Editorial Policy and Lion’s Disclosure

Editorial Policy
Lion views this report as an important tool for presenting its sustainability initiatives and drawing on stakeholder opinions while furthering corporate activities.

Lion Integrated Report 2020: Sustainability Editorial Policy

- Since 2011, we have systematized our initiatives for sustainability in accordance with ISO 26000, an international standard concerning corporate social responsibility. This report is structured to reflect this.
- This report discloses our Sustainability Material Issues and our progress toward the medium-term sustainability objectives corresponding to Lion’s management plan.
- For ease of access, links to key Lion webpages are marked by an icon.
- GRI Sustainability Reporting Standards were used as a reference for producing this report.
- Lion’s sustainability activities, including some information not provided in this report, are comprehensively presented on our website.

Referenced Guidelines:
- The Environmental Reporting Guidelines (2018) issued by the Ministry of the Environment
- GRI Sustainability Reporting Standards issued by the Global Reporting Initiative
- ISO 26000: 2010 Guidance on social responsibility issued by the Japanese Standards Association

Comparative Tables for Referenced Guidelines
[Link to Tables]

Scope of Coverage:
Lion Corporation and all of its consolidated subsidiaries are covered, in principle.
*Where the scope of coverage of reported activities or data differs from the above, a description is provided.

Period Covered:
From January 1, 2019 to December 31, 2019
*Some parts also include information about 2020

Published:
June 2020

Lion’s Disclosure

Investor Relations
IR news, quarterly financial statements, shareholders meetings, securities reports, etc.
https://www.lion.co.jp/en/ir/

About Us
Company overview, management vision, message from management, corporate governance, corporate compliance, research & development, etc.
https://www.lion.co.jp/en/company/

Sustainability
Lion’s approach to sustainability, social contribution activities, SDGs-related initiatives, etc.

Lion Integrated Report 2020: Sustainability is published to supplement the Integrated Report as a tool for reporting in greater detail Lion’s activities aimed at achieving sustainability.
https://www.lion.co.jp/en/csr/

Products
Products offered by Lion, presented by category
https://www.lion.co.jp/en/products/

Contenido
Lion’s origins lie in soap and toothpaste. Since our founding in 1891, we have strived to adhere to our founding spirit of “benefiting society though business activities,” seeking to help consumers enjoy healthy living through the provision of products while engaging in communication and educational activities aimed at promoting better living habits. We recognized long ago that global environmental protection is an issue that the whole world shares and have taken environmental measures accordingly, such as developing environmentally friendly products. To address evolving social issues and help bring about a better society, as well as to realize our management vision, we are moving forward with sustainability initiatives.

### The Lion Group’s History of Addressing Social Issues

#### Oral Care

**From 1896**
- Cavity prevalence among children at 98% / Promoting oral care

**From 1913**
- Started educational activities to foster healthy tooth brushing habits
- Held the first Lion oral hygiene lecture (The start of promotional and educational activities)

**From the 1960s**
- Expanding the market and developing world-class products
- Addressing diverse oral health issues

**From the 1990s**
- Addressing gum disease through the systematic combination of products with clear functions

**From the 2000s**
- From oral care to whole-body health

#### Cleanliness and Comfort

**From 1891**
- Start of soap manufacturing and promotion of correct laundry methods
- Laundry lecture held by Lion Laundry Science Laboratories

**From 1950s**
- Addressing health problems caused by parasites on vegetables

**From the 1960s**
- Addressing diverse lifestyle needs
- Mana Lemon (Soap and vegetable detergent that is gentle on the hands)
- CHARMY Green (Kitchen detergent that is gentle on the hands and strong against grease)

**From the 1990s**
- Promoting good hand washing habits and related products, helping raise cleanliness and hygiene awareness
- KireiKirei Medicated Hand Soaps (With antibacterial agents)

**From the 2000s**
- Contributing to clean and comfortable living in Asia
- Activities to promote the practice of hand-washing in Asia

#### Environmental Conservation

**From the 1920s**
- Use of plant-derived ingredients
- Plant-derived Lion Laundry Soap (Japan’s first plant-derived household laundry soap)

**From the 1960s**
- Addressing foaming in rivers, eutrophication in lakes and manches and other water environment issues with advanced technology
- Dash (Laundry detergent formulated with the highly biodegradable surfactant KOS)

**From the 1990s**
- Reducing CO2 emissions by using primarily plant-based washing ingredients
- Natura (Dish and vegetable detergent made primarily from natural coconut)

**From the 2000s**
- Addressing environmental issues through products and communication
- Environmental education through events (Participation in EcoPro)

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3 Lion Integrated Report 2020: Sustainability

4 Lion Integrated Report 2020: Sustainability
Lion’s Sustainability

Basic Approach
Companies are members of society, and their business activities have an impact on both society and the environment. As such, companies have a corporate social responsibility (CSR) to contribute to the creation of a sustainable society from the perspectives of the environment, society, and the economy.

Upholding its founding spirit of “benefiting society through its business activities,” Lion, in addition to pursuing economic development, has long considered its impact on the environment and society and worked to address related issues through its business activities.

Contributing to the Achievement of the SDGs
The Sustainable Development Goals (SDGs) are a set of common goals for 2030 established by the United Nations (UN) aimed at the realization of a sustainable world.

As an advanced daily healthcare company, the Lion Group’s contribution will mainly be to the realization of SDG 3, “Ensure healthy lives and promote well-being for all at all ages,” through its products and services. At the same time, by pursuing initiatives aiming at accomplishing the LIVE Plan, Lion will contribute to the creation of a sustainable world, the ultimate goal of the SDGs.

- Promoting oral healthcare
- Establishing cleanliness and hygiene habits

Lion’s SDG-Related Initiatives

Identifying Material Issues
Through the steps shown at right, Lion established a set of Sustainability Material Issues to address in the years leading up to 2020 based on its vision for society in 2030, including its management vision and the SDGs. Lion’s Sustainability Material Issues are for both Lion and society and, with the goal of helping to realize a healthy future for people and the planet, the choice of these issues was informed by the broad perspectives of business, environmental and social sustainability. In identifying these issues, we comprehensively considered the entire value chain and Lion’s stakeholders to understand the risks and opportunities they represent.

In 2020, we set new the Sustainability Material Issues and objectives for 2030 as a vision for the Lion Group in 2030. In particular, we have positioned “Promoting Environmental Initiatives for a Sustainable Planet” and “Creating Healthy Living Habits” as issues of top priority, and they represent areas in which we must invest management resources to secure a competitive advantage.

Our approach to identifying Sustainability Material Issues continues to primarily focus on the perspectives of business, environmental and social sustainability. In identifying these issues, there are 5 sustainability issues that are extremely high in degree of impact on society and 3 that are extremely high in degree of impact on businesses.

Risks and Opportunities Related to the Sustainability Material Issues in the Value Chain
Lion has comprehensively considered the entire value chain and its stakeholders to classify the Sustainability Material Issues as either risks or opportunities.

<table>
<thead>
<tr>
<th>Value Chain Stage</th>
<th>Raw Material Procurement</th>
<th>Lion’s Activities</th>
<th>Use by Consumers</th>
<th>Disposal by Consumers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key stakeholders</td>
<td>Business partners</td>
<td>Employees</td>
<td>Shareholders and investors</td>
<td>Local communities</td>
</tr>
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<td></td>
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<tr>
<td>Opportunities</td>
<td>Promoting Diversity</td>
<td>Pursuing Customer Trust and Satisfaction</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Promoting Work-Life Balance</td>
<td>Creating Healthy Living Habits</td>
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<tr>
<td></td>
<td>Developing Human Resources</td>
<td>Promoting Environmental Initiatives for a Sustainable Planet</td>
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<tr>
<td></td>
<td>Reinforcement of Health and Productivity Management</td>
<td>Respecting Human Rights</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Risks</td>
<td>Building Responsible Supply Chain Management</td>
<td>Enhancing the Occupational Safety Management System</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Promoting Risk Management</td>
<td>Developing Human Resources</td>
<td></td>
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<tr>
<td></td>
<td>Embedding Compliance</td>
<td>Promoting Work-Life Balance</td>
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<tr>
<td></td>
<td>Enhancing Group Governance</td>
<td>Promoting Environmental Initiatives for a Sustainable Planet</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Sustainability Material Issues and Objectives for 2030

The world today faces enormous social problems, from demographic graying and declining birthrates to climate change, marine plastics and pandemics.

The Lion Group has designated as top-priority material issues “Promoting Environmental Initiatives for a Sustainable Planet” and “Creating Healthy Living Habits,” the latter of which contributes to the realization of everyday happiness and has been a constant focus of the Group since its founding. We are advancing initiatives aimed at solving social issues through our business activities accordingly. Some of the innovative new initiatives we are implementing in these areas are showcased in this section.

**Promoting Environmental Initiatives for a Sustainable Planet**
- Reduce environmental impact over the entire life cycle of products, including during customer use
- “ReDesign” everyday rituals to realize healthy minds and bodies for all
- Contribute to the realization of a decarbonized society
- Contribute to the realization of a resource-circulating society

**Creating Healthy Living Habits**
- Contribute to everyday health and comfort and longer healthy life expectancy

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**Basic Approach**
Through sustainable business activities that adhere to its corporate motto and management philosophy, the Lion Group is working to address the Sustainability Material Issues with the aim of contributing to a healthy future for people and the planet.

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**The Sustainability Material Issues and 2030 Objectives**

<table>
<thead>
<tr>
<th>Core Subjects</th>
<th>Material issues</th>
<th>Objective</th>
<th>Indicator</th>
<th>Related SDGs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment</td>
<td>Promoting Environmental Initiatives for a Sustainable Planet</td>
<td>Reduce CO₂ emissions throughout business activities and product life cycles.</td>
<td>CO₂ emissions ↓ Over 30% compared with 2017 levels</td>
<td>3, 6, 7, 9</td>
</tr>
<tr>
<td>Community Involvement and Development</td>
<td>Creating Healthy Living Habits</td>
<td>Promote the 3Rs (reduce, reuse, and recycle) and renewable activities.</td>
<td>Promote the 3R's (Reduce, Reuse, Recycle) and Renewable Activities</td>
<td>12, 13, 14, 15</td>
</tr>
<tr>
<td>Health and Safety Management</td>
<td>Developing Human Resources</td>
<td>Reduce water usage throughout product life cycles.</td>
<td>Reduce water usage ↓ Over 30% compared with 2017 levels (per unit of net sales)</td>
<td>17</td>
</tr>
<tr>
<td>Human Rights</td>
<td>Promoting Diversity</td>
<td>Create opportunities for everyone to practice oral healthcare whenever necessary, regardless of being environment, physical condition, economic status, education or access to information, etc.</td>
<td>People provided with oral healthcare opportunities ↓ Over 1 billion</td>
<td>3, 4, 6, 10</td>
</tr>
<tr>
<td>Labor Practices</td>
<td>Promoting Work-Life Balance</td>
<td>Enable employees in all countries and regions to achieve high productivity and professional fulfillment in their work.</td>
<td>Employees who feel a sense of professional fulfillment ↑ Over 60% or more</td>
<td>3, 8</td>
</tr>
<tr>
<td></td>
<td>Developing Human Resources</td>
<td>Enable employees in all countries and regions to achieve high productivity and professional fulfillment in their work.</td>
<td>Employees who take action to create new value ↑ Over 60% or more</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Increasing health awareness of and foster healthy living habits among employees and their families.</td>
<td>Employees who have taken action to create new value ↑ Over 60% or more</td>
<td>3, 8, 10</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Enhance systems to ensure compliance with occupational health and safety in each country and region, thoroughly enforce safety awareness and facility safety and secure employee occupational safety, health, and comfort.</td>
<td>Serious and health and safety legal violations ↓ Over 25%</td>
<td>3, 8, 17</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Implement sustainable procurement with zero tolerance for child labor, forced labor or environmental destruction in line with the Sustainable Material Procurement Policy and Lion Group Supplier CSR Guidelines.</td>
<td>Serious human rights-related issues at the Lion Group and suppliers ↓ Over 25%</td>
<td>16, 17</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Implement comprehensive, systematic management of risk-related initiatives and reinforces security systems to prevent information leakage, etc.</td>
<td>Serious compliance violations ↓ Over 25%</td>
<td>5, 10, 11, 12</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Promote and reinforce consumer-oriented management by improving customer support quality and the value of products and services.</td>
<td>Products in which consumer opinions are reflected ↑ Over 100%</td>
<td>3, 10, 12</td>
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<td>5, 10, 11, 12</td>
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</table>
Sustainability Material Issues and Objectives for 2030

