

UCC Group
Sustainability Report
2025



Our Purpose

Unlocking the power of coffee for a better world



Every coffee, every moment

Message from the CEO

Since its founding in 1933, the UCC Group has been committed to exploring and creating value in coffee, guided by our founding spirit of ‘delivering delicious coffee to as many people as possible, anytime, anywhere.’ We handle every aspect of the coffee journey in-house. This includes everything from cultivation in coffee-producing countries, agricultural support, raw material procurement, research and development, roasting and processing, through to sales, quality assurance, cultural engagement, and education – all to ensure people everywhere can enjoy truly delicious coffee.

I often hear concerns that, in the near future, we may no longer be able to enjoy coffee as we do today. With coffee at the heart of everything we do, we must act together to ensure its sustainability – harnessing the power of coffee to help build a sustainable world.

Under our Sustainability Vision, ‘Unlocking the power of coffee for a better world,’ established in April 2022, the UCC Group is engaged in initiatives that help nature thrive. These include climate-related actions, such as roasting coffee with our newly commissioned hydrogen-powered roaster, as well as nature-positive initiatives like supporting producers in Tanzania in collaboration with the Ministry of Agriculture, Forestry and

Fisheries (MAFF) and IFAD. UCC also promotes sustainable coffee procurement practices that respect human rights and support the well-being of all stakeholders. Across our organisation, more and more site-led sustainability initiatives are emerging, and we are committed to expanding them further.

There is no question that the key to achieving our sustainability vision lies in collaboration and co-creation especially with our stakeholders. This Sustainability Report has been created to foster more active dialogue with them. Through it, we hope to align our goals, work together, and co-create value, ultimately leading to positive change around the world. We believe that by working in alignment with all our stakeholders and creating value together, we can help bring about meaningful global change. ‘Unlocking the power of coffee for a better world’ – the UCC Group is committed to the challenge of creating value through coffee for a brighter future.

Gota Ueshima
Group CEO
UCC Holdings Pte. Ltd.

Sustainability Vision

Powering positive change with coffee.



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Editorial policy

This report describes UCC Group's approach to sustainability, its global goals, and its efforts and achievements in realising these goals. We hope this will help stakeholders deepen their understanding of the UCC Group.

Publishing
September 2025
Period
January 1–December 31, 2024
Scope
UCC Japan
UCC Ueshima Coffee
UCC Coffee Professional
UCC Food Service Systems
Lucky Coffee Machine
UCC EUROPE
UCC ASIA PACIFIC
UCC COFFEE AUSTRALIA

Group data

Number of group companies: 83 (as of December 2024)
Number of group employees: 5,683 (as of December 2024)

Our sustainability strategy rooted in our Purpose and grounded in our Values

Our journey to realising our Sustainability Vision

2021

In January, we start reviewing our new management policy.

We launched a global project to formulate our sustainability targets and strategy in March.

In October, we defined our Purpose and Values as part of our new management policy. □ p. 05-

- In 2021, we gathered insights through internal and external stakeholder interviews, global trend analysis, and risk assessments.
- The materialities identified in the process were then debated at workshops attended by all executive officers, who prepared a materiality matrix.
- This matrix served as the basis for further discussions by the management team to set guidelines for the UCC Group. It was out of these discussions that our Sustainability Vision and Sustainability Framework emerged.



Please take a moment to watch this video illustrating the Purpose of the UCC Group.



2022

In April, we established the UCC Group Sustainability Guidelines.

2030

Collaboration and co-creation × Sustainable sourcing

100% Sustainably Sourced UCC branded Coffee by 2030 □ p. 21-

2040

Contribution to a global society × Carbon neutral

Achieve Carbon Neutrality by 2040

Contribution to a global society × Sustainability education

300,000 Participants in UCC's Sustainability Education Activities □ p. 27

Focusing on everything about coffee × Health

By 2023, contribute to the health of people around the world through 300 million cups per year and sales of 15 billion yen in 'the coffee x health' field. □ p. 29

2025

Focusing on everything about coffee

UCC as an inventor: Showcasing the untapped potential of coffee through a futuristic café as part of the Toyota Woven City project □ p. 10

2024

Contribution to a global society × Nature positive approach

Sustainable Coffee Production Project in Tanzania in partnership with the International Fund for Agricultural Development (IFAD) □ p. 11-

2025

Moving forward with ambition × Carbon neutral

Starting April 2025, the Fuji Factory launched the world's first mass production of hydrogen-roasted coffee □ p. 07-

Re-examining our Purpose

The UCC Group has long followed a management approach based on the 'UCC Group Philosophy', the 'Five Principles of the UCC Group', and our 'Core Strategy'. We worked to integrate them into our operations and ensure every employee understood their significance. Then came a profound turning point. In early 2020, around eighteen months before our Purpose was formally defined, the COVID-19 pandemic struck. It dealt a devastating blow to our business. The pandemic hit just as we were preparing our mid-term business roadmap and budget for 2021. In those early days of the crisis, we found ourselves in uncharted waters, struggling to see the way forward. I still clearly remember what Ueshima CEO said at the time:

'The world around us is changing dramatically. If we continue on like this, we will not survive on a global scale. Now is the time to shed our skin.'

As the leader of corporate strategy at the time, I kept asking myself what 'transformation' really meant. We held extensive discussions among the executive team, exploring what kinds of strategies and structures could truly withstand the tide of change. Our Purpose was not born out of trends or slogans. It came from a place of urgency, from our drive to survive and convey a clear message that would resonate with UCC Group stakeholders around the world. What emerged was a renewed sense of who we are and how we must operate to stay relevant.

Our Purpose became our compass, our shared ambition – our North Star – but defining it was no easy task. Our discussions were intense and complex. While we sought advice from linguistic specialists, we believed it was something we had to decide for ourselves. Our international management teams joined the discussion. Notably, the European team had a strong sense of what our Purpose should be. They offered constructive, even harsh, feedback on proposals from

the Japan side, saying things like, 'This will not resonate' or 'It is not bold enough'. In the end, the core of our final Purpose was based almost entirely on a proposal from the European team.

We gave equal care to our Values. We took inspiration from the Five Principles of the UCC Group and translated their essence into language our stakeholders could understand. We also formalised elements that had always been implicit within the UCC Group, like our mission to 'focusing on everything about coffee'.

After more than six months of intensive discussions – closer to a year when you include the mid-to-long-term strategic planning – we defined the UCC Group's Purpose: 'Unlocking the power of coffee for a better world'. We also established five core values: focusing on everything about coffee, contribution to a global society, moving forward with ambition, collaboration and co-creation, and ethics and responsibility. We are proud of what we created – words that reflect the UCC Group's global coffee business, our vision for the future, and our commitment to sustainability.

A shared journey towards a sustainable future

Of course, defining our Purpose and Values was only the beginning. Putting them into practice is what truly matters. For the UCC Group, it is essential that we share these ideals across the entire organisation and embed them within our business operations. Since announcing our Purpose and Values in October 2021, we have made great strides – spreading awareness globally and strengthening our communication with all stakeholders.

When we consider coffee not just as a product but as a broader concept, one of our Values – contribution to a global society – becomes even more important. It forms the very foundation of our business and is inherently tied to sustainability. With this perspective in mind, we conducted a thorough materiality assessment to identify actions that would support our mission to contribute to a global society through our business. These findings led to the creation of our Sustainability Vision and Sustainability Framework. Under the banner of our Purpose, our Values, and our Sustainability Vision, everyone at the UCC Group is united as one in our pursuit of a sustainable future for coffee.

Interview with UCC's Head of Sustainability: On defining and practising our Purpose

Ryo Satomi
Head of Sustainability Management Division,
Executive Officer, UCC Japan Co., Ltd.



In Asia



#Focusing on everything about coffee #Collaboration and co-creation

In partnership with five universities in Taiwan, we launched the UCC Champion Barista Programme to raise the standard of coffee education and support the development of future leaders in the industry. The programme offers lectures, workshops, and practical training focused on fundamental coffee knowledge and hands-on brewing techniques.

UCC provides all the coffee beans required for training. Through this initiative, we are supporting ambitious young baristas in Taiwan while also strengthening UCC's brand presence and talent acquisition in the local Taiwanese market.

In Australia



#Collaboration and co-creation

Australian-born coffee brand TOBY'S ESTATE has launched a new specialty-grade canned coffee designed to deliver the same flavour experience as café-quality iced coffee. The product was developed through a major cross-functional project that included collaboration with UCC Japan's development team and other departments. The brand's coffee director even travelled to Japan on several occasions, conducting repeated tastings with Japanese consumers. After a rigorous process of trial and error, the team succeeded in creating a canned product that closely replicates the in-café iced coffee experience.

In Europe



#Ethics and responsibility

In France, senior leadership carries out 'site walks' every Monday, visiting the factory floor in person. The purpose of these walks is to demonstrate visible leadership, maintain a strong sense of ethics and responsibility, and continue earning the trust of employees. These regular visits also raise awareness on the ground about key operational topics such as safety, quality, and maintenance, while bridging the gap between management and on-site teams. Ultimately, the goal is to actively engage operators and foster a shared sense of responsibility and transparency across the entire organisation.

In Japan



#Focusing on everything about coffee #Moving forward with ambition

Born from the passion of a researcher who wanted to 'enjoy every last drop of coffee flavour and aroma', our YOUNED line is an edible form of coffee, not a chocolate, as it contains no cacao. Using a patented method, the coffee is frozen and finely ground without extraction, allowing the natural sweetness, acidity, and bitterness of the beans to come through in the tasting experience. The result is a flavour profile that lingers longer and more intensely than when drinking coffee. Now in its second year on the market (2024), YOUNED has also entered the evening lifestyle space as a 'snackable coffee' that pairs well with alcoholic drinks.



Moving forward with ambition × Carbon neutral

On the road to carbon neutrality

World's first mass production of hydrogen-roasted coffee begins in April 2025

—Launching the Fuji Factory—

In an effort to significantly reduce our own carbon emissions, UCC is focusing on the roasting process – the essential step in delivering delicious coffee to customers.



Why hydrogen roasting?

The roasting process for coffee beans typically relies on fossil fuels as a heat source – one of the key contributors to CO2 emissions in coffee production. While switching to electricity from renewable sources is the simplest way to reduce CO2 output, fully electrifying roasting at an industrial scale presents considerable challenges.

That is why UCC has embraced hydrogen roasting – an approach that uses hydrogen flames, which emit no CO2 during combustion.

Compared to roasting with fossil fuels, hydrogen roasting allows for a

wider range of roasting temperatures, which enables us to unlock even more of the inherent coffee flavours consumers love.

By harnessing the unique properties of hydrogen, we can roast beans under conditions that were previously impossible, creating distinctive flavour expressions exclusive to hydrogen roasting.

Moving forward, we aim to promote hydrogen roasting and expand the possibilities of flavour expression in coffee while also accelerating our commitment to carbon neutrality.



