

**LOTTE**  
**SHOPPING**

# Code of Conduct For LOTTE Shopping's Partners



# Preamble

As a leading retail company in Korea that provides products and services loved and trusted by customers, LOTTE Shopping is aware that responding to climate change and establishing a sustainable ecosystem is the task of our times for humanity. Through ESG (Environmental, Social, and Governance) management, we are committed to adding value to the lives of people around the world. For this journey to a sustainable future for humanity, LOTTE Shopping encourages all partners to join together.

This Code of Conduct was established with the principles of ESG management, aiming for sustainable growth and social value creation. This Code of Conduct provides what LOTTE Shopping requires for partners in the fields of environment, human rights, safety, and legal and ethical management. We expect all our partners to comply with the CoC and join LOTTE Shopping for ESG management.

This CoC is made based on the UN Universal Declaration of Human Rights, UN Guiding Principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises, UN Convention on the Rights of the Child, and ILO Fundamental Conventions, etc. In the event of any conflict between this CoC and the laws of a nation where a partner's business is conducted, a stricter standard takes precedence.

# 1. Legal · Ethical Management

LOTTE Shopping's partners will practice legal and ethical management and make efforts to run the business justly. Partners will enhance transparency in management, comply with the laws of the nation where they conduct their businesses, and maintain the highest level of ethics.

## A. Prohibition of Illegal Interest

- (1) Employees of partners will not provide or promise to provide monetary/non-monetary interest to the third party, such as a civil servant and a public organization employee, for illegal or inappropriate purposes.
- (2) Employees of partners will not receive or promise to receive monetary/non-monetary interest from the third party for illegal or inappropriate purposes.
- (3) Partners will consistently monitor their employees for provision or receipt of illegal and inappropriate interest. When a partner identifies any case of such provision or receipt, it will take appropriate measures.
- (4) Partners will establish a documented code of ethics and conduct that includes prohibiting acts of corruption. Partners will also implement it actively.

## B. Transparency in Management

- (1) All business activities of partners will be transparent. Partners will keep records of all transactions in internal documents such as account books precisely.
- (2) Partners will disclose information about their business management, financial status, safety management, environmental preservation, and achievements according to the laws and customs of the nation where they conduct their businesses.

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

(1) Partners will comply with the fair trade laws and monopoly regulations of the nations where they conduct their businesses.

(2) Partners will not engage in any activity that may impede fair trade by abusing their dominant positions in markets or advantageous positions in transactions.

(3) Partners will not conclude agreements on the price, supply quantity, transaction areas, transaction conditions, etc., to limit competition unfairly.

## **D. Compliance with the Subcontract Transaction Laws**

(1) Partners will comply with the laws about subcontract transactions of the nations where they conduct their businesses.

(2) Partners will not perform any act falling under the unfair subcontract transactions, such as non-payment of subcontract consideration, non-issuance of contracts, and reduction of unit prices using unfair ways.

## **E. Personal Information Protection**

(1) When it comes to collecting and processing personal information, partners will comply with the personal information protection laws of the nations where they conduct their businesses.

(2) Partners will establish procedures and systems to protect the personal information of all stakeholders, including customers, related to the business, partner companies, consumers, and employees, and operate them actively.

(3) Partners will exert sufficient efforts not to leak any trade secrets or information that requires security, which they acquire from their business partners. Partners cannot store or use such acquired information without prior permission or approval.

## **F. Intellectual Property Right Protection**

(1) Partners will not infringe the intellectual property rights of others, including customers and their business partners when conducting their businesses. Partners will establish procedures and systems to protect such intellectual rights.

(2) Partners will not perform an act to infringe the trade secrets of their competitors when conducting their businesses.

## **G. Ethical Issue Reporting and Identity Protection**

(1) Partners will document procedures and programs to allow internal and external stakeholders to report the employees' unethical acts or issues suspected of law and regulation violations. Partners will operate such procedures and programs actively.

(2) Partners will take thorough investigations and disciplinary procedures reasonably when an employee's unethical act or rule violation is reported or identified. Also, partners will document such procedures and programs for investigation and discipline.

(3) Partners will document procedures to protect the identity of an ethical issue reporter, including guaranteeing the reporter's anonymity, and implement the procedures actively.

## 2. Human Rights Management

LOTTE Shopping's partners must support and respect the internationally declared 「UN Guiding Principles on Business and Human Rights」 and protect human rights in all areas where they conduct their businesses. Partners will do their best to create an organizational culture where all members realize their potential and respect together without any prejudices and illegal discrimination.

### A. Compliance with Labor Laws

Partners will be fully aware of and comply with the labor laws and regulations of the nations where they conduct businesses. Also, partners will perform monitoring consistently to prevent any possible violation.

