



Taskforce on Nature-related
Financial Disclosures



Nature-related Financial Disclosure
June 2025

The Lion Group’s Response to the TNFD

The Lion Group is closely connected to biodiversity, depending on it for raw material procurement and many aspects of its business operations and impacting it at each stage of the value chain. The Lion Group, in accordance with [the Biodiversity Policy](#) and following the framework of the TNFD recommendations, has analyzed its dependence and impact on nature as well as nature-related risks and opportunities. We disclose our nature-related financial information, compiling the following results.

1. General Requirements

Application of materiality	The concept of double materiality involves assessing the impact of changes in the natural environment on business operations, as well as the impact of business operations on the natural environment.
Scope of disclosures	Upstream and Downstream: Oral Healthcare business and Fabric Care business, which are considered material businesses based on double materiality assessment (hereinafter collectively referred to as “the material businesses”). Direct Operations: All domestic and international manufacturing sites.
Location of nature-related issues	Upstream: Production areas of key raw materials (mint oil and palm oil) for the material businesses. Direct Operations: Domestic and international manufacturing sites. Downstream: Countries with high sales volumes of fabric care products that entail high water usage.
Integration with other sustainability-related disclosures	We also analyze the impact of climate change on nature. Additionally, we have disclosed climate-related financial information based on the TCFD recommendations .
The time horizons considered	Up to and beyond the year 2030.
Engagement with Indigenous Peoples, Local Communities and affected stakeholders	Please refer to this section for information on stakeholder engagement. Additionally, for details on raw material procurement, particularly in relation to interactions with indigenous peoples, please see this section .

2. Initiatives to Address Core Elements of the TNFD Recommendations

Core Elements of the TNFD’s Recommended Nature Related Disclosures		The Lion Group’s Initiatives
Governance	The organization's governance of dependencies, impacts, risks, and opportunities related to nature.	<ul style="list-style-type: none">Nature-related risks and opportunities are reported to the Sustainability Promotion Council (which meets twice a year) by its E Subcommittee and also reported, as needed, to the Executive Management Board, Executive Committee and Board of Directors. (For more details, click here)We review the progress on Sustainability Material Issues as well as 2030 Objectives and Indicators related to nature-related risks and opportunities in addition to disclosing annual performance.
Strategy	The actual and potential impacts of nature-related dependencies, influences, risks, and opportunities on the organization’s businesses, strategies, and financial planning.	<ul style="list-style-type: none">Based on the TNFD recommendations, we identified priority areas using the LEAP approach in sectors with high dependency and impact on biodiversity, and conducted an analysis of risks and opportunities. Additionally, we conducted scenario analysis on the material businesses operations to evaluate the resilience of our strategy.We evaluate nature-related risks and opportunities for the period from the present to 2030 and factor them into our businesses, strategies, and financial planning.
Risk Management	The processes used by the organization to identifies, assesses, prioritizes, and monitors nature-related dependencies, impacts, risks, and opportunities.	<ul style="list-style-type: none">The Lion Group has designated certain nature-related risks that have the potential to significantly impact the Group’s businesses as “shared risks” to be managed Group-wide alongside countermeasures to such risks. E Subcommittee and Corporate Planning Department coordinate such management, working together to identify, assess and manage these risks.
Metrics and Targets	The metrics and targets used to assess and manage relevant nature-related dependencies, impacts, risks, and opportunities.	<ul style="list-style-type: none">We have set the Lion Group Sustainability Material Issues and objectives for 2030, including those for Building Responsible Supply Chain Management, Respecting Human Rights, and Promoting Environmental Initiatives for a Sustainable Planet.Other indicators can be found in section 6. Core Global Disclosure Metrics.

3. Dependence and Impact of Business on Nature (LEAP Analysis Results)

We conducted a LEAP analysis on the upstream and downstream aspects of the material businesses as well as our direct operations (domestic and international manufacturing sites).

