

OUR LOTTE MIRAI CHALLENGE 2048

Goals to Achieve by the 100th Anniversary



Sustainability Report
2025
(Detailed Edition)

Editorial Policy

Information Related to Report Contents

Editorial Policy	Sustainability Report 2025 (Detailed Edition) has been published in order to further understanding among all stakeholders as to our approach and initiatives related to sustainability, with particular focus given to activities conducted in FY2024. This report has been edited referencing the guidelines below.
Reference Guidelines	Global Reporting Initiative (GRI) standards, Sustainability Accounting Standards Board (SASB) standards Please see pages 65-67 for reference tables corresponding to these standards.
Period of Reporting	FY2024 (April 1, 2024 - March 31, 2025) For some subsidiaries, FY2024 has been adjusted to match their accounting period, which is January 1–December 31, 2024. Furthermore, some of the content reported may include information from before or after the periods stated above.
Scope of Reporting	As a general rule, the scope of reporting is LOTTE CO., LTD. and its consolidated Group companies. Dari K Co., Ltd. and Ginza Cozy Corner Co., Ltd., which became consolidated Group companies during FY2021, are included in the scope of reporting starting from the results for FY2022. However, where there is a base year related to the setting of targets, historical information is reviewed and included in the scope of reporting retrospectively. In addition, in each instance where the information available is incomplete, the scope reported is clearly indicated.
Date of Reporting	September 2025

Company Profile

Company Profile

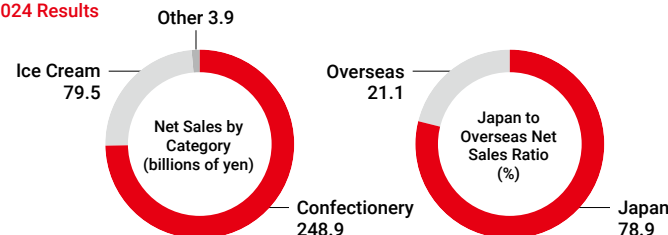
Company Name	LOTTE CO., LTD.
Head Office	20-1, Nishi-Shinjuku 3-chome, Shinjuku-ku, Tokyo, Japan
Founding	June 1948
Capital	217,000,000 yen
Closing Date	March 31
Full-Time Employees	2,299 7,061 (Consolidated) (As of March 31, 2025 / Data on overseas locations and Dari K is as of December 31, 2024)

Group Companies	Parent Company LOTTE HOLDINGS CO., LTD.
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Japan
Mary Chocolate Co., Ltd.
Dari K Co., Ltd.
Ginza Cozy Corner Co., Ltd.

Overseas
THAI LOTTE CO., LTD. (Thailand)
PT. LOTTE INDONESIA (Indonesia)
LOTTE VIETNAM CO., LTD. (Vietnam)
LOTTE TAIWAN CO., LTD. (Taiwan)
LOTTE Wedel sp. z o.o. (Poland)

FY2024 Results



Disclosure of Future Financial Information

Please visit our website for more information.

Sustainability Page on LOTTE Corporate Website (Japanese only)
<https://www.lotte.co.jp/corporate/sustainability/>

LOTTE CO., LTD. Sustainability Report 2025
<https://www.lotte.co.jp/english/sustainability/report.html>



Sustainability Report 2025 (Detailed Edition)

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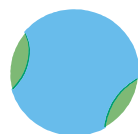
OUR LOTTE MIRAI CHALLENGE 2048

Goals to Achieve by the 100th Anniversary

The year 2048 will mark
the 100th anniversary of LOTTE CO., LTD.

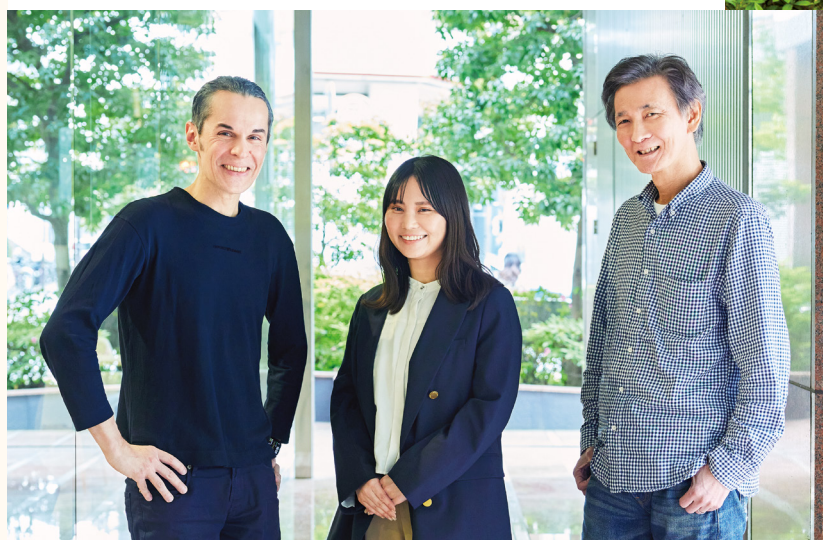
Amid dramatic changes taking place around the world, we had serious discussions about how we should approach an uncertain future, how to ensure our survival, and what an ideal LOTTE would be in that future.

The outcome of these discussions was a vision for what we want to be in the year of our 100th anniversary, organized into three sustainability visions derived from our Purpose.



Connecting People, Creating a Sustainable Planet

LOTTE does not operate in isolation—we work with many stakeholders across our value chain. We will continue to lead the way in connecting and engaging stakeholders, learning from one another, and driving the shift toward sustainable business.



Evolving Our Brand Tailored to Customers for a Happier Future

We envision a future where every product and service our customers choose ultimately contributes to their happiness. To achieve this, we are exploring for new value while transforming every aspect of our value chain into a more sustainable one.



Becoming a Company with Diverse Talent and Continuous Innovation Through Original Ideas

To continue to achieve growth through innovation during our progress toward 2048, LOTTE needs to be a place where diverse talent can thrive and fully realize their potential. We will continue to evolve so that people will want to work at LOTTE and be satisfied with their choice.

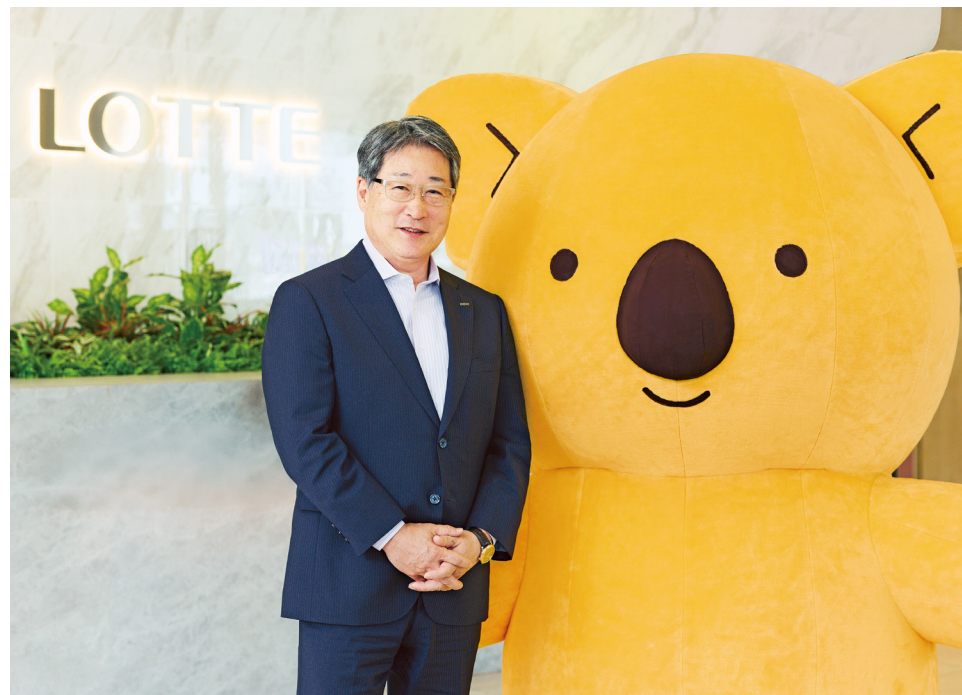
We will work with our stakeholders to achieve sustainable growth and improve our corporate value.

Hideki Nakashima

President /
Representative Director



©L/KMP



Visiting Cocoa-Producing Areas in a Milestone Year

The year 2024 marked a milestone for us, celebrating 60 years in the chocolate business. Coinciding with this achievement, in October of that same year I visited cocoa farms and a local school in Ghana, one of our main sources of cocoa beans. Watching those children, bright-eyed and studying hard in conditions that could hardly be described as adequate, strongly reaffirmed in me the need to help remedy the problems facing these areas.

In recent years, the depreciation of the Japanese yen and a historic rise in cocoa prices following poor harvests in West Africa has led to increased discussions regarding the sustainability of our business both inside and outside the Company. We have built strong relationships with both producers and

suppliers, primarily in Ghana, and have worked for many years to procure cocoa beans sustainably. In addition to our efforts to eliminate child labor and prevent deforestation, we also provide Good Agricultural Practices training to help increase cocoa production. Notably, I have heard that farmers who received this training were less affected by the poor harvest than farmers who did not receive it. These efforts have been successful; despite the impact of rising prices, they have helped us continue to secure the cocoa beans needed to produce our products. That being said, these times of greater and greater uncertainty have served as a strong reminder of the importance of sustainability, specifically as a means to maintain resilience in times of emergency.

Better productivity, coupled with better lives for farmers, will make cocoa farming a more attractive occupation,

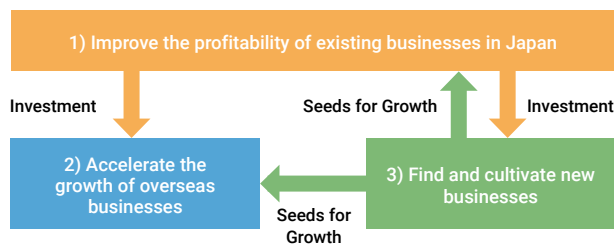
leading to greater number of cocoa producers in the future. Activities toward these ends are highly significant to the sustainability of our chocolate business.

On the other hand, one company can only do so much. Therefore, in 2024 we started a biochar pilot project (page 37) in collaboration with other cocoa related companies. This project involves taking cocoa pods that have been discarded in cocoa-producing areas, converting them into biochar, which locks in the carbon, and spreading them on farms. Not only does this improve production, it also helps with decarbonization. We will assess the effectiveness of this process, plus optimal application methods, onsite. I would like us to keep working with stakeholders to more impactfully resolve social issues.

Message from the President

A Human Resource Strategy Interlinked with Our Business Strategies

Our business strategy for sustainable growth has three pillars: 1) improve the profitability of existing domestic businesses, 2) accelerate the growth of overseas businesses, and 3) find and cultivate new businesses. As we start to see signs of a gradual recovery from a deflating economy, we are trying to raise the profitability of existing businesses, focused on domestic confectioneries and ice cream, through a brand-centric shift from quantity to value, and by increasing productivity. Then, to spur growth for the entire Group, we will use profits earned from our existing domestic businesses as the foundation for active investment in our businesses overseas. We will also actively seek out and cultivate new businesses, hoping to proactively sow seeds for future growth springing from these ventures and for synergies with existing businesses.



Human capital is of utmost importance when it comes to implementing these management strategies. Knowing this, we plan to promote a human resource strategy (page 46) that is interlinked with our business strategies and will lead to the cultivation of a group of people with the necessary skills to help us grow. Accordingly, we will increase investment in acquiring and developing such talented people. We will also maintain our focus on raising employee engagement. This involves facilitating a variety of work styles and updating our corporate culture to better respect and cultivate diversity. In doing so, all employees will be able to show their full potential.

Improving our engagement score is one of the goals set within LOTTE MIRAI CHALLENGE 2048. I see this score as a

type of report card for us officers, written by the employees. Employee engagement forms a comprehensive assessment of officers based on whether employees have a positive work environment, how enthusiastic employees are about their duties, and whether management can be trusted. I promise that employee feedback will not fall on deaf ears—we will listen, take it seriously, and use it to improve. We will continue to evolve so that people will want to work at LOTTE and be satisfied with their choice.

For a Happier Future

In today's rapidly changing and difficult-to-predict business environment, I feel it is increasingly important to state our purpose, our reason for being, clearly. So in 2023, working together with our employees, we developed a new Purpose: "To create a happier future by connecting people through original ideas and uplifting experiences." The phrase

"a happier future" reflects our determination to help realize a sustainable planet and society, and bring prosperity to the lives of all people.

Our business draws upon the many bounties of nature for support, for raw materials first and foremost. We also draw upon our many stakeholders, including the farmers who produce our products, our business partners, and our customers. This means that our work to resolve issues related to the environment and human rights, to realize our Purpose of a happier future, and to pass this future on to the next generation are the very definition of business activities for sustainable growth.

There are likely many challenges waiting for us beyond FY2025. However, change is not something we fear. Instead, we will continue to ask ourselves how to ensure a happier future and will work with stakeholders to achieve sustainable growth and increase corporate value. I sincerely appreciate your support as we move forward in this endeavor.



Our Vision for a Happier Future

Our vision for a happier future includes support for people's mental and physical health and a sustainable future that is in harmony with the environment and society. To realize our sustainability visions and create a happier future, we set goals leading up to our 100th anniversary in 2048.

Our LOTTE MIRAI CHALLENGE 2048 is in motion.



Journey to a Happier Future

We have established a list of 6 materiality themes and goals as the LOTTE MIRAI CHALLENGE 2048, which aims to realize our sustainability visions and create a happier future, as called for in our Purpose.



Sustainability Visions

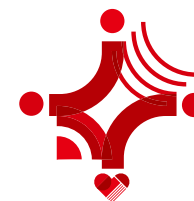


6 Materiality Themes

LOTTE MIRAI CHALLENGE 2048

Goals to Achieve by the 100th Anniversary

LOTTE Purpose



- ♥ To create a happier future
- ∩ by connecting people
- ✦ through original ideas
- ☞ and uplifting experiences.

Sustainability Visions



Evolving Our Brand
Tailored to Customers
for a Happier Future



Connecting People,
Creating a Sustainable Planet



Becoming a Company with Diverse
Talent and Continuous Innovation
Through Original Ideas

6 Materiality Themes



Mental and Physical Health

Leveraging our expertise in food and health, including KAMUKOTO,* and our deep knowledge of flavors, we will continue to challenge ourselves to create new value and contribute to the well-being of people.



Sustainable Procurement

We will work with our stakeholders to build a sustainable supply chain and address any environmental and human rights issues found within it.



Circular Economy

Our goal is to minimize any adverse impact on the environment across our value chain, from procurement of raw materials to consumption and disposal, aiming to realize a circular economy.



Decarbonization

Working with our stakeholders, we will achieve virtually zero GHG emissions from the Company and our supply chain in order to fulfill decarbonization targets.



Social Engagement

Through co-creation with stakeholders and communication with the outside, we contribute to society by prioritizing the resolution of social issues while helping employees and organizations thrive.



Human Capital

We will promote DEI, improve working conditions, and increase job satisfaction. This will lead to an attractive workplace for a diverse workforce and generate the continuous innovation that drives our corporate competitiveness.

* KAMUKOTO means "Mastication" or "Chewing" in English, which involves the movement of the muscles around the mouth and tongue used for eating. KAMUKOTO has many benefits for the body, such as increasing cerebral blood flow and activating brain functions.

LOTTE MIRAI CHALLENGE 2048

Goals to Achieve by the 100th Anniversary

To realize our sustainability visions and create a happier future, we set goals leading up to our 100th anniversary in 2048. We will periodically review these goals as we make progress, in light of societal changes, and update abstract objectives to be more concrete.



100th Anniversary Goals

FY2048

90th Anniversary Goals

FY2038

80th Anniversary Goals

FY2028

Current Progress

FY2024

*1 Refers to cocoa beans that can be traced to their production area. We provide LSC suppliers with support to help address issues affecting their respective production areas

*2 Classification of calculation boundaries for GHG emissions based on the GHG Protocol

*3 Based on 2,655 people surveyed, 1,819 valid responses, 264 people participated in food education activities, etc. (number of people who participated in food education activities, seminars other than food education, and community/social contribution activities)

*4 An indicator of company-employee engagement (degree of mutual understanding and affinity) rated at 11 levels from AAA to DD

*5 Due to organizational changes, parent company LOTTE HOLDINGS CO., LTD. will be included in the calculations from the end of March 2025



**Evolving Our Brand
Tailored to Customers for
a Happier Future**



**Connecting People,
Creating a Sustainable
Planet**



**Becoming a Company with
Diverse Talent and
Continuous Innovation
Through Original Ideas**



Mental and Physical Health

- Create a happier future by introducing new products, services, and businesses to improve well-being

- Spread awareness about the health benefits of KAMUKOTO
- Update products and services to better contribute to well-being

- Promote the health benefits of KAMUKOTO and increase the number of chewing assessments using mastication check gum* to more than 1 million a year

* A specialized gum that changes color as it is chewed and is used to assess chewing ability.

- Conducted 550,000 chewing assessments in FY2024



Sustainable Procurement

- Create a sustainable supply chain for all raw materials

- Build a sustainable supply chain for key raw materials

- Ensure traceability of all cocoa beans procured (all Ghana-produced beans by FY2025) and provide support for issues facing production areas

- Procurement rate of LOTTE Sustainable Cocoa (LSC)*: 51%



Circular Economy

- End usage of petroleum-based, single-use plastics for containers and packaging
- Work with stakeholders to minimize food loss and waste (FLW)

- Minimize the use of plastics in containers and packaging or switch to a recyclable materials

- Update packaging for three of our main products
- Reduce FLW per unit by 50% or more compared with FY2019

- Formed a cross-departmental project team that is looking into target products for updated packaging
- Reduced FLW per unit by 31% compared with FY2019



Decarbonization

- Achieve carbon neutrality goals for Scope*2 1, 2, and 3 emissions

- Reduce energy-related CO₂ emissions by 62% or more compared with FY2019 (Scope 1 and 2)
- Reduce GHG emissions in the supply chain by 50% or more (Scope 3 emissions in key categories)

- Reduce energy-related CO₂ emissions by 23% or more compared with FY2019 (Scope 1 and 2)
- Utilize primary data to calculate the amount of GHG emissions in the supply chain (Scope 3) that can be feasibly reduced

- Reduced energy-related CO₂ emissions by 18% or more compared with FY 2019 (Scope 1 and 2)



Social Engagement

- Link co-creation efforts with outside stakeholders to individual and organizational growth and contribute to the resolution of social issues

- Promote individual contribution to decarbonization across the entire value chain and to the realization of circular economies
- Create a positive feedback loop in which employees utilize their experiences and skills to aid society and utilize these diverse experiences to prompt individual and organizational growth

- Achieve a 100% completion rate for the environmental training taken by officers and employees
- Conduct food education with at least 20% of employees participating once per FY year (LOTTE CO., LTD.)

- Implemented environmental training for officers
- Participation rate of employees in food education activities: 14.5% (based on a survey of full-time and contract employees of LOTTE CO., LTD.)^{*5}



Human Capital

- Create a workplace where diverse global talent can join and thrive

- Eliminate the gender wage gap
- Be socially recognized as a good company to work for

- Increase the ratio of women in management to 10% or higher (Japan)
- Achieve an engagement rating** of A or higher (LOTTE CO., LTD.)

- Ratio of women in management: 8.2%*5 (Japan)
- Engagement rating: B (LOTTE CO., LTD.)



Sustainability Activities

Basic Approach

In line with our corporate philosophy, we have continued to grow by providing new value to customers and society through innovations. *Xylitol gum* launched in 1997 was one such example in a way that went against a conventional image of confectionery being believed to cause cavities. We provided new value that chewing gum can help us maintain strong and healthy teeth while addressing the importance of promoting “cavity-free teeth in society” as a social issue. This example is referred to as Creating Shared Value (CSV), aiming to solve social issues while creating economic value simultaneously. We will contribute to solving the issues of our society, including climate change and human rights, by realizing CSV in line with the LOTTE Group Philosophy. In 2018, we established the Policy on Sustainability, which clarifies our approaches to realize sustainable management.

Our corporate philosophy is defined by three important LOTTE values we have upheld as the basis for all of our corporate activities since our founding to achieve our mission. These LOTTE values consisting of User Oriented, Originality, and Quality are the driving force behind innovations to realize CSV goals.

▶ LOTTE Group Philosophy

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

▶ Policy on Sustainability

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

Promotion System

The executive officer in charge of the Sustainability Promotion Department serves as the representative, with the Planning Section of this department functioning as the secretariat. They work in cooperation with related departments and Group companies. The department promotes sustainability-related activities together with related divisions, prepares sustainability-related policies and strategies, and manages the progress of targets. Based on updates reported by executive officers in charge, Executive Committee and the Board of Directors review and approve important matters related to sustainability, such as materiality identification,

strategies, and progress on goals. In FY2024, six reports (on seven topics) were submitted to the Executive Committee, and three reports (on five topics) were submitted to the Board of Directors.

The Risk Management Committee takes the lead on and manages sustainability-related risks that may have a significant impact on our business (page 18-20 for climate-related risks, page 27-29 for nature-related risks, page 34 for human rights) under the risk management structure (page 59).

In addition, the Sustainability Section is responsible for disclosing information; it references GRI*1 and SASB*2 standards while also working to expand the breadth of information disclosed and contribute to dialogues with all of our stakeholders.

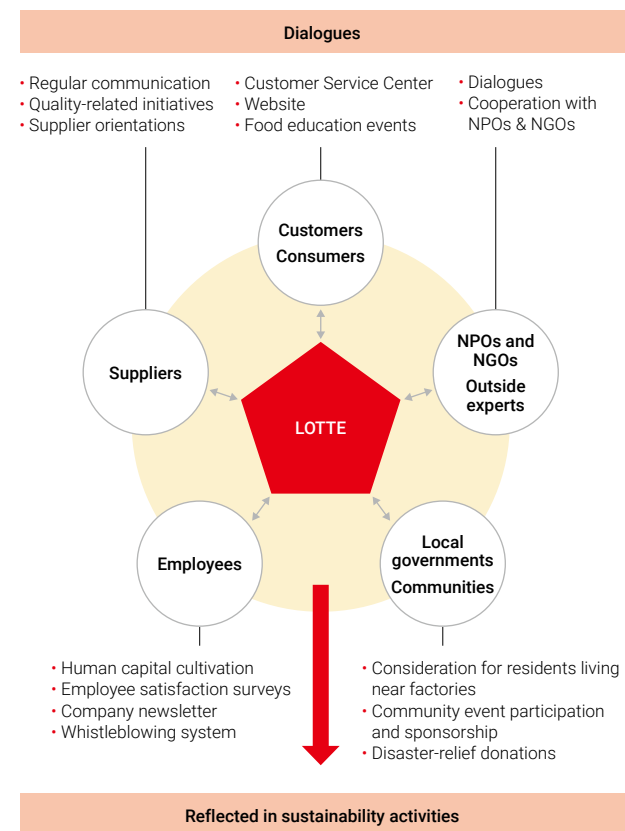
*1 Global Reporting Initiative. A non-profit organization that establishes sustainability-related international standards.

*2 Sustainability Accounting Standards Board. Founded in 2011, this non-profit organization based in San Francisco, U.S., provides industry-specific disclosure standards on ESG factors for companies that are expected to have a significant financial impact in the future.



Stakeholder Engagement

Our business operations are supported by relationships with various stakeholders. To build a sustainable society and environment, we continuously engage each stakeholder through bidirectional communication. We also hold annual dialogues with outside experts who represent each stakeholder. Feedback from stakeholders is reflected in our sustainability activities, including materiality and target adjustments and enhanced disclosures (page 10–16).



Employee Education

To promote sustainable management, we believe that employees who play an integral role in this process must have a full understanding of the concept. We employ various methods to ensure that employees receive the information and training they need. Our online company newsletter is distributed on a timely basis and contains articles about sustainability. In addition, information pertaining to sustainability is included in all training programs offered by the Human Resources Division, such as training for new hires and newly appointed managers and assistant managers.

◆ Collaboration with External Initiatives

Main Industry Organizations in Which LOTTE Participates

As of March 31, 2025

All Nippon Kashi Association (ANKA)	(Vice Chairperson)
Japan Food Industry Association	
Japan Food Industry Central Council	
Japan Chewing Gum Association	(Chairperson, Executive Director)
Chocolate and Cocoa Association of Japan	(Vice Chairperson, Director)
Japan Biscuit Association	(Director)
National Candy Industry Association	(Honorary Advisor)
Japan Confectionery Better Business Association	(Chairperson)
Japan Ice Cream Association	(Chairperson)
Paper Packaging Recycling Council	(Director)
Plastic Packaging Recycling Council	(Auditor)
Japan Pocket Warmer Association	
All Japan Trade Association of Confectionery Manufacturers (Japan TACOM)	
Flexible Packaging Hygiene Association	

Mapping Materiality in the Value Chain

Our business has diverse impacts on society throughout the value chain.

Below is a matrix of the most material items in our value chain, mapped to the six materiality themes defined in the LOTTE MIRAI CHALLENGE 2048.

Materiality Themes	Raw material procurement	Company operations	Transportation	Sales	Product use	Product end life
 Mental and Physical Health		●		●	●	
 Sustainable Procurement	●					
 Circular Economy	●	●		●	●	●
 Decarbonization	●	●	●	●	●	●
 Social Engagement	●	●	●	●		
 Human Capital		●				

Initiatives Joined

United Nations Global Compact (UNGC)
Roundtable on Sustainable Palm Oil (RSPO)
World Cocoa Foundation (WCF)
Science-Based Targets initiatives (SBTi)
Task Force on Climate-Related Financial Disclosures (TCFD)
Task Force on Nature-Related Financial Disclosures (TNFD) Forum
Women's Empowerment Principles (WEPs)
The Consumer Goods Forum (CGF)
Japan Sustainability Local Group (JSLG)
TCFD Consortium
Japan Clean Ocean Material Alliance (CLOMA)
United Nations Food Systems Summit (FSS)
GX League
10X20x30 Food Loss and Waste Initiative—Japan Project
xSDG Consortium
Platform for Sustainable Cocoa in Developing Countries
The Japan Business Coalition for a Global Plastics Treaty
TOKYO ETHICAL ACTION PROJECT

External Recognition and Certifications

2025 Certified Outstanding Organization of KENKO Investment for Health in the Large Enterprise Category (White 500)
Work with Pride 2024 (Gold)
Environmental management system standard ISO 14001 certification
GFSL Approval Scheme (FSSC22000/BRC) certification



Dialogues with Experts

Since 2018, we have invited outside experts to hold dialogues with us. These dialogues provide us with honest opinions and advice for the future regarding our sustainability initiatives, which we reflect in our activities. In 2025, for the eighth year of holding these dialogues, we invited seven outside experts to engage in dialogues regarding each of our three sustainability visions.



Evolving Our Brand Tailored to Customers for a Happier Future



(held March 5, 2025)

Experts

Norichika Kanie

Professor, Graduate School of Media and Governance, Keio University

Chisako Gono

Secretary General, Consumers Japan
CEO, Fairtrade Label Japan

Maiko Shiozaki

CEO, Fairtrade Label Japan

Participants

1. Hideki Nakashima

President / Representative Director

2. Hiroshi Hirata

Managing Executive Officer / Director
Division Director of Production Division*1

3. Toshihiro Sato

Managing Executive Officer
In charge of Quality Assurance
Department and Customer Service
Office*2

4. Koji Sakakibara

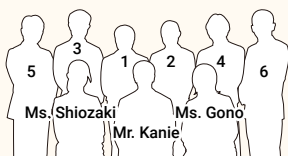
Executive Officer
Division Director of Marketing Division

5. Keiji Miyano

Executive Officer
In charge of Corporate Strategy
Department, Sustainability Promotion
Department, and Internal Control
Department

6. Tetsuya Seki

Deputy Director of Research and
Development Center*3



Connecting People, Creating a Sustainable Planet



(held May 9, 2025)

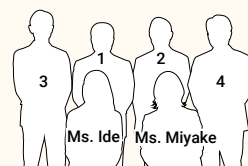
Experts

Rumi Ide

Journalist specializing in the issue of
food loss and waste
Winner of the FY2020 Consumer Affairs
Agency Commissioner's Award, Food
Loss and Waste Reduction Grand Prize

Kahori Miyake

Sumitomo Mitsui Trust Bank, Limited
Fellow Officer, Sustainability Business
Department
Co-Chair, Japan Climate Leaders'
Partnership



Participants

1. Hideki Nakashima

President / Representative Director

2. Hiroshi Hirata

Managing Executive Officer / Director
Division Director of SCM Division*1

3. Masayoshi Matsukura

Executive Officer
Division Director of Production Division

4. Keiji Miyano

Executive Officer
In charge of Corporate Strategy
Department, Sustainability Promotion
Department, and Internal Control
Department



Becoming a Company with Diverse Talent and Continuous Innovation Through Original Ideas



(held May 9, 2025)

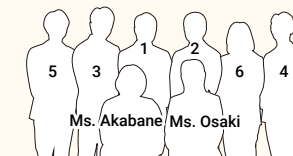
Experts

Makiko Akabane

Director Japan, CSR Asia

Asako Osaki

Director, Gender Action Platform (GAP)



Participants

1. Hideki Nakashima

President / Representative Director

2. Kenichi Ishikawa

Executive Officer
In charge of the Human Resources
Strategy Department, Human Resources
Department, Labor Relations
Department, and Legal Department

3. Keiji Miyano

Executive Officer
In charge of Corporate Strategy
Department, Sustainability Promotion
Department, and Internal Control
Department

4. Koichi Saeki

General Manager of Labor Relations
Department

5. Kenta Yoshizawa

General Manager of Human Resources
Strategy Department

6. Mariko Mochizuki

Manager of Human Resources Planning
Section, Human Resources Strategy
Department

*1 Appointed to Director / Managing Executive Officer and Division Director of the SCM Division, effective April 1, 2025

*2 Appointed as an Audit & Supervisory Board member of LOTTE HOLDINGS, CO., LTD., effective June 27, 2025

*3 Appointed as Division Director of the Research and Development Center, effective May 1, 2025



Evolving Our Brand Tailored to Customers for a Happier Future



Chisako Gono

Secretary General, Consumers Japan

After graduating from university, Ms. Gono served as a childcare worker for school-age children at a children's culture center for nine years.

After that, while engaging in child-rearing and caregiving, she participated in educational volunteer activities at elementary schools and activities at consumer cooperatives. After serving as director of the U CO-OP Consumers' Cooperative and managing director of the Kanagawa Prefecture Consumers Cooperative Union, she assumed her current role as secretary general of Consumers Japan. She has also served as a member of committees at the Cabinet Office; the Consumer Affairs Agency; the Ministry of Health, Labour and Welfare; and the Ministry of Agriculture, Forestry and Fisheries, while giving her opinions from the perspective of consumers.

Norichika Kanie

Professor, Graduate School of Media and Governance, Keio University

Mr. Kanie is currently the director of the xSDG Laboratory, which is part of the Keio Research Institute at SFC. Before joining Keio in 2015, he was an associate professor at the University of Kitakyushu and an associate professor in the Graduate School of Decision Science and Technology at the Tokyo Institute of Technology.

He was one of the 15 Independent Group of Scientists appointed by the UN Secretary General to write *Global Sustainable Development Report 2023*. His areas of expertise are international relations, sustainability, and earth system governance. He is a leader in SDGs research, combining both theory and practice. He holds a PhD in Media and Governance.

Maiko Shiozaki

CEO, Fairtrade Label Japan

After working for Deloitte Tohmatsu Consulting LLC, Ms. Shiozaki worked as a manager at Owls Consulting Group. As a consultant, she has extensive experience in human rights due diligence, sustainability strategy, and policy development. She wrote *Child Labor White Paper 2020—Business and Child Labor*. She holds a B.A. in Economics and an M.A. in Development Economics from Hitotsubashi University. She has completed the SA8000 Auditor Certification Training, the international standard for human rights and labor.

