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 a 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

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 compliance, research & development, etc.
https://www.lion.co.jp/en/company/

Sustainability
Lion’s approach to sustainability, social contribution activities, SDG-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/

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7 Sustainability Material Issues and Objectives for 2030
  • Promoting Environmental Initiatives for a Sustainable Planet
  • Creating Healthy Living Habits
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Core Subjects of ISO 26000

E 17 The Environment
23 Human Rights
25 Labor Practices
30 Fair Operating Practices
32 Consumer Issues
36 Community Involvement and Development
39 Organizational Governance
42 External Evaluations / Participation in External Groups
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
- **From 1940s**: Expanding the market and developing world-class products
- **From 1950s**: Addressing diverse oral health issues
- **From 1960s**: Establishing the Lion Foundation for Dental Health (LDH) / Promoting good hand washing habits
- **From 1970s**: Addressing diverse oral health issues
- **From 1980s**: Promoting gum disease through the systematic combination of products with clear functions
- **From 1990s**: Addressing diverse oral health issues
- **From 2000s**: Activities to promote good oral health care habits in Asia

Cleanliness and Comfort

- **From 1891**: Start of soap manufacturing and promotion of correct laundry methods
- **From 1950s**: Addressing hygiene awareness
- **From 1960s**: Promotion of hand washing habits and related products
- **From 1970s**: Contributing to clean and comfortable living in Asia

Environmental Conservation

- **From the 1920s**: Use of plant-derived ingredients
- **From the 1960s**: Addressing foaming in rivers, eutrophication in lakes and marshes
- **From the 1970s**: Reducing CO2 emissions by using primarily plant-based washing ingredients
- **From the 2000s**: Addressing environmental issues through products and communication

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 through 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.
### 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 the promotion of oral healthcare, cleanliness and hygiene habits.

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

### 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 was based on a thorough review of social issues identified in line with the Global Compact and SDGs.

#### Steps for identifying Sustainability Material Issues

1. **Identify social issues**
   - Based on ISO 26000, the SDGs, the GRI Standards and the ten principles of the UN Global Compact, 30 social issues were identified.

2. **Consider their degrees of impact on society and businesses**
   - The issues identified in Step 1 were evaluated in terms of their impact on society and businesses and reviewed by related departments. The director in charge of sustainability and the Board of Directors.

3. **Investigate the soundness of the material issues**
   - The soundness of each item was investigated in light of the viewpoints of third-party institutions and the issues were revised as necessary.

4. **Obtain approval from the Executive Committee and Board of Directors**
   - The Sustainability Material Issues identified were approved by the Executive Committee and Board of Directors.

### Lion’s SDG-Related Initiatives
- Promoting oral healthcare
- Establishing cleanliness and hygiene habits

### Lion’s Activities
- Promoting Diversity
- Promoting Work-Life Balance
- Developing Human Resources
- Reinforcement of Health and Productivity Management
- Pursuing Customer Trust and Satisfaction

### Use by Consumers
- Creating Healthy Living Habits
- Promoting Environmental Initiatives for a Sustainable Planet
- Respecting Human Rights

### Disposal by Consumers
- Promoting Risk Management
- Embedding Compliance
- Enhancing Group Governance

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### Value Chain Stage Raw Material Procurement
- Business partners
- Employees

### Lion’s Activities
- Promoting Diversity
- Promoting Work-Life Balance
- Developing Human Resources
- Reinforcement of Health and Productivity Management
- Pursuing Customer Trust and Satisfaction

### Use by Consumers
- Creating Healthy Living Habits
- Promoting Environmental Initiatives for a Sustainable Planet
- Respecting Human Rights

### Disposal by Consumers
- Promoting Risk Management
- Embedding Compliance
- Enhancing Group Governance

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### Local communities
- Promoting Diversity
- Promoting Work-Life Balance
- Developing Human Resources
- Reinforcement of Health and Productivity Management
- Pursuing Customer Trust and Satisfaction

### Opportunities
- Promoting Diversity
- Promoting Work-Life Balance
- Developing Human Resources
- Reinforcement of Health and Productivity Management
- Pursuing Customer Trust and Satisfaction

### Risks
- Building Responsible Supply Chain Management
- Promoting Risk Management
- Embedding Compliance
- Enhancing Group Governance

### Degree of impact on society
- Extremely high
- High

### Degree of impact on businesses
- Extremely high
- High

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### Lion’s Activities Use by Consumers Disposal by Consumers
- Promoting Environmental Initiatives for a Sustainable Planet
- Creating Healthy Living Habits
- Promoting Risk Management
- Embedding Compliance
- Enhancing Group Governance

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### Community Involvement
- Promoting Environmental Initiatives for a Sustainable Planet
- Creating Healthy Living Habits
- Promoting Risk Management
- Embedding Compliance
- Enhancing Group Governance

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### Step 1
- Identify social issues
  - Based on ISO 26000, the SDGs, the GRI Standards and the ten principles of the UN Global Compact, 30 social issues were identified.

### Step 2
- Consider their degrees of impact on society and businesses
  - The issues identified in Step 1 were evaluated in terms of their impact on society and businesses and reviewed by related departments. The director in charge of sustainability and the Board of Directors.

