

◆ 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 2024, we met directly with the experts.

During times of peace, it is important to prepare to deal with risks before they become realities

When I heard about the process of formulating the LOTTE MIRAI CHALLENGE 2048, I thought that it is wonderful that young and mid-level employees were able to take the lead in defining its vision and goals. I hope that the topics raised in the course of the discussions will be communicated to LOTTE's top management, since from my experience as an outside director at other companies, I've come to believe that executives want to hear more from worksites. I think the LOTTE Sustainability Books are excellent in that they honestly tell a range of stories. To enhance this type of narrative disclosure, I hope you will consider including stories that highlight social needs and interviews with the beneficiaries of your initiatives in future issues. For example, you are promoting a number of initiatives in cacao bean production areas—it would be wonderful if you could feature the voices of people living in those areas as to how their environment has changed as a result of your initiatives.

I believe that supply chain risks will continue to increase from now on. While it is of course important to focus on high-risk key raw materials and to strengthen your initiatives in these areas, given the wide variety of raw materials used in LOTTE projects, I also recommend that you develop plans to manage the many possible risks in procuring other materials as well. It is important to proactively prepare ourselves to take action in times of peace, instead of passively waiting for something to go wrong. Sweets and ice cream contribute significantly to people's happiness and peace of mind, both in times of peace and in crises, so I think this benefit of your products should be emphasized. Moreover, you may wish to emphasize how your products can also facilitate communication among the many people working together to overcome various global challenges.



Makiko Akabane

Director Japan, CSR Asia

Ms. Akabane majored in political science and biology at Waseda University. She has a total of over ten years of experience taking charge of CSR initiatives for multinational 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.

Increasing the company's reputation is also important for employee engagement

I found the graphic recordings used to record the workshops held during the sustainability vision discussions to be very clear, and easy to understand visually. I was able to easily grasp what kinds of thoughts went into the sustainability visions. I was curious about the rate of implementation of spreading *KAMUKOTO* awareness that has been carried out up to now. For example, data showing that LOTTE employees experience mental and physical benefits from chewing gum would be more convincing, and this could be communicated in a more understandable way.

Your collaboration with stakeholders in reducing FLW (Food Loss and Waste) is a very encouraging initiative. There may be difficulties, particularly in engaging downstream supply chains, but I encourage you to take the initiative in this. I support your efforts. Please also consider indicating that the expiration date is only a guide. The Consumer Affairs Agency also recommends labelling "best before" dates as well as "flavor indicators". While there are limitations on what can be included on packaging, I hope that as a major food manufacturer, you will continue to promote this initiative.

I also understood well how instances of food education have contributed to employee engagement. Since this is a great initiative, please actively apply for various external recognition programs. Enhancing external evaluations is important for increasing the engagement of those involved.



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 Mikanau 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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Analyzing the current situation objectively, using the Women's Empowerment Principles (WEPs) framework would be a good start

The LOTTE MIRAI CHALLENGE 2048 is an excellent goal as it encourages inter-departmental approach in solving problems. To address social issues that are complex, it is crucial to bring together people from different departments so that they can discuss and take action drawing on diverse knowledge and experience. Value Proposition, Environment, and Work Arrangements, the three elements outlined in the Sustainability Visions, are not separate, but interconnected. If these three elements can be integrated into a narrative that also takes into account megatrends such as climate change, aging society, and population decline, they will become more coherent and relatable, both internally and externally.

The younger generation appears to place great importance on whether their values align with the company's Purpose. They are also sensitive to whether performance evaluations are conducted appropriately. Transparency of the evaluation process is a key factor in pursuing both "work-life balance" and "job satisfaction."

The target on the percentage of women in management positions has been pushed back. I would like to monitor closely how you will tackle this issue. I recommend utilizing the Women's Empowerment Principles (WEPs) to conduct data-driven analysis. It will help identify structural obstacles. The United Nations Working Group on Business and Human Rights conducted an official visit to Japan last year. The final report identified 'women' as one of the 'risk groups' in the Japanese business sector and pointed out critically significant wage gap between men and women, biases in job types and employment forms based on gender, gender gap in management positions. It is essential to recognize that this is also a human rights issue.



Asako Osaki

Director, Gender Action Platform (GAP)

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 in 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, as the Representative of Japan to the United Nations Commission on the Status of Women, and as the Expert Japanese Representative for the ISO53800 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)."

Rather than merely responding passively to overseas standards and rules, I hope that you will also take the initiative in leading the discussion

I applaud the setting of the new long-term goal—LOTTE MIRAI CHALLENGE 2048. It is necessary to regularly update goals to align with changes in society and business. As we expect the themes related to sustainability to continue to increase, please keep tuned regarding developments, and prepare to respond accordingly. The use of scenario planning during the process of setting goals is innovative and commendable.

