About this Report

Editorial Policy
Sustainability Report 2026 (Detailed Edition) has been published in order to further understanding among all stakeholders as to our approach and initiatives related to sustainability, with particular focus given to activities conducted in FY2025. This report has been edited referencing the guidelines below. Some previous data has been revised retrospectively following the adoption of a more appropriate calculation methodology.

Reference Guidelines
Global Reporting Initiative (GRI) standards, Sustainability Accounting Standards Board (SASB). Please see pages 71–73 for reference tables corresponding to these standards.

Period of Reporting
FY2025 (April 2025–March 2026)
For some subsidiaries, FY2025 has been adjusted to match their accounting period, which is January 1–December 31, 2025. Furthermore, some of the content reported may include information from before or after the periods stated above.

Scope of Reporting
As a general rule, the scope of reporting is LOTTE CO., LTD. and its consolidated Group companies. Effective April 1, 2026, Dari K Co., Ltd. was merged into LOTTE CO., LTD. Ginza Cozy Corner Co., Ltd., which became a consolidated Group company during FY2021, is included in the scope of reporting starting from the results for FY2022. However, where there is a base year related to the setting of targets, historical information is reviewed and retrospectively included in the scope of reporting. In each instance where the information available is incomplete, the scope reported is clearly indicated.

Date of Reporting
September 2026

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 2,240
6,976 (Consolidated)
(As of March 31, 2026 / Data on overseas locations and the former Dari K Co., Ltd. is as of December 31, 2025)

Group Companies

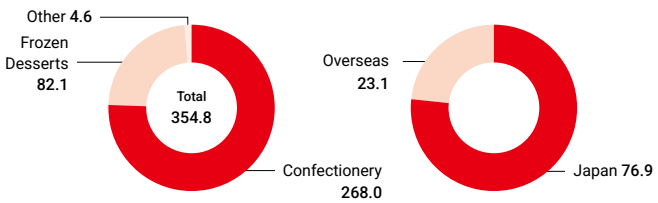
Parent Company
LOTTE HOLDINGS CO., LTD.

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

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

FY2025 Results

● **Net Sales by Category** (billions of yen) ● **Japan to Overseas Net Sales Ratio** (%)



Disclosure of Future Financial Information

Please visit our website for more information.

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

LOTTE CO., LTD. Sustainability Report 2026
https://www.lotte.co.jp/english/sustainability/report.html



Sustainability Report 2026 (Detailed Edition)

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OUR LOTTE MIRAI CHALLENGE 2048

Goals to Achieve by the 100th Anniversary

The year 2048 will mark
the 100th anniversary of LOTTE CO., LTD.
Amid dramatic changes taking place around the
world, we had serious discussions about how
to approach an uncertain future, how to ensure our
survival, and what an ideal LOTTE would be in that future.
The outcome of these discussions was a vision
for what we want to be in the year of our
100th anniversary, organized into
three sustainability visions
derived from our Purpose.

Evolving Our Brand Tailored to Customers for a Happier Future

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

Jun Kawamura
Assistant Manager,
KAMUKOTO Research Department
R&D Center



Yuko Kanemaru
Assistant Manager,
Production Strategy Section
Production Strategy Department
Production Division



Connecting People, Creating a Sustainable Planet

LOTTE does not operate in isolation—we work with many stakeholders across our value chain. We will continue to lead the way in connecting and engaging stakeholders, learning from one another, and driving the shift toward sustainable business.

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

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

Aya Suzaki
Team Leader,
Labor Relations & Welfare Team
Labor Relations Group
Human Resources Department
LOTTE HOLDINGS CO., LTD.



Yutaka Yamamoto
General Manager,
Logistics Department
SCM Division

Naho Koyanagi
Legal Team Legal Group
Legal Department
LOTTE HOLDINGS CO., LTD.

