

life.love.
LION

Lion Sustainability Report 2018



Love today, Love your life.



Supporting cleanliness,
while protecting our
This is our mission,



health and comfort,
global environment
one in which we take pride.

Company Motto/Management Philosophy/ Lion Group Charter for Corporate Behavior

Company Motto

Lion Corporation positions “Fulfilling a Spirit of Love” as fundamental to its management, and thus contributes to the enrichment of the happiness and lives of people.

Management Philosophy

- 1** We bring together the power of our personnel, the power of our technology and the power of our marketing, as we provide superior products that are helpful in the daily lives of people.
- 2** We respect the “Spirit of Tenacity and Creativity” that we have maintained since our founding, as we continue developing our business.
- 3** We deeply appreciate all those who extend their valuable support to us, as we prosper together through sincerity and mutual trust.

Lion Group Charter for Corporate Behavior

We, the Lion Group, shall, in addition to being an economic entity designated to pursue profits through fair competition, act as a social entity that contributes to society at large. We shall respect human rights and conduct ourselves with initiative in a socially responsible manner toward the creation of a sustainable society, observing both the spirit as well as the letter of all applicable laws and international rules and not harming the public interest, both in Japan and abroad, in accordance with the following 10 principles.

- 1. [Principal Mission]** We shall earn the confidence and satisfaction of customers (consumers and users) by providing excellent, safe goods and services useful for their daily lives.
- 2. [Compliance with Public Rules]** We shall observe all relevant laws and regulations and engage in fair, transparent and free competition and proper transactions. We shall maintain sound and proper relationships with governmental and political bodies.
- 3. [Disclosure]** We, as a socially open company, shall actively engage in communication not only with our shareholders but also with members of society at large and disclose information generally regarding Company management in an appropriate and timely manner.
- 4. [Environmental Issues]** We shall play a positive and active role in creating a sustainable society that harmonizes economic development and environmental protection.
- 5. [Improvement of Working Environments]** We shall promote fair treatment and respect the diversity, individuality and personalities of our employees. We shall ensure a safe and comfortable workplace to realize the mental and physical well-being of our employees.
- 6. [Contribution to Society]** We shall actively contribute to society as good corporate citizens.
- 7. [Opposition to Antisocial Forces]** We shall firmly oppose antisocial entities and organizations threatening the order and security of civil society.
- 8. [Contribution in Foreign Countries]** In our overseas operations, we shall not only observe international rules and the laws of relevant foreign countries, but also respect local cultures and customs and contribute to the development of local communities with sincerity and mutual trust.
- 9. [Practice of Corporate Ethics]** Top management shall assume responsibility for implementing the spirit of this Charter and shall take the initiative to set a good example and fully inform Lion Group employees of the Charter. Top management shall strive to take in internal and external opinions continuously to promote mutual understanding and the development and implementation of effective internal control systems while enforcing thorough compliance with corporate ethics.
- 10. [Resolution of Problems]** Should an incident contrary to the principles of this Charter occur, top management shall publicly clarify its position, taking responsibility to resolve the problem on its own initiative, and strive to investigate the facts, identify the causes of the incident and prevent recurrences. Top management shall fulfill its responsibility to disclose accurate information promptly and explain the situation, and shall resolve the problem in a manner fully understandable to society. After clarifying authority and responsibility for said problem, top management shall impose strict and impartial disciplinary actions upon any liable persons, including the highest level of management.

Established January 1, 2003 and amended January 1, 2008

Corporate Message

Every day is full of wonderful moments.
Birds singing outside your window.
The clean feel of a freshly washed shirt.
A blue sky without a cloud in sight.
The smiling faces of children at play.
A tasty meal after a hard day's work.
Some days are special —
weddings, birthdays, holidays ...
But even the ordinary days are precious.
At Lion our business revolves around ordinary days.
Providing the products people need
to maintain good lifestyle habits.
Supporting cleanliness, health and comfort,
while protecting our global environment.
This is our mission, one in which we take pride.
Inspired by the wonder of everyday life.
Dedicated to creating a future full of health, hope and happiness.
For people everywhere around the world.

life. love.
LION



Corporate Slogan

life. love.

The Heart of All We Do

Lion has been a regular part of everyday life for more than 120 years.
In that time, we have seen how ordinary days, one by one, add up to a lifetime.
Moreover, we have come to believe that each new day is the first step into a bright future, and that
living every day positively and to the fullest is the essence of happiness.
That is why we have made it our mission at Lion to contribute to ordinary life,
every day, and reflected this commitment in our corporate slogan.

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Editorial Policy

Lion views its Sustainability Report as an important tool allowing the company to present its sustainability initiatives and draw on stakeholder opinions while furthering corporate activities.