Promoting Environmental Initiatives for a Sustainable Planet

In 2019, the Lion Group established the LION Eco Challenge 2050, a set of long-term environmental objectives, to contribute to environmental activities for the accomplishment of worldwide goals related to global-scale environmental problems, such as those identified by the Paris Agreement and the Sustainable Development Goals (SDGs). Aiming to realize a decarbonized, resource-circulating society, we are putting into practice initiatives aimed at solving issues related to decarbonization, plastics and water resources.

Through innovation and coordination with diverse stakeholders, the Lion Group aims to provide consumers with products and services that “ReDesign” everyday habits and, through interactive communication, create effortless ways for consumers to live more comfortably. We hope to expand these endeavors from the individual lifestyle to the local community and global levels.

Making Daily Living Environmentally Friendly

Through innovation and coordination with diverse stakeholders, the Lion Group aims to provide consumers with products and services that “ReDesign” everyday habits and, through interactive communication, create effortless ways for consumers to live more comfortably. We hope to expand these endeavors from the individual lifestyle to the local community and global levels.

Realizing a Decarbonized Society

Climate change due to global warming is causing extreme weather around the world and greatly affecting all our lives. Lion's products help make consumers' lives more comfortable and convenient. However, each stage of our business activities, from raw material procurement to production and distribution, creates environmental burden. The stages of product use in households and disposal afterward represent an especially large part of the environmental burden.

Making Daily Living Environmentally Friendly

While striving for business growth, the Lion Group is working to contribute to global environmental sustainability, aiming to realize decarbonized, resource-circulating society by 2050.

1. Through all of its businesses, the Lion Group will address the issues of decarbonization (climate change) and resource circulation (plastics, water resources) to contribute to the realization of a healthy future for people and the planet.

2. By offering products and services based on an environment-conscious design, the Lion Group will reduce the environmental burden attributable to the household use stage of its products’ life cycles.

3. The Lion Group will provide products that contribute naturally to environmental conservation without entailing user inconvenience or sacrifice and promote the formation of eco-friendly living habits by engaging in interactive communication with consumers.

Aiming for Innovation and Providing New Value to Consumers

The use of Lion’s super-concentrated liquid laundry detergents (such as TOP SUPER NANOX) by consumers as part of their daily lives helps them realize, clean, comfortable living while also contributing to the reduction of CO₂ emissions, plastic use and water use.

By expanding our lineup of products like this that make daily living environmentally friendly, we aim to achieve business growth while reducing environmental burden.

Realizing a Resource-Circulating Society

Because Lion manufactures and sells plastic products, it has a significant responsibility regarding plastic-related problems.

To help fulfill this responsibility, since 2015, we have been implementing an initiative to collect and recycle used toothbrushes in cooperation with TerraCycle Japan. Many municipal governments and schools across Japan have taken part in this initiative. Through the Toothbrush Recycling Program, as a leader in oral care, Lion is also promoting good oral care habits, aiming to help maintain and improve consumer health.

Respond to the TCFD

In May 2019, Lion endorsed the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and began evaluating the financial impact on its operations of climate-related risks and opportunities (scenario analyses)1. Going forward, we will leverage insights gleaned thus far while enhancing our scenario analyses, considering response measures and advancing disclosure based on the TCFD framework.

The “Practical guide for Scenario Analysis in line with the TCFD recommendations 2nd edition” was published on the Ministry of the Environment’s website in March 2020. Lion’s analysis results are on pp. 136-142.

Sustainability Material Issues and Objectives for 2030

Creating Healthy Living Habits

For more than a century, the Lion Group has been carrying out educational activities aimed at spreading healthy oral care habits. Today, these activities extend beyond Japan to countries and regions across Asia. In line with the Group’s purpose, the “ReDesign” of everyday rituals, we are now launching ambitious new initiatives to help create healthy living habits for even more people by working to solve issues ranging from the personal to the societal.

New Business Initiatives for 2030

Health is influenced not only by individual factors, such as genetics and living habits, but also the culture and value of a person’s living environment, their socioeconomic status and other social factors. Going forward, health disparities* caused by socioeconomic disparities are expected to worsen, becoming a greater issue around the world.

We aim to become an advanced daily healthcare company. Accordingly, we will create shared value for our businesses and for society and contribute to the realization of healthy minds and bodies for all by addressing the social issue of health disparities. As a first step, we are rolling out new business initiatives in oral care, an area that contributes greatly to creating healthy living habits.

Reducing Health Disparities

Inclusive oral care refers to activities aimed at eliminating disparities in oral care opportunities due to such factors as living environment, physical condition, economic status, education and access to information and sustainably providing oral care opportunities to all people, without exception, so that they can nurture their natural capacity to live in good health through oral care.

New Business Initiative: Inclusive Oral Care

What Is Inclusive Oral Care?

Approach to Initiatives and Our 2030 Objective

Initiatives Going Forward

2030 Objective for Creating Healthy Living Habits

Provide opportunities for everyone to practice oral healthcare whenever necessary, regardless of living environment, physical condition, economic status, education or access to information, etc.

Promoting Cleanliness and Hygiene Habits

In response to the worldwide spread of the novel coronavirus, the World Health Organization (WHO) and Japan’s Ministry of Health, Labour and Welfare recommend hand washing with soap as a means of preventing infection. The Lion Group sells hand soaps and disinfectants.

As such, to fulfill our corporate social responsibility, we not only provide products, but conduct educational activities to spread correct hand washing habits in Japan and across Asia.

Current Initiatives

- Expand business opportunities and help reduce health disparities by eliminating disparities in oral care opportunities
- Provide a wide variety of products and services that leverage IoT, AI and other advanced technologies
- Firmly establishing healthy oral care habits
- Help increase oral care awareness through efforts to spread preventive dentistry habits

* A concept put forth by Chiba University’s Professor Katsunori Kondo, an expert in health disparities due to socioeconomic differences.

The Lion Group’s Goals

The Lion Group has long worked to create better living habits, such as practicing preventive dentistry and correct hand washing, in coordination with its business activities in the areas of oral care and cleanliness and hygiene. We believe that such efforts carry on our founding spirit of “benefiting society through business activities,” and that by sincerely working to solve evolving social issues, we can achieve ongoing business development and contribute to the realization of healthy minds and bodies for all.

Japan is said to be one of the first countries to face certain challenges, such as severe demographic graying, and countries across Asia are forecast to face similar issues in the near future. In addition, globalization has created the conditions for infectious diseases to spread rapidly around the world. Aiming to contribute to everyday health and comfort and longer healthy life expectancy, the entire Lion Group will continue to work as one to create everyday happiness by creating healthy living habits.
focused on achieving our objectives were implemented using a PDCA cycle, and have confirmed that, overall, activities addressing these material issues and the 2020 Sustainability Material Issues identified in 2018. We manage initiatives that address these material issues and are 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.

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.

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. 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

- **E** Environment
- **H** Human Rights
- **S** Labor Practices
- **P** Fair Operating Practices
- **C** Consumer Issues
- **O** Community Involvement and Development
- **G** Organizational Governance

### 2020 Objectives and KPIs

#### P (Plan)

- **2020 Objectives and KPIs**

<table>
<thead>
<tr>
<th>Core Subjects</th>
<th>Sustainability Material Issues (Related SDGs)</th>
<th>Basic Approach for Initiatives Aimed at the 2020 Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>E</strong> Environment</td>
<td>1 Promoting Environmental Initiatives for a Sustainable Planet</td>
<td>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.</td>
</tr>
<tr>
<td></td>
<td>2) Establish the New Environmental Objectives 2020 to minimize environmental impacts over the entire life cycle of products, including at the stage of their use in customer households (Global)</td>
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<td></td>
<td>3) Promote the appropriate use and management of chemical substances (Global)</td>
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<td></td>
<td>4) Confirm and review the progress of environmental management through top environmental audits and the Sustainability Promotion Meeting* (Domestic)</td>
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</tbody>
</table>

#### D (Do)

- **Achievements in 2019 (mid-term report)**

<table>
<thead>
<tr>
<th>Core Subjects</th>
<th>Sustainability Material Issues (Related SDGs)</th>
<th>Basic Approach for Initiatives Aimed at the 2020 Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>E</strong> Environment</td>
<td>1) Continued activities aimed at achieving Eco Vision 2020</td>
<td></td>
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<tr>
<td></td>
<td>2) Established the LION Eco Challenge 2020 (long-term environmental objectives following approval by the Board of Directors in May 2019)</td>
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<td></td>
<td>3) Introduced a chemical substances 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 supplying with country-specific laws and regulations (Global)</td>
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<td></td>
<td>4) 1) Implemented top environmental audits by directors to promote management improvement and understanding of good example initiatives (Chiba, Osaka and Akashi Plan)</td>
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<td></td>
<td>4-(2) Promoted environmental management and bolstered awareness at related divisions through the Sustainability Promotion Meeting</td>
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</tbody>
</table>

### Assessment Metrics


### C (Check)

- **Assessment**

<table>
<thead>
<tr>
<th>Core Subjects</th>
<th>Sustainability Material Issues (Related SDGs)</th>
<th>Basic Approach for Initiatives Aimed at the 2020 Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>E</strong> Environment</td>
<td>1) In progress</td>
<td></td>
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<tr>
<td></td>
<td>2) In achieved</td>
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<td></td>
<td>3) In progress</td>
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<td>4) In progress</td>
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<td>5) In progress</td>
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<td>6) In progress</td>
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<td>7) In progress</td>
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<td>8) In progress</td>
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<td>9) In progress</td>
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<td>10) In progress</td>
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<td>11) In progress</td>
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<td></td>
<td>12) In progress</td>
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<tr>
<td></td>
<td>13) In progress</td>
<td></td>
</tr>
</tbody>
</table>

