

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

Environmental Audits

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

Environmental Education Programs

Factories

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

All Companies

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

● Officer Training

In FY2024 we invited an outside lecturer to conduct training for officers on climate change, biodiversity, and circular economies.

Outside lecturer for FY2024: Kahori Miyake
Sumitomo Mitsui Trust Bank, Limited
Fellow Officer, Sustainability Business Department
Co-Chair, Japan Climate Leaders' Partnership

● Employee Training

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

Environmental Accidents and Compliance Violations

In cases of environmental accidents or compliance violations, we have a system in place for promptly responding in cooperation with relevant departments and government bodies. In FY2025, there were no serious environmental accidents or compliance violations reported.

02 Management of Climate and Nature-Related Risks and Opportunities

Basic Approach

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

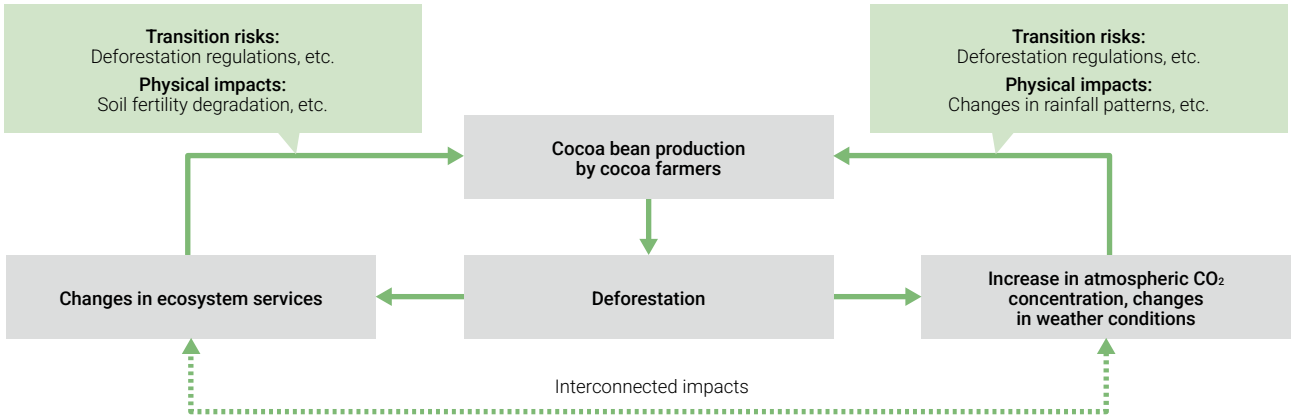
TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

TNFD Taskforce on Nature-related Financial Disclosures

*1 Established by the Financial Stability Board (FSB) in 2015 in response to a request from the G20. The task force compiled recommendations advising companies to disclose information about climate change-related risks and opportunities.
*2 The TNFD was conceived as a framework to follow the TCFD at the 2019 World Economic Forum Annual Meeting (Davos). It was established in June 2021 by the United Nations Environment Programme Finance Initiative (UNEP FI), the United Nations Development Programme (UNDP), the World Wide Fund for Nature (WWF), and Global Canopy, a UK-based NGO. The initiative presented recommendations for a framework for information disclosure on nature-related risks aimed at a transition to a nature-positive society in which the loss of natural ecosystems is halted and reversed.
*3 Established in 2019 as a forum for discussing the effective disclosure of information by companies alongside measures to ensure that the disclosed information leads to appropriate investment decisions by financial institutions and other investors. On April 1, 2026, the TCFD Consortium was reorganized into the GX Future Consortium.
*4 A network of companies and groups with expertise in nature, finance, and other areas that support the development of a framework through the TNFD.

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

Examples of Climate and Nature Interactions in Cocoa Production



Governance

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

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

Strategy

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

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

Value Chains Assessed

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

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

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

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

Risks and Opportunities Analyzed

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

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

Scenario Analysis for Climate-Related Risks and Opportunities

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

*1 An intergovernmental organization established in 1988 by the World Meteorological Organization (WMO) and the United Nations Environment Programme (UNEP). It provides evaluations based on the latest scientific knowledge of climate change.
*2 An international organization established within the framework of the Organisation for Economic Co-operation and Development (OECD) in 1974. It reports on the global energy outlook based on multiple scenarios.

