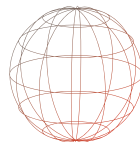


2025 LOTTE E&C SUSTAINABILITY REPORT

New Spirit, Sustainable Future



About this Report

LOTTE Engineering & Construction (E&C) has been transparently disclosing its sustainability activities and performance through its annual Sustainability Report since 2013. The report outlines the Company's sustainability management direction and strategy, key issue responses, business performance, and sustainable sales calculation based on the K-Taxonomy, providing various stakeholders with essential information for decision-making. The report also highlights communication activities with main stakeholders and the Company's efforts and achievements in pursuing the UN's Sustainable Development Goals (SDGs) to demonstrate the Company's responsibility and commitment to a sustainable future.



COVER STORY

Based on the 2025 management policy, "New Spirit," we have visualized our commitment to "practicing sustainable management through a mindset shift and growing together with various stakeholders in the seamless flow of life."

Reporting Standards

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards 2021 and International Financial Reporting Standards (IFRS) S1-S2, which are the international standards for sustainability management. It covers our governance, strategy, risk management, indicators, and targets on key issues. Furthermore, based on the nature of the construction industry, the Company has referenced the industry-specific standards of the Sustainability Accounting Standards Board (SASB), and has incorporated recommendations from the Task Force on Climate-related Financial Disclosures (TCFD), the European Sustainability Reporting Standards (ESRS), and the UN Sustainable Development Goals (SDGs).

Reporting Period and Scope

This report covers the period from January 1 to December 31, 2024, and includes selected activities and achievements from the first half of 2025. Financial data in this report are presented in accordance with K-GAAP through 2022 and K-IFRS from 2023 onward, reflecting consolidated performance across both domestic and international business sites. Non-financial qualitative and quantitative performance across governance, social, and environmental areas is primarily based on the domestic operations of LOTTE E&C as a separate legal entity, while certain qualitative performance also includes overseas operations, such as international branches and project sites. Environmental and social performance is reported in consideration of the specific characteristics of the construction industry, and any exceptions or limitations in the reporting scope are indicated through separate explanatory notes.

Reporting Assurance

This report has been verified by BSI, an external independent institution, in accordance with AA1000AS (2020) Type 2 at moderate level to ensure the suitability of reporting standards, data reliability, and fairness. Additionally, the accuracy of Scope 3 emissions has been assured by Lloyd's Register using the verification procedures outlined in ISO 14064-3:2019 "Rules and guidelines for the validation and verification of greenhouse gas statements," at a limited assurance level and with a 5% materiality threshold. The results of these assurances can be found on pages 142-147.

Materiality Assessment and Selection of Reporting Issues

LOTTE E&C conducted a double materiality assessment to ensure the objectivity of the report and meet the information needs of stakeholders, thereby identifying key reporting issues. The selected key reporting issues have been continuously updated in accordance with global disclosure guidelines, and we strive to reflect a balanced approach to strategic responses to ESG issues and the impact of our corporate activities.

Reporting Cycle and Additional Information

LOTTE E&C publishes its sustainability report annually; the previous report was released in July 2024. The Company transparently discloses ESG-related information through various channels, including its website and the Financial Supervisory Service's Data Analysis, Retrieval and Transfer System (DART), and plans to further improve its sustainability report by incorporating stakeholder feedback in the future.

Interactive PDF

The report was published as an interactive PDF file that includes functions such as links to relevant pages within the report and shortcuts to related web pages.



Cover



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ESG Performance

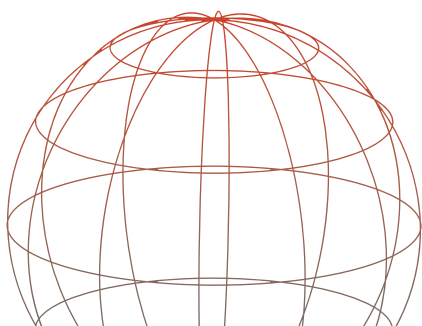
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CEO Message

“Embracing a new spirit,
LOTTE E&C is paving the way for
a sustainable future that goes
beyond efficiency and innovation.”



Dear Value Stakeholders,

LOTTE E&C is advancing its sustainable management in 2025 under the "New Spirit" management policy, advancing a shift in mindset across the entire value chain. Despite the challenges of 2024, including economic and political uncertainties and crises in the global and domestic construction industry, we delivered resilient performance through continuous change and agile responses. Through this 2025 Sustainability Report, we are pleased to share with our valued stakeholders the outcomes of these ongoing efforts.

Carbon Abatement Technology Development to Address Climate Change

As corporate responsibilities for addressing climate change are increasing both domestically and globally, LOTTE E&C is working to advance specific carbon reduction measures through technology development. To verify zero-energy building technology, we piloted and monitored Building Integrated Photovoltaics (BIPV) at our headquarters building in 2024. For the first time, we also applied construction materials using carbon-reducing cement to a project site in Korea. Through such initiatives, we are actively responding to the climate crisis by utilizing diverse carbon reduction technologies.

[Go to Strategic Activities](#)

Management and Disclosure System for Biodiversity Conservation

LOTTE E&C is committed to preserving ecosystems and minimizing negative environmental impacts in the course of its business activities. The Company has established a Biodiversity Protection Policy aligned with global standards and manages related risks by assessing the impact and dependence on natural capital

at its construction sites. We transparently disclose relevant information through this sustainability report and will continue to engage with stakeholders by referring to both domestic and international biodiversity disclosure standards.

[Go to Strategic Activities](#)

Establishment of Human Rights Management Process and Advancement of Activities

LOTTE E&C has established and operates a systematic human rights management process based on its Human Rights Management Policy and Charter, in order to foster a company-wide culture of respect for human rights. In 2024, we strengthened our human rights initiatives by providing "Employee Human Rights Training" tailored to the characteristics of the construction industry and by operating an "On-site Human Rights Management Council." Going forward, we will continue to expand the scope of human rights impact assessments to cultivate a workplace culture of mutual respect across the company.

[Go to Strategic Activities](#)

LOTTE E&C remains committed to fulfilling its corporate social responsibilities and working together with customers, investors, partners, and local communities to build a sustainable future. We look forward to your continued trust and support as we lead change guided by the "New Spirit."

Thank You.

July 2025
Vice Chairman and CEO of LOTTE E&C

Hyun Chul Park

Introduction

LOTTE E&C is practicing a mindset shift through our “New Spirit” initiative and continuously pursuing change and innovation for a better tomorrow.

-
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New Spirit, 2025 LOTTE E&C

LOTTE E&C Corporate Philosophy

LOTTE E&C annually establishes core management slogans and action plans and shares them with all employees to overcome structural limitations in the construction industry and achieve sustainable growth. Building on the practice of substantial management in 2024, the Company has adopted the 2025 slogan, “2025! New Spirit for Management Efficiency and Structural Improvement!” and is pursuing three major management policies: mindset shift (New Spirit), management efficiency, and embedding safety management into everyday practice. LOTTE E&C will continue to uphold its strong commitment to quality and safety, while innovating work practices and organizational culture to sustain structural improvements and translate new opportunities into performance.

2025 LOTTE E&C Management Policy

2025 Slogan

2025 Management Policy

Action Plans

Ongoing Operational Tasks

2025! A Year of Driving Management Efficiency and Structural Improvements with a New Spirit!

Management Efficiency

- 1 Improve management through efficient work methods
- 2 Focus on cash flow and profitability management
- 3 Reinforce business risk management

New Spirit (Mindset Shift)

- 1 Transition in work methods
- 2 Lead by example with a strong sense of responsibility
- 3 Promote a culture of open communication and problem solving

Embedding Safety Management into Everyday Practice

- 1 Faithful adherence to basic safety practices
- 2 Fortify on-site safety awareness
- 3 Ensure effective implementation of safety management systems

Strengthen the Health and Safety Management Systems

+

Enhance Ethical Management / Compliance / Win-Win Partnerships with Partners

Keywords: New Spirit, Core Keywords

Mindset Shift

Improve work methods through creative thinking

A culture centered on horizontal communication and problem solving

Leadership and sense of responsibility

Focus of LOTTE E&C Celebrating its 65th Anniversary

New Spirit, LOTTE E&C's Commitment to Sustainable Change

LOTTE E&C has selected “New Spirit (Mindset Shift)” as the core keyword of its 2025 management policy to flexibly respond to diverse demands across the entire value chain of the construction industry. “New Spirit” is not just a slogan, but represents a fundamental shift in mindset across business operations, thinking, leadership, and organizational culture. The Company aims to transform into an organization that actively thinks, acts, and collaborates to seek solutions, rather than simply following established practices. As we move forward on our journey toward sustainable management, LOTTE E&C is committed to delivering on its promises to all stakeholders and working together to build a better future. Celebrating its 65th anniversary in 2024, the Company reaffirmed that its history is not merely a passage of time, but a record of commitments to the future. We will continue to take on challenges to create a sustainable construction ecosystem where people, society, and the environment coexist in harmony.

Awards to Employee and Partners on its 65th Anniversary



382 Employees Awarded in 4 Categories¹⁾

29 Cooperation Awarded Long-Term Partners with more than 20 Years

¹⁾ Lotte Construction Employee of the Year/Long Service Award/Model Employee/Excellent Technical Development Employee

Company Overview

Company Overview

LOTTE E&C, founded in 1959 and integrated into the LOTTE Group in September 1978, has been advancing diverse businesses in the global market under the Group's mission, "We enrich people's lives by providing superior products and services that our customers love and trust," and its vision of "Lifetime Value Creator." As a comprehensive construction company, LOTTE E&C undertakes a broad spectrum of projects ranging from residential and community facilities to national infrastructure and industrial complexes, including roads, bridges, and plants. The Company has demonstrated its world-class engineering and construction capabilities with the successful completion of LOTTE World Tower, the tallest building in Korea. Through its residential brands—"LOTTE Castle," "LE-EL," and "LUMINI"—the Company continues to provide differentiated living experiences. At the same time, by integrating eco-friendly construction technologies and low-carbon materials into its projects, LOTTE E&C is committed to contributing to the realization of carbon neutrality by 2040 and to building a sustainable future.

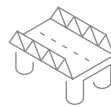
Key Business Areas



Housing



Architecture



Civil Works



Plants



Overseas Business

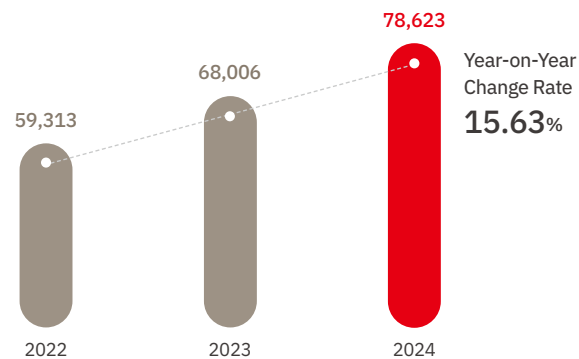
(Based on Separate Financial Statements in December 2024)

Company name	LOTTE Engineering & Construction Co., Ltd
Date of Establishment	February 3, 1959 (Acquired by LOTTE GROUP in 1978)
CEO	Hyun Chul Park (Inaugurated in December 2022)
Head Office	29, Jamwon-ro 14-gil, Seocho-gu, Seoul, Korea
Key Businesses	Housing, Architecture, Civil Works, Plants, and Overseas businesses
Major Shareholders	LOTTE Chemical Corporation (Stake: 14,819,985 shares / 44.02%)
Number of Employees	3,967 employees
Branches / Subsidiaries	• Domestic: 1 corporation / 1 branch • Overseas: 6 corporations / 8 branches
Revenue	KRW 7.86 trillion
Operating Profit	KRW 177.1billion
Credit Rating	A+ (Nice Investors Service · Korea Ratings, As of Oct. 15, 2024)

Key Financial Performance¹⁾

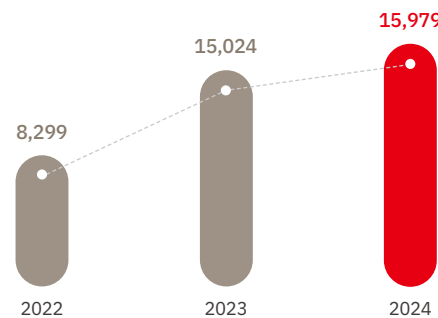
Revenue

(Unit: KRW 100 million)



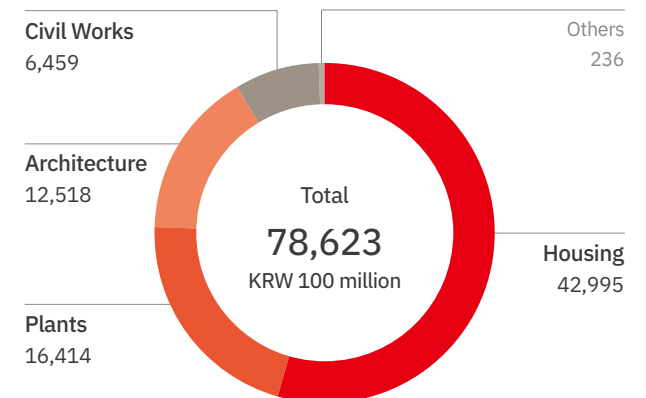
Revenue from Sustainability-Related Projects

(Unit: KRW 100 million)



Revenue by Business Division in 2024¹⁾

(Unit: KRW 100 million)


¹⁾ Based on Separate Financial Statements

¹⁾ Based on Separate Financial Statements

Company Overview

Global Networks

LOTTE E&C operates on a global scale, supported by a network spanning 14 countries, including South Korea. Domestically, the Company manages one corporation and one branch of office, while overseas operations include six subsidiaries across five countries and eight branches in eight countries. Backed by decades of proprietary technologies and expertise, LOTTE E&C is committed to the successful execution of projects and is strengthening its technological competitiveness to expand global project acquisition capabilities.

Domestic

Branches

1 (Yeongnam District)

Corporations

1

Overseas

Branches

8 Branch offices in 8 Countries

- Malaysia
- Indonesia
- Pakistan
- Moscow
- Australia
- Japan
- Singapore
- the Philippines

Corporations

6 Corporations in 5 Countries

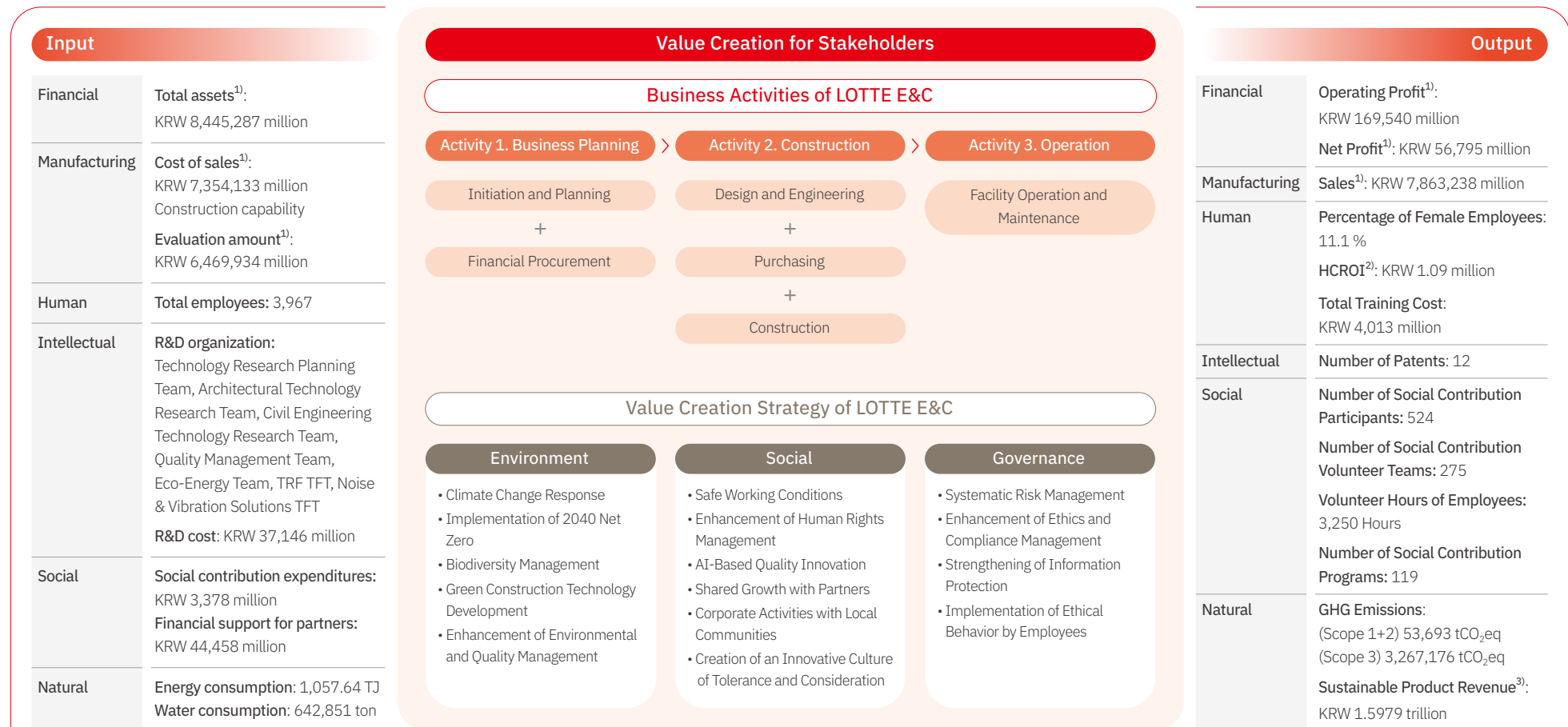
- Beijing
- Shenyang
- LOTTE Land Vietnam
- LOTTE Land Indonesia
- Malaysia
- India



Value Creation Progress

LOTTE E&C creates diverse values—including customer satisfaction, technological innovation, job creation, and shared growth with partners—through the successful delivery of projects, thereby contributing to sustainable social development. The Company is also committed to identifying and minimizing potential negative impacts that may arise in the course of its operations. Going forward, LOTTE E&C will continue to deliver positive value to all stakeholders and advance as a global leader shaping a sustainable future together.

Value Creation System



1) Based on consolidated financial statements

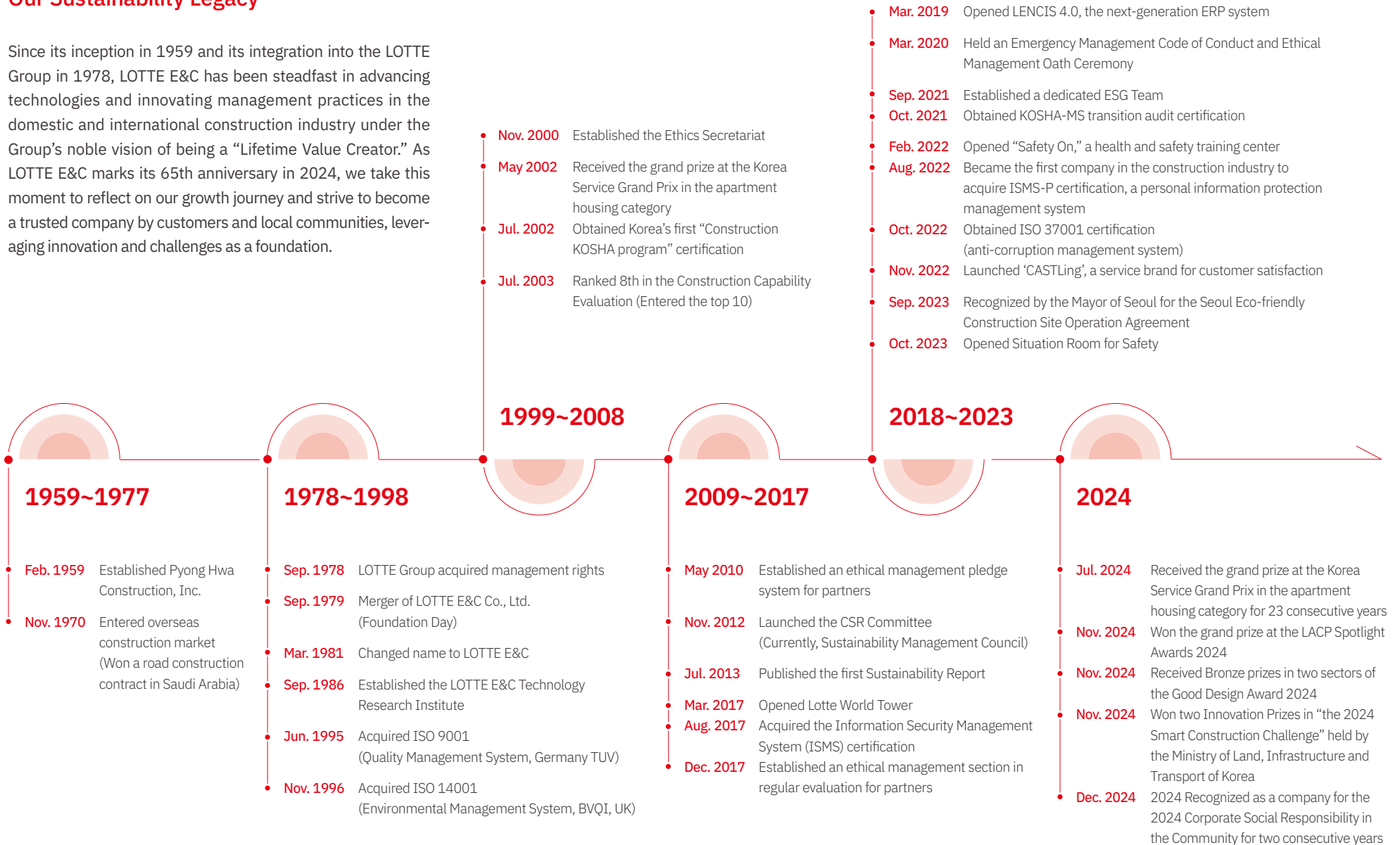
2) Calculated as [Sales-(Total Expenses-Investment Expenses related to Employees)]/Investment Expenses related to Employees]

3) Calculated based on a separate basis based on the K-Taxonomy, using the 2024 sustainable product revenue for the four business divisions.

Value Creation Progress

Our Sustainability Legacy

Since its inception in 1959 and its integration into the LOTTE Group in 1978, LOTTE E&C has been steadfast in advancing technologies and innovating management practices in the domestic and international construction industry under the Group's noble vision of being a "Lifetime Value Creator." As LOTTE E&C marks its 65th anniversary in 2024, we take this moment to reflect on our growth journey and strive to become a trusted company by customers and local communities, leveraging innovation and challenges as a foundation.



Business & Sustainability

LOTTE E&C Creates Innovation and Trust-based New Value with New Spirit.

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Housing

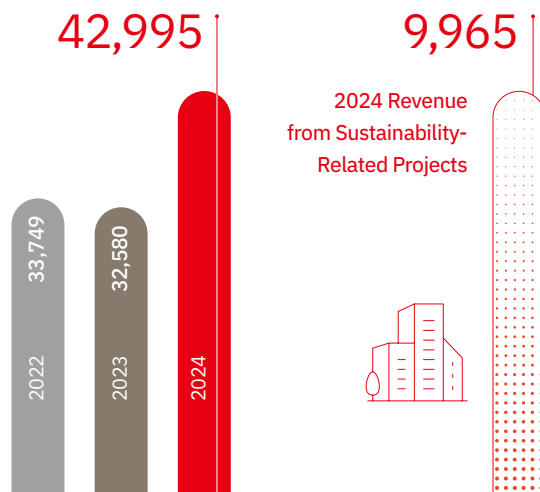
Based on its brand philosophy of “Build Home, Beyond House,” LOTTE E&C is leading a residential culture that meets customer lifestyle through various residential brands, including its flagship residential brand “LOTTE Castle,” “LE-EL,” “LUMINI,” and “VL LEWEST,” which specializes in senior housing. The Company is also engaged in urban maintenance, development, and asset management projects to expand the value of residential spaces. We are also taking the lead in creating smart residential complexes based on our customer-tailored service brand, “CASTLing,” and research into technologies based on the 4th industrial revolution. Especially by integrating an integrated Home IoT platform, big data-based complex management, and eco-friendly and safe technologies, LOTTE E&C is contributing to the realization of high-quality residential environments and sustainable housing innovation based on convenience.

2024 Key Performance

Received the Grand Prize at the Korea Service Grand Prix in the Apartment Housing Category for 23 Consecutive Years

Revenue for Three Years in the Housing Business

(Unit: 100 million KRW)



① Seocho Naegok Luxury Housing Development Project Seoul Gangnam Prime Private Life Wellness Complex

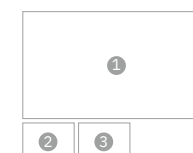
Period Sep. 2024 - Jun. 2027 (planned)
Location Seocho District, Seoul, Korea
Size 3 basement floors, 3 floors above ground, 25 buildings, 222 units

② Cheongdam Samik Apartment Reconstruction/ Rebuilding Project

Period Jun. 2021 – Oct. 2025 (planned)
Location Gangnam District, Seoul, Korea
Size 4 basement floors, 35 floors above ground, 9 buildings, 1261 units

③ Magok MICE Complex

Period May 2021 – Sep. 2025 (planned)
Location Gangseo District, Seoul, Korea
Size 7 basement floors, 15 floors above ground, 18 buildings, O/T 876 rooms, 810 senior housing units, hotel, convention office



Our Strength & Strategy

LOTTE E&C is continuously pursuing strategies to expand the functionality and value of residential spaces to meet the changing lifestyles of consumers. In particular, in response to future residential trends that involve various activities occurring within the home, we have created a newly developed interior style called “4.0 MUZE,¹⁾” which redefines residential spaces as complex living spaces that reflect the lives and stories of individuals, rather than just serving as resting spaces. LOTTE E&C will continuously improve its brand competitiveness and product quality and strive to realize high-end residential value through differentiated quality and customer-tailored services.

Core Technologies of Housing Business

Core Technologies	Related Activities
Utilization of AI technologies	Development of AI technology related to technical safety, quality, and design
Development and expansion of off-site construction (OSC)	Promotion of steel frame modular construction (collaboration between affiliated companies), and expansion of PC applications in parking lots (pilot application in 2025)
Expansion of Building Information Modeling (BIM)	Training BIM specialists, strengthening BIM collaboration, cloud-based site-head office linkage, and development of BIM modeling automation software
Inter-floor noise reduction technology	Development of new high-performance floor structures and inter-floor noise reduction devices, pilot site demonstration application, and expansion to all sites
Diversification of operating products, linkage with group companies, and service expansion	Car sharing, breakfast service, home care, and home appliances, etc.

1) MUZE(My Untitled Zone Edit story): LOTTE E&C’s new interior style in which my home is full of my own stories in the recent trend of having no trend.

ESG Approach of Housing Business

LOTTE E&C has been strengthening its eco-friendly construction capabilities in accordance with the implementation of the Framework Act on Carbon Neutrality and Green Growth to achieve the national carbon neutrality goal. With the government’s carbon neutrality strategy raising the GHG reduction target to 40% by 2030, the Company is promoting key strategies such as reducing the use of fossil fuels, switching to renewable energy, and developing green technologies. We are particularly focused on implementing photovoltaic power generation systems and building integrated photovoltaic (BIPV) systems to expand the supply of eco-friendly housing. We are also developing and applying technologies to reduce carbon emissions throughout the entire housing lifecycle, including fuel cell-based power generation systems, low-carbon flooring materials, and supersulfated cement. Additionally, we are taking the lead in creating energy-efficient residential environments through green building certification designs utilizing geothermal heat for cooling and heating systems. By expanding the use of eco-friendly materials, establishing waste recycling systems, and reducing construction waste, we will strengthen the foundation of a circular economy and lead the way toward a sustainable housing culture.

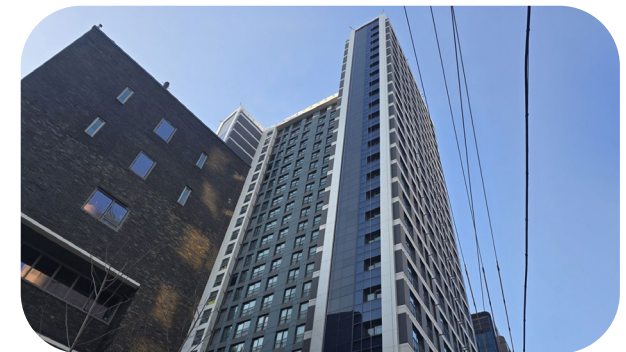
Track Record of Applying Green Building Technologies of LOTTE E&C

Technology Name	Overview	Project Name
Photovoltaic power generation system	Power generation system based on photovoltaic & photoelectric effect	<ul style="list-style-type: none"> • Jamsil LE-EL(557kw) • Changwon LOTTE Castle Forest (454kw) • VL LEWEST(281kw) • Guri Station LOTTE Castle Signature (147kw) • Gangneung LOTTE Castle Signature (135kw) • Wonju LOTTE Castle Signature (128kw) • Dobong LOTTE Castle Golden Park (84kw) • Cheonan LOTTE Castle The Dujeong (51kw)
Building integrated photovoltaic system	Solar module-building exterior integrated system	<ul style="list-style-type: none"> • VL LEWEST(561kw) • Jamsil LE-EL(189kw) • Dobong LOTTE Castle Golden Park (42kw)
Fuel cell system	Power generation system based on the hydrogen-oxygen chemical reaction	<ul style="list-style-type: none"> • Jamsil LE-EL(120kw) • Suji-gu Office station LOTTE Castle Hive L (61kw) • Dalseo LOTTE Castle Central Sky (50kw)
Geothermal heat pump system	Cooling and heating system utilizing geothermal heat	<ul style="list-style-type: none"> • Sosa Station LOTTE Castle The Newel (441kw) • Dobong LOTTE Castle Golden Park (439kw) • LOTTE Castle Signature Central (69kw)

Effects

Reduced building energy through alternative energy to fossil fuel energy sources

Cases of ESG-Linked Projects



LOTTE Castle - Yongsan Namyong Station Building integrated photovoltaic system applied

Period Jun. 2022 - May 2025
Location Yongsan District, Seoul, Korea
Size 4 basement floors, 24 floors above ground, 1 building, 269 units

SDGs Goal 7.2

By 2030, increase substantially the share of renewable energy in the global energy mix.

SDGs Goal 7.3

By 2030, double the global rate of improvement in energy efficiency.



Architecture

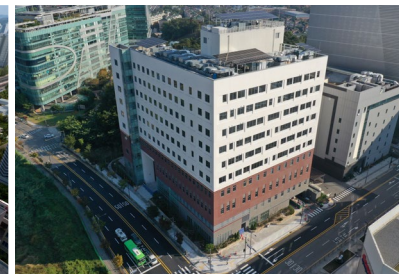
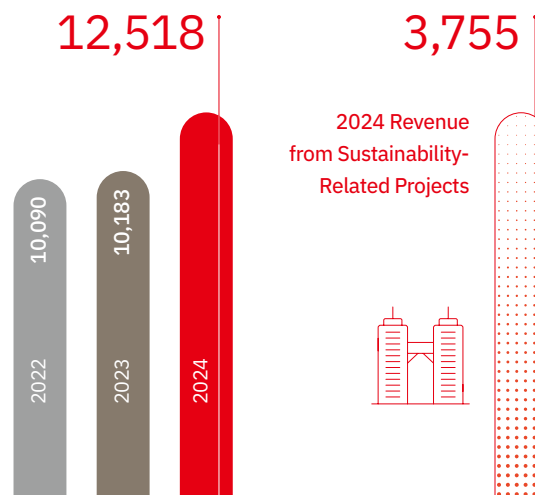
Despite complex challenges such as global economic uncertainty, stricter environmental regulations, and construction site safety issues, LOTTE E&C has refined its strategies to realize sustainable architecture. We are pursuing both environmental protection and economic efficiency by utilizing eco-friendly building materials, focusing on energy-efficient designs, and applying smart construction technologies. We are also maximizing efficiency throughout all stages of projects, including design optimization, cost reduction, and shortening construction time, by applying Pre-Construction Service (PCS). LOTTE E&C will continue to lead the way in creating sustainable future value in the construction industry based on innovative technology and customized solutions.

2024 Key Performance

Complex Development Projects such as Hotel and Tourism Complexes, and Private Investment in Railway Station Development

Revenue for Three Years in the Architecture Business

(Unit: KRW 100 million)

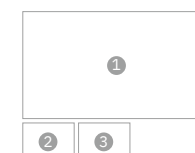


- Hotel Construction at Gimhae Tourism & Distribution Complex**

Period Sep. 2016 – Aug. 2024
Location Gimhae, South Gyeongsang Province, Korea
Size 48,420m²(Site area), 39,786m²(Total floor area),
1 basement floor, 8 floors above ground
- Chang-dong Private Investment Railway Station Development Project**

Period Dec. 2022 – Mar. 2026
Location Dobong District, Seoul, Korea (and 6 other lots)
Size 44,567m²(Site area), 26,360m²(Building area),
2 basement floors, 10 floors above ground
- Construction of Bobath Hospital in Hanam**

Period Sep. 2022 – Nov. 2024
Location Hanam, Gyeonggi Province, Korea
Size 3,345m²(Site area), 24,615m²(Total floor area),
3 basement floors, 10 floors above ground



Our Strength & Strategy

LOTTE E&C has continuously strengthened its business capabilities in data centers and public facilities based on its extensive construction experience and cutting-edge technology. The Company has improved energy efficiency and operational stability by applying eco-friendly designs and smart construction technologies, while ensuring reliability and quality through customized solutions for its customers. We will actively fulfill our corporate social responsibility through technological innovation for sustainable infrastructure construction and the realization of value-centered architecture.

Core Technologies of Architecture Business

Core Technologies	Related Activities
Utilization of BIM ¹⁾ technology	Higher work efficiency through wider application of the entire process from order receipt to settlement
Review AI Utilization History	Minimization of risk by promoting an AI-based review system

1) Building Information Modeling (BIM): A technology that integrates and manages the necessary information throughout the entire life cycle of a building. Based on 3D modeling, it is applied in various stages, such as design, construction, and operation.

Case Studies of BIM Application

Anyang Pyeongchon Officetel

Busan Lotte Tower

Goyang Ocado

Review of view interference with adjacent buildings

Yongin RDC

Calculation of earthwork volume and review of constructability

Geumnam-ro, Gwangju

Creation of curtain wall detailed model, and proposal of boundary wall END BAR finish

Busan Ocado

FULL modeling and constructability review

Busan Lotte Tower

Construction model creation and utilization

ESG Approach of Architecture Business

LOTTE E&C has strengthened its corporate strategy from an integrated ESG perspective, recognizing environmental protection and implementing social responsibility as core elements of corporate competitiveness. LOTTE E&C has incorporated ESG elements into all aspects of its construction business. Especially, sustainability has been more emphasized in the environmental sector by utilizing sustainable materials, gradually applying energy-saving design technologies and low-carbon construction techniques. The Company is also systematically collecting and analyzing quantitative environmental indicators such as energy consumption, GHG emissions, and resource recycling rates, while managing qualitative indicators such as employee participation in environmental awareness training programs. We will continuously contribute to the implementation of the UN Sustainable Development Goals (UN SDGs) by establishing a carbon emissions evaluation system in consideration of the entire lifecycle of buildings and expanding green certifications. We will also continue to advance our ESG-based design and construction processes.

Cases of ESG-Linked Projects



LOTTE Hotel & Resort - Gimhae

Gimhae's landmark hotel embracing Gaya

The hotel aims to become a "Family Adventure Town" and offers 250 rooms in nine different types, accommodating all family members, including those traveling with companion animals, reflecting the increasing number of pet-owning households and contributing to the revitalization of tourism culture.

SDGs Goal 8.9

Design and implement plans to promote sustainable tourism, contributing to job creation and the promotion of local culture and products by 2030.



Performance of ESG-linked Projects in Construction Projects

Project Name	Main linked projects	Main performance
New eGrocery No. 1 CFC Construction	Installation of 10,580m ² of solar panels, and construction of 252 electric vehicle charging stations	<ul style="list-style-type: none"> Lower carbon emissions and higher energy self-sufficiency Contribution to the transition to eco-friendly mobility and the creation of carbon-neutral urban infrastructure Job creation and revitalization of the local economy by building smart logistics centers
Hotel Construction in Gimhae	Construction of leisure facilities that can be enjoyed by the whole family members, and facilities where visitors can enjoy the culture of Geumgwan Gaya	<ul style="list-style-type: none"> Higher quality of life for local residents by providing mixed-use leisure spaces for all age groups Contribution to the revitalization of local identity and tourism Encouraging job creation for local small business owners and those involved in tourism
Seocho-dong Mixed-use Facility	Application of BIPV ²⁾ 340m ²	<ul style="list-style-type: none"> Creation of a distributed power infrastructure in which buildings themselves produce energy Reduction of GHG emissions from power generation
Siheung Janghyeon District Mixed-use Facility	Acquisition of Building Energy Efficiency 1+ Rating	<ul style="list-style-type: none"> Energy savings during operation by applying high-efficiency insulation, mechanical equipment, and lighting systems Reduction of residents' management expense by supplying energy-efficient housing

2) BIPV: Building Integrated Photovoltaics

Civil Works

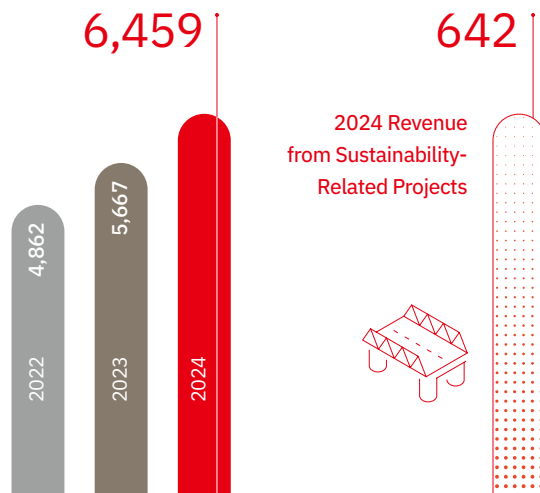
LOTTE E&C has successfully carried out major domestic and international transportation and infrastructure projects, including roads, railways, tunnels, water and sewage systems, airports, and ports. It also possesses total solution capabilities encompassing both public and private projects. In particular, the company has solidified its leading position in the land transportation infrastructure sector through its accumulated experience in road and railway projects and is also continuously contributing to the construction of water and environmental infrastructure with its sewage treatment facility design and construction technologies. Additionally, we are expanding our business reach into the waste and bio sectors in pursuit of environmental improvement and technological competitiveness. LOTTE E&C will make an unwavering effort to develop national infrastructure and enhance the local community's quality of life by expanding environmental business and diversifying its business portfolio.

2024 Key Performance

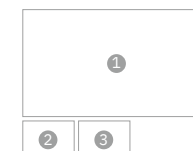
Won the Contract for the Uijeongbu Sewage Pipeline Maintenance Project

Revenue for Three Years in the Civil Works Business

(Unit: KRW 100 million)



- Water Reclamation Center Modernization Project - Jungnang, Phase 2-1**
 Period Dec. 12, 2024 – Nov. 2, 2032
 Location Seongdong District, Seoul, Korea
 Size Improvement of No. 2 and 4 treatment plants and the reject water treatment facility, and the new sewage treatment facility
- Suseo-Gwangju Double-Track Railway Construction Project - Section 3**
 Period Mar. 2025 – Feb. 2030
 Location Seongnam, Gyeonggi Province – Gwangju, Gyeonggi Province, Korea
 Size L=19.7km (New construction of 14.3km, and existing line improvement of 5.4km)
- Yeongdong-daero Underground Mixed- use Development - Section 4**
 Period Feb. 2021- Oct. 2028
 Location Gangnam District, Seoul, Korea
 Size Main tunnel of 322.5m, Transfer center of 50m, and Samsung Station expansion of 50m



Our Strength & Strategy

LOTTE E&C is enhancing its specialized construction capabilities in land transportation facilities, focusing on high-difficulty construction projects such as long-span bridges, long tunnels, and submarine tunnels. The Company has also developed customized water environment technologies that reflect the characteristics of water treatment processes, such as water supply, water purification, and wastewater treatment, through in-house development and joint research with external specialized institutions. Such efforts have enabled us to handle competitive civil engineering projects based on differentiated technologies. LOTTE E&C has contributed to the construction of sustainable infrastructure and the expansion of environmentally friendly social infrastructure based on this technology-driven corporate strategy.

Core Technologies of Civil Works Business

Smart Technology	Expected Effects
Trimble Site Vision (AR Construction Management)	<ul style="list-style-type: none"> Real-time verification of construction status based on AR technology Real-time review of construction results for above-ground structures such as roads and bridges, as well as underground facilities, based on 3D BIM design and GNSS¹⁾ technology
3D Laser Scanning	<ul style="list-style-type: none"> Automatic calculation of 3D coordinates of surrounding facilities through laser reflection time analysis Automation of wide-area surveying and improved accuracy, reducing work time and building precise spatial information data
3D Scanning Technology for Underground Spaces	<ul style="list-style-type: none"> Analysis of initial deformation behavior during excavation and prediction of changes in underground space stability through 2D-based structural data acquisition

1) Global Navigation Satellite System (GNSS): A global satellite navigation system that provides information on the location, altitude, and speed of objects on the ground using radio waves from satellites.

ESG Approach of Civil Works Business

LOTTE E&C has developed its civil engineering business strategy, focusing on the construction of eco-friendly infrastructure to simultaneously address climate risks and traffic congestion issues. A representative case is the “Isu-Gwacheon Multi-utility tunnel (the BTO type),” which is the first multi-utility tunnel in Korea to combine road and rainwater storage functions and is attracting attention as a new model of urban infrastructure that is in line with the carbon-neutral era. The project, which covers a 5.61 km four-lane road and a 3.45 km rainwater storage tunnel, simultaneously reduces the risk of urban flooding and alleviates traffic congestion, contributing to the response to climate change and strengthening urban resilience. LOTTE E&C plans to continue identifying infrastructure projects that consider environmental and social values based on technological innovation.

Expected Effects of ESG-Linked Projects in Civil Works Business

Resolution of chronic traffic congestion in southern Seoul	Reducing travel time by a maximum 14 minutes through the use of surface roads for short-distance travel and underground roads for long-distance travel
Prevention of flooding damage caused by heavy rainfall in the Sadang and Isu areas	
Increase of urban resilience by reducing urban flooding caused by heavy rainfall	+
Minimization of environmental impact by utilizing three-dimensional underground spaces	Flooding damage in the Sadang and Isu areas 75% reduction in flooded area 87% reduction in flood volume

Area	Plan
Tunnel Design	<ul style="list-style-type: none"> Establish cross-sectional plans considering the latest design standards, installation of facilities inside tunnels, retention and drainage functions, and road functions. Establish cross-sectional plans by planning separate evacuation routes for safe evacuation within the connecting section.
Tunnel for Rainwater Storage Plan	<ul style="list-style-type: none"> Plan for a tunnel for rainwater storage to alleviate flooding (planning a multi-utility tunnel with L=500 m, and a rainwater storage and drainage tunnel with L=2,950 m) Install two vertical inlets of rainwater inflow near Sadang Station and Isu Station, respectively, and one vertical outlet for rainwater outflow at the terminal section.
Landscape Plan	<ul style="list-style-type: none"> Establish a unified design plan to reduce the sense of dissonance caused by changes in the tunnel landscape for drivers inside the tunnel. Establish a landscape lighting plan to improve the internal visual environment to prevent sleepiness and improve attention in high-risk sections through road driving simulations. Establish a design plan that conveys the symbolic significance of the passing regions of Gwacheon City and Dongjak-gu, Seocho-gu, and Gwanak-gu in Seoul at the tunnel entrance and exit sections.

Cases of ESG-Linked Projects



Isu-Gwacheon Multi-Utility Tunnel

Suggest a multi-utility infrastructure model that enhances urban sustainability

Period	Construction period of 70 months / Operation period of 30 years
Location	Gwacheon, Gyeonggi Province – Dongjak District, Seoul, Korea
Size	Four-lane road with a total length of 5.61km - Road tunnel: L=5.28km - Stormwater drainage tunnel: L=3.45km (including 0.5km of multi-utility tunnel) - Two road access facilities (Namtaeyeong IC, Dongjak IC) - Three rainfall inflow and outflow facilities - Maintenance office, and vertical disaster prevention facility

SDGs Goal 9.1

Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.



Plants

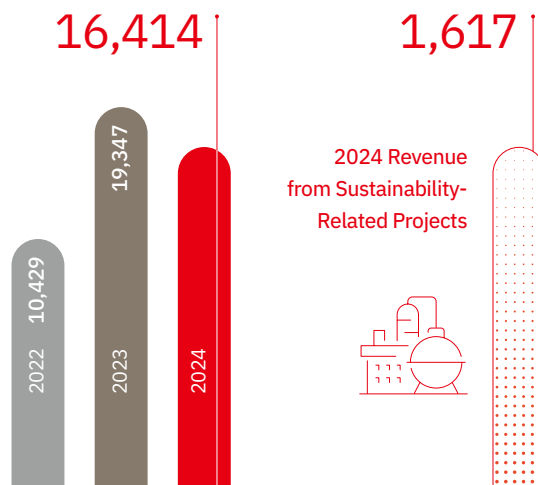
LOTTE E&C has successfully constructed various infrastructure facilities, including petrochemical plants, power plants, raw material storage facilities, and industrial plants, leveraging its long-accumulated experience and technical capabilities in plant construction. The Company provides customers with one-stop services encompassing the entire process from project planning, EPC¹⁾, and testing to operation. Through the execution of large-scale projects such as the Indonesia LINE Project and the S-OIL SHAHEEN Project, the Company has strengthened its global competitiveness and diversified its portfolio into new growth industries within the Group, including the Lotte Biologics CDMO²⁾ plant. Furthermore, it has enhanced its FEED³⁾ and EPC capabilities in new green business areas such as fuel cells, sustainable aviation fuel (SAF), secondary battery materials, biodegradable plastics, and CO₂ capture, and is leading the way in building sustainable infrastructure that contributes to the transition to a carbon-neutral society.

2024 Key Performance

Establishment of a System for Large-Scale Petrochemical Projects and Expansion of New Bio and Eco-Friendly Businesses

Revenue for Three Years in the Plants Business

(Unit: KRW 100 million)



- 1) EPC (Engineering, Procurement, Construction): A contract method that includes design, procurement, and construction.
- 2) CDMO (Contract Development and Manufacturing Organization): Contract development and manufacturing of pharmaceuticals.
- 3) FEED (Front-End Engineering Design): A design stage that connects the end of basic design with the beginning of detailed design.



1 LOTTE Biologics Project PROVIDENCE

Period Mar. 2024 – Dec. 2025
Location Songdo, Yeonsu District, Incheon, Korea
Size 124,000L production

2 S-OIL SHAHEEN PKG-2, 3

Period Jan. 2023 – May 2026
Location S-OIL Onsan Plant, Ulsan, Korea
Size Utility & Offsite of Polymer Plant, 21 tanks

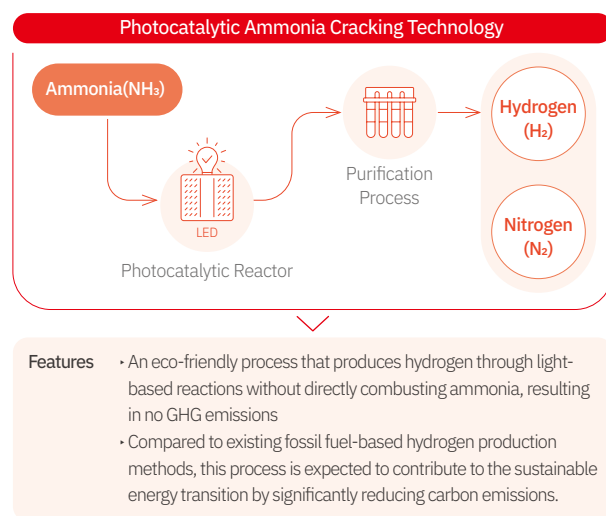
3 Indonesia LINE Project

Period Jan. 2022 – Apr. 2025
Location Cilegon, Banten Province, Indonesia
Size PP 250,000 tons/year, BD 140,000 tons/year, BTX 400,000 tons/year, 11 buildings, 34 units of tankage, 3 berths, and utilities

Our Strength & Strategy

LOTTE E&C is continuously improving its technological competitiveness and project execution system across all plant businesses to respond to the rapidly changing global energy transition and more sophisticated industrial demands. The Company has proven its capability to stably execute high-difficulty, large-scale projects, leveraging its accumulated EPC execution experience in various fields, such as petrochemicals, power generation, and industrial plants. As the domestic EPC industry has been restructured with a focus on profitability and there have been more investments in high-value-added industries, LOTTE E&C has been altering its portfolio with a greater focus on new growth industries such as composite dimensional manganese oxide (CDMO) products, secondary batteries, fuel cells, sustainable aviation fuel (SAF), and CO₂ capture. In particular, the Company has established a foundation for the construction of sustainable industrial infrastructure and the transition to carbon neutrality by strengthening its EPC order-winning capabilities through the linkage of FEED (basic design) and demonstration projects.

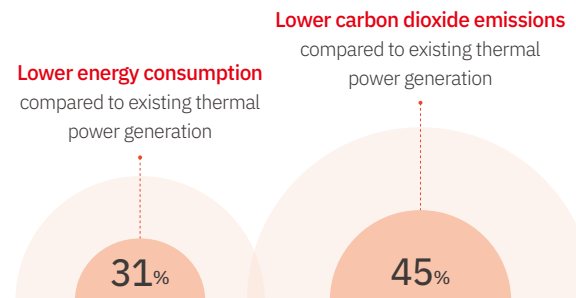
Core Technologies of Plant Business



ESG Approach of Plant Business

LOTTE E&C initiated the construction of a 20 MW fuel cell power generation facility in Naepo New Town, Chungcheongnam-do, Korea, in the first half of 2025. This project aimed to supply stable electricity and thermal energy through a high-efficiency, low-carbon energy system and to enhance the sustainability of the district energy infrastructure. Fuel cells are a clean energy technology that produces electricity and heat through the electrochemical reaction of hydrogen extracted from natural gas and oxygen. They can be operated without emitting harmful substances and are expected to reduce energy consumption by approximately 31% and carbon dioxide emissions by approximately 45% compared to existing thermal power generation. Through this project, LOTTE E&C plans to introduce more distributed energy systems for achieving carbon neutrality and take the lead in building a sustainable energy ecosystem in collaboration with the local community.

Expected Effects of ESG-Linked Projects in the Plant Business



Area	Plan
Environment	<ul style="list-style-type: none"> Transition from the existing solid recovered fuel (SRF) usage plan to a natural gas (LNG)-based energy system As the first case of SRF-to-LNG fuel conversion in the country, it plays a leading role in minimizing environmental impact.
Society	<ul style="list-style-type: none"> Suggestion for a conflict resolution model that involves cooperation between local residents, local governments, and private businesses Contribution to the improvement of the living environment and quality of life of residents in Naepo New Town by providing stable heating and cooling infrastructure
Governance	<ul style="list-style-type: none"> Ensuring transparent project procedures and decision-making by incorporating resident opinions and engaging in discussions with local governments Selected as a successful fuel conversion case and a model case for ESG-based policy implementation

Cases of ESG-Linked Projects



Integrated Energy Facilities in Naepo New Town

Contribution to the establishment of an eco-friendly energy supply system in Naepo New Town by creating fuel cell facilities along with Combined Heat and Power (CHP) facilities

Period	Mar. 2025 – Dec. 2026 (Phase 2 fuel cell project)
Location	114-9 Mokri, Sapgyo-eup, Yesan-gun, Chungcheongnam-do, Korea
Size	Phase 1: CHP [Electricity] 495 MW [Heat] 324 Gcal/h Phase 2: Fuel Cell [Electricity] 21MW [Heat] 14 Gcal/h

SDGs Goal 7.3

Double the global energy intensity through higher energy efficiency



Overseas

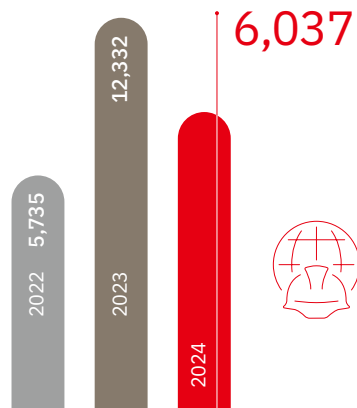
LOTTE E&C has carried out overseas projects in strategic markets such as Vietnam and Indonesia, while strengthening the foundation for sustainable growth amid the uncertainty of the global construction market. While focusing on technology-intensive business types and trying to avoid a simple low-price competition, the Company has secured differentiated competitiveness and promoted large-scale complex development projects through collaboration with Lotte Group companies. Furthermore, by scrutinizing major global eco-friendly certification systems such as GGBS¹⁾, LEED²⁾, and EDGE³⁾, the Company provides customers with solutions optimized for local environments and reflects them in its products and services, thereby enhancing both quality competitiveness and sustainability. LOTTE E&C plans to continue its stable growth and sustainable performance in the global market by comprehensively managing financial and non-financial risks.

