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LION

LION
Integrated Report
2020
Sustainability




Editorial Policy and Lion's Disclosure

Editorial Policy

Lion views this report as an important tool for presenting its sustainability initiatives and drawing on stakeholder opinions while furthering corporate activities.

Lion Integrated Report 2020: Sustainability Editorial Policy

- Since 2011, we have systematized our initiatives for sustainability in accordance with ISO 26000, an international standard concerning corporate social responsibility. This report is structured to reflect this.
- This report discloses our Sustainability Material Issues and our progress toward the medium-term sustainability objectives corresponding to Lion's management plan.
- For ease of access, links to key Lion webpages are marked by a  icon.
- GRI Sustainability Reporting Standards were used as a reference for producing this report.
- Lion's sustainability activities, including some information not provided in this report, are comprehensively presented on our website.

Referenced Guidelines:

- The Environmental Reporting Guidelines (2018) issued by the Ministry of the Environment
- GRI Sustainability Reporting Standards issued by the Global Reporting Initiative
- ISO 26000: 2010 Guidance on social responsibility issued by the Japanese Standards Association

Comparative Tables for Referenced Guidelines



<https://www.lion.co.jp/en/csr/report/#sec03>

Scope of Coverage:

Lion Corporation and all of its consolidated subsidiaries are covered, in principle.

* Where the scope of coverage of reported activities or data differs from the above, a description is provided.

Period Covered:

From January 1, 2019 to December 31, 2019

*Some parts also include information about 2020

Published:

June 2020

Lion's Disclosure

Investor Relations

IR news, quarterly financial statements, shareholders meetings, securities reports, etc.



<https://www.lion.co.jp/en/ir/>

About Us

Company overview, management vision, message from management, corporate governance, corporate compliance, research & development, etc.



<https://www.lion.co.jp/en/company/>

Information not included in the integrated report is available on Lion's website.



Lion Integrated Report 2020

Sustainability

Lion's approach to sustainability, social contribution activities, SDG-related initiatives, etc.



Lion Integrated Report 2020: Sustainability is published to supplement the Integrated Report as a tool for reporting in greater detail Lion's activities aimed at achieving sustainability.
<https://www.lion.co.jp/en/csr/>

Products

Products offered by Lion, presented by category



<https://www.lion.co.jp/en/products/>

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Core Subjects of ISO 26000

E 17 The Environment



23 Human Rights



25 Labor Practices



S 30 Fair Operating Practices



32 Consumer Issues



36 Community Involvement and Development



G 39 Organizational Governance



42 External Evaluations / Participation in External Groups



The Lion Group's History of Addressing Social Issues

Oral Care

From 1896

Cavity prevalence among children at 96% / Promoting oral care



Front

Lion Toothpowder



Back

Lion Toothpowder packets printed with charity coupons
(The starting point of Lion's social contribution activities)

From 1913

Started educational activities to foster healthy tooth brushing habits



Held the first Lion oral hygiene lecture
(The start of promotional and educational activities)



Held the first Oral Health Event of Tooth Brushing for Children
Teaching correct tooth brushing methods to children

From the 1960s

Expanding the market and developing world-class products



White Lion
(Japan's first toothpaste with calcium phosphate, which is highly effective for whitening teeth)



Dentor Lion toothpaste
(The first in Japan formulated to prevent pyorrhea)

Addressing diverse oral health issues



Established the Lion Foundation for Dental Health (LDH)
(Promoting oral healthcare through LDH)



CLINICA Lion cavity prevention toothpaste
(The world's first toothpaste formulated with the enzymes that break down dental plaque)

Cleanliness and Comfort

From 1891

Start of soap manufacturing and promotion of correct laundry methods



Kohyo Soap

(Beauty soap produced in Lion's early days)



Laundry lecture held by Lion Laundry Science Laboratories

From the 1950s

Addressing health problems caused by parasites on vegetables



Lipon F

(Japan's first kitchen detergent for washing fruits, vegetables and tableware)

From the 1960s

Addressing diverse lifestyle needs



Mama Lemon

(Dish and vegetable detergent that is gentle on the hands)



CHARMY Green

(Kitchen detergent that is gentle on the hands and strong against grease)

Environmental Conservation

From the 1920s

Use of plant-derived ingredients



Plant-derived Lion Laundry Soap

(Japan's first plant-derived household laundry soap)

From the 1960s

Addressing foaming in rivers, eutrophication in lakes and marshes and other water environment issues with advanced technology



Dash

(Laundry detergent formulated with the highly biodegradable surfactant AOS)



Murin TOP

(A phosphate-free laundry detergent formulated with enzymes to be environmentally friendly while maintaining high detergency)



Lion's founder
Tomijiro Kobayashi

Lion's origins lie in soap and toothpaste. Since our founding in 1891, we have strived to adhere to our founding spirit of “benefitting society through business activities,” seeking to help consumers enjoy healthy living through the provision of products while engaging in communication and educational activities aimed at promoting better living habits. We recognized long ago that global environmental protection is an issue that the whole world shares and have taken environmental measures accordingly, such as developing environmentally friendly products. To address evolving social issues and help bring about a better society, as well as to realize our management vision, we are moving forward with sustainability initiatives.

From the 1990s

Addressing gum disease through the systematic combination of products with clear functions



Dentor Systema Lion Series
(Gum disease prevention)

From the 2000s

From oral care to whole-body health
Promoting oral health care



CLINICA Advantage Series
(Preventive dentistry promotion)



Activities to promote good oral
health care habits in Asia

From the 1990s

Promoting good hand washing habits and
related products, helping raise cleanliness and
hygiene awareness



KireiKirei Medicated Hand Soaps
(With antibacterial agents)

From the 2000s

Contributing to clean and comfortable living in Asia



TOP NANOX
(now **TOP SUPER NANOX**)
(Super-concentrated liquid laundry detergent)



TOP SUPER NANOX overseas



Activities to promote the practice of
hand-washing in Asia



KireiKirei overseas

From the 1990s

Reducing CO₂ emissions by using primarily
plant-based washing ingredients



Natera
(Dish and vegetable detergent made
primarily from natural coconut oil)



Emeron Shokubutsu-Monogatari
(Plant Story) beauty soap
(Beauty soap made with 100%
plant ingredients)



Spark
(Laundry detergent made from palm oil)

From the 2000s

Addressing environmental issues through products and communication



The “eco Lion” Mark
(Mark printed on environmentally
friendly Lion products)



Development of
eco-friendly products



Environmental education
through events
(Participation in EcoPro)

1	Realizing a Low Carbon Society
2	Realizing a Sound Material-Cycle Society
3	Harmonizing with Nature
4	Awareness and Education in Society

Promotion of Eco Vision 2020
(Implemented in three-year phases beginning 2012)

Eco Vision 2020

➡ p.22

Lion's Sustainability

Basic Approach

Companies are members of society, and their business activities have an impact on both society and the environment. As such, companies have a corporate social responsibility (CSR) to contribute to the creation of a sustainable society from the perspectives of the environment, society and the economy.

Upholding its founding spirit of "benefiting society through its business activities," Lion, in addition to pursuing economic development, has long considered its impact on the environment and society and worked to address related issues through its business activities.

Today, "Becoming an advanced daily healthcare company" is Lion's management vision. To achieve this vision, Lion is implementing its LIVE Plan Medium-term Management Plan (2018-2020), and advancing management aimed at sustainable social development and business growth. Lion is working to address material issues in its management to reduce risks while seeking to realize healthy minds and bodies for all through the promotion of oral healthcare, cleanliness and hygiene habits.

Sustainability Management (Japanese)



<https://www.lion.co.jp/ja/csr/management/>

Contributing to the Achievement of the SDGs

The Sustainable Development Goals (SDGs) are a set of common goals for 2030 established by the United Nations (UN) aimed at the realization of a sustainable world.

As an advanced daily healthcare company, the Lion Group's contribution will mainly be to the realization of SDG 3, "Ensure healthy lives and promote well-being for all at all ages," through its products and services. At the same time, by pursuing initiatives aimed at accomplishing the LIVE Plan, Lion will contribute to the creation of a sustainable world, the ultimate goal of the SDGs.



- Promoting oral healthcare
- Establishing cleanliness and hygiene habits

SUSTAINABLE DEVELOPMENT GOALS





Lion's SDG-Related Initiatives



<https://www.lion.co.jp/en/csr/sdgs/>

Risks and Opportunities Related to the Sustainability Material Issues in the Value Chain

Lion has comprehensively considered the entire value chain and its stakeholders to classify the Sustainability Material Issues as either risks or opportunities.

Value Chain Stage		Raw Material Procurement 	Lion's Activities 
Key stakeholders	Business partners		
	Employees		
Sustainability Material Issues	Opportunities	<ul style="list-style-type: none"> • Promoting Diversity • Promoting Work-Life Balance • Developing Human Resources • Reinforcement of Health and Productivity Management 	
	Risks		
		<ul style="list-style-type: none"> • Enhancing the Occupational Safety Management System 	
		<ul style="list-style-type: none"> • Building Responsible Supply Chain Management 	
		<ul style="list-style-type: none"> • Embedding Compliance • Enhancing Group Governance 	

Identifying Material Issues

Through the steps shown at right, Lion established a set of Sustainability Material Issues to address in the years leading up to 2020 based on its vision for society in 2030, including its management vision and the SDGs. Lion's Sustainability Material Issues are for both Lion and society and, with the goal of helping to realize a healthy future for people and the planet, the choice of these issues was informed by the broad perspectives of business, environmental and social sustainability. In identifying these issues, we comprehensively considered the entire value chain and Lion's stakeholders to understand the risks and opportunities they represent.

In 2020, we set new the Sustainability Material Issues and objectives for 2030 as a vision for the Lion Group in 2030. In particular, we have positioned "Promoting Environmental Initiatives for a Sustainable Planet" and "Creating Healthy Living Habits" as issues of top priority, and they represent areas in which we must invest management resources to secure a competitive advantage.

Our approach to identifying Sustainability Material Issues



Steps for identifying Sustainability Material Issues

Step
1

Identify social issues

Based on ISO 26000, the SDGs, the GRI Standards and the ten principles of the UN Global Compact, 39 social issues were identified.

Step
2

Consider their degrees of impact on society and businesses

The issues identified in Step 1 were evaluated in terms of their impact on society and businesses and reviewed by related departments, the director in charge of sustainability and the Board of Directors.

Step
3

Investigate the soundness of the material issues

The soundness of each item was investigated in light of the viewpoints of third-party institutions and the issues were revised as necessary.

Step
4

Obtain approval from the Executive Committee and Board of Directors

The Sustainability Material Issues identified were approved by the Executive Committee and Board of Directors.

Use by Consumers



Disposal by Consumers



Customers

Shareholders and investors

Local communities

● Pursuing Customer Trust and Satisfaction

● Creating Healthy Living Habits

● Promoting Environmental Initiatives for a Sustainable Planet

● Respecting Human Rights

● Promoting Risk Management

Sustainability Material Issues and Objectives for 2030

With an eye to achieving its management vision of “Becoming an advanced daily healthcare company” by 2030 and contributing to the Sustainable Development Goals (SDGs), a set of shared global goals for 2030, in 2018 the Lion Group established the Lion Group Sustainability Material Issues. We are working toward objectives based on these issues by the end of 2020.

The Lion Group believes that it is crucial to take a longer-term perspective in order to ensure that it can continue to meet the needs of society and customers and grow its businesses. Accordingly, we have reexamined the material issues the Group will face in the period leading up to 2030 and set new objectives. The 2030 objectives are based on previously identified material issues but aim for a higher level of achievement and set quantitative indicators for evaluating such achievement.

The world today faces enormous social problems, from demographic graying and declining birthrates to climate change, marine plastics and pandemics.

The Lion Group has designated as top-priority material issues “Promoting Environmental Initiatives for a Sustainable Planet” and “Creating Healthy Living Habits,” the latter of which contributes to the realization of everyday happiness and has been a constant focus of the Group since its founding. We are advancing initiatives aimed at solving social issues through our business activities accordingly. Some of the innovative new initiatives we are implementing in these areas are showcased in this section.

Promoting Environmental Initiatives for a Sustainable Planet

▶ pp. 9-10

Lion's Approach

Reduce environmental impact over the entire life cycle of products, including during customer use

Contribute to the realization of a decarbonized society

Contribute to the realization of a resource-circulating society

Related SDGs



Creating Healthy Living Habits

▶ pp. 11-12

Lion's Approach

“ReDesign” everyday rituals to realize healthy minds and bodies for all

Contribute to everyday health and comfort and longer healthy life expectancy

Related SDGs



Lion's Value Creation Foundation and Risk Management

Promoting Diversity

Promoting Work-Life Balance

Developing Human Resources

Reinforcement of Health and Productivity Management

Enhancing the Occupational Safety Management System

Respecting Human Rights

Building Responsible Supply Chain Management

Pursuing Customer Trust and Satisfaction

Promoting Risk Management

Embedding Compliance

Enhancing Group Governance

Basic Approach

Through sustainable business activities that adhere to its corporate motto and management philosophy, the Lion Group is working to address the Sustainability Material Issues with the aim of contributing to a healthy future for people and the planet.

The Sustainability Material Issues and 2030 Objectives

	Core Subjects	Material issues	Objective	Indicator	Related SDGs
E	The Environment	Promoting Environmental Initiatives for a Sustainable Planet	Reduce CO ₂ emissions throughout business activities and product life cycles.	• CO ₂ emissions ⇒ Down 30% compared with 2017 levels	3 6 7 9
			Promote the 3Rs (reduce, reuse, recycle) and renewable activities.	• Recycled plastic and biomass plastic usage ⇒ Double 2017 levels	12 13 14 15
			Reduce water usage throughout product life cycles.	• Water usage ⇒ Down 30% compared with 2017 levels (per unit of net sales)	17
S	Community Involvement and Development	Creating Healthy Living Habits	Provide opportunities for everyone to practice oral healthcare whenever necessary, regardless of living environment, physical condition, economic status, education or access to information, etc.	• Persons provided with oral healthcare opportunities ⇒ 1 billion	3 4 6 10 12 17
	Labor Practices	Promoting Diversity	Enable human resources with diverse values and ideas to fully express their individuality and abilities and succeed professionally, regardless of such factors as nationality or gender.	• Employees who understand the necessity of diverse values ⇒ 80% or more	5 8 10
		Promoting Work-Life Balance	Enable employees in all countries and regions to achieve high productivity and professional fulfillment in their work.	• Employees who feel a sense of professional fulfillment ⇒ 80% or more • Productivity (profit per employee) ⇒ Increase from the 2019 level	3 8
		Developing Human Resources	Foster human resources who think independently and create value.	• Employees who are taking action to create new value ⇒ 80% or more	5 8 10
		Reinforcement of Health and Productivity Management	Increase the health awareness of and foster healthy living habits among employees and their families.	• Employees and their family members who get regular dental checkups ⇒ 80% or more • All employees are working toward personal health goals	3 8 17
		Enhancing the Occupational Safety Management System	Enhance systems to ensure compliance with occupational health and safety in each country and region, thoroughly enforce safety awareness and facility safety and ensure employee occupational safety, healthy and comfort.	• Serious health and safety legal violations ⇒ Zero • Serious accidents and serious incidents ⇒ Zero	3 8
	Human Rights	Respecting Human Rights	Reinforce systems for preventing human rights problems in line with the LION Human Rights Policy.	• Serious human rights-related issues at the Lion Group and suppliers ⇒ Zero	5 8 10 16 17
	Fair Operating Practices	Building Responsible Supply Chain Management	Implement sustainable procurement with zero tolerance for child labor, forced labor or environmental destruction in line with the Sustainable Material Procurement Policy and Lion Group Supplier CSR Guidelines.	• Procurement of third-party certified paper, pulp, palm oil and palm kernel oil ⇒ 100% • Procurement of third-party certified palm oil and palm kernel oil from suppliers that support efforts aimed at zero deforestation ⇒ 100%	5 6 7 8 10 12 13 14
			Reinforce systems for preventing corruption and bribery in line with the LION Anti-Bribery Principles	• Serious problems related to corruption or bribery at suppliers ⇒ Zero	15 16 17
	Consumer Issues	Pursuing Customer Trust and Satisfaction	Promote and reinforce consumer-oriented management by improving customer support quality and the value of products and services.	• Products in which consumer opinions are reflected ⇒ 100%	3 10 12
G	Organizational Governance	Promoting Risk Management	Implement comprehensive, extensive management of risk-related initiatives and reinforce security systems to prevent information leakage, etc.	• Risk incidents that significantly impact management ⇒ Zero • Disclosure of information about serious future risks ⇒ At least once a year	8 12
		Embedding Compliance	Reinforce effective compliance initiatives.	• Serious compliance violations ⇒ Zero	5 10 16
		Enhancing Group Governance	Reinforce management transparency and management systems in line with the Basic Corporate Governance Policy.	• Disclosure in line with the Basic Corporate Governance Policy ⇒ At least once a year	16

Sustainability Material Issues and Objectives for 2030

Promoting Environmental Initiatives for a Sustainable Planet

In 2019, the Lion Group established the LION Eco Challenge 2050, a set of long-term environmental objectives, to contribute through its business activities to the accomplishment of worldwide goals related to addressing global-scale environmental problems, such as those identified

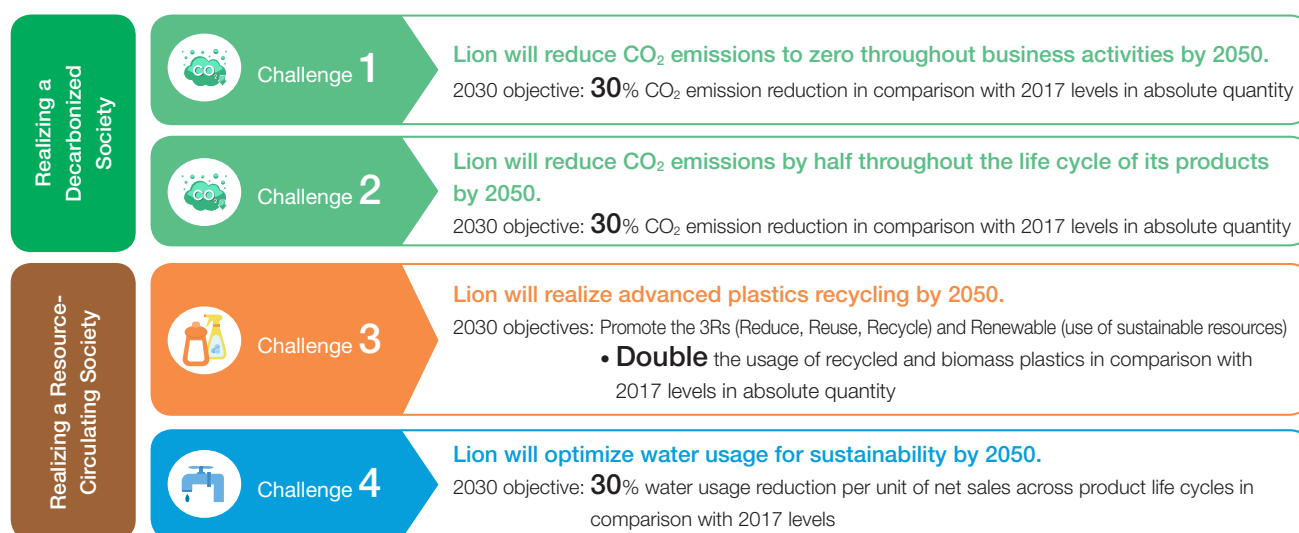
by the Paris Agreement and the Sustainable Development Goals (SDGs). Aiming to realize a decarbonized, resource-circulating society, we are putting into practice initiatives aimed at solving issues related to decarbonization, plastics and water resources.