Hydrogen-roasted coffee lineup
We now offer a lineup of seven products crafted using hydrogen roasting technology.



Outside the Fuji Factory
It was here that we launched the world's first large-scale hydrogen coffee roasting operation.



Efforts to reduce CO2 emissions

CO2 emissions per roaster

570 tons CO2/year

Conventional (natural gas) roasters

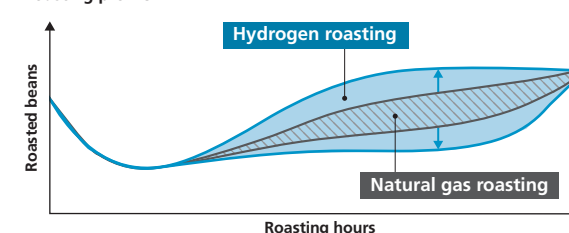
0 tons CO2/year

Hydrogen roasters

Substituting the fossil fuels traditionally used for roasting with hydrogen will allow us to **achieve zero CO2 emissions**

Flavour produced by hydrogen roasters

Roasting profile



Hydrogen roasting offers a **wider adjustment range** between high and low temperatures compared to existing heat sources. When combined with precise roasting profile control technology, it can **enable a wider variety of flavours** than conventional heat sources.

Exploring flavour through hydrogen roasting

One of the greatest challenges in developing hydrogen roasting was maintaining the quality of flavours in the coffee. The energy characteristics of hydrogen differ significantly from fossil fuels, meaning we could not simply substitute one heat source for the other and expect the same result.

However, among gases, hydrogen has a broader combustion temperature range. This allowed UCC's expert roasting teams to apply precise heat control and establish a stable method for producing consistently high-quality coffee.

Our product design division also analysed different roast levels and coffee origins to develop a diverse variety of flavours tailored to customer preferences.

Our hydrogen-roasted coffee was demonstrated at a seminar in the USA in January 2025 before being featured at an event at Haneda Airport in February 2025. We then conducted test marketing aboard the green cars of the Tokaido Shinkansen in March 2025.

We officially launched the world's first mass production of hydrogen-roasted coffee at our Fuji Plant in April 2025.

Key visual for the hydrogen-roasted coffee concept



The stories behind the challenges

Tackling the challenge of stable operation

I hope everyone gets the chance to enjoy hydrogen-roasted coffee – our proudest achievement to date.

One of the greatest challenges in developing the hydrogen roaster was ensuring safety. Hydrogen, the smallest molecule on Earth, is difficult to handle due to its tendency to leak. We studied its properties extensively and implemented robust safety measures. Working closely with equipment manufacturers and other partners, we approached the task through ongoing trial and error. In the end, we succeeded in achieving safe and stable operation.

Yohei Takemura

Section Manager, Manufacturing Division 1, Fuji Factory, UCC Ueshima Coffee Co., Ltd.

Profile | Responsible for the installation, testing, and configuration of the hydrogen roaster at the Fuji Factory

We are continuing our research to unlock a whole new coffee experience through hydrogen roasting.

Hydrogen roasting enables far more precise temperature control than conventional methods, yet many aspects of how temperature and time affect flavour remain to be fully understood. To realise our desired flavour profile, we repeatedly tested roasts, conducted sensory evaluations, and analysed the results using instruments, refining our approach to bring out the full character of each bean.

Yuta Kato

Assistant Manager, Flavour Design Team, Product Design Department, Research & Development Division, UCC Ueshima Coffee Co., Ltd.

Profile | Responsible for designing hydrogen roasting profiles and evaluating sensory qualities and aroma through lab testing by sensory evaluation and instrumental analysis

Tackling the challenge of roaster design

Aroma analysis equipment:
Used to study the aroma compound profiles of hydrogen-roasted coffee

Bringing our Purpose to life

UCC is participating as an official 'Inventor' company in Toyota Woven City, a test course where various products and services are tested.



Focusing on everything about coffee

On the road to carbon neutrality

UCC as an inventor: Showcasing the untapped potential of coffee through a futuristic café in Toyota Woven City project

In Shizuoka, Japan

Planned and developed by Toyota Motor in Susono City, Shizuoka Prefecture, Woven City is a test course that is human-centered. Within this innovative environment, the UCC Group is opening a futuristic café designed to scientifically explore the relationships between coffee, conversation, and well-being. Using pulse, voice, and video data, the café will analyse the impact of coffee consumption on mental and physical well-being, as well as the quality and quantity of human interaction. Our aim is to craft a

better coffee experience, not only through flavour and aroma, but also by optimising spatial design, lighting, sound, and atmosphere.

Our hydrogen-roasted coffee from the Fuji Plant may also soon be available at the café. Set within this Ever Evolving City™, UCC is exploring new flavour expressions while prioritising environmental responsibility. Through this initiative, we aim to demonstrate both the evolving value of coffee and its enduring role as a fundamental part of life.

Exploring the potential of coffee in a test course of co-creation A futuristic café opens for scientific exploration around people and dialogue

Opening a research-focused café in Toyota Woven City brings new challenges for us. Until now, the value of coffee in bringing about emotional shifts and enriching conversation has largely been described anecdotally. Here, we aim to make those effects visible, using biometric data and conversational analysis to shape more meaningful experiences and inform future product development. The café serves not only as a storefront but also as a research site. It may offer a selection of hydrogen-roasted coffee produced at our Fuji Factory, while also exploring new flavour experiences and testing sustainable modes of operation.

Set within Toyota Woven City, a test course designed to shape a better future, this project aims to redefine the potential of coffee: how it can contribute to solving social challenges and supporting people's well-being.



Asayuki Ota

Public Relations & Business Development
Executive Officer, UCC Japan Co., Ltd.

Contribution to a global society × Nature positive

Prospects for a Nature Positive Approach

Sustainable coffee production project in Tanzania in partnership with IFAD*

* International Fund for Agricultural Development (IFAD)

Building a stable supply chain through sustainable coffee production projects

As part of its Nature Positive Approach, the UCC Group has partnered with the International Fund for Agricultural Development (IFAD) on a new sustainability initiative funded by Japan's Ministry of Agriculture, Forestry and Fisheries (MAFF). This initiative, known as the Enhanced Linkages between Private Sector and Small-scale producers (ELPS) initiative, aims to strengthen partnerships between businesses and small-scale producers to build more stable and sustainable supply chains globally. Tanzania's coffee sector was selected as the first official project under the ELPS framework. Together with Marubeni, UCC is contributing to a newly launched sustainable coffee production project in the region.

Identifying and addressing challenges in Tanzanian coffee production

Tanzania is widely recognised as one of the world's premier coffee producers, especially known for its Kilimanjaro beans, which are also popular in Japan. It is also a strategic focus country under UCC's Nature Positive Approach. However, in the last decade, yields per hectare have steadily declined, presenting critical challenges to long-term sustainability. To understand the root causes behind the lack of growth in production efficiency, the UCC Group, together with IFAD and Marubeni, conducted joint field surveys of nine smallholder cooperatives across three key regions in Tanzania.

The two-week research mission, carried out in June and July 2024, revealed a wide range of issues. For example, some areas in the southern region suffer from high humidity and the spread of crop diseases, while others face water scarcity due to limited access to clean water. The findings made clear that a one-size-fits-all solution is not enough. Tailored support must be delivered to meet the unique environmental and agricultural needs of each community.

Empowering producers through technical assistance

The 90% of coffee producers in Tanzania are small-scale producers. Many of these farmers face mounting challenges, including adapting to climate change and modernising production techniques. To address this, IFAD, Marubeni, and the UCC Group are working together to deliver technical support on compost production and soil water retention. The project has set a clear target to double farmer production volumes over the next three years.



In Tanzania

His Excellency Baraka Haran Luvanda
Ambassador Extraordinary and Plenipotentiary of the United Republic of Tanzania to Japan

Partnering for Tanzania Coffee Sustainability
Tanzania is proud to engage in a collaborative partnership with UCC to promote sustainable coffee practices. This initiative is designed to empower local farmers, improve the quality of our coffee, and safeguard the environment. We greatly value UCC's dedication to ethical sourcing and inclusive development. With joint efforts with UCC, we aspire to cultivate a future where Tanzanian coffee, famous known as Kilimanjaro Coffee in Japan, both flourishes on the global stage and enhances the well-being of our communities at home.

Rick van der Kamp
Global Lead on Markets and Value Chains, IFAD

Investing in small-scale producers in developing countries for sustainability and resilience
IFAD is the only international organization that focuses exclusively on revitalizing rural economies and making food systems more resilient by investing in small-scale producers in rural areas of developing countries. Since its establishment in 1977, IFAD has been acting as a catalyst for enhancing public and private investments to empower small-scale producers and strengthening global food security. Our initiative in Tanzania not only improves the yield and quality of coffee but also considers the producers' well-being and establishes a win-win relationship between farmers, the companies involved, and the country's government. It has been an honor for IFAD to coordinate this "Public-Private-Producer Partnerships (4Ps)" with amazing Japanese partners.

Naomi Nakahira
Head of Agricultural Research Office Sustainability Management Division

Creating a sustainable future of good coffee together with our farmers
UCC aims to support the livelihoods of local small-scale farmers through projects that build mutually beneficial partnerships and strengthen the coffee supply chain. This includes establishing nurseries to provide affordable, sustainable coffee and shade trees, as well as developing composting technologies and distribution networks that maximise the use of locally available organic materials. We are committed to promoting responsible farming practices that reduce environmental impact and improve productivity to build a brighter future for both farmers and the coffee industry as a whole.

Timeline of the sustainable coffee production Project in Tanzania



Our framework for promoting sustainability

We have analysed the most critical sustainability issues for the UCC Group to address key risks facing the coffee industry. Our goal is to solve these issues and realise our sustainability vision.

Key sustainability issues that emerged from our deliberations

Two major risks affecting the coffee industry are vulnerability to climate change and the vulnerability of small farmers. Coffee's susceptibility to climate change, or the coffee 2050 problem, is a grave issue. It has been modelled that global warming and the spread of pests and diseases could halve the land suitable for growing Arabica by 2050.

Over 25 million small farmers grow 80% of the world's coffee, while around 125 million people in over 70 regions and countries make a living from coffee. Yet only one in twenty farmers can adequately protect their coffee trees from harmful insects and other pests while maintaining productivity. Small farmers face many structural challenges, including climate change, volatile prices, difficulty in raising funds, and limited access to technology. These have a serious impact on coffee yields.*

These challenges are urgent issues that the UCC Group and the whole coffee industry must take very seriously.

