

Respect for Human Rights

Sustainability Material Issue

Respecting Human Rights



Basic Approach

The Lion Group implements various measures in accordance with its purpose of making a difference in everyday lives by redesigning habits: ReDesign. One such measure is the [Charter for Corporate Behavior](#), which states that “We shall respect human rights ... observing both the spirit as well as the letter of all applicable laws and international rules.” Another is the [Behavioral Guidelines](#), which 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.

Lion has also declared its support for and adherence to the International Bill of Human Rights (the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights and the International Covenant on Civil and Political Rights), which stipulates the fundamental human rights of all people in the world, as well as the [Ten Principles of the United Nations Global Compact](#), the ILO Declaration on Fundamental Principles and Rights at Work and the Children’s Rights and Business Principles.

Respect for human rights is indispensable to the pursuit of 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, and to fully respect all human rights. Furthermore, it recognizes that doing so strengthens its business foundation.

Human Rights Policy

In 2019, based on the framework of the [United Nations Guiding Principles on Business and Human Rights](#), the Lion Group established the [LION Human Rights Policy](#) to further clarify its stance on human rights abuses as well as its global efforts in this area. Since then, Lion has periodically reviewed its human rights policy to ensure the strength of its efforts.

In 2023, with the approval of the Board of Directors, we amended the LION Human Rights Policy in light of social conditions surrounding business and human rights as well as the status of the Group’s human rights due diligence* efforts, taking into careful consideration the elements necessary to the policy going forward.

The amended policy clearly stipulates, in great detail, a management system that emphasizes respecting human rights (human rights due diligence) and remedies to violations (internal and external whistle-blowing system) in addition to other related matters. The revised policy has been translated into the languages of the countries and area in which Lion does business and disclosed to stakeholders involved in the Group’s business activities via the websites of Group affiliated companies and other means.

The Human Rights Policy applies to all executives and employees of the Lion Group. Moreover, the Group’s business partners and suppliers are required to support and respect the policy. The Human Rights Policy also stipulates that in the event of a conflict between internationally recognized human rights and national or local laws and regulations, the Group will seek to ensure that internationally recognized human rights principles are respected.

* Measures that companies must take to avoid violating human rights and to provide relief to victims of violations.

Implementation Framework

Initiatives regarding human rights are seen by the S Subcommittee (Social Environment). When called for, these meetings report matters to the Senior Executive Committee or refers or presents them to the Executive Committee and the Board of Directors. Participants in these investigative meetings mainly comprise representatives of relevant divisions, such as the Corporate Planning Department, Legal Department, Human Resources Development Center, Purchasing Headquarters, Overseas Strategic Planning Department and Sustainability Promotion Department. The officer responsible for the meetings is also responsible for the S Subcommittee, which operates under the [Sustainability Promotion Council](#), which is, in turn, overseen by the Sustainability Promotion Department.

Initiatives



**Measures to Prevent Human Rights Abuse
(Human Rights Due Diligence)**



Measures to Prevent Human Rights Abuse (Human Rights Due Diligence)

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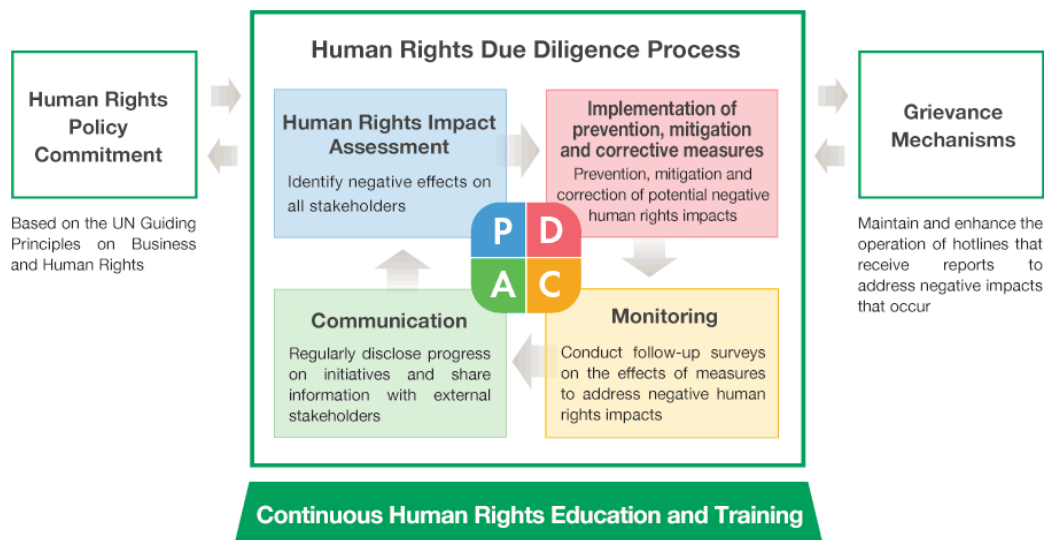


