

◆ President × Outside Director Dialogue



— **The thoughts and feelings contained in the new Purpose of “To create a happier future by connecting people through original ideas and uplifting experiences.”**

Gochou: We feel there have been a variety of changes, including workstyles and consumer behavior, after the experience of the COVID-19 pandemic. Under such a situation, we found a need to share with all of our employees what we are here for and the value we provide. We also wanted to make the Purpose short and simple to ensure it is easy to understand and convincing. We expressed the Purpose in words after holding interviews with a variety of stakeholders, including employees.

Sonoda: As an unknown infectious disease was close by, I think

some people began to think about the meaning of their own existence and what value they could provide in life. As a company owner, I myself also reconsidered the meaning of the company’s existence. I feel it is very important to properly express what we are here for in words as our purpose and share it as LOTTE has done. A purpose is like a guiding star. There are various ways and routes for climbing up to the top of the mountain (the Vision), and I think it would be good for everyone to use the same guiding star as a marker while climbing up in various ways.

◆ President × Outside Director Dialogue

Through the process of promoting the company's Purpose, could you get all the employees to think about their own personal purpose? What are original ideas? What are uplifting experiences? What is a happier future? I would like everyone to discuss these questions and express them in words. First of all, I would like to hear about your own personal purpose, Mr. Gochou.

Gochou: My uplifting experience is making customers happy. When I see people buying our confectionary and ice creams at stores, or children enjoying eating them at resorts, I feel very happy. Therefore, I believe that my role is to shape organizations and people that will produce a succession of products and services that are loved by people.

I like the word "inspire" and I want to be a person

who conveys my own ideas to people and inspires them. We must become a company that enables employees to think and challenge themselves, stimulated by the way I myself take the initiative in taking on new challenges. My own personal purpose definitely lies in creating a "culture that enables us to rise to any challenge," an "environment that facilitates free and open discussion," and the "discovery of individual strengths" that I have been advocating for since I first became President.

—Aims of promoting sustainability management

Gochou: DEI (Diversity, Equity, and Inclusion) is essential for creating the original ideas that are mentioned in the Purpose, and our business, particularly our raw materials, is based on the bounty of nature. In other words, promotion of sustainability management is indispensable when thinking about the future of LOTTE, and it is only meaningful if our employees understand it and put it into practice. It has been five years since we established our five materialities and Medium-Term ESG Targets in 2018, and these ideas and targets have permeated the company to some extent. We invited you to serve as an Outside Director because we wanted you to help us in further promoting sustainability management.

Sonoda: When I received a request to serve as an Outside Director, I remember the concept of sustainability management that you just described resonated with me, so I accepted your offer. In



fact, my mother ran a candy store, so LOTTE's chocolates and ice creams are full of enjoyable memories for me. But from an external perspective, I had the impression that LOTTE did not disclose much information in the past, and I did not fully understand the company's sustainability initiatives to be honest. However, when I talked with the employees, I found they were making very serious and enthusiastic efforts. However, this seriousness may result in overly cautious dissemination of information. Since you are making the effort to take on the challenge of positive and progressive new initiatives, please disseminate information even when the initiatives are still a work in progress. Disseminating information will facilitate the involvement of many people from inside and outside the company, which will, result in initiatives with more impact.



◆ President × Outside Director Dialogue

—Progress and revision of the Medium-Term ESG Targets

Gochou: About the progress of the Medium-Term ESG Targets, we have made steady progress on the targets for reductions of energy-related CO₂ emissions and sustainable procurement of primary raw materials. On the other hand, there are some targets, such as those for food and health, that are difficult to reflect in initiatives. It has been five years since we established the targets in 2018, and we have discovered several issues. For example, it has been observed that the unique qualities of LOTTE are not very perceptible, and there is no target on reduction of petroleum-derived single-use plastics. We also think we should change to more appropriate indicators for the targets previously mentioned that are difficult to reflect in initiatives. In making revisions to these areas, we form a project led by young employees to promote discussion from the perspective of a vision for what LOTTE should be like in 2048, the 100th anniversary of our founding.

Sonoda: I completely agree with revising the targets by backcasting from the ideal vision for the 100th anniversary of the company's founding. As was agreed under the Paris Agreement, Japan has declared it will achieve carbon neutrality by 2050, and society is expected to change significantly. If we think about the future as a continuation of what we have done in the past, it may seem impossible to realize, but thinking about the future by backcasting broadens our per-

spective and also leads to new ideas that we did not have before. By setting and publicizing big targets, we can open up new pathways as people from outside the company also come forward with the desire to collaborate. I am looking forward to taking part in the workshops for discussing the ideal vision of LOTTE.

—Expectations of LOTTE for realizing sustainable growth

Sonoda: The most important resource is human capital. The launch of LOTTE University to train the next generation of leaders is really wonderful. Regarding human resource development as an investment rather than a cost is a significant change in perspective for making decisive investments in future corporate growth. In addition, it is important to train human resources with the ability to practice followership rather than just leadership. The presence of followers to build and move forward together is essential for leaders to reach their full potential.

Gochou: Besides LOTTE University, we are developing systems that enable employees, particularly the younger generation, to put their hands up to play active roles, including an open recruitment personnel system and an in-house venture mechanism. Of course, in conjunction with this, we will also review the evaluation system so that the various challenges are recognized. Human resource development is truly my purpose, so we will continue to go forward with all kinds of measures.

Sonoda: That is a wonderful commitment from top man-



agement. Active participation by diverse human resources is essential for creating innovation through original ideas and realizing sustainable growth. Even if an individual has a good idea, it is just a pie in the sky without support to bring it out and make it into reality. It is the role of management to create such support. As an Outside Director, I will continue to actively provide more and more support.

Ayako Sonoda, Outside Director

Representative Director & Chairman, Cre-en Inc.

In 1988, Ayako Sonoda established Cre-en Inc. which has supported approximately 800 companies to date in the planning and production of sustainability reports and integrated report, in addition to providing sustainability consulting. She serves as Representative Director at Mirai RITA Foundation, Director at Sustainability Forum Japan, and Outside Director at MITSUBISHI ESTATE CO., LTD., among other roles. She has been an Outside Director at LOTTE since 2022.