

Governance

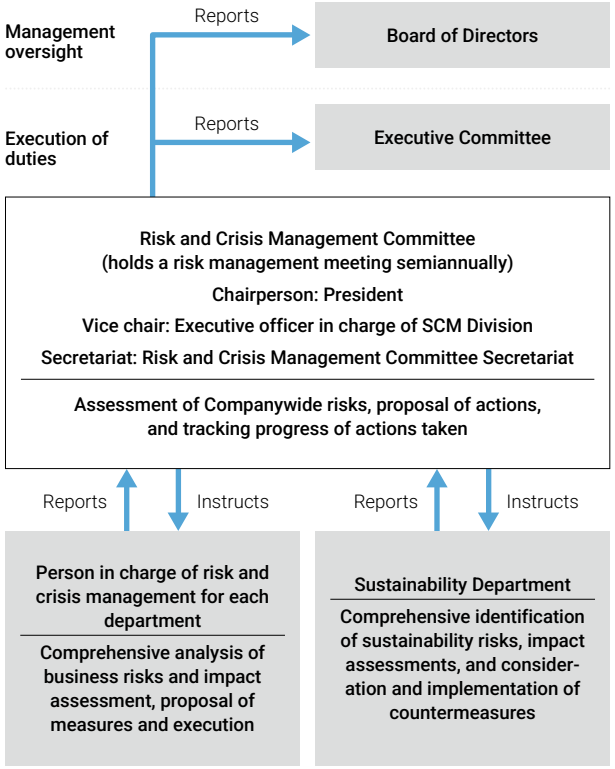
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01 Risk Management

Risk Management Structure

The Risk and Crisis Management Committee plays a central role in managing all business risks, including sustainability risks. Each department appoints a person in charge of risk and crisis management who comprehensively identifies business risks and evaluates the risk impact (probability multiplied by severity). Based on identified risks and countermeasures reported by the person in charge of risk and crisis management for each department, the Risk and Crisis Management Committee determines the most significant Companywide risks and countermeasures. The results will be reported to the Executive Committee and the Board of Directors. If a risk becomes a reality, the Risk and Crisis Management Committee acts as the Crisis Management Committee and Emergency Task Force and immediately issues instructions to minimize damage.



Risk Management Process

The Risk and Crisis Management Committee and the people in charge of risk and crisis management for each department work together to reduce business risks by following a PDCA cycle. Based on the business impact analysis of the risks comprehensively identified by the person at each department responsible for risk and crisis management, the Risk and Crisis Management Committee prioritizes the risks and considers responses. Each department implements countermeasures under the supervision of the person in charge of risk and crisis management and reports progress to the Risk and Crisis Management Committee. The people in charge of risk and crisis management identify risks and re-evaluate the impact assessment regularly, also reporting the updated countermeasures to the Risk and Crisis Management Committee.



02 Responses to Disaster Risks

We have prepared a basic policy for business continuity plans (BCPs) that is applied to the specific BCP for each factory and for each department within the head office. In addition, we engage in exercises and drills based on the BCP and have implemented business continuity management (BCM) to improve our vigilance in the event of an emergency.

Basic BCP Policy

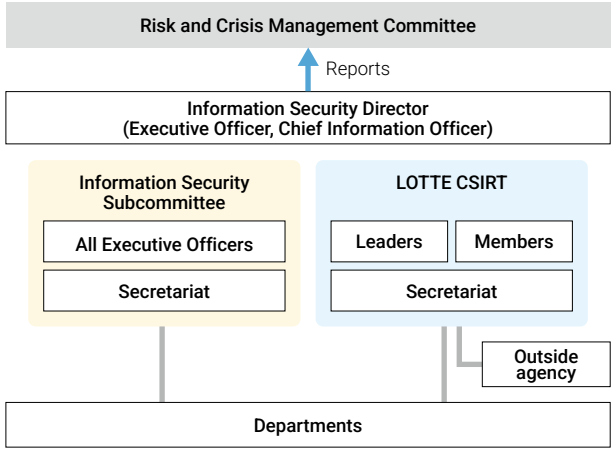
1. The lives and safety of employees and their families are our top priority.
2. We fulfill our corporate social responsibility while ensuring business continuity.

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

03 Information Security

Information Security Structure

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



Information Security Education

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

04 Compliance

The LOTTE Group Way (Behavior Charter)

The LOTTE Group Way, established in 2008, is a policy to be understood by all directors and employees of LOTTE Group companies in conducting their work. The LOTTE Group Way is published on our corporate website and serves as our promise to society to engage in ethical and honest business practices. Its seven points make up the behavioral guidelines necessary to achieve our LOTTE Group Mission and embody the LOTTE Values.

In addition to our corporate website, the LOTTE Group Way is also included in the LOTTE Group Philosophy online book and our multilingual booklet to disseminate it among employees and directors and to promote understanding.