### Step 3
- Investigate the soundness of the material issues
  - The soundness of each item was investigated in light of the viewpoints of third-party institutions and the issues were revised as necessary.

### Step 4
- Obtain approval from the Executive Committee and Board of Directors
  - The Sustainability Material Issues identified were approved by the Executive Committee and Board of Directors.
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 CO2 emissions throughout business activities and product life cycles.
- Promote the 3R (reduce, reuse, recycle) and renewable activities.
- Reduce water usage throughout product life cycles.

**Creating Healthy Living Habits**
- Enable human resources with diverse values and ideas to fully express their individuality and abilities and succeed professionally, regardless of such factors as nationality or gender.
- Employees who understand the necessity of diverse values ±90% or more.
- Employees who feel a sense of professional fulfillment ±60% or more.
- Productivity (profit per employee) ± increases from the 2019 level.

**Related SDGs**
- Odor 30% compared with 2017 levels
- Recycled plastic and biomass plastic usage ± Double 2017 levels
- Water usage ± Down 30% compared with 2017 levels (per unit of net sales)
- People provided with oral healthcare opportunities ± 1 billion
- Up 60% or more
- Up 80% or more
- Up ±100%

**Lion’s Value Creation Foundation and Risk Management**
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 through its business activities to the accomplishment of worldwide goals related to addressing 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.

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.

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.

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 be more environmentally friendly just by living 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.

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.

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LION Eco Challenge 2050
Healthy future for people and the planet

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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.

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.

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.

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.

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.

**Creating Healthy Living Habits**

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.

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Reducing Health Disparities

New Business Initiatives for 2030

- Provide opportunities for everyone to practice oral healthcare whenever necessary, regardless of living environment, physical condition, economic status, education or access to information, etc.
- Firmly establishing healthy oral care habits
- Help increase oral care awareness through efforts to spread preventive dentistry habits
- 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

New Business Initiative: Inclusive Oral Care

**What Is Inclusive Oral Care?**

**Approach to Initiatives and Our 2030 Objective**

**2030 Objective for Creating Healthy Living Habits**

China

- Teaching correct hand washing at nursery schools, hospitals and parks

South Korea

- An employee teaching children correct hand washing

Japan

- Children enjoying practicing correct hand washing while learning

Thailand

- Students learning correct hand washing at an event

Malaysia

- An employee teaching children correct hand washing

Singapore

- Nursery school students enjoying learning about hand washing through a quiz with the Lion mascot

Hong Kong

- Nursery school students enjoying learning about hand washing through a quiz with the Lion mascot

Taiwan

- An employee teaching children correct hand washing

**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.

**Related SDGs**

- SDG 3: Good Health and Well-being
- SDG 4: Quality Education
- SDG 8: Decent Work and Economic Growth
- SDG 9: Industry, Innovation, and Infrastructure
- SDG 11: Sustainable Cities and Communities

**Current Initiatives**

- 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

**Initiatives Going Forward**

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

2020 Sustainability Material Issues and Progress toward Objectives

The Contribution of the Lion Group’s Initiatives to the Achievement of the SDGs

The Lion Group has identified 13 sustainability material issues and is advancing initiatives toward their resolution. The chart below shows the Sustainable Development Goals (SDGs) to which our efforts to solve each of these issues contribute.

In particular, through our products, services and educational initiatives, we are working toward the achievement of SDG 3, “Ensure healthy lives and promote well-being for all at all ages.”

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<tr>
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</thead>
<tbody>
<tr>
<td>E - 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>
<td>• Promotion of environmental business management: 2018. We manage initiatives that address these material issues through the Lion Group’s Initiatives to the Achievement of the SDGs.</td>
<td>The Lion Group has implemented activities aimed at the 2020 Sustainability Material Issues and Progress toward Objectives.</td>
<td>*1 Held as the Environmental Conservation Committee until 2018</td>
<td></td>
</tr>
<tr>
<td>S - Labor Practices</td>
<td>3 Promoting Diversity</td>
<td>Expand creative business activities through the application of diverse human resources.</td>
<td>• Promotion of participation by women at the management level: 1) Develop female employees to drive the next generation of management (Global)</td>
<td>2) Proportion of female employees at the management level (17.1%)</td>
<td>In progress: Underway toward 2020 Objectives</td>
<td></td>
</tr>
<tr>
<td>S - Promoting Work-Life Balance</td>
<td>4 Promoting Work-Life Balance</td>
<td>Create an uplifting workplace among employees through work style reforms.</td>
<td>• Realization of “smart work” to harmonize productive work and personal lives: 2018. We manage initiatives that address these material issues through the Lion Group’s Initiatives to the Achievement of the SDGs.</td>
<td>1) Implemented the Lion Internal Awareness and Behavior Survey for all domestic employees, including those of domestic Group companies.</td>
<td>In progress: Underway toward 2020 Objectives</td>
<td></td>
</tr>
<tr>
<td>S - Developing Human Resources</td>
<td>5 Developing Human Resources</td>
<td>Create personal dynamism by developing human resources with diverse and abundant ideas about how to meet the expectations of global stakeholders.</td>
<td>Creation of human resource development systems to cultivate personnel who can learn and act independently</td>
<td>1) Developed the ReDesign FORUM, which aims to generate new proposals for reshaping Company-wide issues through direct discussion between employees and management.</td>
<td>In progress: Underway toward 2020 Objectives</td>
<td></td>
</tr>
</tbody>
</table>

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

Aim of the LION Eco Challenge 2050

The Lion Group has developed the LION Eco Challenge 2050 following the ECO 2020 environmental targets (Global). The aim is to develop a new long-term environmental objective for the entire Group. The long-term objective of the LION Eco Challenge 2050 is to raise the carbon footprint rate by 50% in 2050 compared to 2015. This long-term objective is based on the following three pillars.