LION Eco Challenge 2050

Healthy future for people and the planet

While striving for business growth, the Lion Group is working to contribute to global environmental sustainability, aiming to realize decarbonized, resource-circulating society by 2050.

- 1 Through all of its businesses, the Lion Group will address the issues of decarbonization (climate change) and resource circulation (plastics, water resources) to contribute to the realization of a healthy future for people and the planet.
- 2 By offering products and services based on an environment-conscious design, the Lion Group will reduce the environmental burden attributable to the household use stage of its products' life cycles.
- 3 The Lion Group will provide products that contribute naturally to environmental conservation without entailing user inconvenience or sacrifice and promote the formation of eco-friendly living habits by engaging in interactive communication with consumers.



Related SDGs



Making Daily Living Environmentally Friendly

Through innovation and coordination with diverse stakeholders, the Lion Group aims to provide consumers with products and services that "ReDesign" everyday habits and, through interactive communication, create effortless ways for consumers to be more environmentally friendly just by living

comfortably. We hope to expand these endeavors from the individual lifestyle to the local community and global levels.



Realizing a Decarbonized Society

Climate change due to global warming is causing extreme weather around the world and greatly affecting all our lives. Lion's products help make consumers' lives more comfortable and convenient. However, each stage of our business

activities, from raw material procurement to production and distribution, creates environmental burden. The stages of product use in households and disposal afterward represent an especially large part of the environmental burden.

Aiming for Innovation and Providing New Value to Consumers

The use of Lion's super-concentrated liquid laundry detergents (such as *TOP SUPER NANOX*) by consumers as part of their daily lives helps them realize clean, comfortable living while contributing to the reduction of CO₂ emissions, plastic use and water use.

By expanding our lineup of products like this that make daily living environmentally friendly, we aim to achieve business growth while reducing the environmental burden.



1. Carbon neutral: In which the CO₂ emission and absorption over the product life cycle cancel each other out.

2. Water savings of 23 l (the equivalent of forty-six 500 ml water bottles) per wash when using a horizontal drum washing machine with a 9 kg capacity to wash 3 kg of clothing.

3. Biomass plastics are polymer materials that are produced by synthesizing, either chemically or biologically, materials which contain renewable organic materials.

(Source: Website of the Japan BioPlastics Association).

Realizing a Resource-Circulating Society

Because Lion manufactures and sells plastic products, it has a significant responsibility regarding plastic-related problems.

To help fulfill this responsibility, since 2015, we have been implementing an initiative to collect and recycle used

toothbrushes in cooperation with TerraCycle Japan. Many municipal governments and schools across Japan have taken part in this initiative. Through the Toothbrush Recycling Program, as a leader in oral care, Lion is also promoting good oral care habits, aiming to help maintain and improve consumer health.

Focus

Toothbrush Recycling in Coordination with Municipal Garbage Collection

In April 2020, based on an agreement with Sumida-ku, Tokyo, where its headquarters is located, the Sumida-ku government set up toothbrush collection boxes at public facilities and schools and other educational facilities (in a total of 85 locations). As part of this initiative, in addition to

collecting and recycling used toothbrushes, Lion is providing instruction on correct tooth brushing to children at non-profit children's facilities in the area, helping spread and firmly establish healthy oral care habits.

Respond to the TCFD

In May 2019, Lion endorsed the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and began evaluating the financial impact on its operations of climate-related risks and opportunities (scenario analyses*).

Going forward, we will leverage insights gleaned thus far while enhancing our scenario analyses, considering response measures and advancing disclosure based on the TCFD framework.

* Conducted with support from the Ministry of the Environment.

Sustainability Material Issues and Objectives for 2030

Creating Healthy Living Habits

For more than a century, the Lion Group has been carrying out educational activities aimed at spreading healthy oral care habits. Today, these activities extend beyond Japan to other Asian countries. In line with the Group's purpose, the "ReDesign" of everyday rituals, we are now launching ambitious new initiatives to help create healthy living habits for even more people by working to solve issues ranging from the personal to the societal.



New Business Initiatives for 2030

Reducing Health Disparities

Health is influenced not only by individual factors, such as genetics and living habits, but also the culture and value of a person's living environment, their socioeconomic status and other social factors.

Going forward, health disparities* caused by socioeconomic disparities are expected to worsen, becoming a greater issue around the world.

We aim to become an advanced daily healthcare company. Accordingly, we will create shared value for our businesses and for society and contribute to the realization of healthy minds and bodies for all by addressing the social issue of health disparities.

As a first step, we are rolling out new business initiatives in oral care, an area that contributes greatly to creating healthy living habits.

New Business Initiative: Inclusive Oral Care

What Is Inclusive Oral Care?

Inclusive oral care refers to activities aimed at eliminating disparities in oral care opportunities due to such factors as living environment, physical condition, economic status, education and access to information and sustainably providing oral care opportunities to all people, without exception, so that they can nurture their natural capacity to live in good health through oral care.

Approach to Initiatives and Our 2030 Objective

Initiatives Going Forward

- Expand business opportunities and help reduce health disparities by eliminating disparities in oral care opportunities

- Provide a wide variety of products and services that leverage IoT, AI and other advanced technologies

Current Initiatives

- Firmly establishing healthy oral care habits
- Help increase oral care awareness through efforts to spread preventive dentistry habits

2030 Objective for Creating Healthy Living Habits

Provide opportunities for everyone to practice oral healthcare whenever necessary, regardless of living environment, physical condition, economic status, education or access to information, etc.

* A concept put forth by Chiba University's Professor Katsunori Kondo, an expert in health disparities due to socioeconomic differences.

Promoting Cleanliness and Hygiene Habits

In response to the worldwide spread of the novel coronavirus, the World Health Organization (WHO) and Japan's Ministry of Health, Labour and Welfare recommend hand washing with soap as a means of preventing infection. The Lion Group sells hand soaps and disinfectants.

As such, to fulfil our corporate social responsibility, we not only provide products, but conduct educational activities to spread correct hand washing habits in Japan and across Asia.

Lion Daily Necessities Chemicals (Qingdao) Co., Ltd.

Teaching correct hand washing at nursery schools, hospitals and parks

Lion Corporation (Korea)

An employee teaching children correct hand washing

Lion Corporation (Thailand) Ltd.

Students learning correct hand washing at an event

Lion Corporation

Children enjoying practicing correct hand washing while learning

Southern Lion Sdn. Bhd.

An employee using creative ways to teach children correct hand washing

Lion Corporation (Hong Kong) Ltd.

Lion Home Products (Taiwan) Co., Ltd.

Lion Corporation (Singapore) Pte Ltd

Nursery school students enjoying learning about hand washing through a quiz with the Lion mascot

Related SDGs



The Lion Group's Goals

The Lion Group has long worked to create better living habits, such as practicing preventive dentistry and correct hand washing, in coordination with its business activities in the areas of oral care and cleanliness and hygiene. We believe that such efforts carry on our founding spirit of "benefitting society through business activities," and that by sincerely working to solve evolving social issues, we can achieve ongoing business development and contribute to the realization of healthy minds and bodies for all.

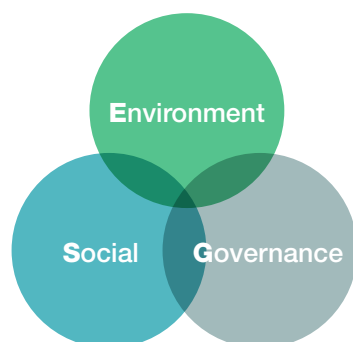
Japan is said to be one of the first countries to face certain challenges, such as severe demographic graying, and countries across Asia are forecast to face similar issues in the near future. In addition, globalization has created the conditions for infectious diseases to spread rapidly around the world. Aiming to contribute to everyday health and comfort and longer healthy life expectancy, the entire Lion Group will continue to work as one to create everyday happiness by creating healthy living habits.

2020 Sustainability Material Issues and Progress toward Objectives

Overview

The Lion Group has implemented activities aimed at the resolution of the 2020 Sustainability Material Issues identified in 2018. We manage initiatives that address these material issues using a PDCA cycle, and have confirmed that, overall, activities focused on achieving our objectives were implemented

throughout the Group. In particular, our global activities advanced through close collaboration with our overseas Group companies, and we will continue to undertake further measures going forward.



Assessment Metrics

Achieved: Achieved 2020 Objectives.

In progress: Underway toward 2020 Objectives.

				P (Plan)
	Core Subjects	Sustainability Material Issues (Related SDGs)	Basic Approach for Initiatives Aimed at the 2020 Objectives	2020 Objectives and KPI
E	The Environment ▶ p. 7	1 Promoting Environmental Initiatives for a Sustainable Planet 	Work together with consumers and local communities to actively promote environmental conservation activities, aiming for both a sustainable society and the development of our businesses.	<ul style="list-style-type: none"> Promotion of environmental business management <ol style="list-style-type: none"> Promote and achieve the Eco Vision 2020 environmental targets (Global) Establish the New Environmental Objectives 2030 to minimize environmental impacts over the entire life cycle of products, including at the stage of their use in customer households (Global) Promote the appropriate use and management of chemical substances (Global) Confirm and review the progress of environmental management through top environmental audits and the Sustainability Promotion Meeting*¹ (Domestic)
S	Human Rights ▶ p. 23	2 Respecting Human Rights 	Build a Group structure that respects human rights.	<ul style="list-style-type: none"> Enhancement of initiatives for promoting respect for human rights based on the Group philosophy <ol style="list-style-type: none"> Formulate a Group-wide human rights policy (Global) Expansion of internal and external contacts for reporting and consultation <ol style="list-style-type: none"> 100% recognition of the AL Heart Hotline (Domestic)
		3 Promoting Diversity 	Expand creative business activities through the application of diverse human resources.	<ul style="list-style-type: none"> Promotion of participation by women at the management level <ol style="list-style-type: none"> Develop female employees to drive the next generation of management (Global) Increase proportion of female employees at the management level to 20% (Domestic)
	Labor Practices ▶ p. 25	4 Promoting Work-Life Balance 	Create an uplifting feeling among employees through work style reforms.	<ul style="list-style-type: none"> Realization of "smart work"*² to harmonize productive work and personal lives <ol style="list-style-type: none"> Implement employee awareness and behavior surveys (Domestic) 70% usage rate of annual paid leave (Domestic)
		5 Developing Human Resources 	Create personal dynamism by developing human resources with diverse and abundant ideas about how to meet the expectations of global stakeholders.	Creation of human resource development systems to cultivate personnel who can learn and act independently

*¹ Held as the Environmental Conservation Committee until 2018

*² Highly concentrated work styles aimed at improving productivity



The Contribution of the Lion Group's Initiatives to the Achievement of the SDGs






The Lion Group has identified 13 sustainability material issues and is advancing initiatives toward their resolution. The chart below shows the Sustainable Development Goals (SDGs) to which our efforts to solve each of these issues contribute.

In particular, through our products, services and educational initiatives, we are working toward the achievement of SDG 3, "Ensure healthy lives and promote well-being for all at all ages."

The Lion Group's 13 Sustainability Material Issues and the SDGs They Help Achieve

	Core Subjects	Sustainability Material Issues	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
E S	The Environment	1																	
	Human Rights	2																	
	Labor Practices	3																	
		4																	
		5																	
		6																	
		7																	
	Fair Operating Practices	8																	
	Consumer Issues	9																	
	Community Involvement and Development	10																	
G	Organizational Governance	11																	
		12																	
		13																	

D (Do)	C (Check)	A (Action)
Achievements in 2019 (mid-term report)	Assessment	Measures and Challenges to Address in 2020
1) Continued activities aimed at achieving Eco Vision 2020 2) Established the LION Eco Challenge 2050 long-term environmental objectives following approval by the Board of Directors in May 2019 3) Introduced a chemical substance information management system to efficiently promote the appropriate use and management of chemical substances (Domestic) Continued to promote the appropriate use and management of chemical substances by complying with country-specific laws and regulations (Global) 4)-(1) Implemented top environmental audits by directors to promote management improvement and understanding of good example initiatives (Chiba, Osaka and Akashi Plant) 4)-(2) Promoted environmental management and bolstered awareness at related divisions through the Sustainability Promotion Meeting	1) In progress 2) Achieved 3) In progress 4)-(1) In progress 4)-(2) In progress	1) Continue activities aimed at achieving the objectives of the vision 2) Determine measures and KPIs to achieve the objectives of LION Eco Challenge 2050 3) Continue promoting the appropriate use and management of chemical substances 4)-(1) Reduce risk through top environmental audits 4)-(2) Review progress through the Sustainability Promotion Meeting
1) Established the LION Human Rights Policy for both the domestic and overseas Lion Group and disclosed it on our website in January 2019 Visited overseas Group companies to promote awareness and understanding of the LION Human Rights Policy Implemented e-learning about Lion's human rights initiatives (100% participation) (Domestic)	Achieved	1) Disseminate and confirm the status of human rights initiatives at overseas Group companies Continue e-learning about Lion's human rights initiatives
1) AL Heart Hotline recognition rate: 98.6% Promoted awareness internally through the Compliance Awareness Survey and e-learning about work environments and compliance (100% participation) (Domestic) Promoted awareness of the AL Heart Hotline at overseas Group companies to foster understanding of the hotline's importance	In progress	1) Continue to implement the Compliance Awareness Survey and compliance education Promote awareness of and reinforce the functions of the AL Heart Hotline at overseas Group companies
1) Halted Human Resources Development Training for Next-Generation Management to rebuild the program. Appointed previous female participants as directors at overseas Group companies (two individuals) 2) Proportion of female employees at the management level: 17.1%	1) In progress 2) In progress	1) Improve human resource development systems at the global level 2) Continue promoting
1) Implemented the Lion Internal Awareness and Behavior Survey for all domestic employees, including those of domestic Group companies 2) Increased planned annual paid leave days from three to five days. Annual paid leave usage rose to 73.7%, reflecting understanding of the importance of work-life balance among both managers and their subordinates. Increased number of users of the telecommuting system by amending it. The proportion of employees who had used the telecommuting system at least once came to 49.2%, with regular users registering at 15%. The establishment of the system is contributing to work style reforms.	1) In progress 2) In progress	1) Continue the Lion Internal Awareness and Behavior Survey 2) Encourage planned annual paid leave usage Promote efficient work by expanding the number of employees trying the telecommuting system as well as regular users
• Held the 2nd term of the ReDesign FORUM, which aims to generate new proposals for resolving Company-wide issues through direct discussion between employees and management • Launched Lion Career Village (LCV) (online educational content usage: Over 60%) Held group case discussions 57 times. Participation among online content users: Over 20%	In progress	• Hold the 3rd term of ReDesign FORUM to foster ReDesign mindsets • Enhance LCV content and promote continued usage as a venue for learning

