



Environment

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01 Environmental Policy and Promotion System

Basic Approach

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

▶ Policy on Environment

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

Promotion System

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

Environmental Audits

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

Environmental Education Programs

● Factories

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

● All Companies

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

Outside lecturer for FY2024: Kahori Miyake

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

Environmental Accidents and Compliance Violations

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

02 Responses to Climate Change

Basic Approach

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



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

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

Governance

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

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

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

Strategy

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

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

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

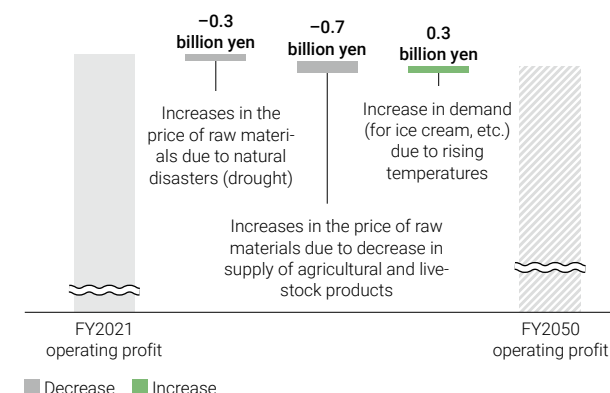
Analysis Results

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

Q Risks and Opportunities in the 4°C Scenario

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

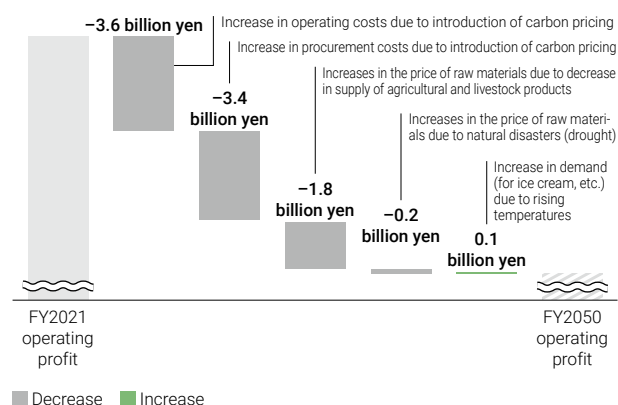
Q Potential Financial Impacts in 2050 in the 4°C Scenario



Q Risks and Opportunities in the 1.5°C Scenario

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

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



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

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

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

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

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

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

Q Yield Forecasts for Each Scenario in 2050

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

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

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

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

● Increase in Operating Costs due to Introduction of Carbon Pricing

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

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

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

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

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

● Increase in Procurement Costs due to Introduction of Carbon Pricing

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

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

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

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

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

Risk Management

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

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



Metrics and Targets

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

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

Q GHG Emissions Reduction Targets

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

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

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

FY2048 Target ▶ Carbon neutrality

Scope 3: (LOTTE MIRAI CHALLENGE 2048)

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

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

FY2048 Target ▶ Carbon neutrality

Scope 3: Certified by SBTi in May 2022

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

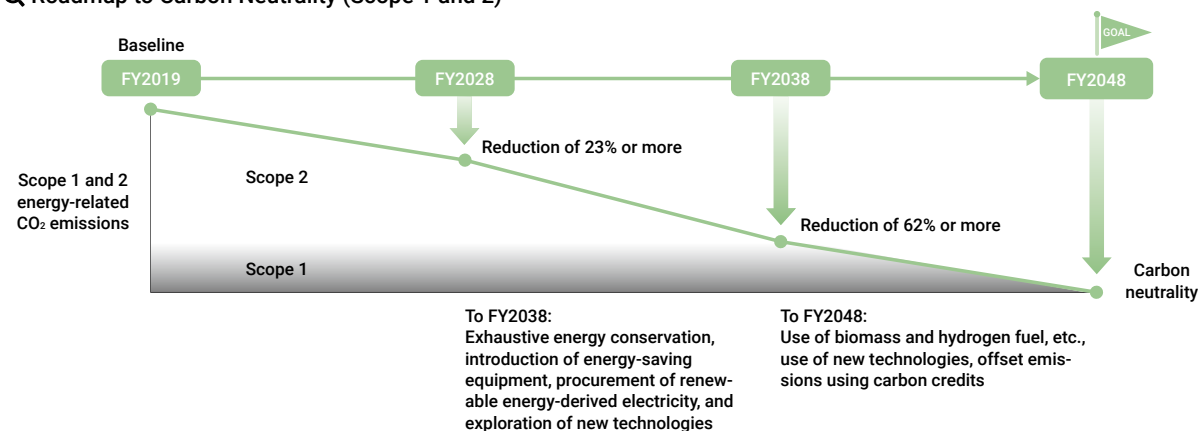
FY2028 Target ▶ Reduction of 23% or more in Category 3 emissions, compared with FY2019