Evaluating LOTTE's Sustainability Promotion Activities

Kanie It is reassuring to see LOTTE reinforce its sustainability initiatives year after year. As 2030, the target year for the Sustainable Development Goals (SDGs), approaches, discussion is starting to turn toward what is beyond the SDGs. However, I am glad to see that the LOTTE MIRAI CHALLENGE is already looking to the future, since its goals have been set by backcasting from 2048. As the Company moves forward with its initiatives, I think it will become increasingly important for LOTTE to take its entire value chain into consideration. The Company has to think about not only upstream issues but also issues downstream, such as packaging disposal. I hope that LOTTE will work in cooperation with its suppliers to address these issues.

Nakashima (LOTTE) Last year marked the 60th anniversary of the Company's chocolate business, so I made an in-person visit to production areas in Ghana, which have been providing us with a steady supply of cocoa beans for many years. During my visit, I felt there was still more we can do to help. There are several issues that must be addressed to achieve sustainable cocoa production, but we are determined to address them. As for downstream, I believe the retail industry raises its standards with each passing year. Food safety and security are important—that's a given—but now more and more eyes are looking at human rights and environmental factors as well. Making the correct changes across the entire value chain can positively change society as a whole, and LOTTE fully intends to fulfill its responsibility to be a part of this change.

Gono I took part for the first time in one of these dialogues last year, and it showed me how much LOTTE is committed to sustainability. On the other hand, I think it's a shame that, despite all the hard work being put into the Company's sustainability initiatives, they aren't widely known among consumers. Since consumers do not have many opportunities to access this information of their own accord, it is important to inform people in a way that catches their attention. In particular, if products are designed to convey this information, it will be easy to inform consumers in this regard. LOTTE has many points of contact with consumers, so I hope you will take advantage of this strength to spread word of your sustainability initiatives.

Sakakibara (LOTTE) I agree. Products are a key point of contact with consumers. We tend to emphasize how delicious and fun

our products are, but I would like us to promote our sustainability initiatives with confidence as well, in a way that is true to LOTTE.

Miyano (LOTTE) I think another effective approach would be to raise awareness of initiatives that consumers can take part in. For instance, some companies and local governments run food drives and other similar activities, and I would like us to conduct unique LOTTE initiatives in the same spirit.

Shiozaki In human rights efforts, economic aspects, such as improving livelihoods, are important. At the same time, it is becoming more commonplace to take an integrated approach to human rights that also incorporates environmental efforts. LOTTE's current biochar pilot project is a commendable initiative to take on in this regard, since it can help improve the livelihoods of cocoa farmers while helping the environment. Although the Child Labor Monitoring and Remediation System (CLMRS)* and other methods have been adopted to better understand local needs, I would encourage you to keep providing support appropriate to meet these needs.

* CLMRS is a child labor monitoring and improvement system developed by the International Cocoa Initiative (ICI), an NPO that promotes activities to eliminate child labor in cocoa-producing areas. This is a system for identifying child labor risks and taking measures to curb them.

Contributing to Food and Health

Gono LOTTE is working to promote "chewing," or as you call it, *KAMUKOTO*, which is an issue society actually needs to address more earnestly. In recent years, there has been a growing spotlight on preventing oral frailty* among the elderly. From my own experience as a caregiver, I know firsthand the importance of maintaining oral health and being able to eat with one's own teeth for as long as possible. What I would like to see, however, is the development of various solutions for people who cannot chew gum which is generally how LOTTE promotes *KAMUKOTO*.



Seki (LOTTE) We recognize the need for solutions tailored to the different oral health conditions of each person, and we are continuing our research in this regard. We are working on a variety of approaches to support the development of the habit of chewing over the long term, with the hope that people will eventually be able to chew gum properly.

Kanie LOTTE's commitment to *KAMUKOTO* is one of the Company's standout positives, in my opinion, and it is something I have tried to emphasize. Keio University is also conducting research linking medicine and the SDGs, and I hope that there will be more research that explores *KAMUKOTO* in more depth.

Shiozaki I think one good example would be the estimated effect *KAMUKOTO* has on reducing the cost of long-term care. It is very important to communicate social value by using easy-to-understand quantitative indicators such as financial value and the number of people who benefit. Additionally, there are cases in Europe and the United States in which advertising of high-calorie products is regulated. LOTTE has worked diligently to promote *KAMUKOTO*, but it's also worth looking at how products other than chewing gum can be used to tackle social issues such as obesity and lifestyle-related diseases.

* A state of frailty in which oral function is slightly reduced. Oral frailty is said to be closely related to overall frailty.

Future Expectations

Shiozaki It is particularly encouraging to know that LOTTE mentions farmer poverty as an issue it aims to address when procuring cocoa beans, alongside the issues of child labor and deforestation. Poverty is often seen as a governmental issue, but the cocoa industry itself has structural problems, suggesting that companies also share responsibility for improving farmers' livelihoods.

Hirata (LOTTE) We primarily source cocoa beans from Ghana and have been working hard on the country's supply chain. At the same time, we are also looking into diversifying our production areas to ensure stable procurement. In the future, we will keep working to expand our production areas while making sure procurement remains sustainable.

Kanie In my talks with different company executives, it seems that, in some cases, companies downplay their initiatives for fear that they will be seen as "washing," or proclaiming that they are working to address a certain issue when they are not really doing anything of substance.

And, yes, a one-off effort could be considered washing. I believe that LOTTE will maintain its commitment to realizing its 2048 Vision, so, please, communicate these efforts openly and confidently, without worrying about such accusations. There may be some criticism, but take it seriously, engage with it through dialogue, and use it to seek better solutions. I support LOTTE in its courageous first step.



Gono I agree—the fear of washing should not stop you from communicating. If you believe in your actions, sharing will attract people who sympathize with your cause, which can lead to major movements throughout society.

Nakashima (LOTTE) I truly believe that the efforts we are making toward achieving our 2048 Vision are essential for sustainable growth and will lead to increased corporate value. So, we will move forward with our initiatives with confidence in our stride.



Connecting People, Creating a Sustainable Planet



Rumi Ide

Journalist specializing in the issue of food loss and waste
Winner of the FY2020 Consumer Affairs Agency Commissioner's Award, Food Loss and Waste Reduction Grand Prize

Ph.D. Kagawa Nutrition University (Nutritional Science), MSc University of Tokyo Graduate School of Agricultural and Life Sciences, BSc Nara Women's University. After working at Lion Corporation and then participating in JICA, held various positions at Kellogg (JAPAN) K.K. including section head in the PR department. Founded office 3.11 due to the appalling food loss and waste of food during the 3.11 crisis. Worked on public relations for Japan's first food bank, creating the impetus for establishment of the Food Loss Reduction Promotion Act in 2016. Publications include Shoumi Kigen no Uso (The Myth of Best-Before Dates), Shokuryo Kiki (Food Crisis), Aru Mono de Mikanau Seikatsu (Life with What You Have), Sutenai Panya no Chousen (The Zero Waste Bakery Challenge) (assigned book for the 68th National Youth Book Report Competition) or others.

Kahori Miyake

Sumitomo Mitsui Trust Bank, Limited
Fellow Officer, Sustainability Business Department
Co-Chair, Japan Climate Leaders' Partnership

Ms. Miyake joined JUSCO Co., Ltd. (Currently AEON Co., Ltd.) in 1991. In 2014, she became an executive officer for AEON RETAIL CO., LTD., and in 2017 she became the executive officer in charge of environmental and social contributions, investor relations, public relations, and customer service for AEON Co., Ltd. Since 2019, she has served as co-chair of the Japan Climate Leaders' Partnership, a corporate network leading the way in building a decarbonized society. In 2022, she joined Sumitomo Mitsui Trust Bank, Limited. In the same year, she served as a member of the High-Level Expert Group on the Net Zero Emissions Commitments of Non-State Entities convened by UN Secretary-General António Guterres. Since 2023, she has served as a fellow officer in the Sustainability Business Department of Sumitomo Mitsui Trust Bank, supporting the decarbonization efforts of various companies in the financial industry.

Evaluating LOTTE's Sustainability Promotion Activities

Miyake Overall, I believe that LOTTE, as a food company, addresses important issues comprehensively and in a well-balanced manner through its sustainability initiatives. My particular area of focus is decarbonization, so I find it encouraging that the Company is making steady efforts in this direction. Many companies hesitate to act when faced with challenges that don't have clear-cut answers, such as decarbonization and upcycling, so I am in support of companies that possess an adventurous spirit to try to do whatever is possible at the time and stick to their goals.

Nakashima (LOTTE) Generally speaking, we are on a steady path toward achieving our targets for decarbonization and reducing food waste. However, there are several issues as well. When it comes to reducing the amount of petroleum-based plastics used in packaging, we have to make decisions based on a full range of factors, such as the ability to protect contents and the ease of use. For example, paper straws, which became commonplace quite rapidly, are being replaced by straws made from biomass-derived plastics. However, I feel that we will encounter the same problem we had with paper straws. In other words, these products are unlikely to gain acceptance simply because they are good for the planet. I want us to push ourselves to innovate and offer products that can be both functional and sustainable.

Matsukura (LOTTE) I think that young people are highly aware of and extremely concerned by environmental issues. What's more, they feel proud and motivated when the company they work for is proactive about the environment. When I was the factory manager of our Kyushu Factory, we were the first in Japan to sell ice cream held with bamboo sticks, which grow faster than trees and have a smaller impact on the environment. At that time, young employees at the Kyushu Factory showed their enthusiasm by voluntarily holding study sessions about deforestation. I intend to keep supporting such endeavors.

Ide Even when I was working as a PR manager for a food company, I had a strong sense that LOTTE was very serious about dental and oral health, with a heavy emphasis on evidence and data when communicating information on these topics. I also felt that the Company's messaging was balanced with effective communication of the flavor and enjoyment of their food products. I think you can say the same about LOTTE's sustainability initiatives, which are well-balanced and resonate within society. I've

mentioned this in previous dialogues, but it is also worth mentioning LOTTE's work with Meals on Wheels Japan to establish an efficient and sustainable food surplus donation scheme, and I am especially glad to hear that you were recognized for your efforts with the Chairman's Award at the 2024 Food Loss and Waste Reduction Promotion Awards. Congratulations on the achievement.

Hirata (LOTTE) It was certainly an honor to receive the award. Thank you for the kind words. What is most important is trying not to generate surplus food, so we strive to improve the accuracy of our demand forecasts. However, if we do end up with a food surplus, we regularly donate it to food banks and children's cafeterias so that such food can be used effectively by those in need. We intend to maintain this spirit as we head toward our goal of halving food loss and waste.

Sustainability Initiatives That Delve Deeper

Ide I believe that efforts to reduce food loss and waste can be taken further if we frame the impact in monetary terms, as opposed to just the weight of food waste. When the Japanese government valued the economic loss due to food loss and waste at an estimated 4 trillion yen, it was widely covered in the media. An initiative that really stands out due to its framing of food loss and waste in economic terms is Toppo Craft Brew (page 27), which upcycles Toppo pretzels. I really hope this initiative receives more coverage. I wrote an article providing examples of how surplus food in Japan and overseas is upcycled into beer and other products, but most of the cases used leftover bread. I think this is a particularly good example for other companies to draw from, as it shows that this process can be applied to other foods.



Hirata (LOTTE) LOTTE does calculate the monetary value of a portion of waste, and I distinctly remember being surprised at how big the economic impact was. Disposal is another aspect that incurs costs, so we will try and figure out the overall economic loss within the Company while also working to reduce these costs.

Miyano (LOTTE) To tell you the truth, plans for Toppo Craft Brew started as an idea from some young employees at one of our factories. Personally, I think young people are highly mindful of environmental issues, and I want to support them as their ideas and determination drive them toward their goals.

Miyake I mentioned earlier that I felt LOTTE's sustainability initiatives were being carried out in a well-balanced manner overall. However, it is difficult to understand how much progress is being made toward the LOTTE MIRAI CHALLENGE or the degree of impact that each separate initiative is having on the whole. Also, since LOTTE is such a leader in tackling food loss and waste, I would like to see more detailed disclosure, not only of the positive aspects but also of the challenges ahead. Such disclosures will enable those dealing with the same issues to assemble, get society involved, and start a movement to solve these issues, together.

Matsukura (LOTTE) Yes, I would agree that there are issues when it comes to communicating, both inside and outside the Company. Going back to the earlier example of selling ice cream held on bamboo sticks, there are some employees in the Company who don't even know about this endeavor, even though it won the Confectionery Packaging Award at the Japan Packaging Contest 2024. I want us to better deliver news, both inside and outside the Company, about the efforts and ingenuity of the people who are realizing such accomplishments. I also think that spreading information in this regard will motivate people working on the front lines.

Expectations for Co-Creation

Miyake As companies make various changes to help bring about a sustainable society, it will become increasingly important for them to provide thorough explanations to stakeholders, consumers included. I believe that if companies provide proper explanations detailing the circumstances and the underlying issues, customers will find it easier to understand if companies have to pass on costs to them or reduce convenience to some extent.

Ide To borrow an example, there is a company that sells biscuits that were broken during production as outlet items, which



has proven quite popular. There are cases where design flaws that do not violate laws and regulations have been accepted by customers when backed up with a proper explanation.

Miyake Reducing food loss and waste requires cooperation with stakeholders in the supply chain; it is not something that one company can solve on its own. It is important to have a larger discussion about what parts of the supply chain need review, but deciding who will lead that discussion can be difficult. I would like LOTTE to take on this role and lead the way in co-creation with stakeholders.

Nakashima (LOTTE) Speaking with you all has reminded me of LOTTE's responsibilities as a leading company and its duty to fulfill them. Ever since I was appointed president, I have been thinking about how best to promote co-creation with our stakeholders. We got the ball rolling by increasing employee engagement, but recently we have been building relationships with our business partners that can open the door to talks about sustainability. For instance, we were able to set up backhaul matching with one of our competitors thanks to a shared logistics provider that brought us together. In that same way, we at LOTTE would like to serve as a hub for connecting a variety of stakeholders.



Becoming a Company with Diverse Talent and Continuous Innovation Through Original Ideas



Makiko Akabane

Director Japan, CSR Asia

Ms. Akabane majored in political science and biology at Waseda University. She has a total of over 10 years of experience overseeing corporate social responsibility (CSR) initiatives for multinational companies in a variety of industries and spearheaded the launch of CSR sections for a number of major companies in Japan, including Starbucks Coffee Japan, Ltd., Salesforce.com, Inc., and Nikko Asset Management Co., Ltd. Ms. Akabane has led CSR Asia Japan since 2010.

Asako Osaki

Director, Gender Action Platform (GAP)

Master of International Affairs (majoring in International Human Rights), Columbia University, United States. At the United Nations, Ms. Osaki was in charge of promoting gender equality and women's empowerment and led numerous initiatives such as in education, employment and entrepreneurship, and political participation. She currently works as an independent gender expert, who is in a unique position to connect global and local, as well as public and private sectors. She serves as a member of the Experts' Meeting on the Implementation and Monitoring of the National Action Plan for Gender Equality, the Cabinet Office, as the Representative of Japan to the United Nations Commission on the Status of Women, and as the Expert Japanese Representative for the ISO 53800 Gender Equality Guidelines International Working Group, as well as in other roles. She coordinated the production of the Japanese edition of a handbook on "Women's Empowerment Principles (WEPs)."

Evaluating LOTTE's Sustainability Promotion Activities

Akabane I have been taking part in these dialogues since 2018, and I have come to feel that LOTTE is a company that has a really sincere attitude toward its stakeholders. In 2018, the sustainable procurement of cacao was still in the planning stages, but LOTTE has kept the promises it made then and made solid progress in that direction. It is also moving forward with new initiatives, which I think is wonderful. On the other hand, the majority of information that LOTTE releases is about how delicious or enjoyable its products are, which, in my opinion, is squandering an opportunity. I hope that LOTTE will utilize its friendly style of conveying information and start talking more about its sustainability initiatives.

Miyano (LOTTE) I would definitely like to spread this type of information, in a way that is uniquely LOTTE. When it comes to disclosing sustainability-related information, we have worked with our in-house designers to improve the way we provide our messaging, in order to make it more approachable and consistent with the Company's signature aesthetic. That being said, I also recognize there is room for improvement in the type of information we put forth in our corporate announcements and on our product packaging. I want us to work on corporate branding in order to increase our corporate value moving forward, which includes spreading information about our sustainability initiatives.

Osaki LOTTE's sustainability information disclosure is carried out with the reader in mind, which reflects LOTTE's deep sense of duty toward society. This also enables LOTTE to broaden its horizons by reaching the next generation, for example by effectively incorporating engaging illustrations into its disclosure materials to make them appealing to younger audiences. I find it especially commendable that LOTTE's food education initiatives take an inclusive approach, involving students and teachers as well as employees. I also value LOTTE's efforts to include employees' families through initiatives such as Family Day. These efforts demonstrate that LOTTE is mindful of the perspectives of young people and is aligning its future-oriented goals through backcasting from 2048, which provides a strong foundation for the Company's initiatives.

Nakashima (LOTTE) When I was appointed president, I took a fresh look at our relationships with stakeholders. Upon doing so, I felt that the relationship we had with our employees was the



one needing the most improvement, so we have implemented a variety of initiatives to this end. Family Day (page 51) is one such initiative, and our inaugural event was held last year. I believe that employees feel more pride in and engage more with the company they work for when their families feel the same way. This year, we are planning to invite even more employees' families to join in on the fun.

Employee Engagement as a Vital Indicator

Akabane LOTTE also needs to disclose information related to its human capital, with employee engagement as a vital indicator. However, there is no shortcut to improving employee engagement, which makes it a complex topic for managers. It probably goes without saying, but it is important to keep up sincere efforts to eliminate harassment and ensure psychological safety.

Occupational health and safety is also important in factories. Other companies have experienced serious accidents at their food factories, so creating conditions where employees can work with peace of mind will ultimately increase employee engagement.

Ishikawa (LOTTE) Occupational health and safety is something we take very seriously. Each of our factories is therefore working to improve the level of occupational health and safety, and we have established an awards system to reward factories that excel in this regard. Even though we took such measures, it didn't occur to us that we should share much information about them. However, I would like to make these efforts known to people besides our factory employees. Mr. Nakashima is taking the lead in improving employee engagement, but I, along with all the other executives, intend to work with him to further accelerate the Company's efforts. Eliminating harassment and ensuring

psychological safety are crucial first steps. From there, I believe the only way forward is to work sincerely toward highly transparent and fair management.

Osaki Analyzing engagement survey results by gender, age group, and department can reveal a variety of important trends. I would like LOTTE to gain deeper insights into areas of the Company with low engagement scores by conducting interviews that ensure psychological safety.

Mochizuki (LOTTE) At LOTTE CO., LTD., engagement scores for women tend to be around 3.8 points lower than those for men. Once we can firmly ensure the psychological safety of employees, I would like to analyze the issues we have and work on improving them.

Expectations for Further Leaps Forward

Osaki I am happy to hear that management has clearly stated their commitment to diversity, equity, and inclusion (DE&I). It is encouraging that management creates opportunities like this for dialogue and exchanging opinions with people outside the Company. The UN's WEPs* provides a globally recognized framework. By using these principles as a reference to analyze the current situation, plan, implement, and evaluate measures, LOTTE will be able to take meaningful steps that will generate greater corporate value. For example, when looking at the issue of childcare leave, if you recognize the underlying problem, you will understand that it is not only the percentage of men taking leave that matters, but also the length of time they take. Similarly, when addressing the gender wage gap, we need to move step by step toward equal pay for work of equal value. This requires carefully reassessing the true value of each job and making evidence-based decisions to close the gap.

Ishikawa (LOTTE) We do bear in mind the length of time that men take for childcare leave. When we introduced this initiative, we focused on increasing the ratio of men who take childcare leave. According to recent Company data, it is now becoming the norm for men to take childcare leave, with the average period increasing to 18 days, and with a median of 16.5 days. In terms of the gender wage gap, in our case, the main reason for this gap is the small number of female managers. I want us to take steady steps forward with essential initiatives, taking into consideration the WEPs, as you have advised.

Akabane I love LOTTE's *Yukimi Daifuku* mochi ice cream, and when I'm on a bullet train, my daughter and I always get excited

looking at the *Yukimi Daifuku* sign from the window as we pass by LOTTE's Urawa Factory. It might not be apparent to everyone at LOTTE, because they belong to the Company, but LOTTE has strong appeal for people of all ages, from children to the elderly. I hope that activities under the LOTTE MIRAI CHALLENGE banner, in preparation for the Company's 100th anniversary in 2048, will be publicized more and that the number of people who love LOTTE will continue to grow.

Osaki I also see many people today who are reluctant to take on management roles. I would encourage LOTTE to actively use digital tools and generative AI to fundamentally change work processes and management styles, making these roles more appealing. By doing so, LOTTE can increase the number of female managers and improve job satisfaction. It is crucial to position this as a forward-looking management strategy, rather than seeing it solely as a matter for the HR Department.

Nakashima (LOTTE) A company is built on its human resources—this talk has reminded me of that fact. To improve employee engagement, we are promoting diverse workstyles and reforming our corporate culture, but I also believe that having the understanding of our other stakeholders, including our business partners, is important as well. I will continue to take the lead in promoting these efforts, and I will continue involving stakeholders in the process, so society as a whole can change for the better. This talk has also been encouraging in terms of sharing information and educating people about food, so I will take what I have heard today and move forward with confidence.

* Principles for companies voluntarily committing to the empowerment of women, created jointly with the UN Global Compact and the UN Development Fund for Women (now UN Women)





Environment

- 01 Environmental Policy and Promotion System
- 02 Responses to Climate Change
- 03 Reducing GHG Emissions
- 04 Circular Economy
- 05 Biodiversity
- 06 Water Resources
- 07 Preventing Pollution
- 08 Independent Practitioner's Assurance of GHG Emissions
- 09 Environmental Data

01 Environmental Policy and Promotion System

Basic Approach

Global environmental conservation is the most important issue for survival. Moreover, our business relies on the gifts provided by the environment. As such, we believe that contributing to a sustainable global environment is one of our most important responsibilities. In particular, we have positioned decarbonization and the circular economy as priority issues. We are working to achieve both with initiatives under LOTTE MIRAI CHALLENGE 2048, where they are highlighted as goals.

▶ Policy on Environment

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

Promotion System

The Planning Section of our Sustainability Promotion Department serves as a secretariat to promote Groupwide environmental activities. Furthermore, the Executive Committee looks into important environment-related policies and medium-term targets and monitors progress toward targets already in place. In addition, the Urawa, Sayama, Kyushu, and Shiga Factory have each acquired ISO 14001 certification, the International Organization for Standardization's standard for environmental management systems.

Environmental Audits

The Urawa, Sayama, Kyushu, and Shiga Factory each receive annual internal audits on environmental matters. Internal audits are conducted by in-house certified lead auditors and regular auditors, using a checklist based on ISO 14001 standards. Each factory works to make continuous improvements based on the findings of their respective audits.

Environmental Education Programs

● Factories

Each of our factories offers Environmental Education Programs to all employees. In addition, an environmental education grading system has been introduced to increase the effectiveness of the environmental education program and environmental activities. Furthermore, the environmental manager, the ISO 14001 secretariat, and the Technology Development Section of our Production Strategy Department meet regularly to share information regarding the environment and to improve the Company's response.

● All Companies

One of the targets set under LOTTE MIRAI CHALLENGE 2048 is a 100% completion rate for the environmental training classes taken by officers and employees, to be achieved by FY2028. There is a need to shift to a sustainable business model that is in harmony with the global environment but due to the nature of our business, we need to work with the many stakeholders that comprise our value chain to achieve this goal together. For this reason, we believe that everyone at the Company needs to acquire knowledge about the environment, as this will enable us to actively connect with and involve stakeholders, learn from each other, and work together to transition to a sustainable business model. This is why we set this goal for environmental training. As a first step, in FY2024 we invited an outside lecturer to conduct training for officers on climate change, biodiversity, and circular economies.

Outside lecturer for FY2024: Kahori Miyake

Sumitomo Mitsui Trust Bank, Limited
Fellow Officer, Sustainability Business Department
Co-Chair, Japan Climate Leaders' Partnership

Environmental Accidents and Compliance Violations

In cases of environmental accidents or compliance violations, we have a system in place for promptly responding in cooperation with relevant departments and government bodies. In FY2024, there were no serious environmental accidents or compliance violations.

02 Responses to Climate Change

Basic Approach

In light of the Group's reliance on the gifts provided by nature, and the significant impact that climate change presents to our business activities, we recognize that responding to climate change is a key issue for management. In May 2021, we declared our support for the Task Force on Climate-Related Financial Disclosures (TCFD)*¹ and joined the TCFD Consortium,*² a discussion forum for member companies and financial institutions. We are strengthening climate resilience and promoting the disclosure of information through analysis of risks and opportunities based on the TCFD recommendations.



*¹ Established by the Financial Stability Board (FSB) in 2015 in response to a request from the G20. The task force compiled recommendations advising companies to disclose information relating to climate change-related risks and opportunities.

*² Established in 2019 as a forum for discussing the effective disclosure of information by companies alongside measures to ensure that the disclosed information leads to appropriate investment decisions by financial institutions and other investors.

Governance

All business-related risks are managed by a risk management system that is led by the Risk and Crisis Management Committee (page 59), and the same applies to climate-related risks and opportunities. Important matters related to sustainability, including climate-related matters, are deliberated on and incorporated into management by the Executive Committee under the supervision of the Board of Directors.

We are also working to reduce Scope*1, 2, and 3 GHG emissions to achieve carbon neutrality by FY2048 and the Planning Section of the Sustainability Promotion Department coordinates progress in this area. The Executive Committee and the Board of Directors receive progress reports from the Executive Officer in charge of the Sustainability Promotion Department.

* Classification of calculation boundaries based on GHG Protocol
 Scope 1: Direct emissions from a company's own business activities
 Scope 2: Indirect emissions associated with use of power, heat, and steam supplied by other companies
 Scope 3: Indirect emissions in the supply chain other than Scope 1 and 2

Strategy

The Group has conducted the climate change scenario analysis recommended by the TCFD for our main business in Japan. We conducted an evaluation of the medium- and long-term impacts of climate-related risks and opportunities. Referencing published information, including that put out by the Intergovernmental Panel on Climate Change (IPCC)*¹ and the International Energy Agency (IEA)*², we set the 4°C scenario, under which mainly physical impacts will be apparent, and 1.5°C scenario, under which mostly transition impacts will be apparent. Using the set scenarios, we analyzed both risks and opportunities related to impact over the medium and long term (2030 and 2050) and estimated the potential financial impacts (impact on operating profit).

*¹ An intergovernmental organization established in 1988 by the World Meteorological Organization (WMO) and the United Nations Environment Programme (UNEP). It provides evaluations of the latest scientific knowledge about climate change.

*² An international organization established within the framework of the Organization for Economic Co-operation and Development (OECD) in 1974. It reports on the global energy outlook based on multiple scenarios.

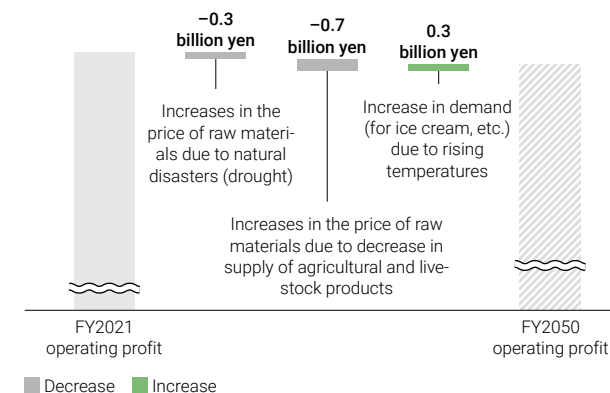
Analysis Results

The main impacts with an annual impact amount of at least 100 million yen are analyzed and listed as follows.

Q Risks and Opportunities in the 4°C Scenario

	Changes in society and the environment	Specific impacts	Impacts on business activities	
			Potential financial impacts (annual impacts on operating profit)	
			2030	2050
Physical risks	Increasingly severe natural disasters	Increases in the price of raw materials due to natural disasters (drought)	0.2 billion yen	0.3 billion yen
	Changes in weather patterns	Increases in the price of raw materials due to decrease in supply of agricultural and livestock products	0.3 billion yen	0.7 billion yen
Opportunities	Changes in weather patterns	Increase in demand (for ice cream, etc.) due to rising temperatures	0.1 billion yen	0.3 billion yen

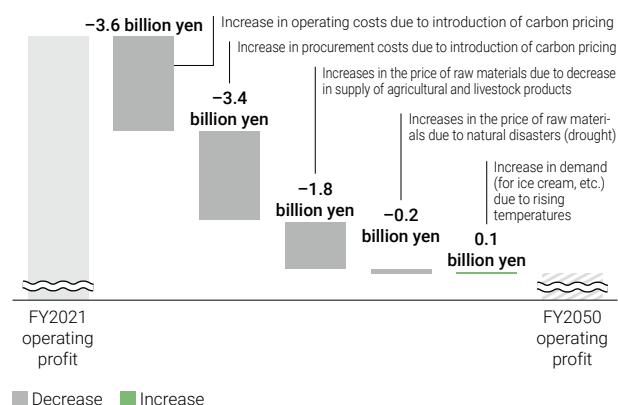
Q Potential Financial Impacts in 2050 in the 4°C Scenario



Q Risks and Opportunities in the 1.5°C Scenario

	Changes in society and the environment	Specific impacts	Impacts on business activities	
			Potential financial impacts (annual impacts on operating profit)	
			2030	2050
Transition risks	Strengthening of regulations	Increase in operating costs due to introduction of carbon pricing	1.9 billion yen	3.6 billion yen
		Increase in procurement costs due to introduction of carbon pricing	1.8 billion yen	3.4 billion yen
Transition risks/Physical risks	Strengthening of regulations/Changes in weather patterns	Increases in the price of raw materials due to decrease in supply of agricultural and livestock products	0.9 billion yen	1.8 billion yen
Physical risks	Increasingly severe natural disasters	Increases in the price of raw materials due to natural disasters (drought)	0.2 billion yen	0.2 billion yen
Opportunities	Changes in weather patterns	Increase in demand (for ice cream, etc.) due to rising temperatures	0.1 billion yen	0.1 billion yen

Q Potential Financial Impacts in 2050 in the 1.5°C Scenario



● Increases in the Price of Raw Materials Due to Natural Disasters (Drought)

The IPCC forecasts that natural disasters, such as heavy rain and drought caused by climate change, will be increasingly severe and frequent in the future. There is a risk that agricultural crop yields will decline, increasing transaction prices for raw materials. Out of the Group's primary raw materials, we conducted evaluations using the IPCC scenarios for sugar, palm oil, and wheat flour, for which drought risk is already apparent, and estimated the financial impact in 2030 and 2050.

● Increases in the Price of Raw Materials Due to Decrease in Supply of Agricultural and Livestock Products

There is a risk that transaction prices for raw materials will increase as yields of agricultural and livestock products are impacted by rising temperatures and other effects stemming from climate change. We referenced academic papers and other information to evaluate changes in production volume for sugar, palm oil, cocoa beans, wheat flour, and dairy ingredients out of the main raw materials used by the Group as climate change progresses for each of the main areas (countries and regions) where we procure raw materials. As a result, it was forecasted that production volumes of palm oil and wheat flour would decline due to a decrease in yields per area in the future, particularly for oil palms and wheat. Therefore, we estimated the price outlook for palm oil and wheat flour. For the price outlook, we analyzed the factors involved in past price

fluctuations, such as the balance of supply and demand between volumes of production and consumption and per capita GDP, and derived a formula for price analysis. We entered the forecasts for future production and consumption volumes into the formula to estimate the future prices and the financial impact in 2030 and 2050. We factored in price increases due to certain controls being placed on the expansion of agricultural land in the 1.5°C scenario for palm oil.