Editorial Policy for Sustainability Report 2018

- Since 2011, our initiatives for sustainability have been systematized in accordance with ISO 26000, an international standard concerning social responsibility. The Sustainability Report also reflect the above.
- The report discloses Sustainability Material Issues and our progress towards the Medium-term sustainability objectives corresponding to Lion's management plan.
- Details of the activities that have especially demonstrated are provided as 2017 Highlights so that readers can more easily understand their contents.
- The URLs at the bottom of the pages on each core subject of ISO 26000 can be used to view our website, which includes more details of our activities.
- Readers can also easily access Lion's primary web pages by using the two-dimensional bar codes. (smartphone-friendly websites).
- A third-party review by an outside expert has been included to provide an objective assessment.
- GRI Sustainability Reporting Standards were used as a reference guide for producing this report.
- Lion's sustainability activities, including those that were not introduced in this report, are comprehensively presented on our website.

Reference Guidelines

- The Environmental Reporting Guidelines (2012) of the Japanese Ministry of the Environment
- GRI Sustainability Reporting Standards of the Global Reporting Initiative
- ISO 26000: 2010 Guidance on social responsibility issued by the Japanese Standards Association

[Comparative Table with Respective Guidelines]

URL <http://www.lion.co.jp/ja/csr/guideline/>

Coverage

- Lion Corporation and all of its domestic consolidated subsidiaries are covered, as a general rule. Overseas consolidated subsidiaries are also covered on the Sustainability Material Issues and objectives described on p.17-20 and p.23-24.

*If the coverage of reported activities or data is different from the above, a description will be provided in each case.

Period Covered

- January 1 to December 31, 2017
(Some parts of the activities also include parts of 2018.)

Corporate Data

<Company Profile>

Corporate Name	Lion Corporation
Address	3-7, Honjo 1-chome, Sumida-ku, Tokyo 130-8644, Japan
Foundation Date	October 30, 1891
Capital	¥ 34,433.72 million (as of December 31, 2017)
Representative	Itsuo Hama, Representative Director, President Executive Officer
Employees	Consolidated: 7,075 Non-consolidated: 2,550 (as of December 31, 2017)
Net Sales	Consolidated: ¥ 410,400 million Non-consolidated: ¥ 264,200 million (as of December 2017)
Plants	Chiba Plant (Ichihara City), Odawara Plant (Odawara City), Osaka Plant (Sakai City), Akashi Plant (Akashi City)
Research Facilities	Hirai (Edogawa-ku), Odawara (Odawara City)
Sales Offices	Sapporo, Sendai, Tokyo, Nagoya, Osaka, Fukuoka

[List of Major Subsidiaries and Affiliates]

URL <http://www.lion.co.jp/en/company/group/>

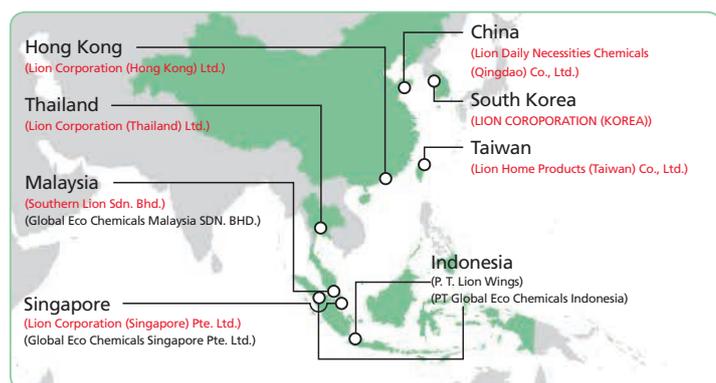
<Net Sales Breakdown by Business>

Consumer Products Business	¥290,890 million
• Oral Care Products	¥68,270 million
• Beauty Care Products	¥24,540 million
• Fabric Care Products	¥79,540 million
• Living Care Products	¥20,780 million
• Pharmaceutical Products	¥39,020 million
• Other Products	¥58,700 million
Industrial Products Business	¥55,760 million
Overseas Business	¥120,090 million
Others	¥30,560 million
Adjustment*	▲ ¥86,830 million
Consolidated Net Sales	¥410,480 million

*Intra-segment and inter-segment sales

<Locations of Overseas Group Companies>

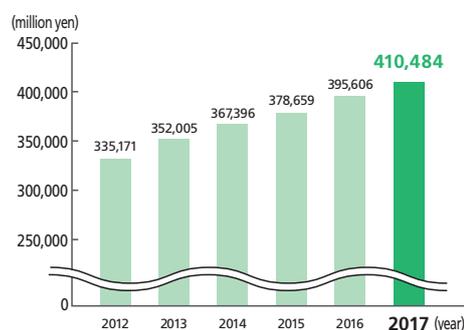
Overseas sales compared to previous year **109%** (after adjustment):
Ratio of overseas sales **26%** (consolidated):



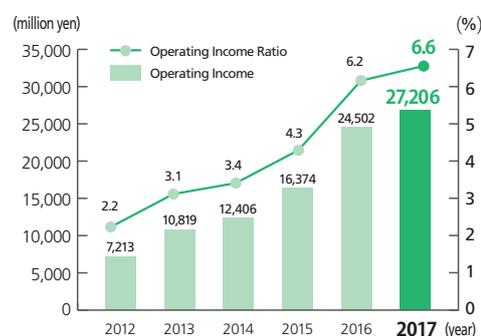
*Red text indicates consolidated subsidiaries.

