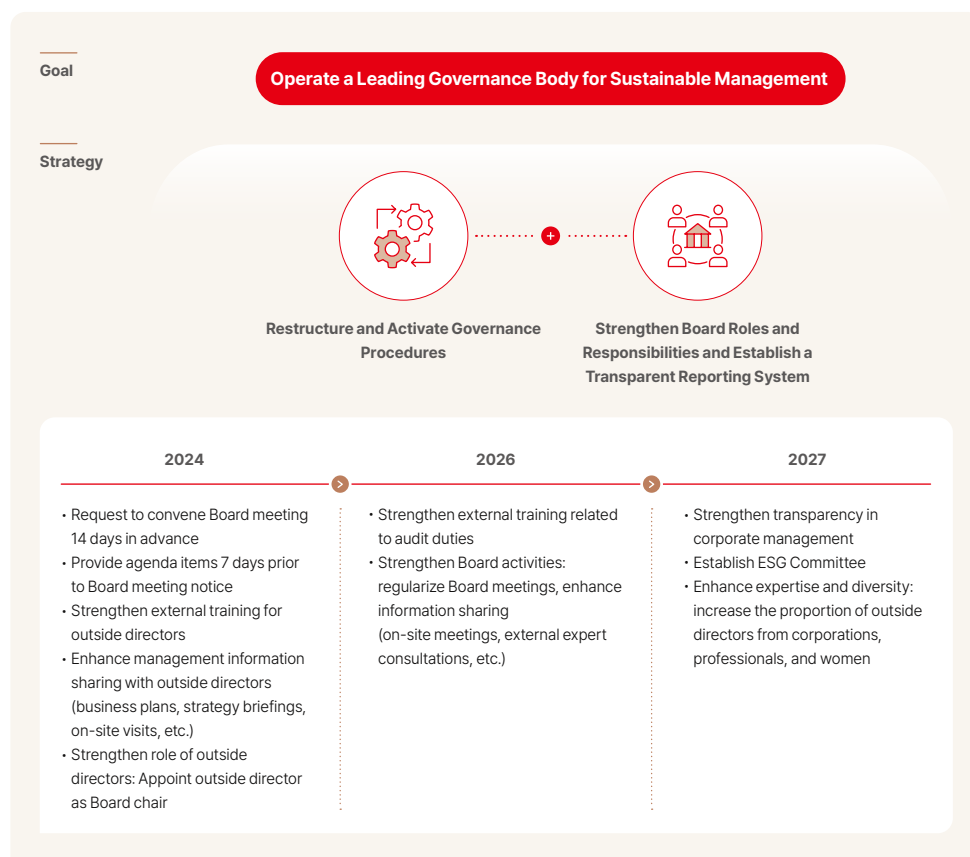




Establishing Sound Governance

Board Oversight of ESG Management

Lotte GRS systematically advances ESG management centered on the Board of Directors (BOD), with each committee reviewing and resolving key ESG topics and embedding ESG principles across all areas of management. To enhance execution in sustainable management, the company monitors the implementation of ESG-related policies and goals and strengthens environmental protection, social value creation, and ethical management through responsible decision-making. These efforts aim to build trust with stakeholders and achieve sustainable growth.



Corporate Governance Charter

Lotte GRS aims to contribute to a more enriched life for people by providing products and services that earn trust and affection. As a company continuously supported by the public, it is committed to enhancing corporate value while faithfully fulfilling its social responsibilities. To this end, the company has established and adheres to a Corporate Governance Charter, promoting fair and transparent governance and striving to enhance shareholder value.





Establishing Sound Governance

Corporate Governance

Board Composition

The Board of Directors at Lotte GRS serves as the company's highest decision-making and supervisory body, deliberating and resolving key matters related to management, finance, business planning, and performance in accordance with the Articles of Incorporation. The Board strengthens internal oversight through its committees and establishes fundamental policies for sustainable management to ensure responsible governance. The Board of Directors, as the company's highest decision-making body, and the CEO are structured to ensure a well-balanced system of checks and balances, thereby enhancing transparency in corporate governance. As of the end of February 2025, the Board consists of five members, with outside directors accounting for 40%. In particular, the Board Chair is an outside director, further reinforcing the Board's independence and transparency.

Board Composition

Name	Position	Major Career Experience	Initial Appointment Date	Term of Office
Shin Dongkweon	Outside Director, Chair of the Board	Current) Distinguished Professor, Korea Maritime & Ocean University Former) President, Korea Fair Trade Mediation Agency	2024.03.21	2 years
Hwang Mun Ho	Outside Director	Current) Professor, Department of Accounting and Taxation, Kyung Hee University Former) Member, K-IFRS Inquiry Response Committee	2023.03.22	2 years
Cha Woo Chul	Inside Director, CEO	Current) CEO, Lotte GRS Co., Ltd. Former) Head of Business Improvement Team 1, Lotte Corporation	2020.12.15	2 years
Lee Jang Mook	Inside Director	Current) Head of FC Business Division, Lotte GRS Co., Ltd. Current) Head of Hamburger Business Division, Lotte GRS Co., Ltd. Former) Head of Global Business Division, Lotte GRS Co., Ltd.	2024.03.21	2 years
Song Jin Wook	Inside Director	Current) Head of Finance Division, Lotte GRS Co., Ltd. Former) Team Leader, Finance & Accounting Team, Lotte GRS Co., Ltd.	2024.03.21	2 years

*As of the end of February 2025

Composition of Board Committees

Committee Name	Composition	Role	Affiliated Directors
Transparent Management Committee	3 Internal Directors	• Review and approve donations between KRW 50 million and KRW 5 billion • Review and approve internal transactions exceeding KRW 5 billion or 5% of equity (KRW 8.78 billion)	Cha Woo Chul, Lee Jang Mook, Song Jin Wook
Investment Review Committee	3 Internal Directors	• Review and approve new store openings and other investment-related matters	Cha Woo Chul, Lee Jang Mook, Song Jin Wook

*As of the end of February 2025

Board Meetings

Lotte GRS places the establishment of sound corporate governance as a top priority in its pursuit of economic development and the creation of social value. To ensure transparent and responsible management, the company regularly convenes its Board of Directors to deliberate and make decisions not only on key business matters but also on ESG-related agenda items, including safety and health, supply chain management, sustainability reporting, and compliance management.

Board Meetings and Key Agendas in 2024

Category	Date of Meeting	Key Agenda Items	Type
1st	2024-01-23	Change in matters related to relocation of Headquarters building	Resolution
2nd	2024-02-07	Convening of the Annual General Meeting of Shareholders	Resolution
		Approval of financial statements and business report	
		Payment of 2023 executive performance-based bonuses	
		Report on 2023 Internal Accounting Control System operations	
3rd	2024-03-13	New agreements for bank loans and credit line	Resolution
		Evaluation report on 2023 Internal Accounting Control System operations	Report
4th	2024-04-12	Appointment of Board Chair	Resolution
		Appointment of Investment Review and Transparent Management Committee members	
		Approval of concurrent positions held by registered executives	
5th	2024-05-21	Amendments to Board and Committee regulations	Resolution
		Report on disclosure of Sustainability Report	Report
		Report on supply chain risk management	
		Report on results of Investment Review and Transparent Management Committees	
6th	2024-08-20	Report on disclosure of 2023 Sustainability Report	Report
		Report on business performance for the first half of 2024	
7th	2024-11-28	Amendment to Internal Accounting Control regulations	Resolution
		Renewal of brand royalty agreement	
		Renewal of group common system agreement	
		Execution of joint business and support agreement with Food Group Headquarters	
8th	2024-12-17	Report on executive appointments	Report
		Report on 2025 Occupational Safety and Health Plan	Resolution
		Management review report on Compliance System	Report
		Report on results of Investment Review and Transparent Management Committees	



Establishing Sound Governance

Corporate Governance

Board of Directors Management Approach

In 2025, Lotte GRS plans to restructure its decision-making system and Board of Directors' procedures to enhance governance transparency and efficiency. This includes revising the Articles of Incorporation and Board and committee-related regulations to clarify previously ambiguous agenda items. These efforts aim to strengthen the company's role as a leading decision-making body and advance responsible management. Centered on the Board, the company operates an internal control system to proactively manage potential conflicts of interest among employees and executives. In line with ethics policies and internal regulations, employees must voluntarily report potential conflicts, which are reviewed by the Board or relevant departments for appropriate action. The Board also conducts pre-reviews to prevent conflicts from influencing decisions and may restrict related parties' participation in discussions or votes. Regular company-wide ethics training reinforces awareness, while the Internal Accounting Control System supports systematic risk management and responsible business conduct.