2024 Key Performance

Higher Consumer Satisfaction due to Wider Applications of Eco-Friendly/Smart Technology Design at Overseas Sites

Revenue for Three Years in the Overseas Business

(Unit: KRW 100 million)



① Development Project at Sawangan, Depok, Indonesia (Phase 1)

Period	Sep. 2022 – Dec. 2028
Location	Depok, West Java, Indonesia
Size	Total 164 units (99 detached houses, 53 shop houses, 12 lots)

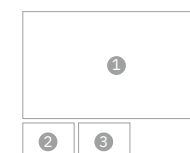
② Lotte Mall Hanoi West Lake

Period	Nov. 2018 – Jun. 2023
Location	Hanoi, Vietnam (West Lake)
Size	Total 526 units (390 detached houses, 103 shop houses, 33 lots)

③ New Construction of Sathapana Bank Headquarters in Cambodia

Period	May 2018 – Jan. 2021
Location	Phnom Penh, Cambodia
Size	4 basement floors, 19 floors above ground, total floor area of 35,135m ²

- 1) GGBS (Green and Gracious Builder Scheme): A certification system that sets standards for corporate social responsibility toward the environment and the public during the construction process.
- 2) LEED (Leadership in Energy & Environmental Design-US Green Building Council): A green building certification system developed by the US Green Building Council (USGBC).
- 3) EDGE (Excellence in Design for Greater Efficiencies): A green building standard and certification system developed by the International Finance Corporation (IFC).



Our Strength & Strategy

LOTTE E&C has built a robust global business portfolio by selecting and concentrating in strategic markets such as Vietnam and Indonesia. The Company has continuously improved its capability to deliver high-quality projects through a quality-oriented order-winning strategy and partnership with affiliated companies. The Company has established a sustainable international business model through the short-term strategy of expanding its high-quality contracted business and the mid-to long-term strategy of successfully executing large-scale development projects. It has incorporated each country's green certification systems into its design and construction processes to improve its global quality competitiveness and strengthen its position as a global construction company.

Core Technologies of Overseas Business

Smart Technology

- Automatic indoor air ventilation system
- Remote water meter reading and energy monitoring
- Vehicle entry notification and visitor vehicle reservation
- Integrated control monitoring

Eco-friendly Technology

- Reduction of building energy consumption through solar power utilization
- Water saving system using rainwater
- Light energy saving through sensors and dimming systems

- 1 Promote sophisticated operations and higher cost efficiency based on a customer-centric IT platform with higher security and convenience.
- 2 Establish a smart home development plan with an AI technology to improve quality of life and achieve sustainable urban development.
- 3 Focus on higher customer satisfaction and meeting demand for high-end services through automation.

ESG Approach of Overseas Business

LOTTE E&C has actively participated in a variety of social contribution programs and reconstruction projects to contribute to the public development of local communities in the project countries. In September 2024, we helped restore social infrastructure in northern Vietnam, which had been damaged by a typhoon, and donated a fund of 300 million dong (VND) (approximately KRW 20 million) to aid the local community recover. We have also provided job training and internship opportunities to locally employed personnel and established working conditions that comply with local labor laws, thereby building an inclusive workplace culture in which everyone is respected regardless of nationality.

Cases of ESG-Linked Projects



Participation in the Restoration of Social Infrastructure in Northern Vietnam

Contribute to the restoration of local communities after disasters through support for typhoon damage recovery and fund transfers

SDGs Goal. 13.1

Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.



Performance of ESG-Linked Projects in LOTTE E&C Overseas Business

Category	Activities	Target areas	ESG values	Expected effects and performance
Support for enhancing resilience of local communities	Donation of typhoon disaster relief funds (300 million VND, approx. KRW 20million)	Northern Vietnam	Support community recovery	Enhance community trust and build sustainable partnerships through participation in disaster recovery efforts
	Participation in social infrastructure restoration		Contribute to public infrastructure	Contribute to the resolution of public issues in the target country and reinforce connectivity between projects
Creation of a fair working condition	Recruitment of local people as employees, and provision of training and education opportunities	All overseas regions	Respect labor and human rights	Create a fair working condition regardless of nationality and reinforce the capabilities of local talent
Ethical human resource management	Treatment in accordance with local labor laws		Fair labor management	Create a workplace culture based on respect for human rights and realize corporate ethics

How to Develop Business Strategies

Strategic Development Pathway per Business Division

LOTTE E&C has annually published sustainability reports since 2013 to respond to changing market conditions and customer needs and has showcased differentiated strategies for each business division. Based on the expertise in and competitiveness of each business division, the Company has expanded and transformed its strategies to create a foundation for sustainable growth. Under the management policy of “New Spirit,” established in 2025, LOTTE E&C has refined its business division strategies by adopting a mindset shift aimed at enhancing management efficiency and implementing structural improvements.

	2013~2015	2016~2018	2019~2021	2022~2024	2025 ~
Housing	<ul style="list-style-type: none"> Strengthen competitiveness by prioritizing redevelopment and reconstruction efforts. Create a high-quality residential culture. Provide differentiated quality services throughout the entire project process. 	<ul style="list-style-type: none"> Enhance the lease business and expand services. Reinforce the asset management business. 	<ul style="list-style-type: none"> Launch of a high-end brand (LE-EL) Launch of urban residential facilities (LUMINI) 	<ul style="list-style-type: none"> Develop energy transition-based products such as fuel cell houses. Expand brands tailored to customers' lifestyles (Premium senior housing VL LEWEST). 	<ul style="list-style-type: none"> Advance AI and BIM-based smart construction systems. Enhance residential value through innovation in residential quality. Diversify revenue models through the residence-based services on the platform
Architecture	<ul style="list-style-type: none"> Secure technical capabilities and talent in high-rise construction. Achieve environmental improvements by remodeling and enhancing the facilities of deteriorated office buildings. 	<ul style="list-style-type: none"> Consolidate capabilities to perform all stages of urban development. Overseas expansion centered on ASEAN. 	<ul style="list-style-type: none"> Simultaneous pursuit of technology-based order and investment development projects Enhance capabilities for ultra-high-rise, complex, and distribution facilities. Expand urban development and urban regeneration project opportunities and strengthen development project capabilities 	<ul style="list-style-type: none"> Advance new technologies such as AI and BIM and strengthen technology-based competitiveness. 	<ul style="list-style-type: none"> Secure competitiveness by securing public construction project performance and expanding participation in large-scale public project bids. Utilize BIM and AI technologies and train specialized human resources. Continuously promote projects linked to Lotte Group.
Civil Works	<ul style="list-style-type: none"> Strengthen comprehensive management capabilities and secure overseas water treatment and hydropower projects. Lead domestic and international infrastructure development. 	<ul style="list-style-type: none"> Plan financial projects and private investment projects. Financial procurement and direct investment. Promote projects with excellent performance and design capabilities. Provide facility maintenance services after construction is completed. 	<ul style="list-style-type: none"> Strengthen leading position in land transportation facilities and secure differentiated competitiveness. Enhance the capabilities of technical proposals and private investment projects. Expand the development of water treatment technologies for specific features, such as potable water, sewage, and wastewater. 	<ul style="list-style-type: none"> Review business expansion focused on wider areas, utilizing know-how from road, railway, and subway projects while considering marketability and business feasibility in sectors like land transportation facilities, site development, and water environment facilities. 	<ul style="list-style-type: none"> Increase market share by focusing on areas of excellence. Diversify business types based on risk management and trend analysis. Secure a leading position in civil engineering through technological advancement.
Plants	<ul style="list-style-type: none"> Secure a track record of large-scale power generation projects. Expand industrial plant projects. 	<ul style="list-style-type: none"> Expand overseas plant projects. Secure performance records for high-value plants, such as NCC revamping and cracking heaters. 	<ul style="list-style-type: none"> Create a solid foundation for securing large-scale projects by increasing the scale of EPC projects. Increase participation in eco-friendly projects, such as resource circulation centers, biomass, secondary batteries, and recycled plastics. 	<ul style="list-style-type: none"> Establish a large EPC implementation system through the MEGA project execution Diversify businesses by participating in eco-friendly and bio-based new businesses such as fuel cells, ammonia, and solar power. 	<ul style="list-style-type: none"> Expand the foundation for EPC project execution through entry into the petrochemical specialty field. Increase participation in related fields based on the successful execution of bio projects.
Overseas	<ul style="list-style-type: none"> Make inroads into Vietnam, Russia, India, and China (V.R.I.Cs) and implement localization strategies. Minimize risks through group-wide joint ventures. 	<ul style="list-style-type: none"> Strengthen differentiated flagship products. Expand to 21 countries based on advanced construction capabilities. 	<ul style="list-style-type: none"> Increase the number of projects aimed at securing technology-based order and investment development projects. Make inroads in the Singapore market and secure orders in advanced markets 	<ul style="list-style-type: none"> Monitor national green certification systems and policies (GGBS, LEED, EDGE, etc.) and introduce related products. 	<ul style="list-style-type: none"> Secure a stable structure and high-quality overseas orders through selection and concentration Accumulate know-how in development projects and pursue new orders for contracted business.

ESG Strategy

LOTTE E&C is further incorporating ESG into the Company through its New Spirit and leading responsible change for a sustainable future.

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- 24** ESG Governance
 - 26** ESG Strategy Implementation System
 - 27** Materiality Assessment
 - 30** Integrated Risk Management
 - 32** Engagement of Stakeholders

ESG Governance

Sustainable Management Committee

LOTTE E&C recognizes the significance of ESG-related risks and has established a CEO-led Sustainable Management Committee to oversee and monitor these matters at the executive level. The Committee, comprising seven subcouncils chaired by the CEO, deliberates and makes decisions on critical economic, environmental, and social issues relevant to sustainable management. In line with its regulations, all departments share their performance and improvement measures with the subcouncils, whose chairs subsequently report to the Committee through the Secretariat. Meeting minutes are disclosed internally as a rule, while selected key issues are shared with external stakeholders. The Committee resolved seven major issues in 2024, and LOTTE E&C continues to drive strategic initiatives to advance ESG management.

Reporting Structure



ESG Agenda Reporting Status in 2024

Date	Highlights
Feb. 2024	Trend status of external ESG policies and initiatives
May. 2024	Progress on annual ESG strategic tasks
	Contribution to and progress status of Net Zero
	Results of stakeholder ESG materiality assessment
	Status of internal/external human rights risk management
Jul. 2024	Publication of Sustainability Report
	Status of ESG risk management by partners

Sustainability Management Secretariat

The Sustainability Management Secretariat serves as the executive arm of the Committee, responsible for formulating mid- to long-term ESG strategies as well as detailed strategies for each subcouncil. It also monitors and coordinates the activities of relevant departments to ensure the effective execution of LOTTE E&C's sustainable management framework.

Organization Chart and Management Details by Subcouncil

Sustainable Management Committee	
Chairperson: CEO	
Sustainability Management Secretariat	Strategic Planning Team within the Strategic Planning Division
Ethical Management	Audits, Ethical Management, Non-Discrimination Planning and Operations, Awareness-Raising Initiatives, etc.
Safety Environment Management	Climate Change Response, Eco-Friendly Technology Development, Green Design Application, Eco-Friendly Construction, Green Purchasing, Environmental Management, Environmental Performance Management, Health and Safety Planning and Operation, etc.
CS Management	Customer Satisfaction, Prevention of Defect Recurrence, Customer Information Protection, Communication, Customer VOC Management and Response, Customer-Oriented Design-Related Planning and Operations, Awareness-Raising Activities, etc.
Shared Growth	Fair Business, Partner Contracts and Management, Planning and Implementation of Shared Growth Initiatives, Partner Sustainable Management, Awareness-Raising Activities, etc.
Social Contribution	Social Contribution Activity Planning and Operations, Awareness-Raising Activities, etc.
Human Resources	Employee Recruitment, Training, Management, Welfare, Working Conditions, Grievance Handling, Planning and Implementation of Labor-Management Relations, Planning and Operations of Personal Policies for Socially Vulnerable Groups, Awareness-Raising Activities, etc.
Compliance Management	Compliance Management, Compliance-Related Planning and Operations, Awareness-Raising Activities, etc.

ESG Governance

ESG Management Elevating Strategy of LOTTE E&C

LOTTE E&C has established an ESG management roadmap to ensure sustainable growth and is executing it in phases. In 2024, the Company defined key strategic tasks and mobilized enterprise-wide capabilities to further advance ESG management. As an entity subject to the national GHG Target Management System, LOTTE E&C identifies major emission sources across its value chain and continuously manages both carbon reduction targets and their progress to fulfill its responsibilities. Each year, the Company voluntarily measures indirect GHG emissions (Scope 3) across the value chain, obtains independent third-party verification, and discloses the results in this sustainability report. Moreover, LOTTE E&C strengthens ESG risk management in the supply chain by conducting ESG self-assessments of its partner companies, and enhances transparency by disclosing its Human Rights Management Policy and Biodiversity Policy. Through these efforts, the Company systematically monitors the environmental and social impacts of its business activities and further strengthens the governance foundation for sustainable management.

ESG Strategy Implementation System of LOTTE E&C

Under the Group vision of “Lifetime Value Creator,” LOTTE E&C has adopted the 2025 ESG strategy slogan, “New Spirit, Sustainable Future,” to drive systematic and continuous ESG performance, and has established an ESG Strategy Implementation System based on this slogan. The Company benchmarks both domestic and international ESG regulatory developments and leading practices in sustainable management, applying them to its business environment where relevant. Looking ahead, LOTTE E&C will monitor the finalization of domestic ESG disclosure standards and integrate them into its disclosure framework to ensure continuous advancement.

LOTTE E&C ESG Management Roadmap

Phase 1	Phase 2	Phase 3
Implementation Phase ~2020	Internalization Phase 2021~ 2023	Advanced Stage 2024 ~
Lay the foundation for ESG management	Establish a framework based on international standards	Develop strong ESG leadership
Main performance	Main performance	Key goals
<ul style="list-style-type: none"> Created an ESG governance system (Formed the Sustainable Management Committee) Published the Sustainability Report Set ESG management strategies 	<ul style="list-style-type: none"> Advanced the ESG governance system Set and managed KPIs in line with international standards such as GRI, SASB, ISSB, and TCFD Constructed a systematized management of core material issues 	<ul style="list-style-type: none"> Advance sustainable business models Advance non-financial risk management by applying domestic and international ESG disclosure standards Advance core material issue strategies and promote response measures

LOTTE E&C's Key Strategic Tasks (2024–First Half of 2025)

1	Review the consistency of LOTTE E&C's GHG emissions data by improving the Scope 3 calculation method
2	Improve the written ESG risk assessment checklist for partners and expand its target scope
3	Internal disclosure of human rights management charter and policies, implementation of employee education, human rights impact assessment for human rights-related departments, and identification of major human rights risks at business sites
4	Establishment of biodiversity policy and external disclosure, and analysis of biodiversity risks and establishment of a relevant management system at business sites

New Spirit, Sustainable Future

Performance management	Strategy direction				Role of governance
Management infra <hr/> ESG performance indicator management based on stakeholder needs and internal and external business environments <hr/> Data and evidence input and review based on internal ERP systems	Global environment conservation and securing new growth engines Provide the best value to customers through service	Provide safe working conditions without loss of life by ensuring occupational safety and health obligations Spread a culture of respect for human rights and strengthen employee capabilities	A leading company in shared growth based on fair business and mutual exchange A company beloved by all stakeholders	A company that shares love and grows together with the local community Establish an international-level compliance system	Governance <hr/> Promote transparency in management by strengthening the board-centered management system and the independence and expertise of the board of directors

ESG Strategy Implementation System

New Spirit, Sustainable Future

Strategic Directions	Safeguard the global environment and secure new growth engines	Uphold health and safety standards to ensure a safe working environment without loss of life	Pioneer shared growth by fair trade and mutual exchange	Grow with the community and share love
Strategic Tasks	<ul style="list-style-type: none"> Expand participation in eco-friendly certifications and programs Achieve zero environmental accidents Innovate and implement green technologies and practices 	<ul style="list-style-type: none"> Fortify health and safety governance Increase the safety investment budget Expand SMART health and safety technologies Refine health and safety education & training across all organizational levels 	<ul style="list-style-type: none"> Cultivate and sustain fair trade partnerships Reinforce support mechanisms for partners Develop and assess partner ESG evaluation systems 	<ul style="list-style-type: none"> Expand flagship initiatives for social contribution Design and implement beneficiary-focused projects Encourage a culture of voluntary employee engagement
Key Performance Indicators	<ul style="list-style-type: none"> Secure environmental management certification and Verification Monitoring sales of eco-friendly products Reduction of GHG emissions 	<ul style="list-style-type: none"> Total recordable injury rate (TRIR) of employees Safety investment expenditures Employee safety and health education & training Safety and health risk management 	<ul style="list-style-type: none"> Assess partners' ESG practices Identify partners' ESG risk factors Support shared growth with partners 	<ul style="list-style-type: none"> Monitor community engagement efforts Manage community investments and services Create community impact
Key Performance	Calculation of emissions and third-party verification External disclosure completed	Total recordable injury rate (TRIR) 0 (Employees) / 0.93 (Partners)	Completion of the ESG evaluation on partners 21 companies	Employee volunteer hours compared to the previous year Increase by 44.13%
Strategic Tasks	Provide services that deliver the best value to customers	Champion human rights and empower workers	Become a company loved by all stakeholders	Establish a world-class compliance system
Strategic Tasks	<ul style="list-style-type: none"> Uphold ethical and transparent marketing practices Reinforce product and service safety standards Strengthen customer information protection systems 	<ul style="list-style-type: none"> Enhance human rights management awareness through ongoing Human Rights Management Survey Address risks based on Human Rights Impact Assessment Develop a global talent management ecosystem Introduce an optional welfare system 	<ul style="list-style-type: none"> Expansion and activation of stakeholder communication channels Establishment of KPIs for executing socially responsible management 	<ul style="list-style-type: none"> Enhancement of fair business and internal transaction compliance systems Higher employee awareness of compliance and ethical management Internalization of ethical management through regular ethics education
Key Performance Indicators	<ul style="list-style-type: none"> Protect and monitor customer information Adhere to laws and regulations regarding product information and labeling Comply with marketing communication laws and regulations 	<ul style="list-style-type: none"> Monitor human rights risks Provide education and training on human rights 	<ul style="list-style-type: none"> Build and execute policies for social responsibility Disclose transparent information through publication of Sustainability Reports Monitor stakeholder communication channels 	<ul style="list-style-type: none"> Carry out anti-corruption impact assessments Comply with laws and regulation for ethical management
Key Performance	Personal information protection training completion rate 126% achieved (320 people)	Training on human rights for employees (beyond mandatory legal education) Conducted a total of three times (average completion rate of 88.4%)	Voluntary disclosure of information protection External disclosure completed	CP Rating of the Fair Trade Commission AA rating obtained (for two consecutive years)

Materiality Assessment

Double Materiality Assessment

LOTTE E&C conducts an annual double materiality assessment to transparently disclose its ESG-related management activities and performance to stakeholders. Based on the assessment outcomes, the Company's management reviews and strengthens its sustainable management strategies for material issues. The double materiality assessment is conducted in alignment with the European Sustainability Reporting Standards (ESRS) implementation guidance developed by the European Financial Reporting Advisory Group (EFRAG), analyzing both the positive and negative impacts of corporate activities on society and the environment (impact materiality) and the effects of external sustainability factors on the Company's financial condition (financial materiality). This process enables LOTTE E&C to identify ESG issues that require priority action, define key management priorities, and establish a strategic response framework. Looking ahead, the Company will continue to advance its materiality assessment system in accordance with global disclosure standards and integrate identified material issues into its strategic agenda.

Overview of Evaluation Methodology

Evaluation Method	In-depth Survey Evaluation <ul style="list-style-type: none"> Based on interviews conducted during IRO¹⁾ identification, a 5-point scale survey was conducted for each IRO
Evaluation Target	Composition of Internal and External Stakeholders per Issue <ul style="list-style-type: none"> Internal practitioners and managers responsible for each issue, and external experts in the relevant field
Issue Pool Selection	Long List Composition Based on ESRS Sub-sub Topics <ul style="list-style-type: none"> Industry segmentation based on the value chain Issues pool finalized based on peer company/ESG standards and evaluation analysis

1) Impacts, Risks, and Opportunities

Evaluation Factors

Financial Materiality Evaluation Factors	Opportunity	Probability (Timing), Impact if Occurred (Scale/Scope)
	Risk	
Impact Materiality Evaluation Factors	Positive	Probability (Timing), Impact if Occurred (Scale/Scope)
	Negative	Probability (Timing), Impact if Occurred (Scale/Scope, Irreversibility)

Double Materiality Assessment Process



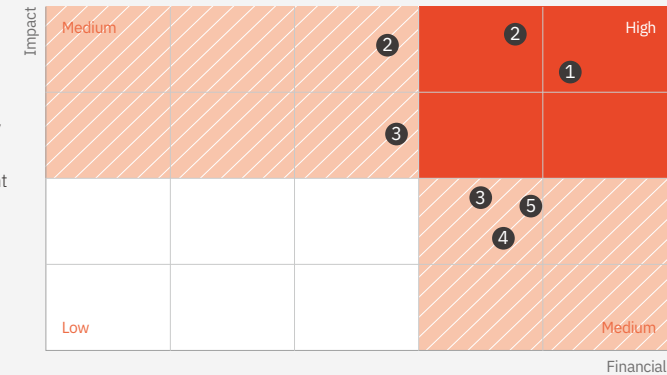
Materiality Assessment

Details of the 2025 Materiality Assessment Results

LOTTE E&C has identified as material issues those topics that exceed the thresholds for both financial materiality and impact materiality, in order to strategically manage factors affecting its financial performance as well as the impacts of its business activities on society and the environment. As a result, three topics were identified in terms of social and environmental impact: climate change response, occupational safety management, and quality management. From a financial perspective, three topics were also identified: climate change response, supply-chain management, and human rights management. Furthermore, two issues—climate change response and quality management—were identified as having both significant financial impact and social and environmental impact, resulting in a total of five material issues.

Top 5 Material Issue

- (S1) Occupational Safety Management
- (S4) Quality Management
- (E1) Climate Change Response
- (S2) Supply Chain Management
- (S1) Human Rights Management



Topic	Occurrence			Type ¹⁾	Identification of Risks, Opportunities, and Impacts	LOTTE E&C management strategies	Ranking change from the previous year
	Up	Own	Down				
Climate change response	●	●		R	[External Factor] Increasing frequency and intensity of extreme weather events (e.g., typhoons, floods, heavy rainfall, and heat waves)	[Financial Impact] Facility damage and recovery costs, losses from construction delays, higher insurance premiums and legal expenses, fluctuations in raw material prices caused by material deformation, and reduced productivity	
	●	●		N	[Corporate Activity] Production of key construction materials (e.g., cement, steel, insulation materials, and tiles), along with the transportation and use of raw materials	[Social and Environmental Impact] Rising global temperatures driven by GHG emissions from the production and transportation of construction materials	↑ 2
Occupational safety management	●	●	●	O	[External Factor] Stricter domestic and international regulations on occupational safety, such as the Occupational Safety and Health Act and the Labor Standards Act	[Financial Impact] Enhanced profitability and ROI through higher employee engagement and productivity enabled by safer working environments	
	●	●	●	P	[Corporate Activity] Operation of the Safety Management Center and Strengthening of job-specific occupational safety and health training	[Social and Environmental Impact] Contribution to employment stability and protection of workers' safety rights through strengthened workplace safety management capabilities	-

1) R Risk O Opportunity N Negative Impact P Positive Impact

Materiality Assessment

Details of the 2025 Materiality Assessment Results

Topic	Occurrence			Type ¹⁾	Identification of Risks, Opportunities, and Impacts	LOTTE E&C management strategies	Ranking change from the previous year
	Up	Own	Down				
Human rights management	●	●		○	<p>[External Factor] Enforcement of laws and regulations aimed at improving working conditions for construction workers, such as revisions to the Act on the Employment Improvement of Construction Workers</p> <p>[Financial Impact] Increased productivity driven by improved on-site working conditions, including stricter standards for the installation of toilets at construction sites</p>	<p>Through the operation of the On-site Human Rights Management Working Group, the Company listens to key issues and suggestions from the field, deliberates on improvement measures, and communicates outcomes across the organization. This ensures that human rights issues raised on-site are addressed proactively and helps prevent potential human rights risks across the entire value chain.</p> <p>Relevant pages: 72p</p>	↑ 3
Supply-chain management	●	●	●	Ⓜ	<p>[External Factor] Enforcement of laws and regulations for managing the entire construction industry value chain, such as the Serious Accidents Punishment Act and the Supply Chain Due Diligence Act</p> <p>[Financial Impact] Losses arising from reputational damage and project delays in the event of safety accidents at partners</p>	<p>LOTTE E&C strives to prevent safety incidents within the supply chain by operating a safety and health competency framework for partners engaged in hazardous and critical processes. Furthermore, through the implementation of partner ESG self-assessments, the Company has established a shared growth system that preemptively identifies and manages risks across environmental and governance areas, thereby reinforcing sustainable supply chain management.</p> <p>Relevant pages: 62–63p</p>	↓ 1
Quality management		●		Ⓜ	<p>[External Factor] Enforcement of laws and regulations to mitigate quality risks, such as the Framework Act on the Construction Industry and the Building Act</p> <p>[Financial Impact] Administrative penalties from poor construction quality and safety accidents, including project delays, fines, additional safety measures, and remedial work costs</p>	<p>LOTTE E&C is reinforcing its quality management system by maintaining ISO 9001 certification and newly acquiring ISO 19650 certification. In addition, the Company has independently developed Korea's first AI-based construction specification Q&A and analysis platform, strengthening practical field-oriented support and enhancing its technical capabilities to prevent defects and their recurrence.</p> <p>Relevant pages: 75p, 77p</p>	↑ 1
	●	●		Ⓟ	<p>[Corporate Activity] Operation of a non-face-to-face mobile after-sales service application that enables residents to conveniently check defect reports, notices, and other information in one place</p> <p>[Social and Environmental Impact] Expanded access to information, contributing to higher customer satisfaction and improved housing quality</p>	<p>Through its commitment to advanced quality management and stronger customer communication, LOTTE E&C ranked second in the 2024 LOTTE Castle Brand Reputation Index (as of August). In the defect reporting Happy Call service for residents, 92.2% of respondents rated their experience from “very satisfied” to “satisfied,” while no respondents expressed dissatisfaction, demonstrating outstanding customer satisfaction results.</p> <p>Relevant pages: 78p</p>	
	●	●		Ⓟ	<p>[Corporate Activity] Operation of quality assurance and improvement activities, such as pre-move-in inspections that allow residents to directly check and verify the construction status of apartment facilities prior to occupancy</p> <p>[Social and Environmental Impact] Enhanced housing quality and strengthened consumer trust</p>	<p>LOTTE E&C is working to prevent defects and enhance construction quality by introducing AI-based insulation design review technology and developing a program that automatically detects missing insulation materials. In addition, the Total Design System (TDS) for electrical and mechanical facilities, developed by the Company's Design Research Institute, improves both the convenience and aesthetics of in-unit lighting and heating controls. By delivering a value-centered residential experience that customers can truly feel, LOTTE E&C contributes to continuous quality improvement.</p> <p>Relevant pages: 76p, 79p</p>	

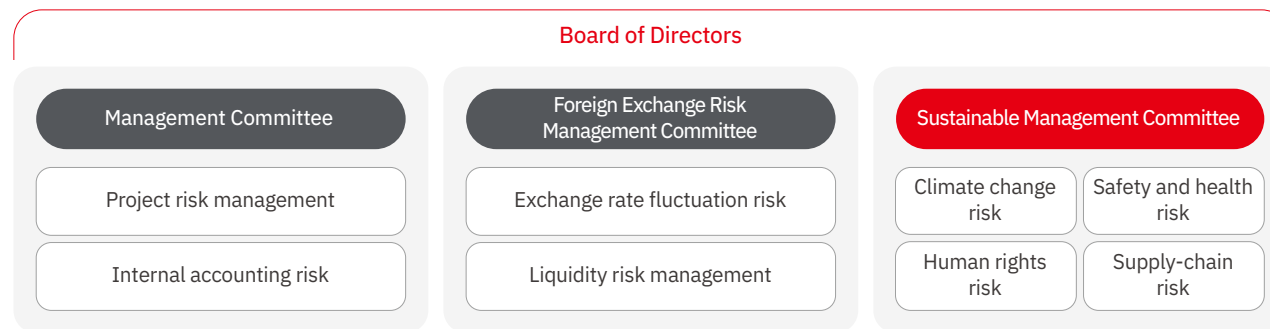
1) Ⓜ Risk ○ Opportunity Ⓜ Negative Impact Ⓟ Positive Impact

Integrated Risk Management

Risk Management System

LOTTE E&C identifies both financial and non-financial risks that may directly or indirectly affect its business operations and ensures that relevant departments focus on managing activities to minimize such risks. Key non-financial risks are reported to the CEO through the Sustainable Management Committee and are centrally overseen by the Sustainability Management Secretariat.

LOTTE E&C Risk Management System



Project Risk Management

LOTTE E&C has built an integrated risk management system to proactively identify potential risks and secure investment stability in project investment activities. Investment decisions are made based on efficiency reviews and are implemented following reporting to and approval by the CEO. In addition, the Company continuously monitors project-related factors, as well as trends among clients and partners, and incorporates these insights into its risk identification and management practices.

Project Investment Risk Management Process



Internal Accounting Risk Management

LOTTE E&C conducts an annual assessment of its internal accounting control system. In line with the Model Standards for Internal Accounting Control, it reviews potential vulnerabilities and prepares evaluation reports under the criteria applicable to small and medium-sized enterprises (Chapter 5). According to the results of the 2024 external audit, no vulnerabilities were identified. The Company continues to exercise oversight and management to ensure transparency in internal accounting controls.

Tax Risk Management

LOTTE E&C recognizes taxation as both a major source of national revenue and a critical foundation for collaboration with stakeholders. Accordingly, the Company is working to establish a clear tax strategy and management framework, and plans to disclose and systematically manage future tax policies.

Exchange Rate Fluctuation Risk Management

To manage foreign exchange risk, LOTTE E&C operates a Foreign Exchange Risk Management Committee consisting of a chairperson and three members. The Committee holds regular quarterly meetings, and additional meetings are convened at the discretion of the chairperson. Committee members review and analyze a range of risk management techniques to mitigate exposure to exchange rate fluctuations.

Liquidity Risk Management

LOTTE E&C maintains adequate unused credit lines and continuously monitors liquidity forecasts to ensure sufficient working capital and prevent breaches of borrowing limits or covenants. Liquidity forecasts take into account the Company's financing plans, covenant compliance, and applicable external regulations and legal requirements.

Integrated Risk Management

Climate Change Risk Management

LOTTE E&C works to minimize the impacts of climate change by identifying potential issues across the entire project lifecycle and addressing them through a systematic risk management process. Guided by the 2040 Carbon Neutral Road Map, we analyze GHG emission forecasts, review reduction measures, and integrate them into our company-wide risk management framework. Climate-related risks and opportunities are identified and managed by country, region, business site, and organizational unit, with critical issues escalated to the C-Level council for strategic review. We assess risk management priorities based on key environmental indicators such as GHG emissions, energy consumption, and waste generation, and report on them regularly.

Human Rights Risk Management

LOTTE E&C recognizes the importance of human rights and carries out proactive measures to mitigate related risks. Each year, we execute a company-wide human rights impact assessment to identify risks across our operations, evaluate the level of human rights management among employees, and define areas for improvement. To strengthen risk management across the value chain, we operate an On-site Human Rights Management Working Group, which promotes human rights protection initiatives for construction site workers, including partners. In addition, we continue to enhance human rights management through training and awareness programs for employees.

Supply Chain Risk Management

To build a sustainable supply chain, LOTTE E&C operates an ESG management process and self-assessment checklist based on the Partner Code of Conduct. These tools enable us to identify and mitigate potential supply chain risks in advance. We also provide various incentives, including financial support, to outstanding partners and are continuously expanding our shared growth programs to reinforce supply chain resilience and strengthen our risk management system.

Addressing Emerging Risks

LOTTE E&C has established an emerging risk management framework to proactively address potential risks that could threaten sustainable management in a rapidly changing global environment. Referencing the World Economic Forum's Global Risk Report, we analyze key risk drivers across the economy, environment, and society, and reinforce company-wide management that encompasses both financial and non-financial risks. "Cybersecurity Threats (Cyber Espionage and Warfare)" have been identified as a key short-term risk, leading us to strengthen our information security capabilities, while "Biodiversity Loss" has been designated a long-term risk, for which we are enhancing ecosystem impact assessments and mitigation measures at construction sites. Going forward, LOTTE E&C will continue to monitor emerging risks, evaluate their potential impacts, and strengthen proactive response systems to adapt swiftly and systematically to changes in the global business environment.

Short-term risks (risks occurring within two years)

Cyber Espionage and Warfare

With the rapid advancement of AI technologies, the risks of cyberattacks, information leaks, and cyber warfare are rising sharply in the short term. For the construction industry, the leakage of critical intellectual property—including blueprints, bidding documents, and proprietary technologies—as well as other sensitive corporate information, could result in severe risks such as the loss of technological advantage and unfair competition. LOTTE E&C obtained the Information Security & Personal Information Protection Management System (ISMS-P) certification in 2017 and expanded its scope in 2022 to include personal information protection, successfully completing recertification. By continuously increasing investments in information security, the Company takes a proactive approach to addressing cybercrime and ensures the systematic protection of its core assets—data and information.

Long-term risks (risks occurring within a decade)

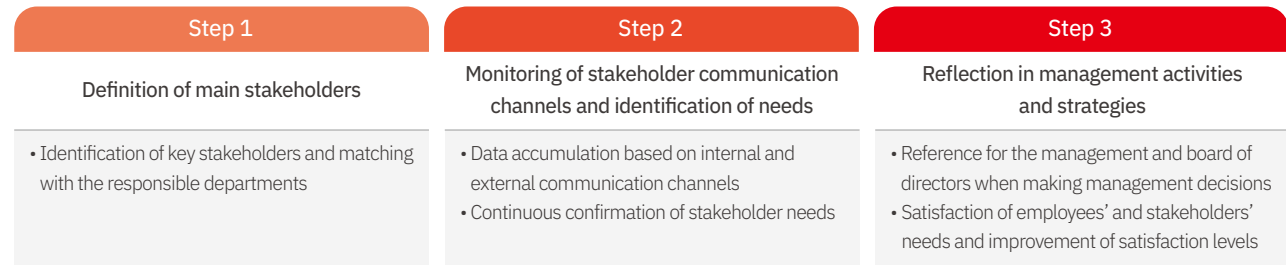
Biodiversity Loss and Ecosystem Collapse

Biodiversity loss is a critical risk with complex and long-term ripple effects, including the collapse of ecosystem services and the worsening of the climate crisis. In response, LOTTE E&C has established a Biodiversity Protection Policy aligned with international standards, such as the Taskforce on Nature-related Financial Disclosures (TNFD). Furthermore, by implementing a systematic evaluation and response framework based on the Locate–Evaluate–Assess–Prepare (LEAP) analysis, the Company thoroughly examines the interaction between its business activities and the natural environment, while structurally identifying, assessing, and managing nature-related risks and opportunities. Going forward, LOTTE E&C will actively respond to evolving global disclosure standards and regulations, and reinforce the foundation for sustainable business operations.

Engagement of Stakeholders

LOTTE E&C operates communication channels that span the entire value chain, engaging stakeholders who generate both financial and non-financial impacts. We build strategic partnerships with stakeholders directly or indirectly connected to sustainable management and take proactive measures to address potential risks. In addition, we continuously advance our ESG management system by actively incorporating stakeholder feedback.

Stakeholder Engagement Process



Main Stakeholders and Communication Channels

Government Agencies

Agencies responsible for licensing, policy establishment, and legal and regulatory oversight for conducting business.

Responsible Department: External Relations

Communication Strategy: Risk management based on monitoring results in laws and regulations related to the construction industry

Communication Channel: Agencies related to construction-related laws (e.g., the National Assembly, the Ministry of Land, Infrastructure and Transport, the Ministry of Environment, the Ministry of Trade, Industry and Energy, the Ministry of the Interior and Safety, and the Ministry of Employment and Labor)

Main Issues of Interest: Occupational health and safety, waste, climate change, wastewater, and ethical management

Local Communities

Individuals or organizations that are affected economically, environmentally, and socially by our business activities.

Responsible Department: Social Contribution and Organizational Culture

Communication Strategy: Maintain channels to gather feedback and carry out social contribution activities that address the needs of local communities

Communication Channel: Residents' briefing sessions, Charlotte Volunteer Group, social contribution programs, grievance channels, and website

Main Issues of Interest: Noise and vibration, airborne dust, social contribution, and biodiversity

Partners

Companies we partner with for shared growth, such as those involved in construction and technical cooperation, and those that supply raw materials.

Responsible Department: Procurement Planning, Ethics and Compliance Management, and Safety and Health

Communication Strategy: Realize shared growth through win-win cooperation

Communication Channel: Regular meetings with partners, partner portal, cyber newspaper (Compliance Ombudsman), and safety communication center

Main Issues of Interest: Health and safety, ethical management, human rights management, shared growth, and fair business

Employees

Stakeholders within an organization who are the subject of the company's activities and who directly influence and are affected by the company's performance.

Responsible Department: Human Resources and Welfare, Ethics and Compliance Management, and Safety and Health

Communication Strategy: Promote win-win by protecting their rights and developing their capabilities, and welfare

Communication Channel: Grievance channel, cyber newspaper (Compliance Ombudsman), junior board, safety communication center, YouTube channel

Main Issues of Interest: Human resource development, welfare benefits, ethical management, human rights management, and health and safety

Shareholders and Investors

Stakeholders who provide financial capital to establish and implement business strategies.

Responsible Department: Strategic Planning, Public Relations, and IR

Communication Strategy: Share management performance using a disclosure channel in a transparent manner

Communication Channel: Website, Sustainability Report, and electronic disclosure system (DART)

Main Issues of Interest: Transparent information disclosure, and corporate governance

Customers

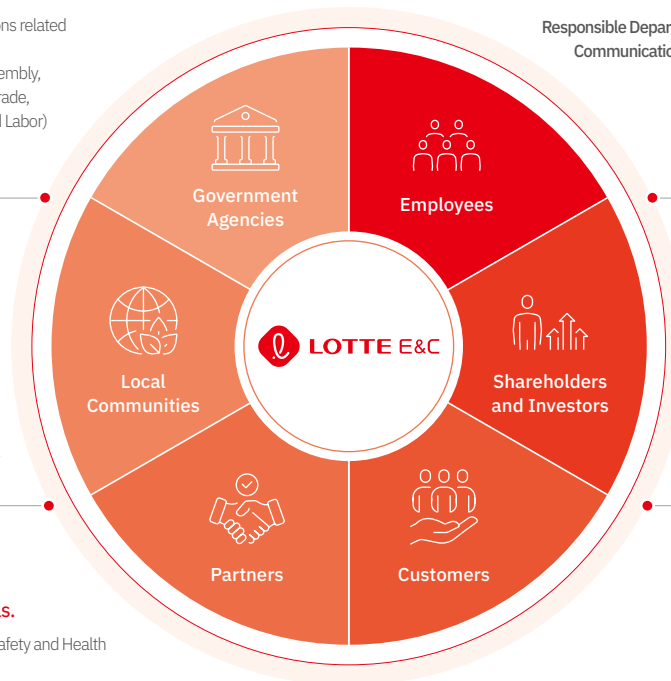
End users of products and services.

Responsible Department: Marketing and C/S

Communication Strategy: Incorporate customer input into business strategy and enable communication channels

Communication Channel: Website, YouTube channel "OK LOTTE Castle," Sales Gallery, Happy Call service, CASTLing service

Main Issues of Interest: Customer satisfaction, product quality, and personal information protection



Our Priorities

LOTTE E&C is setting priorities for a sustainable future with a focus on the essentials with its New Spirit.

-
- 34** Climate Change (TCFD)
 - 46** Safety and Health of Employees and Partners
 - 57** Shared Growth With Partners
 - 66** Human Rights Management
 - 73** Quality Management

Management Approach 01.

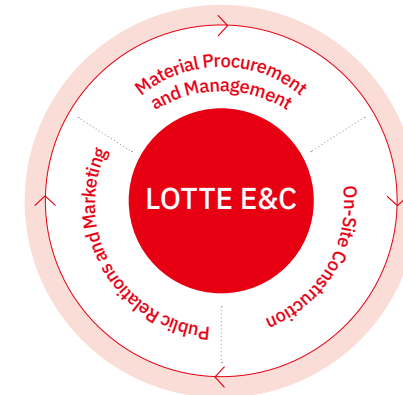
Climate Change (TCFD)

Value Chain IRO Description

Upstream activities

Production and transportation of construction materials

- R** Supply delays or interruptions in the production and transportation of raw materials due to extreme weather conditions, causing higher material costs and longer project delays.
- O** Effective response to future carbon regulations by creating supply chains that use eco-friendly materials.
- N** Increased GHG emissions during the production and transportation of high-carbon materials such as cement and steel.



- R** Extreme weather events (e.g., heavy rain and heat waves) can damage buildings and increase maintenance costs, adding to the financial burden on companies.
- O** Reduction of maintenance costs by designing and constructing buildings to withstand extreme weather events, and an effective response to customer and market demand for green buildings.

Disposal and maintenance of buildings

Downstream activities

Material IRO Description

Relevant topics	Type	Significance of each issue	Corporate impact and risks, and opportunities	Management approach
Carbon emissions from the production, use, and transportation of construction materials ESRS Topic Climate Change Mitigation(E1)	N	<ul style="list-style-type: none"> ▶ GHG emissions are generated during the production, utilization, and transportation of construction materials such as cement and steel. ▶ This affects climate change and can hurt the sustainability of the entire construction industry, supply chain management, and stakeholder trust. 	<ul style="list-style-type: none"> ▶ LOTTE E&C does not directly produce high-carbon materials, but it uses a large amount of them during its business operations. ▶ It is possible to strengthen competitiveness and create new business opportunities through the transition to low-carbon technologies and eco-friendly materials. 	Efforts to mitigate the negative effects of climate change and increase competitiveness and business opportunities <ul style="list-style-type: none"> ▶ More introduction of green-certified materials ▶ Research on high-efficiency, low-carbon technologies and alternative materials ▶ Monitoring of GHG emissions throughout the entire value chain by calculating Scope 3 emissions
Financial losses due to physical risks, such as extreme weather events ESRS Topic Climate Change Mitigation(E1)	R	<ul style="list-style-type: none"> ▶ Higher frequency and intensity of extreme weather events such as typhoons, heavy rains, and heat waves can lead to work stoppages, delays in material supply, and safety issues for workers, causing construction schedule delays and additional costs. ▶ Climate change adaptation issues can pose risks to financial soundness and stability. 	<ul style="list-style-type: none"> ▶ Natural disasters caused by abnormal weather events may hinder smooth project execution, negatively affecting project viability. ▶ When considering long-term business portfolios, the likelihood of financial risks may increase. ▶ However, leading the way in climate adaptation capabilities and disaster response solutions could strengthen industry competitiveness. 	Establishment and implementation of emergency response plans for natural disasters <ul style="list-style-type: none"> ▶ Ensuring long-term business stability and competitiveness by developing climate-adaptive design and construction solutions.

P (Positive Impact): Positive impact on society and the environment
N (Negative Impact): Negative impact on society and the environment

O (Financial Opportunity): Financial Opportunity
R (Financial Risk): Financial Risk

Climate Change Response Governance

Sustainable Management Committee

The Sustainable Management Committee of LOTTE E&C is an ESG decision-making body dedicated to establishing and discussing ESG-related strategies and policies, including climate change response. It is composed of the chairman (CEO) and other members and reviews climate change issues annually to develop specific response strategies and regularly assesses and manages our progress in GHG reduction to ensure that our targets are met. Significant climate-related issues are presented to the Board of Directors. Through subcouncils, the committee builds and develops a climate change response system, ensuring regular operational reviews. Additionally, the Safety and Environmental Management Subcouncil contributes to GHG reduction by promoting eco-friendly technologies and sustainable construction practices.

Structure of Climate Change Organization

Sustainable Management Committee

- ▶ Deliberates, reviews, and approves matters on Environment (E), Social (S), Governance (G) issues
- ▶ Chairperson: CEO

- Decision-making on overall sustainable management
- Derive improvement measures for each sustainable management issue
- Review and evaluate sustainability management performance
- Complement the sustainable management policy and system

Sustainability Management Secretariat

(Strategic Planning Division)

- Establish sustainable management strategies
- Identify sustainable management issues and bring up a relevant agenda for discussion
- Manage Subcouncils' engagement in sustainable management activities, including climate change response, and relevant performance
- Plan sustainable management education for employees

Subcouncil

Safety Environment Management

- Establish and operate a climate change response system
- Develop eco-friendly technologies and practice eco-friendly purchase
- Support the promotion of green buildings
- Manage performance against major environmental metrics using the environment management system

Working-level departments

(Technology Research Institute,
Strategic Planning Division)

Sustainability Management Secretariat

The Sustainability Management Secretariat of LOTTE E&C is an executive body supporting the Sustainable Management Committee in its systematic roles. The Secretariat establishes mid- to long-term climate change strategies and supports working-level departments in implementing detailed plans. It also manages crucial ESG issues, including climate change, and reports to management, ensuring these are reviewed and deliberated at the C-Level Council. Additionally, the Secretariat collaborates with relevant departments systematically and oversees improvement activities to comprehensively manage compliance with environmental laws and regulations and the needs of customers and ESG-related stakeholders across the entire company and strategically respond to climate change-related issues.

Role of the CEO

The CEO of LOTTE E&C serves as the Chairperson of the Board of Directors in accordance with Board regulations and is responsible for final decision-making on ESG issues, including climate change. The roles and responsibilities of the CEO are clearly defined to ensure successful ESG management, and the Company evaluates climate change governance to enhance responsible climate change response. Non-financial metrics are included in our management performance evaluations, and we systematically manage performance to continuously strengthen sustainable management capabilities, including climate change-related data and system management, eco-friendly procurement, and eco-friendly investments.

Climate Change Response Strategy

Identification of Climate Change Risks and Opportunities

LOTTE E&C has selected 12 climate change-related risks and opportunities based on the IFRS S2 recommendations and TCFD guidelines. In accordance with the draft KSSB Sustainability Disclosure Standard, which considers business models and value realization as of 2024, the Company has qualitatively assessed the potential impacts of each risk and opportunity on our business, categorizing these impacts by their timing: short-term (within 1 year), medium-term (1-5 years), and long-term (beyond 5 years). In addition, the Company has qualitatively analyzed the impact of each risk and opportunity on our finances, and plans to quantify these impacts in terms of revenue, profit and loss, assets, liabilities, equity, and financing to calculate the financial impact.

Analysis of Climate Change-Related Risks and Opportunities

Category	Description	Occurrence			Response strategies	Financial impact
		Short-term	Mid-term	Long-term		
Transition risk	Policy and legal risks	Increased carbon price	●		• Adopt an internal carbon pricing system	• Increased operating costs due to increased GHG emission costs
		Adoption of the emission trading system	●		• Strengthen the GHG response system due to the incorporation of the GHG Target Management System • Performance management through third-party verification of GHG emissions	• Increased investment and operating costs due to the cost of purchasing emission credits • Penalties for not implementing GHG reduction activities
	Technology risk	Transition to low-carbon technology	●	●	• Develop a low-carbon technology/method for use in existing products and services	• Reduced demand for existing products and services and increased R&D costs from developing low-carbon technologies
		Utilization of low-carbon alternatives	●	●	• Purchase alternatives with low carbon emissions	• Increased construction costs due to the utilization of low-carbon alternatives
	Market and reputational risks	Change in stakeholder preference	●		• Identify stakeholders' needs through communication	• Decreased orders due to failure to identify stakeholders' needs
		Increased energy and raw material prices	●		• Respond to volatility by conducting market analysis	• Increased production costs due to failure to respond to fluctuations in energy and raw material prices
Physical risk	Acute	Increased frequency and intensity of extreme weather events (e.g., heavy rain, heat waves, floods, and typhoons)	●		• Establish a pre-inspection and management system of climate change risks for each project	• Delays in the construction period caused by increased frequency and intensity of extreme weather events • Increased maintenance and repair costs due to extreme weather events
	Chronic	Rise of sea level and average global temperature		●		• Reduced revenue due to lower project demand as sea levels rise and the global average temperature increases
Opportunities	Product and service	Expansion of green projects	●		• Make a transition to low-carbon technology and utilize low-carbon alternatives	• Increased demand and revenue from green projects due to changing customer preferences for low-carbon products
	Energy sources (Water/Energy)	More application of low-carbon and eco-friendly technology	●		• Improve energy and water efficiency by passive design and installation of high-efficiency equipment	• Reducing operating costs by applying low-carbon and eco-friendly technologies/processes to diversify water/energy sources
	Resource efficiency	Advanced waste management to achieve Korea's NDCs	●		• Strengthen waste recycling and resource circulation activities	• Reducing waste disposal and environmental regulatory response costs by recycling waste

Climate Change Response Strategy

Climate Change Risk Analysis

In the construction industry, where various resources such as manpower, equipment, and materials are concentrated on-site during the construction stage, and the process continues for a prolonged period, it is essential to identify climate change-related risks in advance and establish effective countermeasures. In particular, natural phenomena such as floods, typhoons, heat waves, and heavy rains can cause direct damage to construction assets and personnel, as well as financial burdens due to schedule delays, increased recovery costs, and reduced productivity. In response, LOTTE E&C has identified the main climate change risks related to its business activities and comprehensively analyzed physical losses and indirect financial impacts, enabling it to respond to changes in the climate environment proactively.