			P (Plan)
Core Subjects	Sustainability Material Issues (Related SDGs)	Basic Approach for Initiatives Aimed at the 2020 Objectives	2020 Objectives and KPI
S	Labor Practices  p. 25	6 Enhancing the Occupational Safety Management System 3 8	Enhance and thoroughly enforce the Occupational Health and Safety Management System across the entire Group. <ul style="list-style-type: none"> Thorough enforcement of occupational safety and the safety of facilities Zero serious accidents and zero serious incidents (Global)
	7 Reinforcement of Health and Productivity Management 3 8 17	Build a Lion health and productivity management model appropriate for an advanced daily healthcare company.	<ul style="list-style-type: none"> Expansion of support programs to aid employees in forming good healthcare habits <ol style="list-style-type: none"> 100% rate of receiving health checkups (Domestic) 100% rate of receiving dental checkups (Domestic) 100% rate of receiving age-specific cancer screenings (Domestic)
	Fair Operating Practices  p. 30	8 Building Responsible Supply Chain Management 5 6 7 8 10 12 13 14 15 16 17	Promote highly effective management practices in the supply chain. <ul style="list-style-type: none"> Build more advanced and sustainable supply chains <ol style="list-style-type: none"> Implement supplier sustainability self-checks related to procurement (Global) 100% implementation of supplier sustainability self-checks related to procurement (Domestic)
	Consumer Issues  p. 32	9 Pursuing Customer Trust and Satisfaction 3 10 12	Thoroughly enforce corporate activities that earn and maintain customer trust across the entire Group and further develop customer-oriented management. <ul style="list-style-type: none"> Enhancement of reliability assurance systems covering the entire supply chain Improvement of customer satisfaction through enhancement of customer support quality Enhancement of security system through system construction and supervisory management enhancement
	Community Involvement and Development  p. 36	10 Creating Healthy Living Habits 3 4 6 12 17	Contribute to the creation of healthy living habits such as oral healthcare, cleanliness and hygiene practices and habits in order to extend healthy life expectancy and ensure people's everyday well-being. <ul style="list-style-type: none"> Implementation of activities to establish good healthcare habits such as preventive dentistry and hand washing, in coordination with business activities Contribution to the resolution of social issues based on co-existence with communities, involvement of employees and enhancement of partnerships
G	Organizational Governance  p. 39	11 Promoting Risk Management	Enhance the risk management system for the entire Group. Promotion of comprehensive and extensive risk management across the entire Group
		12 Embedding Compliance 5 10 16	Enhance the effectiveness of compliance activities across the entire Group. <ul style="list-style-type: none"> Construction of a compliance management system <ol style="list-style-type: none"> Expand familiarity with the Lion Group Charter for Corporate Behavior and the Behavioral Guidelines (Global) 100% participation in compliance-related training (Domestic)
		13 Enhancing Group Governance 16	Engage in enhancing governance for the entire Group. Improvement of the Group governance system in accordance with the Basic Policy for Corporate Governance



	D (Do)	C (Check)	A (Action)
	Achievements in 2019 (mid-term report)	Assessment	Measures and Challenges to Address in 2020
	<ul style="list-style-type: none"> Zero serious accidents and zero serious incidents (Global) Held the Safety, Hygiene and Disaster Prevention Meeting twice a year and continued to implement PDCA The director in charge of safety implemented top safety audits to achieve zero serious accidents and incidents (Odawara, Akashi and Chiba plants) Implemented e-learning for all employees to increase safety awareness (Participation: 99.8%) 	In progress	<ul style="list-style-type: none"> Hold the Safety, Hygiene and Disaster Prevention Meeting twice a year and continue to implement PDCA Reduce risk through top safety audits Implement e-learning about safety
	<p>Launched Lion-Style Health Support "GENKI" Action, increasing employee health awareness and providing support for self-directed healthy behavior</p> <p>1) Rate of receiving health checkups: 100%</p> <p>2) Rate of receiving dental checkups: 91.8%. Health guidance was provided by dental hygienists.</p> <ul style="list-style-type: none"> Provided a subsidy program for professional care at dental clinics to promote the practice of preventive dentistry (rate of receiving professional care: 58.4%) <p>3) Rate of receiving age-specific cancer screenings: N/A (not implemented due to transition to "GENKI" Action)</p>	<p>1) In progress</p> <p>2) In progress</p> <p>3) In progress</p>	<p>Implement Lion-Style Health Support "GENKI" Action</p> <p>Key measures:</p> <ol style="list-style-type: none"> 1. Build and implement an individual health management system 2. Expand the practice of preventive dentistry by implementing Professional Care 100% Action 3. Implement programs aimed at the early detection of three common types of cancer 4. Completely ban smoking inside Company buildings at all times, including outside of work hours
	<p>1) Participated in the Supplier Ethical Data Exchange (Sedex) to reinforce supplier CSR activity implementation</p> <p>2) Implementation of supplier sustainability self-checks: 99.7%. Provided evaluation results to suppliers as feedback (annual)</p>	<p>1) In progress</p> <p>2) In progress</p>	<p>1) Expand number of countries in which we implement sustainability self-checks</p> <p>Encourage key suppliers to join Sedex to further reinforce sustainable supply chain management</p> <p>2) Continue supplier sustainability self-checks</p>
	<ul style="list-style-type: none"> Held a second Asia QA Meeting to enhance the quality assurance capabilities of staff in charge of quality at overseas Group companies by having such staff share information. In addition to conventional quality management, participants discussed customer support challenges in their respective countries, building a common awareness of such issues at the Group level, and examined measures aimed at their resolution (ongoing) Participated for the first time in a phone service contest to reinforce the customer support quality of phone operators This event helped our staff understand the level of service at other companies and step up their own quality Implemented e-learning about information security and social media risks and basic insider trading knowledge (100% participation) 	In progress	<ul style="list-style-type: none"> Continue to hold the Asia QA Meeting. Further develop quality control initiatives in each country Develop human resources with customer-oriented management mindsets to enhance customer satisfaction Continue using e-learning content introduced in 2019 Discuss overseas Group companies' systems and security measures with the goal of improving global infrastructure
	<ul style="list-style-type: none"> Promoted and continued preventive dentistry activities across the Lion Group Held the Oral Health Event of Tooth Brushing for Children (in Japan and other Asian countries, reaching 240,000 elementary school students) Implemented activities to spread healthy oral care habits through the Lion Foundation for Dentistry Health (Domestic) Implemented preventive dentistry activities in close coordination with experts and retailers (key countries: Malaysia, China, Thailand) (Global) Co-existence with communities: Formed partnerships with governments to promote healthy living habits. These efforts reached consumers in the communities served by these governments, encouraging healthy living habits. Involvement of employees: Junior employees in all job types, from R&D to sales and manufacturing, implemented educational activities to promote hand-washing habits Enhancement of partnerships: Implemented the Happy Marriage City Promotion Project in cooperation with governments 	In progress	<ul style="list-style-type: none"> Promote and continue preventive dentistry activities across the Lion Group Promote and continue partnerships with governments
	<ul style="list-style-type: none"> Continued the promotion of comprehensive and extensive risk management across the entire Group Reported on risk management progress in 2019 to the Executive Committee (annual) Zero incidents of serious risk to business 	In progress	<ul style="list-style-type: none"> Continue the promotion of comprehensive and extensive risk management across the entire Group
	<p>1) Requested that overseas Group companies implement the Compliance Awareness Survey to expand familiarity with the Lion Group Charter for Corporate Behavior and the Behavioral Guidelines</p> <p>2) Training participation: 100%. To strengthen employee awareness of compliance, implemented new training on human rights and bribery in addition to that on the workplace environment and compliance.</p> <p>Conducted the Compliance Awareness Survey of all employees, including part-time employees, and provided feedback (response rate: 92.8%)</p>	<p>1) In progress</p> <p>2) In progress</p>	<p>1) Continue increasing awareness of the Lion Group Charter for Corporate Behavior and the Behavioral Guidelines at overseas Group companies</p> <p>Implement the Compliance Awareness Survey at overseas Group companies</p> <p>Raise awareness of hotlines and strengthen our consultation and reporting contact functions to further build up the compliance framework</p> <p>2) Continue promoting initiatives toward 100% participation in e-learning</p>
	<ul style="list-style-type: none"> Promoted stronger governance in accordance with the Basic Policy for Corporate Governance. Explained the outline of the LION Anti-Bribery Guidelines at overseas Group companies Assured effectiveness through use in conjunction with the AL Heart Hotline function 	In progress	Assure effectiveness by establishing the LION Anti-Bribery Guidelines



The Environment

Related SDGs



Basic Approach

We at the Lion Group believe it is our solemn responsibility to provide customer experience-based value in the areas of health, comfort and cleanliness while protecting the global environment—the foundation of health and daily living—in accordance with our aim of “Becoming an advanced daily healthcare company.”

In line with the Eco Vision 2020 environmental targets formulated in 2013, we are striving to realize a sustainable planet while working to achieve our 2020 targets related to realizing a low carbon society, realizing a sound material cycle society, harmonizing with nature and environmental education.

Recently, spurred by the Paris Agreement in 2015 and the adoption of the SDGs, the movement toward a sustainable society in Japan and other countries has gained steam.

Taking this trend into consideration, in 2019 the Group formulated the LION Eco Challenge 2050, a set of long-term environmental objectives. Going forward, the Group will ambitiously work toward the realization of a decarbonized, resource-circulating society.



Every day. For the Earth. (Japanese)



<https://www.lion.co.jp/ja/csr/ecolion/>

Environmental Guidelines

Lion's Environmental Guidelines adhere to the spirit of the Lion Group Charter for Corporate Behavior, which states: “We shall play a positive and active role in creating a sustainable society

that harmonizes economic development and environmental protection.” Our Environmental Guidelines are the foundation of our environmental activities.

Environmental Guidelines

Lion will act voluntarily and proactively to reduce its burden on the global environment in all processes of its business activities, from the development of products to the procurement of raw materials, production, distribution and sales as well as from use by customers and final disposal. This will be done with due consideration given to realizing a low carbon society to prevent global warming, realizing a sound material-cycle society with maximum usage of recycled resources and realizing a society harmonizing with nature to conserve people's health, natural ecosystems and biodiversity.

1. Aiming for a Sustainable Society

Operate an environmental management system and, through the ongoing maintenance and improvement of that system, protect the global environment.

2. Complying with Legal and Other Requirements

Comply with legislation, regulations and other measures pertaining to environmental protection, and establish and implement voluntary standards of conduct.

3. Setting and Verifying the Implementation of Environmental Objectives and Targets

Correctly understand the environmental impact of our corporate activities and, as far as technically and economically possible, establish objectives and targets for improvement, while at the same time formulating, implementing and regularly verifying the implementation of an environmental management program.

4. Developing Environment-Friendly Products

Continue aggressive product development in tune with the Lion eco-standard and in light of life cycle assessment.

5. Reducing Environmental Impacts Together with Our Business Partners

Strive to reduce environmental burden at every stage from purchasing through the provision of products to customers in cooperation with suppliers of materials, outsourcing contractors and sales companies.

6. Harmonizing with Nature

Take into account biodiversity and air and water environments while conducting business and proactively address natural environment protection activities.

7. Enhancing Environmental Protection Activities Based on Uniform Understanding of the Guidelines

Disseminate the Environmental Guidelines to all employees, including those of affiliated companies, raise awareness of environmental protection among them and bolster environmental management activities throughout the entire Lion Group.

8. Promoting Disclosure of Information

Seek to maintain and promote communication with stakeholders involved in Lion's businesses. These Environmental Guidelines are freely available to anyone upon request.

Revised January 1, 2013



Environmental Management

● Environmental Management System

The purpose of the Lion Group's Environmental Management System is to identify, evaluate and remedy the adverse environmental impacts of our business activities, products and services, and to improve our environmental conservation activities on an ongoing basis.

We strive to enhance systems for environmental management and reporting with the aim of addressing environmental issues globally. Data on overseas Group companies is available on our website.

Environmental impact data for production sites overseas (Japanese)



<https://www.lion.co.jp/ja/csr/report/pdf/environment-management.pdf>

Status of ISO 14001 Certification

Lion acquired ISO 14001 certification covering all its plants in July 2001. The certification was renewed to the latest 2015 version in June 2016, and the Japan Management Association Quality Assurance Registration Center (JMAQA) reviewed and verified that all Lion plants are operating in conformity with the requirements of the standard. Including the plants of Group companies in and outside Japan, the Lion Group continues to push ahead with its management systems and environmental conservation activities by obtaining ISO 14001 certifications and ensuring all operations are in compliance with ISO 14001.

● Environmental Management Structure

To make our business grow while reducing the impact on the global environment, in 2019 we consolidated the former Environmental Conservation Committee into the newly established Sustainability Promotion Meeting. Its members consist of the Executive Officers, including the President, and representatives of relevant divisions. The meeting deliberates policy for responding to environmental problems and monitors the progress of related efforts.

● Legal Compliance

With regard to revisions of environmental laws and regulations, namely, the Act on the Rational Use of Energy, the Act on Promotion of Global Warming Countermeasures, the Act on Confirmation, etc. of Released Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof, the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc. and the Waste Disposal and Public Cleansing Act, information is collected from administrative agencies and industrial associations and then input into Lion's intranet system for information on chemical-related laws to ensure that related departments are up to date on and fully compliant with the latest developments.

We have also established waste management and other internal regulations to build up an appropriate management structure. There were no violations resulting in fines or other penalties in 2019.

Pollution Prevention

Lion implements voluntary initiatives for reducing emissions of chemical substances, including nitrogen oxides (NOx), sulfur oxides (SOx), particulate matter and volatile organic compounds (VOCs). We also strive to reduce chemical oxygen demand (COD) through improvements in the reliability and regular maintenance of wastewater processing facilities.

Data on the management of chemical substances in compliance with the PRTR system* is available on Lion's website. We will continue to enhance our efforts to ensure proper notifications and management of emission volumes.

Environmental impact data for production sites in Japan (Japanese)



<https://www.lion.co.jp/ja/csr/report/pdf/domestic.pdf>

2019 PRTR-designated substance emissions data for production sites in Japan (Japanese)



<https://www.lion.co.jp/ja/csr/env/enhancement/pdf/prevention.pdf>

* PRTR system

A system to measure, compile and publish chemical substance emissions volumes.

Together with the Environment (Japanese)



<https://www.lion.co.jp/ja/csr/env/>



Enhancing Group-wide Management of Chemical Substances

Chemical substances are indispensable for people to lead comfortable and fulfilling lives. Failure to properly manage chemical substances, however, can result in accidents that put human health and ecosystems at enormous risk. In addition to compliance with related laws and regulations, Lion strives to ensure the strict management of chemical substances at all stages from product development to use and disposal in

accordance with its own independent standards. We have been operating a Management System for Information on Chemical Substances at Lion research and development sites since 2018.

Chemical Substance Management (Japanese)



<https://www.lion.co.jp/ja/csr/env/enhancement/>

Lion Group Environmental Initiatives

● Performance in the Second Fiscal Year of Phase 3 (2018–2020) of Eco Vision 2020

Eco Vision 2020 is being implemented in three phases of three years each over the nine-year period from 2012 to 2020. The second fiscal year of Phase 3 (2018–2020) was 2019. In advancing toward the final fiscal year, 2020, all the

employees of the Lion Group worked together to promote environmental initiatives.

* Achievements in Phase 3 of Eco Vision 2020 are listed on page 22.



Realizing a Low Carbon, Sound Material-Cycle Society

Lion works to reduce greenhouse gas emissions, as well as to recycle and effectively use resources, at each stage from raw material procurement to disposal by consumers. We will

continue to promote activities toward the realization of a low carbon, sound material-cycle society.

Overview (The Related Information Web buttons below link to relevant pages of Lion's Japanese website)

	Procurement of Raw Materials, Packaging and Containers	Major Initiatives Undertaken by Lion	Use by Consumers	Disposal by Consumers
Activities for Realizing a Low Carbon Society 	<ul style="list-style-type: none"> Substituting plant-based materials for petroleum resources ➡ Related Information Web Substituting plant-derived container materials for petroleum resources ➡ Related Information p. 10 	<ul style="list-style-type: none"> Improving energy efficiency by reviewing production processes, introducing energy-saving equipment when upgrading facilities, and downsizing products ➡ Related Information p. 10 Office/Facilities <ul style="list-style-type: none"> Energy-saving activities throughout the Company, including administrative, sales, R&D and engineering divisions ➡ Related Information Web Distribution after shipment <ul style="list-style-type: none"> Increasing modal shifts during the transportation of products Improving logistics efficiency through such means as increasing the transport loading rate ➡ Related Information Web 	<ul style="list-style-type: none"> Increasing environmental awareness through products (environmental labels on products that meet the Lion eco-standard) ➡ Related Information p. 20 Reducing power consumption during product use with power-saving products (requiring fewer rinses when washing) ➡ Related Information p. 10 ➡ Related Information Web 	<ul style="list-style-type: none"> Substituting plant-derived materials for petroleum resources Promotion of 3Rs (making products more compact, refill packs, development of containers made using recycled or less plastic) ➡ Related Information p. 10 ➡ Related Information p. 20 ➡ Related Information Web
Activities for Realizing a Sound Material-Cycle Society 	<ul style="list-style-type: none"> Using plant-derived raw materials Using recycled materials ➡ Related Information p. 10 	Plants <ul style="list-style-type: none"> Promoting zero emissions from plants Reducing water consumption by recycling wastewater from production processes and utilizing rainwater ➡ Related Information Web Offices/Facilities <ul style="list-style-type: none"> Promoting Company-wide green purchasing ➡ Related Information Web 	<ul style="list-style-type: none"> Increasing environmental awareness through products (environmental labels on products that meet the Lion eco-standard) ➡ Related Information p. 20 Reducing water usage during product use with water-saving products (requiring fewer rinses when washing) ➡ Related Information p. 10 ➡ Related Information Web 	<ul style="list-style-type: none"> Promotion of 3Rs (making products more compact, refill packs, development of containers made using recycled or less plastic) ➡ Related Information p. 20 ➡ Related Information Web Promoting the Toothbrush Recycling Program ➡ Related Information p. 20 ➡ Related Information Web



● Promoting the 3Rs

In an effort to reduce the use of container and packaging materials, we are proactively promoting the 3Rs (reduce, reuse and recycle).

