

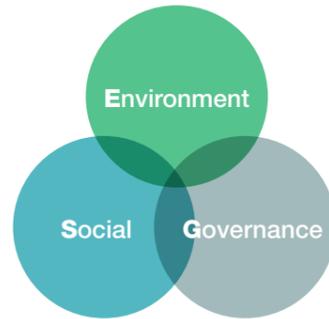


# 2020 Sustainability Material Issues and Progress toward Objectives

## 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.

## 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	The Environment	1						●	●				●	●	●	●		●
	Human Rights	2					●			●								●
S	Labor Practices	3					●			●								
		4				●				●								
		5					●			●		●						
	Fair Operating Practices	6				●				●								
		7				●				●								
		8					●	●	●	●	●	●	●	●	●	●	●	●
		9				●				●				●				
Community Involvement and Development	10				●	●		●					●					
	11																●	
Organizational Governance	12																●	
	13																●	

Core Subjects	Sustainability Material Issues (Related SDGs)	Basic Approach for Initiatives Aimed at the 2020 Objectives	P (Plan)	D (Do)	C (Check)	A (Action)	
			2020 Objectives and KPI	Achievements in 2019 (mid-term report)	Assessment	Measures and Challenges to Address in 2020	
E The Environment p. 7	1 Promoting Environmental Initiatives for a Sustainable Planet 6, 7, 9, 12, 13, 14, 15, 17	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"> <li>Promotion of environmental business management                             <ol style="list-style-type: none"> <li>Promote and achieve the Eco Vision 2020 environmental targets (Global)</li> <li>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)</li> <li>Promote the appropriate use and management of chemical substances (Global)</li> <li>Confirm and review the progress of environmental management through top environmental audits and the Sustainability Promotion Meeting*1 (Domestic)</li> </ol> </li> </ul>	<ol style="list-style-type: none"> <li>Continued activities aimed at achieving Eco Vision 2020</li> <li>Established the LION Eco Challenge 2050 long-term environmental objectives following approval by the Board of Directors in May 2019</li> <li>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)</li> <li>(1) Implemented top environmental audits by directors to promote management improvement and understanding of good example initiatives (Chiba, Osaka and Akashi Plant)</li> <li>(2) Promoted environmental management and bolstered awareness at related divisions through the Sustainability Promotion Meeting</li> </ol>	<ol style="list-style-type: none"> <li>In progress</li> <li>Achieved</li> <li>In progress</li> <li>(1) In progress</li> <li>(2) In progress</li> </ol>	<ol style="list-style-type: none"> <li>Continue activities aimed at achieving the objectives of the vision</li> <li>Determine measures and KPIs to achieve the objectives of LION Eco Challenge 2050</li> <li>Continue promoting the appropriate use and management of chemical substances</li> <li>(1) Reduce risk through top environmental audits</li> <li>(2) Review progress through the Sustainability Promotion Meeting</li> </ol>	
	S Human Rights p. 23	2 Respecting Human Rights 5, 8, 10, 16, 17	Build a Group structure that respects human rights.	<ul style="list-style-type: none"> <li>Enhancement of initiatives for promoting respect for human rights based on the Group philosophy                             <ol style="list-style-type: none"> <li>Formulate a Group-wide human rights policy (Global)</li> </ol> </li> <li>Expansion of internal and external contacts for reporting and consultation                             <ol style="list-style-type: none"> <li>100% recognition of the AL Heart Hotline (Domestic)</li> </ol> </li> </ul>	<ol style="list-style-type: none"> <li>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 (Singapore, Thailand, Taiwan and China) Implemented e-learning about Lion's human rights initiatives (100% participation) (Domestic)</li> <li>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 (Singapore, Taiwan and China)</li> </ol>	<ol style="list-style-type: none"> <li>Achieved</li> <li>In progress</li> </ol>	<ol style="list-style-type: none"> <li>Disseminate and confirm the status of human rights initiatives at overseas Group companies Continue e-learning about Lion's human rights initiatives</li> <li>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</li> </ol>
		S Labor Practices p. 25	3 Promoting Diversity 5, 8, 10	Expand creative business activities through the application of diverse human resources.	<ul style="list-style-type: none"> <li>Promotion of participation by women at the management level                             <ol style="list-style-type: none"> <li>Develop female employees to drive the next generation of management (Global)</li> <li>Increase proportion of female employees at the management level to 20% (Domestic)</li> </ol> </li> </ul>	<ol style="list-style-type: none"> <li>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)</li> <li>Proportion of female employees at the management level: 17.1%</li> </ol>	<ol style="list-style-type: none"> <li>In progress</li> <li>In progress</li> </ol>
	4 Promoting Work-Life Balance 3, 8		Create an uplifting feeling among employees through work style reforms.	<ul style="list-style-type: none"> <li>Realization of "smart work"*2 to harmonize productive work and personal lives                             <ol style="list-style-type: none"> <li>Implement employee awareness and behavior surveys (Domestic)</li> <li>70% usage rate of annual paid leave (Domestic)</li> </ol> </li> </ul>	<ol style="list-style-type: none"> <li>Implemented the Lion Internal Awareness and Behavior Survey for all domestic employees, including those of domestic Group companies</li> <li>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.</li> </ol>	<ol style="list-style-type: none"> <li>In progress</li> <li>In progress</li> </ol>	<ol style="list-style-type: none"> <li>Continue the Lion Internal Awareness and Behavior Survey</li> <li>Encourage planned annual paid leave usage Promote efficient work by expanding the number of employees trying the telecommuting system as well as regular users</li> </ol>
	5 Developing Human Resources 5, 8, 10		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	<ul style="list-style-type: none"> <li>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</li> <li>Launched Lion Career Village (LCV) (online educational content usage: Over 60%) Held group case discussions 57 times. Participation among online content users: Over 20%</li> </ul>	<ol style="list-style-type: none"> <li>In progress</li> </ol>	<ul style="list-style-type: none"> <li>Hold the 3rd term of ReDesign FORUM to foster ReDesign mindsets</li> <li>Enhance LCV content and promote continued usage as a venue for learning</li> </ul>