Enhance Professional Expertise
and Diversity

+

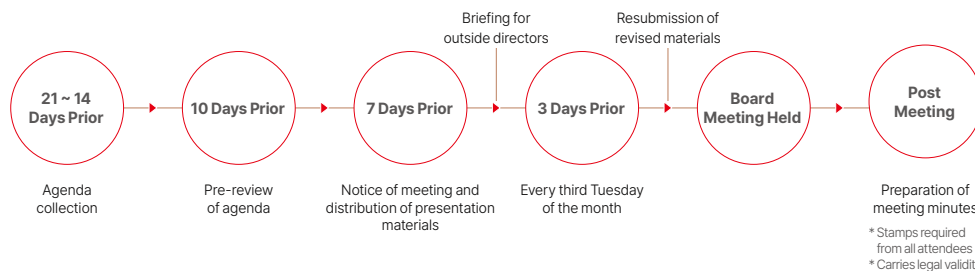
Strengthen Board Activities

+

Strengthen the Role of
Outside Directors

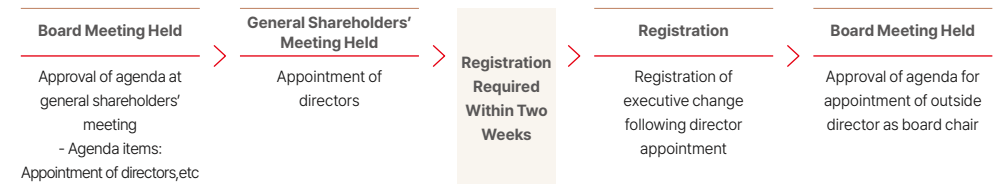
Board Operation Process

Lotte GRS holds regular board meetings on the third Tuesday of each month to improve operational efficiency and transparency. Agenda items are gathered from the end of the previous month to the start of the current month, and meetings are skipped if no resolutions are needed. Although the articles of incorporation require three days' notice, the company follows a stricter standard of at least one week. During the notice period, agenda items are reviewed in advance, and presentation materials are shared with executives to promote pre-meeting discussions. Agenda collection and material distribution are centrally managed via the internal site to prevent information loss and enhance board operations.



Introduction of an Outside Director as Board Chair

On April 12, 2024, Lotte GRS appointed an outside director as chair of the Board of Directors to establish a governance structure based on checks and balances and to enhance board independence and management transparency. This decision reflects the company's commitment to reinforcing the Board's independent oversight and supervisory role over management, including the CEO, and to strengthening a sound corporate governance framework. The outside director serving as chair fairly oversees the convening and operation of board meetings and facilitates discussions and decision-making on key agenda items from a neutral standpoint, thereby enhancing the objectivity and expertise of the Board. This structure not only builds trust in the company's governance practices among external stakeholders and investors, but also provides a foundation for favorable evaluations in terms of board independence and transparency, which are key factors considered by ESG rating agencies. Lotte GRS will continue to strengthen its sound governance framework by operating an independent board led by outside directors, supporting effective oversight of management and the company's sustainable growth.



Advance Communication and Participation in Management by Outside Directors

Lotte GRS provides company overviews and related briefings, led by the Legal & Compliance Team, as part of outside director training prior to their appointment. The company also promotes active communication by involving outside directors in key events such as the opening ceremony of the Samjeon-dong headquarters and the company's anniversary celebration.



Establishing Sound Governance

Corporate Governance

Board Independence, Diversity, and Expertise

Lotte GRS forms its Board of Directors with highly qualified individuals who possess extensive knowledge and experience across a wide range of professional fields, in order to ensure management independence and strengthen the expertise, diversity, and efficiency of board operations. Through this, the company aims to establish a transparent and fair decision-making system and achieve sustainable corporate growth.

In addition, by appointing an outside director as chair, the company strengthens its oversight and supervisory functions over management and supports the Board’s ability to carry out effective governance while maintaining independence and objectivity. In the outside director appointment process, Lotte GRS rigorously verifies independence by applying not only the standards of the Commercial Act but also global guidelines, and appoints experts from various fields such as fair trade, law, finance and accounting, business support, and organizational culture innovation.

From 2022 to 2023, the company reinforced its internal oversight function by appointing directors with expertise in audit, finance, and accounting. In 2024, a new director with capabilities in governance and fair trade was appointed, further enhancing competencies in foodservice operations and financial strategy.

Board Performance Evaluation and Compensation

Lotte GRS determines the total remuneration limit for directors through resolutions at the general shareholders’ meeting in accordance with Article 388 of the Commercial Act and Article 36 of the Articles of Incorporation. Severance payments are made in accordance with the executive retirement payment regulations approved by the shareholders’ meeting. Actual remuneration is executed based on internal standards set by the Board of Directors within the approved limit.

While the company does not operate a separate Remuneration Committee, director compensation is determined through independent deliberation by the Board, including outside directors. In the process of approving the compensation limit at the general shareholders’ meeting, the company formally incorporates the opinions of major shareholders to reflect stakeholder perspectives. For outside directors, performance-based compensation is not applied due to concerns over potential impairment of independence. However, to enhance the effectiveness of board operations, attendance and contributions are evaluated within a scope that does not compromise independence and reflected in reappointment decisions.

Compensation for inside directors consists of base salary, performance-based pay, position-based pay, and bonuses. When bonuses are paid, both financial and non-financial performance are evaluated based on compensation standards set by the Board. In particular, CEO compensation is determined through a comprehensive assessment that includes not only financial performance such as revenue, but also non-financial factors such as store expansion targets and ESG performance. Lotte GRS does not engage external compensation consultants; all compensation-related decisions are made based on internal guidelines and the independent judgment of the Board.

Category	Basis for Payment	Compensation Structure	Evaluation Criteria for Compensation Decisions
Inside Director	Article 388 of the Commercial Act and Article 36 of the Articles of Incorporation	Base salary, performance-based pay, position-based pay, executive performance-based bonus	• Base salary: Inflation rate, overall financial and non-financial performance • Performance-based pay: Individual KPI performance from the previous year • Position-based pay: CEO • Executive performance-based bonus: Company and business unit performance from the previous year
Outside Director	Standard compensation for outside directors	Fixed monthly payment	Compensation is paid within the limit approved at the general shareholders’ meeting, based on criteria set by the Board, considering both financial and non-financial performance



Establishing Sound Governance

Enhancing Shareholder Value

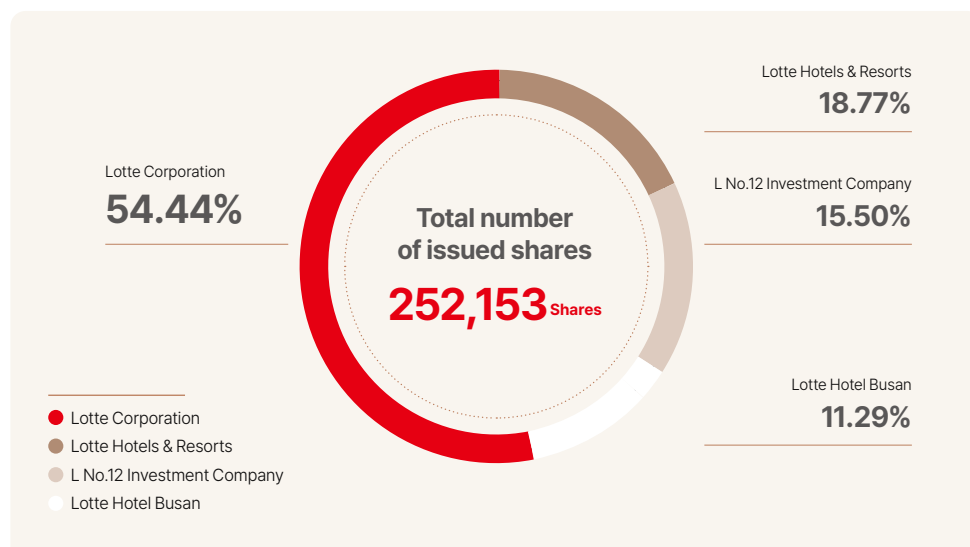
Shareholders and Capital Structure

Lotte GRS seeks to maximize shareholder value by protecting shareholder rights and practicing transparent management, thereby providing fair and accurate information. All shareholders hold one voting right per share and can contribute to the company's sustainable growth through responsible exercise of their voting rights. The company is committed to earning shareholder trust and enhancing long-term corporate value by maintaining a fair and transparent governance structure.

As of now, Lotte Corporation is the largest shareholder, holding 54.44% (137,267 shares) of Lotte GRS. Other major shareholders include Lotte Hotels & Resorts with 18.77% (47,335 shares), L Co. No. 12 Investment Company with 15.0% (39,073 shares), and Busan Lotte Hotel with 11.29% (28,464 shares). Other minority shareholders collectively hold 14 shares, and the total number of issued shares is 252,153.

