

Supersector Leader Report

September 2012

Member of DJSI World, DJSI Asia Pacific, DJSI Korea

COMPANY DESCRIPTION

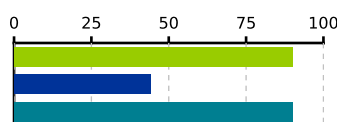
Founded in 1979, Korea-based Lotte Shopping Co Ltd (Lotte) operates retail stores primarily through three business divisions: department stores, discount stores, and a credit card business. The company is also active in other businesses such as convenience stores, television home shopping, supermarkets, cinemas, and clothing retail. Its department and discount stores offer products such as shoes, clothes, accessories, electric products, furniture, and food. Its card business provides credit card and loan services. In FY 2011, the company had 30 department stores, 95 hypermarkets, 350 superstores, and 75 cinemas in Korea. Globally, it runs 127 stores in China, Russia, Indonesia, and Vietnam. The company's revenues in FY 2011 totaled KRW 22,253 billion, 37% of which came from by the discount stores business. In August 2011, Lotte Shopping Co Ltd merged with its wholly owned subsidiary Lotte Square Co Ltd, which was also engaged in the retail business and operated various department stores.

SUSTAINABILITY PERFORMANCE

Lotte has consistently implemented its sustainability management strategy, balancing improvements in financial and non-financial performance across the business. The company's "Equal Project" approach comprises 12 projects spread over six domains: environment, product, customer, workplace, supplier, and society. Constant attention to evolving customers' needs and lifestyle changes supports the product offering under this strategy. To distinguish itself from its competitors while minimizing its environmental impact, Lotte pioneered the concept of "Green Stores" among retailers in Korea, offering a broad range of eco-products in energy-efficient facilities. This type of cross-linked approach is extended to its supply chain across all business activities. Through this approach, Lotte engages with suppliers and manufacturers to eliminate secondary and tertiary packaging through the "Green Mileage Campaign" and further partners with its key suppliers to adopt cleaner production processes, fair trade and employee training systems under the "Global Clean Management Agreement."

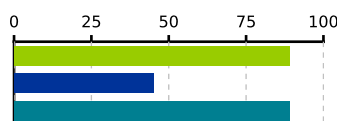
SUSTAINABILITY SCORES

TOTAL SCORE

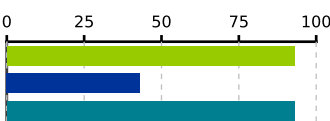


Legend:
■ Lotte Shopping Co Ltd
■ DJSI sector average score
■ Best company within sector

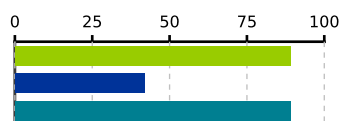
ECONOMIC DIMENSION



ENVIRONMENTAL DIMENSION



SOCIAL DIMENSION



COMPANY INFORMATION

Company	
Country	South Korea
Number of Employees	24,801
Web	www.lotteshopping.com

Share	
Market cap (million)	9,076,054
Currency	KRW
High 52 week	443,000.00
Low 52 week	273,500.00

Source: Bloomberg / September 03, 2012

Key data	2011	2012E
Sales (million)	22,253,088	24,670,878
EPS	25,580.00	37,756.19
P/E Ratio	12.22	8.28

SAM Sustainable Asset Management AG

Josefstrasse 218 . 8005 Zürich . Switzerland
 Phone +41 44 653 10 30 . Fax +41 44 653 10 50 . index@sam-group.com . www.sam-group.com

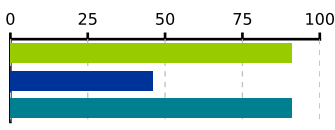
INDUSTRY DRIVERS

The retail market is still characterized by a continued shift toward multinational conglomerates with global supply and distribution networks, efficient inventory management and wide-scale marketing plans. Successful retailers willing to gain market share continuously develop new ways to analyze customer information and habits to detect buying patterns and implement more responsive and tailored customer relationship management processes. E-commerce, home delivery services and pick-up systems are gaining importance among distribution channels. On an operational level, companies need to address the efficiency of their supply chain management, distribution systems and the use and disposal of packaging. Responsible sourcing has gained significance among various stakeholders, and consumers have shown a willingness to pay a premium for companies that adopt healthy environmental practices. Within this context, retailers must establish long-term relationships with suppliers and provide enhanced transparency on their supply chain management systems in order to minimize reputational risks.