- Environmental: the environmental business management of the Lion Group
- Social: the Lion Group’s Activities to Support Eco 2050
- Governance: the Lion Group’s Activities to Support Eco 2050

The Lion Group will make every effort to achieve the LION Eco Challenge 2050 environmental objectives.

The Lion Group’s Sustainability Material Issues and the SDGs They Help Achieve

The chart below shows the Sustainable Development Goals (SDGs) to which our efforts to solve each of these issues contribute.
<table>
<thead>
<tr>
<th>Subjects</th>
<th>Issues</th>
<th>p.36</th>
<th>p.39</th>
<th>p.25</th>
</tr>
</thead>
<tbody>
<tr>
<td>Productivity Management</td>
<td>1) 100% rate of receiving health checkups (Domestic)</td>
<td></td>
<td></td>
<td>In progress</td>
</tr>
<tr>
<td></td>
<td>2) In progress</td>
<td></td>
<td></td>
<td>In progress</td>
</tr>
<tr>
<td></td>
<td>1) Promote highly effective management practices in the supply chain</td>
<td></td>
<td></td>
<td>In progress</td>
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<tr>
<td>7) Reinforcement of Health and Productivity Management</td>
<td>1) Expand the scope of cancer screenings</td>
<td></td>
<td></td>
<td>In progress</td>
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<td></td>
<td>2) Expand the practice of preventive dentistry</td>
<td></td>
<td></td>
<td>In progress</td>
</tr>
<tr>
<td></td>
<td>3) Expand the practice of preventive dentistry at overseas companies</td>
<td></td>
<td></td>
<td>In progress</td>
</tr>
<tr>
<td>8) Building Responsible Supply Chain Management</td>
<td>1) Implement supplier sustainability self-checks related to procurement</td>
<td></td>
<td></td>
<td>In progress</td>
</tr>
<tr>
<td></td>
<td>2) Implementation of supplier sustainability self-checks related to procurement</td>
<td></td>
<td></td>
<td>In progress</td>
</tr>
<tr>
<td>9) Pursuing Customer Trust and Satisfaction</td>
<td>1) Promoted and continued preventive dentistry activities across the Lion Group</td>
<td></td>
<td></td>
<td>In progress</td>
</tr>
<tr>
<td></td>
<td>2) Promoted and continued preventive dentistry activities at the Lion Group</td>
<td></td>
<td></td>
<td>In progress</td>
</tr>
<tr>
<td></td>
<td>3) Promote and continue preventive dentistry activities across the Lion Group</td>
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</table>
Basic Purpose
We at the Lion Group believe in our solemn responsibility to provide customer experience-based value in the areas of health, comfort and cleanliness while protecting the global environment—the foundation of health and daily living—in accordance with our aim of “Becoming an advanced daily healthcare company.”

In line with the Eco Vision 2020 environmental targets formulated in 2013, we are striving to realize a sustainable planet while working to achieve our 2020 targets related to realizing a low carbon society, realizing a sound material cycle society, harmonizing with nature and natural education.

Recently, spurred by the Paris Agreement in 2015 and the adoption of the SDGs, the movement toward a sustainable society in Japan and other countries has gained steam.

Taking this trend into consideration, in 2019 the Group formulated the LION Eco Challenge 2050, a set of long-term environmental objectives. Going forward, the Group will ambitiously work toward the realization of a decarbonized, resource-circulating society.

Every day. For the Earth. (Japanese)

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.” Our Environmental Guidelines are the foundation of our environmental activities.

Environmental Guidelines
Lion will act voluntarily and proactively to reduce its burden on the global environment in all processes of its business activities, from the development of products to the procurement of raw materials, production, distribution and sales as well as from use by customers and final disposal. This will be done with due consideration given to realizing a low carbon society to prevent global warming, realizing a sound material-cyclesociety with maximum usage of recycled resources and realizing a society harmonizing with nature to conserve people’s health, natural ecosystems and biodiversity.

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 laws, 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 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 environment 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 business. These Environmental Guidelines are freely available to anyone upon request.

Revised January 1, 2013

Environmental Management
● Environmental Management System
The purpose of the Lion Group’s Environmental Management System is to identify, evaluate and remedy the 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 impact data for production sites overseas (Japanese)


● 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.

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 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.
Toothbrush Recycling
Consumer Issues

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

Material-Cycle Sound Activities for 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/csr/env/enhancement/

Lion Group Environmental Initiatives

Performance in the Second Fiscal Year of Phase 3 (2019–2020) 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.

Example Initiative

Promotion of Periodic Toothbrush Replacement and Recycling

Lion has designated 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 that each consumer who participates in toothbrush recycling is an important partner, we are moving forward with the aim of realizing a resource-circulating society.