Lotte GRS will continue to maintain a sound governance framework that emphasizes the responsibility of controlling shareholders while ensuring the fair and transparent protection of all shareholder rights.

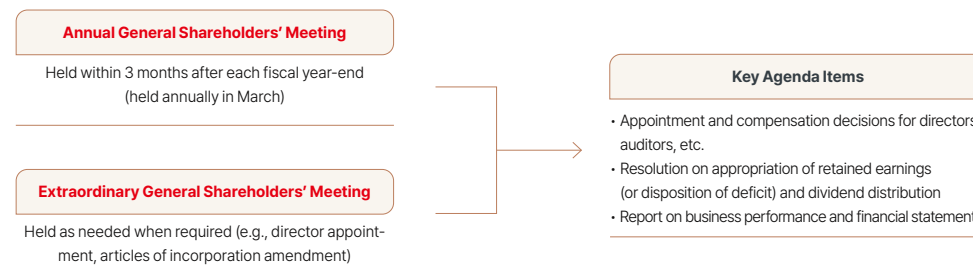
Major Shareholder Composition



Protection of Shareholder Rights

Lotte GRS pursues sustainable growth by maximizing corporate value through responsible management and transparent decision-making, while building trust with shareholders. To this end, the company continues to strengthen its operations by establishing a fair decision-making process and an accountable governance structure that meets shareholder expectations. In accordance with Article 462 of the Commercial Act and Articles 47 and 48 of the company's Articles of Incorporation, dividend distribution is permitted. For fiscal year 2024, the company plans to implement a year-end dividend, reflecting long-term considerations including a potential IPO. A total dividend of KRW 2.6 billion has been approved, including KRW 1.4 billion to Lotte Corporation, KRW 500 million to Lotte Hotels & Resorts, KRW 400 million to L Co. No. 12 Investment Company, and KRW 300 million to Busan Lotte Hotel. The management will continue to establish and implement long-term strategies that consider both corporate growth potential and sustainability, with the goal of maximizing shareholder value and driving the company's continued development.

General Shareholders' Meeting Operation Process



General Shareholders' Meeting Procedures

Preparation of Business Report	Holding of Year-End Board Meeting	Preparation of General Shareholders' Meeting Documents	Meeting Notice	Holding of General Shareholders' Meeting
	• Required 6 weeks prior to the general meeting of shareholders	• Meeting Notice • Attendance slip (proxy form) for the general meeting of shareholders • Notarized power of attorney • Shareholder register and guidebook	• Required 2 weeks prior to the general meeting of shareholders	• Held before the holding company's general meeting of shareholders • Conducted in writing

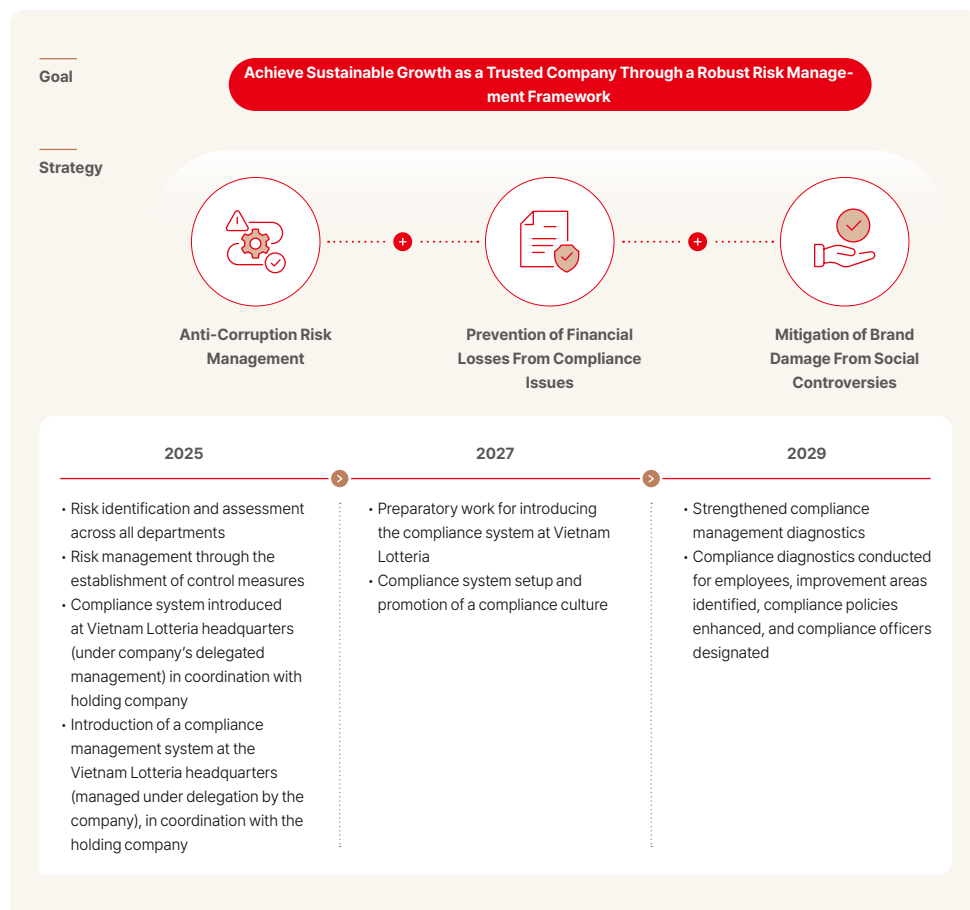


Financial and Non-Financial Risk Management

Risk Management

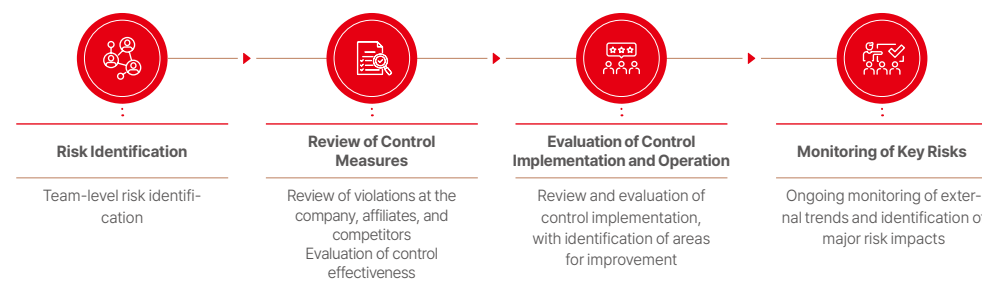
Risk Management Strategy

Lotte GRS has established a structured risk management framework to achieve sustainable growth as a trusted company. In 2025, beginning with on-site inspections and the identification of key risks, the company plans to implement a phased roadmap that includes the establishment of a compliance management system in 2026, the promotion of a compliance culture in 2027, and the reinforcement of compliance diagnostics by 2029.



Risk Management Process

Lotte GRS promotes stable operations and sustainable growth through a proactive, prevention-focused risk management framework. The company identifies risks in advance, establishes structured control measures, and regularly reviews outcomes to prevent potential threats and develop effective response plans. In addition, it operates a team-level risk identification process linked to evaluations by the holding company, steadily strengthening risk management capabilities across the organization. Through these efforts, Lotte GRS aims to thoroughly manage risks associated with core business activities and foster a more trustworthy management environment.



Risk Identification Process



Risk Assessment Areas and Objectives

Occupational Safety, Health, and Environment	Anti-Corruption	Fair Trade	Food Safety and Hygiene	Information Security	Employment, Labor, Unfair Treatment, Sexual Harassment, Gender Discrimination, and Human Rights Violations	Finance and Capital Markets
Achieve zero violations of the Serious Accidents Punishment Act	Internalize anti-corruption awareness among employees	Embed fair trade practices into business processes	Minimize risks related to the Food Sanitation Act	Internalize protection of personal information and trade secrets	Achieve zero cases of unfair treatment	Minimize financial risks



Financial and Non-Financial Risk Management

Risk Management

Compliance Management Policy

Lotte GRS, based on its compliance management policy, requires all employees to strictly observe laws and internal regulations to minimize compliance risks and contribute to ethical business practices. The company also operates a reporting and protection system that allows anyone to freely report or disclose compliance violations. Whistleblowers are protected to ensure they do not face any disadvantage, thereby fostering a transparent and trustworthy organizational culture.



Compliance Organization



Compliance Management Activities

Lotte GRS has established a comprehensive compliance management framework to strengthen its ethical responsibilities. To enhance compliance awareness among employees, the company carries out a range of initiatives including compliance pledges, CEO-led lectures, compliance training for executives and staff, voluntary compliance monitoring, operation of a reporting system, and the sharing of best practices. Through these multifaceted and structured compliance activities, Lotte GRS continuously strengthens its company-wide risk prevention and management capabilities.

