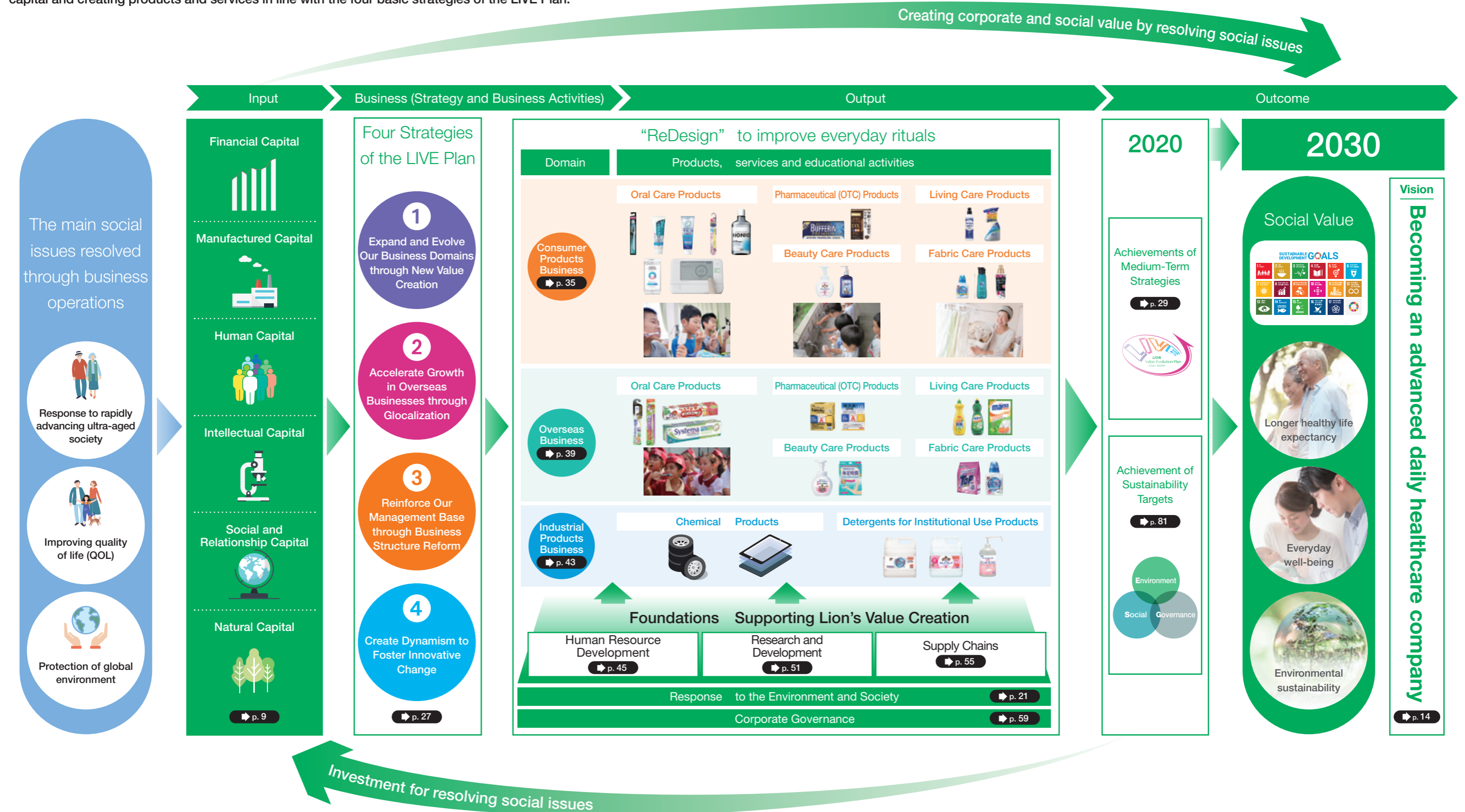


# Lion's Value Creation Model

Since its founding, the Lion Group has worked to address evolving social issues while contributing to the realization of greater health and comfort in everyday life. To this end, in addition to providing products, we have disseminated information and carried out educational activities to actively help consumers create better living habits. To achieve our management vision for 2030, "Becoming an advanced daily healthcare company," we are utilizing our six types of capital and creating products and services in line with the four basic strategies of the LIVE Plan.