### A (Action)

- **Measures and Challenges to Address in 2020**

<table>
<thead>
<tr>
<th>Core Subjects</th>
<th>Sustainability Material Issues (Related SDGs)</th>
<th>Basic Approach for Initiatives Aimed at the 2020 Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>E</strong> Environment</td>
<td>1) Disseminate and confirm the status of human rights initiatives at overseas Group companies. Continue e-learning about Lion’s human rights initiatives</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2) Continue to implement the Compliance Awareness Survey and compliance education</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3) Promote and achieve the Eco Vision 2020 environmental targets (Global)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4) In progress</td>
<td></td>
</tr>
</tbody>
</table>

### Notes

1) *Held as the Environmental Conservation Committee until 2018
2) *Highly concentrated work styles aimed at improving productivity
<table>
<thead>
<tr>
<th>Core Subjects</th>
<th>Sustainability Material Issues (P)</th>
<th>Basic Approach for Initiatives Aimed at the 2020 Objectives</th>
<th>P (Plan) 2020 Objectives and KPI</th>
<th>D (Do) Achievements in 2019 (Mid-term report)</th>
<th>C (Check) Assessment</th>
<th>A (Action) Measures and Challenges to Address in 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Labor Practices</strong></td>
<td><strong>P25</strong> 6 Enhancing the Occupational Safety Management System</td>
<td>Enhance and thoroughly enforce the Occupational Health and Safety Management System across the entire Group.</td>
<td>• Thorough enforcement of occupational safety and the safety of facilities Zero serious accidents and zero serious incidents (Global) • Hold the Safety, Hygiene and Disaster Prevention Meeting twice a year and continued to implement PDCA.</td>
<td>In progress • Hold the Safety, Hygiene and Disaster Prevention Meeting twice a year and continued to implement PDCA.</td>
<td>In progress • Implement supplier sustainability self-checks: 99.7%. Provided evaluation results to suppliers as feedback (Participation: 99.8%)</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>P30</strong> 7 Reinforcement of Health and Productivity Management</td>
<td>Build a Lion health and productivity management model appropriate for an advanced daily healthcare company.</td>
<td>• Expansion of support programs to aid employees in forming good healthcare habits 1) 100% rate of receiving health checkups (Domestic) 2) 100% rate of receiving dental checkups (Domestic) 3) 100% rate of receiving age-specific cancer screenings (Domestic)</td>
<td>In progress • Implement supplier sustainability self-checks: 99.7%. Provided evaluation results to suppliers as feedback (Participation: 99.8%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Consumer Issues</strong></td>
<td><strong>P32</strong> 9 Pursuing Customer Trust and Satisfaction</td>
<td>Thoroughly enforce corporate activities that earn and maintain customer trust across the entire Group and further develop customer-oriented management.</td>
<td>• 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 • Hold 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).</td>
<td>In progress • Continuous to hold the Asia QA Meeting. Further develop quality control initiatives in each country • Implement preventive dentistry activities across the Lion Group in accordance with the Community Oral Health Care Program.</td>
<td>In progress • Continuous to hold the Asia QA Meeting. Build up the compliance framework for Corporate Behavior and Behavioral Guidelines at overseas Group companies.</td>
<td></td>
</tr>
<tr>
<td><strong>Community Involvement and Development</strong></td>
<td><strong>P35</strong> 10 Creating Healthy Living Habits</td>
<td>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 and assure people’s everyday well-being.</td>
<td>• Implementation of activities to establish good healthcare habits such as preventive dentistry and hand washing, in coordination with community support organizations • Contribution to the resolution of social issues based on co-existence with community involvement of employees and enhancement of partnerships</td>
<td>In progress • Implement preventive dentistry activities across the Lion Group in accordance with the Community Oral Health Care Program.</td>
<td>In progress • Promote and continue preventive dentistry activities across the Lion Group.</td>
<td></td>
</tr>
<tr>
<td><strong>Organizational Governance</strong></td>
<td><strong>P39</strong> 11 Promoting Risk Management</td>
<td>Enhance the risk management system for the entire Group.</td>
<td>• Continuation of promotional and extensive risk management across the entire Group • Reported on risk management progress in 2019 to the Executive Committee (annual) Zero incidents of serious risk to business</td>
<td>In progress • Implement preventive dentistry activities across the Lion Group in accordance with the Community Oral Health Care Program.</td>
<td>In progress • Continue promoting and expanding safety awareness in the entire Group.</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>P39</strong> 12 Embedding Compliance</td>
<td>Enhance the effectiveness of compliance activities across the entire Group.</td>
<td>• Implementation of activities to establish good healthcare habits such as oral health care, cleanliness and hygiene practices and habits in order to extend healthy life expectancy and assure people’s everyday well-being.</td>
<td>In progress • Implement preventive dentistry activities across the Lion Group in accordance with the Community Oral Health Care Program.</td>
<td>In progress • Implement preventive dentistry activities across the Lion Group in accordance with the Community Oral Health Care Program.</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>P39</strong> 13 Enhancing Group Governance</td>
<td>Engage in enhancing governance for the entire Group.</td>
<td>• Improvement of the Group governance system in accordance with the Basic Policy for Corporate Governance</td>
<td>In progress • Promote stronger governance in accordance with the Basic Policy for Corporate Governance.</td>
<td>In progress • Assure effectiveness by establishing the LION Anti-Bribery Guidelines.</td>
<td></td>
</tr>
</tbody>
</table>
**Environmental Guidelines**

Lion’s Environmental Guidelines adhere to the spirit of the Lion Group Charter for Corporate Behavior, which states: “We shall play a positive and active role in creating a sustainable society that harmonizes economic development and environmental protection.” The Environmental Guidelines are the foundation for our environmental activities.

1. Aiming for a Sustainable Society
   - Operate an environmental management system and, through the ongoing maintenance and improvement of that system, protect the global environment.
2. Complying with Legal and Other Requirements
   - Comply with legislation, regulations and other measures pertaining to environmental protection, and establish and implement voluntary standards of conduct.
3. Setting and Verifying the Implementation of Environmental Objectives and Targets
   - Correctly understand the environmental impact of our corporate activities and, as far as technically and economically possible, establish objectives and targets for improvement, while at the same time formulating, implementing and regularly verifying the implementation of an environmental management program.
4. Developing Environment-Friendly Products
   - Continue aggressive product development in tune with the Lion eco-standard and in light of life cycle assessment.
5. Reducing Environmental Impacts Together with Our Business Partners
   - Strive to reduce environmental burden at every stage from purchasing through the provision of products to customers in cooperation with suppliers of materials, outsourcing contractors and sales companies.
6. Harmonizing with Nature
   - Take into account biodiversity and air and water environments while conducting business and proactively address natural environmental protection activities.
7. Enhancing Environmental Protection Activities Based on Uniform Understanding of the Guidelines
   - Dissimilate the Environmental Guidelines to all employees, including those of affiliated companies, raise awareness of environmental protection among them and bolster environmental management activities throughout the entire Lion Group.
8. Promoting Disclosure of Information
   - Seek to maintain and promote communication with stakeholders involved in Lion’s businesses. These Environmental Guidelines are freely available to anyone upon request.

**Environmental Management System**

The purpose of the Lion Group’s Environmental Management System is to identify, evaluate and remedy adverse environmental impacts of our business activities, products and services, and to improve our environmental conservation activities on an ongoing basis.

We strive to enhance systems for environmental management and reporting with the aim of addressing environmental issues globally. Data on overseas Group companies is available on our website.

**Environmental Management Structure**

To make our business grow while reducing the impact on the global environment, in 2019, we consolidated the former Environmental Conservation Committee into the newly established Sustainability Promotion Meeting. Its members consist of the Executive Officers, including the President, and representatives of relevant divisions. The meeting deliberates policy for responding to environmental problems and monitors the progress of related efforts.

**Legal Compliance**

With regard to revisions of environmental laws and regulations, namely, the Act on Promotion of Global Warming Countermeasures, the Act on Confirmation, etc. of Released Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof, the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc. and the Waste Disposal and Public Cleansing Act, information is collected from administrative agencies and industrial associations and then input into Lion’s intranet system for information on chemical-related laws to ensure that related departments are up to date on and fully compliant with the latest developments.

We have also established waste management and other internal regulations to build up an appropriate management structure. There were no violations resulting in fines or other penalties in 2019.

**Pollution Prevention**

Lion implements voluntary initiatives for reducing emissions of chemical substances, including nitrogen oxides (NOx), sulfur oxides (SOx), particulate matter and volatile organic compounds (VOCs). We also strive to reduce chemical oxygen demand (COD) through improvements in the reliability and regular maintenance of wastewater processing facilities.

Data on the management of chemical substances in compliance with the PRTR system* is available on Lion’s website. We will continue to enhance our efforts to ensure proper notifications and management of emission volumes.

**Environmental Management**

Every day. For the Earth. (Japanese)

[https://www.lion.co.jp/ja/csr/reclusion/](https://www.lion.co.jp/ja/csr/reclusion/)

**Status of ISO 14001 Certification**

Lion acquired ISO 14001 certification covering all its plants in July 2001. The certification was renewed to the latest 2015 version in June 2016, and the Japan Management Association Quality Assurance Registration Center (JMAQA) reviewed and verified that all Lion plants are operating in conformity with the requirements of the standard. Including the plants of Group companies in and outside Japan, the Lion Group continues to push ahead with its management systems and environmental conservation activities by obtaining ISO 14001 certifications and ensuring all operations are in compliance with ISO 14001.

**Environmental impact data for production sites overseas (Japanese)**


**Environmental impact data for production sites in Japan (Japanese)**


**2019 PRTR-designated substance emissions data for production sites in Japan (Japanese)**


* PRTR system
A system to measure, compile and publish chemical substances emissions volumes.

Together with the Environment (Japanese)

[https://www.lion.co.jp/ja/csr/env/](https://www.lion.co.jp/ja/csr/env/)
Enhancing Group-wide Management of Chemical Substances

Chemical substances are indispensable for people to lead comfortable and fulfilling lives. Failure to properly manage chemical substances, however, can result in accidents that put human health and ecosystems at enormous risk. In addition to compliance with related laws and regulations, Lion strives to ensure the strict management of chemical substances at all stages from product development to use and disposal in accordance with its own independent standards. We have been operating a Management System for Information on Chemical Substances at Lion research and development sites since 2018.

Chemical Substance Management (Japanese)

https://www.lion.co.jp/ja/cs/ir/env/enhancement/

Lion Group Environmental Initiatives

Performance in the Second Fiscal Year of Phase 3 (2018–2020) of Eco Vision 2020

Eco Vision 2020 is being implemented in three phases of three years each over the nine-year period from 2012 to 2020. The second fiscal year of Phase 3 (2018–2020) was 2019. In advancing toward the final fiscal year, 2020, all employees of the Lion Group worked together to promote environmental initiatives.

* Achievements in Phase 3 of Eco Vision 2020 are listed on page 22.

Realizing a Low Carbon, Sound Material-Cycle Society

Lion works to reduce greenhouse gas emissions, as well as to recycle and effectively use resources, at each stage from raw material procurement to disposal by consumers. We will continue to promote activities toward the realization of a low carbon, sound material-cycle society.

