Editorial Policy

Information Related to Report Contents

Editorial Policy
Sustainability Report 2025 (Detailed Edition) has been published in order to further understanding among all stakeholders as to our approach and initiatives related to sustainability, with particular focus given to activities conducted in FY2024. This report has been edited referencing the guidelines below.

Reference Guidelines
Global Reporting Initiative (GRI) standards, Sustainability Accounting Standards Board (SASB) standards
Please see pages 65-67 for reference tables corresponding to these standards.

Period of Reporting
FY2024 (April 1, 2024 - March 31, 2025)
For some subsidiaries, FY2024 has been adjusted to match their accounting period, which is January 1–December 31, 2024.
Furthermore, some of the content reported may include information from before or after the periods stated above.

Scope of Reporting
As a general rule, the scope of reporting is LOTTE CO., LTD. and its consolidated Group companies. Dari K Co., Ltd. and Ginza Cozy Corner Co., Ltd., which became consolidated Group companies during FY2021, are included in the scope of reporting starting from the results for FY2022. However, where there is a base year related to the setting of targets, historical information is reviewed and included in the scope of reporting retrospectively. In addition, in each instance where the information available is incomplete, the scope reported is clearly indicated.

Date of Reporting
September 2025

Company Profile

Company Profile

Company Name
LOTTE CO., LTD.

Head Office
20-1, Nishi-Shinjuku 3-chome,
Shinjuku-ku, Tokyo, Japan

Founding
June 1948

Capital
217,000,000 yen

Closing Date
March 31

Full-Time Employees
2,299
7,061 (Consolidated)
(As of March, 31, 2025 / Data on overseas locations and Dari K is as of December 31, 2024)

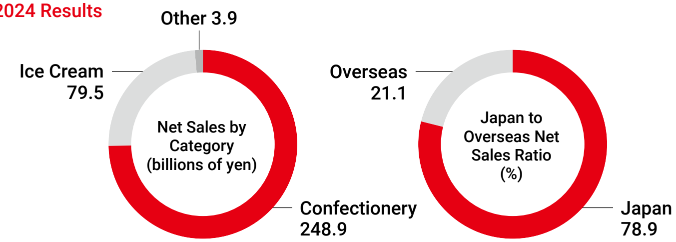
Group Companies

Parent Company
LOTTE HOLDINGS CO., LTD.

Japan
Mary Chocolate Co., Ltd.
Dari K Co., Ltd.
Ginza Cozy Corner Co., Ltd.

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

FY2024 Results



Disclosure of Future Financial Information

Please visit our website for more information.

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

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

Sustainability Report
2025 (Detailed Edition)

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OUR LOTTE MIRAI CHALLENGE 2048

Goals to Achieve by the 100th Anniversary

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

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

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

Evolving Our Brand Tailored to Customers for a Happier Future

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

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.

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

Hideki Nakashima

President /
Representative Director

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Visiting Cocoa-Producing Areas in a Milestone Year

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

In recent years, the depreciation of the Japanese yen and a historic rise in cocoa prices following poor harvests in West Africa has led to increased discussions regarding the sustainability of our business both inside and outside the Company. We have built strong relationships with both producers and suppliers, primarily in Ghana, and have worked for many years to procure cocoa beans sustainably. In addition to our efforts to eliminate child labor and prevent deforestation, we also provide Good Agricultural Practices training to help increase cocoa production. Notably, I have heard that farmers who received this training were less affected by the poor harvest than farmers who did not receive it. These efforts have been successful; despite the impact of rising prices, they have helped us continue to secure the cocoa beans needed to produce our products. That being said, these times of greater and greater uncertainty have served as a strong reminder of the importance of sustainability, specifically as a means to maintain resilience in times of emergency.

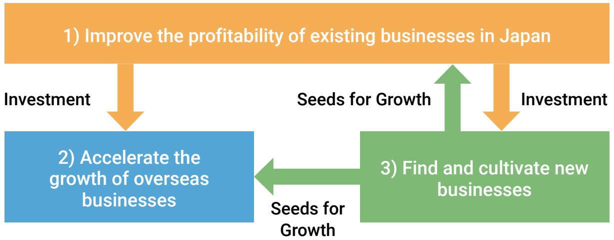
Better productivity, coupled with better lives for farmers, will make cocoa farming a more attractive occupation, leading to greater number of cocoa producers in the future. Activities toward these ends are highly significant to the sustainability of our chocolate business.