Kazuki Iida
Assistant Manager,
Ghana Brand Section
Brand Strategy Department 1
Marketing Division

Sanae Abe
Administrative Support Section
Business Department
Sales Division



LOTTE MIRAI CHALLENGE 2048

Key Initiatives Leading Up to Our 100th Anniversary

Published Estimates of the Social Impact of Promoting *KAMUKOTO*

In October 2025, we announced that participation in a chewing gum-based oral health program could reduce long-term nursing care expenses by approximately ¥42,000 per participant per year. If all adults aged 65 and older who do not require long-term nursing care were to participate across Japan, the potential annual reduction in long-term expenses could reach approximately ¥1.2 trillion.



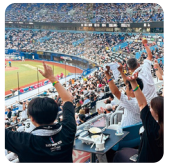
The oral health program combines oral exercises, including chewing gum three times a day for 2.5 months, with monthly long-term nursing care prevention classes.
Analysis of data from a pilot project in Toyota City, Aichi Prefecture, estimated the potential reduction in long-term nursing care expenses associated with the prevention and improvement of oral frailty and overall frailty among older adults across Japan (Data collected and analyzed by LOTTE).

2048 Our 100th Anniversary

LOTTE Family Day

Since FY2024, we have held LOTTE Family Day annually at our head office and the Urawa Factory as a way to express our gratitude to the families and partners who support LOTTE Group employees. We continue to enhance and expand the program each year.





Transition to Environmentally-Friendly Packaging

In FY2024, we reduced the amount of plastic used in large packages of *Choco Pie*, *Custard Cake*, and *Toppo*. As a result, plastic usage across the three products has fallen by approximately 88.7 tons* annually. We will continue updating our packaging to be even more environmentally friendly.

スマイル エコ

* Estimated based on FY2025 procurement results.

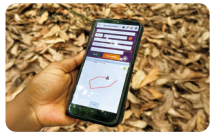
Solar Power Equipment at Factories

As part of our decarbonization efforts, we are moving forward with installation of solar power generation systems. In FY2025, we installed new solar power generation equipment with a generation capacity of approximately 450 kW at the Shiga Factory in Japan and approximately 730 kW at the Bekasi Factory in Indonesia.



Launch of Forest Monitoring in Cocoa Bean Sourcing Areas

We initiated monitoring efforts via a smartphone GPS app to map cocoa farms, using satellite data and other information to check impact on deforestation. When farms are deemed high risk, we verify with our suppliers and consider measures to improve the situation.



Recipient of the Cabinet Office Minister of State for Special Missions Award for Teaching Materials

At the 2025 Consumer Education Materials Awards, hosted by the National Institute on Consumer Education, "Your Choice Will Create a Happier Future," an educational program for junior high school students, received the Cabinet Office Minister of State for Special Missions Award, the top prize for outstanding teaching materials, in the corporations and industry associations category.

あなたの選択から創る しあわせな未来

公益財団法人 消費者教育支援センター 主催
消費者教育教材資料表彰2025
内閣府特命担当大臣賞

Formulation of LOTTE MIRAI CHALLENGE 2048

As we developed our sustainability visions and targets, we were careful to reflect the viewpoints of the generations who will shape the future. In that same vein, the project team leading discussions was composed of early-career and mid-career employees.

2023

2024

2025

MESSAGE FROM THE PRESIDENT



The phrase “Everyday Sweet Life” reflects our enduring commitment to be loved for generations as we continue to add sweetness to people’s lives, each and every day.

Hideki Nakashima
President / Representative Director



©L/KMP

Sustainable Procurement for Resilience in the Face of Emergency

The business environment in which LOTTE operates has seen a rise in uncertainty in recent years. Notably, the recent tensions surrounding the Strait of Hormuz have intensified concerns over naphtha supply and rising prices, both of which have far-reaching implications for supply chains across several industries. LOTTE is no exception in this regard. In such turbulent times, we are able to find stability through our sustainable procurement initiatives, which have come to serve a dual purpose. On one hand, these measures address risks related to human rights and the environment. On the other, they ensure resilience in the face of emergency.