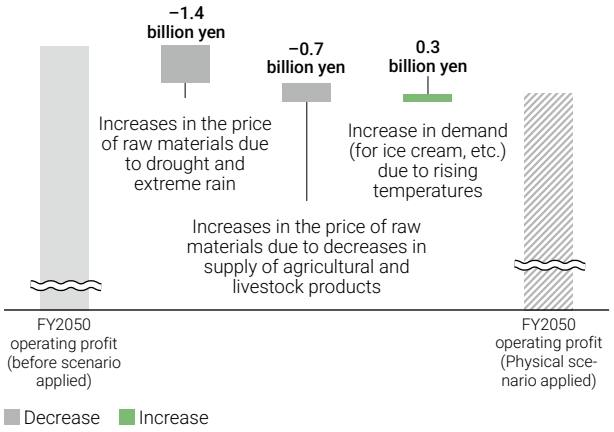
Analysis Results

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

Risks and Opportunities in the Physical Scenario

	Changes in society and the environment	Impacts on business activities		
		Specific impacts	Potential financial impacts (annual impacts on operating profit)	
			2030	2050
Physical risks	Increasingly severe natural disasters	Increases in the price of raw materials due to drought and extreme rain	1.0 billion yen	1.4 billion yen
	Changes in weather patterns	Increases in the price of raw materials due to decreases in supply of agricultural and livestock products	0.3 billion yen	0.7 billion yen
Opportunities	Changes in weather patterns	Increase in demand (for ice cream, etc.) due to rising temperatures	0.1 billion yen	0.3 billion yen

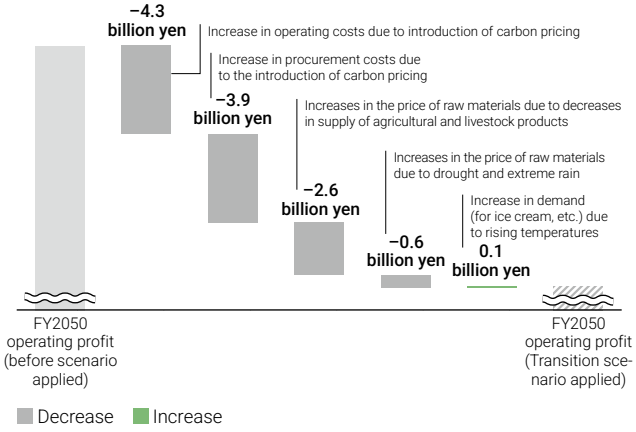
Potential Financial Impacts in 2050 in the Physical Scenario



Risks and Opportunities in the Transition Scenario

	Changes in society and the environment	Impacts on business activities		
		Specific impacts	Potential financial impacts (annual impacts on operating profit)	
			2030	2050
Transition risks	Stricter regulations	Increase in operating costs due to introduction of carbon pricing	0.2 billion yen	4.3 billion yen
		Increase in procurement costs due to introduction of carbon pricing	0.5 billion yen	3.9 billion yen
Transition risks / Physical risks	Stricter regulations / Changes in weather patterns	Increases in the price of raw materials due to decreases in supply of agricultural and livestock products	1.7 billion yen	2.6 billion yen
Physical risks	Increasingly severe natural disasters	Increases in the price of raw materials due to drought and extreme rain	0.6 billion yen	0.6 billion yen
Opportunities	Changes in weather patterns	Increase in demand (for ice cream, etc.) due to rising temperatures	0.1 billion yen	0.1 billion yen

Potential Financial Impacts in 2050 in the Transition Scenario



Increases in the Price of Raw Materials Due to Drought

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

Sources Referenced

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

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

There is a risk that transaction prices for raw materials will increase as yields of agricultural and livestock products are impacted by rising temperatures and other effects stemming from climate change. As climate change progresses for each of the main areas (countries and regions) in which we procure raw materials, we evaluated changes in production volumes for sugar, palm oil, wheat flour, and dairy ingredients out of the main raw materials used by the Group. As a result, it was forecasted that production volumes of palm oil and wheat flour would decline due to a decrease in yields per area, particularly for oil palms and wheat. Therefore, we estimated the price outlook for palm oil and wheat flour. For this, we analyzed the factors involved in past price fluctuations, such as the balance of supply and demand between volumes of production and consumption and per capita GDP, and derived a formula for price analysis. We entered the forecasts for future production and consumption volumes into the formula to estimate the future prices and the financial impact in 2030 and 2050. We factored in price increases due to certain controls being placed on the expansion of agricultural land in the transition scenario for palm oil.

In response to increases in the price of raw materials, we can potentially reduce risk by changing product compositions or

considering alternative ingredients, exploring new regions for procurement, and strengthening engagement with suppliers. As the situation is different for each raw material, we will proceed with organizing and examining specific countermeasures in the future.