Overview (The Related Information Web buttons below link to relevant pages of Lion’s Japanese website)

<table>
<thead>
<tr>
<th>Activities for Realizing a Low Carbon Society</th>
<th>Activities for Realizing a Sound Material-Cycle Society</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Substituting plant-based materials for petroleum resources</td>
<td>• Using plant-derived raw materials</td>
</tr>
<tr>
<td>Web</td>
<td>Web</td>
</tr>
<tr>
<td>• Substituting plant-derived container materials for petroleum resources</td>
<td>• Using recycled materials</td>
</tr>
<tr>
<td>Web</td>
<td>Related Information</td>
</tr>
<tr>
<td>• Improving energy efficiency by revamping production processes, introducing energy-saving equipment when upgrading facilities, and downsizing products</td>
<td>• Increasing environmental awareness through products (environmental labels on products that meet the Lion eco-standard)</td>
</tr>
<tr>
<td>Web</td>
<td>Related Information</td>
</tr>
<tr>
<td>• Energy-saving activities throughout the Company, including administrative, sales, R&amp;D and engineering divisions, Distribution after shipment</td>
<td>• Substituting plant-derived materials for petroleum resources</td>
</tr>
<tr>
<td>Web</td>
<td>Related Information</td>
</tr>
<tr>
<td>• Improving logistics efficiency through such means as increasing the transport loading rate</td>
<td>• Increasing power consumption during production use with power-saving products (requiring fewer rinses when washing)</td>
</tr>
<tr>
<td>Relat ed Information Web</td>
<td>Related Information Web</td>
</tr>
</tbody>
</table>

Promoting Periodic Toothbrush Replacement and Recycling

Contributing to the SDGs by realizing “Good for the mouth!” and “Good for the Planet!”

Lion has designed the 8th of every month as Toothbrush Replacement Day in line with efforts to promote monthly toothbrush replacement. In recent years, marine plastics have become a major social issue, and recycling is one way of helping solve the problem. By focusing on toothbrushes, which account for more plastic use than any other Lion product, we are working to contribute to the formation of healthy consumer living habits while helping to reduce environmental impact.

Promoting Toothbrush Recycling

There is a concern that an increase in the frequency of toothbrush replacement due to the promotion of toothbrush replacement could lead to a rise in waste.

To address this concern, Lion initiated the Toothbrush Recycling Program, a first in Asia, to collect and recycle used toothbrushes, which were previously just thrown away, in cooperation with Terracycle Japan. Adopting the perspective to toothbrushes, which were previously just thrown away, in cooperation with Terracycle Japan. Adopting the perspective to toothbrushes, which were previously just thrown away, in cooperation with Terracycle Japan. Adopting the perspective to toothbrushes, which were previously just thrown away, in cooperation with Terracycle Japan. Adopting the perspective to toothbrushes, which were previously just thrown away, in cooperation with Terracycle Japan. Adopting the perspective to toothbrushes, which were previously just thrown away, in cooperation with Terracycle Japan. Adopting the perspective to toothbrushes, which were previously just thrown away, in cooperation with Terracycle Japan. Adopting the perspective to toothbrushes, which were previously just thrown away, in cooperation with Terracycle Japan. Adopting the perspective to toothbrushes, which were previously just thrown away, in cooperation withTerracycle Japan. Adopting the perspective to toothbrushes, which were previously just thrown away, in cooperation withTerracycle Japan. Adopting the perspective to toothbrushes, which were previously just thrown away, in cooperation withTerracycle Japan. Adopting the perspective to toothbrushes, which were previously just thrown away, in cooperation withTerracycle Japan. Adopting the perspective to toothbrushes, which were previously just thrown away, in cooperation withTerracycle Japan. Adopting the perspective to toothbrushes, which were previously just thrown away, in cooperation withTerracycle Japan. Adopting the perspective to toothbrushes, which were previously just thrown away, in cooperation withTerracycle Japan. Adopting the perspective to toothbrushes, which were previously just thrown away, in cooperation withTerracycle Japan. Adopting the perspective to toothbrushes, which were previously just thrown away, in cooperation withTerracycle Japan. Adopting the perspective to toothbrushes, which were previously just thrown away, in cooperation withTerracycle Japan. Adopting the perspective to toothbrushes, which were previously just thrown away, in cooperation withTerracycle Japan. Adopting the perspective to toothbrushes, which were previously just thrown away, in cooperation withTerracycle Japan. Adopting the perspective to toothbrushes, which were previously just thrown away, in cooperation withTerracycle Japan. Adopting the perspective to toothbrushes, which were previously just thrown away, in cooperation withTerracycle Japan. Adopting the perspective to toothbrushes, which were previously just thrown away, in cooperation withTerracycle Japan. Adopting the perspective to toothbrushes, which were previously just thrown away, in cooperation withTerracycle Japan. Adopting the perspective to toothbrushes, which were previously just thrown away, in cooperation withTerracycle Japan. Adopting the perspective to toothbrushes, which were previously just thrown away, in cooperation withTerracycle Japan. Adopting the perspective to toothbrushes, which were previously just thrown away, in cooperation withTerracycle Japan. Adopting the perspective to toothbrushes, which were previously just thrown away, in cooperation withTerracycle Japan. Adopting the perspective to toothbrushes, which were previously just thrown away, in cooperation withTerracycle Japan. Adopting the perspective to toothbrushes, which were previously just thrown away, in cooperation withTerracycle Japan. Adopting the perspective to toothbrushes, which were previously just thrown away, in cooperation withTerracycle Japan. Adopting the perspective to toothbrushes, which were previously just thrown away, in cooperation withTerracycle Japan. Adopting the perspective to toothbrushes, which were previously just thrown away, in cooperation withTerracycle Japan. Adopting the perspective to toothbrushes, which were previously just thrown away, in cooperation withTerracycle Japan. Adopting the perspective to toothbrushes, which were previously just thrown away, in cooperation withTerracycle Japan. Adopting the perspective to toothbrushes, which were previously just thrown away, in cooperation withTerracycle Japan. Adopting the perspective to toothbrushes, which were previously just thrown away, in cooperation withTerracycle Japan. Adopting the perspective to To
Lion considers biodiversity conservation at each stage of operations from raw material procurement to disposal by consumers. We implement biodiversity conservation initiatives in coordination with local communities and promote various adjustments among consumers through products designed to promote harmony with nature. Also, by having each of our employees participate in activities to conserve biodiversity as part of their environmental education, we are working to spread awareness of biodiversity conservation at all our operating sites.

**Overview (The Related Information Web buttons below link to relevant pages of Lion’s Japanese website)**

- **Biodiversity on Which Lion Focuses**
- **Ecosystems of Raw Material Production Sites**
- **Watershed Ecosystems Where Our Plants Are Located**
- **Watershed Ecosystems Where Consumers Reside**

**Key Natural Resources Used by Lion**
- Plants used as raw materials (oil palm, etc.)
- Wood that provides the paper raw material for packaging
- Cooling water and unprocessed water for equipment cleaning, etc., used at production sites
- Tap water consumed during use of products
- Impact of water use by consumers on the surrounding natural environment and communities
- Impact of wastewater and packaging waste generated by consumers on the surrounding natural environment and communities
- Possible major impacts of our activities on biodiversity
- Impact of palm oil growing on the surrounding natural environment and communities (such as impact of illegal logging of tropical forests on wildlife habitats)
- Damage to the forest environments that are the source of paper raw materials

**Activities to Reduce Risks**
- Promotion of procurement of sustainable palm oil (participation in RSPO and purchase of RSPO-certified oils)
- Harmonizing with Nature
- Promotion of forest conservation (use of third-party certified paper)
- Development of water-saving products
- Reduction of production plant waste
- Water use per unit total revenue
- Reduction of water consumption at plants
- Conservation of rivers and other ecosystems by implementing purification technologies on discharged wastewater
- Development of highly biodegradable detergents
- Surveying the environmental impact of surfactants
- Efforts to reduce environmental load on communities

**Activities to Expand Opportunities**
- Conservation and monitoring of habitats in the watershed where production plants are located (activities include protection of endangered loggerhead sea turtles, maintaining biodiversity, and removal of non-native species from beaches)
- Educational activities teaching consideration of water and natural environments (activities include forest maintenance at Lion Forest in Yamanashi and water-related environmental research support through the Japan Society on Water Environment)
- Promotion of 3Rs (making products more compact, refill packs, development of containers made using recycled or less plastic)
- Efforts to reduce environmental load on communities

**Biodiversity Conservation Initiatives**

- Lion’s Sustainability
- Consumer Issues
- Human Rights
- Fair Operating Practices
- Labor Practices
- The Environment
- Organizational Governance
- Community Involvement and Development

**Harmonizing with Nature**

- Forest Maintenance Activities at the Lion Forest in Yamanashi
  Since 2006, Lion has conducted activities to help maintain forests, which are an important water source. In 2019, a total of 149 employees participated in forest maintenance as part of new employee training and voluntary activities. The activities were conducted with local residents to share responsibility for the maintenance of forests and the important role they play.

**Cumulative participating employees**: 1,726

**Eco Vision 2020 Achievements and Targets**

<table>
<thead>
<tr>
<th>Categories</th>
<th>Achievements in 2018</th>
<th>Achievements in 2019</th>
<th>Targets for 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within the Company</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduction of greenhouse gases from business activities</td>
<td>Emission intensity per unit total revenue 46% reduction (compared to 2010)</td>
<td>Emission intensity per unit total revenue 40% reduction (compared to 2010)</td>
<td>Emission intensity per unit total revenue 34% reduction (compared to 2010)</td>
</tr>
<tr>
<td>Outside the Company</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduction of greenhouse gases from post-use products</td>
<td>Emission intensity per unit total revenue 39% reduction (compared to 2010)</td>
<td>Emission intensity per unit total revenue 33% reduction (compared to 2010)</td>
<td>Emission intensity per unit total revenue 29% reduction (compared to 2010)</td>
</tr>
</tbody>
</table>

**Example Initiative**

- **Forest Maintenance Activities at the Lion Forest in Yamanashi**
  Since 2006, Lion has conducted activities to help maintain forests, which are an important water source. In 2019, a total of 149 employees participated in forest maintenance as part of new employee training and voluntary activities. The activities were conducted with local residents to share responsibility for the maintenance of forests and the important role they play.

| Biodiversity Conservation Initiatives (Japanese) | https://www.lion.co.jp/cs/biodiversity/ |

*1. Covers Lion and consolidated subsidiaries as of December 31, 2019
2. The recycling ratio is 28% or more, excluding recycling residues
3. Waste water from production processes
5. Roundtable on Sustainable Palm Oil
6. The figures have been revised due to an error in past data.
Basic Approach
Respect for human rights is indispensable to the pursuit of a happier and higher quality of life. Lion recognizes that it has a responsibility as a company to affirm diversity, including that of race, religion, gender, sexual orientation, age, nationality and disability, to fully respect all human rights and, furthermore, that doing so strengthens its business foundation. The Lion Group Charter for Corporate Behavior states that “We shall respect human rights ... observing both the spirit as well as the letter of all applicable laws and international rules ... both in Japan and abroad,” and the Behavioral Guidelines state that the Group will not permit child labor or forced or coerced labor, will provide equal employment opportunities and treat employees fairly, and will take an active interest in the human rights practices of its suppliers. In addition, in 2009, Lion declared its support for the Ten Principles of the United Nations Global Compact. Lion has designated “Respecting Human Rights” as one of its Sustainability Material Issues and will continue to advance business activities based on the LION Human Rights Policy in its global business development going forward.

