

◆ Dialogues with Experts

Since 2018, we have invited external experts to engage with us in dialogues. These dialogues provide us with honest opinions and advice for the future regarding our sustainability initiatives, which we reflect in our activities.

In 2023, we held the dialogue in a hybrid format using online and face-to-face discussion.

I hope that your initiatives to promote health will be further accelerated by the newly developed Mastication Check application.

LOTTE has been promoting *KAMUKOTO* Awareness for many years, and I hope that your initiatives will be further accelerated by the newly developed Mastication Check application. I tried it myself with my family, and we had a lot of fun measuring the force with which we chew. I think that knowing about your own chewing force increases awareness about *KAMUKOTO* and health. Scenes of athletes chewing gum during matches at international sports tournaments have also been attracting attention. I think it is a good opportunity to promote the sports-related benefits of *KAMUKOTO*, such as improving performance and concentration.

LOTTE's demonstration experiments related to cacao bean traceability are excellent as a major step toward reducing the risk of child labor. I was astonished to see that you have upwardly revised your 2028 target for Fair Cacao significantly from 50% to 100%. Although I think it may be difficult to balance social responsibility and cost, I was convinced after hearing the story of LOTTE's efforts and initiatives, so I recommend that you place more emphasis on them outside of the company. In the future, I think dialogue with local communities will be important, so I am looking forward to your report next year as there will also be an onsite visit in Ghana.

LOTTE has been reducing both food loss and disposal costs in cooperation with Meals on Wheels Japan, which is also an excellent initiative. The use of expenses generated from reducing disposal costs to support children's cafeterias and food banks is also a positive initiative, and I look forward to its expansion in the future.

It is also important to promote initiatives with an awareness of outcomes.

This is my sixth dialogue, and the content of LOTTE's initiatives has gradually improved. I feel there has been steady progress on the issues that need to be addressed, such as disclosing climate change-related risks and opportunities in line with the TCFD recommendations. Faced with declining gum consumption, LOTTE has been implementing initiatives to contribute to people's health by promoting *KAMUKOTO* Awareness. Xylitol Chewing Check Gum and the Mastication Check application are great tools for allowing people who do not chew much in their regular diet to easily measure how much their chewing force has declined. In addition, you have been working to promote Xylitol with reference to Finland, the country that pioneered it. Scandinavian countries would serve as a guide in other areas as well, such as cutting-edge measures for reducing food loss using apps. I hope you will develop activities that involve consumers using the affinity between Scandinavia and Xylitol to good effect, such as introducing people to sustainable Scandinavian lifestyles. It is also important to implement initiatives with an awareness of outcomes in promoting achievement of the Medium-Term ESG Targets. For example, the number of people attending LOTTE's food education lectures used as an indicator for food education is an output indicator. The kind of outcomes that come from providing food education are also important. It would be a good idea to carry out surveys on questions such as changes in favorability ratings for LOTTE as feedback from some of the people who experienced factory tours and school visits. I consider that incorporating an outcomes perspective would make the importance and direction of sustainability initiatives clearer, so I urge you to consider it when you revise the targets in the future.



Makiko Akabane

Director Japan, CSR Asia

Ms. Akabane majored in political science and biology at Waseda University. Ms. Akabane has a total of over ten years of experience taking charge of CSR initiatives for multi-national companies in a variety of industries and spearheaded the launch of CSR sections for a number of companies, including Starbucks Coffee Japan, Ltd., Salesforce.com, Inc., and Nikko Asset Management Co., Ltd. Ms. Akabane has led CSR Asia Japan since 2010.



Rumi Ide

Journalist in the Problem of Food Loss and Waste
Winner of the FY2020 Consumer Affairs Agency Commissioner's Award,
Food Loss and Waste Reduction Grand Prize

Ph.D. Kagawa Nutrition University (Nutritional Science), MSc University of Tokyo Graduate School of Agricultural and Life Sciences, BSc Nara Women's University. After working at Lion Corporation and then participating in JICA, held various positions at Kellogg (JAPAN) K.K. including section head in the PR department. Founded office 3.11 due to the appalling food loss and waste of food during the 3.11 crisis. Worked on public relations for Japan's first food bank, creating the impetus for establishment of the Food Loss Reduction Promotion Act in 2016. Publications include *Shoumi Kigen no Uso* (The Myth of Best-Before Dates), *Shokuryo Kiki* (Food Crisis), *Aru Mono de Makanau Seikatsu* (Life with What You Have), *Sutenai Panya no Chousen* (The Zero Waste Bakery Challenge) (assigned book for the 68th National Youth Book Report Competition) or others.

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I recommend further promoting the fact that *KAMUKOTO* delivers various health benefits.

I have been continuously watching LOTTE's initiatives, and the tremendous evolution of the five listed materialities is excellent. I think that "health" is the most important keyword. I have also tried the Xylitol chewing check gum and the Mastication Check app. The results were easy to understand, and allowed me to renew my awareness of the importance of *KAMUKOTO* and dental and oral health. While dental and oral health is obviously important, I would like you to further promote the fact that *KAMUKOTO* delivers various physical health benefits to people in all generations.

