

2020 Sustainability Material Issues and Objectives in the "LIVE Plan",

<Performance Summary>

Lion has implemented activities aimed at the resolution of individual issues in the 2020 Sustainability Material Issues that Lion identified in 2018.

We are managing the progress with PDCA in addressing material issues. Overall, we have confirmed that each activities are advancing for achievement. In particular, our global activities were advanced through a close collaboration with our overseas group companies, and we will continue to undertake further measures.

<Sustainable Development Goals (SDGs)>



Medium-term Management Plan (2018 - 2020), and Achievements in 2018

The Live Plan Financial Target (Consolidated)

(billion yen)	Targets for 2020	
		Ratio to net sales
Net sales	400	-
Operating profit	40	10.0%
Profit for the period attributable to owners of the parent	28	7.0%
ROE	12% level	-

* Effective from the fiscal year ended December 31, 2018, the Lion Group voluntarily adopted International Financial Reporting Standards (IFRS).

Assessment Metrics
 Achieved: Achieved 2020 Objectives.
 On Plan: Underway toward 2020 Objectives .



Core Subjects	Sustainability Material Issues (Contributing SDGs)	Directions for Initiatives toward the 2020 Objectives	2020 Objectives and KPI	Achievements in 2018	Related information	Assess	Next action		
E The Environment	1 Promoting Environmental Initiatives for a Sustainable Planet 6 7 9 12 13 14 15 17	Work together with consumers and local communities actively to promote environmental conservation activities, aiming harmonization of a sustainable society and the development of our businesses.	• Promotion of environmental business management 1) Promote and achieve the "Eco Vision 2020" environmental targets (Global) 2) 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) 3) Promote appropriate use and management of chemical substances (Global) 4) Confirm and review the progress of environmental management through top environmental audits and the Sustainability Promotion Meeting*1	1) Implemented activities related to the "Eco Vision 2020" and promoted steady progress toward the targets 2) Discussed and shared issues for New Environmental Objectives: LION Eco Challenge 2050 establishment, including with overseas Group companies 3) Thoroughgoing management and appropriate use of chemical substances 4)-(1) Implemented top environmental audits by directors: Odawara Plant, Lion Chemical Co., Ltd. Oleochemical Production Site Lion Specialty Chemicals Co., Ltd. Yokkaichi Production Site 4)-(2) Confirmed status of environmental management progress in the Environmental Conservation Committee	P33-40	1)On Plan 2)On Plan 3)On Plan 4)-(1) On Plan 4)-(2) On Plan	1) Continue activities for the achievement of the "Eco Vision 2020" environmental targets 2) Establish New Environmental Objectives: LION Eco Challenge 2050 approved by Board of Directors in May 2019, and proceed measures 3) Continue promoting appropriate use and management of chemical substances 4) Continue top environmental audits by directors and environmental management at the Sustainability Promotion Meeting		
	S Human Rights	2 Respecting Human Rights 5 8 10 16 17	Build a Group system which respects human rights.	• Enhancement of initiatives for respecting human rights based on the Group philosophy 1) Formulate human rights policies for all Lion companies (Global) • Expansion of internal and external contacts for reporting and consultations 1) 100% recognition rate for the "AL Heart Hotline" (Domestic)	1) Instituted "LION Human Rights Policy" for both domestic and overseas Lion Group company and disclosed it on our website. Translated into local languages for dissemination and penetration(English, Chinese, Korean, Thai, Malay) 1) "AL Heart Hotline" recognition rate: 98.5%. Disseminated internally through the Compliance Awareness Survey and compliance education	P41-42	Achieved On Plan	1) Continue disseminating and confirming the status measures with regard to human rights of overseas Group companies (global). Conduct e-learning training on Lion's human rights measures for further embedding (Domestic) 1) Take steps to expand recognition through compliance education. Strengthen the Hotline function of overseas Group companies	
		S Labor Practices	3 Promoting Diversity 5 8 10	Expand creative business activities through the application of diverse human resources.	• Promotion of activity by women at the management level 1) Develop female employees to drive the next generation of management (Global) 2) 20% proportion of female employees at the management level (Domestic)	1) Increased female attendance in the Human Resources Development Training for Next-Generation Management From 38.6% in 2017 to 47.6% in 2018 2) Proportion of female employees at the management level: 15.8%		1)On Plan 2)On Plan	1) Hold 2019 Human Resources Development Training for Next-Generation Management 2) Continue measures enabling long-term active participation by women
	S Labor Practices		4 Promoting a Work-Life Balance 3 8	Create an uplifting feeling among employees through work style reforms.	• Realization of "smart work" ^{*2} to harmonize productive work and personal lives 1) Implement employee awareness and behavior surveys (Domestic) 2) 70% usage rate of annual paid leave (Domestic)	1) Conducted the "Survey of Lion Awareness and Action" for all employees including domestic group companies. Percentage of respondents who answered work is "rewarding": 61.9% 2) Usage rate of annual paid leave: 60.3%	P43-47	1)On Plan 2)On Plan	1) Implement programs as part of measures contributing to decent work 2) Increase planned paid leave days from three to five days
			5 Developing Human Resources 8 5 10	Create personal dynamism by developing human resources with diverse and abundant ideas which enable to fulfill the expectations of global stakeholders.	Arrangement of human resources development systems to successfully cultivate personnel who can learn and act independently	• Held the "ReDesign FORUM" that lead to generate new proposal for resolving company-wide issues by direct discussions between younger employees and management (1st term of ReDesign Activity) • Held the "Marketing Study Program" to strengthen the marketing capabilities of younger employees and uncovered suitable human resources		On Plan	• Start 2nd term of ReDesign Activity • In order to respond to the change in learning style, the former level-specific programs were reconsidered, and the training program Lion Career Village (LCV), which motivated employees can learn independently, was began its operation from January 2019. (Domestic)

