

ORGANIZATIONAL GOVERNANCE

Report on
Activities for
FY2018

We conduct all corporate activities with the LOTTE Group Philosophy at their core. We are moving forward with steps to further strengthen corporate governance in order to remain a company with the trust of its stakeholders. Through our actions, we aim to realize sustainable growth and increased corporate value.

Corporate Governance

As of June 26, 2019

Type of System	Company with Board of Corporate Auditors
Number of Directors (of which, Outside Directors)	8 Directors (4 Outside Directors, of Whom 1 is a Woman)
Number of Corporate Auditors (of which, Outside Corporate Auditors)	3 Corporate Auditors (2 Outside Corporate Auditors)
Number of Executive Officers	15
Accounting Auditor	Deloitte Touche Tohmatsu LLC
Internal Audit Department	Audit Department

Risk Management

Risk Management System

The Risk Management Committee comprises representatives from each department and plays a role in overseeing risk management across the entire company. The committee is not only responsible for measures to minimize damage when it occurs but also for taking a preventative approach to risk by assessing the potential risks that may occur when engaging in business activities with consideration given to both internal and external environments.

Countermeasures for Large-Scale Disasters

In response to the 2011 Great East Japan Earthquake, we created the *Large-Scale Disaster Response Manual* in 2012. This manual contains clear instructions on how to stay calm and act in order to ensure employee safety when a large-scale disaster occurs, how to prevent secondary disasters, and regular preparatory details. We also formulated a business continuity plan (BCP) to promptly restart business activities after a disaster or similar event takes place.

LOTTE Group Philosophy

Spreading the LOTTE Group Philosophy

In order to spread the LOTTE Group Philosophy, it is posted at each workplace and continuously communicated by directors. In addition, we have also incorporated it into an online book infused with our founding spirit, which employees can view at any time. As well, we distribute booklets with the same content to subsidiaries and other entities to further spread our philosophy.



Multilingual booklet for overseas subsidiaries (available in seven languages: English, Japanese, Thai, Vietnamese, Indonesian, Chinese, and Polish)

LOTTE Awards

Every year we give out LOTTE Awards to acknowledge outstanding efforts that exemplify LOTTE Values implicit in the LOTTE Group Philosophy: "User Oriented," "Originality," and "Quality". By bestowing these awards, we aim to increase employee motivation, while also promoting understanding and dissemination of our philosophy and encouraging actions that embody it. In addition, the ESG Award was newly established in FY2018 as a means to recognize employees engaged in activities that promote sustainability.

