Everyday sweet life

LOTTE

OUR LOTTE MIRAI CHALLENGE 2048

Goals to Achieve by the 100th Anniversary



Sustainability Report 2026

(Detailed Edition)

About this Report

Editorial Policy
Sustainability Report 2026 (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 FY2025. This report has been edited referencing the guidelines below. Some previous data has been revised retrospectively following the adoption of a more appropriate calculation methodology.

Reference Guidelines
Global Reporting Initiative (GRI) standards, Sustainability Accounting Standards Board (SASB). Please see pages 71–73 for reference tables corresponding to these standards.

Period of Reporting
FY2025 (April 2025–March 2026)
For some subsidiaries, FY2025 has been adjusted to match their accounting period, which is January 1–December 31, 2025. 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. Effective April 1, 2026, Dari K Co., Ltd. was merged into LOTTE CO., LTD. Ginza Cozy Corner Co., Ltd., which became a consolidated Group company during FY2021, is 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 retrospectively included in the scope of reporting. In each instance where the information available is incomplete, the scope reported is clearly indicated.

Date of Reporting
September 2026

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 2,240
6,976 (Consolidated)
(As of March 31, 2026 / Data on overseas locations and the former Dari K Co., Ltd. is as of December 31, 2025)

Group Companies

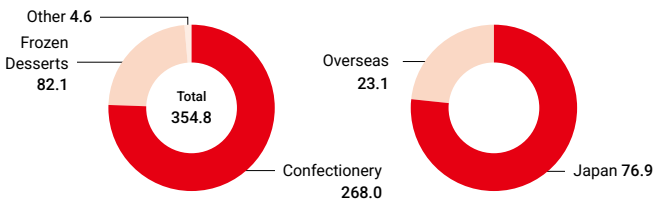
Parent Company
LOTTE HOLDINGS CO., LTD.

Japan
Mary Chocolate 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)

FY2025 Results

● **Net Sales by Category** (billions of yen) ● **Japan to Overseas Net Sales Ratio** (%)



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 2026
https://www.lotte.co.jp/english/sustainability/report.html



Sustainability Report 2026 (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
to 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.

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 potential new value while transforming every aspect of our value chain into a more sustainable one.

Jun Kawamura
Assistant Manager,
KAMUKOTO Research Department
R&D Center



Yuko Kanemaru
Assistant Manager,
Production Strategy Section
Production Strategy Department
Production Division



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.

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.

Aya Suzaki
Team Leader,
Labor Relations & Welfare Team
Labor Relations Group
Human Resources Department
LOTTE HOLDINGS CO., LTD.



Yutaka Yamamoto
General Manager,
Logistics Department
SCM Division

Naho Koyanagi
Legal Team Legal Group
Legal Department
LOTTE HOLDINGS CO., LTD.

Kazuki Iida
Assistant Manager,
Ghana Brand Section
Brand Strategy Department 1
Marketing Division

Sanae Abe
Administrative Support Section
Business Department
Sales Division



LOTTE MIRAI CHALLENGE 2048

Key Initiatives Leading Up to Our 100th Anniversary

Published Estimates of the Social Impact of Promoting *KAMUKOTO*

In October 2025, we announced that participation in a chewing gum-based oral health program could reduce long-term nursing care expenses by approximately ¥42,000 per participant per year. If all adults aged 65 and older who do not require long-term nursing care were to participate across Japan, the potential annual reduction in long-term expenses could reach approximately ¥1.2 trillion.



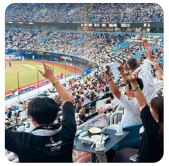
The oral health program combines oral exercises, including chewing gum three times a day for 2.5 months, with monthly long-term nursing care prevention classes.
Analysis of data from a pilot project in Toyota City, Aichi Prefecture, estimated the potential reduction in long-term nursing care expenses associated with the prevention and improvement of oral frailty and overall frailty among older adults across Japan (Data collected and analyzed by LOTTE).

2048 Our 100th Anniversary

LOTTE Family Day

Since FY2024, we have held LOTTE Family Day annually at our head office and the Urawa Factory as a way to express our gratitude to the families and partners who support LOTTE Group employees. We continue to enhance and expand the program each year.





Transition to Environmentally-Friendly Packaging

In FY2024, we reduced the amount of plastic used in large packages of *Choco Pie*, *Custard Cake*, and *Toppo*. As a result, plastic usage across the three products has fallen by approximately 88.7 tons* annually. We will continue updating our packaging to be even more environmentally friendly.

* Estimated based on FY2025 procurement results.

スマイル エコ

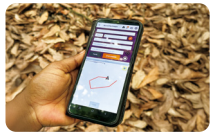
Solar Power Equipment at Factories

As part of our decarbonization efforts, we are moving forward with installation of solar power generation systems. In FY2025, we installed new solar power generation equipment with a generation capacity of approximately 450 kW at the Shiga Factory in Japan and approximately 730 kW at the Bekasi Factory in Indonesia.



Launch of Forest Monitoring in Cocoa Bean Sourcing Areas

We initiated monitoring efforts via a smartphone GPS app to map cocoa farms, using satellite data and other information to check impact on deforestation. When farms are deemed high risk, we verify with our suppliers and consider measures to improve the situation.



Recipient of the Cabinet Office Minister of State for Special Missions Award for Teaching Materials

At the 2025 Consumer Education Materials Awards, hosted by the National Institute on Consumer Education, "Your Choice Will Create a Happier Future," an educational program for junior high school students, 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.

あなたの選択から創る しあわせな未来

公益財団法人 消費者教育支援センター 主催
消費者教育教材資料表彰2025
内閣府特命担当大臣賞

Formulation of LOTTE MIRAI CHALLENGE 2048

As we developed our sustainability visions and targets, we were careful to reflect the viewpoints of the generations who will shape the future. In that same vein, the project team leading discussions was composed of early-career and mid-career employees.

2023 2024 2025

MESSAGE FROM THE PRESIDENT



The phrase “Everyday Sweet Life” reflects our enduring commitment to be loved for generations as we continue to add sweetness to people’s lives, each and every day.

Hideki Nakashima
President / Representative Director



©L/KMP

Sustainable Procurement for Resilience in the Face of Emergency

The business environment in which LOTTE operates has seen a rise in uncertainty in recent years. Notably, the recent tensions surrounding the Strait of Hormuz have intensified concerns over naphtha supply and rising prices, both of which have far-reaching implications for supply chains across several industries. LOTTE is no exception in this regard. In such turbulent times, we are able to find stability through our sustainable procurement initiatives, which have come to serve a dual purpose. On one hand, these measures address risks related to human rights and the environment. On the other, they ensure resilience in the face of emergency.

Chocolate is a core business of LOTTE, and cocoa beans are an essential component of chocolate. This crucial ingredient has been subject to a historic rise in market prices following poor harvests in West Africa, among other factors. However, reports from local sources indicate that the impact of poor harvests was somewhat limited in the regions where we have offered continued support for several years. Some of this support included efforts to eliminate child labor, stem deforestation, and deliver agricultural guidance to improve productivity. This is proof positive that our long-standing sustainability-related activities have been effective in ensuring resilience in times of emergency. Going forward, LOTTE will expand this support to more regions while also diversifying risk by establishing a wider range of procurement sources. Regarding the concerns over naphtha mentioned at the outset, we are currently investigating a shift away from plastic packaging toward more environmentally conscious materials, which I believe will reduce our dependence on fossil fuels and hedge against geopolitical risks.

In this way, our sustainable procurement initiatives are extending beyond cocoa beans to encompass other raw materials. We are also working alongside local communities to advance projects that tackle issues affecting production areas for the glutinous rice used in *Yukimi Daifuku*, the quince used in *Nodoame*, the natural chicle used in our chewing gum, and other raw materials. Together, these initiatives form the basis for a strong and

Message from the President

robust business foundation that will ensure LOTTE remains steady and stable amid shifting and uncertain external environments. We will remain firmly committed to these efforts and will further accelerate our initiatives in the years ahead.

Exploring the Value of *KAMUKOTO* for Society

Our corporate slogan, "Everyday Sweet Life," reflects our enduring commitment to capture the hearts of people across generations as we continue to add sweetness to people's lives, each and every day. This same spirit is infused in our Purpose, formulated in 2023, "to create a happier future." The phrase "a happier future" reflects our determination to help realize a sustainable planet and society, and to bring prosperity to the lives of all people.

At LOTTE, we have a distinct approach to achieving this future that involves spreading awareness of proper chewing, or *KAMUKOTO** in Japanese, as a way to contribute to physical and mental well-being. Based on research conducted to date, last year we announced estimates indicating the degree to which an oral health program incorporating chewing gum could help reduce future long-term care costs. In this same vein, exploring the value of *KAMUKOTO* and expanding it throughout society is significant because it could extend healthy life expectancy and help address social issues. On a personal note, my own parents are in their nineties and I care deeply about their health. So, I send them chewing gum on a regular basis out of the hope they will enjoy good oral health for many years to come.

To bring the value of *KAMUKOTO* into greater society, we launched a cross-departmental project this year. Through this project, we will consolidate relevant knowledge and evidence and actively communicate the value of *KAMUKOTO* both inside and outside the Company. In addition to broad support from companies and organizations for spreading the importance of *KAMUKOTO*, we have established partnerships with more than 20 local governments that are committed to promoting health within their communities. Across LOTTE, we aim to redouble our efforts to contribute to mental and physical well-being by promoting the adoption of *KAMUKOTO*.

* *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.

Fostering an Organizational Culture Where Everyone Can Demonstrate Their Unique Abilities

The greatest driving force for implementing these initiatives and achieving sustainable growth is none other than human capital. I see employee engagement as a key indicator of good management. Therefore, I have pledged to take our employees' voices seriously, responding to them with sincerity and using them as a bedrock for continued improvement. This year, we saw clear signs of improvement in our employee engagement score, and I myself can feel the positive changes taking place across the Company. The other day, I was pleased to hear from someone outside the Company that "LOTTE employees have a truly strong sense of camaraderie." To me, this is an affirmation of our steady efforts to build an organizational culture in which everyone can demonstrate their abilities in their own way. These efforts include expanding systems to support a wide range of workstyles, advancing women's empowerment, encouraging men to take childcare leave, and promoting diversity through respect for the LGBTQ+ community and all other forms of individual diversity.

Moreover, strong connections with society are critical for any company. Last year, I had the opportunity to serve as a food education instructor, standing in a classroom and delivering lessons to elementary school students. Sitting down and interacting with children served as a reminder that our business holds powerful value as a point of connection that can reach across generations. Getting to see our business through a lens beyond everyday operations also enabled me to rediscover both the breadth of its impact on society and the genuine value our products deliver. Taking on the role of a food education instructor alongside daily responsibilities offers an important opportunity for employees to rediscover the significance of their work and the value of our products. I sincerely hope that our employees will take on this challenge.

Going forward, we will continue to engage with society and work together with our stakeholders to pursue sustainable growth and enhance corporate value. I sincerely appreciate your support as we move forward in these endeavors.

Hideki Nakashima

President / Representative Director



A food education class at Saitama University Elementary School (Urawa Ward, Saitama City, December 2025)

Our Vision for a Happier Future

Our vision for a happier future includes support for people's psychological and physical well-being 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 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.



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 address environmental and human rights issues in our supply chain and build a sustainable supply chain.

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

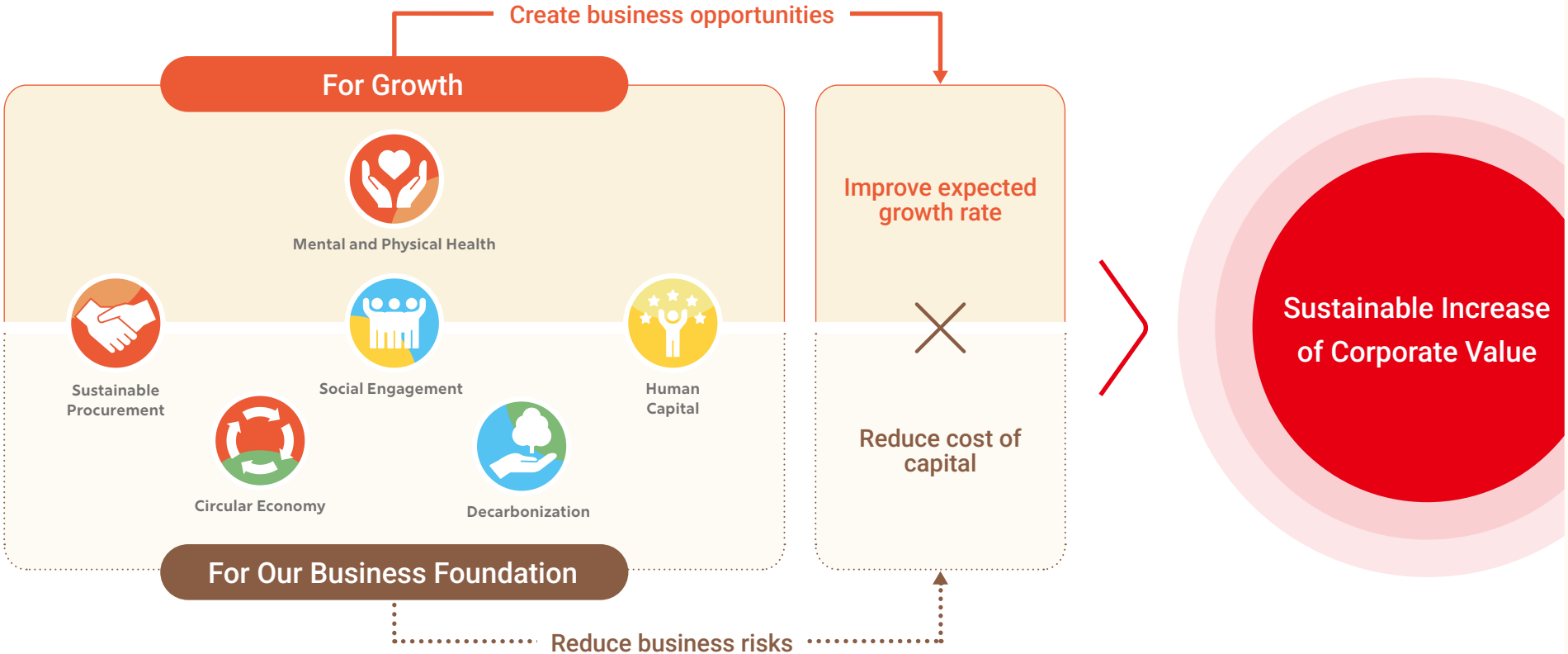
Through co-creation with stakeholders and communication with the outside, we contribute to society by prioritizing the resolution of social issues while helping employees and organizations thrive.

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.

Materiality Themes Organized in Terms of Creating Opportunity and Reducing Risk

The 6 materiality themes underpinning the sustainability targets of LOTTE MIRAI CHALLENGE 2048 help facilitate improvements in key financial indicators and contribute to a sustainable increase of corporate value. Materiality themes aimed at growth drive the creation of business opportunities, helping improve our expected growth rate. Materiality themes aimed at supporting our business foundation reduce long-term business risks and reduce the cost of capital in turn. This approach to opportunities and risks allows us to integrate management for sustainability and financial performance, increasing corporate value over the long term.



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.



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	Sustainable Procurement	Circular Economy	Decarbonization	Social Engagement	Human Capital
100th Goals FY2048	●Create a happier future by introducing new products, services, and businesses to improve well-being	●Create a sustainable supply chain for all raw materials	●End usage of petroleum-based, single-use plastics for containers and packaging ●Work with stakeholders to minimize food loss and waste (FLW)	●Achieve carbon neutrality goals for Scope*2 1+2+3 emissions	●Link co-creation efforts with outside stakeholders to individual and organizational growth and contribute to the resolution of social issues	●Create a workplace where diverse global talent can join and thrive
90th Goals FY2038	●Spread awareness about the health benefits of *KAMUKOTO* ●Update products and services to better contribute to well-being	●Build a sustainable supply chain for key raw materials	●Minimize the use of plastics in containers and packaging or switch to recyclable materials	●Reduce energy-related CO_2 emissions by 62% or more compared with FY2019 (Scope 1+2) ●Reduce GHG emissions in the supply chain by 50% or more (Scope 3 emissions in key categories)	●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 use their experiences and skills to aid society and use these diverse experiences to prompt individual and organizational growth	●Eliminate the gender wage gap ●Be socially recognized as a good company to work for
80th Goals FY2028	●Promote the health benefits of *KAMUKOTO* and increase the number of checks using *Mastication Check Gum* to more than 1 million a year	●Ensure traceability of all cocoa beans procured (all Ghana-produced beans by FY2025) and provide support for issues facing production areas	●Update packaging for three of our main products ●Reduce FLW per unit by 50% or more compared with FY2019	●Reduce energy-related CO_2 emissions by 23% or more compared with FY2019 (Scope 1+2) ●Use primary data to calculate the amount of GHG emissions in the supply chain (Scope 3) that can be feasibly reduced	●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 fiscal year (LOTTE CO., LTD.)	●Increase the ratio of women in management to 10% or higher (Japan) ●Achieve an engagement rating*4 of A or higher (LOTTE CO., LTD.)
Current Progress FY2025	●Conducted 540 thousand checks using *Mastication Check Gum*	●Procurement rate of LOTTE Sustainable Cocoa (LSC)*1: 84% (100% of which was produced in Ghana)	●Formed a cross-departmental project team that is looking into target products for updated packaging ●Reduced FLW per unit by 24% compared with FY2019	●Reduced energy-related CO_2 emissions by 17% or more compared with FY2019 (Scope 1+2)	●Implemented environmental training for officers ●Implemented environmental training for employees ●Participation rate of employees in food education activities: 20.9% (based on a survey of full-time and contract employees of LOTTE CO., LTD.)*3	●Ratio of women in management: 9.1%*5 (Japan) ●Engagement rating: BBB (LOTTE CO., LTD.)

*1 Refers to cocoa beans that can be traced to their production area. We are currently supporting LSC suppliers to help them with issues that face their respective production areas.
*2 Classification of calculation boundaries for GHG emissions based on the GHG Protocol.
*3 Based on 2,919 people surveyed, 1,581 valid responses, 330 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 Parent company LOTTE HOLDINGS CO., LTD. included in the calculations.

Sustainability Activities

Basic Approach

In keeping with our corporate philosophy, we have continued to grow by providing new value to customers and society through innovation. *Xylitol Gum*, launched in 1997, was one such example, going against the conventional belief that confectionery caused cavities. We provided new value by showing that chewing gum can help maintain strong and healthy teeth while addressing the importance of promoting "cavity-free teeth in society" as a social issue. This is an example of Creating Shared Value (CSV), which aims to solve social issues while creating economic value at the same time. We will contribute to solving the issues of our society, including those of climate change and human rights, by implementing CSV in line with the LOTTE Group Philosophy. In 2018, we established the Policy on Sustainability, which clarifies our approach to achieving sustainable management.

The LOTTE Group Philosophy forms the basis of all our corporate activities and is defined by the LOTTE Group Mission and the LOTTE Values, three values upheld since our founding aimed at achieving our Mission. These values, embodied by the phrases "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 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, the 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 FY2025, three reports (on four topics) were submitted to the Executive Committee, and three reports (on four topics) were submitted to the Board of Directors.

The Risk and Crisis Management Committee takes the lead on and manages sustainability-related risks that may have a significant impact on our business (pages 20–26 for climate- and nature-related risks, page 37 for human rights) under our risk management structure (page 66).

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

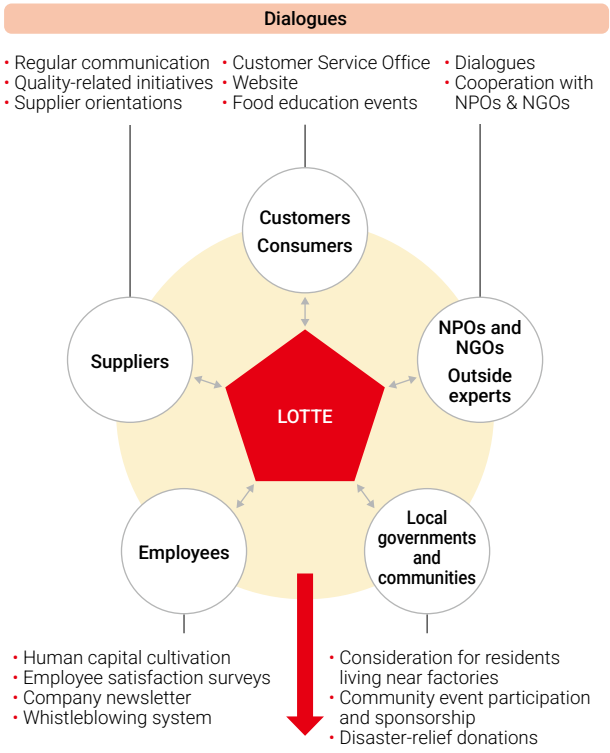
*1 Global Reporting Initiative. A non-profit organization that establishes sustainability-related international standards.

*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 adjustments to materiality themes and targets and enhancements to disclosures (pages 12–18).



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. Therefore, we employ various methods to ensure that employees receive any information or 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, newly appointed managers, and newly appointed assistant managers.

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 6 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		●				

Collaboration with External Initiatives

Main Industry Organizations in Which LOTTE Participates

As of March 31, 2026

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	(Advisor)
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	

Initiatives Joined

United Nations Global Compact (UNGC)
Roundtable on Sustainable Palm Oil (RSPO)
World Cocoa Foundation (WCF)
Science Based Targets initiative (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)
Japan Clean Ocean Material Alliance (CLOMA)
United Nations Food Systems Summit (FSS)
GX Future Consortium
xSDG Consortium
Platform for Sustainable Cocoa in Developing Countries
The Japan Business Coalition for a Global Plastics Treaty
TOKYO ETHICAL ACTION PROJECT

External Recognition

2026 Certified Outstanding Organization of KENKO Investment for Health (Large Enterprise Category)
Work with Pride 2025 (Gold)
Environmental management system standard ISO 14001 certification
GFSI Approval Scheme (FSSC22000 / BRCGS) 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 2026, our ninth year of holding these dialogues, we invited seven outside experts to engage with us regarding each of our three sustainability visions.

Evolving Our Brand Tailored to Customers for a Happier Future



(held March 16, 2026)

Experts

Norichika Kanie
Professor, Graduate School of Media and Governance, Keio University

Chisako Gono
Secretary General, Consumers Japan

Maiko Shiozaki
CEO, Fairtrade Label Japan

Participants

1. Hideki Nakashima
President / Representative Director

2. Seiji Takazaki*1
Executive Officer,
In Charge of Public Relations
In Charge of General Affairs
Quality Assurance Department
Customer Service Office

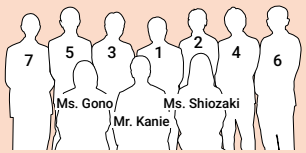
3. Keiji Miyano
Executive Officer,
Corporate Strategy Department
Profit Planning Department
Sustainability Department

4. Koji Sakakibara
Executive Officer,
Division Director of Marketing Division

5. Masayoshi Matsukura
Executive Officer,
Division Director of Production Division

6. Tetsuya Seki
Division Director of R&D Center

7. Emiko Sugai
General Manager of Sustainability Department



Connecting People, Creating a Sustainable Planet



(held April 7, 2026)

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

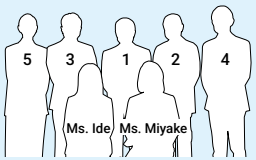
1. Hideki Nakashima
President / Representative Director

2. Hiroshi Hirata*2
Managing Executive Officer / Director
Division Director of SCM Division

3. Keiji Miyano
Executive Officer,
Corporate Strategy Department
Profit Planning Department
Sustainability Department

4. Masayoshi Matsukura
Executive Officer,
Division Director of Production Division

5. Emiko Sugai
General Manager of Sustainability Department



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



(held April 20, 2026)

Experts

Makiko Akabane
Director Japan, CSR Asia

Asako Osaki
Director, Gender Action Platform (GAP)

Participants

1. Hideki Nakashima
President / Representative Director

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Executive Officer,
Corporate Strategy Department
Profit Planning Department
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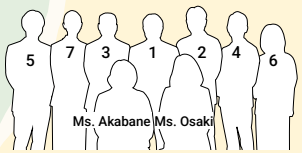
3. Kenichi Yamada
LOTTE HOLDINGS CO., LTD.
Senior Manager of Human Resources Development Group, Human Resources Department

4. Koichi Saeki
LOTTE HOLDINGS CO., LTD.
Senior Manager of Labor Relations Group, Human Resources Department

5. Kenta Yoshizawa
LOTTE HOLDINGS CO., LTD.
Senior Manager of Human Resources Strategy Group, Human Resources Department

6. Mariko Inoue
LOTTE HOLDINGS CO., LTD.
Manager of DEI & Engagement Promotion Team, Human Resources Strategy Group, Human Resources Department

7. Emiko Sugai
General Manager of Sustainability Department



*1 Appointed executive officer In Charge of public relations, In Charge of general affairs and assigned position at Customer Service Office on June 21, 2026.
*2 Appointed managing executive officer, Division Director of SCM Division, and assigned position at Quality Assurance Department on June 21, 2026.

Dialogues with Experts

Evolving Our Brand Tailored to Customers for a Happier Future



Chisako Gono

Secretary General, Consumers Japan

After graduating from university, Ms. Gono served for nine years as a childcare worker for school-age children at a children's culture center. Thereafter, while engaging in child-rearing and caregiving, she participated in educational voluntary 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, all the 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 assuming his position at Keio University in 2015, he was an associate professor at the University of Kitakyushu and an associate professor at the Graduate School of Decision Science and Technology at the Tokyo Institute of Technology. He was also one of the 15 members of the 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 served as a senior manager at Owls Consulting Group. As a consultant, she has extensive experience in human rights due diligence, sustainability strategy, and policy development. Her publications include *An Introduction to Business and Human Rights for All Business People* (co-author; Nikkei Business Publications) and the *Child Labor White Paper 2020/2025*. She holds a B.A. in Economics and an M.A. in Development Economics from Hitotsubashi University. She has also completed the SA8000 Auditor Certification Training, the international standard for human rights and labor.

Evaluating *Sustainability Report 2025*

Kanie: I feel that LOTTE's Sustainability Report continues to evolve with each passing year. The latest report included a number of forward-looking and engaging initiatives, which made for an enjoyable read. In LOTTE MIRAI CHALLENGE 2048, well-being is discussed as a key aspect of the Company's Purpose, to "create a happier future," but I believe the scope of well-being and what it covers should be more clearly defined. Well-being for individuals is important, which goes without saying. However, I think it would be helpful if the report made it clear that when LOTTE uses the term it is also referring to the well-being of society and the earth's environment. Notably, you are advancing initiatives toward 2048 with a view toward decarbonization and the circular economy. Next, I think you need to emphasize adapting to climate change.

