



Global environmental conservation is the most important issue for our survival. Moreover, our business relies on the gifts provided by the earth's environment. As such, we believe that contributing to a sustainable global environment is one of our most important responsibilities and are continuously working to lessen the environmental impact of our business activities.

- ◆ Environmental Policy and Promotion System
- ◆ Responses to Climate Change
- ◆ Reducing Greenhouse Gas Emissions
- ◆ Circular Economy
- ◆ Biodiversity
- ◆ Water Resources
- ◆ Preventing Pollution
- ◆ Environmental Data
- ◆ Independent Practitioner's Assurance of Greenhouse Gas Emissions

◆ Environmental Policy and Promotion System

Basic Approach

Global environmental conservation is the most important issue for our survival. Moreover, our business relies on the gifts provided by the earth's environment. As such, we believe that contributing to a sustainable global environment is one of our most important responsibilities. In particular, we are working on contributing to the realization of "decarbonization" and "circular economy" as the priority issues to be addressed.

▶ Policy on Environment

<https://www.lotte.co.jp/english/charter/environment.html>

Promotion System

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

Environmental Audits

Our factories in Urawa, Sayama, Kyushu, and Shiga receive annual internal audits on environmental matters. Internal audits are conducted by in-house certified lead auditors and auditors using a checklist based on ISO 14001. Each factory works to make continuous improvements based on the findings on the audit.

Environmental Education Programs

To properly address environmental issues, each of our factories offers Environmental Education Programs to all 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 Technology Development Section in the Production Strategy Department meet regularly to share information regarding the environment and improve the Company's response.

Environmental Accidents and Compliance Violations

In case of an environmental accident or a compliance violation, we

have a system in place for promptly responding in cooperation with relevant departments and government bodies. In FY2023, there were no serious environmental accidents or compliance violations.

◆ Responses to Climate Change

Basic Approach

As the Group's business relies on the gifts provided by nature, and climate change has a significant impact on our business activities, we recognize that responding to it is a key issue for management. In May 2021, we declared our support for the TCFD*1 and joined the TCFD Consortium,*2 a discussion forum for member companies and financial institutions. We are strengthening climate resilience and promoting the disclosure of information through analysis of risks and opportunities based on the TCFD recommendations.



*1 Task Force on Climate-related Financial Disclosures: 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 relating to climate change-related risks and opportunities.

*2 TCFD Consortium: Established in 2019 as a forum for discussing the effective disclosure of information by companies, and measures to ensure that the disclosed information leads to appropriate investment decisions by financial institutions and other investors.

Governance

All business-related risks are managed by a risk management system that is led by the Risk Management Committee (page 51), and the same applies to climate-related risks and opportunities. Important matters related to sustainability, including climate-related matters, are deliberated on and incorporated into management by the Executive Committee under the supervision of the Board of Directors.

We are also working to reduce Scope*1, 2 and 3 greenhouse gas emissions to achieve carbon neutrality by FY2048, and the Planning Section of the Sustainability Promotion Department coordinates progress in this area. The Executive Committee and the Board of Directors receive progress reports from the Executive Officer in charge of the Sustainability Promotion Department.

*Scope: Classification of calculation boundaries based on GHG Protocol

Scope 1: Direct emissions from a company's own business activities

Scope 2: Indirect emissions associated with use of power, heat, and steam supplied by other companies

Scope 3: Indirect emissions in the supply chain other than Scope 1 and 2

Strategy

The Group has conducted the climate change scenario analysis recommended by the TCFD for our main business in Japan. We conducted an evaluation of the medium- and long-term impacts of climate-related risks and opportunities. Referencing published information, including IPCC*1 and IEA*2, we set 4°C scenario under which mainly physical impacts will be apparent and 1.5°C scenario under which mostly transition impacts will be apparent. Using the set scenarios, we analyzed both risks and opportunities related to the impact over the medium and long term (2030 and 2050) and estimated the potential financial impact (impact on operating profit).

*1 IPCC: An acronym for Intergovernmental Panel on Climate Change. The IPCC is an intergovernmental organization established in 1988 by the Meteorological Organization (WMO) and the United Nations Environment Programme (UNEP). It provides evaluations of the latest scientific knowledge about climate change.

*2 IEA: An acronym for International Energy Agency. The IEA is an international organization established within the framework of the Organization for Economic Co-operation and Development in 1974. It reports on the global energy outlook based on multiple scenarios.

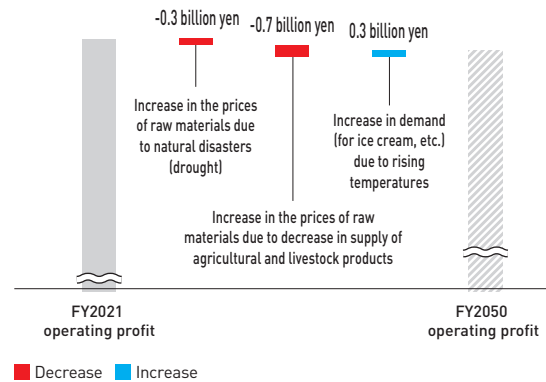
● Analysis Results

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

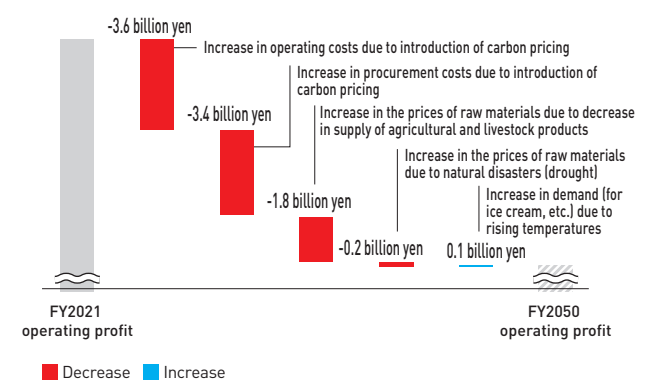
— Risks and Opportunities in the 4°C Scenario