Yield Forecasts for Each Scenario in 2050

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

Sources Referenced

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

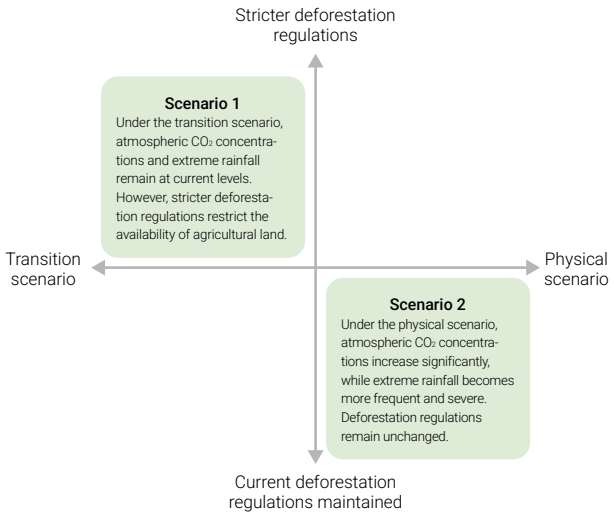
Integrated Scenario Analysis for Cocoa Beans

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

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

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

Integrated Scenario Analysis for Cocoa Beans



Impact Analysis for Cocoa Bean Production

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

Sources Referenced

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

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

It is forecasted that demand for ice cream, etc. will increase as a result of rising temperatures and other effects stemming from climate change. Analyzing the correlation between past sales of ice cream and other frozen desserts and average temperatures suggested there is a significant correlation between the two. Using the results of this correlation analysis, we estimated the financial impact in 2030 and 2050. To allow us to meet this increase in demand, we will examine initiatives aimed at enhancing our product lineup and building flexible and efficient production and sales systems.

● Increase in Operating Costs due to Introduction of Carbon Pricing

In the transition scenario, our operating costs are forecasted to increase as governments introduce and strengthen regulations related to carbon emissions, such as carbon pricing. We calculated the financial impact in 2030 and 2050, assuming no progress in reducing energy-derived CO_2 emissions in our own operations (Scope 1+2) beyond the FY2021 results. The carbon prices used in the estimates are as shown in the table. In response to an increase in operating costs due to the introduction of carbon pricing, we introduced an internal carbon pricing system in FY2024 (7,000 yen/tCO_2), in addition to the energy-saving activities and procurement of renewable energy-derived electricity currently being implemented. Through these initiatives, we will reduce energy-derived CO_2 emissions (Scope 1+2).

● Increase in Procurement Costs due to Introduction of Carbon Pricing

In the transition scenario, it is forecasted that the operating costs of suppliers will increase and will be passed on to procurement costs as governments introduce and strengthen regulations related to carbon emissions, such as carbon pricing. We estimated the financial impact in 2030 and 2050, assuming no progress beyond the FY2021 results in reducing GHG emissions related to "procured raw materials (packaging)" and "upstream transportation and distribution" (part of Scope 3, Category 1 and 4, respectively) where the risk of increase in procurement costs is particularly high. The carbon prices used in the estimates are as shown in the table. In response to the increase in procurement costs due to introduction of carbon pricing, we will reduce petroleum-based plastic used in containers and packaging in addition to the engagement with suppliers currently being implemented.

Carbon Prices Used in Estimating Impact on Operating and Procurement Costs

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

Sources Referenced

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

Assessment of Nature-Related Dependencies and Impacts

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

Locate

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

Map Tools Used for the Locate Step

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

Evaluate

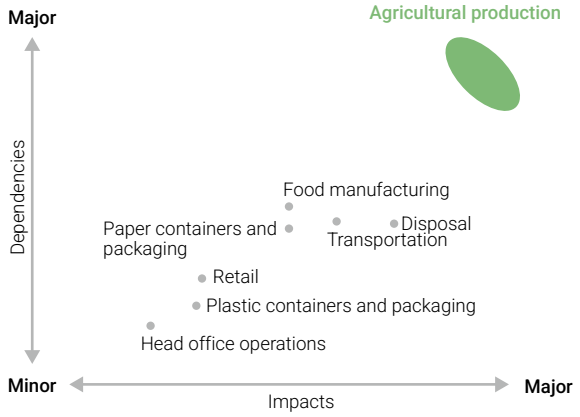
We utilized the ENCORE* tool to evaluate the nature-related dependencies and impacts throughout our value chain. Upstream agricultural production shows higher dependencies and impacts than our direct operations (head office operations and food manufacturing) and downstream activities (sales, transport,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

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

Dependencies and Impacts in the Value Chain

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

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



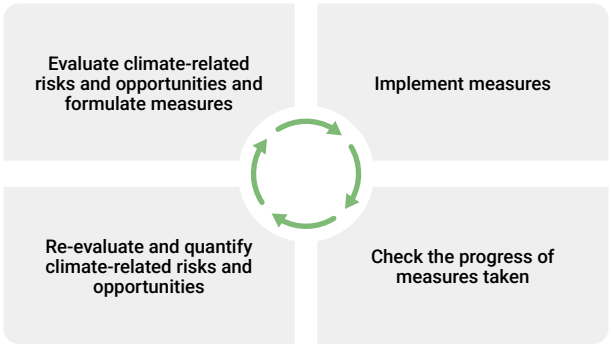
● Assess / Prepare

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

Based on the relationships between nature-related dependencies and impacts identified through the Locate and Evaluate steps, we organized the nature-related risks and opportunities associated with our business activities (page 21). Because external assessment tools are still under development, we also piloted an enterprise-level analysis of risks and opportunities in the Assess step, in addition to the dependency- and impact-focused view developed in the Evaluate step, to minimize the risk of omissions in the analysis.