Nakashima (LOTTE): Yes, our vision for a happier future includes support for people's psychological and physical well-being alongside a sustainable future in harmony with the environment and society. I believe the key point is finding how to use our business to achieve this vision, which is why we promote sustainability management.

Sakakibara (LOTTE): On the matter of adapting to climate change, we definitely need measures to tackle the intense summer heat. I think that brands such as *Hiyaron* and *COOLish* could be useful in this regard. We will explore how ice cream can help "beat the heat" by offering use cases to test for effectiveness.

Gono: I appreciate that the report allows us to see some of the faces behind LOTTE. Instead of placing the focus on President Nakashima, the report puts the spotlight on the employees working on the front lines, which conveys the friendly character of LOTTE. I commend this decision. Given how often "the future" is referenced, I think the report could be made even stronger if it showcased more initiatives that involve children, the ones who will shape the future.

Sugai (LOTTE): We put a lot of thought into crafting a report that would communicate LOTTE's distinct character, so I am very pleased to hear that it resonated with you. Right now, our most significant point

Dialogues with Experts

of engagement with children is our food education activities. Our current focus is visiting lectures, but eventually we would like to broaden our efforts to incorporate educational content on sustainability.

Shiozaki: The report is well-structured for ease of reading, and I can also feel the care that went into its design, which I find excellent as well. Although the report does feature the head office, it also highlights employees working on-site at factories, which is effective in expressing the themes of LOTTE MIRAI CHALLENGE 2048. The booklet organizes information in a compact and easy-to-read package, but I believe inclusion of the background and objectives behind each initiative would help build a deeper understanding. The report also contains substantial disclosure regarding human capital, but it might be worth considering the idea of incorporating sustainability-related criteria into employee evaluation frameworks.

Matsukura (LOTTE): Our factories are staffed by a diverse workforce, covering a wide range of ages and genders, and the younger employees are particularly interested in sustainability. Many of these employees have expressed a desire to contribute toward sustainability through their work, which I find quite reassuring. More recently, we have seen a growing number of factory employees proactively volunteering for initiatives such as food education, and the clear and positive effect of these efforts is starting to show.

Miyano (LOTTE): I think it is highly important for us to recognize and praise contributions to society and the environment made possible through our business. So, instead of setting targets with low relevance to what we do, we are trying to develop a system that highlights LOTTE-specific initiatives that go the extra mile and align with our 6 materiality themes, and give these initiatives proper credit. With that in mind, we will continue to evolve the sustainability report, taking it from a tool solely for external disclosure into one that helps employees deepen their understanding of the LOTTE MIRAI CHALLENGE 2048 and take ownership of it in their day-to-day work.

Realizing a Circular Economy Through Consumer Co-Creation

Kanie: Any real talk about the future requires balanced, respectful dialogue with younger generations. Similarly, a crucial component of achieving a circular economy is co-creation with consumers, particularly in terms of resource collection. Bringing these ideas together, it might be worthwhile to involve children in these initiatives, through visiting lectures or other means. I would also recommend looking into ways to utilize the Chiba Lotte Marines*1, since they are an untapped strength within the Group. I think they offer up a very compelling opportunity, since sports can serve as a powerful catalyst for building connections with young people and with local communities.

Takazaki (LOTTE): We are definitely making use of the Marines brand with some unique initiatives. As an example, we hold events in which children can take part in upcycling uniforms. Since the Marines and LOTTE brands go hand in hand, I definitely want to bring the two together for similar efforts.

Gono: I agree; co-creation with consumers plays a critical role in advancing the circular economy. I hope these kinds of activities will serve as a starting point for children to think about sustainability and that this awareness will continue to spread. One idea that could work well is a workshop in which discarded chewing gum containers from the production process are turned into *Koala's March* key chains, which children can decorate. This kind of experience can teach the value of making consistent efforts, beginning with small, relatable actions close to everyday life. The joint initiative (page 31) launched with other companies to collect and recycle polystyrene packaging could also be scaled up by working in partnership with educational groups.

Miyano (LOTTE): It would be difficult for LOTTE to implement recycling and collection initiatives within society all on its own. However, we intend to work with a wide range of stakeholders and bring more partners on board as we expand the impact of our efforts to achieve a circular economy.

Working with Stakeholders to Make a Greater Impact

Shiozaki: I understand that full farm-level traceability exists for Ghana-sourced cocoa beans. Looking ahead, do you anticipate that diversification of sourcing regions could impact achieving your sustainability targets?

Matsukura (LOTTE): At this stage, we are on track to achieve them. At LOTTE, Venezuela is our second largest source for cocoa beans after Ghana. Despite some temporary political instability in the past, we have been able to continue procurement without issue so far. The recent "Cocoa Shock" has given us the chance to reaffirm the importance of sustainable sourcing.

Shiozaki: When discussing this topic, I think it is essential that the parties involved address farmer poverty alongside issues such as child labor and deforestation. Ensuring a living income is critically important, and approaches such as technical support to improve farm productivity can help achieve it. Overseas, there are examples of competitors setting aside rivalries and working together to tackle these shared challenges. I expect that deeper collaboration with a wide range of stakeholders will be the key to making a much larger impact in the future.
I should also add, though LOTTE's commitment to *KAMUKOTO* has been an effective way to respond to the issues raised by an aging population, it would be very meaningful to include the issue of young carers*2.

Kanie: Extending healthy life expectancy and managing social security costs are pressing issues when we think about Japan's future. In particular, extending healthy life expectancy is one of the key points of order that will emerge in a post-SDGs future. A meaningful step would be framing this as less of a goal to be achieved by this company or that company and more of a shared goal to be achieved by society at large.

Seki (LOTTE): We recently issued a release outlining the estimated impact of proper *KAMUKOTO* on lowering long-term care costs, based on the results of a pilot project in Toyota City, Aichi Prefecture (page 49). This was extremely important in helping clearly convey what we are working to achieve. That said, *KAMUKOTO* is not only about addressing one specific issue or another. Ultimately, it is about creating a more enriching society.

Going forward, we will keep exploring concrete ways to turn this aspiration into reality. We are currently advancing partnership agreements with Fukuoka City, other local governments, and regional dental associations. At the same time, we are considering ways to reach younger generations, which includes young carers.

Nakashima (LOTTE): I would like to thank you all for sitting down and sharing such valuable insights covering a range of perspectives. Our conversation today has been a strong reminder that realizing the "happy future" from our vision calls for initiatives across a broad scope, covering global issues like climate change adaptation and sustainable procurement, alongside social issues such as extending healthy life expectancy and providing support for young carers.

The most important factor in successfully implementing these initiatives is the momentum created by employees from the bottom up, so strengthening internal engagement is essential. We fully intend to take the advice received today to heart as we continue to promote our unique brand of sustainability management with even more resolve.





*1 A baseball team owned by LOTTE based in Chiba Prefecture that is part of the Nippon Professional Baseball League.

*2 Children under the age of 18 who regularly take on caregiving or household responsibilities for family members. This has been identified as a serious social issue, as it can deprive children of their fundamental rights by impacting their education and career paths and by leading to social isolation, psychological stress, and restrictions on future life choices.

Dialogues with Experts

Connecting People, Creating a Sustainable Planet



Rumi Ide

Journalist specializing in the issue of food loss and waste
Winner of the Fiscal 2020 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 Makanau Seikatsu (Life with What You Have), and 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. 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.

Promoting Stronger Environmental Disclosure

Ide: I have taken part in these dialogues since 2018, so I have been able to see LOTTE's sustainability report evolve, its content becoming more specific with each year. In that same vein, I have to applaud the establishment of long-term goals extending to 2048 and the decision to set clear quantitative targets for packaging. That being said, when put in contrast to the extensive coverage of social topics such as human rights and human capital, the sections relating to environmental initiatives feel relatively modest in both depth and volume. I would welcome a more visible and assertive presentation of these initiatives in reports to come.

Nakashima (LOTTE): First of all, I would like to thank you both for all the advice and guidance you have provided to LOTTE over the years. Having you with us has made it possible for our efforts to evolve over time. Giving equal importance to both the environment and society is fundamental to achieving a sustainable and happy future. With regard to how these topics are presented in the report, we will work to improve our approach by reflecting on the comments and suggestions shared today.

Miyake: One aspect that stood out to me as I reviewed the report was the approach taken to climate-related disclosure. Corporate climate-related disclosure has made considerable strides, following the publication of recommendations by the Task Force on Climate-Related Financial Disclosures (TCFD) in 2017. At our current stage, expectations have shifted toward more sophisticated and in-depth disclosures. Unfortunately, global warming continues to progress and, as the prospect of a 4°C scenario becomes increasingly real, mitigation efforts are increasingly critical. Though this is true, I would like LOTTE to view climate change adaptation in a more grounded and realistic manner.

This point aside, I think the report has improved year after year. In particular, I find it impressive that usability, including readability and ease of navigation, has clearly improved, even as the amount of disclosed information continues to grow.

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Miyano (LOTTE): We developed this report with readability very much in mind, so your compliments are truly appreciated. With the amount of information disclosed growing year by year, we make the utmost effort to maintain a careful balance between comprehensive disclosure and ease of reading. I am just as thankful for your frank and constructive feedback about the TCFD disclosures. We will ensure transparent disclosure of the sources and references underpinning our scenarios and use ongoing dialogues with stakeholders to continue refining and updating to better reflect real-world conditions.

The Climate Crisis—An Unprecedented Global Threat that Demands a Clear and Urgent Response

Miyake: Over the past year, we have seen a growing backlash toward ESG and, for those of us around the world who have been pushing for decarbonization, myself included, it has been a particularly trying time. However, not all hope is lost. Asset owners with a long-term perspective have a heightened sense of urgency around climate change and are increasingly reassessing it as a major risk. I would welcome clear and strong messaging from LOTTE acknowledging that the climate crisis poses a critical risk, with the potential to materially affect business operations and, ultimately, the company's ability to survive.

Nakashima (LOTTE): At LOTTE, we also recognize the climate crisis as a highly significant risk, with particularly dire implications for our supply chain. Climate change and the growing frequency of extreme weather events are already having adverse effects on the production of agricultural raw materials. We have deeply felt the impact on our supply chain as a result of the "Cocoa Shock" in recent years. Beyond climate-related risks, geopolitical procurement risks are also on the rise, and we view this with an equally strong sense of urgency.

Ide: You are absolutely right. The climate crisis is an unprecedented threat affecting the entire planet. I agree that it is important to send a clear message to those outside the Company that LOTTE recognizes this as a matter of great concern. In the EU and elsewhere, there are examples of companies that have gained greater backing from consumers and investors by framing this sense of urgency as a global issue and ramping up their sustainability-related efforts. I think these cases could serve as helpful reference points. There is also a growing global movement to investigate alternatives to raw materials that are particularly vulnerable to the effects of climate change. One example that may be relevant is the move toward substituting carob or coffee grounds in place of cocoa.

Matsukura (LOTTE): Cocoa bean prices have finally started to show signs of stabilizing. The "Cocoa Shock" was a turning point for us at LOTTE, reminding us that what matters most is delivering what our customers want in a reliable way, as opposed to blind adherence to traditional standards for chocolate. This opens the door to a wide range of possibilities to explore, such as new flavors using dairy ingredients and using alternative raw materials derived from foodtech and other technologies.

Ide: Meanwhile in Japan, the Food System Act came into full effect in April 2026. This will encourage efforts to ensure a stable food supply in response to the global jump in raw material prices and environmental changes, while also promoting the development of more sustainable production and distribution systems. In this context, appropriately reflecting costs in pricing and building partnerships that take environmental and resource considerations into account will become all the more vital. This should also help facilitate further negotiations to reform business practices, such as measures aimed at cutting food loss and waste.

Hirata (LOTTE): Revisions to business practices are already under way, led primarily by major retailers. We expect the implementation of the Food System Act to further accelerate this trend and will continue making well-targeted efforts to support it. In addition, we are working to extend the shelf life of products with relatively short best-before dates, like *Choco Pie*, while maintaining quality.



Reaffirming the Ongoing Need to Update Scenarios and Strategies

Miyake: It is worth mentioning the pilot project for collecting polystyrene containers and packaging that is currently moving forward in collaboration with other companies in the same industry, as I find it to be both a groundbreaking and wonderful initiative. I am very much looking forward to future developments. As social implementation of this initiative moves forward, I think it would be beneficial for the entire industry to engage in discussion on how plastic materials should be labeled. If consumers can sort materials intuitively, it would further enhance the effectiveness of these types of initiatives. I would also like to highlight the forest monitoring initiatives being implemented at your procurement sites in Ghana, which I find highly commendable. I think these efforts deserve to be shared more actively. If LOTTE takes the lead in communicating this message, others across the industry are likely to follow. That collective shift toward sustainability would ultimately feed back into LOTTE's own interests. I also have high hopes that the wider adoption of shade trees will help promote agroforestry.

Miyano (LOTTE): Interestingly enough, I recently attended a press briefing regarding the pilot project you mentioned earlier and I was struck by the level of interest from outside the Company. The response confirms the social significance of this initiative. I was also genuinely impressed by the strong commitment shown by our partner companies, and by how seriously they are engaging in this field. What stands out is the high level of interest from retailers, our direct customers, which leads me to believe that this initiative represents not only a response to environmental issues, but also a significant business opportunity.

Ide: LOTTE is also producing clear results with regard to reducing food loss and waste, which is thanks to its emphasis on reuse and recycling. Although those results are certainly impressive, I believe that shifting greater attention toward reduction will enable more fundamental progress in reducing food loss and waste going forward. I often come across LOTTE products in stores and I have noticed that products like *Custard Cake* have already adopted a simplified format for their best-before dates, moving from a year-month-day format to a year-month format.

Hirata (LOTTE): Extending the best-before date of our products and adopting this simplified labeling has helped reduce food loss and waste while raising the efficiency of our logistics operations. Looking ahead, we will continue to search for ways to extend best-before date from a technological perspective while improving the accuracy of our demand forecasting to further reduce loss. We hope to use these efforts to build a system that allows customers to enjoy our products to the fullest while avoiding unnecessary waste.

Ide: I sincerely hope that you will continue your work toward reducing food loss and waste, and I look forward to the goals set out in LOTTE MIRAI CHALLENGE 2048 being achieved. One strategy taken up by another company is the installation of an upcycling center within its factory grounds to convert food loss generated during the manufacturing process into raw materials for new products. I hope initiatives like these can serve as a useful reference and drive further progress toward your goals.
Shifting the focus slightly, I believe that how we as a society deal with refrigerants will be a key factor in moving forward with decarbonization.

Matsukura (LOTTE): At LOTTE, we fully recognize the serious impact that refrigerant leakage, including fluorocarbons, can have on global warming. In addition to routine equipment inspections that aim to prevent leakage, we are systematically transitioning to lower-impact natural refrigerants by pioneering the use of ice cream freezers that use CO_2 refrigerants, among other efforts.

Nakashima (LOTTE): I would like to thank you all for sitting down and sharing such valuable insights covering a range of perspectives. Your strong support for our initiatives has given us added confidence, and we will move ahead with renewed determination to achieve our goals. In a world clouded with uncertainty, this talk has been a reminder of the ongoing need to keep a wide-ranging view and to continuously update our scenarios and strategies. With the advice received today close at hand, we will come together and continue to promote LOTTE's unique brand of sustainability management with even stronger drive.

Dialogues with Experts

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 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, for example 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, local, 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 ISO 53800 Gender Equality Guidelines International Working Group alongside other roles. In addition, she coordinated the production of the Japanese edition of a handbook on the Women's Empowerment Principles (WEPs).

Occupational Health and Safety as a Crucial Foundation on Which Employees Can Realize Their Potential

Akabane: Among all the indices included in human capital disclosure, occupational health and safety is both the most fundamental starting point and a critical indicator of risk management. Since this is such basic information, it is often left out of the spotlight so long as it is being properly addressed. However, I think that this is the very reason it should be disclosed more rigorously. To give some examples, key points include whether, in line with the latest court rulings, overtime is accurately recorded on a to-the-minute basis and whether time spent changing clothes is counted as working time. Since inadequate management of human capital can give rise to legal risks, it is essential to publicize the fact that appropriate measures are being implemented.

Saeki (LOTTE): You frame it very well, and it reinforces our belief that occupational health and safety is a crucial foundation for employees, enabling employees to realize their potential. LOTTE has aligned its practices with recent judicial precedents and social expectations. To return to your examples, we do record overtime on a to-the-minute basis and treat any required changing time at our factories as working time, alongside other policies. We will continue to monitor legal revisions and changes in labor conditions and incorporate them into our management framework accordingly.

Akabane: I would like to encourage you to build on this momentum by reviewing the Company's evacuation drill program. Ideally, evacuation drills should be carried out both during the day and at night, with arrangements that enable participation by all workers, including part-time staff. Do workers know the evacuation routes they should take in the event of a power outage? How about the proper methods for opening and closing shutters? Drills need to thoroughly cover all of these things. If the Company makes it clear the lives of its employees are its top priority, employee engagement will naturally grow. I think it is important to not limit such efforts to LOTTE itself, but to also call on partners across the supply chain to strengthen their safety measures.

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Saeki (LOTTE): Although we already conduct evacuation drills during nighttime hours, we will take this opportunity to review the details of how they are carried out and update our approach where necessary.

In addition, occupational health and safety committees are in place at all LOTTE factories and at the head office, and we strive to create safe workplaces tailored to the specific conditions of each site. At the same time, we make an active effort to share information. Your words are a reminder of our commitment to placing human life above all else and we will make every effort to ensure safety at LOTTE.

Exclusion Increases Risk

Osaki: Although there has been political pushback against diversity, equity and inclusion (DE&I) in the U.S., many companies continue to regard DE&I as essential to their medium- and long-term growth. They continue to pursue substantive initiatives, while reframing them in terms of "culture" and "well-being." In the EU, human rights due diligence remains an important regulatory expectation, with large companies expected to address risks across their operations and business relationships. How does LOTTE see Japanese companies responding to these trends?

Nakashima (LOTTE): From my interactions with companies across the industry and our business partners in Japan, there is little sign of a reversal on DE&I. On the contrary, there seem to be several companies ramping up their efforts. Although there is still room for progress, LOTTE has seen steady improvement amongst certain indicators, including the rate of childcare leave taken by male employees, suggesting that a gradual shift is taking place within the Company. We are also reflecting advice we have received to date by embedding gender perspectives into various policies and measures. One such initiative, launched as part of our efforts to address child labor in cocoa-sourcing communities in Ghana, focuses on promoting accurate education about menstruation and supporting the provision of menstrual hygiene products. In these communities, inadequate access to menstrual products and limited knowledge about menstruation often keep girls out of school, which in turn increases the risk of child labor. We believe that fostering conditions that draw from a range of perspectives helps ensure that children can continue their education, which is key to addressing child labor at its core.

Osaki: I'm very glad to hear that the feedback you receive is being translated into concrete action. It is encouraging to see how integrating gender perspectives helps LOTTE's initiative evolve. Gender is no longer a peripheral fringe issue viewed solely through a human rights lens; it is now discussed in terms of business resilience and risk management.

The harassment cases we have seen in Japan show that exclusion increases risk and can undermine business performance. This is particularly true when women's perspectives are excluded. Such exclusion can directly impact a company's long-term sustainability. We have seen numerous cases in which overly homogeneous management teams have undermined effective governance, creating significant risk.

Employees Who Cover for Those on Childcare Leave Need Support Too

Akabane: We touched on childcare leave earlier. While support for people who take leave is important, the employees who cover for those on childcare leave need support, too. Since the job vacancies that arise from childcare leave are not permanent, it can be difficult for companies to hire people to take on these roles. I have discussed this issue with other companies in my role as an outside director and find that it is a particularly challenging topic, since there is no clear or definitive solution.

Inoue (LOTTE): At LOTTE, we encourage employees taking childcare leave to prepare for a smooth and early handover of their duties, while also fostering a culture of mutual consideration by showing thanks to the people providing support. We also offer multilayered support on our end. As an example, we provide opportunities for employees to receive advice from colleagues who have previously taken childcare leave, including tips on how to help the people around them. In addition, we hold annual DE&I training for managers to deepen their understanding of this important concept while working tirelessly to cultivate a workplace environment that helps employees feel comfortable taking childcare leave.

Nakashima (LOTTE): There are still tasks within the Company that require the attention of certain individuals, which poses a business continuity risk. For this reason, we are taking steps to standardize operations and reduce our dependence on any one person. At the same time, we are discussing ways to ensure that employees who temporarily take on extra workloads get the recognition and praise they deserve. In addition, we are looking into systems that can provide follow-up support for temporary staffing gaps that occur across different departments.

Akabane: One idea that could be highly effective is bringing in "senior talent" to help cover these gaps. In other words, the expertise of experienced former employees could be put to use in a number of ways and, not just for supporting childcare leave. For instance, they could provide close, hands-on support for more complex tasks, enabling busy managers to focus on their core management roles.

Strong Engagement and Strong Risk Management Go Hand in Hand

Osaki: The fact that everyone at LOTTE takes our suggestions and advice seriously and turns them into concrete actions makes these dialogues truly rewarding. What is especially impressive is LOTTE's use of a backcasting approach, starting with a clearly defined vision what LOTTE should look like in the future and then working backward to develop measures needed to achieve it. This demonstrates the value of a clear, well-articulated vision.

LOTTE also has a well-established PDCA cycle in place to drive continuous improvement. The significant rise in the employee engagement score is likely a result of these efforts. It is clear that you are identifying bottlenecks across the organization and systematically implementing measures to address them. Younger employees recognize the sincerity of senior management's commitment, and this is translating into greater trust in the Company. Above all, creating psychological safety requires senior leaders and managers to engage in genuine dialogue with younger employees and listen with an open mind. Once employees feel unheard, information about problems from the front lines tends to stop reaching senior management, directly increasing the risk of serious compliance failures. Put another way, strong employee engagement and effective risk management go hand in hand.

Nakashima (LOTTE): I share the same sense of urgency, and for that reason we have set improving engagement as an important issue for management, incorporating it into officer evaluations. The engagement rating from our FY2025 employee satisfaction survey was BBB, an increase of two levels from the previous fiscal year, a sign that our efforts are starting to bear fruit.

As part of our efforts to improve even further, we have newly introduced multifaceted evaluations for our officers. Under this system, officers are evaluated by subordinates in their own department as well as by employees in related departments who come into contact with the officer in day-to-day duties. Our intent is to give the officer a greater awareness of how they are perceived by the people around them. When it comes to raising engagement, it comes down to the fundamentals in the end: attentive day-to-day communication and high moral conduct. On that note, we will take into account the valuable insights shared today and continue our efforts to enhance employee engagement and strengthen our organization, aiming to achieve sustainable growth hand in hand with society.







Environment

01 | Environmental Policy and Promotion System
02 | Management of Climate and Nature-Related Risks and Opportunities
03 | Reducing GHG Emissions
04 | Circular Economy
05 | Water Resources
06 | Preventing Pollution
07 | Independent Practitioner's Assurance of GHG Emissions
08 | 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 the Sustainability Department serves as 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, Shiga, and Kyushu Factory have each acquired ISO 14001 certification, the International Organization for Standardization's standard for environmental management systems.

Environmental Audits

The Urawa, Sayama, Shiga, and Kyushu 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 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 Production Technology 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 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.

● Officer Training

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

● Employee Training

We launched an environmental training program for all employees. In FY2025, the first year of the program, training was provided to deepen employees' understanding of the Company's targets. Focusing on decarbonization as an urgent issue, the program covered its importance and fundamental concepts, with approximately 1,900 employees participating. This training program will continue to be conducted annually in an effort to develop human capital capable of driving the transition to sustainable business alongside stakeholders.

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 FY2025, there were no serious environmental accidents or compliance violations reported.

02 Management of Climate and Nature-Related Risks and Opportunities

Basic Approach

We recognize that the Group's business activities rely on the gifts provided by nature while we have a wide range of impacts on the natural environment across our value chain. Therefore, we regard the impacts of climate change on the natural environment as a significant business risk. To better understand the Group's dependencies and impacts on nature and to appropriately manage climate- and nature-related risks and opportunities, we apply the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)*1 and the Taskforce on Nature-related Financial Disclosures (TNFD).*2 Since joining the TCFD Consortium*3 in May 2021 and the TNFD Forum*4 in July 2022, the Group has advanced its analysis of climate- and nature-related risks and opportunities alongside disclosures in alignment with the recommendations of both frameworks. These efforts will contribute to greater business resilience and reduce negative impacts while promoting engagement with stakeholders.

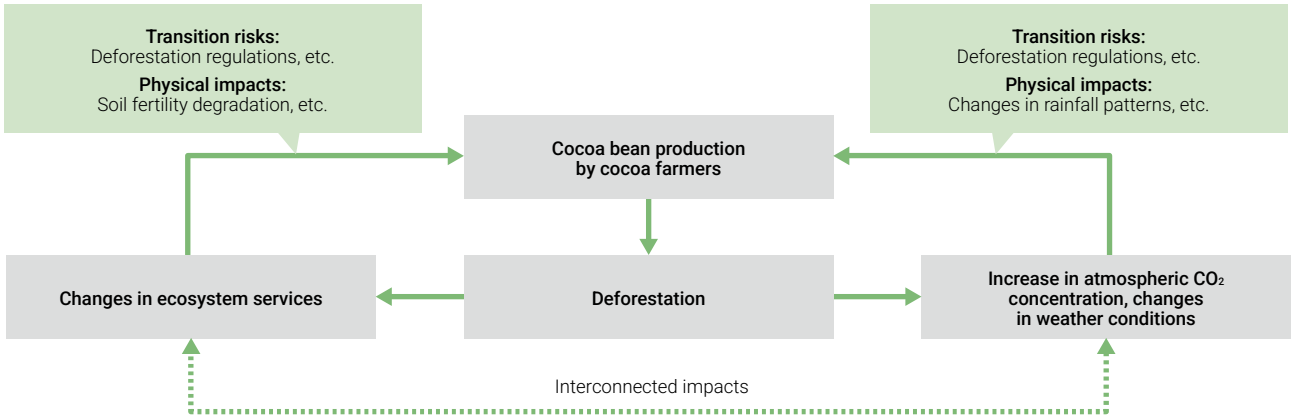
TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

TNFD Taskforce on Nature-related Financial Disclosures

*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 about climate change-related risks and opportunities.
*2 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 presented 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.
*3 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. On April 1, 2026, the TCFD Consortium was reorganized into the GX Future Consortium.
*4 A network of companies and groups with expertise in nature, finance, and other areas that support the development of a framework through the TNFD.

