



Corporate governance is one of the most important pillars of our management for the Group to grow sustainably for years to come. The pace of change in our business environment has accelerated in recent years.

We are committed to strengthening our corporate governance to address these changes and sustainably enhance our corporate value.

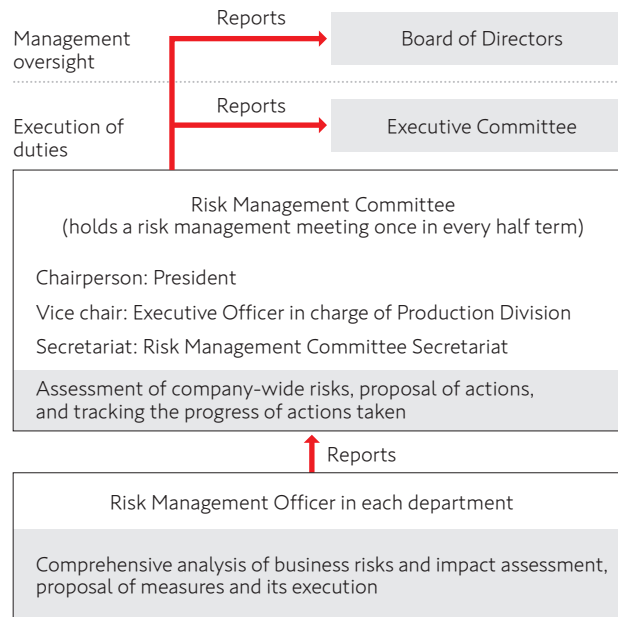
- ◆ Risk Management
- ◆ Information Security
- ◆ Responses to Disaster Risks
- ◆ Compliance
- ◆ Corporate Governance

◆ Risk Management

Risk Management Structure

The Risk Management Committee plays a central role in managing all risks associated with business operations. Each department appoints a risk management officer who identifies business risks comprehensively and evaluates the risk impact (probability multiplied by severity). Based on the identified risks and its countermeasures reported by a risk management officer of each department, the Risk Management Committee determines the most significant company-wide risks, along with the countermeasures. The results will be reported to the Executive Committee and the Board of Directors.

If a risk becomes a reality, the Risk Management Committee acts as the Crisis Management Committee and Emergency Task Force, and immediately issues instructions to minimize damage.



Risk Management Process

The Risk Management Committee and the risk management officers from each department work together to reduce business risks by following the PDCA cycle. Based on the business impact analysis of the risks comprehensively identified by each department's risk management officers, the Risk Management Committee prioritizes the risks and considers the responses. Each department implements the countermeasures under the supervision of its risk management officer and reports the progress to the Risk Management Committee. The risk management officers identify risks and re-evaluate the impact assessment regularly, and report the updated countermeasures to the Risk Management Committee.

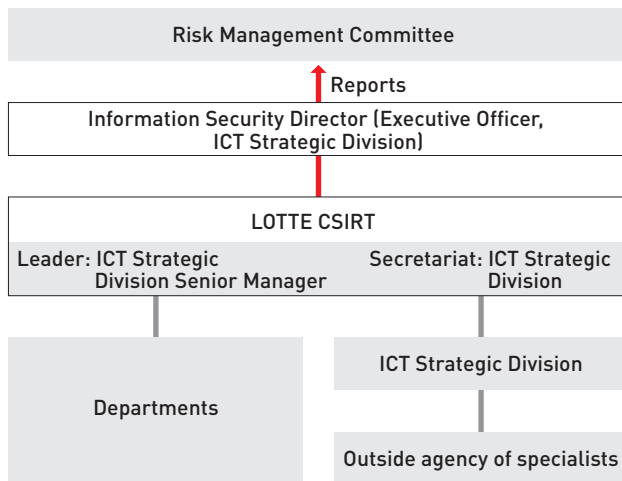


Information Security

Information Security Structure

The executive officer of the ICT Strategic Division serves as the information security director to promote company-wide awareness. We established LOTTE CSIRT (Computer Security Incident Response Team) under the information security director. LOTTE CSIRT identifies information security-related risks company-wide and determines the responses accordingly. CSIRT strives to enhance information security by working closely with outside agencies and experts. LOTTE CSIRT will report information security-related risks to the Risk Management Committee, just like the other business risks.

In the event of a crisis, LOTTE CSIRT will assemble a cyber-security response team and take prompt action.



Education on Information Security

The LOTTE CSIRT also provides information security education. In addition to training new employees, the CSIRT regularly raises alerts regarding targeted email threats and conducts on-the-job training.

Responses to Disaster Risks

We prepared the fundamental BCP policy applicable to individual BCP for our factories and departments within the head office. In addition, we engage in exercises and drills based on the BCP, and have implemented Business Continuity Management (BCM) to improve our vigilance in the event of an emergency.

Fundamental BCP Policy

1. The lives and safety of employees and their families are our top priority.
2. We fulfill our corporate social responsibility while ensuring business continuity.

To achieve these two objectives, we will build a robust organization capable of taking appropriate actions promptly.

Compliance

Our Behavior Charter, LOTTE Group Way

The LOTTE Group Way, established in 2008, is the policy to be understood by all of our directors and employees of LOTTE Group companies in conducting their work. The LOTTE Group Way is published on our corporate website, and serves as our promise to society to engage in ethical and honest business practices. Its seven points make up the behavioral guidelines necessary to achieve the LOTTE Group Mission and embody the LOTTE Values.

In addition to our corporate website, the LOTTE Group Way is also included in the LOTTE Group Philosophy online book and our multilingual booklet to disseminate the behavior charter among employees and directors and to promote understanding.