Coffee risks, factors, and effects

Vulnerability to climate change	People	
Labour and coffee production conditions		
Forced labour		
Child labour		
Vulnerability of small farmers	Environment	
Deforestation		
Loss of biodiversity		

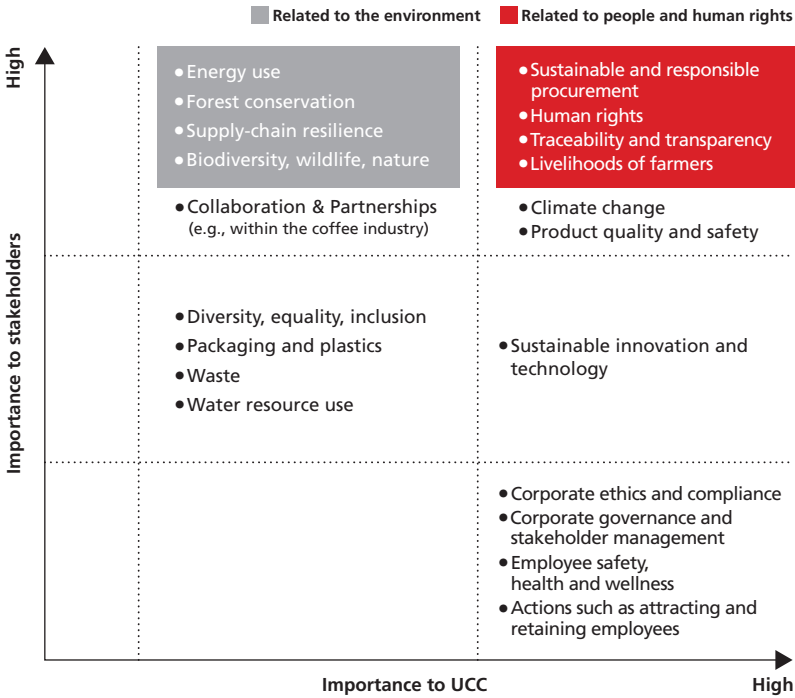
Note: column height indicates the degree of risk.

Materiality analysis

To address 'vulnerability to climate change' and 'vulnerability of small farmers', two key risks affecting the coffee industry, and to investigate the most important sustainability issues for the UCC Group, we first interviewed internal and external stakeholders to analyse external trends and risks.

We then employed internal and external perspectives to consider the importance of each issue and organised them into a matrix of the most important issues, or 'materiality matrix'. Also, through workshops and discussions involving senior leadership, we decided on an order of priority for the issues, as shown in the figure on the right.

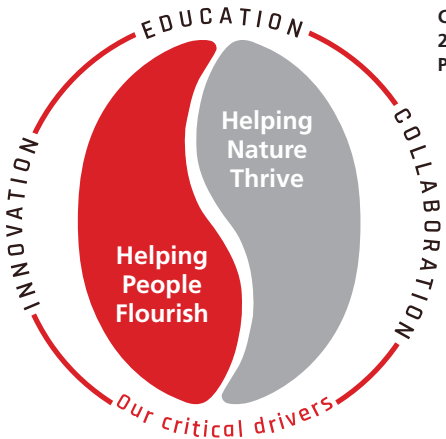
Based on this materiality matrix, we considered which issues should be prioritised and addressed by the UCC Group, and as a result, decided to first prioritise work to combat climate change, improve farmer's livelihoods, and conserve forests and biodiversity.



Setting a roadmap towards sustainability

Have a significant positive impact on society through Health and Education by 2030

100% sustainably Sourced UCC branded Coffee by 2030



Carbon Neutral 2040 & Nature Positive

The results of our analysis of the UCC Group's essential sustainability issues are encapsulated in our Sustainability Framework. This framework is based on two main courses of action, 'helping nature thrive' and 'helping people flourish', with a goal and target fiscal year for each. The UCC Sustainability Framework is our roadmap toward a sustainable future. We aim to realise our sustainability vision through sustainable coffee procurement, promotion of health and education, environmental preservation, and carbon neutrality.

Towards a sustainable future

At the UCC Group, our Purpose is 'Unlocking the power of coffee for a better world'. Among our five core values, 'contribution to a global society' and 'collaboration and co-creation' align closely with the two pillars of our Sustainability Framework: 'helping nature thrive' and 'helping people flourish'.

Through this consistent philosophy – from Purpose to Values to our Sustainability Framework – the UCC Group connects all coffee-related activities to a more sustainable future.

The following pages highlight the UCC Group's latest environment, society, and governance (ESG) efforts in sustainability.

* Source:
<https://link.springer.com/article/10.1007/s10584-014-1306-x>
<https://coffeeandclimate.org/brewing-up-climate-resilience-in-the-coffee-sector/>
<https://www.fairtrade.net/jp-jp/products/fairtrade-products/coffee.html>
<https://www.fairtrade.org.uk/farmers-and-workers/coffee/>

Environment

Towards a sustainable planet / Climate action / Contribution to a circular economy

Targeting carbon neutrality by 2040

Reducing greenhouse gas emissions through innovation and operational improvements

Reduce Scope 1 and 2 greenhouse gas emissions by 46% by 2030

Greenhouse gas emissions include direct emissions from UCC Group operating companies (Scope 1), indirect emissions from electricity used in factories and offices (Scope 2) and indirect emissions from UCC Group's value chain, including both upstream and downstream activities (Scope 3).

The UCC Group has committed to achieving carbon neutrality throughout the entire value chain by 2040. As a milestone, we aim to reduce Scope 1 and 2 emissions by 46% by 2030. In FY2024, Scope 1 and 2 emissions accounted for 3.4% of total emissions, while Scope 3 made up 96.6%. Emissions from Scope 1 and 2 were reduced by 21.8% compared to FY2019, driven by ongoing global efforts to improve energy efficiency. Within Scope 3, Category 1 (purchased goods and services) made up the largest proportion

at 76.0%. Looking ahead, the key challenge will be to set reduction targets and formulate concrete action plans for implementation. We will continue to drive impact by further strengthening collaboration with diverse stakeholders.

Driving innovation to reduce Scope 1 emissions

The UCC Group is committed to reducing Scope 1 greenhouse gas emissions by continuously implementing innovative technologies and optimising operational processes.

In the Netherlands, we are advancing R&D on zero-carbon hydrogen to replace natural gas in the roasting process. Until the hydrogen infrastructure is in place in the Netherlands, we plan to implement a phased transition using tanker-based transport and blended use with natural gas.

In Switzerland, we have upgraded our compressed air network. By installing

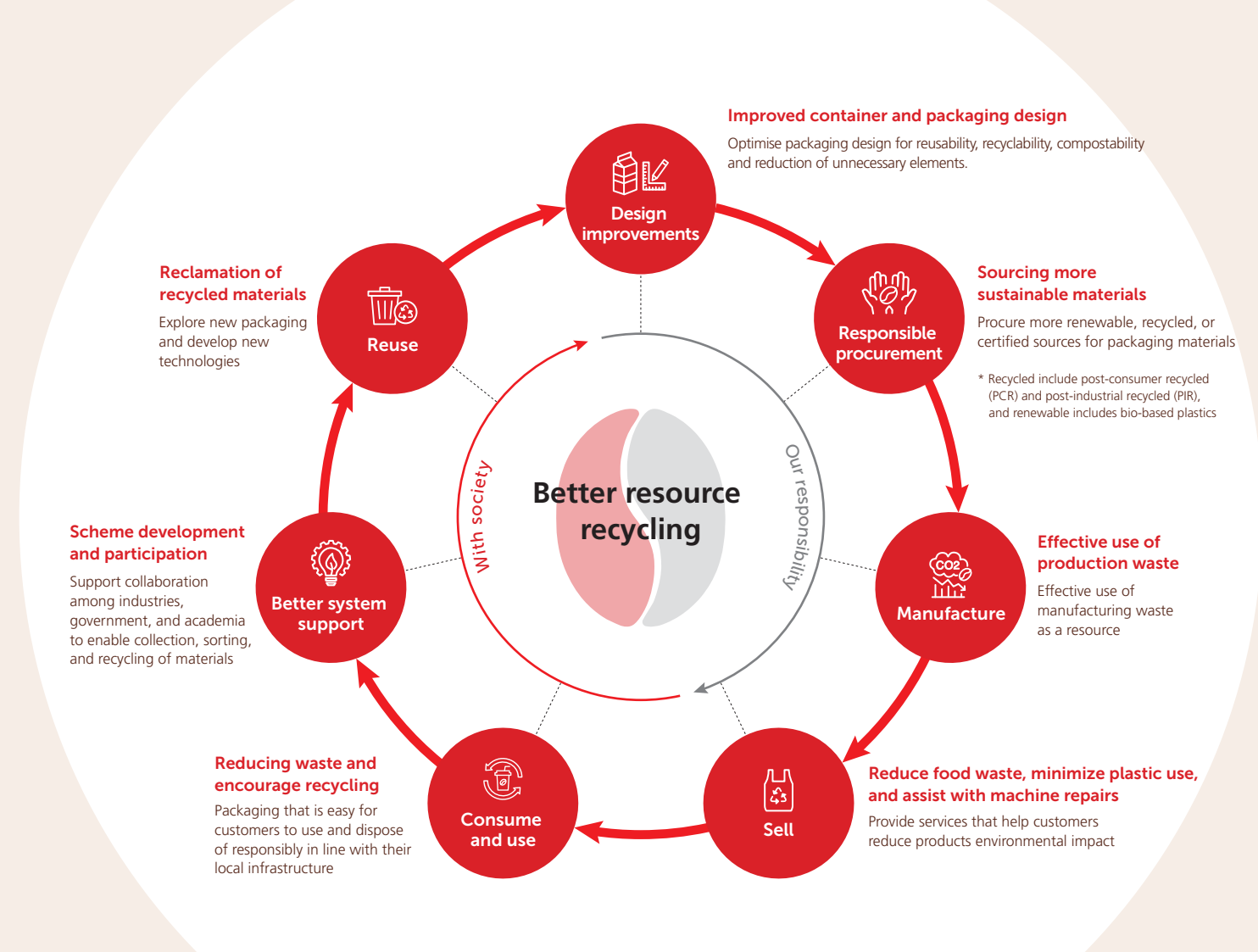
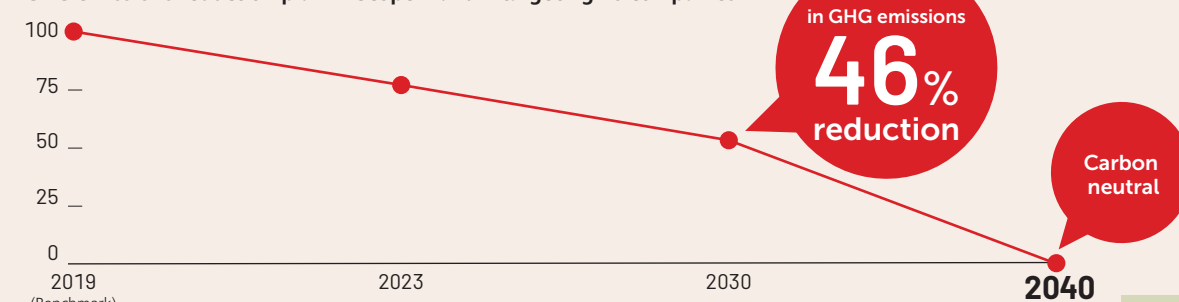
leak detection equipment, we were able to reduce CO2 emissions by 20.32 tonnes in 2024. Electric valve installation helped prevent air loss at night, saving 700 kWh of energy and cutting 90kg of CO2 annually.