	Changes in society and the environment	Impacts on business activities	Potential financial impact (annual impact on operating profit)		
			Specific impacts	Potential financial impact (annual impact on operating profit)	
				2030	2050
Physical risks	Increasingly severe natural disasters	Increase in the prices of raw materials due to natural disasters (drought)	0.2 billion yen	0.3 billion yen	
	Changes in weather patterns	Increase in the prices of raw materials due to decrease 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 Impact in 2050 in the 4°C Scenario



📊 Potential Financial Impact in 2050 in the 1.5°C Scenario



— Risks and Opportunities in the 1.5°C Scenario

	Changes in society and the environment	Impacts on business activities	Potential financial impact (annual impact on operating profit)		
			Specific impacts	Potential financial impact (annual impact on operating profit)	
				2030	2050
Transition risks	Strengthening of regulations	Increase in operating costs due to introduction of carbon pricing	1.9 billion yen	3.6 billion yen	
			Increase in procurement costs due to introduction of carbon pricing	1.8 billion yen	3.4 billion yen
Transition risks/Physical risks	Strengthening of regulations/Changes in weather patterns	Increase in the prices of raw materials due to decrease in supply of agricultural and livestock products	0.9 billion yen	1.8 billion yen	
Physical risks	Increasingly severe natural disasters	Increase in the prices of raw materials due to natural disasters (drought)	0.2 billion yen	0.2 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	

● Increase in the Prices of Raw Materials Due to Natural Disasters (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 due to natural disasters. 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 risk is already apparent, and estimated the financial impact in 2030 and 2050.

● Increase in the Prices 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 due to climate change. We referenced academic papers and other information to evaluate changes in production volume for sugar, palm oil, cacao beans, wheat flour, and dairy ingredients out of the main raw materials used by the Group as climate change progresses for each of the main areas (countries and regions) where we procure raw materials. As a result, it was forecasted that production volume of palm oil and wheat flour would decline due to a decrease in yields per area in the future, particularly for oil palms and wheat. Therefore, we estimated the price outlook for palm oil and wheat

flour. For the price outlook, we analyzed the factors involved in past price fluctuations such as the balance of demand and supply 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 1.5°C scenario for palm oil.

In response to the increase in the prices of raw materials, it is conceivable we can reduce the risks 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 to organize and examine specific countermeasures in the future.

— Yield Forecasts for Each Scenario in 2050

Main agricultural and livestock-related raw materials		Main procurement areas	4°C scenario	1.5°C scenario
Sugar	Sugar beet	Japan (Hokkaido)	+11%	+7%
	Sugarcane	Australia	+2%	+1%
Palm oil	Oil palm	Thailand	-35%	-18%
		Malaysia	-16%	-8%
		Indonesia	±0%	±0%
		Ghana	+15%	+7%
Cacao beans		Venezuela	-7%	-4%
Wheat flour	Wheat	United States	-9%	-5%
		Australia	-8%	-4%
		Canada	+12%	+6%
		Japan	-1%	-1%
Dairy ingredients	Milk	New Zealand	-1%	±0%
		France	-1%	±0%

● 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 due to climate change. Analyzing the correlation between past sales of ice cream and average temperatures suggested there is a significant correlation between the average temperature and ice cream sales. Using the results of this correlation analysis, we estimated the financial impact in 2030 and 2050.

To allow us to meet the increase in demand for ice cream, etc. as a result of rising temperatures, we will examine initiatives aimed at enhancing the product lineup and building flexible and efficient production and sales systems.

● Increase in Operating Costs due to Introduction of Carbon Pricing

In the 1.5°C scenario, our operating costs will be 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 CO₂ emissions in our own operations (Scope 1 and 2) beyond the FY2021 results. The carbon prices used in the estimates are as shown in the table.

The Group has set targets to achieve carbon neutrality by FY2048 and is working to reduce energy-derived CO₂ emissions (Scope 1 and 2). If these targets are achieved, the effect on curbing increases in our operating costs and the costs for achieving this effect are anticipated to be as shown below. With regard to the costs for achieving the targets, we estimated the amount of the impact assuming the procurement cost for renewable energy-derived electricity to be ¥4/kWh, the procurement cost for carbon credits to be ¥1,200/tCO₂, and that there will be no progress in reducing Scope 1 emissions until 2030.

In response to an increase in operating costs due to the introduction of carbon pricing, we are introducing an internal carbon pricing system in FY2024, 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 CO₂ emissions (Scope 1 and 2).

	2030	2050
Effect on curbing cost increases when targets are achieved	0.3 billion yen	3.6 billion yen
Costs for achieving targets	0.1 billion yen	0.8 billion yen

● Increase in Procurement Costs due to Introduction of Carbon Pricing

In the 1.5°C scenario, it is forecasted that the operating costs of suppliers will increase and will be passed onto 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 greenhouse gas emissions (part of Scope 3 Category 1 and 4) related to “procured raw materials (packaging)” and “transportation and delivery (upstream)” 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 [USD/tCO ₂]	
	2030	2050
Japan, Poland	140	250
Indonesia	90	200
Other	25	180

Based on scenario analysis, we were able to list and analyze the risks and opportunities for the Group, as well as the amount of impact and the countermeasures. Going forward, we will continue to promote measures such as energy saving and procurement of renewable energy electricity, which we are already working on, in addition to examining further countermeasures. Through these initiatives, we will work to minimize risks and maximize opportunities, while increasing the Group’s resilience.