<Performance Transitions (consolidated)>

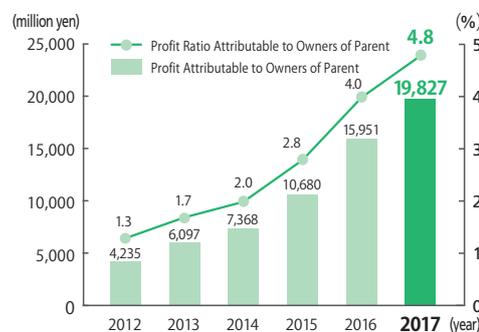
Net Sales



Operating Income / Operating Income Ratio



Net Income / Net Income Ratio



(Note) From December 2016, we have changed our content "Net Income" to "Profit Attributable to Owners of Parent."

[IR Library]

URL <http://www.lion.co.jp/en/ir/library/>



<List of Domestic Consolidated Subsidiaries>

- Lion Chemical Co., Ltd.
- Lion Business Service Co., Ltd.
- Lion Specialty Chemicals Co., Ltd.
- Lion Hygiene Co., Ltd.
- Lion Trading Co., Ltd.
- Lion Packaging Co., Ltd.
- Lion Engineering Co., Ltd.
- Lion Logistics Service Co., Ltd.
- Lion Cordial Support Co., Ltd.
- Lion Dental Products Co., Ltd.
- Lion Tomoni Co., Ltd.
- Lion Idemitsu Composites Co., Ltd.

History of the Lion Group

Oral Health

From 1896

Promoting oral hygiene /
The foundation of social
contribution activities



Lion Toothpowder



Charity coupons printed on
the back of packets
(The root of Lion's social contribution activities)

From 1913

Starting educational activities to
instill tooth brushing habits in
children



Toothpaste was sold alongside such promotional gifts as
bookmarks and picture books in order to help to teach
the importance of tooth brushing from an early age



Lion Dental Clinic for Children

From the 1960s

Expanding the market and
developing world-class products



Completion of the
Odawara Plant
(Reinforcement of the
production system)

White & White

(Development of easy-to-use laminated tubes)



Cleanliness and Comfort

1891 to 1940s

Promoted awareness about washing with detergent



Manual on the standard
home laundry procedures
(Education on laundry procedures)



Lipon
(Japan's first mineral oil-based
synthetic detergent for home use)

1950s

Responding to health hazards
caused by parasites with a neutral
detergent for washing vegetables



Lipon F
(Earned the top recommendation of the
Japan Food Hygiene Association)

Environmental Initiatives

From the 1920s

Use of plant-derived soap



Plant-derived Lion Laundry Soap
(Japan's first plant-derived soap for
home use)

1960s to 1980s

Responding to the water environment issues
Responding to eutrophication in lakes and floating bubbles in rivers related
to the use of detergents



Dash



Murin (phosphorus-free) TOP

Lion's origins lie in soap and toothpaste. Since the foundation, we have aimed to promote daily health for people by providing useful products and have driven educational activities and provision of information to consumers, thus helping to foster good habits. We have long been deeply aware that the pollution of the global environment is a worldwide issue and have taken steps to respond to environmental concerns such as by developing environment-friendly products. We are continuing to take action and move toward the goal of sustainability as we have throughout our past, in order to correspond with important social issues which change along with the times.

Responding to diversifying oral health issues with more scientific research



Clinica
(For prevention of cavities)



Dentor
(For prevention of pyorrhea)



Dentor Systema series
(For prevention of periodontal disease)

Present

**From oral hygiene to systemic health
Promotion of "oral health care"**

Clinica Advantage series
(Promotion of "preventive dentistry")



Oral health care promotion activities in other Asian countries

From the 1960s

Responding to the diverse lifestyle needs of all people



Mama Lemon
(A dishwashing detergent which is gentle to the hands, intended for eating utensils and vegetables)

Present

Contributing to a clean and comfortable lifestyle in Asia



Promotional activities for hand-washing habits



Overseas NANOX



Overseas KireiKirei

From the 1990s

Expanded a line of products based on plant-derived materials



Shokubutsu-Monogatari (Plant Story)