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

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



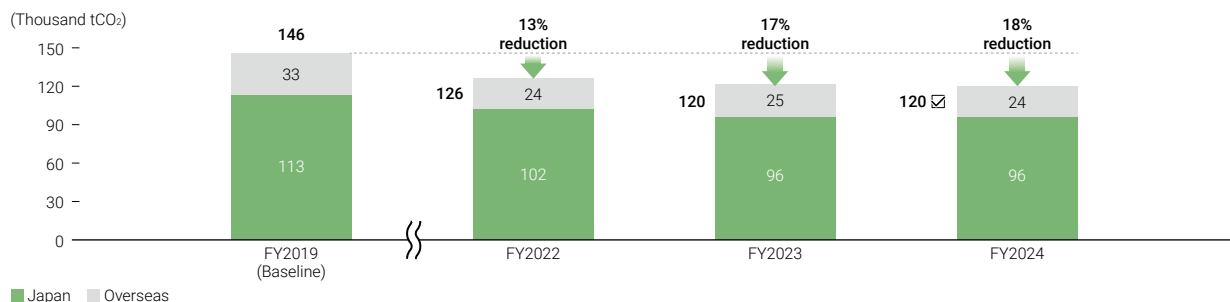
Q Roadmap to Carbon Neutrality (Scope 1 and 2)



03 Reducing GHG Emissions

Scope 1 and 2 Results

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



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

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

Q Progress Toward SBTi-Certified Targets

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

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

Scope of Tabulation

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

Calculation Methods

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

Emission Factors

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

Scope 3 Results

Q GHG Emissions (Thousand tCO₂)

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

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

Scope of Tabulation

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

Calculation Methods

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

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

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

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

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

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

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

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

Category 9: Same as Category 4

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

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

Emissions Intensity, etc.

- [1] IDEA Ver. 3.5 with LULUCF (the GHG emissions database of the National Institute of Advanced Industrial Science and Technology and the Japan Environmental Management Association for Industry)
- [2] Database on Emissions Unit Values for Accounting of Greenhouse Gas Emissions, etc., by Organizations Throughout the Supply Chain (Ver. 3.5) of the Ministry of the Environment and the Ministry of Economy, Trade and Industry
- [3] Emission factors used for the reporting system targeting Specified Consigners pursuant to the Act on Rationalization of Energy Use and Shift to Non-fossil Energy
- [4] Alternative emission factors determined separately by individual power companies based on the Act on Promotion of Global Warming Countermeasures

Renewable Energy

● Installation of Solar Panels at Group Sites

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

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



Binh Duong Factory of LOTTE VIETNAM CO., LTD.



Shiga Factory of LOTTE CO., LTD.

● Procurement of Renewable Energy-Derived Electricity

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

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

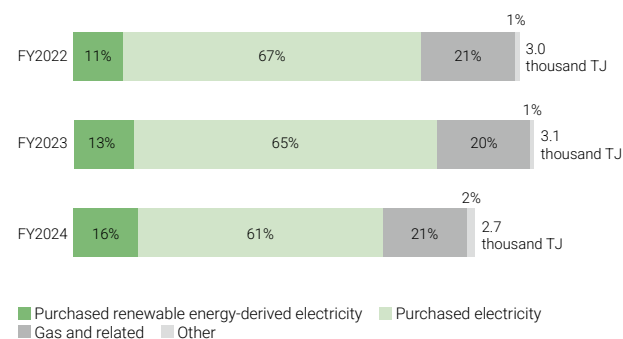
We are also adopting renewable energy-derived electricity in stages at our Japanese factories and some of our business sites nationwide. Finally, in Poland, LOTTE Wedel sp. z o.o. uses power derived from wind power generation.