Risk Management

Our risk management team, led by the Risk Management Committee, is ready to respond to risks that may have a significant impact on our business (page 51). The climate-related risks are considered as the most critical management risks of all. The Planning Section of the Sustainability Promotion Department handles climate-related risks. Together with the related departments and the Group companies, they identify risks and opportunities, and then report the progress to the Risk Management Committee at least once a year. The Risk Management Committee evaluates business risks and opportunities and examines countermeasures based on these reports and 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. As 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.

Greenhouse Gas Emission Reduction Targets

● Scope 1 and 2: Energy-related CO₂ emissions (LOTTE MIRAI CHALLENGE 2048)

2028 Target ▶ 23% or more reduction compared with FY2019 (certified by SBTi*¹ in May 2022)

2038 Target ▶ 62% or more reduction compared with FY2019

2048 Target ▶ Carbon neutrality

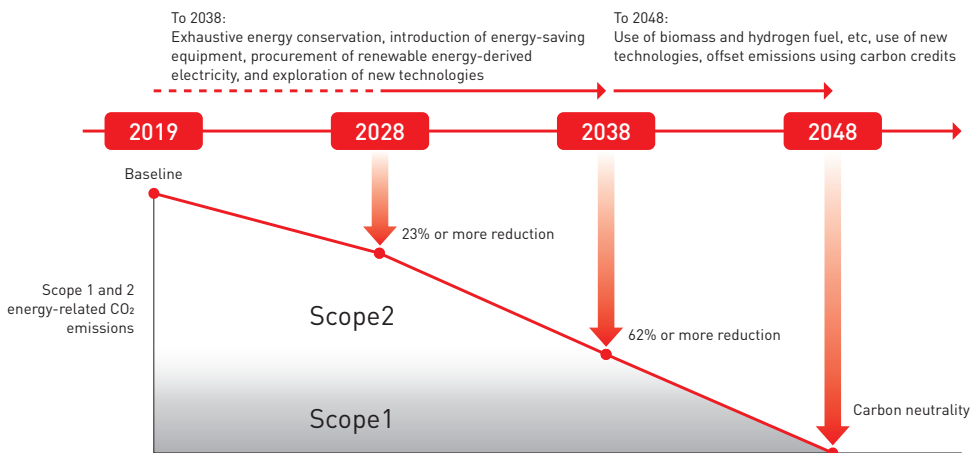
● Scope 3: (LOTTE MIRAI CHALLENGE 2048)

2028 Target ▶ Calculation of supply-chain GHG emissions using primary data feasible for reduction

2038 Target ▶ 50% or more reduction rate in GHG emissions

2048 Target ▶ Carbon neutrality

📊 Roadmap to Carbon Neutrality (Scope 1 +2)



● Scope 3: Category*² 1, 2, 4

2027 Target ▶ Engagement with suppliers (certified by SBTi in May 2022)

● Scope3: Category 3

2028 Target ▶ 23% or more reduction compared with FY2019 (certified by SBTi in May 2022)

*1 SBTi: An acronym for Science-Based Targets initiative. The SBTi certifies companies that have set targets to reduce greenhouse gas emissions in alignment with the Paris agreement goals.



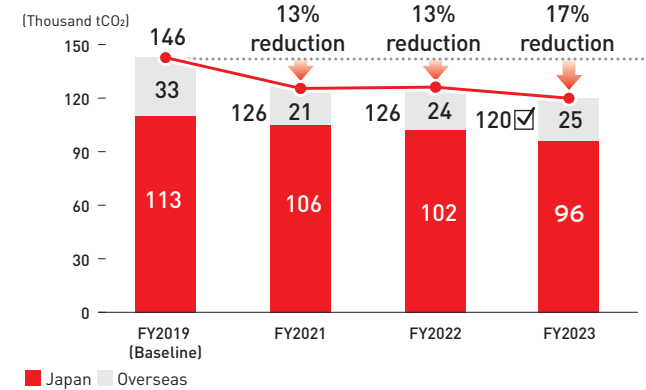
*2 Category: Classification of Scope 3 based on GHG Protocol (page 20)

📌 Reducing Greenhouse Gas Emissions

Scope 1 and 2 Results

We aim to reduce Scope 1 and 2 energy-related CO₂ emissions, our primary producer of greenhouse gases, for 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.

📊 Reduction Rate of Energy-Related CO₂ Emissions (Scope 1 and 2) (Comparison with FY2019)



Data indicated with have received the independent practitioner's assurance by Deloitte Tohmatsu Sustainability Co., Ltd. (Please see page 28).

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.)

The previously provided information has been updated due to an error.

Calculation Methods

Scope1: CO₂ Emissions = Σ (Fuel consumption x emission factors)
 Scope2: CO₂ 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 1 gas (FY2023 results) and Scope 2 electricity, the adjusted emission factors determined separately by individual companies based on the same Act are used.
Overseas	The emission factors for Scope1 emissions have been determined according to the 2006 Intergovernmental Panel on Climate Change (IPCC) Guidelines for National Greenhouse Gas Inventories, while the emission factors for Scope 2 emissions have been determined according to the International Energy Agency (IEA) Emission Factors 2023. 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.

Progress on SBTi-Certified Targets

	FY2019 (Baseline)	FY2023
Energy-Related CO ₂ Emissions	130 thousand tCO ₂ *	120 thousand tCO ₂
Reduction rate	-	7% reduction

* Note that the SBTi-certified baseline does not include Dari K Co., Ltd. and Ginza Cozy Corner Co., Ltd.

