

Everyday sweet life

LOTTE

OUR LOTTE MIRAI CHALLENGE 2048

Goals to Achieve by the 100th Anniversary



Sustainability Report
2025



From the left:
Yusuke Hirota
Assistant Manager of Business Development Section,
Corporate Strategy Department

Yuta Matsumoto
Assistant Manager of Purchasing Section 1,
Purchasing Department, Production Division

Kaori Fujisawa
General Manager of Brand Strategy Department 2,
Marketing Division



OUR
LOTTE MIRAI
CHALLENGE 2048
Goals to Achieve by the 100th Anniversary

*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.

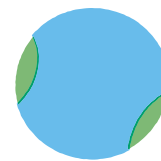


From the left:

Sayaka Takigawa
Member of 3rd Wing of Production Section 1,
Production Department, Urawa Factory, Production
Division

Noboyuki Yamashita
Manager of Production Section 1, Urawa Factory,
Production Division

Hiroo Fujiwara
Chief Specialist of Packaging R&D Section,
R&D Strategy and Intelligence Department,
Research and Development Center



OUR
LOTTE MIRAI
CHALLENGE 2048
Goals to Achieve by the 100th Anniversary

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.

From the left:

Sebastian Yoshioka
Sales Assistant Manager of Global Sales Section 1,
Trading Department, Global Division

Mayumi Hiyoshi
Retail Support Section, Sales Strategy Department,
Sales Division

Atsushi Sasaki
Senior Expert of Joint Planning Office



OUR
LOTTE MIRAI
CHALLENGE 2048
Goals to Achieve by the 100th Anniversary

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

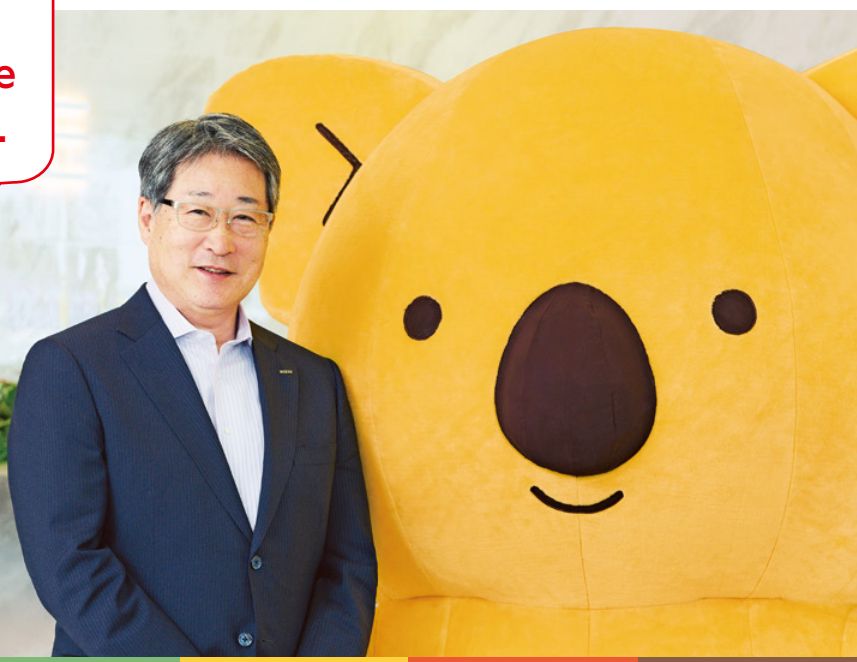
To continue to achieve growth through innovation during our march toward 2048,
LOTTE needs to be a place where diverse talent can thrive and fully realize their potential.
We will continue to evolve so that people will want to work at LOTTE and be satisfied with their choice.

MESSAGE FROM THE PRESIDENT

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

Hideki Nakashima

President /
Representative Director



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.