Going forward, the Lion Group will strive to generate such social value by helping to realize longer healthy life expectancy, everyday well-being\* and environmental sustainability. \* Lion's use of "well-being" encompasses physical, emotional and social well-being



# Management Vision and Purpose

## ReDesign the Everyday

Aiming to become an advanced daily healthcare company, Lion will “ReDesign” everyday rituals to become more natural, easy and enjoyable. From bothersome to easy. From chores to things you want to do. From effort to what you do naturally. We will create happiness never before experienced, and realize healthy minds and bodies for all. And we believe that this is the very purpose of Lion.

# ReDesign

Looking toward 2030

# Becoming an Advanced Daily Healthcare Company



The Lion Group has worked to improve business performance under Vision 2020. But, in light of the drastically changing environment going forward, Lion believes that it must clarify the orientation of its businesses and accelerate efforts aimed at innovation in order to meet the needs of society and customers and sustainably increase its corporate value. Lion has set its vision for 2030 as “Becoming an advanced daily healthcare company.”



## Message from the Chairman

# Becoming an Advanced Daily Healthcare Company

**Itsuo Hama**

Representative Director,  
Chairman of the Board of Directors,  
Chief Executive Officer

### ■ Lion's Roots

Since Lion's founding in 1891 as T. Kobayashi & Co., its mission of "benefitting society through business activities" has remained unchanging. In Oral Care Products, Lion launched *Lion Toothpowder* in 1896. Customers loved the product's high quality and affordable price, and within a few years, the Company became a leading toothpaste manufacturer. Lion went on to develop a wide range of ways to engage with consumers, such as establishing Japan's first dental clinic for children, helping to train dental hygienists, and holding the Oral Health Event of Tooth Brushing for Children to teach effective tooth brushing techniques. These are just some of the ways Lion has continually deepened its understanding into the ways people live. The insights gained have allowed us to respond to diverse needs and thereby contribute to the development of oral care in Japan.

### ■ New Issues in Recent Years

However, we are now faced with unprecedented conditions, including the global threat of the novel coronavirus, and the environment surrounding Lion is changing rapidly. In Japan, demographic graying has caused medical expenses to balloon into a serious social problem, making prevention and the establishment of healthy living habits more important than ever.

At the same time, in Asia, while economic development has led to growing awareness of health and needs related to creating comfortable and hygienic living environments, wide-ranging challenges remain in many countries and regions.

### ■ Realizing Healthy Minds and Bodies for All

In light of these circumstances, we have established "Becoming an advanced daily healthcare company" as the Lion Group's management vision for 2030. "Advanced daily healthcare" indicates our approach to providing value by contributing to the realization of healthy minds and bodies for all. Continuously contributing through products and services to the creation of societies in which people across Asia,

including Japan, can live each day with positivity and comfort is the core of the Lion Group's mission, and will be the key to growth going forward.

Living habits like tooth brushing, hand washing or doing laundry impart a rhythm to life and are important to maintaining a healthy mind and body, as well as to making every day bright and enjoyable. By creating customer experience-based value in the areas of health, comfort and cleanliness, we aim to "ReDesign" everyday rituals to be more natural, easy and enjoyable. Based on this commitment, we are working to realize healthy minds and bodies for all.

For example, we developed *HAGUKI CHECKER*, an online service that uses AI to check the state of users' teeth and gums based on photos they take with their smartphones. Through initiatives like this, we are creating technologies and services that "ReDesign" everyday rituals and thereby help extend healthy life expectancy and ensure everyday well-being.

