

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 in society” 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

The operating officer in charge of Sustainability Promotion Department serves as the representative, with the Planning Section of this department functioning as the secretariat. They work in cooperation with related departments and Group companies. The department promotes the initiatives together with related divisions, prepares sustainability-related policies and strategies, and manages the progress of targets. Based on the updates reported by operating officers in charge, the Executive Committee and the Board of Directors review and approve

important matters related to sustainability, such as materiality identification, strategies, progress on goals. In FY2023, four reports (on five topics) were presented at management meetings, and three reports (on four topics) were submitted to the Board of Directors.

The Risk Management Committee takes the lead and manages sustainability-related risks that may have a significant impact on our business (page 16 for climate-related risks, page 24 for nature-related risks, page 29 for human rights) under the risk management structure (page 51).

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

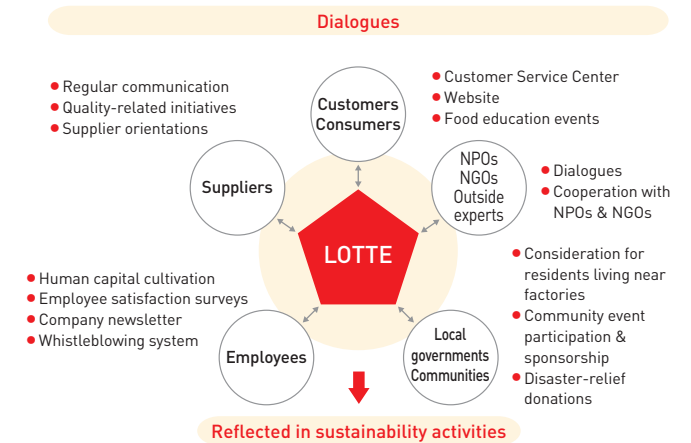
*1 GRI: Stands for Global Reporting Initiative. It is a non-profit organization that establishes sustainability-related international standards.

*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.



Stakeholders' Engagement

Our business operations are supported by relationships with various stakeholders. To build a sustainable society and environment, we continuously engage each stakeholder through bidirectional communication. We also hold annual dialogues with outside experts who represent each stakeholder. Feedback from stakeholders is reflected in our sustainability activities, including materiality and target adjustments and enhanced disclosures (See page 12).



Employee Education







To promote sustainable management, we believe that employees who play an integral role in this process must 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 distributed on a timely basis contains articles about 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.

◆ Sustainability Activities

Mapping Materiality in the Value Chain

Our business has diverse impacts on society throughout the value chain.

Below is a matrix of the most material items in our value chain, mapped to the six materiality themes defined in the LOTTE MIRAI CHALLENGE 2048.

Materiality	Raw material procurement	Company operations	Transportation	Selling	Product use	Product end life
 Mental & Physical Health		●		●	●	
 Sustainable Procurement	●					
 Circular Economy	●	●		●	●	●
 Decarbonization	●	●	●	●	●	●
 Social Engagement	●	●	●	●		
 Human Capital		●				