

# Fair Operating Practices

Related SDGs



## Basic Approach

In accordance with the “Lion Group Charter for Corporate Behavior” and the “Behavioral Guidelines”, we have made efforts to “engage in fair, transparent and free competition and proper transactions” while “maintaining sound and proper relationships with governmental and political bodies.” We also require business partners to comply with laws and regulations. In 2009, Lion expressed its support for the ten principles of the UN Global Compact. In 2019, we further set out the “LION Anti-Bribery Principles” and clarified our stance on preventing corruption such as bribery.

## Instituting the LION Anti-Bribery Principles

In accordance with the global trend of reinforced legal regulations against the acts of bribery and corruption, we set forth the “LION Anti-Bribery Principles” in 2019.

We will thoroughly conduct business activity in compliance with laws and regulations of the countries and regions where we operate.

### <Essence>

- (1) Commitment to prevent the acts of bribery and corruption as the Lion Group based on the Charter of Corporate Behavior
- (2) Elimination of profits by the acts of bribery and corruption, and request cooperation for business partners
- (3) Designation of general manager for Anti-Bribery and establishment of compliance system

[www](https://www.lion.co.jp/en/company/compliance/anti-bribery.php) **LION Anti-Bribery Principles**  
<https://www.lion.co.jp/en/company/compliance/anti-bribery.php>

## Toward the Sustainable and Responsible Procurement

In our supply chain effort, we believe that our key issues are to strengthen corporation with our raw material manufacturers and outsourcing contractor partners and establish responsible supply chain management. In order to alleviate any negative impact from our business activities on the environment and society, and to sustainably develop mutual operations, both our suppliers and

our company need to deepen the sustainability based on the “Procurement Principles”.

Also, regarding the palm oils which are Lion’s primary plant-derived oils used as raw materials, we are aware that it is critical to promote sustainable procurement and are proceeding with it.

[www](https://www.lion.co.jp/en/company/compliance/procurement.php) **Procurement Principles**  
<https://www.lion.co.jp/en/company/compliance/procurement.php>

### ● Promotion of Sustainability with Raw Material Manufacturers and Outsourcing Contractors

We request a self-checks every year based on the “Lion Group Supplier CSR Guidelines\*”, which shows the sustainability initiatives expected from raw material manufacturers and outsourcing contractors. In 2018, Lion Corporation Korea, an

overseas Group company in South Korea, initiated self-checks for 162 business partners. We will continue to promote sustainable and responsible procurement activities with our business partners.

#### \* Lion Group Supplier CSR Guidelines and Glossary

Guidelines including the following 5 subjects and 21 items

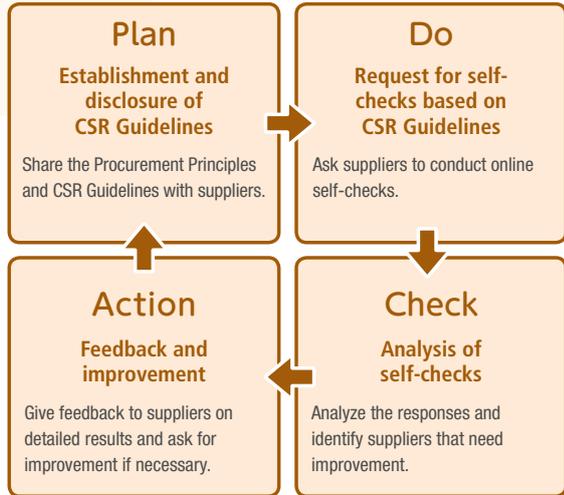
- 1.Human Rights/Labor Practices 2.The Environment 3.Fair Operating Practices 4.Consumer Issues 5.Compliance

<a href="#">www</a>	Japanese	<a href="https://www.lion.co.jp/ja/csr/businesscustom/valuechain/pdf/jpn.pdf">https://www.lion.co.jp/ja/csr/businesscustom/valuechain/pdf/jpn.pdf</a>
	English	<a href="https://www.lion.co.jp/ja/csr/businesscustom/valuechain/pdf/eng.pdf">https://www.lion.co.jp/ja/csr/businesscustom/valuechain/pdf/eng.pdf</a>
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### Timeline of Sustainable and Responsible Procurement Initiatives