Spark

Response to environmental issues through products and communication



"Every day. For the Earth." mark (Mark attached to our company's eco-friendly products)

Present



Development of environment-friendly products

Item	Target	Actual
CO2 emissions (Scope 1 & 2)	-10%	-12%
CO2 emissions (Scope 3)	-10%	-15%
Water consumption	-10%	-12%
Waste to landfill	-10%	-15%
Waste to incineration	-10%	-12%
Waste to recycling	+10%	+15%
Waste to energy	+10%	+12%
Waste to landfill (per 100 million yen)	0.5	0.3
Waste to incineration (per 100 million yen)	0.5	0.3
Waste to recycling (per 100 million yen)	0.5	0.7
Waste to energy (per 100 million yen)	0.5	0.7

Promotion of environmental targets

Main Business Segments

Oral Care

Lion provides products for advanced oral care to support daily health.

Main Products

Toothpastes, toothbrushes, dental rinses and other dental care products.



Beauty Care

Lion promotes comfort, health and well-being through its hair and skin care products.

Main Products

Hand soaps, body washes, antiperspirants and deodorants, shampoos, conditioners, men's cosmetics, hair-nourishing treatments.



Fabric Care

Lion provides safe and reliable products in order to always wear clean clothes comfortably.

Main Products

Laundry detergents, fabric softeners, bleaches, clothing care agents.



Living Care

Lion offers products that promote clean and comfortable eating habits and living life.

Main Products

Dishwashing detergents, household cleaners, cooking-aid products.



Pharmaceuticals

Lion responds to the needs of increasing self-medication with abundant brands.

Main Products

Antipyretic analgesics, antidiarrheals, gastrointestinal medicines, eye drops, tonics and nutrients.



Wellness Direct

Lion offers direct-to-consumer sales products that can meet the variety of consumer's health and beauty needs.

Main Products

Health food products, aging care products.



Gift and Special Order

Lion provides a variety of gift and special-order products for its customers.

Main Products

Gifts, novelties.



Pet Supplies (Lion Trading Co., Ltd.)

Lion supports the well-being of pet owners and their animals through products that promote cleanliness, health and comfort.

Main Products

Sanitary products, pet oral care, body care, pet laundry care and room care products.



Overseas Business

Lion develops its business in eight Asian countries and regions including Thailand, Malaysia, and South Korea and provide products that are helpful in the daily lives beyond culture and language globally.

Main Products

Laundry detergents, dishwashing detergents, toothpastes, toothbrushes, hand soaps, body washes.



Message from the Management

Becoming an advanced daily healthcare company

Lion will realize “healthy minds and bodies for all,” through the “ReDesign” of everyday rituals to become more natural, easy and enjoyable and will continue to benefit society through business activities. To this end, we will create “customer experience-based value” in the areas of health, comfort and cleanliness.

Representative Director,
President Executive Officer

Itsuo Hama



Since its foundation in 1891, Lion has continued to respond through its business activities to social issues, which have changed with the times. Even in our medium-term management plan (V-2 Plan) set for the period from 2015 to 2017, we have made efforts to strengthen our management foundation from the perspective of ESG (Environment, Social and Governance), while proceeding initiatives to resolve social issues through our businesses and educational activities which include the advancement of oral health care with a focus on promoting “preventive dentistry”.

In Japan and other Asian countries today, people’s lives and social environments are changing drastically with increasing acceleration. These include significant transformation of people’s lifestyles brought about by dramatic innovations in digital technology represented by AI and the IoT, a slowdown in economic growth and the acceleration of aging societies.

Also, while healthcare needs such as improvement of QOL (Quality of Life) and the extension of healthy lifespans are growing stronger both in Japan and overseas, we believe that the roles played by our company, which have become a familiar part of our daily lives, will expand even further. Amid such extensive changes, the Lion Group will need to further clarify the intended direction of progress and accelerate steps for reform. This will create new values to help maintain its position, as expected by societies and customers in Asia.

Thereupon, Lion has created a new management vision: “Becoming an advanced daily healthcare company”, to define the status we wish to realize by the year 2030.

We will realize “healthy minds and bodies for all”, through the “ReDesign” of everyday rituals to become more natural, easy, and enjoyable. To this end, we will create “customer experience-based value” in the areas of health, comfort and cleanliness. Being a leader in fostering people’s contentment from a new perspective, as we would like to contribute to “extension of healthy life expectancy” and “ensuring people’s everyday well-being”.

No matter how the times may change, our founding spirit of “Benefiting Society through Business Activities” has been deeply embedded into our business activities and employees as Lion’s DNA.

