



Related SDGs

# Fair Operating Practices



## 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 sustainably 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, Qingdao Lion, a Group company in China, 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, an overseas Group company in South 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.

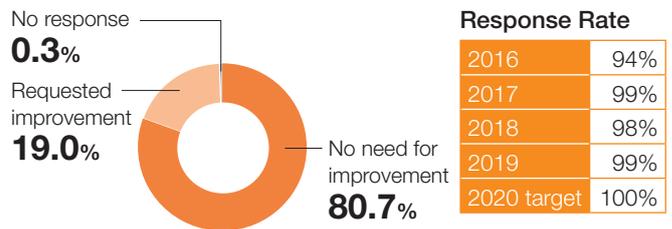


## PDCA Cycle for Supplier Sustainability Self-Checks



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/>