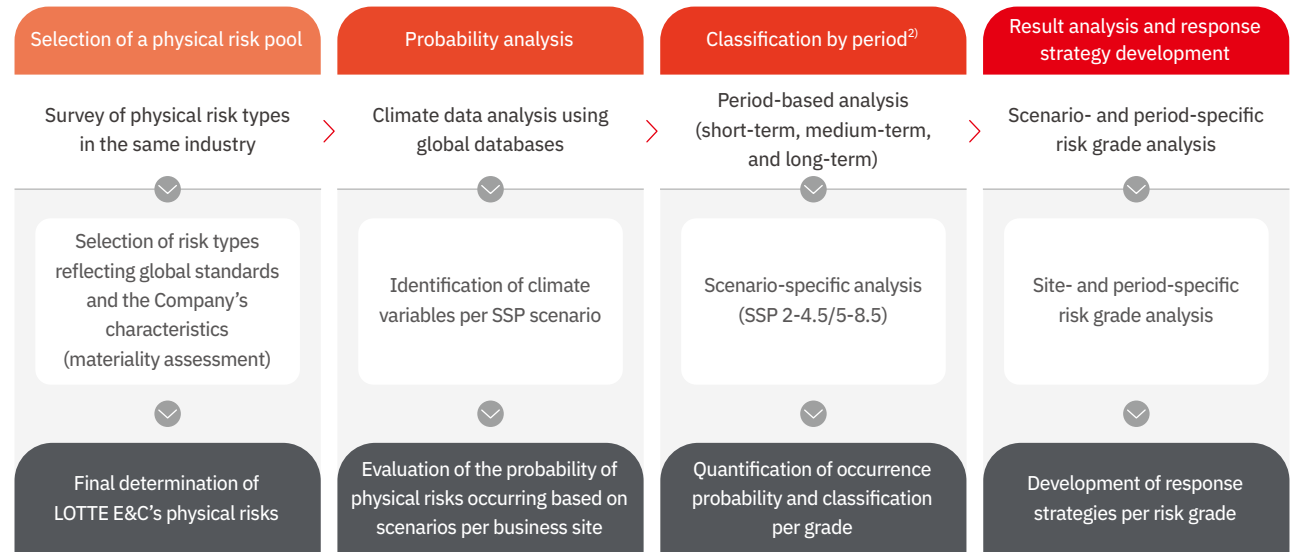
Physical Risk Analysis

LOTTE E&C has selected four major physical risks—floods, typhoons, heatwaves, and heavy rains—that could affect construction sites due to climate change as key targets for analysis and is preparing a foundation to systematically evaluate the financial impacts of these risks. Physical risks are compared and analyzed through scenarios based on the IPCC’s Sixth Assessment Report (AR6), specifically the SSP¹⁾ 2-4.5 (“Middle of the road” or medium pathway) and SSP5-8.5 (highest-emission scenario). Each scenario utilizes 10-year data, divided into short-term (2020s), medium-term (2030s), and long-term (2040s) periods, to analyze trends in climate variables. This analysis will serve as a foundation for future specific risk assessments and for response strategies at each business site. When physical risks occur at construction sites, there may be various financial impacts such as asset recovery expense, process delays, and compensation for delay. Considering that, for the higher effectiveness of the analysis, LOTTE E&C selected six construction sites in Korea as analysis targets by comprehensively considering various factors such as sales scale and included the Company’s core tangible asset—the headquarters building—within the evaluation scope.

Overview and Assumptions per Scenario

Category	Overview	Assumptions
“Middle of the road” or medium pathway (SSP2-4.5)	Significant implementation of GHG reduction policies and measures above the levels disclosed by each country.	Assuming moderate levels of climate change mitigation and socioeconomic development
Highest-emission scenario (SSP5-8.5)	Passive implementation of policy measures and technological changes to curb GHG emissions	Assuming rapid industrial technological development, high fossil fuel use, and expanded indiscriminate development

Physical Risk Analysis Process



Analysis Criteria by Period

Category	Period	Description
Short-term	2025~2030	A period affected by projects currently planned or already invested in
Mid-term	2031~2040	A period in which medium- to long-term technological and market changes are practically applied
Long-term	2041~2050	A period when the physical risks of climate change and the transition to a low-carbon economy are completed

1) Shared Socioeconomic Pathways

2) Classification of three grades - Low, Medium, and High

Climate Change Response Strategy

Lotte E&C Target Sites for Analysis¹⁾



1) Six sites in Seoul were targeted and analyzed based on completion dates in 2024 and sales scale.

Physical Risk Analysis Results per Scenario

Category	SSP2-4.5			SSP5 – 8.5		
	Short-term	Medium-term	Long-term	Short-term	Medium-term	Long-term
Heat wave	M	M	M	L	M	M
Heavy rain	M	H	H	H	M	H
Flood	M	M	M	M	M	M
Typhoon	L	L	L	L	L	L

Low
Medium
High

Physical Risk Analysis Results

LOTTE E&C identified the exposure to physical risks in six major business sites in three grades based on two scenarios from the IPCC Sixth Assessment Report. This analysis reviews the climate risks of each business site and serves as a foundation for developing risk response strategies. The analysis found that all six business sites are generally exposed to various physical risks, but except for rainfall, the variation in the influence is not enormous, indicating that the impact of climate change is relatively minimal. However, considering that there are some physical risks, and the risk impacts may vary by region, we plan to establish plans to minimize the potential impact of climate change based on the analysis results and continuously develop them.

Transition Risk Analysis

LOTTE E&C has been designated as a company subject to the GHG Target Management System since 2024 and is strengthening its company-wide response to climate change transition risks. We are proactively managing financial and non-financial risks associated with the transition to low carbon through strategy development to reflect market trends such as regulatory changes, reduced investment in carbon-intensive projects, and higher prices of carbon-intensive raw materials.

[Go to LOTTE E&C Eco-friendly Projects](#)

Expected Risks and Financial Impact by Physical Risk

Heatwave	Heavy Rain
Deterioration of on-site working conditions and decline in productivity due to abnormal temperatures	Increased operating costs due to a series of climate risks
<ul style="list-style-type: none"> Decline in process efficiency due to restrictions on worker activities, etc. Additional installation costs for heat wave response equipment, cooling infrastructure, etc. 	<ul style="list-style-type: none"> Abnormal weather event patterns cause heavy rain, flooding, and landslides, leading to increased complex risks in the same area Increase in insurance premiums, and costs for securing recovery personnel and equipment
Flood	Typhoon
On-site flooding and construction stoppages due to extreme rainfall	Damage to construction equipment and facilities due to strong winds and typhoons
<ul style="list-style-type: none"> Physical damage such as loss of materials, equipment damage, and process stoppages Potential losses due to increased recovery costs and process delays (※ However, unavoidable process delays due to natural disasters are exceptions.)	<ul style="list-style-type: none"> Risk of damage to costly equipment such as cranes and temporary structures Temporary suspension of on-site work and delays in construction processes along the typhoon's path

Climate Change Response Strategy

Climate Change Response Strategies

LOTTE E&C is setting and developing strategies to respond to climate change in order to achieve national GHG reduction targets and implement the Lotte Group's "2040 Carbon Neutral Road Map." We analyze market conditions for each business division and advance strategies that take into account the characteristics of each business. Based on the eco-friendly technology development led by the Technology Research Institute, we invest in various initiatives, such as partner cooperation and business plan establishment.

Market Condition Analysis Related to Climate Change Response by Business Division



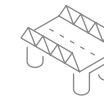
Housing

Increasing demand for low-carbon, eco-friendly living spaces



Construction

Growing need to adopt new technologies and enter new markets to address rapid changes, including stricter environmental regulations



Civil Works

Increasing demand for future-oriented business initiatives, such as upgrading aging facilities to reduce carbon emissions and incorporating advanced technologies into business operations



Plants

Acceleration of refineries' transition away from traditional refining processes and expansion of low-carbon and eco-friendly ventures by oil companies

Investment in Carbon Emission Abatement Technology

Development of Carbon Dioxide Reaction Hardening Cement

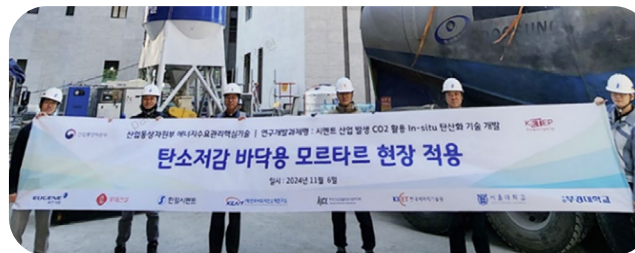
LOTTE E&C strives to contribute to the realization of carbon neutrality by developing low-carbon construction materials, noting that approximately 8% of global GHG emissions originate from the cement industry. Accordingly, we have developed "carbon dioxide reaction hardening cement," which can reduce carbon dioxide emissions by a maximum of 70% compared to conventional cement. This cement becomes harder through a reaction with carbon dioxide, reducing limestone usage by approximately 30% and lowering manufacturing temperatures by approximately 200°C, thereby effectively reducing GHG emissions. LOTTE E&C developed prototype products for pavement blocks and coating against salt damage in 2024, completing the first-ever on-site pilot application in Korea. In 2025, the Company plans to gradually expand the scope of application.



Construction of pavement blocks with carbon dioxide reaction-hardening cement at the Sema site, Osan, Korea

In-Situ Carbonation Technology

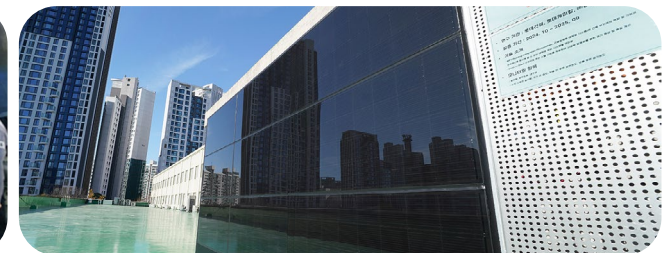
LOTTE E&C has participated in a national research project on in-situ carbonation technology since 2021. In-situ carbonation is an eco-friendly technology that reduces GHG emissions by refining carbon dioxide and injecting it directly into the ready-mixed concrete production process, thereby reducing cement consumption by approximately 3%. The Company set criteria for material performance and quality in 2024, verifying the technology's quality through test demonstrations. It then completed the first-ever domestic demonstration and field verification using a 1 m³ mixer equipped with a CO₂ injection device. We plan to pursue certification for our new construction technology from the Ministry of Land, Infrastructure, and Transport in 2025. We also plan to expand the application of this technology by implementing it at construction sites.



In-Situ carbonation technology development and its on-site application

Development of Energy-Efficient Building Exterior¹⁾ Technology for Zero Energy Buildings

In response to the mandatory certification of zero energy buildings (ZEB), LOTTE E&C has developed an energy-efficient building exterior, which is a high-performance building exterior system with solar power generation functions. We have improved construction efficiency and economic feasibility through technological advancements such as the introduction of POE encapsulation for improved module lifespan, the lightweight and durable Glass to Steel (GtoS) construction method, and the Glass to Glass (GtoG) construction method that allows for fixation without building hardware. Under the Renewable Energy Core Technology Development Project led by the Ministry of Trade, Industry and Energy, we are conducting standardization and demonstration research on BIPV²⁾ construction methods that ensure durability and safety in line with the building's lifespan. We are currently verifying its performance by piloting BIPV at our headquarters building in 2025 and plan to lead the way in green construction solutions based on energy-efficient building exteriors by expanding integrated functions such as energy storage and insulation.



GtoS BIPV demonstration at LOTTE C&E office building

1) Energy-Efficient Building Exterior: A modular building exterior that combines the insulation and airtightness performance of building exteriors with energy production, storage, and utilization functions.

2) Building Integrated Photovoltaic System (BIPV): A building exterior photovoltaic power generation system that utilizes building exteriors as solar panels.

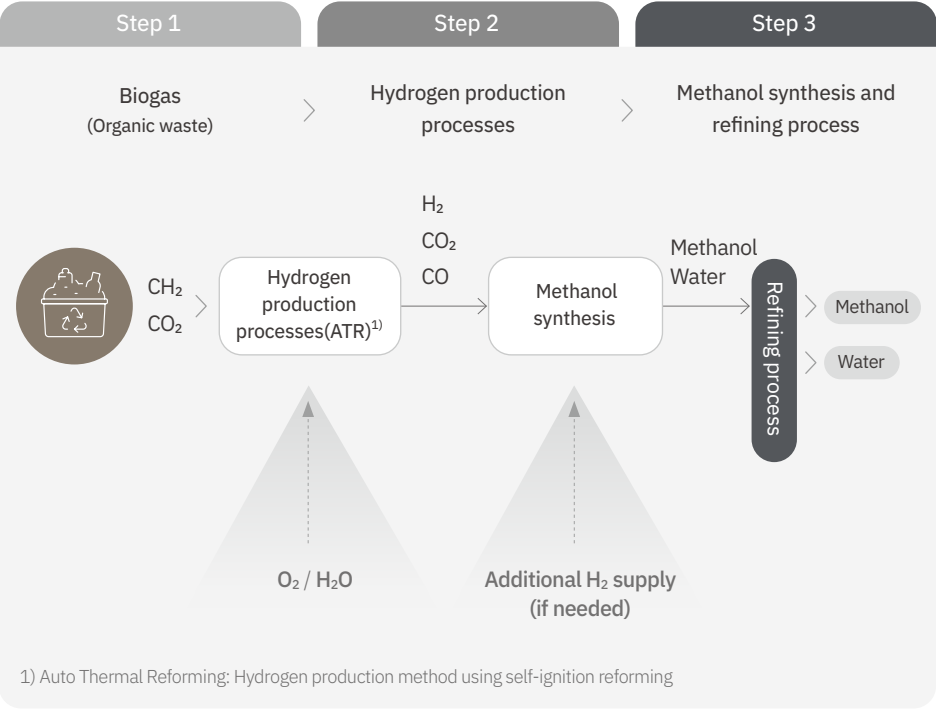
Climate Change Response Strategy

Investment in Hydrogen and CCUS

Development of GHG Reduction Bio-Methanol Synthesis Technology

LOTTE E&C has been selected as a joint research partner for the national project “Demonstration project for production technology for market-leading Carbon Capture and Utilization (CCU) strategic products” to develop bio-methanol synthesis technology that reduces GHG using biogas. This project aims to design, produce, install, and conduct demonstration tests on a pilot-scale methanol production process using biogas as a base material and to identify a commercialization process design package based on the results. The Company has now completed a facility for a pilot-scale process capable of annually producing approximately 40 tons of methanol. The pilot facility is being installed at a public wastewater treatment plant for demonstration tests. Based on the results of the demonstration tests, we plan to identify a commercial-scale process design package capable of annually producing approximately 13,000 tons of methanol, secure the source technology, and commercialize the bio-methanol synthesis technology.

Bio-Methanol Synthesis Technology Process



Development of Hydrogen Production Technology via a Plasma Reactor using Biogas

LOTTE E&C researches and develops hydrogen production technology using a plasma reactor fueled by biogas. By introducing the new technology, plasma reactor equipment, into the hydrogen production process, the resultant GHG emissions can be reduced, and large quantities of hydrogen can be produced quickly in small-scale plants with simple processes. Through this research, we have completed the construction of a pilot-scale test facility capable of producing approximately 20 kg of hydrogen per day and are preparing for demonstration tests at biogas production sites in Korea. Based on the results of the demonstration tests, we plan to identify a process design package for a hydrogen production of 1.2 tons per day, secure new and source technologies, and enhance hydrogen production technology.

Hydrogen Production Process



Climate Change Response Risk Management

Establishment of a Climate Change Risk Management Process

LOTTE E&C identifies climate change issues that may arise throughout the entire project lifecycle and minimizes risks in accordance with its risk management process. Climate change risks and opportunities, identified by project country, region, business site, and organization, are meticulously reviewed before the investment and execution stages. We endeavor to manage these challenges at a company-wide level through deliberations by the C-level council. The Sustainability Management Secretariat diligently identifies risks, evaluates their priorities, and reports on key environmental indicators related to climate change, including GHG emissions, energy usage, and waste emissions.

Integration of a Company Risk Management System

Under the “2040 Carbon Neutral Road Map,” LOTTE E&C integrates and monitors its management system to manage company-wide risks by identifying the factors that exert a significant impact throughout the entire project process, analyzing annual GHG emission projections, and reviewing emission reduction measures. Selected key issues are continuously tracked and monitored, and the results are reported to the CEO through the Sustainable Management Committee.

Resilience

LOTTE E&C has set increasing resilience to climate change risks as a key strategic task to achieve sustainable growth continuously amid various risks and uncertainties caused by climate change. To this end, the Company calculates Scope 1-3 emissions annually and monitors the status of GHG emissions to implement a low-carbon transition across all business operations. Additionally, we are strengthening accountability by linking climate risk responses to the KPIs of executives, including the CEO, and expanding practical response activities such as improving energy efficiency and applying green construction technologies to address the rapidly changing climate environment. LOTTE E&C will continuously monitor climate change risks and set various scenario-based strategies to ensure the stability and sustainability of future businesses.

Climate change response-related risk management process

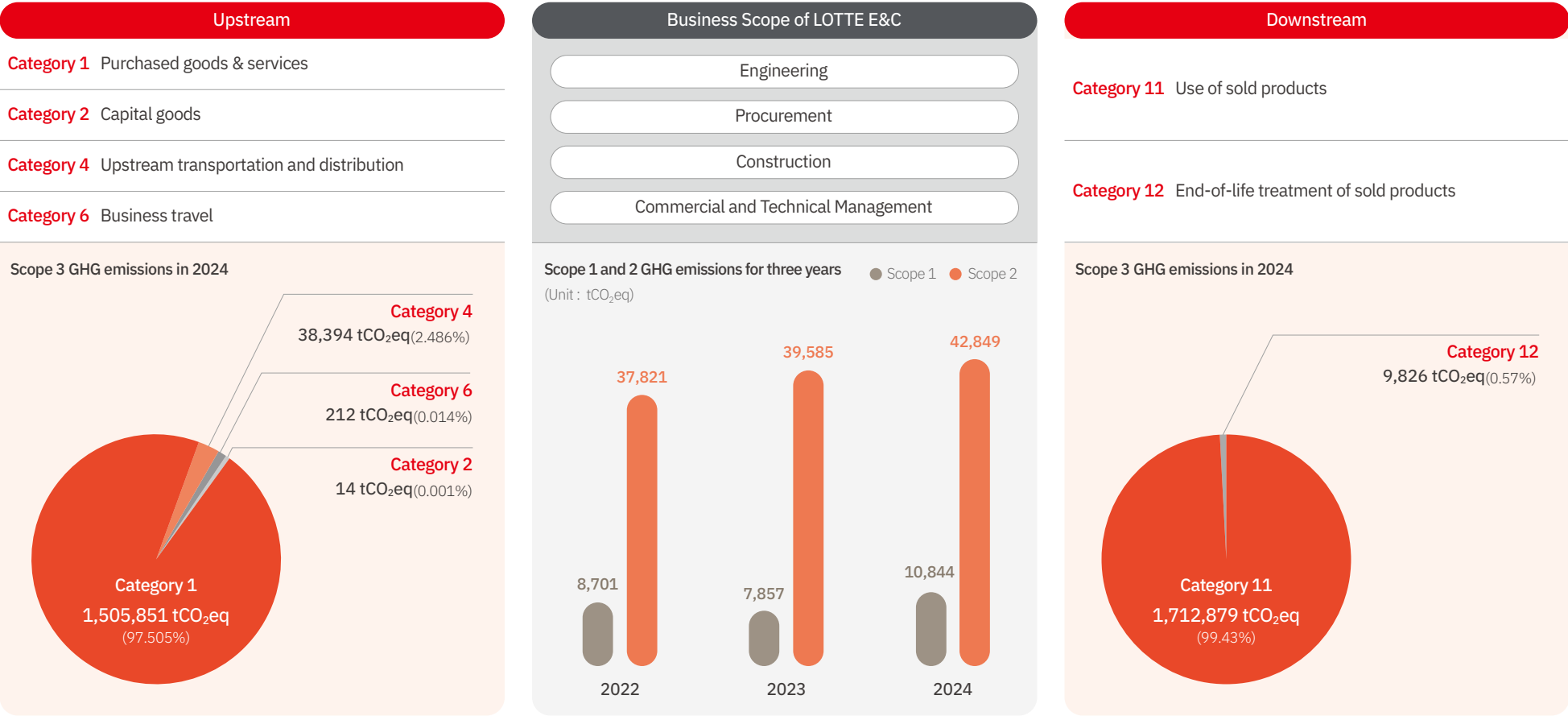


Climate Change Response Targets & Metrics

GHG Emission Management through the Construction Industry Value Chain Analysis

LOTTE E&C identifies and manages opportunities for energy efficiency and cost savings across the entire value chain of the construction industry by calculating Scope 1, 2, and 3 emissions. Considering industry characteristics and corporate activities, the value chain was analyzed, and in accordance with the GHG Protocol, the calculation scope was extended to six categories in 2024. The results indicated that emissions from “Category 1 (Products and services purchased)” accounted for the largest proportion of Scope 3 emissions. LOTTE E&C plans to systematically and proactively respond to carbon emission issues within the value chain by expanding its management scope, including Scope 1 and 2 emissions generated at its owned, operated, and managed business sites, and Scope 3 emissions generated by upstream partners and downstream distribution networks.

Value Chain Analysis and GHG Reporting Scope for the Construction Industry

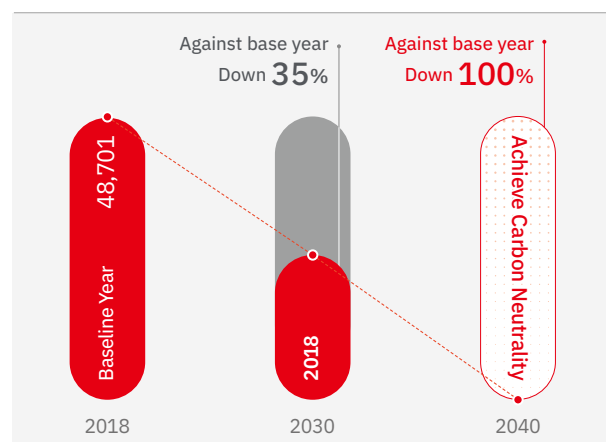


Climate Change Response Targets & Metrics

2040 Carbon Neutral Road Map

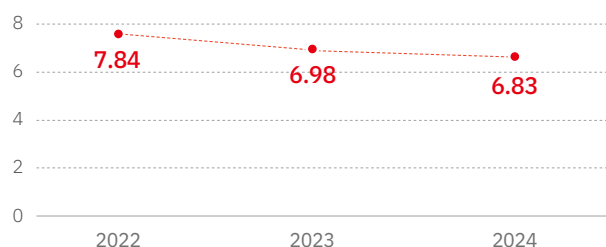
Under the “2040 Carbon Neutrality Roadmap,” LOTTE E&C has identified and managed key performance indicators such as renewable energy generation and consumption, as well as investment costs to achieve our reduction targets. With 2018 as the base year, the Company is committed to reducing carbon emissions through such initiatives as installing solar panels and transitioning to eco-friendly vehicles.

2040 Carbon Neutrality Roadmap

(Unit: tCO₂eq)


● Emissions ● Reductions

Trend of GHGs for three years

(Unit: tCO₂eq/KRW billion)


Linkage of Climate Change Management with KPI

To tackle climate change risks preemptively and promote eco-friendly projects, the Company is aligning key environmental metrics such as GHG emissions and energy consumption with our KPIs. Performance and targets for these metrics are systematically managed through joint reviews with the Technology Research Institute. LOTTE E&C is dedicated to proactively supporting the transition to a carbon-neutral society by expanding our involvement in low-carbon projects and technology applications, with the goal of becoming carbon-neutral by 2040.

GHG Reduction Initiatives

LOTTE E&C participates in national GHG reduction activities by voluntarily measuring and managing our GHG emissions. Since 2019, we have been reducing energy consumption by transitioning from lignite to kerosene for concrete curing fuel and replacing conventional lighting with high-efficiency LED lights. We are advancing our carbon neutrality goals by transitioning to eco-friendly vehicles, improving the insulation performance of temporary site offices, and enhancing energy efficiency through renewable energy generation. LOTTE E&C will remain dedicated to reducing our GHG emissions by over 35% by 2030 compared to 2018 levels and achieving carbon neutrality by 2040.

GHG emission reduction¹⁾

(Unit: tCO₂eq)

Category	2022	2023	2024
Scope 1 reduction amount (replacement of concrete curing fuel)	3,068	3,326	1,343
Calculation method: Amount of kerosene purchased*{[(calorific value of kerosene*emission factor of lignite)/calorific value of lignite] – emission factor of kerosene}			
Scope 2 reduction amount (replacement of LED Lighting in Headquarters Building)	139	185	166
Calculation Method: (Monthly electricity usage of the headquarters building in base year) - (Monthly electricity usage of the headquarters building in the current year)			

1) GHG reduction data for 2022–2023 has been recalculated, and the reduction amount has been corrected and disclosed.

Key performance indicators

Achievement status of carbon emissions target reductions

Achievement status of investment costs to meet carbon emissions reduction targets

Reduction rate of carbon intensity (GHG emissions/sales) compared to the previous year

Enhancement of Scope 3 Data Management

LOTTE E&C calculates Scope 3 emissions annually, executes regular monitoring, and has developed the “Scope 3 Calculation Standard Definition” to improve the accuracy of the data on Scope 3 emissions. The definition was created based on the GHG Protocol and includes the scope of the application and methodology, considering the value chain. In the future, we plan to improve the data consistency and refine the data calculation methodology. We will also establish a continuous management system by reorganizing the ERP system and revising calculation formulas to efficiently collect and manage qualitative and quantitative data across the entire company, thereby specifying our strategies to achieve carbon neutrality.



The Strength of New Spirit

R&D for Building a Sustainable Construction Ecosystem

LOTTE E&C R&D Organization Chart



LOTTE E&C R&D Organization

LOTTE E&C has a dedicated organization under its Technology Research Institute, which researches and develops a variety of future technologies, to proactively discover innovative environment and energy technologies and diversify its business portfolio. The organization conducts ongoing research and development to secure differentiated competitiveness in environmental energy solutions. We will build an environmental infrastructure with green technologies applied and localize advanced technologies to establish a sustainable construction ecosystem.

Website of the Introduction to the LOTTE E&C Technology Research Institute

Technology Research Institute's Strategic Organization Chart



GREEN ENERGY

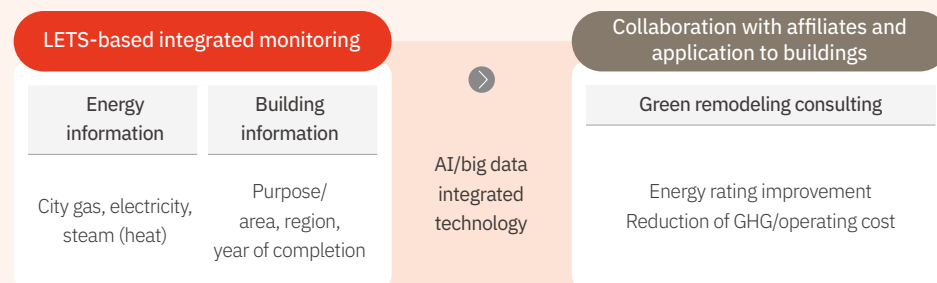
Contribution to the Expansion of Renewable Energy across Group Companies

LOTTE E&C has collaborated with 15 Group companies as part of the “Eco-Friendly Promotion Team” since 2023, providing advice on power profile analysis and the introduction of the solar power purchase agreement (PPA). By analyzing the power consumption patterns of affiliates, we propose optimal PPA options and enhance profitability and strategic purchasing competitiveness through EPC cost reductions and contract condition review during PPA agreements with power generators. We plan to continue our active participation in the Eco-Friendly Promotion Team, further contributing to the expansion of renewable energy across our Group companies and the establishment of a low-carbon management foundation.

Green Remodeling Consulting for Group Companies

LOTTE E&C has established a building management system within the “LOTTE Environment & Energy Total Service (LETS)” to identify buildings eligible for green remodeling and establish a diagnostic process. This system allows affiliates to input basic data, such as the purpose, location, area, and year of completion of their business sites, as well as monthly GHG emissions data, to enable the collection of statistical data on building operations. LOTTE E&C plans to carry out consulting through continuous monitoring and to specify plans for utilizing AI. The collected building data will also be employed in collaboration with affiliates to improve building energy efficiency and implement carbon neutrality technologies.

Green Remodeling Consulting Process for Group Companies



Advanced Smart Construction Technology

AI-based Drawing Review Automation Program

LOTTE E&C is checking the appropriateness of on-site insulation designs and applying design guidelines and construction manuals to sites to provide customers with a comfortable living environment without condensation and mold and to improve energy efficiency. The Company developed an AI image learning-based drawing review automation program in 2023. It then verified its field applicability in 2024 by upgrading the cloud-based model and conducting beta tests with practitioners. LOTTE E&C plans to continuously improve insulation design quality through AI technology advancement and data accumulation.

AI Mudguard Technology Safety Inspection (Ground Anchor Quality Management, and Monitoring of Cracks on Excavated Behind Ground)

LOTTE E&C operates an AI image analysis-based inspection system to prevent mudguard facilities from collapsing. Images captured by drones are analyzed using our AI model to automatically detect ground anchor defects and cracks in the back, enabling early detection of abnormal signs. This technology is scheduled to be applied to all sites starting in 2025.

Data on Technical Experience Asset through Digital Construction Management

LOTTE E&C is systematizing its technical experience assets by introducing digital construction management methods. Through this, it won the Innovation Prize at the 2024 Smart Construction Challenge (category of housing complex) and improved the efficiency of design changes and record management with cloud-based centralized construction record technology. Furthermore, the Company is contributing to the protection of workers’ health during the hot season with its “IoT Perceived Temperature Monitoring System” and plans to continuously strengthen its AI analysis-based risk prevention capabilities.

Digital Transformation (DX) of Construction Sites via Drone Platforms

LOTTE E&C applies drone platforms across all sites to drive digital transformation (DX) in construction management. Site data collected weekly or bi-monthly is converted into 3D spatial information and used for records, planning, quality, construction, and safety management. The platform is shared with personnel via web and app, and LOTTE E&C plans to integrate accumulated data with AI to advance AI transformation (AX) at construction sites.

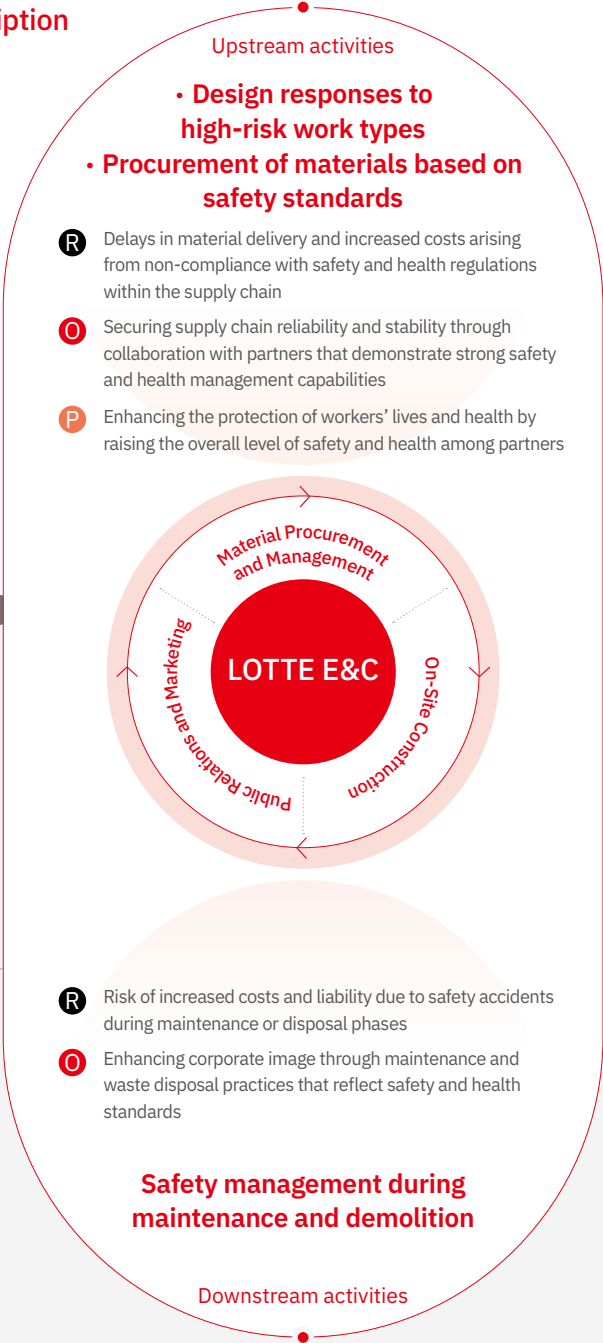


Image of construction management using a drone platform



Safety and Health of Employees and Partners

Value Chain IRO Description



Material IRO Description

Relevant topic	Type	Significance of each issue	Corporate impact and risks, and opportunities	Management approach
Contributing to work-force retention and the establishment of a safety-first culture on construction sites through enhanced workplace safety initiatives ESRS Topic Working Conditions (S1)	P	<ul style="list-style-type: none"> ▶ Enhancing productivity by protecting worker safety and lives on construction sites ▶ Promoting accident prevention and worker well-being through safety and health management ▶ Fulfilling corporate social responsibility by ensuring safe worksites and protecting workers 	<ul style="list-style-type: none"> ▶ Contributing to the improvement of safety and health in local communities and the construction industry by fostering safe work environments ▶ Improving workers' quality of life and welfare through accident prevention and the promotion of safety culture 	Promoting a company-wide safety culture <ul style="list-style-type: none"> ▶ Operating a Safety Management Center and strengthening job-specific safety and health education ▶ Preventing site accidents and promoting collaborative relationships across the construction industry ▶ Expanding AI-based smart safety and health technologies to proactively prevent accidents
Productivity gains and revenue growth through compliance with industrial safety and health standards and regulations ESRS Topic Working Conditions (S1)	O	<ul style="list-style-type: none"> ▶ Strengthened regulations such as the Occupational Safety and Health Act and Labor Standards Act highlight worker safety, rights, and corporate social responsibility ▶ Compliance improves work environments, enhances safety and welfare, boosts productivity, and strengthens corporate reputation 	<ul style="list-style-type: none"> ▶ Potential for additional costs related to compliance, such as facilities and environment improvements ▶ Proactive compliance leads to improved work environments, higher employee satisfaction and productivity, and retention of skilled personnel, thereby increasing long-term revenue and enhancing brand value 	Realizing a culture of safety and innovation in the work environment <ul style="list-style-type: none"> ▶ Operating a company-wide safety and health management system in accordance with regulations, conducting site-specific inspections and improvements ▶ Ensuring workers' rights and safety, enhancing competitiveness for long-term sustainable growth

P (Positive Impact): Positive impact on society and the environment
N (Negative Impact): Negative impact on society and the environment

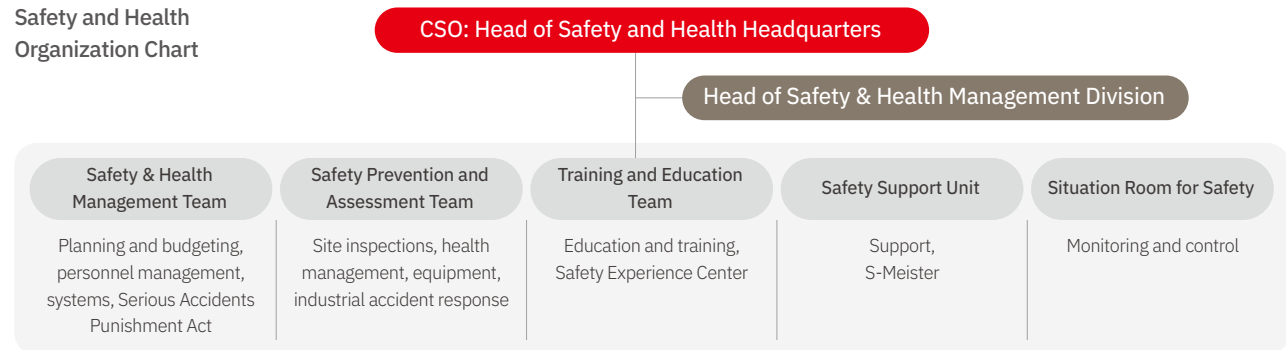
O (Financial Opportunity): Financial Opportunity
R (Financial Risk): Financial Risk

Safety and Health Governance

Safety and Health Headquarters

At LOTTE E&C, the Chief Safety Officer (CSO) leads a dedicated safety and health team, which is empowered with decision-making authority to ensure swift action in accident prevention. This governance structure enhances both safety personnel capacity and overall management capabilities. The Safety and Health Headquarters is composed of one headquarters, one division, four teams, and two centers. LOTTE E&C strengthened its field-focused safety management system in 2025 by establishing Regional Safety Inspection Centers. These centers reinforce on-site execution capabilities. Additionally, each business division has established a safety team under the direct supervision of its respective heads, enabling proactive management of technical safety risks at the project level. The Safety and Health Headquarters reports annual safety and health plans and performance to the Board of Directors. It also holds monthly Safety and Health Management Meetings to share key implementation updates with the CEO and executive leadership.

Safety and Health Organization Chart



Key Activities of the Safety and Health Implementation Units

Organization	Activities
Safety & Health Management Team	Planning & budgeting <ul style="list-style-type: none"> Establishes appropriate industrial accident prevention plans based on legal scope, investigation, and analysis Collects and analyzes internal and external safety and health trends; introduces smart safety management technologies Manages performance indicators aligned with departmental goals; plans, executes, and manages HQ budget
	Personnel management <ul style="list-style-type: none"> Recruits, interviews, and assigns safety and health managers to field sites Manages professional experience of safety and health staff; builds infrastructure to strengthen job competencies
	Systems and regulatory compliance <ul style="list-style-type: none"> Implements and audits safety and health management systems (KOSHA MS, ISO 45001) Operates partner safety advancement programs (evaluation/support) Responds to Serious Accidents Punishment Act (establishes and monitors safety and health systems; coordinates with relevant agencies) Builds and operates serious accident prevention and management systems
Safety Prevention and Assessment Team	Prevention & diagnosis <ul style="list-style-type: none"> Plans, executes, supervises, and recommends actions based on safety and health legal obligations Conducts safety evaluations and risk management to monitor hazard levels at sites
	Industrial accidents <ul style="list-style-type: none"> Conducts accident investigations and root cause analysis; formulates recurrence prevention measures
	Equipment <ul style="list-style-type: none"> Prevents equipment-related accidents through analysis and inspection
Training and Education Team	Health <ul style="list-style-type: none"> Develops company-wide health management guides/manuals; conducts health inspections
	Education <ul style="list-style-type: none"> Oversees education programs to develop professional safety and health personnel and improve job performance Analyzes outcomes and manages performance to enhance participant satisfaction
Training and Education Team	Training <ul style="list-style-type: none"> Conducts safety training for construction personnel and workers
	Safety Support Unit <ul style="list-style-type: none"> Dispatches staff to high-risk or vulnerable sites where safety management gaps are expected Supports on-site education for high-risk/specialized work types; develops and distributes safety and health guidelines
Situation Room for Safety	<ul style="list-style-type: none"> Issues immediate corrective instructions and verifies improvements for high-risk sites (via real-time CCTV monitoring) Operates a Safety Communication Center to gather feedback from site personnel



Opening ceremony of regional safety inspection centers

Safety and Health Governance

Segmentation of Safety and Health Management Activities

To strengthen safety management at the enterprise level, LOTTE E&C operates segmented safety and health management activities centered around both executive leadership and field sites. Each activity is systematically managed based on its key agenda and objectives, with clearly defined participants and operational frequency.

Overview of LOTTE E&C's Safety and Health Management Activities

Category	Safety and Health Executive Council	Safety and Health Management Meeting	Occupational Safety and Health Committee	Joint Labor-Management Safety Check
Attendees	Chief Safety Officer (CSO), safety executives of each business division, and department heads	CEO and executive leadership	Workers and employers (in equal numbers)	LOTTE E&C, partners, and workers
Frequency	Quarterly	Monthly	Quarterly	Monthly
Purpose and Main Agenda	<ul style="list-style-type: none"> Review and decision-making on the operation of safety and health organization, personnel, budget, and systems Gather on-site opinions to support safety accident prevention activities tailored to each site 	<ul style="list-style-type: none"> Report site-level feedback and company-wide safety and health performance and plans to the CEO and executives Continuously identify and implement improvements in safety and health 	<ul style="list-style-type: none"> Deliberate or decide on safety and health matters in accordance with Article 24 of the Occupational Safety and Health Act 	<ul style="list-style-type: none"> Carry out routine site inspections and implement safety and health measures in accordance with Article 29 of the Occupational Safety and Health Act

Key Agenda Items and Improvement Actions of the Occupational Safety and Health Committee in 2024

1	Appointment and replacement of new members of the Occupational Safety and Health Committee	3	Matters related to the recording and maintenance of industrial accident statistics
2	Establishment of industrial accident prevention plans at business sites	4	Enactment and revision of provisions in the Safety and Health Management Regulations

1) BSC (Balanced Scorecard): A performance management framework that evaluates organizational performance in a balanced way across four perspectives, incorporating both financial and non-financial indicators.

Safety and Health Management System Certification

LOTTE E&C is thoroughly implementing its safety and health policies with the goal of continuous investment and creating a work environment with zero loss of life. The company's website transparently discloses these policies and related regulations, which apply equally to all employees, business site personnel, and partners. The company is also making every effort to prevent serious accidents by actively introducing SMART safety and health technologies, including the establishment of an AI-based safety monitoring system. Furthermore, LOTTE E&C systematically manages execution levels by incorporating safety and health indicators into its Key Performance Indicators (KPIs) and Balanced Scorecard (BSC)¹⁾ assessments, while increasing their weighting in evaluations. The company undergoes annual external audits to maintain KOSHA-MS and ISO 45001 certifications, reinforcing the reliability and transparency of its safety and health management framework. Any improvement measures identified during these audits are applied company-wide, enabling LOTTE E&C to continuously advance its safety and health management capabilities.



ISO 45001 certification



KOSHA-MS certification

Safety and Health Strategies

Safety and Health Management Framework

LOTTE E&C has set “Zero Serious Accidents!” as its core safety and health goal, aiming for 100% execution of pre-work planning. By reinforcing execution based on strict adherence to fundamentals and elevating safety awareness at the field level, the company is enhancing its safety management system and embedding a corporate culture where safety remains the top priority.

2025 Safety and Health Goal and Management Policy

Goal	Zero serious accidents! (Achieve 100% compliance with pre-work planning)		
Slogan	Safety First, Let's Be Safe 2025!		
Core Strategies	Strategy 1	Strategy 2	Strategy 3
	Bolster execution for safety practices based on fundamentals	Advance the safety management system for effective implementation	Enhance employee engagement to build site-level safety awareness
Key Initiatives	<ul style="list-style-type: none"> Expand safety and health competency assessments Secure pre-construction safety Strengthen real-time monitoring systems 	<ul style="list-style-type: none"> Support on-site safety activities Establish safety systems for partners Reinforce equipment safety management 	<ul style="list-style-type: none"> Strengthen training for employees and partners Provide repetitive, tailored education for workers Expand practical, field-applicable training content
Management Principles	<p>1 Executives shall take the lead in recognizing safety and health as a core management value and preventing accidents.</p> <p>4 Risks and hazards shall be continuously identified through risk assessments and addressed immediately.</p>	<p>2 Investments in safety and health shall be made proactively and in ways that workers can tangibly experience.</p> <p>5 All safety and health activities shall incorporate the opinions and participation of workers.</p>	<p>3 No schedule acceleration or cost-cutting shall be pursued at the expense of safety.</p> <p>6 Safety awareness shall be improved through education and training tailored to the perspectives of workers.</p>

Strategy 1 Root Cause Analysis and Preventive Measures for Major Accidents

LOTTE E&C is strategically advancing root cause analysis and the development of preventive measures to prevent recurrence of safety incidents. The 2024 analysis shows that while serious accidents decreased compared to the previous year, the number of other workplace accidents increased. In response, LOTTE E&C plans to strengthen checks on whether site managers are effectively carrying out risk assessments in 2025 and to implement continuous evaluations of site-level safety and health capabilities. These actions aim to reinforce proactive safety responses, particularly at sites nearing project completion. To address critical occupational health risks—such as cardiovascular disease, noise, dust, hazardous substance exposure, and poor working posture—the company conducts pre-placement medical examinations and specialized health screenings. These are complemented by musculoskeletal hazard assessments and industrial disease prevention programs, ensuring robust post-incident management and ongoing improvement.

2024 Accident Analysis Results

Decrease of serious accidents compared to 2023
Increase of accidental disasters compared to 2023

Improvements for 2025

- ▶ Strengthen inspections to verify site managers' compliance with risk assessments
- ▶ Eliminate unauthorized or unapproved work activities
- ▶ Carry out ongoing evaluations of site safety and health capabilities

Enhance preemptive safety management at sites nearing completion

Safety and Health Strategies

Strategy 2 Strengthening Worker Health Management Systems

LOTTE E&C recognizes worker health as a core value directly linked to corporate sustainability. The company operates regular health checkups and post-examination care programs in cooperation with health centers to prevent occupational diseases. Based on medical results, it provides site-specific consultations, occupational disease prevention education, and training on the proper use of personal protective equipment (PPE). A comprehensive approach is taken to manage risks such as cardiovascular diseases and job-related stress. To address seasonal health risks—such as extreme heat or cold—LOTTE E&C also distributes health management guidelines and runs a health-check-based mileage reward system to encourage voluntary health practices among workers.



Primary health checkup items conducted at health centers

- 1
- Height measurement
- 2
- Alcohol level testing
- 3
- Body composition analysis
- 4
- Autonomic nervous system & vascular condition monitoring

Strategy 2 Establishing Rest Facilities and Safe Working Environments

To ensure a healthy and comfortable working environment and prevent health-related issues, LOTTE E&C installs and maintains hygiene facilities such as rest areas, washrooms, and bathing stations. Dedicated managers are appointed to check these facilities, and regular hygiene inspections are conducted. At space-constrained sites, portable or compact facilities are installed to improve site conditions continuously and protect workers' well-being.



Rest area for workers

Strategy 3 Diversifying Educational Content on the Serious Accidents Punishment Act

To help employers and workers better understand and comply with the Serious Accidents Punishment Act, LOTTE E&C offers educational content focused on hazard elimination, safety measures, and emergency response systems. We use a total of 13 training materials, including videos and illustrated booklets, for this purpose. All employees receive the illustrated content in pocketbook format, which improves accessibility and comprehension. This initiative supports practical implementation of the law and helps instill a culture of safety throughout the organization.



Educational materials on the Serious Accidents Punishment Act

Strategy 3 Safety Awareness Education

LOTTE E&C implements “10-Minute Safety and Health Education” sessions, which are short and repetitive, to promote safety awareness on-site. These are held weekly at designated times for site managers and safety personnel, designed to minimize disruption to work schedules while strengthening on-site safety capabilities. This format has proven to be an effective tool in embedding a hands-on, field-oriented safety culture.

Safety and Health Strategies

Strategy 3 Practical, Site-Based Safety Education

LOTTE E&C is strengthening on-site safety management through its “On-Site Safety and Health Education” program, in which training instructors visit project sites to provide tailored education. The training incorporates hands-on practice with safety equipment, visual identification of hazards, and Q&A sessions to enhance participant understanding. The program currently consists of 10 courses, including topics such as technical safety, construction equipment, and training for foreign workers. LOTTE E&C plans to expand the curriculum to 14 courses in 2025 by adding coaching programs for newly appointed and experienced safety personnel. The company is also working to improve training quality by increasing the number of internal instructors and developing subject-specific training materials.

Status of 2024 On-Site Safety and Health Education

(Unit: Persons)



Strategy 3 Expansion of Hands-On Content at the Safety Experience Center

LOTTE E&C has operated its dedicated “Safety On” training center since 2022 to help employees, partners, and workers experience and respond to various potential hazards encountered on-site. In 2024, a total of 3,017 participants completed training at the facility. The company continues to strengthen its safety training framework in collaboration with the Korea Occupational Safety and Health Agency (KOSHA) and other institutions, reinforcing its commitment to practical, experiential safety education.



Main Content of the Safety Experience Center

Simulated hazard scenarios	VR-based safety experience modules	Mini scaffold practice
Equipment miniature training	Smart CPR class kit experience	Serious industrial accident response manual drills

Strategy 3 Strengthening Job-Specific Safety and Health Education Systems

LOTTE E&C provides customized safety and health education to all members of the organization—including executives, employees, partners, and workers—to raise awareness and strengthen safety management capabilities by role. Programs include safety leadership training for newly appointed site managers and mandatory safety experience training for executives of partners. These hands-on, practical training sessions help build a strong safety culture throughout the organization. The company is continuously enhancing its training framework and is committed to embedding safety awareness at all levels. By doing so, LOTTE E&C aims to take the lead in preventing serious accidents and creating a safer working environment for all.

Job-Specific Safety and Health Education Programs

Executives <ul style="list-style-type: none"> Executive safety mindset 	New supervisors <ul style="list-style-type: none"> Legally mandated education/in-house education OPS¹⁾ for core tasks 	Partner company executives <ul style="list-style-type: none"> Mandatory safety experience education
Site managers, safety team leaders, health managers <ul style="list-style-type: none"> 10-minute Safety and Health Education 	Prospective site managers <ul style="list-style-type: none"> Participation in preventive risk assessment programs Safety leadership education for new site managers 	Site managers, supervisors, safety and health managers, partners <ul style="list-style-type: none"> Onboarding guidebook
Safety monitors <ul style="list-style-type: none"> Safety Keeper Experience Education 	Junior staff <ul style="list-style-type: none"> Intensive supervisor education (beginner level) New & experienced employee onboarding and care training Competency coaching for new employees 	Workers <ul style="list-style-type: none"> On-site safety and health education

Safety and Health Education Operation Plan

Thinking Education Why? How?	Participatory Education Activity + Problem-solving	Progressive Education Basic → Advanced
Education goals <ul style="list-style-type: none"> A year focused on building the right safety mindset through repetitive, hands-on learning experiences Capacity building and awareness reinforcement training Enhanced accessibility through improved program structure Increased delivery of high-quality, efficient training 		2024 Outcomes <ul style="list-style-type: none"> 22 programs, 7,719 participants²⁾

1) One Page Sheet

2) For executives, site managers, supervisors, safety and health personnel, and partners

Safety Risk Management

Classification of Risk Assessments

To systematically manage harmful and hazardous factors, LOTTE E&C categorizes risk assessments into three types—initial, regular, and ad hoc—based on work procedures. Each task is assigned a risk level according to the likelihood (frequency) of occurrence and potential severity (impact), and management measures are applied accordingly by grade. Additional risk factors are identified through Tool Box Meetings (TBM)¹, safety inspections, and the collection of feedback from workers. Effectiveness is further enhanced through follow-up actions and monitoring of implementation. The risk assessments process is verified through performance measurement and semiannual internal audits, with outcomes used to refine safety and health policies and goals. Continuous monitoring ensures long-term effectiveness.

1) Tool Box Meeting: Pre-task safety discussions between supervisors and workers on job content and safety practices

Types of Risk Assessments

Initial Assessment	Regular Assessment	Ad-hoc Assessment
Conducted within one year of project start for all work types	Conducted annually after the initial assessment	Monthly and daily risk assessments conducted before the start (or resumption) of the work

Operation of Pre-Safety Meetings (PSM)

LOTTE E&C strengthens accident prevention through Pre Safety Meetings (PSM), enabling workers to directly identify on-site hazards from their perspective. Workers participate in filling out hazard and risk checklists, leading to the identification of real, context-based risks and the development of effective, practical countermeasures.

PSM Operation Process



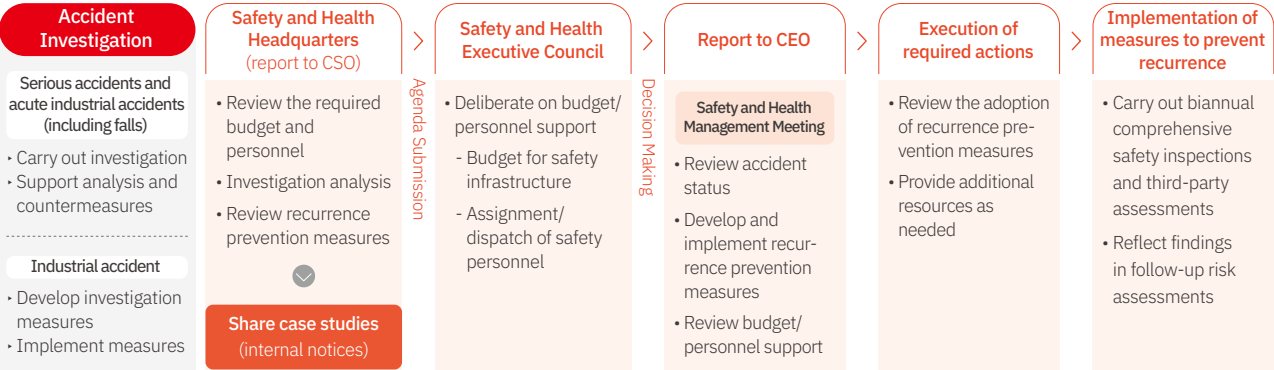
Reinforcing the Accident Response and Recurrence Prevention System

LOTTE E&C strengthens its safety response system in accordance with the Serious Accidents Punishment Act, ensuring prompt investigation, immediate reporting, and thorough implementation of recurrence prevention measures following any incident. Accidents are categorized into serious accidents, industrial accidents involving acute events, and general occupational injuries, each managed with tailored protocols. Upon an accident, operations in the affected area are immediately suspended, and countermeasures are developed. All employees and workers receive follow-up safety education and participate in accident prevention workshops to foster a preventive safety culture.