(1) Upstream

We conducted an analysis focusing on two key raw materials for the material businesses’ operations: natural mint oil (used as a fragrance in toothpaste, etc.) and palm oil (used as a raw material in laundry detergents, etc.). The reason for this focus is that natural mint oil is a crucial raw material for our company, boasting of our “Mint Pride,” as mint plays a significant role in providing freshness, aroma, and flavor. Palm oil, on the other hand, is significant due to the scale of its procurement and usage (procurement costs and the number of products it is used in). Additionally, it is classified as a high-impact commodity (HIC) by the Science Based Target Network (SBTN) due to its high environmental impact, is subject to the EU Deforestation Regulation (EUDR), and is recognized for reputational risks related to deforestation and engagement with local communities in major production areas. The dependency on nature, impacts, priority regions, and countermeasures for natural mint oil and palm oil are as follows.

【Natural Mint oil】

Dependence	<ul style="list-style-type: none">Climate and precipitation regulationWater purification and supplyProvision of healthy soil	Mint cultivation requires a significant amount of water and heavily depends on water supply services. It also relies on climate regulation that supports water supply, the provision of healthy soil to support growth, and the purification of water whose quality has been compromised by pesticide and fertilizer contamination.
Impact	Water Usage	The impact on the surrounding ecosystem due to water usage can be significant.

Our company sources natural mint oil from the United States and India, with 90% of our supply coming from the United States. All of our mint oil from India has been switched to certified mint oil. Therefore, this time we focused our analysis on the United States. Using the TNFD recommended tools (IBAT, WWF Risk Filter, Global Map of Ecoregions), our analysis revealed that the Yakima, Idaho, and La Grande regions in the west are areas with originally low precipitation and relatively high drought risk. On the other hand, the more easterly located Midwest region is an area where water pollution is a concern. These findings are consistent with the information we have obtained through our suppliers. Our company strategically sources high-quality natural mint oil produced by farmers who are engaged in reducing pesticide use and improving crop varieties and other such efforts, based on our Business Continuity Plan (BCP), which includes climate change risks.

【Palm oil】

Dependence	<ul style="list-style-type: none">Climate and precipitation regulationWater purificationProvision of healthy soil	To cultivate oil palm that serves as the raw material for palm oil and ensure stable harvests, a stable climate and healthy soil are necessary. Additionally, the purification of water contaminated by pesticides and fertilizers heavily relies on ecosystem services.
Impact	Land use GHG emissions	We are aware that land use changes due to plantations have a significant impact on wild flora and fauna and that the destruction of forests and peatlands due to agricultural expansion leads to greenhouse gas emissions and air pollution (haze).

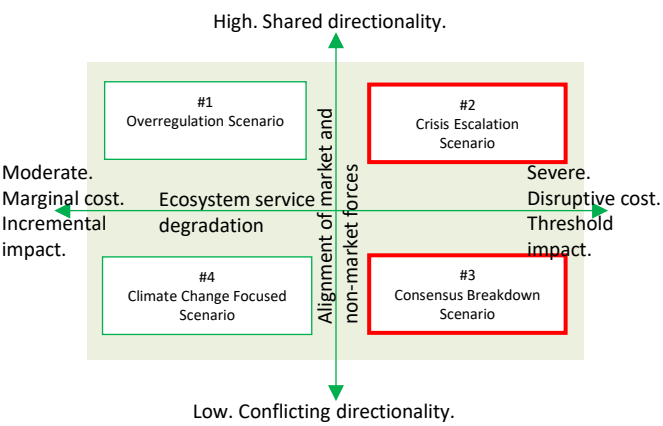
Regarding production areas, we have a mill list detailing the key materials procured from our primary suppliers (for more details, click [here](#)). From this list, we prioritized Indonesia and Malaysia, where the procurement ratio is high. For the analysis, we utilized GBNAT provided by Think Nature Co. to quantitatively evaluate and compare the biodiversity importance of the locations of each palm mill, and identified the mills that should be prioritized. Consequently, we found that many mills are located in areas with very high biodiversity importance. Based on these results, we will enhance our communication with suppliers and review our procurement strategies to achieve more sustainable sourcing in the future.