Scope 3 Result

Greenhouse Gas Emissions (Thousand tCO₂)

Category	FY2022	FY2023
1. Purchased goods and services	716	748
2. Capital goods	20	24
3. Fuel-and energy-related activities (not included in Scope 1 or 2)	23	23
4. Upstream transportation and distribution	78	85
5. Waste generated in operations	2	2
6. Business travel	1	1
7. Employee commuting	4	4
8. Upstream leased assets	—*	—*
9. Downstream transportation and distribution	58	62
10. Processing of sold products	—*	—*
11. Use of sold products	—*	—*
12. End-of-life treatment of sold products	113	69
13. Downstream leased assets	—*	—*
14. Franchises	—*	—*
15. Investments	—*	—*
Total	1,014	1,018 <input checked="" type="checkbox"/>

*Excluded from calculation as there were no applicable emissions
 Data indicated with have received the independent practitioner's assurance by Deloitte Tohmatsu Sustainability Co., Ltd. (Please see page 28).
 The previously provided information has been updated due to an error.

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])
 * Amount of waste emissions = calculated as the weight of purchased packaging materials
 Figures for Japan calculated using the recycling rate for used paper and cardboard from FY2023.

Emissions Intensity, etc.

- [1] IDEA Ver. 2.3 (the greenhouse gas 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. 3.4) 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 the Rational Use of 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 Sites

Solar power generation facilities were installed at the Amatanakorn Factory of THAI LOTTE CO., LTD. in October 2022.

Solar power generation facilities were also installed at the Binh Duong Factory of LOTTE VIETNAM CO., LTD. in September 2023, with an annual reduction in CO₂ of 1,300 tons (36% for the factory as a whole) expected.



Binh Duong Factory of LOTTE VIETNAM 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 our factories in Urawa and Sayama. The procurement of this power uses the "Country home electricity of a color scheme (CO₂ offset electric power made in Saitama-ken)**" system, which is a model for local production and local consumption of the environmental value of renewable energy produced in Saitama Prefecture.

In addition, our head office, located in the Shinjuku ward of Tokyo, utilizes the Aqua Premium program, which uses hydro-electric power. Aqua Premium is one of the programs offered by the TEPCO Group and is notable for utilizing renewable hydro-electric power and producing zero CO₂ emissions when generating electricity.

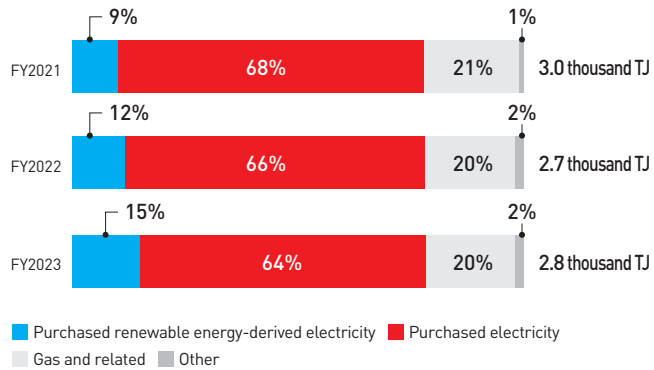
We are also adopting renewable energy-derived electricity at our domestic factories and some of our business sites nationwide in stages, and LOTTE Wedel sp. z o.o. in Poland uses power derived from wind power generation.



L's Power Station Toda Bijogi

* Country home electricity of a color scheme (CO₂ offset electric power made in Saitama-ken): A virtually CO₂-free electricity menu established in 2020 by Saitama Prefecture and TEPCO Energy Partner, Incorporated.

Volume of Energy Input



Scope of Tabulation

Same as Scope 1 and 2 energy-related CO₂ emissions

Energy Saving Initiatives

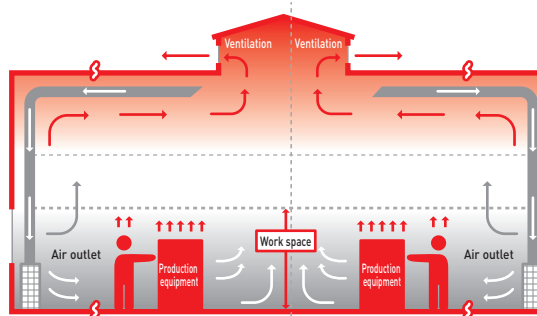
To save energy in our factories, we implement initiatives based on the ideas of department responsible for energy management in addition to capital investment.

● Use of Waste Heat

We have started to 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. By doing this, we expect to reduce annual CO₂ emissions by approximately 57 tons.

● Ingenuity in Air Conditioning

In 2020, we installed a new air conditioning system in the chocolate processing process 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 work space (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 much less likely to malfunction. Ingenuity in air conditioning has simultaneously achieved energy savings, improvement of the working environment, and decreased malfunctioning of control components.



Management of Refrigerants (CFCs)

Our factories use CFCs as refrigerants for cold storage and freezing equipment. In light of the impact on global warming caused by the leakage of CFCs, we take steps to prevent leaks by regularly inspecting equipment to manage CFCs correctly while switching systematically to CFC substitutes with low global warming potential (GWP) and natural refrigerants at the same time.

The freezer installed for the product cooling tunnel on the new production line at the Urawa Factory in FY2022 uses the CO₂ refrigerant R744 (a natural refrigerant) with an ozone depletion potential of zero and low global warming potential giving consideration to protecting the ozone layer and curbing global warming.