Chocolate is a core business of LOTTE, and cocoa beans are an essential component of chocolate. This crucial ingredient has been subject to a historic rise in market prices following poor harvests in West Africa, among other factors. However, reports from local sources indicate that the impact of poor harvests was somewhat limited in the regions where we have offered continued support for several years. Some of this support included efforts to eliminate child labor, stem deforestation, and deliver agricultural guidance to improve productivity. This is proof positive that our long-standing sustainability-related activities have been effective in ensuring resilience in times of emergency. Going forward, LOTTE will expand this support to more regions while also diversifying risk by establishing a wider range of procurement sources. Regarding the concerns over naphtha mentioned at the outset, we are currently investigating a shift away from plastic packaging toward more environmentally conscious materials, which I believe will reduce our dependence on fossil fuels and hedge against geopolitical risks.

In this way, our sustainable procurement initiatives are extending beyond cocoa beans to encompass other raw materials. We are also working alongside local communities to advance projects that tackle issues affecting production areas for the glutinous rice used in *Yukimi Daifuku*, the quince used in *Nodoame*, the natural chicle used in our chewing gum, and other raw materials. Together, these initiatives form the basis for a strong and

Message from the President

robust business foundation that will ensure LOTTE remains steady and stable amid shifting and uncertain external environments. We will remain firmly committed to these efforts and will further accelerate our initiatives in the years ahead.

Exploring the Value of *KAMUKOTO* for Society

Our corporate slogan, "Everyday Sweet Life," reflects our enduring commitment to capture the hearts of people across generations as we continue to add sweetness to people's lives, each and every day. This same spirit is infused in our Purpose, formulated in 2023, "to create a happier future." The phrase "a happier future" reflects our determination to help realize a sustainable planet and society, and to bring prosperity to the lives of all people.

At LOTTE, we have a distinct approach to achieving this future that involves spreading awareness of proper chewing, or *KAMUKOTO** in Japanese, as a way to contribute to physical and mental well-being. Based on research conducted to date, last year we announced estimates indicating the degree to which an oral health program incorporating chewing gum could help reduce future long-term care costs. In this same vein, exploring the value of *KAMUKOTO* and expanding it throughout society is significant because it could extend healthy life expectancy and help address social issues. On a personal note, my own parents are in their nineties and I care deeply about their health. So, I send them chewing gum on a regular basis out of the hope they will enjoy good oral health for many years to come.

To bring the value of *KAMUKOTO* into greater society, we launched a cross-departmental project this year. Through this project, we will consolidate relevant knowledge and evidence and actively communicate the value of *KAMUKOTO* both inside and outside the Company. In addition to broad support from companies and organizations for spreading the importance of *KAMUKOTO*, we have established partnerships with more than 20 local governments that are committed to promoting health within their communities. Across LOTTE, we aim to redouble our efforts to contribute to mental and physical well-being by promoting the adoption of *KAMUKOTO*.

* *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.

Fostering an Organizational Culture Where Everyone Can Demonstrate Their Unique Abilities

The greatest driving force for implementing these initiatives and achieving sustainable growth is none other than human capital. I see employee engagement as a key indicator of good management. Therefore, I have pledged to take our employees' voices seriously, responding to them with sincerity and using them as a bedrock for continued improvement. This year, we saw clear signs of improvement in our employee engagement score, and I myself can feel the positive changes taking place across the Company. The other day, I was pleased to hear from someone outside the Company that "LOTTE employees have a truly strong sense of camaraderie." To me, this is an affirmation of our steady efforts to build an organizational culture in which everyone can demonstrate their abilities in their own way. These efforts include expanding systems to support a wide range of workstyles, advancing women's empowerment, encouraging men to take childcare leave, and promoting diversity through respect for the LGBTQ+ community and all other forms of individual diversity.

Moreover, strong connections with society are critical for any company. Last year, I had the opportunity to serve as a food education instructor, standing in a classroom and delivering lessons to elementary school students. Sitting down and interacting with children served as a reminder that our business holds powerful value as a point of connection that can reach across generations. Getting to see our business through a lens beyond everyday operations also enabled me to rediscover both the breadth of its impact on society and the genuine value our products deliver. Taking on the role of a food education instructor alongside daily responsibilities offers an important opportunity for employees to rediscover the significance of their work and the value of our products. I sincerely hope that our employees will take on this challenge.