Compliance Evaluation Indicators

Main Category	Subcategory
Compliance Awareness	CEO message, CEO lecture, compliance pledge
Training	Code of Conduct training, executive training, employee training, practitioner training, group training, annual training report
Inspection and Monitoring	Compliance officer, dedicated organization, risk change management, review and improvement of control measures, review and improvement of control operations, monitoring, annual monitoring report, compliance level assessment
Policies and Systems	Incentives and disciplinary actions, operation of whistleblower channels, improvement measures
Others	Issue sharing, case sharing and presentation, compliance agreement implementation evaluation, CP rating, external certifications, incidents and accidents



Compliance Monitoring of Donation Execution

Lotte GRS conducts regular compliance monitoring to strengthen transparency and regulatory adherence in donation execution. This includes prior review of donation recipients and purposes, verification of internal procedure compliance, and review of electronic approval documents and donation receipts. Through continuous oversight and internal awareness-raising, the company ensures the credibility and fairness of its donation practices.

Appendix

• Sustainable Development Goals (SDGs) • Financial Statements • Economic Performance • Environmental Performance • Social Performance • Governance Performance • GRI Index • Third-Party Assurance Statement



Sustainable Development Goals (SDGs)

The United Nations (UN) Sustainable Development Goals (SDGs), adopted at the 2015 UN General Assembly, represent a set of 17 global goals aimed at ending poverty, addressing climate change, and promoting sustainable economic growth for humanity and the planet. Lotte GRS fully supports the UN SDGs and considers them a core standard for sustainable management, integrating them across all aspects of its business operations.

대분류	UN SDG Goals		Related Performance
	Goal 1	End poverty in all its forms everywhere	Hope ON Campaign
	Goal 2	End hunger, achieve food security and improved nutrition, and promote sustainable agriculture	Gangwon Province– Angel-in-us Coffee MOU on Darae-based product launch
	Goal 3	Ensure healthy lives and promote well-being for all at all ages	Chungcheongnam-do–Lotte GRS MOU on digital literacy education promotion
	Goal 4	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Employee capability development process
	Goal 5	Achieve gender equality and empower all women and girls	Equal gender ratio and pay; parental leave system for male employees
	Goal 6	Ensure availability and sustainable management of water and sanitation for all	Seokchon Lake water quality improvement
	Goal 7	Ensure access to affordable, reliable, sustainable and modern energy for all	–
	Goal 8	Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all	Expansion of new employment opportunities
	Goal 9	Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation	Expanded AI investment (Boglebot, Alpha Grill)
	Goal 10	Reduce inequality within and among countries	Support for vulnerable groups
	Goal 11	Make cities and human settlements inclusive, safe, resilient and sustainable	Voluntary agreement to switch to eco-friendly packaging and reduce single-use items
	Goal 12	Ensure sustainable consumption and production patterns	Waste oil recycling
	Goal 13	Take urgent action to combat climate change and its impacts	Strategy development in response to climate change
	Goal 14	Conserve and sustainably use the oceans, seas and marine resources for sustainable development	Seokchon Lake water quality improvement
	Goal 15	Protect, restore and promote sustainable use of terrestrial ecosystems, manage forests sustainably, combat desertification, halt and reverse land degradation, and halt biodiversity loss	Seokchon Lake water quality improvement
	Goal 16	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable and inclusive institutions at all levels	Ethical management, human rights management, co-prosperity with Small and Medium-Sized Enterprises, mutual growth agreements
	Goal 17	Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development	Expansion of global outreach and investment



Financial Statements

Consolidated Statement of Financial Position

(Unit: KRW)

Account Title	46th (Current) Year-End	45th (Prior) Year-End	44th (Previous) Year-End
Assets			
I. Current Assets	254,364,445,283	283,711,818,354	297,441,365,159
1. Cash and Cash Equivalents	84,121,242,291	108,012,244,210	121,078,030,197
2. Short-Term Financial Instruments	2,099,092,113	86,588,541	84,040,715
3. Trade and Other Receivables	92,272,175,140	95,453,335,890	82,805,993,305
4. Financial Assets at FVTPL (Fair Value Through Profit or Loss)	32,834,593,430	31,191,587,519	39,243,113,974
5. Inventories	17,099,711,837	18,358,428,950	19,057,792,061
6. Finance Lease Receivables	6,035,819,868	6,174,444,703	8,660,136,096
7. Current Income Tax Assets	191,604,151	497,107,770	426,978,670
8. Other Financial Assets	17,016,411,585	20,760,064,231	22,297,944,050
9. Other Current Assets	2,693,794,868	3,178,016,540	3,787,336,091
II. Non-Current Assets	520,579,287,188	480,879,512,558	529,757,215,222
1. Long-Term Financial Instruments	2,000,000	2,000,000	2,000,000
2. Financial Assets at FVTPL (Fair Value Through Profit or Loss)	7,930,042,097	9,585,063,192	9,004,378,031
3. Trade and Other Receivables	7,580,042,560	8,491,408,429	7,150,420,300
4. Finance Lease Receivables	14,065,179,289	5,804,221,860	8,509,313,697
5. Net Defined Benefit Assets	16,927,703,010	26,978,756,452	36,580,386,857
6. Property, Plant and Equipment	100,346,107,582	81,521,439,689	122,695,549,459
7. Intangible Assets	23,407,596,392	25,004,635,983	14,332,774,647
8. Investment Property	4,033,372,200	4,055,075,028	4,076,777,856
9. Right-of-Use Assets	162,780,657,046	118,553,619,954	129,909,577,507
10. Investments in Joint Ventures	533,954,862	688,082,393	630,417,618
11. Other Financial Assets	147,163,779,349	148,931,158,903	155,187,778,496
12. Other Non-Current Assets	1,494,710,716	12,451,762,945	3,144,983,580
13. Deferred Tax Assets	34,314,142,085	38,812,287,730	38,532,857,174
Total Assets	774,943,732,471	764,591,330,912	827,198,580,381

Account Title	46th (Current) Year-End	45th (Prior) Year-End	44th (Previous) Year-End
Liabilities			
I. Current Liabilities	337,743,924,685	374,666,673,075	354,337,299,996
1. Trade and Other Payables	147,304,126,746	171,518,131,863	173,713,868,142
2. Borrowings	126,100,000,000	131,202,344,019	104,297,700,000
3. Lease Liabilities	45,017,129,262	46,719,956,011	53,453,907,440
4. Other Financial Liabilities	1,561,075,319	3,680,309,529	5,272,463,495
5. Provisions	1,488,258,018	1,202,053,714	3,707,725,138
6. Other Current Liabilities	16,273,335,340	20,343,877,939	13,891,635,781
II. Non-Current Liabilities	251,702,796,541	216,571,293,006	286,507,024,892
1. Borrowings	100,000,000,000	115,682,000,000	170,019,000,000
2. Lease Liabilities	127,249,219,426	83,547,202,202	98,438,138,012
3. Other Financial Liabilities	9,878,258,304	5,672,580,594	7,475,537,011
4. Provisions	4,399,989,391	4,506,242,288	3,128,163,375
5. Net Defined Benefit Liabilities	12,571,988	-	-
6. Other Non-Current Liabilities	10,162,757,432	7,163,267,922	7,446,186,494
Total Liabilities	589,446,721,226	591,237,966,081	640,844,324,888
Equity			
I. Equity Attributable to Owners of the Parent	178,811,731,335	167,658,409,533	180,200,949,315
1. Capital Stock	1,260,765,000	1,260,765,000	1,260,765,000
2. Other Paid-In Capital	6,818,176,985	6,818,176,985	6,818,176,985
3. Retained Earnings	155,954,986,177	145,850,265,783	157,845,568,182
4. Other Components of Equity	14,777,803,173	13,729,201,765	14,276,439,148
II. Non-Controlling Interests	6,685,279,910	5,694,955,298	6,153,306,178
Total Equity	185,497,011,245	173,353,364,831	186,354,255,493
Total Liabilities and Equity	774,943,732,471	764,591,330,912	827,198,580,381

* 46th Fiscal Year as of December 31, 2024 | 45th Fiscal Year as of December 31, 2023 | 44th Fiscal Year as of December 31, 2022



Economic Performance

Credit Rating

Category	Unit	2022	2023	2024
NICE Investors Service, Inc.	Rating	A2-	A2-	A2-
Seoul Credit Rating Inc.	Rating	A2-	A2-	A2-

