

## ◆ Sustainability Activities

### Basic Approach

In line with our corporate philosophy, we have continued to grow by providing new value to customers and society through innovations. *Xylitol gum* launched in 1997 was one of such examples in a way that went against a conventional image of confectionery believed to cause cavity. We provided new value that chewing gums can help us maintain strong and healthy teeth while addressing the importance of promoting “cavity-free teeth” as a social issue. This example aligns with our slogan referred to as CSV (Creating Shared Value), aiming to solve social issues while creating economic value simultaneously. We will contribute to solving issues of our society, including climate change and human rights, by realizing CSV in line with the LOTTE Group Philosophy. In 2018, we established the Policy on Sustainability, which clarifies our approaches to realize sustainable management.

Our corporate philosophy is defined upon three important LOTTE values we have upheld as the basis for all of our corporate activities since our founding to achieve the mission. Three LOTTE values consisting of “User Oriented,” “Originality,” and “Quality” are the driving force behind innovations to realize CSV goals.

▶ LOTTE Group Philosophy

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

▶ LOTTE Policy on Sustainability

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

### Promotion System

In collaboration with the related departments and LOTTE Group companies, the officer in charge of our ESG Promotion Department acts as a manager, and the ESG Promotion Department’s Sustainability Section serves as the secretariat. The Sustainability Section also formulates sustainability-related policies and strategies, monitors progress toward meeting the Medium-Term ESG Targets, and cooperates with related departments to promote the activities. The officer in charge provides reports to the Executive Committee and the Board of Directors on the progress toward meeting the Medium-Term ESG Targets and on important matters relating to sustainability. In FY2022, it was reported four times (four subjects) in the Executive Committee and four times (five subjects)

in the Board of Directors’ meeting. Also, the secretariat serves as a liaison to promote communication with society and understand the stakeholders’ expectations and concerns to be reflected in the sustainable management activities. Through regular dialogues with outside experts (page 15), we try to bring in feedback from outside the company.

The Risk Management Committee takes the lead and manages sustainability-related risks that may have a significant impact on our business (page 20 for climate change-related risks, page 32 for human rights) under the risk management structure (page 54).

In addition, the Sustainability Section is responsible for disclosing information; it references GRI\*<sup>1</sup> and SASB\*<sup>2</sup> while also working to expand the breadth of information disclosed and contribute to the dialogues with all of our stakeholders.

\*1 GRI: Stands for Global Reporting Initiative. It is a non-profit organization that establishes sustainability-related international standards.

\*2 SASB: Stands for Sustainability Accounting Standards Board. Founded in 2011, this non-profit organization based in San Francisco, U.S., provides industry-specific disclosure standards on ESG factors for companies that are expected to have a significant financial impact in the future.



### Employee Education

To promote sustainable management, we believe that employees who play an integral role in this process have a full understanding of the concept. We employ various methods to ensure that employees receive the information and training they need. Our online

company newsletter contains articles explaining materiality and the Medium-Term ESG Targets, which it supplements with timely dissemination of information on topics relating to sustainability. In addition, information pertaining to sustainability is included in all training programs offered by the Human Resources Division, such as training for new hires, and newly appointed managers and assistant managers.

We also invite experts from outside the company to give lectures on materiality-related topics in our employee seminars. To make this program more accessible to employees, we started offering online streaming and made video archives available in FY2020.

### → Lectures Held

FY2019	<b>Oral frailty *1:</b> (Relevant materiality theme: Food and Health) <b>Palm oil</b> (Relevant materiality theme: Sustainable Procurement) <b>Food safety</b> (Relevant materiality theme: Food Safety and Reliability)
FY2020	<b>The IKUBOSS *2</b> (Relevant materiality theme: Employee Empowerment) <b>Food education</b> (Relevant materiality theme: Food and Health)
FY2021	<b>KAMUKOTO</b> (Relevant materiality theme: Food and Health) <b>Renewable energy</b> (Related materiality theme: Environment) <b>Global warming</b> (Relevant materiality theme: Environment)
FY2022	<b>Plant-based food (PBF)</b> (Relevant materiality theme: Food and Health, Sustainable Procurement) <b>Dialogue about signing WEPs*3</b> (Relevant materiality theme: Employee Empowerment)

\*1 Oral frailty: Deterioration in oral functions such as chewing, swallowing, or speaking, and constitutes a form of physical frailty.

\*2 IKUBOSS: Bosses (executive or manager) who enjoys his or her own work and private life while supporting his or her team members in their careers and achieving balance between their work and home commitments, in addition to achieving results for his or her organization.

\*3 WEPs: Action principles of a company’s voluntary efforts on women’s empowerment created jointly with the UN Global Compact and the UN Development Fund for Women (now UN Women)