Promoting the 3Rs

In an effort to reduce the use of container and packaging materials, we are proactively promoting the 3Rs (reduce, reuse and recycle).

Utilization of Renewable Resources

Lion is addressing the issue of marine plastic, which has become a global environmental problem, by promoting the use of renewables (such as recycled and plant-based materials) together with the 3Rs with a view to reducing plastics used in containers and packaging.

Environmental Communication through Products

In order to raise consumer awareness of the importance of environmental considerations through its products, since 2014, Lion has put the “eco Lion” Mark as an environmental label known as on products that meet the proprietary Lion eco-standard, which is designed to evaluate products over their entire life cycles. Each label includes our environmental logo and lists the factors that make the product environmentally friendly.

The Lion eco-standard (Japanese) https://www.lion.co.jp/ja/csr/eco/#sec2

List of products with the “eco Lion” mark (Japanese) https://www.lion.co.jp/ja/csr/eco/#sec4

Activities for Realizing a Low Carbon Society

- Substituting plant-based materials for petroleum resources
- Using recycled materials
- Increasing energy efficiency by reusing production processes, introducing energy-saving equipment when upgrading facilities, and downsizing products
- Promoting zero emissions from plants
- Reducing water consumption by recycling wastewater from production processes and utilizing rainwater
- Promoting Company-wide green purchasing

Activities for Realizing a Sound Material-Cycle Society

- Substituting plant-derived container materials for petroleum-based resources
- Substituting plant-derived container materials for petroleum resources
- Energy-saving activities throughout the Company, including administrative, sales, R&D and engineering divisions
- Distribution after shipment
- Increasing modal shifts during the transportation of products
- Improving logistics efficiency through such means as increasing the transport loading rate

Procurement of Raw Materials, Packaging and Containers

- Substituting plant-based materials for petroleum resources
- Using recycled materials

Use by Consumers

- Improving energy efficiency by reusing production processes, introducing energy-saving equipment when upgrading facilities, and downsizing products
- Increasing environmental awareness through products (environmental labels on products that meet the Lion eco-standard)
- Reducing power consumption during product use with power-saving products (requiring fewer rinses when washing)
- Promoting the T

Disposal by Consumers

- Substituting plant-derived materials for petroleum resources
- Promotion of 3Rs (making products more compact, refill packs, development of containers made using recycled or less plastic)
- Reducing water usage during product use with water-saving products (requiring fewer rinses when washing)
- Recycling wastewater from production processes and utilizing rainwater
- Reducing water consumption by recycling wastewater from production processes and utilizing rainwater
- Promoting the T

Plants

- Promoting zero emissions from plants
- Reducing water consumption by recycling wastewater from production processes and utilizing rainwater
- Promoting Company-wide green purchasing

Related Information

2019 | 2020

Related SDGs

Toothbrush Replacement Good for the Mouth! Replacing toothbrushes with refillable brushes helps maintain and promote oral health
	
Toothbrush Recycling Good for the Planet! Used toothbrushes are collected and recycled into planters and other plastic products

Collect toothbrushes
Collection by a designated center (free)

Receive recycled products
Recycle recycle points

*About the Toothbrush Recycling Program

The program is open to all—just register in advance to participate as an individual, school or other organization. Participants set up collection boxes in which they collect used toothbrushes. A designated carrier then picks up the boxes of used toothbrushes, and the participants are awarded points based on the weight of the toothbrushes collected. These points can then be exchanged for plastic products (such as planters) made from recycled toothbrushes or donated to support education or local communities.
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 lifestyle 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)

- * Watershed: A range of ecosystems, including forests, rivers, domestic woodlands, tidal flats and beaches, that is connected by water.

### Eco Vision 2020 Achievements and Targets

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<tr>
<td>Reduction of greenhouse gases from business activities</td>
<td>Emission intensity per unit total revenue 41% reduction (compared to 2010)*1</td>
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<td>Reduction of greenhouse gases from post-use products</td>
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<td>Emission intensity per unit production 2% reduction (compared to 2017)</td>
<td>Emission intensity per unit production 1% reduction (compared to 2017)</td>
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<td>Reduction of greenhouse gases from post-use products</td>
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<td>Absolute quantity 48% reduction (compared to 2008)*4</td>
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<td>Reduction of water use at households using our products</td>
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<td>Reduction of 1% production (compared to 2017)</td>
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<td>Water use per unit total revenue 15% reduction (compared to 2010)</td>
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<td><strong>Waste</strong></td>
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<td>Achievement of zero emissions at all domestic production sites*6</td>
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<td>Continued purchasing RSPO*5 certified palm oil derivatives</td>
<td>Continued purchasing RSPO*5 certified palm oil derivatives</td>
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<td>Absolute quantity 36% reduction (compared to 2008)</td>
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</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 (held twice). 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

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*B1. Covers Lion and consolidated subsidiaries as of December 31, 2018
B2. The waste recycling ratio is 38% or more, excluding recycling residues
B3. Wateruse from production processes
B5. Roundtable on Sustainable Palm Oil
B6. The figures have been revised due to an error in past data.
Human Rights