Risk Management

To address risks that could have a significant impact on our business, we promote a risk management structure centered on the Risk and Crisis Management Committee (page 66). Climate-related and nature-related risks are positioned as key management risks. Moreover, risks and opportunities related to climate change and nature are managed in an integrated manner, owing to their close interconnected relationship. The Planning Section of the Sustainability Department, working with related departments and Group companies, identifies risks and opportunities, then reports progress to the Risk and Crisis Management Committee at least once a year. The Risk and Crisis Management Committee evaluates business risks and opportunities and examines countermeasures based on these reports, then escalates them to the Executive Committee and the Board of Directors for decisions.



Metrics and Targets

The Group's business relies on the gifts provided by nature. As such, we believe that contributing to the realization of a sustainable global environment is one of our most important responsibilities. Since climate change will have a particularly big impact on the Group's business, we recognize that it is an important management issue. We are promoting initiatives with a target of achieving carbon neutrality by FY2048.

GHG Emissions Reduction Targets

Scope 1+2 (Energy-related CO_2 emissions): LOTTE MIRAI CHALLENGE 2048

FY2028 Target ▶ Reduction of 23% or more, compared with FY2019 (certified by SBTi*1 in May 2022)
FY2038 Target ▶ Reduction of 62% or more, compared with FY2019
FY2048 Target ▶ Carbon neutrality

Scope 3: LOTTE MIRAI CHALLENGE 2048

FY2028 Target ▶ Calculation of supply-chain GHG emissions using primary data feasible for reduction
FY2038 Target ▶ Reduction of 50% or more in GHG emissions
FY2048 Target ▶ Carbon neutrality

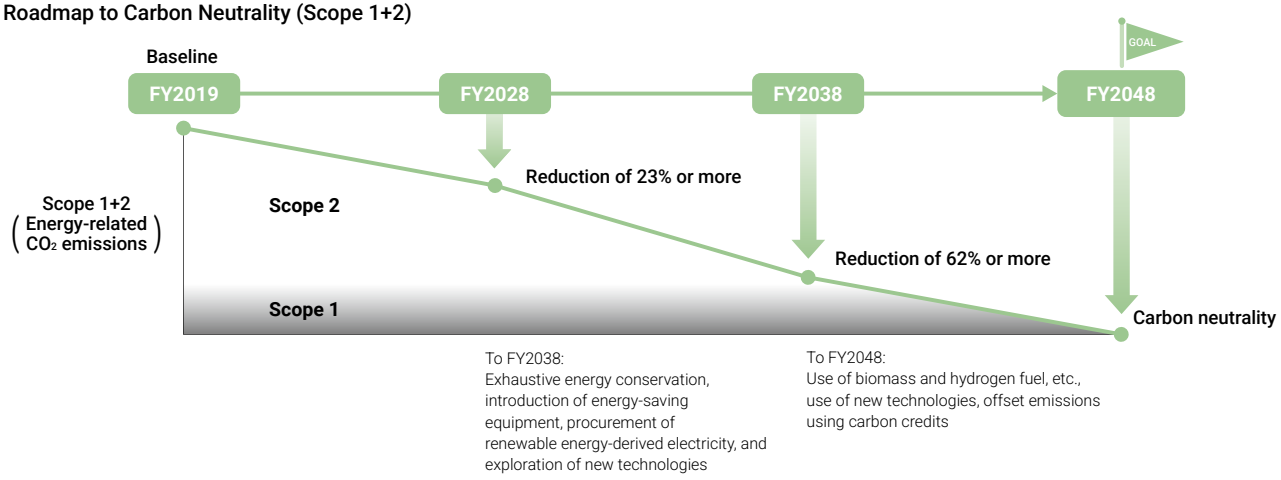
Scope 3: Certified by SBTi in May 2022

FY2027 Target ▶ Engagement with suppliers regarding Category*2 1, 2, and 4 emissions
FY2028 Target ▶ Reduction of 23% or more in Category 3 emissions, compared with FY2019

*1 Science Based Targets initiative. The SBTi certifies companies that have set targets to reduce GHG emissions in alignment with the Paris Agreement goals.
*2 Classification of Scope 3 based on GHG Protocol (page 27).