Given the close, interconnected relationship between climate- and nature-related risks and opportunities, this report has adopted an integrated approach to their analysis and disclosure. For example, cocoa beans, a primary raw material, are directly affected by changes in climate and nature. At the same time, deforestation associated with production can contribute to higher atmospheric CO_2 concentrations and changes in ecosystem services, affecting both climate- and nature-related outcomes. In light of this interconnectivity, we believe that assessing and addressing both issues in an integrated manner is essential to sustainable business activities.

Examples of Climate and Nature Interactions in Cocoa Production



Governance

As with all risks recognized by the Company, risks and opportunities related to climate change and nature are managed through the Company's risk management structure, within which the Risk and Crisis Management Committee (page 66) is the central body. Due to the interconnected relationship between climate change and nature, these risks and opportunities are managed in an integrated manner.

Important related matters are deliberated on and incorporated into management by the Executive Committee under the supervision of the Board of Directors. Furthermore, the Planning Section of the Sustainability Department compiles a progress report regarding response measures, and the Executive Management Committee and the Board of Directors receive regular reports through the executive officer in charge of the department.

Strategy

The Group began conducting a climate-related scenario analysis in 2021 and has progressively advanced its assessment methodology, evolving from qualitative evaluations of risks and opportunities to quantitative analysis of their financial impacts. Furthermore, since 2023, we have used the LEAP approach* to evaluate the nature-related dependencies and impacts of our business activities, furthering our analysis of nature-related risks and opportunities.

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

Value Chains Assessed

Upstream	Direct Operations	Downstream
Procurement and delivery of raw materials	Group production sites (Japan and overseas)	Transport / sales / marketing / consumption / disposal

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

Based on the close, interconnected relationship between climate- and nature-related risks and opportunities, we assess and analyze both using an integrated approach instead of treating them as separate issues and promote efforts that strengthen sustainability and resilience.

The analysis and assessment were conducted with support from Mizuho Research Institute, the think tank of Mizuho Bank, Ltd. The content presented is based on the referenced sources listed in the following pages and will be subject to ongoing review, with responses updated as necessary to reflect new information and changes in relevant trends.

Risks and Opportunities Analyzed

Climate	Nature	Value Chain	Risk / Opportunity	Specific Impact on Business		
●	●	Upstream	Risk	Physical	Increasingly severe natural disasters	Increases in the price of raw materials due to drought and extreme rain*
●	●	Upstream	Risk	Physical	Changes in weather patterns	Increases in the price of raw materials due to decreases in supply of agricultural and livestock products
●		Downstream	Opportunity	Physical	Changes in weather patterns	Increase in demand (for ice cream, etc.) due to rising temperatures
●		Direct operations	Risk	Transition	Stricter regulations	Higher procurement costs due to the introduction of carbon pricing
●	●	Upstream	Risk	Transition	Stricter regulations	Higher procurement costs due to the introduction of carbon pricing
	●	Upstream (cocoa beans and palm oil)	Risk	Transition	Stricter regulations	Higher prices for raw materials due to stricter deforestation regulations
	●	Upstream (cocoa beans)	Risk	Physical	Increasingly severe natural disasters	Higher prices for raw materials due to extreme rain
	●	Direct operations (Thailand and Indonesia)	Risk	Physical	Increasingly severe natural disasters	Higher production costs due to water shortages and droughts
	●	Direct operations (LOTTE Wedel sp. z o.o., Ginza Cozy Corner Co., Ltd., Kiyokawa Factory)	Risk	Transition	Regulations	Higher costs to mitigate biodiversity impacts from operations
	●	Direct operations	Risk	Transition	Stricter regulations	Higher costs due to switching to sustainable containers and packaging due to plastic regulations
	●	Direct operations	Opportunity	Transition	Positive assessment	Increased loyalty as a company recognized for minimizing its impact on nature

* Extreme rainfall is 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.

Scenario Analysis for Climate-Related Risks and Opportunities

The Group has conducted the climate change scenario analysis recommended by the TCFD for our main business in Japan. This involved 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 a scenario under which mainly physical impacts will be apparent (physical scenario), and a scenario under which mostly transition impacts will be apparent (transition scenario). 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 based on the latest scientific knowledge of climate change.
*2 An international organization established within the framework of the Organisation for Economic Co-operation and Development (OECD) in 1974. It reports on the global energy outlook based on multiple scenarios.

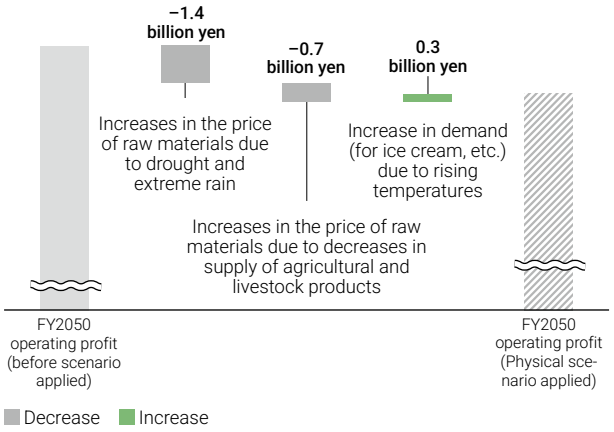
Analysis Results

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

Risks and Opportunities in the Physical Scenario

	Changes in society and the environment	Impacts on business activities		
		Specific impacts	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 drought and extreme rain	1.0 billion yen	1.4 billion yen
	Changes in weather patterns	Increases in the price of raw materials due to decreases 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

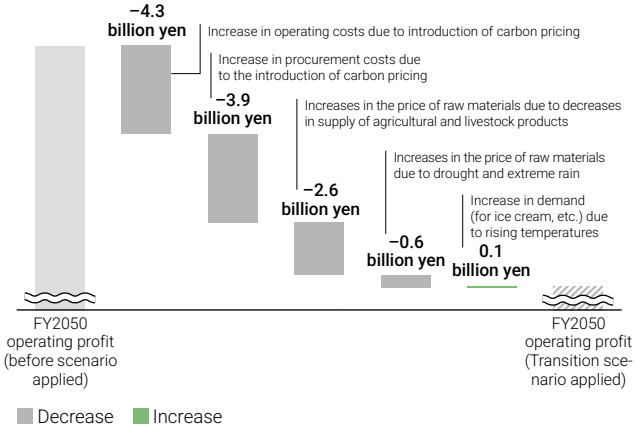
Potential Financial Impacts in 2050 in the Physical Scenario



Risks and Opportunities in the Transition Scenario

	Changes in society and the environment	Impacts on business activities		
		Specific impacts	Potential financial impacts (annual impacts on operating profit)	
			2030	2050
Transition risks	Stricter regulations	Increase in operating costs due to introduction of carbon pricing	0.2 billion yen	4.3 billion yen
		Increase in procurement costs due to introduction of carbon pricing	0.5 billion yen	3.9 billion yen
Transition risks / Physical risks	Stricter regulations / Changes in weather patterns	Increases in the price of raw materials due to decreases in supply of agricultural and livestock products	1.7 billion yen	2.6 billion yen
Physical risks	Increasingly severe natural disasters	Increases in the price of raw materials due to drought and extreme rain	0.6 billion yen	0.6 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

Potential Financial Impacts in 2050 in the Transition Scenario



Increases in the Price of Raw Materials Due to 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 risks are already apparent, and estimated the financial impact in 2030 and 2050.

Sources Referenced

		Referenced Scenarios
IPCC	IPCC, 2023: Climate Change 2023: Synthesis Report. Contribution of Working Groups I, II and III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change [Lee, H. and Romero, J. (eds.)]. IPCC, Geneva, Switzerland. https://doi.org/10.59327/IPCC/AR6-9789291691647	SSP5-8.5 SSP1-2.6

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. As climate change progresses for each of the main areas (countries and regions) in which we procure raw materials, we evaluated changes in production volumes for sugar, palm oil, wheat flour, and dairy ingredients out of the main raw materials used by the Group. 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, particularly for oil palms and wheat. Therefore, we estimated the price outlook for palm oil and wheat flour. For this, 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 transition scenario for palm oil.

In response to increases in the price of raw materials, we can potentially reduce risk 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 with organizing and examining specific countermeasures in the future.

Yield Forecasts for Each Scenario in 2050

Main agricultural and livestock-related raw materials		Main procurement areas	Physical scenario	Transition 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%
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%

Sources Referenced

Sugar	Hokkaido Research Organization, Agricultural Research Department, Central Agricultural Experiment Station. (2011). Report on Research Program for Evaluating the Impact of Global Warming on the Changes in Agricultural Productivity in Hokkaido for the Decades 2030s. Miscellaneous Publication of Hokkaido Research Organization Agricultural Experiment Stations, No. 39. Everingham, Y., Inman-Bamber, G., Sexton, J., & Stokes, C. (2015). A Dual Ensemble Agroclimate Modelling Procedure to Assess Climate Change Impacts on Sugarcane Production in Australia. Agricultural Sciences, 06(08), 870–888. https://doi.org/10.4236/as.2015.68084 Pipitpukdee, S., Attavanich, W., & Bejranonda, S. (2020). Climate Change Impacts on Sugarcane Production in Thailand. Atmosphere, 11(4), 408. https://doi.org/10.3390/atmos11040408
Palm oil	Sarkar, Md. S. K., Begum, R. A., & Pereira, J. J. (2020). Impacts of climate change on oil palm production in Malaysia. Environmental Science and Pollution Research. https://doi.org/10.1007/s11356-020-07601-1 Paterson, R. R. M., Kumar, L., Taylor, S., & Lima, N. (2015). Future climate effects on suitability for growth of oil palms in Malaysia and Indonesia. Scientific Reports, 5(1). https://doi.org/10.1038/srep14457 Russell Monteith Paterson, R. (2020). Depletion of Indonesian oil palm plantations implied from modeling oil palm mortality and Ganoderma boninense rot under future climate. AIMS Environmental Science, 7(5), 366–379. https://doi.org/10.3934/environsci.2020024
Wheat flour	Zhao, C., Liu, B., Piao, S., Wang, X., Lobell, D. B., Huang, Y., Huang, M., Yao, Y., Bassu, S., Ciais, P., Durand, J.-L., Elliott, J., Ewert, F., Janssens, I. A., Li, T., Lin, E., Liu, Q., Martre, P., Müller, C., Peng, S., Peñuelas, J., Ruane, A. C., Wallach, D., Wang, T., Wu, D., Liu, Z., Zhu, Y., Zhu, Z., & Asseng, S. (2017). Temperature Increase reduces global yields of major crops in four independent estimates. Proceedings of the National Academy of Sciences, 114 (35), 9326–9331. https://doi.org/10.1073/pnas.1701762114 Qian, B., Zhang, X., Smith, W., Grant, B., Jing, Q., Cannon, A. J., Neilsen, D., McConkey, B., Li, G., Bonsal, B., Wan, H., Xue, L., & Zhao, J. (2019). Climate change impacts on Canadian yields of spring wheat, canola and maize for global warming levels of 1.5 °C, 2.0 °C, 2.5 °C and 3.0 °C. Environmental Research Letters, 14(7), 074005. https://doi.org/10.1088/1748-9326/ab17fb Wang, B., Liu, D. L., O'Leary, G. J., Asseng, S., Macadam, I., Lines-Kelly, R., Yang, X., Clark, A., Crean, J., Sides, T., Xing, H., Mi, C., & Yu, Q. (2018). Australian wheat production expected to decrease by the late 21st century. Global Change Biology, 24(6), 2403–2415. https://doi.org/10.1111/gcb.14034
Dairy ingredients	Thornton, P., Nelson, G., Mayberry, D., & Herrero, M. (2022). Impacts of heat stress on global cattle production during the 21st century: a modelling study. The Lancet Planetary Health, 6(3), e192–e201. https://doi.org/10.1016/s2542-5196(22)00002-x

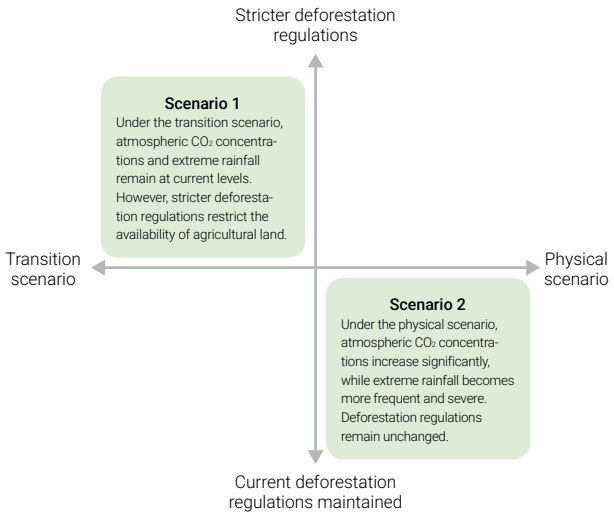
Integrated Scenario Analysis for Cocoa Beans

To understand the combined impacts of climate- and nature-related factors on the procurement of cocoa beans, a primary raw material for the Group, we conducted an integrated scenario analysis. Specifically, we established and evaluated integrated scenarios along two axes: risk-related scenarios (physical and transition) and nature-related scenarios (strength of regulations for deforestation).

In 2023–2024, West Africa (Côte d'Ivoire and Ghana), a key cocoa-producing region, experienced severe crop failures, causing a sharp rise in prices (referred to as the "Cocoa Shock"). One contributing factor to this failure was localized extreme rainfall. Based on data on the occurrence of excessive rainfall and production volumes over the past 20 years, and with reference to IPCC reports, we have incorporated into our climate-related scenarios the impacts of increases in the frequency and intensity of such events resulting from rising average temperatures. We also reviewed relevant literature on the rising levels of atmospheric CO_2, and the fertilizing effect it could have on cocoa, and incorporated this perspective into our analysis of the multifaceted impacts of climate change.

Considering the anticipated decline in, or increasing volatility of, global cocoa production, we will promote measures to strengthen resilience, including diversifying sources and providing guidance to farmers (page 41) and the adoption of shade trees in existing sourcing areas.

Integrated Scenario Analysis for Cocoa Beans



Impact Analysis for Cocoa Bean Production

	Impact on cocoa bean production
Scenario 1	−15%
Scenario 2	±0% Frequency and intensity of excessive rainfall are expected to increase, resulting in greater variability by production region and year and increased volatility

Sources Referenced

Cocoa beans	Black, E., Ewan Pinnington, Wainwright, C. M., Lahive, F., Quaife, T., Allan, R. P., Cook, P. G., Daymond, A. J., Hadley, P., McGuire, P., Verhoef, A., & Pier Luigi Vidale. (2020). Cocoa plant productivity in West Africa under climate change: a modelling and experimental study. 16 (1), 014009–014009. https://doi.org/10.1088/1748-9326/abc3f3 Bunn, C., Lundy, M., Läderach, P., & Castro, F. (2017). Global climate change impacts on cocoa (pp. 13–17). https://www.icco.org/wp-content/uploads/T4.152.-GLOBAL-CLIMATE-CHANGE-IMPACTS-ON-COCOA.pdf Ertug Ercin, Kaune, A., Karaman, C., & Orlov, A. (2024). Unraveling cross-border climate risks through climate storylines: An example from Europe's cocoa industry. Environmental and Sustainability Indicators, 22, 100359–100359. https://doi.org/10.1016/j.indic.2024.100359

● 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 other frozen desserts 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 this increase in demand, 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 transition 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 CO_2 emissions in our own operations (Scope 1+2) beyond the FY2021 results. The carbon prices used in the estimates are as shown in the table. In response to an increase in operating costs due to the introduction of carbon pricing, we introduced an internal carbon pricing system in FY2024 (7,000 yen/tCO_2), 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 CO_2 emissions (Scope 1+2).

● Increase in Procurement Costs due to Introduction of Carbon Pricing

In the transition scenario, it is forecasted that the operating costs of suppliers will increase and will be passed on to 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.

Carbon Prices Used in Estimating Impact on Operating and Procurement Costs

	Carbon price (per tCO_2)	
	2030	**2050**
Japan	4,840 yen	250 USD
Poland	155 USD	
Indonesia	90 USD	200 USD
Other	15 USD	180 USD

Sources Referenced

		Referenced Scenarios
IEA	IEA, 2025: World Energy Outlook 2025. International Energy Agency, Paris. https://www.iea.org/reports/world-energy-outlook-2025	Net Zero Emissions by 2050 (NZE) Scenario
Japan's Emissions Trading System (GX-ETS)	Ministry of Economy, Trade and Industry (METI). (2025, December 19). Proposed Price Ceiling and Floor Levels under the Emissions Trading System. Secretariat Materials for the Expert Working Group on Carbon Pricing toward the Realization of GX. (Japanese only) https://www.meti.go.jp/shingikai/sankoshin/sangyo_gijutsu/emissions_trading/pdf/007_03_00.pdf	Reference: Price Ceiling

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.

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 ingredients) 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.

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	
		Drought Risk	
(v)	Areas where ecosystem services, including benefits for Indigenous peoples, local communities, and stakeholders, are important	Indigenous and Community Lands	Global Forest Watch

Evaluate

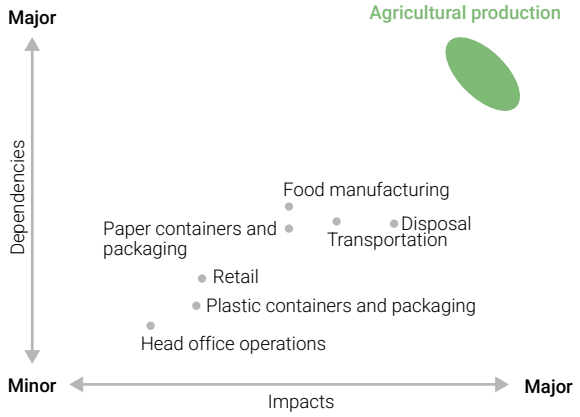
We utilized the ENCORE* tool to evaluate the nature-related dependencies and impacts throughout our value chain. Upstream agricultural production shows higher dependencies and impacts than our direct operations (head office operations and food manufacturing) and downstream activities (sales, transport,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

* ENCORE is a tool that identifies the magnitude of dependencies and impacts on nature in business activities (each sector and process).

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 remediation
Impacts	Land use, water use, nutrient discharge, introduction of invasive alien species	Wastewater discharge, GHG emissions, waste generation	Plastic pollution from containers

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



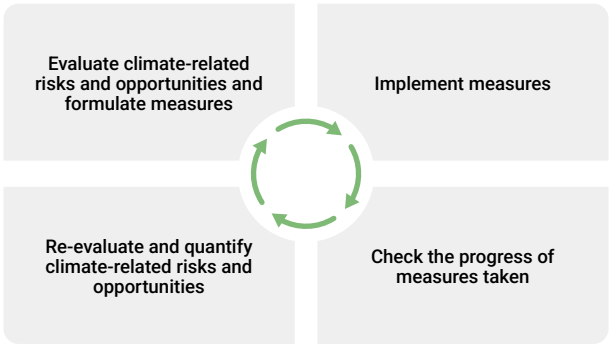
● Assess / Prepare

We conducted an integrated scenario analysis to understand the combined impacts of climate- and nature-related factors on the sourcing of cocoa beans, a primary raw material for the Group (page 23).

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 (page 21). 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.

Risk Management

To address risks that could have a significant impact on our business, we promote a risk management structure centered on the Risk and Crisis Management Committee (page 66). Climate-related and nature-related risks are positioned as key management risks. Moreover, risks and opportunities related to climate change and nature are managed in an integrated manner, owing to their close interconnected relationship. The Planning Section of the Sustainability Department, working with related departments and Group companies, identifies risks and opportunities, then reports 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.

GHG Emissions Reduction Targets

Scope 1+2 (Energy-related CO_2 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

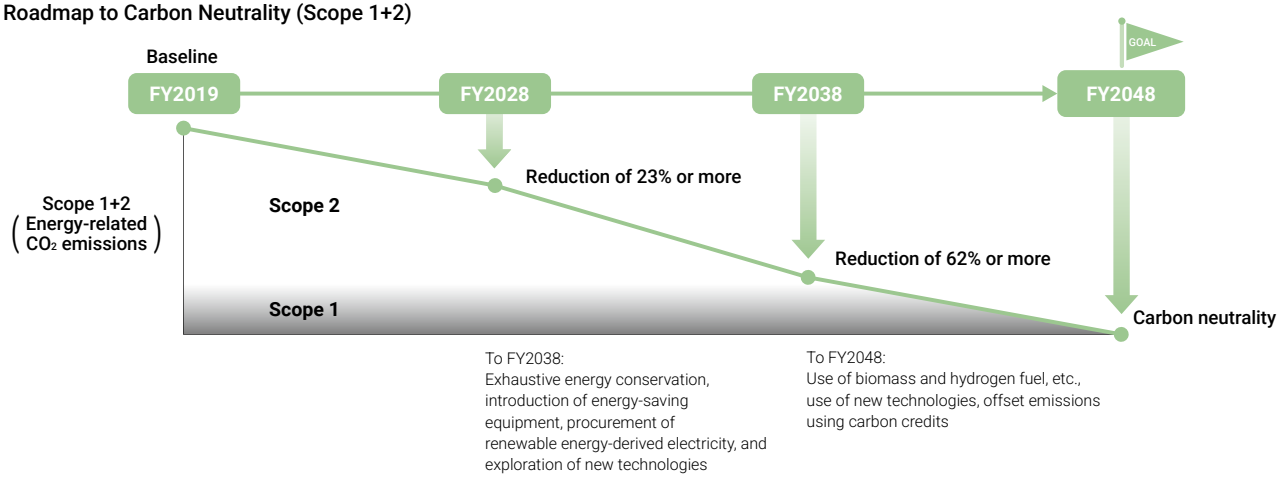
Scope 3: Certified by SBTi in May 2022

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 27).

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

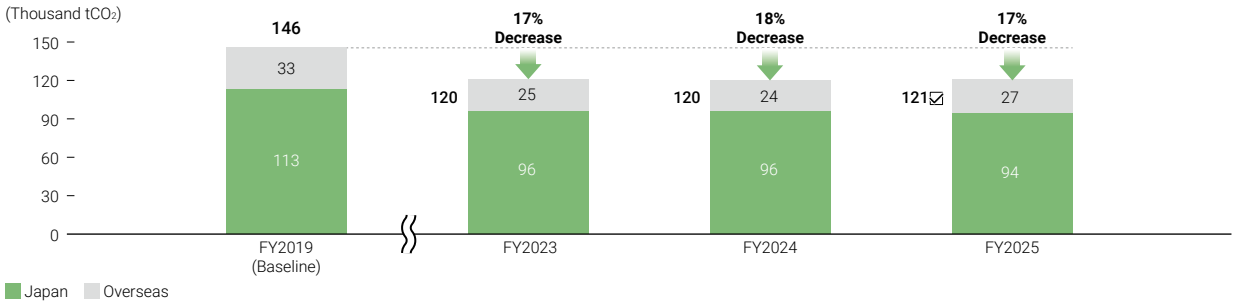
Roadmap to Carbon Neutrality (Scope 1+2)



03 Reducing GHG Emissions

Scope 1+2 Results

Reduction Rate of Energy-Related CO_2 Emissions (Scope 1+2) (Compared with FY2019)



Data indicated with ☑ has received independent practitioner's assurance by Deloitte Tohmatsu Sustainability Co., Ltd. (page 33).

We aim to reduce energy-related CO_2 emissions (Scope 1+2), our primary source 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.

Progress Toward SBTi-Certified Targets

	FY2019 (Baseline)	FY2025
Energy-related CO_2 emissions	130 thousand tCO_2*	121 thousand tCO_2
Reduction rate	—	–7%

* The SBTi-certified baseline does not include 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.)

* Effective April 1, 2026, Dari K Co., Ltd. was merged into LOTTE CO., LTD.

Calculation Methods

Scope 1: CO_2 Emissions =Σ (Fuel consumption x emission factors)

Scope 2: CO_2 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 2025. 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

GHG Emissions (Thousand tCO_2)

Category	FY2024	FY2025
1. Purchased goods and services	719	749
2. Capital goods	29	33
3. Fuel- and energy-related activities (not included in Scope 1 or 2)	25	25
4. Upstream transportation and distribution	96	97
5. Waste generated in operations	1	1
6. Business travel	1	1
7. Employee commuting	4	4
8. Upstream leased assets	—*	—*
9. Downstream transportation and distribution	63	58
10. Processing of sold products	—*	—*
11. Use of sold products	—*	—*
12. End-of-life treatment of sold products	52	52
13. Downstream leased assets	—*	—*
14. Franchises	—*	—*
15. Investments	—*	—*
Total	991	1,021☑

* 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 33).

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 × emissions intensity, etc. [1]) + Σ (Value of purchased goods and services other than raw materials × emissions intensity, etc. [2])
Category 2: GHG Emissions = Σ (Value of capital goods × emissions intensity, etc. [2])
Category 3: GHG Emissions = Σ (Energy consumption × emissions intensity, etc. [1] or [2])
Category 4: GHG Emissions = Σ (Ton-km of transportation × emissions intensity, etc. [1]) + Σ (Ton-km of transportation × fuel consumption per ton-km of transportation × emissions intensity, etc. [2]) + Σ (Transportation distance/average fuel efficiency × emissions intensity, etc. [3]) + Σ (Electricity consumption for cargo handling & storage × 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 × emissions intensity, etc. [1] or [2])
Category 6: GHG Emissions = Σ (No. of employees × emissions intensity, etc. [2])
Category 7: GHG Emissions = Σ (No. of employees × no of operating days × 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 × 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 FY2023.

Emissions Intensity, etc.

[1] IDEA Ver. 4.0 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. 3.6) of the Ministry of the Environment and the Ministry of Economy, Trade and Industry

[3] Emission factors used for the reporting system targeting Specified Consignors 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 Factories. 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.

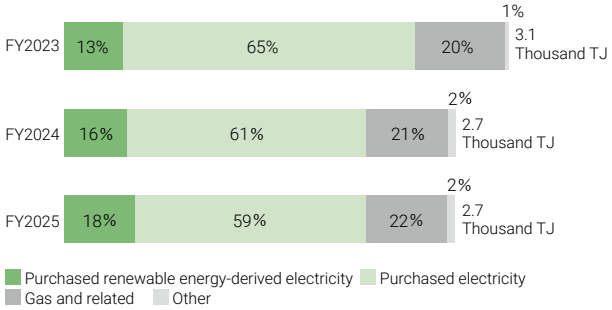
We are steadily expanding the use of renewable energy-derived electricity at our domestic factories and selected sales offices across Japan. In addition, LOTTE Wedel in Poland buys only green electricity generated from wind power for their head office and their factories.