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

Message from the President

A Human Resource Strategy Interlinked with Our Business Strategies

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



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

Improving our engagement score is one of the goals set within LOTTE MIRAI CHALLENGE 2048. I see this score as a type of report card for us officers, written by the employees. Employee engagement forms a comprehensive assessment of officers based on whether employees have a positive work environment, how enthusiastic employees are about their duties, and whether management can be trusted. I promise that employee feedback will not fall on deaf ears—we will listen, take it seriously, and use it to improve. We will continue to evolve so that people will want to work at LOTTE and be satisfied with their choice.

For a Happier Future

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

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

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

Message from the President

Our Vision for a Happier Future

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

Journey to a Happier Future

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

LOTTE Purpose

To create a happier future

by connecting people

through original ideas

and uplifting experiences.

Sustainability Visions

Evolving Our Brand Tailored to Customers for a Happier Future

Connecting People, Creating a Sustainable Planet

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

6 Materiality Themes

Mental and Physical Health

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

Sustainable Procurement

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

Circular Economy

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

Decarbonization

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

Social Engagement

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

Human Capital

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

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

LOTTE MIRAI CHALLENGE 2048

Goals to Achieve by the 100th Anniversary

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

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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 Anniversary 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, and 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 Anniversary 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 a recyclable materials	● Reduce energy-related CO_2 emissions by 62% or more compared with FY2019 (Scope 1 and 2) ● Reduce GHG emissions in the supply chain by 50% or more (Scope 3 emissions in key categories)	● Promote individual contribution to decarbonization across the entire value chain and to the realization of circular economies ● Create a positive feedback loop in which employees utilize their experiences and skills to aid society and utilize these diverse experiences to prompt individual and organizational growth	● Eliminate the gender wage gap ● Be socially recognized as a good company to work for
80th Anniversary Goals FY2028	● Promote the health benefits of *KAMUKOTO* and increase the number of chewing assessments using mastication check gum* to more than 1 million a year * A specialized gum that changes color as it is chewed and is used to assess chewing ability.	● 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 and 2) ● Utilize 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 FY 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 FY2024	● Conducted 550,000 chewing assessments in FY2024	● Procurement rate of LOTTE Sustainable Cocoa (LSC)*1: 51%	● Formed a cross-departmental project team that is looking into target products for updated packaging ● Reduced FLW per unit by 31% compared with FY2019	● Reduced energy-related CO_2 emissions by 18% or more compared with FY 2019 (Scope 1 and 2)	● Implemented environmental training for officers ● Participation rate of employees in food education activities: 14.5% (based on a survey of full-time and contract employees of LOTTE CO., LTD.)*3	● Ratio of women in management: 8.2%*5 (Japan) ● Engagement rating: B (LOTTE CO., LTD.)
	3 Good Health and Well-being 9 Industry, Innovation and Infrastructure	8 Decent Work and Economic Growth 10 Reduced Inequalities 12 Responsible Consumption and Production 15 Life on Land	12 Responsible Consumption and Production 13 Climate Action	7 Affordable and Clean Energy 13 Climate Action	8 Decent Work and Economic Growth 17 Partnerships for the Goals	5 Gender Equality 8 Decent Work and Economic Growth

*1 Refers to cocoa beans that can be traced to their production area. We provide LSC suppliers with support to help address issues affecting their respective production areas
*2 Classification of calculation boundaries for GHG emissions based on the GHG Protocol
*3 Based on 2,655 people surveyed, 1,819 valid responses, 264 people participated in food education activities, etc. (number of people who participated in food education activities, seminars other than food education, and community/social contribution activities)
*4 An indicator of company-employee engagement (degree of mutual understanding and affinity) rated at 11 levels from AAA to DD
*5 Due to organizational changes, parent company LOTTE HOLDINGS CO., LTD. will be included in the calculations from the end of March 2025