

Dialogues with Experts

In April 2019, we sat down for a discussion with four experts regarding our five materiality themes and our newly formulated Medium-Term ESG Targets. From each of these experts, representing a variety of perspectives, we received assessments of our sustainability initiatives as well as advice regarding moving forward.

MAKIKO AKABANE / RUMI IDE / YUKI URAGO / JUNICHI MIZUO

LOTTE's materiality and Medium-Term ESG Targets are highly comprehensible

The newly set Medium-Term ESG Targets focus on five themes, making them highly comprehensible. It is also noteworthy that the theme of Sustainable Procurement encompasses the three major raw materials of—cacao beans, palm oil, and paper. Traceability of cacao beans, palm oil, and other primary commodities is particularly important both in terms of food safety and reliability as well as sustainable procurement, and I hope that the company continues to work toward achieving these targets. Looking toward the future, I advise LOTTE to ensure responsible supply chain management that takes into account not only environmental and human rights perspectives but also animal welfare. As far as quality is concerned, it is commendable that all factories, including those overseas, have acquired relevant. I also have high expectations for LOTTE's new proprietary quality assurance system, one of the flagship initiatives within the Food Safety and Reliability category. While I am aware that the sustainability report has been renewed for this edition, I would expect an even higher degree of disclosure on various initiatives taken by the company. For example, if the company discloses information on initiatives taken in their early stages, I believe it can stimulate active conversations both within and outside the company.



Makiko Akabane

Director Japan, CSR Asia

Career History

Ms. Akabane majored in political science and biology at Waseda University, and has over a decade of experience specializing in CSR in multi-sector and multinational companies. She 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. She leads CSR Asia Japan since 2010.

I hope the Company will hit its targets while reflecting them within.

I am impressed that LOTTE has settled on numerical targets that are ahead of those set by the government. Generally speaking, medium- and long-term environmental goals tend not to manifest quickly, so I would like the company to maintain continuous efforts. For this to take place, it is important that these targets are internalized within the company. In my personal experience, one effective strategy is to use various in-company tools to regularly communicate these targets, while another is to communicate these targets in combination with the financial merits. As an example of the second strategy, one can take the goal of reducing food loss and waste and then explain how it leads to lower costs. I believe it is also effective to raise awareness because employees can then do simple actions, such as trying the 30/10 campaign* at social gatherings.

My view on Environment as a theme is the same as last year, in that I would like companies to promote the 3Rs, with particular attention giving to "Reduce." My hope is that by reducing the amount of waste overseas we are able to realize the SDG of "leaving no one behind." In addition, given the inevitability of natural disasters, I have a certain expectation of the company to put forth ideas for products that will improve the quality of life at emergency shelters, in addition to effective ways to eat them. Lastly, looking at "Demonstrating Employees' Abilities," I would like LOTTE to set indicators related to employee health.

* A campaign to reduce food loss and waste by having guests stay seated for 30 minutes after starting a party and returning to their seats 10 minutes before the end, to encourage them to enjoy their meals



Rumi Ide

Journalist in the Problem of Food Loss and Waste

Career History

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 office3.11 due to the appalling food loss and waste of food aid during the 3.11 crisis. Put in charge of PR at Japan's first food bank, where we were then awarded the PR Award Grand Prix Award of Excellence in Social Communication. Wrote and published *The Myth of Best-Before-Dates* [Shoumi Kigen no Uso] [Gentosha Literary Publication] now in its 4th printing. Awarded the 2018 Grand Prize in the category of "Food Culture" for the Second Food Life Journalist Award for her work focusing attention on the food loss problem at a national level. Awarded the 2018 Yahoo! News Editorial Section Author Award.



Yuki Urago

Secretary General, Consumers Japan*

* 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

Career History

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. After serving as a director of the cooperative UCOOP and the Japanese Consumers' Co-operative Union, she assumed her current position in May 2017. She serves as a council member of the Ministry of Health, Labour and Welfare, the Food Safety Committee, the Consumer Affairs Agency, and the Consumer Committee.