* A set of virtually CO_2-free electricity options established in 2020 by Saitama Prefecture and TEPCO Energy Partner, Incorporated.



L's Power Station Toda Bijogi

Volume of Energy Input



Scope of Tabulation

Same as Scope 1+2 energy-related CO_2 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.



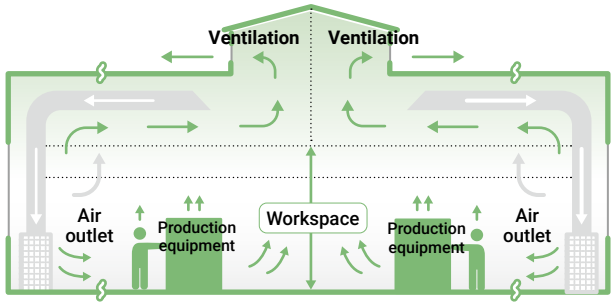
Sensor

Use of Waste Heat

We 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. Through this, we expect to reduce annual CO_2 emissions by approximately 57 tCO_2.

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 far 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 CO_2 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 CO_2 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 ice cream freezers using CO_2 refrigerant
FY2025	Shiga Factory	Introduced six ice cream freezers using CO_2 refrigerant



Freezer at Urawa Factory

Logistics Initiatives

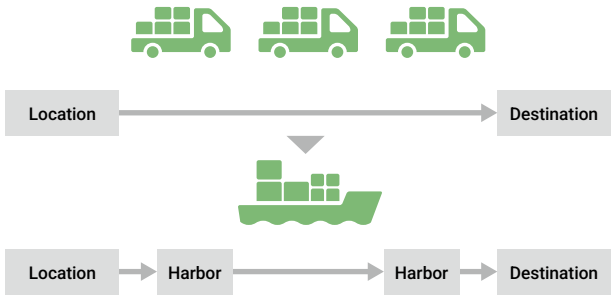
We are working to reduce the environmental impact associated with logistics. In addition to improving loading efficiency through optimized shipment configurations, we promote joint delivery*1, modal shift*2, and backhaul matching*3 initiatives. These efforts reduce transportation-related CO_2 emissions while also shortening lead times, reducing truck driver working hours, and lowering overall costs.

Year	Main Initiatives	Cooperating Businesses	Region
2007 onward	Modal shift (marine transport)	Express Akebono Co., Ltd.	Saitama–Fukuoka
2023 onward	Backhaul matching (via marine vessel)	Meiji Co., Ltd. (dairy products)	Saitama–Hokkaido
2024 onward	Backhaul matching (via marine vessel)	Kabaya Foods Corporation	Saitama–Okayama
2024 onward	Backhaul matching (via boat)	Bourbon Corporation	Niigata–Fukuoka–Osaka
2026 onward	Cross-industry backhaul matching (Winter only)	Sapporo Breweries Ltd.	Kanto–Tohoku

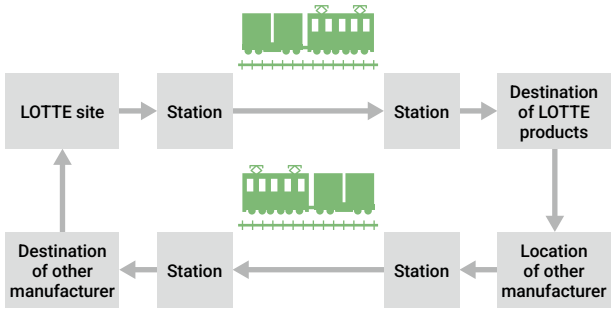
*1 Joint product delivery in cooperation with other companies in the same industry alongside carriers and warehouses. This serves to lower the number of trucks necessary for deliveries, which in turn reduces CO_2 emissions.



*2 A shift away from trucks toward sea and rail delivery, which have lower environmental impacts 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.



Topic

Recipient of the FY2025 Maritime Modal Shift Grand Prize

In FY2025, we received the Maritime Modal Shift Grand Prize* in recognition of our maritime modal shift for transporting products from Saitama to Fukuoka, implemented in collaboration with Express Akebono Co., Ltd. To transport products from Saitama Prefecture to Fukuoka Prefecture, we converted what was previously 1,148 km of overland transportation into overland transportation to and from ports (37 km and 8 km) and maritime transport by domestic ferry (1,146 km). This initiative has led to a 40% reduction in CO_2 emissions and an annual reduction of 10,800 working hours for truck drivers.

* The Maritime Modal Shift Grand Prize is awarded by the Eco Ship Modal Shift Business Selection Committee, which is composed of the Ministry of Land, Infrastructure, Transport and Tourism, the Japan Long Course Ferry Service Association, the Japan Federation of Coastal Shipping Associations, and academic experts. It is awarded to shippers and logistics operators for outstanding contributions toward the modal shift to maritime transport.



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, further helping to reduce GHG emissions from transport.

Smile-Eco Label

Since 2022, we have labeled products that meet proprietary environmental criteria with the Smile-Eco Label as an easy-to-understand way to convey the environmentally-friendly approach we take to our containers and packaging. In addition to expressing consideration for the global environment, the Smile Eco copy and mark were created to incorporate LOTTE's desire to make people smile with its products. As of March 2026, use of the label and mark has been extended to 103 products. To communicate progress of our initiatives more effectively, we launched the dedicated LOTTE Smile Eco website in March 2026. In addition to serving as a central source of information, the website presents estimates of life cycle CO_2 emissions associated with selected initiatives, helping to visualize their environmental benefits.

LOTTE Smile-Eco (Japanese only)
https://www.lotte.co.jp/corporate/sustainability/smile-eco/



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**

We will promote recycling initiatives and contribute toward resource recycling for plastics (promoting more advanced recycling technologies and methods).

- **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 actively promote recycling 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 *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

Main Initiatives

Year	Product (Product Group)	Type of Reduction	Reduction Amount (t)
FY2021	Chewing gum in a plastic container	Thinner containers	138.7
FY2022	*Zero Chocolate (Bag), Ghana & Crunky Share Pack*	Thinner bags	7.2
FY2023	*Lady Borden Ice Cream Pint*	Thinner lids	24.5
FY2024	*Choco Pie Party Pack, Custard Cake Party Pack, Toppo (Bag)*	Thinner trays	60.7
FY2025	*Zero Mini Cup*	Bioplastic used for lids	2.8*

Calculation Method

Calculated based on shipments in FY2025 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.

* Estimated based on planned 2026 sales volumes.

Promoting Chemical Recycling

We promote the recycling of industrial plastic waste generated at our factories. As part of these efforts, in October 2025 we launched a gasification-based chemical recycling initiative in collaboration with Resonac Corporation and the Japan Waste Group, covering a portion of the industrial plastic waste generated at our Sayama Plant as part of the production process. Gasification is a chemical recycling process in which plastics are converted to gas at high temperatures, broken down to the molecular level, and then recovered to be used as chemical feedstock.

Under this initiative, the used packaging is transported and preprocessed by the Japan Waste Group before undergoing chemical recycling by gasification at Resonac Corporation. The hydrogen, ammonia, carbon dioxide, and other chemicals produced through this process are circulated back into the market for further use as resources.



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 plastics to a circular economy and prevent plastic from becoming waste and causing pollution.

Paper Containers and Packaging

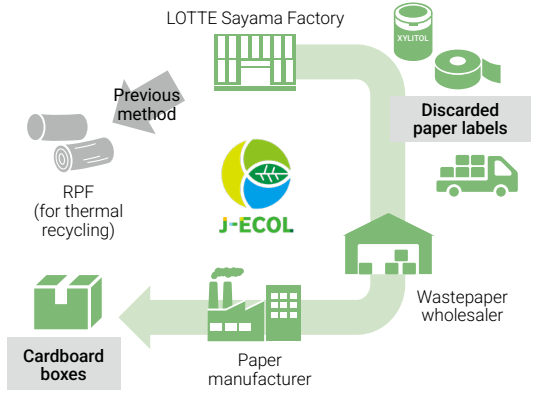
We strive to conserve resources by reducing the amount of paper containers and packaging we use to the greatest degree possible. In addition, we promote the use of environmentally-friendly paper materials such as recycled paper and paper certified to be sourced from responsibly managed forests.

Recycling for Paper Labels

At the Sayama Plant, we have begun recycling the label paper 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.

Material Recycling of Paper Labels



Smile Eco Challenge

We are making a range of efforts in the areas of containers and packaging, etc. to realize a sustainable society, conducted under the name "Smile Eco Challenge." As part of these efforts, we work with students and partner companies on collection and recycling initiatives. Examples of these activities are introduced below.

Recycling of Plastic Containers and Packaging–Verification Trials

● FY2024–FY2025: Collection of Chewing Gum Containers at Store Entrances



We have worked with LIFE CORPORATION to collect chewing gum containers from their supermarkets as a verification trial. The trial was launched in FY2024 at four stores for a four-month period and was expanded in FY2025 to nine stores over six months. The collected containers were processed into pellets and subsequently repurposed as shopping baskets for use in stores.

● FY2025: Collection of Polystyrene Containers at Store Entrances

Working with Yakult Honsha Co., Ltd., and with support from LIFE CORPORATION, we carried out in-store collection of used polystyrene food packaging, including Yakult drink containers and *Yukimi Daifuku* trays and picks. Polystyrene is a good candidate for chemical recycling, and chemical processing is expected to facilitate the reuse of this material in food containers, which are subject to strict safety standards. Our goal is to build a large-scale collection and recycling system that can support horizontal recycling, the process of turning used materials back into the same products.

Recycling of Paper Containers and Packaging

Although wastepaper is actively collected in Japan, collection rates for paper packaging remain relatively low. What is more, this issue remains largely unrecognized. Therefore, we launched an educational initiative to help raise awareness of paper packaging recycling. Since FY2023, we have worked in cooperation with Tokiwamatsu Gakuen Junior & Senior High School to collect paper containers and packaging from collection boxes installed on the school premises. The collected packaging was recycled into toilet paper, with a portion of it donated to the school. We are also working with Kaetsu Ariake Junior & Senior High School to promote similar recycling initiatives.

Topic

Using Bamboo Materials

Although frozen dessert sticks are generally made of wood or plastic, we have used bamboo for our *Choco & Vanilla Bar* since 2023. According to our research, this marks the first time in Japan that a commonly distributed frozen dessert has used bamboo materials. Though 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 an 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.

FLW Produced and Per-Unit Volume

FY2019 (Baseline)	FLW produced: 4.1 thousand tons Per-unit volume: 0.015
FY2023	21% Reduction FLW produced: 3.4 thousand tons Per-unit volume: 0.012
FY2024	31% Reduction FLW produced: 3.0 thousand tons Per-unit volume: 0.010
FY2025	24% Reduction FLW produced: 3.2 thousand tons Per-unit volume: 0.012

Scope of Tabulation

LOTTE CO., LTD. and its major Group companies

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 its generation. Therefore, 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.

Reuse

● 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 so that such food can 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 FY2025, we donated approximately 180 thousand 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.

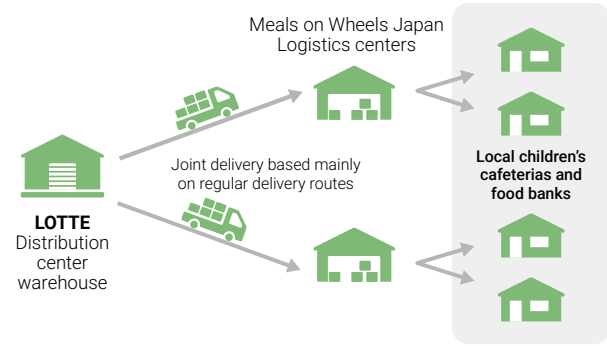
We believe that our food bank-related activities not only help to convey the joy of food, in terms of being delicious and fun, but also contribute to the effective use of food, so we will continue these efforts in the future.

* Products that have not yet reached their best-before or expiration date but have passed their shipping or in-store display deadline.





Surplus Food Donation Process



● Selling Non-Standard Products and Chocolate Offcuts

At Ginza Cozy Corner, we sell outlet items at our stores attached to our factories in Saitama and Kawaguchi, including non-standard products and chocolate offcuts left over from the manufacturing process that cannot be easily sold through regular channels.





In addition, LOTTE Wedel in Poland operates the "Give Them a Chance" initiative, under which products that do not meet visual specifications are sold at the E. Wedel Chocolate Factory Museum. Through this initiative, the company contributed to reducing environmental impact by cutting approximately 25 tons of food loss and waste (FLW). The chocolates inside may look imperfect but remain fully valuable and high quality. This gives customers a new option of enjoying the same great taste regardless of appearance. By helping

customers recognize this value, we create meaningful opportunities for customers to think about sustainable consumption.

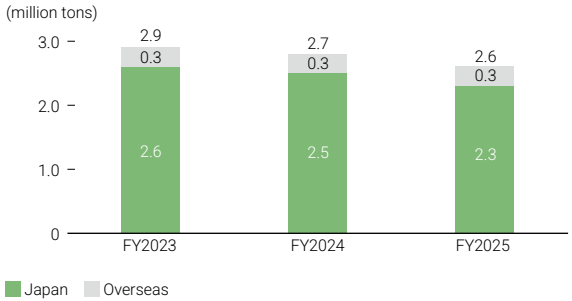
Recycle

We strive to maximize the value of waste generated through our business activities and promote its recycling into animal feed. While packaging had previously posed a challenge, we have partnered with a specialized recycling provider capable of processing packaged products, further accelerating conversion to animal feed.

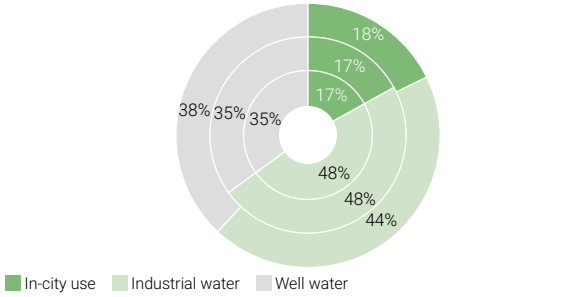
05 Water Resources

Water Usage

Volume of Water Used



Water Usage Ratio
(Inner: FY2023, Middle: FY2024, and Outer: FY2025)



Scope of Tabulation

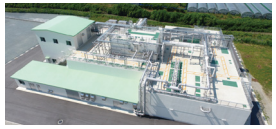
Major bases operated by LOTTE CO., LTD. and its major Group companies

Initiatives to Reduce Water Use

Our Sayama (Toda) factory produces a gum base and also performs a washing process for natural 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 also 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

06 Preventing Pollution

To prevent environmental pollution associated with our business activities, we comply with applicable environmental laws and regulations and maintain appropriate management systems. Chemical substances are rigorously managed in accordance with the PRTR Act.

07 Independent Practitioner's Assurance of GHG Emissions

Energy-related CO_2 emissions (Scope 1+2) and GHG emissions (Scope 3) for FY2025 indicated with ☑ on page 27 in the Japanese version of this Sustainability Report 2026 (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 26, 2026

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

Tomohiro Goto
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 CO_2 emissions (Scope 1 and Scope 2) and greenhouse gas emissions (Scope 3) indicated with ☑ for the year ended March 31, 2026 (the "Greenhouse Gas Information") included in the "Sustainability Report 2026 (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). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the Greenhouse Gas Information that is free from material misstatement, whether due to fraud or error. Greenhouse gas quantification is subject to inherent uncertainty because of 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, which requires the firm to design, implement and operate a system of quality management including policies or 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"), and ISAE 3410, Assurance Engagements on Greenhouse Gas Statements, issued by the IAASB.

The procedures we performed were based on our professional judgment and included inquiries, observation, 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 the suitability and availability of the criteria applied for the calculation and reporting of the Greenhouse Gas Information.
- Identifying and assessing the risks of material misstatement in Greenhouse Gas Information due to fraud or error.
- Obtaining an understanding of the Company's internal control system, including the process to identify Greenhouse Gas Information.
- Evaluating whether the Company's methods for estimates are appropriate and have been applied consistently.
- Performing site visits.
- Evaluating the appropriateness of the presentation of the Greenhouse Gas Information.

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.

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

Member of
Deloitte Touche Tohmatsu Limited

08 Environmental Data

Volume of Energy Input and GHG Emissions

				FY2019 (Baseline)	FY2023	FY2024	FY2025
Volume of energy input [Thousand TJ]		Japan and Overseas		3.0	3.1	2.7	2.7
	Per unit of sales [TJ/hundred million yen]	Japan and Overseas		—	0.99	0.82	0.77
Scope 1+2 energy-related CO_2 emissions [Thousand tCO_2]		Japan and Overseas		146	120	120	121
			Japan	113	96	96	94
			Overseas	33	25	24	27
	Reduction rate [%]	Japan and Overseas		—	−17	−18	−17
	Per unit of sales [tCO_2/hundred million yen]	Japan and Overseas		—	39	36	34
	Scope 1	Japan and Overseas		34	32	31	32
			Japan	28	26	25	24
			Overseas	6	7	7	7
	Scope 2	Japan and Overseas		111	88	88	89
			Japan	84	70	72	70
			Overseas	27	18	17	20
Calculated leakage of HCFCs and HFCs [Thousand tCO_2]		LOTTE CO., LTD		—	0.6	1.1	0.9

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.)

* Effective April 1, 2026, Dari K Co., Ltd. was merged into LOTTE CO., LTD.

Information on the method, etc. used for calculating energy-related CO_2 emissions is provided on page 27.

			FY2019 (Baseline)	FY2023	FY2024	FY2025
GHG Emissions (Scope 3) [Thousand tCO_2]*1	Japan and Overseas		—	1,018	991	1,021
	Japan		817	774	759	779
		1. Purchased goods and services	541	577	551	571
		2. Capital goods	72	24	29	33
		3. Fuel- and energy-related activities (not included in Scope 1 or 2)	17	19	20	20
		4. Upstream transportation and distribution	56	62	73	74
		5. Waste generated in operations	1	1	1	1
		6. Business travel	0.4	0.5	0.5	0.4
		7. Employee commuting	2	2	2	2
		8. Upstream leased assets	Out of scope as not applicable			
		9. Downstream transportation and distribution	37	46	47	43
		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*2	90	43	35	34
		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		—	244	232	242

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.)

*1 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 28.

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

Preventing Pollution

		FY2023	FY2024	FY2025
BOD pollution load [t] (estimated wastewater discharged to rivers)	FY2025 Factories in Japan FY2023–FY2024 Factories of LOTTE CO., LTD.	3	5	6
COD pollution load [t] (estimated wastewater discharged to rivers)		18	19	18
NOx emissions [t]	Factories of LOTTE CO., LTD.	6	4	4
SOx emissions [t]		0	0	0

Circular Economy

				FY2019 (Baseline)	FY2023	FY2024	FY2025
Waste generated by production processes [Thousand t]			Factories in Japan	–	14.9	15.3	15.1
Recycling rate of waste generated by production processes [%]				–	94.5	96.9	97.2
Final disposal volume (landfill volume) [Thousand t]				–	0.002	0.001	0.000
Food Loss and Waste (FLW) generated [Thousand t]			Japan and Overseas	4.1	3.4	3.0	3.2
	Per-unit volume reduction rate [%]			–	–21	–31	–24
Weight of products sold [Thousand t]				–	484	460	432
Procurement volume of product raw materials [Thousand t]				–	300	300	286
	Ingredients			–	226	225	217
	Containers and packaging			–	75	74	68
		Paper		–	55	56	50
		Plastic		–	16	15	15
		Other		–	4	3	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

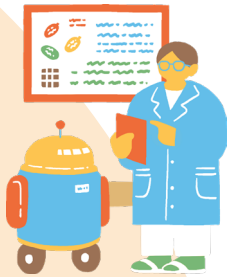
Overseas: Major Group companies overseas

Water Resources

				FY2023	FY2024	FY2025
Water withdrawal [Million t]	Japan + Overseas factories			2.9	2.7	2.6
		Japan		2.6	2.5	2.3
			In-city use	0.4	0.4	0.3
			Industrial water	1.2	1.1	0.9
			Well water	1.0	0.9	1.0
		Overseas factories		0.3	0.3	0.3
			In-city use	0.1	0.1	0.1
			Industrial water	0.2	0.2	0.2
			Well water	0.0	0.0	0.0
Water discharge [Million t]	Japan + Overseas factories			2.3	2.3	2.3
		Japan		2.1	2.1	2.0
			Sewerage	0.4	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
		Overseas factories		0.3	0.2	0.3
			Sewerage	0.2	0.1	0.2
			Rivers	0.1	0.1	0.1
			Seas	0.0	0.0	0.0
			Groundwater	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 | Development of Easy-To-Use Packaging
07 | Occupational Health and Safety
08 | Mental and Physical Health
09 | *SHOKUIKU* (Food Education)
10 | Employee Empowerment
11 | Labor Relations
12 | Support Activities
13 | Initiatives of Group Companies
14 | 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 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, issued by The Federation of Consumer Goods Industries and Consumer's Associations (SEIDANREN) since 2024.

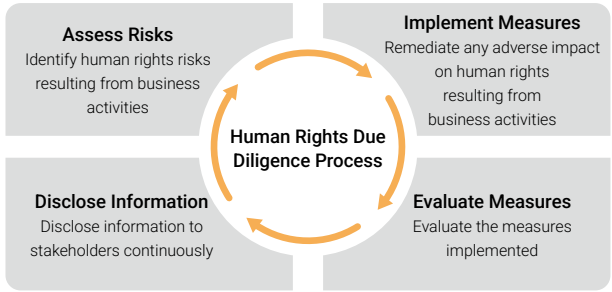
Policy on Human Rights
https://www.lotte.co.jp/english/charter/pdf/humanrights.pdf

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 and 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 were no major changes.

*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.



Main Initiatives

2019 to 2020	• Conducted assessments 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 at Group companies overseas and took corrective action for identified risks • Requested major suppliers to join Sedex* and started risk assessments
2023 to 2024	• Conducted field surveys on trading companies that handle main raw materials, contracted factories in Japan, and some Group companies in Japan • Conducted reassessments and reviewed which human rights-related risks should be prioritized
2025 to 2026	• Re-conducted surveys to understand the actual situation at overseas Group companies and some Group companies in Japan • Established a grievance mechanism for business partners • Revised the Policy on Human Rights and the Policy on Procurement • Formulated the Policy on Customer Harassment • Held orientations for suppliers to explain revisions to Supplier Guidelines • Re-conducted field surveys on trading companies that handle main raw materials and contracted factories in Japan

* 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 66). Human rights issues are considered to be the most critical management risks of all.

The Planning Section of the Sustainability Department manages human rights-related risks, with the officer in charge of the Sustainability 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, 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.

Human Rights Training

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 3,300 employees took the training courses in FY2025. 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 also distribute leaflets translated into local languages to Group companies overseas to promote awareness and understanding of our human rights policy. In FY2025, these leaflets were revised to reflect updates to our Policy on Human Rights.

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

Whistleblowing System

Internal Whistleblowing

We have opened a whistleblowing hotline called "Clean Line" (see "Whistleblowing System" on page 67) to provide employees with a platform to seek advice or report cases, both from within and outside LOTTE 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.

Grievance Contact Point
https://koueki-tsuhou.com/customer/LVxDeuZ2C9N7/

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 to report grievances	● Established a hotline to report grievances ● Hold explanatory briefings for suppliers	● Expand scope of applicable users	37
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	37
		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	57
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	37
Supply Chain	Discrimination and harassment Prohibition of forced and child labor Respect for fundamental rights of workers Indigenous people and local residents' rights to be respected	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 companies and the subcontracted factories	● Continuous management using Sedex ● Engage continuously with trading firms and subcontracted factories	38
		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: 84% (100% of which was produced in Ghana; FY2025)	● Promote activities to achieve goals	38–43
		Forced and child labor in regions producing palm oil	● Support producers through procurement of third-party-verified oil	● RSPO-certified oil procurement ratio: 88% (FY2025, in Japan)	● Promote continuous procurement of third-party verified palm oil	43

* 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.

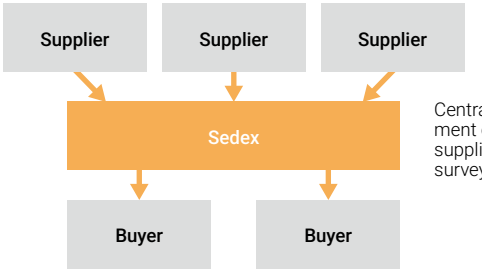
Policy on Procurement
https://www.lotte.co.jp/english/charter/pdf/procurement.pdf

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, alongside 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 impacts on our own. For this reason, working alongside our suppliers is essential 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 (Japanese Only)
https://www.lotte.co.jp/corporate/sustainability/pdf/supplier_guideline.pdf

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, 2026, about 60% of our primary suppliers (based on the amount of raw material 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.

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

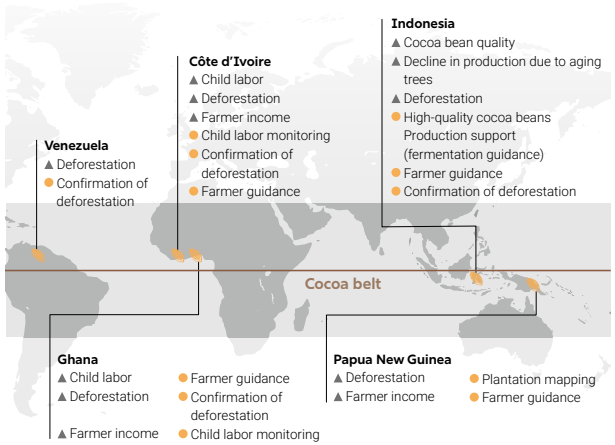
With chocolate being one of our core products, sustainable procurement of cocoa beans is vital. Cocoa bean-producing regions are affected by a range of issues, including child labor, deforestation, and yield reduction stemming from climate change. We maintain ongoing dialogues with the locals in an effort to address these issues.

Our mission, in these efforts and others, is to contribute to the happiness of all people involved in the chocolate industry. We also strive to gain the understanding and support of our customers so that we can work hand in hand to address the challenges facing the industry and create "A Happy Cycle with Cocoa" that brings us closer to a sustainable future.