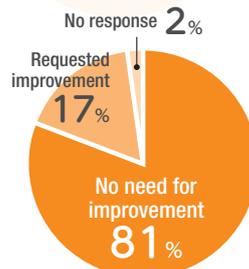
2005	Instituted the “Basic Policy Regarding Purchasing” and implemented appropriate procurement of raw materials and products.
2008	Established the “Procurement Principles” that clarified our social and environmental considerations. Conducted a questionnaire survey for domestic and overseas raw material manufacturers and outsourcing contractors about their corporate activities regarding legal compliance, product service quality and safety, environmental considerations, labor practices and human rights, and fair business transactions.
2013	Revised the “Procurement Principles” and clarified our stance to select business partners in light of legal compliance, environmental conservation, and respect for human rights. Instituted the “Lion Group Supplier CSR Guidelines” and asked our business partners to conduct self-checks on their sustainability measures.
2014	Introduced an online CSR self-check system.
2019	Set forth the “LION Human Rights Policy” and the “LION Anti-Bribery Principles”, and clarified the stance of our initiatives for sustainable and responsible procurement.

• **The PDCA Cycle for Supplier Sustainability Self-checks**



In order to have the suppliers understand the importance of addressing sustainability, we have devised a description of the circumstances surrounding sustainability in our request documents of the self-checks. The self-checks has three stage of checking metrics and glossary in accordance with the level of each initiative.

• **Supplier Sustainability Overall results and its progress of Supplier Sustainability Self-checks (2018)**



Response Rate Trend and Targets

2016 results	94%
2017 results	99%
2018 results	98%
2020 objective	100%

Number of companies monitored:

A total of 610 raw material manufacturers and outsourcing contractors of Lion domestic group (534 domestic and 76 overseas)

**2018 Results Summary**

- The response rate in 2018 was 98%, and the average score was 2.67 in three stages of 1 to 3 points, confirming that sustainability measures are being taken across the entire supply chain.
- We are currently requesting cooperation from the 15 suppliers who did not respond, through interviews and other measures.

**Aiming for Sustainable Procurement of Palm Oils**

We are actively promoting the utilization of plant-derived materials that are carbon neutral and non-depletable. As one of the plant-derived materials, we are using derivatives of palm oil – an oil that is globally produced in large quantities. Palm oils are mainly produced in Malaysia and Indonesia.

Palm oil production is increasing year by year because it is highly productive and can be harvested throughout the year. However, with the rapid expansion of production, a number of issues, such as the logging of tropical forests for development of new farms and the shrinking of wildlife habitats accompanying it, etc., have risen at the production areas. Also, due to inappropriate farming operations, various labor-management issues that lacks social fairness, including terrible labor conditions with very little consideration for health and safety, low paid labor, improper treatment of immigrant workers, and child labor, have been raised. Since 2006, Lion has been a member of the “Roundtable on Sustainable Palm Oil (RSPO)”, which attempts to solve all of these issues. In 2012, Lion Chemical Co., Ltd.’s Oleochemical Production Site passed the supply chain certification system inspection and

was certified as a plant that is allowed to handle RSPO-certified palm oils. As a result of this, Lion started procuring RSPO-certified palm oils from 2012. In 2018, we continued to move towards the achievement of the 2020 target with procurement of RSPO-certified palm oil derivatives (certification rate of approximately 10%). We will continue with our efforts to procure sustainable palm oil.

**Target**

2020: All palm oil derivatives to be RSPO-certified

**Column**

**Participation in the Japan Sustainable Palm Oil Network (JaSPON), a Sustainable Palm Oil Platform**

The “Japan Sustainable Palm Oil Network (JaSPON)” was established in April 2019 to accelerate the procurement and consumption of sustainable palm oil in the Japanese market. The aim of this initiative is to resolve a variety of environmental and other such problems in Indonesia and Malaysia, which are the major palm oil producing countries. As a consumer goods manufacturer of palm oil, Lion is participating in JaSPON.



**Roundtable on Sustainable Palm Oil (RSPO)**

The RSPO sets forth 8 principles and criteria that apply to sustainable palm oil production, including “Environmental responsibility and conservation of natural resources and biodiversity,” “Responsible development in new plantations” and “Responsible care for plantations, plant employees and affected local residents”. Only palm oil produced in compliance with the above principles is treated as RSPO-certified palm oil.

[www https://www.rspo.org/](https://www.rspo.org/)



**Introduction of websites**

In collaboration with our business customers (Japanese)

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