Accident Classification

Type	Description
Serious accidents	As defined under the Serious Accidents Punishment Act, including serious industrial and civic accidents
Acute industrial accidents	<div>1) Falls: Accidents from heights</div> <div>2) Falling equipment and objects: Collisions, entrapments, or impact from objects/materials</div> <div>3) Fires, suffocation, electrocution: Accidents from confined spaces or causing human/material loss</div> <div>4) Collapse (toppling): Failures involving temporary or structural facilities</div>
Industrial accidents	All other injury-related incidents, including work-related illnesses

Accident Investigation and Reporting Workflow



Safety Risk Management

Strengthening Regular Safety and Health Evaluation and Support System

LOTTE E&C has created a real-time evaluation system to improve the overall level of safety and health and strengthen its capacity for accident prevention. In the early phase of construction, guidance is inspected to help establish the on-site safety and health management system. Afterward, comprehensive safety diagnostics and special inspections are carried out to identify and address fundamental risk factors. To maximize the effectiveness of these efforts, LOTTE E&C allocates tailored personnel and budget to each site according to identified risks, ensuring site-specific support.

Types of Safety Inspections

Initial Site Inspection	Description	Step-by-step support for early stabilization of the safety and health management system
	Timing	At construction start (less than 3% completion)
	Inspection	Phase 1: Support for system/administration and risk assessment activities (Safety & Health Management Team)
		Phase 2: Support for site implementation, equipment, and health (Safety Prevention and Assessment Team)
Comprehensive Safety Diagnosis	Description	Year-round evaluation system to improve overall safety and health levels, and verify practical accident prevention activities
	Timing	Semiannual
	Inspection	System/administration, risk assessments, site practices, equipment, and health Phase 2: Support for site implementation, equipment, and health (Safety Prevention and Assessment Team)
Special Inspection	Description	Guide the measurement and improvement management of safety management levels by type in the field of on-site execution and equipment
	Timing	Hazardous work activation periods, vulnerable sites by period, etc.
	Inspection	Focus on field operations, equipment, and health activities
Third-Party Inspection	Description	External experts use objective analysis tools to identify risk causes and recommend improvement measures
	Timing	As needed
	Inspection	Site safety and health assessments, root cause analysis by risk type, benchmarking best practices from other companies

1) CPR (Cardiopulmonary Resuscitation): An emergency procedure combining chest compressions and artificial respiration to maintain breathing and blood circulation during cardiac arrest.

2) AED (Automatic External Defibrillator): An emergency device that delivers an electric shock to a person experiencing cardiac arrest, helping the heart restore a normal rhythm.

Emergency Response Training

To prevent serious industrial accidents and minimize damage in the event of an incident, LOTTE E&C carries out systematic emergency response drills. Based on the Guidelines for Serious Industrial Accident Response Preparedness, both comprehensive and partial drills are conducted. Comprehensive drills are held twice a year and simulate scenarios such as falls, fires, and equipment overturns, involving all personnel on-site. Partial drills focus on suspending work and evacuating during high-risk tasks in specific work types or zones. Additionally, emergency response capabilities are strengthened through hands-on training in CPR¹⁾ and AED²⁾ usage. Training outcomes are reflected in updated emergency manuals and procedures, with key results reported monthly to the CEO during the Safety and Health Management Meeting.

Examples of Imminent Danger Scenarios

- 1) Work at heights over 2m without proper scaffolds or guardrails installed
- 2) Use of unsuitable or improperly installed temporary structures (scaffolding, formwork, shoring)
- 3) Structural deformation of soil or buildings with a high collapse risk
- 4) Fire or explosion hazards during hot work near flammable materials
- 5) Risk of chemical leakage from malfunctioning hazardous material equipment
- 6) No measurement of oxygen level taken before beginning work in a confined space
- 7) Lack of local exhaust ventilation for enclosed hazardous chemical systems
- 8) Risk of falling, collision, or entrapment during crane or excavator operations
- 9) Any other condition deemed to present imminent danger



Emergency response training for workers

Safety Risk Management

Diversified Channels for Gathering Opinions from Safety and Health Personnel

LOTTE E&C operates various channels to collect on-site feedback, encouraging employees to recognize their role as key agents in safety management and to help eliminate unsafe work practices. By promoting communication and collaboration between managers and workers, the company implements field-centered, practical safety and health initiatives and actively encourages voluntary participation in building a strong safety culture.

Channels for Gathering Opinions from Safety and Health Personnel

Site	Safety and Health Committee	[Monthly] Composed of contractors and subcontractors during monthly risk assessments to collect safety and health suggestions or improvement requests
	Occupational Safety and Health Committee	[Quarterly] Comprised of employers and workers to gather improvement ideas for maintaining and enhancing worker safety and health
	Safety Communication Center	[Ongoing] Accepts reports of on-site hazards and safety suggestions at any time through phone or the company website
	Safety and Health Management Meeting	[Monthly] Reports the results of collected feedback from employees to the CEO and executives; shared with all employees company-wide
Head-quarters	Safety Check Day	[Monthly] CEO and executives visit sites to execute safety and health discussions with workers
	Local Council	[Quarterly] Safety and health-related personnel share institutional improvement ideas and near-miss cases

Operation of the Safety Communication Center

LOTTE E&C runs a Safety Communication Center to ensure that all employees can easily report potential hazards or suggest improvements. Feedback is collected on the company's official website and reflected in safety management practices. The center also serves as a communication channel to protect workers from unfair treatment during work processes, in accordance with the company's Safety and Health Management Regulations.

Safety Hazard and Health & Safety Improvement Reporting Process

Identification	Submission	Receipt and Confirmation	Processing of Results
Take a photo of the hazardous condition or potential safety improvement at the site	Submit the suggestion via the official website or phone call	Relevant departments review feasibility, keeping the submitter's identity confidential	Notification of results provided within approximately 7 days

Engagement and Communication for a Culture of Workers' Safety and Health

Zero-Accident 365+	A collective campaign involving employers, supervisors, and all site personnel to achieve a set number of zero-accident days
Behavior-Based Safety (BBS) Incentives	A program that observes and identifies proactive safety behaviors among workers and encourages such actions through recognition and reward
Outstanding Safety & Health Leader Awards	A recognition system that rewards exemplary partner company leaders who actively lead outstanding safety and health initiatives
Accident Prevention Activities	A system that identifies and rewards construction teams with excellent implementation of safety measures for high-risk tasks



Awarding outstanding safety and health leaders

Establishment of Regional Safety Inspection Centers

To enhance safety management across sites nationwide, LOTTE E&C has opened regional Safety Inspection Centers in three areas—Seoul Metropolitan Area, Yeongnam, and Honam—and built a continuous inspection system. These centers work in conjunction with the headquarters' Safety Management Center and utilize CCTV-based remote monitoring to cover blind spots in high-risk zones. By assigning both technical and safety personnel to these sites, the company ensures hands-on inspections and guidance. These efforts aim to prevent high-risk incidents, reduce accident-related injuries, and strengthen the sense of responsibility among workers.

Safety Risk Management

Monthly Safety Check Day

Led by the CEO, LOTTE E&C holds a monthly Safety Check Day to promote a company-wide safety culture and reinforce communication between headquarters and project sites. High-risk activities and equipment zones are prioritized during inspections, focusing on safety facility conditions, rule compliance, and implementation of accident prevention measures. Safety training is also provided, and during hot seasons, beverages and other items are distributed to support and encourage workers. Feedback and improvement suggestions from site workers are continuously incorporated into practical safety enhancements.



Safety Check Day

Right to Stop Work

LOTTE E&C protects workers' right to stop work under its Safety and Health Management Regulations as part of its industrial accident prevention efforts. Workers are strictly protected from any disadvantage when stopping work and evacuating due to imminent danger. Related procedures are reflected in field regulations through the Occupational Safety and Health Committee, and multiple reporting channels—including hotlines (SNS, phone) and the Safety Management Center—allow for real-time reporting and management of hazards or work stoppage requests.

Safety and Health Targets & Metrics

Industrial Safety and Health Target Management

LOTTE E&C sets and reviews annual safety targets to proactively manage high-risk hazards across all work processes. The focus in 2024 was on "Zero Fall-Related Accidents," emphasizing strengthened safety capabilities and solidifying internal management. The 2025 goal is "Zero Serious Accidents! 100% Implementation of Pre-Work Planning." The company is prioritizing three strategic pillars: strengthening execution, advancing safety management systems, and enhancing the capabilities of its employees regarding safety.

Serious Accident Management Indicators

To achieve accident-free worksites, LOTTE E&C strictly adheres to safety guidelines and reinforces preventive measures for serious accidents. Qualitative and quantitative KPIs are refined and integrated into the core management metrics of relevant departments. In addition, annual investments in safety and health are expanded to enhance practical response capabilities and reduce serious accident risks.

Serious Accident Management Indicators

Accident Fatality Rate	The number of accident-related fatalities per 10,000 full-time workers (Accident Fatality Rate (%)) = (Accident-related fatalities/Full-time workers)×10,000)
LTIR ¹⁾	The number of lost-time injuries per 200,000 working hours

1) LTIR: Lost-Time Incident Rate

The Strength of New Spirit

AI-Based Innovation in

On-Site Safety

Enhanced Monitoring of AI-Based Risk Assessments

LOTTE E&C, in collaboration with LOTTE Innovate, has developed and deployed an AI-powered “Risk Assessments AI Program” that analyzes on-site risk factors and risk assessment data. This program leverages advanced statistical analysis to in advance predict accident risks, with a particular focus on high-risk sites with complex construction conditions and those exposed to severe weather alerts (e.g., typhoons, earthquakes). Moving forward, LOTTE E&C plans to integrate this system with its Safety Management Center and Smart Safety Systems to strengthen its real-time monitoring capabilities and further advance its AI-driven safety management competencies.

Risk Assessments AI Program Analysis Process

Analysis Process	Responsible Parties
1 Preparation, review and approval of risk assessments	LOTTE E&C, Partners
2 Collection of risk assessment data from all sites after 7:00 PM daily	
3 Risk assessment data processing and analysis (e.g. missing or misclassified entries)	LOTTE E&C, Partners (Risk Assessments AI Program)
4 Risk assessment data visualization	
5 Risk assessment data verification and analysis	LOTTE E&C
6 Data utilization for risk assessment	LOTTE E&C, Partners



Worker safety education after risk assessment



Demonstration at the AI Safety Management Center

Smart Safety and Health Technologies

LOTTE E&C is actively applying AI-powered behavioral monitoring technologies to improve on-site accident prevention. Through the AI Safety Management Center, worker behavior and location are tracked in real time using both stationary and mobile cameras, enabling the early identification and prevention of potential safety hazards. The company has also built a smart safety infrastructure utilizing IoT-based technologies such as AI-powered collision prevention systems for construction equipment, wearable cameras, body cams, smart PPE (personal protective equipment), and mobile CCTVs. These efforts aim to enhance the company’s safety management systems through advanced digital technologies.

Case Study

Demonstration of AI-Based Worker Behavior Monitoring Technology



Demonstration of AI predictive safety monitoring technology based on worker behavior

Key Technologies

- Monitoring of worker behavior and biometric data via wearable sensors
- Real-time replication of high-risk scenarios using digital twin technology
- Detection of abnormal behaviors using fixed cameras and the AI analysis platform (SSIMS.AI)

LOTTE E&C has formed a consortium with six organizations, including Sungkyunkwan University, to jointly develop AI-powered predictive safety monitoring technologies based on worker behavior. The company hosted a demonstration in 2024 at the Gimpo–Paju Section 1 construction site, verifying the field applicability of real-time AI safety management using wearable sensors and digital twin technology. This initiative is expected to play a key role in preventing accidents in high-risk work environments and advancing smart safety management frameworks.

Management Approach 03.

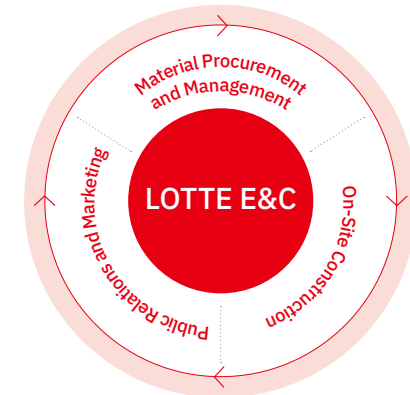
Shared Growth with Partners

Value Chain IRO description

Upstream activities

Material processing and delivery on-site dispatch of partner personnel

- R** Labor and safety issues within the supply chain can lead to legal liability and financial burdens for LOTTE E&C, including potential compensation
- O** Strengthening supply chain stability and sustainability enables more reliable business operations
- N** Inadequate protection of on-site workers and unresolved labor or human rights violations



- R** Potential legal risks if the safety and human rights issues of downstream partners are not properly managed, affecting the responsibility of the prime contractor
- O** Mitigating risks and enhancing business capabilities through shared growth with partners can help build stronger customer trust
- N** Improper safety management or waste disposal by partners can result in environmental pollution and human rights violations in the local community

Building maintenance and operations waste management

Downstream activities

Material IRO description

Relevant topic	Type	Significance of each issue	Corporate impact and risks, and opportunities	Management approach
Financial risks arising from inadequate ESG risk management in the construction industry supply chain ESRS Topic Other Work-related Rights (S2)	R	<ul style="list-style-type: none"> Shared growth with partners in the construction industry is essential for business stability and enhanced competitiveness Regulatory requirements for supply chain management, such as the Serious Accidents Punishment Act, Labor Standards Act, and Supply Chain Due Diligence Act, are becoming stricter Legal and financial responsibilities may be imposed on executives and companies in the event of internal or external site-related risks Inadequate ESG management by partners may result in extensive financial risks for the company 	<ul style="list-style-type: none"> Enhancing the overall capabilities of partners in quality, safety, and ethics serves as the foundation for mutual growth Failure to implement ESG practices may lead to direct and indirect financial risks Strengthening ESG capabilities jointly with partners and ensuring proactive legal compliance offers an opportunity to reinforce ESG leadership 	Strengthening trust-based relationships with partners and advancing shared growth <ul style="list-style-type: none"> Established a Partner Code of Conduct and expanded implementation of ESG self-assessments Proactively identified and managed ESG and safety & health risks in high-risk work categories Enhanced partner capabilities and fostered a culture of shared growth by building a structured management system for high-performing partners and expanding reward programs

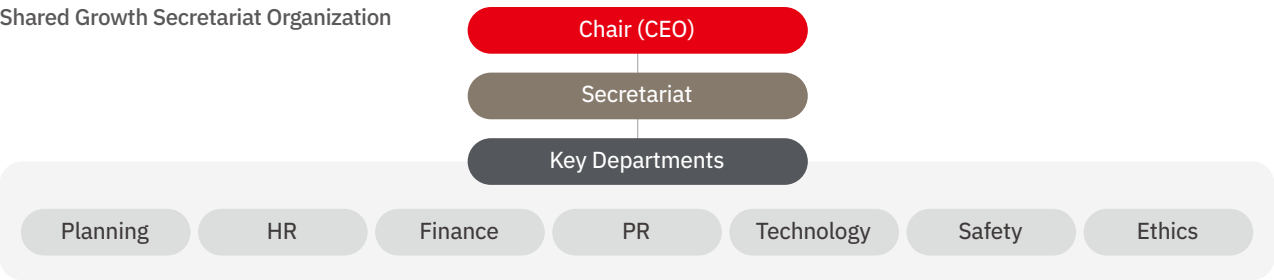
P (Positive Impact): Positive impact on society and the environment
N (Negative Impact): Negative impact on society and the environment

O (Financial Opportunity): Financial Opportunity
R (Financial Risk): Financial Risk

Shared Growth Management Governance

Shared Growth Secretariat

LOTTE E&C regards shared growth with its partners as a core corporate value and ensures that this importance is communicated across all levels of the company. To establish a robust support system for partners, LOTTE E&C has operated a dedicated Shared Growth Secretariat under the direct supervision of the CEO since 2010. Led by the CEO as chairperson, the Secretariat works in close collaboration with key departments—such as planning, HR, finance, communications, technology, safety, and ethics—to systematically promote and manage initiatives related to shared growth.



Internal Review Committee

To ensure fairness and compliance in subcontracting practices, LOTTE E&C operates an Internal Review Committee. The committee consists of the executive in charge of subcontracting (serving as chairperson) and at least three employees from the Procurement Division. As necessary, additional members, such as estimation team leaders, technical team leaders, and site managers, may participate. The committee meets regularly (at least once a month) and convenes on an ad hoc basis when urgent issues arise to provide prompt review and resolution. It also fairly deliberates on subcontract-related dispute mediation requests from partners and, where necessary, conducts anonymous hearings to ensure impartial conflict resolution.

Internal Review Committee's Subcontract Review Procedure



Partner Code of Conduct

LOTTE E&C has developed and implemented its Partner Code of Conduct Guidelines, which are based on the broader Lotte Group Partner Code of Conduct and adapted to the specific context of the construction industry. These guidelines incorporate global standards, including the UN Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the UN Convention on the Rights of the Child, and the International Labor Organization (ILO) Core Conventions. The guidelines are publicly available via the partner portal website, and LOTTE E&C encourages all partners to adhere to them. In cases where local laws conflict with these guidelines, the more stringent standard is applied. The company actively supports and encourages partner participation in ESG-oriented management practices.

Environmental Protection (6)	① Establishment of environmental management system ② Climate crisis response ③ Air pollution management ④ Waste management ⑤ Water resource management ⑥ Chemicals management
Respect for Human Rights (7)	① Anti-discrimination ② Provision of wages and benefits ③ Observance of working hours ④ Humane treatment ⑤ Freedom of association ⑥ Protection of minor workers ⑦ Prohibition of forced labor
Safety Management (6)	① Industrial safety assessment ② Contingency plan ③ Accident management ④ Safety management of machinery, equipment, and facilities ⑤ Health management ⑥ Product quality and safety
Compliance and Ethical Management (4)	① Prohibition of illegal profits ② Management transparency ③ Prevention of unfair trade ④ Information protection
Management System (5)	① Declaration of sustainable management ② Risk management ③ Education and communication ④ Compliance with laws and regulations ⑤ Responsible supply chain management



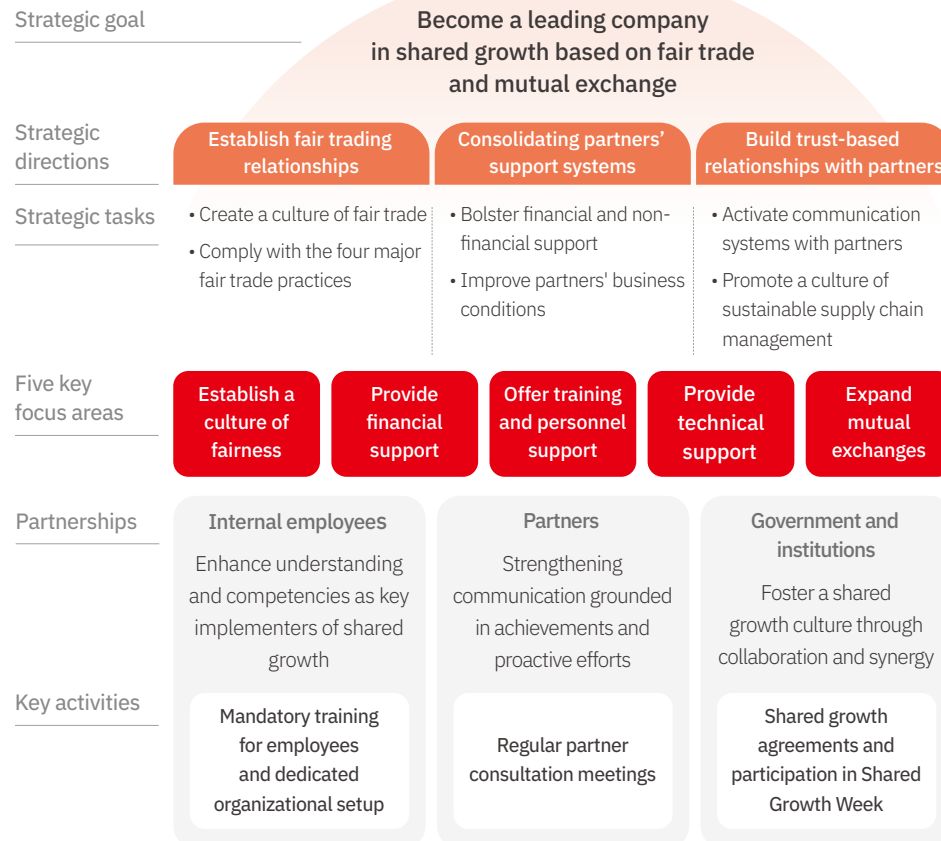
LOTTE E&C partner's portal website

Shared Growth Strategies

Shared Growth Implementation Framework

LOTTE E&C has set a strategic goal of becoming a leading company in shared growth based on fair trade and mutual cooperation. To this end, the company has identified fair business relationships, strengthened partner support systems, and trust-building with partners as its strategic directions. Based on this shared growth implementation framework, LOTTE E&C has been consistently promoting a culture of fair trade and expanding support through financial assistance, workforce and technology development, training, and increased engagement. These efforts aim to reinforce a sustainable cooperation system with partners.

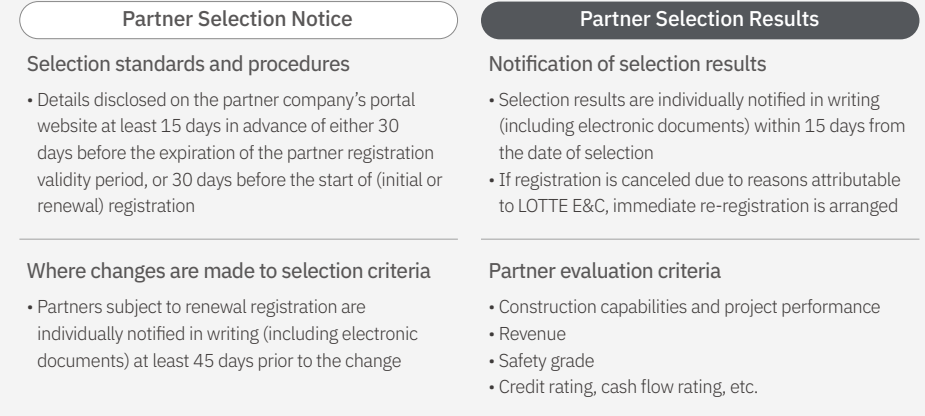
Shared Growth Execution Framework



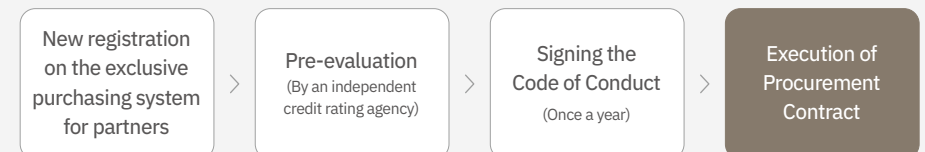
Strategy 1 Fair Partner Selection and Evaluation

LOTTE E&C classifies its partners into subcontractors (for construction and services) and suppliers (for construction materials and custom-made equipment). All partners are selected through transparent and fair processes, with selection criteria, procedures, and evaluation results disclosed on the partner portal. Only vendors directly relevant to the company's delegated business activities are eligible for consideration. Selection is based on equal criteria for both new and existing partners, and non-selected partners are notified with written reasons and granted opportunities for re-evaluation. For partners with transaction records within the past year, comprehensive evaluations are conducted, with opportunities for expanded business, incentive payments, and awards.

Partners Selection and Evaluation Criteria



New Partners Registration Procedure



Shared Growth Strategies

Strategy 1 Definition of Key Stakeholders in Shared Growth


LOTTE E&C defines key stakeholders in shared growth as partners, internal employees, and public institutions. The company believes that realizing the value of mutual growth and fulfilling corporate responsibility hinges on a balanced partnership with these stakeholders. Related policies and information are disclosed transparently on the official website.

Strategies by Key Stakeholder Group

Category	Partners	Internal Employees	Government/Institutions
Strategy	Strengthen communication for fair trade and mutual cooperation	Enhance awareness and capabilities as key agents of shared growth	Build consensus and enhance communication on shared growth-related government policies
Action Plan	Partner meetings, participation in voluntary consultative bodies, satisfaction surveys	Establish and operate shared growth teams; provide employee training	Sign fair trade agreements; participate in external shared growth evaluations

Strategy 1 Implementation of Four Major Practices for Shared Growth

Since 2009, LOTTE E&C has implemented key initiatives, including transparent partner selection and operation, the operation of an internal subcontract review committee, and three core practices for fair contract signing. In 2011, the company signed a Shared Growth and Fair Trade Agreement, publicly committing to these principles. In 2012, it added new practices on the issuance and retention of written documents in subcontracting, thereby fully complying with the four major practices recommended by the Korea Fair Trade Commission. All relevant practices are disclosed on the shared growth website.

 LOTTE E&C's shared growth website

Four major practices for shared growth

- 1

Agreement signing for win-win cooperation among large, medium, and small businesses
- 2

Practical guidelines for partner selection and management
- 3

Implementation and operation of the Internal Review Committee for subcontract transactions
- 4

Best practices for issuance and retention of written documents in subcontract transactions

Strategy 2 Support for Partner Technology Development and Protection

To help partners build long-term competitiveness, LOTTE E&C supports joint development of new technologies and products, joint R&D, and joint patent applications. The company supported 33 joint R&D projects and 22 joint product developments in 2024, including design applications and registrations. This amounted to approximately KRW 700 million in technical support. When partners' patented methods are applied to projects, appropriate profit margins are ensured through private contracts. In 2024, 45 new contracts related to patents and new technologies were concluded. The company also operates interest-free R&D loans and a technology escrow system, actively protecting the intellectual property of SME partners.

Technical Support Outcomes in 2024

Category	No. of Cases	Amount (KRW 1,000)
Joint R&D	33	697,781
Joint product development	22	6,535
Patents and new technology contract orders	45	-
Total	100	704,316

Shared Growth Strategies

Strategy 2 Financial Support for Partners

LOTTE E&C operates a range of financial support programs to enhance the financial stability of its SME partners. The company provides interest-free loans totaling KRW 15 billion for up to 12 months to support working capital and fully covers the costs required for issuing payment guarantees. In collaboration with the Industrial Bank of Korea, LOTTE E&C has also established a KRW 57 billion shared growth fund to offer low-interest loans. Additionally, subcontract payments for construction and service outsourcing contracts are made entirely in cash. The company plans to further expand its support through emergency funding, rewards for outstanding partners, and incentives for long-term partners to strengthen their financial soundness.

Financial Support Programs

Win-Win Fund	Shared Growth Fund	Network Loans
Interest-free loans, payment guarantee fee support, and emergency funding for partners	A fund created by depositing capital with the Industrial Bank of Korea (IBK), providing low-interest loans to partners	Preferential interest rates and increased loan limits based on partners' sales performance, under a loan ceiling agreement with IBK

Financial Support Outcomes in 2024

(Unit: KRW 1 million)

Category	Amount	Category	Amount
Direct loans to partners	15,000	Rewards for outstanding partners (construction, safety, C/S)	725
Direct loan guarantee fees	192	Rewards for long-time partners	29
Shared growth fund ¹⁾	57,000	Partner welfare support	12

1) Co-founded with IBK (KRW 28.5 billion matching each); supports low-interest loans for partners

Strategy 2 Support for Partner Recruitment and Training

LOTTE E&C promotes job fair participation for excellent partners and supports their employer branding. Through the Green Job Shared Growth Fund, companies hiring staff are rewarded with performance points for both the employee and the business. These efforts enhance fair trade practices and improve partners' competitiveness by supporting talent acquisition.

Strategy 3 Partner Performance Sharing Program

Monthly meetings of the Shared Growth Secretariat serve as a platform to discuss shared development initiatives. LOTTE E&C has adopted various performance-sharing models—such as goal-based, performance-based, and idea competition formats—focused on cost reduction in construction methods, materials, quality improvement, and timeline shortening. The company is recognized as a leader in performance-sharing within the construction sector and remains committed to strengthening sustainable collaboration with partners.

Key Initiatives for LOTTE E&C Partners History

- **2006** First in the construction industry to implement a performance sharing system
- **2011** Awarded the Minister's Commendation at the Construction Creativity and Innovation Competition by the Ministry of Land, Transport and Maritime Affairs
- **2012** Signed an agreement with the Ministry of Knowledge Economy to promote the performance sharing system

Strategy 3 Sustainable Green Purchasing

Since signing the Voluntary Agreement on Industrial Green Purchasing in 2009, LOTTE E&C has practiced eco-friendly procurement across all project phases. In 2024, the company procured KRW 74.1 billion in certified eco-friendly construction materials and continues to expand its network of green-certified suppliers through a dedicated green purchasing system.

Purchase of Eco-Certified Products

10.4% ↑
year-on-year increase

Purchase of Eco-Friendly Products

(Unit: KRW 1 million)

Category	2022	2023	2024
Cumulative Purchase Volume of Eco-Certified Products	58,558	67,125	74,113
HB Mark	12,293	7,916	5,849
Environmental Mark	6,824	34,449	35,834
High-efficiency Energy Equipment	3,845	3,792	4,374
GR Mark	1,023	1,475	1,951
Energy Efficiency Grade 1 or 2	34,573	19,493	25,606
Energy Saving	0	0	499

 Partners subject to ESG self-assessment in 2025

Partners Risk Management

ESG Self-Assessment for Partners

LOTTE E&C conducted ESG self-assessments with 21 partners across 31 indicators in 2024. The assessment revealed nine key risk factors, and based on the nature of each risk area, LOTTE E&C provided relevant guidance on applicable laws and internal policies, along with targeted training. Moving forward, the company will continue to raise awareness among partners and work collaboratively to mitigate ESG risks through tailored support strategies.

Key Risk Factors by Item in 2024

Management	<ul style="list-style-type: none"> Supply chain and partner management systems Risk management systems for ESG issues
Labor	<ul style="list-style-type: none"> Operation of bodies and initiatives for freedom of association and negotiations
Environment	<ul style="list-style-type: none"> Preventive approach to environmental impacts Climate change response Eco-friendly technology capabilities Management of air pollutants
Anti-corruption	<ul style="list-style-type: none"> Internal audit systems Risk assessment for anti-corruption risk prevention

Support for ESG Competency Building

Based on the 2024 self-assessment results, LOTTE E&C implemented ESG training programs and management consulting to help partners better understand ESG principles and improve their financial and operational systems. These efforts are designed to enhance partners' resilience and proactively address ESG-related challenges.

2024 Partner ESG Competency Building Activities



ESG Risk Management Activities of Partners

Safety

Occupational Safety and Health Education

LOTTE E&C provides safety training from the initial deployment of safety managers to ensure rapid adaptation and execution at the site level. It has produced and distributed video content tailored to partners since 2022, and it has continuously expanded hands-on programs through safety experience centers. These initiatives aim to embed a culture of safety and health awareness within partner organizations.

Safety

Evaluation System for Partners' Health and Safety Capabilities

LOTTE E&C was the first in the construction industry to introduce an ESG-based safety and health competency assessment system for its partners and has established a collaborative framework to prevent serious industrial accidents. For high-risk trades such as earthworks and reinforced concrete work, newly registered partners are required to undergo an initial assessment conducted by the Safety and Health Headquarters. This is followed by ad hoc evaluations and biannual regular assessments to continuously monitor competency. To ensure a professional and objective evaluation of partners' safety and health management systems, LOTTE E&C works with credit rating agencies to classify partners into seven tiers. Partners rated in the lower tiers (Grades 5–7) or those with three or more serious or general accidents are restricted from bidding. Conversely, the top 5% of Outstanding Partners receive a range of incentives, including priority contract consideration, eligibility for negotiated contracts, safety personnel wage support, awards, and additional evaluation points. By identifying potential serious accident risks from the bidding stage, LOTTE E&C preemptively prevents incidents and plans to expand this evaluation system to cover additional work categories in the future.

Partner Risk Management

Environment Environmental Risk Management

LOTTE E&C conducts pre-assessments of significant environmental risks for partners involved in high-risk construction activities. There were no major environmental violations that led to the termination of partnerships in 2024.

Raw Materials Raw Materials Risk Management

LOTTE E&C is diversifying its sources of supply for key construction materials such as steel, cement, and ready-mix concrete to ensure stable procurement. By strengthening cooperation with partners, the company aims to prevent construction halts and delays in project completion caused by disruptions in the supply of essential raw materials. In addition, LOTTE E&C establishes site- and time-specific procurement strategies to systematically manage the risk of supply interruptions.

Ethics Promoting a Culture of Ethical Management

Upon contract execution, LOTTE E&C collects Ethical Compliance Pledges from all partners to prevent unethical behavior. Ethical practices are reflected in regular partner evaluations. If unethical conduct is identified, disciplinary measures and point deductions are enforced in accordance with pre-established guidelines. LOTTE E&C also hosts annual training sessions led by external experts to promote fair trade and ethical practices among employees and partners.

Human Rights Prohibition of Forced and Child Labor

LOTTE E&C strictly prohibits all forms of forced and child labor across its operations. The company ensures compliance with international human rights standards and applicable national labor laws, including minimum working age and living wage provisions. No significant risks related to forced or child labor were identified during the 2024 ESG partner self-assessments.

Partners Targets & Metrics

Shared Growth Management Indicators

LOTTE E&C is enhancing its ESG management system across the supply chain through shared growth with partners, aiming to cultivate a culture of ESG responsibility throughout the entire value chain. To this end, the company has established shared growth performance indicators, which are actively managed and incorporated into executive performance evaluations to ensure genuine, internalized practice.

Mid- to Long-Term Goals for Partner ESG Risk Management

LOTTE E&C continues to advance its annual partner ESG self-assessment framework to identify and mitigate potential or actual risks across its supply chain. Beginning in 2024, the company has been proactively assessing the latent ESG risks of strategically important Outstanding Partners. It plans to expand the scope of ESG risk diagnostics and due diligence by considering factors such as the size of its partners and their fulfillment of key indicators. Ultimately, evaluation outcomes will inform the company’s supply chain risk management strategy, enabling the realization of a truly sustainable and resilient supply network.

Status of Partner ESG Risk Assessment and On-site Inspection

2023	2024	2025
Developed an ESG self-assessment checklist for partners	Implemented the first written ESG self-assessment for partners	Advanced the partner classification system, expanded the scope of self-assessment, and established on-site due diligence plans

Goals of Partner ESG Risk Assessment and On-site Inspection

Step 1	Step 2	Step 3
Pre-Identification and Written Assessment	On-Site Inspection	Integration with Supply Chain Management Strategy
Conduct self-assessments to pre-identify potential risks within the supply chain	Perform on-site inspections for partners where ESG risks are identified based on the written assessment results	Enhance strategies and link activities to prevent and mitigate ESG risks in the supply chain

The Strength of New Spirit

Laying the Foundation for Shared Growth

The Highest Grade in Shared Growth Index Evaluation

LOTTE E&C, guided by the belief that “our partners’ competitiveness is our own,” has consistently strengthened its foundation for shared growth by fostering fair trade practices, operating practical support programs, and expanding welfare benefits for its partners. These efforts were recognized in 2023 when the company earned the highest rating in the Shared Growth Index evaluation conducted by the Shared Growth Committee. LOTTE E&C received high marks for its response to rising supply costs, financial support initiatives, and enhancement of partner employee welfare. In particular, the company voluntarily adopted a price indexation system to ease the burden from soaring raw material prices and joined the “Price Indexation Partner Program,” reinforcing fairness in transactions. In the area of welfare, LOTTE E&C has contributed to improving job satisfaction among partner employees by offering Outstanding Partners priority contracting opportunities, incentive payments, and long-service awards. Through these initiatives, the company continues to build a sustainable and collaborative partnership ecosystem. LOTTE E&C remains committed to strengthening its partnerships based on mutual respect and will continue to embody the spirit of “New Spirit” in its shared growth efforts.

2024 LOTTE E&C Shared Growth Evaluation Results

LOTTE E&C Shared Growth Strategies

Voluntary adoption of the Supply Price Indexation System

Participation in the Supply Price Indexation System

Operation of a KRW 72 billion Shared Growth Fund

Provision of interest-free loans to partners

Enhanced welfare for partner company employees (Outstanding Partner Awards)

2023 Shared Growth Evaluation (2024.10)

Most Outstanding Company

2024 Win-Win Management Construction Company of the Year (2024.12)

Grand Prize Winner

Minister of Land, Infrastructure and Transport Award

Outstanding Partner Management System and Expanded Incentives

Each year, LOTTE E&C recognizes the top-performing partners among those rated as “Excellent” by awarding them the Grand Prize or designating them as “Top Outstanding Partners.” These partners receive tangible benefits such as priority bidding opportunities, exemptions or reductions in performance guarantees, and access to training and business support programs. Since 2021, the company has expanded its rewards program for Outstanding Partners to further strengthen its foundation for shared growth. In 2024, a total of 95 partners were selected as Outstanding Partners, and their achievements were celebrated to underscore the value of collaboration. LOTTE E&C will continue to identify and cultivate competitive partners, leading the creation of a sustainable supply chain ecosystem built on mutually beneficial cooperation.



2024 LOTTE E&C Outstanding Partner Awards Ceremony

Outstanding Partner Benefits

Outstanding partner awards	Presentation of award plaques and signing of Shared Growth Agreements
Expanded contract opportunities	Priority given for bidding opportunities
Expanded exchange	Support for participation in the Outstanding Partners Council (LOTTE Partners)
Waiver or reduction of contract performance bonds	Waivers or reductions in performance bond requirements based on the number of times selected as an Outstanding Partner
Training and management support	Opportunities for domestic and overseas training and site visits for Outstanding Partner executives; priority support for employee training and management consulting in partnership with expert institutions
Financial support	Priority selection when applying for direct loan programs

Outstanding Partner Trends





Material IRO description

Relevant topic	Type	Significance of each issue	Corporate impact and risks, and opportunities	Management approach
<p>Strengthened regulations on human rights leading to improved working conditions and increased productivity for workers</p> <p>ESRS Topic Equal Treatments and Opportunities for All (S1)</p>	<p>O</p>	<ul style="list-style-type: none"> ▶ Strengthened laws related to the employment of construction workers are driving demand for improved on-site working conditions ▶ Hygiene and rest conditions for on-site workers are emerging as human rights issues beyond mere convenience ▶ Growing internal and external interest in ensuring workers' dignity and implementing human rights management 	<ul style="list-style-type: none"> ▶ Poor working conditions can lead to health deterioration, reduced efficiency, and workforce attrition ▶ Improving working environments can boost job satisfaction and productivity, leading to better project quality and stronger corporate credibility ▶ Proactively responding to institutional changes related to human rights can establish leadership in human rights management within the construction industry and enhance corporate value 	<p>Advancement of a monitoring system to strengthen Human Rights Management across the value chain</p> <ul style="list-style-type: none"> ▶ Enhance employees' awareness of human rights through training and support the internalization of a human rights culture ▶ Operate the Human Rights Management Council to identify and address human rights risks at project sites ▶ Conduct regular human rights impact assessments to evaluate management practices ▶ Integrate human rights management into corporate strategy to contribute to improving the overall human rights standards in the construction industry

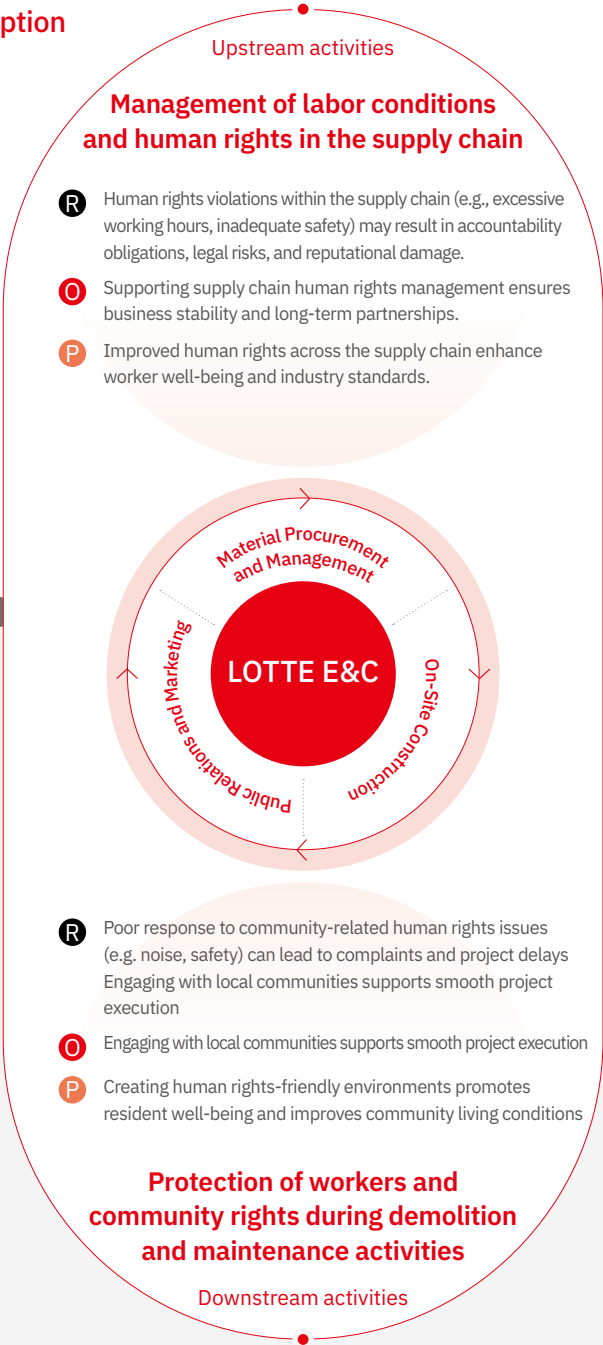
P (Positive Impact): Positive impact on society and the environment

N (Negative Impact): Negative impact on society and the environment

O (Financial Opportunity): Financial Opportunity

R (Financial Risk): Financial Risk

Value Chain IRO description



Human Rights Management Governance

Human Rights Management Governance

LOTTE E&C has established a Personnel Subcouncil to implement human rights management and systematically manage related risks and issues. This subcouncil conducts human rights impact assessments across a broad range of enterprise-wide matters, including labor rights, safety, environmental issues, supply chain practices, and information security. It also oversees the publication and management of the company's Human Rights Charter and Human Rights Policy, ensuring the continuous advancement of its Human Rights Management system. The Sustainable Management Committee defines strategic tasks to prevent human rights risks and regularly deliberates and approves activities to integrate human rights management into the company's operations. Since 2023, LOTTE E&C has conducted human rights impact assessments to identify and evaluate internal and external human rights risks. The results are reported to the CEO, and subsequent improvement measures are implemented to promote a corporate culture grounded in respect for human rights.

Human Rights Management Organization



Human Rights Charter

LOTTE E&C has established a Human Rights Charter grounded in international human rights principles and norms. Comprising 16 articles, the Charter articulates the company's commitment to respecting the human rights of all stakeholders and preventing human rights violations. To ensure the intent and content of each article in the Charter are well understood and followed, LOTTE E&C is providing human rights training to employees in 2025.

LOTTE E&C Human Rights Management Charter



Human Rights Management Policy

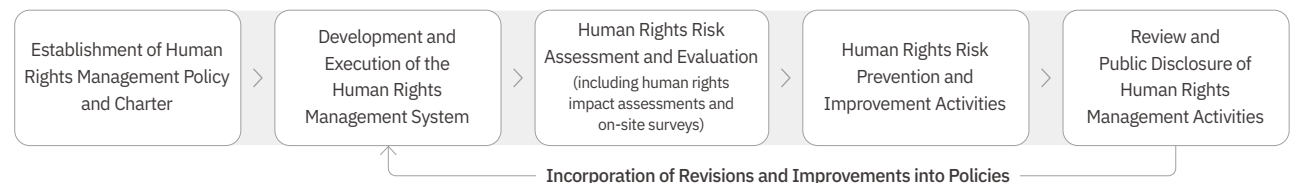
Reflecting the unique characteristics of the construction industry, LOTTE E&C has enacted a Human Rights Management Policy and ensures its company-wide dissemination and implementation. The policy adheres to key international human rights standards and norms,¹⁾ and mandates strict compliance with local labor laws in all countries and regions where business operations are conducted. The policy applies to all employees and encourages all stakeholders across the value chain to respect and support the principles it contains.

1) Universal Declaration of Human Rights, UN Guiding Principles on Business and Human Rights, International Labor Organization Core Conventions, OECD Due Diligence Guidance for Responsible Business Conduct, UN Convention on the Rights of the Child

Human Rights Management Process

Based on its Human Rights Policy and Charter, LOTTE E&C operates a structured five-step Human Rights Management Process to foster a culture of respect for human rights across the organization. This system is designed to proactively prevent risks of human rights violations and to drive continuous improvement. Going forward, the company will strengthen its enterprise-wide capabilities in human rights management, ensuring the rights of all stakeholders are protected through this robust process.

LOTTE E&C's 5-Stage Process for Human Rights Management



Human Rights Management Strategies

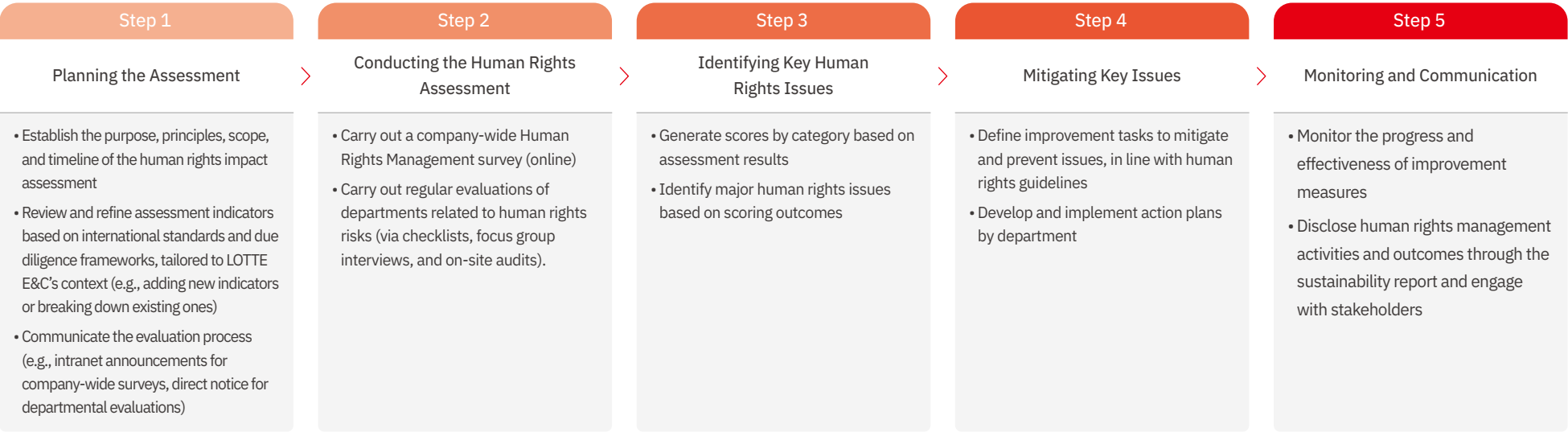
Human Rights Impact Assessment Framework

To systematically evaluate the potential human rights impacts of its business activities, LOTTE E&C conducts assessments of employees’ experiences regarding working conditions, discrimination, and other labor rights. The company has developed a Human Rights Self-Assessment Checklist in line with the UN Human Rights Due Diligence framework. Evaluations are conducted in parallel by internal staff and departments managing human rights-related risks. To ensure objectivity, credibility, and expertise, assessments are carried out by independent external institutions. Based on the results, LOTTE E&C strengthens its Human Rights Management system. Since launching internal human rights impact assessments in 2023, the company has annually identified areas for improvement and strategic action items, which are monitored and evaluated for effectiveness.

Human Rights Impact Assessment Directions

Category	Employee human rights management survey	Regular evaluation of human rights risk-related departments
Type	Online evaluation	Written evaluation
Frequency	Once a year	Once a year
Department	LOTTE E&C Human Rights Management Department	LOTTE E&C Human Rights Management Department
Target	All employees	Departments responsible for each human rights risk indicator
Method	Anonymous evaluation of all employees to assess the level of implementation of human rights management and identify any experienced human rights violations, enabling early detection and prevention of risks	Self-assessment conducted by the department responsible for each indicator, with improvement actions identified for vulnerable areas
Items	<ul style="list-style-type: none">• Level of human rights management system implementation• Efforts to prevent human rights violations• Response to human rights risks	<ul style="list-style-type: none">• Human rights management system Items• Non-discrimination in employment• Prohibition of child labor• Industrial safety assurance• Stakeholder protection
Total questions	24	166

Human Rights Impact Assessment Process



Human Rights Management Strategies

Human Rights Impact Assessment Results

Regular Evaluations of Departments Related to Human Rights Risks

Based on LOTTE E&C's comprehensive Human Rights Impact Assessment—comprising 10 indicators covering the company's full business scope—the final compliance rate across all evaluation criteria was 94.9%. The assessment was conducted for 14 departments using a self-assessment and evidence submission process. The highest achievement rates were recorded in the areas of “Non-discrimination in Employment” and “Ensuring Occupational Safety.” For areas with below-average achievement, action plans were developed to mitigate potential negative impacts of each issue. To further advance human rights management, improvement tasks were derived from the assessment results and will be actively implemented.

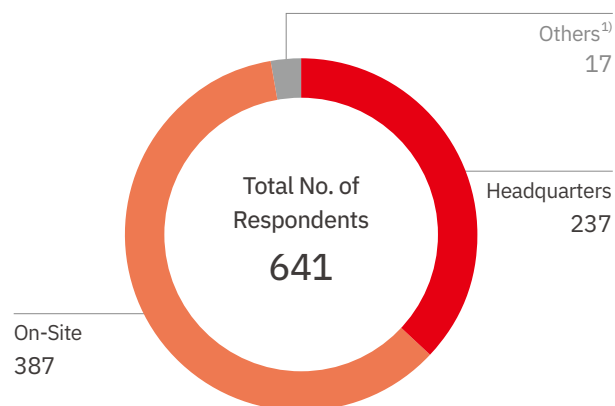
Identified Issues Requiring Improvement

Issue	Improvement needed	Action plan
Prohibition of child labor	Review formalizing internal regulations prohibiting the employment of minors, considering global operations	Specify preventive measures against child labor (e.g., education)
Responsible supply chain management	Strengthen partner company human rights violation prevention activities	Enhance partner code of conduct guidelines

Employee Human Rights Management Survey Results

To ensure the stable implementation and cultural integration of human rights management, LOTTE E&C conducted a status survey targeting all headquarters and on-site employees. In the first half of 2025, 641 employees responded. The survey introduced new items related to “Work–Life Balance Guarantee,” “Respect for Diversity,” and “Privacy Protection.” Additionally, questions assessing the maturity of the Human Rights Management framework—such as “Internal and External Declaration of Commitment” and “Understanding of Human Rights Management Activities”—were added to measure awareness levels. The results will serve as a basis for future human rights violation prevention activities and will inform improvements to human rights management training. Employee feedback will also help expand a corporate culture that values human rights.

No. of Respondents to the Human Rights Management Survey (Unit: 1 person)



1) Branches, corporations, business sites, etc.