Issues in Production Areas and Supporting Measures

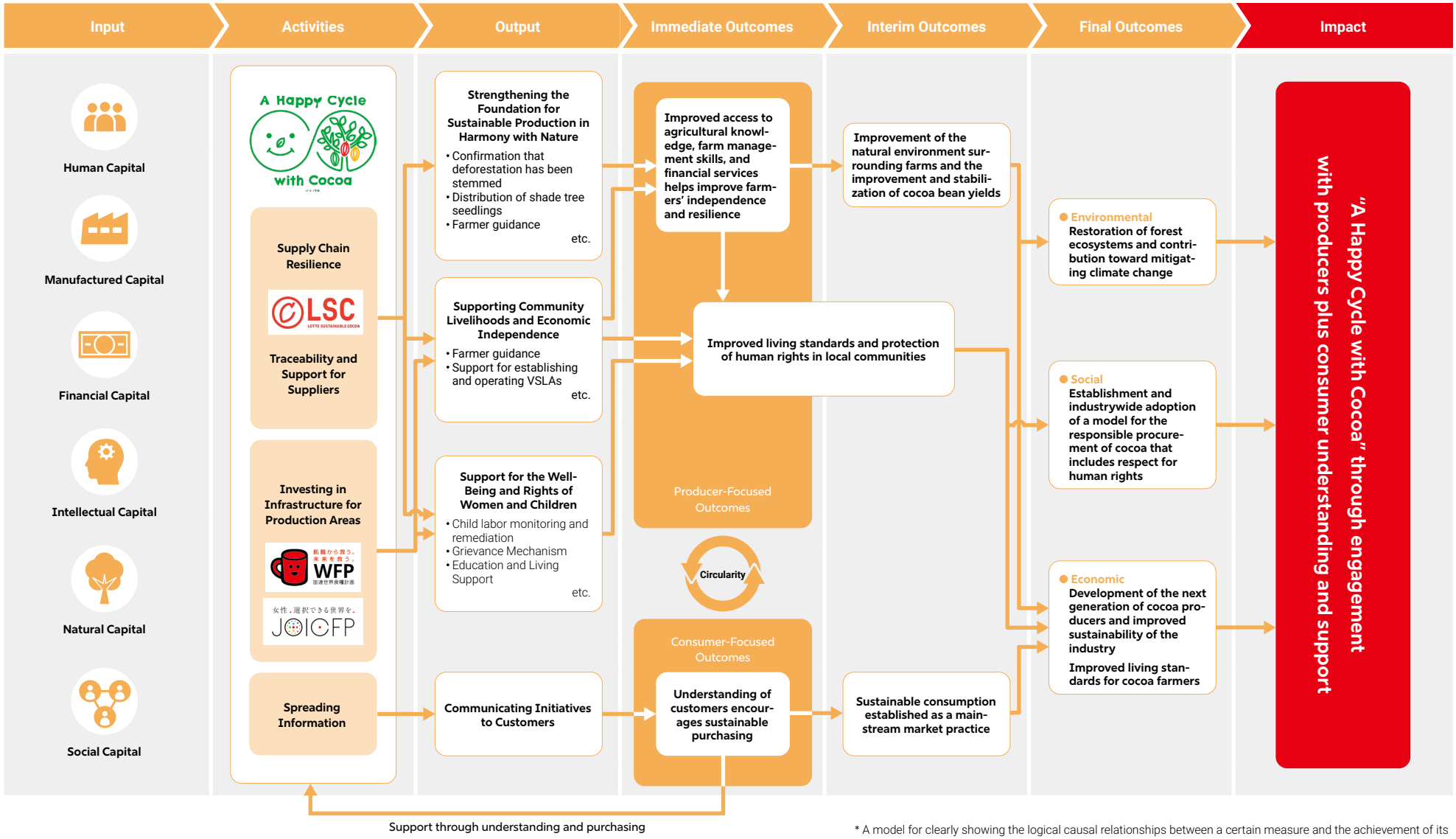
We procure cocoa beans from many regions, including Ghana. By understanding the specific social and environmental challenges faced by each production area and providing support tailored to local needs, we strive to achieve sustainable procurement.

Issues in production areas and supporting measures : ▲ Issues ● Support



Visualizing Impact

Sustainable cocoa sourcing generates a wide range of positive social impacts, including the elimination of child labor and the protection of forests. We developed a logic model* to illustrate how our initiatives create change in production areas and ultimately contribute to positive impacts. This model demonstrates our commitment to working closely with production areas and shows how we seek to achieve A Happy Cycle with Cocoa. We hope this will help foster a deeper understanding of and support for our initiatives.



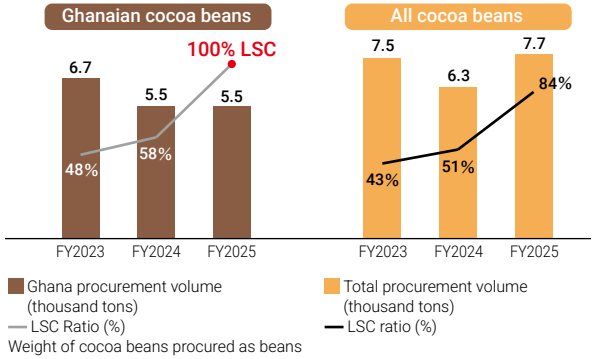
* A model for clearly showing the logical causal relationships between a certain measure and the achievement of its objective; it is composed of four elements: inputs, activities, outputs, and outcomes.

Supply Chain Resilience

Goals

Our efforts to build a sustainable supply chain include traceability of the cocoa beans we procure, down to the farm they were sourced from, and providing support for local communities to overcome challenges. Cocoa beans procured with such traceability intact are called LOTTE Sustainable Cocoa (LSC). We have worked to increase our procurement ratio of LSC, achieving our target of switching all cocoa beans procured from Ghana to LSC by FY2025. Currently, we are focused on our next goal, of switching over the rest of our procured cocoa beans to LSC by FY2028. As part of that effort, we are helping LSC suppliers with issues facing their respective production areas.

Amount of Cocoa Beans Procured



Scope of Tabulation

LOTTE CO., LTD.

Traceability

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

LSC Sourcing Farmers (Ghana)

	Harvest Year*		
	2022/23	2023/24	2024/25
Number of LSC sourcing farms	3,188	4,696	11,057

* For West Africa, the largest cocoa bean-producing region in the world, the harvest year is from October through the end of September of the following year, based on the harvesting of cocoa beans. The description "2024/25" means the period from October 2024 to the end of September 2025.

LSC Procured Region (2024/25 Harvest Year Results)

Country	Region	District
Ghana	Ashanti	Juaso / Konongo / New Edubiase / Offinso / Ofoase
	Central	Breman Asikuma / Dunkwa / Twifo Praso
	Eastern	Achiase / Akim Oda / Akoase / Asamankese / Suhum
	Western	Manso Amenfi / Prestea Nkwanta / Wassa Akropong F
	Western South	Samreboi

Strengthening the Foundation for Sustainable Production in Harmony with Nature

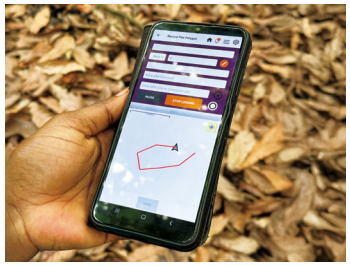
Deforestation Survey

In LSC sourcing regions in Ghana, we are conducting GPS-based mapping of cocoa farms and monitoring activities aimed at stemming deforestation. No instances of deforestation were identified during on-site verification activities conducted in FY2025.

Mapping Status (Ghana)

		Harvest Year		
		2022/23	2023/24	2024/25
Number of mapped farms		3,100	4,356	8,622
	Coverage ratio	97.2%	92.8%	78.0%

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

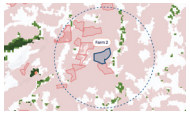


Plantation mapping using smartphone GPS app

Monitoring Process

STEP 1 Desk Research

Plantation mapping data collected using a GPS app is cross-checked against satellite data through the Satelligence* platform to assess deforestation risk at the individual farm level.



Satelligence map

STEP 2 Onsite Research

Where desk research indicates a potential risk of deforestation, the Company or its suppliers conduct on-site assessments to verify whether the farm is in fact associated with deforestation.



Onsite research by our employees

STEP 3 Farmer Training and Restoration Support

If a farm is confirmed to be involved in deforestation, we will facilitate training and support for forest restoration.

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

Number of Risk Cases Identified Through Desk Research and Number of On-site Confimations Completed (Ghana, as of July 2026)

	Harvest Year
	2024/25
Number of risk cases identified through desk research	51
Number of onsite confirmations completed	6

Number of risk cases identified through desk research = Number of farms that have undergone Satelligence plantation mapping and were determined to be inside or in the presence of protected areas.

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

Since 2024, four companies (Fuji Oil Co., Ltd., MC Agri Alliance Ltd., olam food ingredients, and LOTTE CO., LTD.) have been conducting a joint pilot project to verify the effectiveness of regenerative agriculture in LSC sourcing areas, 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 spread on cocoa plantations to test their effectiveness.



Post-combustion biochar



Spreading biochar

Agroforestry Promotion Project

Since 2026, we have been working with the Ashanti Regional Office and Offinso District Office of Ghana's Cocoa Health and Extension Division (CHED)*1 to promote the adoption of agroforestry.*2 This is a three-year project covering cocoa production areas in Ghana, including Offinso, an LSC sourcing area. To support sustainable cocoa production, improve farmer livelihoods, and address local environmental issues, we will cultivate and distribute a diverse range of shade tree seedlings suitable for local growing conditions over a three-year period. As part of this project, we plan to establish three community-based nurseries, providing a total of 500,000 seedlings to be distributed to approx. 8,000 farmers. In addition, farmer training and continuous support from CHED will help embed agroforestry practices and strengthen sustainable agricultural systems throughout the region.

*1 A specialized division of the Ghana Cocoa Board (COCOBOD), a government agency of Ghana that supports cocoa farmers through agricultural extension services, pest and disease control programs, and seedling distribution to improve cocoa quality and farmer livelihoods.

*2 A portmanteau of the words agriculture and forestry. A sustainable farming approach that integrates shade trees and fruit trees into cocoa farms to protect cocoa trees from excessive sunlight, conserve the natural environment, and diversify farmer income.



Training session



Seedling cultivation center

Supporting Community Livelihoods and Economic Independence

Providing Guidance to Farmers

We provide guidance to farmers based in Ghana who produce LSC on proper use of fertilizers and pesticides and agricultural methods that lead to higher yields.

Status of Farmer Guidance (Ghana)

		Harvest Year		
		2022/23	2023/24	2024/25
Number of farms receiving farmer guidance		2,368	3,729	7,714
	Participation rate	74.3%	79.4%	69.8%

Participation rate = Number of farms that participated in farmer guidance/Number of LSC sourcing farms

Support for Establishing VSLAs

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.





Number of New VSLA Support Cases (Ghana)

	Harvest Year		
	2022/23	2023/24	2024/25
Number of new VSLA support cases	8	19	28

Topic

Initiatives in Indonesia

On Indonesia's Sulawesi Island, we, via the Dari K Department, 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. The department is also pushing the boundaries of what is possible with cocoa beans, which includes the establishment of special fermentation technology for the fermentation of a combination of fruits, spices, and cocoa beans. In addition, it is providing farmers with guidance for cultivating high-quality cocoa and then purchasing harvested cocoa directly from them, thereby supporting stable farmer incomes and the development of sustainable cocoa farming.

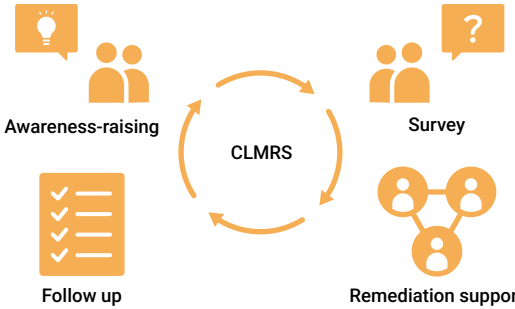
Support for the Well-Being and Rights of Women and Children

Child Labor Monitoring and Remediation

To eliminate child labor, a key social issue in West African cocoa-producing areas, we have implemented either CLMRS* or a comparable system to monitor child labor in collaboration with local partners at LSC sourcing locations in Ghana. 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 continued monitoring and making continuous improvements through follow-up actions.

* 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.

Overview of CLMRS



CLMRS Usage (Ghana)

		Harvest Year		
		2022/23	2023/24	2024/25
Number of farmers using CLMRS		3,083	4,696	11,057
	Adoption rate	96.7%	100%	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	2024/25
Number of child labor cases identified	184	478
Number of child labor cases remediated	548	478

Grievance Mechanism

In LSC sourcing regions in Ghana, 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 guidance to farmers. This system has been implemented for farmers across all cocoa-sourcing regions in Ghana.

Education and Living Support

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, helping reduce the risk of child labor.





Gender-Responsive Support

To mark Menstrual Hygiene Day, we supported the Menstrual Hygiene Week Celebration organized by Ghana's CHED. As part of this initiative, menstrual hygiene products were donated and workshops conducted for selected communities in LSC sourcing areas.

This initiative aims to improve access to menstrual hygiene products in an effort to remove barriers to girls' education, while also raising menstrual health awareness across local communities. We are fully committed to initiatives that address child labor by incorporating gender perspectives.



Construction of Teacher Housing

In coordination with the Dwirigum Basic School Building Construction Project, implemented under the Ministry of Foreign Affairs of Japan's Grant Assistance for Grassroots Human Security Projects (GGP)*, we constructed new teacher accommodation in Jurigung, Wassa Amenfi Central District, Ghana.

A CLMRS survey conducted in the Dwirigum area revealed that some children are unable to attend school despite wanting to do so due to the deteriorated condition of school buildings. By maintaining close engagement with local communities and understanding the issues they face, we will be better able to provide children with a safe and comfortable learning environment.

* A Japanese Official Development Assistance (ODA) program that supports organizations undertaking community-based development projects in developing countries, with the aim of addressing basic human needs and enhancing human security. The program is distinguished by its ability to provide direct and flexible support to underserved communities and vulnerable populations with limited access to public services in priority areas related to basic human needs and security, including education, healthcare, water and sanitation, demining, and disaster risk reduction.


Exterior view of teacher housing


Interior view of teacher housing

Donation of School Supplies

During a visit to an elementary school in Ghana in December 2025, LOTTE employees donated original notebooks and conducted a special lesson for students. We explained to the children how cocoa beans produced locally become chocolate in Japan, which brings joy to people around the world and helps people express gratitude and affection to others.



Investing in Infrastructure for Production Areas

Women's Empowerment

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 the lives and well-being of women. 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 have offered support for healthcare facilities to improve their sanitary environment and training of healthcare staff, alongside awareness-raising and educational programs for young people.

女性・選択できる世界を。
JOICFP

School Meal Support

We support the school meal support 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.

飢餓から救う。
未来を救う。
WFP
国連世界食糧計画


© WFP/Derrick Botchway

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 to identify, prevent, and reduce the risks of child labor in the cocoa industry.

Platform for Sustainable Cocoa in Developing Countries

Additionally, 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 in the equatorial cocoa growing regions, and support activities to eliminate exploitative child labor in society.

World Cocoa Foundation

Palm oil

As an effort to promote sustainable sourcing of palm oil, we became a member of the RSPO*. Through this membership, we will contribute to the sustainable development of the palm oil industry by working in solidarity with member companies and organizations.

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

Amount of Palm Oil Procured

FY2023	15.2 thousand tons, third-party verified oil 89%
FY2024	14.4 thousand tons, third-party verified oil 89%
FY2025	13.3 thousand tons, third-party verified oil 88%

Weight of palm oil contained in oil and oil processed goods

Scope of Tabulation

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

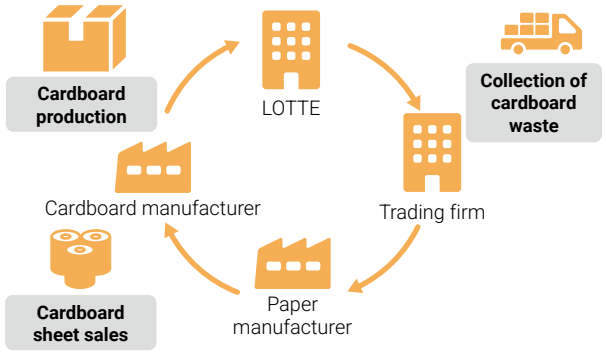
Paper

In FY2025, 39.9 thousand tons of paper was procured for product containers and packaging in Japan, of which 94% was environmentally-friendly paper. We will continue to ensure sustainable paper procurement and increase the percentage of eco-friendly paper procurement from certified forests.

Paper Resource Recycling

Our Urawa and Kyushu factories engage in closed-loop recycling, whereby discarded cardboard is reused in-Company. Previously, cardboard boxes 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 recycling-oriented society.

Closed-Loop Recycling for Cardboard Boxes



Working with Production Areas for Sustainable Procurement

Glutinous Rice

To deliver the soft and chewy texture characteristic of *Yukimi Daifuku*, even when frozen, we place great importance on the quality of the glutinous rice used as an ingredient. Therefore, to ensure the sustainable procurement of this rice, we work closely with producers and strengthen partnerships in sourcing areas through ongoing dialogue.

● Key Sourcing Areas

Hokkaido Prefecture, Iwate Prefecture, Miyagi Prefecture

● Key Social Issues

Production areas for glutinous rice face structural challenges that include an aging farming population and a lack of successors. These factors, combined with rising agricultural input costs in recent years, have made it increasingly difficult to ensure a stable supply of high-quality glutinous rice. Other standout issues are the limited insight into conditions in these areas and the lack of strong partnerships needed to respond collaboratively with producers when significant changes occur in the external environment.

● Addressing These Issues

To address the increasingly complex challenges facing production, we are pursuing an approach that starts with direct engagement with glutinous rice producers. To facilitate dialogue on the future of sustainable glutinous rice production, we launched regular engagement meetings with stakeholders in production areas. We spoke directly with producers in Hokkaido, Iwate, and Miyagi prefectures, our key sourcing areas, and learned about real-life situations on the ground, such as how the demands of daily farm work often lead farmers to postpone replacing consumable items such as work gloves. In response, we provided work gloves as a practical necessity for their duties. In May 2026, we visited producers in Miyagi Prefecture to gain a deeper understanding of the issues they face and to learn about their commitment to glutinous rice cultivation. Our support also included active participation by 17 LOTTE employees, who assisted with rice planting. Going forward, we will continue to build strong relationships of trust through dialogue with stakeholders on the ground and work toward the sustainable production and procurement of glutinous rice in collaboration with production areas.



Quince

Quince is a key ingredient used in products such as throat lozenges. We work closely with production areas in Japan to promote sustainable procurement while also contributing to local communities.

● Key Sourcing Areas

Kagawa Prefecture, Nara Prefecture, Yamagata Prefecture

● Key Social Issues

The volume of quince produced in Japan has fallen to under 100 tons, which is less than half of what production was at its peak. Consumers are generally unaware of the strong value of quince as an ingredient, exacerbating the decline of the primary production bases and threatening the very existence of the quince industry.

● Addressing These Issues

To ensure the future of Japan's quince industry, we switched the quince used in our products to quince produced in Japan. Our goal is sustainable procurement made possible by creating stable domestic demand and working with producers to promote the value of quince and its associated culture.

To this end, we undertake a range of initiatives in key sourcing areas, including educational programs for younger generations such as outreach classes at local elementary schools, hands-on harvesting experiences, promotional activities through pop-up shops, and measures to increase production, implemented in collaboration with JAs and producers. We will continue working together with our partners in production areas to ensure the sustainable procurement of quince produced in Japan.



▶ *NODOAME* website (Japanese only)
https://www.lotte.co.jp/products/brand/nodoame/

▶ Karin 100% Magazine (Japanese only)
https://www.lotte.co.jp/corporate/karin/

Natural Chicle

With regard to natural chicle, a key ingredient for the gum base used in chewing gum, we promote sustainable procurement practices that protect forest resources and which aim to coexist with local communities. The use of natural chicle in our gum base helps create the rich, satisfying chewing experience of our chewing gum products.

● Key Sourcing Areas

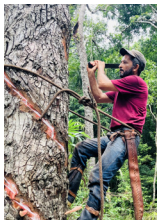
Mexico, Guatemala

● Key Environmental Issues

Natural chicle is derived from the sap of the chicle tree. The sustainable harvesting of high-quality sap depends on a proper harvesting cycle that allows tapped trees to rest and recover for several years in accordance with natural regeneration processes. The main production areas are located in the tropical rainforests of Mexico and Guatemala, surrounding Mayan archaeological sites where ancient cultural heritage and rich natural ecosystems are protected as part of an integrated conservation landscape. Protecting both cultural heritages and forest ecosystems requires compliance with established harvesting cycles and forest conservation rules, making the long-term sustainability of the industry a key issue.

● Addressing These Issues

As part of our commitment to preserving ancient city ruins and lush tropical rainforests for future generations, we procure natural chicle produced in compliance with local rules and following the appropriate harvesting cycles. In addition to procurement, we work with producers to improve quality by offering technical support, which includes on-site guidance on quality control. We believe that the continued, steady procurement of responsibly harvested natural chicle supports the livelihood of local farmers and ultimately contributes to forest conservation. In order to keep delivering high-quality chewing gum to our customers, we will pursue responsible and sustainable procurement based on coexistence and mutual prosperity with local farmers and nature itself.



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 ingredients) as the main ingredients derived from animals. Eggs are the primary raw materials to consider from the perspective of animal welfare, based on a comprehensive evaluation of factors, including usage volume and rearing conditions. 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.

LOTTE Wedel, our Group company in Poland, transitioned to sourcing exclusively cage-free eggs in 2025. We will continue working with suppliers to better understand and address procurement-related issues, taking into account local market conditions, including consumer demand and availability of supply, as we strive to make procurement more sustainable.

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 contribute to the "Quality" that we strive for, 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 / BRCGS*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 for overall quality and safety, which previously varied by regions or items manufactured.

LOTTE ADVANCE will be adopted for our mainstay products of confectionery and frozen desserts. It comprises provisions associated with the Policy on Quality, the Policy on Food Safety, 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.

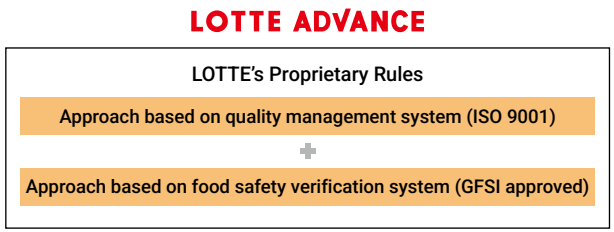
*1 A non-profit organization established in May 2000 operating globally to promote the continuous improvement of the Food Safety System.

*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.

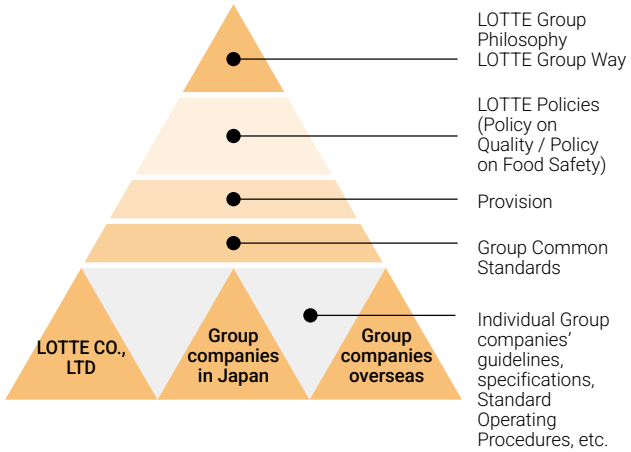
*3 Brand Reputation through Compliance Global Standards. A food safety and quality management standard developed by the British Retail Consortium (BRC). The BRC provides third-party certification to ensure food safety.

*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.

LOTTE ADVANCE Framework



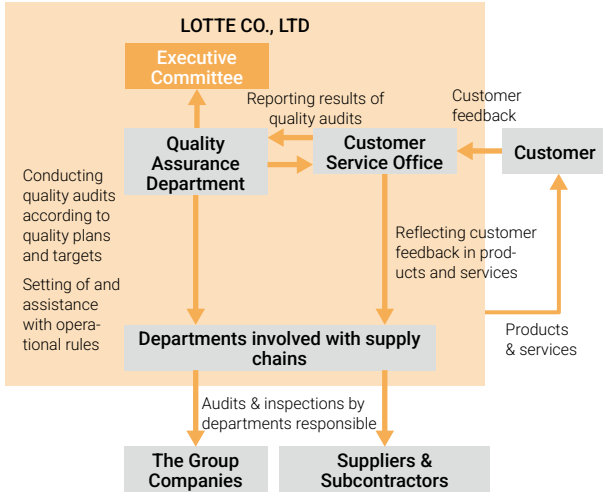
LOTTE ADVANCE-Related Documentation



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.

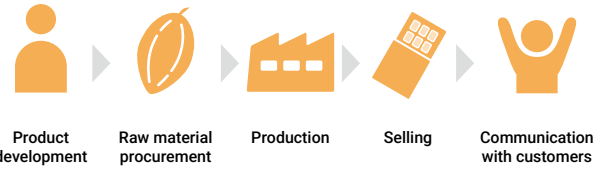
Quality Assurance System



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.

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 which products use specific lots. 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.

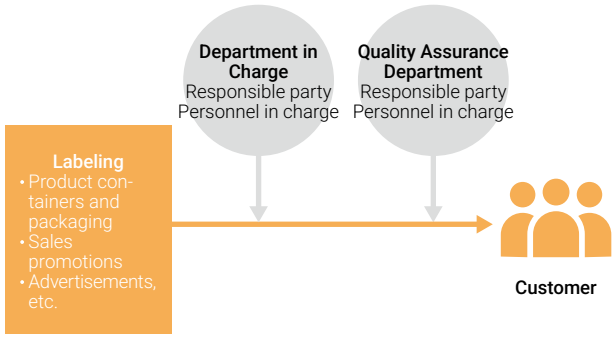
Production

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 uses 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

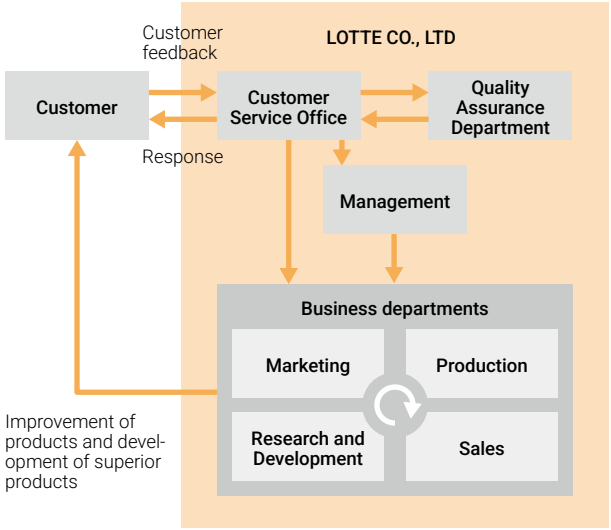
To enable customers to buy and consume our products with peace of mind, labeling related to product packaging, sales promotions, and advertisements is conducted in accordance with all relevant laws and regulations, with every effort made to provide information to customers in an easy-to-comprehend manner 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 such.