### ■ Reinforcing Our Foundations to Achieve the Management Vision

To achieve the management vision, creating dynamism in our human resources, organizations and corporate culture will be indispensable. One of the strategies of the LION Value Evolution Plan (LIVE Plan) medium-term management plan is to foster corporate strength that will win out over global competition. To increase each employee's enthusiasm and develop people who will create new value, we launched the Lion Professional Fulfillment Reforms in 2019. This initiative is aimed at fostering corporate innovation based on the three pillars of health, work style and enabling diverse human resources to succeed.

Through such efforts, we will continue to meet society's expectations while contributing to healthier, better living. By doing so, we will build a solid position as an advanced daily healthcare company.



# Lion's Sustainability

## Addressing the Sustainability Material Issues to Achieve the Management Vision

### Basic Approach

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

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

### Contributing to the Achievement of the SDGs

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

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



- Promoting oral healthcare
- Establishing cleanliness and hygiene habits

Today, “Becoming an advanced daily healthcare company” is Lion's management vision. To achieve this vision, Lion is implementing its LIVE Plan Medium-term Management Plan (2018-2020), and advancing management aimed at sustainable social development and business growth. Lion is working to address material issues in its management to reduce risks while seeking to realize healthy minds and bodies for all through the promotion of oral healthcare, cleanliness and hygiene habits.

Sustainability Management (Japanese)  
<https://www.lion.co.jp/ja/csr/management/>



Lion's SDG-Related Initiatives  
<https://www.lion.co.jp/en/csr/sdgs/>

### 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 supply chain and Lion's stakeholders to understand the risks and opportunities they represent.

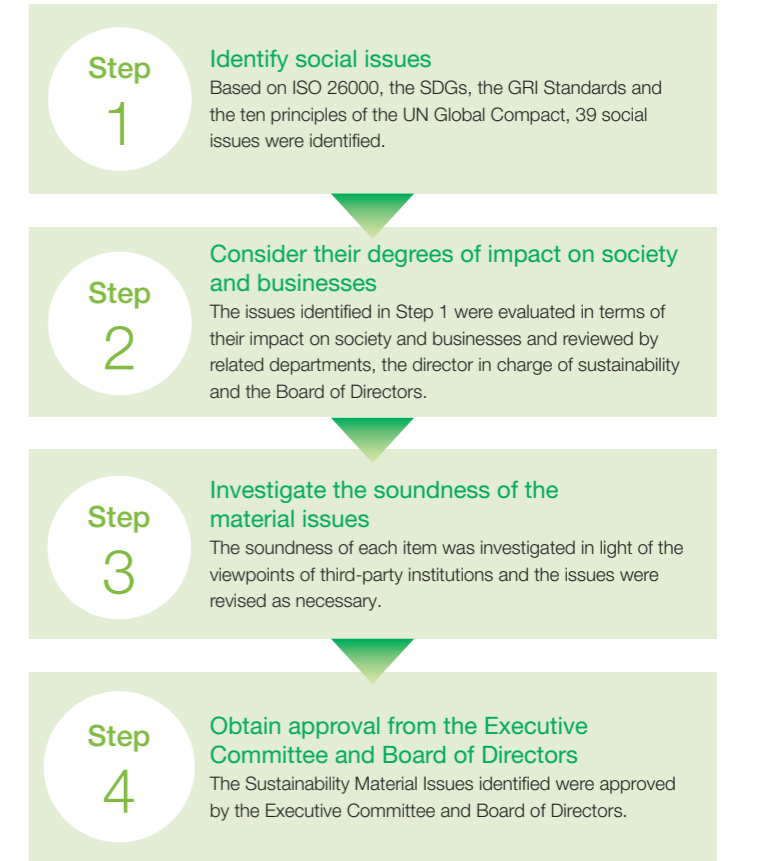
In 2020, we set new the Sustainability Material Issues and objectives for 2030 as a vision for the Lion Group in 2030. In particular, we have positioned “Promoting Environmental Initiatives for a Sustainable Planet” and “Creating Healthy Living Habits” as issues of top priority, and they represent areas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

### Our approach to identifying Sustainability Material Issues



which we must invest management resources to secure a competitive advantage.