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

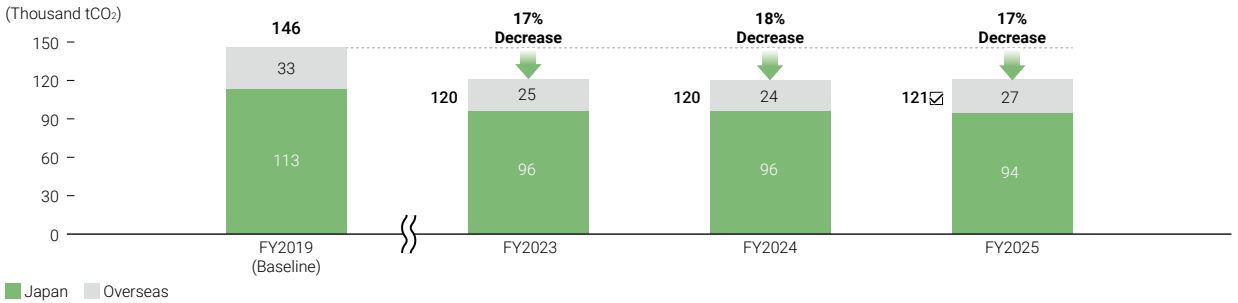
Roadmap to Carbon Neutrality (Scope 1+2)



03 Reducing GHG Emissions

Scope 1+2 Results

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



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

We aim to reduce energy-related CO_2 emissions (Scope 1+2), our primary source of GHGs, by at least 23% by FY2028, compared to levels in FY2019. Furthermore, we are targeting carbon neutrality by FY2048. In May 2022, we received the SBTi certification for our targets to be achieved by FY2028.

Progress Toward SBTi-Certified Targets

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

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

Scope of Tabulation

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

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

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

Calculation Methods

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

Scope 2: CO_2 Emissions =Σ (Volume of purchased electricity, etc. x emission factors)

Emission Factors

Japan ▶ Emission factors based on the Act on Promotion of Global Warming Countermeasures are used. For Scope 2 electricity, the adjusted emission factors determined separately by individual companies based on the same Act are used.

Overseas ▶ The emission factors for Scope 1 emissions have been determined according to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, while the emission factors for Scope 2 emissions have been determined according to the IEA Emission Factors 2025. In instances where these emission factors are difficult to obtain, an emission factor based on the Act on Promotion of Global Warming Countermeasures is used.

Scope 3 Results

GHG Emissions (Thousand tCO_2)

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

* Excluded from calculation as there were no applicable emissions.
Data indicated with ☑ has received the independent practitioner's assurance by Deloitte Tohmatsu Sustainability Co., Ltd. (page 33).

Scope of Tabulation

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

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

Calculation Methods

Category 1: GHG Emissions = Σ (Weight of raw materials purchased × emissions intensity, etc. [1]) + Σ (Value of purchased goods and services other than raw materials × emissions intensity, etc. [2])
Category 2: GHG Emissions = Σ (Value of capital goods × emissions intensity, etc. [2])
Category 3: GHG Emissions = Σ (Energy consumption × emissions intensity, etc. [1] or [2])
Category 4: GHG Emissions = Σ (Ton-km of transportation × emissions intensity, etc. [1]) + Σ (Ton-km of transportation × fuel consumption per ton-km of transportation × emissions intensity, etc. [2]) + Σ (Transportation distance/average fuel efficiency × emissions intensity, etc. [3]) + Σ (Electricity consumption for cargo handling & storage × emissions intensity, etc. [4])
Calculated using scenarios for transportation relating to consignors that are not Specified Consignors as defined in Japan's Act on the Rational Use of Energy
Category 5: GHG Emissions = Σ (Amount of waste emissions according to type and disposal method × emissions intensity, etc. [1] or [2])
Category 6: GHG Emissions = Σ (No. of employees × emissions intensity, etc. [2])
Category 7: GHG Emissions = Σ (No. of employees × no of operating days × emissions intensity, etc. [2])
Category 9: Same as Category 4
Category 12: GHG Emissions = Σ (Amount of waste emissions* according to type and disposal method × emissions intensity, etc. [1])

* Calculated as the weight of purchased packaging materials.
Recycling rates of used paper and cardboard have been reflected in calculations for Japan figures since FY2023.

Emissions Intensity, etc.

[1] IDEA Ver. 4.0 with LULUCF (the GHG emissions database of the National Institute of Advanced Industrial Science and Technology and the Japan Environmental Management Association for Industry)

[2] Database on Emissions Unit Values for Accounting of Greenhouse Gas Emissions, etc., by Organizations Throughout the Supply Chain (Ver. 3.6) of the Ministry of the Environment and the Ministry of Economy, Trade and Industry

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

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

Renewable Energy

Installation of Solar Panels at Group Sites

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

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



Binh Duong Factory of LOTTE VIETNAM CO., LTD.



Shiga Factory of LOTTE CO., LTD.