In Thailand, optimising the roasting process reduced gas use during preheating. By adjusting the roasting sequence and efficiently processing coffee chaff, we were able to reduce cleaning time.

Furthermore, our subsidiary UNICAFÉ has adopted water-based flexographic printing for some of its product packaging films, achieving a 20.6% reduction in CO2 emissions per bag compared to conventional printing methods. We plan to expand this to additional products in the future.

Through these ongoing initiatives, the UCC Group remains committed to further reducing Scope 1 emissions and promoting sustainable business practices.

GHG emissions reduction plan in Scope 1 and 2 targeting 20 companies



Moving toward a circular economy

The UCC Group's vision for the circular economy

A circular economy promotes the effective use and reuse of resources that would otherwise be discarded. At the UCC Group, we are basing our business operations on this principle, approaching it from seven strategic perspectives (see diagram).

For example, we find new uses for spent coffee grounds and plastic waste generated during production, and reduce environmental impact by designing lighter, more compact packaging from the initial product design stage.

Case study

#Contribution to a global society #Moving forward with ambition

Transforming UCC Smile Festa into a circular economy event

UCC Coffee Professional, which provides services for the foodservice industry, hosts UCC Smile Festa annually for its customers. Since 2022, this exhibition has evolved into a resource-circulating event with a focus on zero waste and reducing CO2 emissions. At the 2024 event, we set goals to reduce both food

waste and disposable plastic by 10% compared to the previous year. We also introduced initiatives such as mottECO – where unused ingredients and samples are shared among exhibitors and attendees are encouraged to take home leftovers – and tabetECO, which invites visitors to take home opened product

samples. Support is also provided for exhibitors to replace plastic materials used for sampling. As a result, food waste per attendee was reduced by 6% year-on-year, disposable plastic waste was reduced by 14%, and total non-construction waste was reduced by 8%.



Moving toward
a circular economy

Expanding the circular economy through cross-industry collaboration

A distinctive strength of the UCC Group is its commitment to promoting the circular economy not only within the organisation but also through partnerships with other companies.

One example is our collaboration with TSUKUMO, Japan's only dedicated flip flop manufacturer, where we helped develop flip flops made using spent coffee grounds from Ueshima Coffee shops. Spent coffee grounds are typically difficult to mix with rubber and pose challenges in durability. However, by adapting freeze-pulverisation technology, which is also used in our edible coffee line YOINED, we were able to create a durable material even with a relatively high coffee blend ratio. The UCC Group partnered with Mitsubishi Pencil to host a

hands-on summer workshop for families, exploring upcycling through coffee and stationery using our proprietary Drip Pod capsule coffee system. Participants decorated tote bags using POSCA water-based markers, then soaked them in a dye made from spent coffee grounds to make their own unique creations. The workshops, enjoyable for both kids and adults, offered ideas for upcycling and ways to reuse coffee grounds at home, while also sparking family conversations around the SDGs.

Coffee capsules are popular across Europe, accounting for an estimated 40% of retail coffee sales, but are difficult to sort and recycle due to their many different designs, sizes and materials. To tackle this issue, UCC



A one-of-a-kind tote bag designed using POSCA markers and dyed with coffee brewed from spent coffee grounds

EUROPE has partnered with industry peers in Spain, Portugal, the UK, and the Netherlands to build comprehensive capsule collection and recycling systems. In Spain, for instance, we are not only collecting used capsules but also supporting R&D on recycling equipment, leading efforts to ramp up capsule recycling across the region.

#Contribution to a global society #Moving forward with ambition

Giving new life to spent
coffee grounds as stylish trays

Ueshima Coffee stores, operated by UCC Foodservice Systems, have introduced upcycled trays made with 30% spent grounds from their Ueshima Coffee Blend. While some stores had previously separated and recycled spent coffee grounds into animal feed, we began exploring how to create new value. We chose to develop trays made from recycled grounds, as we wanted something that customers could hold in their own hands.

Throughout the R&D process, we made repeated adjustments to resin mix ratios and moulding conditions to ensure the trays visibly reflected the presence of coffee grounds. After more than 20 prototypes and two years of development, the trays were successfully completed and released in stores. Design was another major focus. Working in

collaboration with the designers behind Ueshima Coffee's interiors and furniture, the trays were created to complement the store's aesthetic – including the Sori Yanagi cups and furnishings – resulting in a sleek, substantial design. No synthetic dyes were added, allowing the natural essence of the coffee grounds to shine through.

Thanks to the introduction of these upcycled trays, around 0.8 tonnes of used coffee grounds that would otherwise have been discarded have been given new life. What is more, these trays can be melted down and remoulded, offering potential for circular reuse in the future.



From spent grounds
to trays



#Contribution to a global society #Moving forward with ambition #Collaboration and co-creation

Reusing roasting waste as animal feed



The coffee roasting process generates a large amount of thin skin known as chaff, which peels away from the beans during roasting. At the Roastery at Twenty Three, we prioritise waste reduction and reuse, so repurposing this chaff marks a significant achievement for us. New Zealand is a leading agricultural nation, so it is truly rewarding to see how chaff feed, which is high in fibre and energy, is able to contribute to its important beef industry.

Chaff is light and fluffy, making it difficult to handle and unsuitable for transport. We first compress the chaff

into a more manageable form before handing it over to EcoStock, who, together with other food waste, use the compacted chaff to make livestock feed for dairy farms.

Feed containing chaff has the advantage of being high in dietary fibre, high in nutritional and caloric value and low in cost. This initiative contributes to reducing the amount of waste going to landfills and promoting sustainable agriculture.



Voice

From rubbish to resource:
How chaff supports livestock
farming and sustainability

Candice Morgan
Head Of Coffee – Operations
UCC COFFEE NEW ZEALAND LIMITED

Our partnership with EcoStock continues to grow, and we are confident this initiative will become a long-term effort. At the Roastery at Twenty Three, we prioritise waste reduction and reuse, so repurposing this chaff marks a significant achievement for us. New Zealand is a leading agricultural nation, so it is truly rewarding to see how chaff feed, which is high in fibre and energy, is able to contribute to its important beef industry.

Case study

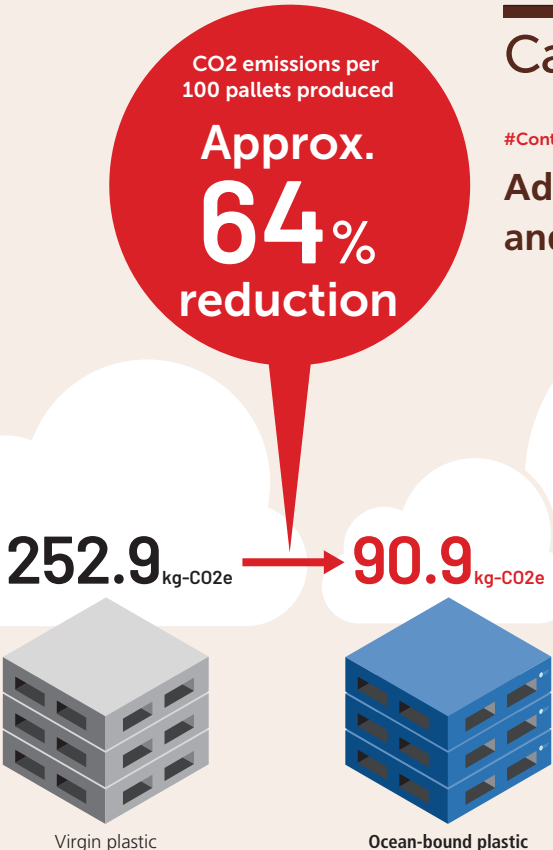
#Contribution to a global society

Addressing both in-house waste
and ocean-diverted plastics

As of FY2024, the UNICAFÉ Group has begun switching its factory pallets used for storing and transporting products to ocean-diverted plastic pallets. These pallets are upcycled from plastic discarded within 50km of the coastline and at risk of becoming marine debris. This transition reduces reliance on virgin, petroleum-based plastic and contributes to lower CO2 emissions and reduced ocean pollution. By 2030, we plan to switch all newly purchased pallets at our factories to ocean-diverted plastic materials.



* Source: Calculated using MiLCA by the LCA Expert Center



Social

Helping support producing areas and improve lives in the coffee community



Sustainable coffee procurement

Building a responsible sourcing framework

Sustainable coffee sourcing initiatives

The coffee industry's value chain is wide-ranging, extending all the way from the producing country to the country of consumption. The UCC Group is involved at every stage along this chain and is committed to sustainability at each point.

Under its sustainable sourcing framework, the UCC Group has established the Principles for Responsible Procurement and Supplier Code of Conduct, ensuring sourcing practices that respect human rights. In Autumn 2022, we launched the Sustainable Coffee Sourcing Programme.