● Utilization of Renewable Resources

Lion is addressing the issue of marine plastic, which has become a global environmental problem, by promoting the use of renewables (such as recycled and plant-based materials) together with the 3Rs with a view to reducing plastics used in containers and packaging.

● Environmental Communication through Products

In order to raise consumer awareness of the importance of environmental considerations through its products, since 2014, Lion has put the “eco Lion” Mark an environmental label known as on products that meet the proprietary Lion eco-standard, which is designed to evaluate products over their entire life cycles. Each label includes our environmental logo and lists the factors that make the product environmentally friendly.



The Lion eco-standard (Japanese)

<https://www.lion.co.jp/ja/csr/ecolion/#sec2>

List of products with the “eco Lion” mark (Japanese)

<https://www.lion.co.jp/ja/csr/ecolion/#sec4>

Example Initiative

Promotion of Periodic Toothbrush Replacement and Recycling

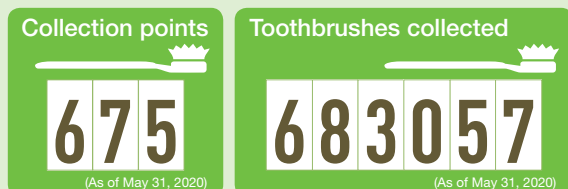
● Contributing to the SDGs by realizing “Good for the mouth!” and “Good for the Planet!”

Lion has designated the 8th of every month as Toothbrush Replacement Day in line with efforts to promote monthly toothbrush replacement. In recent years, marine plastics have become a major social issue, and recycling is one way of helping solve the problem. By focusing on toothbrushes, which account for more plastic use than any other Lion product, we are working to contribute to the formation of healthy consumer living habits while helping to reduce environmental impact.

● Promoting Toothbrush Recycling

There is a concern that an increase in the frequency of toothbrush replacement due to the promotion of toothbrush replacement could lead to a rise in waste.

To address this concern, Lion initiated the Toothbrush Recycling Program,* a first in Asia, to collect and recycle used toothbrushes, which were previously just thrown away, in cooperation with Terracycle Japan. Adopting the perspective that each consumer who participates in toothbrush recycling is an important partner, we are moving forward with the aim of realizing a resource-circulating society.

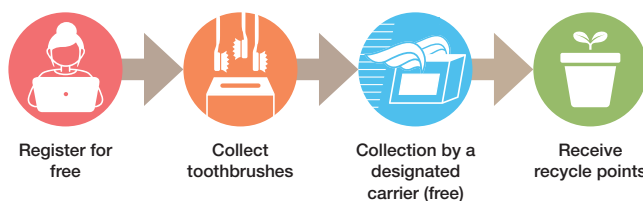


Related SDGs



*About the Toothbrush Recycling Program

The program is open to all—just register in advance to participate as an individual, school or other organization. Participants set up collection boxes in which they collect used toothbrushes. A designated carrier then picks up the boxes of used toothbrushes, and the participants are awarded points based on the weight of the toothbrushes collected. These points can then be exchanged for plastic products (such as planters) made from recycled toothbrushes or donated to support education or local communities.



Toothbrush Recycling Program (Japanese)

<https://www.lion.co.jp/ja/csr/toothbrush-recycling/>



Harmonizing with Nature

Lion considers biodiversity conservation at each stage of operations from raw material procurement to disposal by consumers. We implement biodiversity conservation initiatives in coordination with local communities and promote lifestyle adjustments among consumers through products designed to

promote harmony with nature. Also, by having each of our employees participate in activities to conserve biodiversity as part of their environmental education, we are working to spread awareness of biodiversity conservation at all our operating sites.

Overview (The Related Information Web buttons below link to relevant pages of Lion's Japanese website)

Biodiversity on Which Lion Relies		Watershed* Ecosystems of Raw Material Production Sites	Watershed Ecosystems Where Our Plants are Located	Watershed Ecosystems Where Consumers Reside	
		Procurement of Raw Materials, Packaging and Containers	Production	Use by Consumers	Disposal by Consumers
Key Natural Resources Used by Lion		<ul style="list-style-type: none"> Plants used as raw materials (oil palms, etc.) Wood that provides the paper raw material for packaging 	<ul style="list-style-type: none"> Cooling water and unprocessed water for equipment cleaning, etc., used at production sites 	<ul style="list-style-type: none"> Tap water consumed during use of our products 	—
Possible Major Impacts of Our Activities on Biodiversity		<ul style="list-style-type: none"> Impact of palm oil growers on the surrounding natural environment and communities (such as impact of illegal logging of tropical forests on wildlife habitats) Damage to the forest environments that are the source of paper raw materials 	<ul style="list-style-type: none"> Impact of groundwater intake by production plants on surrounding natural environments and communities Impact of wastewater and exhaust gases from production plants on the surrounding natural environment and communities Impact of light and odors from production plants on the surrounding natural environment and communities 	<ul style="list-style-type: none"> Impact of water use by consumers on the surrounding natural environment and communities 	<ul style="list-style-type: none"> Impact of wastewater and packaging waste generated by consumers on the surrounding natural environment and communities
Biodiversity Conservation Activities	Activities to Reduce Risks	<ul style="list-style-type: none"> Promotion of procurement of sustainable palm oils (participation in RSPO and purchase of RSPO-certified oils) ➡ Related Information p. 31 Promotion of forest conservation (use of third-party certified paper) ➡ Related Information p. 31 	<ul style="list-style-type: none"> Reduction of production plant waste Reduction of water consumption at plants Conservation of rivers and other ecosystems by implementing purification technologies on discharged wastewater 	<ul style="list-style-type: none"> Development of water-saving products ➡ Related Information p. 10 Development of highly biodegradable detergents 	<ul style="list-style-type: none"> Surveying the environmental impact of surfactants ➡ Related Information Web
	Activities to Expand Opportunities	—	<ul style="list-style-type: none"> Conservation and monitoring of habitats in the watersheds where production plants are located (activities include protection of endangered loggerhead sea turtles, maintaining biotopes and removal of non-native species from beaches) ➡ Related Information Web 	<ul style="list-style-type: none"> Educational activities teaching consideration of water and natural environments (activities include forest maintenance at Lion Forest in Yamanashi and water-related environmental research support through the Japan Society on Water Environment) 	<ul style="list-style-type: none"> Promotion of 3Rs (making products more compact, refill packs, development of containers made using recycled or less plastic) ➡ Related Information p. 20 ➡ Related Information Web

* Watershed: A range of ecosystems, including forests, rivers, domestic woodlands, tidal flats and beaches, that is connected by water.

Example Initiative

Forest Maintenance Activities at the Lion Forest in Yamanashi

Since 2006, Lion has conducted activities to help maintain forests, which are an important water source. In 2019, a total of 149 employees participated in forest maintenance as part of new employee training and voluntary activities (held twice). The activities were conducted with local residents to share responsibility for the maintenance of forests and the important role they play.

Cumulative participating employees : 1,726



Biodiversity Conservation Initiatives (Japanese)



<https://www.lion.co.jp/ja/csr/biodiversity/>



Eco Vision 2020 Achievements and Targets

Categories				Achievements in 2018	Achievements in 2019	Targets for 2020
Realizing a Low Carbon Society	Greenhouse gases (domestic)	Within the Company	Reduction of greenhouse gases from business activities	Emission intensity per unit total revenue 36% reduction (compared to 2010) ^{*5} 50% reduction (compared to 1990) ^{*6} Absolute quantity 49% reduction (compared to 1990) ^{*6}	Emission intensity per unit total revenue 40% reduction (compared to 2010) 53% reduction (compared to 1990) Absolute quantity 52% reduction (compared to 1990)	Emission intensity per unit total revenue 34% reduction (compared to 2010) 49% reduction (compared to 1990) Absolute quantity 40% reduction (compared to 1990)
		Outside the Company	Reduction of greenhouse gases from post-use products	Emission intensity per unit total revenue 9% reduction (compared to 2010) 53% reduction (compared to 1990) Absolute quantity 51% reduction (compared to 1990)	Emission intensity per unit total revenue 9% reduction (compared to 2010) 53% reduction (compared to 1990) Absolute quantity 50% reduction (compared to 1990)	Emission intensity per unit total revenue 9% reduction (compared to 2010) 53% reduction (compared to 1990) Absolute quantity 41% reduction (compared to 1990)
	Greenhouse gases (overseas)	Within the Company	Reduction of greenhouse gases from business activities overseas ^{*1}	Emission intensity per unit production 2% reduction (compared to 2017)	Emission intensity per unit production 2% reduction (compared to 2017)	Emission intensity per unit production 1% reduction (compared to 2017)
		Outside the Company	Reduction of greenhouse gases from post-use products overseas	Reduction of 52 thousand tons annually	Reduction of 45 thousand tons annually	Reduction of 100 thousand tons annually
Realizing a Sound Material-Cycle Society	Water	Within the Company	Reduction of water use in business activities	Water use per unit total revenue 34% reduction (compared to 2010) ^{*5} 49% reduction (compared to 2000) ^{*5} Absolute quantity 48% reduction (compared to 2000) ^{*5}	Water use per unit total revenue 41% reduction (compared to 2010) 54% reduction (compared to 2000) Absolute quantity 53% reduction (compared to 2000)	Water use per unit total revenue 15% reduction (compared to 2010) 35% reduction (compared to 2000) Absolute quantity 23% reduction (compared to 2000)
		Outside the Company	Reduction of water use at households using our products	Water use per unit total revenue 29% reduction (compared to 2010) 54% reduction (compared to 2000) Absolute quantity 52% reduction (compared to 2000)	Water use per unit total revenue 29% reduction (compared to 2010) 53% reduction (compared to 2000) Absolute quantity 51% reduction (compared to 2000)	Water use per unit total revenue 17% reduction (compared to 2010) 45% reduction (compared to 2000) Absolute quantity 33% reduction (compared to 2000)
	Waste		Zero emissions within the Company ^{*2}	Achievement of zero emissions at all domestic production sites ^{*4}	Achievement of zero emissions at all domestic production sites ^{*4}	Zero emissions at all domestic production sites ^{*4}
	Wastewater		Recycling of factory wastewater discharge ^{*3}	Operation of facilities to recycle industrial wastewater at Chiba Plant	Operation of facilities to recycle industrial wastewater at Chiba Plant	Recycle industrial wastewater at multiple plants
Harmonizing with Nature	Procurement		Biodiversity-friendly procurement of plant-derived oils	Continued purchasing RSPO ^{*5} certified palm oil derivatives	Continued purchasing RSPO ^{*5} certified palm oil derivatives	All palm oil derivatives purchased to be RSPO-certified
	Biodiversity		Enhancement of biodiversity conservation activities	Carried out at all Lion plants, with implementation expanding at offices of Lion and its affiliates	Carried out at all Lion plants, with implementation expanding at offices of Lion and its affiliates	Carry out at all domestic sites
Education	Awareness and education in society		Enhancement of environmental awareness and education for consumers	1.2 times increase in consumer participants in our awareness activities (compared to 2010)	0.9 times increase in consumer participants in our awareness activities (compared to 2010)	Double the number of consumer participants in our awareness activities (compared to 2010)

*1. Covers Lion and consolidated subsidiaries as of December 31, 2019

*2. The waste recycling ratio is 99% or more, excluding recycling residues

*3. Wastewater from production processes

*4. Chiba Plant, Odawara Plant, Osaka Plant, Akashi Plant, Hirai Office Site, Sapporo Office Site, Sendai Office, Headquarters/Tokyo Office, Nagoya Office, Osaka Office, Fukuoka Office, Lion Chemical Co., Ltd. Fine Chemical Production Site, Lion Chemical Co., Ltd. Oleochemical Production Site, Lion Specialty Chemicals Co., Ltd. Yokkaichi Production Site, Lion Specialty Chemicals Co., Ltd. Ono Production Site

*5. Roundtable on Sustainable Palm Oil

*6. The figures have been revised due to an error in past data.



Human Rights

Related SDGs



Basic Approach

Respect for human rights is indispensable to the pursuit of happiness and a higher quality of life. Lion recognizes that it has a responsibility as a company to affirm diversity, including that of race, religion, gender, sexual orientation, age, nationality and disability, to fully respect all human rights and, furthermore, that doing so strengthens its business foundation. The Lion Group Charter for Corporate Behavior states that “We shall respect human rights ... observing both the spirit as well as the letter of all applicable laws and international rules ... both in Japan and abroad,” and the Behavioral Guidelines state that the Group will not permit child labor or forced or coerced labor, will provide equal employment opportunities and treat employees fairly, and will take an active interest in the human rights practices of its suppliers. In addition, in 2009, Lion declared its support for the Ten Principles of the United Nations Global Compact. Lion has designated “Respecting Human Rights” as one of its Sustainability Material Issues and will continue to advance business activities based on the LION Human Rights Policy in its global business development going forward.

Human Rights Policy

In January 2019, based on the framework of the United Nations Guiding Principles on Business and Human Rights adopted by the United Nations Human Rights Council, we established the LION Human Rights Policy to further clarify our stance on human rights abuse as well as our global efforts in

this area. This policy was approved by the Executive Committee and applies to all employees of the Lion Group, including overseas Group companies, as well as other parties closely related to the Lion Group, such as suppliers.

LION Human Rights Policy

1. Objective and Ideals

LION Group implements a variety of measures to realize the “fulfilling a spirit of love,” which is our basic management policy.

To illustrate, our “Lion Group Charter for Corporate Behavior” provides for “respect of human rights”, “observing both the spirit as well as the letter of all applicable laws and international rules”, whilst our “Behavioral Guidelines” also provides for non-tolerance of child labor and forced labor, equal employment opportunities, fair treatment of employees and also indicates respect for human rights by suppliers.

Furthermore, we expressed support of the “10 principles of the United Nations Global Compact” in 2009.

We hereby set forth “LION Human Rights Policy” to put in statutory form our endeavors to implement these measures because respect for human rights is indispensable for people’s living, pursuing happiness and improvement of quality of human life.

2. Respect for Human Rights

- (1) LION Group supports and respects such international norms on human rights as “International Bill of Human Rights” (Universal Declaration of Human Rights, International Covenant on Economic, Social and Cultural Rights and International Covenant on Civil and Political Rights), “United Nations Global Compact” and “ILO Declaration on Fundamental Principles and Rights at Work”.
- (2) LION Group will not trigger or foment any adverse impact on human rights through its corporate activities. In the event of occurrence of such adverse impact on human rights, we will take remedial actions appropriately.
- (3) LION Group will, even where it is not directly fomenting any adverse impact on human rights, oppose and further endeavor to mitigate any adverse impact on human rights through relevant transactional activities.

3. Management System for Respect of Human Rights (Human Rights Due Diligence)

- (1) LION Group will monitor and evaluate any adverse impact on human rights or fomentation thereof triggered by its corporate activities and any such adverse impact directly relevant to its corporate activities.
- (2) LION Group will collect information pertaining to the risk of generating any adverse impact on human rights not only from LION Group but also from such parties as suppliers with close ties to LION Group and further endeavor to prevent actual manifestation of such risks.
- (3) LION Group will endeavor to maintain and develop such effective devices as whistle-blowing hotlines with a view to identifying and adequately tackling any adverse impact on human rights.

4. Dialogue and Discussion

LION Group will, in the event of actual or threatened occurrence of any adverse impact on human rights, take opportunities to dialogue and sincerely discuss with relevant stakeholders.

5. Education

LION Group will continuously educate employees so that the whole group becomes more familiar with correct knowledge about respect for human rights.

6. Remedies

Whenever it has been revealed that any adverse impact on human rights has been triggered or fomented by LION Group, LION Group will endeavor to take remedial actions by appropriate means.

7. Disclosure of Information

LION Group will, from time to time, disclose and publish the status of our own endeavors in the field of respect for human rights and the like on its website and others.

Established January 1st, 2019

Implementation Framework

The Lion Group monitors human rights-related trends in society, mainly through the corporate officer responsible for corporate ethics, the Corporate Planning Department and the CSV Promotion Department. Any new problems that emerge

are dealt with in coordination with the relevant divisions, such as the Legal Department, International Division or Purchasing Headquarters, as needed.

Measures to Prevent Human Rights Abuse: Implementing Human Rights Due Diligence

Lion regards the identification of and response to potential human rights issues throughout its value chains, from raw material procurement to use by consumers, as a top priority. Accordingly, we identify and assess potential negative impacts

on human rights by stakeholder category to enhance mechanisms for preventing, mitigating and remedying such adverse impacts.