Our Labeling Check System



Communication with Customers

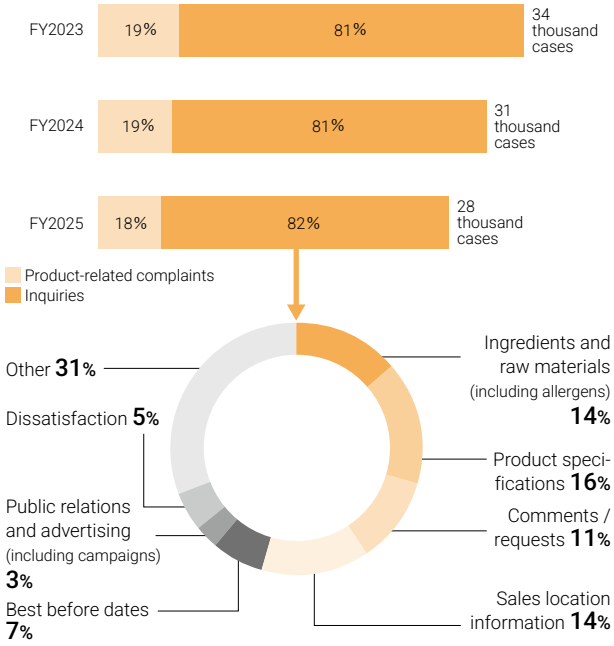
We have established a Customer Service Center as a means to handle customer inquiries and consultations, which is part of our commitment to providing sincere support and clear information so that customers can use our products and services with peace of mind. Customer feedback is shared with management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



Number of Inquiries from Customers and Breakdown

In FY2025, our Customer Service Center received roughly 28 thousand inquiries from our Group companies' customers in Japan.

Number of Inquiries from Customers



Scope of Tabulation

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

Recalls and Legal Violations

In FY2025, there was one product recall. In response, we are conducting a thorough investigation to determine the cause and taking action to prevent a recurrence. In addition, none of the Group companies were reported to have violated the Act against Unjustifiable Premiums and Misleading Representations stipulated by Japan's Consumer Affairs Agency.

● Recalled Product

Fusen no *Mi Bottle Wakuwaku Mix!* chewing gum and two varieties of *Mecha Fukuramu Fusen Gum* (approximately 30 thousand units collected*; about 4.5 tons)

* Collection figures represent the estimated number of recalled products expected to be recovered and their total weight, including packaging.

06 Development of Easy-To-Use Packaging

Universal Design

Our goal is to make products that are more accessible and user-friendly for everyone. To that end, we promote packaging development based on universal design principles.

COOLish

To further enhance the convenience and accessibility that make *COOLish* so special, we have improved its packaging based on "human engineering for quality life," or engineering centered on improving people's lifestyles. In 2026, these efforts were recognized when *COOLish* became the first food product to receive the Human Engineering Certification established by the Research Institute of Human Engineering for Quality Life. The following three functions were certified.

- Cap designed for easier opening
- Spout designed for easier consumption
- Pouch designed to reduce cold sensation in the hand

Going forward, we will continue to leverage insights from human life engineering to enhance *COOLish* and provide all customers with enjoyable and accessible experiences.

Certified functions

人間生活工学認証



Cap designed for easier opening

Spout designed for easier consumption

Pouch designed to reduce cold sensation in the hand

Crunky

We developed "Snap & Open" packaging, which can be opened by simply folding the carton at the center, providing an alternative to the conventional opening method. In addition to requiring less time to open than previous packaging, it generates less small debris, making it easier to share and enjoy with others. The distinctive snapping action also adds a new dimension to the product experience, offering consumers a sense of enjoyment before they have even taken their first bite.



Inclusive Design

Unlike universal design, which aims to make products and services accessible to as many people as possible from the outset, inclusive design involves engaging people with specific challenges, such as older adults and people with disabilities, starting from an early stage and continuing throughout the planning and development process. A key feature of this approach is that it involves close interaction with the very people who face these challenges and working with them to explore solutions. This often results in innovative ideas and products that are more accessible and easier for a broader range of people to use.

KOKOYOMU: A Way to Provide Access to Product Information Through Touch, Without Relying on Vision

KOKOYOMU (Japanese for "read it here") was developed to meet the needs of people with visual impairments and incorporates a tactile square groove on paper carton packaging that can be easily identified by touch. Key product information, including the product name, best-before date, and allergen information, is displayed in the same panel to improve accessibility. This enables users to find product information they may need to know without relying on vision. This feature, which was introduced in September 2026, has been gradually rolled out across boxed paper packaging for *Premium Ghana, Choco Pie, and Custard Cake*, among other products. However, for this initiative to truly increase user convenience, it needs to be adopted as a common framework, beyond the scope of a single company. Therefore, we will encourage the implementation of *KOKOYOMU* for other like-minded companies, aiming to establish it as a part of social infrastructure that extends beyond corporate and national boundaries.



*1 Based on a survey of publically available information conducted by the Company on May 26, 2026.

*2 Based on interviews conducted by the Company with people with visual impairments.

● Key Features of *KOKOYOMU*

Usable with Existing Tools

The tactile groove allows users with visual impairments to easily locate the correct side of the package and access information using the voice reader features available on their smartphones. In addition, for users who rely on magnifiers, it provides a helpful reference point when searching for product information.

Versatile, Easy-to-Implement Design

Applying the *KOKOYOMU* groove to packaging does not require any special technology, capital investment, or additional material costs, meaning it can be implemented in various paperboard packaging formats.

07 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 recurrence 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.



Annual hazard awareness training

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 occupational accident risks through equipment that enables employees to experience potential dangerous situations
- Improvement of workbenches to prevent accidental tripping and falling
- Implementation of 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.

08 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 our 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 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.

Number of Checks Using *Mastication Check Gum*

FY2023	470 thousand
FY2024	490 thousand
FY2025	540 thousand

Previous data has been revised retrospectively following the adoption of a more appropriate calculation methodology.

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.

In FY2026, we launched a Companywide, cross-departmental Chewing Innovation Project Team to accelerate these efforts.

KAMUKOTO Laboratory (Japanese only)
https ://www.lotte.co.jp/kamukoto/

KAMUKOTO Institution (Japanese only)
https ://kamukotokenko.jp/

● Bubble Gum Training Helps with Developing Oral Functionality in Children

Since FY2023, we have worked with the Yamaguchi Dental Association to provide an annual, two-month bubble gum training program to senior kindergarten children (age 5–6) in Yamaguchi Prefecture. We continued this program in FY2025, reaching approximately 1,100 children. As a result of the program, 59% of participating children demonstrated improved chewing ability compared with pre-program levels. Among children who exhibited these symptoms, improvements were observed in 44% for oral incompetence (mouths hanging open), 52% for chewing sounds during meals, and 47% for snoring during sleep. Teacher survey results showed a high satisfaction rate of 97%, while 86% reported positive changes in children's oral health awareness and behavior. These findings confirm that bubble gum training contributes to children's oral development and behavioral change.

● Confirmation of the Positive Effect of Gum Chewing on Cheek Elasticity

Earlier research has found that regular gum chewing by women was associated with a toning effect on facial contour. We

conducted a study assessing the impact of 12 weeks of gum chewing on skin elasticity among healthy adults in their 30s to 50s. The results showed greater improvement in cheek skin elasticity among participants who chewed gum compared with those who did not. These results suggest that activation of the masticatory muscles through gum chewing may influence the muscles surrounding the cheeks, contributing to improved cheek elasticity.

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 assessments of chewing ability, among other initiatives.



Ceremony with the mayor of Naha City for entry into a collaborative agreement

Year of agreement	Collaborating partner
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
FY2025	Kagamino Town, Okayama Prefecture
	Kochi City, Kochi Prefecture / Kochi City Dental Association
	Nagaokakyo City, Kyoto Prefecture
	Fukuoka City, Fukuoka Prefecture / Fukuoka City Dental Association
	Miyoshi Town, Iruma District, Saitama Prefecture / Miyoshi Town Dental Association
	Japan Health Insurance Association Chiba Branch / Chiba Prefecture Dental Association
	Ryugasaki City, Ibaraki Prefecture / Ryugasaki City Dental Association

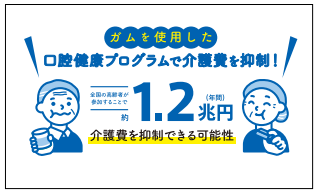
Estimating Social Impact

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.

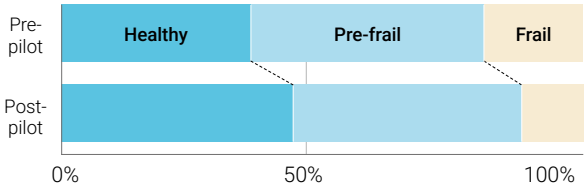
Estimation of the Effect of *KAMUKOTO* on Reducing Nursing Care Expenses

In FY2025, we estimated the potential reduction in long-term nursing care expenses*1 resulting from broader implementation of a chewing gum-based oral health program*2 as one of the social impacts associated with popularizing proper *KAMUKOTO*. Analysis of data from a pilot project in Toyota City, Aichi Prefecture, showed that participation in the program improved participants' health, while reducing long-term nursing care expenses by an estimated amount reaching approximately ¥42,000 per participant per year. If all adults aged 65 and older who do not require long-term care were to participate across Japan, the potential annual reduction in long-term care costs could reach approximately ¥1.2 trillion. Compared with other exercise-based interventions, this program is relatively easy to implement. The findings of this analysis suggest that it has the potential to generate meaningful social impact by serving as an accessible entry point to extending healthy life expectancy.

*1 Analysis of data from a pilot project in Toyota City, Aichi Prefecture estimated the potential reduction in long-term nursing care expenses associated with the prevention and improvement of oral frailty and overall frailty among older adults across Japan. (Data collected and analyzed by LOTTE).
*2 The oral health program combines oral exercises, including chewing gum three times a day for 2.5 months, with monthly long-term nursing care prevention classes.



Pre-Pilot and Post-Pilot Changes in Program Participants



Raising Awareness Among Employees

To ensure that the value of *KAMUKOTO* is reflected throughout our organization, we believe it is essential for employees to understand its significance and make it part of their everyday habits. Therefore, we promote awareness through a variety of initiatives, including continuous communication through internal newsletters and informational leaflets, hosting oral function assessment events that measure tongue pressure and bite force, and offering *KAMUKOTO* menu options at the employee cafeteria at our head office.

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 checkups, 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 12 municipalities (Hokkaido, Goshogawara City in Aomori Prefecture, Aizuwakamatsu City in Fukushima Prefecture, Chiba Prefecture, Ebina City in Kanagawa Prefecture, Gifu Prefecture, Kamikitayama Village in Nara Prefecture, Yamaguchi Prefecture, Kitakyushu City in Fukuoka Prefecture, Okayama Prefecture, 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 worldwide.



まいにち はみがき まいにち キシリトール
SMART HABIT

Xylitol Explained

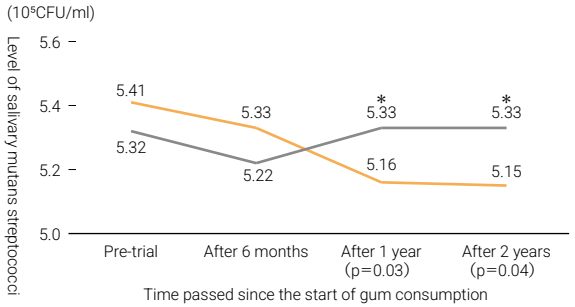
Xylitol is a type of sugar alcohol that does not create the acid that causes cavities; it is made from trees such as white birch and oak. It is roughly as sweet as sugar but has fewer calories at around 3 kcal/g, compared with sugar's 4 kcal/g. Xylitol's key distinguishing feature is the smooth burst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

Reduction of Mutans Streptococci

Mutans streptococci are bacteria that exist 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.

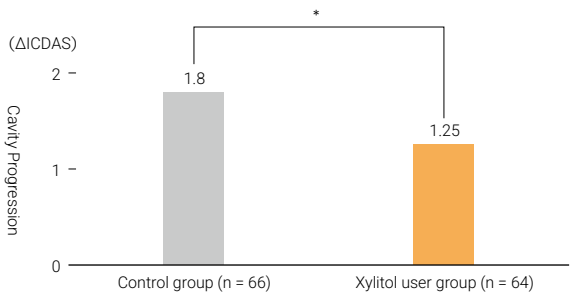
Changes in Level of Salivary Mutans Streptococci after Consuming Chewing Gum Containing Xylitol



* Shows a statistically significant difference

Effects of Xylitol Consumption on

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)



* Shows a statistically significant difference (P=0.01)
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 health guidance and consumed chewing gum containing xylitol as their 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 whom 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.

09 *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.

Participation rate in food education activities

	FY2024	FY2025
Number of people surveyed	2,655	2,919
Number of respondents	1,819	1,581
Number of participants in food education activities	264	330
Participation rate	14.5%	20.9%

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.





Main Initiatives

Category	Name of Initiative	Details of Initiative	
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 *Ghana Milk Chocolate.*	 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	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. Concurrent instructors FY2023: 21 FY2024: 25 FY2025: 34	 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)

10 Employee Empowerment

Basic Approach and Goals

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.

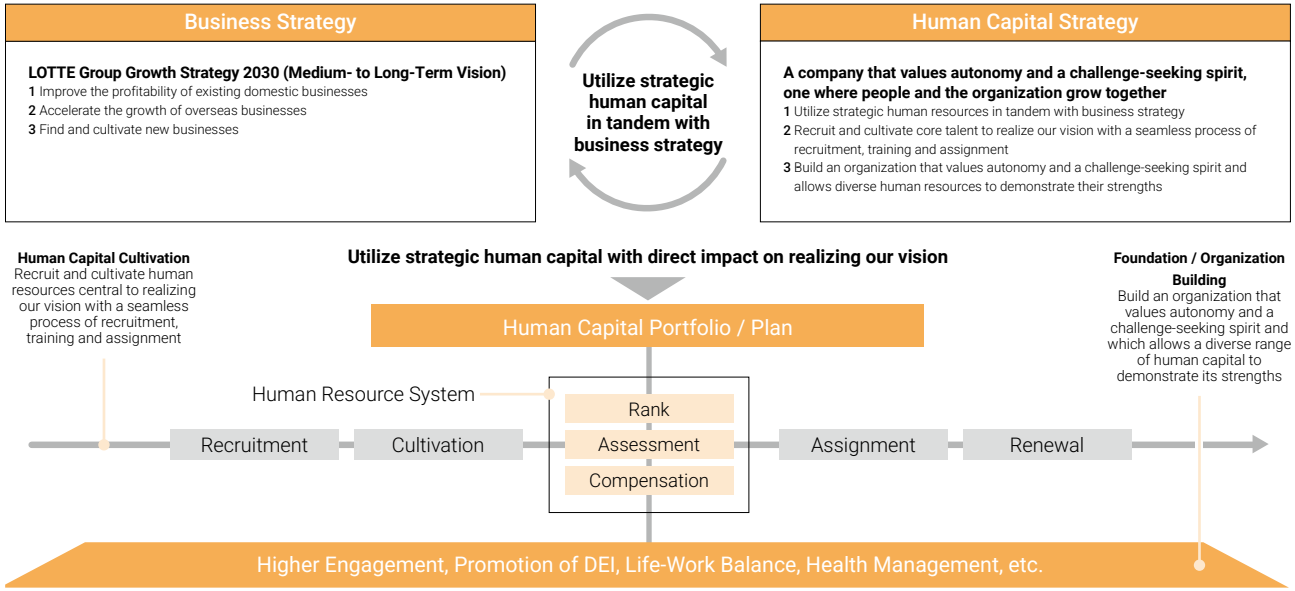
Profile for Ideal LOTTE Talent

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.

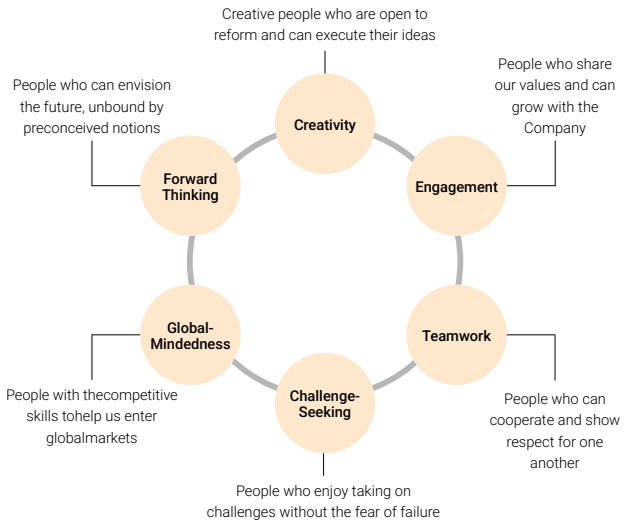
Human Capital Portfolio

We are building a portfolio of human capital based on our business strategies and our profile for ideal LOTTE talent. Human capital that is central to executing our management strategy are designated as "strategic human capital," and we work actively to recruit and cultivate such people. At the same time, we strive to establish a foundation that will enable a wide and diverse range of human capital to thrive, including those hired from outside the Group.

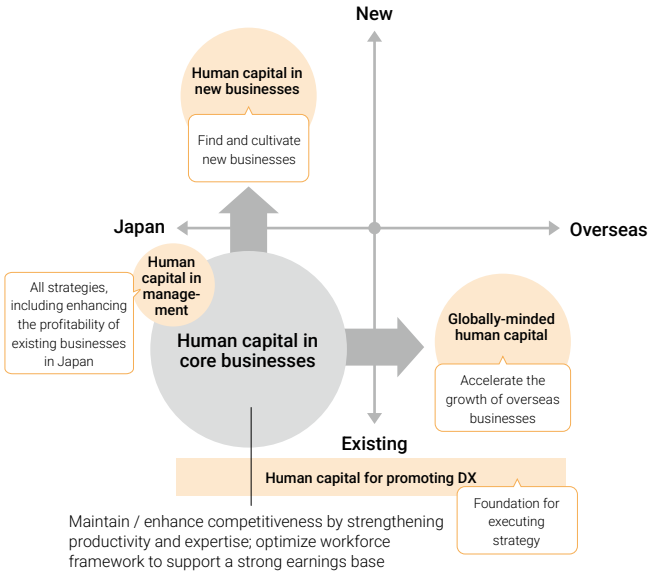
Overview of Human Capital Strategy



Profile for Ideal LOTTE Talent



LOTTE Group's Ideal Human Capital Portfolio (Strategic Human Capital)



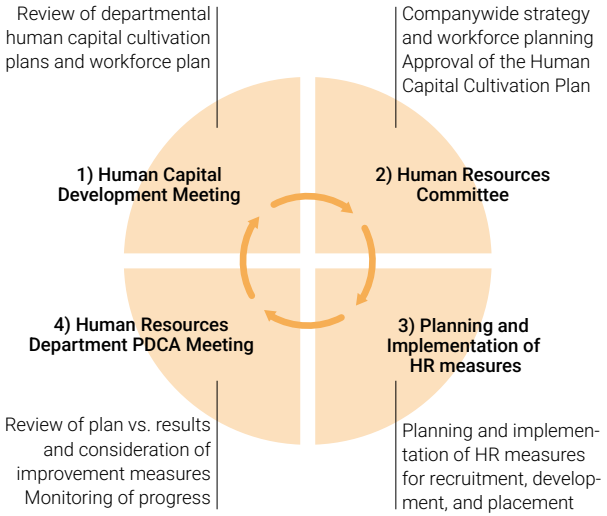
Strategic Human Capital

Human capital that plays a central role in executing our management strategy, namely those in the fields of management, global business, new business, and DX, is considered to be strategic human capital. To support the achievement of LOTTE Group Growth Strategy 2030, we have established structured human resource cultivation models based on these roles and the requirements of each category and set target headcounts for 2030.

Guided by this plan, we will accelerate the strategic development and acquisition of human capital and enhance long-term corporate value by assembling an optimal human capital portfolio.

Human Capital Cultivation Plan—Formulation and Implementation

To maintain a steady rollout of strategic human resource initiatives that have a direct impact on realizing our vision, management, along with each department, and the Human Resources Department work together through a four-step PDCA cycle to drive the formulation of human capital cultivation plans and the achievement of workforce-related plans.

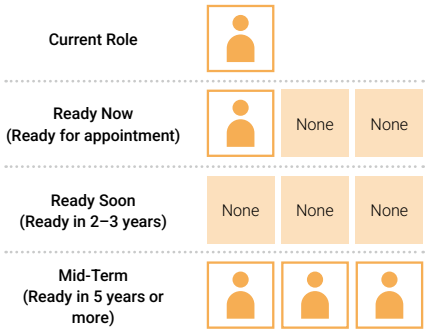


Succession Plan for Human Capital in Management

Five Steps

STEP 01 Identify key positions and define requirements
STEP 02 Select candidates
STEP 03 Develop and implement cultivation plans
STEP 04 Review progress and reassess candidates
STEP 05 Pool candidates

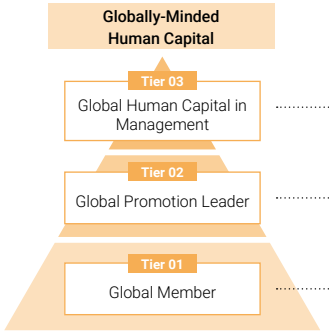
Identify successors for each key position based on their expected readiness for appointment



2030 Goals

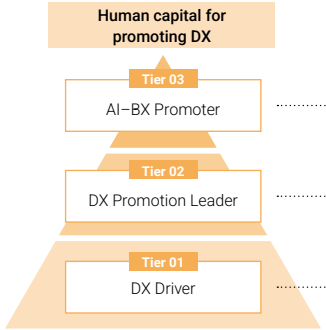
Successor readiness rate
200%
Number of successors ÷ Number of positions

Globally-Minded Human Capital: 3-Stage Cultivation Model



Roles
Take charge of **management for overseas locations** and leading **business growth and organizational integration** from a **Companywide and Groupwide perspective**
Take accountability for **performance for overseas locations in one's assigned division** and **execute head office strategies onsite**, from the perspective of **one's division outside Japan**
Develop an **interest in overseas assignments** and **prepare for future success in overseas roles** by strengthening **language skills and cross-cultural understanding**

Human capital for promoting DX: 3-Stage Cultivation Model



Roles
Look at matters from a **Companywide / Divisional** perspective and review existing business processes and business structures with an AI-first mindset, **spearheading the transformation of our business model**
Promote DX within their assigned department and take charge of implementation and establishment of DX-powered operations, as well as human capital cultivation
Utilize AI at the **individual and departmental levels** to **improve and streamline** daily operations

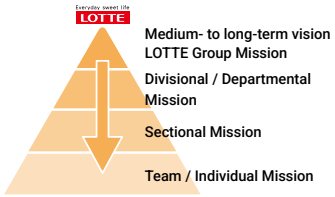
Human Resource System

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

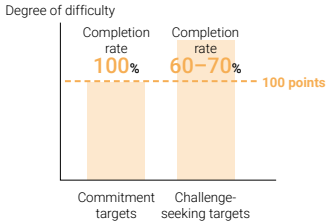
To successfully carry out our business strategy, employees set a clear mission and goals that are based on our mission as a company. We encourage employees to set challenging goals, then provide a comprehensive evaluation of their work to achieve those goals, as well as their contributions across the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

01 Mission-based evaluation



Unified Groupwide direction

02 Setting challenging goals



Dramatic growth and promotion of innovation

03 Evaluation incorporating process and contributions



Evaluating achievement, challenge-seeking, and effort

360-Degree Feedback

In FY2025, we began implementing a 360-degree feedback program for all permanent employees and reemployed contract employees. This program is designed to foster personal growth through feedback from colleagues and to enhance the objectivity and fairness of performance evaluations.

Human Capital Cultivation

To build the human capital portfolio needed to deliver on our business strategy, we are placing a strong emphasis on cultivating this human capital and increasing investment accordingly. We also make a conscious effort to ensure that employees have the environment and support framework they need to pursue self-directed growth and challenge themselves. Our wide range of learning opportunities, including off-the-job training programs and self-development initiatives, and opportunities for employees to take on new challenges through internal job posting programs and other voluntary career development initiatives.

Recruitment

To ensure we have a diverse pipeline of next-generation human capital, we promote recruiting for new graduates tailored to the aspirations and career interests of each student. To enable students to take control of how their careers unfold, we offer recruitment opportunities tailored to their expertise and aspirations, helping them start their careers in positions that are well matched to their interests and strengths. In addition, we support students throughout their job search by constantly improving the content available on our recruitment website, offering seminars on a wide range of topics, and providing transparent and accessible information about the Company and its work.

However, 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 left the Company previously, allowing them to utilize the diverse range of experience and skills they have 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.

● Position-Based Training Program

We provide group training, including new employee orientations, 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.

Structure of Human Capital Cultivation Programs

	Position-Based Training Program	Departmental Training Programs	Elective / Voluntary Self-Development Training Programs	Support for Self-Development			
				Foreign language training	Online training and e-learning	Correspondence courses	Certification support
Manager	Manager training	Sales / Factories	Cultivation of the next generation of human capital in management				
			Cultivation of next-generation leaders				
Mid-career	Training for newly promoted employees		Cultivation of women in management				
			Cultivation of human capital for promoting DX				
			Cultivation for overseas assignees				
Entry-level	Annual training		Cultivation of globally-minded human capital				
			Cultivation of human capital in new businesses				
New employees	New employee training / OJT		–				

Elective Self-Development Training Programs

We also offer training targeting self-development, aimed at realizing our ideal human capital portfolio, which 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.