In response to increases in the price of raw materials, it is conceivable we can reduce the risks by changing product compositions or considering alternative ingredients, exploring new regions for procurement, and strengthening engagement with suppliers. As the situation is different for each raw material, we will proceed to organize and examine specific countermeasures in the future.

Q Yield Forecasts for Each Scenario in 2050

Main agricultural and livestock-related raw materials		Main procurement areas	4°C scenario	1.5°C scenario
Sugar	Sugar beet	Japan (Hokkaido)	+11%	+7%
	Sugarcane	Australia	+2%	+1%
		Thailand	-35%	-18%
Palm oil	Oil palm	Malaysia	-16%	-8%
		Indonesia	±0%	±0%
Cocoa beans		Ghana	+15%	+7%
		Venezuela	-7%	-4%
Wheat flour	Wheat	United States	-9%	-5%
		Australia	-8%	-4%
		Canada	+12%	+6%
Dairy ingredients	Milk	Japan	-1%	-1%
		New Zealand	-1%	±0%
		France	-1%	±0%

● Increase in Demand (for Ice Cream, etc.) Due to Rising Temperatures

It is forecasted that demand for ice cream, etc. will increase as a result of rising temperatures and other effects stemming from climate change. Analyzing the correlation between past sales of ice cream and average temperatures suggested there is a significant correlation between the two. Using the results of this correlation analysis, we estimated the financial impact in 2030 and 2050.

To allow us to meet the increase in demand for ice cream, etc. as a result of rising temperatures, we will examine initiatives aimed at enhancing our product lineup and building flexible and efficient production and sales systems.

● Increase in Operating Costs due to Introduction of Carbon Pricing

In the 1.5°C scenario, our operating costs are forecasted to increase as governments introduce and strengthen regulations related to carbon emissions, such as carbon pricing. We calculated the financial impact in 2030 and 2050, assuming no progress in reducing energy-derived CO₂ emissions in our own operations (Scope 1 and 2) beyond the FY2021 results. The carbon prices used in the estimates are as shown in the table (page 20).

The Group has set targets to achieve carbon neutrality by FY2048 and is working to reduce energy-derived CO₂ emissions (Scope 1 and 2). If these targets are achieved, the effect on curbing increases in our operating costs and the costs for achieving this effect are anticipated to be as shown below. With regard to costs for achieving the targets, we estimated the amount of the impact assuming the procurement cost for renewable energy-derived electricity to be 4 yen/kWh, the procurement cost for carbon credits to be 1,200 yen/tCO₂, and that there will be no progress in reducing Scope 1 emissions until 2030.

In response to an increase in operating costs due to the introduction of carbon pricing, we introduced an internal carbon pricing system in FY2024, in addition to the energy-saving activities and procurement of renewable energy-derived electricity currently being implemented. Through these initiatives, we will reduce energy-derived CO₂ emissions (Scope 1 and 2).

Q Effect of CO₂ Reduction Efforts Toward Curbing In-House Operating Costs

	2030	2050
Effect on curbing increases to operating costs if reduction targets are achieved	0.3 billion yen	3.6 billion yen
Costs for achieving targets	0.1 billion yen	0.8 billion yen

● Increase in Procurement Costs due to Introduction of Carbon Pricing

In the 1.5°C scenario, it is forecasted that the operating costs of suppliers will increase and will be passed onto procurement costs as governments introduce and strengthen regulations related to carbon emissions, such as carbon pricing. We estimated the financial impact in 2030 and 2050, assuming no progress beyond the FY2021 results in reducing GHG emissions related to “procured raw materials (packaging)” and “upstream transportation and distribution” (part of Scope 3, Category 1 and 4, respectively) where the risk of increase in procurement costs is particularly high. The carbon prices used in the estimates are as shown in the table.

In response to the increase in procurement costs due to introduction of carbon pricing, we will reduce petroleum-based plastic used in containers and packaging, in addition to the engagement with suppliers currently being implemented.

Q Carbon Prices Used in Estimating Impact on Operating and Procurement Costs

	Carbon price (USD/tCO ₂)	
	2030	2050
Japan, Poland	140	250
Indonesia	90	200
Other	25	180

Based on scenario analysis, we were able to list and analyze the risks and opportunities for the Group, as well as the amount of impact and the countermeasures. Going forward, we will continue to promote measures such as energy conservation and procurement of renewable energy-derived electricity, which is an effort already in progress, in addition to examining further countermeasures. Through these initiatives, we will work to minimize risks and maximize opportunities, while increasing the Group's resilience.

Risk Management

Our risk management team, led by the Risk and Crisis Management Committee, is ready to respond to risks that may have a significant impact on our business (page 59). Climate-related risks are considered to be the most critical management risks of all. The Planning Section of the

Sustainability Promotion Department handles climate-related risks. Together with related departments and Group companies, they identify risks and opportunities, then report progress to the Risk and Crisis Management Committee at least once a year. The Risk and Crisis Management Committee evaluates business risks and opportunities and examines countermeasures based on these reports, then escalates them to the Executive Committee and the Board of Directors for decisions.



Metrics and Targets

The Group's business relies on the gifts provided by nature. As such, we believe that contributing to the realization of a sustainable global environment is one of our most important responsibilities. Since climate change will have a particularly big impact on the Group's business, we recognize that it is an

important management issue. We are promoting initiatives with a target of achieving carbon neutrality by FY2048.

Q GHG Emissions Reduction Targets

Scope 1 and 2: Energy-related CO₂ emissions (LOTTE MIRAI CHALLENGE 2048)

FY2028 Target ► Reduction of 23% or more, compared with FY2019 (certified by SBTi*1 in May 2022)

FY2038 Target ► Reduction of 62% or more, compared with FY2019

FY2048 Target ► Carbon neutrality

Scope 3: (LOTTE MIRAI CHALLENGE 2048)

FY2028 Target ► Calculation of supply-chain GHG emissions using primary data feasible for reduction

FY2038 Target ► Reduction of 50% or more in GHG emissions

FY2048 Target ► Carbon neutrality

Scope 3: Certified by SBTi in May 2022

FY2027 Target ► Engagement with suppliers regarding Category*2 1, 2, and 4 emissions

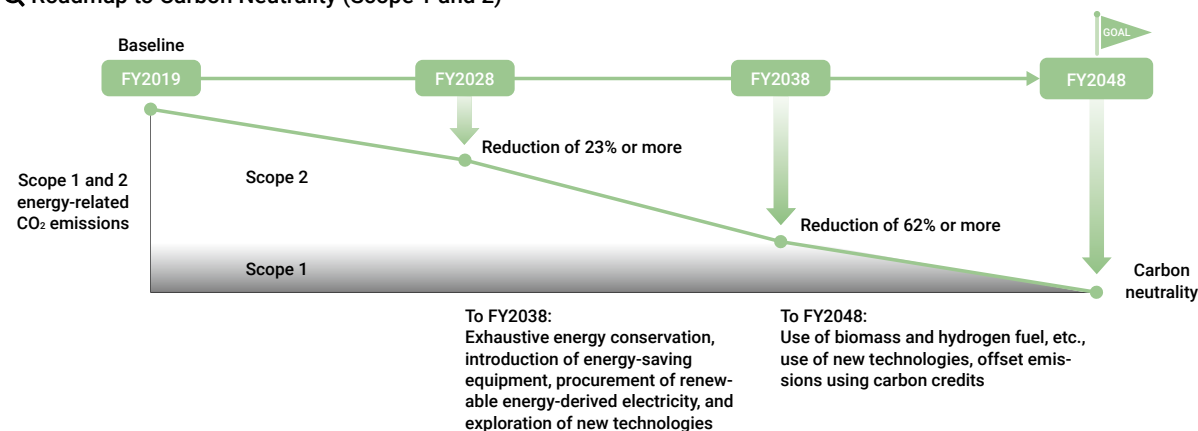
FY2028 Target ► Reduction of 23% or more in Category 3 emissions, compared with FY2019

*1 Science-Based Targets initiative. The SBTi certifies companies that have set targets to reduce GHG emissions in alignment with the Paris agreement goals.

*2 Classification of Scope 3 based on GHG Protocol (page 21)



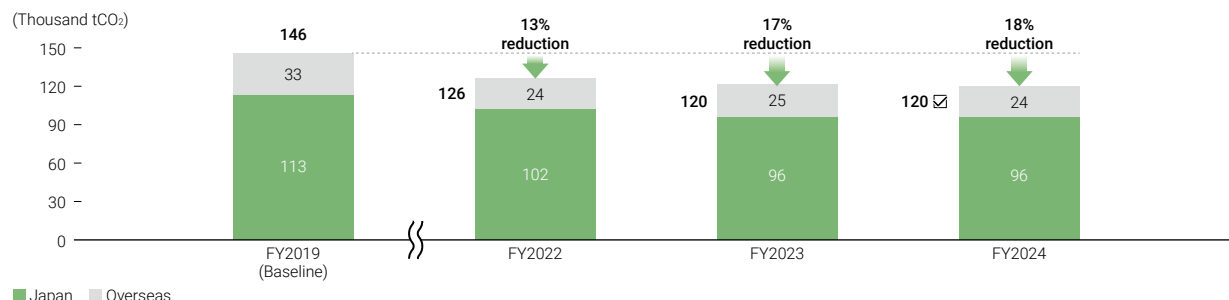
Q Roadmap to Carbon Neutrality (Scope 1 and 2)



03 Reducing GHG Emissions

Scope 1 and 2 Results

Q Reduction Rate of Energy-Related CO₂ Emissions (Scope 1 and 2) (Compared with FY2019)



Data indicated with ☑ has received the independent practitioner's assurance by Deloitte Tohmatsu Sustainability Co., Ltd. (page 30).

We aim to reduce Scope 1 and 2 energy-related CO₂ emissions, our primary producer of GHGs, by at least 23% by FY2028, compared to levels in FY2019. Furthermore, we are targeting carbon neutrality by FY2048. In May 2022, we received the SBTi certification for our targets to be achieved by FY2028.

Q Progress Toward SBTi-Certified Targets

	FY2019 (Baseline)	FY2024
Energy-related CO ₂ emissions	130 thousand tCO ₂ *	120 thousand tCO ₂
Reduction rate	—	-8%

* The SBTi-certified baseline does not include Dari K Co., Ltd. and Ginza Cozy Corner Co., Ltd.

Scope of Tabulation

- Japan** ► LOTTE CO., LTD. and its Group companies in Japan (Mary Chocolate Co., Ltd., Dari K Co., Ltd., Ginza Cozy Corner Co., Ltd.)
- Overseas** ► Major Group companies overseas (THAI LOTTE CO., LTD., LOTTE VIETNAM CO., LTD., PT. LOTTE INDONESIA, and LOTTE Wedel sp. z o.o.)

Calculation Methods

Scope 1: CO₂ Emissions = Σ (Fuel consumption x emission factors)
 Scope 2: CO₂ Emissions = Σ (Volume of purchased electricity, etc. x emission factors)

Emission Factors

- Japan** ► Emission factors based on the Act on Promotion of Global Warming Countermeasures are used. For Scope 2 electricity, the adjusted emission factors determined separately by individual companies based on the same Act are used.
- Overseas** ► The emission factors for Scope 1 emissions have been determined according to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, while the emission factors for Scope 2 emissions have been determined according to the IEA Emission Factors 2024. In instances where these emission factors are difficult to obtain, an emission factor based on the Act on Promotion of Global Warming Countermeasures is used.

Scope 3 Results

Q GHG Emissions (Thousand tCO₂)

Category	FY2023	FY2024
1. Purchased goods and services	748	719
2. Capital goods	24	29
3. Fuel- and energy-related activities (not included in Scope 1 or 2)	23	25
4. Upstream transportation and distribution	85	96
5. Waste generated in operations	2	1
6. Business travel	1	1
7. Employee commuting	4	4
8. Upstream leased assets	—*	—*
9. Downstream transportation and distribution	62	63
10. Processing of sold products	—*	—*
11. Use of sold products	—*	—*
12. End-of-life treatment of sold products	69	52
13. Downstream leased assets	—*	—*
14. Franchises	—*	—*
15. Investments	—*	—*
Total	1,018	991 ☑

* Excluded from calculation as there were no applicable emissions
 Data indicated with ☑ has received the independent practitioner's assurance by Deloitte Tohmatsu Sustainability Co., Ltd. (page 30).

Scope of Tabulation

- Japan** ► LOTTE CO., LTD., and its major Group companies in Japan (Mary Chocolate Co., Ltd., and Ginza Cozy Corner Co., Ltd.)
- Overseas** ► Major Group companies overseas (THAI LOTTE CO., LTD., LOTTE VIETNAM CO., LTD., PT. LOTTE INDONESIA, and LOTTE Wedel sp. z o.o.)

Calculation Methods

Category 1: GHG Emissions = Σ (Weight of raw materials purchased $\times$ emissions intensity, etc. [1]) + Σ (Value of purchased goods and services other than raw materials $\times$ emissions intensity, etc. [2])

Category 2: GHG Emissions = Σ (Value of capital goods $\times$ emissions intensity, etc. [2])

Category 3: GHG Emissions = Σ (Energy consumption $\times$ emissions intensity, etc. [1] or [2])

Category 4: GHG Emissions = Σ (Ton-km of transportation $\times$ emissions intensity, etc. [1]) + Σ (Ton-km of transportation $\times$ fuel consumption per ton-km of transportation $\times$ emissions intensity, etc. [2]) + Σ (Transportation distance/average fuel efficiency $\times$ emissions intensity, etc. [3]) + Σ (Electricity consumption for cargo handling & storage $\times$ emissions intensity, etc. [4])

Calculated using scenarios for transportation relating to consignors that are not Specified Consignors as defined in Japan's Act on the Rational Use of Energy

Category 5: GHG Emissions = Σ (Amount of waste emissions according to type and disposal method $\times$ emissions intensity, etc. [1] or [2])

Category 6: GHG Emissions = Σ (No. of employees $\times$ emissions intensity, etc. [2])

Category 7: GHG Emissions = Σ (No. of employees $\times$ no of operating days $\times$ emissions intensity, etc. [2])

Category 9: Same as Category 4

Category 12: GHG Emissions = Σ (Amount of waste emissions* according to type and disposal method $\times$ emissions intensity, etc. [1])

* Calculated as the weight of purchased packaging materials
Recycling rates of used paper and cardboard have been reflected in calculations for Japan figures since FY 2023.

Emissions Intensity, etc.

[1] IDEA Ver. 3.5 with LULUCF (the GHG emissions database of the National Institute of Advanced Industrial Science and Technology and the Japan Environmental Management Association for Industry)

[2] Database on Emissions Unit Values for Accounting of Greenhouse Gas Emissions, etc., by Organizations Throughout the Supply Chain (Ver. 3.5) of the Ministry of the Environment and the Ministry of Economy, Trade and Industry

[3] Emission factors used for the reporting system targeting Specified Consigners pursuant to the Act on Rationalization of Energy Use and Shift to Non-fossil Energy

[4] Alternative emission factors determined separately by individual power companies based on the Act on Promotion of Global Warming Countermeasures

Renewable Energy

● Installation of Solar Panels at Group Sites

We are gradually expanding the installation of solar power generation equipment at Group sites.

		Generation Capacity (kW)
October 2022	Amatanakorn Factory (THAI LOTTE CO., LTD.)	Approx. 1,800
September 2023	Binh Duong Factory (LOTTE VIETNAM CO., LTD.)	Approx. 1,250
May 2025	Shiga Factory (LOTTE CO., LTD.)	Approx. 450
August 2025	Bekasi Factory (PT. LOTTE INDONESIA)	Approx. 730



Binh Duong Factory of LOTTE VIETNAM CO., LTD.



Shiga Factory of LOTTE CO., LTD.

● Procurement of Renewable Energy-Derived Electricity

Since July 2022, we have been using renewable energy-derived electricity generated by solar power stations owned by LOTTE FINANCIAL CORPORATION (L's Power Station Honjo Kodama and L's Power Station Toda Bijogi) to supply some of the power used at the Urawa and Sayama Factory. Procurement of this power takes place under the "Country home electricity of a color scheme,"* which is a model for local production and local consumption that leverages the environmental value of renewable energy produced in Saitama Prefecture.

In addition, our head office, located in the Shinjuku ward of Tokyo, utilizes the Aqua Premium program, which uses hydroelectric power. Aqua Premium is one of the programs offered by the TEPCO Group and is notable for utilizing renewable hydroelectric power and producing zero CO₂ emissions when generating electricity.

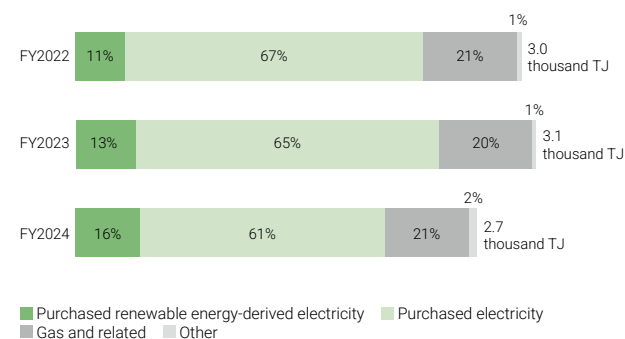
We are also adopting renewable energy-derived electricity in stages at our Japanese factories and some of our business sites nationwide. Finally, in Poland, LOTTE Wedel sp. z o.o. uses power derived from wind power generation.

* A set of virtually CO₂-free electricity options established in 2020 by Saitama Prefecture and TEPCO Energy Partner, Incorporated.



L's Power Station Toda Bijogi

Q Volume of Energy Input



The previously provided information has been updated due to an error.

Scope of Tabulation

Same as Scope 1 and 2 energy-related CO₂ emissions

Energy Saving Initiatives

● Use of the Internet of Things (IoT)

We use sensors that measure energy consumption on production lines at the Urawa Factory to constantly monitor for air leaks. This enables us to visualize the degree and location of leaks, ensuring early detection and prompt action, which ultimately conserves energy.



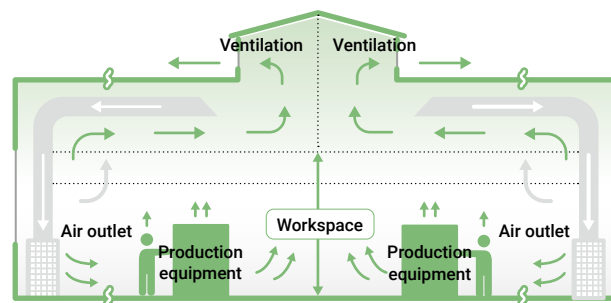
Sensor

● Use of Waste Heat

We have started to recover waste heat from high-temperature water generated during the ice cream manufacturing process by using it to increase the temperature of the water supplied to boilers. By doing this, we expect to reduce annual CO₂ emissions by approximately 57 tons.

● Ingenuity in Air Conditioning

In 2020, we installed a new air conditioning system for use in chocolate processing at the Urawa Factory. Whereas the previous system supplied cool air from the ceiling and cooled the entire air-conditioned area, the new system supplies cool air from the floor, efficiently air conditioning the workspace (about 2 meters from the floor) only. Cool air is also supplied to the interior of the control panel to maintain positive pressure inside the panel and keep it at a constant temperature, which has the advantage of making the control components much less likely to malfunction. Ingenuity in air conditioning has simultaneously achieved energy savings, improved the working environment, and decreased malfunctioning of control components.



Management of Refrigerants (HCFCs and HFCs)

Some of our factories use HCFCs and HFCs as refrigerants for cold storage and freezing machinery. In light of the impact caused by the leakage of HCFCs and HFCs on global warming, we take steps to prevent leaks by regularly inspecting equipment to manage HCFCs and HFCs correctly while also switching systematically to HCFC and HFC substitutes with

low global warming potential (GWP) and natural refrigerants.* We are also shifting from ammonia as a natural refrigerant for machinery to safer CO₂ refrigerants; this shift is being made out of consideration for employee safety in the unlikely event of a leak.

* Technology that uses naturally-occurring substances such as ammonia and CO₂ as refrigerants, which have comparatively less impact on global warming than HCFCs and HFCs.

FY2019	Urawa Factory	Introduced the world's first CO ₂ refrigerant ice cream freezer
FY2022	Urawa Factory	Refrigerator using CO ₂ refrigerant installed in product cooling tunnel of new production line
FY2024	Kyushu Factory	Introduced two more ice cream freezers

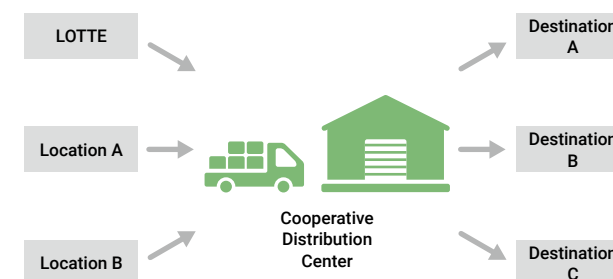


Freezer at Urawa Factory

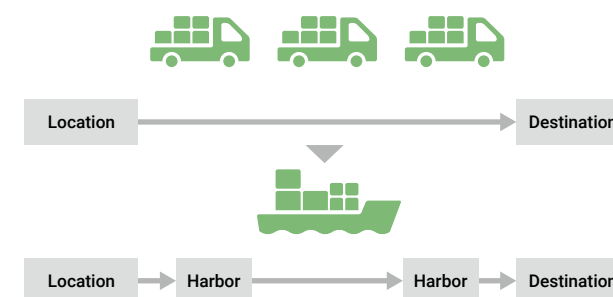
Logistics Initiatives

We are working to reduce the environmental impact associated with logistics. In addition to our efforts to improve loading efficiency through packaging, we are also working to reduce CO₂ emissions by promoting cooperative distribution*¹ and modal shifts*². In addition to sea delivery, our modal shifts include backhaul matching*³ in which we share rail containers with other manufacturers. This method of transportation reduces the time required, the working hours of drivers, CO₂ emissions related to transportation, and total cost. This backhaul matching initiative, which takes place between Saitama and Okayama prefectures, received the Special Award on June 2024 at the 25th Logistics Environment Awards, organized by the Japan Association for Logistics and Transport.

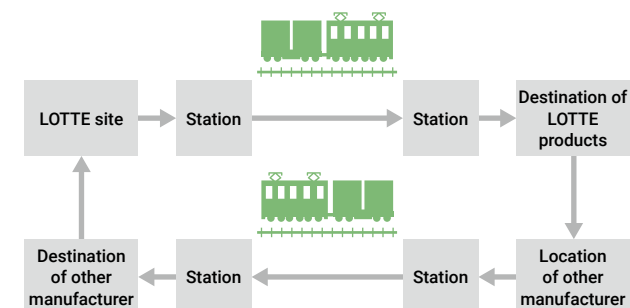
*¹ Joint product delivery in cooperation with other companies in the same industry as well as carriers and warehouses. This serves to lower the number of trucks necessary for deliveries, which in turn reduces CO₂ emissions.



*² A shift away from trucks toward sea and rail delivery, which have a lower environmental impact and support higher-volume delivery.



*³ A method of transportation that enables an increase in the loading rate of vehicles and a decrease in drayage costs on both the outbound and return journeys by finding suitable cargo for the return journey to the point of origin, after unloading cargo at the destination, instead of making the return journey empty.



Column

Thinking about the “2024 Problem” in Japan’s Logistics Industry

LOTTE has created a forum for the Company’s logistics departments as a space for dialogue between internal and external stakeholders themed around thinking about Japan’s “2024 Problem,” referring to the shortage of drivers in the Japanese logistics industry. To date, we have exchanged opinions with logistics partners and with personnel in charge of adjusting for supply and demand from each supervising branch office. Through this initiative, we are building relationships that enable us to work together with stakeholders to address the various issues that surround logistics.



04 Circular Economy

Designing Environmentally Friendly Product Containers and Packaging

We take the environment into consideration when designing our product containers and packaging. While still ensuring that the original function of preserving quality is fulfilled, we work to conserve resources by reducing the amount of materials used as much as possible and to develop containers and packaging that are easy to recycle. We also endeavor to increase barrier capabilities in order to extend expiration dates as a means of reducing food loss and waste. Meanwhile, we design containers and packaging with the aim of enabling optimal product loading to improve logistics efficiency, thereby helping to reduce GHG emissions from transport.

Smile Eco Label

Since 2022, we have been gradually labeling products that meet proprietary environmental criteria with the Smile Eco Label to inform customers in an easy-to-understand way about the environmentally-friendly approach we take to our various containers and packaging. The design of the Smile Eco Label uses a leaf motif to express consideration for the global environment, and the Smile Eco copy and mark were created to incorporate LOTTE’s desire to make people smile with its products.



Plastic Containers and Packaging

Recent years have witnessed worldwide debate about plastics, particularly with regard to climate change and marine pollution resulting from plastic waste. On our end, we are working with stakeholders to reduce plastic waste, promote recycling, and circulate resources. Moreover, we have set a target to eliminate all petroleum-based disposable plastics used in packaging by 2048. We are ramping up efforts to achieve this goal and have launched a cross-departmental project aimed at eliminating these plastics.

Goals

1. Emissions Reduction

- 2028: Renewal of packaging for three of our main products
- 2038: Minimization of the use of plastics in containers and packaging, or switch to recyclable forms
- 2048: Discontinuation of petroleum-based, single-use plastics for containers and packaging

2. Recycling and Others

Factories

By 2025, we will list the issues related to recycling, such as industrial waste from products using plastic, and examine targets to promote recycling.

Offices

We will change sorting rules so that industrial waste from products using plastics and other such waste previously processed with combustible garbage is sorted and disposed of as plastic. We will chemically or materially recycle waste that can be recycled and switch to heat recovery for waste that is difficult to recycle by chemical or material means.

Reducing Use of Plastics

We are working to reduce the amount of plastic used in a variety of products. In FY2024, we used thinner versions of plastic trays for three products, including the Choco Pie Party Pack. To make the Choco Pie Party Pack and the Custard Cake Party Pack thinner, we increased the number of vertical lines (ribs) on the sides of the tray and added a new horizontal ridge to reduce the amount of plastic used while maintaining impact resistance. Thanks to these improvements, we succeeded in reducing the thickness of the tray from 0.35mm, to 0.31mm, thereby reducing the amount of plastic used by approximately 11% (compared with FY2019). We will continue to explore and consider environmentally-friendly packaging materials.



Before



After

Q Main Initiatives

Year	Product (Product Group)	Type of Reduction	Reduction Amount (t)*
FY2021	Gum in a plastic container	Thinner containers	144.3
FY2022	Zero Chocolate Bag, Ghana & Crunky Share Pack	Thinner bags	8.9
FY2023	Lady Borden Ice Cream Pint	Thinner lids	29.1
FY2024	Choco Pie Party Pack, Custard Cake Party Pack, Toppo Bag	Thinner trays	88.7

* Calculated based on shipments in FY2024 and in comparison with a reference product. This reference product is a product released in 2019 with a similar shape and format or, for a product released in 2020 or later, the product at the time of release.

LOTTE Wedel in Poland released new packaging for six products (two chocolates and four bars). The new packaging is made from 80% paper and uses 50% less plastic than the previous packaging.



● Recycling of Plastic Containers and Packaging

We are implementing a variety of initiatives aimed at realizing a sustainable society in the area of containers and packaging under the title Smile Eco Challenge. In FY2023, we conducted verification trials for the collection of chewing gum containers no longer needed after consumption for recycling into ballpoint pens. We installed chewing gum containers collection boxes at the business sites of participating groups and companies and the collected containers were made into recycled pellets, which were then turned into ballpoint pens.

In FY2024, we worked with LIFE CORPORATION to collect chewing gum containers at supermarkets, which were then recycled and turned into shopping baskets for use in stores.



● Participating in Business Coalition for a Global Plastics Treaty (Japan)

The Company is part of the Business Coalition for a Global Plastics Treaty (Japan), which was launched in November 2023 with the support of the World Wide Fund For Nature Japan (WWF Japan), to make policy suggestions to the Japanese government aimed at realizing a sustainable society.

In collaboration with the Business Coalition for a Global Plastics Treaty in which more than 200 companies and financial institutions around the world participate, the initiative is calling for an ambitious UN treaty that can transition plastic into a circular economy and prevent plastic from becoming waste and causing pollution.

Paper Containers and Packaging

We strive to conserve resources by reducing the amount of paper containers and packaging we use to the greatest degree possible. In addition, we promote the use of environmentally-friendly paper materials, for example recycled paper and paper certified by third parties such as the Forest Stewardship Council (FSC).

● Recycling of Paper Containers and Packaging

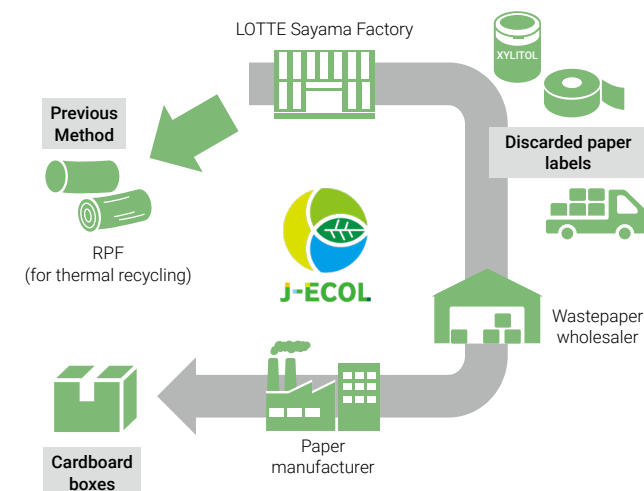
We are taking on a variety of challenges in the areas of containers and packaging, etc. to realize a sustainable society. Since FY2023, we have worked in cooperation with Tokiwamatsu Gakuen Junior & Senior High School to collect paper containers and packaging from recycling collection boxes installed on the school premises. Collected paper containers and packaging find new life as toilet paper.

● Recycling for Paper Labels

At the Sayama Plant, we have begun recycling the paper labels used on chewing gum containers. Previously, these labels were a form of refuse paper and plastic fuel (RPF)* for thermal recycling, but now we have established a system for resource recycling that involves suitable collection and processing. This new form of recycling will help reduce environmental impact and promote sustainable resource use.

* Solid fuel made primarily from wastepaper and plastic collected as industrial waste.

Q Material Recycling of Paper Labels



● Used Paper Recycling

We have installed a PaperLab papermaking machine at the Urawa Factory office as part of our efforts to promote the use of paper recycled from used paper collected within the Company. We are currently using the recycled paper for employee business cards and other items and are considering expanding to a wider range of uses.



PaperLab

Column

Using Bamboo Materials

While ice cream sticks are generally made of wood or plastic, we used bamboo for our *Choco & Vanilla Bar*. According to our research, this marks the first time in Japan that a commonly distributed frozen dessert has utilized bamboo materials. While trees take 30 to 40 years to grow, bamboo grows quickly and reaches maturity in just four years. Also, unlike trees, bamboo grows back naturally even after being cut down, which has drawn attention to its potential as a sustainable material. The eco-friendly ice cream sticks for *Choco & Vanilla Bar* won the Confectionery Packaging Category Award at Japan Packaging Contest 2024, hosted by the Japan Packaging Institute.



Reducing Food Loss and Waste (FLW)

We have set a FY2028 target of reducing the volume of FLW produced per unit of sales volume in our core confectionery and ice cream businesses by 50% or more, compared with FY2019, and the FY2048 target of minimizing FLW in cooperation with stakeholders.

Q FLW Produced and Per-Unit Volume

FY2019 (Baseline)	FLW produced: 4.1 thousand tons Per-unit volume: 0.015
FY2022	FLW produced: 3.6 thousand tons Per-unit volume: 0.013 (15% reduction compared with baseline)
FY2023	FLW produced: 3.4 thousand tons Per-unit volume: 0.012 (21% reduction compared with baseline)
FY2024	FLW produced: 3.0 thousand tons Per-unit volume: 0.010 (31% reduction compared with baseline)

The previously provided information has been updated due to an error.