(2) Direct Operations

Focusing on domestic and international manufacturing sites (including non-material businesses) with relatively high environmental loads among our business locations, based on the results of the TNFD recommended tools and emission data from each site, we analyzed the surrounding natural environment and the impact of each site. As a result, we recognize that there is a dependency on water resources and impacts such as water pollution and GHG emissions. However, we did not identify any sites that are considered to have particularly high natural risks.

4. Summary of Scenario Analysis Results

Focusing on areas covered by material businesses and envisioning the year 2030, we conducted scenario analysis by concentrating on the second and third quadrants (*) of the four quadrants created by combining the two axes recommended by TNFD: “Ecosystem service degradation” and “Alignment of market and non-market forces.” (given that over 70% of biodiversity has declined in the past half-century according to WWF, we believe that scenarios where ecosystem service degradation continues to worsen are of high priority for our group.) The analysis was conducted in a workshop format that included procurement and technology development personnel. We identified changes in the business environment, the risks and opportunities arising from these changes, and the actions that should be taken in response. The summary of the scenario analysis results is as follows. (#3 scenario is recognized as being closest to the current situation and is listed at the top.)



* #2: In response to the severe degradation of biodiversity, the necessity of biodiversity conservation has become a common understanding across society as a whole, including both domestic and international governments and consumers.

#3: Biodiversity is deteriorating rapidly, yet the perspectives and regulations regarding biodiversity conservation vary significantly between countries, regions, and individuals.

Oral Healthcare business

	Risks	Opportunities	Existing measures for enhancing resilience	Challenges for further strengthening resilience
#3 scenario	<ul style="list-style-type: none">• An increase in costs and a decrease in response speed regarding adapting to different regulations and ways of thinking.	<ul style="list-style-type: none">• The cost increase is not as significant as #2, allowing resources to be allocated to product development and other areas.	<ul style="list-style-type: none">• Building good relationships with mint oil suppliers.• Differentiation through sourcing certified mint oil and focusing on natural mint oil.	<ul style="list-style-type: none">• Hiring local talent knowledgeable about the regulations and markets of each country and region.
#2 scenario	<ul style="list-style-type: none">• An increase in the price of certified mint oil and rise in the cost of third-party certification.• An increase in operational costs for setting nature-related targets and complying with regulations.• An increase in investment costs for new technologies aimed at biodiversity conservation.	<ul style="list-style-type: none">• We can appeal to consumers with sustainable mint and justify a price increase that reflects its value.		<ul style="list-style-type: none">• Strengthening traceability in India (which has higher biodiversity and water risks compared to the United States) and supporting sustainable farming practices through the purchase of certified mint oil.

Fabric Care business

	Risks	Opportunities	Existing measures for enhancing resilience	Challenges for further strengthening resilience
#3 scenario	<ul style="list-style-type: none">• An increase in the difficulty of procuring palm oil due to the degradation of biodiversity and the resulting limitations on the expansion of production areas, as well as the intensifying competition with the food industry due to the increasing global population.• An increase in the difficulty of sourcing low-risk, high-quality palm oil, lead by major companies’ procurement efforts based on their own standards and the enclosure of palm plantations.• A deterioration in profits due to the cost of certified palm oil exceeding price adjustments.• A further increase in demand for traceability from the EU market. A decline in evaluation from stakeholders could occur if our response fails to meet these demands.• A slowdown in the pace of technological development.	<ul style="list-style-type: none">• If raw materials produced from CO2 can be utilized as alternatives to palm oil, the product can be promoted as beneficial for both climate change and biodiversity.• A technological and business innovation that sets itself apart from the conventional by not relying on water or oil.	<ul style="list-style-type: none">• Switch to RSPO Certified Oil.• Understanding the location information of palm procurement sources (at the mill level).• Investment in companies developing palm oil alternatives.	<ul style="list-style-type: none">• Creating concepts that are chosen even at high prices and strengthening communication with consumers.• Collection of biodiversity-related information and agile management decision-making.
#2 scenario	<ul style="list-style-type: none">• A deterioration of profits due to the continued increase in procurement and internal costs surpassing the price adjustment in response to sustainability-related costs.• An increase in demand for forest restoration and other requirements. A decline in stakeholder evaluation if our response does not meet this demand.• An intensification in the competition to develop palm oil alternatives. An increasing necessity for swift management decisions regarding investments.	<ul style="list-style-type: none">• Regarding sustainability initiatives, it is possible to increase prices in line with the added value.		