### Steps for identifying Sustainability Material Issues



### United Nations Global Compact

The United Nations Global Compact (UNGC) is a global initiative in which companies and organizations take action as upstanding members of society by exercising responsible, productive leadership to realize sustainable growth. Participating companies and organizations are asked to uphold and put into action ten principles in the four areas of “Human Rights,” “Labour,” “Environment” and “Anti-Corruption.”

Lion announced its support for the UNGC in 2009 and takes part in the Global Compact Network Japan (GCNJ), including active participation in subcommittee activities aimed at promoting the CSR activities of participating companies.

United Nations Global Compact  
<https://www.unglobalcompact.org/>

Global Compact Network Japan (Japanese)  
<http://ungcjp.org/>

### The Ten Principles of the UN Global Compact

- Human Rights**
  - Principle 1: Business should support and respect the protection of internationally proclaimed human rights; and
  - Principle 2: Make sure that they are not complicit in human rights abuses.
- Labour**
  - Principle 3: Business should uphold the freedom of association and the effective recognition of the right to collective bargaining;
  - Principle 4: The elimination of all forms of forced and compulsory labour;
  - Principle 5: The effective abolition of child labour; and
  - Principle 6: The elimination of discrimination in respect of employment and occupation.
- Environment**
  - Principle 7: Business should support a precautionary approach to environmental challenges;
  - Principle 8: Undertake initiatives to promote greater environmental responsibility; and
  - Principle 9: Encourage the development and diffusion of environmentally friendly technologies.
- Anti-Corruption**
  - Principle 10: Business should work against corruption in all its forms, including extortion and bribery.



### Sustainability Management

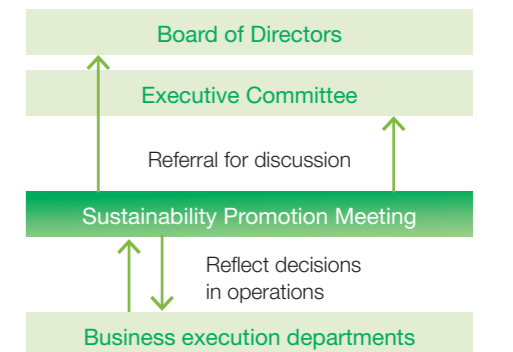
#### Sustainability Promotion Meeting

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 Meetings 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.

Matters decided at the Sustainability Promotion Meeting are discussed by the Executive Committee and Board of Directors as necessary and then reflected in the business activities of business execution departments.

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





# Lion's Sustainability

## The Lion Group Sustainability Material Issues and Objectives for 2030

With an eye to achieving its management vision of “Becoming an advanced daily healthcare company” by 2030 and contributing to the Sustainable Development Goals (SDGs), a set of shared global goals for 2030, in 2018 the Lion Group established the Lion Group Sustainability Material Issues. We are working toward objectives based on these issues by the end of 2020.

The Lion Group believes that it is crucial to take a longer-term perspective in order to ensure that it can continue to meet the needs of society and customers and grow its businesses. Accordingly, we have reexamined the material issues the Group will face in the period leading up to 2030 and set new objectives. The 2030 objectives are based on previously identified material issues but aim for a higher level of achievement and set quantitative indicators for evaluating such achievement.

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

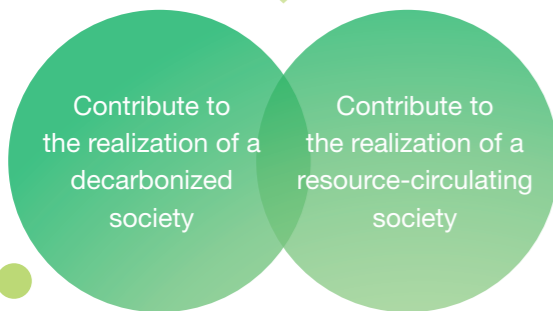
The Lion Group has designated as top-priority material issues “Promoting Environmental Initiatives for a Sustainable Planet” and “Creating Healthy Living Habits,” the latter of which contributes to the realization of everyday happiness and has been a constant focus of the Group since its founding. We 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

pp. 21-22

Lion's Approach

Reduce environmental impact over the entire life cycle of products, including during customer use