*1 Was held as the "Environmental Conservation Committee" until 2018

*2 Work styles to promote highly-concentrated work in order to improve productivity.

P (Plan)

D (Do)

C (Check)

A (Action)

Core Subjects	Sustainability Material Issues (SDGs contributed to)	Directions for Initiatives toward the 2020 Objectives	2020 Objectives and KPI	Achievements in 2018	Pages with related information	Assess	Next action	
S	Labor Practices	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 0 serious accident and 0 serious incident (Global) 	<ul style="list-style-type: none"> Promoted PDCA of safety activities at the Safety, Hygiene and Disaster Prevention Meeting (biannually). 0 serious accident, 0 serious incident 	P43-47	On Plan	Continue PDCA promotion and conduct the Safety, Hygiene and Disaster Prevention Meeting (biannually)
		7 Reinforcement of Health and Productivity Management 3 8 17	Build a Lion's health management model, which will be appropriate for an advanced daily healthcare company.	<ul style="list-style-type: none"> Expansion of support programs to aid employees in forming health care habits 1) 100% rate of receiving health checkups (Domestic) 2) 100% rate of receiving dental checkups (Domestic) 3) 100% rate of receiving examinations for cancer classified by age (Domestic) 	<ul style="list-style-type: none"> Developed initiatives to support the improvement of employee health awareness and making healthy behavior habitual 1) Rate of receiving health checkups: 100% 2) Rate of receiving dental checkups: 93%. Health guidance were provided by dental hygienists <ul style="list-style-type: none"> Established subsidy programs of receiving professional care as a promotion to put preventive dentistry into practice 3) Rate of receiving examinations for cancer classified by age: 84% 		1)On Plan 2)On Plan 3)On Plan	Implement Lion-style health and productivity management "GENKI" action <Key Measures> 1. Create an individual health management system 2. Promote preventive dentistry habits 3. Strengthen measures against the three major cancers lung cancer, stomach cancer, and colon cancer. 4. Anti-smoking measures
	Fair Operating Practices	8 Building Responsible Supply Chain Management 5 6 7 8 10 12 13 14 15 16 17	Promote management with high effectiveness in the supply chain.	<ul style="list-style-type: none"> Build more advanced and sustainable supply chains 1) Implement supplier sustainability self-checks related to procurement (Global) 2) 100% implementation rate of supplier sustainability self-checks related to procurement (Domestic) 	<ul style="list-style-type: none"> 1) Implemented supplier sustainability self-checks to suppliers of Lion Corporation Korea (LCK). Held the Global Procurement Conference and conveyed the necessity for CSR-based procurement in order to expand self-checks to other countries 2) Response rate: 98%. Provided evaluation results to suppliers as feedback (annually) 	P48-49	1)On Plan 2)On Plan	1) Continue self-checks at LCK. Consider the next country of implementation 2) Continue supplier sustainability self-checks
	Consumer Issues	9 Pursuing Customer Trust and Satisfaction 3 10 12	Thoroughly promote corporate activities with a high level of credibility to customers 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 	<ul style="list-style-type: none"> Established the "Reliability Assurance Department" to strengthen quality assurance systems throughout entire value chain. Engaged in information exchange with quality managers at overseas group companies (Quality Assurance meeting) Discovered insights from multi-faceted analysis of VOCs *3 and shared information with the product development department in order to create customer experience-based value Conducted e-learning training regarding information security, social media risks, and information management systems (Participation rate: 100%) 	P50-54	On Plan	<ul style="list-style-type: none"> Continue reliability assurance activities and conduct QA meeting aimed at reducing risk of entire Group Continue customer-oriented management with a view to enhance customer satisfaction Conduct e-learning with the content implemented in 2018. Confirm systems, governance, status of security countermeasures, etc. at overseas group companies and promote self-checks