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



L's Power Station Toda Bijogi

Q Volume of Energy Input



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

Scope of Tabulation

Same as Scope 1 and 2 energy-related CO₂ emissions

Energy Saving Initiatives

● Use of the Internet of Things (IoT)

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



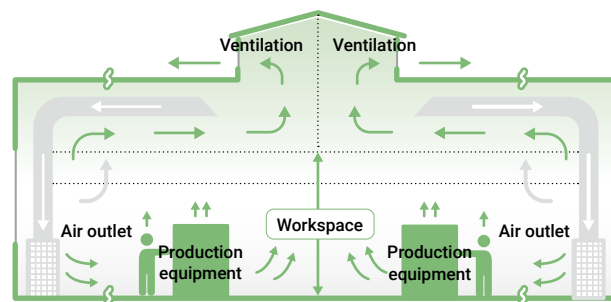
Sensor

● Use of Waste Heat

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

● Ingenuity in Air Conditioning

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



Management of Refrigerants (HCFCs and HFCs)

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

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

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

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

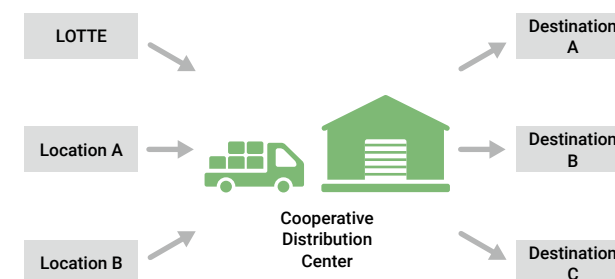


Freezer at Urawa Factory

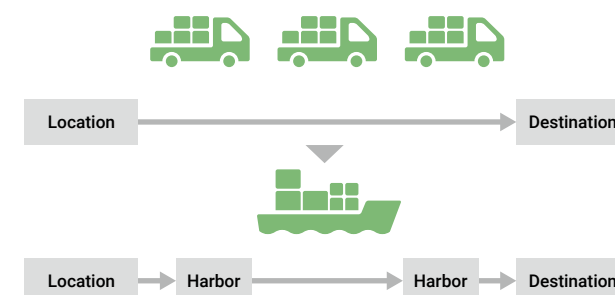
Logistics Initiatives

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

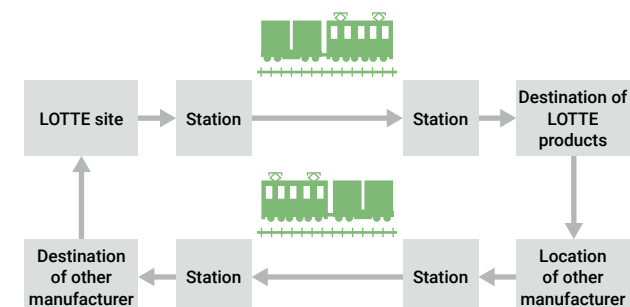
*¹ Joint product delivery in cooperation with other companies in the same industry as well as carriers and warehouses. This serves to lower the number of trucks necessary for deliveries, which in turn reduces CO₂ emissions.



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



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



Column

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

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



04 Circular Economy

Designing Environmentally Friendly Product Containers and Packaging

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

Smile Eco Label

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



Plastic Containers and Packaging

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

Goals

1. Emissions Reduction

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

2. Recycling and Others

Factories

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

Offices

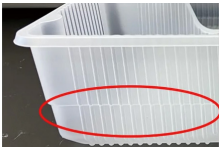
We will change sorting rules so that industrial waste from products using plastics and other such waste previously processed with combustible garbage is sorted and disposed of as plastic. We will chemically or materially recycle waste that can be recycled and switch to heat recovery for waste that is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