\*1 Held as the Environmental Conservation Committee until 2018  
 \*2 Highly concentrated work styles aimed at improving productivity



			P (Plan)	D (Do)	C (Check)	A (Action)	
Core Subjects	Sustainability Material Issues (Related SDGs)	Basic Approach for Initiatives Aimed at the 2020 Objectives	2020 Objectives and KPI	Achievements in 2019 (mid-term report)	Assessment	Measures and Challenges to Address in 2020	
S	<b>Labor Practices</b>  p. 25	<b>6</b> 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"> <li>Thorough enforcement of occupational safety and the safety of facilities</li> <li>Zero serious accidents and zero serious incidents (Global)</li> </ul>	<ul style="list-style-type: none"> <li>Zero serious accidents and zero serious incidents (Global)</li> <li>Held the Safety, Hygiene and Disaster Prevention Meeting twice a year and continued to implement PDCA</li> <li>The director in charge of safety implemented top safety audits to achieve zero serious accidents and incidents (Odawara, Akashi and Chiba plants)</li> <li>Implemented e-learning for all employees to increase safety awareness (Participation: 99.8%)</li> </ul>	In progress	<ul style="list-style-type: none"> <li>Hold the Safety, Hygiene and Disaster Prevention Meeting twice a year and continue to implement PDCA</li> <li>Reduce risk through top safety audits</li> <li>Implement e-learning about safety</li> </ul>
		<b>7</b> 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"> <li>Expansion of support programs to aid employees in forming good healthcare habits</li> <li>1) 100% rate of receiving health checkups (Domestic)</li> <li>2) 100% rate of receiving dental checkups (Domestic)</li> <li>3) 100% rate of receiving age-specific cancer screenings (Domestic)</li> </ul>	Launched Lion-Style Health Support "GENKI" Action, increasing employee health awareness and providing support for self-directed healthy behavior <ol style="list-style-type: none"> <li>Rate of receiving health checkups: 100%</li> <li>Rate of receiving dental checkups: 91.8%. Health guidance was provided by dental hygienists.                             <ul style="list-style-type: none"> <li>Provided a subsidy program for professional care at dental clinics to promote the practice of preventive dentistry (rate of receiving professional care: 58.4%)</li> </ul> </li> <li>Rate of receiving age-specific cancer screenings: N/A (not implemented due to transition to "GENKI" Action)</li> </ol>	<ol style="list-style-type: none"> <li>In progress</li> <li>In progress</li> <li>In progress</li> </ol>	Implement Lion-Style Health Support "GENKI" Action Key measures: <ol style="list-style-type: none"> <li>Build and implement an individual health management system</li> <li>Expand the practice of preventive dentistry by implementing Professional Care 100% Action</li> <li>Implement programs aimed at the early detection of three common types of cancer</li> <li>Expanding the scope of cancer screenings</li> <li>Completely ban smoking inside Company buildings at all times, including outside of work hours</li> </ol>
	<b>Fair Operating Practices</b>  p. 30	<b>8</b> 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"> <li>Build more advanced and sustainable supply chains</li> <li>1) Implement supplier sustainability self-checks related to procurement (Global)</li> <li>2) 100% implementation of supplier sustainability self-checks related to procurement (Domestic)</li> </ul>	<ol style="list-style-type: none"> <li>Participated in the Supplier Ethical Data Exchange (Sedex) to reinforce supplier CSR activity implementation</li> <li>Implementation of supplier sustainability self-checks: 99.7%. Provided evaluation results to suppliers as feedback (annual)</li> </ol>	<ol style="list-style-type: none"> <li>In progress</li> <li>In progress</li> </ol>	<ol style="list-style-type: none"> <li>Expand number of countries in which we implement sustainability self-checks</li> <li>Encourage key suppliers to join Sedex to further reinforce sustainable supply chain management</li> <li>Continue supplier sustainability self-checks</li> </ol>