Human Rights Policy

In January 2019, based on the framework of the United Nations Guiding Principles on Business and Human Rights adopted by the United Nations Human Rights Council, we established the LION Human Rights Policy to further clarify our stance on human rights abuse as well as our global efforts in this area. This policy was approved by the Executive Committee and applies to all employees of the Lion Group, including overseas Group companies, as well as other parties closely related to the Lion Group, such as suppliers.

LION Human Rights Policy

1. Objective and ideals
   LION Group implements a variety of measures to make the “fulfilling a spirit of love,” which is our basic management policy. To this end, we pursue “Corporate Behavior” which provides for “respect of human rights,” “observing both the spirit as well as the letter of all applicable laws and international rules,” and our “Behavioral Guidelines” also provide for non-tolerance of child labor and forced labor, equal employment opportunities, fair treatment of employees and also indicates respect for human rights by suppliers. Furthermore, we expressed support of the “10 principles of the United Nations Global Compact” in 2009. We hereby set forth “LION Human Rights Policy” to put in statutory form our endeavors to implement these measures because respect for human rights is indispensable for people’s living, pursing happiness and improvement of quality of human life.

2. Respect for Human Rights
   (1) LION Group supports and respects such international norms on human rights as “International Bill of Human Rights” (Universal Declaration of Human Rights, International Covenant on Economic, Social and Cultural Rights and International Covenant on Civil and Political Rights), “United Nations Global Compact” and “ILO Declaration on Fundamental Principles and Rights at Work”. We hereby set forth “LION Human Rights Policy” to put in statutory form our endeavors to implement these measures because respect for human rights is indispensable for people’s living, pursing happiness and improvement of quality of human life.
   (2) LION Group will not trigger or tolerate any adverse impact on human rights through its corporate activities. In the event of occurrence of such adverse impact on human rights, it will take remedial actions appropriately.
   (3) LION Group will, even where it is not directly suffering any adverse impact on human rights, oppose and further endeavor to mitigate any adverse impact on human rights through relevant transactional activities.

Implementation Framework

The Lion Group monitors human rights-related trends in society, mainly through the corporate officer responsible for corporate ethics, the Corporate Planning Department and the CSR Promotion Department. Any new problems that emerge are dealt with in coordination with the relevant divisions, such as the Legal Department, International Division or Purchasing Headquarters, as needed.

Measures to Prevent Human Rights Abuse: Implementing Human Rights Due Diligence

Lion regards the identification of and response to potential human rights issues throughout its value chains, from raw material procurement to use by consumers, as a top priority. Accordingly, we identify and assess potential negative impacts on human rights by stakeholder category to enhance mechanisms for preventing, mitigating and remedying such adverse impacts.

Overview of Lion’s Measures to Prevent Human Rights Abuse by Value Chain and Stakeholder

Value Chain

<table>
<thead>
<tr>
<th>Potential Human Rights Abuse Risk</th>
<th>1. Forced labor or child labor in procurement or at production site</th>
<th>2. Discrimination against workers based on nationality or status as immigrants or refugees</th>
<th>3. Negative health impact on local residents due to contamination</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw Material Procurement</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Lion’s Activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Use by Consumers</td>
<td>Groundwater depletion due to factory operation; inadequate factory wastewater treatment</td>
<td>Lack of regard for employees’ occupational health and safety</td>
<td>Abuse of authority or sexual harassment in the workplace</td>
</tr>
<tr>
<td>&amp; EEO violations</td>
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</tr>
</tbody>
</table>

Stakeholders and Main Initiatives

- Oil Palm Plantations
  - Participation in RSPO activities
  - Continued purchasing of certified palm derivations
- Suppliers
  - CSR procurement based on the Procurement Principles and the Lion Group Supplier CSO Guidelines
  - Participation in Sedex
- Stakeholders
  - Participation in Sedex
- Residents around Our Plants
  - Environmental management under Lion’s Environmental Guidelines to prevent contamination; compliance with laws and regulations
  - Implementation of environmental assessments when constructing new plants
  - Respect for the Declaration of Helsinki
  - Application of the Directive for the Implementation of Clinical Trials in order to place the highest priority on the safety of the subjects and ethical considerations
  - Compliance with national laws in the countries where Lion’s subsidiaries or other related bodies operate
  - Ensuring awareness of the Lion Group Charter for Corporate Behavior and the Behavioral Guidelines
  - Creation of environments that help prevent discrimination on the basis of gender or race, etc., and improper handling of hiring, personnel reviews and compensation

- Customers
  - Aggressive pursuit of safety and functionality through Lion’s Product Management System
  - Creation of the representation drafting manual to ensure consideration for the elderly, children and other vulnerable consumers
  - Promotion of customer-oriented management to enhance customer satisfaction

Assessment of human rights impact

- Monitoring of adverse impacts through the Compliance Awareness Survey
  - Lion’s Activities
  - Use by Consumers

- Promotion of EEO and safety
  - Employment of people with disabilities
  - Promotion of equal opportunities for women

Related Information

- https://www.lion.co.jp/ja/csr/humanrights/duediligence/
- https://www.lion.co.jp/ja/csr/humanrights/management/
- https://www.lion.co.jp/ja/csr/humanrights/related_informations/
- https://www.lion.co.jp/ja/csr/humanrights/about_us/
- https://www.lion.co.jp/ja/csr/humanrights/about_us/
Promoting the Professional Participation and Advancement of Women

Lion recognizes that the professional participation and advancement of women is indispensable to the further enhancement of corporate value and is proactively implementing measures to support the professional engagement of women.

Based on the Act on Promotion of Women’s Participation and Advancement in the Workplace, which came into full effect in 2016, Lion has expanded systems related to childcare and implemented support measures for working parents in order to allow women to fully participate professionally over the long term. We are also implementing measures to support employees balancing work and nursing care.

Furthermore, through a range of initiatives, in 2020 we aim to increase the proportion of female employees in Japan at the management level*1 to at least 20%.

*1 Personal/holding managerial positions at the level of assistant manager or higher

LION Professional Fulfillment Reform Framework

Promoting Work-life Balance

Lion strives to maintain and improve working environments so that employees can produce results while emphasizing work-life balance.

Building Environments Where Employees Can Work With Enthusiasm

Since 2010, Lion has worked to reduce prolonged working hours and encourage employees to take annual paid leave. In order to facilitate understanding of management of working hours, e-learning is provided for all employees every year. Aiming for a 70% use rate of annual paid leave in 2020, in line with a labor-management agreement, we have proactively encouraged employees to take at least three pre-scheduled days of paid leave per year. From 2019 onward, the number of such pre-scheduled days of paid leave has been increased from three to five to further encourage use of paid leave.

Programs to Support a Balance Between Work and Nursing Care

Lion has enhanced support for employees engaged in nursing care of family members as part of efforts to create an environment that allows employees to continue to work with peace of mind while handling such responsibilities. In addition to ordinary annual paid leave, we have in place programs to support nursing care providers, including accumulated leave for medical nursing care (accumulated expired annual paid leave), shorter work-hours for nursing care (Short Hours Flextime System), and nursing care leave of up to 365 days (usable in one-day units). Furthermore, we have set up a support website targeting employees aged 40 and over to better provide information on nursing care.

Proportion of Female Employees at the Management Level

<table>
<thead>
<tr>
<th>Year</th>
<th>Proportion (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>12.2</td>
</tr>
<tr>
<td>2016</td>
<td>12.9</td>
</tr>
<tr>
<td>2017</td>
<td>14.2</td>
</tr>
<tr>
<td>2018</td>
<td>15.8</td>
</tr>
<tr>
<td>2019</td>
<td>17.1</td>
</tr>
<tr>
<td>2020</td>
<td>18.6</td>
</tr>
<tr>
<td>(Target)</td>
<td>20%</td>
</tr>
</tbody>
</table>

Lion’s entry in the Ministry of Health, Labour and Welfare’s database of companies submitting action plans and data based on the Act on Promotion of Women’s Participation and Advancement in the Workplace (Japanese)

https://positive-ryouritsu.mhlw.go.jp/positivedb/detail?id=453

Lion’s entry in the Ministry of Health, Labour and Welfare’s database of companies submitting action plans and data based on the Act on Promotion of Women’s Participation and Advancement in the Workplace (Japanese)

https://www.lion.co.jp/ja/csr/employee/work_life/

Company, helping employees design their careers and rediscover their own potential.

Career Design Support

From 2011 to 2019, Lion’s career counseling desk helped employees proactively enhance their own career path. Focused on Lion employees, the desk accepted consultations via phone or email, and provided opportunities for face-to-face career consultations to help employees gain new insights by soliciting employee participation. A cumulative total of 819 employees used the system (as of the end of 2019). Annual surveys of its users found a high level of satisfaction regarding their consultations and positive changes in their mindsets and actions.

In 2020, we completely revamped the career counseling desk and launched what we call Career Design Support, which is aimed at supporting conscious autonomy that will enable employees to advance their careers themselves based on their own aspirations and actions. The desk offers career consultations and disseminates information in and outside the

December 31, 2019, engaged in such activities as the management of inter-office mail and printing business cards for all Lion employees.

Labor Practices: Employee Data

Lion has formulated an action plan in accordance with the Act on Advancement of Measures to Support Raising Next-Generation Children and is actively working to create an environment where all employees can exercise their capabilities fully while achieving a balance between work and childcare. In 2019, we launched the Basic Strategy of Action Plan (covering February 2019 to December 2022) and advanced efforts toward the following three goals.

Within the period of the Action Plan, implement support measures to create a working environment in which employees on childcare leave can smoothly return to work.

Launched the Lion Career Village to support self-employment on childcare leaves and for career development after return to work. (Began in January 2019)

Within the period of the Action Plan, have 13% or more of eligible male employees take childcare leave, one or more such employees take long-term parental leave and 30% or more of such employees take special leave (for childcare).

Of eligible male employees, 16.7% (eight individuals) have taken childcare leaves, and 65% (21 individuals) of eligible male employees have taken special leave (as of December 31, 2019).

Goal 1

Goal 2

Within the period of the Action Plan, promote measures for understanding and use of the work-from-home system and implement for support the establishment of the system.

Expanding the number of eligible employees (approximately 65% of regular employees and full-time contract employees, excluding sales and production divisions). (Began in February 2019)

Encouraged changes to mindsets regarding work styles by providing explanations of the system and participating in the Telework Days campaign.*

An initiative organized by the Ministry of the Prime Minister and Cabinet Office to promote and support work styles that allow for employees to work from home even on weekdays.

Figuring Out an Ideal Work Style: Telecommuting

In early 2020, to prevent the spread of the novel coronavirus, except for employees who must be physically present to perform their duties, all our employees were working from home. Since the lifting of Japan’s state of emergency in May, we have continued working to make maximum use of the work-from-home system and other measures to reduce the risk of employee infection, including shifting away from the default assumption of working on-site. We are advancing the use of digital tools to conduct meetings and morning briefings remotely and improving environments to enable diverse work styles.