Reducing Use of Plastics

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



Before



After

Q Main Initiatives

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

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

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



● Recycling of Plastic Containers and Packaging

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

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



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

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

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

Paper Containers and Packaging

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

● Recycling of Paper Containers and Packaging

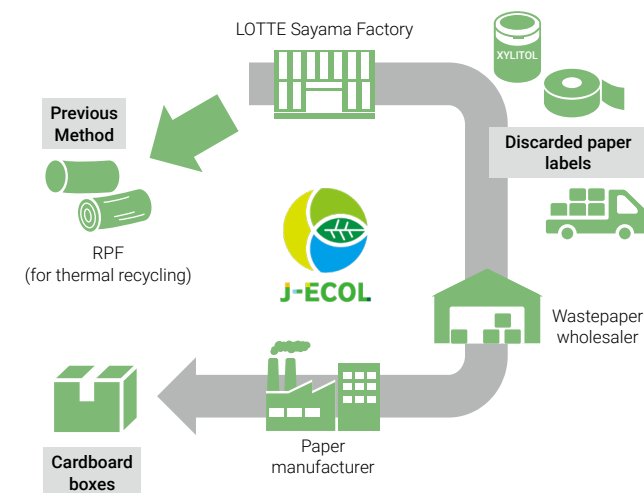
We are taking on a variety of challenges in the areas of containers and packaging, etc. to realize a sustainable society. Since FY2023, we have worked in cooperation with Tokiwamatsu Gakuen Junior & Senior High School to collect paper containers and packaging from recycling collection boxes installed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

● Recycling for Paper Labels

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

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

Q Material Recycling of Paper Labels



● Used Paper Recycling

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



PaperLab

Column

Using Bamboo Materials

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



Reducing Food Loss and Waste (FLW)

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

Q FLW Produced and Per-Unit Volume

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

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

Scope of Tabulation

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

Calculation Methods

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

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

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

● Reduce

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

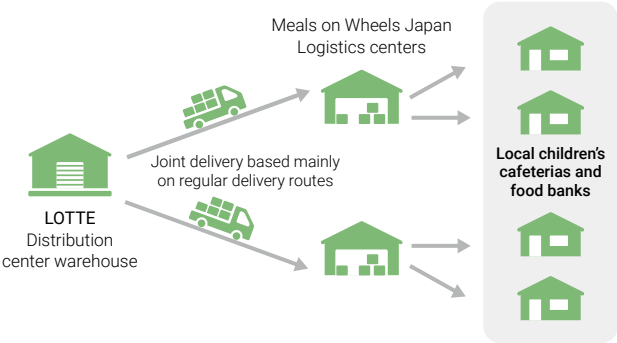
● Reduse Donating Surplus Food*

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

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



Q Surplus Food Donation Process



Selling Non-Standard and Chocolate Offcuts

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

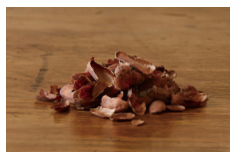


● Recycle

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

Using Cocoa Husks with Delicious Results

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



Cooperation to Reduce FLW

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

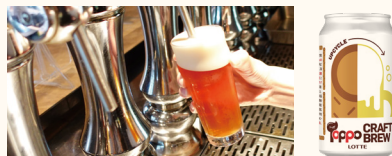


* An initiative aimed at halving food waste throughout companies' entire supply chains. It is led by the World Resources Institute (WRI), a U.S. think tank that conducts policy research and develops technologies related to the global environment and development. The meaning of 10X20X30 is that 10 companies,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

Column

Toppo CRAFT BREW

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



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

05 Biodiversity

Basic Approach

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



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

Governance

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

Results of the Assessment of Nature-Related Dependencies and Impacts

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

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

Q Value Chains Assessed



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

● Locate

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

Q Map Tools Used for the Locate Step

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

● Evaluate

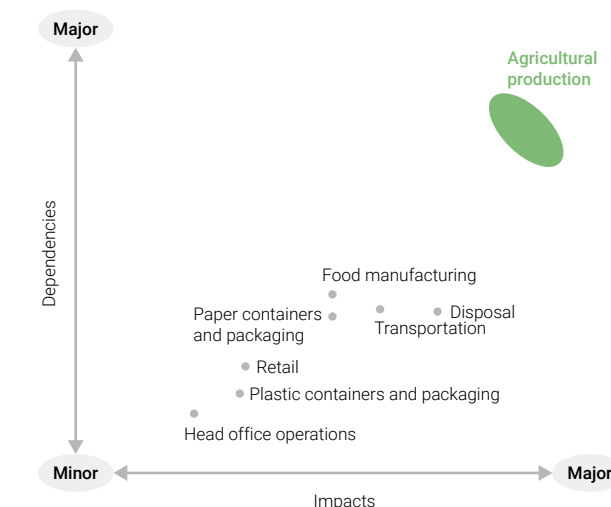
We utilized the ENCORE tool to evaluate the nature-related dependencies and impacts throughout our value chain. Upstream agricultural production shows higher dependencies and impacts than our direct operations (head office operations and food manufacturing) and downstream activities (sales, transport,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