### B. Non-Discrimination

(1) Partners will not discriminate against employees in their hiring, wages, promotion, training, etc., on any grounds such as their gender, religion, disability, age, social status, region of origin, physical condition, marital status, pregnancy or childbirth, family forms or situation, political or other opinions, etc.

(2) Partners will not require any conditions that are not necessary for their duties when hiring employees.

(3) Partners will establish guidelines and regulations to respect the diversity of employees and prohibit discrimination against minorities. Partners will exert efforts to share such guidelines and regulations internally.

### C. Wages and Welfare

(1) Partners will provide employees with wages that include the minimum wages, overtime allowances, welfare benefits, etc., legally mandated by the nations where they conduct their businesses.

(3) Partners will provide mandatory training legally mandated by the nations where they conduct their businesses and exert efforts for employees' career and ability development.

(4) Partners must subscribe to four major social insurances for all employees including irregular, daily and part-time workers. Partners will document the statements of individuals' insurance expenses.

## **D. Working Hour Management**

(1) Partners will manage employees' working hours not to exceed the maximum working hours legally mandated by the nations where they conduct their businesses. To this end, partners will operate systems to record and manage working hours.

(2) Overtime work must be done with employees' voluntary consent. Partners will establish regulations on the criteria to calculate overtime work hours, document related guidelines, and check if the overtime process asks for agreement from employees.

(3) Partners will comply with regulations on legal holidays. Partners will guarantee break time during work hours and ensure employees have a day off more than once per week on average.

## **E. Humane Treatment**

(1) Partners will establish policies to guarantee humane treatment for their employees and sufficiently provide relevant training.

(2) Partners will exert efforts to prohibit inhumane treatment of workers, including sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, verbal abuse, etc.

(3) Partners will make efforts to prevent employees from conducting an act of causing mental and physical pain to other employees or deteriorating the work environment by using one's workplace position or relationship, which is beyond the appropriate scope allowed in the course of duties.

(4) When there is inhumane treatment or harassment in the workplace, partners will take disciplinary processes against offenders. Considering victims' requests and situations, partners will take appropriate measures, such as changing their locations or teams. Also, partners will have a system and channel to handle grievances from victims.

## **F. Freedom of Association**

(1) Partners will guarantee the rights of employees to form, join and support labor unions as guaranteed by the legislation of the nations where they conduct their businesses. Partners will guarantee the rights of employees to bargain collectively as a labor union.

(2) Partners will not allow any form of disadvantages, such as discrimination, retaliatory actions, and harassment, against any employee for forming, joining, and supporting a labor union.

(3) Partners will exert efforts to create an atmosphere where employees freely communicate about working conditions, management policies, etc.

## **G. Protection of Under-age Workers**

(1) Any form of child labor is prohibited. Partners must comply with the minimum age for employment under the laws of the nations where they conduct their businesses and international conventions on child labor.

(2) When a partner needs to hire an employee under 18, it will consult with the compliance management officer and check the legal requirements for the minimum employment age.

(3) When a partner hires an employee under 18, the employee will not be in work with high risks. The partner will take necessary measures not to limit the employee's education opportunities due to employment.

(4) Partners will not receive any goods, money, or services from a company related to child labor or violating related laws.



## H. Prohibition of Forced Labor

(1) Any form of forced labor, including coercion and detention, is prohibited. Partners will not perform any act of violence, threatening, confinement, etc., to force labor. Partners will not put mental pressure on workers for economic situations, claim-obligation relationships, etc.

(2) Partners will not receive any goods, money, or services from a company that performs an act of violence, threatening, confinement, etc. or put mental pressure on workers to force labor.

## 3. Environmental Management

LOTTE Shopping's partners must make efforts to implement this Code of Conduct established for a sustainable environment. Partners will comply with the environmental laws and regulations implemented under the mutual agreement and consistently perform monitoring, such as environmental management inspections, on related activities, to join LOTTE Shopping's actions to take improvement measures. Partners will actively cooperate to establish a data-based environmental management system.

### A. Legal Compliance and Certificate Acquisition

(1) Partners will be fully aware of the environmental laws and regulations of the nations where they conduct their businesses and exert sufficient efforts to comply with them. Also, partners will consistently keep track of changes and trends in environmental regulations and make up-to-date revisions to their environmental management.

(2) Partners will acquire and maintain environmental licenses and certificates necessary to conduct a business.

### B. Environmental Impact Review

Partners will pay close attention to environmental impacts that may arise from the processes of producing and transporting products and providing services. Partners will search for measures to mitigate such environmental impacts, including using environmentally-friendly products with less environmental impact.