Scope of Tabulation

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

Calculation Methods

FLW produced = Volume of food and inedible parts discarded at our own factories + Volume of pre-shipment and returned products discarded
Per-unit volume = FLW produced / (Sales volume + FLW produced)

Volumes are measured with reference to the WRI Food Loss & Waste Protocol. Of the destinations, those that use it for animal feed, biomaterial, or biochemical processing generate relatively high value compared with other destinations, so food waste sent to these destinations is excluded from the FLW to which the reduction target applies.

In order to achieve this target, we practice the 3Rs (Reduce, Reuse, and Recycle) and work to reduce FLW generated by our business activities.

Reduce

The most important factor in reducing FLW is to prevent the generation of it. To achieve this, we are working to minimize the difference between supply and demand, which reduces FLW generated by excess inventory and returns. We are also extending and displaying best before dates by specifying the year and month and reducing losses in the production process.

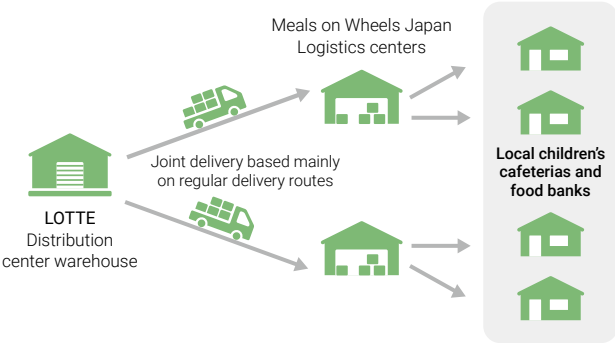
Reduce Donating Surplus Food*

We strive to reduce food loss and waste by regularly donating any surplus food that cannot be avoided to food banks and children's cafeterias, allowing such food to be used effectively by those in need. Since 2023, we have been expanding these efforts through an efficient and sustainable donation scheme established in cooperation with Meals on Wheels Japan (representative director: Atsuko Ishida). Through this scheme, Meals on Wheels Japan matches warehouses at our distribution centers across Japan with logistics centers in the same area that can accept large donations. In FY2024, we donated approximately 160,000 confectioneries and other items. One major issue we faced with these donations was the cost of delivery exceeding the cost of disposal. By switching from delivery by route buses and courier services to joint delivery based mainly on regular delivery routes, we have been able to reduce delivery costs

and resolve this issue. This donation scheme received the Chairman's Award at the 2024 Food Loss and Waste Reduction Promotion Awards. We believe that our food bank-related efforts not only help to convey the joy of food, in terms of being delicious and fun, but also contribute to the effective use of food, so we will continue these efforts in the future.
* Products that have not yet reached their best-before or expiration date but have passed their shipping or in-store display deadline.



Q Surplus Food Donation Process



Selling Non-Standard and Chocolate Offcuts

At Ginza Cozy Corner, we sell outlet items at our stores attached to the Saitama and Kawaguchi Factory, including non-standard products and chocolate offcuts left over from the manufacturing process that cannot be easily sold through regular channels. This initiative helps save good-tasting and edible food from disposal and reduces FLW.

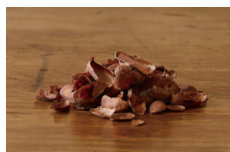


● Recycle

We make effective use of waste generated at the highest possible value. Converting waste into animal feed is a high-value use. However, in the case of excess inventory and returned products, containers and packaging have been an issue making it difficult to convert them into animal feed. In FY2021, we began working with a facility that has equipment capable of accepting packaged products to convert into animal feed.

Using Cocoa Husks with Delicious Results

We launched a limited-edition version of *Koala's March* called the *Koala's March Mottainai Whole Cocoa Bean Share Pack*, featuring cocoa husks from Papua New Guinea. LOTTE currently uses cocoa husks for non-food purposes such as fertilizer and animal feed. Using proprietary technology, we have succeeded in incorporating the husks into both chocolate and biscuits, upcycling the husk in a way that is both delicious and opens up the possibilities of cocoa. Compared with regular *Koala's March*, this version offers a distinctive aroma and flavor derived from the cocoa husk.



Cooperation to Reduce FLW

We are participating in the Japanese project under the 10X20X30 Food Loss and Waste Reduction Initiative*. We are working toward the goal of halving FLW by making reductions in cooperation with the entire supply chain while exchanging information with a variety of companies.

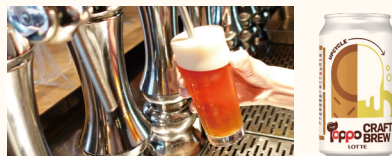


* An initiative aimed at halving food waste throughout companies' entire supply chains. It is led by the World Resources Institute (WRI), a U.S. think tank that conducts policy research and develops technologies related to the global environment and development. The meaning of 10X20X30 is that 10 companies, primarily comprising major international retailers, will each join forces with 20 of their suppliers to work toward halving the food waste produced by these key suppliers by 2030. Within the initiative's Japanese project, AEON Co., Ltd. is the major retailer that is spearheading efforts and we are participating as one of its suppliers.

Column

Toppo CRAFT BREW

We have jointly developed and test marketed *Toppo CRAFT BREW*, a sustainable craft beer* made from the upcycled pretzel parts of our product *Toppo*, in collaboration with ASAHI YOU.US, LTD. This project, which started as an idea among some factory employees, replaces part of the malt with pretzels, bringing out their sweet and fragrant character and resulting in a flavor that is both refreshing and easy to drink. While we have long promoted the effective use of products otherwise comprising food loss and waste generated during manufacturing—such as conversion into animal feed—we will continue to explore new possibilities to create additional value.



* Under the Liquor Tax Act, it is considered a low-malt beer.

05 Biodiversity

Basic Approach

Our business relies on the gifts provided by nature while having diverse impacts on nature across our value chain. As such, we recognize that addressing these impacts is a key management issue. In July 2022, we endorsed the Taskforce on Nature-related Financial Disclosures (TNFD)* and joined the TNFD Forum, a network of companies and groups with expertise in nature, finance, and other areas that support the development of a framework through the TNFD. We are strengthening our resilience and reducing impacts based on analysis of risks and opportunities in line with the TNFD recommendations.



* The TNFD was conceived as a framework to follow the TCFD at the 2019 World Economic Forum Annual Meeting (Davos). It was established in June 2021 by the United Nations Environment Programme Finance Initiative (UNEP FI), the United Nations Development Programme (UNDP), the World Wide Fund for Nature (WWF), and Global Canopy, a UK-based NGO. The initiative was presented as recommendations for a framework for information disclosure on nature-related risks aimed at a transition to a nature-positive society in which the loss of natural ecosystems is halted and reversed.

Governance

All business-related risks are managed by a risk management system led by the Risk and Crisis Management Committee (page 59) including nature-related risks and opportunities.

Results of the Assessment of Nature-Related Dependencies and Impacts

We used the LEAP approach* recommended by the TNFD to evaluate the nature-related dependencies and impacts of our business activities.

* A framework for companies to assess nature-related risks and opportunities. It stands for Locate, Evaluate, Assess, and Prepare.

Q Value Chains Assessed



Scope of Analysis: Main raw materials (cocoa, palm oil, sugar, flour, dairy products, and containers and packaging)

● Locate

Using a mapping tool, we assessed environmental conditions at our Group's Japanese and overseas production sites in FY2023, and the main production areas for our main raw materials (cocoa beans, palm oil, sugar, wheat flour, and dairy products) in FY2024. Based on the five sensitive-location criteria that the LEAP approach recommends, we mapped our exposure to ecologically sensitive areas. We identified facilities located in or adjacent to regions of high conservation significance, facilities in areas with high water stress, and producing regions where ecosystem integrity—including forest ecosystems—may deteriorate rapidly.

Q Map Tools Used for the Locate Step

Assessment criteria	Metrics	Tools used
(i) Conservation Significance	Conservation Area	IBAT
	Key Biodiversity Area (KBA)	
	START	
(ii) Ecosystem Integrity	Biodiversity Intactness Index	Resource Watch
(iii) Areas with rapidly declining ecosystem intactness	Pressures on Biodiversity	WWF Biodiversity Risk Filter
	Tree Cover Loss	
(iv) Water Risks	Water Stress	Aqueduct
	Riverine Flood Risk	
	Coastal Flood Risk	
	Untreated Connected Wastewater	
	Coastal Eutrophication Potential	
(v) Areas where ecosystem services, including benefits for Indigenous peoples, local communities, and stakeholders, are important	Drought Risk	Global Forest Watch
	Indigenous and Community Lands	

● Evaluate

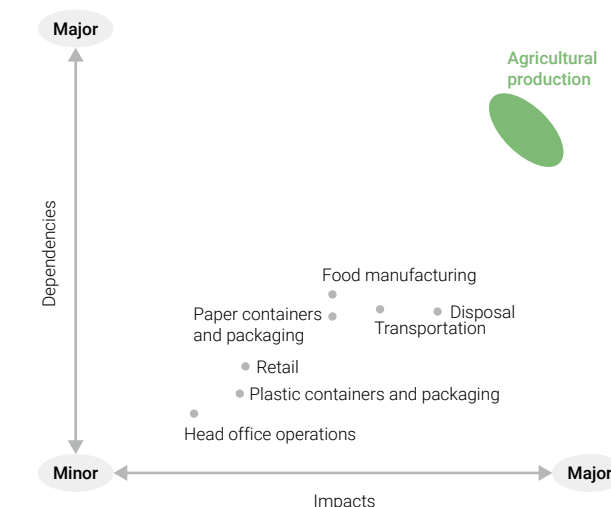
We utilized the ENCORE tool to evaluate the nature-related dependencies and impacts throughout our value chain. Upstream agricultural production shows higher dependencies and impacts than our direct operations (head office operations and food manufacturing) and downstream activities (sales, transport, and disposal).

* An acronym for Exploring Natural Capital Opportunities, Risks and Exposure. ENCORE is a tool that identifies the magnitude of dependencies and impacts on nature in business activities (each sector and process).

Q Dependencies and Impacts in the Value Chain

	Upstream	Direct Operations	Downstream
Dependencies	Biomass provisioning, genetic material, water supply, global climate regulation, rainfall pattern regulation, local climate regulation, soil quality regulation, soil and sediment retention, water purification, water flow regulation	Water supply	Rainfall pattern regulation, waste decomposition
Impacts	Land use, water use, nutrient discharge, introduction of invasive alien species	Wastewater discharge, GHG emissions, waste generation	Plastic pollution from containers

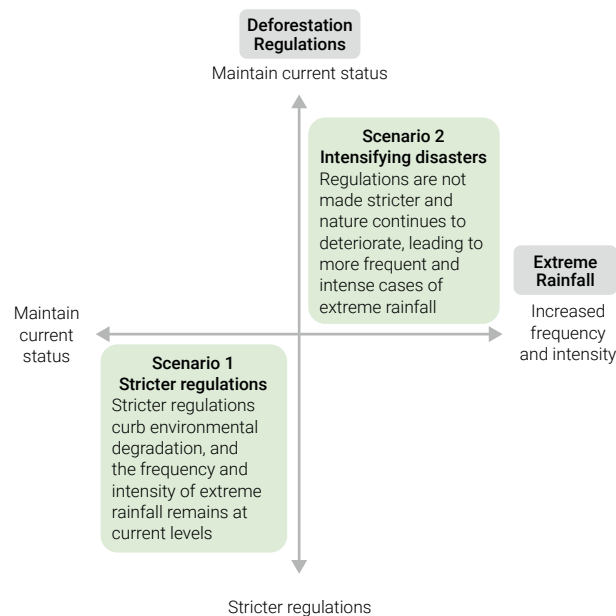
Q Results of Dependency and Impact Assessment for Each Component of the Value Chain



● Assess / Prepare

We conducted a scenario analysis of cocoa bean procurement, an important raw material.

Q Cocoa Bean Procurement Scenario



In 2023–2024, West Africa (Côte d'Ivoire and Ghana), the world's primary cocoa-producing region, experienced severe crop failures, with one contributing factor being localized extreme rainfall. We structured our scenario analysis around two key drivers: extreme rainfall and deforestation regulations.

To project the impacts of more frequent and intense rainfall* associated with rising average temperatures, we analyzed 20 years of data on extreme rainfall occurrence and cocoa bean production, with reference to IPCC reports. For deforestation regulations, we referenced a study that simulates cocoa bean output in West Africa.

* Based on the definition provided by the Japan Meteorological Agency at each location, observational data for precipitation over the 30-year period from 1991 to 2020 is used as a basis to determine whether the precipitation is abnormal.

Q Impacts Analysis for Cocoa Bean Production

		Impact on cocoa bean production	
		Deforestation regulations	Extreme rainfall
Scenario 1: Stricter regulations		◎	○
Scenario 2: Intensifying disasters (with reference to the SSP5-8.5 scenario in IPCC AR6)	2030 (+1.5°C warming)	—	◎
	2050 (2°C warming)	—	◎

Based on the relationships between nature-related dependencies and impacts identified through the Locate and Evaluate steps, we organized the nature-related risks and opportunities associated with our business activities as follows. Because external assessment tools are still under development, we also piloted an enterprise-level analysis of risks and opportunities in the Assess step, in addition to the dependency- and impact-focused view developed in the Evaluate step, to minimize the risk of omissions in the analysis.

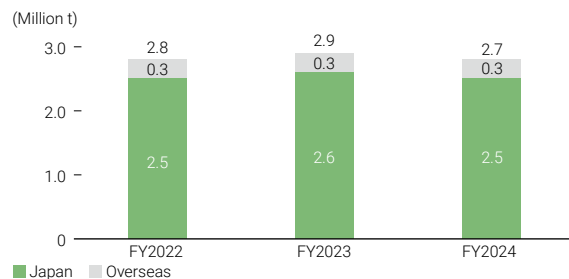
Q Nature-Related Risks and Opportunities

		Value Chain	Specific Impacts			Action
Risks	Procurement of raw materials	Overall	Impacts	Transition	Higher procurement costs due to the introduction of carbon pricing	Integrate into the enterprise climate-risk program
		Agricultural products	Dependencies	Physical	Higher prices for raw materials due to changing weather patterns	
					Higher prices for raw materials due to drought	
		Cocoa beans and palm oil	Dependencies	Transition	Higher prices for raw materials due to stricter deforestation regulations	Promote sustainable procurement
	Production sites	Cocoa beans	Dependencies	Physical	Higher prices for raw materials due to extreme rain	Consider diversifying procurement sources
		THAI LOTTE CO., LTD., PT. LOTTE INDONESIA	Dependencies	Physical	Higher production costs due to water shortages and droughts	Strengthen water-use efficiency and wastewater management
	Product disposal	LOTTE Wedel sp. z o.o. Ginza Cozy Corner Co., Ltd. Kiyokawa Factory	Impacts	Transition	Higher costs to mitigate biodiversity impacts from operations	Promote ongoing and appropriate management of contaminants
		Containers and Packaging	Impacts	Transition	Higher costs from switching to sustainable packaging in response to plastic regulations	Consider switching to sustainable containers and packaging
Opportunities	Business as a whole		Impacts	Transition	Increased consumer loyalty as a company recognized for minimizing its impact on nature	Proactively communicate environmental initiatives and progress

06 Water Resources

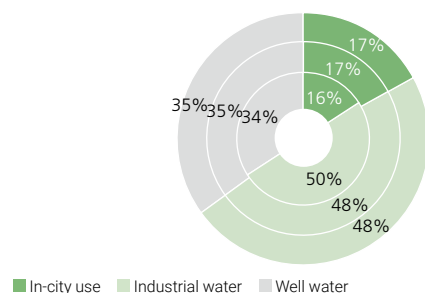
Water Usage

Q Volume of Water Used



Q Water Usage Ratio

(Inner: FY2022, Middle: FY2023, and Outer: FY2024)



Scope of Tabulation

Major bases operated by LOTTE CO., LTD. and its major Group companies

Initiatives to Reduce Water Use

Our Sayama (Toda) factory produces a gum base and also performs a washing process for the natural resin chicle, which is one of the raw materials for the gum base. Since 2023, we have reduced the volume of water used by approximately 40% by reviewing the washing process and introducing a new manufacturing method with better cleaning efficiency. As a result, there has also been a positive impact on quality, including a reduction in any off-flavors and stickiness in the gum base.

Wastewater Management

The Kyushu Factory began operations of a new wastewater treatment plant in February 2024. Not only has this increased wastewater treatment capacity, it has reduced sludge by utilizing a different treatment method. Remote management is also possible, which is expected to lead to more efficient operations.



New wastewater treatment plant at the Kyushu Factory

07 Preventing Pollution

The products we handle are considered to pose less risk to the environment related to raw materials than other industries. Nevertheless, it cannot be said there is no risk of environmental pollution caused by our business activities. Therefore, we strive to ensure compliance with environment-related laws and regulations and appropriate management.

08 Independent Practitioner's Assurance of GHG Emissions

Energy-related CO₂ emissions (Scope 1 and 2) and GHG emissions (Scope 3) for FY2024 indicated with ☑ on page 21 in the Japanese version of this Sustainability Report 2025 (Detailed Edition) have received independent, third-party assurance from Deloitte Tohmatsu Sustainability Co., Ltd.

Deloitte.

デロイト トーマツ
(TRANSLATION)

Independent Practitioner's Assurance Report

August 22, 2025

Mr. Hideki Nakashima,
President / Representative Director,
LOTTE CO., LTD.

Tomoharu Hase
Representative Director
Deloitte Tohmatsu Sustainability Co., Ltd.
3-2-3, Marunouchi, Chiyoda-ku, Tokyo

We have undertaken a limited assurance engagement of the energy-related CO₂ emissions (Scope 1 and Scope 2) and greenhouse gas emissions (Scope 3) indicated with ☑ for the year ended March 31, 2025 (the "Greenhouse Gas Information") included in the "Sustainability Report 2025 (Detailed Edition)" (the "Report") of LOTTE CO., LTD. (the "Company").

The Company's Responsibility

The Company is responsible for the preparation of the Greenhouse Gas Information in accordance with the calculation and reporting criteria adopted by the Company (indicated with the Greenhouse Gas Information included in the Report). Greenhouse gas quantification is subject to inherent uncertainty for reasons such as incomplete scientific knowledge used to determine emissions factors and numerical data needed to combine emissions of different gases.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. We apply International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Greenhouse Gas Information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements ("ISAE") 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board ("IAASB"), ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the IAASB and the *Practical Guideline for the Assurance of Sustainability Information*, issued by the Japanese Association of Assurance Organizations for Sustainability Information.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. These procedures also included the following:

- Evaluating whether the Company's methods for estimates are appropriate and had been consistently applied. However, our procedures did not include testing the data on which the estimates are based or reperforming the estimates.
- Undertaking site visits to assess the completeness of the data, data collection methods, source data and relevant assumptions applicable to the sites.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Greenhouse Gas Information is not prepared, in all material respects, in accordance with the calculation and reporting criteria adopted by the Company.

The above represents a translation, for convenience only, of the original Independent Practitioner's Assurance report issued in the Japanese language.

Member of
Deloitte Touche Tohmatsu Limited

09 Environmental Data

Q Volume of Energy Input and GHG Emissions

			FY2019 (Baseline)	FY2022	FY2023	FY2024	
Volume of energy input** [Thousand TJ]		Japan and Overseas	3.0	3.0	3.1	2.7	
	Per unit of sales [TJ/hundred million yen]		—	1.05	0.99	0.82	
Scope 1 and 2 energy-related CO ₂ emissions (Scope 1,2) [Thousand tCO ₂]		Japan and Overseas	146	126	120	120	
		Japan	113	102	96	96	
		Overseas	33	24	25	24	
	Reduction rate [%]	Japan and Overseas	—	−13	−17	−18	
	Per unit of sales [tCO ₂ /hundred million yen]		—	45	39	36	
	Scope 1	Japan and Overseas	34	34	32	31	
		Japan	28	27	26	25	
		Overseas	6	7	7	7	
	Scope 2	Japan and Overseas	111	93	88	88	
		Japan	84	75	70	72	
		Overseas	27	17	18	17	
	Calculated leakage of HCFCs and HFCs [Thousand tCO ₂]		LOTTE CO., LTD.	2.6	1.9	0.6	1.1

Japan: LOTTE CO., LTD. and its Group companies in Japan (Mary Chocolate Co., Ltd., Dari K Co., Ltd., Ginza Cozy Corner Co., Ltd.)
 Overseas: Major Group companies overseas (THAI LOTTE CO., LTD., LOTTE VIETNAM CO., LTD., PT. LOTTE INDONESIA, and LOTTE Wedel sp. z o.o.)

Information on the method, etc. used for calculating energy-related CO₂ emissions is provided on page 21.

*1 The previously provided information has been updated due to an error.

			FY2019 (Baseline)	FY2022	FY2023	FY2024
GHG Emissions (Scope 3) [thousand tCO ₂]*2	Japan	Japan and Overseas	—	1,014	1,018	991
			817	775	774	759
		1. Purchased goods and services	541	542	577	551
		2. Capital goods	72	20	24	29
		3. Fuel and energy-related activities (not included in Scope 1 or 2)	17	19	19	20
		4. Upstream transportation and distribution	56	59	62	73
		5. Waste generated in operations	1	1	1	1
		6. Business travel	0.4	0.5	0.5	0.5
		7. Employee commuting	2	2	2	2
		8. Upstream leased assets	Out of scope as not applicable			
		9. Downstream transportation and distribution	37	43	46	47
		10. Processing of sold products	Out of scope as not applicable			
		11. Use of sold products	Out of scope as not applicable			
		12. End-of-life treatment of sold products*3	90	88	43	35
		13. Downstream leased assets	Out of scope as not applicable			
		14. Franchises	Out of scope as not applicable			
		15. Investments	Out of scope as not applicable			
	Overseas		—	239	244	232

Japan: LOTTE CO., LTD. and its major Group companies in Japan (Mary Chocolate Co., Ltd. and Ginza Cozy Corner Co., Ltd.*2)
 Overseas: Major Group companies overseas (THAI LOTTE CO., LTD., LOTTE VIETNAM CO., LTD., PT. LOTTE INDONESIA, and LOTTE Wedel sp. z o.o.)

*2 Ginza Cozy Corner Co., Ltd. is included in the scope of tabulation as of the results for FY2022. Information on the method, etc. used for calculating GHG emissions is provided on page 21 and 22.

*3 Recycling rates of used paper and cardboard have been reflected in calculations for Japan figures since FY2023.

Q Preventing Pollution

		FY2019 (Baseline)	FY2022	FY2023	FY2024
BOD pollution load [t]*	Factories of LOTTE CO., LTD.	—	3	3	5
COD pollution load [t]*		—	11	18	19
NOx emissions [t]		—	6	6	4
SOx emissions [t]		—	0	0	0

* Estimated value for wastewater discharged into rivers

Q Circular Economy

		FY2019 (Baseline)	FY2022	FY2023	FY2024
Waste generated by production processes [Thousand t]	Factories in Japan	11.5	14.3	14.9	15.3
Recycling rate of waste generated by production processes [%]		99.2	96.5	94.5	96.9
Final disposal volume (landfill volume) [Thousand t]		—	0.002	0.002	0.001
Food Loss and Waste (FLW) generated [Thousand t]*	Japan and Overseas	4.1	3.6	3.4	3.0
Weight of products sold [Thousand t]		—	—15	—21	—31
		—	474	484	459
		275	292	300	300
		206	219	226	225
		69	72	75	74
		49	52	55	56
		15	15	16	15
		5	5	4	3

Factories in Japan: Factories of LOTTE CO., LTD. and its major Group companies in Japan
 Japan: LOTTE CO., LTD. and its major Group companies in Japan
 Overseas: Major Group companies overseas

* The previously provided information has been updated due to an error.

Q Water Resources

			FY2019 (Baseline)	FY2022	FY2023	FY2024
Water withdrawal [Million t]	Japan + Overseas factories		2.6	2.8	2.9	2.7
			2.4	2.5	2.6	2.5
		Japan	In-city use	0.3	0.4	0.4
			Industrial water	1.1	1.2	1.1
			Well water	0.9	0.9	1.0
				0.2	0.3	0.3
		Overseas factories	In-city use	0.1	0.1	0.1
			Industrial water	0.1	0.2	0.2
			Well water	0.0	0.0	0.0
Water discharge [Million t]	Japan + Overseas factories		2.2	2.3	2.3	2.3
			2.0	2.1	2.1	2.1
		Japan	Sewerage	0.3	0.4	0.4
			Rivers	1.7	1.7	1.7
			Seas	0.0	0.0	0.0
			Groundwater	0.0	0.0	0.0
				0.2	0.2	0.3
		Overseas factories	Sewerage	0.1	0.1	0.1
			Rivers	0.1	0.1	0.1
			Seas	0.0	0.0	0.0
			Groundwater	0.0	0.0	0.0
				0.0	0.0	0.0

Japan: All sites of LOTTE CO., LTD. and factories of its major Group companies in Japan

Overseas factories: Factories of major Group companies overseas



Society

- 01 Human Rights
- 02 Sustainable Procurement
- 03 Sustainable Food Offerings
- 04 Animal Welfare
- 05 Food Safety and Reliability
- 06 Occupational Health and Safety
- 07 Mental and Physical Health
- 08 *Shokuiku* (Food Education)
- 09 Employee Empowerment
- 10 Labor Relations
- 11 Support Activities
- 12 Initiatives of Group Companies
- 13 Social Data

01 Human Rights

Basic Approach

At LOTTE CO., LTD. and its Group companies, we ensure human rights are respected in all our business activities. We make every effort to ensure that we do not commit any direct human rights violations as a matter of course. In addition to complying with the international standards, including the International Covenants on Human Rights and the Guiding Principles on Business and Human Rights, we endorsed the UN Global Compact in April 2021. We have also expressed our alignment with the Basic Guidelines for the Acceptance of Foreign Nationals, which has been issued by the National Federation of Consumer Product Industries and Consumer Organizations (SEIDANREN) since 2024.

► Policy on Human Rights

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

Human Rights Due Diligence

To ensure human rights are respected for all individuals affected by our business throughout our entire supply chain, we undertake human rights due diligence according to the procedures specified in the United Nations Guiding Principles on Business and Human Rights, seeking to identify risks related to human rights and then mitigate such risks. The first step of identifying human rights-related risks is to reference international standards and guidelines^{*1}. We conducted an assessment^{*2} of human rights-related risks resulting from business activities and identified potential issues associated with human rights. Furthermore, we conduct field surveys through questionnaires and interviews, and take corrective measures for any identified human rights-related risks. To accommodate changes in the business environment whenever appropriate, we regularly perform assessments. In 2024, we evaluated the identified risks again and confirmed that there was no major change.

^{*1} The Ten Principles of the UN Global Compact, the Global Reporting Initiative (GRI) Standards, the UN Guiding Principles on Business and Human Rights, the OECD Due Diligence Guidance for Responsible Business Conduct, etc.

^{*2} Indices including the ITUC-Global Rights Index and the Global Slavery Index used as the input data

Q Main Initiatives

2019 to 2020	- Conducted human rights risk assessment and field surveys on Group companies in Japan - Identified human rights risks with highest priority
2021 to 2022	- Started and expanded human rights training for employees - Conducted field surveys on Group companies overseas and took corrective action for identified risks - Requested major suppliers to join Sedex* and started risk assessment
2023 to 2024	- Conducted field surveys on trading companies that handle main raw materials, contracted factories in Japan, and some Group companies in Japan - Re-assessed human rights-related risks and reviewed the human rights-related risks to be prioritized
2025 onward	- Re-conduct surveys to understand the actual situation at overseas Group companies and some Japanese Group companies - Establish a grievance mechanism for business partners - Revise the Policy on Human Rights and formulate a customer harassment policy

* Supplier Ethical Data Exchange. An NPO set up in the UK in 2004 that provides a platform for sharing and managing companies' ethical data with the aim of establishing responsible business practices within supply chains.



Human Rights Management System

Our risk management team, led by the Risk and Crisis Management Committee, is ready to respond to risks that may have a significant impact on our business (page 59). Human rights issues are considered to be the most critical management risks of all. The Planning Section of the Sustainability Promotion Department manages human rights-related risks, with the officer in charge of the Sustainability Promotion Department serving as director. Together with the related departments and Group companies, they identify risks and actions and then report progress to the Risk and Crisis Management Committee at least once a year. The Risk and Crisis Management Committee examines business risks and countermeasures based on these reports and then escalates them to the Executive Committee and the Board of Directors for decisions.

Human Rights Education & Promotion

Group companies provide human rights education and raise awareness among their employees to ensure that business activities are conducted in line with the human rights principles.

● Training on Human Rights

In 2021, we started offering e-learning courses on human rights to all the employees of LOTTE CO., LTD. and its Group companies in Japan. Approximately 3,400 employees took the training courses in FY2024. In addition to promoting a basic understanding of human rights, including the prohibition of discrimination and unconscious bias, the training also made use of case studies to explain specific situations in which employees should take care during the course of business activities. We distribute leaflets translated into the local language to Group companies overseas to promote awareness and understanding of our human rights policy.

● Education for Personnel Engaged in Hiring

In order to ensure the fairness of our recruitment process, LOTTE CO., LTD. and its Group companies have established guidelines that outline key principles for hiring and provide education for personnel engaged in hiring. From the perspective of eliminating child labor, we also make sure that candidates meet the minimum age requirement stipulated by law at the time of hiring.

● Education for Personnel Engaged in PR and Marketing

To ensure that our PR and marketing activities are aligned with human rights principles, LOTTE CO., LTD. and its Group companies have established guidelines outlining key principles for respecting human rights. Additionally, we make sure that external communications will not lead to discrimination or prejudice, nor will they be interpreted as explicit or implicit stereotyping.

▶ Guidelines for Respecting Human Rights in Public Relations and Marketing

https://www.lotte.co.jp/corporate/sustainability/pdf/respect_human%20rights_guideline.pdf (Japanese only)

● Whistleblowing System

Internal Whistleblowing

We have opened a whistleblowing hotline called *Clean Line* (see Whistleblowing System on page 61) to provide employees with a platform to seek advice or report cases, both from inside and outside LOTTE CO., LTD. and its Group companies. We teach about this hotline as part of our annual human rights training and also as part of training for new employees.

External Whistleblowing

We have established a grievance mechanism in the form of a hotline that enables business partners and prospective employees to consult or report on matters related to human rights. All reports are handled with due consideration for privacy and no one is to be subjected to adverse treatment as a result of reporting a violation. There is also an option for reporting anonymously.