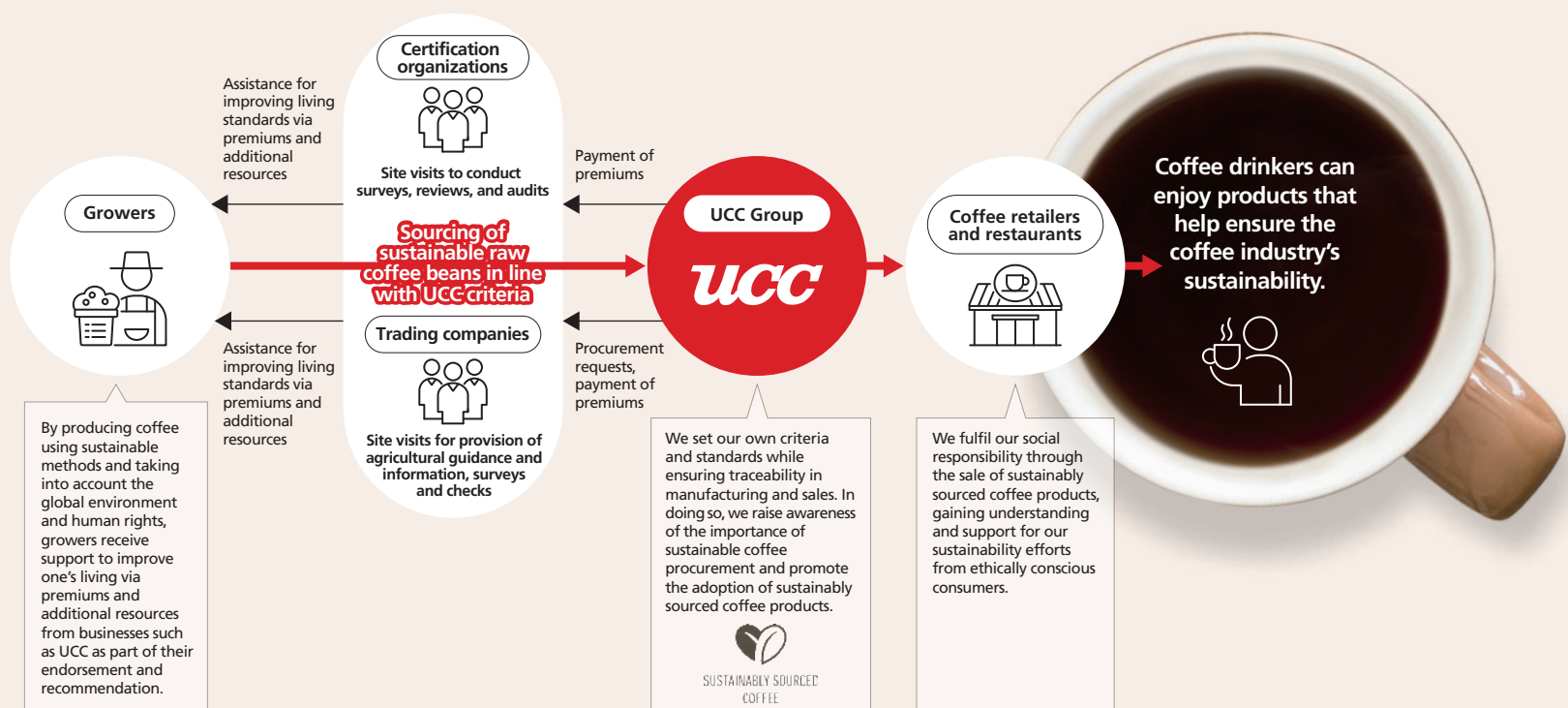
While UCC's sustainable sourcing model offers great value to the coffee

industry, its technical nature has raised concerns – particularly from our commercial planning team – who noted that it can be difficult to understand how it directly benefits producers, consumers, and society. To address this gap, the UCC Group developed communication tools (<https://www.ucc.co.jp/eng/company/sust>

ainability/people/coffee/), including key visuals, to clearly convey the benefits of sustainable sourcing in a way that resonates with consumers. We will continue using these tools to promote sustainably sourced coffee and reinforce our contribution to the global coffee industry.

Three components of the Sustainable Coffee Sourcing Programme

- 1: Setting procurement standards**
- 2: Selecting procurement partners**
To ensure fairness and transparency, UCC matches its proprietary sourcing checklist against the procurement codes of prospective partners, using standards aligned with the Global Coffee Platform's Coffee Sustainability Reference Code.
- 3: Verification and alignment**
Each year, we receive signed declarations and potential farmer lists from second-party audit partners, such as suppliers and trading companies to ensure alignment with our standards.



Case study

#Contribution to a global society

Ueshima Coffee uses coffee beans that meet sustainable coffee sourcing standards

UCC Food Service System, which operates the Ueshima Coffee chain, transitioned its original Ueshima Coffee Shop Blend to beans meeting UCC's Sustainable Coffee Sourcing standards as of March 2024. Ueshima Coffee Shop has already implemented a variety of sustainability initiatives, including reducing plastic usage, cutting food

waste, and encouraging the use of reusable products. By transitioning the beans used in core offerings, such as nel drip coffee and milk coffee, to sustainably sourced ones, we are turning every cup into a tangible step towards improving both the planet and coffee producers' livelihoods.



Voice

Making everyday coffee more sustainable

Miwa Todoroki
Store Manager, Sales Department
UCC Food Service Systems Co., Ltd.

Ueshima Coffee has long promoted eco-friendly actions such as encouraging customers to bring their own tumblers. By adopting beans that meet sustainable sourcing criteria, we've made it easier for customers to take part in our sustainability journey. As a brick-and-mortar business, we emphasise communicating these initiatives clearly to customers and are also investing in staff training. We hope every cup inspires our customers to reflect on the future of coffee and those who grow it, all while enjoying its delicious flavour.



Voice

Enjoy a cup of Taiwanese speciality coffee, crafted to support the planet and empower local communities

Raywen Chang
Senior Marketing Director
UCC COFFEE TAIWAN CO., LTD

We strive to offer coffee that delivers exceptional quality while balancing consideration for the environment and contributions to local communities. Our partnership with Alishan Coffee Farm helps prevent environmental pollution, reduces CO2 emissions, and creates new job opportunities for local youth, in turn supporting a vibrant local community. Through these efforts, we aim to share the rich story of Taiwanese speciality coffee with the world. With every sip of this smooth and full-bodied coffee, we invite you to taste the richness of the land and the dedication of its growers.

#Focusing on everything about coffee #Contribution to a global society
#Moving forward with ambition #Collaboration and co-creation

Contributing locally by supporting local coffee production and sales in Taiwan



UCC Taiwan has been working with Alishan Coffee Farm to revitalise local agriculture, create jobs, and promote local sourcing, all while reducing greenhouse gas (GHG) emissions through socially and environmentally responsible practices.

Located at 1,200 metres above sea level, Alishan offers a shaded, misty climate, fertile soil, and pure mountain spring water – creating ideal conditions for growing premium coffee. With only around 30 tonnes produced annually, Alishan coffee is rare and highly prized. Every step from cultivation to harvest is done carefully by

hand, ensuring consistent quality. The beans are grown using natural farming methods and organic fertilisers and are processed with fresh natural water, aimed at minimising environmental impact. For the past five years, UCC has partnered with local coffee plantation YUYUPAS to share the unique heritage of Alishan coffee.

Many of the local farmers are young members of the indigenous Tsou tribe, and their cultivation of high-quality, estate-grade coffee is creating meaningful employment opportunities in the region.



Respect for human rights

Acting with integrity in line with our human rights roadmap

Human rights roadmap				
		-FY2024	FY2025-2029	FY2030
Policy Commitment	Human rights policy	Development and publication of a human rights policy	Sharing within and outside the Group (Internal training within the Group)	
	Human rights risk assessment	Conducting human rights risk assessments	Re-conduct human rights risk assessments	
Human Rights Due Diligence	Prevention and mitigation of adverse human rights impacts	Supply chain	100% Sustainably Sourced UCC brand coffee by 2030	
			Procurement based on 'UCC Group's Principles for Responsible Procurement' and 'the UCC Group's Supplier Code of Conduct'	
			Continue existing effort (Supplier Self Assessment) *Considering further expansion of the scope of coverage	
			Review of the status of existing efforts to address salient human rights issues	
		To consider and implement support for coffee producers		
	UCC Group	Continues implementation of measures to prevent and mitigate outstanding human rights issues for employees in the Group (Operation of existing personnel policies and employee questionnaires to ascertain actual conditions with regard to reduction of long working hours, occupational health and safety, discrimination and harassment, gender disparity, etc.)		
	Tracking effectiveness	Establish a monitoring and review system for the above measures to prevent and mitigate negative impacts		Implementation of monitoring and review
Information disclosure	Publication of sustainability reports		Reporting under the EU Corporate Sustainability Reporting Directive (CSRD)	
	Grievance mechanism	Joined JaCER / Start receiving reports	Receives reports from all stakeholders in the supply chain through the Dialogue Remedies Platform (JaCER)	
			Informing supply chain stakeholders about the reporting contact point	

Developing a human rights roadmap

In 2023, the UCC Group assessed potential human rights risks and used the results to establish a human rights roadmap. This roadmap now guides our Group-wide initiatives to prevent and reduce negative impacts on human rights.

As part of our commitment to our human rights policy, we communicate our initiatives via the Sustainability Report and offer internal training to promote understanding across the Group. To address human rights risks in our supply chain, we are expanding our Sustainable Coffee Sourcing Programme and conducting regular supplier self-assessments in line with the UCC Group Supplier Code of Conduct and Principles for Responsible Procurement. These assessments help confirm whether human rights are being appropriately

respected. When appropriate, we strengthen communication with coffee-producing countries.

We continue to implement a range of initiatives, including proper working hour management, occupational health and safety training, analysis and sharing of incident cases, preventive measures, and training to eliminate discrimination and harassment. We identify and address issues such as gender disparity through employee surveys, using insights to guide corrective actions. A monitoring and review system has also been established to evaluate the effectiveness of these measures.

Grievance mechanisms

To ensure appropriate remediation when human rights issues arise, the UCC Group has established grievance mechanisms to gather input from a broad range of stakeholders.

A hotline for reporting and consulting on compliance violations has been set up for internal concerns. This allows managers and employees to report and consult anonymously on breaches of law or company regulations, labour problems and harassment.

Since 2024, UCC has partnered with Japan Center for Engagement and Remedy on Business and Human Rights (JaCER), an independent third-party organisation offering a grievance mechanism, to provide an external reporting form. It handles complaints and consultations in both English and Japanese and is available even to those who are not directly involved.

Through these grievance mechanisms, we intend to build close relationships with our stakeholders and work to resolve human rights issues.

Engagement

In addition to operating formal grievance mechanisms, the UCC Group places strong emphasis on continuous engagement with stakeholders. Guided by our Purpose to ‘unlock the power of coffee for a better world’, the UCC Group upholds its Principles for Responsible Procurement, which are applied across the entire value chain through four core pillars.

Four core pillars

1. Respect for human rights
2. Integrity and fair business practices
3. Improvement in quality and safety
4. Commitment to environmental and community well-being

Conducting supplier self-assessments

The UCC Group receives annual self-assessments from key suppliers based on the human rights roadmap and the UCC Group's Supplier Code of Conduct to ensure fair and ethical business transactions. This self-assessment asks suppliers to answer 114 questions on topics such as human rights, labour, environment, fair

corporate practices, quality and safety, and the supply chain.

In Japan, for example, by clearly communicating the importance of the initiative to our suppliers, we increased the response rate from 80% in FY2023 to 96% in FY2024, a significant improvement. In addition, average scores improved across all business areas, including raw materials and logistics. When a supplier's self-assessment results

show a large number of risks and issues, we interview them to understand their situation, then work together to implement initiatives to bring about improvement. In addition, via feedback on the overall results from these self-assessments, there is a mutual exchange of information with all our suppliers that builds a cooperative framework for further improvement.



Photo credit:
Fairtrade Max Havelaar



Case study

#Contribution to a global society #Collaboration and co-creation
#Ethics and responsibility

Engagement with coffee farmers

UCC Coffee Switzerland continued to work with a leading European retailer to source coffee from Mexico and Peru that supports living incomes* for coffee farmers and their families. Through ongoing engagement with farmers during the procurement process, we purchase beans at prices that help improve living conditions for farming families. These transaction prices are benchmarked against the country Living Income Reference Price – a Fairtrade-aligned benchmark that defines the minimum price required to ensure a living income for farming households.