Freezer

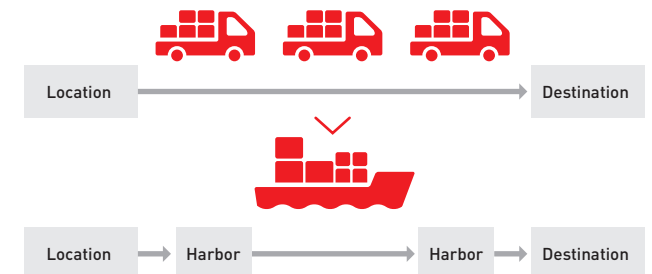
Logistics Initiatives

We are working to reduce the environmental impact associated with logistics. In addition to our efforts to improve loading efficiency through packaging, we are also working to reduce CO₂ emissions by promoting cooperative distribution*1 and modal shifts*2. For modal shift, in addition to using marine transportation, in July 2023, we commenced round-trip matching transportation*3 by rail in order to reduce environmental impact utilizing 31-foot super UR containers. By sharing rail containers with other manufacturers for product transportation between Saitama and Okayama, we have switched some of the logistics previously handled by trucks to rail transportation. This method of transportation reduces the time required, the working hours of drivers, CO₂ emissions related to transportation, and total cost. This initiative was also received the Special Award at the 25th Logistics Environment Awards organized by the Japan Association for Logistics and Transport.

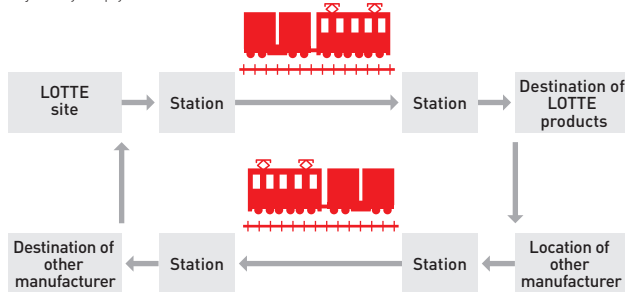
*1 Cooperative distribution: We are engaged in joint product delivery in cooperation with other companies in the same industry as well as carriers and warehouses. This serves to lower the number of trucks necessary for deliveries, which in turn reduces CO₂ emissions.



*2 Modal shift: Modal shift refers to a shift away from trucks toward sea and rail delivery, which have a lower environmental impact and support higher-volume delivery.



*3 Round-trip matching transportation: 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.



◆ Circular Economy

Designing Environmentally Friendly Product Containers and Packaging

We take the environment into consideration when designing its 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 FLW. Meanwhile, we design containers and packaging with the aim of enabling optimal product loading to improve logistics efficiency, thereby helping to reduce greenhouse gas emissions from transport.

● Smile Eco Label

Since 2022, we have been gradually labelling products that pass unique environmental criteria with the Smile Eco Label to inform customers about its environmental initiatives through a variety of containers and packaging in a way that is easy to understand. The design of the Smile Eco Label uses a leaf motif to express consideration for the global environment, and the Smile Eco copy and mark were created to incorporate LOTTE's desire to make people smile with its products. In order to create a social movement that makes ethical consumption part of daily life and contribute to developing an environment that makes it easy to put into practice, we have expanded our initiatives, including participation in TOKYO ETHICAL Action Project.



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. The Company has set a target to eliminate all petroleum-based disposable plastics used in packaging by 2048. We are working with stakeholders to reduce plastic emissions, recycle plastic, and circulate resources.

Targets

1. Reducing Use of Plastics

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

2. Promoting Recycling, etc.

- Factories
By 2025, we will list the issues related to recycling such as industrial waste from products using plastic and examine targets to promote recycling.
- 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 discharged as plastic. We will chemically or materially recycle waste that can be recycled and switch to heat recovery for waste that is difficult to chemically or materially recycle.

● Reducing Use of Plastics

In March 2021, we reduced the volume of plastic in the plastic bottle containers used for our leading bottled gum products, including *Xylitol Gum*. We reduced the weight of the plastic in the body by 21.8%, which reduced the volume of plastic used by approximately 90 tons annually. Going forward, we will continue our measures to reduce the volume of plastic used and seek out and consider environmentally friendly packaging materials.



● Switching to Environmentally Friendly Materials

We are promoting initiatives for a variety of products, including the use of some mechanically recycled PET* containers and packaging and the sale of ice creams with the first bamboo sticks to be used for frozen confectionery in general distribution in Japan.

* Mechanically recycled PET: Involves the recycling of used PET bottles into PET resin using the method of mechanical recycling.

● Reusing Containers and Packaging

We have been participating in Loop since 2021 as part of our resource circulation efforts, and have been selling *Xylitol Gum* in reusable containers that can be used repeatedly. Loop is a platform for reuse that sells food and everyday items, which were previously sold in disposable containers, in reusable containers. Loop Japan LLC, a social enterprise with the mission to “dispose of the concept of throwing away,” operates the Loop platform.



● Recycling Containers and Packaging

We are implementing a variety of challenges aimed at realizing a sustainable society in the area of containers and packaging under the title “Smile Eco Challenge.” In FY2023, we conducted demonstration testing for the collection of gum bottle containers no longer needed after consumption for recycling into ballpoint pens. We installed “gum bottle collection boxes” at the business sites of participating groups and companies, and the collected containers were made into recycled pellets and then turned into ballpoint pens.



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

The Company participated in the Business Coalition for a Global Plastics Treaty (Japan) 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 (global) 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 plastic into a circular economy and prevent plastic from becoming waste and causing pollution.

Reduction Rate of Food Loss and Waste (FLW)

We have set the 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
FY2022	FLW produced: 3.4 thousand tons Per-unit volume: 0.012 (18% reduction compared with baseline)
FY2023	FLW produced: 3.4 thousand tons Per-unit volume: 0.012 (22% reduction compared with baseline)

The previously provided information has been updated due to an error.