Q Progress in Addressing Human Rights Risks

	Human Rights Risks Identified	Specific Concerns	Action	Progress	Action Plan	Relevant Page
Business as a whole	Grievance mechanism	Lack of a contact point for external stakeholders	● Establish a hotline for external stakeholders to report grievances	● Established a hotline for business partners to report grievances	● Expand scope of applicable users	34
In our own operation (Japan)	Discrimination and harassment	Insufficient human rights education for employees	● Provide training on human rights ● Prepare Guidelines	● Provided e-learning for all employees in Japan ● Communicated guidelines and verified operation	● Continue to provide annual training ● Conduct a periodic review of the guidelines	34
		Insufficient support for minorities, including the LGBTQ+ community and people with disabilities	● Provide training to promote awareness and plan actions	● Started the ALLY* community ● Extending benefits programs gradually for spouses to include same-sex partners (ongoing)	● Ensure a safe workplace for everyone ● Expand hiring of people with disabilities and provide accommodations	49
In our own operation (Overseas)	Discrimination and harassment	Insufficient communication about the whistleblowing hotline or human rights education for employees	● Raise awareness of human rights and notify employees that the whistleblowing hotline is available	● Distributed leaflets to raise awareness about human rights and inform employees of the whistleblowing hotline	● Monitor whistleblowing hotline operations on a regular basis	33–34
Supply chain	Discrimination and harassment	Insufficient supply chain management capacity	● Implement supplier management using Sedex and conduct field surveys for contracted factories	● Encourage suppliers to join Sedex ● Conducted on-site surveys on trading firms and the subcontracted factories	● Conduct on-site surveys on trading firms and the subcontracted factories continuous management using Sedex ● Engage continuously with trading firms and subcontracted factories	35
	Respect for fundamental rights of workers	Child labor in regions producing cocoa beans	● Promote monitoring through LOTTE Sustainable Cocoa procurement to prohibit child labor and ensure fair practices	● LOTTE Sustainable Cocoa procurement: 51% (FY2024)	● Promote activities to achieve goals	35–38
	Indigenous people and local residents' rights to be respected	Forced and child labor in regions producing palm oil	● Support producers through procurement of RSPO-certified oil	● RSPO-certified oil procurement ratio: 89% (FY2024, in Japan)	● Promote continuous procurement of third-party verified palm oil	38

* A person who understands and supports LGBTQ+ people and their issues

02 Sustainable Procurement

Basic Approach

While the role of safety and reliability in the stable provision of high-quality goods and services cannot be overstated, we also believe in the importance of sustainable procurement of ingredients, with due consideration given to the environment and society. To this end, we are working with clients and stakeholders both inside and outside the food industry to promote sustainable procurement throughout the supply chain. In 2018, we developed the Policy on Procurement and defined our approach to this matter.

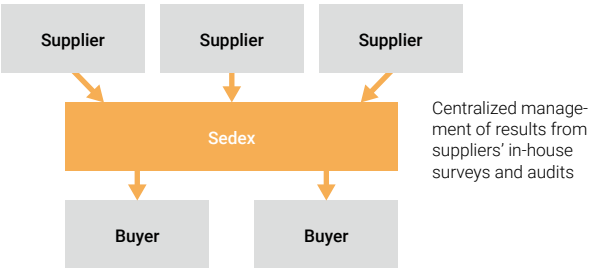
► Policy on Procurement
<https://www.lotte.co.jp/english/charter/pdf/procurement.pdf>

Building a Responsible Supply Chain

We advocate for sustainable procurement based on our procurement policy. This policy outlines ethical business practices and quality and safety standards, as well as environmentally-friendly practices and consideration for society. However, as our supply chain becomes more globalized, it is more difficult to control every aspect and therefore difficult to control environmental and social impact on our own. In that light, it is essential that we work alongside our suppliers, and we formulated the LOTTE CO, LTD. Supplier Guidelines in April 2019. These guidelines allow us to share our fundamental value system with suppliers and, coupled with more effective relationships built through dialogue, are helping achieve our goal of realizing a sustainable society. We hold regular orientations on these guidelines to further deepen understanding and strengthen supplier relationships.

► LOTTE CO., LTD. Supplier Guidelines
https://www.lotte.co.jp/corporate/sustainability/pdf/supplier_guideline.pdf (Japanese only)

Since 2021, we have been a member of Sedex, the world's largest platform for sharing sustainability-related data and other results from in-house surveys and audits. We will evaluate our suppliers and gather data using Sedex while encouraging our primary suppliers to join and share information on this platform. As of June 30, 2025, about 60% of our primary suppliers (based on the amount of raw materials transactions) share questionnaire results and evaluation with us via Sedex.



Primary Raw Materials

After a comprehensive assessment based on quantities used, dependence level, availability of alternative items, and environmental and social factors, we evaluate which of the ingredients will be considered our primary raw materials. We regularly review and update the primary raw materials to respond to the needs of society and changes to our business and the global environment.

Q Primary Raw Materials

Cocoa beans	Main ingredient in chocolate products
Palm oil	Oil used in a wide range of products and food additives
Paper	Packaging for a wide range of products

Cocoa Beans

With chocolate being one of our core products, sustainable procurement of cocoa beans is vital to the company. Cocoa bean-producing regions are affected by a range of issues, including child labor, deforestation, and yield reduction due to pests and diseases. Our mission is to improve these situations and establish a sustainable supply chain for cocoa beans while contributing to the happiness of all people involved in the chocolate industry.

Our efforts to build a sustainable supply chain include traceability of the cocoa beans we procure and providing support for local communities to overcome their challenges. Cocoa beans procured with such traceability intact are called LOTTE Sustainable Cocoa (LSC). We are working to expand the procurement ratio, aiming to switch all cocoa beans procured from Ghana to LSC by FY2025 then switch over the rest of our cocoa beans by FY2028. We are currently supporting LSC suppliers to help them with issues that face their respective production areas.



Q Amount of Cocoa Beans Procured

FY2022	6.0 thousand tons, LSC 26%
FY2023	7.5 thousand tons, LSC 43%
FY2024	6.3 thousand tons, LSC 51%

Weight of cocoa beans procured in the form of beans
The previously provided information has been updated due to an error.

Scope of Tabulation

LOTTE CO., LTD.

Traceability

We believe that traceability is essential for a sustainable supply chain, and we are working to ensure traceability through on-site warehouses dedicated to our products, in addition to keeping track of the farmers we source from.

LSC Procured Region (2023/24 Harvest year* Results)

Country	State (Region)	County (District)
Ghana	Ashanti	New Edubiase/Nsokote
	Central	Dunkwa
		Twifo Praso
	Western	Manso Amenfi

* For West Africa, the largest cocoa bean-producing region in the world, the harvest year is from October through the end of September in the following year, based on the harvesting of cocoa beans. The description "2023/24" means the period from October 2023 to the end of September 2024.

LSC Sourcing Farmers (Ghana)

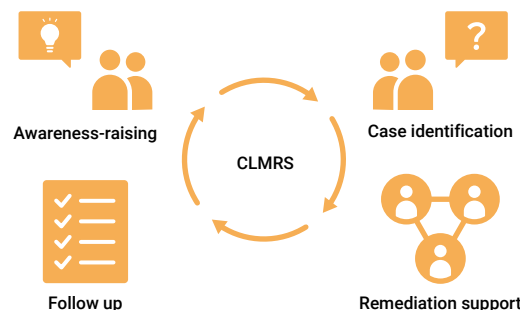
	Harvest year		
	2021/22	2022/23	2023/24
Number of LSC sourcing farms	2,124	3,188	4,696

Elimination of Child Labor

To eliminate child labor, one of the social issues in Ghana, we have implemented CLMRS* or a comparable system to monitor child labor in collaboration with local partners at LSC sourcing locations. The first step of CLMRS is to teach the definition of child labor and the importance of sending children to school. In addition to finding and remediating child labor, we aim to identify issues unique to the region by monitoring and making continuous improvements through follow-up.

* CLMRS is a child labor monitoring and improvement system developed by the International Cocoa Initiative (ICI), an NPO that promotes activities to eliminate child labor in cocoa-producing areas. This is a system for identifying child labor risks and taking measures to curb them.

Overview of CLMRS



CLMRS Usage (Ghana)

	Harvest year		
	2021/22	2022/23	2023/24
Number of farmers using CLMRS	2,008	3,083	4,696
Adoption rate	94.5%	96.7%	100%

Adoption rate = Number of farms with CLMRS adopted/Number of LSC sourcing farms

Number of Child Labor Cases Identified and Remediated (Ghana)

	Harvest year
	2023/24
Number of child labor cases identified	184
Number of child labor cases remediated	548

Grievance Mechanism

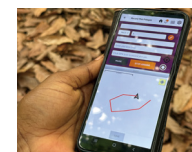
In LSC sourcing regions, we have a system that allows farmers to report suspected human rights violations such as child labor in their communities to CLMRS and local partners who provide training on agricultural methods.

Status of Grievance Mechanism (Ghana, 2023/24 Harvest Year Results)

State (Region)	County (District)	Implementation
Ashanti	New Edubiase /Nsokote	Complete
Central	Dunkwa	Complete
	Twifo Praso	Partial (under development in some areas)
Western	Manso Amenfi	Complete

Deforestation Survey

We engage in cocoa plantation mapping to ensure farms do not contribute to deforestation. Currently, we monitor the risk of deforestation by mapped farms using the Satelligence* platform. When farms are deemed high risk, we verify with our suppliers and consider measures to improve the situation.



* A monitoring tool that uses satellite images and AI to locate deforestation.

▶ Plantation mapping using smartphone GPS app

Mapping Status (Ghana)

	Harvest year		
	2021/22	2022/23	2023/24
Number of mapped farms	1,265	3,100	4,356
Coverage ratio	59.6%	97.2%	92.8%

Coverage ratio = Number of mapped farms/Number of LSC sourcing farms

Farms Inside or in The Presence of Protected Areas

	Harvest Year
	2023/24
Farms inside or in the presence of protected areas	427

Farms inside or in the presence of protected areas = Number of farms that have undergone Satelligence plantation mapping and determined to be inside or in the presence of protected areas

Agricultural Training

We provide guidance to farmers supplying LSC on proper use of fertilizers and pesticides as well as agricultural methods leading to higher yields.

Status of Agricultural Training Conducted (Ghana)

	Harvest year		
	2021/22	2022/23	2023/24
Number of farms receiving agricultural training	1,725	2,368	3,729
Participation rate	81.2%	74.3%	79.4%

Participation rate = Number of farms that participated in agricultural training/Number of LSC sourcing farms

● Empowerment of Farmers

We help set up and operate Village Savings and Loan Associations (VSLAs)* for farming communities in LSC sourcing regions with limited access to financial services. Community members can use funds borrowed from the VSLA to purchase pesticides, fertilizers, and other products, and also to pay for life events.

* An organization that provides savings and loan services operated by members in the village. Regular meetings and discussions held by members help the community and its members to become more self-reliant.



Q Number of New VSLA Support Cases (Ghana)

	Harvest year	
	2022/23	2023/24
Number of new VSLA support cases	8	19

● Verifying the Effectiveness of Regenerative Agriculture Using Biochar Derived from Cocoa Pods

Four companies working in cocoa-related businesses are conducting a joint pilot project to verify the effectiveness of regenerative agriculture, spreading biochar derived from cocoa pod husks on cocoa plantations, with eyes on

commercialization. This test is expected to improve soil quality and aid with decarbonization. Cocoa pod husks are a by-product of cocoa farms that are typically left unused. These husks will be converted to biochar via combustion and will be spread on cocoa plantations to test their effectiveness.



● Water Well Donation

We donated wells to supply clean water essential for people's lives. This project has also reduced the workload of women and children, who are primarily responsible for fetching water.



● ReCacao Note PROJECT

In October 2024, we visited primary and secondary schools in Ghana and donated notebooks (ReCacao Note) made from upcycled cocoa husks.



● Collaboration with Stakeholders

We have been a member of the Platform for Sustainable Cocoa in Developing Countries founded by the Japan International Cooperation Agency (JICA) since its establishment in 2020. The platform provides an opportunity for stakeholders in the cocoa industry, including industry associations, chocolate manufacturers, trading companies, consulting firms, and NGOs, to work collaboratively toward a socially, economically, and environmentally sustainable cocoa industry. We also endorsed the Action Plan to Eliminate Child Labor in the Cocoa Industry (announced in September 2022), specific activity goals announced by the platform to identify, prevent, and reduce the risks of child labor in the cocoa industry.



In addition, we take part in the activities of the World Cocoa Foundation, an international non-profit organization established in the United States in 2000 to support cocoa farmers, provide technical guidance to cocoa farmers in the equatorial cocoa growing regions, and support activities to eliminate exploitative child labor in society.



● Support for Women's Health

Since 2007, we have been providing support for community health services in Ghana through JOICFP, an international NGO founded in Japan in 1968 to protect women's lives and well-being. Our activities include donating refurbished bicycles for community health volunteers to use for health education outreach and providing aid for the construction of wells to provide safe and clean water. In recent years, we offer support for healthcare facilities to improve their sanitary environment and their training of healthcare staff, as well as awareness-raising and education programs for young people.

女性。選択できる世界を。



● School Meal Support

We support the school lunch program in Ghana as a member of the Red Cup Campaign, which is run by the UN World Food Programme (WFP), a UN agency dedicated to achieving zero hunger.



© WFP/Derrick Botchway

● Group Company Initiatives

Dari K Co., Ltd is a Group company that was founded in 2011 as company that specializes in making chocolate. On Indonesia's Sulawesi Island, we practice sustainable chocolate production through the 'All-win Chocolate' concept, aiming to bring smiles to cocoa bean producers and consumers, and ensure a happy, protected environment. Dari K Co., Ltd. is also focused on food tech, aiming to explore the possibilities of cocoa beans. This includes the development

of a cocoa grinder that turns cocoa nibs into cocoa mass instantly, and special fermentation technology that ferments a combination of fruits, spices, and cocoa beans. Working with Dari K, we will embark on the journey of unlocking new potential in cocoa beans, venturing beyond the conventional scope of chocolate.

Column

Donating Cocoa Seedlings as Token of Appreciation

In 2024, we celebrated 60 years since the launch of *Ghana Milk Chocolate* in 1964, which marked the start of LOTTE's chocolate business. To express our gratitude for their efforts to ensure a stable supply of high-quality cocoa over the course of many years, the LOTTE Group donated approximately 125,000 cocoa seedlings* to cocoa-producing areas in Ghana.

In recent years, the world's largest cocoa-producing countries, Côte d'Ivoire and Ghana, have seen a significant decline in cocoa harvests. This is thought to be due to a combination of factors that include poor weather, pests and diseases, aging cocoa trees, and the rising costs of pesticides and chemical fertilizers. These areas need seedlings to replant cocoa trees as a way to combat damage from pests, diseases and aging trees. In light of these circumstances, we donated cocoa seedlings to support sustainable cocoa production in Ghana. We will continue cultivating a strong relationship with the country and work towards sustainable procurement.

* Combined total of approximately 25,000 seedlings grown in nature and approximately 100,000 seedlings grown at a seedling center



Palm Oil

In FY2024, we procured 14.4 thousand tons of palm oil total, of which 89% was certified by the third parties. Through our association with the Roundtable on Sustainable Palm Oil (RSPO*), we will contribute to the sustainable development of the palm oil industry by working in solidarity with member companies and organizations. As an effort to promote sustainable sourcing of palm oil, we became a member of the RSPO.

* An international NPO founded to promote the sustainable production and use of palm oil

Q Amount of Palm Oil Procured

FY2021	15.5 thousand tons, third-party verified oil 65%
FY2022	15.2 thousand tons, third-party verified oil 89%
FY2023	14.4 thousand tons, third-party verified oil 89%

Weight of palm oil contained in oil and oil processed goods

Scope of Tabulation

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

Paper

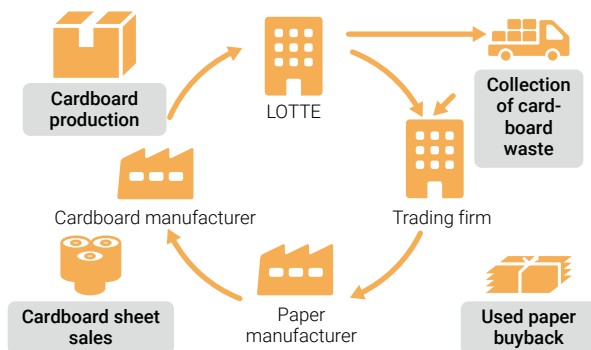
In FY2024, 43.3 thousand tons of paper was procured for product containers and packaging in Japan, of which 95% was environmentally-friendly paper. We will continue to ensure sustainable paper sourcing and increase the percentage of FSC-certified and eco-friendly paper sourcing.

● Paper Resource Recycling

Our Urawa and Kyushu factories engage in closed-loop recycling, whereby discarded cardboard is reused in-Company. Previously, cardboard boxes that were no longer needed after being used as raw material packaging, or generated as waste material from production were disposed of, creating paper waste. However, recycling these materials internally has enabled us to maintain a stable supply of resources. Beginning in January 2025, the Sayama Factory began an initiative to recycle paper waste, such as product boxes

generated through production, as materials for *Koala's March* product boxes. These efforts are aimed at ensuring a stable supply of raw materials in the form of used paper and to maintain their quality, making them an important step toward realizing a circular economy.

Q Closed-Loop Recycling for Cardboard Boxes



03 Sustainable Food Offerings

Plant-Based Food

As a solution to food shortages arising from global population growth and climate change, we are working on the development of plant-based foods. Since March 2023, *COOLish GREEN Vanilla*, made with plant-based milk, has been available throughout Japan (except convenience stores).



04 Animal Welfare

Animal Testing

We have formally determined our Approach to Animal Testing.

Approach to Animal Testing

We will not engage in testing involving animals or outsource such testing to others unless (i) we are required to do so to fulfill our duty of accountability to society, (ii) no appropriate alternative method of testing is available, or (iii) we are required to perform such tests for regulatory reasons or at the request of the authorities. If testing involving animals is unavoidable, we will observe the principles of the 3Rs* in conformity with applicable laws, regulations, and guidelines.

* Replacement (use alternative methods), reduction (minimize the number of animals used), and refinement (minimize suffering)

Primary Raw Materials and Dialogues with Society

LOTTE and its Group companies use eggs and milk (including dairy products) as the main ingredients derived from animals. Based on a comprehensive evaluation of factors, including usage volume and rearing conditions, eggs are the primary raw materials to consider from the perspective of animal welfare. To remain in line with animal welfare trends in Japan and abroad and to fulfill society's current requirements on eggs, we engage in dialogue with NPOs specializing in the field.

05 Food Safety and Reliability

Basic Approach

Quality is one of the LOTTE Values, essential to the company since its founding. In the process of pursuing quality of the highest order, we also strive to ensure food safety and reliability. In food manufacturing, safety, reliability, and product quality are all must-haves, but we believe that our products must also be able to convey the added values of "enjoyment," "delicious flavor," and "repose." All of these are the "Quality" that we strive for, and they are something that each of our employees works to further improve. In 2018, we developed

the Policy on Quality and the Policy on Food Safety and defined our approaches to these matters.

► Policy on Quality

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

► Policy on Food Safety

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

LOTTE ADVANCE, Our Quality Assurance System

The factories of LOTTE CO., LTD. and its Group companies have already obtained certification under the Global Food Safety Initiative (GFSI)*1 approval scheme (FSSC 22000*2/ BRC*3), which serves as the benchmark for international food safety standards. Our goal is to uphold compliance with the scheme or to promote the food safety initiatives aligned with the approval scheme.

To further improve quality and ensure a high level of safety in the future, we rolled out LOTTE ADVANCE, our proprietary quality assurance system, beginning in FY2023.

LOTTE ADVANCE is built upon food safety initiatives aligned with the approach of the GFSI-approved scheme, which is an international food safety certification. LOTTE ADVANCE incorporates the approach of ISO 9001*4 and the International Organization for Standardization's standard for quality management systems, as well as our proprietary rules for high quality and safety. Focusing primarily on products sold in Japan, we will adopt this new system with the capacity to assess food safety-related risks from the product design and development stage to reduce risks throughout the entire supply chain from an even wider variety of perspectives than ever before.

We have also set a high standard on the overall quality and safety that previously varied by regions or items manufactured. LOTTE ADVANCE will be adopted for our mainstay products of confectionery and ice cream. It comprises provisions associated with the Policy on Quality and the Policy on Food Safety, Provision, Group Common Standards and individual Group companies' guidelines, specifications, Standard Operating Procedures, and so on.

Our Quality Assurance Department plays a central role in determining standards and guidelines, which are also applicable to the Group companies.

*1 A non-profit organization established in May 2000 operating globally to promote the continuous improvement of the Food Safety System

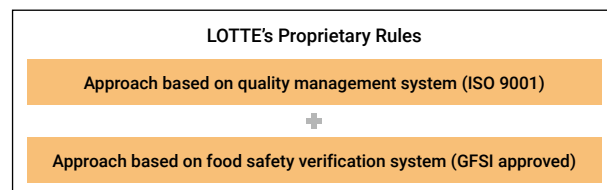
*2 A globally-recognized food safety standard that supplements ISO 22000, the International Organization for Standardization's standard for food safety management systems, with additional requirements

*3 British Retail Consortium. Provides third-party certification to ensure food safety

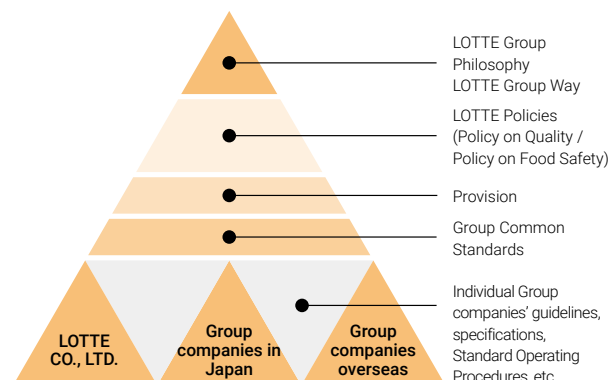
*4 The International Organization for Standardization's international standard for quality management systems aimed at enhancing customer satisfaction by supplying products and services of consistent quality

Q LOTTE ADVANCE Framework

LOTTE ADVANCE



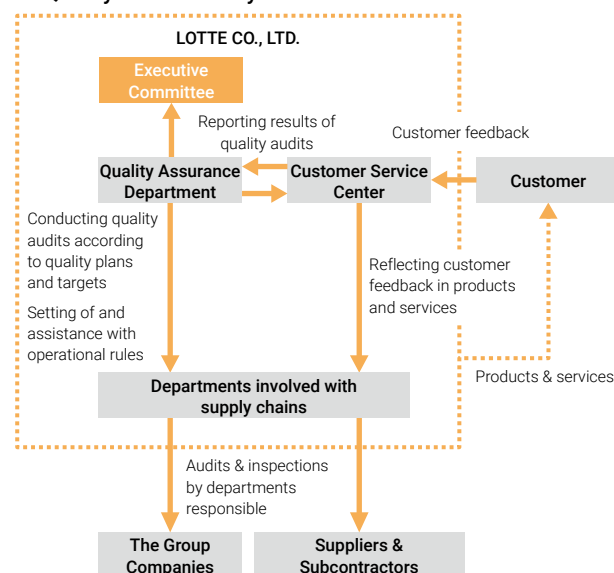
Q LOTTE ADVANCE-Related Documentation



Quality Assurance Promotion System

Our Quality Assurance Department takes the lead in quality assurance throughout the entire supply chain of our products sold in Japan, from product development to communication with customers. We also provide internal training related to quality and sanitation in order to improve the skills of personnel at respective departments and Group companies.

Q Quality Assurance System



Quality Assurance in the Supply Chain

Our Group is committed to ensuring quality at every stage of the supply chain as defined in the Policy on Quality and the Policy on Food Safety.

Q Supply Chain



● Product Development

To deliver safe, high-quality products to customers, we will adopt a risk assessment system, focusing primarily on products sold in Japan, and assess risk at each stage of product development. This will enable us to reduce risk further by broadening the scope of our safety and reliability measures, which in the past focused primarily on manufacturing processes.

● Raw Material Procurement

We inspect every lot of purchased raw materials, manage them appropriately, and ensure traceability so that we know in which products specific lots are used. We also evaluate suppliers based on safety and quality, followed by a sanitation inspection. Thus, we strive to continuously improve quality by working with our suppliers. Our sanitation inspections entail the use of a checklist to verify all the required items in full, after which we request remedial measures where necessary, and then check the results of such remedial measures.

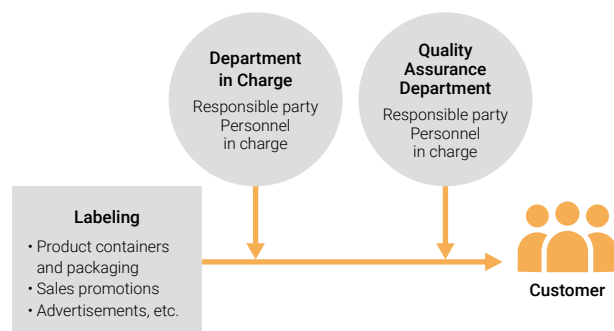
● Production

Measures to protect against contamination from foreign substances are implemented at factories belonging to LOTTE CO., LTD. with great care. Those entering a production site must wash their hands and use an alcohol disinfectant as a standard measure, and then must undergo an additional three-step process to remove any foreign hair or dust affixed to their clothing, comprising an air shower that utilizes pneumatic jets, a vacuum hair and dust removal system, and an adhesive roller system. In the manufacturing process, metal detectors, X-ray devices, and several other tools are employed to inspect for foreign objects and ensure safe products.

● Selling

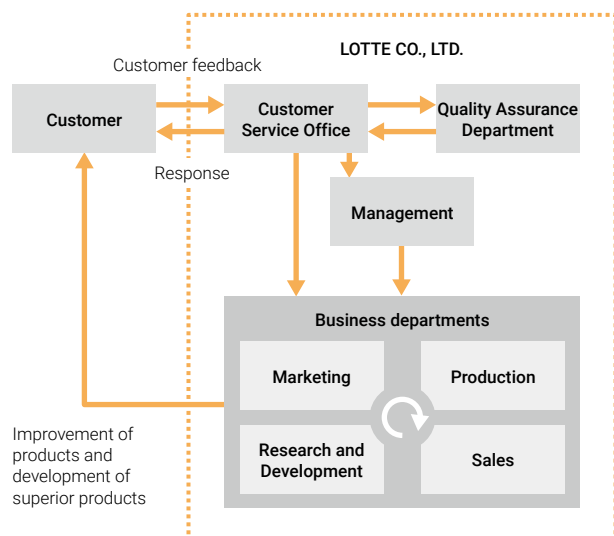
To enable customers to buy and consume our products with peace of mind, labeling related to product packaging, sales promotions, and advertisements is conducted in accordance with all relevant laws and regulations, with every effort made to provide information to customers in an easy-to-comprehend manner that avoids misunderstandings. We maintain a system where information to be disclosed is subject to checks by multiple departments and people in order to prevent errors. Furthermore, the Quality Assurance Department leads in-house training on food labeling to improve the knowledge of those in charge of the task. We also defined human rights guidelines for expressions that may lead to harmful stereotyping, discrimination, or negative influence on minors, ensuring that our materials do not include these.

Q Our Labeling Check System



● Communication with Customers

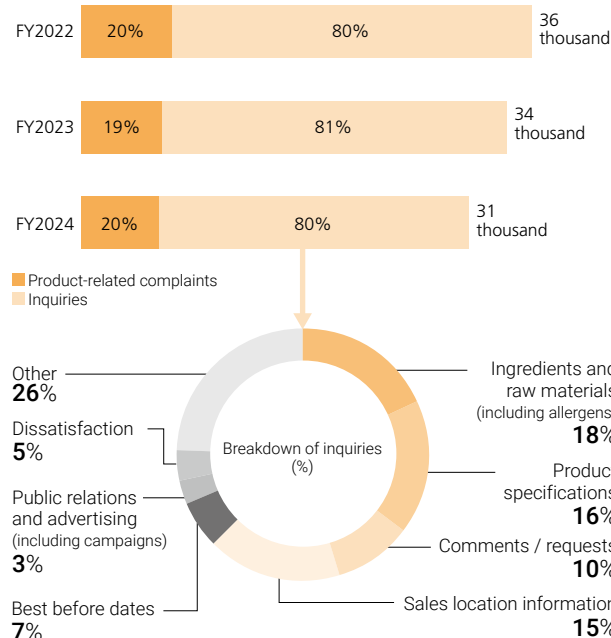
We have established a Customer Service Center as a means to handle customer inquiries and consultations, which is part of our commitment to providing sincere support and clear information so that customers can use our products and services with peace of mind. Customer feedback is shared with management and related departments to develop new products and improve existing products. We share customer feedback with management and relevant departments internally to improve existing products and develop new products.



Number of Inquiries from Customers and Breakdown

In FY2024, our Customer Service Center received roughly 31 thousand inquiries from our Group companies' customers in Japan.

Q Number of Inquiries from Customers



Scope of Tabulation

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

Recalls and Legal Violations

In FY2024, there were no recalls due to legal violations. In addition, none of the Group companies have been reported to violate the Act against Unjustifiable Premiums and Misleading Representations stipulated by Japan's Consumer Affairs Agency. In the unlikely event of a recall or legal violation, we will conduct a thorough investigation to determine the cause and take action to prevent a recurrence.

06 Occupational Health and Safety

Promotion System

Our Central Health and Safety Committee works with the Health and Safety Committee at each business location and coordinates efforts to reduce the risk of occupational accidents. In addition, to prevent the reoccurrence of accidents, we promote education that includes sharing cases of past accidents through bulletins and training.

Occupational Health and Safety Education

We provide a range of occupational health and safety education to prevent accidents from occurring. For employees starting work in factories for the first time, we offer basic safety education and a first aid course. In addition, we run regular training sessions at our facility for hands-on education (the Safety Dojo) to develop employees' sensitivity to hazards. These forms of education are supplemented by annual hazard awareness training at which employees from different business locations share information about hazards and discuss remedial measures.



Safety Audits and Inspections

We conduct safety audits and inspections to safeguard against compliance violations and reduce the risk of occupational accidents. To reduce occupational accidents, each department reports close calls at factories from the previous day during the morning meeting. If a case is reported, the site will be reviewed during the management meeting so that we can take action accordingly. In the unfortunate occurrence of an accident, a thorough investigation is coupled with extensive countermeasures in order to prevent recurrences.

Examples of Risk Reduction Measures

- Raising awareness of accident risks through equipment that enables employees to experience potential dangerous situations
- Improvement of workbenches to boost productivity and prevent accidental tripping and falling
- Implementation measures to prevent overturning or collision outside production lines
- Use of highly protective gear (goggles) to prevent chemical splashing

Preventing Occupational Accidents

If an occupational accident occurs, we take action to prevent repeat occurrences, conducting a thorough investigation and a safety inspection of equipment and implementing countermeasures. At the same time, we share information among business locations to prevent a similar accident from happening again.

07 Mental and Physical Health

Basic Approach

Our goal toward FY2048 is to create a happier future with new products, services, and businesses that contribute to well-being. Leveraging the knowledge and technology developed since the founding, we will continue our growth by providing new value to local communities and society. For example, *Xylitol Gum*, launched in 1997, contributed to society and created new value as a chewing gum that helps keep teeth strong and healthy. We will continue to put our efforts into

the research and development of products that are beneficial for our physical and mental health, as well as communication and promotion activities, and help solve social issues by providing health-oriented value through delicious food we take pride in. In 2018, we developed the Policy on Sustainability and defined our approach to this matter.

► Policy on Sustainability

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

Spreading KAMUKOTO (Chewing) Awareness . . .

Founded as a chewing gum company during the postwar era, we have a long history of research on KAMUKOTO, which means chewing in Japanese. As a result, we have come to understand that KAMUKOTO is closely associated with the health of the entire body. We will create a happier future by developing new products, services, and businesses that enhance well-being through researching and communicating the health benefits of KAMUKOTO and raising public awareness.

Our goals to realize this vision include the promotion of chewing to enhance health and increasing the number of chewing assessments using mastication check gum* to over 1 million per year by FY2028, as well as spreading awareness about the health benefits of chewing by FY2038.

* A specialized gum that changes color as it is chewed and is used to assess chewing ability.

Q Number of Chewing Assessments Using the Mastication Check Gum (Annual Shipment)

FY2023	470,000
FY2024	550,000

Scope of Tabulation

LOTTE CO., LTD.

● Research and Communication

To achieve these targets, we established the KAMUKOTO Research Department within the Research and Development Center. The KAMUKOTO Research Department specializes in research on chewing and shares the outcome with the public. We have come to understand that KAMUKOTO is closely associated with the health of the entire body and we believe that it can be used to help resolve a range of societal challenges relating to health longevity and well-being. We are also working to popularize chewing gum as a means to put KAMUKOTO into practice. In FY2018, we also launched the

KAMUKOTO Institution, which aims to research the relationship between chewing and overall health, and to build a network for exchanging related information. This is the first initiative of its kind, aimed at conducting multifaceted research on KAMUKOTO in cooperation with researchers from different fields, such as medicine, nutrition, and sports science, as well as dentistry. Topics under investigation include establishing a rule of thumb for the number of chews that contribute to good health.