Employee Human Rights Impact Assessment Categories

Item	Average score
Human Rights violation prevention efforts	Efforts to protect personal information
	4.21
	Prevention of workplace sexual harassment and assault
	4.08
	Protection of employee and partner company rights
	4.08
	Prevention of workplace bullying
	4.00
	Creation of a pleasant working environment
	3.94
Establishment of human rights management system	Guarantee of non-discrimination
	3.88
	Compliance with labor conditions
	3.86
	Work–life balance guarantee
	4.16
	Respect for diversity
	4.03
	Privacy protection
	3.96
Establishment of human rights management system	Human rights education to raise awareness
	4.17
	Notification of human rights management implementation
	3.88
	Identification of human rights risks and preparation of improvement measures
	3.83
Establishment of human rights management system	Provision of remedies for human rights violation victims
	3.83
	Internal and external declaration of commitment to Human Rights Management
	3.93
Establishment of human rights management system	Understanding of human rights management activities
	3.51

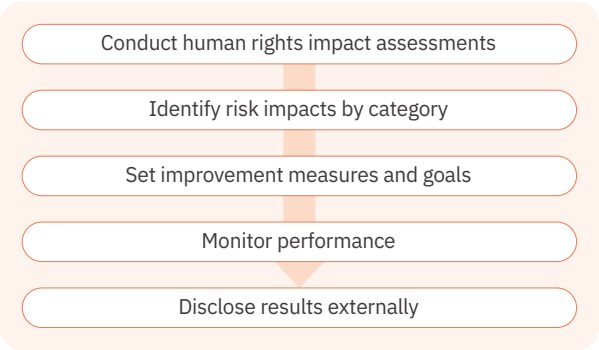
1 = Very low | 3 = Average | 5 = Very high

Human Rights Risk Management

Human Rights Risk Monitoring System

LOTTE E&C operates a system for monitoring human rights risks to protect the rights of all stakeholders and minimize related risks. Considering the complexity of construction sites—where multiple trades overlap—the company pays special attention to identifying risks for on-site workers. Regular human rights impact assessments, including industrial safety and health, are conducted to detect risk factors and incorporate improvements. Any violations of human rights laws or internal regulations result in appropriate measures, and ongoing monitoring helps prevent recurrence.

Human Rights Risk Management System



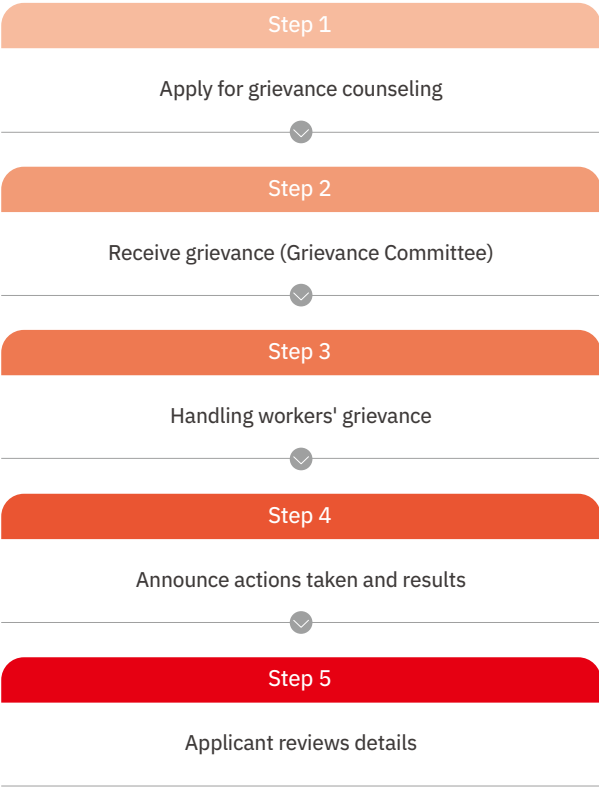
Improvement Actions from 2024 Human Rights Risk Assessments

Type	Area	Action
Regular evaluation of departments related to human rights risks	Responsible supply chain management	Expand 2025 partner ESG risk self-assessment coverage (including human rights in self-assessment questionnaire)
Employee human rights management survey	Provision of remedies for victims of human rights violations	Include detailed instructions on accessing and using remedy (grievance) channels in 2025 employee human rights education

Grievance Counseling Channel

LOTTE E&C operates a “Grievance Counseling Channel” so that employees who have experienced human rights violations or are at potential risk can immediately report the matter. This channel accepts grievances related to human rights violations such as job stress, dissatisfaction with working conditions, interpersonal conflicts, and workplace bullying, and the matters received are handled in accordance with relevant laws and internal procedures. In particular, to strictly protect the anonymity of whistleblowers and informants, all login and IP records are deleted upon receipt of a report, ensuring that no disadvantage is suffered. The grievances received through the grievance handling channel in 2024 were related to the working environment, with no cases of human rights violations, discrimination, or harassment. All matters received were 100% addressed through consultation with the grievance handling committee. If cases of human rights violations or discrimination are reported, LOTTE E&C immediately conducts an investigation, and if confirmed as fact, the grievance is processed through the personnel committee’s remedial procedures. The party concerned may submit opinions in writing or in person, and expert advice and legal interpretation are provided as necessary. The personnel committee deliberates on disciplinary measures, imposes appropriate sanctions on the respondent, and notifies the parties of the results, thereby completing corrective action. Furthermore, the company strengthens awareness training to prevent recurrence and continuously works to foster a healthy corporate culture.

Grievance Handling Process



Status of Measures Implemented in Response to Grievance

(Unit: Case, %)

Category	2022	2023	2024
No. of requests	23	21	21
No. of requests resolved	23	21	21
Resolution rate	100	100	100

Human Rights Risk Management

Employee Human Rights Protection Program

LOTTE E&C has operated the Heartful Supports Program since 2021 to promote employees' emotional well-being. The program is open to employees and their families (spouses and children), offering expert counseling and coaching on job stress, organizational conflict, health, emotional and personality concerns, child-rearing, financial management, and legal issues. It helps resolve psychological challenges and supports employees in leading healthier, happier work lives.

Creating a Discrimination-Free Work Environment

In line with its human rights policy, LOTTE E&C is dedicated to creating a discrimination-free workplace that values diversity. The company has implemented multi-lingual safety training and support measures for pregnant employees to foster an inclusive culture where all members are respected. Going forward, LOTTE E&C will continue to eliminate all forms of discrimination, enabling every employee to fully demonstrate their abilities.

LOTTE E&C's Respect for Diversity Activities

Activity	Target	Details
Education on essential safety rules for foreign workers	Foreign workers	Produced 61 essential safety rules, which are divided into 10 themes—general, equipment, civil engineering, framework, exterior finishing, electrical, etc.—and presented them in animation and cartoon format, providing translation in six languages.
Life-cycle welfare programs for childbirth and childcare	Employees	Mandated one month of paternity leave for men, introduced an automatic childcare leave system, provided childbirth congratulatory payments and gifts, and offered up to two years of childcare leave for women.
Childbirth congratulatory allowance	Employees	Provided KRW 500,000 for the first child, KRW 2,000,000 for the second child or more, and free Carnival vehicle rental for the birth of the third child or more.

Human Rights Management Targets & Metrics

Human Rights Management Performance Indicators

LOTTE E&C establishes and manages performance indicators related to human rights management to responsibly promote it and internalize it into corporate culture. As of 2023, we have monitored risks through human rights impact assessments and human rights management status surveys. We also establish and implement improvement measures for identified risks.

Key Performance Indicators

Establishment of a human rights management process and risk management

Establishment of human rights management policies and training

Human rights impact assessment and monitoring

Monitoring of the employee grievance handling channels

Mid- to Long-Term Goals for Human Rights Management

Starting with the enactment of the Human Rights Management policy in 2023, LOTTE E&C has established and is implementing mid- to long-term goals for Human Rights Management. We are building a system to continuously monitor the safety and health of employees while also supporting work-life balance. In addition, in line with the “UN Guiding Principles on Business and Human Rights,” we plan to gradually expand the scope of participation in human rights impact assessments.

Phased Implementation Tasks for Human Rights Management

PHASE I	PHASE II	PHASE III
Introduction Phase (2023) Establishment of a human rights management system	Integration Phase (2024~2025) Integration of human rights management	Advancement Phase (2026~) Internalization and expansion of human rights management
<ul style="list-style-type: none"> Identify human rights issues within the company Conduct a human rights management survey Conduct a human rights impact assessment Establish human rights management policies 	<ul style="list-style-type: none"> Build a human rights management system Establish human rights risk management process Conduct regular human rights risk assessments Diversify human rights education for employees 	<ul style="list-style-type: none"> Strengthen activities for preventing human rights risks Expand stakeholder communication Disclose human rights management outcomes externally

The Strength of New Spirit

Internalization of Human Rights Management and On-Site Practice

Employee Human Rights Education

LOTTE E&C conducts annual human rights education, including workplace sexual harassment prevention and disability awareness improvement, so that all employees can fully recognize the importance of human rights management. Starting in 2025, we implemented specialized human rights management training for all employees, consisting of three sessions delivered through card news and video content, aimed at spreading the concept of human rights management and enhancing awareness. Going forward, LOTTE E&C will strive to respect and protect the human rights not only of employees but also of various stakeholders related to the company.

Employee Human Rights Training Results

Average Completion Rate of Human Rights Training

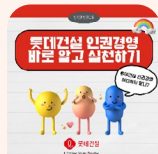
Human Rights Training Hours

88.4%

7,734 hours

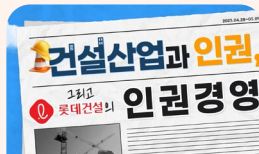
LOTTE E&C's Human Rights Education in the First Half of 2025

LOTTE E&C Human Rights Management: Understanding and Implementation



- Positive/negative impact of corporate activities on human rights
- Overview of the UN "Guiding Principles on Business and Human Rights"
- Detailed explanation of LOTTE E&C's human rights management policies

Construction Industry and Human Rights, and LOTTE E&C's Human Rights Management



- Key human rights issues in the construction industry
- Human Rights Management Risk Case
- Overview of the LOTTE E&C Human Rights Management System (including grievance handling process and in-depth system training)

Understanding the LOTTE E&C Human Rights Management Process



- Introduction to the LOTTE E&C Human Rights Management Process (charter, policy, human rights impact assessment, etc.)
- 2024 human rights impact assessment results (including improvement actions and external disclosure)

On-Site Human Rights Management Council

Through the 2024 Human Rights Management Status Survey, LOTTE E&C gathered employee opinions on on-site human rights management systems and training. Based on this, starting in 2024, we have operated an On-Site Human Rights Management Council for site managers to identify human rights risks and grievances at sites, while also providing human rights awareness training in parallel. A total of 76 people attended the council, discussing and seeking solutions for on-site issues such as air conditioning/heating installation, dust suppression, and transportation cost support. LOTTE E&C will continue to promote a safe and respectful working environment through practical support that reflects actual site conditions.

Employee Opinions on Human Rights Systems and Training¹⁾

System Enhancement

- Regular operation of anonymous reporting channels for human rights violations
- Operation of on-site counseling centers

Human Rights Training

- Perform both online and offline human rights-specific training
- Training tailored to the unique characteristics of the construction industry
- Regularly scheduled human rights training

1) Excerpts from employee subjective responses in the 2024 Employee Human Rights Management Status Survey

2024 On-Site Council Meetings

April

Busan Daeyeon District 3, 19 participants



June

Gwangmyeong 9R Redevelopment, 30 participants



Jamsil Miseong Clover, 27 participants



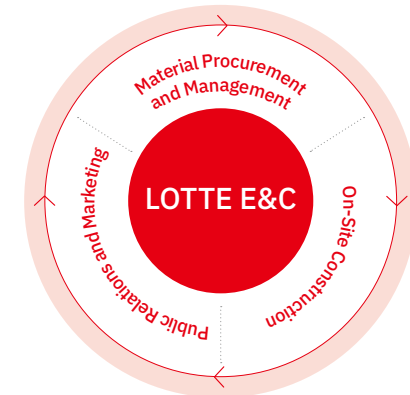


Value Chain IRO description

Upstream activities

Material production, transportation, construction, and partner management

- R** Material delivery delays, contract non-fulfillment, and construction disruptions leading to rework costs
- O** improvement through defect prevention in the design stage
- N** Potential durability reduction due to substandard materials



Downstream activities

After-sales service, maintenance, building remodeling, demolition, and recycling

- R** Insufficient maintenance capacity or delayed response leading to increased customer complaints and defect claims
- O** customer satisfaction and brand reputation, encouraging repeat purchases, securing long-term clients, and generating service-based revenue
- P** Providing safe building lifecycle management and customer-focused sustainable services

Material IRO description

Relevant topic	Type	Significance of each issue	Corporate impact and risks, and opportunities	Management approach
Financial risks from non-compliance of construction quality-related regulations ESRS Topic Personal Safety of Consumers and End-users (S4)	R	<ul style="list-style-type: none"> Strengthening of regulations such as the Construction Technology Promotion Act and the Building Act to ensure the safety and quality of buildings. Non-compliance may result in substandard construction, safety accidents, project delays, and direct administrative actions. 	<ul style="list-style-type: none"> Violations can lead to project delays, fines, and additional construction costs, causing financial losses. 	Company-wide collaboration to improve on-site quality standards. <ul style="list-style-type: none"> Promote standardization of operations and on-site quality improvements based on the ISO 9001 Quality Management System. Enhance quality levels across all sites through close collaboration between company-wide quality management teams.
Enhancing quality and trust through transparent information sharing ESRS Topic Personal Safety of Consumers and End-users (S4)	P	<ul style="list-style-type: none"> Transparency in construction information and quality assurance throughout the process is directly linked to customer safety. 	<ul style="list-style-type: none"> Ensuring consistency between design and construction improves building quality and builds customer trust. 	Systematic innovation across all processes. <ul style="list-style-type: none"> Conduct quality inspections, evaluations, analyses, and monitoring for each construction stage from groundbreaking to completion. Advance AI-based smart quality management systems to achieve construction quality innovation.
Contributing to improved housing quality through enhanced customer accessibility and satisfaction ESRS Topic Information-related Impacts for Consumers and End-users (S4)	P	<ul style="list-style-type: none"> Direct interaction with customers occurs in post-construction maintenance and repair stages. Poor customer service may damage brand reputation and trigger quality concerns in the construction industry. 	<ul style="list-style-type: none"> Implement a quality management system that enhances customer communication and meets corporate responsibilities. 	Customer-focused service operations. <ul style="list-style-type: none"> Expand service accessibility through the company's exclusive CASTLing brand for customer satisfaction. Improve customer accessibility and processing convenience via a mobile app-based defect management system.

P (Positive Impact): Positive impact on society and the environment
N (Negative Impact): Negative impact on society and the environment

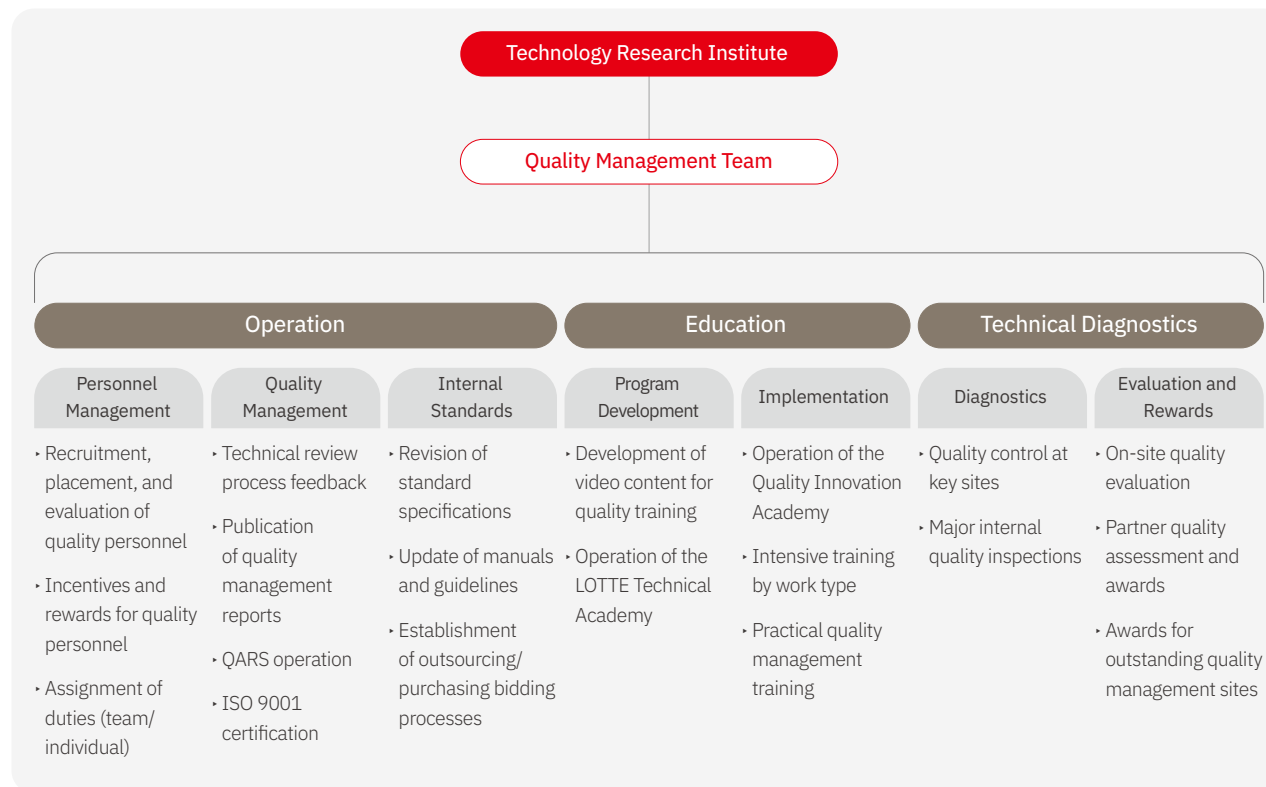
O (Financial Opportunity): Financial Opportunity
R (Financial Risk): Financial Risk

Quality Management Governance

Quality Management Governance

LOTTE E&C is committed to improving customer satisfaction by continuously improving on-site quality through an ISO 9001-based Quality Management system. To this end, the company has established and refined company-wide Quality Management guidelines to enable swift and precise quality control processes. Moreover, the Quality Autonomous Reporting System (QARS) has been implemented to strengthen proactive risk detection and accident prevention activities.

Quality Management Organization

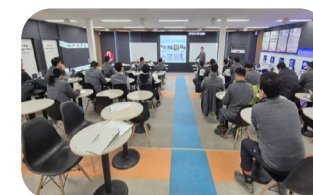


Establishment of a Quality Management Collaboration System

LOTTE E&C has established an integrated collaboration framework connecting company-wide quality management teams, quality councils, and on-site quality teams to raise the overall quality standards across all sites and systematically manage quality risks. The company-wide quality management team promptly communicates regulatory and institutional changes, while measuring and evaluating quality performance. The quality council shares quality-related issues, strengthens support systems, and develops joint training materials. On-site quality teams focus on quality management at the project level, applying standardized work guidelines and design/construction manuals. Beginning in 2025, LOTTE E&C will expand the QARS company-wide to minimize recurring risks and compile data on best and poor practices by work category for use in defect-prevention training.

Quality Management Roles by Department

Company-wide Quality Management Team	<ul style="list-style-type: none"> - Rapid dissemination of regulatory and institutional changes - Measurement and evaluation of performance based on the quality management system
Quality Council	<ul style="list-style-type: none"> - Sharing and resolution support for on-site quality issues - Joint development of training materials - Operation of quality inspection support systems - Implementation of quality management mentoring
On-site Quality Team	<ul style="list-style-type: none"> - Implementation of site-level quality management in accordance with company-wide guidelines - Review and application of design and construction manuals and guidelines - Improvement of technical and construction quality



Meeting of Quality Managers in the Southern Seoul Metropolitan Area

Quality Management Governance

Quality Management System Certification

Since first obtaining ISO 9001 (Quality Management System) certification in 1995, LOTTE E&C has consistently maintained the certification to date. By implementing systematic quality management and improving operational efficiency, the company has built customer trust and laid the foundation for sustainable growth. Regular internal and external audits are conducted to continuously improve the quality management process. LOTTE E&C further enhanced its technological competitiveness in 2024 by acquiring ISO 19650 (BIM) certification, which recognizes its design and construction capabilities based on 3D modeling.

Case Study

Acquisition of ISO 19650 Certification

In 2024, LOTTE E&C officially obtained ISO 19650 certification, acknowledging its global-level Building Information Modeling (BIM) management system and execution capabilities. This certification evaluates BIM information management, operation, and collaboration capabilities for various project stakeholders, including clients, prime contractors, and subcontractors. LOTTE E&C met the relevant requirements through its BIM standards and processes, project track record, and interviews. Going forward, LOTTE E&C will continue to strengthen standardized technologies, quality, and the expertise of its technical personnel across the entire design and construction process, leading sustainable innovation in the construction industry.



Quality Management Strategies

Quality and Environmental Management System

Quality and Environmental Management Policy

Enhancing Quality and Environmental Awareness to Prevent Risks and Satisfy Customer

Lotte Engineering & Construction has set the following management policy based on Management Efficiency, New Spirit, and will thoroughly implement it

- ▶ Establish a quality and environmental management system by clearly defining the roles and responsibilities.
- ▶ Improve existing quality management practices and strengthen construction quality tasks.
- ▶ Provide education to enhance employees' technical competence and develop outstanding talent.
- ▶ Establish a communication system to assess and resolve quality risks in advance.
- ▶ Achieve zero defects by ensuring compliance and upholding quality standards.
- ▶ Implement the seven major environmental principles to create eco-friendly construction site.

Quality and Environmental Management Goals

Quality·Environmental Risk ZERO!

Advancement Strategy

Advancement Task

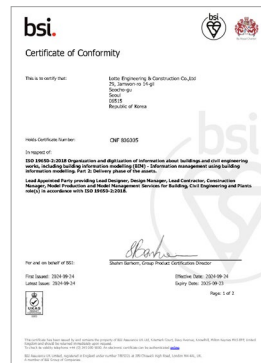
Enhancing Accountability (Goal setting and performance management)	Preventive Risk Management (Management of technical standards)	New Spirit Achievement (Breaking of existing work practices)
<ul style="list-style-type: none"> • Clarification of Quality Control Task • Implementation of Performance and Evaluation • Fostering through Training 	<ul style="list-style-type: none"> • Establishment of Quality Standards for Materials • Enhanced Pre-Construction Review • Quality Assessment and Support 	<ul style="list-style-type: none"> • Operation of Pre-Risk Assessment System • Reporting and Sharing of Issues • Establishment of Response Plans



ISO 9001 certification



ISO 9001 certification (Singapore PJT)

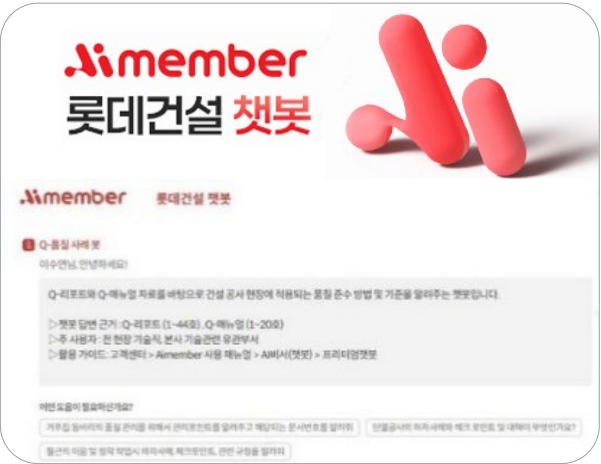


ISO 19650 (BIM) certification

Quality Management Strategies

Accelerating Digital Transformation in Quality Management through AI

To ensure consistency in quality standard management and facilitate the sharing of technical expertise, LOTTE E&C has introduced an AI-based chatbot system, marking a full-scale digital transformation. Built on Lotte Group’s AI platform, Aimember, the system delivers real-time access to various resources such as on-site construction cases, quality management standards, and manuals for work. This significantly reduces the time spent on complex document searches and enhances the efficiency of quality management tasks. Employees can now instantly retrieve necessary information without manually searching through extensive documentation, improving both efficiency and accessibility. Operated on a secure in-house server, the system minimizes the risk of data leaks. The chatbot is optimized for practical business use, surpassing even the latest GPT-4o model in field applicability, positioning LOTTE E&C at the forefront of advancing AI-driven smart quality management systems.



LOTTE E&C’s chatbot screen

Introducing AI-Based Insulation Design Review Technology

In collaboration with industrial AI specialist startup DOOAZ, LOTTE E&C co-developed INScanner, an AI-powered program for reviewing insulation designs, and applied for a patent in 2024. This system uses an AI model trained on insulation data to automatically identify and classify elements such as concrete walls, insulation materials, windows, and doors in uploaded design drawings, detecting any missing insulation. By automating a process that was traditionally carried out manually, the system is designed to both prevent defects and improve quality. The computer vision algorithm, trained on over 1,000 architectural insulation drawings, preemptively addresses potential issues such as condensation and mold while drastically reducing design review process, thereby improving practical usability. From 2025, LOTTE E&C will conduct beta testing of the INScanner at residential sites and plans to expand AI technology across the entire quality management system, continuing its drive for digital transformation and construction quality innovation.



“INScanner”, insulation design review program

Development of a New Generation Admixture

In line with the Ministry of Land, Infrastructure and Transport’s policy to strengthen the safety of construction structures by revising their quality and standard specifications, LOTTE E&C has developed a new generation of admixture that improves the compressive strength and workability of concrete. This marks the first case in Korea that successfully changed the main admixture ingredient, EOA (Ethylene Oxide Adduct), from VPEG (Vinyl-Polyethylene Glycol) to the new material EPEG (Epoxy-Polyethylene Glycol). The result is an over 10% improvement in compressive strength compared to conventional admixtures, along with approximately 10% reduction in water usage during concrete production. In the second half of 2025, LOTTE E&C will apply the new generation admixture to all sites, actively advancing quality management in construction operations.



Concrete test with the new generation admixture

Quality Management Strategies

Post-Completion Inspections

LOTTE E&C has developed Korea's first in-house AI-based construction specification Q&A and analysis platform and applied for a patent. Integrated with the company-wide Enterprise Content Management (ECM) system, the platform enables real-time sharing of technical information and know-how. As of December 2024, a total of 860 technical entries had been registered. This strengthens practical, field-oriented support and enhances technical capabilities for defect prevention and recurrence mitigation. Moving forward, LOTTE E&C will actively leverage AI technology to simultaneously advance technical sophistication and achieve quality innovation.

Operation of the LOTTE Technology Academy

To improve construction quality and secure cutting-edge technical capabilities, LOTTE E&C operates the LOTTE Technology Academy, focusing on strengthening technical competitiveness and cultivating experts. In particular, new training programs in BIM and AI-based smart construction have been introduced to cultivate smart technology specialists and expand their on-site application. The company will continue to invest in capacity building for both technical competitiveness and quality innovation, integrating quality management with corporate culture to strengthen sustainable construction competitiveness.

LOTTE E&C Construction Technology Academy Training Programs

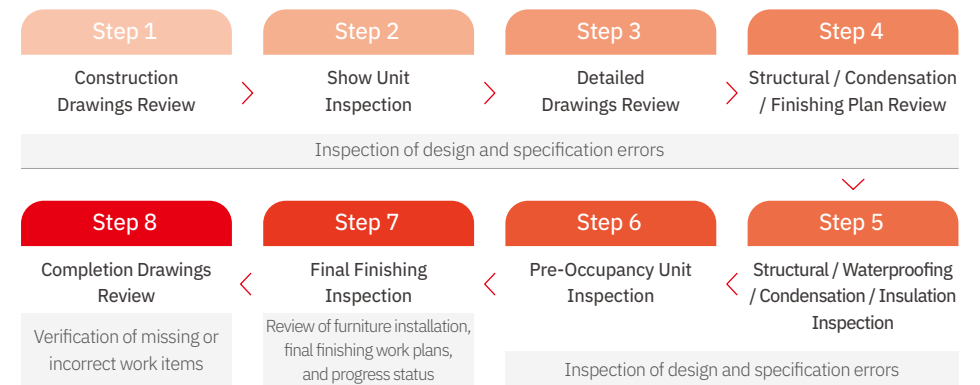
Program	Target	Content	Purpose
Quality management mindset training	All employees	Basic principles of quality management, promoting a culture that values quality	Foster shared understanding of and commitment to quality management
Quality Innovation Academy	All technical and quality/environment staff	Construction quality improvement strategies, case studies on quality issue response, professional competency enhancement (42 sessions total)	Enhance on-site execution capabilities and secure professional expertise in quality management
Smart construction expert program	Selected technical staff	BIM design fundamentals and applications, AI-based construction management technologies	Achieve quality innovation through smart technology adoption

Quality Risk Management

Quality Inspection Process

To deliver quality management that reflects customer needs, LOTTE E&C conducts stage-by-stage quality inspections, evaluations, analyses, and monitoring from groundbreaking to completion, based on its company-wide quality management system. At each stage, design document verification and final documentation reviews are carried out to preemptively eliminate potential risks. Any identified quality risks are stored in a database and linked with the Quality Autonomous Reporting System (QARS) to prevent recurring defects.

Residential Project Quality Inspection Process



2024 Quality Inspection Outcomes

Category	Task	Details	
Quality inspection	Show Unit Inspection	Geomdan New City 101, etc.	11 times
	Pre-Occupancy Unit Inspection	KT Guui Station area, etc.	15 times (155 improvement suggestions)
	Structural / Waterproofing / Condensation / Insulation Inspection	Magok CP1, Busan North Port, etc.	23 times (318 improvement suggestions)
	Final Finishing Inspection	Goyang Wondang 4, Yangsan Sasong, etc.	9 times (110 improvement suggestions)
Quality improvement	Defect Case Sharing	Key defect cases and countermeasures	3 times (shared across all sites)
Landscape management	Post-Completion Landscape Maintenance	Common residential projects completed between 2023 and 2024	11 sites (pruning, watering, pest control, weeding, and mowing)

Quality Risk Management

Operation of the CASTLing Customer Service Brand

LOTTE E&C’s customer satisfaction (CS) service brand, CASTLing, offers customized complimentary services for apartment residents under four themes: Festival, Class, Eco, and Clean. These services are designed to enhance customer satisfaction for each residential complex and will be further upgraded to strengthen brand value. Furthermore, the non-face-to-face CASTLing mobile after-sales (AS) application enables customers to easily submit defect claims and observe the processing status in real time, improving both accessibility and convenience.



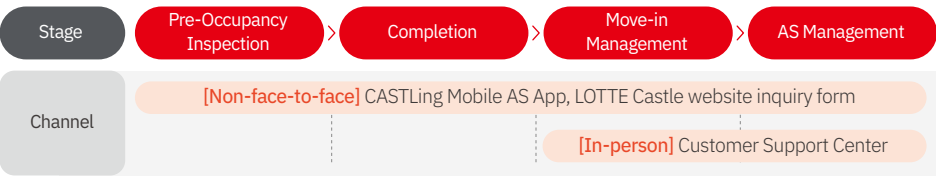
Non-Face-to-Face CASTLing Mobile AS Application

Customized Complimentary Services

Complaint Handling Process

LOTTE E&C operates multiple channels to listen to customers and resolve complaints promptly and effectively. Along with non-face-to-face submission methods, the company also provides in-person services through on-site visits and customer service centers to improve convenience. The mobile application, as a non-face-to-face channel, allows customers to attach photos when submitting defect claims, track progress in real time, and get prompt notifications of the results. LOTTE E&C will continue to enhance its communication systems to eliminate inconvenience and improve customer satisfaction.

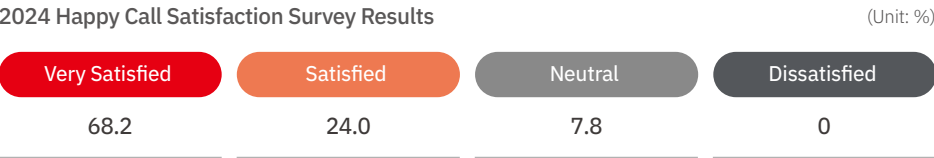
Complaint Handling Process



Quality Management Targets & Metrics

Customer Satisfaction Survey

LOTTE E&C regularly conducts surveys to measure customer satisfaction and identify complaints, converting the collected feedback into data to improve products and services. In the 2024 Happy Call satisfaction survey, results were recorded as Very Satisfied – 68.2%, Satisfied – 24%, and Neutral – 7.8%. The company continues to communicate in a courteous and transparent manner to improve customer satisfaction and will actively incorporate customer feedback into future product and service quality improvements.



Mid- to Long-Term Quality Management Goals

LOTTE E&C positions quality management as a core pillar of corporate competitiveness, strengthening its operational systems, establishing a preventive, on-site quality management framework, and enhancing its ability to respond to quality risks. Moving forward, the company will continue to innovate based on mid-to-long-term strategies to secure customer trust and build a sustainable quality management system in a rapidly changing construction environment.

Goal	1. Establishing a Quality Management System and Enhancing Capabilities	2. Strengthening Preventive Quality Management Systems	3. Building a Quality Risk Management System
Details	<ul style="list-style-type: none">Clearly define quality management responsibilities and implement a performance evaluation-based management systemDevelop and secure professional quality management personnel through systematic training	<ul style="list-style-type: none">Reinforce quality standards for key materials and strengthen pre-review procedures to prevent substandard construction.Implement comprehensive quality inspections and support to raise the quality level across all sites.	<ul style="list-style-type: none">Operate a pre-evaluation system for quality risks to establish a management frameworkShare quality issues in real time to enable prompt responses

The Strength of New Spirit

Achieving Customer Satisfaction Through Continuous Quality Management

Realizing Residential Value Together with Customers

Since launching the official LOTTE Castle YouTube channel, OK LOTTE Castle, in 2021, LOTTE E&C has used it as a communication channel to gather customer feedback and reflect rapidly evolving consumer expectations. In 2024, the company incorporated customer input into product and service improvements across 16 LOTTE Castle sites nationwide (approximately 17,000 households), working to embody the brand philosophy of “Build Home, Beyond House”—going beyond the physical structure of an apartment to provide a true sanctuary. LOTTE E&C will prepare a next-generation integrated design in 2025, based on customer feedback and proposing new lifestyle concepts. This aims to create “a sanctuary and residential culture style built together with customers.”

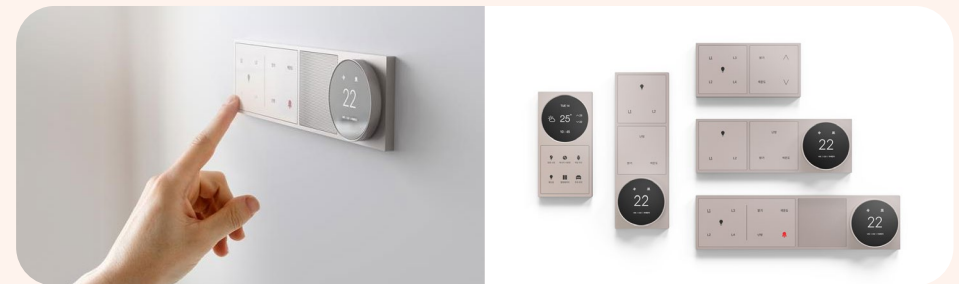
Customer-Centric Design Innovation

With the mindset of “building a home for our family,” LOTTE E&C applies its brand mission to all aspects of site selection, product development, quality, and services, driving customer-focused quality innovation across its business. The company’s Design Research Center developed the Total Design System (TDS)¹⁾ for utility facilities, enhancing both the convenience and aesthetics of in-unit lighting and heating controls. Responding to customer feedback and the latest trends, TDS achieves a refined design and harmonious spatial integration, earning the Bronze Award at the 2024 Good Design Awards for its innovative impact. LOTTE E&C will continue delivering solutions that merge technology and design, creating tangible value in customers’ daily lives and further strengthening its competitiveness as a sustainable residential brand.

1) Total Design Solution

Key Features

- 1 Upholds the LOTTE Castle design identity, ensuring harmony between interior spaces and wall elements while enabling consistent visual communication through minimal geometric forms for a unique aesthetic.
- 2 Built on an 80×80 unit configuration to maintain harmony, consistency, and flexibility across various interior settings.
- 3 Minimizes overall product size and bezel while enlarging the user interface for easier, more intuitive operation, enhancing the design-object look and the completeness of the integrated design.



LOTTE E&C’s Red Dot Design Award-winning work

Development of a Built-In Dehumidifying Air Purifier for Dressing Rooms

To enhance residential convenience and improve living environments, LOTTE E&C, in collaboration with Humaster, developed a built-in dehumidifying air purifier for dressing rooms. Using a desiccant-based air purification and dehumidification method, it effectively removes mold, odors, and bacteria while eliminating the need for condensate drainage, thereby preventing leakage and backflow. The ceiling-recessed design with built-in LED lighting improves space efficiency, while KC certification and accredited test results ensure safety. LOTTE E&C will continue to develop technologies that enhance resident satisfaction.

Characteristics of Desiccant Air Purifier and Dehumidifier

Previous

Heat pump method

The unit dehumidifies by passing humid air through cooling coils.

Current

Desiccant method

This method involves passing humid air through a specially engineered moisture-absorbing filter, followed by a heating cycle to deliver dry, clean air.

Built-In Dehumidifying Air Purifier





The Strength of New Spirit

Enhancing Quality Capabilities Through Advanced Technology Management

Quality Innovation Academy

Since 2005, LOTTE E&C has operated the Quality Innovation Academy annually, strengthening sustainable quality management across all project sites. Covering housing, building, civil engineering, and plant sectors, the program enhances quality capabilities through a diverse curriculum including CS quality improvement, defect prevention, and design guidelines. In addition to CS department specialists, instructors include technical experts from the R&D Center, Design Research Center, Housing Construction Division, and MEP Business Division, enabling the development of concrete, site-specific strategies for construction quality innovation. LOTTE E&C plans to continue evolving its training framework by integrating quality innovation with smart technologies.

2024 Quality Innovation Academy Participation



1,733 technical staff from across the company

2024 Quality Innovation Academy Curriculum

- | | |
|---|---|
| 1 | Construction methods for CS quality improvement |
| 2 | On-site practical quality management |
| 3 | Defects and technical information |
| 4 | Trade-specific design guidelines |
| 5 | Recent defect litigation issues |



Introduction to the Smart Construction Management System

LOTTE E&C, in collaboration with LOTTE Innovate and Chaeum Solution, has developed and implemented a Smart Construction Management System to improve construction quality and productivity. This system provides customized, integrated management functions for all housing sites, enabling staff to transparently share real-time construction progress. It offers an intuitive view of complex construction processes and unit-specific option work status and is linked with the company's ERP system LENCIS, allowing for remote monitoring and efficient work order management. The system also strengthens real-time communication with clients and partners, further enhancing sustainable quality management capabilities. In compliance with Seoul City's public works policy, all construction processes at Seoul sites are video-recorded for thorough safety and quality management, with the practice extended to the private sector since 2023.

Expected Benefits of the Smart Construction Management System

Streamlined management processes

Data-driven construction monitoring

Simplified unit option management

Improved work order management

Sharing of progress with clients and partners



Enables real-time sharing
of construction status with
partners through the portal
and mobile application

Establishment of the AGI Task Force Team (TFT)

LOTTE E&C launched the AGI Task Force Team (TFT) in 2024 to enhance construction quality using AI. The team is focusing on automating tasks, securing smart AI technologies, and exploring new AI service businesses. To support these goals, the company signed a technology development MOU with Microsoft Korea and is conducting technology workshops leveraging the MS platform, thereby strengthening collaborative networks with partners. LOTTE E&C will accelerate its digital transformation to further reinforce its quality competitiveness.

ESG Performance

New Spirit is LOTTE E&C's approach to practicing ESG management, representing our unwavering commitment to a sustainable future.

82 Planet

90 Society

97 Prosperity

Planet

- 082 Minimizing Environmental Impact
- 084 Resource Management
- 086 Biodiversity Management

Minimizing Environmental Impact

Environmental Management System

LOTTE E&C continuously advances its environmental management framework by renewing its ISO 14001 Environmental Management System certification each year. In line with ISO 14001 standards, the headquarters consolidates and analyzes environmental issues from each business site, identifying and assessing potential environmental risks at each project stage in advance to ensure prevention-focused management. Environmental laws and regulations are distributed to all sites, where appropriate response measures are implemented for high-risk tasks. To strengthen synergies between environmental and quality management, the Quality Management Team at the Technical Research Institute is responsible for environmental operations. The company has revised its Quality and Environmental Management Policy to enhance employees' sense of responsibility and actively implement risk prevention measures.

Environmental Management Framework

Based on the ISO 14001 Environmental Management System

Plan

- Identify environmental impacts
- Assess each environmental impact item
- Set environmental objectives
- Establish improvement plans

DO

- Clarify organizational roles and responsibilities
- Provide environmental training
- Establish daily environmental work systems
- Implement emergency response systems

Check

- Monitoring
- Evaluation
- Internal assessment
- Management review

Action

- Execute corrective actions for nonconformities
- Drive continuous improvement

Environmental Management Organization

To implement structured environmental management, LOTTE E&C assigns overall ESG responsibilities to the Strategic Planning Division, while environmental management is overseen by the Technical Research Institute. The company develops guidelines to ensure legal compliance, provides training for environmental managers, and promotes the development and application of eco-friendly technologies. Enhanced environmental data management supports the company's step-by-step journey toward carbon neutrality.

Environmental Management Charter

Guided by the LOTTE Group Environmental Management Charter, LOTTE E&C is committed to contributing to sustainable social development and improved quality of life by integrating environmental values into its business operations. This includes strict compliance with environmental laws, the establishment of an environmental management system, and active efforts to minimize pollutant emissions.

 LOTTE Group Environmental Management Charter

Environmental Management Policy

Based on the 2025 management policy, New Spirit, LOTTE E&C has updated and implemented its Quality and Environmental Management Policy. The company reinforces performance management and job-specific training to strengthen employee responsibility, and conducts enhanced pre-construction reviews to prevent risks. Additionally, it has established the Seven Environmental Principles to ensure eco-friendly construction sites.

 LOTTE E&C's 2025 Quality and Environmental Management Policy

Minimizing Environmental Impact

Compliance with Environmental Laws

LOTTE E&C rigorously complies with domestic environmental laws by regularly monitoring relevant regulations and notifying project sites of any legislative updates to ensure timely implementation. Through regular evaluations (internal audits) and early-stage construction support, the company has addressed legal compliance risks and expanded on-site support. As a result, in 2024 there were no cases of corporate environmental law violation.

Environmental Law Compliance Strategies

Regulation	Response Strategy
Framework Act on Carbon Neutrality and Green Growth for Coping With Climate Crisis	Following its designation as a target company under the Greenhouse Gas Target Management System in 2024, LOTTE E&C has verified Scope 1 and 2 emissions for the 2022-2024 period to ensure data integrity. The company is also voluntarily calculating Scope 3 emissions to enhance its greenhouse gas management capabilities.
On-Site Environmental Regulations (Noise/Vibration, Air, Water, etc.)	In compliance with applicable regulations, LOTTE E&C manages fugitive dust generated during construction and ensures wastewater from site offices and cafeterias is treated through septic tanks and treatment facilities to minimize environmental impact.
Wastes Control Act	All waste generated at construction sites is managed in accordance with the Construction Waste Recycling Promotion Act and internal management standards. On-site waste storage facilities are mandatory, and processes for waste separation, sorting, and storage are continuously improved.

Environmental Impact Assessment & Management

For all projects, LOTTE E&C prepares and manages an Environmental Management Plan at the start of construction, taking into account surrounding environmental conditions and project-specific characteristics. Based on this plan and government reporting requirements, the company installs and operates pollution reduction facilities, updates management targets according to process changes, and applies tailored environmental guidelines for air, noise, vibration, water quality, and waste to minimize environmental impact. Environmental impact assessments form the basis for mitigation measures, which are implemented and monitored at each site. A dedicated environmental manager is appointed at every project site to supervise risk management. The headquarters conducts guided inspections during the early construction phase to strengthen site-level environmental management capabilities.

Environmental Data Management

LOTTE E&C systematically manages key environmental data — including waste, greenhouse gas emissions, and water usage — through its in-house ERP system, thereby improving both the reliability and efficiency of managing environmental data generated across multiple sites. To enhance data accuracy, greenhouse gas and water usage input guidelines are distributed to each site, and site managers enter key environmental performance data into the system on a monthly basis. The company also operates an Environmental Management Status Registration System, which enables pre-registration of regulatory reports and environmental facility installation status, thereby strengthening proactive response capabilities. In addition, biannual environmental management self-inspections led by the LOTTE Group help maintain the objectivity and credibility of the company's environmental data management system.

Environmental Performance Evaluation

LOTTE E&C monitors site-level environmental performance and identifies areas for improvement through evaluations led by the Quality Management Team of its Technology Research Institute. During regular inspections, the environmental management status of each site is assessed, with results reflected in department-level Key Performance Indicators (KPIs). Annual records of external awards and environmental regulation violations are also factored in, and the combined score is applied to the site's Balanced Score Card (BSC)¹⁾ evaluation. By incorporating these results into the BSC, the company encourages active environmental management. Each year, the top two sites are selected as Outstanding Environmental Management Sites and receive awards. Furthermore, to promote voluntary environmental improvement initiatives, LOTTE E&C participates annually in the Construction Environmental Best Practices Contest hosted by the Korea Construction Environment Association, awarding additional BSC points for prize-winning entries.

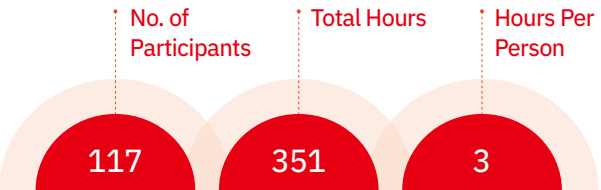
1) Balanced Score Card: A performance management system that derives and manages performance indicators based on an organization's vision and strategic objectives across four perspectives — financial, customer, internal processes, and learning & growth.

Minimizing Environmental Impact

Employee Environmental Training

LOTTE E&C conducts annual environmental training programs for on-site environmental practitioners to strengthen environmental management capabilities. The training—delivered on-line—covers topics such as environmental management issues, updates to environmental laws and regulations, precautions for installing and operating environmental facilities, legal violation cases, and the operation of environmental management systems. In 2024, a total of 117 employees participated, with 351 total training hours and an average of 3 hours per participant. Moving forward, LOTTE E&C plans to expand training to site personnel, partner company staff, and construction workers, with a focus on preventing environmental pollution and mitigating community environmental impact.

2024 Employee Environmental Training Outcomes



Sustainability Bond Issuance

In September 2021, LOTTE E&C issued KRW 40 billion in sustainability bonds. A post-issuance review was conducted by a credit rating agency in August 2022. Of the proceeds, KRW 30.2 billion was allocated to green bonds for environmental improvement projects, and KRW 9.8 billion to social bonds for projects with positive social impacts. 100% of the proceeds were used for eligible projects expected to deliver environmental and social benefits. The bonds were fully redeemed in September 2024.

Resource Management

Waste Management

LOTTE E&C manages all construction waste in compliance with the Construction Waste Recycling Promotion Act and strives to minimize waste generation. Construction waste is sorted at the source, and mandatory on-site waste storage facilities are operated to improve separation, sorting, and storage processes—key challenges in construction waste management. Recyclable waste is processed by specialized contractors to produce recycled aggregate and other materials. Construction work is carried out under strict plans to minimize waste generation. The company verifies proper disposal by checking monthly waste transfer and treatment records via the government’s Allbaro System. Monthly confirmed discharge volumes are entered into the company’s internal system, and aggregated semi-annually to determine the total volume. Since 2022, under a voluntary agreement with the Ministry of Environment, LOTTE E&C has committed to environmentally friendly waste treatment and expanded recycling efforts. Waste type, volume, and disposal methods are monitored through the internal system, and data-driven measures are taken to reduce emissions.

Domestic Business Site Waste Generation

(Unit: Ton, %)

Category	2022	2023	2024
Total waste generated	629,625	578,386	397,619
Total non-hazardous waste disposed	491	232	226
Total non-hazardous waste landfilled	8	7	99
Ratio of sites disclosing waste emission data	100	100	100

Hazardous Waste & Oil Management

To prevent environmental impact from hazardous waste such as waste oil and paint, LOTTE E&C operates dedicated storage facilities. The base of each facility is coated with an impermeable material and further protected with absorbent sheets or pads to ensure strict control over potential leaks.

Wastewater Discharge Management

LOTTE E&C does not operate its own wastewater treatment plants, but manages discharge in compliance with legal standards. For tunnel construction, where wastewater may contain high alkalinity (pH) and suspended solids (SS), wastewater treatment facilities are installed and operated. Facility capacity is determined by expected wastewater volumes, with technical staff assigned to oversee operations. Furthermore, specialized contractors are engaged to ensure compliance and prevent water pollution.

Resource Management

Water Use Reduction Targets

LOTTE E&C sets clear reduction targets for water use during construction, managing consumption at the intake, usage, and discharge stages. Water use is monitored using site-level input guidelines, and groundwater generated during construction is reused—following reporting procedures—for dust suppression and wheel washing. The company will continue to raise awareness of water conservation and explore more effective management.

Raw and Sub-Materials Management

The volume of raw and sub-materials used in LOTTE E&C projects depends on design specifications and construction progress. Any design changes are reflected during the process to ensure that material usage aligns precisely with final approval amount.

Water Resource Management

LOTTE E&C sources water through municipal water suppliers and therefore does not maintain large-scale water storage facilities at its sites. Nevertheless, the company systematically manages the entire process — from water intake to use and discharge — to prevent environmental pollution. In particular, during construction, purification facilities are installed, regularly inspected, and cleaned to prevent excessive sediment runoff caused by rainwater or groundwater inflow. When turbid water is generated, suspended solids are settled before discharge, ensuring thorough water quality control. Sedimentation facilities are also installed on-site to capture soil and sand produced during construction, with sediments removed regularly to facilitate the release of clean water. Wastewater from site offices, cafeterias, and other facilities is treated through septic tanks and wastewater treatment systems. Maintaining a clean work environment also contributes positively to improving both construction efficiency and site safety.

Effectiveness of On-Site Sedimentation Facilities

Reduces turbid water discharge to protect water quality and ecosystems



Recycles treated water to conserve resources

Air Pollutant Management

LOTTE E&C was recognized as an Outstanding Construction Company in the Seoul Eco-Friendly Construction Site Evaluation and received a commendation from the Mayor of Seoul. This recognition was based on participation rates and compliance levels across 193 sites managed by 22 companies, as reviewed by the Seoul Construction Review Committee. The company remains committed to minimizing fugitive dust emissions and contributing to environmentally friendly construction practices.



Outstanding Construction Company Awards Ceremony

Noise Management

When operating high-noise equipment and machinery, LOTTE E&C installs portable air-type noise barriers to minimize impact. Noise level displays are mounted on barriers to monitor levels and ensure compliance with legal limits. Prior to construction, community briefings are held to inform residents about potential noise and vibration. If noises are expected to be significant, construction methods are modified to minimize infringement on residents' rights before work proceeds.

Biodiversity Management

Biodiversity Management Governance

LOTTE E&C works to minimize potential impacts on ecosystems during business operations by swiftly assessing both direct and indirect effects on the natural environment (e.g., topographical changes, disruption of flora and fauna) and the living environment (e.g., air quality, water quality, noise, and vibration). Based on environmental impact assessment results, the company establishes responsive action plans to protect biodiversity. The Sustainability Management Secretariat oversees biodiversity-related initiatives across business divisions, ensuring an integrated approach. LOTTE E&C discloses the status of legally protected species and fulfillment of protective measures at key sites through its Sustainability Report.

Biodiversity Risk Management Framework

Using LEAP analysis, LOTTE E&C identifies actual and potential biodiversity risks concerning protected species and areas, and implements mitigation measures through a structured risk management system. Improvement measures for risk mitigation are reflected in project-specific execution plans and systematically executed. When necessary, the company works with local communities and stakeholders to minimize adverse impacts on natural capital through additional measures. The implementation status of these measures is monitored regularly, with results reported to management for integration into business decision-making. Key updates are transparently shared with employees and stakeholders via the Sustainability Report, reinforcing corporate accountability for biodiversity conservation.

Biodiversity Risk Management Process



Biodiversity-Related Environmental Impact Assessment

Prior to initiating a project, LOTTE E&C conducts environmental impact assessments to identify biodiversity-related risks in areas surrounding the site. Based on the findings, the company establishes and executes detailed measures such as habitat protection and relocation plans.