Procurement of Renewable Energy-Derived Electricity

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

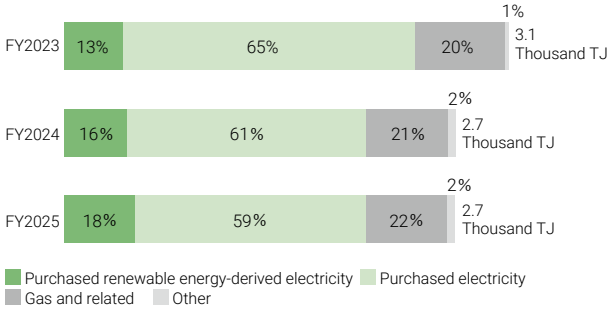
We are steadily expanding the use of renewable energy-derived electricity at our domestic factories and selected sales offices across Japan. In addition, LOTTE Wedel in Poland buys only green electricity generated from wind power for their head office and their factories.

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



L's Power Station Toda Bijogi

Volume of Energy Input



Scope of Tabulation

Same as Scope 1+2 energy-related CO_2 emissions

Energy Saving Initiatives

Use of the Internet of Things (IoT)

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



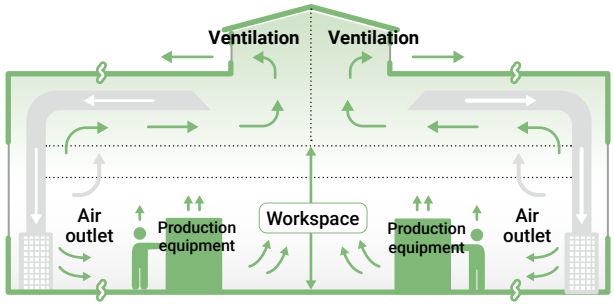
Sensor

Use of Waste Heat

We recover waste heat from high-temperature water generated during the ice cream manufacturing process by using it to increase the temperature of the water supplied to boilers. Through this, we expect to reduce annual CO_2 emissions by approximately 57 tCO_2.

Ingenuity in Air Conditioning

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



Management of Refrigerants (HCFCs and HFCs)

Some of our factories use HCFCs and HFCs as refrigerants for cold storage and freezing machinery. In light of the impact caused by the leakage of HCFCs and HFCs on global warming, we take steps to prevent leaks by regularly inspecting equipment to manage HCFCs and HFCs correctly while also switching systematically to HCFC and HFC substitutes with low Global Warming Potential (GWP) and natural refrigerants.* We are also shifting from ammonia as a natural refrigerant for machinery to safer CO_2 refrigerants; this shift is being made out of consideration for employee safety in the unlikely event of a leak.

* Technology that uses naturally occurring substances such as ammonia and CO_2 as refrigerants, which have comparatively less impact on global warming than HCFCs and HFCs.

FY2019	Urawa Factory	Introduced the world's first CO_2 refrigerant ice cream freezer
FY2022	Urawa Factory	Refrigerator using CO_2 refrigerant installed in product cooling tunnel of new production line
FY2024	Kyushu Factory	Introduced two ice cream freezers using CO_2 refrigerant
FY2025	Shiga Factory	Introduced six ice cream freezers using CO_2 refrigerant



Freezer at Urawa Factory

Logistics Initiatives

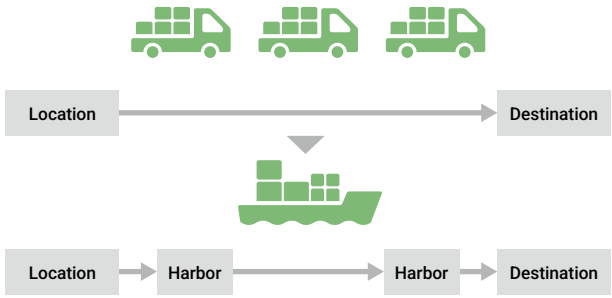
We are working to reduce the environmental impact associated with logistics. In addition to improving loading efficiency through optimized shipment configurations, we promote joint delivery*1, modal shift*2, and backhaul matching*3 initiatives. These efforts reduce transportation-related CO_2 emissions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

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

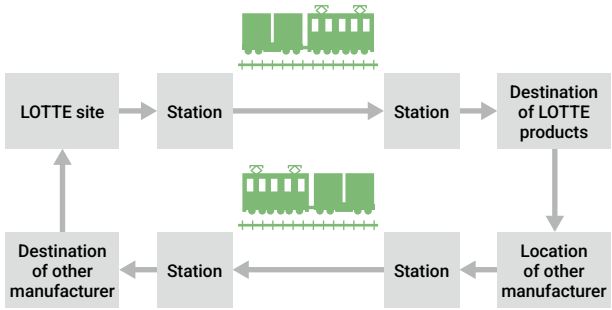
*1 Joint product delivery in cooperation with other companies in the same industry alongside carriers and warehouses. This serves to lower the number of trucks necessary for deliveries, which in turn reduces CO_2 emissions.