Overview of Lion's Measures to Prevent Human Rights Abuse by Value Chain and Stakeholder

Value Chain	Raw Material Procurement	Lion's Activities	Use by Consumers
Potential Human Rights Abuse Risk	<ul style="list-style-type: none"> Forced labor or child labor in procurement or at production sites Discrimination against workers based on nationality or status as immigrants or refugees Negative health impact on local residents due to deforestation 	<ul style="list-style-type: none"> Groundwater depletion due to factory operation; inadequate factory wastewater treatment Lack of regard for employees' occupational health and safety Abuse of authority or sexual harassment in the workplace Discrimination against sexual minorities Coercion to engage in prolonged work 	<ul style="list-style-type: none"> Accidents due to improper product labeling or use Inappropriate interactions with customers Personal information leakage, privacy violations
Assessment of human rights impact			
Stakeholders and Main Initiatives	Oil Palm Plantations <ul style="list-style-type: none"> Participation in RSPO activities ➡ Related Information p. 31 Continued purchasing of certified oil palm derivatives ➡ Related Information p. 31 Suppliers <ul style="list-style-type: none"> CSR procurement based on the Procurement Principles and the Lion Group Supplier CSR Guidelines ➡ Related Information p. 30 Participation in Sedex ➡ Related Information p. 31 	Residents around Our Plants <ul style="list-style-type: none"> Environmental management under Lion's Environmental Guidelines to prevent contamination; compliance with laws and regulations ➡ Related Information p. 17 Implementation of environmental assessments when constructing new plants Clinical Trial Subjects <ul style="list-style-type: none"> Respect for the Declaration of Helsinki Application of the Regulations for the Implementation of Clinical Trials in order to place the highest priority on the safety of the subjects and ethical considerations Group Employees <ul style="list-style-type: none"> Ensuring awareness of the Lion Group Charter for Corporate Behavior and the Behavioral Guidelines Creation of environments that help prevent discrimination on the basis of religion or race, etc., and improper handling of hiring, personnel reviews and compensation Reinforcement of occupational health and safety and promotion of health and productivity management ➡ Related Information pp. 28-29 Widespread promotion of the Harassment Prevention Declarations to raise awareness Training on human rights (e-learning) ➡ Related Information p. 41 Monitoring of adverse impacts through the Compliance Awareness Survey ➡ Related Information p. 41 Promotion of work-life balance ➡ Related Information pp. 26-27 	Customers <ul style="list-style-type: none"> Aggressive pursuit of safety and functionality through Lion's Product Management System ➡ Related Information p. 34 Creation of the representation drafting manual to ensure consideration for the elderly, children and other vulnerable consumers ➡ Related Information p. 34 Promotion of customer-oriented management to enhance customer satisfaction ➡ Related Information p. 34
	<ul style="list-style-type: none"> Establishment of the AL (All Lion) Heart Hotline internal and external whistle-blowing system ➡ Related Information p.41 		<ul style="list-style-type: none"> Establishment of and service via the customer support center ➡ Related Information p.34

In advancing global business development, Lion will continue to educate employees about respecting human rights and

strengthen related initiatives in its value chains.

LION Human Rights Policy



<https://www.lion.co.jp/en/company/compliance/human-rights.php>

Human Rights Due Diligence (Japanese)



<https://www.lion.co.jp/ja/csr/humanrights/duediligence/>



Related SDGs



Labor Practices

Basic Approach

Based on the Lion Group Charter for Corporate Behavior^{*1} and the Behavioral Guidelines^{*2} we aim to have all employees spurring one another on and operating as autonomous individuals in order to generate waves of innovative change, that is, dynamism, across the organization as a whole. We believe that enhancing the professional fulfillment, ambition and motivation of each individual helps to increase productivity and create new value. We are advancing the Lion Professional Fulfillment Reforms^{*3} toward a new growth stage. By promoting mutual understanding and respect between organizations and employees, we aim to build stronger organizations.

^{*1} The Lion Group Charter for Corporate Behavior stipulates that "We shall promote fair treatment and respect the diversity, individuality and personalities of our employees" and "We shall ensure a safe and comfortable workplace to realize the mental and physical well-being of our employees."

^{*2} The Behavioral Guidelines state that "We will promote a healthy work-life balance and strive to maintain work environments that flexibly allow a variety of working styles," "We will do our utmost to assist employees who strive to learn specialized skills and knowledge and aim for ambitious goals" and "We will engage sincerely in dialog and discussion with employees and their representatives."

^{*3} Initiatives to increase the professional fulfillment of each and every employee, develop personnel who generate new value and improve labor productivity.

Lion Professional Fulfillment Reforms

To realize the targets of the LIVE Plan, we aim to ensure that each individual is able to take total ownership of their role and exercise their abilities to the fullest. To this end, we have launched a new initiative, the Lion Professional Fulfillment Reforms, focused on health, work styles and enabling diverse human resources to succeed, with the key themes of "first, just do it" and "mutual acceptance."

Our professional fulfillment reforms comprise four initiatives: Make maximum use of diverse talent through work management; change ways of working with emphasis on independence; strengthen relationships to foster mutual understanding and respect while invigorating organizations; and, as the foundation supporting the first three, implement Lion-style health support, "GENKI" Action. By implementing multifaceted initiatives, we are promoting diversity and openness among our human resources, organizations and corporate culture.

Through the Lion Professional Fulfillment Reforms, we will increase the job satisfaction of each and every employee, develop personnel who generate new value and increase labor productivity.

LION Professional Fulfillment Reform Framework



Promoting Diversity

To better respond promptly to changes in the business environment, we are working to promote internal diversity. A team responsible for diversity within the Human Resources

● Promoting the Professional Participation and Advancement of Women

Lion recognizes that the professional participation and advancement of women is indispensable to the further enhancement of corporate value and is proactively implementing measures to promote the professional engagement of women. Based on the Act on Promotion of Women's Participation and Advancement in the Workplace, which came into full effect in 2016, Lion has expanded systems related to childcare and implemented support measures for working parents in order to

Development Center implements a variety of measures to promote diversity, integration management and employee perspectives.

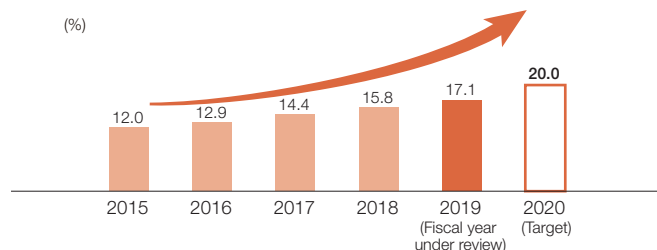
allow women to fully participate professionally over the long term. We are also implementing measures to support employees balancing work and nursing care.

Furthermore, through a range of initiatives, in 2020 we aim to increase the proportion of female employees in Japan at the management level* to at least 20%.

* Personnel holding managerial positions at the level of assistant manager or higher



Proportion of Female Employees at the Management Level



● Actively Promoting the Professional Participation of People with Disabilities

Lion actively promotes the professional participation of people with disabilities to utilize their abilities, striving to improve working environments and foster a corporate culture in which entire workplaces support these employees. In March 2016, we established the special subsidiary Lion Tomoni Co., Ltd. to promote the active participation of people with disabilities. Lion Tomoni Co., Ltd. has 29 employees and five instructors (as of

● Career Design Support

From 2011 to 2019, Lion's career counseling desk helped employees proactively enhance their own career path. Focused on Lion employees, the desk accepted consultations via phone or email, and provided opportunities for face-to-face career consultations to help employees gain new insights by soliciting employee participation. A cumulative total of 819 employees used the system (as of the end of 2019). Annual surveys of its users found a high level of satisfaction regarding their consultations and positive changes in their mindsets and actions.

In 2020, we completely revamped the career counseling desk and launched what we call Career Design Support, which is aimed at supporting conscious autonomy that will enable employees to advance their careers themselves based on their own aspirations and actions. The desk offers career consultations and disseminates information in and outside the

Promoting Work-life Balance (Japanese)



https://www.lion.co.jp/ja/csr/employee/work_life/

Lion's entry in the Ministry of Health, Labour and Welfare's database of companies submitting action plans and data based on the Act on Promotion of Women's Participation and Advancement in the Workplace (Japanese)



<https://positive-ryouritsu.mhlw.go.jp/positivedb/detail?id=453>

December 31, 2019), engaged in such activities as the management of inter-office mail and printing business cards for all Lion employees.

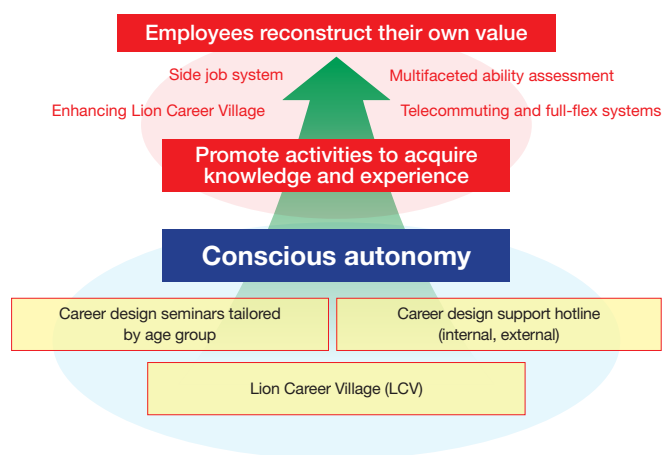
Labor Practices: Employee Data



https://www.lion.co.jp/en/ir/pdf/ar/2020/ir20_e_5.pdf#page=7

Company, helping employees design their careers and rediscover their own potential.

Career Design Support



Promoting Work-Life Balance

Lion strives to maintain and improve working environments so that employees can produce results while emphasizing work-life balance.

● Building Environments Where Employees Can Work With Enthusiasm

Since 2010, Lion has worked to reduce prolonged working hours and encouraged employees to take annual paid leave. In order to facilitate understanding of the management of working hours, e-learning is provided for all employees every year. Aiming for a 70% use rate of annual paid leave in 2020, in line

with a labor-management agreement, we have proactively encouraged employees to take at least three pre-scheduled days of paid leave per year. From 2019 onward, the number of such pre-scheduled days of paid leave has been increased from three to five to further encourage use of paid leave.

● Programs to Support a Balance Between Work and Nursing Care

Lion has enhanced support for employees engaged in nursing care of family members as part of efforts to create an environment that allows employees to continue to work with peace of mind while handling such responsibilities. In addition to ordinary annual paid leave, we have in place programs to support nursing care providers, including accumulated leave

for medical nursing care (accumulated expired annual paid leave), shorter work-hours for nursing care (Short Hours Flextime System), and nursing care leave of up to 365 days (usable in one-day units). Furthermore, we have set up a support website targeting employees aged 40 and over to better provide information on nursing care.



● Initiatives Based on the Act on Advancement of Measures to Support Raising Next-Generation Children

Lion has formulated an action plan in accordance with the Act on Advancement of Measures to Support Raising Next-Generation Children and is actively working to create an environment where all employees can exercise their capabilities

fully while achieving a balance between work and childcare. In 2019, we formulated the 6th Phase of our Action Plan (covering February 2019 to December 2022) and advanced efforts toward the following three goals.

Goal 1

Within the period of the Action Plan, implement support measures to create a working environment in which employees on childcare leave can smoothly return to work.

Launched the Lion Career Village and provided support for self-study while on childcare leave and for career development after return to work. (Begun in January 2019)

Goal 2

Within the period of the Action Plan, have 13% or more of eligible male employees take childcare leave, one or more such employee take long-term parental leave and 30% or more of such employees take special leave (for childbirth).

Of eligible male employees, 16.7% (eight individuals) have taken childcare leave, and 60% (29 individuals) of eligible male employees have taken special leave (as of December 31, 2019).



Lion has received Kurumin certification five times and received Platinum Kurumin Certification in 2019.

Lion's page in the Ministry of Health, Labour and Welfare's database of companies submitting action plans and data based on the Next Generation Education and Support Promotion Act (Japanese)



https://ryouritsu.mhlw.go.jp/hiroba/search_dtl.php?cn=107866#actionplan

Goal 3

Within the period of the Action Plan, promote measures for understanding and use of the work-from-home system and implement for support the establishing the system.

Expanded the number of eligible employees (approximately 60% of regular employees and full-time contract employees, excluding sales and production divisions). (Begun in February 2019)

Encouraged changes to mindsets regarding work styles by providing explanations of the system and participating in the Telework Days campaign.*

* An initiative organized by the Ministry of Internal Affairs and Communications and Ministry of Economy, Trade and Industry in collaboration with related government agencies and organizations aimed at promoting the use of telecommuting across Japan and, to alleviate transportation congestion during the Tokyo Olympic and Paralympic Games, encourage companies and other organizations nationwide to practice coordinated telecommuting on certain days

● Work-from-Home System

We are implementing ongoing initiatives related to our work-from-home system with the aim of accommodating autonomous work styles in line with the diversity of our employees and increasing productivity. To encourage employees to try the system, we have been adjusting related systems and their operation, including participation in the 2019 Telework Days campaign (July–September 2019). By the end of 2019, trial implementation had expanded to the point that the portion of employees who had used the work-from-home system at least once had grown to 49%.

In early 2020, to prevent the spread of the novel coronavirus, except for employees who must be physically present to perform their duties, all our employees were working from home. Since the lifting of Japan's state of emergency in May, we have continued working to make maximum use of the work-from-home system and other measures to reduce the risk of employee infection, shifting away from the default assumption of working on-site. We are advancing the use of digital tools to conduct meetings and morning briefings remotely and improving environments to enable diverse work styles.

User's Perspective

Figuring Out an Ideal Work Style: Telecommuting

An advantage of telecommuting is that it allows you to find better, more efficient ways of working. After getting my work done efficiently, I often have more time than I otherwise would to prepare dinner and can take more care with it. Being able to feel satisfied with the level of housework I do even on weekdays has felt like a real lifestyle improvement.

Iyo Takatsu
Beauty Care Business Department,
Health and Home Care
Products Headquarters



Developing Human Resources

● Enhancing Lion Career Village (LCV)

In 2019, we launched Lion Career Village (LCV) to support employees' autonomous development of their abilities. More than 60% of those eligible are using LCV online instructional content, with approximately 20% participating in discussion-style programs. LCV is thus contributing to the formation of self-directed learning habits among employees. Going forward, to help employees gain knowledge that will further expand the breadth and depth of their work and with an eye to accelerating institutional learning, we will create environments that enable them to teach one another and share what they have learned.

● Marketing Study Program

The Marketing Study Program has been implemented continuously in the Marketing Division since 2014. This program offers opportunities for the systematic study of such topics as practical marketing theory and planning design

Focus

Lion Career Village Receives Two Awards

The LCV system received the Career Up Education Special Division 16th Japan e-Learning Grand Prize organized by e-Learning Initiative Japan and Nihon Kogyo Shimbunsha as well as the Nihon no Jinjibu HR Award 2019 from the Nihon no Jinjibu HR Award Organizing Committee. Going forward, we will continue to improve work environments that promote ambition and creation to help all employees advance their careers in an effort to reinforce front-line capabilities.



based on consumer insights and competitive strategies. The program also serves to develop marketing personnel in accordance with individual career paths.

● Cultivating Innovative Personnel: ReDesign FORUM

Since 2018, Lion has held the ReDesign FORUM with the aims of directly conveying to management the passionate desire of employees, particularly young employees, to bring change to the Company and of rapidly implementing their proposals. Employees from a wide range of divisions participate in the ReDesign FORUM. In 2019, 35 employees participated, tackling the three themes of “Expand and Evolve Our Business

● The NOIL Program

The LIVE Plan includes the basic strategies of Expand and Evolve Our Business Domains through New Value Creation and Create Dynamism to Foster Innovative Change. As part of initiatives based on these strategies, in 2019 we launched NOIL, a program for selecting and implementing new business ideas.

Under the theme of going beyond conventional healthcare wisdom, NOIL is aimed at continuously creating businesses that offer new value. In the program's first year, it received applications from more than 100 people, collecting ideas based on diverse perspectives from employees not only in the R&D Division and Marketing Division, but divisions across the Company, including those related to sales and production. To commercialize the ideas for new products and services that management and outside experts selected as promising, the employees that submitted the chosen ideas have been transferred to the newly

Domains through New Value Creation,” “Accelerate Growth in Overseas Businesses through Glocalization” and “Reinforce Our Management Base through Business Structure Reform.” We are currently considering measures to put the results of the forum into action. The results of the 2018 forum are now being implemented as part of Company-wide initiatives, such as the Lion Professional Fulfillment Reforms.

established Business Development Center, where they can take a central role in putting their ideas into action.

Perspective of an Employee Working to Commercialize New Businesses

Proposing New Living Habits

Akane Hirooka
Business Development Center
(Previously of the Marketing Division)



The experience of independently coming up with the solution to a problem I had in my own daily life was the impetus for my applying to NOIL. I wanted to share my solution with others and spread the joy it brought. I also wanted to work on solving consumers' problems from a wider perspective that transcends the boundaries of the areas I had worked in previously. Bringing together underutilized resources and consumers' real desires, I am starting to work toward commercialization.



Enhancing the Group-wide Occupational Health and Safety Management System

We are taking steps to enhance our occupational health and safety management system with the objectives of zero serious accidents and zero serious incidents throughout the Lion Group. We hold the Safety, Hygiene and Disaster Prevention Meeting twice a year. Chaired by a member of top management, the meetings coordinate ongoing Company-wide initiatives aimed at fully eliminating risks related to facility safety and occupational safety. Lion has added disaster prevention items to the Occupational Safety and Health Management System (OSHMS)* based on the guidelines of Japan's Ministry of Health, Labour and Welfare to establish a unique Safety, Hygiene and Disaster Prevention Management System. Since 2009, we have operated this system at all domestic Group companies, striving to further enhance safety, hygiene and disaster prevention activities.