▶ LOTTE Group Way

<https://www.lotte.co.jp/english/charter/>

Employee Education

As another means to communicate our behavior charter and encourage ethical and honest business practices, we provide compliance training to our employees. In FY2023, compliance was covered in annual training, as well as in training for new employees and those being promoted. We also distributed the Compliance Guidebook to all employees to raise awareness of compliance-related matters.



Corporate Governance

As of July 1, 2024

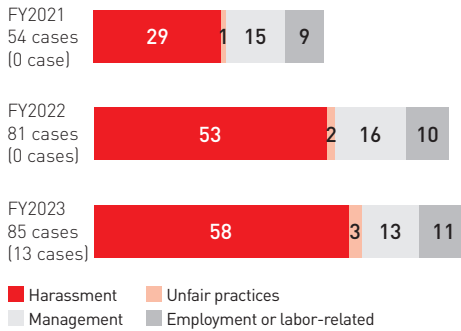
Type of System	Company with Board of Corporate Auditors
Number of Directors	7 directors (3 outside directors, of whom 1 is women)
Number of Corporate Auditors	2 corporate auditors (1 outside corporate auditor)

Number of Executive Officers	15
Accounting Auditor	Deloitte Touche Tohmatsu LLC
Internal Audit Department	Audit Department

Whistleblowing System

In 2006, we established an internal hotline called “Clean Line” as part of our whistleblowing system. The *Clean Line* deals with compliance infringements of all kinds, including human rights issues such as harassment, misconduct such as fraudulent claims for expenses or taking data outside company premises, legal violations, or violations of company regulations. Employees can send whistleblowing reports or consult by telephone, email, letter, etc., and if a victim is involved, we take immediate action to help them. Internal regulations on whistleblowing include the whistleblower protection clause that prohibits all forms of prejudicial treatment for whistleblowers. Anonymous reporting is also accepted. In 2018, we established an external whistleblowing hotline aiming to improve the effectiveness of our whistleblowing system for LOTTE CO., LTD. and LOTTE Group companies in Japan and overseas.

Number of Consultations and Reports



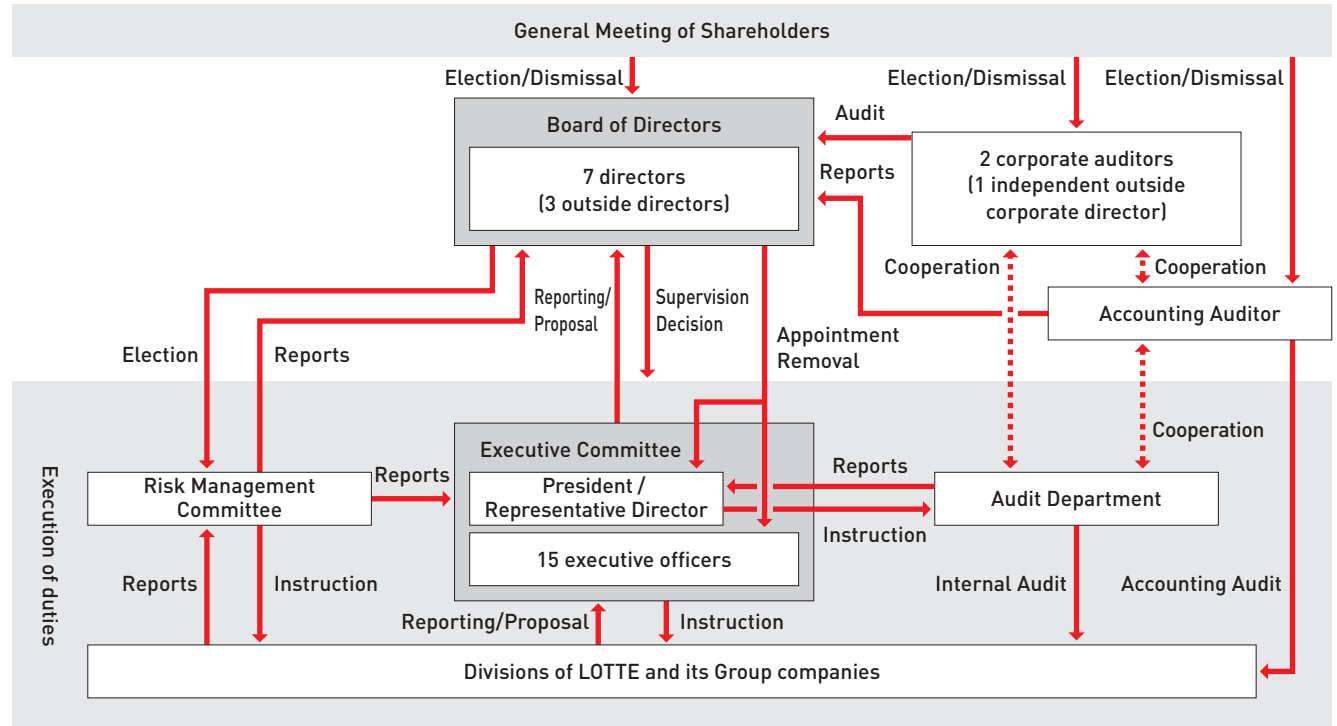
Figures in parentheses represent the number of consultations or reports that had not been fully dealt with by March 31, 2024.

Scope of Tabulation

LOTTE CO., LTD. and its Group companies in Japan

Compliance Violation

In FY2023, there were no serious compliance violations.



Organization & Meeting	Chairperson	Members (As of July 1, 2024)				Number of Meetings Held in FY2023
		Total	Inside Director	Outside Director	Audit & Supervisory Board Member	
Board of Directors	President / Representative Director	9	4	3	2	13 times
Executive Committee	President / Representative Director	23*	3	—	2	12 times

* Includes 15 executive officers and 6 department heads nominated by the chairperson