### Creating Healthy Living Habits

pp. 23-24

Lion's Approach

“ReDesign” everyday rituals to realize healthy minds and bodies for all



## Lion's Value Creation Foundation and Risk Management



## Basic Approach

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

### The Sustainability Material Issues and 2030 Objectives

	Material issues	Objective	Indicator	Related SDGs
E	Promoting Environmental Initiatives for a Sustainable Planet	Reduce CO <sub>2</sub> emissions throughout business activities and product life cycles.	• CO <sub>2</sub> emissions ⇒ Down 30% compared with 2017 levels	3, 6, 7, 9
		Promote the 3Rs (reduce, reuse, recycle) and renewable activities.	• Recycled plastic and biomass plastic usage ⇒ Double 2017 levels	12, 13, 14, 15
		Reduce water usage throughout product life cycles.	• Water usage ⇒ Down 30% compared with 2017 levels (per unit of net sales)	17
S	Creating Healthy Living Habits	Provide opportunities for everyone to practice oral healthcare whenever necessary, regardless of living environment, physical condition, economic status, education or access to information, etc.	• Persons provided with oral healthcare opportunities ⇒ 1 billion	3, 4, 6, 10, 12, 17
	Promoting Diversity	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 ⇒ 80% or more	5, 8, 10
	Promoting Work-Life Balance	Enable employees in all countries and regions to achieve high productivity and professional fulfillment in their work.	• Employees who feel a sense of professional fulfillment ⇒ 80% or more • Productivity (profit per employee) ⇒ Increase from the 2019 level	3, 8
	Developing Human Resources	Foster human resources who think independently and create value.	• Employees who are taking action to create new value ⇒ 80% or more	5, 8, 10
	Reinforcement of Health and Productivity Management	Increase the health awareness of and foster healthy living habits among employees and their families.	• Employees and their family members who get regular dental checkups ⇒ 80% or more • All employees are working toward personal health goals	3, 8, 17
	Enhancing the Occupational Safety Management System	Enhance systems to ensure compliance with occupational health and safety in each country and region, thoroughly enforce safety awareness and facility safety and ensure employee occupational safety, healthy and comfort.	• Serious health and safety legal violations ⇒ Zero • Serious accidents and serious incidents ⇒ Zero	3, 8
	Respecting Human Rights	Reinforce systems for preventing human rights problems in line with the LION Human Rights Policy.	• Serious human rights-related issues at the Lion Group and suppliers ⇒ Zero	5, 8, 10, 16, 17
	Building Responsible Supply Chain Management	Implement sustainable procurement with zero tolerance for child labor, forced labor or environmental destruction in line with the Sustainable Material Procurement Policy and Lion Group Supplier CSR Guidelines.	• Procurement of third-party certified paper, pulp, palm oil and palm kernel oil ⇒ 100% • Procurement of third-party certified palm oil and palm kernel oil from suppliers that support efforts aimed at zero deforestation ⇒ 100%	5, 6, 7, 8, 10, 12, 13, 14, 15, 16, 17
		Reinforce systems for preventing corruption and bribery in line with the LION Anti-Bribery Principles	• Serious problems related to corruption or bribery at suppliers ⇒ Zero	
	Pursuing Customer Trust and Satisfaction	Promote and reinforce consumer-oriented management by improving customer support quality and the value of products and services.	• Products in which consumer opinions are reflected ⇒ 100%	3, 10, 12
Promoting Risk Management	Implement comprehensive, extensive management of risk-related initiatives and reinforce security systems to prevent information leakage, etc.	• Risk incidents that significantly impact management ⇒ Zero • Disclosure of information about serious future risks ⇒ At least once a year	8, 12	
G	Embedding Compliance	Reinforce effective compliance initiatives.	• Serious compliance violations ⇒ Zero	5, 10, 16
	Enhancing Group Governance	Reinforce management transparency and management systems in line with the Basic Corporate Governance Policy.	• Disclosure in line with the Basic Corporate Governance Policy ⇒ At least once a year	16