Our domestic companies actively support overseas Group companies in preventing occupational accidents. In 2018, we established a Safety and Disaster Prevention Promotion Department directly below the management level, further strengthening the Lion Group's occupational health, safety and disaster prevention management system. In 2019, we implemented e-learning about safety to instill safety awareness in employees (participation: 99.8%). We will continue such initiatives going forward.

Occupational Safety and Facility Safety (Japanese)



<https://www.lion.co.jp/ja/csr/employee/prevention/>

* Occupational Safety and Health Management System (OSHMS)

A system to voluntarily conduct continuous safety and health management through PDCA.

● Occupational Safety

In 2019, the number of labor-related accidents for the domestic Group was 26 (excluding eight cases that occurred during commutes to work). When occupational accidents occur, the Safety Management Secretariat at our Headquarters conducts on-site investigations, thoroughly identifies the causes and takes thoroughgoing corrective response measures. In order to prevent occupational accidents, it is crucial to enhance our safety management system and heighten our awareness of occupational safety. We will continue to promote measures to further improve individual safety awareness and sensitivity.

Employees who Participated in Risk Simulation Training (Safety Training) in 2019 (Internal education)

Chiba Plant	Odawara Plant	Osaka Plant	Akashi Plant	Total
259	55	40	37	391

● Safety of Facilities

Lion conducts facility inspections to maintain safety through daily routine inspections and regular maintenance. Our diligent performance of maintenance inspections helps prevent failures and accidents. There were zero facility-related accidents in 2019. We will continue to focus our efforts on ensuring the transmission of technical know-how from employee to employee as well as on providing training.



Reinforcing Health and Productivity Management

When employees act on their own initiative with a high level of health awareness to acquire sound health habits, it not only serves to maintain and improve their health, but helps them achieve personal growth and professional and personal fulfillment. This, in turn, serves to enhance corporate productivity and creativity and expand opportunities for Lion to contribute to society through sustainable growth.

From 2019, we have been implementing Lion-Style Health

Support “GENKI” Action, based on the concept of the “ReDesign” of employees’ health-related habits to be more natural, easy and enjoyable. Through this initiative, we are working to increase health awareness and encourage employees to take self-directed action to maintain and improve their health.

Guidelines for Health

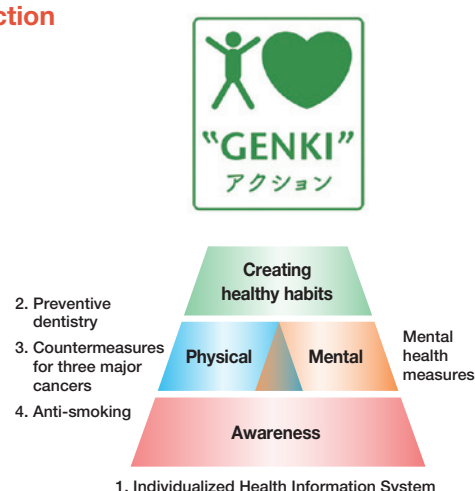


<https://www.lion.co.jp/en/company/compliance/health.php>

Lion-Style Health Support “GENKI” Action

Key Measures

1. Clearly laying out current and future lifestyle-related disease risk
We plan to implement an individual health information system that clearly lays out each employee's health-related data, such as that from health checkups, dental checkups and saliva tests, and make such data easy to access by that individual.
2. Fostering preventive dentistry habits
We aim for all employees to practice preventive dentistry. We are implementing a range of initiatives, such as subsidizing the cost of receiving professional care, recommending dentists and directly contacting high-risk individuals.
3. Reinforcing countermeasures for three common types of cancer*
We have established a voluntary screening system aimed at early detection and treatment.
* Lung, stomach and colon cancers
4. Reinforcing Anti-Smoking Initiatives
We are advancing support, including creating facilitative environments, for employees who want to quit smoking. We have an online antismoking support program, and, beginning in January 2020, have banned smoking during work hours. Through such efforts, we are working to reduce the smoking rate among employees.



● Mental Health Initiatives

Lion established the Mental Health Basic Policy in 2004, and continually and systematically promotes mental care for employees based on the Guidelines for Maintaining and Improving Mental Health of Workers. In 2019, 98% of employees took a stress level check test. The results of such

tests are compiled and analyzed by section/department in such a way that individuals cannot be identified and then provided as feedback to responsible officers, applied in manager training and otherwise applied to improve our ongoing organizational measures.

● Management System

We have built a health and productivity management system, in which management, led by the President, participates to strengthen and accelerate relevant initiatives and measures. Measures are implemented through the cooperative efforts of the Health Support Office (including industrial physicians and health care providers), the Lion Health Insurance Society and

the individual responsible for health and productivity management at each office.

Health Management Program—Mental, Physical and Awareness (Japanese)



<https://www.lion.co.jp/ja/csr/employee/health/#program>

Promoting Amicable Labor-Management Relations

Lion executes labor agreements with the Lion Workers’ Union to promote sound labor-management relations based on mutual understanding and trust. As it does so, the Company adheres to the Lion Group Charter for Corporate Behavior, which is based on an understanding of the social mission and responsibilities of the Company. Thus, in cooperation with its workers union, the Company works to grow its business and maintain and improve the working conditions of union members. The agreements provide that: the Company shall recognize the freedom of union members to engage in lawful union activities; the Company shall not treat union members disadvantageously by reason thereof; and the Company and the union shall engage in labor-management meetings on a regular basis to consult with each other as equals.

Operating under a union shop agreement,* Lion endeavors to build amicable labor-management relations, in which employees and management proactively conduct such activities as reporting on business conditions and exchanging opinions about the working environment at labor-management meetings. At overseas Group companies, we actively maintain communication between employees and management in order to create a better work environment through the labor-management meetings and strive to establish and maintain sound labor-management relationships.

* A labor agreement in which workers are employed by a company on condition of becoming a member of a specific labor union.



Fair Operating Practices

Related SDGs



Basic Approach

Lion regards the creation of responsible supply chain management through reinforced coordination with materials manufacturers and production contractors as a key issue in its supply chain initiatives. To reduce the negative environmental and social impacts of business activities and advance sustainable mutual business development, we must work with suppliers to evolve our sustainability initiatives based on our Procurement Principles. These principles clearly lay out Lion's policy of considering legal compliance, environmental conservation and respect for human rights when selecting suppliers.

Procurement Principles



<https://www.lion.co.jp/en/company/compliance/procurement.php>

Establishment of the LION Anti-Bribery Principles

The Lion Group established the LION Anti-Bribery Principles in January 2019 in light of developments around the world related to strengthening legal regulations against acts of bribery and corruption.

Going forward, we will continue working to ensure that our business activities are fully compliant with the laws and regulations of the countries and regions in which we do business.

LION Anti-Bribery Principles



<https://www.lion.co.jp/en/company/compliance/anti-bribery.php>

Main Content

1. The Lion Group is committed to preventing bribery or corruption based on the Lion Group Charter for Corporate Behavior
2. The Lion Group reaps no profit from bribery or other corruption and requests the cooperation of its business partners in fighting corruption
3. The Lion Group designates a general manager for bribery prevention and maintains a compliance system

Promoting Sustainability with Materials Manufacturers and Production Contractors

• Self-Checks Based on the Lion Group Supplier CSR Guidelines

Every year, we ask our materials manufacturers and production contractors to implement self-checks based on the Lion Group Supplier CSR Guidelines, which specify the sustainability initiatives we expect from these partners. We then provide them with

feedback based on the results. Through these efforts, we have put into place a system that continuously advances CSR procurement. In 2020, Lion Daily Necessities Chemicals (Qingdao) Co., Ltd. also requested self-checks from its suppliers. We will continue to promote sustainable and responsible procurement activities with our business partners.

* Lion Group Supplier CSR Guidelines and Glossary

The Lion Group Supplier CSR Guidelines comprise 21 guidelines under the following five categories.

1. Human Rights/Labor Practices
2. The Environment
3. Fair Operating Practices
4. Consumer Issues
5. Compliance



<https://www.lion.co.jp/ja/csr/businesscustom/valuechain/pdf/eng.pdf>

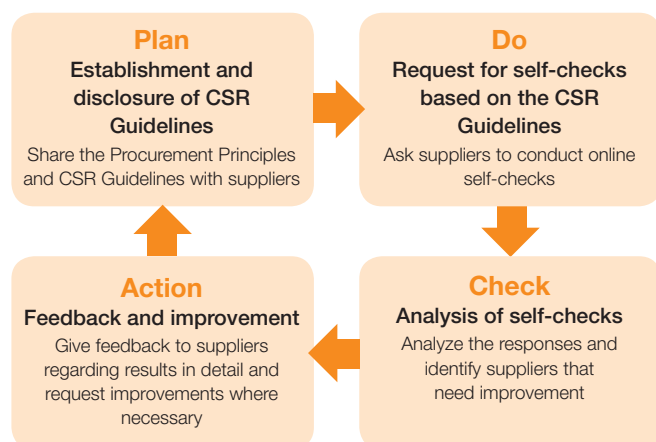
* Available on our website in Japanese, English, Chinese and Korean

Timeline of Sustainable and Responsible Procurement Initiatives

2005	Instituted the Basic Policy Regarding Purchasing and implemented appropriate procurement of raw materials and products.
2008	Established the Procurement Principles, which clarify our social and environmental considerations. Conducted a questionnaire survey for domestic and overseas raw material manufacturers and production contractors about their corporate activities regarding legal compliance, product service quality and safety, environmental considerations, labor practices and human rights, and fair trade.
2013	Amended the Procurement Principles and clarified our stance of considering legal compliance, environmental conservation and respect for human rights when selecting business partners. Instituted the Lion Group Supplier CSR Guidelines, which specify the sustainability initiatives we expect from raw material manufacturers and production contractors and asked our business partners to conduct self-checks of their sustainability initiatives.
2014	Introduced an online CSR self-check system.
2018	Lion Corporation (Korea) requested self-checks from its business partners, expanding the number of countries in which the Group implements self-checks.
2019	Established the LION Human Rights Policy and LION Anti-Bribery Principles to clarify our stance on initiatives for sustainable and responsible procurement. Established the Sustainable Material Procurement Policy to advance initiatives aimed at the sustainable procurement of palm oil derivatives and pulp and paper products, which are key raw materials for the Lion Group.

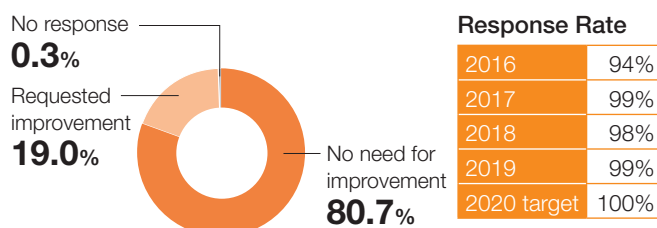


PDCA Cycle for Supplier Sustainability Self-Checks



In order to ensure that our suppliers understand the importance of addressing sustainability-related issues, we include a section explaining the situation surrounding sustainability in our self-check request form. The self-check employs a three-step checking standard for each initiative and a detailed glossary.

Supplier Sustainability Self-Check Results (2019)



Number of companies monitored:
585 raw material manufacturers and production contractors of the domestic Lion Group (513 domestic and 72 overseas)

2019 Results Summary

- The response rate in 2019 was 99%, and the average score, on a scale of 1 to 3 points, was 2.72, confirming that sustainability measures are being implemented throughout the supply chain.
- We are currently requesting cooperation from the two suppliers who did not respond.

Aiming for Sustainable Raw Material Procurement

Lion aims to contribute to the achievement of the Sustainable Development Goals (SDGs), a set of shared worldwide goals for 2030. However, palm oil derivatives and pulp and paper products, which are key raw materials in Lion's products, present risks to sustainable development in terms of human rights, labor issues and environmental issues. To address these risks, we have established the Sustainable Material Procurement Policy. Based on this policy, we are advancing initiatives aimed at the sustainable procurement of palm oil derivatives and pulp and paper products.

● Sustainable Palm Oil Procurement

Lion uses palm oil derivatives—plant-based raw materials that are inexhaustible and carbon neutral—in its products. Lion has been a member of the Roundtable on Sustainable Palm Oil

(RSPO*) since 2006 and sources RSPO-certified palm oil derivatives. In 2019, we continued these efforts to meet our targets for 2020 and achieved a RSPO-certified procurement rate for palm oil derivatives of approximately 14%.

● Sustainable Pulp and Paper Procurement

Pulp and paper are used in the manufacture of Lion's product packaging, booklets and pamphlets as well as in the copy paper and other office supplies the Company purchases. In order to better protect biodiversity in the procurement of these materials, based on the Sustainable Raw Material Procurement Policy, we are advancing the procurement of third party-certified paper products. As of the end of 2019, the procurement rate of such products was 96%.

Target: For all palm oil, palm kernel oil and their derivatives as well as pulp and paper used in the domestic Lion Group's consumer products to meet the sustainability standards of third-party institutions or be sourced from recycled materials by the end of 2030.

* The Roundtable on Sustainable Palm Oil

The Roundtable on Sustainable Palm Oil (RSPO) believes that for palm oil production to be sustainable, it must not only be compliant with relevant laws and regulations, but economically sustainable, environmentally appropriate and socially beneficial. These requirements are laid out concretely in the RSPO Principles and Criteria. Only palm oil produced in accordance with these seven principles and 40 criteria can be RSPO-certified.

RSPO



<https://www.rspo.org/>

Focus

Joined Sedex, the Supplier Ethical Data Exchange

Headquartered in the United Kingdom, Sedex is a not-for-profit organization that provides the world's largest platform for managing and sharing ethical supply chain data, with the aim of establishing ethical and responsible business practices in global supply chains. Lion joined Sedex as an AB member at the end of 2019 in order to further reduce social and environmental risk in its purchasing. Going forward, we will continue to reinforce and enhance supplier management and risk management.

Sedex Member

Sustainable Material Procurement Policy

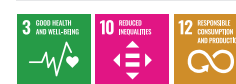


<https://www.lion.co.jp/en/company/compliance/material-procurement.php>

Together with Supply Chains (Japanese)



<https://www.lion.co.jp/ja/csr/businesscustom/>



Basic Approach

In order to provide products that will satisfy customers, Lion carries out quality assurance activities at all stages from the very beginning of the product development process to consumption by customers. Specifically, by identifying the key requirements at each stage of corporate activities— ① product planning, ② product development, ③ production, ④ sales and ⑤ customer support—we are constantly pursuing customer satisfaction.

During product planning, valuable customer opinions are analyzed to identify specific needs. At the product development stage, product quality is verified with respect to seven metrics, including function and performance, and consideration is given to making labeling easy to read and accessible. During production, quality is thoroughly managed within each process, and products that have passed inspection are shipped in identifiable lots, aiding in effective after-sales management. A variety of information is sent to wholesalers and retailers, including product descriptions and samples.

Product Development Incorporating Customer Opinions



Group-wide Reliability Assurance System

In 2018, we established the Reliability Assurance Department to reinforce quality assurance based on a quality management system covering the entire supply chain.

To implement quality assurance activities on a Company-wide basis, we have established the CS/PL Committee,* comprising representatives of the Product Planning Division, Production Division, R&D Division, Consumer Service Center and headquarters staff divisions. The Reliability Assurance Department serves as the secretariat for this committee. The CS/PL Committee provides overall management of quality assurance activities, monitoring Group-wide efforts and responses to issues in the areas of legal compliance, setting voluntary standards and targets, and developing superior

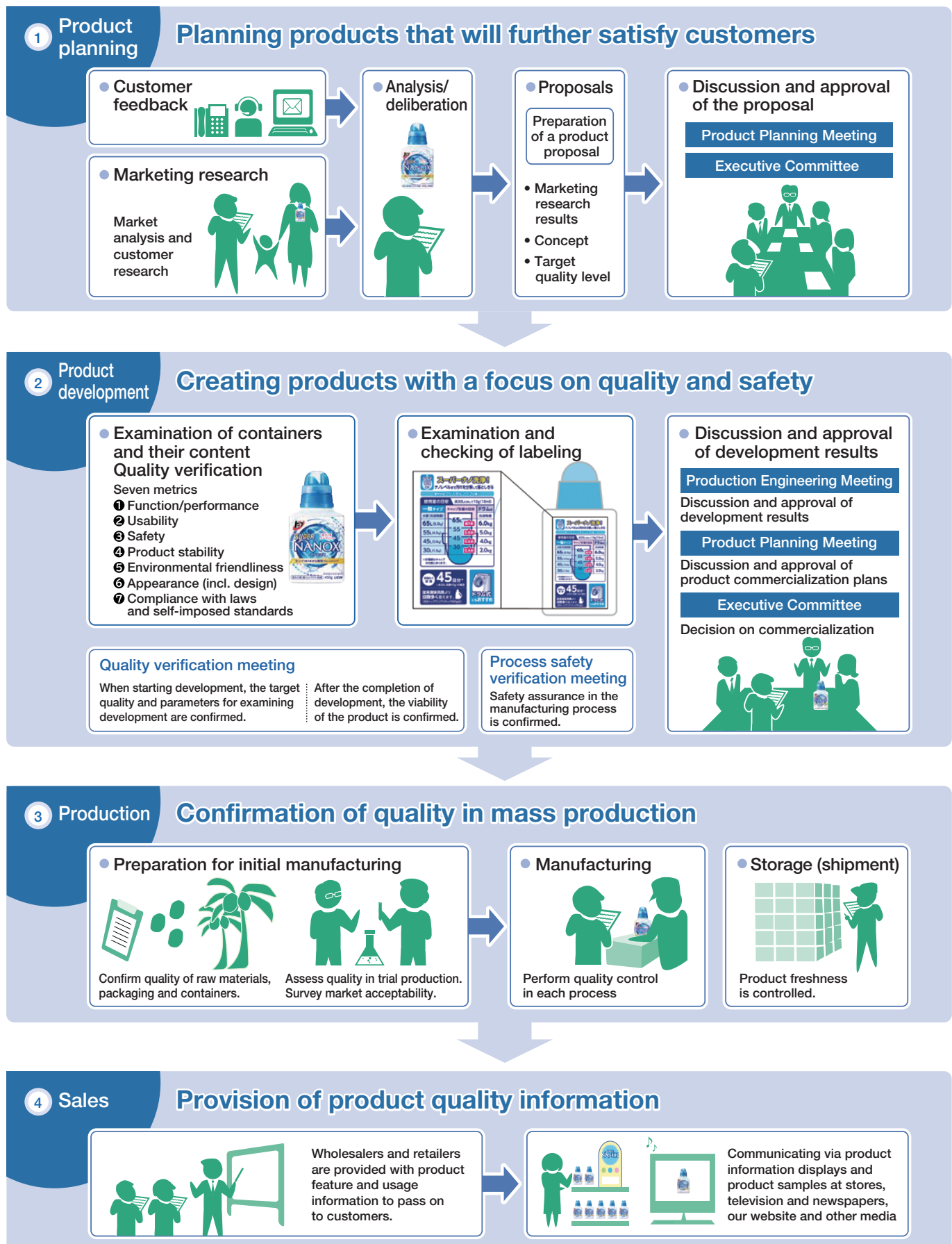
products from the perspective of reliability assurance. Lion manufactures and sells products ranging from everyday sundries to pharmaceuticals, so its quality assurance system is designed in line with the respective standards for each product category.

