

Third-Party Review

2018 was the first year of the “LIVE Plan,” the Medium-term Management Plan, to realize the new Management Vision of “Becoming an advanced daily healthcare company,” and Lion advanced further development of its sustainability activities. This report introduces a series of Lion initiatives from a variety of approaches.

Through out the whole, what left a first impression was that progress was made in integrating sustainability activities and management. Specifically, the intention of the Management Vision and the desire to realize sustainable management are stated in easily understandable terms in the Message from the Management in the beginning of the report. The keyword of “ReDesign” is used effectively, and the report has an excellent structure with a rich story. The structure is developed first in terms of the growth strategy of globally deploying value creation by means of Lion’s contribution to improving lifestyle habits. This is then tied in with the main content later in the report, in terms of the employee’s decent work, which is an important management foundation. The “Sustainability Promotion Meeting” was established in January 2019, and progress of the Sustainability Material Issues and Objectives is now managed integrally with the LIVE plan. This is very persuasive as an initiative that substantiates the commitment of top management in terms of governance. Furthermore, the way that Lion’s Value Creation Model is expressed in a form that emphasizes the connection between business activities / strategies and social value is also effective in conveying the linkage with management in an impressive way in conjunction with the start of the LIVE Plan.

The following 2018 Highlights provide more specific explanations of the grow strategy and foundation that make up the value creation model. They clarify the significance of oral healthcare as the core of value creation, as well as your company’s superiority, and the story that ties up with expansion into the growth market of Asia is readily understandable and persuasive. In addition, the “Innovation for Decent Work” initiative, combined with the content of the formulation and publication of the “LION Human Rights Policy” that is linked to global expansion and the practice of Health and Productivity Management, clearly shows your company’s stance on “people”, the foundation of value creation. Last year, I proposed enhancement of information disclosure of Health and Productivity Management as a material that indicates your company’s strength. Consequently, I am impressed with the attitude of responding sincerely to external voices and strongly felt the Lion-Style in terms of extending scope of Health and Productivity Management to “Consciousness” and implementing “ReDesign” concept thoroughly.



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Additionally, your company formulated new environmental objectives in the “LION Eco Challenge 2050” as a measure addressing environmental problems that are urgent issues and set long-term objectives regarding climate change and resource recycling with a view to 2050. In the context of ESG investment rapidly becoming the mainstream, these points could be considered well-timed responses that provide information regarding the sustainability of the business model anticipated by capital markets.

The Lion Sustainability Report 2019 shows that there is steady evolution underway as a medium for conveying these kinds of new movements in a way that is readily understandable to a variety of readers. As an extension of this, I have some expectations for the future that I will state here. First, as a theme for the near term, it would be good to further heighten your consideration in addressing the marine plastic problem that has recently emerged. It is a difficult problem with aspects that consumers, who are the users, will have to be relied on to address. In Lion’s case, however, as you encourage people to replace their toothbrushes regularly as a necessary means for raising the effectiveness of oral healthcare, you are also at the same time building and operating a system for collecting and recycling those toothbrushes. Considering the circumstances today, I think that illuminating these aspects of Lion is important in terms of risk management. In the medium to long-term, Lion has built a system for promoting sustainability management at a higher level than before. It may be appropriate, therefore, to consider the next stage of this, which would be to show in greater depth and detail the value creation brought about by Lion’s business activities. Specifically, the potential effect that oral healthcare has in reducing potential healthcare costs, which is presented here on a trial basis, could be estimated and disclosed, first on a domestic basis that could then be expanded in phases as deployment becomes global. I expect that this would become a trailblazing gesture as disclosure of the positive impact that comes with your business activities. For most corporations, such disclosure of impact is a medium to long-term theme, but it seems to me that Lion is in a position that allows it to take the lead in this trend.

I look forward to seeing the continued evolution of this report throughout the period of the LIVE Plan.