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

Q Dependencies and Impacts in the Value Chain

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

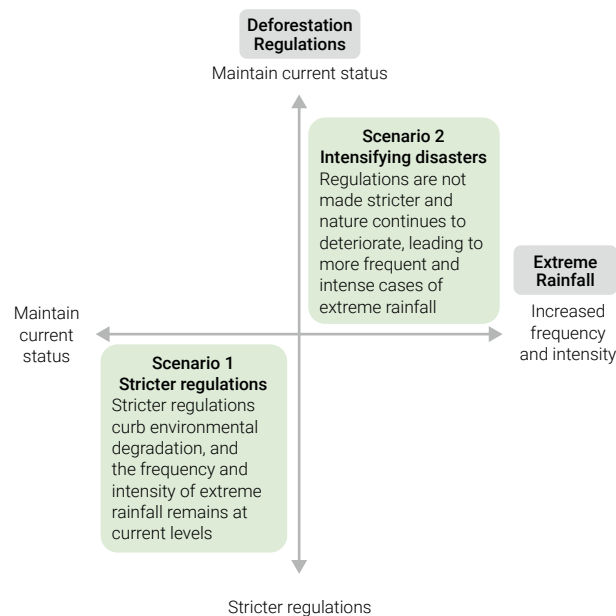
Q Results of Dependency and Impact Assessment for Each Component of the Value Chain



● Assess / Prepare

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

Q Cocoa Bean Procurement Scenario



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

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

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

Q Impacts Analysis for Cocoa Bean Production

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

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

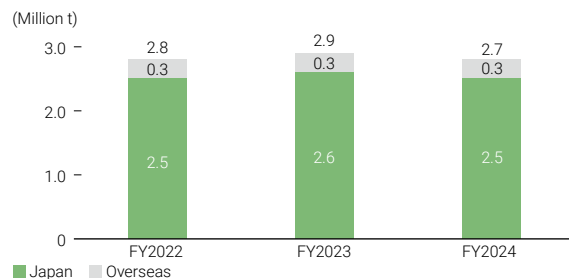
Q Nature-Related Risks and Opportunities

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

06 Water Resources

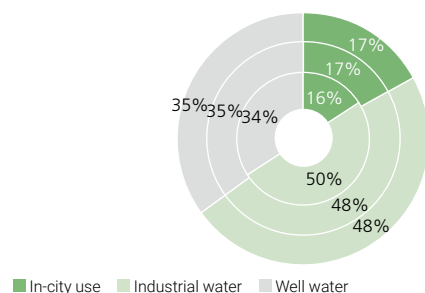
Water Usage

Q Volume of Water Used



Q Water Usage Ratio

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



Scope of Tabulation

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

Initiatives to Reduce Water Use

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

Wastewater Management

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



New wastewater treatment plant at the Kyushu Factory

07 Preventing Pollution

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

08 Independent Practitioner's Assurance of GHG Emissions

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

Deloitte.

デロイト トーマツ
(TRANSLATION)

Independent Practitioner's Assurance Report

August 22, 2025

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

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

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

The Company's Responsibility

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

Our Independence and Quality Management

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

Our Responsibility

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

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

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

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

Limited Assurance Conclusion

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

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

Member of
Deloitte Touche Tohmatsu Limited

09 Environmental Data

Q Volume of Energy Input and GHG Emissions

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

Japan: LOTTE CO., LTD. and its Group companies in Japan (Mary Chocolate Co., Ltd., Dari K Co., Ltd., Ginza Cozy Corner Co., Ltd.)

Overseas: Major Group companies overseas (THAI LOTTE CO., LTD., LOTTE VIETNAM CO., LTD., PT. LOTTE INDONESIA, and LOTTE Wedel sp. z o.o.)

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

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

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

Japan: LOTTE CO., LTD. and its major Group companies in Japan (Mary Chocolate Co., Ltd. and Ginza Cozy Corner Co., Ltd.*2)

Overseas: Major Group companies overseas (THAI LOTTE CO., LTD., LOTTE VIETNAM CO., LTD., PT. LOTTE INDONESIA, and LOTTE Wedel sp. z o.o.)

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

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

Q Preventing Pollution

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

* Estimated value for wastewater discharged into rivers

Q Circular Economy

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

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

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

Q Water Resources

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

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

Overseas factories: Factories of major Group companies overseas