Furthermore, Lion maintains a system for swiftly taking the necessary measures to address any serious problems that may arise with its products. These measures include responding to individuals harmed or affected, disclosing relevant information to government authorities and customers, issuing product recalls and taking steps to prevent recurrences.

* CS/PL Committee

A committee focused on customer satisfaction (CS) and product liability (PL)

Developing Safe and High-quality Products





Approach to Safety and Reliability

To ensure that customers can use Lion products with confidence, we evaluate the safety both of raw materials and of final products during use.

● Safety of Raw Materials and Ingredients

After first examining the safety of a raw material, we evaluate samples and investigate suppliers to ensure a certain level of quality. Based on the results of these efforts, we then determine whether or not to use the raw material in question. Each material is classified as a pharmaceutical, quasi-drug, cosmetic, food, or general product, and its quality is assessed based on the inspection parameters and testing methods appropriate for its classification before it is actually accepted for use.

Safety of Raw Materials and Ingredients (Japanese)

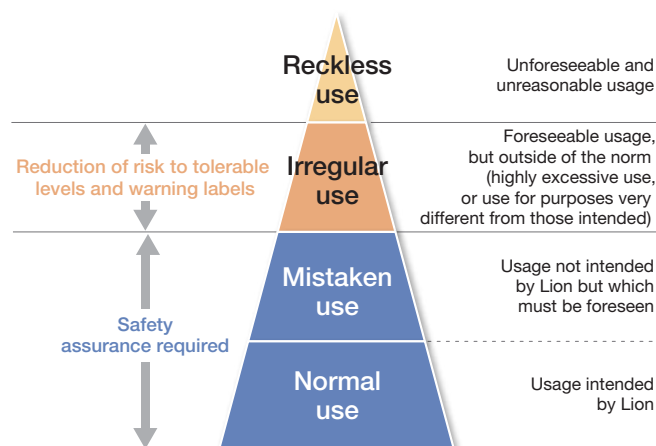


<https://www.lion.co.jp/ja/csr/consumer/quality/#area03>

● Safety of Products During Use

Giving due consideration to the various ways products may be used as well as product use by socially vulnerable customers, we perform safety evaluations based on an approach of avoiding risks at the product design stage. To this end, we use a checklist to determine whether the product design ensures safety in both “normal use” and “mistaken use” cases. For “irregular use” cases, we assess whether risk reduction is possible and whether the risk is tolerable, and, as necessary, clearly label the product with an explicit safety warning. In addition, the quality verification meeting, which encompasses representatives of related departments, performs assessments based on customer use scenarios in order to prevent harm related to product use and to prevent the omission of items that should be checked for safety. If there is trouble with a product, we have an internal system in place, ready to promptly issue product recalls or otherwise respond as needed.

Scope of Safety Assurance



Approach to Responsible Product Representations

To improve the quality of representations (such as labels and advertising) for all the products it sells (including food and pharmaceutical products), Lion has clearly designated its approach to product representation standards and established a representation drafting manual comprising guidelines for precise, appropriate product representation preparation in each step of product development under its Product Management System. These guidelines apply to all wording and expressions used in product packaging, instructions, pamphlets, advertisements and other representations.

To reinforce the monitoring of expressions used in advertising, Lion operates an advertising management system comprising the following aspects.

- (1) Enhancement of the vetting system applied to advertising for all products, including food products
- (2) Consultation with the Consumer Affairs Agency and other government agencies as needed
- (3) Thorough legal training for employees

In particular, to ensure thorough compliance with the Act against Unjustifiable Premiums and Misleading Representations and other laws and regulations concerning product labels and advertising, Lion provides e-learning for all employees and lectures for employees in related divisions as part of its legal education initiatives.



Initiatives to Respond to Our Customers

So that we may leverage inquiries received from customers to develop new products and improve our products and services, such inquiries are registered in a database operating under a strict personal information management system and shared across the Company through an information sharing system that excludes personal information. Items that are considered impactful to customer satisfaction and insights gleaned from ordinary contact with customers are reported daily to top management in the form of the VOC^{*1} Daily Letter. Through such efforts, Lion works to improve customer support quality by gaining an understanding of the customer's perspective and by quickly considering and responding through improvement measures, mainly through the Product Planning Division. In 2019, we sent out 236 VOC Daily Letters. Customer feedback comes from a wide range of sources, including not only telephone calls and emails, but also from SNSs^{*2} and the like. An internal dedicated organization analyzes such this feedback and proactively disseminates information gleaned from it to the relevant departments.

^{*1} VOC: Voice of Customers

^{*2} SNS: Social networking services (Facebook, Twitter etc.)

Recall Status of *Varsan Hyosatsu Jet*

Lion has been voluntarily recalling *Varsan Hyosatsu Jet for Flying Insects* and *Varsan Hyosatsu Jet for Crawling Insects* since August 27, 2007, because these products have led to fire-related accidents. As of the end of December 2019, 1.48 million of these products have been recalled (recall rate: 45.7%). We ask consumers who still have any of these products and reside in Japan to assist in the recall.

Notice Regarding *Varsan* Products (Japanese)



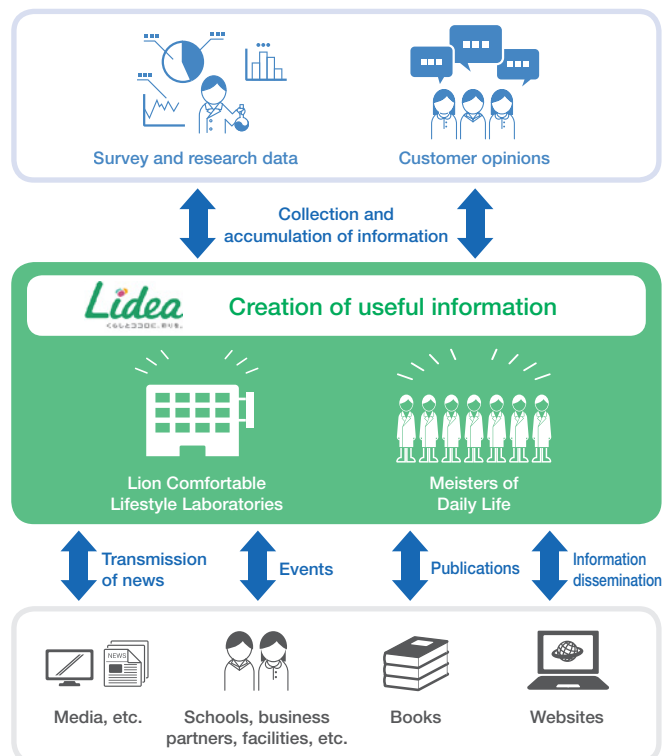
https://www.lion.co.jp/ja/products/information/200708_01.php

Providing Useful Information for Daily Living and Promoting Educational Activities

Lion actively engages in communication with consumers with the aim of expanding our creation and dissemination of information that contributes to healthy and comfortable living.



Oral care seminar for a PTA by a Meister of Daily Life



Communication with Customers Using the “Lidea” Lifestyle Information Website

Lidea is a lifestyle information website aimed at inspiring curiosity about living habits and helping users cherish each day by providing content about Lion products, the technologies behind them, and approaches to daily living. The site provides accurate information that is useful for consumers' daily living, presented mainly by the Meisters of Daily Life, lifestyle information specialists.

Going forward, Lion will continue to provide information useful for daily living through Lidea and use the information accumulated through Lidea to deepen diverse forms of communication with customers.

Lidea
くらしとココロに、寄りそ。
LION + idea = Lidea

Lidea (Japanese)



<https://lidea.today/>

Information Security Measures

In order to thoroughly protect personal information and ensure information security, Lion has established the Personal Information Management Regulations, the Basic Policy of Our Information Management, the Information Management Regulations, and the Information Security Regulations in accordance with Act on the Protection of Personal Information. In addition, with a view to ensuring appropriate publishing of information, we have established the Lion Group Social Media Policy and related guidelines regarding employee use of social media (social networking services, blogs, etc.).

As education for our employees in Japan, we implement e-learning every year regarding the risks of social media, information security and information management structures. All domestic Group employees participated in 2019. For our overseas Group companies, we are enhancing information security, including the protection of personal information, based on local legislation.

Lion Group Social Media Policy



<https://www.lion.co.jp/en/legal/smp.php>

Ensuring Product Safety and Reliability (Japanese)



<https://www.lion.co.jp/ja/csr/consumer/>



Community Involvement and Development

Related SDGs

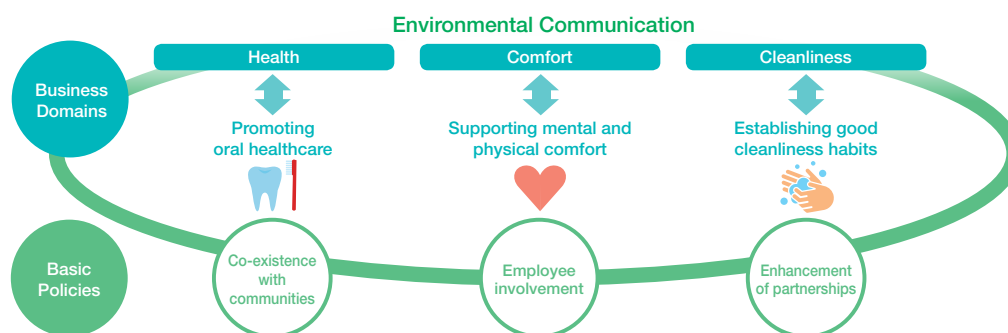


Basic Approach

Since its founding, Lion has sought to help consumers enjoy healthy living through the provision of products while carrying out educational activities and communication aimed at creating better living habits.

In Japan and other Asian countries, Lion is engaged in initiatives that contribute to the sustainable development of society and the global environment through the areas of health, comfort and cleanliness. We believe that our continued business viability depends on co-existing harmoniously with the communities in which we are involved, such as those where Lion facilities are located. We therefore strive to help solve issues in and invigorate local communities in partnership with local residents, government agencies and citizens' groups. In addition, by increasing opportunities for every employee to get involved in business-related educational activities, we foster human resources that create new value informed by a high level of social and environmental awareness.

Aiming to contribute to everyday health and comfort and longer healthy life expectancy around the world, Lion seeks to “ReDesign” everyday rituals to become more natural, easy and enjoyable in order to realize healthy minds and bodies for all.



Creating Healthy Living Habits in Coordination with Communities

Promoting Oral Healthcare

Lion aims to help improve consumer health through oral healthcare. The keys to oral healthcare are learning correct knowledge and establishing preventive dentistry habits to manage dental health and avoid problems. Accordingly, Lion is working to

help consumers understand the significance of forming healthy habits and, through the provision of products and services, seeking to “ReDesign” everyday rituals to become more natural, easy and enjoyable so that people will naturally want to do them.

● Developing Oral Healthcare Leaders in Coordination with Local Governments

Lion seeks to promote preventive dentistry practices that consumers can perform themselves. To this end, in communities with which we have formed partnerships, we hold oral healthcare leader development lectures to empower local governments, as oral healthcare leaders, to provide residents with tooth brushing information and practical techniques that can be beneficial to overall health. We are currently carrying out these activities in the cities of Ishinomaki and Sakaide.



Oral healthcare leader development lecture in Sakaide

Oral Healthcare Leader Development Lectures (Japanese)



<https://www.lion.co.jp/ja/csr/community/oral/self-care/>

● New Community Building Activities Using Online Content

In 2019, we launched *HAGUKI CHECKER*,* an online tool that checks the state of users' teeth and gums. Users simply use a smartphone or other device to take photos of the inside of their mouths, including the teeth and gums, and upload them to *HAGUKI CHECKER*. The online service then uses AI to identify individual teeth and check the state of the gums around each. By helping consumers see and understand their own oral environments, *HAGUKI CHECKER* sparks greater interest in the state of their gums.

* Developed based on Lion's data and expertise, *HAGUKI CHECKER* was created using the AI image analysis technology of Automagi Inc. and the service development technology of MTI Ltd.



Gum checking tool *HAGUKI CHECKER*

Users Cumulative Approx. 16,000

(July 22, 2019 to December 26, 2019)



● Promoting Oral Healthcare through the Lion Foundation for Dentistry Health

In line with the principle of “returning profits obtained through corporate activities to society,” which has remained unchanged since its founding, Lion has been implementing oral healthcare promotional and educational activities since 1913. In 1964, Lion established the Lion Foundation for Dental Health (LDH), which was approved by the then Ministry of Health and Welfare of Japan. In 2010, the Cabinet Office approved a change in the foundation's status to a public

interest incorporated foundation. Through the three public benefit services shown below, LDH continues to work to maintain and improve the dental and oral health of consumers in coordination with the Japan Dental Association, universities and government bodies. LDH thus strives to contribute to society at the frontlines of oral care in order to improve quality of life for all. Lion lends its full support to these activities.

Three Public Benefit Services of LDH

1. Oral health promotion projects

Educational activities to promote oral health practices at all life stages

2. Research and investigative projects

Research and investigation into the importance of oral care for extending healthy life expectancy and the provision of information on research results obtained through business and other activities to specialists and customers

3. Educational and training projects

Holding of various seminars and lectures for health instructors and dental specialists

Lion Foundation for Dental Health



<https://www.lion-dent-health.or.jp/english/>

● The Oral Health Event of Tooth Brushing for Children

The Oral Health Event of Tooth Brushing for Children, started in 1932, is held every year for elementary school students during Dental/Oral Health Week (June 4th to 10th). For the 77th event in 2020, participating schools chose a date to participate and took part by watching an educational DVD. Approximately 270,000 elementary school students attending a total of 4,722 schools participated in 2020, including students in Japan and around the world.



Participating elementary school students

Cumulative Approx. 1.96 million

Main Activities of LDH in 2019

Oral health promotion for mothers and children

Childcare support programs in the area of dental and oral health for expectant mothers and infants, preschoolers and their guardians.

Participants: 1,435 infants and preschoolers



Cumulative participants Approx. 1,150,000

Oral health promotion for school children

Face-to-face educational activities with schoolchildren and their guardians and support for the activities of health instructors.

Participants: 6,315 schoolchildren
854 health instructors



Cumulative participants Approx. 23,285,000

Oral health promotion for adults (in industry)

Instruction focused on the prevention of a gum disease and on the maintenance and improvement of dental and oral health for employees of various companies.

Participants: 15,212



Cumulative participants Approx. 2,122,000

Oral health promotion for the elderly (from 2007)

Provision of support to help maintain oral functions so that participants can eat with their own teeth and mouth long into the future.

Participants: 66,042

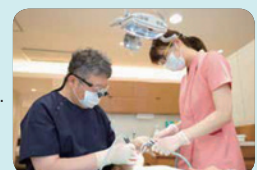


Cumulative participants Approx. 186,000

Dental Checkups and Treatment

Implementation of highly professional, high-quality treatment and preventive dentistry activities tailored to individuals at all life stages, from infants to the elderly.

Participants: 5,502



Cumulative participants Approx. 1,864,000

Cumulative totals are total numbers since establishment of the LDH (1964)

Promoting Oral Healthcare (Japanese)



<https://www.lion.co.jp/ja/csr/community/oral/>

Activities to Establish Cleanliness Habits through Employee Involvement

Lion implements activities to promote proper hand washing habits, mainly with the *KireiKirei* brand, aiming to realize everyday health and comfort for consumers.