Within the period of the Action Plan, make childcare policies of companies that are members of the “Women and Workstyle Fulltime” project (excluding domestic Group companies) meet the standards of the “Women’s Employment Equality Promotion Act”.

Employees who Participated in Risk Simulation Training

Developing Human Resources

Enhancing Lion Career Village (LCV)

In 2019, we launched Lion Career Village (LCV) to support employees’ autonomous development of their abilities. More than 60% of those eligible are using LCV online instructional content, with approximately 20% participating in discussion-style programs. LCV is thus contributing to the formation of self-directed learning habits among employees. Going forward, to help employees gain knowledge that will further expand the breadth and depth of their work and with an eye to accelerating institutional learning, we will create environments that enable them to teach one another and share what they have learned.

Marketing Study Program

The Marketing Study Program has been implemented continuously in the Marketing Division since 2014. This program offers opportunities for the systematic study of such topics as practical marketing theory and planning design based on consumer insights and competitive strategies. The program also serves to develop marketing personnel in accordance with individual career paths.

Cultivating Innovative Personnel: ReDesign FORUM

Since 2018, Lion has held the ReDesign FORUM with the aims of directly conveying to employees the passionate desires of employees, particularly young employees, to bring change to the Company and of rapidly implementing their proposals. Employees from more than a wide range of divisions participate in the ReDesign FORUM. In 2019, 35 employees participated, tackling the themes of “Expand and Evolve Our Business through the Eyes of an Employee Working to Commercialize New Businesses”.

Work-from-Home System

We are implementing ongoing initiatives related to our work-from-home system with the aim of accommodating autonomous work styles in line with the diversity of our employees and increasing productivity. To encourage employees to try the system, we have been adjusting related systems and their operation, including participation in the 2019 Telework Days campaign.*

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Work-from-Home System

We are taking steps to enhance our occupational health and safety management system with the objectives of zero serious accidents and zero occupational disease. We have introduced, and strongly promote the application of, the Workplace Safety Management System (WSMS) as a core component of our overall WSMS. We hold the Safety, Hygiene, and Disaster Prevention Meeting twice a year. Chaired by a member of top management, the meetings coordinate ongoing Company-wide initiatives aimed at fully eliminating risks related to facility safety and occupational safety. Lion has added disaster prevention items to the Occupational Safety and Health Management System (WSMS)* based on the guidance of the Ministry of Health, Labour and Welfare and the Japan Health and Safety Organization to establish a unique Safety, Hygiene and Disaster Prevention Management System. Since 2009, we have operated this system at all domestic Group companies, striving to further enhance safety, hygiene and disaster prevention activities.

Enhancing the Group-wide Occupational Health and Safety Management System

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Occupational Safety

In 2019, the number of labor-related accidents for the domestic Group companies was 26 (excluding eight cases which occurred during commutes to work). When occupational accidents occur, the Safety Management Secretariat at our Headquarters conducts on-site investigations, thoroughly identifies the causes and takes appropriate measures to prevent recurrence of such measures. In order to prevent occupational accidents, it is crucial to enhance our safety management system and heighten our awareness of occupational safety. We will continue to promote measures to further improve individual safety awareness and sensitivity.

Employees who Participated in Risk Simulation Training (Safety Training) in 2019 (Internal education)

Safety of Facilities

Lion conducts facility inspections to maintain safety through daily routine inspections and regular maintenance. Our diligent performance of maintenance inspections helps prevent failures and accidents. There were zero facility-related accidents in 2019. We will continue to focus our efforts on ensuring the transmission of technical know-how from employee to employee as well as on providing training.

<table>
<thead>
<tr>
<th>Chiba Plan</th>
<th>Osaka Plan</th>
<th>Okinawa Plan</th>
<th>Akita Plan</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>259</td>
<td>55</td>
<td>40</td>
<td>37</td>
<td>391</td>
</tr>
</tbody>
</table>
Reinforcing Health and Productivity Management

When employees act on their own initiative with a high level of health awareness to acquire sound health habits, it not only serves to maintain and improve their health, but helps them achieve personal growth and professional and personal fulfillment. This, in turn, serves to enhance corporate productivity and creativity and expand opportunities for Lion to contribute to society through sustainable growth.

From 2019, we have been implementing Lion-Style Health Support “GENKI” Action, based on the concept of the “ReDesign” employees’ health-related habits to be more natural, easy and enjoyable. Through this initiative, we are working to increase health awareness and encourage employees to take self-directed action to maintain and improve their health.

Lion-Style Health Support “GENKI” Action

- Mental Health Initiatives
  - Lion established the Mental Health Basic Policy in 2004, and continually and systematically promotes mental care for employees based on the Guidelines for Maintaining and Improving Mental Health of Workers. In 2019, 98% of employees took a stress level check test. The results of such tests are compiled and analyzed by section/department in such a way that individuals cannot be identified and then provided as feedback to responsible officers, applied in manager training and otherwise applied to improve our ongoing organizational measures.

- Management System
  - We have built a health and productivity management system, in which management, led by the President, participates to strengthen and accelerate relevant initiatives and measures. Measures are implemented through the cooperative efforts of the Health Support Office (including industrial physicians and health care providers), the Lion Health Insurance Society and the individual responsible for health and productivity management at each office.

Support “GENKI” Action

• 1. Clearly laying out current and future lifestyle-related disease risk
  - We plan to implement an individual health information system that clearly lays out each employee’s health-related data, such as that from health checkups, dental checkups and saliva tests, and make such data easy to access by that individual.

• 2. Fostering preventive dentistry habits
  - We aim for all employees to practice preventive dentistry. We are implementing a range of initiatives, such as subsidizing the cost of receiving professional care, recommending dentists and directly contacting high-risk individuals.

• 3. Reinforcing countermeasures for three common types of cancer
  - We have established a voluntary screening system aimed at early detection and treatment.

• 4. Reinforcing Anti-smoking Initiatives
  - We are advancing support, including creating facilitate environments, for employees who want to quit smoking. We have an online antismoking support program, and, beginning in January 2020, have banned smoking during work hours. Through such efforts, we are working to reduce the smoking rate among employees.

Promoting Amicable Labor-Management Relations

Lion executes labor agreements with the Lion Workers’ Union to promote sound labor-management relations based on mutual understanding and trust. As it does so, the Company adheres to the Lion Group Charter for Corporate Behavior, which is based on an understanding of the social mission and responsibilities of the Company. Thus, in cooperation with its union partners, the Company works to grow its business and maintain and improve the working conditions of union members. The agreements provide that: the Company shall recognize the freedom of union members to engage in lawful union activities; the Company shall not treat union members disadvantageously by reason thereof; and the Company and the union shall engage in labor-management meetings on a regular basis to consult with each other as equals.

Operating under a union shop agreement, Lion endeavors to build amicable labor-management relations, in which employees and management proactively conduct such activities as reporting on business conditions and exchanging opinions about the working environment at labor-management meetings. At overseas Group companies, we actively maintain communication between employees and management in order to create a better work environment through the labor-management meetings and strive to establish and maintain sound labor-management relationships.

- Lion’s Sustainability
- The Environment
- Human Rights
- Labor Practices
- Fair Operating Practices
- Consumer Issues
- Community Involvement and Development
- Organizational Governance

Related SDGs

- Economic Growth
- Industry, Innovation, and Infrastructure
- Decent Work and Economic Growth
- Industry, Innovation, and Infrastructure
- Peace & Justice, and Strong Institutions
- Partnerships for the Goals

Procurement Principles

The Lion Group 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 sustainability 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.

Establishment of the LION Anti-Bribery Principles

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

Timeline of Sustainable and Responsible Procurement Initiatives

- 2003: Instituted the Basic Policy Regarding Purchasing and implemented appropriate procurement of raw materials and products.
- 2006: 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 on 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 as well as our business partners to conduct self-checks of their sustainability initiatives.
- 2015: Established the Lion Group Supplier CSR Guidelines and Lion Anti-Bribery Principles to clarify our stance on initiatives for sustainable and responsible procurement.
- 2018: 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.
**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 manufactured in the use of Lion’s product packaging, booklets, and pamphlets as well as in the copy paper and 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 paper products used in the domestic Lion Group’s packaging, booklets, and pamphlets as well as in the copy paper and office supplies the Company purchases.

**Total: For all palm oil, palm kernel oil, and their derivatives as well as pulp and paper paper products used in the domestic Lion Group’s packaging, booklets, and pamphlets as well as in the copy paper and office supplies the Company purchases.**

### 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. Sedex joined the Roundtable on Sustainable Palm Oil at the end of 2019 in order to further reduce social and environmental risk in its purchasing. Going forward, we will continue to enforce and enhance supplier management and risk management.

### Together with Supply Chains (Japanese)

https://www.lion.co.jp/ja/csr/businesscustomer/

### PDCA Cycle for Supplier Sustainability Self-Checks

<table>
<thead>
<tr>
<th>Plan</th>
<th>Do</th>
<th>Check</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establishment and disclosure of CSR Guidelines</td>
<td>Request for self-checks based on the CSR Guidelines</td>
<td>Analysis of self-checks</td>
<td>Feedback and improvement</td>
</tr>
</tbody>
</table>

**Supplier Sustainability Self-Check Results (2019)**

<table>
<thead>
<tr>
<th>Response Rate</th>
<th>No need for improvement</th>
<th>Improvement rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>94%</td>
<td>11%</td>
</tr>
<tr>
<td>2017</td>
<td>99%</td>
<td>0%</td>
</tr>
<tr>
<td>2018</td>
<td>98%</td>
<td>2%</td>
</tr>
<tr>
<td>2019</td>
<td>99%</td>
<td>1%</td>
</tr>
</tbody>
</table>

Number of companies monitored: 585 raw material manufacturers and production contractors of the domestic Lion Group (513 domestic and 72 overseas).

<table>
<thead>
<tr>
<th>2019 Results Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 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.</td>
</tr>
<tr>
<td>• We are currently requesting cooperation from the two suppliers who did not respond.</td>
</tr>
</tbody>
</table>

### Customer Issues

**Basic Approach**

In order to provide products that will satisfy customers, Lion carries out quality assurance activities at all stages from the very beginning of the product development process to consumption by customers. Specifically, by identifying the key requirements at each stage of corporate activities—product planning, product development, production, sales and customer support—we are constantly pursuing customer satisfaction.

During product planning, valuable customer opinions are analyzed to identify specific needs. At the product development stage, product quality is verified with respect to seven metrics, including function and performance, and consideration is given to making labeling easy to read and accessible. During production, quality is thoroughly managed within each process, and products that have passed inspection are shipped in identifiable lots, aiding in effective after-sales management. A variety of information is sent to wholesalers and retailers, including product descriptions and samples.

### Product Development Incorporating Customer Opinions

**Maximization of customer satisfaction**

1. **Product planning**
   - Customer opinions and market survey findings are reflected in planning to set a target level of quality for high customer satisfaction.

2. **Product development**
   - Products are developed by translating quality targets into design quality technical metrics.

3. **Production**
   - Raw materials and production processes are managed to manufacture products at a stable level of quality.

4. **Sales**
   - Product information is communicated in an accessible manner that informs customers of product features and usage.