LOTTE Group Way
https://www.lotte.co.jp/english/charter/

Employee Education

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

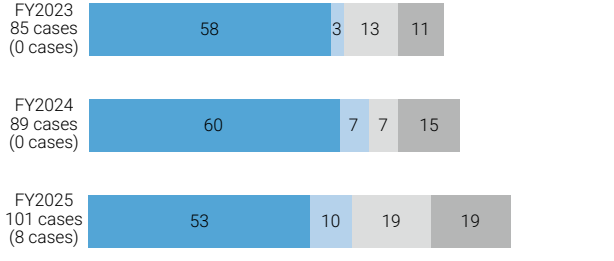


Whistleblowing System

Internal Whistleblowing

We have opened a whistleblowing hotline called "*Clean Line*" to provide employees with a platform to seek advice or report cases, both from inside and outside LOTTE and its Group companies. *Clean Line* deals with compliance infringements of all kinds, including human rights issues such as harassment, misconduct such as fraudulent claims for expenses or taking data outside Company premises, legal violations, or violations of company regulations. Employees can send whistleblowing reports or consult by telephone, email, etc., and if a victim is involved, we take immediate action to help them. Internal regulations on whistleblowing include the whistleblower protection clause that prohibits all forms of prejudicial treatment for whistleblowers. Anonymous reporting is also accepted. We inform employees about the hotline during annual human rights training and new employee training.

Number of Consultations and Reports to *Clean Line*



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

Scope of Tabulation

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

External Whistleblowing

We have established a grievance mechanism in the form of a human rights hotline for use by business partners and prospective employees. All reports are handled with due consideration for privacy, and no one is to be subjected to adverse treatment as a result of reporting a violation. There is also an option to report anonymously.

Compliance Violations

In FY2025, there were no serious compliance violations.

05 Intellectual Property

Intellectual Property Strategy

We treat intellectual property as an important managerial resource for the Company. We are moving forward with an intellectual property strategy based on creating innovation and protecting our brand, aiming to create a happier future by connecting people through original ideas and uplifting experiences. This strategy revolves around reinforcing the three pillars listed below.

Ensuring superiority in existing businesses

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

Support for expanding overseas business

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

Support for entering new fields

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

In 2018, we completely revised our Regulations for Employee Inventions. We now promote and manage employee inventions under the authority of the Invention Review Committee, which is comprised of members from our technical and intellectual property departments. In FY2023, two patents were eligible for performance incentives, which were subsequently awarded. Such incentives are based on how the patent contributes to business and are part of our effort to promote innovation. Furthermore, we have introduced intellectual property as a topic within the training programs organized by the Human Resources Department. This content is included as part of position-based and departmental training programs (including training for the R&D Division and Marketing Division) to ensure that Company employees have the knowledge regarding intellectual property needed to perform their duties.

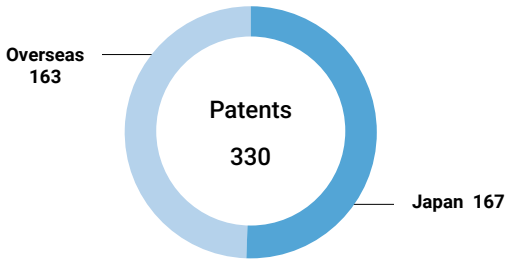
Status of Patent and Trademark Acquisition

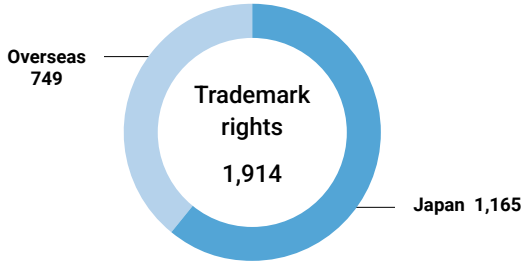
The LOTTE Group includes overseas companies in Thailand, Vietnam, Indonesia, and Taiwan. We are actively working to obtain patent and trademark rights overseas, with efforts focused on these areas.

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



Number of Intellectual Property Rights Held (Japan and Overseas)





Our Sustainability-Related Intellectual Property

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

Zero Chocolate, Featuring Specially Developed Dairy Ingredients

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

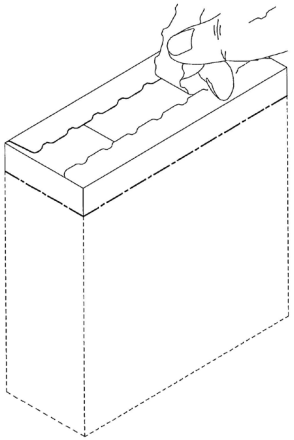


Patent No. 6682197

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

Packaging

Packages that are easy to open from either the left or right side.