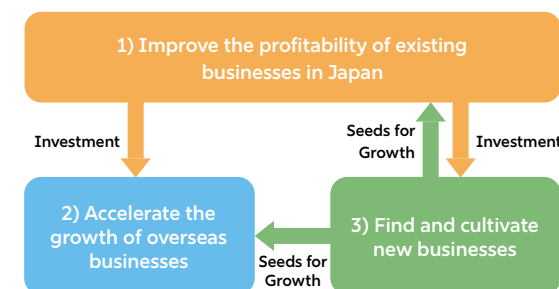
Better productivity, coupled with better lives for farmers, will make cocoa farming a more attractive occupation, leading to greater number of cocoa producers in the future. Activities toward these ends are highly significant to the sustainability of our chocolate business.



On the other hand, one company can only do so much. Therefore, in 2024 we started a biochar pilot project 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.

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 that is interlinked with our business strategies and will lead to the cultivation of a group of people with the necessary skills to help us grow. Accordingly, we will

increase investment in acquiring and developing such talented people. We will also maintain our focus on raising employee engagement. This involves facilitating a variety of work styles and updating our corporate culture to better respect and cultivate diversity. In doing so, all employees will be able to show their full potential.

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

For a Happier Future

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

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

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

Our Vision for a Happier Future

Our vision for a happier future includes support for people's 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 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.



100th Anniversary Goals

FY2048

90th Anniversary Goals

FY2038

80th Anniversary Goals

FY2028

Current Progress

FY2024

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



Evolving Our Brand
Tailored to Customers for
a Happier Future



Connecting People,
Creating a Sustainable
Planet



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



Mental and Physical Health

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

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

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

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

- Conducted 550,000 chewing assessments in FY2024



Sustainable Procurement

- Create a sustainable supply chain for all raw materials

- Build a sustainable supply chain for key raw materials

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

- Procurement rate of LOTTE Sustainable Cocoa (LSC)*1: 51%



Circular Economy

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

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

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

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



Decarbonization

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

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

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

- Reduced energy-related CO₂ emissions by 18% or more compared with FY2019 (Scope 1 and 2)



Social Engagement

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

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

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

- Implemented environmental training for officers
- Participation rate of employees in food education activities: 14.5% (based on a survey of full-time and contract employees of LOTTE CO., LTD.)*3



Human Capital

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

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

- Increase the ratio of women in management to 10% or higher (Japan)
- Achieve an engagement rating*4 of A or higher (LOTTE CO., LTD.)

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



Our Activities Leading to 2048

We are going forward with a variety of initiatives to realize our sustainability visions and create a happier future. Check out some examples under each of our 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.



Helping Enrich Lives by Popularizing *KAMUKOTO*

Estimating Social Impact

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

* A state of frailty (age-related decline in physical and mental condition) in which oral function is slightly reduced. Oral frailty is said to be closely related to overall frailty.

Working with the Community

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 through education about *KAMUKOTO* and by providing mastication check gum for assessments of chewing ability to promote oral health among residents.

New Collaborations in 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 Prefecture Dental Association



噛むチカラを、みんなのチカラに。
噛むこと研究室

[More details here:](#)
KAMUKOTO Laboratory
(Japanese only)



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.



Sustainable Procurement of Cocoa Beans



LOTTE Sustainable Cocoa

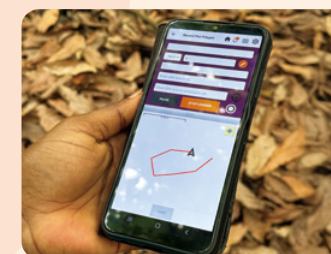
To realize a sustainable supply chain, we are working to establish traceability going all the way back to the procurement of cocoa beans and to provide support to help with issues facing producing areas. Cocoa beans procured through these initiatives as are classified as LOTTE Sustainable Cocoa (LSC) and we are working to increase the ratio of beans procured under this category. We are working to provide support to the LSC-producing areas for any issues they may have as well.