Environmental Impact Assessment Process

	Pre-Review	Environmental Impact Assessment	Monitoring
Business Owner	Develop business plan, and prepare environmental impact assessment documentation	Collect opinions from residents and relevant organizations, and submit assessment report	Notify stakeholders of assessment outcomes
LOTTE E&C	Understand project outline, including business type and development area	Describe opinions on biodiversity and natural capital	Monitor biodiversity and natural capital issues

Biodiversity Policy Development

LOTTE E&C identified biodiversity conservation as one of its core environmental issues in 2025. To address this, the company developed a Biodiversity Protection Policy reflecting global standards such as the Convention on Biological Diversity (CBD), the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), and the IUCN Protected Areas Management Guidelines. The policy also aligns with the goals of the Kunming–Montreal Global Biodiversity Framework (GBF). The policy applies to all LOTTE E&C employees, subsidiaries, and partners across the value chain, setting clear behavioral standards for biodiversity conservation and habitat protection throughout all project phases. At the site level, environmental regulations are strictly observed, and project designs and construction methods are reviewed to preserve local topography and biodiversity. LOTTE E&C aims to achieve No Net Loss of biodiversity from its business activities and to transition toward a Net Positive Impact by 2050 through continuous improvement and supplementary measures.

Biodiversity Policy Structure

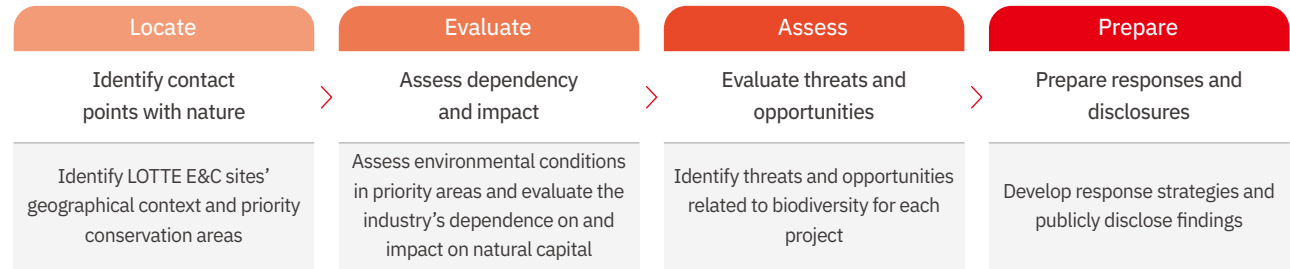
I. Overview of Biodiversity Management
II. Principles of Biodiversity Management
III. Education and Capacity-Building Measures
IV. Biodiversity Risk Management

Biodiversity Management

Biodiversity Risk Analysis

LOTTE E&C proactively addresses environmental risks in the construction industry by quantitatively analyzing its dependence on natural capital and the impact of business activities on biodiversity. To evaluate the environmental impacts of business activities such as land-use changes, topographical alterations, and habitat fragmentation, biodiversity risk assessments were conducted for six major domestic civil engineering sites in 2025. The assessment referenced the World Wide Fund for Nature (WWF) Biodiversity Risk Filter and the Taskforce on Nature-related Financial Disclosures (TNFD) framework to review each site's dependence on and impact on natural capital. Using the Integrated Biodiversity Assessment Tool (IBAT), the analysis identified the presence of IUCN Red List species, protected areas, and ecologically valuable zones within a 50 km radius of each site. The findings will be shared with relevant departments and incorporated into the company-wide risk management process. They will also be used in strategic decision-making for design improvements based on environmental sensitivity, the development of biodiversity conservation plans, and the application of construction methods that minimize ecological damage. Going forward, LOTTE E&C plans to expand biodiversity risk assessments to all business divisions, laying the groundwork to achieve Net Positive Impact by 2050.

LEAP Approach to Biodiversity Management



Locate

LOTTE E&C conducted an analysis using the Integrated Biodiversity Assessment Tool (IBAT) to identify the level of natural capital risk exposure in areas where its major domestic civil engineering projects are located. Based on four indicators — the distribution of internationally and domestically endangered species, protected areas, and key biodiversity areas within a 50 km radius of each site — the company assessed the risk level by determining whether each indicator exceeded the median value. As a result, Gimje and Yeosu were identified as having high exposure to natural capital-related risks, with three indicators exceeding the median. These areas were therefore classified as requiring proactive consideration of ecological impacts during project execution.

Natural Capital Risk Exposure by Region

Region	Biodiversity				
	IUCN ¹⁾	Endangered Species ²⁾	PA ³⁾	KBA ⁴⁾	Risk Level ⁵⁾
Jinju city	165	19	188	0	Moderate
Yesan county	137	24	83	4	Moderate
Gumi city	48	23	85	1	Very low
Gimje city	151	28	99	5	High
Gwangju city	148	1	150	4	Moderate
Yeosu city	168	35	167	1	High

- 1) No. of species listed as Near Threatened or higher on the IUCN Red List within a 50km radius.
- 2) Based on domestic city/county.
- 3) National conservation zones, Natura 2000 sites, Ramsar wetlands within a 50km radius.
- 4) Key Biodiversity Areas such as Important Plant Areas (IPA) or Alliance for Zero Extinction (AZE) sites within a 50km radius.

- 5) Risk level criteria.
 - Very low: Below the threshold in all categories
 - Low: At risk in 1 category
 - Moderate: At risk in 2 categories
 - High: At risk in 3 categories
 - Very high: Exceeds the threshold in all categories

Biodiversity Management

Evaluate

LOTTE E&C's civil engineering operations show a certain level of dependency on various ecosystem services and have a strong effect on environment during construction. An ENCORE-based analysis indicated that, while overall dependencies were not high, four out of 17 indicators under Regulating and Maintenance Services scored above 3.5. Due to the nature of civil engineering—often involving the development of infrastructure in undeveloped areas—there is relatively high reliance on services such as rainfall pattern regulation, flood mitigation, and storm mitigation. The analysis also identified potential environmental impacts during construction, including Disturbances (e.g., noise, light), emissions of toxic pollutants to water and soil, and area of freshwater use. LOTTE E&C plans to create project plans that take into account the ecological functions and environmental capacity of the project area, incorporating environmental impact assessment and mitigation strategies from the design stage.

LOTTE E&C Dependency and Impact Indicators

Category	Indicator	Relevance to Civil Engineering Activities	Dependencies/Impact
Dependencies	Cultural Services		0
	Provisioning Services		0.75
	Regulating and Maintenance Services ¹⁾		1.9
	- Rainfall Pattern Regulation Services	Risk of flooding due to drainage design failure and heavy rainfall	4.6
	- Soil and Sediment Retention Services	Potential landslides or ground subsidence causing work stoppages and safety hazards	3.8
	- Flood Mitigation Services	Increased risk of lowland flooding and equipment damage due to weakened natural buffer functions	3.8
	- Storm Mitigation Services	Reduced resilience to strong winds, leading to structural damage and project delays	3.8
Impact ¹⁾	- Disturbances (e.g. noise, light)	Habitat disruption and biodiversity loss caused by construction noise and artificial lighting	4.6
	- Area of Freshwater Use	Large-scale water withdrawal leading to aquatic ecosystem changes and local water depletion	4.6
	- Emissions of Toxic Pollutants to Water and Soil	Wastewater and contaminated soil discharge causing water and soil pollution	3.8

1) To identify factors closely linked to LOTTE E&C's civil engineering activities, only indicators scoring 3.5 or higher were recorded.

Assess

WWF Risk Filter analysis of six LOTTE E&C civil engineering sites identified potential physical risks scoring above 3.5 in the categories of “Mitigation Services” and “Pressures on Biodiversity.” The company recognizes both its reliance on climate and disaster mitigation functions and the risk levels of these regions, and will strengthen its capacity to manage natural capital risks through closer monitoring and proactive management. In addition, some indicators, such as Environmental Factors, showed potential reputational risks scoring above 3.5. LOTTE E&C is responding responsibly by building trust with stakeholders and ensuring transparency in disclosing how its operations affect ecosystem functions. Going forward, the company will combine these findings with environmental impact assessment results to focus on regions with high natural capital dependency. Planned measures include the introduction of nature-based solutions such as habitat restoration, flood buffer zone creation, and vegetation-based erosion control in design. The company also plans to strengthen cooperation with local communities and stakeholders, embed natural capital considerations into decision-making across the value chain, and fulfill its social responsibility commitments.

Biodiversity Impact Assessment Results¹⁾

Region	Physical Risk						Reputational Risk			
	Total	Provisioning Services	Regulating & Supporting Services - Enabling	Regulating Services - Mitigating	Cultural Services	Pressures on Biodiversity	Total	Environmental Factors	Socioeconomic Factors	Additional Reputational Factors
Gwangju city	3.5	3.25	2.5	3.5	1.5	4.17	3.62	3.12	2.88	4.12
Gumi city	3.88	2.85	2.75	3.88	1.5	4.08	3.25	3.5	2.88	3
Gimje city	3.5	3.5	2.5	3.5	1.5	3.75	4.06	4	2.88	4.12
Yesan county	3.75	3.25	2.5	3.75	1.5	4.5	3.19	3.38	2.88	3
Yeosu city	3.5	3.5	2.25	3.5	1.5	3.71	3.88	3.62	2.88	4.12
Jinju city	3.5	3.5	2.5	3.5	1.5	3.71	3.88	3.62	2.88	4.12

1) Risk level criteria.

1.0 <= x <= 1.8

Very low risk

3.4 < x <= 4.2

High risk

1.8 < x <= 2.6

Low risk

4.2 < x <= 5.0

Very high risk

2.6 < x <= 3.4

Medium risk

Biodiversity Management

Biodiversity Conservation Activities

LOTTE E&C identifies the ecological characteristics, flora, fauna, and overall ecosystem conditions in areas surrounding its project sites through environmental impact assessments. This process enables the company to identify key protected species, uses naturalness for assessing the impact of protection on the quality of ecosystem, and detect invasive species. Based on these findings, LOTTE E&C establishes management measures to minimize impacts on natural ecosystems. In 2024, the company implemented protective measures for identified species based on monitoring results, and conversation of biodiversity disclosure via the Environmental Impact Assessment Information System.

2024 Biodiversity Conservation Achievements¹⁾

Site	Birds	Mammals	Fish	Amphibians/Reptiles	Plants	Conservation activities
Jinju District	Common Kestrel (N), Oriental Scops Owl (N)	Eurasian Otter (I, N), Leopard Cat (II)	-	-	-	- Installed silt curtains - Installed otter protection signage
Seobu Inland Expressway	-	-	-	Su-weon Treefrog (I), Gold-spotted Pond Frog (II)	-	- Created and relocated to alternative habitats
Access Road to Gumi 5 Industrial Complex Section 1	Common Kestrel (N), Bean Goose (II), White-naped crane(II, N), Eurasian Goshawk(II, N), etc. (eleven species in total)	Eurasian Otter (I, N), Leopard Cat (II)	-	Korean rat snake(II)	-	- Created sandbars at wintering site annually - Installed silt curtains - Crated habitat - Planned installation of wildlife corridors and guiding fences
Saemangeum-Jeonju Section 2	Common Kestrel (N), Eurasian Spoonbill (II, N), Black-faced Spoonbill (I, N), Mandarin Duck (N), Bean Goose (II), etc. (six species in total)	Eurasian Otter (I, N), Leopard Cat (II)	-	-	-	- Installed temporary drainage channels and sedimentation basins - Installed wildlife guiding fences and dedicated ecological corridors - Installed temporary soundproof panels
Gwangju Urban Rail Section 2-1	Mandarin Duck (Natural Monument), Whooper Swan (II, N), Osprey(II), Common Kestrel (N), Long-billed Plover (II), Oriental Scops Owl (N)	Eurasian Otter (I, N), Leopard Cat (II)	-	-	Invasive species (Bur Cucumber, Common Ragweed, Canadian Goldenrod, Prickly Lettuce, Climbing Groundsel, Water Fingergrass, Barnyard Millet, etc.)	- Reduced dust and air pollutants - Avoided night work, and used low-noise, low-vibration equipment - Staged construction to encourage habitat migration - Avoided construction during rainy season
Yeosu Small-Scale Sewage Treatment Plant	Eurasian Sparrowhawk(II, N), Osprey(II), Common Kestrel(N)	Eurasian Otter (I, N), Leopard Cat (II)	-	-	-	- Used low-noise, low-vibration equipment - Reduced dust by sprinkling - Created temporary sedimentation facilities to prevent silt runoff

1) Data generation based on the Endangered species list

• N: Natural Monument / I: Endangered Class I / II: Endangered Class II

Society

- 090 Talent Management
- 093 Organizational Culture
- 094 Community Engagement
- 096 Strengthening Customer Communication

Talent Management

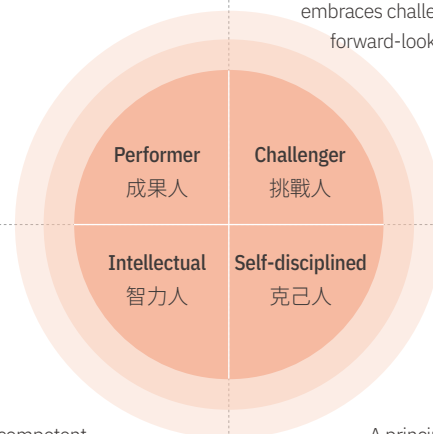
Talent Management System

LOTTE E&C is committed to discovering and nurturing global talent with passion and responsibility. These are individuals who develop their own capabilities and also contribute to the betterment of society. We operate a structured talent development system that empowers employees to create their future and grow into experts in their respective fields.

LOTTE E&C's Ideal Talent

A results-driven person who achieves goals and contributes to the company's growth

A resilient professional with autonomy, adaptability, and a global mindset who embraces challenges with a forward-looking attitude



A highly competent expert with deep knowledge in their field and a strong professional network

A principled person who adheres to core values and fundamentals with integrity and self-control

Talent Development System

New Employee Education Program

Group Orientation	Company Onboarding	Mentoring and OJT	RESTART
Focus on loyalty, professional mindset, creativity, teamwork, and a spirit of challenge	Foster a sense of belonging; provide understanding of the company's vision, strategy, and corporate social responsibility	One-on-one mentoring between new hires and mentors, and department-specific job training	Enhance confidence and a spirit of challenge through self-reflection and future planning

LOTTE E&C Employee Competency Enhancement Programs

Engineer Education	Global Talent Development	Competency Enhancement by Role/Rank	Self-Directed Learning Support
<ul style="list-style-type: none"> Technical job training Site manager training 	<ul style="list-style-type: none"> Global School Language proficiency programs 	<ul style="list-style-type: none"> Job-specific school Rank-based competency programs In-house instructor development 	<ul style="list-style-type: none"> e-Learning Tuition support

Talent Management Outcomes in 2024



Total training participants
3,860 persons

Total employee training cost
KRW 4,013 million

Average training investment per employee
KRW 1,039,637

Average training hours per employee
122 hours

Talent Management

Talent Recruitment

LOTTE E&C enhances flexibility and efficiency in its recruitment process through a variety of channels, including year-round hiring, campus recruiting, and Job-Cafés. The company ensures optimal placement of talent by matching individuals with specific projects and job functions. Hiring is conducted without discrimination on the basis of gender, region, or educational background. Selection is based on fairness, diversity, suitability, and job-specific expertise. A wide range of opportunities is available across both office and technical positions, and new hires are supported through mentoring and job-related training to help them fully realize their potential. In 2024, LOTTE E&C hired a total of 96 new employees and will continue to diversify its recruitment methods to attract outstanding talent.

Recruitment Process



Regional National University OJT Program

LOTTE E&C has operated a semester-long on-the-job training (OJT) program in partnership with regional national universities since 2022 to secure local talent and promote regional growth. OJT participants are eligible for a one-time exemption from application documents when applying for full-time positions after graduation.

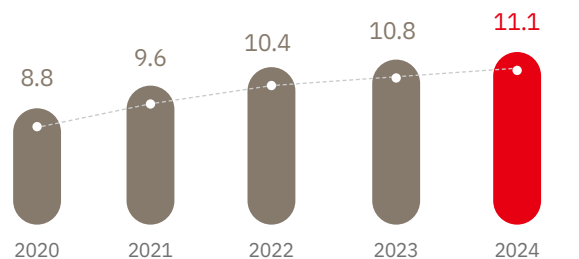
Inclusive Employment Practices

LOTTE E&C promotes creativity and innovation within the organization by implementing inclusive talent acquisition policies that prioritize diversity, equity, and inclusion. The company operates dedicated recruitment tracks for veterans eligible for special employment support and for individuals with disabilities. Since 2022, LOTTE E&C has introduced a remote work program for persons with severe disabilities, allowing them to work four hours a day from home. This initiative aims to improve employment rates for severely disabled individuals and to foster an inclusive workplace culture. In addition, the company is working toward a goal of achieving a 15% female employment rate by 2025 by maintaining the proportion of women among new hires at approximately 30% each year.

Inclusive Employment Practices

Youth	Persons with disabilities	Women
Special recruitment track for veterans eligible for employment support	Dedicated recruitment track for individuals with disabilities	Maintain 30% female new hires
Internship program in partnership with regional national universities	Remote work program for persons with severe disabilities	

Female Employee Ratio



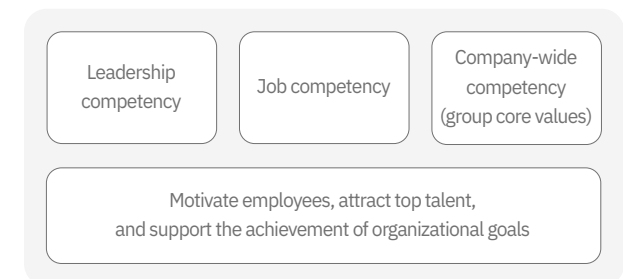
New Employee Welcome Program

LOTTE E&C operates a Welcome Program to support the early and successful onboarding of new hires. This program focuses on enhancing understanding of the company and helping employees adapt smoothly, covering topics such as company introduction, organizational structure, job roles, and major projects. Upon completion, the program is linked with department-specific training to further strengthen job-related expertise.

Employee Performance Evaluation

LOTTE E&C executes fair and transparent evaluations of employee performance and capabilities, forming the basis for a rational compensation system. The HR team carries out company-wide performance and competency evaluations twice a year, and results are reflected in promotions, compensation, and training opportunities. High performers are rewarded with spot bonuses and incentives. Since 2022, the company has implemented an individual salary system to reinforce performance-based compensation, and in 2023, differentiated salary increases based on performance were introduced to further solidify a performance-oriented culture.

Competency Evaluation Components



Talent Management

Leadership Assessment

LOTTE E&C conducts an annual leadership assessment program for executives, team leaders, and site managers to evaluate leadership styles and competencies. Initiated in 2014, the program finds leadership styles that align with job responsibilities and the business environment, aiming for balanced growth between the organization and its leaders. Each September, surveys are conducted on a mobile device or PC to assess both the leader's self-perception and team members' perceptions of leadership. The goal is to narrow the gap between these perspectives and to promote behavioral changes in line with team expectations. LOTTE E&C is committed to creating a more horizontal and flexible organizational culture by aligning leadership practices with employee needs.

Employee Competency Enhancement

To strengthen the future competitiveness of the organization, LOTTE E&C offers a range of training programs for employees to enhance their competencies. The HR team provides company-wide and position-specific training to help employees acquire the necessary skills based on their role and level. In addition, each business division conducts job-specific training to strengthen technical skills and share internal expertise. The company tracks "average training hours per employee" as a key performance indicator to encourage participation. Satisfaction surveys are also taken after each program to assess effectiveness and identify areas for improvement. LOTTE E&C will continue to expand support and build an educational environment that empowers employees to grow individually and contribute to the organization's competitiveness.

Key Employee Competency Enhancement Programs

Company-wide general training	<ul style="list-style-type: none"> - Statutory Mandatory Training - EZ Learning - External Training (e.g. multicampus, statutory engineer training, etc.)
Rank-based training	<ul style="list-style-type: none"> - ACP, ECP (formerly EMBA) for Executives - (Executive to S Grade) External Executive Programs - S/M Grade Group (Group mandatory) - S/M Grade Promotion Eligibility Programs (Group mandatory) - SA Promotion Training (In-house mandatory) - Orientation for Experienced Hires (In-house mandatory) - New Employee Orientation (In-house/group mandatory)
Leadership training	<ul style="list-style-type: none"> - Leaders Forum - Site Manager Training - Site Manager Candidate Training Program - Striker Program - Hi-Potential Leader Program
Job-specific training	<ul style="list-style-type: none"> - Division-Specific Job Training (e.g., Civil, Architecture, Housing, Safety) - Certification Programs for Finance, Procurement, and Job Skills - Finance Skill-Up Program - HR Expert Program - Digital Marketing Program - Practical Training in Generative AI - Group Global Training Programs (e.g., expatriates)
Other training	<ul style="list-style-type: none"> - LOTTE Language Certification (LBCS) - Group Interviewer Certification Program - Group Stimulating Coach Program - Compliance Training - In-house Language Programs (OPIc Support)

Employee Welfare Programs

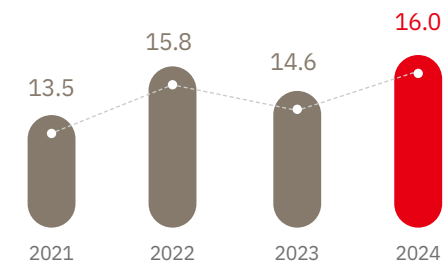
LOTTE E&C provides welfare programs tailored to employees' individual preferences and needs. In 2024, the company enhanced its family-friendly policies by strengthening parental leave and childcare leave, creating a system that enables employees to balance work and family life.

Welfare Programs

Category	Details
Flexible benefits	<ul style="list-style-type: none"> - Welfare card (corporate card issued in employee's name) - Group insurance for parents
Basic benefits	<ul style="list-style-type: none"> - Health checkups and group insurance (employee/spouse) - Tuition support for children - Housing support (loans, site accommodations, rent), living stability loans and family event support - Clubs / Long-service rewards / Gifts for company anniversary and retirement - W Card - Interest support for student loans - FUN DAY - BEST Award - Sick leave - Return-to-work gifts
Statutory benefits	<ul style="list-style-type: none"> - Four major social insurances - National Pension, Health Insurance, Employment Insurance, Industrial Accident Compensation Insurance

Per Capita Welfare Spending

(Unit: KRW 1 million)



Organizational Culture

Strengthening Family-Friendly Management

LOTTE E&C operates welfare programs aligned with employees' life stages, helping them balance work and family through support for childbirth and parenting. Female employees with at least one year of service and no children are eligible for up to two three-month leaves under the Hope for Baby Leave (infertility leave program). Following childbirth, additional parental leave is offered under the same conditions as standard parental leave. The company also provides maternity gifts, statutory parental leave, and school admission care leave to support parenting responsibilities. Male employees are also required to take at least one month of paternity leave upon their spouse's childbirth to promote both rest and family support. Furthermore, LOTTE E&C offers workplace daycare centers, flexible working arrangements, various family-friendly programs, and psychological counseling to help employees manage both professional and family responsibilities.

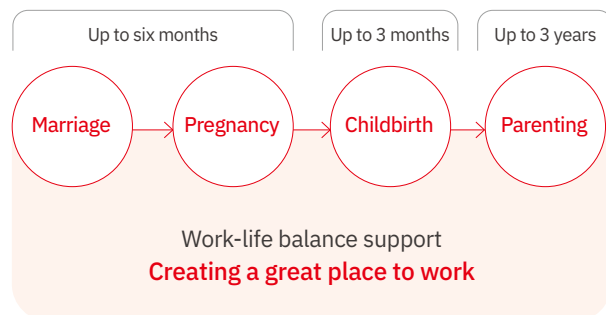
Parental Leave Outcomes in 2024



Return-to-work rate after parental leave

94.7%

Childbirth and Parenting Support Lifecycle



Family-Friendly Organizational Culture Activities

Under the slogan “Enhancing Employee Happiness,” LOTTE E&C carries out various initiatives to show appreciation for employees and their families and to promote a family-friendly organizational culture. In November 2024, the company hosted the “LOTTE Love Family Concert,” featuring renowned Korean composer Jae-hyung Jung and singers Ali and Kim Feel. The event was attended by 72 employees and their family members, providing a meaningful opportunity to share messages of hope and encouragement. In January 2025, the company delivered personalized congratulatory letters from the CEO, gift cards, and snack sets to the children of employees entering elementary school. A follow-up event encouraged the children to write thank-you letters, and the top 10 responses—selected through employee voting—were awarded additional prizes, such as hotel vouchers. A behind-the-scenes video capturing the children's joyful reactions was shared on LOTTE E&C's YouTube channel. In April 2025, the “SKY RUN” event, part of a broader LOTTE Group initiative, was held at Lotte World Tower. A total of 70 employees and family members took part in the challenging experience of climbing 123 floors (555 meters), creating a shared sense of achievement. In May 2025, to celebrate Family Month, all employees received a snack gift box through the “Happiness-Filled LOTTO Box” event. A prize draw awarded additional family-friendly gifts to 66 employees in celebration of the company's 66th anniversary. LOTTE E&C remains committed to creating inclusive opportunities for all stakeholders to participate in family-friendly cultural events.

Monthly Family-Friendly Organizational Culture Activities

January	Congratulatory gifts and letters for employees' children entering elementary school
May	Family Month celebration with snack gift boxes and “Happiness-Filled LOTTO Box” prize draw
November	Encouragement gifts and handwritten letters from parents for children taking the college entrance exam



2025 Family Month event (Happiness-Filled LOTTO Box)

Defined Benefit Pension Plan

LOTTE E&C operates a defined benefit retirement pension plan. Funds are contributed to the retirement fund based on actuarial estimates, ensuring the legally required minimum reserves are met. The company complies with all relevant regulations, including the Act on the Guarantee of Employees' Retirement Benefits, in supporting retiring employees.

Labor-Management Council

Although LOTTE E&C does not have a labor union or collective bargaining agreement, it reflects employee voices through a Labor-Management Council. The council, comprising five representatives each from labor and management, meets quarterly to discuss key issues such as welfare, wages, health, and safety. Additional meetings are held as needed. The approval of 19 agenda items was completed in 2024.

Key 2024 Labor-Management Council Decisions

Expansion of health checkup eligibility	Implementation of family-friendly programs	Snack box event	Regular group awards
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Organizational Culture

Diversifying Corporate Culture Programs

LOTTE E&C is cultivating an inclusive corporate culture by offering various programs that engage diverse employee groups, including Gen Z employees, site workers, and partners. The company aims to become a workplace where all generations, genders, and job roles can grow together.

2024 Corporate Culture Programs

Standers: Lecture Content by Gen Z Employees to Promote Intergenerational Communication



- Gen Z employees delivered lectures based on their own experiences and insights, covering topics such as goal-setting and achievement, personal development, and ways to build an innovative company
- Aimed at fostering an inclusive organizational culture by encouraging mutual understanding and sharing values and trends across generations

Club Day for Leisure and Camaraderie



- Last Wednesday of every month designated as "Club Day" to promote a positive organizational culture through enhanced mutual understanding, trust, collaboration, and communication among employees
- In 2024, 15 clubs were active, with approximately 410 participating members

On-Site Events to Boost Morale of Field Staff



- Two on-site events were held to boost morale among field employees, partners, and workers
- During the summer, a "Vacation on Wheels" event was organized to offer refreshment and memorable experiences to employees working in hot conditions

Junior Board

To cultivate a more horizontal organizational culture, LOTTE E&C operates a Junior Board—a bottom-up communication channel that connects the CEO with younger employees. In 2024, 12 employees aged 35 and under from both headquarters and field sites were selected through an open recruitment process. Their ideas have contributed to management decisions and company policies, and relevant departments have implemented improvements based on their proposals. The Junior Board plays a key role in enhancing communication across generations and in promoting a more collaborative culture.

Community Engagement

Social Contribution System

Management Committee, the Social Contribution Subcommittee collaborates with NGOs and regional networks to support vulnerable communities. Volunteer efforts are organized at both the headquarters and site levels through the Charlotte Volunteer Group, which carries out initiatives such as facility improvements and the provision of daily necessities for underserved populations. Donations are made in accordance with internal donation guidelines, and larger contributions are subject to approval by the Management Committee or Board of Directors to ensure transparency.

Social Contribution System

Principle

Growing Together with the Local Community as a Caring Company

LOTTE E&C selects social contribution themes that reflect the needs of local communities, leveraging the nature of its construction business and employees' expertise. The company encourages voluntary participation and aims to expand these initiatives.

Strategic Directions

Based on three core strategies, LOTTE E&C promotes a sharing-oriented management approach by implementing specific action plans.

Expansion of flagship CSR programs

Beneficiary-centered initiatives

Fostering a culture of voluntary employee engagement

Operational Foundation

1. Charlotte Volunteer Group

Since 2011, LOTTE E&C has operated the Charlotte Volunteer Group, a joint labor-management volunteer organization that supports marginalized groups through facility improvements, educational support, and cultural experiences.

2. Matching Grant Program

The company runs a Matching Grant Program, matching employee donations with corporate contributions. The accumulated funds are used to support a variety of Charlotte Volunteer Group activities.

Key Activities

The Love House of Hopes and Dreams

Sharing Briquettes of Love (Seoul/Busan)

Volunteering with employees and their families (National Cemetery volunteering)

NGO Collaboration Program (Green Farm)

Regular activities by Charlotte Volunteer Group

Organization

Sustainable Management Committee / Social Contribution Subcommittee

Charlotte Volunteer Group organized by department/site

Social contribution network including partner NGOs

Community Engagement

LOTTE E&C Charlotte Volunteer Group

Since launching with 18 volunteer teams in 2011, the LOTTE E&C Charlotte Volunteer Group expanded to 82 teams with 542 employees by 2024, delivering over 3,250 volunteer hours. The group engages in a wide range of service activities, including wallpapering, floor replacement, meal distribution, and delivering coal briquettes—bringing the joy of giving to communities in need.

Monitoring of Participation in Social Contribution Activities

To encourage ongoing participation, the CEO personally awards top-performing volunteer groups at the company’s annual New Year ceremony. LOTTE E&C has developed an evaluation framework that awards bonus points for volunteer work involving facility improvements, leveraging the strengths of the construction industry. The Matching Grant Program, launched in 2011, enables employees to donate a portion of their salary, which is matched by the company. As of 2024, 65.3% of all employees are enrolled. Donation inflows and expenditures are transparently disclosed via the company intranet.

Volunteer Group Evaluation Criteria

Frequency (20 points)	Volunteer hours (20 points)	Participation rate (20 points)
Excellence of volunteer program (20 points)	External awards and other achievements (20 points)	

2024 Recognition as a Community Contribution Company

LOTTE E&C was selected for the second consecutive year as a recognized company in the “2024 Community Contribution Recognition Program,” jointly organized by the Ministry of Health and Welfare and the Korea National Council on Social Welfare. LOTTE E&C has steadily expanded and integrated its corporate social responsibility (CSR) activities, earning certification in Category 1 (central public institutions and large corporations), which includes the highest number of evaluation indicators. The company was recognized for various initiatives such as The Love House of Hopes and Dreams, which provides facility repairs for vulnerable groups; Sharing Briquettes of Love, which supports energy-poor households with briquettes and food; family volunteer activities at the National Cemetery; and donations toward establishing a children’s rehabilitation hospital. LOTTE E&C will continue its efforts to fulfill its role as a socially responsible company.

2024 Community Contribution Certification



The Love House of Hopes and Dreams

Since 2012, LOTTE E&C has supported low-income households and welfare centers like community child centers by repairing facilities and providing appliances and daily necessities. Starting with one project each in Seoul and Busan, the initiative had improved a total of 94 sites as of the end of 2024.



Volunteering at Love House No. 94

Sharing Briquettes of Love

Each winter since 2011, LOTTE E&C employees have supported energy-vulnerable households in Seoul and Busan. A total of 80,000 briquettes and 2,000 boxes of ramen were delivered in 2024. The program has donated 780,000 briquettes over the past 13 years.



Sharing Briquettes of Love at Namtaeryeong Village, Seocho-gu

Community Engagement

Green Farm Volunteer Program

In March and October 2024, LOTTE E&C organized the Green Farm initiative in Gaehwa-dong, Gangseo-gu, Seoul. This eco-friendly program aimed to promote public health and community bonding among underprivileged groups. Funded by an employee-participation environmental campaign, the initiative brought together 80 employees and their families. Harvested produce was donated to marginalized local residents, and participants also took part in packaging volunteer activities.



Green Farm Campaign

Children's Rehabilitation Center Support

To improve therapeutic environments for children with disabilities, LOTTE E&C donated KRW 100 million to the LOTTE Medical Foundation and contributed to establishing a Sensory Integration Therapy Room at the Bobath Memorial Hospital in Hanam. This specialized facility supports sensory development for children with intellectual, speech, or developmental challenges by offering structured, professional care.



Bobath Memorial Hospital Donor Plaque Ceremony

Enhancing Customer Communication

Customer-Participatory ESG Activities

Through CASTLing, a complimentary residential program offering personalized educational and experiential sessions, LOTTE E&C encourages residents to actively participate in ESG efforts while enhancing service satisfaction. The Clean Service program, which supports individual and common-area cleaning, also contributes to better living environments. LOTTE E&C will continue expanding these customer-led ESG initiatives to promote daily, meaningful action.

Sincere Communication via Social Media

As part of its brand campaign, LOTTE E&C released the short film "A Mother's Time" on its YouTube channel OK LOTTE Castle. The video—created by residents' children—touches on the love and devotion of everyday family life and resonates with viewers through its sincere storytelling. LOTTE Castle will continue building genuine emotional connection and empathy through digital channels.



"A Mother's Time" on OK LOTTE Castle, LOTTE Castle's YouTube channel

Environmental Awareness Activities

Eco Quiz Competitions | Plogging Challenges | Reusable Container Campaigns



CASTLing ESG Program

Grand Prize Winner in Korea Service Awards' Apartment Category

LOTTE E&C received the Grand Prize in the Apartment category at the 2024 Korea Service Awards hosted by the Korean Standards Association—for the 23rd consecutive year. The recognition highlights the company's excellence in risk management, asset health, and customer value delivery throughout its lifecycle. Vice Chairman Hyun Chul Park was also honored with the Service The Prime Award during Service Week 2024 for his leadership. LOTTE E&C remains committed to offering differentiated customer experiences by incorporating feedback into its products and services and staying ahead of market trends.



Grand prize winner, 2024 Korea Service Awards

Prosperity

097	Board of Directors	103	Compliance Management
099	Shareholder-Friendly Management	105	Information Security
100	Ethical Management		

Board of Directors

Composition of the Board of Directors

The Board of Directors at LOTTE E&C serves as the company's highest decision-making body, holding voting authority over overall business operations and corporate governance. It is composed of six directors, with each director serving a term of up to three years, as determined by resolution at the general shareholders' meeting. Regular board meetings are held monthly in principle, with additional ad hoc meetings convened as necessary. Within the board, there are three subcommittees: the Management Committee, the Transparency Management Committee, and the Compensation Committee. The term of each subcommittee coincides with that of its respective board members. LOTTE E&C does not operate a separate nominating committee for Outside Directors or an audit committee. In response to a rapidly changing business environment, the company enhances decision-making efficiency by having the CEO also serve as Chair of the Board.

Board Operation Outcomes in 2024

No. of Meetings

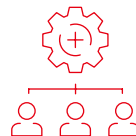
12 meetings

No. of Agenda Items Reviewed

30 items

Average attendance rate

100 %



Board Committees

Category	Role	Composition	Operating Cycle
Management Committee	- Reviews and resolves matters delegated by the Board - Deliberates and decides on general management issues	At least 4 Inside Director, including the CEO	Inside Director Hyun Chul Park (Chair) Inside Director Bu Yong Lee Inside Director Eun Byung Park Inside Director Jeong Ho Han
Transparency Management Committee	- Reviews large-scale single-sourced contracts with related parties and affiliates	At least 3 directors, including 2 or more Outside Directors	Outside Director Tak Gyo Jung (Chair) Outside Director Seong Rae Cho Inside Director Bu Yong Lee
Compensation Committee	- Reviews and approves matters delegated by the Board - Approves individual compensation and performance bonuses for inside executives - Approves compensation ranges by level for outside executives	At least 3 directors, with Outside Directors making up at least two-thirds of the committee	Outside Director Seong Rae Cho (Chair) Outside Director Tak Gyo Jung Inside Director Eun Byung Park

Composition

(As of Mar. 2025)

Category	Name	Gender	Appointment Date	Term	Transactions With Company	Key Experience
Inside Director	Hyun Chul Park	M	Dec. 2022	Until the conclusion of the regular general shareholders' meeting for the 2026 fiscal year	None	CEO and Chair of the Board
	Bu Yong Lee	M	Mar. 2019	Mar. 2027	None	Head of Housing Business Division
	Eun Byung Park	M	Mar. 2023	Mar. 2027	None	Head of Management Support Division
	Jeong Ho Han	M	Mar. 2025	Mar. 2027	None	Head of Strategic Planning Division
Outside Director	Seong Rae Cho	M	Mar. 2024	Mar. 2026	None	(Formerly) BNK Standing Supervisory Committee Member
	Tak Gyo Jung	M	Mar. 2024	Mar. 2026	None	Dongin Law Group
Auditor	Jong Geun Kim	M	Mar. 2024	Mar. 2027	None	Head of Management Innovation Team 1, LOTTE Holdings

Board of Directors

Board Expertise

LOTTE E&C appoints board members with expertise in architecture, law, business strategy, HR, and finance. While no separate training is provided, Outside Directors are supported by a team of employees with an average tenure of 12.6 years to help them fulfill their duties. The backgrounds and responsibilities of each director, as well as details of the support organization, are transparently disclosed in the business report.

Director Appointment

To enhance the efficiency of corporate decision-making, LOTTE E&C designates the CEO as Chair of the Board in accordance with its board operation regulations. Directors are appointed at the general shareholders' meeting, and candidates for directorship are nominated by the Board. While the company does not operate a separate nominating committee for Outside Directors, it ensures the independence of the Board to objectively exercise oversight over the company's management and business execution.

Board Independence

To maintain fairness, directors with special interests in an agenda item are not allowed to vote, and their voting rights are excluded from the total voting count. This ensures impartial and effective decision-making within the Board.

Performance Evaluation and Compensation

Director and auditor compensation is determined within the annual limit approved at the General Meeting of Shareholders. Retirement benefits are calculated based on monthly salary, tenure, and a set multiplier in accordance with internal guidelines. A total compensation ceiling of KRW 12 billion was approved in 2024. Compensation, including salary and incentives, is based on rank, service years, position, and contribution. Full compensation details are disclosed annually.

Board Compensation¹⁾

Category	No. of Members	Total Compensation	Average Compensation Per Person
Registered Director	4	KRW 2,344 million	KRW 612 million
Outside Director	4	KRW 148 million	KRW 68 million
Auditor	2 ²⁾	-	-

1) The total compensation includes remuneration and retirement benefits for the month of appointment or dismissal, but these amounts are excluded from the calculation of the average compensation per person.

2) One appointment and one term expiration in March 2024.

Conflict of Interest Prevention

To ensure the independence and transparency of the Board and promote the fairness of decision-making, LOTTE E&C stipulates in Article 11, Paragraph 2 of its Board Regulations that any director with a conflict of interest must abstain from voting on the relevant agenda item. In such cases, the director's voting rights are excluded from the total number of votes of attending directors. This institutional safeguard reinforces the objectivity and effectiveness of Board decisions, strengthens management accountability and governance transparency, and supports the Board in fulfilling its role as a fair and independent oversight body.

Auditor Independence

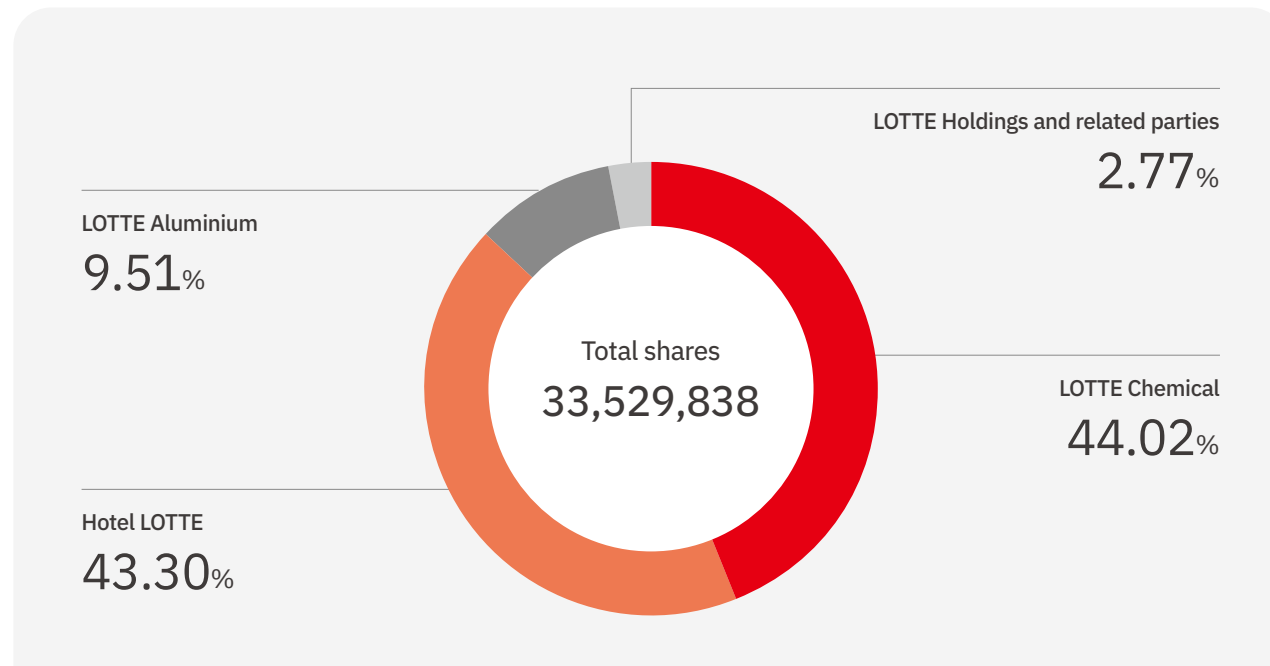
LOTTE E&C's auditor attends Board meetings and independently oversees the duties of directors. The auditor may request submission of books or documents related to company operations and, if necessary, receive reports on business matters and access management information through appropriate means. While a separate audit committee has not been established, one auditor appointed by resolution of the general shareholders' meeting currently performs audit duties. In 2024, a total of eight audits were conducted. To support effective audit activities, a three-person accounting team assists with key management reviews, reporting, and other audit-related tasks.

Shareholder-Friendly Management

Shareholder Status

As of December 31, 2024, the largest shareholder of LOTTE E&C is LOTTE Chemical Corp., holding 44.02% of the company's shares. Including the largest shareholder, related parties collectively hold 99.6% of shares. The largest shareholder of LOTTE Chemical Corp. is LOTTE Corporation, with a 25.31% stake.

Shareholdings of the Largest Shareholder and Related Parties



Classification	Relationship	Type	No. of Shares	Stake (%)
LOTTE Chemical	Largest shareholder	Common shares	14,819,985	44.02
Hotel LOTTE	Related parties	Common shares	14,576,017	43.30
LOTTE Aluminium	Related parties	Common shares	3,202,442	9.51
LOTTE Holdings and related parties	Related parties	Common shares	931,394	2.77
Total			33,529,838	99.60

General Meeting of Shareholders

In accordance with its Articles of Incorporation, LOTTE E&C holds both regular and extraordinary general meetings of shareholders. The regular meeting is convened within three months after the end of each fiscal year, while extraordinary meetings are convened as needed. In 2024, the company held one regular and one extraordinary general meeting. Electronic proxy, electronic voting, and cumulative voting systems are not implemented.

Shareholder Rights Protection Policy

LOTTE E&C operates an Outside Director system to protect minority shareholder rights. Under its Articles of Incorporation, the Board of Directors consists of at least three and no more than ten members, with Outside Directors making up at least one-quarter of the total.

Sustainability Report Disclosure

Since 2013, LOTTE E&C has published an annual Sustainability Report, transparently disclosing its sustainability activities and performance for the year. The report aligns the company's business strategy with its sustainability strategy, incorporates standards required by various global initiatives, and details performance outcomes. To ensure the reliability, fairness, and completeness of the report and its data, the company undergoes verification by an independent external organization. The Korean and English versions of the report are publicly available on the company's official website.

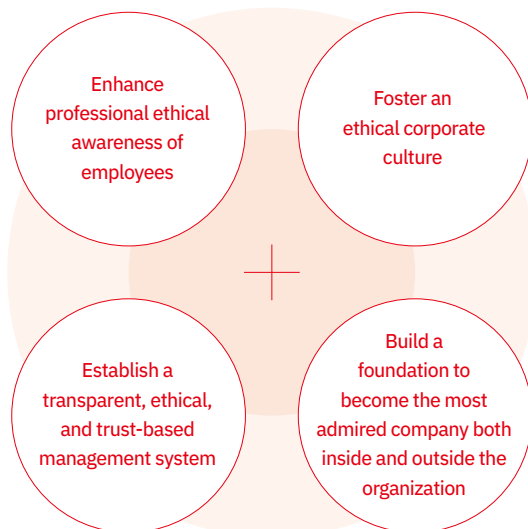
LOTTE E&C's official website

Ethical Management

Ethical Management Framework

LOTTE E&C aims to provide greater value to customers and grow into a company trusted and respected by all stakeholders. To this end, it has identified the internalization of basic ethics and the promotion of social ethics as its core strategic tasks, and practices ethical management accordingly. In particular, to ensure transparent communication and mutual growth with internal and external stakeholders, the company has established an ethical management system that integrates “Code of Conduct,” “Ethics System,” and “Ethics Awareness and Implementation” for seamless communication on all matters related to ethical management. Each year, LOTTE E&C assesses its ethical management level through the Lotte Group’s preemptive control system, identifies areas for improvement, and incorporates these into updates to the Code of Conduct and training programs, ensuring continuous enhancement.

LOTTE E&C’s Ethical Management Goals



Ethical Management Framework

Mission

A sustainable company delivering greater value to customers based on differentiated competitiveness

Strategic Tasks

Internalization of Basic Ethics

Upholding principles and trust through fair and transparent practices

Promotion of Social Ethics

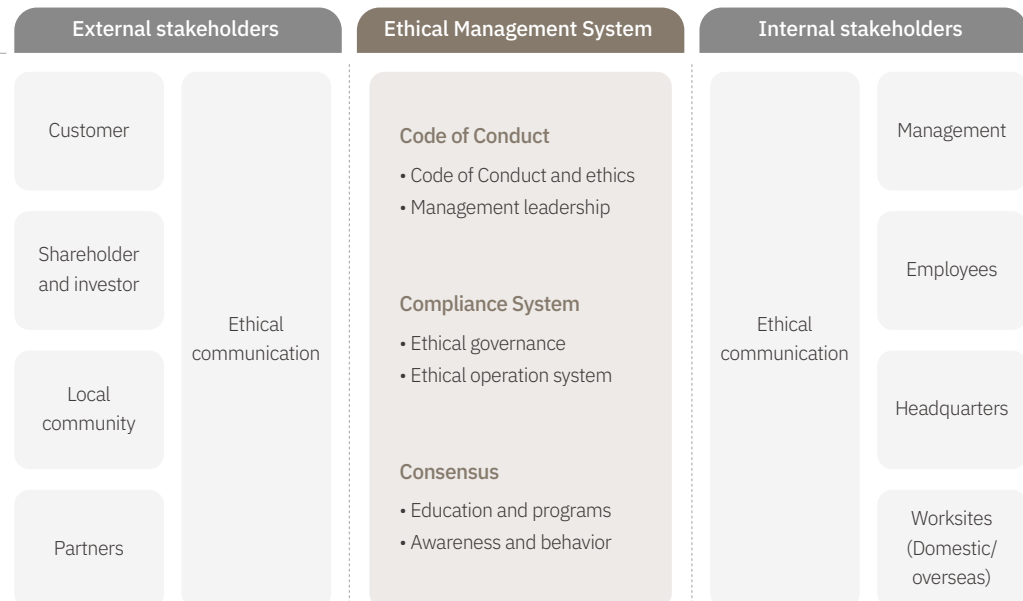
Continuously pursuing coexistence with people, the environment, and the future

Detailed Tasks

- ▶ Strengthen participatory ethical management
- ▶ Build an ethical value chain for each business unit
- ▶ Embed ethics into daily operations (work=ethics=daily life)

- ▶ Build an integrated foundation for sustainable management
- ▶ Expand stakeholder engagement and communication
- ▶ Advance specialization across economic, environmental, and social areas

Ethical Management System



Ethical Management

Ethical Management Documentation System

LOTTE E&C operates an ethical management documentation system to provide clear guidelines on ethical management to employees and stakeholders, encouraging compliance and active practice. This system consists of “Ethical Management Regulations,” “Implementation Guidelines,” “Ethical Management Strategy,” and “Ethical Management Activities.” Based on the Five Key Themes of the Lotte Code of Conduct, the company has established codes of conduct, rules of conduct, behavioral guidelines, and execution manuals that outline the proper behavior, value judgment standards, and conflict-of-interest prevention measures employees must follow in performing their duties. These are disclosed on the company’s Ethical Management website.

LOTTE E&C’s ethical management website

Ethical Management Documentation Structure

Ethical Management Regulations	Ethical Management Strategy	Implementation Guidelines	Ethical Management Activities
<ul style="list-style-type: none"> • Code of Ethics • Code of Conduct • Behavioral standards 	<ul style="list-style-type: none"> • CEO message • Ethical management directions • System 	<ul style="list-style-type: none"> • Ethical Management Implementation Manual • Guidelines for Handling Gifts and Other Benefits • Whistleblower Protection Guidelines • Ethical Rewards and Penalties Regulations • Code of Ethics Handbook 	<ul style="list-style-type: none"> • Ethical management self-assessment • Ethical message • Ethical management quiz • Ethical Awareness Week • Internal audit • Ethical management evaluation • Ethical management education

Five Key Themes of the LOTTE E&C Code of Conduct

THEME 1	THEME 2	THEME 3	THEME 4	THEME 5
Trust with Customers	Trust with Employees	Trust with Partners	Trust with Shareholders	Trust with Society
<ul style="list-style-type: none"> • Delivering the best products and services • Honest marketing • Protection of customer information • Brand protection 	<ul style="list-style-type: none"> • Equal opportunity and fair treatment • Mutual respect among members • Gender equality • Safe working environment • Asset protection • Intellectual property protection • Prevention of information leakage 	<ul style="list-style-type: none"> • Compliance with fair trade laws • Respect for partners • Fair competition • Legal information gathering • Prohibition of bribery and improper solicitation 	<ul style="list-style-type: none"> • Enhancing shareholder value • Preventing conflicts of interest • Improving accounting transparency • Prohibition of insider trading 	<ul style="list-style-type: none"> • Environmental protection • Creation of social value and community engagement • Respect for human rights • Respect for cultural diversity • Compliance with local laws • Separation of politics and business

Employee Ethical Management Self-Assessment

LOTTE E&C operates an “Ethical Management Self-Assessment Program” to strengthen employees’ ethical awareness and encourage active practice of the Code of Conduct. Employees regularly complete an online self-assessment form, watch ethical message videos, and take ethical management quizzes to strengthen their ability to address potential ethical risks in the workplace.

Ethical Management Evaluation

Each year, LOTTE E&C participates in an ethical management evaluation organized by the Lotte Group, which includes compliance assessments. Using the Five Key Themes of the Lotte Code of Conduct as the benchmark, the evaluation measures the company’s ethical management performance, providing a basis for identifying improvement areas. The results are used to revise the Code of Conduct and develop ethical training curricula.

Ethical Management

Ethics Education

LOTTE E&C actively practices ethical management across all areas, nurturing an organizational culture where employees voluntarily engage in ethical behavior within their respective roles. Since 2015, the company has provided construction industry-specific online ethics training for all employees, offering tailored programs by rank and position. Overseas hires also receive training organized by local subsidiaries and branch managers to ensure company-wide implementation.

Holiday Gift Return Campaign

To eliminate the exchange of inappropriate gifts during holidays, LOTTE E&C operates a gift return center within the Ethics Secretariat. The principle is that no employee should accept gifts; if unavoidable, they must be returned directly or sent to the Ethics Office. If return is not possible, the items are auctioned, and proceeds are donated to support vulnerable groups.