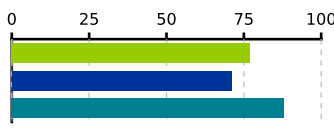
COMPANY PERFORMANCE FOR SELECTED CRITERIA

Economic Dimension

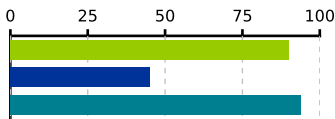
Customer Relationship Management



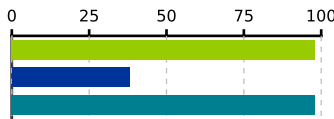
Corporate Governance



Supply Chain Management

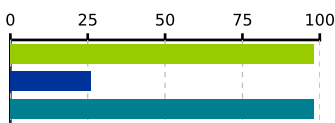


Brand Management

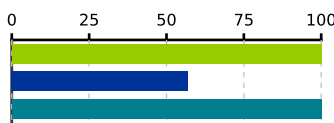


Environmental Dimension

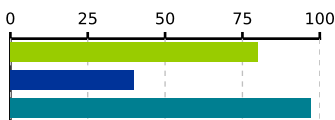
Operational Eco-Efficiency



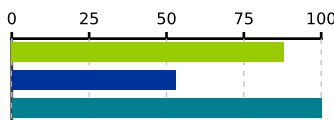
Packaging



Environmental Reporting

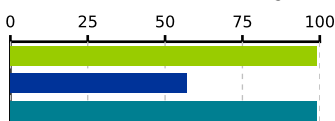


Environmental Policy/Management System

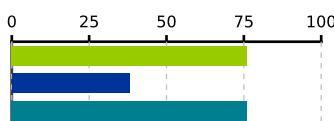


Social Dimension

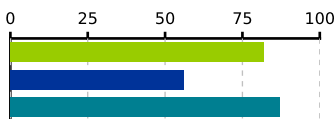
Labor Practice Indicators and Human Rights



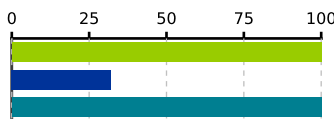
Talent Attraction & Retention



Stakeholder Engagement



Human Capital Development



■ Lotte Shopping Co Ltd
 ■ DJSI sector average score
 ■ Best company within sector

For information on assessment criteria, visit www.sustainability-indexes.com

Disclaimer

For internal use only/Confidentiality: The information and opinions contained in this publication are for internal use only. This information is destined exclusively for internal use of the recipient. Any recipient shall treat this document as confidential and shall under no circumstances disclose or transmit any part of this document, including but not limited to the Index Data, the Components of the Index and the related descriptions, weightings, etc. to any third party. Furthermore the publication of the information is strictly prohibited. No Offer: The information and opinions contained in this publication neither constitute an offer nor an invitation to make an offer to buy or sell any securities or any options, futures or other derivatives related to such securities. The information described in this publication is not directed to persons in any jurisdiction where the provision of such information would run counter to local laws and regulation. No warranty: This information is derived from sources believed to be accurate and reliable, but neither its accuracy nor completeness is guaranteed. The material and information in this information is provided "as is" and without warranties of any kind, either expressed or implied. SAM AG and their related and affiliated companies disclaim all warranties, expressed or implied, including, but not limited to, implied warranties of merchantability and fitness for a particular purpose. Any opinions and views in this publication reflect the current judgment of the authors and may change without notice. It is each reader's responsibility to evaluate the accuracy, completeness and usefulness of any opinions, advice, services or other information provided in this publication. Limitation of liability: All information contained in this publication is distributed with the understanding that the authors, publishers and distributors are not rendering any legal, accounting or other professional advice or opinions on specific facts or matters and accordingly assume no liability whatsoever in connection with its use. In no event shall SAM AG and its related, affiliated and subsidiary companies be liable for any direct, indirect, special, incidental or consequential damages arising out of the use of any opinion or information expressly or implicitly contained in this publication. Copyright: Unless otherwise noted, text, images and layout of this publication are the exclusive property of SAM AG and/or its related, affiliated and subsidiary companies.