As we execute the “LIVE Plan” (LION Value

Evolution Plan), our medium-term management plan from 2018 to 2020, we will promote the creation of new business values to achieve health care for individual by new combinations of various types of technology and services. We will also endeavor to develop diverse and open personnel, organizations and cultures to facilitate those goals and continue to respond to social issues well into the future.

Aiming at Sustainable Management

In 2009, Lion announced its support for the UN Global Compact: a global framework to realize sustainable growth. With a thorough understanding of the requirements from societies described in the ISO26000 international standard on social responsibility and issues of whole societies such as the SDGs, we rubbed together with management issues, identified Sustainability Material Issues, set medium-term objectives for the entire Lion Group including our overseas groups and moving forward with Group-based initiatives.

In our LIVE Plan as well, we have identified new Sustainability Material Issues and have set related targets.

We have also set up “CSV Management Meetings” within our company from January 2018, to promote CSV* which are aimed at achieving sustainable management. Through these meetings, we will formulate medium- to long-term CSV strategies linked with the creation of both social and business values, conduct a study on key ESG-related matters so that our company can meet the expectations of society far into the future and monitor the status of their execution.

For the contribution to sustainable society, Lion corporation will strengthen our ESG initiatives and promote the creation of values shared with society through our businesses.

And we will dedicate to enhance our corporate value furthermore to become a highly-trusted company which enable to meet society’s expectations.

* CSV (Creating Shared Value)

Creation of values which are shared by both society and businesses

New Management Vision: Becoming an Advanced Daily Healthcare Company

Due to the advance of digital transformation and other factors, the business environment of the Lion Group is changing at a hitherto unimaginable pace.

Reflecting medium- to long-term changes in the external environment, Lion has formulated a new management vision for 2030 aimed at accelerating future-oriented transformations and a new medium-term management plan aimed at realizing this new vision.

The new Management Vision and the medium-term management plan show our commitment to providing solutions to social issues both in and outside Japan such as improvement of QOL (quality of life), and to contributing to the UN Sustainable Development Goals (SDGs) through our business activities in the field of healthcare.

Looking toward 2030

Becoming an advanced daily healthcare company

We will realize “healthy minds and bodies for all,” through the “ReDesign” of the everyday rituals to become more natural, easy and enjoyable. To this end, we will create “customer experience-based value” in the areas of health, comfort and cleanliness.

ReDesign
Health Comfort Cleanliness

The LIVE Plan

Aiming to achieve the management vision, we will implement a medium-term management plan, the LION Value Evolution Plan (LIVE Plan), over the three-year period of 2018 to 2020.

Targets of the LIVE Plan

Under the theme of evolving into a leading advanced daily healthcare company, we will advance long-term, future-oriented growth initiatives and framework-building efforts in and outside Japan while further accelerating improvements to management efficiency to reinforce the earnings structure.

Basic Strategy of the LIVE Plan

1 Expand and Evolve Our Business Domains through New Value Creation

Creating new combinations of various technologies and services, we will create new business value that realizes “healthy minds and bodies for all”.

- a. **Oral-to-Body Solution:** We aim for expansion and evolution that will create an “oral health care business” in which oral care contributes to whole-body health care.
- b. **Daily Self-Care Enhancement:** We will work toward evolution aimed at creating a health care business that will, in turn, “ReDesign” daily living to create healthful habits that help enhance QOL.
- c. **Infotech Health Support:** We will create new health care business models that leverages cutting-edge technologies, such as IoT and AI.

2 Accelerate Growth in Overseas Businesses through Glocalization

Focusing on growing markets in Asia, we will integrate globalization and localization approaches to create unique competitive advantages and thereby expand the scale of our businesses and the areas in which we operate.

- a. We will evolve Group management by reinforcing regional management.
- b. We will aim for business area expansion through e-commerce channels and M&A.

Contribution to the SDGs

Towards 2030, as an advanced daily healthcare company, the Lion Group will contribute to achieving Goal 3 of the SDGs - ensure healthy lives and promote well-being for all at all ages - through our products and services. We aim to turn the world vision of the SDGs into reality through the pursuit of our medium-term management plan, the LIVE Plan.



SUSTAINABLE DEVELOPMENT GOALS 17 GOALS TO TRANSFORM OUR WORLD



Promoting our 2020 Sustainability Material Issues and Targets

➔ [Related information](#) p.21-24

3 Reinforce Our Management Base through Business Structure Reform

By improving management infrastructure and revising the business portfolio to stay ahead of changes in the environment, we will reinforce our management base to enable sustainable business growth.

- a. We will reinforce investment in the flexible, efficient manufacturing infrastructure that will drive business growth.
- b. We will build more advanced and sustainable supply chains.
- c. We will reinforce information system foundations to promote more-sophisticated Group management.
- d. We will advance revisions of business fields and the Group structure to improve the efficiency of management resources and business activities.