Eliminating Child Labor

In Ghana, child labor on cocoa farms has been identified as a social issue. To ensure children are given appropriate educational opportunities and are never engaged in hazardous work, we have implemented child labor monitoring systems such as the Child Labor Monitoring and Remediation System (CLMRS)*.

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



Farm Mapping and Preventing Deforestation

We use a smartphone GPS app to map cocoa farms and use satellite imagery and other information to monitor their impact on deforestation. When farms are deemed high risk, we verify the situation with our suppliers and consider measures to improve the situation.



[More details here:](#)
A Happy Cycle with Cocoa
(Japanese only)





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.



Reducing Food Loss and Waste (FLW)

Donating Surplus Food

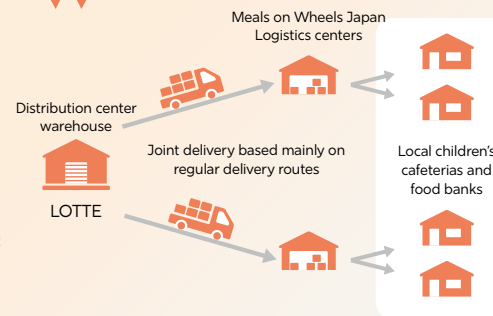
We try to avoid generating surplus food*¹ by improving the accuracy of our demand forecasts. However, if a food surplus occurs, we regularly donate it to food banks and children's cafeterias so that this food can be used effectively by those in need. We are working with Meals on Wheels Japan*² to ensure efficient and sustainable donations of surplus food.

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

*2 Provider of the Meals on Wheels Logistics System, a logistics system that efficiently connects food banks and children's cafeterias across the country with businesses that donate food.



Recipient of the Chairman's Award at the 2024 Food Loss and Waste Reduction Promotion Awards



Realizing a Circular Economy



Recipient of the Confectionery Packaging Award at Japan Packaging Contest 2024



Reducing Plastic Usage and Using Alternative Materials

One of our products, the *Choco & Vanilla Bar*, is the first frozen dessert in Japan to utilize bamboo sticks.* Bamboo is gaining attention as a sustainable material due to its fast growth rate.

* According to in-Company research



Recycling Chewing Gum Containers

In FY2024, we worked with LIFE CORPORATION to collect chewing gum containers from their supermarkets. These containers were then recycled into shopping baskets for use in stores.



PaperLab

Recycling Used Copy Paper In-Company

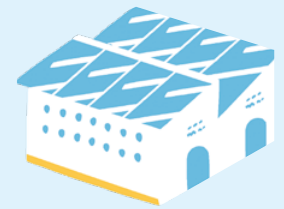
We have installed PaperLab, an office paper-making machine, at our Urawa Factory to promote the use of recycled paper made of used paper produced and collected within the Company. Currently this paper is being used for business cards and other purposes and we are considering expanding usage even further.



Decarbonization



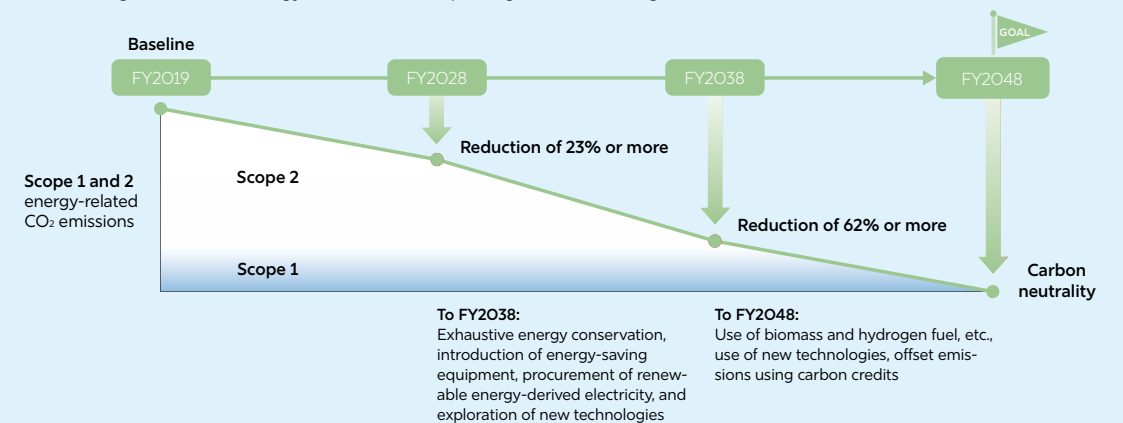
Working with our stakeholders, we will achieve virtually-zero GHG emissions from the Company and our supply chain to fulfill decarbonization targets.