- ✓ Human Rights Due Diligence
- ✓ Human Rights Impact Assessment
- ✓ Implementation of Prevention, Mitigation and Corrective Measures
- ✓ Monitoring
- ✓ Communication (Stakeholder Engagement)
- ✓ Initiatives at Overseas Group Companies
- ✓ Initiatives to Prevent Human Rights Violations along the Value Chain

Human Rights Due Diligence

The Lion Group is committed to taking responsibility for identifying, preventing, mitigating and addressing negative human rights impacts caused or contributed to by its business activities. To do so, we implement human rights due diligence* through the following process based on the UN Guiding Principles on Business and Human Rights and reflecting the advice of external experts.

Recognizing that human rights risks may change as the Lion Group's business and operating conditions evolve, we will seek better ways to enhance the effectiveness of our efforts, such as by regularly reviewing the human rights issues anticipated in the Group.



Overview of Human Rights Due Diligence

* Corporate measures to avoid causing human rights violations and provide remediation for the victims of such violations

Human Rights Impact Assessment

Overview of Anticipated Human Rights Risks in the Group's Business Activities

The Group's main business encompasses the development, manufacture and sale of household products. Among these, we notably handle many cleaning products, including laundry detergents. The surfactants that comprise the washing ingredients of such products are derived from palm oil, palm kernel oil and their derivatives, which are renewable and carbon-neutral raw materials. The main production areas for palm oil are Malaysia and Indonesia, and we recognize that these countries and areas are not only high risk regarding human rights, but also face environmental, human rights and sustainable procurement issues, such as deforestation due to illegal land clearing. Specifically, we must be vigilant with regard to labor and environmental risks such as overwork for palm plantation workers, the use of child labor and smoke damage from illegal slash-and-burn forest clearing, supply risks related to raw materials for Lion products, and reputation risks from various stakeholders due to the use of unsustainable raw materials.

In addition, for household products, we use many packaging materials (paper and pulp), including individual packaging and cardboard boxes for shipping. Therefore, potential supply risks and reputation risks are anticipated due to the use of wood chips—the raw material of paper and pulp—for which sufficient forest management cannot be assured.

In the manufacturing process, we are supplied with many types of raw materials from a wide array of material manufacturers and work with a large number of production contractors. Therefore, we assume transactions with suppliers whose sustainability activities are insufficiently advanced present potential raw material and product supply risks and reputation risks.

Furthermore, with regard to planning, manufacturing and selling household products, we have in place multiple departments throughout the entire value chain, including procurement, research, planning, production, sales and administration and as of December 31, 2022, consisting of over 7,500 consolidated employees. The content of its business operations is finely segmented. As such, human rights violations could occur, including race and gender discrimination and harassment as well as conflict between employees regarding work content and employee benefits. This could hinder the smooth execution of business.

Identification of Human Rights Issues Anticipated in Lion's Business Activities

In order to further clarify the potential and actual human rights risks that may occur in the value chain in the countries and areas where the Group operates, we have identified as relevant to the Group's business activities the following human rights issues* from the International Bill of Human Rights, the Ten Principles of the UN Global Compact, the ILO Declaration on Fundamental Principles and Rights at Work, the Children's Rights and Business Principles and other international standards related to human rights.

In identifying human rights issues, we have referred to the social context surrounding business operations and human rights, the United Nations Environment Programme Finance Initiative (UNEP) and guidelines on human rights formulated by the Japan Business Federation.

* Identified Human Rights Issues

Forced and coerced labor; freedom of movement and residence; child labor; right to an education; rights of young workers; freedom to form and join trade unions; equal pay for equal work; discrimination in hiring; discrimination in conditions of employment; discrimination in opportunities and evaluations; protection of motherhood and childhood; harassment; freedom of thought and religion; overwork and excessive working hours; right to rest and leisure; just compensation and living wages; freedom of choice of employment and protection against unemployment; right to safe and healthy working conditions; right to a decent standard of living and health; right to social security; right to privacy; impacts on the lives of local residents; access to water; environmental management; consumer safety and health

The Lion Group's Human Rights Impact Assessment and Identification of Priorities

The Lion Group identified certain human rights issues as potential challenges to its business activities through an assessment of potential and actual impacts on our stakeholders: our employees and temporary employees; business partners including third-party contractors; suppliers; communities including indigenous peoples; and consumers.