4 Create Dynamism to Foster Innovative Change

We aim to foster corporate strength that will win out over global competition by promoting diversity and openness in our human resources, organizations, and corporate culture.

- a. We will create human dynamism by utilizing diverse human resources.
- b. We will create organizational dynamism that fosters ambition and creativity through open innovation.
- c. We will create management dynamism through environmental, social, and governance (ESG) initiatives and the reinforcement of health and productivity management.

Value Creation by the Lion Group

Since its founding, Lion has sought to build healthy and comfortable living of people through the creation of better lifestyle habits, in line with its Company motto of "Fulfilling a Spirit of Love." By striving to realize its new Management Vision of "Becoming an advanced daily healthcare company," and taking the lead in

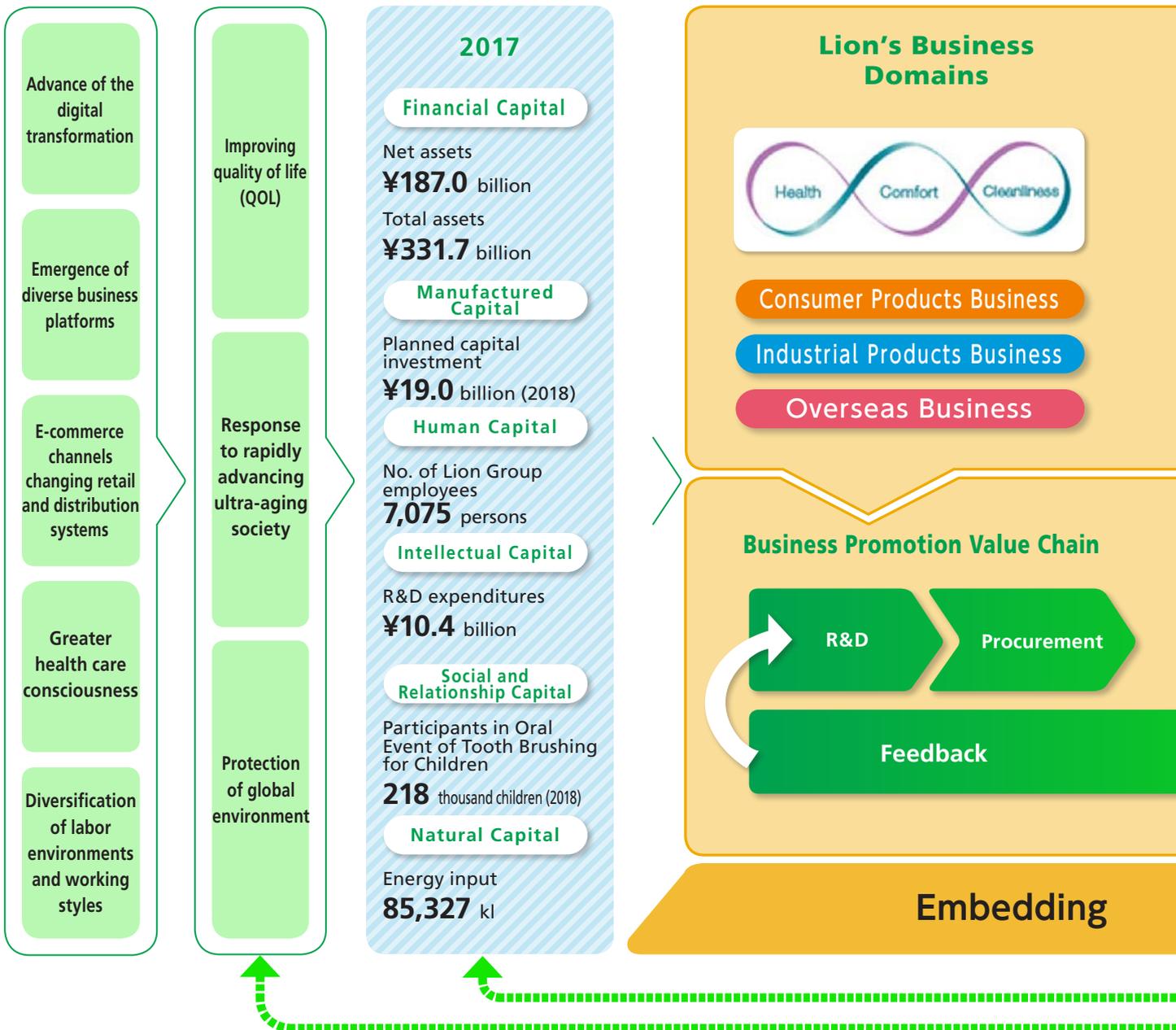
Corporate

New Management

"Becoming an Advanced

We will realize "healthy minds and bodies for

External Environment ▶ Social Issues ▶ Investment of Capital ▶ Business Domains and Value



fostering people's contentment from a new perspective, Lion aims to increase corporate value and help build a sustainable society.