These trading practices contribute to better living conditions for coffee farmers.

* Living income: refers to the amount a household needs to afford a decent standard of living. This includes food, water, housing, education, healthcare, transport, clothing, and savings for unforeseen events and may differ from legal minimum wage levels.



Social

For the well-being of all stakeholders and members of the UCC Group

Promoting well-being through community and social contributions

Local well-being for the next generation

How UCC supports the next generation of the hospitality and catering industry

The UCC Group believes that equipping people with skills and opportunities helps them thrive, thereby strengthening overall well-being. Cafés Templo, part of UCC EUROPE, has partnered with six public universities across Spain to deliver specialist training to students pursuing careers in hospitality and catering. These programmes help students develop the skills and confidence needed to succeed in a competitive industry, supporting the next generation of talent.

In the Galicia region of northwest Spain, we host the Special Needs Schools Barista Championship for students from six special education schools with physical or cognitive disabilities. After several months of training with the Cafés Templo barista team, the students proudly showcase their skills and potential in the competition.

By acquiring skills, building confidence, and embracing diversity, we help create stronger communities and expand well-being across society.

Supporting local communities across the UK

At UCC COFFEE UK, we believe well-being is a force for positive impact, both locally and globally. Through Project Waterfall, an initiative that brings clean water to coffee-growing regions, our employees have raised over £170,000 since 2016. In 2024, as part of UK Coffee Week, employees held a cake sale and raised £3,600 for charity. To support the local Willen Hospice, UCC employees walked 10 miles dressed in cow costumes, raising £1,000 for the cause.

Additionally, as part of Women in Engineering Week, 25 female employees took part in the Marco Timed Challenge, where they competed in practical boiler challenges to test their technical skills.

Through charity and inclusive workplace practices, UCC COFFEE UK continues to advance well-being initiatives.



Voice

Supporting learning and growth

Monica Bauzá

Barista-Coffee Expert
Marketing Department
Cafés Templo Food Services SLU

The Templo Coffee School believes in the power of education and partners with hospitality schools across Spain to deliver practical training. One of these schools has opened a hands-on learning space, Aula Templo Cafés, incorporating the essence of Cafés Templo into the public education system. One of our most valued initiatives is the annual barista competition for students with disabilities, which is organised and sponsored by Cafés Templo in partnership with public education institutions in Galicia. Participants work in pairs to showcase their skills and compete for the title of top barista. The competition is a valuable opportunity for personal growth and friendship beyond the event itself.

Employee well-being

Strengthening internal connections and offering more opportunities for growth

In 2024, the Unicafé Group launched two new employee clubs: the Volunteer Club and the Coffee Exploration Club. Each club has a different focus, but both aim to strengthen workplace connections and broaden employees’ horizons.

Through the Volunteer Club, employees take part in clean-up initiatives run by external organisations, experiencing first-hand how they can contribute to the community and environmental action. After each event, participants share their experiences internally, helping to foster a culture of volunteerism across the company. These activities also bring together employees who might not usually interact, strengthening communication and providing new opportunities for workplace collaboration.

The Coffee Exploration Club explores the potential of coffee and hosts tasting events that are open to all employees, not just club members. These events help deepen people’s understanding of coffee, inspire new ideas for sustainability, and provide a valuable space for employee communication.

The Unicafé Group remains committed to creating an environment that encourages fresh perspectives and shared

learning, expanding opportunities for employees to learn and grow together.

Building a supportive environment for employee growth

The UCC Group is committed to continually improving a workplace environment that supports the growth of each and every employee. Employees use career planning sheets to reflect on their goals and hold regular discussions with their managers to shape their future development. This process ensures that individual development and organisational goals are aligned. Regular one-to-one meetings between managers and team members help foster open dialogue and support self-directed goal-setting and career progression.

We offer all employees the opportunity to apply for internal transfers, and those wishing to move within the Group are supported flexibly, in accordance with their individual goals and aspirations. We also foster a learning culture that encourages employees to take on new challenges, offering elective training such as a practical English programme in the Philippines and a coffee advisor certification course.

In addition, we regularly carry out engagement surveys to understand and visualise employees’ passion, motivation, and job satisfaction. Results are shared through workplace dialogue sessions,

creating a feedback loop that enables improvements grounded in employee input. This process helps build a more collaborative and responsive workplace.

Creating a healthy and comfortable workplace

To support employee health, the UCC Group offers subsidies in addition to health insurance benefits, giving staff aged 35 and over access to comprehensive medical check-ups at virtually no personal cost.

We also conduct regular stress checks to help employees monitor their stress levels and proactively reduce mental health risks. Stress check results are analysed by department and used to inform improvements in the workplace.

In Japan, we have enforced a complete ban on smoking during working hours since 2021, reinforcing our commitment to a healthier work environment.

These initiatives are part of our commitment to valuing every employee and building a sustainable workplace where people can perform at their best. By prioritising health, safety, and wellness, we are laying the foundation for long-term organisational success and greater employee satisfaction.



Photo of the Special Needs Schools Barista Championship in Spain



Walking 10 miles dressed in cow costumes to raise funds for Willen Hospice



Female employees taking part in the Marco Timed Challenge



Community clean-up activities by the Volunteer Club



Tasting event by the Coffee Exploration Club



The Coffee Exploration Club has led to better communication between employees

Sustainability education

Expanding our social impact through the power of education by 2030

The UCC Group is working towards the goal of reaching 300,000 participants in sustainability education by 2030. Since 2021, UCC has actively provided educational programmes for primary through university students across Japan, using the strong connections between coffee’s value chain and the SDGs.

Case study

#Focusing on everything about coffee #Collaboration and co-creation

Empowering future-ready thinkers through fun and learning

The UCC Group also offers diverse hands-on experiences that help children learn the importance of the SDGs. In 2024, we took part in a Maibara City event, engaging children with a coffee-themed quiz while collaborating with local authorities to promote SDG learning.

The UCC Group believes that collaborating with like-minded companies can amplify positive impact, and, as such, we partnered with the Takara Tomy Group to deliver an interactive online class. The class uses reaction colour cards made from recycled paper using a mixture of post-extraction coffee grounds and green coffee bean jute bags. Children used the cards to answer quiz

questions, learning about the SDGs in a fun and engaging way.

Additionally, the UCC Coffee Museum hosted the Summer Coffee Festival, which featured a seminar titled Coffee and SDGs for Kids for

upper primary students and their guardians, a workshop on making coffee clocks from upcycled jute bags, and tastings of hydrogen-roasted coffee beans – all to promote sustainability through coffee.



(Above) Coffee and SDGs for Kids seminar at the Summer Coffee Festival
(Below) The UCC booth at an event organised by Maibara City

Recycled coffee paper was used to create the colour-coded reaction cards in Takara Tomy's online class



Colouring UCC milk coffee cans during a preschool lesson at Seiha English Academy

#Collaboration and co-creation

Collaboration with Seiha English Academy

UCC Group partnered with SEIHA Network, a provider of English education for children, to deliver a sustainability education programme that combined coffee and language learning. The collaboration was driven by shared values – UCC’s vision of ‘powering positive change with coffee’ and SEIHA’s mission to nurture the next generation through English education.

The programme ran from 20 July to 31 August 2024 across over 500 Seiha English Academy locations nationwide, reaching around 5,000 students. For preschoolers, the programme included fun and engaging quizzes, videos, and colouring sheets to help them learn about coffee and the SDGs. Meanwhile, primary school students explored questions like ‘What is coffee?’ and ‘Where does it grow?’ It also encouraged them to understand sustainability challenges in the coffee industry and reflect on their own possible actions.

In July and during the summer holidays, UCC hosted 16 days of events at

KITAKYUSHU GLOBAL GATEWAY (KGG) – western Japan’s first experiential English language learning centre – including coffee sommelier training and food pairing experiences. Around 2,000 visitors learned about the SDGs in English through these interactive coffee experiences. UCC Japan also created sensory programmes where participants learned how coffee is cultivated, explored different bean types, engaged the five senses as they paired coffee with sweets, and reflected on the environmental and social impact of the coffee industry.

#Collaboration and co-creation

Participation in the BEING ALIVE exploratory learning project at Sapporo Tsukisamu High School in Hokkaido

UCC Group partnered with non-profit SWITCH Association of Sustainability and confectionery company ISHIYA, to participate in the BEING ALIVE exploratory learning project at Sapporo Tsukisamu High School. A total of 14 workshops were held between September 2024 and February 2025.

Twenty-eight students participated, engaging in in-depth dialogue with sustainability representatives from UCC Japan and ISHIYA to explore practical actions for environmental conservation.

UCC Japan facilitated the first three sessions, sharing initiatives on environmental issues, human rights, and resource recycling. In sessions 9 and 10, UCC and ISHIYA held joint talk sessions where students exchanged ideas with company representatives about potential solutions to current challenges, gaining new perspectives on building a more sustainable society. In the final session, students presented their outcomes at school, sharing their learnings and action plans with the entire student body.



Mana Saza
Representative Director,
SWITCH Association
of Sustainability

Dialogue with businesses was a valuable experience for the students

UCC Group offered students a thoughtful explanation of their efforts to make coffee more sustainable. Students explored how daily life in Japan is connected to global warming, and through conversations with sustainability coordinators at each company, they gained a sense of companies’ genuine commitment and creative problem-solving.

I was impressed by how the students developed a strong sense of agency over the six-month group project – identifying local issues, devising solutions, and taking real steps towards action. Students made comments like, ‘I’ve started thinking about global issues as problems of my own’ and ‘I’ve developed real problem-solving skills’, reaffirming the importance of letting students experience first-hand the passion of companies taking real action for sustainability.

I look forward to continuing to work together to take action on global warming and expand the movement for change.

Advancing research in the field of 'Coffee x Health'

Health target

By 2030, the UCC Group aims to contribute to the health of people around the world through 300 million cups yearly and annual sales of 15 billion yen in the field of 'Coffee x Health'

Daily coffee to support daily health

At the UCC Group, we are developing products on the theme of 'Coffee x Health' to support customer well-being. Alongside research on the health benefits of coffee and the development of functional food products, we are expanding our decaf coffee range to respond to the growing interest in controlling caffeine intake with different kinds of lifestyles.



UCC hosted a media seminar on the health benefits of coffee-derived trigonelline, a molecule identified through our own research (November 2024)

Decaf coffee you can enjoy anytime, anywhere

UCC Decaffeinated Coffee, which took first place at the 2025 Tamahiyo Baby Goods Award in the best decaf category for the fifth consecutive time. Tamahiyo readers shared positive feedback saying, 'It tastes so rich I can't believe it's decaf!' and 'I drink it every day!' Available in a wide range of formats – from on-the-go drip bags to instant coffee granules and bottled coffee – UCC Decaffeinated Coffee lets people enjoy great flavour while managing their lifestyle. It is ideal for pregnant and breastfeeding women, those concerned about coffee's effects on sleep, or anyone looking to moderate their coffee intake.