Elective / Voluntary Self-Development Training Programs (Results for FY2025)

		Program Name	Program Goal	Number of Attendees	Average Class Time Per Person (Hours)
Management	Cultivation of the next generation of human capital in management	• Transformational Leadership Program • Kyoto University Executive Business Program • Management of Technology (MOT) School • Creating Shared Value (CSV) Forum	• Cultivation of candidates for the next generation of top management • Expansion of personal network through external assignments	5	204
	Cultivation of next-generation leaders	• LOTTE University	• Cultivation of candidates for the next generation of executives • Acquisition of advanced knowledge necessary for managers and exploration of new business opportunities	28	140
	Cultivation of women in management	• GLOBIS Women's Leadership Program • Tokyo Women's Career College	• Cultivation of the next generation of women in management • Acquisition of practical know-how, including logical thinking, problem-solving, and communication skills	4	20
Cultivation of human capital for promoting DX		• Cultivation and training for 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 the Company	28	80
Global	Cultivation for overseas assignees	• Global business training	Cultivation of human resources capable of succeeding globally as overseas assignees	2	1,677
	Cultivation of globally-minded human capital	• Global Academy Basic Internship	Deepening of global understanding and cultivation of human capital that can thrive both in Japan and overseas	33	39
Cultivation of human capital in new businesses		• Value Innovation Workshop	Cultivation of human capital with a deep understanding of new businesses and the ability to thrive in new business fields	21	30

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. In addition, we give employees support toward acquiring certifications and qualifications.

Internal Awards System

The LOTTE Awards, a Groupwide internal awards system, celebrate the success of teams as 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.



Assignments and 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.

Career Design System (Self-Reporting)

We offer a Career Design System, through which employees can reflect on their experiences and directly share their future career aspirations with the Company. Once a year, employees identify their strengths and career goals to foster self-directed growth and discuss future development plans and priorities with their supervisors. The aggregated data is used to help place employees in the positions that best suit them and to assist with human capital cultivation planning.

Job Rotation (Three Times in Ten Years)

As a basic policy, 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. Gaining experience across a wide range of duties within the Group early in their careers broadens employees' perspectives and expands their opportunities for career development.

Internal Recruitment System

In FY2022, we implemented a system for open recruitment within the Company as another way to support autonomy and challenge-seeking. Since FY2024, the scope of eligible positions has been expanded to include opportunities at Group companies, enabling employees to proactively shape their future careers through these new opportunities for self-betterment.

1-on-1 Meetings

All employees are invited to have regular 1-on-1 meetings with their manager. In addition to discussing work progress, these meetings are intended to support employees' career development and growth, strengthen trust between managers and team members, and promote employee well-being.

Career Development Support Across Career and Life Stages

We provide opportunities and programs at key life-stage milestones to help employees take an active role in shaping their careers.

Young Employees

A career interview is scheduled once a year for all young employees. Employees discuss career plans with their supervisor, providing employees with an opportunity to reflect on their career paths.

Mid-Career and Higher-Level Employees

Mid-career and higher-level employees take part in career design workshops at specific milestones. These workshops foster a stronger sense of connection with the organization and commitment to work, contributing to a more engaged and motivated workplace.

Employees in Their 50s

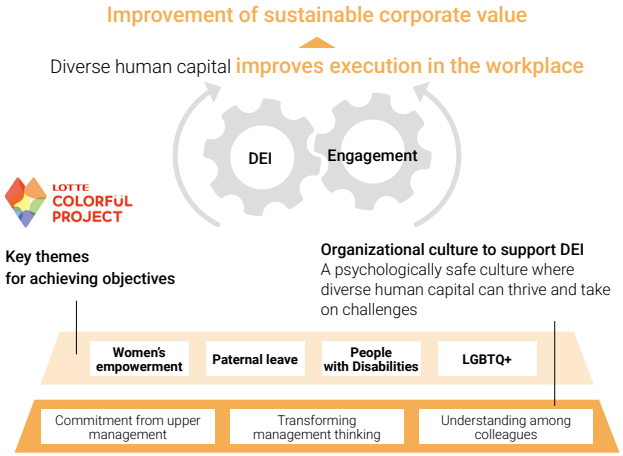
We provide a support program called the Second Career Plan to help employees leverage their experience and pursue fulfilling career opportunities in the next stage of their professional lives.

Retired Employees

We offer a post-retirement reemployment program for all interested employees, enabling them to continue contributing and applying their experience after reaching the mandatory retirement age.

Foundation / Organization Building

Framework for Promoting DEI & Engagement



Employee Engagement

LOTTE and its Group companies strive to create workplaces and foster a corporate culture that helps 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 job engagement.

● 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, establish LOTTE as a company that is open and appreciative of its employees and their families, and increase employee engagement. In FY2025, we expanded the number of event venues to include factories across Japan and ZOZO Marine Stadium, further broadening participation opportunities.





● 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 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

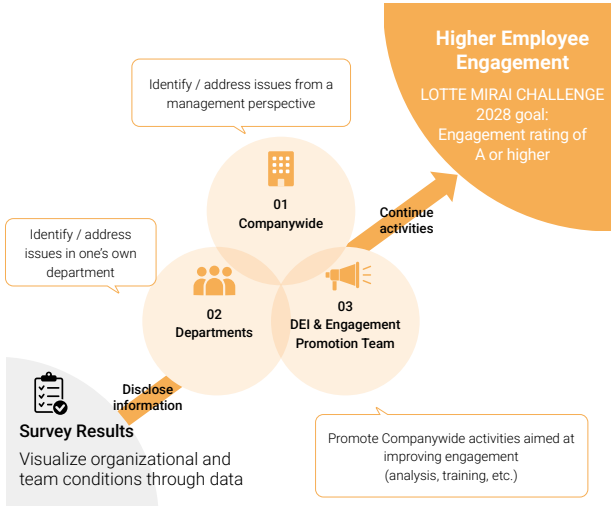
FY2023	B
FY2024	B
FY2025	BBB

Scope of Tabulation

LOTTE CO., LTD.

Survey results are used to drive initiatives aimed at enhancing employee engagement. Across the Company, management identifies and addresses issues from a business management perspective, while each department proactively implements improvements based on its own priorities. The DEI & Engagement Promotion Team within the Human Resources Department coordinates these efforts, enabling the entire Company to work together to reach their targets.

Actions to Increase Employee Engagement



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.

● LOTTE COLORFUL PROJECT

The LOTTE COLORFUL PROJECT was launched in FY2023 to advance DEI across the Company. As part of our efforts to create a workplace where everyone can contribute and thrive, we organize seminars, events, and internal communication initiatives.

● 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.
At the same time, we place a strong emphasis on in-Company education to form the underlying foundation that enables diverse human capital to succeed and thrive. In addition to annual Companywide diversity seminars, we conduct mandatory diversity training for managers, fostering a deeper understanding of DEI across the Company, from upper management to the front lines.

* 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 seminars provide 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.

In addition, we launched a Women's Mentoring Program in FY2025 as a new internal initiative. We plan to further expand the program to help address the shortage of role models and alleviate concerns about stepping into leadership positions.

We are also working to increase awareness of internal programs that support employees through a range of 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.





Women's empowerment seminar with six food companies

Ratio of Women Managers in Japan

	LOTTE CO., LTD. + Group companies in Japan	LOTTE CO., LTD.
As of March 31, 2024	7.5%	5.1%
As of March 31, 2025	8.2%	6.1%
As of March 31, 2026	9.1%	7.7%

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

Employing People with Disabilities

As part of our efforts to promote DEI, we actively hire people with disabilities, whom we seek to employ at a rate above the legal requirement. To ensure a comfortable environment for a diverse group of people, we have also made renovations to restrooms and eliminated steps and stairs. To further raise awareness among employees, we offer training programs for Group companies in Japan so staff can learn about people with disabilities.

LOTTE Wedel in Poland continues to implement programs aimed at building an inclusive workplace. While the statutory employment rate for persons with disabilities in Japan is 2.7%, LOTTE Wedel achieved a disability employment rate of 6%, more than double the Japanese requirement.

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 play a role in guiding and nurturing younger employees.

In FY2025, we revised this system and will continue to foster an environment in which retiree human capital can remain highly motivated and thrive in their roles.

Measures to Support the LGBTQ+ Community

Our human rights policy explicitly prohibits discrimination based on sexual orientation, gender identity, or 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 staff responsible for hiring 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.



ALLY Koala
© L/KMP



Showing support along the Tokyo Pride Parade route

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

Support for Balancing Life Events and Career Development

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. We have established systems and processes to facilitate smooth communication across all workplaces with employees who are expecting a child, as well as those whose spouses are expecting a child.

Support for Parenting

We are working to ensure employees with small children can continue their career while balancing childcare and work. 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 take an active role in parenting, we also offer briefings and in-company training on childcare leave programs.



Popolar Urban Nursery School
(Musashi Urawa location, Saitama Prefecture)



Work–Childcare Balance Guidebook

Childcare Utilization Rate for Male Employees

	LOTTE CO., LTD. + Group companies in Japan	LOTTE CO., LTD.
FY2023	72%	71%
FY2024	67%	68%
FY2025	95%	100%

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.

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.

Promoting the Usage of Paid Leave

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

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.

Flex-Time / Staggered Working Hours

To create a work environment that can accommodate diverse lifestyles, facilitate early morning and evening work, and help employees manage their work and life duties, we offer a flextime program with no core hours, allowing employees to determine their daily start and end times, working hours, and break times at their own discretion, as well as a staggered working hours program that allows employees to select their preferred start and end times.

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.





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.

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.

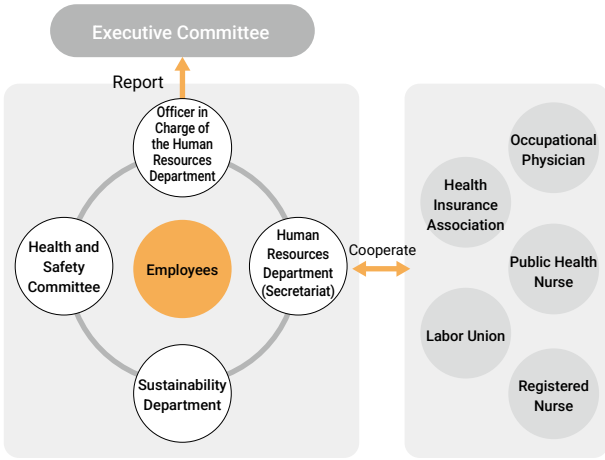
Management is dedicated to advancing health management initiatives, recognizing the well-being of employees and their families as one of their most important management issues.

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 officer in charge of the Human Resources Department is responsible for promoting health management. The Human Resources Department, Sustainability 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 "2026 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.

2026
健康経営優良法人
KENKO Investment for Health
大規模法人部門

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

Main Initiatives

Health management	• Periodic health checkups • Specific health guidance • Severe disease prevention program • Short-term health screening • Brain checkups (MRI, etc.) • Free dental checkups • On-site dental checkups • 24-hour health consultation service • 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 *HAPPYLTH* • Utilization of the healthcare app *QOLism* • 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
Surveys	• Employee Satisfaction Survey • Stress checks • SPQ (Single-Item Presenteeism Question) • Pulse survey • Questionnaire on harassment

Activity Details

Health management

Specific health guidance	In accordance with applicable laws and regulations, we provide health guidance to employees whose health checkup results exceed specified thresholds and report the outcomes accordingly. The Health Insurance Association also works closely with the Company to provide health guidance through external service providers in support of achieving the established outcome indicators.
Severe disease prevention program	To optimize medical expenses, we utilize a severe disease prevention program for patients with diabetes-related kidney disease or lifestyle-related diseases who are not eligible for specific health guidance. As part of a new initiative, we encourage employees at risk of obesity to seek appropriate medical care for lifestyle-related diseases through personalized outreach communications.
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. Participants can receive one screening free of charge from a selection of nine options. We have also introduced a program that provides access to telephone-based nutrition counseling.
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. 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 for general medications for home use at discounted prices. As discussions take place about reviewing insurance coverage for OTC-equivalent medications, we are promoting the use of OTC medicines that were formerly available only by prescription. We also encourage behavioral change through personalized outreach and communication.
Support for smoking cessation	To lower smoking rates among employees, we have introduced a no-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.
Utilization of employee benefits and 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 *HAPPYLTH*	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 they watch and read health-related information stored on the portal site.
Utilization of the healthcare app *QOLism*	The health app '*QOLism*,' developed by QOLead, 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.
***KAMUKOTO*-related measures**	To enhance and promote employees' health literacy, we encourage them to chew gum as part of their health-enhancing routines. We promote the health benefits of *KAMUKOTO* for overall well-being and consumption of xylitol for dental health throughout the Company. As part of this effort, we offer *Xylitol Gum* in our 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 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 *QOLism* 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 corporate gym memberships available as health promotion benefits. There are more programs to support the well-being of our employees, such as providing discounted access to golf courses and facilities operated by Group companies.

Surveys

Stress checks	We conduct regular stress checks and provide feedback to managers and department heads on the results. Based on the stress check results for each department, we analyze the data to improve the work environment.

11 Labor Relations

We have a labor union. When implementing changes that may affect employees, we consult with and reach agreement with the labor union before communicating those changes to employees.

12 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 approximately 100 countries, including Japan. Founded in the United Kingdom in 1919, it has worked for more than 100 years to create a world where every child can realize their rights to survival, development, protection, and participation.

13 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 Ota Ward in Tokyo, Matsudo City and Funabashi City in Chiba prefecture, where its factories are located, in addition to facilities near the head office. Items donated in FY2025 were distributed to children's cafeterias and other community organizations through local governments.

In addition, the company has donated chocolates to children's homes in Tokyo every Christmas since 2008 and every year children from the children's homes respond with letters expressing their gratitude.



RURU MARY'S promotes environmentally responsible practices through initiatives such as the use of forest-certified paper and donations of a portion of paid paper bag sales to WWF's forest conservation activities.

Ginza Cozy Corner Co., Ltd.

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 and events 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.



LOTTE Wedel sp. z o.o.

Wedel continued its long-standing commitment to supporting communities through both product and financial donations. In FY2025, the company donated approximately ¥6.48 million worth of products and approximately ¥12.44 million in funds to the Warsaw Food Bank and other organizations.



LOTTE VIETNAM CO., LTD.

Since 2016, we have partnered with the Vietnam Odonto-Stomatology Association (VOSA) to deliver more than 90 training and awareness-raising events. Under the supervision of dental professionals, we provided education on the benefits of xylitol and proper oral care practices to help protect oral health, increasing oral care awareness among more than 7,000 students and healthcare professionals.



Awareness-raising event

PT. LOTTE INDONESIA

We invited children and staff from a local children's home to a venue where we donated LOTTE products and held an event to celebrate the end of Ramadan together. Not only do these activities bring joy to children, they provide an opportunity for employees to experience their contributions to society.



THAI LOTTE CO., LTD.

To coincide with the Children's Day event held on the second Saturday of January, we donated confectionery products to the Amatanakorn Industrial Estate, home to our Amatanakorn Plant. We also make donations to the Mirror Foundation, which was established in 1991 and conducts a wide range of welfare activities, from supporting ethnic minorities and preventing human trafficking to supporting IT education.



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. We began providing donations in 2023, and FY2025 marks the third year of our support.



14 Social Data

Employee Information

Indicators			Unit	As of March 31, 2024			As of March 31, 2025			As of March 31, 2026		
				Total	Male	Female	Total	Male	Female	Total	Male	Female
Total number of LOTTE Group employees			Persons	11,686	—	—	11,332	5,464	5,869	11,293	5,414	5,879
		Full-time employees	Persons	7,189	—	—	7,061	4,005	3,056	6,976	3,929	3,047
		Part-time employees	Persons	4,497	—	—	4,271	1,459	2,813	4,317	1,485	2,832
	Total number of employees in Japan		Persons	7,436	3,500	3,936	7,292	3,408	3,885	7,152	3,323	3,829
		Full-time employees	Persons	3,644	2,245	1,399	3,513	2,153	1,360	3,431	2,055	1,376
		Part-time employees	Persons	3,792	1,255	2,537	3,779	1,255	2,525	3,721	1,268	2,453
		LOTTE CO., LTD	Persons	4,408	2,647	1,761	4,316	2,582	1,734	4,223	2,515	1,708
		Full-time employees	Persons	2,409	1,668	741	2,299	1,597	702	2,240	1,528	712
		Part-time employees	Persons	1,999	979	1,020	2,017	985	1,032	1,983	987	996
		Group companies in Japan	Persons	3,028	853	2,175	2,977	826	2,151	2,929	808	2,121
		Full-time employees	Persons	1,235	577	658	1,214	556	658	1,191	527	664
		Part-time employees	Persons	1,793	276	1,517	1,763	270	1,493	1,738	281	1,457
	Total number of employees overseas		Persons	4,250	—	—	4,040	2,056	1,984	4,141	2,091	2,050
		Full-time employees	Persons	3,545	—	—	3,548	1,852	1,696	3,545	1,874	1,671
		Part-time employees	Persons	705	—	—	492	204	288	596	217	379
		Asia subtotal	Persons	2,835	1,558	1,277	2,787	1,442	1,345	2,863	1,448	1,415
		Full-time employees	Persons	2,520	1,386	1,134	2,536	1,373	1,163	2,569	1,410	1,159
		Part-time employees	Persons	315	172	143	251	69	182	294	38	256
		U.S. and Europe subtotal	Persons	1,415	—	—	1,253	614	639	1,278	643	635
		Full-time employees	Persons	1,025	—	—	1,012	479	533	976	464	512
		Part-time employees	Persons	390	—	—	241	135	106	302	179	123
Average age of employees in Japan			Age	40.7	41.8	39.1	40.9	41.7	39.4	40.7	41.6	39.3
	LOTTE CO., LTD		Age	39.9	40.5	38.5	40.0	40.5	38.8	39.8	40.3	38.8
	Group companies in Japan		Age	42.4	45.4	39.8	42.5	45.2	40.0	42.4	45.5	39.9
Average length of employment in Japan			Years	17.6	18.5	16.0	17.6	18.5	16.1	17.3	18.3	15.8
	LOTTE CO., LTD		Years	17.3	17.3	17.1	17.3	17.3	17.3	17.2	17.1	17.2
	Group companies in Japan		Years	18.2	22.0	14.8	18.2	22.2	14.9	17.6	21.9	14.3
Age group of employees in Japan			Persons	3,644	2,245	1,399	3,513	2,153	1,360	3,431	2,055	1,376
	20s and under		Persons	808	442	366	786	427	359	795	418	377
	30s		Persons	883	522	361	850	507	343	839	495	344
	40s		Persons	927	573	354	838	529	309	779	498	281
	50s and up		Persons	1,026	708	318	1,039	690	349	1,018	644	374

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, 2024			As of March 31, 2025			As of March 31, 2026		
				Total	Male	Female	Total	Male	Female	Total	Male	Female
Number of managers in the Group			Persons	749	587	162	785	607	178	770	576	194
		Ratio of women in management roles	%			21.6			22.7			25.2
	Number of managers in Japan		Persons	533	493	40	549	504	45	548	498	50
		Ratio of women in management roles	%			7.5			8.2			9.1
		LOTTE CO., LTD + LOTTE HOLDINGS CO., LTD.*	Persons	336	319	17	358	336	22	362	334	28
		Ratio of women in management roles	%			5.1			6.1			7.7
		New graduate hires	Persons	279	267	12	291	278	13	302	283	19
		Mid-career hires	Persons	57	52	5	67	58	9	60	51	9
	Number of managers overseas		Persons	216	94	122	236	103	133	222	78	144
		Ratio of women in management roles	%			56.5			56.4			64.9
Ratio of women supervisors (section manager class)		LOTTE CO., LTD + LOTTE HOLDINGS CO., LTD.*	%			14.1			15.6			16.7

* Results as of March 31, 2024, are for LOTTE CO., LTD only. The previously provided information has been updated due to an error.

Gender Gap in Wages

Indicators			Unit	FY2023	FY2024	FY2025
Gender gap in wages	LOTTE CO., LTD		%	62.1	62.4	63.4
		Permanent employees	%	72.5	73.7	73.8
		Contingent workers	%	70.5	71.3	73.0

Human Resource Cultivation and Life-Work Balance

Indicators			Unit	FY2023			FY2024			FY2025		
				Total	Male	Female	Total	Male	Female	Total	Male	Female
Average annual training hours per employee*1	LOTTE CO., LTD		Hours	13	—	—	16	—	—	15	—	—
Annual training expenses*1			Million yen	91	—	—	99	—	—	128	—	—
Total working hours per year	LOTTE CO., LTD. and its Group companies in Japan		Hours	1,930	—	—	1,912	—	—	1,918	—	—
Overtime work hours (excluding managers)			Hours	167	—	—	164	—	—	170	—	—
Number of paid leave days taken			Days	16.1	—	—	15.0	—	—	14.6	—	—
Paid leave utilization rate			%	81	—	—	75	—	—	73	—	—
Number of employees who took childcare leave*2	LOTTE CO., LTD. and its Group companies in Japan		Persons	105	46	59	103	61	42	113	59	54
		LOTTE CO., LTD	Persons	71	40	31	74	55	19	92	59	33
Rate of childcare leave utilization*2	LOTTE CO., LTD. and its Group companies in Japan		%	83	72	94	79	67	102	95	95	95
		LOTTE CO., LTD	%	81	71	100	75	68	100	100	100	100
Ratio of employees who returned to work after childcare leave	LOTTE CO., LTD. and its Group companies in Japan		%	99	100	98	99	100	98	100	100	100
Retention rate after childcare leave			%	98	98	98	100	100	100	100	100	100
Number of parents who worked shorter hours			Persons	211	5	206	218	3	215	190	4	186

*1 Skill development training hosted by the HR department.
*2 Calculations for FY2025 and onward are based on the methodology used for *Kurumin* Certification.

Engagement

Indicators		Unit	FY2023	FY2024	FY2025
Engagement Rating*	LOTTE CO., LTD	—	B	B	BBB

* 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	FY2023			FY2024			FY2025		
							Total	Male	Female	Total	Male	Female	Total	Male	Female
Number of employees hired in the Group						Persons	1,345	887	458	1,329	823	506	1,311	784	527
	Number of employees hired in Japan					Persons	156	80	76	204	109	95	191	82	109
		New graduates				Persons	93	45	48	125	58	67	135	61	74
		Mid-career				Persons	63	35	28	79	51	28	56	21	35
			20s and under			Persons	16	10	6	31	20	11	17	4	13
			30s			Persons	26	18	8	30	21	9	22	13	9
			40s			Persons	16	6	10	12	6	6	9	2	7
			50s and up			Persons	5	1	4	6	4	2	8	2	6
		LOTTE CO., LTD				Persons	103	67	36	134	86	48	126	70	56
			New graduates			Persons	65	38	27	83	47	36	101	54	47
			Mid-career			Persons	38	29	9	51	39	12	25	16	9
		Group companies in Japan				Persons	53	13	40	70	23	47	65	12	53
			New graduates			Persons	28	7	21	42	11	31	34	7	27
			Mid-career			Persons	25	6	19	28	12	16	31	5	26
	Number of employees hired overseas					Persons	1,189	807	382	1,125	714	411	1,120	702	418
		Asia subtotal				Persons	983	690	293	885	582	303	868	548	320
		U.S. and Europe subtotal				Persons	206	117	89	240	132	108	252	154	98
Ratio of women among new graduate hires*1		LOTTE CO., LTD				%			41.5			43.4			46.5
Number of employees retired / dismissed from the Group						Persons	1,399	908	491	1,235	817	418	1,130	697	433
			Retirement			Persons	75	52	23	89	64	25	110	72	38
			Personal reasons			Persons	1,324	856	468	1,146	753	393	1,020	625	395
	Number of employees retired / dismissed in Japan					Persons	195	118	77	191	113	78	195	117	78
			Retirement			Persons	63	45	18	72	54	18	87	67	20
			Personal reasons			Persons	132	73	59	119	59	60	108	50	58
		LOTTE CO., LTD				Persons	121	84	37	92	67	25	113	85	28
			Retirement			Persons	47	34	13	40	32	8	55	48	7
			Personal reasons			Persons	74	50	24	52	35	17	58	37	21
		Group companies in Japan				Persons	74	34	40	99	46	53	82	32	50
			Retirement			Persons	16	11	5	32	22	10	32	19	13
			Personal reasons			Persons	58	23	35	67	24	43	50	13	37
	Number of employees retired / dismissed overseas					Persons	1,204	790	414	1,044	704	340	935	580	355
		Asia subtotal				Persons	1,059	716	343	911	633	278	791	510	281
			Retirement			Persons	1	1	0	4	2	2	7	1	6
			Personal reasons			Persons	1,058	715	343	907	631	276	784	509	275
		U.S. and Europe subtotal				Persons	145	74	71	133	71	62	144	70	74
			Retirement			Persons	11	6	5	13	8	5	16	4	12
			Personal reasons			Persons	134	68	66	120	63	57	128	66	62
Turnover rate at LOTTE CO., LTD.						%	3.0	2.9	3.2	2.2	2.1	2.4	2.4	2.2	2.8
			Turnover rate within 3 years for new graduates			%	14.8	—	—	10.2	—	—	9.2	—	—
Percentage of employees with disabilities in Japan						%	2.5	—	—	2.7	—	—	2.7	—	—
Number of rehired employees in Japan*2						Persons	152	122	30	162	124	38	203	158	45
		LOTTE CO., LTD				Persons	105	87	18	113	89	24	142	115	27
		Group companies in Japan				Persons	47	35	12	49	35	14	61	43	18
Reemployment ratio in Japan*2						%	96	96	97	100	100	100	100	100	100
		LOTTE CO., LTD				%	96	96	100	100	100	100	100	100	100
		Group companies in Japan				%	96	97	92	100	100	100	100	100	100

*1 The previously provided information has been updated due to an error. *2 Employees between the ages of 60 and 65 who wish to be rehired.