Scope of Tabulation

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

Calculation Methods

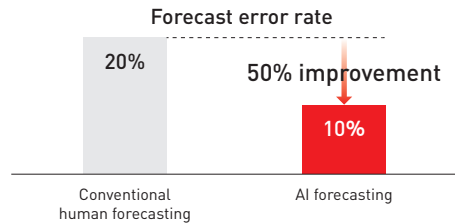
FLW produced = Volume of food and inedible parts discarded at our own factories + Volume of pre-shipment and returned products discarded
Per-unit volume = FLW produced / (Sales volume + FLW produced)
Volumes are measured with reference to the WRI Food Loss & Waste Protocol. Of the destinations, those that use it for animal feed or bio-material/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 the FLW generated by our business activities.

● **Reduce**

The most important factor in reducing FLW is to prevent the generation of FLW. To achieve this, we have launched verification to realize demand forecasting utilizing AI. As we have succeeded in reducing the error rate in summer ice cream sales forecasting, we will continue to expand the scope of application. By minimizing the difference between demand and supply, we are working to reduce FLW generated by excess inventory and returns. We are also extending and displaying best before dates by year/month, and reducing losses in the production process.

📊 **Results of Sales Forecasting Verification for Existing Ice Cream Products**



● **Reuse**

We are working with food banks that provide free food to welfare facilities and those who may not have full access to food. We support this effort, and we have been donating our products nationwide in cooperation with MOWLS*. Through this cooperation, it is now possible to ship and donate to multiple sites where large donations can be accepted, and we donated 49 tons of our products in FY2023. We believe that these efforts not only help spread deliciousness and the joy of food but also serve as a meaningful way to use food effectively. As such, we will continue to cooperate with food banks in the future.

* MOWLS: A project run by Meals for the Aged Liaison Committee in collaboration with 50 intermediary organizations. Storage spaces, including freezer and refrigeration equipment, have been established at sites all over the country to facilitate the acceptance of food donations from groups and local governments providing food assistance.

— **Donation Volume**

	Confectionery	Ice cream	Total
FY2022	11 tons	4 tons	15 tons
FY2023	28 tons	21 tons	49 tons



● **Recycle**

We make effective use of waste generated at the highest possible value. Converting waste into animal feed is a high-value use. However, in the case of excess inventory and returned products, containers and packaging have been an issue which makes it difficult to convert them into animal feed. In FY2021, we began working with a facility that has equipment capable of accepting packaged products to convert them into animal feed.

● **Cooperation to Reduce FLW**

We are participating in the Japanese project under the 10X20X30 Food Loss and Waste Reduction Initiative*. We are working toward the goal of halving FLW by making reductions in cooperation with the entire supply chain while exchanging information with a variety of companies.

* 10X20X30 Food Loss and Waste Reduction Initiative: An initiative to halve food waste throughout companies' entire supply chains. It is led by the World Resources Institute (WRI), a U.S. think tank that conducts policy research and develops technologies relating to the global environment and development. The meaning of "10X20X30" is that 10 companies, primarily comprising major international retailers, will each join forces with 20 of their suppliers to work toward halving the food waste produced by these key suppliers by 2030. Within the initiative's Japanese project, AEON Co., Ltd. is the major retailer that is spearheading efforts, and we are participating as its supplier.



Biodiversity

Basic Approach

The Company's business relies on the gifts provided by nature while having diverse impacts on biodiversity throughout the entire supply chain. As such, we recognize that addressing these impacts is a key management issue. In July 2022, we endorsed the TNFD* and joined the TNFD Forum, a network of companies and groups with expertise related to nature, finance, and other areas that support the development of a framework through the TNFD. We are strengthening our resilience and reducing impacts based on analysis of risks and opportunities in line with the TNFD recommendations.



Taskforce on Nature-related Financial Disclosures

* TNFD: An acronym for the Taskforce on Nature-related Financial Disclosures. The TNFD was conceived as a framework to follow from 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 United Kingdom-based NGO. The initiative was presented as 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 restored.

Governance

All business-related risks are managed by a risk management system led by the Risk Management Committee (page 51), and the same applies to climate-related risks and opportunities.

Assessment Results for Group Manufacturing Sites in Japan and Overseas

In FY2023, we assessed Group manufacturing sites in Japan and overseas using the LEAP approach.*

* LEAP approach: A framework recommended by the TNFD for companies to evaluate nature-related risks and opportunities. It stands for Locate, Evaluate, Assess, Prepare.

● Locate

Using map tools, we assessed the condition of the natural environment around 16 of the Group's production sites in Japan and overseas. As a result, we identified sites that are in or adjacent to areas of high conservation importance and areas with high water stress.

— Map Tools Used for the Locate Step

Assessment criteria	Metrics	Outline of metrics	Tools used
(i) Conservation Significance	Conservation areas	Whether a site overlaps with or is adjacent (within a 10 km radius) to a government-protected area, UNESCO World Natural Heritage Sites, a Ramsar sites, or a UNESCO Eco Park.	IBAT
	Key Biodiversity Area(KBA)	Whether a site overlaps with or is adjacent (within a 10 km radius) to a Key Biodiversity Area (KBA) for which the IUCN designates the criteria and selected by the Alliance for Zero Extinction sites.	IBAT
(ii) Ecosystem Integrity	Biodiversity Intactness Index	An metrics that shows how much biodiversity is preserved in a given area (1 square kilometer) compared to before human impact. The Biodiversity Intactness Index is calculated using models based on data that includes land use, population density, and other factors. Newbold et al. (2016, Nature) describe the details.	Resource Watch
(iii) Areas with rapidly declining ecosystem intactness	Pressures on Biodiversity	An integrated metrics that considers data on the expansion of farmland, fragmentation of rivers, changes in tree coverage since 2020, the entrance of invasive alien species, and concentrations of nutrients, agrochemicals, and PM2.5.	WWF Biodiversity Risk Filter
(iv) Water Stress	Baseline Water Stress	An metrics that shows the magnitude of the ratio of available surface water and groundwater supply to water demand.	Aqueduct
(v) Areas where ecosystem services, including benefits for Indigenous peoples, local communities, and stakeholders, are important	Indigenous and Community Lands	Areas with traditional ownership by indigenous peoples or local communities, or areas that support local livelihoods, and other areas where ecosystem services and biodiversity are important for protecting human rights.	Global Forest Watch