► KAMUKOTO Research Laboratory

<https://www.lotte.co.jp/kamukoto/> (Japanese only)

► KAMUKOTO Institution

<https://kamukotokenko.jp/> (Japanese only)

● Initiatives with Local Governments and Other Organizations

As part of our efforts to promote the importance of KAMUKOTO, we are working in collaboration with local governments and regional dental associations. Our goal is to extend health longevity by spreading awareness and promoting dental and oral health among residents. To do this, we will provide information about the health benefits of KAMUKOTO and provide mastication check gum for assessments of chewing ability, among other initiatives.



FY2023	Chino City, Nagano Prefecture
	Nishitokyo City, Tokyo
	Fujimi City, Saitama Prefecture
	Tochigi Dental Association
	Osaka City Board of Education / Osaka City School Dental Association / Osaka University
FY2024	Atsugi City, Kanagawa Prefecture/Atsugi Dental Association
	Naha City, Okinawa Prefecture/Southern District Dental Association
	Tama City, Tokyo/Tokyo Hachinan Dental Association Tama Branch
	Gifu Prefecture Dental Association
	Chiba Prefecture/Chiba Prefecture Dental Association
	Chiba City, Chiba Prefecture/Chiba City Dental Association

● Estimating Social Impact

We are working to quantitatively visualize the social impact created by our sustainability activities using a logic model*. We believe this will enable us to prioritize our efforts and make efficient investment decisions. It will also make it easier to convey the impact of our activities to stakeholders, which we expect to ramp up co-creation and expand our positive effect on society.

* A model for clearly showing the logical causal relationships between a certain measure and the achievement of its objective; it is composed of four elements: inputs, activities, outputs, and outcomes

Estimation of the Effect of KAMUKOTO on Reducing Nursing Care Expenses

In FY2024, the Japanese government announced that chewing gum could save 5.2 billion yen per year in nursing care expenses associated with oral frailty*, illustrating one aspect of the social impact of popularizing proper KAMUKOTO. This estimate assumed that 13.98% of Japan's population aged 65 and over chew gum as a habit, and calculated the effect of reducing nursing care costs by limiting it to those requiring level 3 care or higher. It is expected that if the habit of gum chewing becomes more widespread, the social impact will also increase.

* A state of frailty in which oral function is slightly reduced. It is said to be closely related to overall frailty, which refers to the decline in physical and mental functions as we age.

KAMUKOTO and Health

Many years of our KAMUKOTO research has revealed that KAMUKOTO is closely associated with the health of the entire body. Here are some of the research and verified results confirming the health benefits of KAMUKOTO.

● Improving Oral and Physical Function with an Intervention Program that Combines Gum-Chewing and Other Oral Exercises with Regular Senior Wellness Gatherings

We took part in the Digital Health Co-Creation Promotion Project, part of the greater Aichi Digital Health Project. Working with Eisai Co., Ltd., and with the cooperation of Toyota City, Aichi Prefecture, we conducted a three-month intervention program combining oral exercises* and regular senior wellness gatherings for the city's elderly residents. Following the program, participants showed improvements in chewing ability, tongue strength (tongue pressure), walking

speed, balance, and grip strength, as well as improvements in oral and overall frailty. Participants were highly satisfied with the program and showed improved eating form thanks to the education and hands-on demonstrations provided during the wellness gatherings, and they also had a strong desire to continue with the exercises. For these reasons, the changes in eating form and greater awareness are expected to have lasting effects.

* https://www.lotte.co.jp/kamukoto/assets/pdf/oralfrailty_20250321.pdf (Japanese only)

● Bubble Gum Training Helps with Developing Oral Functionality in Children

Continuing our work from FY2023, in FY2024 we collaborated with the Yamaguchi Dental Association to provide two months of bubblegum training to approximately 900 senior kindergarten (age 5-6) children in Yamaguchi Prefecture. Based on questionnaire results, 55% of children showed improved chewing ability and 54% of children with symptoms of oral incompetence (mouths hanging open) showed improvement as well. Additionally, 65% of the children showed a reduction in chewing sounds while eating and 55% of the children showed a reduction in snoring while sleeping. Of the respondents, 74% also indicated a high intention to continue bubble gum training at home in the future.

● Confirmed Improvement in Occlusal Balance and Motor Function Through Gum Chewing Training

In collaboration with Tomotaka Takeda, visiting professor at the Division of Sports Dentistry of Tokyo Dental College, we conducted chewing gum training with 22 professional soccer players over a one-year period. The training caused a significant reduction in the difference in bite force between the left and right teeth, and improvement in occlusal balance was observed. Improvements in motor function were also observed in vertical jump and static balance (the ability to remain still and balanced). Commenting on the results, Professor Takeda noted that chewing gum evened out and improved occlusal balance and stabilized the body's center of gravity, which I believe led to better static balance. He also noted that the improved occlusion may have caused changes in chewing muscle activity during jumping, which may have resulted in a higher vertical jump.

Dental and Oral Health

Starting out as a chewing gum company, we have studied dental and oral health for many years. In the 1970s we began researching xylitol, which had captured our attention due to its role in Finnish dental health. In 1997, when xylitol was approved as a food additive in Japan, LOTTE was the first company to commercialize xylitol and make it available to the public, and our approach helped address the importance of having cavity-free teeth in society. In 2020, we launched "Project Xylitol: Your Own Teeth for 100 Years" aiming to enrich people's lives through researching health benefits and raising public awareness about the dental and oral health benefits of xylitol. Following the example of Finland, a leader in preventive dentistry, we are working with local governments and regional dental associations on initiatives to spread oral care habits comprising toothbrushing, fluoride, and xylitol, supplemented by regular dental checkups.

Project Xylitol: Your Own Teeth for 100 Years

Overall Purpose of Initiatives

To increase the percentage of people who have made xylitol part of their daily lives for the sake of their dental and oral health in Japan to at least 50% by 2028

Goal of Initiatives

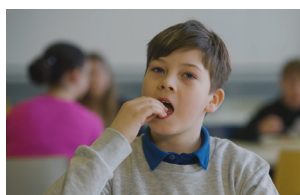
Spread the habits of toothbrushing, fluoride, and xylitol, supplemented by regular dental check-ups, to help maintain dental health in Japan

Details of Initiatives

1. Recommendation of cavity-prevention programs through coordination with local governments and dental associations
2. Provision of xylitol tablets and soft candies to educational institutions such as kindergartens and nursery schools

As the first step of this project, we supplied xylitol tablets and soft candies packed in special dispensers to kindergartens and nursery schools in the city of Aizuwakamatsu, Fukushima Prefecture, with the support of the local government. As of today, kindergartens/nursery schools in 11 municipalities (Hokkaido, Goshogawara City in Aomori Prefecture, Aizuwakamatsu City in Fukushima Prefecture, Chiba Prefecture, Ebina City in Kanagawa Prefecture, Yamaguchi Prefecture, Kitakyushu City in Fukuoka Prefecture, Gifu Prefecture, Okayama Prefecture, Kumamoto City in Kumamoto Prefecture, and Naha City in Okinawa Prefecture) have used our products. We will encourage children to have good oral care habits from an early age, and plan to be involved in activities based on the cavity ratio of children by working together with the city's dental associations.

We are also moving forward with SMART HABIT, a borderless project in Japan, Korea, and Vietnam to raise awareness about dental health by adopting Finland's approach of using xylitol to realize a cavity-free society in Japan and on a global scale. To contribute to the dental health of people around the world beyond our product rollout, we will eliminate the cultural and customary barriers between borders and countries and spread this "smart xylitol habit" from Asia to the world, bringing smiles and creating a healthy and sustainable society for people worldwide.



Xylitol Explained

Xylitol is a type of sugar alcohol that does not create the acid that causes cavities; it is made from trees such as white birch and oak. It is roughly as sweet as sugar but has fewer calories at around 3 kcal/g, compared with sugar's 4 kcal/g. Xylitol's key distinguishing feature is the smooth burst of refreshing coolness it delivers.

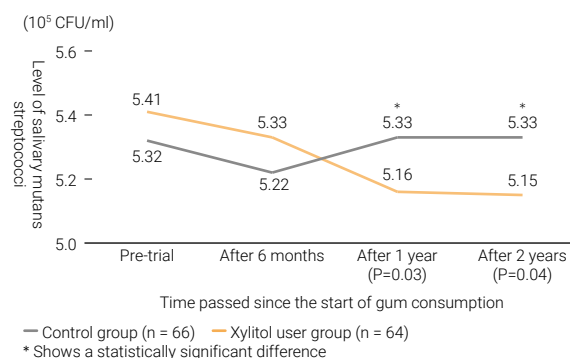
● Reduction of Mutans Streptococci

Mutans streptococci is a bacteria that exists inside almost everybody's mouth. They create dental plaque and use the sugars inside the mouth as food to reproduce, creating the

acid that causes cavities. Xylitol has been reported to reduce the level of mutans streptococci in the mouth, decreasing the risk of cavities.

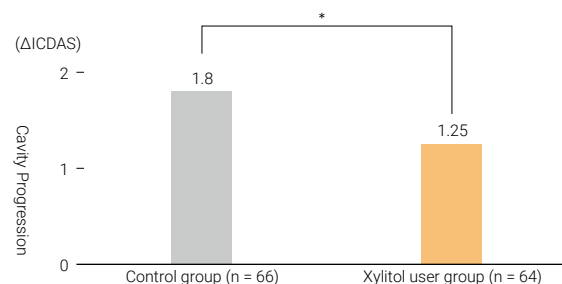
In research that targeted adults with high levels of mutans streptococci, a group of individuals consumed chewing gum containing xylitol for one year, then underwent follow-up observation during the following year when they did not consume any gum. The results showed that, compared with a control group, the level of salivary mutans streptococci in the gum-consuming group was reduced and cavity progression was held in check.

Q Changes in Level of Salivary Mutans Streptococci after Consuming Chewing Gum Containing Xylitol



Q Effects of Xylitol Consumption on Cavity Progression

ΔICDAS score for severe caries, filled teeth, and extracted teeth over the entire trial period (one year of gum consumption and one year of follow-up)



Source: Cocco, F., Carta, G., Cagetti, M.G. et al. Clin Oral Invest (2017) 21: 2733. ©2017 The Author(s); Creative Commons Attribution 4.0 International License. Every day for a year the xylitol user group consumed six tablets of chewing gum containing 30% xylitol, equating to 2.5 grams of xylitol per day. During the following year, when they did not consume any gum, they underwent follow-up observation. The control group consumed chewing gum that contained no xylitol for a year, and during the following year, when they did not consume any gum, they also underwent follow-up observation.

● Mitigation of Risk of Transmission from Mother to Baby

No mutans streptococci exist inside the mouth of a newborn baby, but practices such as sharing a spoon between a baby and an adult transmit the bacteria through saliva, and the bacteria become established inside the baby's mouth. However, xylitol is an ingredient with the capacity to reduce mutans streptococci and it has been reported that, when prospective mothers start consuming xylitol continuously during pregnancy, the transmission of mutans streptococci to their babies is slowed.

In research that targeted pregnant women with high levels of mutans streptococci, the control group received guidance on maintaining good health, including advice on cleaning their teeth and on meals. The xylitol user group also received the health guidance, and consumed chewing gum containing xylitol as its only sweetener for 13 months. The xylitol consumption targeted was 5 grams or more per day, but the actual average amount consumed was 3.83 grams per day. When the researchers assessed the percentage of babies in which mutans streptococci was detected (the "detection rate"), it was found that during the period from 9 to 24 months after birth, the mutans streptococci detection rate was significantly lower for the xylitol user group's babies than the control group's babies.

08 Shokuiku (Food Education)

Concept and Goals

We view food as a resource for good health and, on that basis, we use a variety of means to engage in food education activities aimed at spreading accurate food knowledge and promoting greater understanding. Our goal is to increase employee participation in food education activities to more than 20% by FY2028. Also, by FY2038, we expect our employees to apply their experience and skills to society under the belief that diverse experiences outside the company will drive individual and organizational growth.

Q Participation Rate in Food Education Activities

FY2024	14.5%	Number of people surveyed	2,655
		Number of respondents	1,819
		Number of participants in food education activities	264

Scope of Tabulation

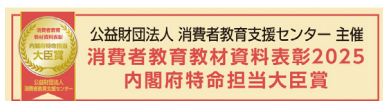
LOTTE CO., LTD. (Via survey of full-time and contract employees)

Number of people who participated in food education activities, seminars other than food education, and community/social contribution activities

External Recognition

In the 13th Career Education Award hosted by METI Japan, “LOTTE Innovation Challenge—Future Okashi Lab” and “Be a KAMUKOTO Master—Chew & Stay Healthy!” received the Encouragement Award for large enterprises.

At the 2025 Consumer Education Materials Awards, hosted by the National Institute on Consumer Education (NICE), the program Your Choice Will Create a Happier Future received the Cabinet Office Minister of State for Special Missions Award, the top prize for outstanding teaching materials, in the corporations and industry associations category.



Q Main Initiatives

Category	Details of Initiatives	Details of Initiatives
Factory Tour	OKASHI SCHOOL	This tour facility, themed around learning about food, was renovated and reopened in 2022, with digital technology added.  https://www.lotte.co.jp/kengaku/ (Japanese only)
Online	Chocolate Seminar Online	Visitors can learn about our approach and unique ideas regarding the ingredients and production methods of <i>Ghana Milk Chocolate</i> .  https://www.lotte.co.jp/kengaku/remote-seminar/ (Japanese only)
	Virtual Factory Tours	Visitors can learn about our processes from raw material sourcing to production for each product.  https://www.lotte.co.jp/entertainment/factory/ (Japanese only)
Visiting Lecture	LOTTE Innovation Challenge—Future Okashi Lab	LOTTE employees provide lectures for senior elementary school students to learn about important concepts in product development and to inspire them with creative ideas. In FY2023, we introduced a concurrent instructor system allowing employees to visit schools as a dedicated lecturer while continuing their current duties.  https://teacher-site.net/lotte/innovation/index.html (Japanese only)
Providing Teaching Materials	Be a KAMUKOTO Master	This is a set of educational materials for the first and second grade of elementary school to learn about the importance of chewing and tips on how to chew well and make it a habit.  https://teacher-site.net/lotte/kamukoto/index.html (Japanese only)
	Your Choice Will Create a Happier Future	This is a program for junior high school students focused on ethical consumption, providing an opportunity to find a link between their choices and society, and to have an in-depth look at their consumer behavior.  https://teacher-site.net/lotte/ethical/index.html (Japanese only)

09 Employee Empowerment

Basic Approach

The most important pillar of support for a business is its human capital. Our goal for FY2048 is to offer a workplace where a diverse global workforce comes together and participates in our continued growth through innovation.

For this to happen, it is important to create an environment where each and every employee can maximize their potential while being motivated and physically and mentally healthy. In 2018, we developed the Policy on Human Resources and defined our approach to this matter.

► Policy on Human Resources

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

Human Capital Strategy

To achieve sustainable growth, it is essential to have the human capital to execute business strategies. We have established a human capital strategy that is interlinked with our business strategies and are working to cultivate human capital while also building a foundation and organization that can support them, following an approach that values autonomy and a challenge-seeking spirit.

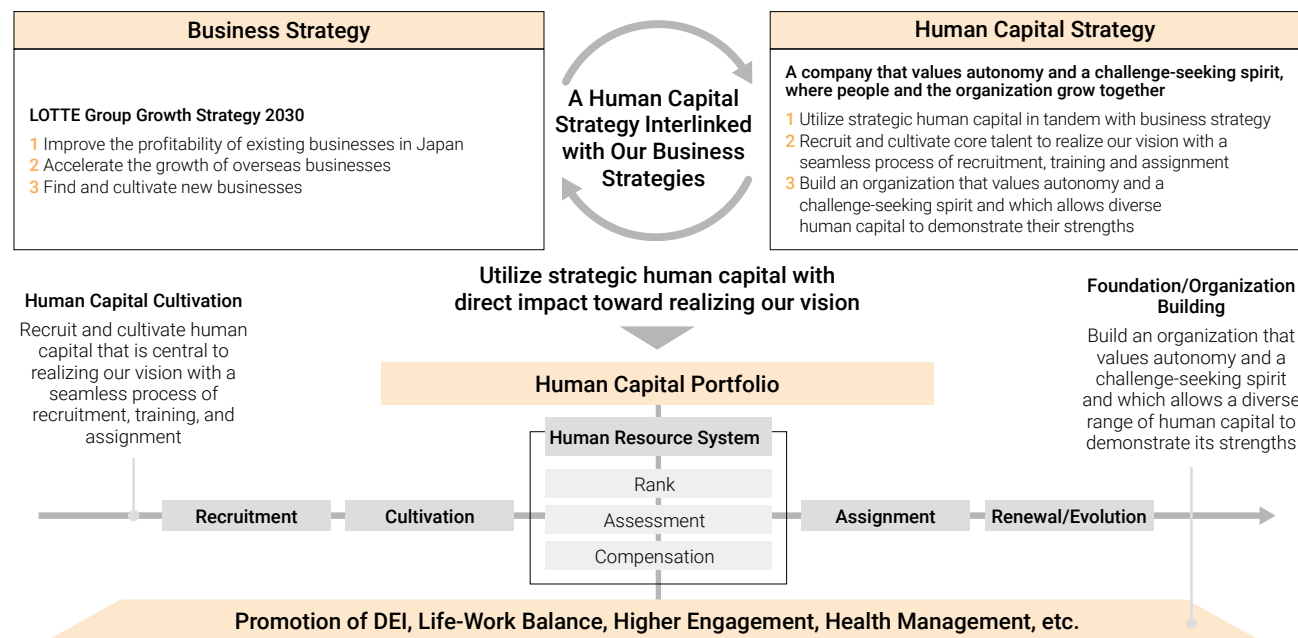
● Profile for Ideal LOTTE Talent

We recruit and develop human capital using a common Groupwide profile for ideal LOTTE talent. This ensures that employees can thrive as part of the Group, which operates a diverse range of businesses worldwide.

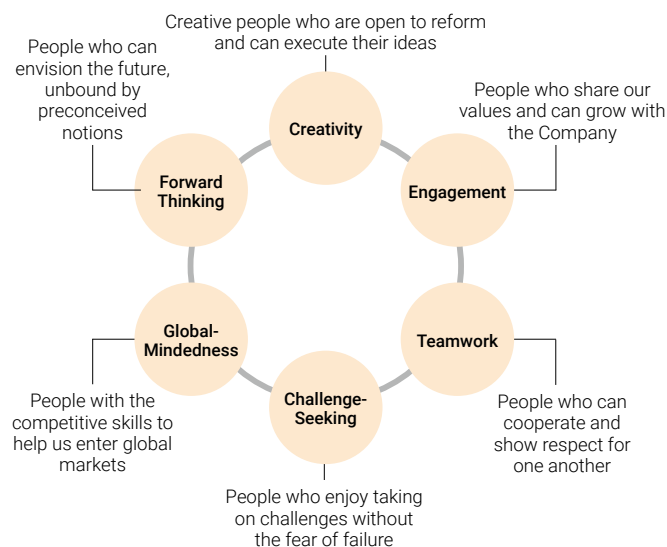
● Human Capital Portfolio

We are building a portfolio of human capital based on our business strategies and our profile for ideal LOTTE talent. To assemble this portfolio, we strategically hire and cultivate human capital that is central to implementing our business strategies, utilizing diverse human resources, which includes talent from outside the Group.

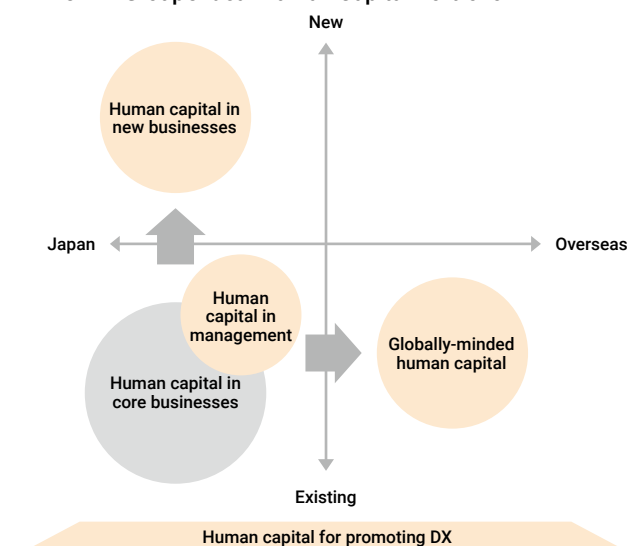
Q Overview of Human Capital Strategy



Q LOTTE Group's Profile for Ideal LOTTE Talent



Q LOTTE Group's Ideal Human Capital Portfolio



Human Capital Cultivation

We are increasing investment in human capital in order to build a portfolio of people necessary to execute our business strategy. We also value the autonomy and challenge-seeking spirit of each employee and provide opportunities for employees to take on any such challenges. This includes a system where employees can take the initiative to develop themselves or take on tasks outside of their current work.

● Recruitment

To hasten the creation of our ideal human capital portfolio, we also recruit talent who have built their careers at other companies and possess the necessary experience, expertise, and skills to perform in their roles. We have also introduced a “welcome-back recruitment” (alumni recruitment) program for former employees who have left LOTTE, allowing them to utilize the diverse range of experiences and skills they gained outside the Group. In addition, we have established an employee referral system for full-time employees.

● Cultivation

We are increasing investment in human capital and run a systematic training program aimed at increasing their capabilities. This program helps employees acquire the basic knowledge, skills, and mindset required for their work. We also value the autonomy and challenge-seeking spirit of each employee and provide opportunities for employees to take on any such challenges. This includes a system where employees can take the initiative to develop themselves or take on tasks outside of their current work.

Q Structure of Human Capital Cultivation Programs

	Position-Based Training Program	Departmental Training Programs	Elective Self-Development Training Programs	Support for Self-Development		
Manager	Manager training	Sales/Factories	Cultivation of the next generation of human capital in management	Foreign language training	Online training and e-learning	Correspondence courses
			Cultivation of next-generation leaders			
			Cultivation of women in management roles			
Mid-career	Training for newly-promoted employees		Cultivation of human capital for promoting DX			
			Off-the-job training			
Entry-level	Annual training		Cultivation of globally-minded human capital			
New employees	New Employee training/OJT		—			

Position-Based Training Program

We provide group training, including new employee orientation, to equip young employees with basic skills to complete their assigned tasks independently. For individuals who are promoted, we offer position-specific programs tailored to their career stage, including mindset coaching and fundamental management courses. Concurrently, we encourage on-the-job training aimed at facilitating career advancement through practical experience in the workplace, while cultivating a team environment where young employees feel comfortable enough to take on challenges.

Departmental Training Programs

The respective department (sales site, factory, etc.) provides training for employees to acquire specialized knowledge and skills.

Elective Self-Development Training Programs

We also offer training for self-development, aimed at realizing our ideal human capital portfolio, which also includes members of management. In 2022, the LOTTE University was established as an in-Company educational institution, offering leadership programs designed to foster the growth of LOTTE. These programs comprise lectures and discussions led by senior executives from both inside and outside the company, along with action learning sessions where participants propose new business ideas and offer recommendations to upper management. We have also worked to include content aimed at cultivating globally-minded human capital and human capital for promoting DX.

Q Elective Self-Development Training Programs

		Program Goal	Number of attendees	Average class time (hours)
Management	Management Cultivation of the next generation of human capital in management	· Cultivation of candidates for the next generation of upper management · Expansion of personal network through external assignments	4	165
	Cultivation of next-generation leaders	· Cultivation of candidates for the next generation of executives · Acquisition of advanced knowledge necessary for managers and exploration of new business opportunities	29	140
	Cultivation of women in management	· Cultivation of the next generation of women in management · Acquisition of practical know-how, including logical thinking, problem-solving, and communication skills	2	20
	Cultivation of human capital for promoting DX	· Cultivation of human resources to lead digital and corporate transformation · Acquisition of knowledge in digital fields to facilitate proposals aimed at transforming one's own department	21	63
New businesses	Off-the-job training	Development of a broad perspective and high standards through systematic knowledge acquisition and contact with other industries	2	29
	Cultivation of globally-minded human capital	Deepening of global understanding and cultivation of human capital that can thrive both in Japan and overseas	32	36

Support for Self-Development

We value autonomy and a challenge-seeking spirit in each individual. Therefore, we have established the LOTTE-Novation College as a place of learning where employees who possess this spirit can participate voluntarily. We also offer foreign language training, e-learning, and correspondence courses to help in gaining a diverse set of knowledge and skills.

Proposals for New Businesses

In 2022, we started the Miralnnovation Project, a project that promotes the selection and commercialization of new business proposals. Under this project, we actively recruit employees who want to try their hand at launching a new business. Ideas that pass the selection process undergo close examination with the goal of commercialization. This project also helps employees challenge themselves and achieve autonomy, while also encouraging cultivation of human capital.

ミライノベーション



Q Active New Businesses

Theme	Description
Cocoa upcycling	Secondary use of cocoa husks (the outer skin of cocoa beans) produced during the chocolate-making process
Made by me	Sales of handmade cake kits for fans of popular idols
Learning Companion (Education)	Proposals for inquiry-based learning using LOTTE's process for developing new products

Internal Awards System

The LOTTE Awards, a Groupwide internal awards system, celebrate the successes of teams achieved through the practice of the LOTTE Group Philosophy. We have also established the "Nice Challenge Award" to recognize those individuals who proactively take on new challenges. These awards encourage autonomy and a challenge-seeking spirit, helping to cultivate our human capital.



● Assignment (Career Development)

We assign human capital strategically to enable growth for both our employees and the Company. We also have a career development support system in place to encourage autonomy and a challenge-seeking spirit.

Job Rotation

New graduates undergo a job rotation program in which they gain experience working in three different departments within the first 10 years of joining the Company. This allows them to acquire a wide range of experience within the Group. Trying a variety of different tasks also opens up a wider range of possibilities for career development.

Voluntary Job Transfers

In 2022, we implemented a system for open recruitment within the Company as another way to support autonomy and challenge-seeking.

Career Development Support

A career interview is scheduled once a year for all young employees, which involves discussing career plans with their supervisor, providing employees with an opportunity to reflect on their career paths. For mid-career employees and higher-level positions, a career design workshop is offered at specific milestones, which gives them the chance to contemplate their career paths while fostering growth in tandem with the organization. These workshops aim to foster a constructive work mindset and energize the workforce with boosted motivation. We also offer a program to encourage employees in their 50s to embark upon a second career path. Retirees having reached the retirement age who wish to be rehired can take advantage of the post-retirement re-employment option to continue working.

1-on-1 Meeting

All employees are invited to attend a regular 1-on-1 meeting to speak with their supervisor individually. Rather than solely focusing on work-related topics, these meetings help individuals receive support toward their career development and growth, build a trusting relationship between supervisors and team members, and ensure their physical and mental well-being.

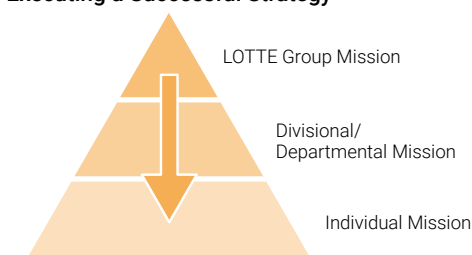
● Human Resource System

We believe that it is important to set appropriate goals and provide fair and reasonable evaluations in order for employees to grow in tandem with the Company.

Mission-Based Evaluation

To successfully carry out our business strategy, employees set a clear mission and goals that are based on our mission as a company. We encourage employees to set challenging goals, then provide a comprehensive evaluation of their work to achieve those goals, as well as evaluating their contributions across the Company. Outside of confidential information, employee missions and goals are publicly available to other employees.

Executing a Successful Strategy



Multifaceted Evaluation

Once a year, some employees receive a multifaceted evaluation in which they are evaluated not only by their superiors but also by their colleagues. This type of feedback increases objectivity and helps ensure that evaluations are seen by the recipient as reasonable.

Foundation/Organization Building

We also treat organization building as an important aspect of our human resource strategy, since a strong organization is an important supporting foundation for our human capital portfolio. By fostering a corporate culture that accepts diverse values, by working to achieve life-work balance, and by trying to improve employee engagement, we are striving to build an organization that attracts diverse talent and enables each individual to demonstrate their potential. Moreover, we strive to build an organization that is highly productive by promoting health management and by working strategically to maintain and improve the physical and mental health of our employees.

● Diversity, Equity & Inclusion (DEI)

We promote DEI based on the belief that, for each employee to truly flourish, we need to foster a corporate culture that celebrates a broad spectrum of values.

Formation of Corporate Culture

In January 2023, we signed the Women's Empowerment Principles (WEPS*) to further advance the promotion of gender equality and its related initiatives. Using a video interview with a gender specialist, we communicate with our employees to share the top management's commitment to promoting DEI initiatives and their alignment with our

business strategies. We also provide diversity training for all managers and other key personnel.

* Action principles of a company's voluntary efforts on women's empowerment created jointly with the UN Global Compact and the UN Development Fund for Women (now UN Women)

Promoting Women's Empowerment

We have set a goal for ratio of women in management of 10% or more, to be achieved by FY2028. Since 2016, we have conducted annual joint seminars on promoting women's success for six food and beverage companies to nurture the young employees who are the next generation of potential women in management. This program turned out to be successful, allowing participants to interact with other companies' women managers and explore their own career path. The seminar provides an opportunity for participants to learn about various career paths and role models so that they can envision their own career in the medium-to long-term. We also introduce exceptional employees within the Company to serve as role models and work to raise awareness of internal support systems that can help employees going through significant life events. These efforts have led to a steady increase of women leaders (deputy manager class) who pursue managerial positions. We also value women's success. Our target hiring ratio for women among new graduates is at least 40% or higher.

Ratio of Women Managers in Japan

As of March 31, 2023	7.4% (4.6% for LOTTE CO., LTD.)
As of March 31, 2024	7.5% (5.1% for LOTTE CO., LTD.)
As of March 31, 2025	8.2% (6.1% for LOTTE CO., LTD + LOTTE HOLDINGS CO., LTD.)

Scope of Tabulation

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

Due to organizational changes, parent company LOTTE HOLDINGS CO., LTD. will be included in the calculations from the end of March 2025.

Employing People with Disabilities

To promote DEI, we actively hire people with disabilities, whom we seek to employ at a rate above the legal requirement. This was previously limited to mid-career hires but was extended to new graduate hires in FY2023. To ensure a comfortable environment for a diverse group of people, we have also made improvements to restrooms and eliminated steps and stairs. Our website for recruiting also provides information on accessible, barrier-free routes to our headquarters building to help alleviate their concerns when visiting the office for interviews or commuting. To further raise awareness among employees, we offer training programs for Group companies in Japan so staff can learn about people with disabilities.

Employing Retirees

LOTTE and its Group companies offer post-retirement reemployment to allow employees to continue working after retiring at the official retirement age of 60. In addition to using knowledge and skills they have cultivated over many years to perform their work, retirees also play a role in guiding and nurturing younger employees.

Measures to Support the LGBTQ+ Community

Our human rights policy explicitly prohibits discrimination based on sexual orientation, gender identity, and gender expression. We are engaged in a variety of LGBTQ+ positive initiatives to provide a safe work environment for everyone.