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



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



Topic

Recipient of the FY2025 Maritime Modal Shift Grand Prize

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

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



04 Circular Economy

Designing Environmentally-Friendly Product Containers and Packaging

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

Smile-Eco Label

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

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



Plastic Containers and Packaging

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

Goals

1. Emissions Reduction

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

2. Recycling and Others

- **Factories**

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

- **Offices**

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

Reducing Use of Plastics

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


Before


After

Main Initiatives

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

Calculation Method

Calculated based on shipments in FY2025 and in comparison with a reference product. This reference product is a product released in 2019 with a similar shape and format or, for a product released in 2020 or later, the product at the time of release.

* Estimated based on planned 2026 sales volumes.

Promoting Chemical Recycling

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

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



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

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

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

Paper Containers and Packaging

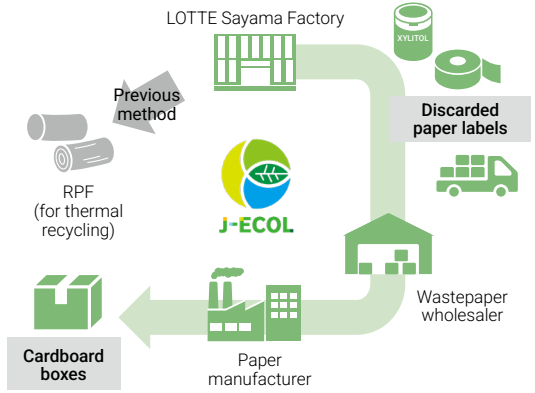
We strive to conserve resources by reducing the amount of paper containers and packaging we use to the greatest degree possible. In addition, we promote the use of environmentally-friendly paper materials such as recycled paper and paper certified to be sourced from responsibly managed forests.

Recycling for Paper Labels

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

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

Material Recycling of Paper Labels



Smile Eco Challenge

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

Recycling of Plastic Containers and Packaging–Verification Trials

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



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

● FY2025: Collection of Polystyrene Containers at Store Entrances

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

Recycling of Paper Containers and Packaging

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

Topic

Using Bamboo Materials

Although frozen dessert sticks are generally made of wood or plastic, we have used bamboo for our *Choco & Vanilla Bar* since 2023. According to our research, this marks the first time in Japan that a commonly distributed frozen dessert has used bamboo materials. Though trees take 30 to 40 years to grow, bamboo grows quickly and reaches maturity in just four years. Also, unlike trees, bamboo grows back naturally even after being cut down, which has drawn attention to its potential as a sustainable material. The eco-friendly ice cream sticks for *Choco & Vanilla Bar* won the Confectionery Packaging Category Award at Japan Packaging Contest 2024, hosted by the Japan Packaging Institute.





Reducing Food Loss and Waste (FLW)

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

FLW Produced and Per-Unit Volume

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

Scope of Tabulation

LOTTE CO., LTD. and its major Group companies

Calculation Methods

FLW produced = Volume of food and inedible parts discarded at our own factories + Volume of pre-shipment and returned products discarded

Per-unit volume = FLW produced / (Sales volume + FLW produced)

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

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

Reduce

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

Reuse

● Donating Surplus Food*

We strive to reduce food loss and waste by regularly donating any surplus food that cannot be avoided to food banks and children's cafeterias so that such food can be used effectively by those in need. Since 2023 we have been expanding these efforts through an efficient and sustainable donation scheme established in cooperation with Meals on Wheels Japan (representative director: Atsuko Ishida). Through this scheme, Meals on Wheels Japan matches warehouses at our distribution centers across Japan with logistics centers in the same area that can accept large donations. In FY2025, we donated approximately 180 thousand confectioneries and other items. One major issue we faced with these donations was the cost of delivery exceeding the cost of disposal. By switching from delivery by route buses and courier services to joint delivery based mainly on regular delivery routes, we have been able to reduce delivery costs and resolve this issue. This donation scheme received the Chairman's Award at the 2024 Food Loss and Waste Reduction Promotion Awards.

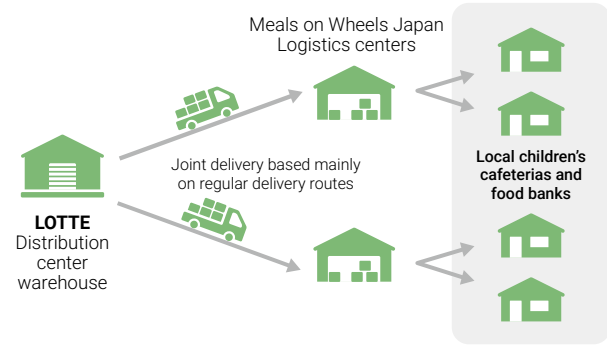
We believe that our food bank-related activities not only help to convey the joy of food, in terms of being delicious and fun, but also contribute to the effective use of food, so we will continue these efforts in the future.