Basic Approach
Respect for human rights is indispensable to the pursuit of a happiness and a 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 Ideas
LION Group implements a variety of measures to make the “fulfilling a spirit of love,” which is our basic management policy. To achieve this, we established a “Behavioral Guidelines for Corporate Behavior” for respect of human rights, “observing both the spirit as well as the letter of all applicable laws and international rules,” while our “Behavioral Guidelines” also provides for non-violence 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 behavioral guidelines on human rights. It is indispensable for people’s living, pursuit of happiness and improvement of quality of human life.
2. Respect for Human Rights
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”.
3. Management System for Respect of Human Rights (Human Rights Due Diligence)
(1) LION Group will monitor and evaluate any adverse impact on human rights or business activities thereof triggered by the corporate activities and any such adverse impact directly relevant to its corporate activities.
(2) LION Group will collect information pertaining to the risk of generating any adverse impact on human rights not only from LION Group but also from such parties as suppliers with close ties to LION Group and further endeavor to prevent actual manifestation of such risks.
(3) LION Group will endeavor to maintain and develop such effective devices as whistle-blowing hotlines with a view to identifying and adequately tackling any adverse impact on human rights.
4. Dialogue and Discussion
LION Group will, in the event of actual or threatened occurrence of any adverse impact on human rights, take opportunities to dialogue and sincerely discuss with relevant stakeholders.
5. Education
LION Group will continuously educate employees so that the whole group becomes more familiar with correct knowledge about respect for human rights.
6. Remedies
Wherever it has been revealed that any adverse impact on human rights has been triggered or torment by LION Group, LION Group will endeavor to take remedial actions by appropriate means.

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 CSV 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.

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

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. We will take remedial actions appropriately.

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

<table>
<thead>
<tr>
<th>Potential Human Rights Abuse Risk</th>
<th>Lion’s Activities</th>
<th>Use by Consumers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forced labor or child labor in procurement or production sites</td>
<td>Groundwater depletion due to factory operation; inadequate factory wastewater treatment; lack of regard for employees' occupational health and safety; abuse of authority or sexual harassment in the workplace</td>
<td>Accidents due to improper product labeling or use; inappropriate interactions with customers; personal information leakage, privacy violations;</td>
</tr>
<tr>
<td>Discrimination against workers based on nationality or status as immigrants or refugees</td>
<td>Negative health impact on local residents due to air pollution</td>
<td></td>
</tr>
<tr>
<td>Negative health impact on local residents due to air pollution</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Stakeholders and Main Initiatives

- Oil Palm Plantations
  - Participation in RSPO activities
  - Continued purchasing of certified oil palm derivatives

- Suppliers
  - CSR procurement based on the Procurement Principles and the Lion Group Supplier CSR Guidelines
  - Participation in Sedex

- Residents around Our Plants
  - Ensuring awareness of the LION Charter for Corporate Behavior and the Behavioral Guidelines
  - Creation of environments that help prevent discrimination on the basis of religion or race, etc., and improper handling of hiring, personnel reviews and compensation
  - Enhancement of the LION Charter
  - Declaratory and proactive pursuit of safety and functionality through Lion’s Product Management System

- 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 customers
  - Promotion of customer-oriented management to enhance customer relationships

- Communities
  - Promotion of customer-oriented management to enhance customer relationships

In advancing global business development, Lion will continue to educate employees about respecting human rights and strengthen related initiatives in its value chains.

LION Human Rights Policy

Human Rights Due Diligence (Japanese)
https://www.lion.co.jp/ja/csr/humanrights/duediligence/
Consumer Issues

2016, Lion has expanded systems related to childcare and Advancement in the Workplace, which came into full effect in enhancement of corporate value and is proactively implementing team responsible for diversity within the Human Resources.

To better respond promptly to changes in the business personnel who generate new value and increase labor productivity.

Through the Lion Professional Fulfillment Reforms, we will increase each individual is able to take total ownership of their role and be able to exercise their abilities to the fullest. To this end, we have launched a new initiative, the Lion Professional Fulfillment Reforms, focused on health, work styles and enabling diverse human resources to succeed, with the key themes of “first, just do it” and “mutual acceptance.”

Our professional fulfillment reforms comprise four initiatives: Make maximum use of diverse talent through work management; change ways of working with emphasis on independence; strengthen relationships to foster mutual understanding and respect while understanding organizations; and, as the foundation supporting the first three, implement Lion-style human resource health support, “GENKI” Action. By implementing multifaceted initiatives, we are promoting diversity and openness among our human resources, organizations and corporate culture. Through the Lion Professional Fulfillment Reforms, we will increase the job satisfaction of each and every employee, develop personnel who generate new value and increase labor productivity.

Promoting Diversity

To better respond promptly to changes in the business environment, we are working to promote internal diversity. A team responsible for diversity within the Human Resources

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 promote 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 to at least 20%.

Proportion of Female Employees at the Management Level

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Rise year under review)</td>
<td>12.3</td>
<td>13.2</td>
<td>13.6</td>
<td>14.8</td>
<td>17.1</td>
<td>20.8</td>
</tr>
</tbody>
</table>

Lion actively promotes the professional participation of people with disabilities to utilize their abilities, striving to improve working environments and foster a corporate culture in which workplace supports these employees. In March 2016, we established the special subsidiary Lion Tomori Co., Ltd. to promote the active participation of people with disabilities. Lion Tomori Co., Ltd. has 29 employees and five instructors.