Based on the United Nations Guiding Principles Framework and other guidelines on human rights, we assessed the scale of human rights violations, the scope of those violations, the possibility of resolution and the likelihood of occurrence. This task was undertaken mainly by persons responsible for the relevant departments as well as an investigative committee on human rights and external experts, who after making a comprehensive judgment, created a risk map that identified outstanding human rights issues which are priorities for the Company.

Implementation of Prevention, Mitigation and Corrective Measures

To prevent, mitigate and remedy negative human rights impacts, priorities identified by the human rights impact assessment, the following actions will be taken.

Priority Issues for Rights Holders	Measures to prevent, mitigate and correct negative impacts
<p>Suppliers using forced labor, child labor, the rights of young workers, overwork and excessive working hours, the right to enjoy safe and healthy working conditions, freedom of residence and relocation, the right to education, freedom of work and employment security</p>	<ul style="list-style-type: none"> Promote procurement of third-party certified raw materials (RSPO and FSC certified products) Promotion of Sedex membership among major suppliers Promote implementation of self-checks based on the Lion Group Supplier CSR Guidelines Add human rights clauses to the memorandum of the Lion Group Supplier CSR Guidelines <p>To prevent, mitigate and correct the negative impacts of such violations as suppliers using forced labor, we will promote the procurement of RSPO and FSC certified products, Sedex membership of major companies and Lion Group Supplier CSR Guidelines self-checks. We will also add the Lion Human Rights Policy, the International Bill of Human Rights, and the ILO Declaration on Fundamental Principles and Rights at Work to the memorandum of the Lion Group Supplier CSR Guidelines and require that the human rights policy be endorsed and followed by suppliers as well.</p>
<p>Community access to clean water resources, impact on local livelihoods and environmental management</p>	<ul style="list-style-type: none"> Addition of individual environment-related questions to the Lion Group Supplier CSR Guidelines self-check Conduct interviews with suppliers with low self-check scores <p>To prevent, mitigate and correct such negative impacts as lack of access to water resources in communities of local residents living near supplier bases, we will add questions regarding environmental management in the subrecipient self-check to ascertain the status of specific initiatives for the community. In addition, we will encourage suppliers with low scores to take corrective action by conducting additional interviews.</p>
<p>Overwork, excessive working hours and internal employee harassment among our business partners</p>	<ul style="list-style-type: none"> Ensure that all employees are familiar with the Lion Group Charter of Corporate Behavior and the Lion Human Rights Policy Raise awareness of human rights among employees through e-learning and training programs <p>To prevent, mitigate and correct the negative effects of overwork and excessive working hours at our business partners, we are working to disseminate and establish the Lion Group Charter of Corporate Behavior and the Lion Human Rights Policy through e-learning and training programs for our employees. We will also appropriately disseminate information regarding the Lion Human Rights Policy and AL Heart Hotline available through avenues such as the Company's website to our business partners.</p>
<p>Consumers' right to privacy</p>	<ul style="list-style-type: none"> Strengthening of information security measures <p>To prevent and reduce the risk of personal information leaks and thereby protect consumers' right to privacy, we have established policies and</p>

Priority Issues for Rights Holders	Measures to prevent, mitigate and correct negative impacts
	<p>regulations such as the Personal Information Management Regulations, the Basic Policy of Our Information Management, the Information Management Regulations and the Information Security Regulations in accordance with the Act on the Protection of Personal Information.</p> <p>We also implement annual e-learning programs on information security and information management systems as part of employee education, and strengthen information security measures, including personal information protection at overseas affiliates, in accordance with laws and regulations.</p>

Monitoring

Each preventive, mitigating and corrective measure is assigned a qualitative or quantitative indicator and the investigative committee on human rights regularly monitors the progress of each measure, reporting to the person responsible for the relevant department while tracking and evaluating their efficacy.

Communication (Stakeholder Engagement)

External Disclosure

The status of human rights initiatives, etc. will be published on the Company's website as necessary.

Education, Dialogue

The Company implements annual e-learning training for all domestic employees (including part-time employees) to ensure that the Lion Group Charter of Corporate Behavior and the Lion Human Rights Policy are widely understood and firmly established.

In addition, every year we conduct a Compliance Awareness Survey for all domestic employees (including part-time employees) to quantitatively and qualitatively assess their awareness of compliance, including with regard to human rights and workplace behavior, while providing feedback to each department on the results to raise employee awareness and create a better environment.

In 2022, in promoting human rights due diligence, we held study sessions and exchanged opinions on business and human rights with directors, Audit & Supervisory Board members, executive officers, managers of divisions with human rights jurisdiction and external experts to deepen understanding of the issues.