● Evaluate

For sites identified through the Locate step, we used ENCORE* to assess the dependencies and impacts on nature of the target corporate activities (target sector: Packaged Foods & Meats, target processes: Processed food and drink production). The results found high dependency on water and significant impacts of water effluent, greenhouse gases, and waste from business activities.

* ENCORE: An acronym for Exploring Natural Capital Opportunities, Risks and Exposure. ENCORE is a tool that identifies the magnitude of dependencies and impacts on nature in business activities (each sector and process).

● Assess / Prepare

Based on the relationship of dependencies and impacts on nature identified through the Evaluate step, we organized the nature-related risks and opportunities at the Group's production sites in Japan and overseas as follows. Given the fact that external tools that can be used for assessment are not fully developed at present, we trialed the approach of analyzing risks and opportunities for business as a whole in the Assess step rather than the dependencies and impacts we focused on in the Evaluate step to ensure there were no omissions in the analysis.

— Nature-related Risks and Opportunities

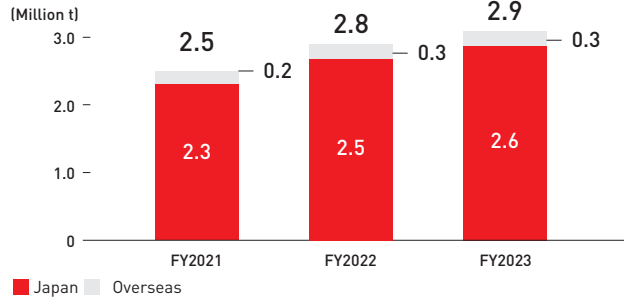
	Location	Specific impacts	Action
Risks	Business as a whole	Cost of switching to sustainable packaging due to strengthened regulations	Update of packaging
	THAI LOTTE CO., LTD. PT. LOTTE INDONESIA	Increase in production costs due to water shortages and drought	Appropriate ongoing management of volume of water used and wastewater
	LOTTE Wedel sp. z o.o. Ginza Cozy Corner Co., Ltd. Kiyokawa Factory	Increase in costs for addressing impacts on biodiversity associated with operations	Appropriate ongoing management of pollutants
Opportunities	Business as a whole	Increase in consumer brand loyalty as a company that does not have a negative impact on the natural environment	Promotion and active communication of environmental initiatives

We were already aware of the risks and opportunities identified in this analysis of production sites. Going forward, we will expand the scope of analysis to the supply chain and continue to promote our initiatives.

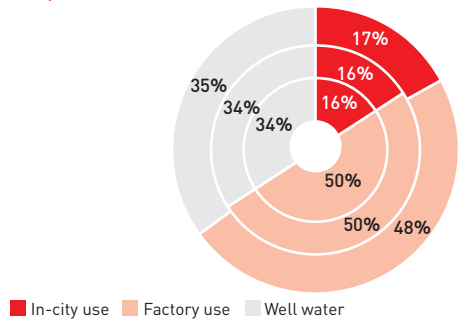
Water Resources

Water Usage

Volume of Water Used



Water Usage Ratio (Inner: FY2021, Middle: FY2022, and Outer: FY2023)



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 gum base and also performs a washing process for the natural resin chicle which is one of the raw materials for 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.

Preventing Pollution

The products we handle are considered to pose less risk to environment related to raw materials than other industries. Nevertheless, it cannot be said there is no risk of environmental pollution caused by our business activities. Therefore, we strive to ensure compliance with environment-related laws and regulations and appropriate management.

Environmental Data

Volume of Energy Input and Greenhouse Gas Emissions

		FY2019	FY2020	FY2021	FY2022	FY2023	
Volume of energy input [Thousand TJ]	Japan and Overseas	3.0	3.0	3.0	2.7	2.8	
	Per unit of sales (TJ/hundred million yen)	—	—	—	0.96	0.90	
Scope 1 and 2 energy-related CO ₂ emissions (Scope 1 + 2) [Thousand tCO ₂]	Japan and Overseas	146	129	126	126	120	
	Japan	113	109	106	102	96	
	Overseas	33	20	21	24	25	
	Scope 1	Japan and Overseas	34	34	34	34	32
		Japan	28	29	28	27	26
		Overseas	6	5	6	7	7
	Scope 2	Japan and Overseas	111	95	92	93	88
		Japan	84	80	78	75	70
		Overseas	27	15	15	17	18
	Reduction rate [%]	Japan and Overseas	Baseline	-11	-13	-13	-17
Per unit of sales (tCO ₂ /hundred million yen)	Japan and Overseas	—	—	—	45	39	
Calculated leakage of CFCs [Thousand tCO ₂]	LOTTE CO., LTD.	2.6	1.2	1.5	1.9	0.6	

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.)

Information on the method, etc. used for calculating energy-related CO₂ emissions is provided on page 19.
The previously provided information has been updated due to an error.