Raising awareness	· Training programs · Help desk · Communication about the existence of an LGBTQ+ ALLY* community
Recruiting	· "Other" and "Prefer not to say" added to the gender field of our entry sheet · Clear communication to hiring staff regarding guidelines to ensure compliance
Benefits	· Extension of benefits and HR programs for spouses to include same-sex partners

* A person who understands and supports LGBTQ+ communities and issues



©L/KMP

ALLY Koala

In recognition of our efforts, we have received a Gold rating (the highest rating) in the PRIDE Index, which evaluates LGBTQ+ initiatives in the workplace.



Achieving Life-Work Balance

We have adopted flexible work arrangements to help a diverse workforce in all stages of their lives perform at their best. We are making use of these schemes to reduce work hours by increasing productivity, which is in turn aimed at achieving life-work balance for employees.

Corporate Culture Reforms

In January 2021, we became part of the *IKUBOSS** Corporate Alliance. At the time, upper management conveyed a message emphasizing the significance of both a positive workplace culture and proper understanding and mindfulness from management in achieving a healthy life-work balance. Over the course of four years, starting in 2021, a total of 74 managers have declared their commitment to being an *IKUBOSS*, notifying their staff of this declaration to ensure continued accountability.

* Bosses, at upper-management or managerial positions, who manage their team effectively and support team members' career path and life-work balance while taking care to enjoy their own work and personal life as well.



IKUBOSS declaration relayed by 74 managers

Promoting the Usage of Paid Leave

We actively encourage our employees to utilize their paid leave for leisure and self-study, fostering a life-work balance.

Support for Pregnancy

We support employees to ensure they have a worry-free start to their maternity leave and experience a smooth return to the workplace afterward. An employee's supervisor uses the Pregnancy and Parenting Related Meeting Sheet to verify the employee's health conditions and any responsibilities to be transferred. All of our workplaces follow a protocol that facilitates smooth communication between supervisors and pregnant employees (and the partners of these employees).

Support for Parenting

We are working to ensure employees with small children can continue their career while balancing childcare and work. Our programs offer more benefits than those required by laws and regulations. The Urawa and Sayama Factory both have their own on-site daycare center. We also host workshops for employees just returned from parental leave to join with their supervisors, a lunchtime get-together for employees who have children, and networking and gathering events to cultivate a sense of security in parenting and promote understanding. To encourage male employees to be a part of parenting, we do offer briefing and in-company training on the childcare leave programs.

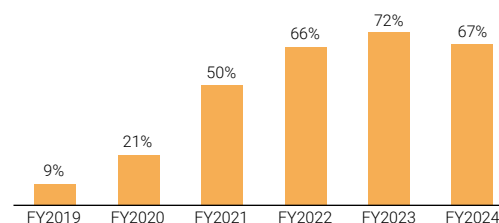


Poplar Urban Nursery School
(locations in Musashi-Urawa and Shin-Sayama, Saitama Prefecture)



Work-Childcare Balance Guidebook

Childcare Leave Utilization Rate for Male Employees



Scope of Tabulation

LOTTE CO., LTD. and Group companies in Japan

Support for Caregiving

We provide support to enable employees with caregiving commitments to continue working with peace of mind while balancing caregiving and employment. We offer a broader selection of company support schemes than is legally required and also provide access to an external consultation desk so that employees can seek advice from experts regarding their caregiving-related concerns and problems. As a further benefit, we provide a specialized website for employees that they can use to gather information and search for care facilities and services.

Telecommuting Program

Using information and communication technology, we have introduced a telecommuting program to enable effective use of time and place, promote flexible work styles, and boost productivity. This program gives options for employees to continue their career even when they face stressful life events, such as raising children or providing nursing care to their families.

Staggered Working Hours Scheme

We have introduced a staggered working hours scheme that enables individual employees to choose their own start and finish times. Our aim is to create an employee-friendly environment by accommodating individual lifestyles, while making it easier to handle early-morning and late-night work efficiently.

Office Renovation

In our headquarters building, we have renovated some office areas to include hot desking, where employees can choose a seat that best suits their needs for the day. These offices offer different seating, such as those designated for meetings or quiet places that allow people to concentrate on their tasks. In 2023, we renovated the cafe so that it can be used as a multipurpose space for open and lively communication.



Relaxed Dress Code

To respect the diversity of our employees and to encourage creative thinking and communication, we have changed our dress code to allow casual wear at work, appropriate for the time, place, and occasion.

Employee Engagement

LOTTE and its Group companies strive to create workplaces and foster a corporate culture that help our employees grow and feel engaged at work. We believe that a workplace where employees can perform their duties in a lively manner while staying motivated and aware of their own development is linked to both personal and corporate growth and leads to higher corporate value. We remain committed to pursuing strategies that enhance employee motivation and their job engagement.

Employee Satisfaction Survey

We conduct an employee satisfaction survey every year to ascertain employee engagement. The results are converted to an engagement rating*, and we work to identify and improve any issues in order to receive a rating of A or higher.

* An indicator of company-employee engagement (degree of mutual understanding and affinity) rated at 11 levels from AAA to DD

Engagement Rating

FY2023	B
FY2024	B

Scope of Tabulation

LOTTE CO., LTD.

Labor Thanksgiving Week

To coincide with Labor Thanksgiving Day, a public holiday in Japan, we have established Labor Thanksgiving Week. We treat this week as a special time for expressing gratitude and appreciation to one another. We encourage colleagues in the workplace to exchange chocolates with messages of appreciation attached in an effort to spark communication.



LOTTE Family Day

In FY2024, we held our inaugural LOTTE Family Day, an in-Company event for employees and their families. We introduced the event to inspire a feeling of pride among LOTTE Group employees, a way to establish LOTTE as a company that is open and appreciative of its employees and their families.



Health Management

We believe that the growth of the Company goes hand in hand with the health of our employees. We are committed to creating a workplace environment where employees can work with a healthy body and mind, in line with our Health Management Declaration, which articulates this belief.

Health Management Declaration

For LOTTE to thrive under the banner of 'Everyday Sweet Life' and enrich people's lives, we need to maintain our employees' physical and mental well-being. Management holds the responsibility of creating an environment that enables employees to unleash their full potential.

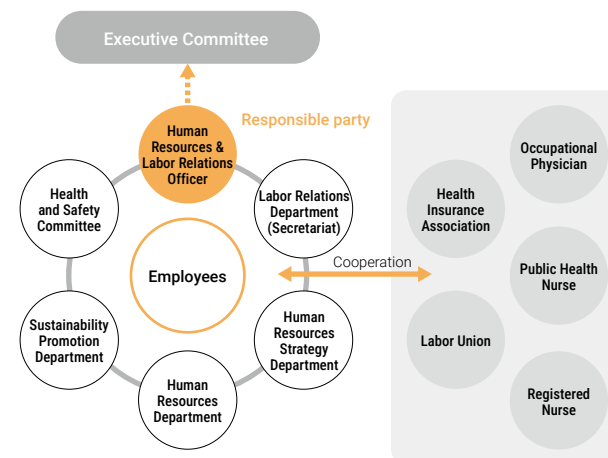
Management is dedicated to advancing health management initiatives, recognizing the well-being of employees and their families as one of their most important management issues.

1. We respect the diversity of employees and build a workplace where each one of our employees can work comfortably and have a healthy life-work balance.
2. We are committed to providing a work environment that enables employees to work comfortably and maintain their physical and mental well-being through health promotion programs for employees and their families.
3. We promote self-care awareness for employees through health management and wellness promotion activities.

LOTTE CO., LTD.

Promotion System

The director overseeing our Human Resources Department and Labor Relations Department is responsible for promoting health management. The Labor Relations Department, Human Resources Department, Human Resources Strategy Department, Sustainability Promotion Department, and Health and Safety Committee collaborate with the Health Insurance Society, along with the labor union, occupational physicians, public health nurses, and registered nurses to manage employees' health.



For our efforts to promote health management, we have been recognized as a "2025 Outstanding Organization of KENKO Investment for Health" in the large-enterprise category, under the recognition program sponsored by the Ministry of Economy, Trade and Industry. We were also recognized as a White 500 enterprise, as one of the top 500 in the large-enterprise category.



▶ Health Management

<https://www.lotte.co.jp/corporate/sustainability/society/healthmanagement.html>
(Japanese only)

Q Main Initiatives

Health management	• Periodic health checkups • Specific health guidance • Short-stay health screening • Brain checkups with MRI • Free dental checkups • On-site dental checkups • 24-hour health consultation service by phone • Online health consultations • Mail-in lab test • Health consultation day • Mental health counseling • Influenza vaccinations • Subsidies for detailed examination costs
Health support Life support	• Household medicine purchasing service • Support for smoking cessation • Maternity healthcare financial aid • Infant healthcare financial aid • Second opinion referral • Group health insurance plan (Medical/Specified diseases) • Outsourcing of employee benefits services • Childcare and caregiving support • Health promotion events
Improvement of health literacy	• Utilization of the health portal site <i>HAPPYLTH</i> • Utilization of the healthcare app <i>QOLism</i> • Health promotion education • Distribution of health promotion organization newsletters • Promotion of dental and oral health • Health and Safety Committee • Mental health seminars
Support for regular exercise	• Walking events • Sports gym/facility contracts • Extracurricular activities
Survey	• Employee Satisfaction Survey • Stress checks • SPQ (Single-Item Presenteeism Question) • Pulse survey • Questionnaire on harassment

Q Activity Details

Health management

Free dental checkups	We provide employees with free dental checkups at affiliated dental clinics and encourage them to take advantage of this service. Besides general dental checkups, our benefits include consultations on orthodontic treatment, cosmetic dentistry, and dental implants.
Mail-in lab test	As part of our disease prevention efforts, we offer mail-in lab tests for employees and their partners. Our plan includes a free checkup for one of the twelve items, along with nutritional counseling over the phone.
24-hour health consultation service	Employees are encouraged to use the telephone or web-based health consultation service, which is provided by an outside organization and available 24/7, 365 days a year. This service comprises a wide range of support services for employees and their families, including health, medical, nursing care, and childcare consultations, as well as arrangements for second opinions and follow-up medical exams, counseling for lifestyle diseases, and other services.
Mental health counseling	As a secondary mental health issue prevention measure, we offer a consultation hotline through an organization contracted from outside the Company. The hotline is available 24/7 via phone or the Internet, allowing us to identify early signs of mental health issues and provide timely support.
On-site dental checkups	To help employees maintain good dental and oral health, we offer annual dental checkups at our facilities. Not only do the checkups help detect cavities early and encourage treatment, they also make employees more aware of their dental and oral health by teaching proper brushing techniques.

Health support / Life support

Household medicine purchasing service	As part of our efforts to promote the use of OTC products, we offer a periodic purchase option of general medications for home-use at discounted prices.
Support for smoking cessation	To lower smoking rates among employees, we have introduced a non-smoking policy on our premises, including the outdoor areas of the head office building. We also make active efforts such as providing free online consultations and smoking cessation aid as part of our support program.

Outsourcing of employee benefits services	As for employee benefits, we offer a comprehensive plan through an external service provider. Employees are encouraged to use healthcare and sports-related services for the improvement and management of their health.
Hosting health promotion events	Health assessment events are held at our head office and factories. On the day of the event our experts offer advice on how to improve health based on the results of vascular age, autonomic nervous system, and Vege-Check® assessments.

Improvement of health literacy

Utilization of the health portal site <i>HAPPYLTH</i>	We use a health portal site to help improve employees' health literacy. Using the health exam data stored on the portal site, we help employees understand their current health conditions and encourage them to use the portal to manage and improve their health. We also recommend them to watch and read health-related information stored on the portal site.
Utilization of the healthcare app <i>QOLism</i>	The health app ' <i>QOLism</i> ', developed by QOLeal, Limited was introduced to help employees adopt healthy lifestyle habits. We encourage employees to utilize the app to improve their lifestyle (diet, sleep, exercise), mental health, and daily physical conditioning.
Health promotion education	On our intranet, we have established a dedicated website featuring health-related videos and columns covering a wide range of topics aimed at promoting lifestyle improvement and enhancing health literacy. We encourage employees to watch and read the content to enhance their well-being. This website is mobile-friendly and can be easily shared with family members at home.
Promotion of dental and oral health	To enhance and promote employees' health literacy, we have a dental and oral health campaign that encourages employees to chew gum as part of their health-enhancing routines. We promote the health benefits of <i>KAMUKOTO</i> for overall well-being and consumption of xylitol for dental health throughout the company. As part of this effort, we offer <i>Xylitol Gum</i> in our company cafeterias. 

Mental health seminar	As a preventive measure for mental health problems, we conduct self-care education for all employees through e-learning and booklets. We also offer line care seminars for managers and leadership personnel to help them support our employees and improve the workplace.
Approaches to women's unique health needs	To help employees better understand health issues unique to women, we distribute videos on menstruation, fertility, and menopause and encourage employees of all genders to watch them. Employee surveys are carried out as a reference to assess their awareness of women's health issues and their views and needs regarding our programs and policies.

Support for regular exercise

Walking events	We host an annual walking event to help employees adopt a healthy lifestyle and exercise routine. The <i>QOLism</i> app enables employees to track their daily steps and compete with others in this event, encouraging participation and enhancing motivation.
Sports gym/facility contracts	We also encourage employees to utilize the corporate gym memberships available as health promotion benefits. There are more programs to support the well-being of our employees, such as granting access to our company-owned tennis courts and providing discounted access to golf courses operated by Group companies.

Survey

Stress checks	We implement stress checks on a regular basis. Based on the stress check results of each department, we analyze the data to improve the work environment. To help foreign national employees perform self-checks, we offer this assessment in their native languages.
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10 Labor Relations

We have a labor union. The collective labor agreement stipulates that, if management plans to implement a change that could affect employees, it must consult with the labor union and inform the union and the employees' representative in advance.

11 Support Activities

Support for Child-Rearing Households

To support child-rearing households with financial difficulties, we donate confectionery through the Food Box for Children project of Save the Children*, an international NGO.



* An international organization that implements private-sector, non-profit initiatives to help children in 110 countries, including Japan. The Japanese branch of the organization was established in 1986 to tackle issues such as poverty among children. As part of this effort, the organization has been working to improve the food situation of children since 2020.

12 Initiatives of Group Companies

Mary Chocolate Co., Ltd.

As a way to contribute to our community, every year, Mary's Chocolate donates chocolates to children's facilities in Matsudo City and Funabashi City in Chiba prefecture, and Ota Ward in Tokyo, where its factories are located. Continuing its efforts from the previous year, in FY2024 the company assisted the local government's activities in each area by donating chocolates to their respective Children's Cafeteria initiatives. In addition, to honor the disaster prevention agreement with Ota Ward, the company distributed baked confectionery items to visitors during the Ota Ward Comprehensive Disaster Prevention Training event.

The company has also donated chocolates to children's homes in Tokyo every Christmas since 2009 and every year children from the children's homes respond with letters expressing their gratitude.



The company also makes environmental conservation efforts. For Mary Chocolate's "RURU MARY'S" brand, a portion of the proceeds from sales of paper bags and gift wrapping is donated to the WWF Japan's environmental conservation activities. Environmentally friendly measures include using FSC-certified or recycled paper and biomass ink.

Ginza Cozy Corner Co., Ltd.

● Donation of Partial Proceeds from Plastic Bag Sales

Based on the concepts of "appreciation for the community" and "supporting children's dreams," since 2021 Ginza Cozy Corner has been donating partial proceeds from the sales of plastic bags to an environmental organization in Saitama Prefecture. Donations to the organization are spent on purchasing books for the SDGs learning program at 52 elementary schools in Kawaguchi City. The company received a letter of appreciation from NPO Kawaguchi Citizen's Environmental Council for its contribution to the community in 2022.



● Pastry Class and Hands-On Sales Experience

Recognizing that a pâtissier is a popular choice for future jobs among children, in 2023 Ginza Cozy Corner started pâtissier-led pastry classes and hands-on experiences of selling cakes at a store. Since participating children and their families enjoyed these events so much, the company plans to continue these activities.

LOTTE Wedel sp. z o.o.

● The Chocolate Factory E. Wedel Museum

The Chocolate Factory E. Wedel Museum, opened in September 2024, is designed as an inclusive space, welcoming all guests—including people with disabilities, seniors, and families with children.



● Support for Work and Childcare Balance

LOTTE Wedel ran the #SweetExcuse campaign over the Christmas season. Through the campaign, children could write “sweet excuses”—playful notes asking their parents’ employers to grant them time off. The announcement of this campaign reached over 50 companies and nearly 60,000 people. When companies encourage family bonding, they help build communities that foster well-being.

LOTTE VIETNAM CO., LTD.

● Xylitol Dental Roadshow

Awareness-raising events were held for students at 19 universities. Under the supervision of dentists, we have raised awareness of oral care among young people by providing accurate information about cavity prevention and the functions of xylitol. This initiative aims to contribute toward creating a healthy society and communicate the brand’s value of LOTTE from a sustainability perspective.



PT. LOTTE INDONESIA

We invited children and staff from local orphanages to a hotel where we donated LOTTE products and held an event to celebrate the end of Ramadan together.



THAI LOTTE CO., LTD.

Following the Myanmar earthquake that occurred in March 2025, THAI LOTTE donated 50 cases of *Koala’s March* to the Myanmar Embassy. These products were delivered to disaster-stricken areas via the embassy.



LOTTE TAIWAN CO., LTD.

LOTTE TAIWAN makes donations that contribute to the wildlife conservation activities of Taipei Zoo, offering support for protection, treatment, and enhancements to the animals’ habitats.



13 Social Data

Employee Information

Indicators			Unit	As of March 31, 2023			As of March 31, 2024			As of March 31, 2025		
				Total	Male	Female	Total	Male	Female	Total	Male	Female
Total number of LOTTE Group employees	Total number of employees in Japan	Persons		11,794	—	—	11,686	—	—	11,332	5,464	5,869
		Full-time employees	Persons	7,375	—	—	7,189	—	—	7,061	4,005	3,056
		Part-time employees	Persons	4,419	—	—	4,497	—	—	4,271	1,459	2,813
		Persons		7,446	—	—	7,436	3,500	3,936	7,292	3,408	3,885
		Full-time employees	Persons	3,713	2,301	1,412	3,644	2,245	1,399	3,513	2,153	1,360
		Part-time employees	Persons	3,733	—	—	3,792	1,255	2,537	3,779	1,255	2,525
		LOTTE CO., LTD.	Persons	4,436	—	—	4,408	2,647	1,761	4,316	2,582	1,734
		Full-time employees	Persons	2,459	1,702	757	2,409	1,668	741	2,299	1,597	702
		Part-time employees	Persons	1,977	—	—	1,999	979	1,020	2,017	985	1,032
		Group companies in Japan	Persons	3,010	—	—	3,028	853	2,175	2,977	826	2,151
	Total number of employees overseas	Full-time employees	Persons	1,254	599	655	1,235	577	658	1,214	556	658
		Part-time employees	Persons	1,756	—	—	1,793	276	1,517	1,763	270	1,493
		Persons		4,348	—	—	4,250	—	—	4,040	2,056	1,984
		Full-time employees	Persons	3,662	—	—	3,545	—	—	3,548	1,852	1,696
		Part-time employees	Persons	686	—	—	705	—	—	492	204	288
		Asia subtotal	Persons	2,860	—	—	2,835	1,558	1,277	2,787	1,442	1,345
		Full-time employees	Persons	2,560	—	—	2,520	1,386	1,134	2,536	1,373	1,163
		Part-time employees	Persons	300	—	—	315	172	143	251	69	182
		U.S. and Europe subtotal	Persons	1,488	—	—	1,415	—	—	1,253	614	639
		Full-time employees	Persons	1,102	—	—	1,025	—	—	1,012	479	533
		Part-time employees	Persons	386	—	—	390	—	—	241	135	106
Average age of employees in Japan		Age		40.4	41.4	38.9	40.7	41.8	39.1	40.9	41.7	39.4
	LOTTE CO., LTD.	Age		39.6	40.2	38.2	39.9	40.5	38.5	40.0	40.5	38.8
	Group companies in Japan	Age		42.0	44.7	39.6	42.4	45.4	39.8	42.5	45.2	40.0
Average length of employment in Japan		Years		17.1	18.2	15.5	17.6	18.5	16.0	17.6	18.5	16.1
	LOTTE CO., LTD.	Years		17.0	17.1	16.8	17.3	17.3	17.1	17.3	17.3	17.3
	Group companies in Japan	Years		17.4	21.3	14.0	18.2	22.0	14.8	18.2	22.2	14.9
Age group of employees in Japan		Persons		—	—	—	3,644	2,245	1,399	3,513	2,153	1,360
	20s and under	Persons		—	—	—	808	442	366	786	427	359
	30s	Persons		—	—	—	883	522	361	850	507	343
	40s	Persons		—	—	—	927	573	354	838	529	309
	50s and up	Persons		—	—	—	1,026	708	318	1,039	690	349

Q DEI (Due to organizational changes, parent company LOTTE HOLDINGS CO., LTD. is included in calculations from March 31, 2025)

Indicators		Unit	As of March 31, 2023			As of March 31, 2024			As of March 31, 2025		
			Total	Male	Female	Total	Male	Female	Total	Male	Female
Number of managers in the Group		Persons	790	626	164	749	587	162	785	607	178
	Ratio of women in management roles	%	20.8			21.6			22.7		
	Number of managers in Japan	Persons	529	490	39	533	493	40	549	504	45
	Ratio of women in management roles	%	7.4			7.5			8.2		
	LOTTE CO., LTD + LOTTE HOLDINGS CO., LTD.*	Persons	329	314	15	336	319	17	358	336	22
	Ratio of women in management roles	%	4.6			5.1			6.1		
	New graduate hires	Persons	273	262	11	279	267	12	291	278	13
	Mid-career hires	Persons	56	52	4	57	52	5	67	58	9
	Number of managers overseas	Persons	261	136	125	216	94	122	236	103	133
Ratio of women supervisors (section manager class)		%	47.9			56.5			56.4		
LOTTE CO., LTD + LOTTE HOLDINGS CO., LTD.*		%	12.2			14.1			13.5		

* Results as of March 31, 2023 and March 31, 2024 are for LOTTE CO., LTD only.

Q Gender gap in wages

Indicators		Unit	FY2022		FY2023		FY2024	
Gender gap in wages	LOTTE CO., LTD.	%	61.8		62.1		62.4	
	Permanent employees	%	72.8		72.5		73.7	
	Contingent workers	%	68.4		70.5		71.3	

Q Human Resource Cultivation and Life-Work Balance

Indicators		Unit	FY2022			FY2023			FY2024		
			Total	Male	Female	Total	Male	Female	Total	Male	Female
Average annual training hours per employee*	LOTTE CO., LTD.	Hours	10	—	—	13	—	—	16	—	—
Annual training expenses*		Million yen	89	—	—	91	—	—	99	—	—
Total working hours per year	LOTTE CO., LTD. and its Group companies in Japan	Hours	1,923	—	—	1,930	—	—	1,912	—	—
Overtime work hours (excluding managers)		Hours	163	—	—	167	—	—	164	—	—
Number of paid leave days taken		Days	15.2	—	—	16.1	—	—	15.0	—	—
Paid leave utilization rate		%	76	—	—	81	—	—	75	—	—
Number of employees who took childcare leave		Persons	120	56	64	105	46	59	103	61	42
Rate of childcare leave utilization		%	79	66	97	83	72	94	79	67	102
Ratio of employees who returned to work after childcare leave		%	99	100	98	99	100	98	99	100	98
Retention rate after childcare leave		%	100	100	100	98	98	98	100	100	100
Number of parents who worked shorter hours		Persons	180	5	175	211	5	206	218	3	215

* Skill development training hosted by the HR department

Q Engagement

Indicators		Unit	FY2022			FY2023			FY2024		
			Total	Male	Female	Total	Male	Female	Total	Male	Female
Engagement Rating*	LOTTE CO., LTD.	—	—	—	—	B	—	—	B	—	—

* An indicator of company-employee engagement (degree of mutual understanding and affinity) rated at 11 levels from AAA to DD

Hiring, Dismissal and Retirement

Indicators			Unit	FY2022			FY2023			FY2024			
				Total	Male	Female	Total	Male	Female	Total	Male	Female	
Number of employees hired in the Group			Persons	1,461	899	562	1,345	887	458	1,329	823	506	
	Number of employees hired in Japan		Persons	111	40	71	156	80	76	204	109	95	
		New graduates	Persons	72	30	42	93	45	48	125	58	67	
		Mid-career		Persons	39	10	29	63	35	28	79	51	28
			20s and under	Persons	—	—	—	16	10	6	31	20	11
			30s	Persons	—	—	—	26	18	8	30	21	9
			40s	Persons	—	—	—	16	6	10	12	6	6
		50s and up	Persons	—	—	—	5	1	4	6	4	2	
	LOTTE CO., LTD.		Persons	62	32	30	103	67	36	134	86	48	
		New graduates	Persons	49	26	23	65	38	27	83	47	36	
		Mid-career	Persons	13	6	7	38	29	9	51	39	12	
		Group companies in Japan		Persons	49	8	41	53	13	40	70	23	47
		New graduates	Persons	23	4	19	28	7	21	42	11	31	
		Mid-career	Persons	26	4	22	25	6	19	28	12	16	
	Number of employees hired overseas		Persons	1,350	859	491	1,189	807	382	1,125	714	411	
	Asia subtotal		Persons	1,265	818	447	983	690	293	885	582	303	
U.S. and Europe subtotal		Persons	85	41	44	206	117	89	240	132	108		
Ratio of women among new graduate hires	LOTTE CO., LTD.		%	46.9			41.5			53.6			
Number of employees retired/dismissed from the Group			Persons	1,615	1,025	590	1,399	908	491	1,235	817	418	
		Retirement	Persons	54	42	12	75	52	23	89	64	25	
		Personal reasons	Persons	1,561	983	578	1,324	856	468	1,146	753	393	
		Number of employees retired/dismissed in Japan		Persons	165	84	81	195	118	77	191	113	78
		Retirement	Persons	34	29	5	63	45	18	72	54	18	
		Personal reasons	Persons	131	55	76	132	73	59	119	59	60	
		LOTTE CO., LTD.		Persons	83	60	23	121	84	37	92	67	25
		Retirement	Persons	21	19	2	47	34	13	40	32	8	
		Personal reasons	Persons	62	41	21	74	50	24	52	35	17	
		Group companies in Japan		Persons	82	24	58	74	34	40	99	46	53
		Retirement	Persons	13	10	3	16	11	5	32	22	10	
		Personal reasons	Persons	69	14	55	58	23	35	67	24	43	
	Number of employees retired/dismissed overseas		Persons	1,450	941	509	1,204	790	414	1,044	704	340	
		Asia subtotal		Persons	1,330	880	450	1,059	716	343	911	633	278
			Retirement	Persons	5	5	0	1	1	0	4	2	2
			Personal reasons	Persons	1,325	875	450	1,058	715	343	907	631	276
		U.S. and Europe subtotal		Persons	120	61	59	145	74	71	133	71	62
Retirement			Persons	15	8	7	11	6	5	13	8	5	
Personal reasons			Persons	105	53	52	134	68	66	120	63	57	
Turnover rate at LOTTE CO., LTD.		%	2.4	2.3	2.7	3.0	2.9	3.2	2.2	2.1	2.4		
Turnover rate within 3 years for new graduates		%	12.7	—	—	14.8	—	—	10.2	—	—		
Percentage of employees with disabilities in Japan			%	2.3	—	—	2.5	—	—	2.7	—	—	
			Persons	138	110	28	152	122	30	162	124	38	
Number of rehired employees in Japan*	LOTTE CO., LTD.		Persons	70	63	7	105	87	18	113	89	24	
	Group companies in Japan		Persons	68	47	21	47	35	12	49	35	14	
			%	100	100	100	96	96	97	100	100	100	
Re-employment ratio in Japan*	LOTTE CO., LTD.		%	100	100	100	96	96	100	100	100	100	
	Group companies in Japan		%	100	100	100	96	97	92	100	100	100	

* Employees between the ages of 60 and 65 who wish to be rehired

Q Occupational Health and Safety

Indicators		Unit	FY2022			FY2023			FY2024		
			Total	Male	Female	Total	Male	Female	Total	Male	Female
Number of workers involved in occupational accidents resulting in lost workdays		Persons	70	37	33	69	42	27	78	40	38
	Japan	Persons	28	11	17	30	14	16	25	8	17
	Group companies overseas	Persons	42	26	16	39	28	11	53	32	21
Number of work-related fatalities		Persons	0	0	0	0	0	0	0	0	0
Lost-time injury frequency rate		—	—	—	—	3.50	—	—	4.56	—	—
	Japan	—	1.96	—	—	2.08	—	—	2.21	—	—
	Group companies overseas	—	—	—	—	7.38	—	—	9.19	—	—
Lost-time injury severity rate		—	—	—	—	0.0728	—	—	0.1116	—	—
	Japan	—	0.0338	—	—	0.0205	—	—	0.0595	—	—
	Group companies overseas	—	—	—	—	0.2155	—	—	0.2140	—	—

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

Q Sustainable Procurement

Indicators		Unit	FY2022	FY2023	FY2024
Raw material procurement volume	Japan	Thousand t	216	224	218
	Amount of cocoa beans procured	LOTTE CO., LTD.	6.0	7.5	6.3
	Ratio of LOTTE Sustainable Cocoa	LOTTE CO., LTD.	%	43	51
	Amount of palm oil procured	Japan	15.5	15.2	14.4
	Ratio of third-party verified palm oil	Japan	%	89	89
	Amount of paper procured (for product containers and packaging)	Japan	41.9	43.6	43.3
	Environmentally-friendly paper	Japan	%	95	95

Japan: LOTTE CO., LTD. and its major Group companies in Japan
The previously provided information has been updated due to an error

Q Mental and Physical Health

Indicators	Unit	FY2022	FY2023	FY2024
Number of chewing assessments using the mastication check gum*1	Number of assessments	—	470,000	550,000
Percentage of people who practice KAMUKOTO*2	%	22	21	18
Percentage of people who have made xylitol part of their daily lives for the sake of their dental and oral health*2	%	25	25	22

*1 Based on annual shipments of mastication check gum

*2 Based on an online survey conducted by LOTTE of approximately 3,000 people. Results of the survey are published in spring of the following year (e.g. results for FY2025 are published in FY2024). The survey method has been changed from FY2024 onward.

Q Food Education

Indicators		Unit	FY2022	FY2023	FY2024
Participation rate in food education activities	LOTTE CO., LTD. (via survey of full-time and contract employees)	%	—	—	14.5
	Percentage of people who participated in food education activities, seminars other than food education, and community/social contribution activities				
					Number of people surveyed: 2,655 Number of respondents: 1,819 Number of participants in food education activities: 264



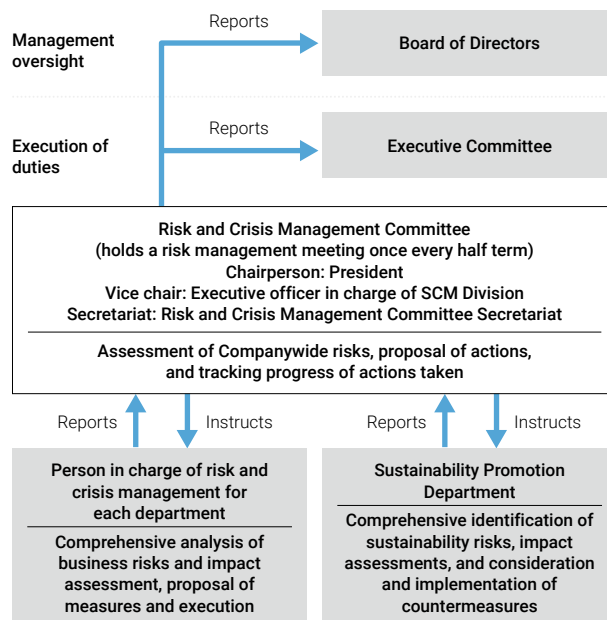
Governance

- 01 Risk Management
- 02 Information Security
- 03 Responses to Disaster Risks
- 04 Compliance
- 05 Intellectual Property
- 06 Corporate Governance

01 Risk Management

Risk Management Structure

The Risk and Crisis Management Committee plays a central role in managing all business risks, including sustainability risks. Each department appoints a person in charge of risk and crisis management who comprehensively identifies business risks and evaluates the risk impact (probability multiplied by severity). Based on identified risks and countermeasures reported by the person in charge of risk and crisis management for each department, the Risk and Crisis Management Committee determines the most significant Companywide risks and countermeasures. The results will be reported to the Executive Committee and the Board of Directors. If a risk becomes a reality, the Risk and Crisis Management Committee acts as the Crisis Management Committee and Emergency Task Force and immediately issues instructions to minimize damage.