Economic Value Creation and Allocation

Category	Unit	2022	2023	2024
Revenue	KRW Million	781,455	924,227	995,422
Raw Material and Service Purchases	KRW Million	412,474	460,085	477,498
Employee Salaries and Benefits	KRW Million	151,773	176,584	194,801
Dividends and Interest Payments ¹⁾	KRW Million	8,202	10,799	14,787
Taxes	KRW Million	1,028	908	954
Community Investment (Donations and Social Contribution Activities)	KRW Million	732	903	936

1) Excluding interest on finance lease liabilities, including cash dividends for 2024

Government Subsidy Benefits

Category	Unit	2022	2023	2024
Government Financial Support (Tax Credit) ¹⁾	KRW Million	0.8	1.1	29

1) Tax credit for win-win cooperation fund contributions for large and small businesses

R&D Investments

Category	Unit	2022	2023	2024
R&D (Recurring Development Costs)	KRW Million	489	534	599

Shareholding Status

Category	Unit	2022	2023	2024	
Equity Ownership Percentage	Lotte Corporation	%	-	-	54.44
	Lotte Hotels & Resorts	%	-	-	18.77
	L12 Investment Company	%	-	-	15.50
	Busan Lotte Hotel	%	-	-	11.29
Total Number of Shares Issued	Share	252,153	252,153	252,153	
Share Cancellation in the Past Three Years	-	-	-	Not Applicable	
Existence of Shareholders Holding 5% or More (Excluding Largest Shareholder and Related Parties)	-	-	-	Not Applicable	
Existence of Government-Owned Shares	-	-	-	Not Applicable	

Dividend Status

Category	Unit	2022	2023	2024
Total Cash Dividends	KRW Million	-	-	2,597
Type of Dividend	-	-	-	Cash Dividend
Cash Dividend Payout Ratio	%	-	-	13.3
Cash Dividend per Share (Common Stock)	KRW	-	-	10,300

Environmental Performance

Greenhouse Gas Emissions

Category		Unit	2022	2023	2024
Total Greenhouse Gas Emissions		tCO ₂ eq	17,613	19,670	19,308
Headquarters	Scope 2	tCO ₂ eq	-	-	446
Corporate Stores	Scope 2	tCO ₂ eq	17,613	19,670	18,863
Greenhouse Gas Emissions Intensity		tCO ₂ eq/KRW 100 million	5.27	4.58	4.38

* Scope 1 direct emissions (e.g., gas) are not yet tracked and will be supplemented in the future.
** Greenhouse Gas Emissions were based on actual and estimated electricity use, reflecting store-level data limitations and plans to improve accuracy.

Energy Consumption

Category		Unit	2022	2023	2024
Total Energy Consumption		TJ	368.05	411.04	403.47
Headquarters	Electricity	TJ	-	-	9.31
Corporate Stores	Electricity	TJ	368.05	411.04	394.16
Energy Intensity		TJ / KRW 100 million	0.11	0.1	0.09

* Average electricity use per square meter was calculated from corporate stores with available bills and applied to stores without bills (e.g., those in large buildings such as airports).
**Due to Headquarters relocation, only 2024 energy consumption data is available and fully reflected in Greenhouse Gas Emissions.
*** Energy consumption data for the past three years was revised due to changes in reporting scope and measurement units.

Water Usage¹⁾

Category		Unit	2022	2023	2024
Total Water Consumption		Ton	61,914	61,712	81,003

1) Data is based on corporate stores with utility bills—approximately 30 in 2022 and 2023, and 35 in 2024. Closed stores were excluded.
* Waste data for the Doksan Headquarters (2022–2023) is unavailable. 2024 water usage at the Samsung Tower (5,667 tons) was excluded due to potential distortion from single-year reporting.

Waste management

Category		Unit	2022	2023	2024
Total Waste Generated		Ton	1,270	1,181	1,057
General Waste	Subtotal	Ton	614	563	480
	Other	Ton	614	563	480
Designated Waste	Subtotal	Ton	656	618	577
	Other	Ton	656	618	577
Waste Recycled	Amount Recycled	Ton	656	618	577
	Recycling Rate	%	52	52	55
Waste Disposal Cost		KRW 100 million	3	3	3
Waste Reduction Target		Ton	129	123	115
Waste Reduction Rate		%	10	10	10
Total Waste Oil Generated		Ton	93	94	84
Waste Oil Recycled	Amount Recycled	Ton	93	94	84
	Recycling Rate	%	100	100	100
Waste Oil Disposal Cost		KRW 100 million	10	8	8

* Waste generation is calculated based on purchase records from corporate and franchise stores, but due to system limitations, it is not possible to distinguish between the two. PLE:EATING stores are excluded, as they are located in large buildings such as airports and hospitals where waste is managed under separate contracts.
** Due to the Headquarters relocation, only 2024 data is available, and because waste is managed by outsourced cleaning vendors, accurate tracking is not possible; data management will begin in 2025.
*** General and designated waste are processed through individual contracts with private vendors, and specific breakdowns by disposal method (e.g., incineration, landfill, etc.) are not available.
**** Designated waste is handled by specialized recycling vendors and is assumed to be fully recycled based on the payment of recycling fees, although the actual recycling rate cannot be verified.



Environmental Performance

Hazardous Chemicals

Category	Unit	2022	2023	2024
Hazardous Chemical Usage	Ton	1.1	1.4	1.6

Eco-Friendly Purchasing and Sales

Category	Unit	2022	2023	2024
Purchase Amount	KRW	520,653,743	451,894,347	326,339,449
Purchase Ratio (Eco-Friendly Products and Services Purchased / Total Purchases)	%	0.38	0.32	0.24
Sales Amount	KRW	3,737,439,956	3,710,912,408	3,078,571,060
Sales Ratio (Eco-Friendly Products and Services Sales / Total Sales)	%	0.49	0.44	0.32

Environmental Regulations

Category	Unit	2022	2023	2024
Environmental Regulation Violations	Legal Violation Cases	Case	0	0
	Number of Lawsuits Filed	Case	0	0
	Non-Monetary Sanctions	Case	0	0
	Total Monetary Fines	KRW	0	0

Environmental Investments

Category	Unit	2022	2023	2024
Environmental Investment & Expenditure	KRW	0	0	20,000,000

Zero-Emission Vehicle Ownership

Category	Unit	2022	2023	2024
Total Vehicles Owned	Vehicle	16	18	18
Eco-Friendly Vehicles	Vehicle	6	9	9
Eco-Friendly Vehicle Ratio	%	37.5	50	50

Environmental Impact Assessment of the Supply Chain

Category	Unit	2022	2023	2024
Suppliers Assessed for Environmental Impact	Supplier	0	0	6
Suppliers with Negative Impacts	Supplier	0	0	3
Suppliers with Corrective Actions ¹⁾	Supplier	0	0	2
Corrective Action Rate	%	0	0	66.7
Suppliers with Terminated Contracts Due to Assessment Results	%	0	0	0

1) Feedback provided to all suppliers / figure reflects suppliers that completed corrective actions



Social Performance

Employee Status

Category		Unit	2022	2023	2024
Total Number of Employees		Person	5,123	5,342	5,264
By Employment Type	Permanent Employees Subtotal	Person	1,746	1,775	1,766
	Male	Person	858	875	872
	Female	Person	888	900	894
	Temporary Employees Subtotal	Person	3,377	3,567	3,498
	Male	Person	1,164	1,169	1,076
	Female	Person	2,213	2,398	2,422
By Gender	Subtotal	Person	5,123	5,342	5,264
	Male	Person	2,022	2,044	1,948
	Female	Person	3,101	3,298	3,316
By Age Group	Subtotal	Person	5,123	5,342	5,264
	Under 30	Person	2,991	3,060	2,947
	30–50	Person	1,758	1,866	1,884
	50 Over	Person	374	416	433
By Nationality	Subtotal	Person	5,123	5,342	5,264
	Korean Nationals	Person	-	-	-
	Foreign Nationals	Person	-	-	10
	Domestic Total	Person	5,123	5,342	5,254
By Region	Subtotal	Person	5,123	5,342	5,254
	Domestic	Person	5,123	5,342	5,254
	Overseas	Person	-	-	-

Category		Unit	2022	2023	2024
By Job Level	Subtotal	Person	1,746	1,775	1,766
	Executives	Person	10	11	11
	Male	Person	10	11	11
	Female	Person	-	-	-
	Middle Management	Person	167	184	205
	Male	Person	122	131	145
	Female	Person	45	53	60
	Staff Level	Person	1,569	1,580	1,550
	Male	Person	726	733	716
	Female	Person	843	847	834
Non-Affiliated Workers ¹⁾	Subtotal	Person	28	25	13
	Center Manager	Person	1	1	0
	Facility Manager	Person	1	1	1
	Accounting	Person	1	1	0
	Facility Maintenance	Person	7	5	3
	Security Staff	Person	8	7	3
	Cleaning Staff	Person	10	10	6

1) Non-affiliated workers include contract workers employed by external service providers. Key roles include center managers, facility managers, accounting staff, facility maintenance, security staff, and cleaning staff.