Philosophy

Vision for 2030

Daily Healthcare Company"

all," through the "ReDesign" of everyday rituals.

Creation Process

The LIVE Plan (LION Value Evolution Plan)



Sustainability

Value Creation



Economic Value (2020 Targets) *IFRS

Net Sales*

¥400 billion

Operating Income*

¥40 billion

Profit Attributable to Owners of Parent*

¥28 billion

ROE*

12% level

Social Value



Extension of healthy life expectancy



Ensuring people's everyday wellbeing



Environmental contribution in building a sustainable planet



Sustainability Material Issues for the Lion Group (2015 - 2017)

Lion have promoted our sustainable activities based on ISO26000, a global social responsibility standard, since 2011, and by listening to and incorporating the opinions of third - party organizations, we have confirmed and evaluated our achievements in our domestic group. We identified our Sustainability Material Issues in 2012 and set 3-year medium-term objectives in accordance with our medium-term management plan for each of those issues.

Sustainability Material Issues and Targets and their Achievements from 2015 - 2017

Core Subjects	Ideal Vision	Material Issues	2017 Medium-term Objectives
 <p>Organizational Governance</p>	<p>Maintaining a Sound Management System that is Continuously Trusted by Society</p>	<p>Establishing Groupwide CSR Management Structure</p>	<p>Domestic</p> <p>Disseminating the Lion Group Charter for Corporate Behavior as a CSR policy</p>
			<p>Overseas</p> <p>Disseminating policies concerning CSR</p>
			<p>Domestic</p> <p>Managing progress toward objectives</p>
			<p>Overseas</p> <p>Setting objectives and managing progress</p>
		<p>Promoting Risk Management</p>	<p>Domestic</p> <p>Continuously operating Business Continuity Plan (BCP) based on multiphase projections</p>
		<p>Embedding Compliance / Internal Control Systems</p>	<p>Domestic</p> <p>Raising awareness of compliance</p>
 <p>Human Rights</p>	<p>Establishing a Framework for Respecting Human Rights</p>	<p>Formulating and Disseminating Human Rights Policy</p>	<p>Domestic</p> <p>Disseminating the Lion Group Charter for Corporate Behavior as a human rights policy</p>
		<p>Ensuring Human Rights Due Diligence*¹</p>	<p>Domestic</p> <p>Promoting self-assessment questionnaire of CSR activities by suppliers and providing feedback on the results</p>
			<p>Domestic</p> <p>Disseminating information regarding the hotline and strengthening the advice and whistleblowing framework</p>
			<p>Overseas</p> <p>Setting up and operating internal contacts for reporting and consultations</p>

*¹ Steps that an organization should take in order to recognize, prevent and address negative influences on human rights.

Starting from 2015, our company expanded their applicable boundaries (coverage), from our domestic group to our overseas groups. We confirm and report the status of our progress toward these objectives annually and carry out actions for sustainability on an overall Lion Group. 2017 was the final year for the following Sustainability Material Issues and Targets.

Achievements in 2017	Related Information	URL of Lion Web Page (Websites are all in Japanese)
<ul style="list-style-type: none"> Implementing e-learning on the Lion Group Charter for Corporate Behavior (Once a year) 	p.37	http://www.lion.co.jp/ja/csr/management/compliance/
<ul style="list-style-type: none"> Posting the sustainability policy in the work place Distributing a handbook containing the sustainability policy to employees 	p.37	http://www.lion.co.jp/ja/csr/management/compliance/
<ul style="list-style-type: none"> Announcing progress through Sustainability Report and website (Once a year) 	p.17-20	http://www.lion.co.jp/ja/csr/lion_csr/promotion/vision.php
<ul style="list-style-type: none"> Announcing progress through Sustainability Report and website (Once a year) Holding interviews on the status of progress with all of our overseas consolidated subsidiaries (Once a year) 	p.17-20	http://www.lion.co.jp/ja/csr/lion_csr/promotion/vision.php
<ul style="list-style-type: none"> Confirming and reviewing our BCP at Executive Committee (Once a year) 	p.36	http://www.lion.co.jp/ja/csr/management/risk/
<ul style="list-style-type: none"> Conducting Compliance Awareness Surveys (Once a year; 97% response rate in 2017) Providing educational programs through e-learning with regard to compliance, sexual harassment, power harassment and insider trading 	p.37	http://www.lion.co.jp/ja/csr/management/compliance/
<ul style="list-style-type: none"> Introducing internal control policies regarding financial result report and implementing assessments 	-	http://www.lion.co.jp/ja/ir/library/ar/2017/
<ul style="list-style-type: none"> Implementing e-learning on the Lion Group Charter for Corporate Behavior (Once a year) 	p.37-38	http://www.lion.co.jp/ja/csr/humanrights/duediligence/
<ul style="list-style-type: none"> Having suppliers self-check their sustainability activities and feeding assessment results back to the suppliers (Once a year) 	p.49-50	http://www.lion.co.jp/ja/csr/businesscustom/procurement/
<ul style="list-style-type: none"> Raising awareness through Compliance Awareness Surveys (Once a year; 98% recognition rate in 2017) Responding to and sorting out all cases 	p.37	http://www.lion.co.jp/ja/csr/management/compliance/
<ul style="list-style-type: none"> Setting up and operating internal and external contacts for reporting, and an internal contact for consultations Disseminating information regarding the hotline through training on compliance 	p.37	http://www.lion.co.jp/ja/csr/management/compliance/