With a policy that encourages employees to get involved through volunteer activities, Lion aims for 100% of current employees to have participated in activities to promote good hand washing habits by 2050. From 2012 to 2019, 1,222 employees participated (cumulative participation rate 42.8%).

Over this period, approximately 35,000 preschoolers participated in these activities. We are promoting good hand washing habits at kindergartens, preschools and public facilities, mainly in the areas where Lion facilities are located across Japan, Ishinomaki City (Miyagi Prefecture), which was affected by the Great East Japan Earthquake and an area closely connected to our founder, and Sakaide City (Kagawa Prefecture), where *KireiKirei* Hand Soap is manufactured. In addition, we conduct activities in cooperation with our business partners and incorporate good hand washing habit promotion activities conducted at kindergartens and preschools into the corporate training programs of young employees in order to heighten employee awareness of community involvement. Activities to promote good hand washing habits are also conducted in Asian countries and regions where *KireiKirei* products are sold.

We work with local governments as well. Since 2014, Sakaide City, Lion and the Lion Chemical Co., Ltd. Oleochemical Production Site, which produces *KireiKirei* hand soap, have been jointly promoting the *KireiKirei* City-Sakaide Project,

aiming to spread and establish cleanliness habits among the citizens of Sakaide City.

* Oral healthcare educational activities were also initiated from April 2019.

Participating preschoolers **Cumulative** Approx. **35,000**

Employee participation rate **Cumulative** Approx. **42.8%**

Establishing Cleanliness Habits (Japanese)



<https://www.lion.co.jp/ja/csr/community/washing/>



Interacting with local families (Sakaide Project)

Initiatives for Hygiene and Health Care in Times of Disaster

Paying attention to health is especially important in a disaster situation. Lion creates and distributes pamphlets and posters titled “Hygiene and Health Care in Times of Disaster” as part of efforts to provide information on cleanliness and health care.

From 2017, we have held educational activities for local residents in the communities throughout Japan where our facility sites are located. We will contribute to the establishment of cleanliness habits.

Hygiene and Health Care Information for Times of Disaster



<https://www.lion.co.jp/en/emergency-care/>



Activities in Coordination with Communities

Plant Tours

Lion considers plant tours to be an important contact point between customers and the Company. So that customers can get to know Lion products and witness the extremely high priority the Company places on safety and environmental conservation in its operations, we welcome many visitors to the plants every year.

Plant	Plant tours	Participants
Chiba	71	1,825
Odawara	107	2,823
Osaka	48	1,149
Akashi	63	1,340
Total	289	7,137

(January 1, 2019 to December 31, 2019)



Explanation of the laundry detergent manufacturing process (Chiba Plant)

Read about Lion's environmental communication initiatives:

- Toothbrush Recycling Program ➡ p.20
- Forest Maintenance Activities at the Lion Forest in Yamanashi ➡ p.21
- Biodiversity Conservation (Japanese)



<https://www.lion.co.jp/ja/csr/biodiversity/activity/>



Related SDGs



Organizational Governance

Basic Approach

The Lion Group's top priorities for corporate governance are to increase management transparency, strengthen supervisory functions, accelerate decision making and ensure compliance. By strengthening and enhancing its corporate governance system, Lion aims to increase its corporate value.

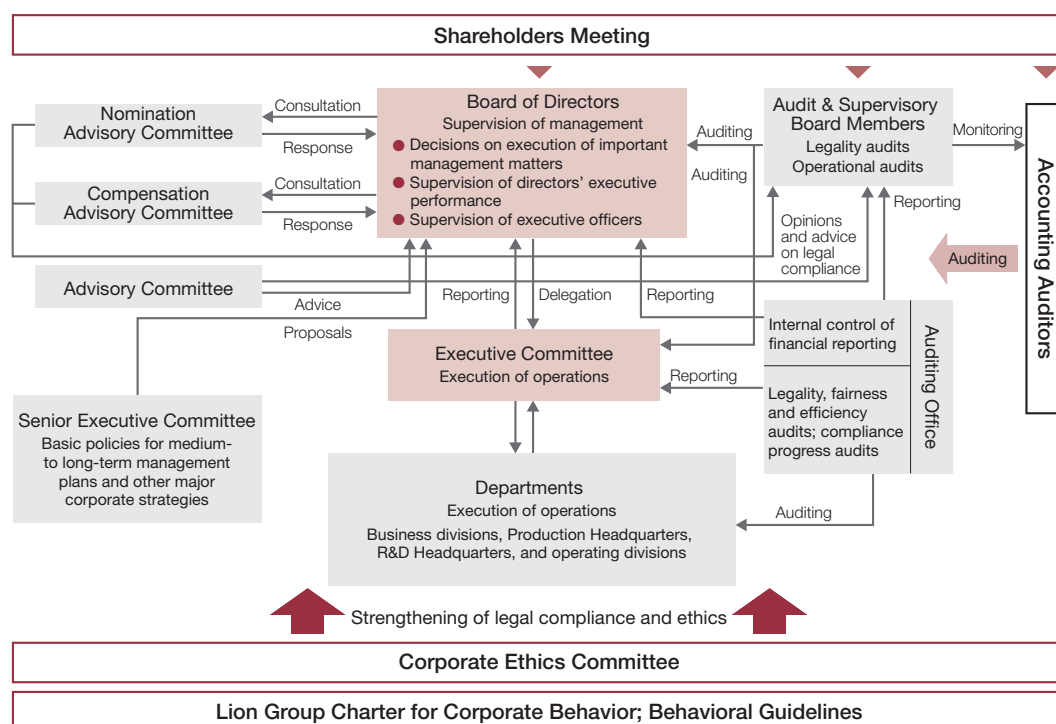
Corporate Governance System

At Lion, oversight of management is carried out under an audit and supervisory board system. In March 2004, Lion adopted an executive officer system and divided the functions previously handled by the Board of Directors. Under the new system, the Board of Directors is responsible for management decision making and oversight, and the Executive Committee is charged with business execution.

Moreover, Lion reduced the size of its Board of Directors from the 19 directors it had before adopting the executive officer system to the current nine in order to facilitate more substantive discussion and faster decision making. Also, a Nomination Advisory Committee and Compensation Advisory Committee

Committee were established to increase management transparency and further enhance corporate governance. Membership of each of these committees comprises mainly five external officers (three external directors and two external Audit & Supervisory Board members), all of whom are qualified as independent directors. The representative directors and all the external officers exchange information regularly (once a month, in principle) in an effort to enhance management oversight and monitoring functions.

In addition, to reflect the opinions and advice of third parties with regard to legal compliance and management policies, we have set up an Advisory Committee consisting of external experts.



Corporate Governance Report (Japanese)



https://www.lion.co.jp/ja/company/about/pdf/abo_gov.pdf

Sustainability Management

We believe that growing our business while reducing the burden on the planet contributes to the creation of a sustainable society.

In January 2019, the former CSV Management Meeting and Environmental Conservation Committee were integrated to

create the Sustainability Promotion Meeting. Comprising all executive directors, including the President, and related departments, the meeting deliberates on and monitors the execution of Company-wide CSV strategy, the Sustainability Material Issues and policy regarding environmental issues.



Matters decided at the Sustainability Promotion Meeting are discussed by the Executive Committee and Board of Directors as necessary and then reflected in the business activities of business execution departments.

In 2020, objectives for 2030 regarding the Sustainability Material Issues were discussed by the Sustainability Promotion Meeting and approved.



Internal Control System

In accordance with the Corporation Law and the Enforcement Regulations of the Corporation Law, Lion has put systems in place to ensure the appropriateness of Group operations. With regard to the systems for evaluating and auditing internal control with respect to financial reporting, as prescribed in Japan's Financial Instruments and Exchange Act, we have established controls at the Company-wide and business process levels. Evaluations of the effectiveness of our internal control are made by the Auditing Office, which reports its findings to the President and Audit & Supervisory Board members. It also reports to the Board of Directors on a regular basis. As a result of these evaluations, we have determined that Lion's internal control with respect to financial reporting in 2019 was effective, and we submitted our Internal Control Report along with our Securities Report to the Prime Minister in March 2020.

Securities Report (Japanese)



<https://www.lion.co.jp/ja/ir/library/yuhou/>

Risk Management

In order to continue providing our customers with safe and reliable products, we have appointed a Director Responsible for Risk Management who comprehensively controls and supervises risk for the whole Lion Group. Appropriate countermeasures for the management of risk related to the environment, quality assurance, and accidents and disasters are formulated in advance by the Sustainability Promotion Meeting, CS/PL Committee, and Safety, Hygiene and Disaster Prevention Meeting, respectively, and deliberated by the Executive Committee when necessary. Each plant is certified with ISO 14001 or operates based on ISO 14001 and works proactively to maintain and improve quality management and environmental conservation. In the case of a physical emergency, such as a natural disaster or accident, in accordance with the Emergency Response System (a system of manuals outlining countermeasures against earthquakes or influenza and other infectious diseases), we report the relevant facts to the President and Audit & Supervisory Board members. At the same time, the directors of relevant departments collect all pertinent information, formulate response measures, clarify causes, determine countermeasures and submit reports on these actions to the Executive Committee and the Board of Directors.

Furthermore, among the various risks that may arise while doing business, the five listed at right are the main risks that

● Internal Audits

The Auditing Office, under the direct supervision of the President, implements audits across the Lion Group, examining their operations from the perspectives of legality, fairness, efficiency and risk management in order to establish a foundation for sound business activities. One of the features of Lion's internal audit system is that we exchange information closely with the Audit & Supervisory Board Members, striving to reinforce coordination. Audit results and the status of improvements are reported to the President, directors with related responsibilities and the Executive Committee after each audit. A summary of the audit results is reported to the Board of Directors twice a year to advance PDCA management of audit operations. Reports are also provided to the Executive Committee to facilitate the sharing of information with business execution departments.

may have a particularly significant impact on investor judgment and are disclosed in the Company's Securities Report.

● Business Continuity Plans (BCPs)

Lion works to build and maintain systems to minimize damage and to ensure the continuation of business operations so that it can provide products to customers even in the event of a major earthquake, outbreak of infectious disease (pandemic) or other such contingency. We will set up a task force and respond according to the "Manual on Countermeasures for Earthquake Disaster" when a major earthquake occurs, and according to the "Manual on Countermeasures against Novel Influenza and Other Infectious Diseases" if a pandemic due to a novel influenza virus or other infectious disease is foreseen. We will judge whether or not to activate a BCP according to the scale and other conditions of the disaster. If a BCP is activated, our system is designed to give top priority to businesses that supply consumer products.

A summary of countermeasures to risks that may have a serious impact on our business is reported to the Executive Committee annually.

- | | |
|-----------------------------------|--|
| 1. Product quality and value | 4. Major lawsuits |
| 2. Changes in raw material prices | 5. Earthquakes and other natural disasters |
| 3. Exchange rate fluctuations | |



Spreading and Strengthening Compliance Awareness

The Lion Group Charter for Corporate Behavior and Behavioral Guidelines form the foundation of the Lion Group's compliance framework. The Corporate Ethics Committee, chaired by the director responsible for corporate ethics, works proactively to foster compliance awareness within the Lion Group. The Lion Group Charter for Corporate Behavior and Behavioral Guidelines are distributed in

● e-Learning Training

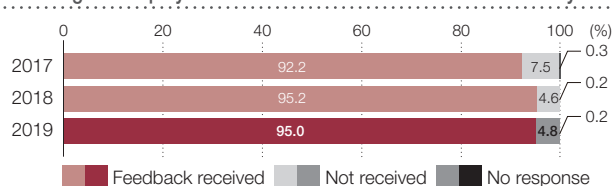
Lion conducts periodic e-learning and other training every six months. Topics covered in 2019 included a declaration of committing to the Lion Group Charter for Corporate Behavior, the basics of labor management, the workplace environment and compliance (including harassment prevention), Lion's conceptual approach to quality, information security and basic knowledge of insider trading regulations. We also provided new training regarding human rights, bribery and safety (including occupational accidents), in which 100% of employees participated.

● Compliance Awareness Survey

All domestic employees of the Lion Group (including part-time workers) are asked to complete the annual Compliance Awareness Survey.* In 2019, the survey was conducted for the 16th time. Approximately 92.8% of the targeted 4,406 employees responded. The survey results are reported to management and feedback is provided to individual divisions in order to help maintain and strengthen our compliance systems. Every year, improvements are made based on opinions solicited through the survey on such matters as problems in the workplace environment.

Going forward, Lion plans to expand the survey to overseas Group companies to further strengthen compliance functions.

Percentage of Employees Who Received Feedback from the Survey Results



* Compliance Awareness Survey

Anonymous questionnaire survey covering such topics as compliance with the Lion Group Charter for Corporate Behavior, whether there was feedback from the results of the previous Compliance Awareness Survey, and awareness of the AL Heart Hotline.

● Raising Awareness of the Hotline

Lion has set up an internal and external whistle-blowing system, the AL (All Lion) Heart Hotline, and is taking steps to raise awareness of said system among all employees, including temporary staff. Its recognition rate among employees was 98.6% in 2019.

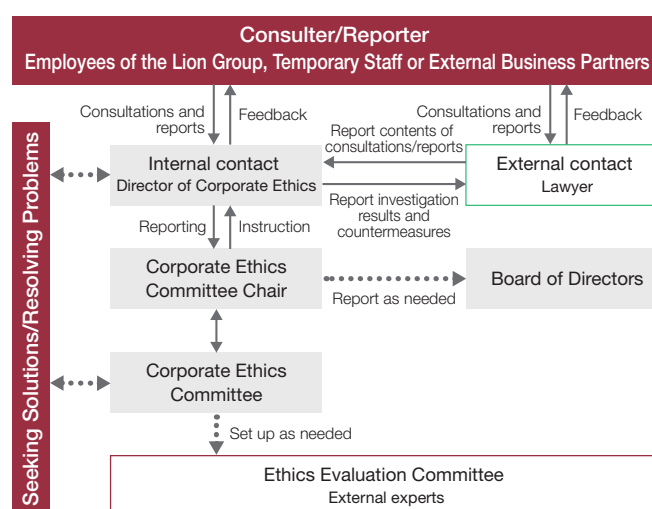
The AL Heart Hotline Employee Recognition Rate

2017	95.8%
2018	98.5%
2019	98.6%

pamphlet form to all employees and publicly available on Lion's website.

Moreover, we established the LION Anti-Bribery Principles in January 2019 in light of developments around the world related to strengthening legal regulations against acts of bribery and corruption.

The AL Heart Hotline System



AL Heart Hotline Consultations and Reports

In 2019, the hotline received 25 consultations and reports. However, none of the cases were judged to constitute serious misconduct, and all were appropriately addressed and resolved.

Content of consultations and reports made	2017	2018	2019
Harassment	9	15	11
Personnel and labor management issues	5	6	11
Others	4	2	3

AL Heart Hotline (Japanese)



<https://www.lion.co.jp/ja/company/compliance/>

Compliance Initiatives at Overseas Group Companies

The Lion Group implements initiatives at overseas Group companies aimed at spreading and strengthening compliance awareness Group-wide. In 2019, representatives from compliance-related departments visited overseas Group companies to promote awareness of compliance-related efforts, such as the LION Human Rights Policy, LION Anti-Bribery Principles and AL Heart Hotline, as well as related initiatives.

Information about some of our other overseas initiatives is available on our website.

Embedding Compliance (Japanese)



<https://www.lion.co.jp/ja/csr/management/compliance/>

External Evaluations/Participation in External Groups

(As of May, 2020)

Lion is engaged in addressing issues not just on the financial side, but also on the environmental, social and governance side, and is included in multiple SRI (socially responsible investing) indices.

In addition, our environmental, logistics and human resources initiatives have been highly evaluated by governmental and other external institutions.

Status of Inclusion in SRI Indices

 MEMBER OF Dow Jones Sustainability Indices In collaboration with <small>eRobecoSAM brand</small>	 FTSE4Good	 FTSE Blossom Japan	 S&P/JPX Carbon Efficient Index
 MSCI Japan ESG Select Leaders Index	 MSCI Japan Empowering Women Index (WIN)	<p>THE INCLUSION OF LION CORPORATION IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF LION CORPORATION. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES[C1].</p>	

Evaluation and Certification

Overall CSR		Environment and Logistics			
 SUSTAINA ESG AWARDS 2019 GOLD CLASS Overall Category	 2020 優良賞 環境報告部門	 CDP SUPPLIER ENGAGEMENT LEADER 2019	 みんなで地球にやさしい物流を グリーン物流パートナーシップ	 環境事業賞	 エコレールマーク
Human Resources					
 第10回 日本でいちばん大切にしたい会社大賞	 2020 健康経営優良法人 Health and productivity ホワイト500	 HR Award 2019 日本的人事部	 Japan e-Learning Awards 2019	 プラチナくるみん 子育てサポートしています	 2019年認定 5つ星るみん5つ星 子育てサポートしています

Participation in External Organizations

 WE SUPPORT UN GLOBAL COMPACT	 TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES	 ECO FIRST	 Clean Ocean Material Alliance	 JaSPON Japan Sustainable Palm Oil Network
 SCIENCE BASED TARGETS DRIVING AMBITIOUS CORPORATE CLIMATE ACTION	 Sedex Member	 JAPAN CLIMATE INITIATIVE	 Plastics Smart	 Japan Initiative for Marine Environment

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