Social Performance

Employee Diversity

Category	Unit	2022	2023	2024
Female Talent	Female Managers	Person	45	53
	Female Manager Ratio	%	25.4	27.2
Hiring of Underrepresented Groups and Foreign Nationals	Employees with Disabilities	Person	61	61
	Disability Employment Ratio	%	1.2	1.1
	Veterans Employed	Person	9	8
	Veteran Employment Ratio	%	0.2	0.1
	Foreign Nationals Employed	Person	-	6
	Foreign Employment Ratio	%	-	0.1

Average Length of Service

Category		Unit	2022	2023	2024	
Average Length of Service		Year	5.5	5.0	4.6	
By Gender	Male	Year	6.6	6.2	6.0	
	Female	Year	4.8	4.2	3.8	
By Employment Type	Average	Year	12.6	11.7	11.1	
	Permanent	Male	Year	13.3	12.4	11.8
		Female	Year	11.9	11.0	10.5
	Average	Year	1.8	1.7	1.4	
	Temporary	Male	Year	1.7	1.6	1.3
		Female	Year	1.9	1.7	1.4

Recruitment and Turnover

Category	Unit	2022	2023	2024
Total New Hires	Person	147	200	148
By Gender	Male	Person	66	96
	Female	Person	81	104
By Age Group	Under 30	Person	95	133
	30-50	Person	52	62
	50 Over	Person	0	5
Total Turnover and Resignations	Person	160	179	181
By Gender	Male	Person	79	86
	Female	Person	81	93
By Age Group	Under 30	Person	45	57
	30-50	Person	107	113
	50 Over	Person	8	9
By Region	Seoul Capital Area (Seoul, Gyeonggi, Incheon)	Person	125	133
	Yeongnam Region (Busan, Daegu, Gyeongnam, etc.)	Person	18	30
	Honam Region	Person	8	8
	Other (Jeju, Gangwon, etc.)	Person	9	8
Reasons for Turnover and Resignation	Voluntary Resignation	Person	32	37
	Early Retirement	Person	14	45
	Voluntary Departure	Person	112	94
	Involuntary Resignation	Person	0	0
	Retirement (Age Limit)	Person	0	0
	Contract Expiration	Person	0	3
	Dismissal	Person	2	0
	Termination by Employer	Person	0	0
	Other	Person	0	0
Turnover Rate	Turnover Rate	%	20.0	20.7
	Voluntary Turnover Rate	%	100	100
	Involuntary Turnover Rate	%	0	0



Social Performance

Performance Evaluation

Category	Unit	2022	2023	2024
Employees Subject to Regular Performance Evaluation	Person	1,443	1,465	1,477
Employees Evaluated in Regular Performance Review	Person	1,421	1,457	1,464
Regular Performance Evaluation Rate	%	98.5	99.5	99.1

Compensation and Benefits

Category	Unit	2022	2023	2024	
Average Base Salary	Male	KRW Million	41	43	50
	Female	KRW Million	45	45	55
	Subtotal	KRW Million	38	41	45
Female-to-Male Average Base Salary Ratio	%	85.2	91.1	81.1	
Entry-Level Salary to Minimum Wage Ratio	%	178	173	73	

* Based on domestic operations. Lotte GRS does not differentiate wages by gender.

Retirement Pension

Category	Unit	2022	2023	2024
Employees Enrolled in Retirement Pension (DB + DC)	Person	1,583	1,569	1,594
Retirement Pension Reserves	KRW 100 million	975	1,079	1,129
Reserve-to-Required Policy Reserve Ratio	%	108	103	102

Parental Leave¹⁾

Category		Unit	2022	2023	2024
Parental Leave Eligible Employees	Subtotal	Person	-	-	72
	Male	Person	-	-	26
	Female	Person	-	-	46
Parental Leave Users	Subtotal	Person	-	-	59
	Male	Person	-	-	13
	Female	Person	-	-	46
Employees Returned After Parental Leave ²⁾	Male	Person	-	-	10
	Female	Person	-	-	1
Parental Leave Return Rate	Male	%	-	-	76.9
	Female	%	-	-	2.2

1) Due to the 2024 policy change expanding eligibility to employees with children under 12, related system updates are in progress. Data for 2022-2023 is unavailable; only 2024 data based on employees who gave birth is included.

2) Most parental leave users are on leave until 2026, so return-to-work data is not yet measurable. As of the 2025 reporting date, no parental leave users have resigned.

Employee Health Management

Category		Unit	2022	2023	2024
Health Checkup Status	Employees	Person	1,939	2,178	2,764
	Spouses	Person	269	349	338



Social Performance

Employee Training

Category	Unit	2022	2023	2024
Total Employees Trained	Person	2,447	5,203	6,352
Total Training Hours	Hour	24,700	73,447	69,230
Training Hours per Employee	Hour	10	14	11

Key Training Programs in 2024

Training Category	Training Title	Key Training Topics	Number of Participants
New Hire Training	Franchise	Store Manager Development Training	Store Operations and Managerial Tasks (Theory & Practice)
			236
	Headquarters	Onboarding & Soft Landing	Company/Brand Overview and Product Training by Brand
			64
Competency Development	Sales	AM Introductory Training	Brand Understanding and Store Operations (Theory & Practice)
			82
	Sales	New Store Manager Introductory Training	Understanding Managerial Roles and Responsibilities
			58
Certification Program	Headquarters	Headquarters Staff Competency Development	Generative AI, Data Analysis, 2025 Trend Korea
			420
	Sales	Store Manager & SC Competency Development	Business Intelligence, Complaint Handling, Business Strategy Sharing and etc.
			937
Certification Program	Promotion	M Grade Promotion Qualification Training	Industry Characteristics and Strategic Direction
			52
	Store Manager Certification	Sales Specialist Certification Program	Franchise Operations, Franchise Management Process, Brand Marketing and etc
			10
SCA	KKD Management 101 Class	Store Management and Communication Skills for Store Managers	
			33
SCA	SCA Roasting – Intermediate & Advanced	Roasting Theory, Sensory Calibration, and Practical Training and etc.	
			4

Human Rights Training

Category	Unit	2022	2023	2024
Total Training Hours	Hour	0	0	4,662
Training Hours per Employee	Hour	0	0	3
Total Employees Completed Training	Person	0	0	1,554

Human Rights Grievance Handling

Category	Unit	2022	2023	2024
Discrimination-Related Grievance Reports	Case	0	0	0
Resolved Grievance Reports	%	0	0	0

Labor Union Practices

Category	Unit	2022	2023	2024
Employees Eligible for Labor Union Membership ¹⁾	Person	1,408	1,354	1,338
Labor Union Members	Person	1,236	1,188	1,147
Labor Union Membership Rate	%	87.8	87.7	85.7
Number of Labor-Management Council Meetings ²⁾	Times	7	8	6
Number of Agenda Items Resolved	Case	27	24	25
Total Fines for Labor Law Violations	KRW	0	0	0

1) Excludes departments and managerial staff not eligible for union membership from total employees

2) Total number of regular and special Labor-Management Council meetings held during the year

Labor Union Communication

Category	Unit	2022	2023	2024
Number of Employee Grievances Reported	Case	22	26	27
Number of Employee Grievances Resolved	Case	22	26	27
Employee Grievance Resolution Rate	%	100	100	100



Social Performance

Industrial Accidents

Category	Unit	2022	2023	2024
Employees Covered by Occupational Health & Safety Management System (%)	%	100	100	100
Total Industrial Accident Cases	Case	34	41	30
Serious Accident Cases	Employees	0	0	0
	Temporary or Partner Workers	0	0	0
Industrial Accident Rate ¹⁾	Employees	0.16	0.17	0.15
	Temporary or Partner Workers	0	0	0
Lost Time Injury Rate (LTIR)	Employees	0.87	0.89	0.83
	Temporary or Partner Workers	0	0	0
Occupational Illness Frequency Rate (OIFR) ²⁾	Employees	0.01	0.01	0.01
	Temporary or Partner Workers	0	0	0
Total Recordable Incident Rate (TRIR)	Employees	0.87	0.89	0.83
	Temporary or Partner Workers	0	0	0
Fatalities	Employees	0	0	0
	Temporary or Partner Workers	0	0	0
Serious Injuries	Employees	0	0	0
	Temporary or Partner Workers	0	0	0
Minor Injuries	Employees	34	41	30
	Temporary or Partner Workers	0	0	0
Number of Injured Employees	Employees	34	41	30
	Temporary or Partner Workers	0	0	0

1) Calculated based on work-related fatalities or injuries (injuries include cases requiring 3 or more days of medical treatment).