5. Risks and Opportunities

Abbreviations O: Oral Healthcare business, F: Fabric Care business
US: Upstream, DO: Direct Operations, DS: Downstream

Category		Value Chain			Risks	Impacts on business	Existing measures
		US	DO	DS			
Physical risks	Acute	●			<ul style="list-style-type: none">Instability of harvest yields due to extreme weatherSurge in raw material prices	<ul style="list-style-type: none">Decrease in procurement volumeIncrease in procurement costs	<ul style="list-style-type: none">O: Establishment of procurement and BCP considering supply risks due to climate changeF: Investment in companies developing palm oil alternatives (①)
			●		Floods and storms caused by extreme weather	<ul style="list-style-type: none">Decreased factory productivityIncurrence of recovery costs	<ul style="list-style-type: none">Strengthening of BCPData integration in the supply chain
	Chronic	●			Changes and reduction in suitable production areas due to decrease in water resources and soil degradation	<ul style="list-style-type: none">Decrease in procurement volumeIncrease in procurement costs	<ul style="list-style-type: none">O: Sourcing mint produced by farmers who are implementing pesticide reduction and crop improvement measures (North America②)O: Supporting farmers by purchasing certified mint oil (India ③)
			●		Decrease in water supply	<ul style="list-style-type: none">Changes in the production lineDecline in production capacity	Recycling of wastewater generated in the manufacturing process at the Chiba plant, which has the highest water usage
Transition risks	Policy	●			Requirements for traceability of raw materials and third-party certification	<ul style="list-style-type: none">Increase in compliance costsLoss of business opportunities (if regulatory standards cannot be met)	<ul style="list-style-type: none">O: ③ReiterationF: Setting a Lion Group goal of switching all palm oil to RSPO-certified products by the end of 2030 (99% already switched domestically) (④)O/F: Identification of country/region of originO/F: Requesting self-checks from raw material manufacturers and suppliers and confirming their responses based on the “Lion Group Supplier CSR Guideline” every year
	Market	●			Difficulty in procurement and price increases due to rising demand for certified raw materials	<ul style="list-style-type: none">Increase in procurement costsDifficulty in stable product supply, loss of business opportunities	<ul style="list-style-type: none">O: Supplier visits and relationship building, information gathering on mint oil productionF: ①Reiteration
		●	●	●	Increase in demand for environmentally friendly products	<ul style="list-style-type: none">Decline in brand strengthLoss of market share	<ul style="list-style-type: none">US: Adoption of certified raw materials (③, ④Reiteration)DO: 100% introduction of renewable energy, achievement of zero emissions at all business sites, implementation of biodiversity conservation activities (domestically) (⑤)DS: Sales of environmentally friendly products (water-saving, use of recycled/biomass plastics, etc.) (⑥)
	Reputation	●	●		Deterioration of natural environment leading to reputational damage from stakeholders	<ul style="list-style-type: none">Decrease in corporate value and deterioration of earningsIncrease in litigation risk	<ul style="list-style-type: none">O: ②, ③ReiterationF: ④ReiterationManagement and communication of chemical substances
				●	Impact on water quality due to surfactants contained in wastewater during product use	<ul style="list-style-type: none">Decline in brand strengthLoss of market share	Conducting surfactant concentration surveys and ecosystem risk assessments (conducted four times a year. Impact on the ecosystem has been confirmed as minimal)