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





Surplus Food Donation Process



● Selling Non-Standard Products and Chocolate Offcuts

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





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

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

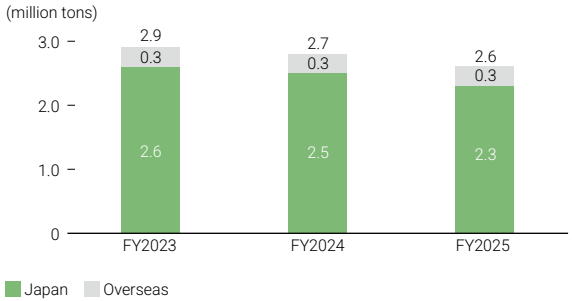
Recycle

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

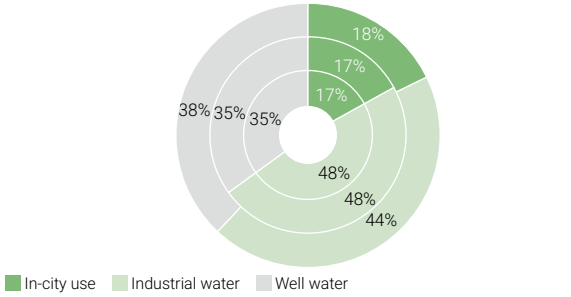
05 Water Resources

Water Usage

Volume of Water Used



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



Scope of Tabulation

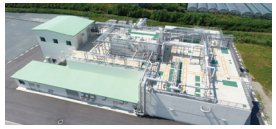
Major bases operated by LOTTE CO., LTD. and its major Group companies

Initiatives to Reduce Water Use

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

Wastewater Management

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



New wastewater treatment plant at the Kyushu Factory

06 Preventing Pollution

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

07 Independent Practitioner's Assurance of GHG Emissions

Energy-related CO_2 emissions (Scope 1+2) and GHG emissions (Scope 3) for FY2025 indicated with ☑ on page 27 in the Japanese version of this Sustainability Report 2026 (Detailed Edition) have received independent, third-party assurance from Deloitte Tohmatsu Sustainability Co., Ltd.



Deloitte.
デロイト トーマツ

(TRANSLATION)

INDEPENDENT PRACTITIONER'S ASSURANCE REPORT

August 26, 2026

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

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

We have undertaken a limited assurance engagement of the energy-related CO_2 emissions (Scope 1 and Scope 2) and greenhouse gas emissions (Scope 3) indicated with ☑ for the year ended March 31, 2026 (the "Greenhouse Gas Information") included in the "Sustainability Report 2026 (Detailed Edition)" (the "Report") of LOTTE CO., LTD. (the "Company").

The Company's Responsibility
The Company is responsible for the preparation of the Greenhouse Gas Information in accordance with the calculation and reporting criteria adopted by the Company (indicated with the Greenhouse Gas Information included in the Report). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the Greenhouse Gas Information that is free from material misstatement, whether due to fraud or error. Greenhouse gas quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and numerical data needed to combine emissions of different gases.

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

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

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

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

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

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

Member of
Deloitte Touche Tohmatsu Limited

08 Environmental Data

Volume of Energy Input and GHG Emissions

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

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

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

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

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

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

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

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

*1 Ginza Cozy Corner Co., Ltd. is included in the scope of tabulation as of the results for FY2022. Information on the method, etc. used for calculating GHG emissions is provided on page 28.

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

Preventing Pollution

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

Circular Economy

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

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

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

Overseas: Major Group companies overseas

Water Resources

				FY2023	FY2024	FY2025
Water withdrawal [Million t]	Japan + Overseas factories			2.9	2.7	2.6
		Japan		2.6	2.5	2.3
			In-city use	0.4	0.4	0.3
			Industrial water	1.2	1.1	0.9
			Well water	1.0	0.9	1.0
		Overseas factories		0.3	0.3	0.3
			In-city use	0.1	0.1	0.1
			Industrial water	0.2	0.2	0.2
			Well water	0.0	0.0	0.0
Water discharge [Million t]	Japan + Overseas factories			2.3	2.3	2.3
		Japan		2.1	2.1	2.0
			Sewerage	0.4	0.4	0.4
			Rivers	1.7	1.7	1.7
			Seas	0.0	0.0	0.0
			Groundwater	0.0	0.0	0.0
		Overseas factories		0.3	0.2	0.3
			Sewerage	0.2	0.1	0.2
			Rivers	0.1	0.1	0.1
			Seas	0.0	0.0	0.0
			Groundwater	0.0	0.0	0.0

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

Overseas factories: Factories of major Group companies overseas