		FY2019	FY2020	FY2021	FY2022	FY2023
Greenhouse gas emissions (Scope 3) [Thousand tCO ₂]*1	Japan and Overseas	—	912	934	1,014	1,018
	Japan	817	734	733	775	774
	1. Purchased goods and services	541	504	510	542	577
	2. Capital goods	72	28	22	20	24
	3. Fuel and energy-related activities (not included in Scope 1 or 2)	17	17	17	19	19
	4. Upstream transportation and distribution	56	55	59	59	62
	5. Waste generated in operations	1	1	1	1	1
	6. Business travel	0.4	0.4	0.4	0.5	0.5
	7. Employee commuting	2	2	2	2	2
	8. Upstream leased assets	Out of scope as not applicable				
	9. Downstream transportation and distribution	37	37	36	43	46
	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	89	86	88	43
	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	—	178	201	239	244	

Japan: LOTTE CO., LTD. and its major Group companies in Japan (Mary Chocolate Co., Ltd. and Ginza Cozy Corner Co., Ltd.*2)
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 from the results for FY2022.

*2 Figures for Japan reflect the recycling rate for used paper and cardboard from FY2023.

Information on the method, etc. used for calculating greenhouse gas emissions is provided on page 20.
The previously provided information has been updated due to an error.

● Preventing Pollution

		FY2019	FY2020	FY2021	FY2022	FY2023
BOD pollution load [t]*	Factories of LOTTE CO., LTD.	—	—	2	3	3
COD pollution load [t]*		—	—	13	11	18
NOx emissions [t]		—	—	—	6	6
SOx emissions [t]		—	—	—	0	0

* Estimated value for wastewater discharged into rivers

● Circular Economy

		FY2019	FY2020	FY2021	FY2022	FY2023
Waste generated by production processes [Thousand t]	Factories in Japan	11.5	12.5	11.9	14.3	14.9
Recycling rate of waste generated by production processes [%]		99.2	96.5	96.8	96.5	94.5
Final disposal volume (landfill volume) [Thousand t]		—	—	—	0.002	0.002
Food Loss and Waste (FLW) generated [Thousand t]	Japan and Overseas	4.1	3.8	3.6	3.4	3.4
Per-unit volume reduction rate [%]		Baseline	-7	-13	-18	-22
Weight of products sold [Thousand t]		—	449	456	474	484
Procurement volume of product ingredients [Thousand t]		275	270	271	292	300
Ingredients		206	202	204	219	226
Containers and packaging	69	68	68	72	75	
Paper	49	50	49	52	55	
Plastic	15	14	14	15	16	
Other	5	4	4	5	4	

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
 The previously provided information has been updated due to an error.

● Water Resources

		FY2019	FY2020	FY2021	FY2022	FY2023
Water withdrawal [Million t]	Japan + Overseas factories	2.6	2.6	2.5	2.8	2.9
	Japan	2.4	2.4	2.3	2.5	2.6
	In-city use	0.3	0.3	0.3	0.4	0.4
	Factory use	1.1	1.2	1.1	1.2	1.2
	Well water	0.9	0.9	0.9	0.9	1.0
	Overseas factories	0.2	0.2	0.2	0.3	0.3
	In-city use	0.1	0.1	0.1	0.1	0.1
	Factory use	0.1	0.1	0.2	0.2	0.2
	Well water	0.0	0.0	0.0	0.0	0.0
Water discharge [Million t]	Japan + Overseas factories	2.2	2.1	2.2	2.3	2.3
	Japan	2.0	1.9	1.9	2.1	2.1
	Sewerage	0.3	0.3	0.3	0.4	0.4
	Rivers	1.7	1.6	1.6	1.7	1.7
	Seas	0.0	0.0	0.0	0.0	0.0
	Groundwater	0.0	0.0	0.0	0.0	0.0
	Overseas factories	0.2	0.2	0.2	0.2	0.3
	Sewerage	0.1	0.1	0.1	0.1	0.2
	Rivers	0.1	0.1	0.1	0.1	0.1
Seas	0.0	0.0	0.0	0.0	0.0	
Groundwater	0.0	0.0	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
 The previously provided information has been updated due to an error.

◆ Independent Practitioner's Assurance of Greenhouse Gas Emissions

Energy-related CO₂ emissions (Scope 1 and 2) and greenhouse gas emissions (Scope 3) for FY2023 indicated with on pages 19 and 20 in the Japanese version of the Databook, have received the independent practitioner's assurance by Deloitte Tohmatsu Sustainability Co., Ltd.

Deloitte.

デロイトトーマツ
(TRANSLATION)

Independent Practitioner's Assurance Report

August 22, 2024

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

Tomoharu Hase
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 CO₂ emissions (Scope 1 and Scope 2) and greenhouse gas emissions (Scope 3) indicated with for the year ended March 31, 2024 (the "Greenhouse Gas Information") included in the "LOTTE CO., LTD. Sustainability Databook 2024" (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 standard adopted by the Company (indicated with the Greenhouse Gas Information included in the Report). Greenhouse gas quantification is subject to inherent uncertainty for reasons such as 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*, and accordingly maintain a comprehensive system of quality management including documented policies and 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"), ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the IAASB and the *Practical Guideline for the Assurance of Sustainability Information*, issued by the Japanese Association of Assurance Organizations for Sustainability Information.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, 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 whether the Company's methods for estimates are appropriate or had been consistently applied. However, our procedures did not include testing the data on which the estimates are based or reperforming the estimates.
- Undertaking site visits to assess the completeness of the data, data collection methods, source data and relevant assumptions applicable to the sites.

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 standard adopted by the Company.

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

Member of
Deloitte Touche Tohmatsu Limited