Going forward, we will continue to engage with society and work together with our stakeholders to pursue sustainable growth and enhance corporate value. I sincerely appreciate your support as we move forward in these endeavors.

Hideki Nakashima

President / Representative Director



A food education class at Saitama University Elementary School (Urawa Ward, Saitama City, December 2025)

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 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 address environmental and human rights issues in our supply chain and build a sustainable supply chain.

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

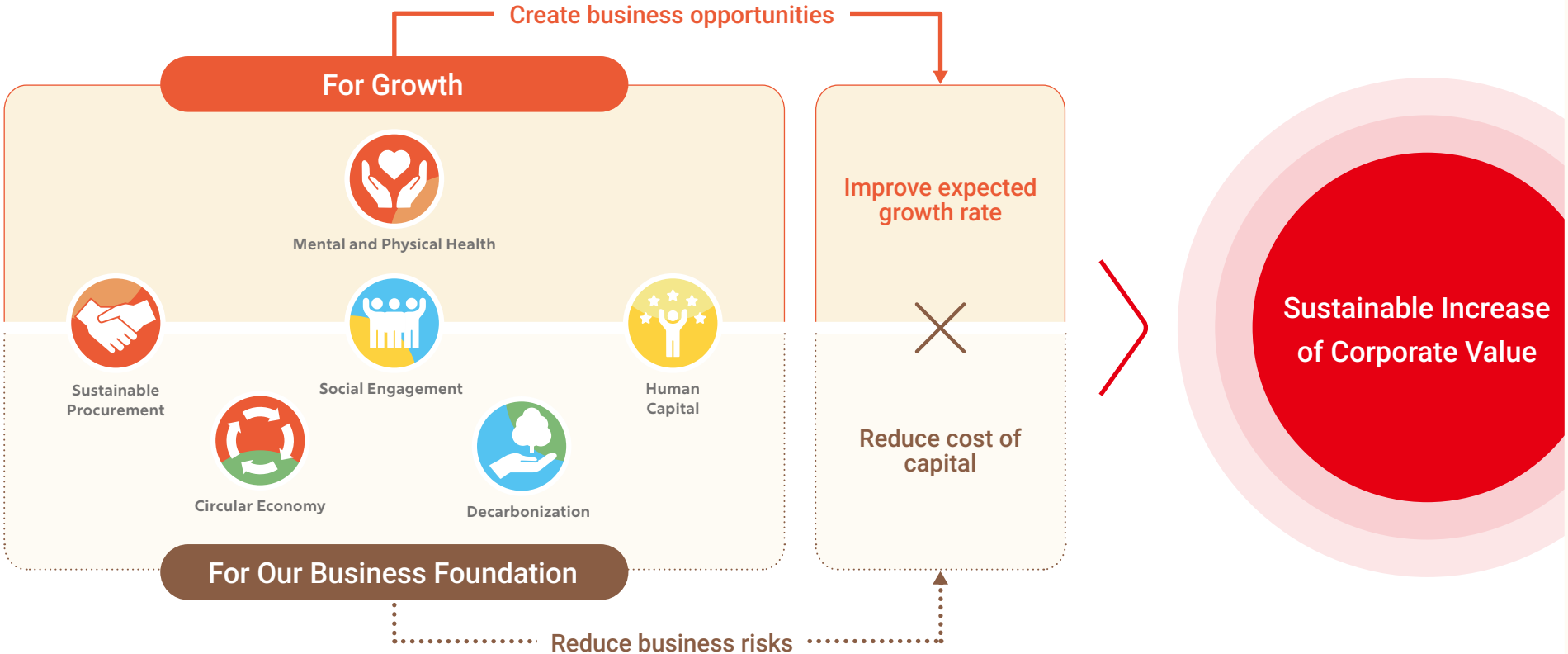
Through co-creation with stakeholders and communication with the outside, we contribute to society by prioritizing the resolution of social issues while helping employees and organizations thrive.

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.