Occupational Health and Safety

Indicators		Unit	FY2023			FY2024			FY2025		
			Total	Male	Female	Total	Male	Female	Total	Male	Female
Number of workers involved in occupational accidents resulting in lost workdays		Persons	69	42	27	78	40	38	71	52	19
	Japan	Persons	30	14	16	25	8	17	14	4	10
	Group companies overseas	Persons	39	28	11	53	32	21	57	48	9
Number of work-related fatalities		Persons	0	0	0	0	0	0	0	0	0
Lost-time injury frequency rate		–	3.50	–	–	4.56	–	–	4.14	–	–
	Japan	–	2.08	–	–	2.21	–	–	1.24	–	–
	Group companies overseas	–	7.38	–	–	9.19	–	–	9.72	–	–
Lost-time injury severity rate		–	0.0728	–	–	0.1116	–	–	0.0625	–	–
	Japan	–	0.0205	–	–	0.0595	–	–	0.0185	–	–
	Group companies overseas	–	0.2155	–	–	0.2140	–	–	0.1473	–	–

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

Sustainable Procurement

Indicators			Unit	FY2023	FY2024	FY2025
Raw material procurement volume		Japan	Thousand t	224	218	207
	Amount of cocoa beans procured	LOTTE CO., LTD	Thousand t	7.5	6.3	7.7
	Ratio of LOTTE Sustainable Cocoa		%	43	51	84
	Amount of palm oil procured	Japan	Thousand t	15.2	14.4	13.3
	Ratio of third-party-verified palm oil	–	%	89	89	88
	Amount of paper procured (for product containers and packaging)		Thousand t	43.6	43.3	39.9
	Environmentally-friendly paper		%	95	95	94

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

Mental and Physical Health

Indicators	Unit	FY2023	FY2024	FY2025
Number of checks using *Mastication Check Gum*[*1]	Number of assessments	470 thousand	490 thousand	540 thousand
Percentage of people who practice *KAMUKOTO*[*2]	%	21	18	20
Percentage of people who have made xylitol part of their daily lives for the sake of their dental and oral health[*2]	%	25	22	25

*1 Previous data has been revised retrospectively following the adoption of a more appropriate calculation methodology.
*2 Based on an online survey conducted by LOTTE of approximately 3,000 people. The results of the survey conducted in the spring of the following year are published (results for FY2025 will be surveyed in spring 2026). The survey method has been changed from FY2024 onward.

Food Education

			Unit	FY2023	FY2024	FY2025
Number of people surveyed			Persons	–	2,655	2,919
	Number of respondents		Respondents	–	1,819	1,581
		Number of participants in food education activities	Persons	–	264	330
		Participation rate	%	–	14.5	20.9



Governance

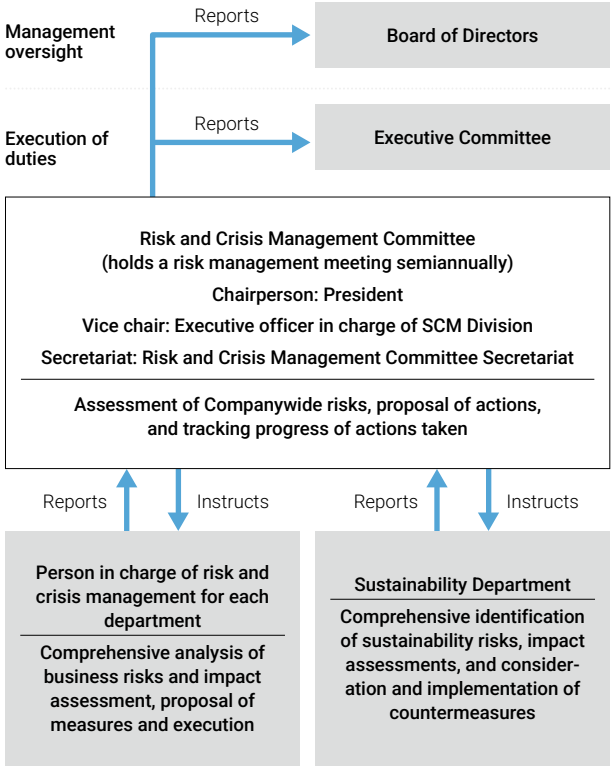
01 | Risk Management
02 | Responses to Disaster Risks
03 | Information Security
04 | Compliance
05 | Intellectual Property
06 | Corporate Governance



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 for 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 Responses to Disaster Risks

We have prepared a basic policy for business continuity 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

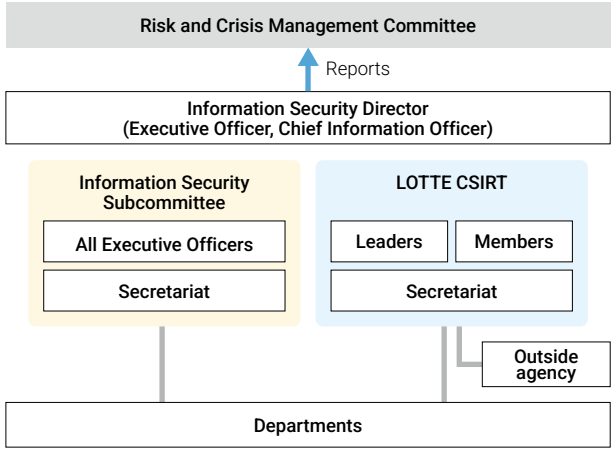
1. The lives and safety of employees and their families are our top priority.
2. We fulfill our corporate social responsibility while ensuring business continuity.

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

03 Information Security

Information Security Structure

With regard to information security risks, we advance initiatives to reduce risk across the Group, with the Executive Officer and CIO serving as the information security director for the entire Company. As part of our promotion structure, we have established an Information Security Subcommittee under the direct jurisdiction of the Risk and Crisis Management Committee. This subcommittee is chaired by the information security director and composed of all executive officers. It makes strategic decisions regarding information security risks and oversees the progress of action plans. Each executive officer is responsible for ensuring that decisions made by the subcommittee are fully implemented within their respective areas of responsibility through appropriate direction and oversight. In the event of a security incident, the LOTTE Computer Security Incident Response Team (CSIRT), operating under the information security director, works in coordination with an outside agency to establish a rapid response framework aimed at minimizing potential damage.



Information Security Education

In addition, we provide regular information security training for employees, including onboarding programs for new hires and training and awareness-raising initiatives related to targeted e-mail-based cyberattacks. Furthermore, practical training exercises are conducted for departmental points of contact and senior management.

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, we provide training to our employees to encourage ethical and honest business practices. In FY2025, compliance was covered in annual training, in addition to training for new employees and those being promoted. We also distributed the Compliance Guidebook to all employees to raise awareness of compliance-related matters.

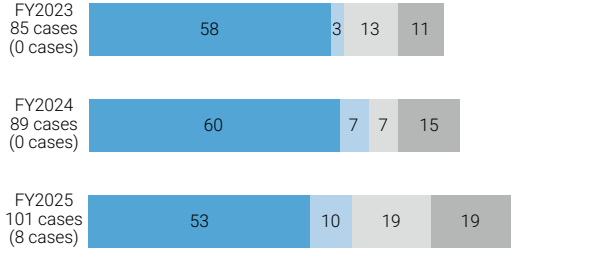


Whistleblowing System

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.

Number of Consultations and Reports to *Clean Line*



Figures in parentheses represent the number of consultations or reports that had not been fully addressed by March 31, 2026.

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 human rights hotline for use by business partners and prospective employees. 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 to report anonymously.

Compliance Violations

In FY2025, 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.

Ensuring superiority in existing businesses

- Strategic development of our patent portfolio
- Increasing value of existing brands and promoting utilization
- Brand protection by securing a mix of intellectual property rights

Support for expanding overseas business

- Enhancement of innovation initiatives at local subsidiaries
- Active efforts to tackle counterfeit products

Support for entering new fields

- Leveraging intellectual property information to explore new business opportunities
- Integration of internal knowledge

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.

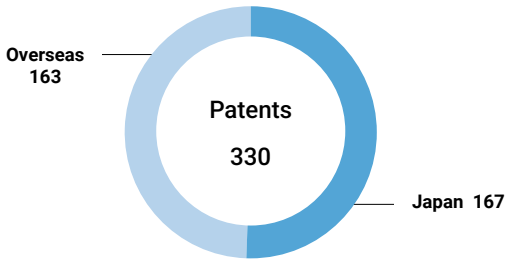
Status of Patent and Trademark Acquisition

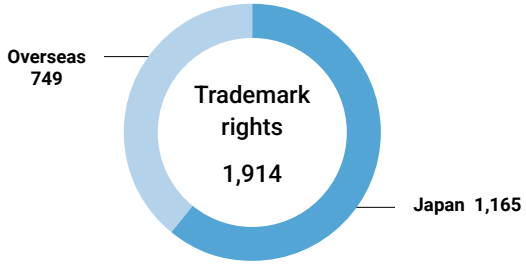
The LOTTE Group includes overseas companies in Thailand, Vietnam, Indonesia, and Taiwan. We are actively working to obtain patent and trademark rights overseas, with efforts focused on these areas.

Number of Patents and Trademarks held in Asia (as of May 08, 2026)



Number of Intellectual Property Rights Held (Japan and Overseas)





Our Sustainability-Related Intellectual Property

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

Zero Chocolate, Featuring Specially Developed Dairy Ingredients

Zero Chocolate contains no added sugar (sucrose) or saccharides. Thanks to its specially developed dairy ingredients, it offers a delicious taste with no sugar needed.

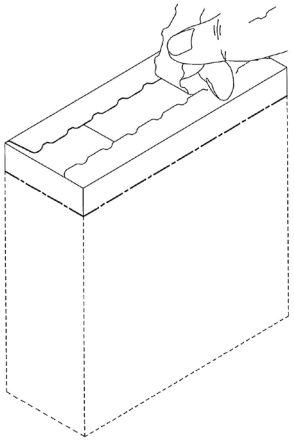


Patent No. 6682197

Patent for a powdered food ingredient that provides a rich and milky flavor and body while remaining almost free of monosaccharides and disaccharides.

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

Process for Increasing Customer Value Through Intellectual Property

Product development	Patents	Trademark rights	Design rights	A brand that is even more beloved
	Building a market using fine ice technology	Establishing the *COOLish* brand in the market through continued use	Improving customer value by updating design	

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 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

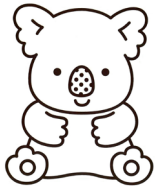


Registered Trademark for *Koala's March* in Taiwan

樂天小熊餅

Registered Trademark for *Koala's March* in Thailand

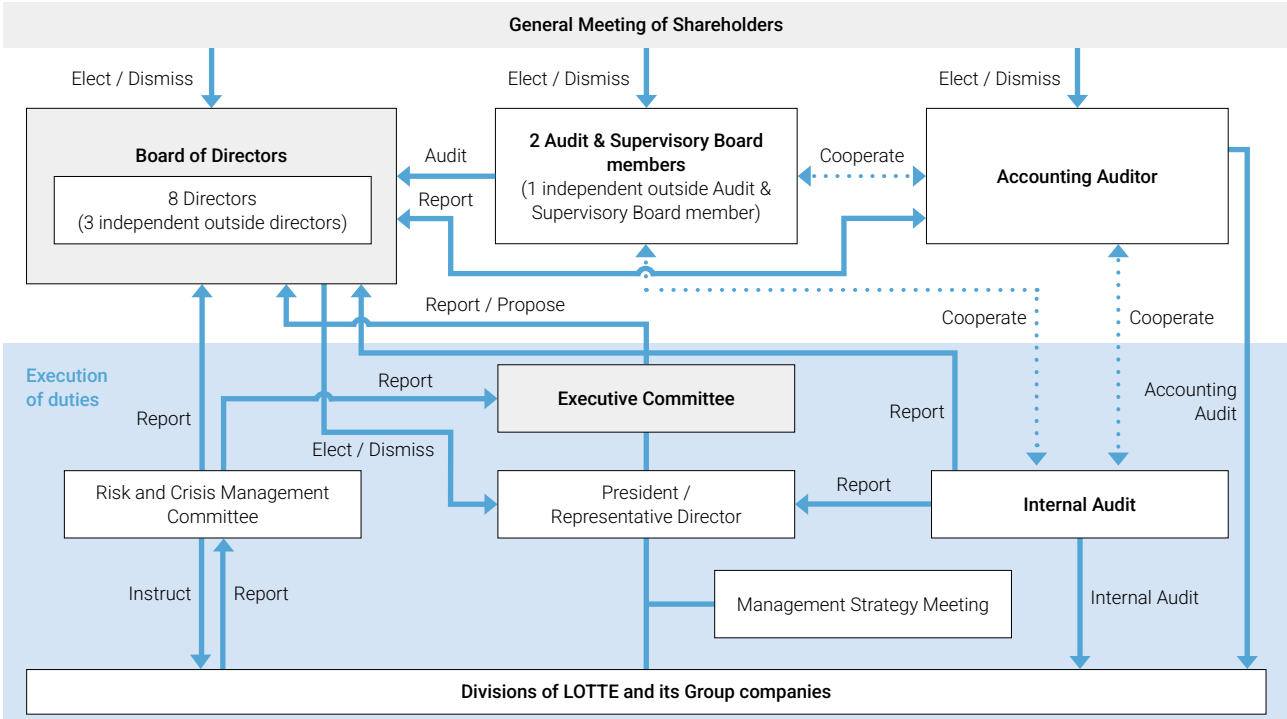
โคอะลาห์ มาร์ช



06 Corporate Governance (as of July 1, 2026)

Type of System	Company with an Audit & Supervisory Board
Number of Directors	8 (3 outside directors, including two women)
Number of Audit & Supervisory Board members	2 (1 outside member)

Number of Executive Officers	13
Accounting Auditor	Deloitte Touche Tohmatsu LLC
Department of Internal Audit	Internal Audit



Organization & Meeting	Chairperson	Members (as of July 1, 2026)				Number of Meetings Held in FY2025
		Total	Inside Directors	Outside Directors	Audit & Supervisory Board members	
Board of Directors	President / Representative Director	10	5	3	2	13
Executive Committee	President / Representative Director	20*	4	—	2	12

* Includes 13 executive officers and 5 department heads nominated by the chairperson.

GRI Reference Table

This report references the SASB Industry Standard for Processed Foods.

SRD: Sustainability Report 2026 (Detailed Edition)
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 Information CS Company Profile
2-2	Entities included in the organization's sustainability reporting	SRD P.1 Information Related to Report Contents CS Company Profile
2-3	Reporting period, frequency and contact point	SRD P.1 Information Related to Report Contents and Company Profile CS Company Profile
2-4	Restatements of information	SRD P.63–65 DEI, Hiring, Dismissal and Retirement, Mental and Physical Health
2-5	External assurance	SRD P.33 Independent Practitioner's Assurance of GHG Emissions
2. Activities and workers		
2-6	Activities, value chain and other business relationships	SRD P.10–11 Sustainability Activities SRD P.38–44 Sustainable Procurement CS Sustainable Procurement
2-7	Employees	SRD P.1 Company Information SRD P.62 Employee Information SRD P.63 DEI SRD P.64 Hiring, Dismissal and Retirement
2-8	Workers who are not employees	–
3. Governance		
2-9	Governance structure and composition	SRD P.70 Corporate Governance
2-10	Nomination and selection of the highest governance body	SRD P.70 Corporate Governance
2-11	Chair of the highest governance body	SRD P.70 Corporate Governance
2-12	Role of the highest governance body in overseeing the management of impacts	SRD P.10 Sustainability Activities SRD P.66 Risk Management
2-13	Delegation of responsibility for managing impacts	SRD P.10 Sustainability Activities SRD P.66 Risk Management
2-14	Role of the highest governance body in sustainability reporting	SRD P.10 Sustainability Activities
2-15	Conflicts of interest	–
2-16	Communication of critical concerns	SRD P.66 Risk Management
2-17	Collective knowledge of the highest governance body	SRD P.10 Sustainability Activities
2-18	Evaluation of the performance of the highest governance body	SRD P.10 Sustainability Activities SRD P.70 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.4–5 Message from the President CS Message from the President
2-23	Policy commitments	SRD P.10 Sustainability Activities SRD P.19 Environmental Policy and Promotion System SRD P.36 Human Rights SRD P.66 Risk Management CS Policies, Guidelines, Declarations, etc.
2-24	Embedding policy commitments	SRD P.9 LOTTE MIRAI CHALLENGE 2048 SRD P.10 Sustainability Activities SRD P.19 Environmental Policy and Promotion System SRD P.36 Human Rights SRD P.38 Sustainable Procurement SRD P.66 Risk Management CS LOTTE MIRAI CHALLENGE 2048 CS Policies, Guidelines, Declarations, etc.
2-25	Processes to remediate negative impacts	SRD P.36–37 Human Rights SRD P.67 Whistleblowing System
2-26	Mechanisms for seeking advice and raising concerns	SRD P.67 Compliance
2-27	Compliance with laws and regulations	SRD P.19 Environmental Accidents and Compliance Violations SRD P.67 Compliance Violations
2-28	Membership associations	SRD P.11 Collaboration with External Initiatives CS Policies, Guidelines, Declarations, etc.
5. Stakeholder engagement		
2-29	Approach to stakeholder engagement	SRD P.10 Stakeholder Engagement SRD P.12–18 Dialogues with Experts CS Dialogues with Experts
2-30	Collective bargaining agreements	SRD P.60 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.9 LOTTE MIRAI CHALLENGE 2048 CS LOTTE MIRAI CHALLENGE 2048
3-3	Management of material topics	SRD P.10–11 Sustainability Activities

Topic-specific Standards

101	**Biodiversity 2024**	
101-1	Policies to halt and reverse biodiversity loss	SRD P.20 Management of Climate and Nature-Related Risks and Opportunities
101-2	Management of biodiversity impacts	SRD P.20-26 Management of Climate and Nature-Related Risks and Opportunities
101-3	Access and benefit-sharing	–
101-4	Identification of biodiversity impacts	SRD P.20–26 Management of Climate and Nature-Related Risks and Opportunities
101-5	Locations with biodiversity impacts	SRD P.20–26 Management of Climate and Nature-Related Risks and Opportunities
101-6	Direct drivers of biodiversity loss	–
101-7	Changes to the state of biodiversity	–
101-8	Ecosystem services	–
102	**Climate Change 2025**	
102-1	Transition plan for climate change mitigation	SRD P.20–26 Management of Climate and Nature-Related Risks and Opportunities SRD P.27–28 Reducing GHG Emissions CS Climate & Nature
102-2	Climate change adaptation plan	SRD P.21-24 Scenario Analysis for Climate-Related Risks and Opportunities
102-3	Just transition	–
102-4	GHG emissions reduction targets and progress	SRD P.20–26 Management of Climate and Nature-Related Risks and Opportunities SRD P.27–28 Reducing GHG Emissions CS Climate & Nature
102-5	Scope 1 GHG emissions	SRD P.27–28 Reducing GHG Emissions SRD P.34 Volume of Energy Input and GHG Emissions CS Climate & Nature
102-6	Scope 2 GHG emissions	SRD P.27–28 Reducing GHG Emissions SRD P.34 Volume of Energy Input and GHG Emissions CS Climate & Nature
102-7	Scope 3 GHG emissions	SRD P.27–28 Reducing GHG Emissions SRD P.34 Volume of Energy Input and GHG Emissions
102-8	GHG emissions intensity	SRD P.34 Volume of Energy Input and GHG Emissions
102-9	GHG removals in the value chain	–
102-10	Carbon credits	–
103	**Energy 2025**	
103-1	Energy policy and commitments	–
103-2	Energy consumption and self-generation within the organization	SRD P.28 Volume of Energy Input SRD P.34 Volume of Energy Input and GHG Emissions
103-3	Upstream and downstream energy consumption	–
103-4	Energy intensity	SRD P.34 Volume of Energy Input and GHG Emissions
103-5	Reduction of energy consumption	SRD P.28–29 Energy Saving Initiatives SRD P.34 Volume of Energy Input and GHG Emissions
200: Economy		
201	**Economic Performance 2016**	
201-1	Direct economic value generated and distributed	SRD P.1 Company Information CS Performance
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.38–44 Sustainable Procurement SRD P.48–50 Mental and Physical Health SRD P.51 *SHOKUIKU* (Food Education) SRD P.60–61 Initiatives of Group Companies CS Mental & Physical Health CS Food Education CS Sustainable Procurement
203-2	Significant indirect economic impacts	SRD P.38–44 Sustainable Procurement SRD P.48–50 Mental and Physical Health SRD P.51 *SHOKUIKU* (Food Education) CS Mental & Physical Health CS Food Education CS Sustainable Procurement
204	**Procurement Practices 2016**	
204-1	Proportion of spending on local suppliers	–
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.67 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.67 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.24–25 Circular Economy SRD P.38–44 Sustainable Procurement SRD P.65 Sustainable Procurement
301-2	Recycled input materials used	SRD P.30–33 Circular Economy
301-3	Reclaimed products and their packaging materials	SRD P.30–33 Circular Economy
303	**Water and Effluents 2018**	
303-1	Interactions with water as a shared resource	SRD P.25–26 Assessment of Nature-Related Dependencies and Impacts SRD P.35 Water Resources
303-2	Management of water discharge-related impacts	SRD P.25–26 Assessment of Nature-Related Dependencies and Impacts SRD P.33 Preventing Pollution
303-3	Water withdrawal	SRD P.33 Water Resources SRD P.35 Water Resources
303-4	Water discharge	SRD P.32 Water Resources
303-5	Water consumption	SRD P.33 Water Resources SRD P.35 Water Resources
305	**Emissions 2016**	
305-6	Emissions of ozone-depleting substances (ODS)	SRD P.29 Management of Refrigerants (HCFCs and HFCs) SRD P.34 Volume of Energy Input and GHG Emissions
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	SRD P.33 Preventing Pollution SRD P.35 Preventing Pollution
306	**Effluents and Waste 2016**	
306-3	Significant spills	SRD P.19 Environmental Accidents and Compliance Violations
306	**Waste 2020**	
306-1	Waste generation and significant waste-related impacts	SRD P.30–33 Circular Economy SRD P.35 Circular Economy CS Circular Economy
306-2	Management of significant waste-related impacts	SRD P.30–33 Circular Economy CS Circular Economy
306-3	Waste generated	SRD P.30–33 Circular Economy SRD P.35 Circular Economy CS Circular Economy
306-4	Waste diverted from disposal	SRD P.30–33 Circular Economy SRD P.35 Circular Economy CS Circular Economy
306-5	Waste directed to disposal	SRD P.35 Circular Economy
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.38–44 Sustainable Procurement
400: Social		
401	**Employment 2016**	
401-1	New employee hires and employee turnover	SRD P.64 Hiring, Dismissal and Retirement
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	–
401-3	Parental leave	SRD P.57 Support for Balancing Life Events and Career Development SRD P.63 Human Resource Cultivation and Life-Work Balance 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.47–48 Occupational Health and Safety
403-2	Hazard identification, risk assessment, and incident investigation	SRD P.47–48 Occupational Health and Safety SRD P.65 Occupational Health and Safety
403-3	Occupational health services	SRD P.58–60 Health Management CS Health Management
403-4	Worker participation, consultation, and communication on occupational health and safety	SRD P.47–48 Occupational Health and Safety
403-5	Worker training on occupational health and safety	SRD P.47–48 Occupational Health and Safety
403-6	Promotion of worker health	SRD P.58–60 Health Management CS Health Management
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	SRD P.47–48 Occupational Health and Safety
403-8	Workers covered by an occupational health and safety management system	SRD P.47–48 Occupational Health and Safety SRD P.65 Occupational Health and Safety
403-9	Work-related injuries	SRD P.65 Occupational Health and Safety
403-10	Work-related ill health	–
404	**Training and Education 2016**	
404-1	Average hours of training per year per employee	SRD P.63 Human Resource Cultivation and Life-Work Balance
404-2	Programs for upgrading employee skills and transition assistance programs	SRD P.54–55 Human Capital Cultivation
404-3	Percentage of employees receiving regular performance and career development reviews	SRD P.54–55 Human Capital Cultivation
405	**Diversity and Equal Opportunity 2016**	
405-1	Diversity of governance bodies and employees	SRD P.56–57 Diversity, Equity & Inclusion (DEI) SRD P.62–63 Employee Information, DEI CS Human Capital
405-2	Ratio of basic salary and remuneration of women to men	SRD P.63 Gender gap in wages
406	**Non-discrimination 2016**	
406-1	Incidents of discrimination and corrective actions taken	SRD P.36–37 Human Rights SRD P.67 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.38–43 Sustainable Procurement
408	**Child Labor 2016**	
408-1	Operations and suppliers at significant risk for incidents of child labor	SRD P.36–37 Human Rights SRD P.38–43 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.36–37 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.36–37 Human Rights
413	**Local Communities 2016**	
413-1	Operations with local community engagement, impact assessments, and development programs	SRD P.38–43 Sustainable Procurement SRD P.44 Sustainable Food Offerings 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.38–43 Sustainable Procurement
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.44–46 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.46 Recalls and Legal Violations
417	**Marketing and Labeling 2016**	
417-1	Requirements for product and service information and labeling	SRD P.30–33 Circular Economy SRD P.44–46 Food Safety and Reliability CS Circular Economy
417-2	Incidents of non-compliance concerning product and service information and labeling	SRD P.46 Recalls and Legal Violations
417-3	Incidents of non-compliance concerning marketing communications	SRD P.46 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 2026 (Detailed Edition)
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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.28 Volume of Energy Input SRD P.34 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.25–26 Assessment of Nature-Related Dependencies and Impacts SRD P.33 Volume of Water Used SRD P.35 Water Resources
FB-PF-140a.2	Number of incidents of non-compliance associated with water quality permits, standards and regulations	SRD P.19 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.25–26 Assessment of Nature-Related Dependencies and Impacts SRD P.33 Water Resources
Food Safety		
FB-PF-250a.1	Global Food Safety Initiative (GFSI) audit (1) non-conformance rate and (2) associated corrective action rate for (a) major and (b) minor non-conformances	SRD P.45 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	No notices of food safety violation received in FY2025
FB-PF-250a.4	(1) Number of recalls issued and (2) total amount of food product recalled	SRD P.46 Recalls and Legal Violations
Health & Nutrition		
FB-PF-260a.1	Revenue from products labelled and/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.44–46 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 and/or marketing codes	SRD P.46 Recalls and Legal Violations
FB-PF-270a.4	Total amount of monetary losses as a result of legal proceedings associated with labelling and/or marketing practices	—
Packaging Lifecycle Management		
FB-PF-410a.1	(1) Total weight of packaging, (2) percentage made from recycled and/or renewable materials, and (3) percentage that is recyclable, reusable, and/or compostable	SRD P.30–31 Circular Economy SRD P.35 Circular Economy SRD P.43 Paper
FB-PF-410a.2	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	SRD P.30–31 Circular Economy SRD P.43 Paper 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.43 Palm Oil SRD P.65 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.38–41 Cocoa beans
Ingredient Sourcing		
FB-PF-440a.1	Percentage of food ingredients sourced from regions with High or Extremely High Baseline Water Stress	SRD P.25–26 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.38–44 Sustainable Procurement CS Sustainable Procurement

Activity Metrics

FB-PF-000.A	Weight of products sold	SRD P.35 Circular Economy
FB-PF-000.B	Number of production facilities	CS Offices & Plants CS Domestic Group CS Overseas Group