We are also challenging the notion that decaf is not delicious or that it is only for certain people by offering opportunities to try it and suggesting new ways to enjoy it throughout the day.



* Tamahiyo is a magazine for expectant and new parents. The Tamahiyo Baby Goods Award 2025 ranks products and services that 2,062 Tamahiyo readers, predominantly mothers and fathers, found genuinely useful based on a survey conducted from August to September 2024 and featured on the Tamahiyo website.



UCC Decaffeinated Coffee

Available in a wide range of formats, including as grounds, on-the-go drip bags, instant granules, and bottled coffee. The drip bag is available in two flavour profiles.



Case study

#Moving forward with ambition #Collaboration and co-creation

Developing products focused on the health benefits of coffee-derived trigonelline

First Coffee Product with Function Claims*

In Autumn 2024, UCC Ueshima Coffee launched the UCC &Healthy Special Blend. After four years of dedicated in-house research, UCC discovered that trigonelline, a compound found in coffee, helps increase resting energy expenditure in individuals with a higher BMI. This was accepted as the first coffee in Japan to carry a function claim for this benefit.*

Health benefits of coffee-derived trigonelline

The human body contains two main types of fat cells: white adipocytes, which store fat, and brown adipocytes, which burn fat to generate energy. Studies have confirmed that coffee-derived trigonelline helps convert white fat cells into beige adipocytes, a type of fat cell whose presence has been revealed in recent research. In other words, coffee-derived trigonelline helps the body shift from storing fat to burning it.

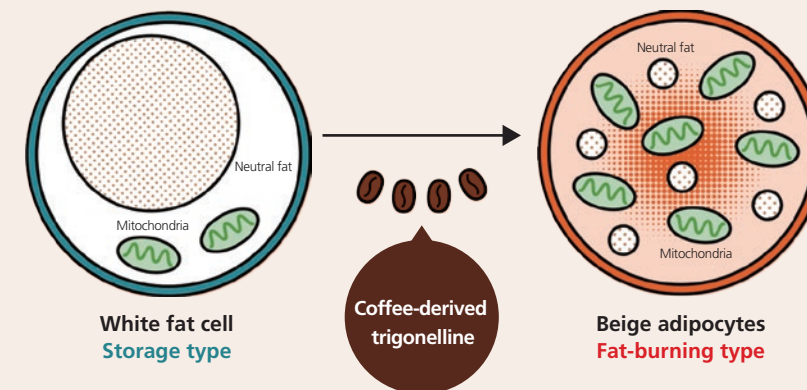
In a clinical trial involving 91 men and women, participants were divided

into two groups: one that consumed coffee-derived trigonelline regularly and another that received a coffee-derived trigonelline-free specimen food. After eight weeks, their resting energy expenditure was compared. The results showed that individuals with a higher BMI ($23 \leq \text{BMI} < 30$) who consumed coffee-derived trigonelline expended more energy at rest.

Commitment to flavour

The UCC &Healthy Special Blend is made with 100% regular coffee and crafted with uncompromising attention to flavour. Coffee-derived trigonelline is abundant in green coffee beans but decreases significantly during roasting, so finding the right balance was key to product development. Through repeated taste testing and coffee-derived trigonelline analysis, we secured the ideal content while achieving a rich, sweet aroma and well-balanced flavour. The product has been decaffeinated to meet the daily recommended intake of four cups for functional benefits without excessive caffeine intake.

Illustrative diagram (in vitro study)



* Coffee-derived trigonelline has been recognised for supporting increased resting energy expenditure in individuals with a higher BMI (as of July 2024)

Food product with function claims

UCC &Healthy Special Blend
Product Claim

This product contains coffee-derived trigonelline, which has been reported to support an increase in resting energy expenditure – a component of daily energy metabolism – for individuals with a higher BMI.

- Maintain a balanced diet by including staple foods, main dishes, and side dishes.
- This product is not intended to diagnose, treat, or prevent disease.
- This product has not been endorsed by the Japanese government.



Voice

Realising coffee's potential as a health beverage

Emi Ueda

Project Leader,
Research & Development Division
UCC Ueshima Coffee Co., Ltd.

Health is a universal value and a crucial theme for the long-term sustainability of the coffee industry.

In September 2020, we launched an internal project team and began research on the unique benefits of coffee-derived trigonelline. We never compromised on flavour. It took considerable trial and error to turn our research into a commercial product, but we're truly proud to finally share it with our customers.

Few people associate coffee with health benefits today. However, now that coffee has transformed from a luxurious indulgence into a beloved staple of daily life worldwide, we believe creating new value as a health beverage is a bold challenge, one that can drive positive change for society and the future of the coffee industry. This challenge is fuelled by our passion for crafting delicious coffee and the expertise we've refined over the years.

We're heading into a future with more reasons than ever to love coffee.

Newly released in 2024
UCC &Healthy
Special Blend



Governance

Risk management and improving transparency in the UCC Group

Governance and sustainability

Striving to become a truly global company

Global governance

The UCC Group comprises four regions: Japan, Europe, the Asia area, and the Oceania area. The roles of UCC Holdings, which is our global headquarters, and of each regional oversight company are as follows:

- UCC Holdings: General group affairs and procurement of green coffee beans and other materials
 - UCC Japan: Holding stock for Japanese subsidiaries and affiliates, general affairs, overseas exports
 - UCC EUROPE: Managing of Europe-related business (coffee procurement, manufacturing and sales)
 - UCC ASIA PACIFIC: Managing of Asia-related operations (coffee manufacturing and sales, coffee/restaurant operations)
 - UCC ANZ: Coffee manufacturing and sales in Australia and New Zealand, coffee machine sales, maintenance and rental, coffee/restaurant operations
- Regional CEOs summarise local conditions and significant trends in their area, which are reviewed by the Global CEO. Management policies are then finalised following the approval of the Board of Directors.

Promoting sustainability and strengthening governance

The UCC Group considers its relationship with stakeholders to be a key factor when managing its businesses. We have developed a framework to incorporate diverse opinions from various stakeholders, including customers and employees, as well as through our Japan Center for Engagement and Remedy on Business and Human Rights (JaCER) membership. This approach allows us to gain essential feedback and make well-informed decisions.

As a company that handles coffee, the UCC Group considers sustainability to be the most critical issue in our management. Guided by two key concepts – ‘Helping nature thrive’ and ‘Helping people flourish’ – we have developed a sustainability framework that serves as a sustainability policy for the whole group. In line with this framework, we have established a governance structure for sustainability, with the Global Sustainability Senior Committee (GSSC) at the helm. The GSSC’s members consist of the President of Business and Trading of UCC Holdings, regional operational managers, and operating

officers in charge of sustainability management promotion and corporate planning & legal matters at UCC Japan. Their role is to monitor progress toward sustainability goals, propose solutions, and drive initiatives to overcome challenges.

The UCC Group’s regional core companies promote activities that align with our common global sustainability policy while also considering local conditions. During monthly global sustainability meetings, GSSC members and regional operational staff come together to share updates on activities and progress toward goals across different regions. If challenges arise, these meetings serve as a forum to discuss and develop strategies for addressing them. Additionally, the meetings are an opportunity to share achievements and challenges related to sustainability targets and highlight best practices and ideas on how to apply them to other regions. The committee also discusses significant environmental changes affecting our business and matters requiring managerial decisions, reporting them to the Global CEO and Board of Directors in a timely and appropriate manner, facilitating informed management decisions across the group.

The critical discussions held during these monthly meetings are further shared at semi-annual sustainability management briefings attended by key global executives, ensuring the management and continuity of the UCC Group’s sustainability efforts.

The UCC Group consistently integrates established policies into its business operations through its governance structures. We also conduct annual training sessions for executives across key group companies to deepen awareness of sustainability. These sessions cover a wide range of topics, from emerging sustainability challenges and leading case studies to insights from global NGOs and NPOs. Participants deepen their understanding through expert-led lectures and dynamic discussions with specialists in various fields.

With this unique structure, the UCC Group contributes not only to its own sustainability but also to the broader sustainability of the global coffee industry.

2024 Sustainability Executive Training

Date: 16 October 2024
Theme: Value creation through sustainability.

Details: Fundamentals of sustainability management as well as global best practices and core strategies in creating shared value (CSV).

Lecturer: Takehiko Mizukami, CEO, SharedValue Consulting LLC.



Our Global Sustainability Senior Committee comprises company directors responsible for our operations in Japan, Europe, Asia, and Oceania which form the main areas of business for the UCC Group. To achieve the objectives in sustainability we have laid out, we evaluate the progress of our efforts and lead the way in taking swift action to address any challenges that may arise.

Sustainability Management Report (semi-annual)
Progress review of company-wide measures by UCC Group directors, CEOs and executives of major operating companies.

Global Sustainability Meeting (monthly)
Reporting on progress, challenges and solutions.

Japan

JAPAN

UCC Japan Co., Ltd.

UCC Japan is responsible for formulating the entire UCC Group’s sustainability strategy and managing overall progress toward sustainability goals. It also oversees operations in Japan, leading sustainability initiatives for the UCC Group companies in the region.

UK

EUROPE

UCC EUROPE LIMITED

UCC Europe represents our European businesses, based in UK & Ireland, Netherlands, France, Switzerland and Spain. UCC Europe takes the lead in implementing sustainability actions relevant to the European markets it operates in, which contribute to our Group goals.

Singapore

AP

UCC ASIA PACIFIC PTE. LTD.

UCC Asia Pacific represents our Asia Pacific businesses, based in Singapore. UCC Asia Pacific takes the lead in implementing sustainability actions relevant to the markets it operates in, which contribute to our Group goals.

Australia / New Zealand

ANZ

UCC COFFEE AUSTRALIA LIMITED
UCC COFFEE NEW ZEALAND LIMITED

UCC Coffee ANZ oversees the Oceania region and leads sustainability initiatives for the region’s businesses based on the specific circumstances of each country.

Assessment of financial impacts related to climate change
(Evaluation of risks and opportunities based on TCFD*)

The UCC Group regards addressing climate change as an important management issue and conducts risk and opportunity assessments based on the guidelines of the TCFD.

Assumptions and scenarios for evaluation

Evaluation timeline

The timeline for climate change-related risks and opportunities is set as follows: 2030 for the medium-term horizon, focusing on the near future, and 2050 for the long-term horizon, addressing the more distant future.

Scenario planning

We plan two scenarios: a ‘1.5 °C scenario’ representing a pathway toward accelerated decarbonization and a ‘4 °C scenario’ representing a pathway where decarbonization is delayed.