Japanese Design Registration No. 1786660 and No. 1786696

A two-way zipper-style tab that can be used to open a box from either the left or right side. The tab features a rounded design that will not hurt your fingers when opening.



Protecting Brands with a Mix of Intellectual Property Rights

COOLish

For our drinkable ice cream product *COOLish*, we have acquired **trademark rights (1 to 3)** that include the brand name and catchphrase. In addition, we hold the **design rights* for the cap design (4)** and the **patent (5)** for the composition of the product that includes fine ice, which makes it an easy-to-squeeze frozen dessert.

* Design rights shared with Shirouma Science Co., Ltd. and Hosokawa Yoko Co., Ltd.



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

Process for Increasing Customer Value Through Intellectual Property

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

Prevention of Counterfeit Items

Counterfeit products may be of poor quality and pose a threat to the health and safety of our customers. Counterfeit products can also reduce a company's motivation to innovate and create, which raises concerns about their negative impact on society as a whole. For these reasons, we are making an active effort against counterfeits to prevent customers from mistaking them for genuine items and purchasing them.

Main countermeasures

- Warning letters
- Administrative enforcement
- Registration with customs and seizure
- Monitoring and removal requests in e-commerce markets

We also work to enhance brand protection by registering a variety of trademarks in countries around the world. In addition to trademarks that use Japanese and Roman alphabets, we register figurative trademarks for character and package designs, and alphabet-related trademarks in local languages.

Example of a Registered Trademark—*Koala's March*

コアラのマーチ

KOALA'S MARCH

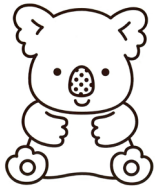


Registered Trademark for *Koala's March* in Taiwan

樂天小熊餅

Registered Trademark for *Koala's March* in Thailand

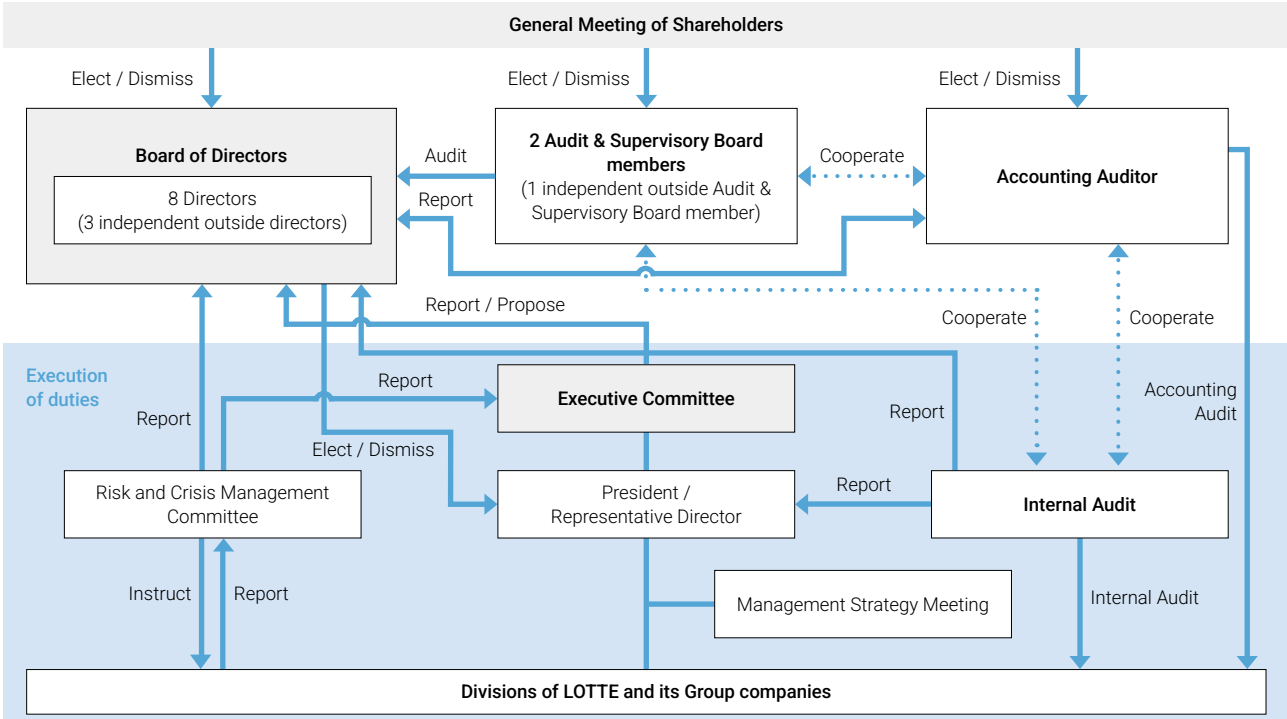
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06 Corporate Governance (as of July 1, 2026)

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

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



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

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