Ethics Audits

The company conducts a range of audits—including regular, guidance, site completion, departmental thematic, and special audits—to assess fairness and integrity in operations. Preventive audits, such as continuous monitoring of corporate card usage, help raise ethical awareness and promote proper spending practices.

Compliance with Ethical Regulations

LOTTE E&C strictly adheres to ethical regulations in all business activities to ensure transparent and fair management. Measures include strengthening ethical management policies, operating an anonymous cyber reporting system, and actively monitoring compliance to prevent violations. Any breaches are subject to disciplinary action to prevent recurrence.

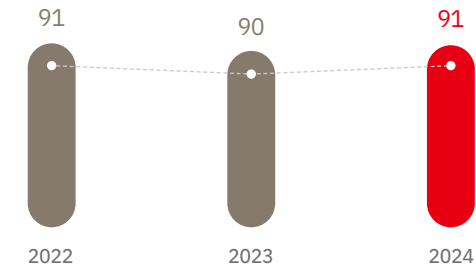
Cyber Ombudsman

The Cyber Ombudsman allows employees to seek advice on ethical management and report violations by the company or its employees. Reports can also be submitted by external stakeholders, including partners and LOTTE Castle residents. All submissions are handled in accordance with the principle of responding within an average of 10 days.

 LOTTE E&C's Cyber Ombudsman

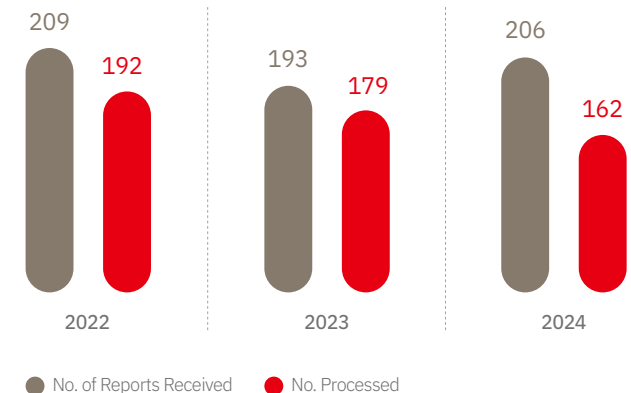
Ethical Level Diagnosis Results of LOTTE E&C

(Unit: Points)



No. of Reports Received Cyber Ombudsman

(Unit: Case)



Compliance Management

ISO 37001 Anti-Bribery Management System Certification

Since October 2022, LOTTE E&C has maintained certification for the ISO 37001 Anti-Bribery Management System, an international standard. The company conducts bribery risk assessments across all departments, completing evaluations for 92 teams in 2024. The results showed zero non-conformities and four recommendations for improvement, all of which were addressed immediately. To prevent recurrence, the operational plan and status of the ISO 37001 system are reported annually to the Board of Directors.

Compliance Program

LOTTE E&C established a Compliance Team in 2018 within its compliance management division to preemptively address related risks. Every year, all employees sign a compliance pledge to reaffirm their commitment to adhering to all applicable laws and managing risks in company operations. The company provides a Compliance Manual with detailed guidelines to help employees ensure legal compliance in their work. Compliance performance and employee training outcomes are reported to the Board of Directors twice a year, and company regulations are regularly reviewed for revision or enactment. In 2024, the Compliance Manual was updated to specify responsible departments for each risk category and to revise task-specific checklists. LOTTE E&C will continue to enhance its compliance program to strengthen the legality of business operations and prevent illegal or improper conduct.

Eight Key Factors of Compliance Program



Corruption Risk Assessment

In accordance with its compliance regulations, LOTTE E&C categorizes compliance risk into four areas for bribery risk assessment and management. These areas are defined in the Anti-Corruption Management System Manual under the Risk Assessment Procedures and the Regulations on Responsibility, Procedures, Management, Response, and Corrective Measures for Risk Assessment. The company completed a corruption risk assessment for all 92 headquarters teams through the ERP system in 2024. Based on the identified corruption types, causes, relevant laws, and associated risks, LOTTE E&C established both financial and non-financial control measures and set corruption risk management objectives. Risks are classified as high, medium, or low, with departments assessed as “high” required to develop additional countermeasures. Assessment results are reported to both the Anti-Corruption Officer and the Board of Directors to strengthen corruption risk management.

Internal Control System

To comply with the Fair Trade Act and minimize the risk of legal violations, LOTTE E&C has implemented an internal transaction process. In inter-affiliate transactions, all procedures follow the internal transaction guidelines. For private contracts, a checklist is used to verify the substantive role in the transaction, its necessity, and negotiation records. The company also conducts annual internal audits on fair recruitment practices, reviewing promotional and recruitment methods, document screening, interviews, reference checks, and final selection to ensure procedural fairness. Fair trade matters are reported quarterly to the Board of Directors. Furthermore, the compliance policy stipulates that donations will not be made to initiatives serving political or religious purposes, ensuring that all contributions are for charitable or public interest purposes only.

Achieved an AA grade for two consecutive years in the Compliance Program

LOTTE E&C earned an AA rating in the Fair Trade Commission's Compliance Program (CP) evaluation in 2024, marking its second consecutive year of excellence. The evaluation assesses implementation status and performance. In 2024, the FTC expanded incentives such as surcharge reductions and introduced in-depth interviews with compliance managers. LOTTE E&C received high marks for its substantive CP operations and strong commitment to compliance. Additionally, the company successfully completed its 2024 renewal audit for the ISO 37001 Anti-Bribery Management System certification, first obtained in 2022, and continues to maintain certification.

Compliance Management

Compliance Risk Monitoring

LOTTE E&C conducts monthly compliance risk monitoring at worksites with high risk of subcontracting law violations. To strengthen company-wide compliance activities and implementation, the results are reflected annually in both the Balanced Scorecard (BSC)¹⁾ evaluation and the headquarters’ Key Performance Indicators (KPIs). Subcontracting law training is provided to high-risk groups, and an ERP-based self-assessment system has been established to ensure mandatory monthly checks of potential compliance risks at worksites.

1) Balanced Score Card: A performance management system that derives indicators from four perspectives—financial, customer, internal processes, and learning & growth—to implement organizational vision and strategic goals.

Compliance Education

LOTTE E&C publishes the monthly CP TIMES for all employees to provide information on fair trade and anti-corruption, and has designated the company’s anniversary as “CP Day” to raise compliance awareness. To manage compliance activities and training more systematically, the company operates a dedicated compliance training website. In 2024, a total of nine editions of CP TIMES were issued. Subcontracting law training was provided to high-risk groups, while the CEO and executives received training on fair trade laws.

Fair Trade Education Status

Category	Unit	2022	2023	2024
No. of participants in fair trade-related education	Person	3,493	3,991	3,968
Hours of fair trade-related education	Hour	1	1	1
No. of legal actions for unfair trade practices	Case	1	0	0

Compliance Awards


In accordance with its Compliance Regulations, LOTTE E&C operates an award system to recognize outstanding compliance performers. In 2024, awards were presented to exemplary compliance employees, including top-performing subcontract management sites, the best-performing headquarters division, and individuals with the highest compliance training mileage.

Compliance Award Details

Category	Awards Results
Outstanding site for subcontract management	2 sites each in the first and second half of the year
Outstanding headquarters in subcontract management	1 headquarters per year
Top compliance mileage	10 persons
CP Person of the Year	1 person recognized for excellence in site and education participation
Outstanding site for participation in subcontract circuit education	209 persons
CP Golden Bell	65 persons
CP TIMES participant prize draw	5 winners per month
Outstanding site in themed education	1 site per month

Compliance Ombudsman Operation

LOTTE E&C operates a Compliance Ombudsman through its dedicated Compliance Office. Reports can be submitted by employees, partners, and other stakeholders when a compliance violation has occurred or is likely to occur, via mail, email, or the company website. Reportable issues include violations of the Subcontracting Act, unlawful collusion or unfair trade practices in violation of the Fair Trade Act, violations of the Improper Solicitation and Graft Act, and breaches of other compliance-related laws or company regulations. The identity of whistleblowers is kept strictly confidential, and they are protected from any disadvantage as a result of their report. Anonymous reporting is also available. All reports are handled fairly and promptly, with results communicated to the whistleblower.

 LOTTE E&C Compliance Ombudsman
 E-mail report : cplottenc@lotte.net

2024 Outcomes



46
 participants (CEO and executives)
 completed education on Fair Trade Act

973
 participants completed education on
 Fair Transactions in Subcontracting Act
 (88.7% completion rate)

Information Security

Information Security Management System

LOTTE E&C has established an Information Security Division reporting directly to the CEO to strengthen expertise and proactively respond to advanced hacking attacks, cyberterrorism, and potential personal data breaches. A dedicated security enhancement task force conducts security inspections and training at headquarters and project sites. To prevent increasingly sophisticated security incidents and advance customer privacy protection, the company has invested in integrated monitoring systems for anomaly detection and advanced data leakage prevention (DLP) solutions. Although not legally required, LOTTE E&C became the first construction company to obtain ISMS-P certification—including employee data—and to voluntarily disclose its information protection practices. Furthermore, the company operates information protection regulations and guidelines in compliance with the Personal Information Protection Act and the Act on Promotion of Information and Communications Network Utilization, revising them at least annually to reflect updates to laws and regulations.

2024 Information Security Achievements

Key activity	Achievement
Voluntary information security disclosure	Built trust through disclosure of corporate security investments, personnel, and activities
Data leakage prevention (DLP) system upgrade	Expanded harmful site blocking at sites, introduced secondary approval for personal data transfers
Screen watermark implementation	Controlled information leaks via screen capture or photography
Comprehensive personal data inventory	Weekly automated PC scans to prevent personal data leaks
Data export monitoring	Security checks for soon-to- retire employees, blocked bulk personal data transfers (avg. 380 cases/month)

Information Security Committee

LOTTE E&C operates an Information Security Committee in accordance with the Personal Information Protection Act and Lotte Group's Information Security Regulations to deliberate and decide on key information security matters. Chaired by the CEO, the committee includes senior executives from key departments such as the Head of Strategic Planning, the Chief Information Security Officer (CISO), the Chief Privacy Officer (CPO), and other members designated by the chair, along with the head of the department submitting the agenda. The committee meets quarterly to address information security issues, review and approve security plans, budgets, and adequacy assessments, and monitor implementation. A separate Information Security Working Committee—also meeting quarterly—conducts detailed reviews and establishes execution plans.

Regular Meetings for Information Security

Information Security Committee	Information Security Working Committee	Group Information Security Working Committee	Korea CISO Council
Held quarterly	Held quarterly	Held quarterly	Held monthly

2024 Key Information Security Initiatives

Enhanced Customer Personal Data Management & Security Incident Prevention		
Strengthening Personal Data Protection	Preventing Data Leaks	Preventing Security Breaches
<ul style="list-style-type: none"> ISMS-P certification audits Group-wide security level assessments Reinforced personal data disposal controls 	<ul style="list-style-type: none"> AI-powered DLP upgrades Proactive monitoring of personal data transfers Secure construction of home network systems 	<ul style="list-style-type: none"> Expanded awareness programs Generative AI security controls Continuous breach monitoring systems

Information Security

ISMS-P Certification Renewal & Cybersecurity Incident Response Drills

LOTTE E&C was the first construction company to obtain ISMS certification in 2017 for the LOTTE Castle sales system, later expanding the certification scope in 2019 to include the Elyes rental housing management system. The company further enhanced its information security and personal data protection framework in 2022 to cover all areas—including sales, rentals, move-ins, defect management, and employee data management—achieving ISMS-P certification, which it continues to maintain. In 2025, LOTTE E&C is pursuing both the renewal of its ISMS-P certification and the initial ISMS certification for its Plant IT systems, aiming for full coverage of all IT systems. Following the certification audits, the company is implementing required follow-up measures.

Scope of Certification

ISMS-P Certification	Sales (LOTTE Castle) and rental (Elyes) system operations (for renewal audit)
ISMS Certification	Plant IT system operations (for initial audit)

Information Security Regulations

To reflect amendments to the Personal Information Protection Act and the Information and Communications Network Act, LOTTE E&C revised its information security framework twice in 2024, covering one regulation and 13 guidelines. When updates are made, the company conducts company-wide online training and posts the revised documents on the regulations board.

2024 Amendments to Information Protection Regulations

Amendments to the Personal Information Protection Act	<ul style="list-style-type: none"> Established qualification requirements and mandatory training for the Chief Privacy Officer (CPO) (compliance achieved) Introduced internal management plan inspections led by the CPO
Reflecting workplace environment	<ul style="list-style-type: none"> CISO approval required for shared account usage requests Security compliance requirements established for business use of generative AI

AI-Powered Data Loss Prevention (DLP) System Implementation

In June 2024, LOTTE E&C introduced an AI-based Data Loss Prevention (DLP) system to strengthen real-time monitoring of potential data breaches and personal information leaks. This system enables enhanced security controls over key channels such as email and external storage devices, as well as comprehensive tracking of stored personal information, establishing a more proactive management framework. By addressing the limitations of the previous system, it now supports the latest operating systems and browsers, and integrates with the DRM system to detect and review personal data even within encrypted files—resulting in the deletion of approximately 200 million unnecessary personal information records. Additional multi-layered security measures include screen watermarking, expanded harmful site blocking, and supplementary approval procedures for personal data transfers.

Cybersecurity Incident Response Drills

LOTTE E&C has participated in Korea Internet & Security Agency (KISA)'s simulated cyber crisis response drills for the private sector twice annually since 2020, including DDoS attack response, detection and response, and email drills. These exercises include DDoS attack response, detection and mitigation drills, and simulated phishing email campaigns. In 2024, the company conducted six simulated virus email drills to improve employee security awareness; infected participants were required to submit written explanations and undergo additional training.

Voluntary Information Security Disclosure

To reinforce accountability and build stakeholder trust, LOTTE E&C voluntarily participates in public information security disclosures, despite not being legally obligated to do so. The disclosure outlines the company's investments, personnel, certifications, evaluations, audits, and ongoing information security initiatives aimed at preventing incidents.

LOTTE E&C's Information Security Disclosure Items

Status of information security investments
Status of information security personnel
Information security certifications, evaluations, and inspections
Status of information security activities

Information Security

Internalizing Information Security Practices

Employee Information Security Training

In accordance with the Group's Administrative Protection Guidelines and the company's Personnel Security Guidelines, LOTTE E&C provides information security awareness training for all employees. To improve participation, the training is offered online, enabling access regardless of time or location. A remarkable 98.4% of eligible employees (4,813 employees) completed the program in 2024, an increase of 185 participants from the previous year. The training covered messages from the CEO, current information security issues and incident cases, personal and corporate information protection measures, system usage guidelines, and trade secret protection. The satisfaction score was 4.48 out of 5, an increase of 0.15 points year-on-year. For the 76 employees who did not complete the training, the company required written explanations, deducted points from their departmental information security KPIs, and gave additional training. New hires, experienced employees, and staff handling customer data receive continuous security awareness training through an online platform.

Personal Information Protection Training

To strengthen oversight responsibilities and prevent security incidents, LOTTE E&C conducts mandatory annual training for personal information handlers, covering legal safeguards for each stage of information processing and relevant incident cases. Four training sessions were held in 2024 for personnel in departments such as the Housing Business Division and the Architectural Business Office, with 320 participants—126% of the planned attendance. Each personal information handler is required to complete at least 8 hours of training annually, with results reflected in information security KPIs. Employees who obtain a personal information protection certification receive an allowance to encourage specialization; as of December 2024, 102 employees hold such certifications. The company plans to strengthen penalties, including KPI deductions, for those who fail to attend.

Regular Security Inspections

LOTTE E&C conducts regular security inspections at sales offices (model homes), leasing offices, and other facilities handling customer data. These inspections assess compliance with information security requirements, personal data handling practices, individual PC security, document management at both personal and departmental levels, and office security conditions. In 2024, inspections were carried out at 16 newly opened sales offices. Sites rated "average" or "inadequate" were required to submit corrective action reports for verification.

Outstanding Department Awards for Customer Data Management

LOTTE E&C recognizes departments that demonstrate excellence in managing customer data through evaluations and inspections. In 2025, awards were presented to the Marketing Division's Sales Team 3, the Busan Integrated Business Office, and the Cheonan Dujong-dong Multifamily Housing Development Project site. The company remains committed to safeguarding customer data to prevent the loss of trust from information breaches.



Department awarded for excellence in customer data management

Information Security Investment

To proactively respond to tightening security regulations and legal requirements, and to strengthen corporate accountability for protecting stakeholders' personal data, LOTTE E&C continues to expand its investments in information security. In 2024, investments were directed toward verifying the adequacy of security measures for key asset management and protection, as well as upgrading outdated systems.



Ratio of information protection investment to IT investment in 2024

6.8 %

Information Security

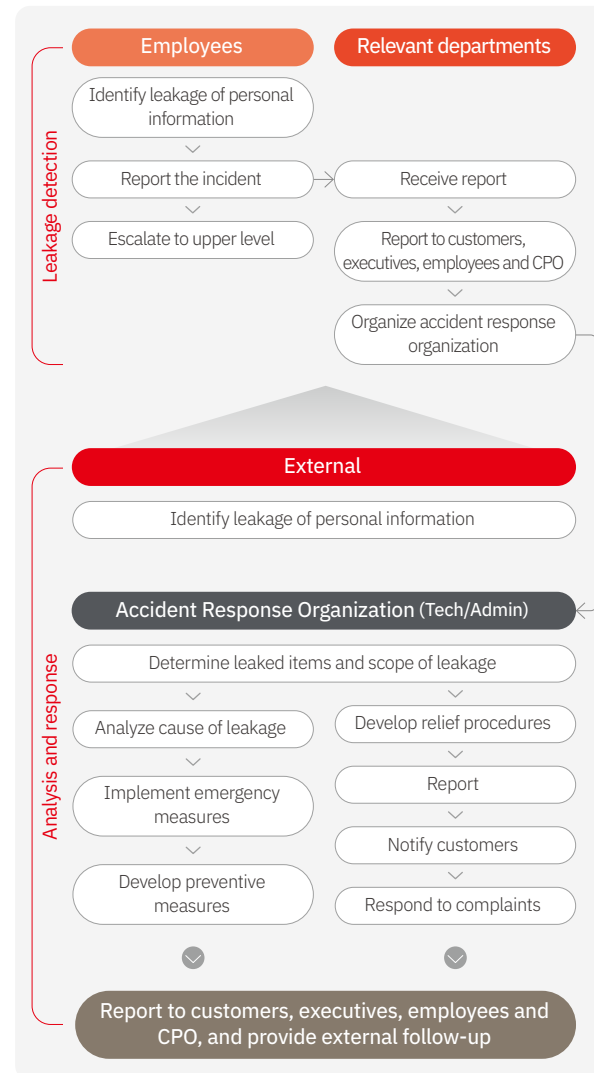
Strengthened Management Based on the Personal Information Lifecycle

LOTTE E&C has established a security management framework that covers all stages of the personal information lifecycle—from collection, use, storage, and provision to disposal—ensuring safe and compliant handling at every step. Monthly monitoring of entrusted service providers helps prevent incidents during personal data processing. Separate privacy policies are maintained on external websites, including LOTTE Castle and Elyes, to protect user rights.

Customer Personal Information Management

When collecting customer data, LOTTE E&C limits the scope to the minimum necessary for the intended purpose. Privacy policies are published on the LOTTE Castle and Elyes (private rental housing asset management platform) websites. Third-party provision of personal information is collected only with the individual's consent, while outsourcing arrangements are clearly disclosed. Requests from data subjects for deletion or correction of personal information are handled diligently. To ensure compliance, the company checks monthly status of departments responsible for personal data handling in subscription, sales and leasing, move-in, defect repair, and customer inquiry processes. In addition, annual Lotte Group information security inspections and ISMS-P certification audits by KISA are carried out to verify compliance.

Personal Information Breach Response Procedure



Home Network Integrated Security System

LOTTE E&C has established an integrated home network security framework to address residents' concerns over wall pad hacking and to prevent security incidents such as privacy breaches caused by these devices. With the goal of providing customers with "industry-leading home network security that ensures peace of mind and comfort," the company implemented not only legally mandated network separation systems but also web firewalls, internal/external firewalls, and security monitoring to safeguard against hacking attempts. Since developing its Security Enhancement Basic Guidelines in 2022, LOTTE E&C has introduced a Lotte-specific wall pad installation standard as part of the integrated security framework and conducted security inspections of completed residential complexes to prevent potential breaches. The company will continue to invest in protecting customer information across home network systems and apartment community platforms.

ESG Data Center

Guided by the New Spirit, LOTTE E&C manages ESG data transparently and builds a responsible future.

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Financial

Consolidated Financial Statement

Category		Unit	2022	2023	2024
Revenue		KRW million	5,944,331	6,811,105	7,863,238
Operating income		KRW million	360,842	259,509	169,540
Net income (Net loss)		KRW million	74,474	55,363	56,795
Earnings per share		KRW	2,311	1,659	1,703
Current assets		KRW million	6,828,602	6,197,736	5,325,503
Non-current assets		KRW million	2,750,700	2,659,495	3,119,785
Total assets	Total	KRW million	9,579,302	8,857,231	8,445,287
Current liabilities		KRW million	5,773,956	5,101,429	4,757,872
Non-current liabilities		KRW million	1,179,769	1,114,301	834,627
Total liabilities	Total	KRW million	6,953,724	6,215,730	5,592,499
Capital		KRW million	207,193	207,193	207,193
Other contributed equity		KRW million	961,628	961,628	961,628
Retained earnings		KRW million	1,347,834	1,361,466	1,440,540
Total Capital	Total	KRW million	2,625,577	2,641,500	2,852,789
Total liabilities and capital		KRW million	9,579,302	8,857,231	8,445,287

Separate Financial Statements

Category		Unit	2022	2023	2024
Revenue		KRW million	5,931,343	6,800,560	7,862,299
Operating income		KRW million	365,773	272,266	177,066
Net income (Net loss)		KRW million	92,169	60,469	23,809
Earnings per share		KRW	2,860	1,796	707
Current assets		KRW million	6,610,127	5,988,797	5,106,697
Non-current assets		KRW million	2,919,718	2,820,194	3,226,608
Total assets	Total	KRW million	9,529,845	8,808,991	8,333,306
Current liabilities		KRW million	5,766,710	5,092,551	4,742,814
Non-current liabilities		KRW million	1,178,274	1,112,944	833,295
Total liabilities	Total	KRW million	6,944,985	6,205,495	5,576,109
Capital		KRW million	207,193	207,193	207,193
Other contributed equity		KRW million	961,628	961,628	961,628
Retained earnings		KRW million	1,360,837	1,379,117	1,416,179
Total Capital	Total	KRW million	2,584,860	2,603,496	2,757,196
Total liabilities and capital	Total	KRW million	9,529,845	8,808,991	8,333,306

Financial

Creation of Economic Values

Category	Unit	2022	2023	2024
Employee salaries ¹⁾	KRW million	390,611	418,842	483,727
Welfare expenses	KRW million	112,314	117,698	135,826
Employee retirement benefits ²⁾	KRW million	21,488	16,898	18,494
Costs Paid to Outsourcing Partners ³⁾	KRW million	2,826,391	3,472,552	4,465,130
Costs Paid to Material Partners ³⁾	KRW million	1,016,849	1,444,338	1,693,769
Purchase Ratio Paid to All Partners ³⁾	%	100	100	100
Voluntary Contributions and Financial Investments in the Local Community ⁴⁾	KRW million	4,542	3,706	3,378

1) Calculation basis: Excluding CM, Including Retirement Allowance Provision.

2) Calculation basis: Excluding Defined Contribution (DC) Retirement Benefits.

3) Calculation basis: The cost of purchases made by Lotte E&C's domestic headquarters to local domestic companies based on domestic business sites.

4) Calculation basis: "Donation" amount from the Business Report + matching grant donations received from employees.

Responsible Consumption Product Strategy and Sales¹⁾

Category	Unit	2022	2023	2024
Sales of Sustainable Products	KRW million	829,933	1,502,415	1,597,861

1) Calculation basis: Referred to K-Taxonomy Standards.

Research and Development

Category	Unit	2022	2023	2024	
Patent registrations ¹⁾	Cases	2	8	12	
Technology development service expenses	KRW million	20,442	26,780	28,148	
Exclusive technology development expenses	KRW million	7,165	8,005	8,998	
Total R&D investment	Total	KRW million	27,607	34,785	37,146
Green R&D Investment Amount ²⁾	KRW 10,000	22,103	32,596	17,669	
Green R&D Investment Target ³⁾	KRW 10,000	60,000	80,000	90,000	

1) Detailed Breakdown of Patent Portfolio for 2024.

- Method for Producing High-Purity Nitrogen from Byproducts of Carbon Dioxide Capture Facilities
- Method for Manufacturing Penetrative Liquid Waterproofing Agent to Improve the Durability of Carbonated Concrete
- Smart Farm for Apartment Residents and Method for Operating the Same
- Earth Anchor Head Defect Detection System and Method
- Calcium Silicate Cement Composition Containing Additives for Internal Carbonation and Concrete Composition Containing the Same
- Subsea Space Platform Lifting System
- Impact-Absorbent Floating Structure
- Floating Structure Fixing Device
- Semi-submersible Rig
- Floating Structure
- Modular Floating Platform
- Calcium Silicate Cement Composition Containing Additives for Internal Carbonation and Concrete Composition Containing the Same

2) Calculation Basis: Green Project Research Funds of the Technology Research Institute.

3) KRW 1,000 million in 2025, KRW 1,100 million in 2026, and KRW 1,200 million in 2027.



Environmental

Environmental Management Certifications and Verifications

Category	Unit	2022	2023	2024
Number of active projects currently undergoing the certification process for a third-party multi-attribute sustainability standard ¹⁾	Projects	1	1	1
Percentage of Environmental management Systems (ISO 14001) certified worksites (domestic)	%	100	100	100
Number of accumulated green building certification projects	Projects	124	132	141 ²⁾

1) Calculation Basis: Annual renewal of ISO 14001 certification.

2) Calculation Basis: A total of 9 projects obtained Green Building Certification in 2024.

(8 residential, 1 commercial/building)

Environmental Compliance¹⁾

Category	Unit	2022	2023	2024
Fines related to the environment or ecology due to non-compliance with environmental laws and regulations	KRW	0	0	0
n-monetary sanctions related to the environment or ecology due to non-compliance with environmental laws and regulations	Cases	0	0	0
Disclosure of details on violations of environmental laws and regulations (Incidents raised through dispute resolution mechanisms)	Cases	0	0	0
Number of compliance violations related to environmental permits, standards, and regulations	Cases	0	0	0

1) Calculation basis: Corporate dispositions (No violations of regulations under the company's name).

Green Procurement Status

Category		Unit	2022	2023	2024
Purchases of Eco-Friendly Certified Products	Total	KRW million	58,558	67,125	74,113
	HB Mark	KRW million	12,293	7,916	5,849
	ECO Mark	KRW million	6,824	34,449	35,834
	High-efficiency energy equipment	KRW million	3,845	3,792	4,374
	GR Mark	KRW million	1,023	1,475	1,951
	Energy Efficiency Rating 1, 2	KRW million	34,573	19,493	25,606
	Saving energy	KRW million	0	0	499

Employee Environmental Management Training Performance¹⁾

Category	Unit	2022	2023	2024
Number of participants in environmental training	Persons	123	115	117
Environmental training hours	Hours	369	345	351
Environmental training hours per person	Hours	3	3	3

1) Calculation Basis: Based on site managers.

Environmental

Greenhouse Gas Emissions¹⁾

Category		Unit	2022	2023	2024
GHG emissions	Total	tCO ₂ eq	46,522	47,442	53,693
	Direct GHG (Scope 1) emissions	tCO ₂ eq	8,701	7,857	10,844
	Indirect GHG (Scope 2) emissions	tCO ₂ eq	37,821	39,585	42,849
GHG emissions intensity ²⁾		tCO ₂ eq/KRW billion	7.84	6.98	6.83
Total reduction of GHG emissions	Total	tCO ₂ eq	3,206	3,511	1,509
	(relative to the base year)				
	Direct GHG (Scope 1) emission reductions achieved as a direct result of implementing GHG reduction plans and activities ³⁾	tCO ₂ eq	3,068	3,326	1,343
	Indirect GHG (Scope 1) emission reductions achieved as a direct result of implementing GHG reduction plans and activities ⁴⁾	tCO ₂ eq	139	185	166
Percentage of business sites disclosing GHG emissions data		%	100	100	100

1) As the company was designated as a target for the 2025 GHG Target Management System, GHG emissions from 2022 to 2024 were separately verified to review data consistency, resulting in adjustments to the emission figures. The calculation scope includes emissions from the headquarters building, which lies outside the organizational boundary of the target management system.

2) Calculation basis: Greenhouse gas emissions relative to separate financial statement revenue for the year.

3) Calculation basis: GHG reduction from fuel replacement in concrete curing.

4) Calculation basis: GHG reduction from replacing headquarters building lighting with LEDs.

Scope 3 Emissions

Category		Unit	2022	2023	2024
Other indirect GHG (Scope 3) emissions	Total	tCO ₂ eq	-	2,171,066	3,267,176
	[Category 1] Purchased goods & services	tCO ₂ eq	-	1,169,373	1,505,851
Upstream	[Category 2] Capital goods	tCO ₂ eq	-	-	14
	[Category 4] Upstream transportation and distribution	tCO ₂ eq	-	28,556	38,394
Downstream	[Category 6] Business travel	tCO ₂ eq	-	-	212
	[Category 11] Use of sold products	tCO ₂ eq	-	949,847	1,712,879
	[Category 12] End-of-life treatment of sold products	tCO ₂ eq	-	23,290	9,826

Environmental

Monitoring Organizational Internal and External Energy Use¹⁾

Category		Unit	2022	2023	2024
Total energy usage	Total	TJ	921.70	944.41	1,057.64
Energy usage base unit ²⁾		TJ/KRW billion	0.16	0.14	0.14
Base unit change rate		%	2.66	(10.63)	(3.13)
Renewable energy		TJ	0	0	0
Total internal energy consumption of the organization	Total	TJ	921.70	944.41	1,057.64
Total internal non-renewable energy usage		TJ	921.70	944.41	1,057.64
Total internal renewable energy usage		TJ	0	0	0
Total indirect energy consumption	Total	TJ	786.96	825.33	893.93
	Electric	TJ	773.39	817.84	885.02
	Steam	TJ	13.57	7.49	8.32
Non-renewable energy consumption by fuel type	Total	TJ	134.74	119.07	164.30
	LNG (City gas)	TJ	24.60	12.87	16.85
	Brown coal	TJ	0	0	0
	Kerosene	TJ	87.34	83.50	113.00
	Diesel	TJ	19.30	18.01	25.19
	Gasoline	TJ	3.23	4.51	9.06
	LPG (Vehicle)	TJ	0.07	0.06	0.13
	LPG (Liquefied petroleum gas)	TJ	0.19	0.12	0.07
Total energy consumption cost		KRW 100 million	165.63	215.10	226.99
Internal energy intensity of the organization		TJ/KRW billion	0.16	0.14	0.13

1) As the company was designated as a target under the 2025 Greenhouse Gas Target Management System, energy consumption data for 2022–2024 were separately verified to ensure data consistency, resulting in adjustments to the consumption figures. The calculation scope includes emissions from the headquarters building, which lies outside the organizational boundary of the target management system.

2) Calculation basis: Consolidated revenue for the respective year.

Monitoring of Waste Generation¹⁾

Category		Unit	2022	2023	2024
Waste generation	Total	ton	629,625	578,386	397,619
Base unit waste generation ²⁾		ton/KRW billion	105.93	84.92	50.57
Base unit change rate		%	2.47	(19.83)	(40.45)
Total amount of hazardous waste recovered	Total	ton	0	0	0
Total amount of non-hazardous waste recovered	Total	ton	629,134	578,154	397,393
	Recycled ³⁾	ton	629,134	578,154	397,393
Total amount of non-hazardous waste disposed	Total	ton	491	232	226
	Incinerated (energy recovered)	ton	483	225	127
	Incinerated (energy not recovered)	ton	0	0	0
	Landfilled	ton	8	7	99
Percentage of worksites disclosing waste generation data		%	100	100	100

1) Scope of calculation: Domestic business establishments.

2) Calculation basis: Consolidated annual sales for the given year.

3) Calculation basis: In accordance with the Construction Waste Recycling Promotion Act.

Environmental

Waste Generation by Type

Category	Unit	2022	2023	2024
Waste concrete	ton	166,928	403,682	130,204
Mixed construction waste	ton	304,817	95,970	162,085
Construction waste soil	ton	64,720	38,296	64,801
Waste asphalt concrete	ton	17,788	5,856	8,537
Waste wood	ton	8,518	8,726	15,297
Waste synthetic resins	ton	7,608	8,386	9,534
Construction sludge	ton	57,484	16,363	5,473
Waste boards	ton	1,374	1,053	1,145
Tile/Ceramic waste	ton	379	0	0
Other waste	ton	8	7	60
Textile waste	ton	0	0	49
Brick waste	ton	0	45	433

Monitoring of Non-Recyclable/Recyclable Raw Material Usage and Recycling Volumes

Category			Unit	2022	2023	2024
Percentage of recycled (recycled and reused) raw materials ¹⁾²⁾	Recycled (recycled and reused) raw materials used in the entire business		%	1.7	2.0	2.9 ⁴⁾
Non-renewable raw materials	Remicon	Volume	m³	1,858,288	2,432,315	3,158,228
	Cement	Weight	ton	31,113	37,970	67,060
	Aggregate	Volume	m³	209,222	170,745	310,278
	Asphalt concrete	Weight	ton	55,322	34,843	139,032
	Sand	Volume	m³	8,628	12,900	99,008
	Rebar	Weight	ton	146,156	233,784	277,354
	Gypsum board	Number	Boards	2,619,627	2,304,480	6,353,400
	Recycled aggregate ³⁾	Volume	m³	3,615	3,546	10,391
	Recycled sand	Volume	m³	-	-	1,987

1) Scope of calculation: Includes activities at overseas business sites.

2) Calculation basis: (Recycled aggregate+Recycled sand)/(Recycled aggregate+Recycled sand+Aggregate+Sand)*100

3) Calculation basis: Aggregates treated physically or chemically from construction waste to meet the quality standards in Article 35 of the Construction Waste Recycling Promotion Act.

4) Beginning in 2024, the calculation of the recycled material ratio will incorporate data on recycled sand.



Environmental

Water Usage¹⁾

Category		Unit	2022	2023 ²⁾	2024
Total water usage	Total	ton	705,877	558,596 ²⁾	642,851

1) Scope of calculation: For domestic operations.

2) Calculation basis: Excludes on-site rental accommodation water usage starting from 2023.

Water Intake¹⁾

Category		Unit	2022	2023 ²⁾	2024
Water intake from all worksites	Total	ton	705,877	558,596	642,851
	Surface water	ton	0	0	0
Water intake (consumption) by water source	Groundwater	ton	127,555	140,910	135,905
	Seawater	ton	0	0	0
	Produced water	ton	578,322	417,686	506,946
	(municipal water) From third parties	ton	0	0	0
	Freshwater	ton	0	0	0
	Other water sources	ton	0	0	0

1) Scope of calculation: For domestic operations.

2) Calculation basis: Excludes on-site rental accommodation water usage starting from 2023.

Wastewater Discharge¹⁾

Category		Unit	2022	2023	2024
Amount of wastewater discharge	Total	m ³	-	-	-

1) No wastewater discharge under the Company's responsibility.

Biodiversity Impact Assessment and Analysis¹⁾

Category		Unit	2022	2023	2024
Number of sites conducting biodiversity impact assessments		ea	-	-	6

1) Biodiversity impact assessment at LOTTE E&C headquarters level will be implemented starting in 2024.

Social

Employees Status

Category			Unit	2022	2023	2024
Number of employees	Total		Persons	3,932	4,031	3,967
	Under 30		Persons	408	405	330
	30-50		Persons	2,714	2,769	2,799
	Over 50		Persons	810	857	838
	Female		Persons	410	437	441
	Male		Persons	3,522	3,594	3,526
Ratio of Employees	Female		%	10.4	10.8	11.1
	Male		%	89.6	89.2	88.9
Employee headcount by employment type and gender	Female	Regular	Persons	286	308	303
		Contract	Persons	124	129	138
	Male	Regular	Persons	2,499	2,556	2,503
		Contract	Persons	1,023	1,038	1,023
Employment type and number of employees by country ¹⁾²⁾	South Korea	Total	Persons	3,657	3,702	3,785
		Regular	Persons	2,623	2,703	2,697
		Contract	Persons	1,034	999	1,089
	Indonesia	Regular	Persons	78	107	69
		Contract	Persons	102	166	71
	Vietnam	Regular	Persons	62	38	27
		Contract	Persons	7	2	0
	Japan	Regular	Persons	1	1	1
		Contract	Persons	0	0	0
	China	Regular	Persons	6	3	0
		Contract	Persons	0	0	0
	Pakistan	Regular	Persons	1	1	0
		Contract	Persons	0	0	0
	Russia	Regular	Persons	1	0	0
		Contract	Persons	0	0	0

Category			Unit	2022	2023	2024
Employment type and number of employees by country ¹⁾²⁾	Malaysia	Regular	Persons	5	0	0
		Contract	Persons	3	0	0
	Singapore	Regular	Persons	4	6	5
		Contract	Persons	1	0	1
	Philippines	Regular	Persons	3	5	7
		Contract	Persons	0	0	0
	Hungary	Regular	Persons	1	0	0
		Contract	Persons	0	0	0
Number of senior executives hired locally in key worksites	Domestic ³⁾	Persons		58	59	51
	Overseas	Persons		0	0	0
Percentage of local senior managers in key worksites	Domestic ³⁾	%		100	100	100
	Overseas	%		0	0	0

1) Calculation basis: Number of employees working in the respective country.

2) Calculation basis: LOTTE E&C classifies employees only as regular or non-regular, and does not apply employment types such as full-time, part-time, or temporary.

3) Calculation basis: Based on Subsection A, "Executive Status," under Section VIII of the business report titled "Matters Related to Executives and Employees."

Social

Employee Recruitment Status¹⁾

Category		Unit	2022	2023	2024
Total number of new workers	Total	Persons	395	236	96
Number of new hires	Under 30	Persons	142	70	36
Percentage of new hires		%	35.9	29.7	37.5
Number of new hires	30-50	Persons	252	165	59
Percentage of new hires		%	63.8	69.9	61.5
Number of new hires	Over 50	Persons	1	1	1
Percentage of new hires		%	0.3	0.4	1
Number of new hires	Female	Persons	61	39	14
Percentage of new hires		%	15.4	16.5	14.6
Number of new hires	Male	Persons	334	197	82
Percentage of new hires		%	84.6	83.5	85.4
Number of new hires	Domestic	Persons	395	232	95
Percentage of new hires		%	100	98.3	99
Number of new hires	Overseas	Persons	0	4	1
Percentage of new hires		%	0	1.7	1

1) Calculation basis: Number of newly hired regular employees in the relevant year.

임직원 이직 현황 모니터링¹⁾

Category		Unit	2022	2023	2024
Total number of employees turnover ¹⁾	Total	Persons	132	98	83
Number of employees turnover	Under 30	Persons	31	14	21
Ratio of employee turnover		%	23.5	14.3	25.3
Number of employees turnover	30-50	Persons	96	78	61
Ratio of employee turnover		%	72.7	79.6	73.5
Number of employees turnover	Over 50	Persons	5	6	1
Ratio of employee turnover		%	3.8	6.1	1.2
Number of employees turnover	Female	Persons	19	16	16
Ratio of employee turnover		%	14.4	16.3	19.3
Number of employees turnover	Male	Persons	113	82	67
Ratio of employee turnover		%	85.6	83.7	80.7
Number of employees turnover	Domestic	Persons	132	93	83
Ratio of employee turnover		%	100	94.9	100
Number of employees turnover	Overseas	Persons	0	5	0
Ratio of employee turnover		%	0	5.1	0

1) Calculation basis: Excludes executive officers and advisory or registered advisory officers.

Employee Salary

Category			Unit	2022	2023	2024
Ratio of entry-level employee wages to local statutory minimum wage ¹⁾	New hires working at the organ	Male	%	179	181	188
		Female	%	179	181	188
Ratio of basic salary of female to male employees ²⁾	Major business sites		%	100	100	100
Ratio of basic salary of female to male executives ³⁾	Major business sites		%	100	100	100

1) Calculation basis: Calculated the percentage of wages to the statutory minimum wage using the starting salary table for new employees at major domestic business sites.

2) Calculation basis: Compared basic salaries by gender for equivalent positions.

3) Calculation basis: Compared monthly compensation by gender for equivalent positions.

Social

Parental Leave Utilization

Category		Unit	2022	2023	2024
Number of employees taking parental leave ¹⁾	Total	Persons	47	54	36
	Female	Persons	4	3	3
	Male	Persons	43	51	33
Number of employees returning to work after parental leave	Total	Persons	80	70	38
	Female	Persons	8	3	4
	Male	Persons	72	67	34
Number of employees who returned to work after parental leave and continued to work for a year	Total	Persons	72	61	27
	Female	Persons	4	6	3
	Male	Persons	68	55	24
Return-to-work rate after parental leave	Total	%	98.1	97.1	94.7
	Female	%	83.3	96.2	75.0
	Male	%	77.6	87.3	97.1
Retention rate after parental leave	Total	%	78.6	89.5	71.1
Number of employees taking maternity leave ²⁾	Total	Persons	21	12	17

1) Calculation basis: Number of regular employees who took parental leave during the year.

2) Calculation basis: Number of people who took any maternity leave before or after childbirth.

Employee Diversity

Category		Unit	2022	2023	2024
Percentage of female among all employees	Female	%	10.4	10.8	11.1
Percentage of male among all employees	Male	%	89.6	89.2	88.9
Employee composition ratio	Under 30	%	10.4	10.0	8.3
	30-50	%	69.0	68.7	70.6
	Above 50	%	20.6	21.3	21.1
	Regular	%	70.8	71.0	70.7
	Contract	%	29.2	29.0	29.3
Number of females in managerial positions ¹⁾		Persons	70	81	90
Percentage of female in managerial positions		%	1.8	2.0	2.3
Number of female executives		Persons	1	1	1
Percentage of female executives		%	2.1	2.3	2.1
Number of employees with disabilities		Persons	147	155	155
Percentage of employees with disabilities		%	3.7	3.8	3.9
Number of national veteran employees		Persons	55	55	57
Percentage of national veteran employees		%	1.4	1.4	1.4

1) Calculated based on management positions (M grade and above, including executives) according to internal management standards.



Social

Defined Benefit Pension Plans and Other Retiree Pension Plans¹⁾

Category		Unit	2022	2023	2024
Number of registered members by type (DB)		Persons	2,740	3,160	3,792
Number of registered members by type (DC)		Persons	120	141	175
Number of registered members by type (DB+DC)		Persons	2,860	3,301	3,967
Report on the Estimated Pension Liabilities	In cases where pension liabilities can be covered by the organization's general resources	KRW Million	275,428	301,805	304,962

1) Calculation basis: Excludes individuals who have been with the company for less than one year from the roster base date, and calculations based on the member roster as of the first January 1st following the completion of one year of employment.

Employee Education

Category		Unit	2022	2023	2024
Average education hours per employee	Total	Hours	123	123	122
	Female	Hours	127	126	127
	Male	Hours	123	122	122
	Above M grade	Hours	122	122	121
	Below M grade	Hours	125	124	125
	Disabilities	Hours	114	115	108
	Foreigner	Hours	119	122	115
	Under 30	Hours	130	123	125
	30-50	Hours	126	127	125
	Over 50	Hours	101	107	106
Education investment cost per employee		KRW	1,152,943	1,078,853	1,039,637
Number of participants in annual education courses		Persons	3,932	3,906	3,860

Average Years of Service

Category		Unit	2022	2023	2024
Average years of service of employees	Total	Years	11.2	11.3	11.6
	Female	Years	5.5	5.9	6.7
	Male	Years	11.8	11.9	12.2

Employee Performance Management¹⁾

Category		Unit	2022	2023	2024
Regular performance management	Percentage of employees subject to regular performance evaluations	%	100	100	100
	Percentage of employees subject to comparative analysis evaluations	%	100	100	100

1) Scope of calculation: Includes full-time and contract employees (excludes on-site hires).

Social

Human Rights Risk Management

Category	Unit	2022	2023	2024
Total number of discrimination cases	Cases	0	0	0
Number of corrective actions for discrimination cases	Cases	0	0	0

Human Rights Impact Assessment and Monitoring¹⁾

Category	Unit	2022	2023	2024
Number of worksites subject to human rights impact assessment or review ²⁾	Sites	-	12	14
Percentage of worksites that have undergone human rights impact assessment or review in the past 3 years ³⁾	%	-	13.2	16.1

1) First implemented in 2023.

2) Scope of calculation: Relevant headquarters departments related to human rights.

3) Calculation method: (Number of departments that conducted human rights impact assessments)/(Total number of departments)

Human Rights Grievance Handling Status¹⁾

Category	Unit	2022	2023	2024
Number of human rights grievances received from stakeholders	Cases	0	0	0
Number of resolved human rights grievances from stakeholders	Cases	0	0	0
Percentage of resolved human rights grievances from stakeholders	%	0	0	0
Number of discrimination and harassment cases ¹⁾	Cases	0	0	0
Number of serious human rights issues and incidents related to executives and employees	Cases	0	0	0

1) Calculation basis: Management of human rights grievances through the grievance handling system.

Grievance reporting under the grievance handling system recorded as '0' because the company has not had any incidents meeting this criteria. The number of grievances reported to the grievance system was 23 in 2022, and 22 in 2023, and 23 in 2024. These grievances are related to personal issues and the working environment, not human rights violations.

Employees Human Rights Training

Category		Unit	2022	2023	2024
Employee training on human rights policies	Training hours	Hours	7,714	7,734	7,656
Human rights training completers	Sexual harassment prevention training	Persons	3,863	3,867	3,828
	Disability awareness training	Persons	3,851	3,867	3,828

Social

Health and Safety Management Status

Category		Unit	2022	2023	2024
Scope of employees subject to the occupational health and safety management system and procedures related to business	The percentage of employees who are not affiliated with the organization but whose workspaces are under the management of the organization and are subject to the occupational health and safety management system	%	100	100	100
	The percentage of employees who are not affiliated with the organization but whose workspaces are under the management of the organization and have been audited internally for the occupational health and safety management system	%	100	100	100
	The percentage of employees who are not affiliated with the organization but whose workspaces are under the management of the organization and have been audited or certified by an external agency for the occupational health and safety management system	%	100	100	100

Health and Safety Management Monitoring

Category		Unit	2022	2023	2024
On-site safety inspections	Total cases	Cases	1,070	1,304	1,352
	Cases per site	Cases	10	10	13

Employee Health and Safety Training

Category		Unit	2022	2023	2024
Safety training	Number of training courses	Courses	14	22	22
	Number of completers ¹⁾	Persons	4,525	6,170	7,719
	Percentage of securing regular safety managers	%	42.0	47.0	50.6
Occupational safety training ²⁾	Number of participants	Persons	410,187	530,930	716,697
	Training hours	Hours	679,666	970,254	1,386,683
	Training hours per person	Hours	1.66	1.83	1.93
	Participation rate	%	100	100	100

1) Calculation basis: Number of company employees and partners who have completed safety training courses organized by the headquarters' education and training team.

2) Calculation basis: Number of participants in mandatory training for field workers.

Employee Total Recordable Incident Rate¹⁾

Category	Unit	2022	2023	2024
Number of occupational fatalities	Persons	0	0	0
Number of injuries	Persons	0	0	0
Total recordable incident rate for employees (TRIR)	Cases per 200,000 working hours	0	0	0

1) No accidents involving our executives and employees.

Social

Occupational Injuries and Illnesses¹⁾

Category		Unit	2022	2023	2024
Employees	Number of fatalities due to occupational injuries and illnesses (Injuries related to core duties classified separately)	Cases	0	0	0
	Rate of fatalities due to occupational injuries and illnesses	%	0	0	0
	Number of serious occupational injuries and illnesses (Injuries related to core duties classified separately)	Cases	0	0	0
	Rate of serious occupational injuries and illnesses	%	0	0	0
Workers under organizational control of the work/workspace	Number of fatalities due to occupational injuries and illnesses (Injuries related to core duties classified separately)	Cases	1	4 ²⁾	2
	Number of serious occupational injuries and illnesses	%	0.000022	0.000094	0.000023
	Number of serious occupational injuries and illnesses (Injuries related to core duties classified separately)	Cases	0	0	0
	Rate of serious occupational injuries and illnesses	%	0	0	0
	Number of recordable occupational injuries and illnesses	Cases	168	178	318
	Total recordable incident rate (TRIR)	Injuries per 200,000	0.93	0.69	0.93

1) Diseases such as hypertension, diabetes, and hyperlipidemia, as well as health changes due to job stress, are managed through the “Vulnerable Worker Management Process.” Workers’ health protection against extreme heat and cold is handled separately. In accordance with the “Step-by-Step Response Guide to Protect Workers’ Health During Heat Waves,” we proactively establish and manage preventive measures for heat-related illnesses. Similarly, following the “Worker Health Management Guide for Cold Weather,” we implement and manage measures based on different levels of cold weather risk.

2) Revised disclosure from 5 cases to 4 cases due to internal investigation closure (no suspicion).

Partners Safety Grievance Handling Performance

Category	Unit	2022	2023	2024 ¹⁾
Number of health and safety-related grievances from partners	Cases	21	19	655
Number of health and safety-related grievances resolved for partners	Cases	21	19	655
Resolution rate of health and safety-related grievances	%	100	100	100

1) Starting in 2024, the head office will take overall responsibility for managing and improving workplace grievances by changing the method of compiling safety-related grievance cases (calculation method: total cases collected by the Head Office Safety Communication Center + consolidated suggestions from on-site Industrial Safety and Health Committees).



Social

Partners Risk Management

Category	Unit	2022	2023	2024
Number of suppliers performing ESG self-assessment evaluations	Companies	-	21 ¹⁾	56 ²⁾
Number of suppliers identified as having significant or potentially significant negative environmental impacts	Companies	0	0	0
Percentage of suppliers identified as having significant or potentially significant negative environmental impacts, and subsequently engaged in discussions for improvement	%	0	0	0
Percentage of suppliers identified as having significant or potentially significant negative environmental impacts, leading to termination of the relationship	%	0	0	0
Number of cases where contracts with business partners were terminated or not renewed due to corruption violations among ongoing corruption and bribery cases	Cases	0	0	0
Number of partner companies evaluated in relation to social impact analysis	Companies	2,593	2,555	2,564
Number of partner companies identified as having significant or potentially significant negative social impacts within the supply chain	Companies	0	0	0
Percentage of the supply chain (partner companies) engaged in discussions for improvement based on social impact assessment results	%	0	0	0
Percentage of partner companies whose contracts were terminated based on social impact assessment results within the supply chain	%	0	0	0

1) Calculation basis: The number of partners who have completed the ESG self-assessment evaluation for Lotte Construction partners.

2) Calculation basis: The number of partner companies that have undergone ESG written evaluations conducted by a corporate credit rating agency (Lotte Construction's partner ESG self-assessment is scheduled for Q3 2025).

Partner Mutual Growth Support

Category	Unit	2022	2023	2024
Total number of partners ¹⁾	Companies	2,593	2,555	2,564
Number of outsourcing partners	Companies	1,566	1,832	1,872
Number of purchasing partners	Companies	1,027	723	692
Number of excellent partners ²⁾	Companies	73	90	105
Performance in financial support for partners	KRW million	52,684	44,221	44,458

1) Scope of calculation: Domestic partners who conducted business with LOTTE E&C during the given year.

2) Calculation basis: The top partners of the current year are selected based on the previous year's transactions.

Social

Community Engagement Activity

Category	Unit	2022	2023	2024
Ratio of workplaces operating labor-management councils, occupational health and safety committees, and other employee representative bodies to manage community participation, impact assessment, and development programs related to community impact ¹⁾	%	100	100	100
Total expenditure on social contribution activities ²⁾	KRW million	4,542	3,705	3,378
Number of social contributions programs ³⁾	Cases	131	122	119
Number of employees participating in volunteer activities ⁴⁾	Persons	500	947	524
Employee volunteer hours ⁵⁾	Hours	2,706	2,255	3,250
Number of social contribution volunteer teams ⁶⁾	Teams	259	267	275
Matching grant employee participation rate	%	72.1	65.5	65.3

1) The industrial Safety and Health Committee, composed of employers and workers at the site, operates at all sites.