Materiality Themes Organized in Terms of Creating Opportunity and Reducing Risk

The 6 materiality themes underpinning the sustainability targets of LOTTE MIRAI CHALLENGE 2048 help facilitate improvements in key financial indicators and contribute to a sustainable increase of corporate value. Materiality themes aimed at growth drive the creation of business opportunities, helping improve our expected growth rate. Materiality themes aimed at supporting our business foundation reduce long-term business risks and reduce the cost of capital in turn. This approach to opportunities and risks allows us to integrate management for sustainability and financial performance, increasing corporate value over the long term.



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.



Evolving Our Brand Tailored to Customers for a Happier Future

Connecting People, Creating a Sustainable Planet

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

	Mental and Physical Health	Sustainable Procurement	Circular Economy	Decarbonization	Social Engagement	Human Capital
100th Goals FY2048	●Create a happier future by introducing new products, services, and businesses to improve well-being	●Create a sustainable supply chain for all raw materials	●End usage of petroleum-based, single-use plastics for containers and packaging ●Work with stakeholders to minimize food loss and waste (FLW)	●Achieve carbon neutrality goals for Scope*2 1+2+3 emissions	●Link co-creation efforts with outside stakeholders to individual and organizational growth and contribute to the resolution of social issues	●Create a workplace where diverse global talent can join and thrive
90th Goals FY2038	●Spread awareness about the health benefits of *KAMUKOTO* ●Update products and services to better contribute to well-being	●Build a sustainable supply chain for key raw materials	●Minimize the use of plastics in containers and packaging or switch to recyclable materials	●Reduce energy-related CO_2 emissions by 62% or more compared with FY2019 (Scope 1+2) ●Reduce GHG emissions in the supply chain by 50% or more (Scope 3 emissions in key categories)	●Promote individual contribution to decarbonization across the entire value chain and to the realization of circular economies ●Create a positive feedback loop in which employees use their experiences and skills to aid society and use these diverse experiences to prompt individual and organizational growth	●Eliminate the gender wage gap ●Be socially recognized as a good company to work for
80th Goals FY2028	●Promote the health benefits of *KAMUKOTO* and increase the number of checks using *Mastication Check Gum* to more than 1 million a year	●Ensure traceability of all cocoa beans procured (all Ghana-produced beans by FY2025) and provide support for issues facing production areas	●Update packaging for three of our main products ●Reduce FLW per unit by 50% or more compared with FY2019	●Reduce energy-related CO_2 emissions by 23% or more compared with FY2019 (Scope 1+2) ●Use primary data to calculate the amount of GHG emissions in the supply chain (Scope 3) that can be feasibly reduced	●Achieve a 100% completion rate for the environmental training taken by officers and employees ●Conduct food education with at least 20% of employees participating once per fiscal year (LOTTE CO., LTD.)	●Increase the ratio of women in management to 10% or higher (Japan) ●Achieve an engagement rating*4 of A or higher (LOTTE CO., LTD.)
Current Progress FY2025	●Conducted 540 thousand checks using *Mastication Check Gum*	●Procurement rate of LOTTE Sustainable Cocoa (LSC)*1: 84% (100% of which was produced in Ghana)	●Formed a cross-departmental project team that is looking into target products for updated packaging ●Reduced FLW per unit by 24% compared with FY2019	●Reduced energy-related CO_2 emissions by 17% or more compared with FY2019 (Scope 1+2)	●Implemented environmental training for officers ●Implemented environmental training for employees ●Participation rate of employees in food education activities: 20.9% (based on a survey of full-time and contract employees of LOTTE CO., LTD.)*3	●Ratio of women in management: 9.1%*5 (Japan) ●Engagement rating: BBB (LOTTE CO., LTD.)

*1 Refers to cocoa beans that can be traced to their production area. We are currently supporting LSC suppliers to help them with issues that face their respective production areas.
*2 Classification of calculation boundaries for GHG emissions based on the GHG Protocol.
*3 Based on 2,919 people surveyed, 1,581 valid responses, 330 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 Parent company LOTTE HOLDINGS CO., LTD. included in the calculations.