# Lion's Sustainability

## 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.

### LION Eco Challenge 2050

Healthy future for people and the planet

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

- 1 Through all of its businesses, the Lion Group will address the issues of decarbonization (climate change) and resource circulation (plastics, water resources) to contribute to the realization of a healthy future for people and the planet.
- 2 By offering products and services based on an environment-conscious design, the Lion Group will reduce the environmental burden attributable to the household use stage of its products' life cycles.
- 3 The Lion Group will provide products that contribute naturally to environmental conservation without entailing user inconvenience or sacrifice and promote the formation of eco-friendly living habits by engaging in interactive communication with consumers.

Realizing a Decarbonized Society

**Challenge 1** Lion will reduce CO<sub>2</sub> emissions to zero throughout business activities by 2050.  
2030 objective: **30%** CO<sub>2</sub> emission reduction in comparison with 2017 levels in absolute quantity

**Challenge 2** Lion will reduce CO<sub>2</sub> emissions by half throughout the life cycle of its products by 2050.  
2030 objective: **30%** CO<sub>2</sub> emission reduction in comparison with 2017 levels in absolute quantity

Realizing a Resource-Circulating Society

**Challenge 3** Lion will realize advanced plastics recycling by 2050.  
2030 objectives: Promote the 3Rs (Reduce, Reuse, Recycle) and Renewable (use of sustainable resources)  
• **Double** the usage of recycled and biomass plastics in comparison with 2017 levels in absolute quantity

**Challenge 4** Lion will optimize water usage for sustainability by 2050.  
2030 objective: **30%** water usage reduction per unit of net sales across product life cycles in comparison with 2017 levels

## Making Daily Living Environmentally Friendly

Related SDGs



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.

## Aiming for Innovation and Providing New Value to Consumers

The use of Lion's super-concentrated liquid laundry detergents (such as TOP SUPER NANOX) by consumers as part of their daily lives helps them realize clean, comfortable living while contributing to the reduction of CO<sub>2</sub> emissions, plastic use and water use.

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

### Making Daily Living Environmentally Friendly

CO<sub>2</sub> reduction: **53%**  
(Product emissions, compared with 1990 levels)

Super-concentrated liquid laundry detergents

**High detergency, plant-based raw materials**

- High detergency with less detergent
- Carbon neutral thanks to plant-based raw materials<sup>1</sup>

**Super-concentrated detergent and compact packaging**

- Container size: **Approx. 40%**
- Transport efficiency: **2.5 times** that of conventional detergents

**Water saving**

- Foam washes away easily, for one-rinse washing
- Saves water,<sup>2</sup> electricity and time

**Refill products**

- Reduced plastic use (approx. 81% less than a bottle)
- Use of biomass plastics<sup>3</sup> reduces petroleum derived plastic use

1. Carbon neutral: In which the CO<sub>2</sub> emission and absorption over the product life cycle cancel each other out.  
2. Water savings of 23 l (the equivalent of forty-six 500 ml water bottles) per wash when using a horizontal drum washing machine with a 9 kg capacity to wash 3 kg of clothing.  
3. Biomass plastics are polymer materials that are produced by synthesizing, either chemically or biologically, materials which contain renewable organic materials.  
(Source: Website of the Japan BioPlastics Association).

## Realizing a Resource-Circulating Society

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

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

### Focus Toothbrush Recycling in Coordination with Municipal Garbage Collection

In April 2020, based on an agreement with Sumida-ku, Tokyo, where its headquarters is located, the Sumida-ku government set up toothbrush collection boxes at public facilities and schools and other educational facilities (in a total of 85 locations). As part of this initiative, in addition to collecting and recycling used toothbrushes, Lion is providing instruction on correct tooth brushing to children at non-profit children's facilities in the area, helping spread and firmly establish healthy oral care habits.