I would like greater communication of LOTTE's unique initiatives so more people can learn about LOTTE's appeal.

I find the contents of LOTTE's efforts to be easy to understand as it goes through, with a clear path toward reaching these targets. The theme of Food Safety and Reliability holds particular importance for consumers and is something that LOTTE needs to work at continuously. It goes without saying that this is something that needs to take place at production sites, but at that same time proper inspections are also particularly important. However, food itself comes with a variety of risks. I believe that storefronts and entrances are a very effective means of communicating this sort of information with consumers, and I hope that LOTTE becomes aware of this in the future. I would also like LOTTE to promote "food and health" through food education at a variety of locations, using experience-based and other easy-to-remember methods.

I believe that LOTTE should continue to promote its materiality initiatives, and at the same time, I would like to see greater communication of these unique initiatives so that more people can learn about LOTTE's appeal. For instance, LOTTE has established a website about "kamukoto (chewing)," but if the effects of proper chewing can be communicated to a large population, including elderly people, LOTTE could potentially contribute to longer, healthier lives. From the viewpoint of Sustainable Procurement, I do believe it important that LOTTE be more active in the disclosure of its initiatives related to cacao beans and other materials.



Junichi Mizuo

Emeritus Professor and Ph.D. in Business Administration, Surugadai University
Outside Audit & Supervisory Board Member, Daicel Corporation
Outside Member of the Business Ethics Committee, Seibu Holdings, Inc.

Career History

After working at Shiseido Co., Ltd., Mr. Mizuo was a professor at Surugadai University until his retirement in March 2018, assuming his current positions. He serves as Deputy Chairman of the Japan Society of Business Ethics Society, Outside Member of the Business Ethics Committee of Seibu Holdings, Head Researcher at the Business Ethics Research Center, and in 2010 he was a visiting scholar at the University of London. As an author, he has published several works.

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The company deserves praise for taking the proper steps to formulate its materiality. In addition to current issues, the problem of plastic waste is gaining attention on the global stage. I would like LOTTE to look into a response to this issue in the future.

While the company has assembled five materiality themes, it is the employees who are responsible for business activities, meaning the theme of Demonstrating Employees' Ability is the basis for all other themes, and that its related activities need to be given the highest priority. Although LOTTE was recognized under the 2019 Certified Health & Productivity Management Outstanding Organizations Recognition Program (White 500), I believe the company should continue to improve its health management further and drive employee satisfaction even higher. In 2016, LOTTE established the Department of Employee Empowerment to promote diversity, and I expect that efforts and results will be reported internally and externally. Specifically, I would like to see the company establish a work culture that allows male employees to take childcare leave. By establishing itself as a company where employees can be active members at any life stage and irrespective of gender, LOTTE will raise its value as an organization and draw greater attention from students as they enter the workforce. I would like to see the Company continue its march forward, spurred on by the strong leadership of top management.

Responding to the Experts



Kenichiro Sakai

Executive Officer
Head of Corporate Strategy Division
LOTTE CO., LTD.

We will put our full strength behind reaching our Medium-Term ESG Targets.

We set new Medium-Term ESG Targets to ramp up our sustainability efforts. Starting from this fiscal year, we just kicked off specific actions to reach these targets. Looking at these expert opinions, I can tell that our direction is in keeping with the demands of society. Knowing this, we will put our full strength behind reaching these targets.

At the same time, these opinions have also contained valuable advice pointing toward specific actions we can take, and have highlighted issues we have yet to take into account. One particular example of an issue we need to consider is that of plastic waste, which has received a lot of attention from society. Moving forward, we will deepen internal discussions about how to address this issue. We will also continue to conduct investigations based on the advice and opinions received from these experts, and continue to hold regular dialogues and listen closely to outside opinions.