Aiming for Carbon Neutrality

Roadmap

To achieve our goal of becoming carbon neutral by FY2048, we are promoting energy conservation activities, introducing renewable energy sources, and exploring new technologies.



Promoting Decarbonization

We are systematically introducing energy-saving equipment and solar power generation equipment while also procuring electricity from renewable energy sources. Furthermore, we have introduced an internal carbon pricing system to help us reach the line of our carbon neutrality roadmap faster.

Installation of Solar Panels 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.



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.



Social Engagement Through Food Education

Visiting Lectures

We are engaged in food education activities to spread accurate information and deepen understanding of food, the source of health. Employees from all over Japan provide these visiting lectures as part-time instructors while continuing their current duties. We also believe that gaining diverse experiences outside the Company will lead to the growth of both individuals and the organization, so we encourage employees to participate in these food education activities.



Award
The Cabinet Office Minister of State for Special Missions Award, presented at the 2025 Consumer Education Materials Awards

Providing Teaching Materials

We offer a program called Your Choice Will Create a Happier Future, themed around ethical consumption. The program gives learners an opportunity to find the link between their choices and their impact on society, as well as the chance for in-depth reflection upon their consumer behavior going forward. The program received the Cabinet Office Minister of State for Special Missions Award, the top prize for outstanding teaching materials, at the 2025 Consumer Education Materials Awards, sponsored by the National Institute on Consumer Education.

OKASHI SCHOOL Factory Tour

This is a special facility for factory tours that allows visitors to see a manufacturing site with their own eyes and learn about the ingenuity and fun that goes into making sweets. In FY2024, approximately 17,000 visitors took part in these tours.



Connecting with Customers Through the Smile Eco Label

The Smile Eco Label is a mark that clearly communicates to customers the environmentally-conscious design of containers and packaging. We display this mark on products that meet our unique environmental standards.



Human Capital



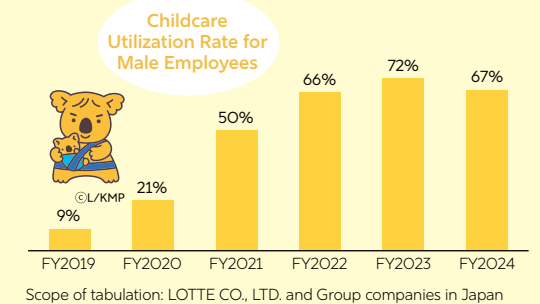
We will promote DEI, improve working conditions, and increase job satisfaction, which will lead to an attractive workplace for a diverse workforce and generate the continuous innovation that drives our corporate competitiveness.



Improving Employee Engagement

Diversity, Equity & Inclusion (DEI)

We support DEI practices because we believe a corporate culture that accepts a broad spectrum of values is necessary for each employee to thrive. Specifically, we are working to eliminate the gender gap by promoting women playing an active role in the workplace and by encouraging men to take paternity leave, so they can take an active role in child-rearing.