2) As of 2024, major types of occupational illness include slips, burns, cuts, and commuting-related accidents.

* Due to missing data for 2022, calculations were based on 2024 working hours: 6,671,127 hours in 2023 and 5,056,943 hours in 2024.

** Formulas:

LTIR = (Number of Lost Time Injuries / Total Working Hours) × 200,000

OIFR = (Number of Occupational Illness Cases / Total Employees) × 1,000,000

TRIR = (Total Recordable Incidents / Total Working Hours) × 200,000

Occupational Health & Safety Management System (ISO 45001)

Category	Unit	2022	2023	2024
Number of Certified Sites ¹⁾	Site	16	18	17

1) Based on corporate stores as of 2025

Occupational Safety Training

Category	Unit	2022	2023	2024
Occupational Safety Training Hours	Hour	87,954	95,496	116,736
Occupational Safety Training Participants	Person	14,659	15,916	19,456

Partner Communication

Category	Unit	2022	2023	2024
Number of Win-Win Meetings Held	Times	6	6	6

Partner Grievance Handling

Category	Unit	2022	2023	2024
Grievances Received	Case	12	23	13
Grievances Resolved	Case	12	23	12
Grievance Resolution Rate ¹⁾	%	100	100	92

1) As of 2024, 13 cases were reported, 12 resolved; 1 case is in progress as of April 2025.

Social Impact Assessment of the Supply Chain

Category	Unit	2022	2023	2024
Suppliers Assessed for Social Impact	Supplier	0	0	6
Suppliers with Identified Negative Impacts	Supplier	0	0	6
Suppliers with Corrective Actions ¹⁾	Supplier	0	0	4
Corrective Action Rate	%	0	0	66.7
Suppliers with Terminated Contracts Due to Assessment	%	0	0	0

1) Feedback provided to all suppliers / figure reflects suppliers that completed corrective actions



Social Performance

Product Management

Category	Unit	2022	2023	2024
Number of Technical Failures or Service Interruptions	Case	0	0	0
Total Customer Downtime	Hour	0	0	0
Product Health and Safety Impact Assessment Rate ¹⁾	%	100	100	100

1) As defined in Chapter 2 of the Quality Management Regulations (Raw and Sub-material Review Process and Inspection Standards), products subject to inspection underwent 100% health and safety impact assessment.

Product Safety

Category	Unit	2022	2023	2024
Number of Recalls	Case	13	14	1
Fines for Product-Related Legal Violations	KRW	0	0	0

Marketing and Labeling

Category	Unit	2022	2023	2024
Product and Service Information & Labeling Violations ¹⁾	Case	19	48	-
Marketing Communication Violations	Case	0	0	0

1) Data unavailable since June 2024 due to discontinued disclosure by the Ministry of Food and Drug Safety.

Voice of Customer (VOC) Status

Category	Unit	2022	2023	2024
Customer Complaints Received	Case	7,667	8,019	14,536
Customer Complaints Resolved	Case	7,667	8,019	14,536
Customer Complaint Resolution Rate	%	100	100	100
Timely Action Rate for User Dissatisfaction	%	100	100	100

Social Contribution

Category		Unit	2022	2023	2024	
Employee Volunteer Activities	Donations	Total Donation Amount	KRW million	732	903	936
		Total Volunteer Hours	Hour	249	345	88.4
		Volunteer Hours per Employee	Hour	6.4	2.03	0.3
		Volunteer Participation Rate	%	2.2	9.6	13.8
Social Contribution Activities		Number of Programs	Program	3	3	2
		Total Participants	Person	39	170	237
		Total Beneficiaries	Person	3,190	281	788

Information Security

Category	Unit	2022	2023	2024
Information Security Investment Ratio	%	5.9	5.5	5.3
Customers Affected by Data Breach, Theft, or Loss	Person	0	0	0
Number of Information Security Incidents	Case	0	0	0
Fines for Information Security Violations	KRW million	0	0	0
Number of Partner Information Security Inspections	Case	18	22	31
Personal Data Protection Training Hours	Hour	1.6	1.0	1.0
Employees Trained on Personal Data Protection	Person	4,877	5,117	6,010
Employees Trained on Handling Personal Data	Person	87	105	122



Governance Performance

Board of Directors Operation

Category		Unit	2022	2023	2024
Board of Directors Composition	Total Number of Directors	Person	5	5	5
	Outside Directors	Person	2	2	2
	Inside Directors	Person	3	3	3
Board of Directors Gender Diversity	Male	Person	4	5	5
	Female	Person	1	-	-
Board of Directors Meetings Held	Number of Meetings Held	Times	10	10	8
Board of Directors Attendance Rate	Average Attendance Rate	%	92	91	98
	Inside Director Attendance Rate	%	100	93	100
	Outside Director Attendance Rate	%	80	89	95
Average Tenure of Directors	Inside Directors	Year	2	2	2
Board of Directors Agenda Items	Resolutions	Case	25	19	15
	Reports	Case	8	6	9
Operation of Board Subcommittees	Transparency Committee	Times	8	7	6

Anti-Competitive Behavior Management

Category		Unit	2022	2023	2024
Legal Actions for Anti-Competitive and Monopoly Law Violations		Case	1	-	-
Fines Imposed as a Result		KRW	5,000,000	-	-

* A fine was imposed for violating relevant laws due to inaccurate estimated sales figures provided to five new franchisees during the store opening process.

Board of Directors Compensation

Category		Unit	2022	2023	2024
Board of Directors Compensation	Number of Individuals	Person	4	5	5
	Total Compensation	KRW Million	953	989	1,294
	Average Compensation per Person	KRW Million	238	198	259
Annual Compensation per Director	Total Compensation for Registered Directors	KRW Million	953	989	1,294
	Average Compensation per Registered Director	KRW Million	238	198	259
CEO and Employee Compensation	CEO Total Compensation Growth Rate	%	3.9	0.2	61.1
	Median Employee Compensation Growth Rate	%	2.8	12.4	9.0
	Ratio (Times)	%	1.4	0.0	6.8

Ethics and Compliance Management

Category		Unit	2022	2023	2024
Legal and Regulatory Compliance	Anti-Corruption	Case	3	2	1
	Social/Economic Areas	Case	0	0	0
	Others	Case	1	1	8
Ethics Training	Number of Participants	Person	0	173	1,101
	Training Hours per Person	Hour	0	1	1



GRI Index

Universal Standards

Instructions for Use	Lotte GRS reports its sustainability activities and performance for the reporting period (January 1 to December 31, 2024) in accordance with the GRI Standards.
GRI Standards Applied ¹	GRI 1: Foundation 2021
Applicable Sector Standards	As of the June 2025 reporting date, no applicable sector standard has been issued for Lotte GRS.

General Disclosures

Category	Disclosure	Requirement	Reported Page	Remarks	Category	Disclosure	Requirement	Reported Page	Remarks
The Organization and Its Reporting Practices	2-1	Organizational details	2,7, 11		Governance	2-16	Communication of critical concerns	29,73	
	2-2	Entities included in the organization's sustainability reporting	2,7			2-17	Collective knowledge of the highest governance body	75	
	2-3	Reporting period, frequency and contact point	2			2-18	Evaluation of the performance of the highest governance body	75	
	2-4	Restatements of information	-	Changes in aggregation criteria or reporting boundaries are noted in footnotes.		2-19	Remuneration policies	75, 91	
	2-5	External assurance	95~96			2-20	Process to determine remuneration	75	
						2-21	Annual total compensation ratio	-	Confidentiality Constraints
Activities and Employees	2-6	Activities, value chain and other business relationships	23		Strategy, Policies and Practices	2-22	Statement on sustainable development strategy	5~6,8	
	2-7	Employees	85			2-23	Policy commitments	39~40, 43, 45~46, 60~61, 69, 72, 77~78	
	2-8	Workers who are not employees	85			2-24	Embedding policy commitments		
Governance	2-9	Governance structure and composition	73~74			2-25	Processes to remediate negative impacts	34, 40, 62	
	2-10	Nomination and selection of the highest governance body	74			2-26	Mechanisms for seeking advice and raising concerns	40, 62~63	
	2-11	Chair of the highest governance body	74			2-27	Compliance with laws and regulations	91	
	2-12	Role of the highest governance body in overseeing the management of impacts	25, 73~74			2-28	Membership associations	-	KFA, KCRA, Korea Foodservice Industry Association (KFIA)
	2-13	Delegation of responsibility for managing impacts	25, 73~74		Stakeholder Engagement	2-29	Approach to stakeholder engagement	29	
	2-14	Role of the highest governance body in sustainability reporting	73~74			2-30	Collective bargaining agreements	-	Confidentiality Constraints
	2-15	Conflicts of interest	73~74						