LOTTE has also been focusing on initiatives related to food safety and reliability. In addition to the introduction of a more stringent standard under LOTTE ADVANCE, the "quality assurance by all employees" approach is excellent. Rather than leaving everything to the Quality Assurance Department, it is vital for employees in all departments to raise their awareness and work on quality assurance.

On the issue of reducing food loss, donations of surplus products that could not be shipped have been expanded in cooperation with Meals on Wheels Japan, which serves as a hub for food banks and children's cafeterias nationwide. I hear that donations of confectionary are greatly appreciated, and this is a very meaningful initiative both socially and environmentally being a very positive attempt to effectively utilize products without disposing of them.

It might be a good idea to appeal to the younger generation from the perspective of ethical consumption, as young people are engaging with activities in this area with much more interest than our generation who have lived through an era of mass production and consumption.

Incorporating a gender perspective will broaden LOTTE's outlook on social issues.

Using *KAMUKOTO* to support well-being in an era of 100-year lifespans is a very positive approach. Population decline, the low birthrate, and the aging population are major social issues. Extending healthy life expectancy for the elderly is very important in maintaining society in the future. In particular, the largest segment of the population will be elderly women. Rapid decrease in female hormones after menopause is said to increase health risks specific to women, such as decreased immunity, decreased saliva volume, and increased periodontal disease bacteria. If you add a gender perspective to your initiatives in *KAMUKOTO*, they might bring additional values and broaden social impact.

I think the high percentage of workers who took paternal leave is excellent. However, given the objective of the paternal leave is to establish a solid foundation for a father and his partner to share "care responsibilities", such as household chores and childcare, the "length" of the leave taken also matters. Increase in such workplaces will lead to the realization of a society where both mother and father can engage in "work and child-rearing," an environment the younger generation is calling for. I hope that relevant measures are taken according to the specific situations of different departments and locations so that male workers can take more time off for childcare.

Gender perspectives can help you better understand social issues. I would like to commend President Gochou's signing of the WEPs (Women's Empowerment Principles) and demonstration of his commitment. Promotion of Diversity, Equity, and Inclusion (DEI) and gender-responsive LOTTE-Novation will be the key to sustainable development. To meet this goal, I encourage you to utilize the WEPs framework.



Yuki Urago

Former Secretary General, Consumers Japan*

Ms. Urago graduated from Kanagawa University. After seven years of working at a company, she became involved in co-op activities while raising children as a full-time housewife. She served as Secretary General of Consumers Japan from May 2017 to May 2023 after working as a director at U CO-OP and Japan Consumers' Cooperative Union. She also served as a council member of the Ministry of Health, Labour and Welfare, the Food Safety Commission of Japan, and the Consumer Affairs Agency.

*A nationwide liaison for consumer organizations that participates in various councils and submits public comments to disseminate opinions on behalf of the consumer regarding various life-related topics



Asako Osaki

Director, Gender Action Platform (GAP)
Visiting Professor, School of Policy Studies, Kwansei Gakuin University

Master of International Affairs (majoring in International Human Rights), Columbia University, United States. At the United Nations, she was in charge of promoting gender equality and women's empowerment and led numerous initiatives such as education, employment and entrepreneurship, and political participation. She currently works as an independent gender expert, who is in a unique position to connect global and local, as well as public and private sectors. She serves as a member of the Experts' Meeting on the Implementation and Monitoring of the National Action Plan for Gender Equality, the Cabinet Office, and as the Expert Japanese Representative for the ISO Gender Equality Guidelines International Working Group, as well as in other roles. She coordinated the production of the Japanese edition of a handbook on "Women's Empowerment Principles (WEPs)."

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I urge you to have fun promoting sustainability activities with anticipation for a new future.

I have been taking part continuously in the dialogues every year, and the gradual progress is very clear to see.

Sustainable procurement is a particularly important issue. Palm oil especially involves a variety of issues and demands proper action. Progress has been made in disclosing climate change risks and opportunities based on the TCFD recommendations, so I would like to see LOTTE envisage various scenarios other than climate change such as for biodiversity and human rights issues to examine future measures.

In addition, although I think it is difficult to increase the number of women managers quickly, it might be a good idea to increase the target a little. The company's strong performance on the childcare leave utilization rate for men leads the industry, which I think is excellent. I urge you to examine initiatives with a focus on the period of leave rather than just the leave utilization rate in the future. Over the past few years, it has become possible to balance childcare and work as part of flexible work styles such as telecommuting, so there is also scope for considering new indicators that can grasp these.

To explain initiatives related to food and health, it is effective to tell the story of how they contribute to people and society, rather than quantitative indicators alone. I think you can involve more stakeholders by explaining initiatives through a compelling narrative-style story. I would also like to see examination into making good use of the LOTTE Group's assets.

There is a tendency to think of corporate sustainability activities as a difficult task involving conflicts such as those related to costs and existing business. However, these initiatives are fundamentally future-oriented, so I urge you to have fun promoting sustainability activities with anticipation for a new future.