Participation in External Initiatives on Human Rights

The Group also participates in such external initiatives as workshops held by the Human Rights Due Diligence (HRDD) Subcommittee of the Global Compact Network Japan (GCNJ) to promote understanding of social conditions surrounding human rights. The Japan Cosmetic Industry Association (JCIA), to which we belong, has formulated Sustainability Guidelines and, through a social issues subcommittee, held a seminar for its members on respect for human rights and gender equality in 2023.

Access to Relief

The Group has established the AL (All Lion) Heart Hotline, an internal and external whistle-blowing system, as a grievance mechanism to manage complaints about transgressions of business ethics, particularly those involving human rights.

Through this system, whistleblowers can be stakeholders from outside the Group, like business partners. The privacy of whistleblowers and informants is safeguarded and secrecy is assured for any investigations. Aside from anonymous reports, etc., all instances are also relayed to all informants.

Initiatives at Overseas Group Companies

Risk Assessment in the Lion Group

We conduct interviews with the heads of eight overseas Group companies on issues regarding human rights that are assumed to be incorporated into their business activities. During those hearings the Company uses the Sustainability Status Sharing Sheet, which with the help of external experts, identifies the issues that need to be considered in the countries and areas where we operate with respect to key sustainability issues as a means of ascertaining the status of prevention, mitigation and corrective measures and responses, as well as monitoring the progress of such measures and responses.

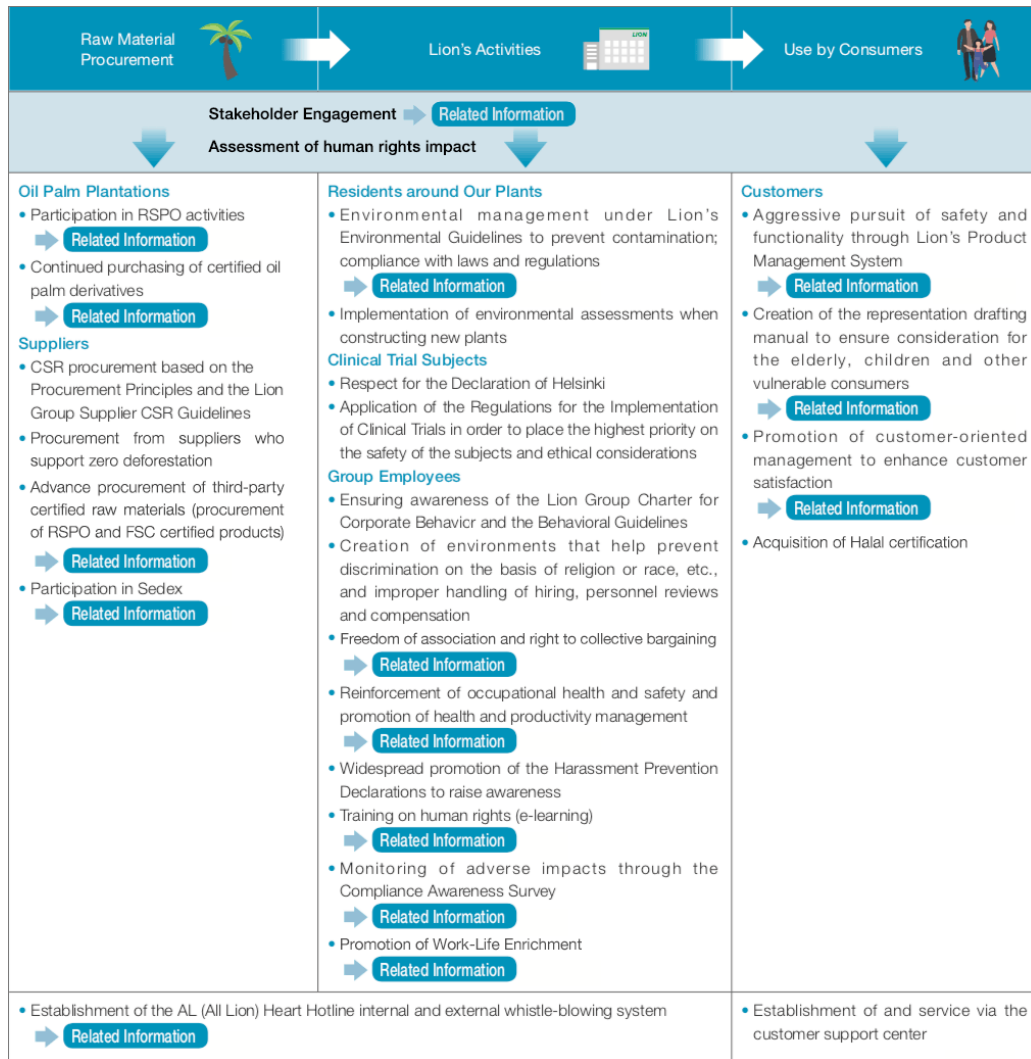
Risk Assessment of Suppliers

For suppliers that conduct business with our overseas affiliates, we implement self-checks based on the Lion Group Supplier CSR Guidelines to assess the impact of suppliers on matters related to the Group's Procurement Policy, including human rights and labor.