	Community Involvement and Development	10 Creating Healthy Living Habits 3 4 6 12 17	Contribute to the creation of healthy living habits such as oral health care, cleanliness and hygiene practices and habits, in order to extend healthy life expectancy of all people and to ensure people's everyday well-being.	<ul style="list-style-type: none"> Implementation of activities to establish health care 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 by employees, and enhancement of partnerships 	<ul style="list-style-type: none"> Started the services using latest technology and the verification tests to create customer experience-based value Promoted educational activities for oral health and hand-washing at our office site and kindergartens, preschools, and other such facilities of areas closely connected to Lion. Conducted hand-washing education activities with participation of young employees Promoted preventive dentistry and hand-washing educational activities in Asian countries and regions in collaboration with local governments, academic societies, and business partner 	P55-57	On Plan	<ul style="list-style-type: none"> Consider concrete measures, objectives, and KPI linked with our business Promote and continue preventive dentistry activities throughout the entire Group Take steps towards collaborating with local governments on a new stage (Ishinomaki City, Sakaide City, and others)
G	Organizational Governance	11 Promoting Risk Management	Enhance the risk management system for the entire Group.	Promotion of comprehensive and extensive risk management across the entire Group	<ul style="list-style-type: none"> Reported status of progress in risk management to Executive Committee: 0 incident of serious risk to business (annually) In particular, conducted of overseas group companies as below: <ol style="list-style-type: none"> Maintenance of quality assurance system Construction of compliance system 		On Plan	<ul style="list-style-type: none"> Continue 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 1) Expand familiarity with the Lion Group Charter for Corporate Behavior and the Behavioral Guidelines (Global) 2) 100% rate of participation in compliance-related training (Domestic) 	<ul style="list-style-type: none"> 1) Translated the Lion Group Charter for Corporate Behavior and Behavioral Guidelines to local languages and penetrated to local employees (Chinese, Korean, Thai, Malay) 2)-(1) Training participation rate: 100%. Added new LGBT training contents and strengthened employees' compliance awareness 2)-(2) Conducted the "Compliance Awareness Survey" (response rate: 95%) of all employees, including part-time employees, and provided feedback 	P58-60	1)On Plan 2)On Plan	<ul style="list-style-type: none"> 1) Continue increasing awareness of Lion Group Charter for Corporate Behavior and Behavioral Guidelines at overseas group companies. Raise awareness of hotline and strengthen our consultation and reporting functions due to establish a further compliance system 2) Conduct e-learning training regarding the "LION Human Rights Policy" and the "LION Anti-Bribery Principles"
		13 Enhancing Group Governance 16	Engage in enhancing governance for the entire Group.	Arrangement of a Group Governance System in accordance with the Basic Policy for Corporate Governance	<ul style="list-style-type: none"> Promoted stronger governance in accordance with the Basic Policy for Corporate Governance. Governance strengthened in particular by establishment of the "LION Human Rights Policy" and the "LION Anti-Bribery Principles" 		On Plan	Assure effectiveness by establishing the "LION Anti-Bribery Guidelines"

*3 VOC: Voice of Customer