Scenario	Overview and reference scenarios from major external organizations
1.5°C scenario	Overview This scenario assumes that early and steady global efforts to strengthen regulations and policies will allow us to achieve carbon neutrality by 2050. It also anticipates that transition risks – arising from changes in regulations, technology, and market conditions associated with the transition to carbon neutrality – will become apparent. Reference scenarios from major external organizations ● IEA: Net Zero Emissions by 2050 Scenario (NZE) ● NGFS: Net Zero 2050 ● IPCC: SSP1-2.6 ● PRI Inevitable Policy Response: 1.5°C Required Policy Scenario (RPS)
4°C scenario	Overview This scenario assumes that only current policies will be maintained, with insufficient additional climate change measures, leading to increased physical risks such as more severe natural disasters caused by extreme weather events. Policies and regulations to reduce greenhouse gas emissions have made little progress, and the transition risk is assumed to be smaller than the 1.5 °C scenario. Reference scenarios from major external organizations ● IEA: Stated Policies Scenario (STEPS) ● NGFS: Current Policies ● IPCC: SSP5-8.5

* Taskforce on Climate-related Financial Disclosures

Transition risk

Category	Contents	Priority	Financial impact	Financial implications		
				Scenario	2030	2050
Policy and regulations	Introducing and enhancing carbon pricing will lead to increased costs for carbon emissions and higher carbon taxes (additional cost for Scope 1 and 2 emissions).	High	Carbon tax burden incurred	4°C	Small	Small
				1.5°C	Medium	Small
	The introduction and intensification of carbon pricing will raise the price of chemical fertilizers, increasing coffee production costs for farmers and, consequently, UCC Group's coffee sourcing costs.	High	Increase in raw material procurement costs (increase in coffee procurement prices due to carbon pricing for chemical fertilizers used during coffee production)	4°C	Small	Small
				1.5°C	Medium	Medium
	GHG emission regulations will be tightened, and the cost of investment in low-carbon technologies and equipment to meet these regulations will increase.	High	Increased cost of investment in low-carbon technologies and equipment (Scope 1 and 2 emission reduction)	4°C	Medium	Medium
				1.5°C	Large	Large
	Deforestation is increasingly recognized as a significant factor in GHG emissions, leading to the introduction of regulations on the sale of coffee produced in deforested areas. Coffee producers unable to prove that their coffee was not produced in deforested areas may lose sales opportunities.	High	An increase in coffee procurement costs (due to the added expense of proving that the coffee is sourced from non-deforested areas)	4°C	Small	Small
				1.5°C	Medium	Medium
	Increased concern over plastic use will require introducing a tax on the use of one-way plastics (disposable plastics) and switching to alternative materials, resulting in corresponding costs in packaging materials.	High	Increased cost of complying with plastic use regulations	4°C	Medium	Medium
				1.5°C	Medium	Medium
Market	As decarbonization progresses, energy prices (natural gas prices) will rise, increasing product production costs.	High	Increase in natural gas procurement costs	4°C	Small	Small
				1.5°C	Small	Small
	As decarbonization progresses, energy prices (electricity prices) will rise, increasing product production costs.	High	Increase in electricity procurement costs	4°C	Medium	Small
				1.5°C	Medium	Small
Reputation	If a company's climate change efforts are insufficient, its brand reputation will suffer, resulting in fewer opportunities to do business with customers and difficulties recruiting human resources.	High	Decrease in operating income	4°C	Small	Small
				1.5°C	Large	Large

Physical risk

Chronic	Rising temperatures and changes in precipitation associated with climate change will reduce coffee yields and increase coffee sourcing costs.	High	Rise in coffee procurement costs	4°C	Large	Large
				1.5°C	Medium	Large
Acute	Floods and other weather-related disasters damage a product's production site, resulting in a shutdown of operations and a loss of sales opportunities.	High	Sales opportunity losses due to shutdowns caused by the disaster	4°C	Small	Small
				1.5°C	Small	Small

Opportunity

Energy source	Using alternative energy sources such as hydrogen roasting technology, electric roasting, and alternative fuels for coffee roasting will reduce carbon emission costs.	High	Decrease (or increase) in roasting costs due to conversion from natural gas to hydrogen roasting and a reduction in carbon tax	4°C	Medium (Risk)	Low (Risk)
				1.5°C	Small (Opportunity)	Medium (Opportunity)
Products and Services	As climate-related disclosures and regulations are introduced, more client companies will declare their climate-related goals, and opportunities will increase to sell products that contribute to their clients’ climate-related goals.	High	Expand sales opportunities for products that contribute to customers’ climate-related goals	4°C	Small (Opportunity)	Small (Opportunity)
				1.5°C	Small (Opportunity)	Small (Opportunity)

Note: Criteria for determining the magnitude of financial impact are based on the following assumptions
For the impact on sales revenue → Large: 10 billion yen or more, Medium: 1 to 10 billion yen, Small: Less than 1 billion yen
For the impact on operating income → (%) Large: 3.3% or more, Medium: 0.3% to less than 3.3%, Small: Less than 0.3%
For the capital investment to sales ratio → (%) Large: 3 % or more, Medium: 1.5 to less than 3%, Small: Less than 1.5%

Greenhouse gas emissions for Scope 1, 2, and 3

(Unit: t-CO2)					
	2019 (base year)	2021	2022	2023	2024
Scope1					
Japan	45,693	40,145	38,456	38,045	38,017
Europe	11,870	10,314	10,767	11,316	11,590
Asia	1,695	1,639	1,963	2,033	2,170
Oceania	1,976	1,976	1,976	1,976	2,357
Global total	61,234	54,074	53,162	53,370	54,134
Scope2					
Japan	44,782	51,728	34,149	30,793	29,702
Europe	2,044	320	345	225	66
Asia	1,109	1,084	1,166	1,266	1,310
Oceania	781	781	781	781	719
Global total	48,716	54,074	36,441	33,065	31,797
Total for Scope 1 and 2	109,950	107,987	89,603	86,435	85,931
Scope3					
1 Purchased products and services	—	—	—	—	1,858,501
2 Capital goods	—	—	—	—	7,234
3 Fuel and energy activities not included in Scope 1 and 2	—	—	—	—	21,818
4 Transportation and delivery (upstream)	—	—	—	—	175,799
5 Waste from business	—	—	—	—	24,304
6 Business trip	—	—	—	—	22,279
7 Employee commuting	—	—	—	—	2,111
8 Leased assets (upstream)	—	—	—	—	4,113
9 Transportation and delivery (downstream)	—	—	—	—	15,764
10 Processing of sold products	—	—	—	—	21,791
11 Use of products sold	—	—	—	—	196,155
12 Disposal of sold products	—	—	—	—	93,993
13 Leased assets (downstream)	—	—	—	—	N/A
14 Franchise	—	—	—	—	N/A
15 Investment	—	—	—	—	N/A
Total amount of Scope 3	—	—	—	—	2,443,862

Note: The global total GHG emissions for Scope 1 and 2 in 2019/2022/2023, and for Scope 1+2+3 in 2024, have been assured by Socotec Certification Japan KK in accordance with ISO 14064-3 and ISAE 3000.

Air pollutant emissions

(Unit: t)	
	2024*
SOx emissions	4.3
NOx emissions	36.8

Data coverage in Japan

Waste and byproduct emissions

(Unit: t)	
	2024*
Amount of discharge	39,188
Amount recycled	34,143
Recycling rate	87.1%

Data coverage in Japan

Water consumption

(Unit: m³)	
	2024*
Water intake volume	2,531,978
Wastewater discharge volume	1,175,851

Data coverage in Japan

Note: The fiscal figures marked with * have been independently assured by SOCOTEC Certification Japan Co., Ltd in accordance with ISO14064-3 and ISAE3000.

Disclosure of Nature-related financial impacts (Based on the TNFD Framework)

The UCC Group recognises that preserving the natural and social environments of coffee-producing regions is essential for the long-term sustainability of coffee production. That is why the UCC Group is committed to a nature positive approach as part of its support for coffee-producing regions. In FY2024, we began analysing our strategic responses to sustainable procurement in accordance with the Taskforce on Nature-related Financial Disclosures (TNFD) using the LEAP approach.

TNFD LEAP Approach: Locate/Evaluate

We have identified the following characteristics of the coffee sector in relation to the value chain and its connection with nature.

Coffee industry	Value chain	Industry characteristics
	Upstream: Coffee bean production	From a life cycle assessment perspective, UCC recognises that the greatest environmental impacts in the coffee industry occur at the farm level with substantial inputs of fertilisers, fuel and water from irrigation. Coffee cultivation can lead to deforestation and biodiversity loss due to the conversion of natural forests into farmland.
	Midstream: Import, processing and sales (UCC business)	
	Downstream: Services and consumption	

Given the nature of the coffee industry, we conducted a location analysis of upstream coffee production using the following process to identify regions requiring prioritised intervention.

Upstream location analysis/selection of priority sites	Implementation process	Analysis details
	Step 1: Estimate total production area	Estimated the total land area required for production based on coffee sourced in 2021
	Step 2: Map key coffee-producing regions	Selected the top eight producing countries by total procurement volume: Brazil, Ethiopia, Honduras, Peru, Vietnam, Colombia, Guatemala and Tanzania
	Step 3: Select analytical indicators to prioritise conservation needs	Identified key indicators for prioritising conservation needs, including climate, biodiversity and vulnerability to future change
	Step 4: Identify regions important to both nature and coffee production	Identified 31 administrative clusters across the eight countries of importance for both nature and coffee production

TNFD LEAP Approach: Assess

We have identified the following nature-related risks and opportunities in the coffee sector. We will further our analysis in alignment with the UCC Group's business and examine specific risks and opportunities for our operations.

Risk assessment	Category	Item	Overview of risks in coffee industry
	Transition risks	Growing market demand Risk of land use change	Production will need to triple by 2050 to keep up with future coffee demand
			Globally, coffee is cultivated on approximately 10 million hectares of farmland
			Coffee is often grown in areas threatened by biodiversity loss and deforestation
	Physical risks (Chronic)	Climate change	By 2050, climate change may reduce suitable areas for coffee cultivation by 50%
			Climate change threatens coffee productivity and quality, ultimately putting supply at risk

Opportunity assessment	Category	Item	Overview of opportunities in coffee-growing regions
	Sustainability	Coexistence with nature	We aim to deliver positive outcomes for both people and nature by improving productivity and quality through environmentally sustainable farm practices.
	Sustainability	Nature positive approach	We enable effective and sustainable land management by categorising key nature positive approaches into the categories of conservation, restoration and regeneration.
	Business	Stable sourcing	Enabling sustainable sourcing by investing in production regions

We will continue our analysis and disclosure in line with the TNFD and collaborate with our various stakeholders on measures to address nature-related risks and opportunities.



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Sustainability

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