Category		Value Chain			Opportunities	Existing measures
		US	DO	DS		
Business performance	Resource Efficiency			●	Reduction of water usage through promotion of water-saving products and improvement of plastic resource efficiency	⑥Reiteration
	Products and Services	●			Provision of palm-free products through the development of palm oil alternatives	F: ①Reiteration
	Market	●	●	●	Increase in demand for environmentally friendly products	③~⑥Reiteration
	Reputational Capital	●	●	●	Enhancement of corporate value through environmentally friendly products, biodiversity conservation activities, and environmental communication	③~⑥Reiteration, Toothbrush recycling, etc.
Sustainability performance	Sustainable Use of Natural Resources	●			Improvement of supply chain sustainability through the procurement of certified products and supplier engagement	②~④Reiteration
	Protection, Restoration, and Regeneration of Ecosystems		●		Biodiversity conservation around business sites and regional collaboration	Biodiversity conservation activities in collaboration with local organizations and NGOs.
			●		Support for the restoration of biodiversity in water sources and forests, and the creation of sustainable communities	-
		●			Support for biodiversity conservation around farms	-

6. Core Global Disclosure Metrics

【Dependency and Impact】

No.	drivers of nature change	Indicator	Existing measures and related data
	Climate change	GHG emissions	Disclosed in the ESG Data ➤ Proportions of Scope 1, 2, and 3 emissions ➤ Scope 1 and 2 emissions at each business site
C1.0	Land/ freshwater/ ocean use change	Total spatial footprint	<ul style="list-style-type: none"> Research facilities: 35,000m² Production facilities: 983,000m² Overseas facilities: 550,000m²
C1.1		Extent of land/ freshwater/ ocean-use change	<ul style="list-style-type: none"> No land changes related to direct operations
C2.0	Pollution/ pollution removal	Pollutants released to soil split by type	<ul style="list-style-type: none"> No releases to soil
C2.1		Wastewater discharged	Disclosed in the ESG Data ➤ Trends in wastewater volume from business activities ➤ Wastewater volume by discharge destination
C2.2		Waste generation and disposal	Disclosed in the ESG Data ➤ Disclosed by treatment type: recycling/reuse, incineration (with heat recovery), incineration (without heat recovery), and landfill
C2.3		Plastic pollution	Disclosed in the ESG Data ➤ Trends in the usage of container and packaging materials <ul style="list-style-type: none"> All container and packaging plastics currently identified in Japan comply with the Container and Packaging Recycling Law and are 100% recyclable.
C2.4		Non-GHG air pollutants	<ul style="list-style-type: none"> Disclosed in the ESG Data ➤ NO_x ➤ SO_x ➤ Particulate matter ➤ VOC
C3.0	Resource use/ replenishm ent	Water withdrawal and consumption from areas of water scarcity	<ul style="list-style-type: none"> There are two business sites in water-stressed areas within our group, with a water withdrawal rate of 2% of the total water withdrawal. (for more details, click here)
C3.1		Quantity of high-risk natural commodities sourced from land/ocean/ freshwater	<ul style="list-style-type: none"> Certified palm oil and palm kernel oil derivatives (based on main raw materials) are disclosed on the “Building Responsible Supply Chain Management” page, which addresses the Sustainability Material Issues and objectives for 2030.

【Risks and Opportunities】

No.	Category	Metric	Existing measures and related data
C7.0	Risks	Value of assets, liabilities, revenue and expenses that are assessed as vulnerable to nature-related transition risks (total and proportion of total).	Once a sufficient environment for estimation is established through the enhancement of quantitative data and scientific knowledge regarding the future, we plan to conduct reviews and disclosures.
C7.1		Value of assets, liabilities, revenue and expenses that are assessed as vulnerable to nature-related physical risks (total and proportion of total).	
C7.2		Description and value of significant fines/penalties received/litigation action in the year due to negative nature-related impacts.	
C7.3	Opportunities	Amount of capital expenditure, financing or investment deployed towards nature-related opportunities, by type of opportunity, with reference to a government or regulator green investment taxonomy or third-party industry or NGO taxonomy, where relevant.	
C7.4		Increase and proportion of revenue from products and services producing demonstrable positive impacts on nature with a description of impacts.	