GRI Index

Material Topics

Category	Disclosure	Requirement	Reported Page	Remarks
Material Topic	3-1	Material topic determination process	26	
	3-2	List of material topics	27	
Product Responsibility				
Material Topic	3-3	Material topic management	28, 31~32	
Customer Health and Safety	416-1	Product and service health and safety assessment status	31~32	
	417-1	Status of product and service labeling application	31~32, 90	
Marketing and Labeling	417-2	Incidents of regulatory or voluntary labeling violations on product and service	90	
	417-3	Number of marketing communication-related violations	90	
Customer-Centric Management				
Material Topic	3-3	Material topic management	28, 33~36	
Customer Information Protection	418-1	Number of verified customer complaints involving personal data breaches or loss	90	
Ethics and Compliance				
Material Topic	3-3	Material topic management	28, 37~40	
Anti-Competitive Behavior	206-1	Legal actions related to anti-competitive behavior and monopoly practices	40, 91	

Category	Disclosure	Requirement	Reported Page	Remarks
Eco-Friendly Packaging and Waste Circularity				
Material Topic	3-3	Material topic management	28, 41~42	
Waste	306-2	Management of significant waste-related impacts	28, 39~40	
	306-3	Waste generated	83	
	306-4	Waste recycled	83	
Safety and Health Management				
Material Topic	3-3	Material topic management	28, 43~45	
Occupational Health and Safety	403-1	Occupational health and safety management system	43, 89	
	403-2	Hazard identification, risk assessment, and incident investigation	44, 45	
	403-3	Occupational health services	44	
	403-4	Worker participation, consultation, and communication on occupational health and safety	45	
	403-5	Worker training on occupational health and safety	45, 89	
	403-6	Promotion of worker health	59	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	44~45	
	403-8	Employees covered by the occupational health and safety management system	43~44, 89	
	403-9	Work-related injuries	89	
Supply Chain Management				
Material Topic	3-3	Material topic management	28, 46~47	
Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	47, 84	
	308-2	Negative environmental impacts in the supply chain and actions taken	47, 84	
Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	89	
	414-2	Negative social impacts in the supply chain and actions taken	47, 89	

GRI Index

GRI 200: Economic Disclosure

Category	Disclosure	Requirement	Reported Page	Remarks
Economic Performance	201-1	Direct economic value generated and distributed	82	

GRI 300: Environmental Performance

Category	Disclosure	Requirement	Reported Page	Remarks
Energy	302-1	Energy consumption within the organization	83	
	302-3	Energy intensity	83	
Water	303-2	Management of water discharge-related impacts	52	
	303-5	Water consumption	83	
Biodiversity	304-3	Habitats protected or restored	52	
Emissions	305-1	Direct Greenhouse Gas Emissions (Scope 1)	83	
	305-2	Indirect Greenhouse Gas Emissions (Scope 2)	83	
	305-4	Greenhouse Gas Emissions intensity	83	

GRI 400: Social Performance

Category	Disclosure	Requirement	Reported Page	Remarks
Employment	401-1	New employee hires and employee turnover	86	
	401-2	Employee benefits provided to permanent employees	59	
	401-3	Parental leave usage, return from leave, and continued employment for 12 months after return	87	
Training and Education	404-1	Average hours of training per year per employee	88	
	404-2	Programs for employee development and career transition support	54~57, 88	
	404-3	Percentage of employees receiving regular performance and career development reviews	87	
Diversity and Equal Opportunity	405-1	Governance bodies and diversity of employees	85~86, 91	
	405-2	Ratio of basic salary and remuneration of women to men	87	
Non-Discrimination	406-1	Employee discrimination incidents and corrective actions	88	
Freedom of Association and Collective Bargaining	407-1	Worksites and suppliers at risk of serious violations of freedom of collective bargaining	63	
Indigenous Rights	411-1	Incidents of violations involving rights of indigenous peoples	-	No related incidents
Public Policy	415-1	Political contributions	-	No political contributions, prohibited under applicable laws and internal regulations



Third-party Assurance Statement

Dear Management and Stakeholders of LOTTE GRS

Introduction

Korean Standards Association ("KSA") was commissioned by LOTTE GRS ("the Company") to perform a third-party Assurance Engagement of '2024 LOTTE GRS SUSTAINABILITY REPORT' ("the Report"). KSA presents independent opinions as follows as a result of the feasibility of the data contained in this Report. The Company has sole responsibility for the content and performance contained in this Report.

Independence

As an independent assurance agency, KSA does not have any kind of commercial interest in businesses of the Company apart from undertaking a third-party assurance on the Report. KSA has no other contract with the Company that may undermine credibility and integrity as an independent assurance agency.

Assurance Standards: AA1000AS v3

Assurance Level and Type: Moderate, Type1

Note1: Moderate assurance has a lower level of confidence than high assurance because it is based on limited evidence.

Note2: Type1 assurance has a narrower scope of engagement than Type2 assurance because it is limited to only adherence with the four principles of AA1000 AccountAbility Principles (AA1000AP).

Assurance Scope

The assurance scope includes systems and activities such as sustainability management policies, goals, businesses, standards, and achievements of the Company the reporting period. While the Company's environmental and social data, as well as financial data in a broad sense, was verified, the scope of review concerning stakeholder engagement was limited to the materiality assessment process.

- in adherence with the four principles of AA1000 AccountAbility Principles (AA1000AP) 2018

- in accordance with GRI Standards 2021

Topic Standards

206-1, 302-1, 302-3, 303-2, 303-5, 305-2, 305-4, 306-3, 306-4, 308-2, 401-1, 401-2, 401-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 405-1, 405-2, 406-1, 407-1, 411-1, 414-1, 415-1, 416-1, 417-1, 417-2, 417-3, 418-1

Assurance Methodology

KSA used the following methods to gather information, documents, and evidence with respect to the assurance scope.

- Confirmation of stakeholder engagement and materiality assessment process by the sustainability expert.
- Verification of environmental information disclosure data and information by the environmental expert.
- Examination of internal documents and basic materials.



Third-party Assurance Statement

Assurance limitations

KSA assumed that the data and evidence provided by the Company were complete and sufficient. KSA provided limited assurance through data inquiry and analysis as well as limited sampling methods.

Assurance Results and Opinions

KSA reviewed the draft version of this Report within the scope of this assurance and presented our opinions as an assurance provider. Modifications were made to the Report content if deemed necessary. KSA was not aware of any suspicions of significant errors or inappropriate descriptions in this Report as a result of our Assurance Engagement. As such, KSA presents our opinions of the '2024 LOTTE GRS SUSTAINABILITY REPORT' as follows.

Four principles of AA1000 AccountAbility Principles (AA1000AP) 2018

Inclusivity

- Has the Company engaged its stakeholders in strategically responding to sustainability?

KSA believes the Company is aware of the importance of stakeholder engagement and is making an all-out effort to establish a process that will increase their engagement. The Company has selected stakeholders including employees, customers, franchise, partner companies, communities, government/media/association, shareholders/investors and has communication channels for each group to receive diverse feedbacks and opinions.

Materiality

- Has the Company included material information in the Report to help stakeholders make informed decisions?

KSA is not aware of any significant omissions or exclusions of data that are material to stakeholders. KSA verified that the Company conducted a materiality assessment with issues identified from analyses of internal and external environments and reported according to the result.

Responsiveness

- Has the Company appropriately responded to stakeholder requirements and interest in this Report?

KSA verified that the Company responded to stakeholders' needs and interests by reflecting stakeholders' opinions in the Report. KSA is not aware of any evidence that the Company's response to significant issues of stakeholders was reported inappropriately.

Impact

- Has the Company appropriately monitored its impact on the stakeholders?

KSA verified that the Company is monitoring and assessing its impact on the stakeholders by conducting an enhanced verification of its standard business activities. Furthermore, it has been verified that the Company appropriately publishes its findings in the Report.

June 2025

KSA Chairman & CEO **Dong Min Moon**



AA1000
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000-70/V3-OXB1Y



The Korean Standards Association (KSA), established as a special corporation in accordance with the Law for Industrial Standardization in 1962, serves as a knowledge service provider that distributes and disseminates such services as industrial standardization, quality management, sustainability management, KS certification and ISO certification. The KSA is committed to the sustainable development of Korean society as an ISO 26000 national secretary, AA1000 assurance provider, Korea Sustainability Index (KSI), and as an assurance provider of the Korean government's greenhouse gas energy target management system.