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

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)

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Promoting Work-life Balance (Japanese)

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● Initiatives Based on the Act on Advancement of Measures to Support Raising Next-Generation Children

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, Lion incorporated the basic theme of the 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-study while on childcare leave and for career development after return to work. Begun in January 2019.

Within the period of the Action Plan, have 13% or more of eligible female 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 leave, and 65% (23 individuals) of eligible male employees have taken special leave (as of December 31, 2019).

Lion has revised Kurumin certification and is continuously involved in employee education and training. Lion’s page in the Ministry of Health, Labour and Welfare’s database of companies submitting action plans and data based on the Next Generation Education and Support Promotion Act (Japanese) https://ryouzushi.mhlw.go.jp/hibio/search_dl?flp=rcr-107666&actionplan

Goal 1

Goal 2

Goal 3

● Work-from-Home System

We are implementing ongoing initiatives related to our work-from-home system with the aim of accommodating work styles in line with the diversity of our employees and increasing productivity. To encourage employees to try the system, we have been creating related systems and their operation, including participation in the 2019 Telework Days campaign (September 2019). By the end of 2019, trial implementation had expanded to the point that the portion of employees who had used the work-from-home system at least once had grown to 49%.

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, 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.

Figuring Out an Ideal Work Style: Telecommuting

An advancement of telecommuting is that it allows you to find better, more efficient ways of working. After getting my work done efficiently, I often have more time than I otherwise would to prepare meals and can take more care with it. Being able to feel satisfied with the level of housework I do on weekdays has felt like a real lifestyle improvement.

Iyo Takatsu
Beauty Care Business Department, Health and Home Care Products Headquarters

User’s Perspective

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.

The LCV system received the Career Up Education Special Division 15th Japan e-Learning Grand Prix organized by e-Learning Initiative Japan and Nihon Kosyo Shinbunsha as well as the Nihon no Jiritsu HR Award 2018 from the Nihon no Jiritsu HR Award Organizing Committee. Going forward, we will continue to improve work environments that promote ambition and creativity to help all employees advance their careers in an effort to reinforce front-line capabilities.

Lion Career Village Receives Two Awards

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● Cultivating Innovative Personnel: ReDesign FORUM

Since 2018, Lion has held the ReDesign FORUM with the aim of directly conveying to management the passionate desires of employees, particularly young employees, to bring change to the Company and of rapidly implementing their proposals. Employees from a wide range of divisions participate in the ReDesign FORUM. In 2019, 35 employees participated, tackling the three themes of “Expand and Evolve Our Business Domains through New Value Creation,” “Accelerate Growth Opportunities Overseas through Glocalization,” and “Reform Our Management Base through Business Structure Reform.” We are currently considering measures to put the results of the forum into action. The results of the 2018 forum are now being implemented as part of Company-wide initiatives, such as the Lion Professional Fulfillment Reforms.

Established Business Development Center, where they can take a central role in putting their ideas into action.

Perspective of an Employee Working to Commercialize New Business

Proposing New Living Habits

Akinori Hirooka
Business Development Center (Previously of the Marketing Division)

The experience of independently coming up with the solution to a problem I had in my own daily life was the impetus for my applying to LCV. I wanted to share my solution with others and spread the joy it brought. I also wanted to work on solving consumers’ problems from a wider perspective that transcends the boundaries of the areas I had worked in previously. Bringing together underutilized resources and consumers’ real needs, I am working to start toward commercialization.

Lion Professional Fulfillment Reforms

In 2019, the number of labor-related accidents for the domestic Group was 26 (excluding eight cases 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 the necessary measures to prevent future occurrences. 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)

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<th>Plant</th>
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<td>China</td>
<td>259</td>
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● 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.

● Enhancing the Group-wide Occupational Health and Safety Management System

We are taking steps to enhance our occupational health and safety management system with the objectives of zero serious accidents, conveying to management the passionate desire of employees, particularly young employees, to bring change to the Company and of rapidly implementing their proposals. Employees from a wide range of divisions participate in the ReDesign FORUM. In 2019, 35 employees participated, tackling the three themes of “Expand and Evolve Our Business Domains through New Value Creation,” “Accelerate Growth Opportunities Overseas through Glocalization,” and “Reform Our Management Base through Business Structure Reform.” We are currently considering measures to put the results of the forum into action. The results of the 2018 forum are now being implemented as part of Company-wide initiatives, such as the Lion Professional Fulfillment Reforms.

Lion’s Sustainability

Consumer Issues

Human Rights

The Environment

Labor Practices

Fair Operating Practices

Community Involvement

Organizational Governance

Goal 3

Facilities

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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 possibilities 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” of employees’ health-related habits to be more natural, easy and enjoyable. Through this initiative, we are working to improve the awareness and encourage employees to take self-directed action to maintain and improve their health.

Guidelines for Health

Key Measures
1. Clearly laying out current and future lifestyle-related disease risk
2. Fostering preventive dentistry habits
3. Reinforcing countermeasures for three common types of cancer
4. Preventing smoking

We have established a voluntary screening system aimed at early detection and prevention.

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.