Risk Management Process

The Risk and Crisis Management Committee and the people in charge of risk and crisis management at each department work together to reduce business risks by following a PDCA cycle. Based on the business impact analysis of the risks comprehensively identified by the person at each department responsible for risk and crisis management, the Risk and Crisis Management Committee prioritizes the risks and considers responses. Each department implements countermeasures under the supervision of the person in charge of risk and crisis management and reports progress to the Risk and Crisis Management Committee. The people in charge of risk and crisis management identify risks and re-evaluate the impact assessment regularly, also reporting the updated countermeasures to the Risk and Crisis Management Committee.



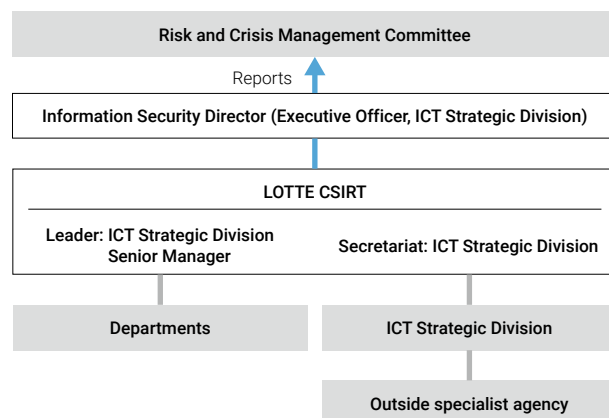
02 Information Security

Information Security Structure

The executive officer of the ICT Strategic Division serves as the information security director in charge of promoting Companywide awareness. We have also established the LOTTE Computer Security Incident Response Team (LOTTE CSIRT) under the information security director. LOTTE CSIRT identifies information security-related risks Companywide and determines responses accordingly. CSIRT strives to enhance information security by working closely with outside agencies and experts. LOTTE CSIRT will report information security-related risks to the Risk and Crisis Management

Committee, just like other business risks.

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



Information Security Education

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

03 Responses to Disaster Risks

We prepared a basic policy for business continuation plans (BCPs) that is applied to the specific BCP for each factory and for each department within the head office. In addition, we engage in exercises and drills based on the BCP and have implemented business continuity management (BCM) to improve our vigilance in the event of an emergency.

Basic BCP Policy

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

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

04 Compliance

The LOTTE Group Way (Behavior Charter)

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

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



▶ LOTTE Group Way

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

Employee Education

As another means to facilitate understanding of the LOTTE Group Way and encourage ethical and honest business practices, we provide compliance training to our employees. In FY2024, compliance was covered in annual training, as well as in training for new employees and those being promoted. We also distributed the Compliance Guidebook to all employees to raise awareness of compliance-related matters.

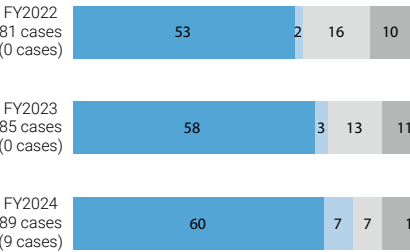


Whistleblowing System

Internal Whistleblowing

We have opened a whistleblowing hotline called “Clean Line” to provide employees with a platform to seek advice or report cases, both from inside and outside LOTTE and its Group companies. Clean Line deals with compliance infringements of all kinds, including human rights issues such as harassment, misconduct such as fraudulent claims for expenses or taking data outside company premises, legal violations, or violations of company regulations. Employees can send whistleblowing reports or consult by telephone, email, etc., and if a victim is involved, we take immediate action to help them. Internal regulations on whistleblowing include the whistleblower protection clause that prohibits all forms of prejudicial treatment for whistleblowers. Anonymous reporting is also accepted. We inform employees about the hotline during annual human rights training and new employee training.

Q Number of Consultations and Reports to Clean Line



■ Harassment ■ Unfair practices ■ Management ■ Employment or labor-related
Figures in parentheses represent the number of consultations or reports that had not been fully addressed by March 31, 2025.

Scope of Tabulation

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

External Whistleblowing

We have established a grievance mechanism in the form of a hotline that enables business partners and prospective employees to consult or report on matters related to human rights. All reports are handled with due consideration for privacy, and no one is to be subjected to adverse treatment as a result of reporting a violation. There is also an option for reporting anonymously.

Compliance Violations

In FY2024, there were no serious compliance violations.

05 Intellectual Property

Intellectual Property Strategy

We treat intellectual property as an important managerial resource for the Company. We are moving forward with an intellectual property strategy based on creating innovation and protecting our brand, aiming to create a happier future by connecting people through original ideas and uplifting experiences. This strategy revolves around reinforcing the three pillars listed below.



In 2018, we completely revised our Regulations for Employee Inventions. We now promote and manage employee inventions under the authority of the Invention Review Committee, which is comprised of members from our technical and intellectual property departments. In FY2023, two patents were eligible for performance incentives, which were subsequently awarded. Such incentives are based on how the patent contributes to business and are part of our effort to promote innovation. Furthermore, we have introduced intellectual property as a topic within the training programs organized by the Human Resources Department. This content is included as part of position-based and departmental training programs (including training for the R&D Division and Marketing Division) to ensure that Company employees have the knowledge regarding intellectual property needed to perform their duties.

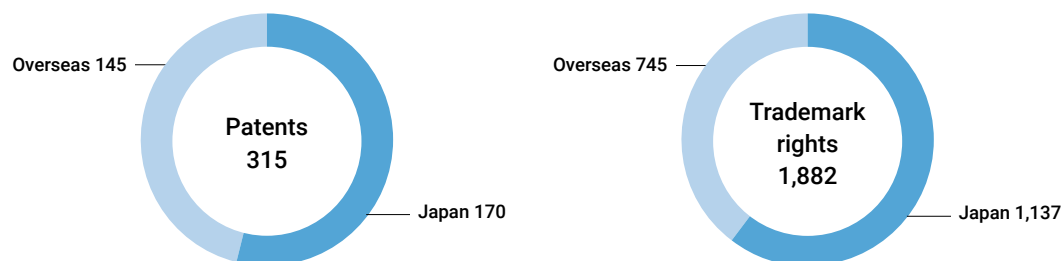
Status of Patent and Trademark Acquisition

The LOTTE Group includes overseas companies in Taiwan, Thailand, Vietnam and Indonesia. We are actively working to obtain patent and trademark rights overseas, with efforts focused on these areas.

Q Number of Patents and Trademarks Held in Asia (as of May 12, 2025)



Q Number of Intellectual Property Rights Held (Japan and Overseas)



Prevention of Counterfeit Items

Counterfeit products may be of poor quality and pose a threat to the health and safety of our customers. Counterfeit products can also reduce a company's motivation to innovate and create, which raises concerns about their negative impact on society as a whole. For these reasons, we are making an active effort against counterfeits to prevent customers from mistaking them for genuine items and purchasing them.

● Main Countermeasures

- Warning letters
- Administrative enforcement
- Registration with customs and seizure
- Monitoring and removal requests in e-commerce markets

We also work to enhance brand protection by registering a variety of trademarks in countries around the world. In addition to trademarks that use Japanese and Roman alphabets, we also register figurative trademarks for character and package designs, and alphabet-related trademarks in local languages.

● Example of a Registered Trademark—Koala's March

コアラのマーチ

KOALA'S MARCH

Registered Trademark for Koala's March in Taiwan

樂天小熊餅

Registered Trademark for Koala's March in Thailand

โคะลาห์ มาร์ช



Our Sustainability-Related Intellectual Property

In addition to the delicious flavor and healthy aspects of our products, we also focus our R&D on sustainability.

● ZERO Chocolate

This product contains no added sugar (sucrose) and saccharides. As a result, it features a combination of health-related value and delicious taste.



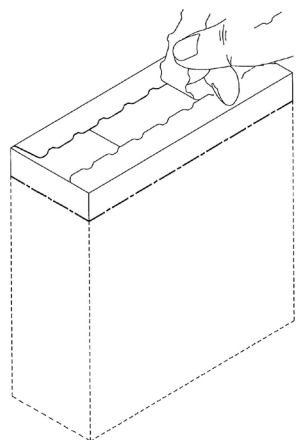
Patent No. 6682197

Patent for a powdered milk substitute that is almost free of monosaccharides and disaccharides. This ingredient is virtually sugar-free yet provides products with a rich and milky flavor and body.



● Packaging

Packages that are easy to open from either the left or right side.



Japanese Design Registration No. 1786660 and No. 1786696

A two-way zipper-style tab that can be used to open a box from either the left or right side. The tab features a rounded design that will not hurt your fingers after opening.



Protecting Brands with a Mix of Intellectual Property Rights

● COOLish

For our drinkable ice cream product COOLish, we have acquired **trademark rights (1 to 3)** that include the brand name and catchphrase. In addition, we hold the **design rights* for the cap design (4)** and the **patent (5)** for the composition of the product that includes fine ice, which makes it an easy-to-squeeze frozen dessert.

* Design rights shared with Shirouma Science Co., Ltd. and Hosokawa Yoko Co., Ltd.



Using this approach, our intellectual property initiatives protect original ideas generated by our Company with a combination of intellectual property rights, such as patents, trademarks, and design rights, thereby creating new value for our customers.

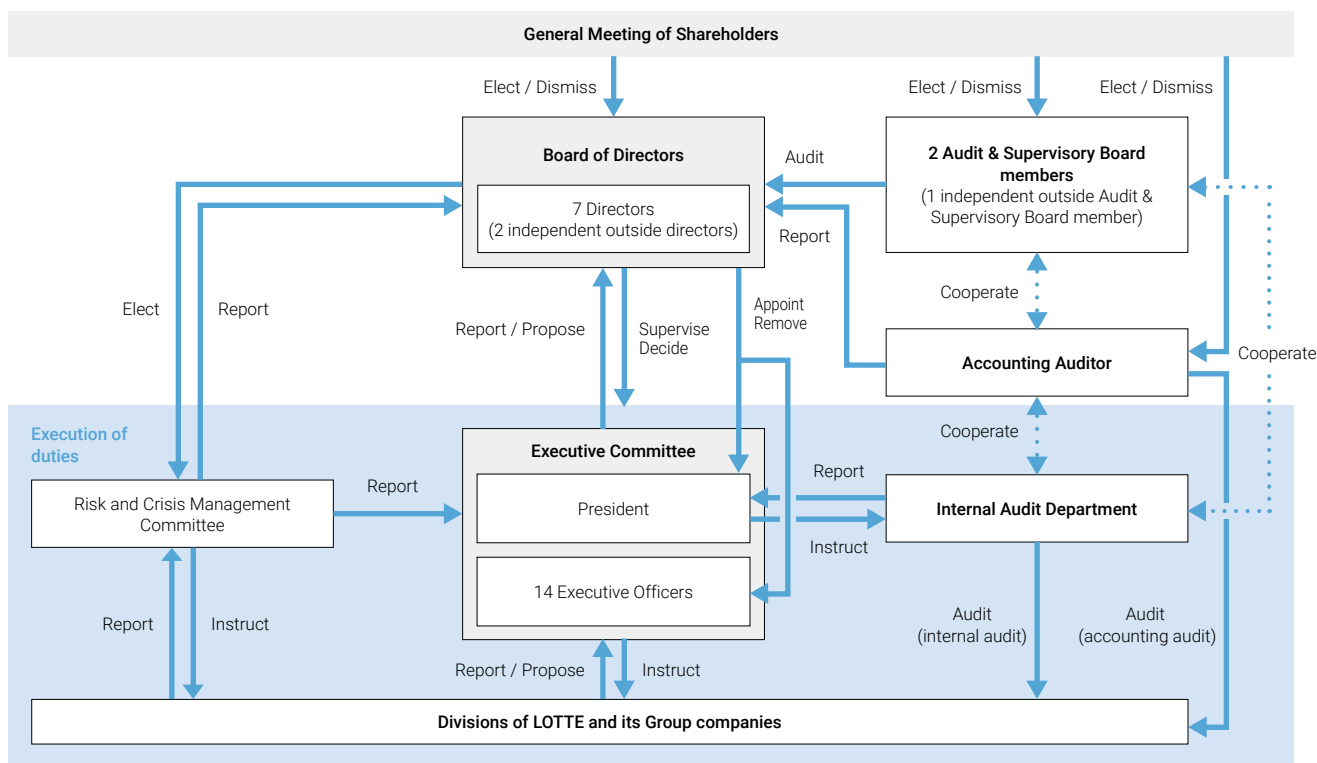
Q Process for Increasing Customer Value Through Intellectual Property



06 Corporate Governance (as of July 1, 2025)

Type of System	Company with an Audit & Supervisory Board
Number of Directors	7 directors (2 outside directors, including one woman)
Number of Audit & Supervisory Board members	2 Audit & Supervisory Board members (1 outside member)

Number of Executive Officers	14
Accounting Auditor	Deloitte Touche Tohmatsu LLC
Internal Audit Department	Audit Department



Organization & Meeting	Chairperson	Members (As of July 1, 2025)				Number of Meetings Held in FY2024
		Total	Inside Directors	Outside Directors	Audit & Supervisory Board Members	
Board of Directors	President / Representative Director	9	5	2	2	14
Executive Committee	President / Representative Director	21*	4	—	2	13

* Includes 14 executive officers and 5 department heads nominated by the chairperson

GRI Reference Table

This report references the GRI Standards on sustainability reporting.

SRD: Sustainability Report 2025 (Detailed Version)

SR: Sustainability Report 2025

CS: Corporate Site

Universal Standards

GRI 2: General Disclosures 2021

1. The organization and its reporting practices

2-1	Organizational details	SRD P.1 Company Profile SR Back Cover and Company Profile CS Company Profile
2-2	Entities included in the organization's sustainability reporting	SRD P.1 Editorial Policy CS Company Profile
2-3	Reporting period, frequency, and contact point	SRD P.1 Editorial Policy and Company Profile SR Back Cover and Company Profile CS Company Profile
2-4	Restatements of information	SRD P.7 LOTTE MIRAI CHALLENGE 2048 SRD P.22 Volume of Energy Input SRD P.26 Circular Economy SRD P.31 Environmental Data SRD P.32 Environmental Data SRD P.35 Sustainable Procurement SRD P.49 Ratio of Women Managers in Japan SRD P.56 Social Data SRD P.58 Social Data SRD P.13–14 LOTTE MIRAI CHALLENGE 2048
2-5	External assurance	SRD P.30 Independent Practitioner's Assurance of GHG Emissions

2. Activities and workers

2-6	Activities, value chain, and other business relationship	SRD P.9 Sustainability Activities SRD P.35–39 Sustainable Procurement CS Sustainable Procurement
2-7	Employees	SRD P.55–57 Social Data SR Back Cover and Company Profile
2-8	Workers who are not employees	—

3. Governance

2-9	Governance structure and composition	SRD P.64 Corporate Governance
2-10	Nomination and selection of the highest governance body	SRD P.64 Corporate Governance
2-11	Chair of the highest governance body	SRD P.64 Corporate Governance
2-12	Role of the highest governance body in overseeing the management of impacts	SRD P.8 Sustainability Activities SRD P.59 Risk Management
2-13	Delegation of responsibility for managing impacts	SRD P.8 Sustainability Activities SRD P.59 Risk Management
2-14	Role of the highest governance body in sustainability reporting	SRD P.8 Sustainability Activities
2-15	Conflicts of interest	—

2-16	Communication of critical concerns	SRD P.59 Risk Management
2-17	Collective knowledge of the highest governance body	SRD P.8 Sustainability Activities
2-18	Evaluation of the performance of the highest governance body	SRD P.8 Sustainability Activities SRD P.64 Corporate Governance
2-19	Remuneration policies	—
2-20	Process to determine remuneration	—
2-21	Annual total compensation ratio	—

4. Strategy, policies, and practices

2-22	Statement on sustainable development strategy	SRD P.3–4 Message from the President SR P.7–8 Message from the President CS Message from the President
2-23	Policy commitments	SRD P.2 Our LOTTE MIRAI CHALLENGE 2048 SRD P.8 Sustainability Activities SRD P.17 Environmental Policy and Promotion System SRD P.33 Human Rights SRD P.59 Risk Management SRD P.1–6 Our LOTTE MIRAI CHALLENGE 2048 CS Policies, Guidelines, Declarations, etc.
2-24	Embedding policy commitments	SRD P.7 LOTTE MIRAI CHALLENGE 2048 SRD P.8 Sustainability Activities SRD P.17 Environmental Policy and Promotion System SRD P.33 Human Rights SRD P.59 Risk Management SR P.13–14 LOTTE MIRAI CHALLENGE 2048 CS LOTTE MIRAI CHALLENGE 2048 CS Policies, Guidelines, Declarations, etc.
2-25	Processes to remediate negative impacts	SRD P.33–34 Human Rights SRD P.61 Whistleblowing System
2-26	Mechanisms for seeking advice and raising concerns	SRD P.60–61 Compliance
2-27	Compliance with laws and regulations	SRD P.17 Environmental Accidents and Compliance Violations SRD P.61 Compliance Violation
2-28	Membership associations	SRD P.9 Collaboration with External Initiatives CS Policies, Guidelines, Declarations, etc.

5. Stakeholder engagement

2-29	Approach to stakeholder engagement	SRD P.8 Stakeholder Engagement SRD P.10–16 Dialogues with Experts CS Dialogues with Experts
2-30	Collective bargaining agreements	SRD P.53 Labor Relations

GRI 3: Material Topics 2021

3-1	Process to determine material topics	CS LOTTE MIRAI CHALLENGE 2048
3-2	List of material topics	SRD P.7 LOTTE MIRAI CHALLENGE 2048 SR P.13–14 LOTTE MIRAI CHALLENGE 2048 CS LOTTE MIRAI CHALLENGE 2048
3-3	Management of material topics	SRD P.8–9 Sustainability Activities

Topic-specific Standards

101	Biodiversity 2024	
101-1	Policies to halt and reverse biodiversity loss	SRD P.27 Biodiversity
101-2	Management of biodiversity impacts	SRD P.27–29 Biodiversity
101-3	Access and benefit-sharing	—
101-4	Identification of biodiversity impacts	SRD P.28–29 Biodiversity
101-5	Locations with biodiversity impacts	SRD P.29 Biodiversity
101-6	Direct drivers of biodiversity loss	—
101-7	Identification of biodiversity impacts	—
101-8	Changes to the state of biodiversity	—

200: Economy

201	Economic Performance 2016	
201-1	Direct economic value generated and distributed	SRD P.1 Company Profile CS Performance
201-2	Financial implications and other risks and opportunities due to climate change	SRD P.18–20 Responses to Climate Change
201-3	Defined benefit plan obligations and other retirement plans	—
201-4	Financial assistance received from government	—

202: Market Presence 2016

202-1	Ratios of standard entry level wage by gender compared to local minimum wage	—
202-2	Proportion of senior management hired from the local community	—

203: Indirect Economic Impacts 2016

203-1	Infrastructure investments and services supported	SRD P.35–39 Sustainable Procurement SRD P.42–44 Mental & Physical Health SRD P.44–45 <i>Shokuiku</i> (Food Education) SRD P.53–54 Initiatives of Group Companies SR P.15–20 Our Activities CS Mental & Physical Health CS Food Education CS Sustainable Procurement
203-2	Significant indirect economic impacts	SRD P.35–39 Sustainable Procurement SRD P.42–44 Mental & Physical Health SRD P.44–45 <i>Shokuiku</i> (Food Education) SR P.15–20 Our Activities CS Mental & Physical Health CS Food Education CS Sustainable Procurement

204: Procurement Practices 2016

204-1	Proportion of spending on local suppliers	—
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GRI/SASB Reference Table

205	205 Anti-corruption 2016	
205-1	Operations assessed for risks related to corruption	—
205-2	Communication and training about anti-corruption policies and procedures	SRD P.60–61 Compliance CS Behavior Charter
205-3	Confirmed incidents of corruption and actions taken	—
206	Anti-competitive Behavior 2016	
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Not applicable SRD P.60–61 Compliance
207	Tax 2019	
207-1	Approach to tax	—
207-2	Tax governance, control, and risk management	—
207-3	Stakeholder engagement and management of concerns related to tax	—
207-4	Country-by-country reporting	—
300: Environmental		
301	Materials 2016	
301-1	Materials used by weight or volume	SRD P.32 Environmental Data SRD P.35–39 Sustainable Procurement SRD P.58 Social Data
301-2	Recycled input materials used	SRD P.24–27 Circular Economy
301-3	Reclaimed products and their packaging materials	SRD P.24–27 Circular Economy
302	Energy 2016	
302-1	Energy consumption within the organization	SRD P.22 Volume of Energy Input SRD P.31 Environmental Data
302-2	Energy consumption within the organization	—
302-3	Energy intensity	SRD P.31 Environmental Data
302-4	Reduction of energy consumption	SRD P.22–23 Energy Saving Initiatives SRD P.31 Environmental Data SR P.17–18 Our Activities
302-5	Reductions in energy requirements of products and services	—
303	Water and Effluents 2018	
303-1	Interactions with water as a shared resource	SRD P.27–29 Biodiversity SRD P.32 Environmental Data
303-2	Management of water discharge-related impacts	SRD P.27–29 Biodiversity
303-3	Water withdrawal	SRD P.30 Water Resources SRD P.32 Environmental Data
303-4	Water discharge	SRD P.32 Environmental Data
303-5	Water consumption	SRD P.30 Water Resources SRD P.32 Environmental Data
305	Emissions 2016	
305-1	Direct (Scope 1) GHG emissions	SRD P.21–22 Reducing GHG Emissions SRD P.31 Environmental Data CS Climate change
305-2	Energy indirect (Scope 2) GHG emissions	SRD P.21–22 Reducing GHG Emissions SRD P.31 Environmental Data CS Climate change

305-3	Other indirect (Scope 3) GHG emissions	SRD P.21–22 Reducing GHG Emissions SRD P.31 Environmental Data CS Climate change
305-4	GHG emissions intensity	SRD P.31 Environmental Data
305-5	Reduction of GHG emissions	SRD P.21–22 Reducing GHG Emissions SRD P.31 Environmental Data SR P.17–18 Our Activities CS Climate change
305-6	Reduction of GHG emissions	SRD P.23 Management of Refrigerants (HFCs and HFCs) SRD P.31 Environmental Data
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	SRD P.32 Environmental Data
306	Effluents and Waste 2016	
306-3	Significant spills	SRD P.17 Environmental Accidents and Compliance Violations
306	Waste 2020	
306-1	Waste generation and significant waste-related impacts	SRD P.24–27 Circular Economy SRD P.32 Environmental Data CS Circular Economy
306-2	Management of significant waste-related impacts	SRD P.24–27 Circular Economy CS Circular Economy
306-3	Waste generated	SRD P.24–27 Circular Economy SRD P.32 Environmental Data CS Circular Economy
306-4	Waste diverted from disposal	SRD P.24–27 Circular Economy SRD P.32 Environmental Data SR P.17 Our Activities CS Circular Economy
306-5	Waste directed to disposal	SRD P.32 Environmental Data
308	Supplier Environmental Assessment 2016	
308-1	New suppliers that were screened using environmental criteria	—
308-2	Negative environmental impacts in the supply chain and actions taken	SRD P.35–39 Sustainable Procurement SR P.17–18 Our Activities
400: Social		
401	Employment 2016	
401-1	New employee hires and employee turnover	SRD P.57 Social Data
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	—
401-3	Parental leave	SRD P.49–50 Achieving Life-Work Balance SRD P.56 Social Data SR P.20 Our Activities CS Human Capital
402	Labor/Management Relations 2016	
402-1	Minimum notice periods regarding operational changes	—
403	Occupational Health and Safety 2018	
403-1	Occupational health and safety management system	SRD P.41–42 Occupational Health and Safety

403-2	Hazard identification, risk assessment, and incident investigation	SRD P.41–42 Occupational Health and Safety SRD P.58 Social Data
403-3	Occupational health services	SRD P.51–53 Health Management CS Health Management
403-4	Worker participation, consultation, and communication on occupational health and safety	SRD P.41–42 Occupational Health and Safety
403-5	Worker training on occupational health and safety	SRD P.41–42 Occupational Health and Safety
403-6	Promotion of worker health	SRD P.51–53 Health Management CS Health Management
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	SRD P.41–42 Occupational Health and Safety
403-8	Workers covered by an occupational health and safety management system	SRD P.41–42 Occupational Health and Safety SRD P.58 Social Data
403-9	Work-related injuries	SRD P.58 Social Data
403-10	Work-related ill health	—
404	Training and Education 2016	
404-1	Average hours of training per year per employee	SRD P.56 Social Data
404-2	Programs for upgrading employee skills and transition assistance programs	SRD P.47–48 Human Capital Cultivation CS Human Capital
404-3	Percentage of employees receiving regular performance and career development reviews	SRD P.47–48 Human Capital Cultivation
405	Diversity and Equal Opportunity 2016	
405-1	Diversity of governance bodies and employees	SRD P.48–49 Diversity, Equity & Inclusion (DEI) SRD P.55–56 Social Data SR P.20 Our Activities CS Human Capital
405-2	Ratio of basic salary and remuneration of women to men	SRD P.56 Social Data
406	Non-discrimination 2016	
406-1	Incidents of discrimination and corrective actions taken	SRD P.33–34 Human Rights SRD P.60 Compliance CS Human Rights
407	Freedom of Association and Collective Bargaining 2016	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	SRD P.35–38 Sustainable Procurement
408	Child Labor 2016	
408-1	Operations and suppliers at significant risk for incidents of child labor	SRD P.33–34 Human Rights SRD P.35–39 Sustainable Procurement CS Sustainable Procurement
409	Forced or Compulsory Labor 2016	
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	SRD P.33–34 Human Rights

410	Security Practices 2016	
410-1	Security personnel trained in human rights policies or procedures	—
411	Rights of Indigenous Peoples 2016	
411-1	Incidents of violations involving rights of indigenous peoples	Not applicable to the Company's operations SRD P.33–34 Human Rights
413	Local Communities 2016	
413-1	Operations with local community engagement, impact assessments, and development programs	SRD P.35–39 Sustainable Procurement SRD P.39 Sustainable Food Offerings SR P.15–20 Our Activities CS Sustainable Procurement
413-2	Operations with significant actual and potential negative impacts on local communities	—
414	Supplier Social Assessment 2016	
414-1	New suppliers that were screened using social criteria	—
414-2	Negative social impacts in the supply chain and actions taken	SRD P.35–39 Sustainable Procurement SR P.15–20 Our Activities
415	Public Policy 2016	
415-1	Political contributions	—
416	Customer Health and Safety 2016	
416-1	Assessment of the health and safety impacts of product and service categories	SRD P.39-41 Food Safety and Reliability CS Food Safety and Reliability
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	SRD P.41 Recalls and Legal Violations
417	Marketing and Labeling 2016	
417-1	Requirements for product and service information and labeling	SRD P.24–27 Circular Economy SRD P.39-41 Food Safety and Reliability SR P.15–20 Our Activities CS Circular Economy
417-2	Incidents of non-compliance concerning product and service information and labeling	SRD P.41 Recalls and Legal Violations
417-3	Incidents of non-compliance concerning marketing communications	SRD P.41 Recalls and Legal Violations
418	Customer Privacy 2016	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	—



SASB Reference Table (Processed Foods)

This report references the SASB Industry Standard for Processed Foods.

SRD: Sustainability Report 2025 (Detailed Version)

SR: Sustainability Report 2025

CS: Corporate Site

Sustainability Disclosure Topics and Metrics

Energy Management		
FB-PF-130a.1	(1) Total energy consumed, (2) percentage grid electricity, and (3) percentage renewable	SRD P.22 Volume of Energy Input SRD P.31 Volume of Energy Input and GHG Emissions
Water Management		
FB-PF-140a.1	(1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	SRD P.28–29 Results of the Assessment of Nature-Related Dependencies and Impacts SRD P.30 Volume of Water Used SRD P.32 Water Resources
FB-PF-140a.2	Number of incidents of non-compliance associated with water quality permits, standards and regulations	SRD P.17 Environmental Accidents and Compliance Violations
FB-PF-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	SRD P.28–29 Results of the Assessment of Nature-Related Dependencies and Impacts SRD P.30 Water Resources
Food Safety		
FB-PF-250a.1	Global Food Safety Initiative (GFSI) audit (1) non-conformance rates and (2) associated corrective action rates for (a) major and (b) minor non-conformances	SRD P.39–40 LOTTE ADVANCE, Our Quality Assurance System
FB-PF-250a.2	Percentage of ingredients sourced from Tier 1 supplier facilities certified to a Global Food Safety Initiative (GFSI) recognised food safety certification programme	—
FB-PF-250a.3	(1) Total number of notices of food safety violation received, (2) percentage corrected	—
FB-PF-250a.4	(1) Number of recalls issued and (2) total amount of food product recalled	SRD P.41 Recalls and Legal Violations
Health & Nutrition		
FB-PF-260a.1	Revenue from products labelled or marketed to promote health and nutrition attributes	—
FB-PF-260a.2	Discussion of the process to identify and manage products and ingredients related to nutritional and health concerns among consumers	SRD P.39-41 Food Safety and Reliability
Product Labelling & Marketing		
FB-PF-270a.1	Percentage of advertising impressions (1) made on children and (2) made on children promoting products that meet dietary guidelines	—

FB-PF-270a.2	Revenue from products labelled as (1) containing genetically modified organisms (GMOs) and (2) non-GMO	—
FB-PF-270a.3	Number of incidents of non-compliance with industry or regulatory labelling or marketing codes	SRD P.41 Recalls and Legal Violations
FB-PF-270a.4	Total amount of monetary losses as a result of legal proceedings associated with labelling or marketing practices	—
Packaging Lifecycle Management		
FB-PF-410a.1	(1) Total weight of packaging, (2) percentage made from recycled or renewable materials, and (3) percentage that is recyclable, reusable, or compostable	SRD P.24–25 Circular Economy SRD P.32 Circular Economy SRD P.38–39 Paper
FB-PF-410a.2	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	SRD P.24–25 Circular Economy SRD P.38–39 Paper SR P.14 LOTTE MIRAI CHALLENGE 2048 SR P.17 Circular Economy CS Circular Economy
Environmental & Social Impacts of Ingredient Supply Chain		
FB-PF-430a.1	Percentage of food ingredients sourced that are certified to third-party environmental or social standards, and percentages by standard	SRD P.38 Palm Oil SRD P.58 Sustainable Procurement
FB-PF-430a.2	Suppliers' social and environmental responsibility audit (1) non-conformance rate and (2) associated corrective action rate for (a) major and (b) minor non conformances	SRD P.35–36 Sustainable Procurement
Ingredient Sourcing		
FB-PF-440a.1	Percentage of food ingredients sourced from regions with High or Extremely High Baseline Water Stress	SRD P.28–29 Results of the Assessment of Nature-Related Dependencies and Impacts
FB-PF-440a.2	List of priority food ingredients and discussion of sourcing risks related to environmental and social considerations	SRD P.35–39 Sustainable Procurement SR P.16 Sustainable Procurement CS Sustainable Procurement

Activity Metrics

FB-PF-000.A	Weight of products sold	SRD P.32 Circular Economy
FB-PF-000.B	Number of production facilities	CS Offices & Plants CS Domestic Group CS Overseas Group