## Respond to the TCFD

In May 2019, Lion endorsed the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and began evaluating the financial impact on its operations of climate-related risks and opportunities (scenario analyses\*).

Going forward, we will leverage insights gleaned thus far while enhancing our scenario analyses, considering response measures and advancing disclosure based on the TCFD framework.

\* Conducted with support from the Ministry of the Environment.



The "Practical guide for Scenario Analysis in line with the TCFD recommendations 2nd edition" was published on the Ministry of the Environment's website in March 2020. Lion's analysis results are on pp. 136-142. [http://www.env.go.jp/policy/policy/tcfd/TCFDguide\\_ver2\\_0\\_E.pdf](http://www.env.go.jp/policy/policy/tcfd/TCFDguide_ver2_0_E.pdf)



# Lion's Sustainability

## Creating Healthy Living Habits

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



### New Business Initiatives for 2030

#### Reducing Health Disparities

Health is influenced not only by individual factors, such as genetics and living habits, but also the culture and value of a person's living environment, their socioeconomic status and other social factors.

Going forward, health disparities\* caused by socioeconomic disparities are expected to worsen, becoming a greater issue around the world.

We aim to become an advanced daily healthcare company. Accordingly, we will create shared value for our businesses and for society and contribute to the realization of healthy minds and bodies for all by addressing the social issue of **health disparities**.

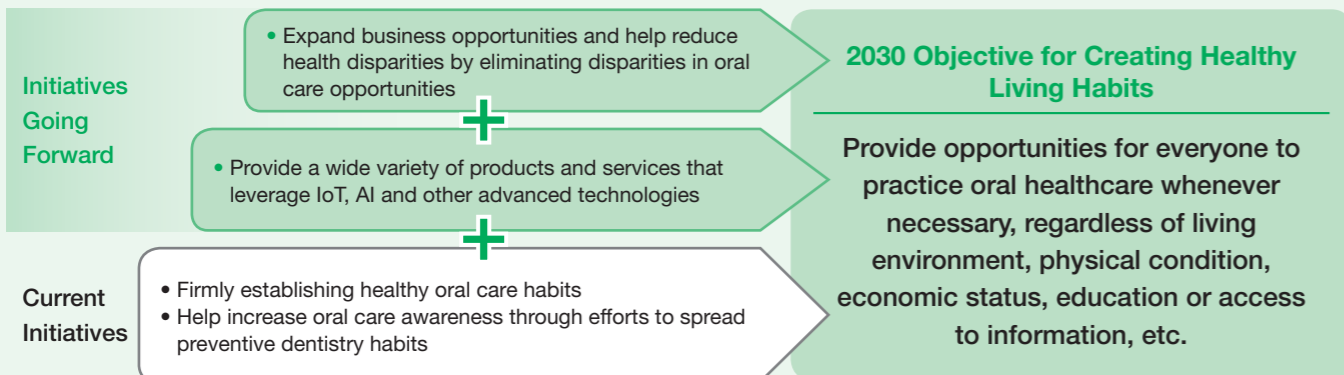
As a first step, we are rolling out new business initiatives in oral care, an area that contributes greatly to creating healthy living habits.

### New Business Initiative: Inclusive Oral Care

#### What Is Inclusive Oral Care?

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.

### Approach to Initiatives and Our 2030 Objective



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

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

**Lion Daily Necessities Chemicals (Qingdao) Co., Ltd.**

Teaching correct hand washing at nursery schools, hospitals and parks

**Lion Corporation (Korea)**

An employee teaching children correct hand washing

**Lion Corporation (Thailand) Ltd.**

Students learning correct hand washing at an event

**Lion Corporation**

Children enjoying practicing correct hand washing while learning

**Southern Lion Sdn. Bhd.**

An employee using creative ways to teach children correct hand washing

**Lion Corporation (Hong Kong) Ltd.**

**Lion Home Products (Taiwan) Co., Ltd.**

**Lion Corporation (Singapore) Pte Ltd**

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

## 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 "benefitting 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