**To help customers realize everyday happiness, Lion shares and practices a fundamental focus on customer satisfaction. By responding to customer opinions and engaging in a continuous cycle of product quality improvement, we create products that better satisfy customers.**

### Group-wide Reliability Assurance System

In 2018, we established the Reliability Assurance Department to reinforce quality assurance based on a quality management system covering the entire supply chain.

To implement quality assurance activities on a Company-wide basis, we have established the CS/PL Committee, comprising representatives of the Product Planning Division, Production Division, R&D Division, Consumer Service Center, and headquarters staff divisions. The Reliability Assurance Department serves as the secretariat for this committee. The CS/PL Committee provides overall management of quality assurance activities, monitoring Group-wide efforts and responses to issues in the areas of legal compliance, setting voluntary standards and targets, and developing superior products from the perspective of reliability assurance. Lion manufactures and sells products ranging from everyday sundries to pharmaceuticals, so its quality assurance system is designed in line with the respective standards for each product category.

Furthermore, Lion maintains a system for swiftly taking the necessary measures to address any serious problems that may arise with its products. These measures include responding to complaints and inquiries, disclosing relevant information to government authorities and customers, issuing product recalls and taking steps to prevent recurrences.

* CS/PL Committee
  A committee focused on customer satisfaction (CS) and product liability (PL)
Approach to Safety and Reliability

To ensure that customers can use Lion products with confidence, we evaluate the safety both of raw materials and of final products during use.

- **Safety of Raw Materials and Ingredients**
  After first examining the safety of a raw material, we evaluate samples and investigate suppliers to ensure a certain level of quality. Based on the results of these efforts, we then determine whether or not to use the raw material in question. Each material is classified as a pharmaceutical, quasi-drug, cosmetic, food, or general product, and its quality is assessed based on the inspection parameters and testing methods appropriate for its classification before it is actually accepted for use.

  **Safety of Raw Materials and Ingredients (Japanese)**
  [https://www.lion.co.jp/ja/csr/consumer/quality/area03](https://www.lion.co.jp/ja/csr/consumer/quality/area03)

- **Safety of Products During Use**
  Giving due consideration to the various ways products may be used as well as product use by socially vulnerable customers, we perform safety evaluations based on an approach of avoiding risks at the product design stage. To this end, we use a checklist to determine whether the product design ensures safety in both "normal use" and "mistaken use" cases. For "irregular use" cases, we assess whether risk reduction is possible and whether the risk is tolerable, and as necessary clearly label the product with an explicit safety warning. In addition, the quality verification meeting, which encompasses representatives of related departments, performs assessments based on customer use scenarios in order to prevent harm related to product use and to prevent the omission of items that should be checked for safety. If there is trouble with a product, we have an internal system in place, ready to promptly issue product recalls or otherwise respond as needed.

Scope of Safety Assurance

**Approach to Responsible Product Representations**

To improve the quality of representations (such as labels and advertising) about all the products it sells (including food and pharmaceutical products), Lion has clearly designated its approach to product representation standards and established a representation drafting manual, comprising guidelines for precise, appropriate product representation preparation in each step of product development under its Product Management System. These guidelines apply to all wording and expressions used in product packaging, instructions, pamphlets, advertisements and other representations.

To reinforce the monitoring of expressions used in advertising, Lion operates an advertising management system comprising the following aspects.

1. Enhancement of the vetting system applied to advertising for all products, including food products
2. Consultation with the Consumer Affairs Agency and other government agencies as needed
3. Thorough legal training for employees

In particular, to ensure thorough compliance with the Act against Unjustifiable Premiums and Misleading Representations and other laws and regulations concerning product labels and advertising, Lion provides e-learning for all employees and lectures for employees in related divisions as part of its legal education initiatives.

**Initiatives to Respond to Our Customers**

So that we may leverage inquiries received from customers to develop new products and improve our products and services, such inquiries are registered in a database operating under a strict personal information management system and shared across the Company through an information sharing management system that excludes personal information. Items that are considered impactful to customer satisfaction and insights gleaned from ordinary contact with customers are reported daily to top management in the form of the VOC* Daily Letter. Through such efforts, Lion works to improve customer support quality by gaining an understanding of the customer’s perspective and by quickly considering and responding through improvement measures, mainly through the Product Planning Division. In 2019, we sent out 236 VOC Daily Letters. Customer feedback comes from a wide range of sources, including not only telephone calls and emails, but also from SNS*2 and the like. An internal dedicated organization analyzes such feedback and proactively disseminates information gleaned from it to the relevant departments.

**Recall Status of Varsan Hyosatsu Jet**

Lion has voluntarily recalling Varsan Hyosatsu Jet for Flying Insects and Varsan Hyosatsu Jet for Crawling Insects since August 27, 2007, because these products led to fire-related accidents. As of the end of December 2019, 1.48 million of these products have been recalled (recall rate 45.7%). We ask consumers who still have any of these products and reside in Japan to assist in the recall.

**Notice Regarding Varsan Products (Japanese)**

[https://www.lion.co.jp/ja/products/information/200708_01.php](https://www.lion.co.jp/ja/products/information/200708_01.php)

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**Approach to Responsible Product Representations**

1. VOC: Voice of Customers
2. SNS: Social networking services (Facebook, Twitter etc.)
Providing Useful Information for Daily Living and Promoting Educational Activities

Lion actively engages in communication with consumers with the aim of expanding our creation and dissemination of information that contributes to healthy and comfortable living.

Communication with Customers Using the “Lidea” Lifestyle Information Website

Lidea is a lifestyle information website aimed at inspiring curiosity about living habits and helping users cherish each day by providing content about Lion products, the technologies behind them, and approaches to daily living. The site provides accurate information that is useful for consumers’ daily living, presented mainly by the Meisters of Daily Life, lifestyle information specialists.

Information Security Measures

In order to thoroughly protect personal information and ensure information security, Lion has established the Personal Information Management Regulations, the Basic Policy of Our Information Management, the Information Management Regulations, and the Information Security Regulations in accordance with Act on the Protection of Personal Information. In addition, with a view to ensuring appropriate publishing of information, we have established the Lion Group Social Media Policy and related guidelines regarding employee use of social media (social networking services, blogs, etc.).

Survey and research data
Collection and accumulation of information
Lideas: Creation of useful information
Lion Comfortable Lifestyle Laboratories
Meisters of Daily Life
Transmission of news
Events
Publications
Informative dissemination
Media, etc.
Schools, business partners, facilities, etc.
Books
Weboney

Oral care seminar for a PTA by a Meister of Daily Life

Creating Healthy Living Habits in Coordination with Communities

Lion aims to help improve consumer health through oral healthcare. The keys to oral healthcare are learning correct knowledge and establishing preventive dentistry habits to manage dental health and prevent problems. Accordingly, Lion is working to help consumers understand the significance of forming healthy habits and, through the provision of products and services, seeking to “ReDesign” everyday rituals to become more natural, easy and enjoyable in order to realize healthy minds and bodies for all.

Basic Approach

Since its founding, Lion has sought to help consumers enjoy healthy living through the provision of products while carrying out educational activities and communication aimed at creating better living habits.

In Japan and countries and regions across Asia, Lion is engaged in initiatives that contribute to the sustainable development of society and the global environment through the areas of health, comfort and cleanliness. We believe that our continued business viability depends on co-existing harmoniously with the communities in which we are involved, such as those where Lion facilities are located. We therefore strive to help solve issues in and invigorate local communities in partnership with local residents, government agencies and citizens’ groups. In addition, by increasing opportunities for every employee to get involved in business-related educational activities, we foster human resources that create new value informed by a high level of social and environmental awareness.

Aiming to contribute to everyday health and comfort and longer healthy life expectancy around the world, Lion seeks to “ReDesign” everyday rituals to become more natural, easy and enjoyable in order to realize healthy minds and bodies for all.

Promoting Oral Healthcare

Lion seeks to promote preventive dentistry practices that consumers can perform themselves. To this end, in communities with which we have formed partnerships, we hold oral healthcare leader development lectures to empower local governments, as oral healthcare leaders, to provide residents with tooth-brushing information and practical techniques that can benefit to overall health. We are currently carrying out these activities in the cities of Tochimaki and Sakakide.

New Community Building Activities Using Online Content

In 2019, we launched HAGUKI CHECKER,* an online tool that checks the state of users’ teeth and gums. Users simply use a smartphone or other device to take photos of the inside of their mouths, including the teeth and gums, and upload them to HAGUKI CHECKER. The online service then uses AI to identify individual teeth and check the state of the gums. To this end, in communities with which we have formed partnerships, we hold oral healthcare leader development lectures to empower local governments, as oral healthcare leaders, to provide residents with tooth-brushing information and practical techniques that can be beneficial to overall health. We are currently carrying out these activities in the cities of Tochimaki and Sakakide.

Developing Oral Healthcare Leaders in Coordination with Local Governments

Lion seeks to promote preventive dentistry practices that consumers can perform themselves. To this end, in communities with which we have formed partnerships, we hold oral healthcare leader development lectures to empower local governments, as oral healthcare leaders, to provide residents with tooth-brushing information and practical techniques that can be beneficial to overall health. We are currently carrying out these activities in the cities of Tochimaki and Sakakide.

Creating Healthy Living Habits in Coordination with Communities

Lion aims to help improve consumer health through oral healthcare. The keys to oral healthcare are learning correct knowledge and establishing preventive dentistry habits to manage dental health and prevent problems. Accordingly, Lion is working to help consumers understand the significance of forming healthy habits and, through the provision of products and services, seeking to “ReDesign” everyday rituals to become more natural, easy and enjoyable so that people will naturally want to do them.

* Developed based on Lion’s data and expertise. HAGUKI CHECKER was created using the AI image analysis technology of Automatix Inc. and the service development technology of MTI Ltd.

Gum checking tool HAGUKI CHECKER

(July 22, 2019 to December 31, 2019)
Promoting Oral Healthcare through the Lion Foundation for Dentistry Health

In line with the principle of "returning profits obtained through corporate activities to society," which has remained unchanged since its founding, Lion has been implementing oral healthcare promotional and educational activities since 1913. In 1964, Lion established the Lion Foundation for Dental Health (LDH), which was approved by the then Ministry of Health and Welfare of Japan. In 2010, the Cabinet Office approved a change in the foundation’s status to a public interest incorporated foundation. Through the three public benefit services shown below, LDH continues to work to maintain and improve the dental and oral health of consumers in coordination with the Japan Dental Association, universities and government bodies. LDH thus strives to contribute to society at the frontlines of oral care in order to improve quality of life for all. Lion lends its full support to these activities.

Three Public Benefit Services of LDH

1. Oral health promotion projects
   Educational activities to promote oral health practices at all life stages

2. Research and investigative projects
   Research and investigation into the importance of oral care for extending healthy life expectancy and the provision of information on research results obtained through business and other activities to specialists and customers

3. Educational and training projects
   Holding of various seminars and lectures for health instructors and dental specialists

Lion Foundation for Dental Health
https://www.lion-dent-health.or.jp/english/

The Oral Health Event of Tooth Brushing for Children

The Oral Health Event of Tooth Brushing for Children, started in 1902, is held every year for elementary school students during Dental/Oral Health Week (June 4th to 10th). For the 77th event in 2020, participating schools chose a date to participate and took part by watching an educational DVD. Approximately 270,000 elementary school students attending a total of 4,722 schools participated in 2020, including students in Japan and seven other countries and regions, mainly in Asia.