I think the demonstration experiments related to cacao bean traceability will be a major inspiration for the Japanese chocolate industry.

Clearly setting targets with deadlines and numerical values and disseminating them properly internally and externally is what leads to their steady achievement. I am looking forward to further promotion of initiatives in the future, including those related to respect for human rights.

In the area of sustainable procurement, I felt that the newly commenced demonstration tests related to traceability of cacao beans will serve as great inspiration for the Japanese chocolate industry. I think it is a unique approach, using technology to ensure traceability and visualize issues. The question of how any issues that are found can be solved is also an important one, so I am looking forward to the next step.

As efforts on issues in the supply chain such as a living wage and deforestation progress in the future, I think it will become more important for the entire company to be involved, including business divisions and procurement divisions. LOTTE can also consider creating an environment that encourages employees to address sustainable business activities by incorporating sustainability aspects into employee education and evaluation criteria.

I think it is excellent that you are implementing diverse social contribution initiatives that take advantage of the characteristics of LOTTE's business, such as the Mastication Check app and cooperation with Meals on Wheels Japan. You explained materiality in detail. However, I think more people will have a deeper understanding if you explain what kind of issues the indicators can solve and for who, together with the social impact for food and health specifically.



Norichika Kanie

Professor, Graduate School of Media and Governance, Keio University

He is the director of the xSDG Laboratory, Keio Research Institute at SFC. Before joining Keio in 2015, he was an associate professor at the University of Kitakyushu and an associate professor in the Graduate School of Decision Science and Technology at the Tokyo Institute of Technology. He was one of the 15 Independent Group of Scientists appointed by the UN Secretary-General to write the Global Sustainable Development Report 2023. His areas of expertise are international relations, sustainability, and earth system governance. He is a leader in SDGs research, combining both theory and practice. Ph.D. (Media and Governance)



Maiko Shiozaki

CEO, Fairtrade Label Japan

After working for Deloitte Tohmatsu Consulting LLC, she served as a manager at Owls Consulting Group. As a consultant, she has been responsible for a number of areas including human rights due diligence, sustainability strategy, policy development. She wrote Child Labor White Paper 2020 — Business and Child Labor — She obtained B.A. of Economics and Master of Development Economics from Hitotsubashi University. She has completed Auditor Training for SA8000, the international standard for human rights and labor.

Responding to the Experts

We will incorporate the external opinions and advice into the evolution of our sustainability activities and information disclosure.

Our business depends on connections with a variety of stakeholders. We believe that building positive relationships and co-creating value with stakeholders are essential for achieving sustainable growth. Therefore, we have continued to hold dialogues with external experts to reflect the opinions of stakeholders in our sustainability reports and information disclosure. In the dialogue last year, much expectation was expressed about an approach to sustainability that is characteristic of LOTTE's, so we have deepened initiatives focused on our distinctive characteristics, including demonstration experiments on traceability of cacao beans using blockchain and the release of an app that measures chewing force.

We also received some advice on targets in this year's dialogue. In 2048, LOTTE will celebrate the 100th anniversary of its founding. We will discuss our vision of what LOTTE should be like for the 100th anniversary, as well as considering a pathway for reaching it using backcasting and preparing for the evolution of our targets, so I hope you look forward to that.

Toshihiro Sato

Managing Executive Officer
LOTTE CO., LTD.



Collaboration with External Initiatives

Main Industry Organizations in Which LOTTE Participates

All Nippon Kashi Association (ANKA)	(Vice Chairman)
Japan Food Industry Association	
Japan Food Industry Central Council	
Japan Chewing Gum Association	(Chairman, Executive Director)
Chocolate and Cacao Association of Japan	(Managing Director, Director)
Japan Biscuit Association	(Director)
National Candy Industry Association	(Honorary Advisor)
Japan Confectionery Better Business Association	(Vice Chairman)
Japan Ice Cream Association	(Vice Chairman)
Paper Packaging Recycling Council	(Director)
Plastic Packaging Recycling Council	(Auditor)
Japan Pocket Warmer Association	

Commitment to Initiatives

United Nations Global Compact (UNGC)
Roundtable on Sustainable Palm Oil (RSPO)
World Cocoa Foundation (WCF)
Science-Based Targets initiatives (SBTi)
Task Force on Climate-related Financial Disclosures (TCFD)
Task Force on Nature-related Financial Disclosures (TNFD) Forum
Women's Empowerment Principles (WEPs)
The Consumer Goods Forum Japan Sustainability Local Group (JSLG)
TCFD Consortium
Japan Clean Ocean Material Alliance (CLOMA)
United Nations Food Systems Summit (FSS)
GX League
10X20x30 Food Loss and Waste Initiative—Japan Project
xSDG Consortium
Platform for Sustainable Cocoa in Developing Countries
TOKYO ETHICAL ACTION PROJECT

External Recognition

Certified as White 500 company under the 2023 Certified Health & Productivity Management Outstanding Organizations Recognition Program
Obtained environmental management system standard ISO 14001 certification
Obtained GFSI Approval Scheme (FSSC22000/BRC) certification