	<b>Consumer Issues</b>  p. 32	<b>9</b> 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"> <li>Enhancement of reliability assurance systems covering the entire supply chain</li> <li>Improvement of customer satisfaction through enhancement of customer support quality</li> <li>Enhancement of security system through system construction and supervisory management enhancement</li> </ul>	<ul style="list-style-type: none"> <li>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)</li> <li>Participated for the first time in a phone service contest to reinforce the customer support quality of phone operators</li> <li>This event helped our staff understand the level of service at other companies and step up their own quality</li> <li>Implemented e-learning about information security and social media risks and basic insider trading knowledge (100% participation)</li> </ul>	In progress	<ul style="list-style-type: none"> <li>Continue to hold the Asia QA Meeting. Further develop quality control initiatives in each country</li> <li>Develop human resources with customer-oriented management mindsets to enhance customer satisfaction</li> <li>Continue using e-learning content introduced in 2019</li> <li>Discuss overseas Group companies' systems and security measures with the goal of improving global infrastructure</li> </ul>
	<b>Community Involvement and Development</b>  p. 36	<b>10</b> 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"> <li>Implementation of activities to establish good healthcare habits such as preventive dentistry and hand washing, in coordination with business activities</li> <li>Contribution to the resolution of social issues based on co-existence with communities, involvement of employees and enhancement of partnerships</li> </ul>	<ul style="list-style-type: none"> <li>Promoted and continued preventive dentistry activities across the Lion Group</li> <li>Held the Oral Health Event of Tooth Brushing for Children (in Japan and six other Asian countries, reaching 240,000 elementary school students)</li> <li>Implemented activities to spread healthy oral care habits through the Lion Foundation for Dentistry Health (Domestic)</li> <li>Implemented preventive dentistry activities in close coordination with experts and retailers (key countries: Malaysia, China, Thailand) (Global)</li> <li>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.</li> <li>Involvement of employees: Junior employees in all job types, from R&amp;D to sales and manufacturing, implemented educational activities to promote hand-washing habits</li> <li>Enhancement of partnerships: Implemented the Happy Marriage City Promotion Project in cooperation with governments</li> </ul>	In progress	<ul style="list-style-type: none"> <li>Promote and continue preventive dentistry activities across the Lion Group</li> <li>Promote and continue partnerships with governments</li> </ul>
G	<b>Organizational Governance</b>  p. 39	<b>11</b> 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"> <li>Continued the promotion of comprehensive and extensive risk management across the entire Group</li> <li>Reported on risk management progress in 2019 to the Executive Committee (annual)</li> <li>Zero incidents of serious risk to business</li> </ul>	In progress	<ul style="list-style-type: none"> <li>Continue the promotion of comprehensive and extensive risk management across the entire Group</li> </ul>
		<b>12</b> Embedding Compliance 5 10 16	Enhance the effectiveness of compliance activities across the entire Group.	<ul style="list-style-type: none"> <li>Construction of a compliance management system</li> <li>1) Expand familiarity with the Lion Group Charter for Corporate Behavior and the Behavioral Guidelines (Global)</li> <li>2) 100% participation in compliance-related training (Domestic)</li> </ul>	<ol style="list-style-type: none"> <li>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</li> <li>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.</li> </ol> Conducted the Compliance Awareness Survey of all employees, including part-time employees, and provided feedback (response rate: 92.8%)	<ol style="list-style-type: none"> <li>In progress</li> <li>In progress</li> </ol>	<ol style="list-style-type: none"> <li>Continue increasing awareness of the Lion Group Charter for Corporate Behavior and the Behavioral Guidelines at overseas Group companies</li> <li>Implement the Compliance Awareness Survey at overseas Group companies</li> <li>Raise awareness of hotlines and strengthen our consultation and reporting contact functions to further build up the compliance framework</li> <li>2) Continue promoting initiatives toward 100% participation in e-learning</li> </ol>
		<b>13</b> 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	<ul style="list-style-type: none"> <li>Promoted stronger governance in accordance with the Basic Policy for Corporate Governance.</li> <li>Explained the outline of the LION Anti-Bribery Guidelines at overseas Group companies (Singapore, Taiwan, China)</li> <li>Assured effectiveness through use in conjunction with the AL Heart Hotline function</li> </ul>	In progress	Assure effectiveness by establishing the LION Anti-Bribery Guidelines