Health Management Program—Mental, Physical and Awareness (Japanese)
https://www.lion.co.jp/ja/csr/employees/health/#program

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 workers’ union, 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.

* A labor agreement in which workers are employed by a company on condition of becoming a member of a specific labor union.

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

Lion Integrated Report 2020: Sustainability
Supplier Sustainability Self-Check Results (2019)

<table>
<thead>
<tr>
<th>No response</th>
<th>Requested improvement 19.0%</th>
<th>No need for improvement 80.7%</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.3%</td>
<td>19.0%</td>
<td>80.7%</td>
</tr>
</tbody>
</table>

2019 Results Summary
- The response rate in 2019 was 99%, and the average score, on a scale of 1 to 3 points, was 2.72, confirming that sustainability measures are being implemented throughout the supply chain.
- We are currently requesting cooperation from the two suppliers who did not respond.

Number of companies monitored: 586 raw material manufacturers and production contractors of the domestic Lion Group (913 domestic and 72 overseas).

PDCA Cycle for Supplier Sustainability Self-Checks

Plan
- Establish and disclose of CSR Guidelines
- Share the Procurement Principles and CSR Guidelines with suppliers

Do
- Request for self-checks based on the CSR Guidelines
- Ask suppliers to conduct online self-checks

Action
- Feedback and improvement
  - Give feedback to suppliers regarding results in detail and request improvements where necessary

Check
- Analysis of self-checks
  - Analyze responses and identify suppliers that need improvement

In order to ensure that our suppliers understand the importance of addressing sustainability-related issues, we include a section explaining the situation surrounding sustainability in our self-check request form. The self-check employs a three-step checking standard for each initiative and a detailed glossary.

Aiming for Sustainable Raw Material Procurement

Lion aims to contribute to the achievement of the Sustainable Development Goals (SDGs), a set of shared worldwide goals for 2030. However, palm oil derivatives and pulp and paper products, which are key raw materials in Lion’s products, present risks to sustainable development in terms of human rights, labor issues and environmental issues. To address these risks, we have established the Sustainable Material Procurement Policy. Based on this policy, we are advancing initiatives aimed at the sustainable procurement of palm oil derivatives and pulp and paper products.

- **Sustainable Palm Oil Procurement**
  - Lion uses palm oil derivatives—plant-based raw materials that are inexhaustible and carbon neutral—in its products. Lion has been a member of the Roundtable on Sustainable Palm Oil (RSPO) since 2006 and sources RSPO-certified palm oil derivatives. In 2019, we continued these efforts to meet our targets for 2020 and achieved a RSPO-certified procurement rate for palm oil derivatives of approximately 14%.

  - **Sustainable Pulp and Paper Procurement**
    - Pulp and paper are used in the manufacture of Lion’s product packaging, booklets and pamphlets as well as in the copy paper and other office supplies the Company purchases. In order to better protect biodiversity in the procurement of these materials, based on the Sustainable Raw Material Procurement Policy, we are advancing the procurement of third-party-certified paper products. As of the end of 2019, the procurement rate of such products was 96%.

  - **Sustainable Material Procurement Policy**
    - The Roundtable on Sustainable Palm Oil (RSPO) believes that for palm oil production to be sustainable, it must not only be compliant with relevant laws and regulations, but economically sustainable, environmentally appropriate and socially beneficial. These requirements are laid out completely in the RSPO Principles and Criteria. Only palm oil produced in accordance with these seven principles and 40 criteria can be RSPO-certified.
    - RSPO Principles and Criteria can be found at https://www.rspo.org/

  - Lion uses RSPO-certified palm oil derivatives for its products. In 2020, the company’s procurement rate of such products was 96%.

  - **Focus**
    - **Joining Sedex, the Supplier Ethical Data Exchange**
      - Headquartered in the United Kingdom, Sedex is a not-for-profit organization that provides the world’s largest platform for managing and sharing ethical supply chain data, with the aim of establishing ethical and responsible business practices in global supply chains. Lion joined Sedex as an AB member at the end of 2019 in order to further reduce social and environmental risk in its purchasing. Going forward, we will continue to enforce and enhance supplier management and risk management.

  - **Together with Supply Chains (Japanese)**
    - Jointly with Sedex, we operate Sedex’s check register system, which allows us to trace the origin of palm oil derivatives. In 2019, we completed palm oil derivative checks for 16 suppliers, and 98% of the suppliers meeting the quality standards were confirmed.

  - **Sustainable Material Procurement Policy**
    - RSPO principles and criteria can be found at https://www.rspo.org/

  - **Toward the Sustainable Palm Oil Procurement**
    - RSPO Principles and Criteria can be found at https://www.rspo.org/

  - **Sustainable Material Procurement Policy**
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    - **Joining Sedex, the Supplier Ethical Data Exchange**
      - Headquartered in the United Kingdom, Sedex is a not-for-profit organization that provides the world’s largest platform for managing and sharing ethical supply chain data, with the aim of establishing ethical and responsible business practices in global supply chains. Lion joined Sedex as an AB member at the end of 2019 in order to further reduce social and environmental risk in its purchasing. Going forward, we will continue to enforce and enhance supplier management and risk management.