### C. Climate Change Responses

(1) Partners will join LOTTE Shopping's efforts to achieve carbon neutrality.

(2) Partners will keep track of greenhouse gas emissions and energy consumption. Partners will exert efforts to cut greenhouse gas emissions and reduce energy consumption by searching for measures, such as ways to improve energy efficiency.

## **D. Waste Management**

Partners will keep track of the waste amount generated from the process of producing and transporting products and providing services. Partners will exert efforts to reduce the total waste amount by cutting waste generation or improving recycling and reuse rates.

## **E. Air Pollutant Management**

Partners will keep track of materials that may cause air pollution and their discharge concentration. Partners will make efforts to manage and process them according to legal or internal standards. Partners will search for ways to reduce air pollutants' discharge concentration.

## **F. Water Resource Management**

(1) Partners will keep track of water consumption. Partners will make efforts to reuse water, improve its utilization efficiency, and reduce water consumption consistently.

(2) Partners will keep track of the wastewater amount that is discharged. Partners will make efforts to process wastewater according to legal or internal standards. Partners will minimize their impact on water resources.

## **G. Harmful Chemistry Management**

Partners will safely manage harmful chemical substances they handle during businesses to transport, store, use and discard according to the characteristics. Also, partners will label toxic chemical substances to identify them.

## 4. Safety Management

LOTTE Shopping's partners will make efforts to guarantee the safety of all employees across all the processes of producing and transporting products and providing services. Partners will establish a management system to prevent safety accidents. Partners will actively cooperate with safety management assessment by LOTTE Shopping at their business sites when both parties mutually agree.

### A. Compliance with Regulations

Partners will acquire and maintain safety-related certificates and licenses necessary for their businesses. Partners will be fully aware of and comply with the safety laws and regulations of the nations where they conduct their businesses.

### B. Safety Assessment

(1) Partners will keep track of information on the industrial accident rate. Industrial accident rates must include reasons for accidents, the death toll, accident rates, etc. Also, partners will make efforts to decrease the industrial accident rate consistently.

(2) Partners will be fully aware of risk factors at their business sites, such as harmful chemical substances, noise, dust, etc. Partners will establish processes to prevent workers from being exposed to them and regularly conduct safety assessments at their business sites.

(3) Partners will assess the safety of machines, equipment, and facilities that may harm people at their business sites and inspect them regularly.

(4) Partners will install necessary facilities, such as safety devices and protective walls, to prevent safety accidents at their business sites. Partners will conduct inspections on them regularly.

## C. Safety Management System

- (1) Partners will establish a safety management department under the person responsible for a business site. The department needs to gain independence to perform its duties to develop a self-regulated safety management system.
- (2) Partners will establish a safety accident response manual. The manual must include immediate corrective measures, evacuation process, reporting system, follow-up measures, etc.
- (3) Partners will sufficiently train their employees with the safety accident response manual. Partners will perform safety accident drills regularly according to the laws and regulations of the nations where they conduct their businesses.
- (4) Partners will establish a system and process to evaluate industrial accident risks. Also, the process needs to include measures to identify and eliminate the root causes of industrial accident risks.

## D. Safety Training

- (1) Partners will conduct safety training for their employees regularly according to the policies of LOTTE Shopping. The safety training needs to include content to improve employees' safety awareness and develop their safety management abilities.
- (2) Partners will post important information about safety management at prominent places in their business sites.
- (3) Site workers must wear safety gear. Also, partners will regularly check if workers wear safety gear before and after work.

## 5. Management System

LOTTE Shopping's partners will be aware of the importance of sustainable business management and establish a management system. Partners will set long-term goals to fulfill their social responsibilities, evaluate their achievements regularly, and improve them.

### A. Commitment for Sustainable Management

(1) Partners will establish goals for sustainable management, document related action plans, and make them public. Partners will regularly inspect and evaluate whether the goals are met.

(2) Partners will establish sustainable management principles based on this code of conduct or equivalent to it and make them public. Partners will train their employees about the principles regularly. Also, partners will share action plans and achievements related to the code of conduct with their employees.

### B. Sustainable Management Program

(1) Partners will develop programs for sustainable management and implement them.

(2) Partners will evaluate the achievements of the sustainable management programs and improve and upgrade the programs consistently.

### C. Risk Management

(1) Partners will make efforts to identify risks related to the environment, human rights and labor, safety, legal compliance, and ethics that arise or may arise during the process of their businesses.

(2) Partners will establish and implement appropriate measures to prevent it if there is a potential risk related to the environment, human rights and labor, safety, legal compliance, and ethics. When a risk situation related to the above matters occurs, partners will take appropriate measures to eliminate it and prevent reoccurrence.