The MiraInnovation Project—Striving for New Business Creation

In FY2022, we launched the MiraInnovation Project, a project that promotes commercialization with a focus on business creation. Under this project, we openly recruit employees who want to take on the challenge of launching new businesses. Ideas that pass the selection process undergo close examination with the goal of commercialization. This project also helps employees challenge themselves and achieve autonomy, while also encouraging cultivation of human capital.

LOTTE Family Day 2024

We invite employees and their families to come to our LOTTE Family Day event, which is intended to inspire a feeling of pride among LOTTE Group employees. We want our Company to be open and appreciative of its employees and their families.



Exchanging business cards with the company president



Lunch at the LOTTE cafeteria



OKASHI SCHOOL factory tour



To connect people with safe and reliable sweets that bring smiles to their faces and help improve their well-being

Ginza Cozy Corner Co., Ltd.
Representative Director and President Kazuhiko Shono



To take the endeavors and innovations of our R&D center to the next level and reach our goals together!

LOTTE CO., LTD.
Division Director of Research and Development Center Tetsuya Seki



To keep creating new value, with chocolate and its infinite charm as our foundation.

Mary Chocolate Co., Ltd.
Representative Director and President Yoshiteru Koyamatsu



©L/KMP



To create a happier future through safe, secure, and environmentally-friendly production

LOTTE CO., LTD.
Executive Officer and Division Director of Production Division Masayoshi Matsukura



To take the endeavors and innovations of our R&D center to the next level and reach our goals together!

LOTTE CO., LTD.
Division Director of Research and Development Center Tetsuya Seki



To create an "All-win society" for all our partners working in cocoa

Dari K Co., Ltd.
Representative Director Ryosuke Kokubo



A prosperous and sustainable future in Vietnam

LOTTE VIETNAM CO., LTD. (Vietnam)
General Director Takaaki Ogawa



©L/KMP

OUR LOTTE MIRAI CHALLENGE 2048

Goals to Achieve by the 100th Anniversary

It is important that many employees are involved in creating ESG strategies from the very beginning

LOTTE Wedel sp. z o.o. (Poland)
Chairperson Tsuyoshi Fukatsu



To provide new value that contributes to the well-being of people around the world

LOTTE TAIWAN CO., LTD. (Taiwan)
Chairperson Toshiya Shijo

To make diversity a strength and create a workplace where each individual thrives.

LOTTE HOLDINGS CO., LTD.
Member of DEI & Engagement Promotion Team, HR Strategy Section, Human Resources Strategy Department Reiko Ohira



To develop smart factories through environmentally-friendly production

LOTTE CO., LTD.
Member of Kaizen Promotion Section, Production Department, Kyushu Factory, Production Division Kyohei Iwamatsu



To improve customer health through KAMUKOTO.

LOTTE CO., LTD.
Sales Manager of Cross-Jurisdictional Distribution Second Branch, Cross-Jurisdictional Distribution General Branch, Sales Division Naohisa Souda



©L/KMP

We aim to contribute to the sustainability of the environment and the happiness of people around the world through production and sales

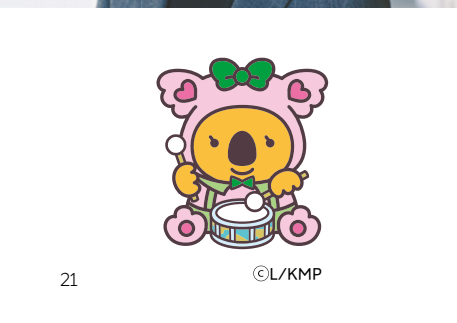
PT. LOTTE INDONESIA (Indonesia)
President and Director Badai Sri Kristanto



©L/KMP

To embody the LOTTE Values and become a sustainable company

THAI LOTTE CO., LTD. (Thailand)
Managing Director Sadafumi Matsushita



©L/KMP

LOTTE CO., LTD.

For more detailed information, please refer to

Sustainability Report 2025 (Detailed Version)

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



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)