However, I feel that the target of eliminating all petroleum-based disposable plastics used in packaging by 2048 seems unnecessarily slow. While I understand that this won't be easy, I hope that as the goals are reviewed, more ambitious targets can be set, allowing for accelerated progress. In recycling, I suggest collaborating with local governments. I feel that promoting cooperation between municipalities and businesses could further accelerate the realization of a circular economy.

Furthermore, regulations and disclosure frameworks related to preventing deforestation and considering human rights in supply chains are already being actively discussed overseas, particularly in Europe. While I believe this trend will eventually influence Japan, I hope that Asia, led by Japan, will take the initiative in these discussions, rather than just passively responding to overseas standards and rules. I eagerly anticipate LOTTE's proactive participation in these discussions.



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)

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I feel that clearly explaining and communicating that these actions are “for the future” will gain the understanding of consumers

I applaud the efforts to promote CSV (Creating Shared Value) initiatives centered around *KAMUKOTO*. I also hope that you will further promote *xylitol gum*. For example, it can be useful in situations where water is scarce, such as during disasters, and from the perspective of oral care for children, it is also useful for donating to children’s cafeterias and food banks.

LOTTE is undertaking various initiatives, but from the consumer’s perspective, I feel that the messaging isn’t reaching them adequately. Communicating sincerely, using scientific evidence as shown in the Sustainability Data Book, will enable proper conveying of the message, which will lead to changes in consumer behavior. Additionally, in cases where passing on the cost of sustainability activities becomes unavoidable in the future, promote your activities with confidence, as I’m sure that consumers will understand if you clearly explain and communicate that these actions are “for the future.”

I felt that the target ratio for female managers is low. On the other hand, there seems to be progress in men taking paternity leave. The timing at which paternity leave is needed varies from family to family, so it would be better if this could be utilized more flexibly. It is also necessary to remove the gender gap within the home, and I hope that progress will continue while listening to the concerns of both women and men. Initiatives for minorities such as LGBTQ+ are also important. Excessive consideration can sometimes be counterproductive, so I’d like to see more initiatives that support LGBTQ+ allies—people who understand and support them.

Aligning internal recognition of the social issues the company is addressing at a high level of understanding can maximize the social impact of individual measures

I felt that the sustainability visions and LOTTE MIRAI CHALLENGE 2048 embodied the essence of LOTTE. The idea put forward by project participants that “choosing LOTTE products naturally leads to environmental consideration” is exactly the important role expected of manufacturers, so I encourage you to make this a reality. Additionally, looking at the targets set, it is clear that you carefully discussed the balance between ideals and reality to involve the entire company in moving forward. By further specifying and clarifying the social issues each materiality seeks to solve and aligning recognition within the company, I feel that future individual measures can be more focused, maximizing social impact.

I feel that steady progress is being made regarding your human rights initiatives. Both establishing guidelines for human rights in public relations and marketing, and verifying packaging and social media are excellent initiatives. As advice for the future, I believe that risk can be further mitigated by having people with wide-ranging backgrounds conduct reviews from diverse perspectives.

Additionally, in addressing the challenges faced by cacao bean production areas, it is noteworthy that you visited these areas to directly listen to the voices of farmers in vulnerable positions. Along with the issue of child labor that LOTTE is focusing on, taking an integrated approach to addressing other intricately intertwined issues such as poverty among farmers and deforestation will lead to the thorough, fundamental resolution of these problems. In addition, given the trends in European regulations, it is becoming increasingly important to verify from a third-party perspective whether programs being implemented locally are being carried out appropriately.



Chisako Gono

Secretary General, Consumers Japan

After graduating from university, she served as a school-age childcare worker at a children’s culture center for nine years. After that, while engaging in child-rearing and caregiving, she participated in educational volunteer activities at elementary schools and cooperative activities at consumer cooperatives. After serving as Director of the U CO-OP Consumers’ Cooperative and the Managing Director of the Kanagawa Prefecture Consumers Cooperative Union, she currently serves as the Secretary-General of Consumers Japan. She has served as a committee member within the Cabinet Office, the Consumer Affairs Agency, the Ministry of Health, Labour and Welfare, and the Ministry of Agriculture, Forestry and Fisheries, and voiced her opinions from the perspective of consumers.



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, and policy development. She wrote *Child Labor White Paper 2020 — Business and Child Labor —*. She obtained a B.A. of Economics and a Master of Development Economics from Hitotsubashi University. She has completed Auditor Training for SA8000, the international standard for human rights and labor.