

◆ Message from the President

We have set a new goal of
LOTTE MIRAI CHALLENGE 2048 in order to
accelerate our sustainability initiatives
from a long-term perspective

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Our inherited founding spirit, and our Purpose for the future

Our mission here at LOTTE CO. LTD. is: “We enrich people’s lives by providing superior products and services that our customers love and trust.” This stems from the strong belief of our founder, who, during the post-war era when poor-quality products were widespread due to shortages, was convinced that creating better products would enrich both people and society. This founding spirit has been passed down to the present day, over 70 years later, as the three important LOTTE Values of “User Oriented,” “Originality,” and “Quality.”

In today’s rapidly changing and unpredictable business environment, I feel that our Purpose—our reason for existence—is

more important than ever. In 2023, together with our employees across the group, we formulated a new Purpose: “To create a happier future by connecting people through original ideas and uplifting experiences.” The phrase “a happier future” in our Purpose expresses our determination to realize a sustainable planet and society.

Updating our goals toward 2048 —our 100th anniversary

Since 2018, our group has been promoting sustainability using medium-term goals for the period from 2018 to 2028. We are making steady progress toward achieving these goals, particularly in areas such as the environment and sustainable procurement. For example, to decarbonize, we have begun sourcing power from

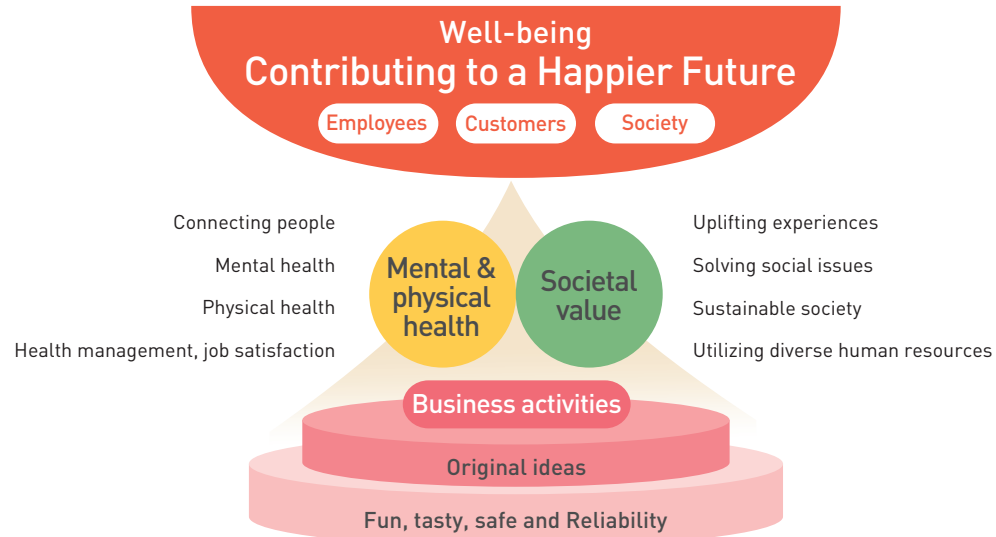
the solar power plants owned by Lotte Financial Corporation. Additionally, Lotte Wedel in Poland has switched all electricity generation to wind power. We have also significantly enhanced our information disclosure, in particular regarding the sustainable sourcing of cacao beans, with expanded information in this report covering production areas.

A long-term perspective is crucial in sustainability initiatives. If we are to make progress, we need to change our mindset and consider the costs associated with decarbonization and addressing human rights not as mere expenses, but instead as investments in growth. To accelerate our sustainability efforts, we have updated our goals using a backcasting approach, targeting the future we want to achieve by 2048, our 100th anniversary. When setting these future goals for 2048, we believed it was important to incorporate the perspectives of future generations, and so we launched a project with members from the middle to younger ranks to facilitate discussions. Thus, starting from our Purpose, we formulated our three sustainability visions and a new goal called “LOTTE MIRAI CHALLENGE 2048.”

A happier future built on someone else's misfortune is not the future we are aiming for

The first of our sustainability visions is “Evolving Our Brand Tailored to Customers for a Happier Future.” This vision incorporates our desire to use our business activities to not only provide customers with value such as mental and physical health, but also to contribute to the happier future of our stakeholders, including employees and society. A happier future built on someone else’s misfortune is not the future we are aiming for. However, the value chain is rife with challenges that need to be addressed, such as child labor, deforestation, greenhouse gas emissions, and plastic waste. We believe that working with stakeholders to resolve these issues is the way to achieve the happier future outlined in our Purpose. We believe that this is the well-being value that Lotte provides.

Message from the President



Well-being provided by LOTTE CO., LTD.:
 “To contribute to a happier future of our stakeholders by providing physical and mental health as well as social value through our business activities”

Collaborating with stakeholders to address challenges

The second of our sustainability visions is “Connecting People, Creating a Sustainable Planet,” and this expresses our commitment to working with stakeholders to solve problems. Our business is not something we can perfect alone; it requires collaboration with many stakeholders who comprise the value chain. We aim to take the lead in connecting with, involving, and mutually learning with stakeholders to jointly work at transitioning toward a sustainable business. To do this, we believe that all employees, including our executives, must have the knowledge to engage in dialogue with stakeholders about the environment, and so we have incorporated environmental training as one of our goals.

To continue growth through innovation

The third of our sustainability vision, which strongly reflects the sense of urgency felt by the project members, is “Becoming a

Company with Diverse Talent and Continuous Innovation through original ideas.” When faced with the further accelerating population decline in Japan, the increasing fluidity of the labor market, and the diversification of values, we feel a strong sense of crisis that, unless we enhance the attractiveness of our workplace, there may not be anyone left who could work for our group. To continue growing through innovation, we must become a company where diverse talent can come together and fully demonstrate their abilities. We will continue to evolve so that people want to work at Lotte, and will feel happy that they do so. We have been promoting Diversity, Equity & Inclusion (DEI) along with flexible workstyles, but I will personally take the lead in accelerating these efforts.

Passing on a happier future to the next generation

Our group’s business is supported by the blessings of nature, such as agricultural products, and by many stakeholders, including the farmers who produce them. Working to solve issues related to the

environment and human rights and realizing the happier future outlined in our Purpose to pass on to the next generation are, in themselves, the business activities that will protect our management resources and achieve sustainable growth. The three sustainability visions and the LOTTE MIRAI CHALLENGE 2048 we have formulated are important milestones on the path to this happier future. As a top executive, it is my responsibility to ensure that this permeates our company, becomes a central tenet of our business activities, and is steadily realized.

Various initiatives have already begun toward achieving these goals. For example, regarding the realization of a circular economy, we have formed a new cross-functional project to specifically select products that will be updated with new packaging. While there may be an increase in initial costs, we will proceed with discussions taking a long-term perspective. Preparations are underway for executives to be the first to start with environmental training. I will also take the lead in working to achieve other goals. We will continue to confront new challenges unique to our group, so we look forward to your support.

LOTTE CO., LTD.
Sustainability
Communication Book
2024

We have posted a roundtable discussion between the project team members involved in formulating the sustainability visions and LOTTE MIRAI CHALLENGE 2048, and President / Representative Director Nakashima. Please take the time to view this as well.

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