Main Activities of LDH in 2019

Oral health promotion for mothers and children
Childcare support programs in the area of dental and oral health for expectant mothers and infants, preschoolers and their guardians.
Participants: 1,455 infants and preschoolers
Cumulative participants: Approx. 1,150,000

Oral health promotion for school children
Face-to-face educational activities with schoolchildren and their guardians and support for the activities of health instructors.
Participants: 6,315 schoolchildren; 854 health instructors
Cumulative participants: Approx. 23,285,000

Oral health promotion for adults (in industry)
Instruction focused on the prevention of a gum disease and on the maintenance and improvement of dental and oral health for employees of various companies.
Participants: 15,212
Cumulative participants: Approx. 1,222,000

Oral health promotion for the elderly (from 2007)
Provision of support to help maintain oral functions so that participants can eat with their own teeth and mouth long into the future.
Participants: 66,042
Cumulative participants: Approx. 186,000

Dental Checkups and Treatment
Implementation of highly professional, high-quality treatment and preventive dentistry activities tailored to individuals at all life stages, from infants to the elderly.
Participants: 5,502
Cumulative participants: 1,864,000

Promoting Oral Healthcare (Japanese)
https://www.lion.co.jp/ja/csr/community/oral/

Activities to Establish Cleanliness Habits through Employee Involvement

Lion implements activities to promote proper hand washing habits, mainly with the KireiKirei brand, aiming to realize everyday health and comfort for consumers.

With a policy that encourages employees to get involved through volunteer activities, Lion aims for 100% of current employees to have participated in activities to promote good hand washing habits by 2050. From 2012 to 2019, 1,222 employees participated (cumulative participation rate 42.8%).

Over this period, approximately 35,000 preschoolers participated in these activities. We are promoting good hand washing habits at kindergartens, preschools and public facilities, mainly in the areas where Lion facilities are located across Japan, Ishinomaki City (Miyagi Prefecture), which was affected by the Great East Japan Earthquake and an area closely connected to our founder, and Sakaide City (Kagawa Prefecture), where KireiKirei Hand Soap is manufactured. In addition, we conduct activities in cooperation with our business partners and incorporate good hand washing habit promotion activities conducted at kindergartens and preschools into the corporate training programs of young employees in order to heighten employee awareness of community involvement. Activities to promote good hand washing habits are also conducted in Asian countries and regions where KireiKirei products are sold.

We work with local governments as well. Since 2014, Sakaide City, Lion and the Lion Chemical Co., Ltd. Oleochemical Production Site, which produces KireiKirei hand soap, have been jointly promoting the KireiKirei City-Sakaide Project, aiming to spread and establish cleanliness habits among the citizens of Sakaide City.

* Oral healthcare educational activities were also initiated from April 2019.

Activities in Coordination with Communities

Plant Tours
Lion considers plant tours to be an important contact point between customers and the Company. So that customers can get to know Lion products and witness the extremely high priority the Company places on safety and environmental conservation in its operations, we welcome many visitors to the plants every year.

<table>
<thead>
<tr>
<th>Plant</th>
<th>Plant tours</th>
<th>Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chiha</td>
<td>90</td>
<td>1,925</td>
</tr>
<tr>
<td>Odawara</td>
<td>107</td>
<td>2,833</td>
</tr>
<tr>
<td>Osaka</td>
<td>48</td>
<td>1,149</td>
</tr>
<tr>
<td>Akashi</td>
<td>63</td>
<td>1,345</td>
</tr>
<tr>
<td>Total</td>
<td>289</td>
<td>7,137</td>
</tr>
</tbody>
</table>

Plant tours from January 1, 2019 to December 31, 2019

Initiatives for Hygiene and Health Care in Times of Disaster

Paying attention to health is especially important in a disaster situation. Lion creates and distributes pamphlets and posters titled “Hygiene and Health Care in Times of Disaster” as part of efforts to provide information on cleanliness and health care.

From 2017, we have held educational activities for local residents in the communities throughout Japan where our facility sites are located. We will contribute to the establishment of cleanliness habits.

Hygiene and Health Care Information for Times of Disaster
https://www.lion.co.jp/en/emergency-care/
Organizational Governance

Basic Approach
The Lion Group's top priorities for corporate governance are to increase management transparency, strengthen supervisory functions, accelerate decision making and ensure compliance. By strengthening and enhancing its corporate governance system, Lion aims to increase its corporate value.

Corporate Governance System
At Lion, oversight of management is carried out under an audit and supervisory board system. In March 2004, Lion adopted an executive officer system and divided the functions previously handled by the Board of Directors. Under the new system, the Board of Directors is responsible for management decision making and oversight, and the Executive Committee is charged with business execution.

Moreover, Lion reduced the size of its Board of Directors from 19 directors it had before adopting the executive officer system to the current nine in order to facilitate more substantive discussion and faster decision making. Also, a Nomination Advisory Committee and Compensation Advisory Committee were integrated to sustainable society. With regard to the systems for evaluating and auditing internal control with respect to financial reporting, as prescribed in Japan's Financial Instruments and Exchange Act, we have established controls at the company-wide and business process levels. Evaluations of the effectiveness of our internal control are made by the Audit Office, which reports its findings to the President and Audit & Supervisory Board Members. It also reports to the Board of Directors on a regular basis. As a result of these evaluations, we have determined that Lion's internal control with respect to financial reporting in 2019 was effective, and we submitted our Internal Control Report along with our Securities Report to the Prime Minister in March 2020.

In 2020, objectives for 2030 regarding the Sustainability Material Issues were discussed by the Sustainability Promotion Meeting and approved.

Sustainability Management
We believe that growing our business while reducing the burden on the planet contributes to the creation of a sustainable society.

In January 2019, the former CSV Management Meeting and Environmental Conservation Committee were integrated to create the Sustainability Promotion Meeting. Comprising all executive directors, including the President, and related departments, the meeting deliberates on and monitors the execution of Company-wide CSV strategy, the Sustainability Material Issues and policy regarding environmental issues.

In accordance with the Corporation Law and the Enforcement Regulations of the Corporation Law, Lion has put systems in place to enhance the appropriateness of Group operations. With regard to the systems for evaluating and auditing internal control with respect to financial reporting, as prescribed in Japan’s Financial Instruments and Exchange Act, we have established controls at the company-wide and business process levels. Evaluations of the effectiveness of our internal control are made by the Audit Office, which reports its findings to the President and Audit & Supervisory Board Members. It also reports to the Board of Directors on a regular basis. As a result of these evaluations, we have determined that Lion’s internal control with respect to financial reporting in 2019 was effective, and we submitted our Internal Control Report along with our Securities Report to the Prime Minister in March 2020.

In 2020, objectives for 2030 regarding the Sustainability Material Issues were discussed by the Sustainability Promotion Meeting and approved.

Risk Management
In order to continue providing our customers with safe and reliable products, we have appointed a Director Responsible for Risk Management who comprehensively controls and supervises risk for the whole Lion Group. Appropriate countermeasures for the management of risk related to the environment, quality assurance, and accidents and disasters are formulated in advance by the Sustainability Promotion Meeting, CS/PL Committee, and Safety, Hygiene and Disaster Prevention Meeting, respectively, and deliberated by the Executive Committee when necessary. Each plant is certified with ISO14001 or operates based on ISO 14001 and works proactively to maintain and improve quality management and environmental conservation. In the case of a physical emergency, such as a natural disaster or accident, in accordance with the Emergency Response System (a system of manuals outlining countermeasures against earthquakes or influenza and other infectious diseases), we report the relevant facts to the President and Audit & Supervisory Board Members. At the same time, the directors of relevant departments collect all pertinent information, formulate response measures, clarify causes, determine countermeasures and submit reports on these actions to the Executive Committee and the Board of Directors.

A summary of countermeasures to risks that may have a particularly significant impact on investor judgment and are disclosed in the Company’s Securities Report.

Business Continuity Plans (BCPs)
Lion works to build and maintain systems to minimize damage and to ensure the continuation of business operations so that it can provide products to customers even in the event of a major earthquake, outbreak of infectious disease (pandemic) or other such contingency. We will set up a task force and respond according to the “Manual on Countermeasures for Earthquake Disaster” when a major earthquake occurs, and according to the “Manual on Countermeasures against Novel Influenza and Other Infectious Diseases” if a pandemic due to a novel influenza virus or other infectious disease is foreseeable. We will judge whether or not to activate a BCP according to the scale and other conditions of the disaster. If a BCP is activated, our system is designed to give top priority to businesses that supply consumer products.

A summary of countermeasures to risks that may have a serious impact on our business is reported to the Executive Committee annually.

1. Product quality and value
2. Changes in raw material prices
3. Exchange rate fluctuations
4. Major lawsuits
5. Earthquakes and other natural disasters
Spreading and Strengthening Compliance Awareness

The Lion Group Charter for Corporate Behavior and Behavioral Guidelines form the foundation of the Lion Group’s compliance framework. The Corporate Ethics Committee, chaired by the director responsible for corporate ethics, works proactively to foster compliance awareness within the Lion Group. The Lion Group Charter for Corporate Behavior and Behavioral Guidelines are distributed in pamphlet form to all employees and publicly available on Lion’s website.

Moreover, we 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.

The AL Heart Hotline System

Employees of the Lion Group, Temporary Staff or External Business Partners

<table>
<thead>
<tr>
<th>Content of consultations and reports made</th>
<th>Feedback</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Harassment</td>
<td>9</td>
<td>15</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>Personnel and labor management issues</td>
<td>5</td>
<td>6</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>4</td>
<td>2</td>
<td>3</td>
<td></td>
</tr>
</tbody>
</table>

AL Heart Hotline Consultations and Reports

* Compliance Awareness Survey

Anonymous questionnaire survey covering such topics as compliance with the Lion Group Charter for Corporate Behavior, whether there was feedback from the results of the previous Compliance Awareness Survey, and awareness of the AL Heart Hotline.

Raising Awareness of the Hotline

Lion has set up an internal and external whistle-blowing system, the AL (AL Lion) Heart Hotline, and is taking steps to raise awareness of said system among all employees, including temporary staff. Its recognition rate among employees was 98.6% in 2019.

AL Heart Hotline Employee Recognition Rate

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>95.8%</td>
</tr>
<tr>
<td>2018</td>
<td>98.5%</td>
</tr>
<tr>
<td>2019</td>
<td>98.6%</td>
</tr>
</tbody>
</table>

Compliance Initiatives at Overseas Group Companies

The Lion Group implements initiatives at overseas Group companies aimed at spreading and strengthening compliance awareness Group-wide. In 2019, representatives from compliance-related departments visited overseas Group companies in Singapore, China and Taiwan to promote awareness of compliance-related efforts, such as the LION Human Rights Policy, LION Anti-Bribery Principles and AL Heart Hotline, as well as related initiatives. Information about some of our other overseas initiatives is available on our website.

Embedding Compliance (Japanese)

https://www.lion.co.jp/ja/company/compliance/