2) Calculation basis: Donation amounts + matching grant employee donation receipts in the business report.

3) Calculation basis: Number of programs conducted using social contribution resources (the sum of ongoing volunteer activities by departments and sites + 3 representative social contribution programs + 2 other social contribution programs).

4) Calculation basis: Sum of 361 individual volunteers + 148 participants in representative social contributions (Love House, National Cemetery, Briquette/Ramen Sharing) + 86 participants in other social contributions (Green Farm in Gangseo District, etc.)

5) Calculation basis: Volunteer hours * cumulative number of participants.

6) As of the end of December 2024, there are 81 active teams; since the founding of the Charlotte Volunteer Group until the end of December 2024, 194 teams have completed activities (reasons for completion: site completion, etc.).

Infringement of local residents' rights¹⁾

Category	Unit	2022	2023	2024
Number of cases of infringement on local residents' rights	Cases	0	0	0

1) Calculation basis: Data related to the local community collected through the Sinmungo system (public grievance channel).

Safety and health impact assessment of products and services¹⁾

Category	Unit	2022	2023	2024
Percentage of major products/services assessed for health and safety impacts for the purpose of improvement	%	100	100	100

1) Calculation basis: Number of regular safety management evaluations conducted for partner companies (Safety management evaluations are conducted once per half-year for partner companies with progress payments in the first and second halves of the year).



Social

Quality Management

Category			Unit	2022	2023	2024
Happy Call satisfaction results	Very satisfied		%	54.6	50.7	68.2
	Satisfied		%	37.2	38.2	24.0
	Neutral		%	8.2	11.1	7.8
	Dissatisfied		%	0	0	0
Quality inspection	Site inspection	Model house inspection	Times	14	15	11
		Preceding unit inspection	Times	7	6	15
		Preceding unit improvement proposals	Cases	73	67	155
		HVAC/Waterproofing/Condensation/Insulation Inspection	Times	15	22	23
		HVAC/Waterproofing/Condensation/Insulation Inspection	Cases	190	254	318
		Final finishing inspection	Times	8	6	9
		Final finishing improvement proposals	Cases	88	76	110
	Case studies / Improvement proposals	Dissemination of defect cases to all sites	Times	13	7	3
Landscape management	Landscape maintenance works	Pruning/Watering/Weeding/Mowing/Pest control	Sites	28	27	11

Investment in Information Protection¹⁾

Category	Unit	2022	2023	2024
Percentage of investment in information protection relevant to the total IT budget	%	4.9 ²⁾	5.0 ²⁾	6.8

1) Information security-related investment amount in 2022: KRW 890 million, total IT investment amount: KRW 18.15 billion.

2) 2023 information security-related investment amount: KRW 1.13 billion, total IT investment amount: KRW 22.46 billion.

3) 2024 information security-related investment amount: KRW 1.48 billion, total IT investment amount: KRW 21.92 billion.

Information Security Training

Category	Unit	2022	2023	2024
Information Security Awareness Training Completion Rate	%	100	100	100
Completion Rate of Specialized Training for Roles with High Risk of Information Security and Personal Data Protection Incidents	%	100	100	100

Customer Information Protection and Monitoring

Category		Unit	2022	2023	2024
Total number of proven customer data breaches, thefts, and loss incidents		Cases	0	0	0
Number of proven customer data	Breaches	Cases	0	0	0
	Thefts	Cases	0	0	0
	Losses	Cases	0	0	0
Total number of proven complaints regarding customer privacy violations		Cases	0	0	0
Number of proven complaints regarding customer privacy violations	Complaints raised by external parties and proven internally within the organization	Cases	0	0	0
	Complaints raised by regulatory agencies	Cases	0	0	0

Governance

Board of Directors Status

Category		Unit	2022	2023	2024
Number of Board members	Total	Persons	6	6	6
	External directors	Persons	2	2	2
	Female	Persons	0	0	0
	Male	Persons	6	6	6
	Under 30	Persons	0	0	0
	30-50	Persons	0	0	0
	Above 50	Persons	6	6	6
Number of women executives who are not major shareholders or relatives of major shareholders		Persons	0	0	0
Number of external directors with attendance below 75%		Persons	0	0	0
Tenure of board and committee members		Years	28	25	12
Average tenure of board and committee members		Years	4.6	4.1	2.0
Number of board meetings held		Times	20	10	12
Average attendance rate of the board		%	100	98	100
Attendance rate of external directors		%	100	100	100
Attendance rate of internal director		%	100	96.7	100
Number of board deliberations		Cases	40	19	30
Number of cases where external directors opposed or suggested amendments		Cases	0	0	0
Remuneration Committee	Total members	Persons	3	3	3
	Number of external directors	Persons	2	2	2
	Attendance rate of external directors	%	100	100	100
Management Committee	Total members	Persons	3	3	4
	Number of external directors	Persons	0	0	0
	Attendance rate of external directors	%	100	98	100
Transparency Committee for Management	Total members	Persons	3	3	3
	Number of external directors	Persons	2	2	2
	Attendance rate of external directors	%	100	100	100
Frequency of board performance evaluations		회/년	1	1	1

Board Remuneration Management¹⁾

Category	Unit	2022	2023	2024
Audit service fees paid to external auditors	KRW million	980	1,050	1,190
Non-audit service fees paid to external auditors	KRW million	36	50	68
CEO compensation	KRW million	742	1,019	1,220
Average employee compensation ²⁾	KRW million	86	89	93
Median employee compensation ²⁾³⁾	KRW million	79	79	85
CEO compensation ratio to average employee compensation	Multiples	8.6	11.5	13.1
CEO compensation ratio to median employee compensation	Multiples	9.3	12.9	14.3

1) Calculation basis: Current business report, page 415, item 2. Executive compensation, etc.

2) Calculation basis: Calculated excluding CEO compensation, based on the average employee compensation data in the business report.

3) Scope of calculation: Targeted at full-time personnel who completed year-end and mid-year tax settlements in 2022 (excluding registered executives and on-site hired staff).

Government Ownership of Shares

Category	Unit	2022	2023	2024
Shares held by the government	%	0	0	0

Advance Notice of Annual General Meeting Location and Agenda

Category	Unit	2022	2023	2024
Advanced notice for the location and agenda of the Annual General Meeting	Days prior	14	14	14

Governance

Ethical Management and Compliance¹⁾

Category	Unit	2022	2023	2024
Number of legal actions regarding anti-competitive behavior and monopoly regulation violations that were ongoing or concluded during the reporting period	Cases	0	1 ²⁾	0
Total amount of fines and settlements due to anti-competitive behavior and monopoly regulation violations	KRW	0	0	0
Total number of significant instances of non-compliance with major laws and regulations that occurred during the reporting period	Cases	1 ³⁾	0	1
Number of non-monetary sanctions for violations of social and economic laws and regulations	Cases	0	0	0
Number of cases processed through dispute resolution mechanisms relevant to social and economic law and regulatory violations ⁴⁾	Cases	0	0	0
Amount of major fines due to violations of social and economic laws and regulations	KRW	0	0	0
Total number of ongoing corruption and bribery cases ⁴⁾	Cases	0	0	0
Total monetary losses due to legal procedures relevant to bribery or corruption allegations	KRW	0	0	0
Number of corruption and bribery cases resulting in employee termination or disciplinary action due to corruption	Cases	0	0	0

1) Calculation basis: Number of corporate criminal penalties.

2) One instance of legal action for violating anti-competitive behavior and antitrust laws. (In 2022, during a written inspection of subcontracting transactions, delayed payment of interest was identified. The company received a “warning” for violating the contracting Fairness Act due to voluntary correction, resulting in no financial sanctions such as fines.

3) A warning issued (no penalty points or fines) based on a written inspection and voluntary correction in 2022.

4) Calculation basis: Number of public investigations and indictments resulting from legal procedures.

Anti-Corruption Policy and Procedure Notice and Training

Category		Unit	2022	2023	2024
Number of governance members who received the organization's anti-corruption policy and procedure notice	Total	Persons	6	6	6
Percentage of governance members who received the organization's anti-corruption policy and procedure notice		%	100	100	100
Number of employees who received the organization's anticorruption policy and procedure notice	Female	Persons	410	437	441
Percentage of employees who received the organization's anti-corruption policy and procedure notice		%	100	100	100
Number of employees who received the organization's anticorruption policy and procedure notice	Male	Persons	3,522	3,594	3,526
Percentage of employees who received the organization's anti-corruption policy and procedure notice		%	100	100	100
Number of governance members who received the organization's anti-corruption training		Persons	4	4	4
Percentage of governance members who received the organization's anti-corruption training		%	100	100	100
Number of employees who received the organization's anti-corruption training		Persons	3,932	4,031	3,967
Percentage of employees who received the organization's anti-corruption training		%	100	100	100
Number of partners who shared the anti-corruption policy ¹⁾		Companies	2,593	2,555	2,564
Percentage of partners who shared the anti-corruption policy		%	100	100	100

1) Calculation basis: Partner portal → Compliance grievance system → Anti-corruption policy notification is accessible to all partners, thereby notifying all partners of anti-corruption policies and procedures.

Governance

Anti-Corruption Impact Assessment Conducted¹⁾

Category	Unit	2022	2023	2024
Number of business sites where corruption risk assessments were conducted ¹⁾	Sites	103	89 ²⁾	92
Percentage of business sites where corruption risk assessments were conducted	%	100	100	100

1) Scope of calculation: Risk assessment targeting all departments at headquarters.

2) Reduction in the number of departments due to organizational restructuring.

Report Channel Performance

Category	Unit	2022	2023	2024
Number of reports received via Report Channel	Cases	209	193	206
Number of reports processed from those received via Report Channel	Cases	192	179	162
Percentage of reports processed from those received via Report Channel	%	89.5	92.7	78.6

Ethical Management

Category	Unit	2022	2023	2024
Number of disciplinary actions for ethical management violations	Cases	6	20	14
Number of improvements and guidance after audit	Cases	232	247	279
Ethical level assessment	Points	91	90	91
Number of reported Code of Conduct/Ethical Policy Violations	Cases	6	20	14

Corruption Case Occurrences

Category	Unit	2022	2023	2024
Number of corruption cases	Cases	4	3	2
Number of cases where employees were dismissed or disciplined due to corruption	Cases	6	3	2
Number of cases where partner contracts were terminated or not renewed due to corruption	Cases	0	0	0

Anti-Corruption Training Performance¹⁾

Category		Unit	2022	2023	2024
Number of board members who received anticorruption training		Persons	6	6	6
Percentage of board members who received anticorruption training		%	100	100	100
Number of employees who received anti-corruption training	Total	Persons	3,932	4,031	3,967
	Regular	Persons	2,785	2,864	2,806
	Contract	Persons	1,147	1,167	1,161
	South Korea	Persons	3,657	3,702	3,785
	Indonesia	Persons	180	273	140
	Vietnam	Persons	69	40	27
	Japan	Persons	1	1	1
	China	Persons	6	3	0
	Pakistan	Persons	1	1	0
	Russia	Persons	1	0	0
	Malaysia	Persons	8	0	0
	Singapore	Persons	5	6	6
	Philippines	Persons	3	5	7
	Hungary	Persons	1	0	0
Percentage of employees who received anti-corruption training	Total	%	100	100	100
	Regular	%	100	100	100
	Contract	%	100	100	100
공Number of participants in fair trade-related training ²⁾		Persons	3,932 ³⁾	4,031 ³⁾	3,967
Hours of fair trade-related training		Hours	1	1	1

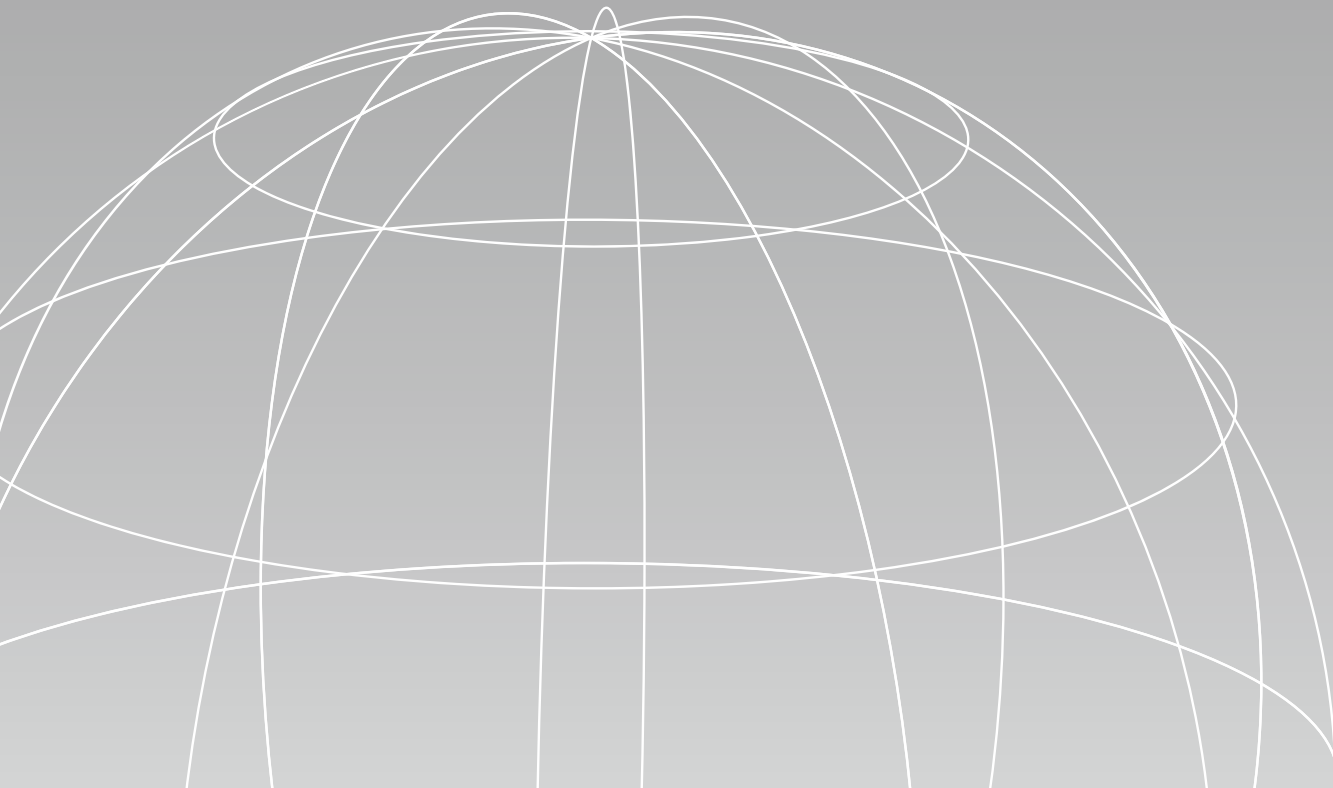
1) Calculation basis: Compliance training (Fair Trade education) performance.

2) Calculation basis: Company-wide employee training through "CP Times" (monthly), CEO video lecture for all employees (10 minutes, 100% completion rate).

3) 2022 and 2023 data corrected (Reason: Number of participants adjusted as the training was conducted for all company employees).

Appendix

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136	SASB Index
138	IFRS Index(TCFD)
139	ESRS Index
141	UNGP Human Rights Reporting Index
142	Greenhouse Gas Verification Statement
145	Third-Party Assurance Statement
148	Awards and Memberships
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GRI Index

Statement of use	For the period from January 1, 2024 to December 31, 2024, LOTTE E&C reports the information in accordance with the reporting principles for sustainability reporting under GRI Standards
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	The GRI Sector Standards corresponding to the GICS and industry classification criteria of the reporting organization, Lotte E&C, had not been published as of the date of issuance, and therefore were not applied.

General Disclosures

Topic	Metric	Disclosure	Page	Remarks
The Organization and Its Reporting Practices	2-1	Organizational details	7~8	
	2-2	Entities included in the organization's sustainability reporting	2	
	2-3	Reporting period, frequency and contact point	2	
	2-4	Restatements of information	-	Modifications are commented in the notes.
	2-5	External assurance	142~147	
Activities and Workers	2-6	Activities, value chain and other business relationships	12~21	
	2-7	Employees	117	
	2-8	Workers who are not employees	117	Refer to page 415 of the current business report, Section B. Status of Employees – Non-affiliated Workers
Governance	2-9	Governance structure and composition	97	Refer to page 395 of the current business report, Section 1. Matters Related to the Board of Directors
	2-10	Nomination and selection of the highest governance body	97	
	2-11	Chair of the highest governance body	97	
	2-12	Role of the highest governance body in overseeing the management of impacts	24	
	2-13	Delegation of responsibility for managing impacts	24	
	2-14	Role of the highest governance body in sustainability reporting	24	
	2-15	Conflicts of interest	98	
	2-16	Communication of critical concerns	24	
	2-17	Collective knowledge of the highest governance body	98	
	2-18	Evaluation of the performance of the highest governance body	98	
	2-19	Remuneration policies	98	
	2-20	Process to determine remuneration	98	
	2-21	Annual total compensation ratio	127	Refer to page 415 of the current business report, Section 2. Remuneration of Executives

GRI Index

General Disclosures

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	2-23	Policy commitments	58, 67, 86	
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	2-25	Process to remediate negative impacts	30~31, 52~53, 62~63, 68~69, 77, 87~88, 103	
	2-26	Mechanisms for seeking advice and raising concerns	54, 70, 78, 102, 104	
	2-27	Compliance with laws and regulations	112, 128	Refer to page 437 of the current business report, Section 3. Matters Related to Sanctions, etc.
	2-28	Membership associations	148	
Stakeholder Engagement	2-29	Approach to stakeholder engagement	32	
	2-30	Collective bargaining agreements	-	The company is a non-unionized enterprise and has no labor union or collective agreement.

Material Topics

Topic	Metric	Disclosure	Page	Remarks
GRI 3: Material Topics 2021	3-1	Process to determine material topics	27	
	3-2	List of material topics	28~29	
Material Topics: Securing New Growth Engines				
GRI 3	3-3	Management of material topics	28, 34	
GRI 201: Economic Performance	201-2	Financial implications and other risks and opportunities due to climate change	36, 38	
GRI 302: Energy	302-1	Energy consumption within the organization	114	
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GRI 305: Emissions	305-1	Direct(Scope 1) GHG emissions	113	
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	305-3	Other indirect (Scope 3) GHG emissions	113, 142~144	
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	305-5	Reduction of GHG emissions	43	

GRI Index

Material Topics

Topic	Metric	Disclosure	Page	Remarks
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	403-2	Hazard identification, risk assessment, and incident investigation	52~53	
	403-3	Occupational health services	50	
	403-4	Worker participation, consultation, and communication on occupational	54~55	
	403-5	Worker training on occupational health and safety	50~51	
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	403-8	Workers covered by an occupational health and safety management system	122	
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GRI 414: Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	63	
	414-2	Negative social impacts in the supply chain and actions taken	62~63, 124	
Material Topics: 인권경영				
GRI 3	3-3	Management of material topics	29, 66	
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	119, 127	
	405-2	Ratio of basic salary and remuneration of women to me	118	
GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	121	
GRI 410: Security Practices	410-1	Security personnel trained in human rights policies or procedures	-	Human Rights Impact Assessment confirms that the human rights impacts of security personnel are negligible.
Material Topics: Quality Management				
GRI 3	3-3	Management of material topics	29, 73	
GRI 416: Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	77, 125	

GRI Index

Non Material Topics

Topic	Metric	Disclosure	Page	Remarks
GRI 101: Biodiversity	101-1	Policies to halt and reverse biodiversity loss	86	
	101-5	Locations with biodiversity impacts	87	
GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	110	
	201-3	Defined benefit plan obligations and other retirement plans	120	
GRI 202: Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	118	
	202-2	Proportion of senior management hired from the local community	117	
GRI 203: Indirect Economic Impacts	203-1	Infrastructure investments and services supported	96	
	203-2	Significant indirect economic impacts	9	
GRI 205: Anti-corruption	205-1	Operations assessed for risks related to corruption	103	
	205-2	Communication and training about anti-corruption policies and procedures	104	
	205-3	Confirmed incidents of corruption and actions taken	129	
GRI 206: Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	128	
GRI 301: Materials	301-1	Materials used by weight or volume	115	
	301-2	Recycled input materials used	115	
GRI 303: Water and Effluents	303-2	Management of water discharge-related impacts	84~85	
	303-3	Water withdrawal	116	
	303-5	Water consumption	116	
GRI 304: Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	87~88	
	304-2	Significant impacts of activities, products and services on biodiversity	88	
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	87	

GRI Index

Non Material Topics

Topic	Metric	Disclosure	Page	Remarks
GRI 306: Waste	306-1	Waste generation and significant waste-related impacts	84	
	306-2	Management of significant waste related impacts	84	
	306-3	Waste generated	114	
	306-4	Waste diverted from disposal	114	
	306-5	Waste directed to disposal	114	
GRI 401: Employment	401-1	New employee hires and employee turnover	118	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	92	
	401-3	Parental leave	119	
GRI 404: Training and Education	404-1	Average hours of training per year per employee	120	
	404-2	Programs for upgrading employee skills and transition assistance programs	90, 92	
	404-3	Percentage of employees receiving regular performance and career development reviews	120	
GRI 415: Public Policy	415-1	Political contributions	-	Prohibited under our compliance regulations and relevant standards such as the Political Funds Act
GRI 418: Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	126	

SASB Index(Quantitative)

Topic			Unit	2022	2023	2024
Environmental Impacts of Project Development	IF-EN-160a.1	Number of incidents of non-compliance with environmental permits, standards, and regulations	Cases	0	0	0
	IF-EN-250a.1	Amount of defect-and safety-related rework costs	KRW million	4,087	2,503	2,808
Structural Integrity & Safety	IF-EN-250a.2	Total amount of monetary losses as a result of legal proceedings associated with defect- and safety-related incidents	KRW million	9,970	2,862	1,100
Workforce Health & Safety	IF-EN-320a.1	Total recordable incident rate (TRIR)	Employees	persons/200,000 hours	0	0
			Partner companies	persons/200,000 hours	0.93	0.69
		Fatality Rate	Employees	Number of fatalities/200,000 work hours	0	0
Lifecycle Impacts of Buildings & Infrastructure	IF-EN-410a.1	Number of projects with third-party sustainability certification	Cases	18	8	9
Climate Impacts of Business Mix	IF-EN-410b.1	Amount of backlog for hydrogen-related projects	KRW 100 million	5,204	2,441	611
		Amount of backlog for renewable energy projects	KRW 100 million	2,782	1,921	1,156
	IF-EN-410b.2	Amount of backlog cancellations associated with hydrocarbon-related projects	KRW 100 million	0	0	0
	IF-EN-410b.3	Amount of backlog for non-energy projects associated with climate change mitigation	KRW 100 million	218	138	118
Business Ethics	IF-EN-510a.1	Number of projects ongoing in countries where corruption risks are detected	Cases	0	0	0
		Order backlog of projects ongoing in countries where corruption risks are detected	KRW 100 million	0	0	0
	IF-EN-510a.2	Total monetary losses arising from legal proceedings related to bribery and corruption	KRW 100 million	0	0	0
		Total monetary losses arising from legal proceedings related to anti-competitive activities	KRW 100 million	0	0	0
Activity Metrics	IF-EN-000.A	Number of ongoing projects	Cases	132	152	160
	IF-EN-000.B	Number of completed projects	Cases	52	35	15
	IF-EN-000.C	Total order backlog	KRW 100 million	501,237	478,027	434,008

SASB Index(Qualitative)

Category			Data
Environmental Impacts of Project Development	IF-EN-160a.2	Discussion of processes to assess and manage environmental risks associated with project design, siting, and construction	The Company performs environmental impact assessments to identify potential impacts before starting a project. We also carry out ongoing inspections and take measures to comply with environmental laws and regulations. Each site must develop and manage an environmental management plan tailored to the local environment and construction characteristics at the project's outset. We implement mitigation measures based on a risk assessment of environmental impacts. Additionally, we conduct annual comprehensive assessments and voluntary inspections for environmental violations at our sites, taking immediate corrective action for any issues identified.
Lifecycle Impacts of Buildings & Infrastructure	IF-EN-410a.2	Discussion of process to incorporate operational-phase energy and water efficiency considerations into project planning and design	Before starting a project, the Company identifies potential risks in advance to manage water and energy efficiency. Specifically, we apply the Pre-Con Service (PCS) to analyze the anticipated energy usage of buildings from the design stage, encouraging energy savings through eco-friendly design. We also integrate green technologies and construction methods to create resource-efficient buildings.
Business Ethics	IF-EN-510a.3	Description of policies and practices for prevention of (1) bribery and corruption, and (2) anti-competitive behavior in the project bidding processes	The Company provides clear guidelines through an ethical management document system that includes ethical management regulations, implementation guidelines, strategies, and activities. Each year, we collect compliance pledges from all employees and distribute the "Compliance Manual," which outlines our internal guidelines for fair trade behavior. In October 2022, we obtained ISO 37001 certification for our anti-corruption management system to identify and assess corruption risks across all departments. Additionally, in December 2023, we received an excellent grade (AA) in the CP rating evaluation conducted by the Korea Fair Trade Commission.

IFRS Index(TCFD)

S2 Climate-Related Disclosures

Category	Title		Page
Governance	The governance processes, controls, and procedures and entity uses to monitor, manage, and oversee climate-related risks and opportunities.		
	1	The governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities.	35
	2	Management's role in the governance processes, controls and procedures used to monitor, manage and supervise climate-related risks and opportunities.	35
Strategy	The company's strategy for managing sustainability-related risks and opportunities, and the impacts of identified risks and opportunities on the "business model and value chain," "strategy and decision-making," and "financial position, performance, and cash flows" over the short, medium, and long term.		
	1	Climate-related risks and opportunities that are reasonably expected to affect the company's outlook.	36~38
	2	The current and anticipated impacts of climate-related risks and opportunities on the business model and value chain.	36~38
	3	The impact of climate-related risks and opportunities on strategy and decision-making, including information on transition plans.	36~38
	4	The current financial impacts of climate-related risks and opportunities on the company's financial position, performance, and cash flows during the reporting period, as well as the anticipation financial impacts over the short, medium, and long term.	36~38
	5	The climate resilience of the company's strategy and business model in response to climate-related changes, scenarios, and uncertainties.	41
Risk Management	Processes used by the company to identify, assess, prioritize, and monitor sustainability-related risks and opportunities, and how these processes are integrated with the company's overall risk management.		
	1	The processes and policies used to identify, assess, prioritize, and monitor climate-related risks.	41
	2	The processes used to identify, assess, prioritize, and monitor climate-related opportunities.	41
	3	The scope and manner in which the processes for identifying, assessing, prioritizing, and monitoring climate-related risks and opportunities are integrated into and function within the company's overall risk management processes.	41

Category	Title		Page
Metrics and Targets	Performance of the company related to sustainability-related risks and opportunities, including progress towards targets set by the company/laws/regulations.		
	Industry-wide Indicators		
	1	Greenhouse gas Detailed information on Scope 1, 2, and 3 GHG emissions and measurement approaches.	42
	Industry-Specific Indicators		
	1	When determining disclosure indicators, refer to industry-specific guidelines within IFRS S2 for disclosure topics and relevant industry-based indicators.	
	Climate-Related Targets		
	1	Targets Quantitative and qualitative targets set by the company, targets required by laws/regulations, and the applicable timeframes/sectors.	43
	2	Review of targets The approach to setting and Reviewing targets, whether the targets are Subject to third-party verification, methods for monitoring progress towards targets, and indicators used in monitoring.	43

ESRS Index

ESRS 2. General Disclosures

Indicator No.	Title	Page
BP-1	General basis for preparation of the sustainability statements.	2
BP-2	Disclosures in relation to specific circumstances.	131
GOV-1	The role of the administrative, management and supervisory bodies.	24
GOV-2	Sustainability impacts, risks, and opportunities reported to, reviewed by, and resolved upon by the highest governance body.	27
GOV-3	Sustainability topics included in the key performance indicators (KPIs) used to evaluate senior management, including the CEO.	28~29
GOV-4	Governance overseeing sustainability risk assessment and due diligence, along with the related methods and procedures.	30
SBM-1	Market conditions and business overview, business strategy, business model, and key characteristics of the value chain.	9, 12~22
SBM-2	Procedures and methods for collecting and incorporating stakeholder feedback related to the organization's business operations.	32
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model(s).	28~29
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities.	27
IRO-2	Disclosure Requirements in ESRS covered by the undertaking's sustainability statements.	34, 46, 57, 66, 73, 139~140

ESRS E1. Climate Change

Indicator No.	Title	Page
E1-1	Transition plan for climate change mitigation.	39~40
E1-2	Policies on climate change mitigation and adaptation.	35
E1-3	Actions and resources in relation to climate change policies.	39~40
E1-4	Targets related to climate change mitigation and adaptation.	43
E1-5	Energy consumption by energy source, and energy intensity per unit of revenue.	114
E1-6	Scope 1, 2, and 3 greenhouse gas emissions and total emissions, along with greenhouse gas intensity per unit of revenue).	113
E1-9	Financial impacts resulting from significant physical and transition risks, and financial impacts from opportunity factors.	36, 38

ESRS Index

ESRS S1. Own Workforce

Indicator No.	Title	Page
S1-1	Policies related to own workforce	67
S1-2	Processes for engaging with own workers and workers' representatives about impacts	93
S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	70
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	68~69
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	71
S1-6	Characteristics of the undertaking's employees	117
S1-7	Characteristics of non-employee workers in the undertaking's own workforce	117
S1-8	Percentage of total employees covered by collective bargaining agreements, a description of reasons and countermeasures for employees not covered by collective bargaining agreements	93
S1-9	Average hourly wage difference between genders, ratio of women's hourly wage against men's hourly wage	118
	Persons subject to family care leave (maternity leave, parental leave, etc.), number of persons who went on a leave, retention rate after returning to work after leave	119
S1-10	Methodology for calculating fair wages, and the proportion of employees paid below the fair wage	118
S1-12	Employment rate of persons with disabilities, number of persons with disabilities employees by gender	119
S1-13	Percentage of employees that participated in regular performance and career development reviews	120
	Average number of training hours and expenses per person	120
S1-14	Percentage of own workers who are covered by the undertaking's health and safety management system based on legal requirements and/or recognized standards or guidelines	122
	Number of work-related incidents and severe human rights impacts and incidents within its own workforce and any related material fines or sanctions for the reporting period	123
S1-17	Number of complaints and severe human rights impact and incidents within its own workforce and any related countermeasures and plans to prevent reoccurrence	70, 121
	Number of complaints and severe human rights impacts and incidents within its own workforce and any related countermeasures and plans to prevent reoccurrence	121

ESRS S2. Workers in the Value Chain

Indicator No.	Title	Page
S2-1	Policies related to the value chain workers	58
S2-2	Processes to remediate negative impacts and channels for value chain workers to raise concerns	58
S2-3	Taking action on material impacts on value chain workers, and approaches to mitigating material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	58
S2-4	Processes for engaging with value chain workers about impacts	62~63
S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	64

ESRS S4. Consumers and End Users

Indicator No.	Title	Page
S4-2	Processes for engaging with consumers and end-users about impacts	78
S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	78
S4-4	Taking action on material impacts on consumers and end-users, and approaches to mitigating material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	78

UNGP Human Rights Reporting Index

Area	Reporting Principle	Reporting Content	Reporting Location
Governance of Respect for Human Rights	A1. Policy Commitment	Disclosure of the company's commitment to respecting human rights	67
	A2. Embedding Respect for Human Rights	Efforts to embed the commitment to respect human rights	67, 71~72
Defining a Focus of Reporting	B1. Statement of Salient Issues	Key human rights issues associated with business activities	69~70
	B2. Determination of Salient Issues	Method for identifying key human rights issues	68
	B3. Choice of Focal Geographies	Geographic areas where key human rights issues arise and the selection method	68
	B4. Additional Severe Impacts	Potential human rights issues beyond the identified key issues	69~70
Key Issue Management	C1. Specific Policies	Detailed policies addressing key human rights issues	67
	C2. Stakeholder Engagement	Stakeholder engagement for each key human rights issue	68
	C3. Assessing Impacts	Ongoing identification of key human rights issues	68
	C4. Integrating Findings and Taking Action	Decision-making processes and integration of key human rights issues into business activities	67, 70
	C5. Tracking Performance	Assessment of the effectiveness of actions taken to address key human rights issues	-
	C6. Remediation	Remedial and follow-up support activities for victims of human rights violations	71~72

Greenhouse Gas Verification Statement



Verification of Scope 1 and 2 for LOTTE E&C

Verification Scope

Korean Standards Association has conducted verification for GHG emissions based on GHG report provided by LOTTE E&C Co., Ltd. which includes Scope1 and Scope2 emissions.

Verification Standards and Guidelines

To conduct verification activities, verification team applied verification standards and guidelines. The standards and guidelines are as follows.

- Guidance for reporting and verification of GHG emissions trading scheme (No. 2024-155 provided by Ministry of Environment, Republic of Korea)
- Verification Guidelines for the Operation of the Greenhouse Gas Emission Trading System (No. 2024-169 provided by Ministry of Environment, Republic of Korea)
- For matters not specified in other guidelines, refer to 2006 IPCC Guidelines, KS I ISO 14064-1: 2018 and KS I ISO 14064-3: 2019

Level of Assurance

LOTTE E&C Co., Ltd.'s GHG emissions satisfies the under Reasonable Assurance (less than $\pm 5.0\%$ of total emissions).

Verification Conclusion

As a result of verification activities, verification team has found no significant errors, omissions, and misstatements. Therefore, Korean Standards Association confirms that following emissions data

are adequately quantified.

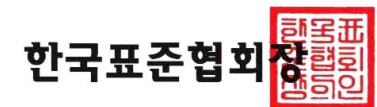
2024 GHG Emissions(Scope1, Scope2)

(Unit : tCO₂eq)

Year	Scope 1	Scope 2	Total
2024	10,834.001	41,586.146	52,420
2023	7,833.902	38,183.721	46,017
2022	8,681.658	36,364.291	45,045
2021	5,987.836	36,034.070	42,021

※ Decimal place is not considered when calculating the emission of each workplace.

July 04, 2025



LOTTE E&C was designated as a management company under Application Standard No. 2 of the 2024 Greenhouse Gas Target Management System for the Building, Transportation, and Construction Sectors. Accordingly, third-party verification (Verifier: Korea Standards Association, KSA) was conducted for GHG emissions from all construction sites, excluding the headquarters building.

※ In addition, the Company voluntarily calculated the GHG emissions from its headquarters building, which was outside the verification scope (all construction sites).

- 2024 Headquarters: Scope 1: 9.740 tCO₂eq, Scope 2: 1,263.348 tCO₂eq
- 2023 Headquarters: Scope 1: 23.124 tCO₂eq, Scope 2: 1,401.480 tCO₂eq
- 2022 Headquarters: Scope 1: 19.828 tCO₂eq, Scope 2: 1,456.421 tCO₂eq

Greenhouse Gas Verification Statement



Verification of Scope 3 for LOTTE E&C

Terms of engagement

LRQA was commissioned by Lotte Engineering & Construction Co., Ltd. (Lotte Engineering & Construction) to provide independent assurance on its GHG emissions inventory for the calendar year 2024 (here after referred to as “the report”) against the assurance criteria below to a limited level of assurance and materiality of 5% using ISO 14064-3:2019, ‘Specification with guidance for verification and validation of greenhouse gas statements’.

Our assurance engagement covered Lotte Engineering & Construction’s domestic operations and activities, and specifically the following requirements:

- Evaluating conformance with GHG Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard¹⁾
- Evaluating the accuracy and reliability of data and information for other indirect GHG emissions (Scope 3).

The main activities of Lotte Engineering & Construction include general construction and the GHG emissions have been consolidated using an operational control approach.

LRQA’s responsibility is only to Lotte Engineering & Construction. LRQA disclaims any liability or responsibility to others as explained in the end footnote. Lotte Engineering & Construction’s responsibility is for collecting, aggregating, analysing and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of Lotte Engineering & Construction.

LRQA’s Opinion

Based on LRQA’s approach nothing has come to our attention that would cause us to believe that Lotte Engineering & Construction has not, in all material respects:

- Met the requirements above; and
- Disclosed accurate and reliable data and information as summarized in Table 1 below.

The opinion expressed is formed on the basis of a limited level of assurance and at the materiality of 5%.

► Note: The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

LRQA’s approach

LRQA’s assurance engagements are carried out in accordance with our verification procedure. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Interviewing key people of the organization responsible for managing GHG emissions data and records;
- Reviewing processes related to the control of GHG emissions data and records;
- Visiting the headquarters of Lotte Engineering & Construction and reviewing additional evidence made available by Lotte Engineering & Construction; and
- Verifying historical GHG emissions data and records at an aggregated level for the calendar year 2024.

LRQA’s standards, competence and independence

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition and ISO/IEC 17021 Conformity assessment – Requirements for bodies providing audit and certification of management systems that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the Code of Ethics for Professional Accountants issued by the International Ethics

1) <https://www.ghgprotocol.org>

Greenhouse Gas Verification Statement



Verification of Scope 3 for LOTTE E&C

Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

This verification engagement is the only work undertaken by LRQA for Lotte Engineering & Construction and as such does not compromise our independence or impartiality.

Table 1. Summary of Lotte Engineering & Construction, GHG Emissions Inventory 2024

Scope of GHG emissions	tCO ₂ e _q
Other Indirect GHG emissions (Scope 3)	
▸ Purchased goods & services – production of ready-mixed concrete, rebar, beams, cement, aggregate and asphalt concrete	1,505,851
▸ Capital goods – Desktops, laptops, and monitors	14
▸ Upstream transportation and distribution – transportation of ready-mixed concrete, rebar, beams and asphalt concrete	38,394
▸ Business travel – international flights	212
▸ Use of sold products – use phase of constructed apartments and office buildings	1,712,879
▸ End-of-life treatment of sold products – waste disposal generated at the end-of-life stage of apartments	9,826

Dated: 30 May 2025

Chan-Sik Yun RQA Lead Verifier On behalf of LRQA



Third-Party Assurance Statement



To: The Stakeholders of Lotte Engineering & Construction Co., Ltd

Overview

BSI (British Standards Institution) Group Korea (hereinafter referred to as the “Assurer”) was requested to verify 2025 LOTTE E&C SUSTAINABILITY REPORT (hereinafter referred to as the “Report”). The Assurer is independent of the Lotte Engineering & Construction and has no major operational financial interest other than the assurance. This assurance opinion statement is intended to provide information related to the assurance of the Lotte Engineering & Construction report relating to the environment, social and governance (ESG) to the relevant stakeholders and may not be used for any purpose other than the purpose of publication. This assurance opinion statement was prepared based on the information presented by the Lotte Engineering & Construction and the assurance was carried out under the assumption that presented the information and data were complete and accurate. Lotte Engineering & Construction is responsible for managing the relevant information contained within the scope of assurance, operating the relevant internal control procedures, and for all information and claims contained in the report. Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to Lotte Engineering & Construction only. The Assurer is responsible for providing Lotte Engineering & Construction management with an independent assurance opinion containing professional opinions derived by applying the assurance methodology to the scope specified, and to provide the information to all stakeholders of Lotte Engineering & Construction. The Assurer shall not bear any other responsibility, including legal responsibility, to any third party other than Lotte Engineering & Construction in providing the assurance opinion and shall not be liable to any other purpose, purpose or stakeholders related thereto for which the assurance opinion may be used.

Scope

The scope of engagement agreed upon with Lotte Engineering & Construction includes the following:

- Reporting contents during the period from January 1st to December 31st 2024 included in the report, some data included half of 2025.
- Major assertion included in the Report, such as sustainability management policies and strategies, goals, projects, and performance, and the Report contents related to material issues determined as a result of materiality assessment.
- Appropriateness and consistency of processes and systems for data collection, analysis and review.

- In Accordance with the four principles of AA1000 AccountAbility in the Report, based on the type of Sustainability Assurance based on AA1000AS v3 and if applicable, the reliability of the sustainability performance information contained in the Report.

The following contents were not included in the scope of assurance.

- Financial information in Appendix.
- Index items related to other international standards and initiatives other than the GRI.
- Other related additional information such as the website, business annual report.

Assurance Level and Type

The assurance levels and types are as follows;

- Moderate level based on AA1000 AS and Type 2 (confirmation to the four principles as described in the AA1000 Accountability Principle 2018 and quality and reliability of specific performance information published in the report.)

Description and sources of disclosures covered

Based on the scope and methodology of assurance applied, the assurer reviewed the following Disclosures based on the sampling of information and data provided by Lotte Engineering & Construction.

[Universal Standards]

2-1 to 2-5 (The organization and its reporting practices), 2-6 to 2-8 (Activities and workers), 2-9 to 2-21 (Governance), 2-22 to 2-28 (Strategy, policies and practices), 2-29 to 2-30 (Stakeholder engagement), 3-1 to 3-3 (Material Topics Disclosures)

[Topic Standards]

101-1, 101-5, 201-1~3, 202-1~2, 203-1~2, 204-1, 205-1~3, 206-1, 301-1~2, 302-1, 302-3, 303-2~3, 303-5, 304-1~2, 304-4, 305-1~5, 306-1~5, 308-2, 401-1~3, 403-1~9, 404-1~3, 405-1~2, 406-1, 410-1, 414-1~2, 415-1, 416-1, 418-1

Third-Party Assurance Statement

Methodology

As a part of its independent assurance, the Assurer has used the methodology developed for relevant evidence collection in order to comply with the verification criteria and to reduce errors in reporting. The Assurer has performed the following activities;

- A top-level review of issues raised by external parties that could be relevant to organizations policies to provide a check on the appropriateness of statements made in the report.
- Discussion with managers and staffs on organization's approach to stakeholder engagement.
- Review of the supporting evidence related to the material issues through interviews with senior managers in the responsible departments.
- Review of the system for sustainability management strategy process and implementation
- Review of materiality issue analysis process and prioritization by reviewing materiality issue analysis process and verifying the results
- Verification of data generation, collection and reporting for each performance index and document review of relevant systems, policies, and procedures where available
- An assessment of the company's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000 AccountAbility Principles Standard (2018).
- Visit of the Lotte E&C HQ to confirm the data collection processes, record management practices.

Limitations and approach used to mitigate limitations

The Assurer performed limited verification for a limited period based on the data provided by the reporting organization. It implies that no significant errors were found during the verification process, and that there are limitations related to the inevitable risks that may exist. The Assurer does not provide assurance for possible future impacts that cannot be predicted or verified during the verification process and any additional aspects related thereto.

Competency and Independence

BSI (British Standards Institution) is a leading global standards and assessment body founded in 1901. BSI is an independent professional institution that specializes in quality, health, safety, social and environmental management with almost 120 years history in providing independent assurance services globally. No member of the assurance team has a business relationship with Lotte Engineering & Construction. The Assurer has conducted this verification independently, and there has

been no conflict of interest. All assurers who participated in the assurance have qualifications as an AA1000AS assurer, have a lot of assurance experience, and have in-depth understanding of the BSI Group's assurance standard methodology.

Opinion Statement

- The assurer was carried out by a team of sustainability report assurers in accordance with the AA1000 Assurance Standard v3. Assurer planned and performed this part of our work to obtain the necessary information and explanations assurer considered to provide sufficient evidence that Lotte Engineering & Construction's description of their approach to AA1000 Assurance Standard and their self-declaration of compliance with the GRI standards were fairly stated.
- On the basis of our methodology and the activities described above, it is our opinion that the information and data included in the Report are accurate and reliable and the Assurer cannot point out any substantial aspects of material with mistake or misstatement. We believe that the economic, social and environment performance indicators are accurate and are supported by robust internal control processes.

Conclusions

The Report is prepared in accordance with the GRI Standards. (Reporting in accordance with the GRI standards). The detailed reviews against the AA1000 AccountAbility Principles of Inclusivity, Materiality, Responsiveness and Impact and the GRI Standards are set out below.

• Inclusivity: Stakeholder Engagement and Opinion

Lotte Engineering & Construction defined employees, shareholders/investors, customers, partners, local communities and government agencies as Key Stakeholder Groups. In order to collect opinions by each stakeholder group in the context of sustainability, operated the stakeholder engagement process. Lotte Engineering & Construction conducted a review of the stakeholder engagement process at the governance level in order to reflect the major issues derived through the stakeholder engagement process in sustainability strategy and goals. Lotte Engineering & Construction disclosed the results related to the process in the Report.

• Materiality: Identification and reporting of material sustainability topics

Lotte Engineering & Construction implemented its own materiality assessment process in consideration of the major business and operational characteristics to derive important reporting issues related to sustainability. Lotte Engineering & Construction conducted benchmarking and media analysis of similar companies and

Third-Party Assurance Statement

institutions at home and abroad, identified financial impact and social/environmental impact, and determined key issues for the reporting year. Lotte Engineering & Construction derived 5 core material issues through the relevant process, and disclosed GRI topic standards disclosures related to core material issues in the Report.

• Responsiveness: Responding to material sustainability topics and related impacts

Lotte Engineering & Construction operated a management process for core material issues in the context of sustainability derived from the materiality assessment. The Lotte Engineering & Construction established mid- to long-term sustainability plans and goals in according to the management methodology established to effectively reflect the expectations of key stakeholders. Lotte Engineering & Construction disclosed the process including policy, indicator, activity and response performance on core material issues in the Report.

• Impact: Impact of an organization's activities and material sustainability topics on the organization and stakeholders

Lotte Engineering & Construction identified the scope and extent of the impacts to the organization and key stakeholders in the context of the sustainability of the core material issues reported. Lotte Engineering & Construction established sustainability strategies and objectives based on the analysis results of major impacts, including risks and opportunities for core material issues, disclosed mid- to long-term plans and strategic system in the Report.

Findings and conclusions concerning the reliability and quality of specified performance information

Among the GRI Topic Standards, the following disclosure were carried out in a assurance Type 2 based on the information and data provided by the reporting organization. In order to verify the reliability and accuracy of the data and information, internal control procedures related to data processing, processing, and management were verified through interviews with the responsible department, and accuracy was verified through sampling. Errors and intentional distortions in sustainability performance information included in the report were not found through assurance processes. The reporting organization manages the sustainability performance information through reliable internal control procedures and can track the process of deriving the source of the performance. Errors and unclear expressions found during the assurance process were corrected during the assurance process and prior to the publication of the report, and the assurer confirmed the final published report with the errors and expressions corrected.

- GRI Topic Standards: 201-1~2, 202-1~2, 203-1~2, 205-1~2, 301-1~2, 302-1, 302-3, 303-3, 303-5, 305-1~5, 306-3~5, 308-2, 401-1, 401-3, 403-1~9, 404-1, 404-3, 405-1~2, 414-1~2, 416-1

Recommendations and Opportunity for improvement

The assurer will provide the following comments to the extent that they do not affect the result of assurance; Considering the characteristics of the construction industry and strengthening of key regulatory requirements such as the greenhouse gas target management system,

- It may be helpful to advance the sustainability management system by specifying the value chain composition system and reporting boundaries according importance criteria.
- It may be helpful to advance the sustainability management system by strengthening methodologies and internal control procedures for sustainability performance indicators.

GRI-reporting

Lotte Engineering & Construction provided us with their self declaration of compliance within GRI Standards. Based on our review, we confirm that social responsibility and sustainable development indicators with reference to the GRI Index. The Assurer confirmed that the Report was prepared in accordance with the GRI Standards and the disclosures related to the Universal Standards and Topic Standards Indicators based on the data provided by Lotte Engineering & Construction and the sector standard was not applied.

Issue Date: 15/07/2025

For and on behalf of BSI (British Standards Institution):

BSI representative

Jungwoo Lee,
Lead Assurer, LCSAP

Seonghwan Lim,
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Awards and Memberships

Memberships in Associations

Construction Association of Korea	Korea Construction Materials Council
The Korea Railway Association	Construction Subcontractors' Council
Korea Road Association	Korea Fair Competition Federation
Korea Irrigation and Drainage Committee	Korea Construction New Technology Association
Korea Railroad Construction Association	Korea Industrial Technology Promotion Association
Engineering Mutual Aid Association	Korea Construction Environment Association
Korea Electrical Engineers Association	Korea Engineering Promotion Association
Korea Intelligent Smart Building Association	General Construction KOSHA-MS Council
Korea Railroad Signaling Technology Association	Construction Safety Practitioners Council
Korea Electric Railway Technology Association	Construction Safety Council
Korea Software Industry Association	Construction Health Council
Korea Electrical Association	Construction Safety Executives Council
Korea Facility Technology Association	Construction Equipment Safety Council
Korea General Construction Machinery & Equipment Council	Korea Construction Management Association
Korea Fire Protection Facilities Association	Construction Companies HR Managers Council
Korea Housing Association	Korea Listed Companies Association
Korea Remodeling Association	Korea Incident Response Team Council
Korea Overseas Construction Association	Korea Chief Information Security Officers Council
Korea Construction Materials Workers Council	

Awards

Award Date	Title of Award	Awarding Organization
June 27, 2024	「2024 National Service Award」Premium Apartment Category (7 consecutive years)	Institute for Industrial Policy Studies
July 1, 2024	「Red Dot Design Award 2024」Sustainability Category, Winner	Red Dot singapore Pte Ltd
July 3, 2024	「2024 Korea Service Award」Apartment Category, Grand Prize (23 consecutive years)	Korean Standards Association
September 10, 2024	「2024 Korea Safety Technology Award」Ministerial Award	Ministry of the Interior and Safety
November 7, 2024	「17th Korea Communication Awards」Winner in 2 Categories	Korea Internet Communication Association
November 15, 2024	「2024 Good Design Award」Bronze Award in 2 Categories	Ministry of Trade, Industry and Energy / Korea Institute of Design promotion
November 19, 2024	「LACP Spotlight Awards」Grand Prize Winner	LACP
November 20, 2024	「2024 Smart Construction Challenge」Innovation Award in 2 Categories	Ministry of Land, Infrastructure and Transport
December 10, 2024	「2024 Community Contribution Recognition Program」Certified Company	Ministry of Health and Welfare / Korea National Council on Social Welfare

Acknowledgment

LOTTE E&C recognizes and strives to internalize sustainable management (ESG management) by making stakeholder engagement a core strategy in the publication of its sustainability reports. Going forward, the company will continue to gather diverse perspectives from both internal and external stakeholders during the reporting process to enhance the level of ESG integration.

Area	Organization	Name
Introduction	Strategic Planning Division	Tae Sung Han
	Financial Administration Department	Soo Jung Hyun Seo Yun Kweon
Business & Sustainability	Housing Division	Dae Geun Kwon
	Architecture Division	Seung Woo Seo
	Civil Works Division	Eun Bi Kang
	Plants Division	Man Jae Lee
	Overseas Business Division	Won Sik Shin
ESG Strategy	Strategic Planning Division	Tae Sung Han
Our Priorities	Strategic Planning Division	Tae Sung Han
	Research & Development Institute	Han Soo Leem Ho Young Park
	Safety and Health Management Headquarters	Tae Gi Kim
		Jin Woo Yang
		Dong Gyun Lee
	Sourcing and Procurement Division	Gi Beom Na Sung Woo Cho
	HR Department	Seung Bom Kim
	Strategic Planning Division	Min Jin Kim
		Tae Sung Han
		So Hee Lee

Area	Organization	Name
ESG Performance	Research & Development Institute	Jae Man Lee Han Soo Leem Young Joon Yoo
	HR Department	Ji Hoon Kim Seung Bom Kim Seong Hwan Park
	Public Relations Department	Su Keun Kang
	Housing Division	Kyung Hwan Kim June Sang Song Jung So Jung
		Seung Woo Seo
	Information Security Division	Min Sung Kim
	Ethical Management Division	Geun Soo Choi
Translation Review	Legal Affairs Department	Dae Yun Kim Ji Hye Jeong
Head of Production	Overseas Business Division	Won Sik Shin Jae Min Baek Seung Hyeon Kim
Head of Production	Strategic Planning Division	Bo Yeon Kim Bong Hoe Huh Tae Sung Han