  - **Together with Supply Chains (Japanese)**
    - Jointly with Sedex, we operate Sedex’s check register system, which allows us to trace the origin of palm oil derivatives. In 2019, we completed palm oil derivative checks for 16 suppliers, and 98% of the suppliers meeting the quality standards were confirmed.

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Approach to Safety and Reliability

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

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

Approach to Responsible Product Representations

To improve the quality of representations (such as labels and advertising) for 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 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 (Voice of Customers) 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 SNSs*2 and the like. An internal dedicated organization analyzes such this feedback and proactively disseminates information gleaned from it to the relevant departments.

Recall Status of Varsan Hyosatsu Jet
Lion has been voluntarily recalling Varsan Hyosatsu Jet for Flying Insects and Varsan Hyosatsu Jet for Crawling Insects since August 27, 2007, because these products have led to fire-related accidents. As of the end of December 2019, 1.48 million of these products have been recalled (recall rate: 46.7%). We apologize to 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
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.

Lidea (Japanese)
https://idea.today/

As education for our employees in Japan, we implement e-learning every year regarding the risks of social media, information security, and information management structures. All domestic Group employees participated in 2019. For our overseas Group companies, we are enhancing information security, including the protection of personal information, based on local legislation.

Lion Group Social Media Policy

Ensuring Product Safety and Reliability (Japanese)
https://www.lion.co.jp/ja/csr/consumer/

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.).

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

Creating Healthy Living Habits in Coordination with Communities

Promoting Oral Healthcare
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 avoid 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.

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 own oral environments, HAGUKI CHECKER sparks greater interest in the state of their gums. Developed based on Lion’s data and expertise, HAGUKI CHECKER was created using the AI image analysis technology of Automagi Inc. and the service development technology of MTI Ltd.

Oral healthcare leader development lecture in Sakaide

Oral healthcare leader development lectures in the cities of Ishinomaki and Sakaide.

Creating Healthy Living Habits

<table>
<thead>
<tr>
<th>Business Domains</th>
<th>Environmental Communication</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health</td>
<td>Comfort</td>
</tr>
<tr>
<td>Oral healthcare leader development lectures to empower local governments</td>
<td>Supporting mental and physical comfort</td>
</tr>
<tr>
<td>lion facilitates oral healthcare leader development lectures in Sakaide</td>
<td>Establishing good cleanliness habits</td>
</tr>
<tr>
<td>Meisters of Daily Life</td>
<td></td>
</tr>
</tbody>
</table>

Creating Healthy Living Habits in Coordination with Communities

<table>
<thead>
<tr>
<th>Promoting Oral Healthcare</th>
<th>New Community Building Activities Using Online Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>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.</td>
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Lion’s Sustainability
Labor Practices
Human Rights
The Environment
Organizational Governance
Fair Operating Practices
Consumer Issues
Community Involvement and Development

Related SDGs

Creating Healthy Living Habits

5 Cumulative Approx. 16,000

Oral checking tool HAGUKI CHECKER

(July 23, 2019 – 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.

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.

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

- Oral health promotion for adults (in industry)
  Instruction focused on the prevention of dental and oral health for employees of various companies.
  Participants: 15,212
  Cumulative participants: Approx. 2,122,000

- Oral health promotion for the elderly (from 2007)
  Provision of support to help maintain oral functions so that participants can lead 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: Approx. 1,864,000

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

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>Chiba</td>
<td>71</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>
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</table>

(January 1, 2019 to December 31, 2019)

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

Source: Lion, Inc.
In January 2019, the former CSV Management Meeting and sustainable society. We believe that growing our business while reducing the
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 the 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 established to increase management transparency and further enhance corporate governance. Membership of each of these committees comprises mainly five external officers (three external directors and two external Audit & Supervisory Board members), all of whom are qualified as independent directors. The representative directors and all the external officers exchange information regularly (once a month, in principle) in an effort to enhance management oversight and monitoring functions.

In addition, to reflect the opinions and advice of third parties with regard to legal compliance and management policies, we have set up an Advisory Committee consisting of external experts.

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

Internal Control System
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 Auditing Office, which reports its findings to the President and Audit & Supervisory Board members. It also reports 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 Reports to the Prime Minister in March 2020.

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 decided by the Executive Committee when necessary. Each plant is certified with ISO 14001 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.

Furthermore, among the various risks that may arise while doing business, the five listed at right are the main risks that may have a particularly significant impact on investor judgment and are disclosed in the Company's Securities Report.

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

Lion Integrated Report 2020: Sustainability
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.

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.

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Embedding Compliance (Japanese)

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

External Evaluations/Participation in External Groups

(Ass of May, 2020)

Lion is engaged in addressing issues not just on the financial side, but also on the environmental, social and governance side, and is included in multiple SRI (socially responsible investing) indices.

In addition, our environmental, logistics and human resources initiatives have been highly evaluated by governmental and other external institutions.

Status of Inclusion in SRI Indices

<table>
<thead>
<tr>
<th>Indicator</th>
<th>MSCI</th>
<th>MSCI Japan ESG</th>
<th>FTSE4Good</th>
<th>FTSE Blossom Japan</th>
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<td>FTSE Blossom Japan</td>
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<tr>
<td>Overall CSR</td>
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<tr>
<td>Environment and Logistics</td>
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<td>Human Resources</td>
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<td>Participation in External Organizations</td>
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