Initiatives to Prevent Human Rights Violations along the Value Chain

The Group is taking the following steps to reduce the risk of potential human rights violations along various value chains involving the procurement of raw materials, activities at the Company and use by consumers.

An overall layout of our efforts to prevent human rights violations by value chain and stakeholder



Initiatives in Raw Materials Procurement

The Lion Group has clarified its stance on sustainability, including legal compliance, environmental conservation and respect for human rights in its Procurement Policies as part of its efforts to prevent human rights violations in raw material procurement. The Group is also evolving its efforts with its suppliers.

We are also promoting the sustainable procurement of palm oil, our main plant-based raw material, as we recognize the importance of such efforts.

(1) Raw Materials

Prevention and Mitigation Measures	Targets and Progress in 2022
Procure third party-certified raw materials → Procure products certified by the Roundtable on Sustainable Palm Oil (RSPO) and Forest Stewardship Council (FSC)	<ul style="list-style-type: none"> Target: 100% procurement of RSPO-certified materials Progress: 99% of key raw materials are RSPO-certified (scope: consumer products sold in Japan)
	<ul style="list-style-type: none"> Target: 100% procurement of FSC-certified materials Progress: 65% of materials are FSC-certified (percentage of product types sold in Japan); we are promoting the use of paper certified by the FSC or the Programme for the Endorsement of Forest Certification (PEFC) and recycled paper as copy paper and in office supplies
Promote trade with suppliers with the ability to resolve social and environmental problems that may occur in the supply chain → Suppliers that support efforts aimed at zero deforestation	<ul style="list-style-type: none"> Target: Procurement from suppliers that support efforts aimed at zero deforestation: All suppliers Progress: 48%. 43% of suppliers of palm oil and related materials and 53% of suppliers of paper and pulp (scope: raw material suppliers for the Lion Group in Japan)

(2) Suppliers

Prevention and Mitigation Measures	Progress in 2022
Regular risk evaluations of the sustainability activities of suppliers	Implementing self-checks based on the Lion Group Supplier CSR Guidelines for suppliers of Lion, domestic Group companies, Lion Corporation Korea, Qingdao Lion and Southern Lion Sdn. Bhd.
	Risk assessment through Sedex: 18 companies
Identification of high-risk suppliers	Set standards for high-risk suppliers for self-checks based on the Lion Group Supplier CSR Guidelines
Audits of high-risk suppliers and formulation of improvement plans	High-risk suppliers were not applicable

* As of March 2023

Initiatives in Customer Use

As part of our efforts to ensure that our customers can use our products safely and with peace of mind, we have established a Product Management System, a set of rules that defines our business processes and quality assurance at each stage of product development. In addition to complying with the Act on Pharmaceuticals and Medical Devices, the Act against Unjustifiable Premiums and Misleading Representations, the Health Promotion Act, and other related laws and regulations, we have established a representation drafting manual and conduct accurate and moderate advertising and promotions that do not cause misunderstanding or discomfort, taking the customer's viewpoint into consideration.

In countries and areas where many Muslims live, such as Malaysia and Indonesia, we are working to obtain Halal certification* so that local consumers can use our products with peace of mind.

* Certification under systems for labeling products that have cleared halal certification standards with a halal-certified mark. A halal certificate issued by a certifying body officially recognized by the country's halal certification authority is required to sell products with a halal-certified mark.

Examples of Halal-Certified Products



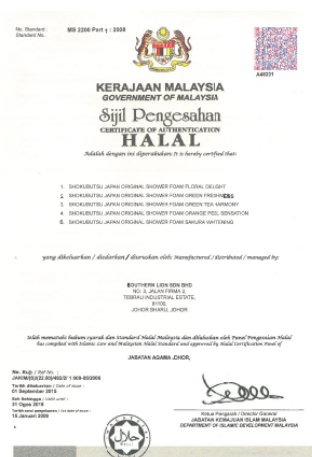
Systema toothpaste sold in Indonesia



Shokubutsu body wash sold in Malaysia



An Indonesian halal certificate



A Malaysian halal certificate