Core Subjects	Ideal Vision	Material Issues	2017 Medium-term Objectives
 Labor Practices	Changing Awareness of Employees through Raising Morale and Motivation	Promoting Human Resource Development / Revitalization Programs	Domestic Embedding measures for promoting PDCA through implementation of the target management system Global human resource development
		Establishing Good Working Environments	Domestic Enhancing the "Diverse Human Resource Promotion Programs" Implementing supporting measures for women to build their career
			Domestic Promoting work-life balance with measures for building an environment, where employees can work healthily and energetically Overseas Enhancing opportunities for talks between employees and management
		Promoting Employees' Health Management	Domestic Improving the environment to allow employees to work healthily and energetically
 The Environment	Contributing to the Development of a Sustainable Society as an Environmentally Advanced Company	Engaging in Progressive Environmental Activities	Domestic Overseas Promoting "Eco Vision 2020" and managing progress thereof
		Preventing Pollution	Domestic Promoting pollution prevention
		Enhancing Group-wide Management of Chemical Substances	Domestic Enhancing chemical substances management systems
 Fair Operating Practices	Promoting CSR Activities throughout the Supply Chain	Promoting CSR Procurement	Domestic Promoting self-assessment questionnaire of CSR activities by suppliers and providing feedback on the results
			Domestic Promoting "Eco Vision 2020" and managing progress thereof
 Consumer Issues	Pursuing Customer Satisfaction by Creating Safe and Trustworthy Products	Offering Products and Information that Contribute to the Development of a Sustainable Society	Domestic Promoting environmental educational activities for consumers through products
		Providing Information Useful for Daily Life and Promoting Educational Activities	Domestic Enhancing the provision of information that contributes to healthy and comfortable life according to different lifestyles and life stages
		Enhancing Group-wide Quality Assurance System	Domestic Enhancing the Group-wide quality assurance system
			Overseas Reinforcing compliance with regulations in each country and enhancing responses to customers
Promoting Information Security Measures	Domestic Promoting Information Security Overseas Enhancing information security management systems		
 Community Involvement and Development	Co-existing and Co-prospering with Society and Communities / Contributing to the Development of Society in the Areas of Health, Comfort and the Environment	Enhancing Social Contribution Programs Leading to Forming Healthy and Comfortable Living Habits	Domestic Overseas Promoting educational activities for oral health: Promoting preventive dentistry (recommending self-care and professional care) and education for health instructors and children
			Domestic Overseas Promoting cleanliness :Promoting Educational Activities for Children's Hand Washing and Gargling

Achievements in 2017	Related Information	URL of Lion Web Page (Websites are all in Japanese)
<ul style="list-style-type: none"> Promoting the Target Management System to enhance PDCA activities toward attaining objectives and providing training thereon. Developing human resources with an aptitude for marketing 	p.39	http://www.lion.co.jp/ja/csr/employee/development/
<ul style="list-style-type: none"> Engaging in activities to achieve the targets based on the Act on Promotion of Women's Participation and Advancement in the Workplace Actively employing people with disabilities 	p.40	http://www.lion.co.jp/ja/csr/employee/various/
<ul style="list-style-type: none"> Enhancing work-life balance to support employees raising children and employees providing nursing care for their family Promoting the Next Generation Support Act Phase 5 Action Plan 	p.41	http://www.lion.co.jp/ja/csr/employee/work_life/
<ul style="list-style-type: none"> Periodically holding labor-management meetings 	p.39	http://www.lion.co.jp/ja/csr/employee/relations/
<ul style="list-style-type: none"> Providing training on health management at every level of employee training Conducting health checkups on a regular basis (Once a year) Enhancing provision of information on oral health care through the e-learning system 	p.42	http://www.lion.co.jp/ja/csr/employee/health/
<ul style="list-style-type: none"> Organizing Safety, Hygiene and Disaster Prevention Meetings to promote PDCA for safety activities (Twice a year) 	p.42	http://www.lion.co.jp/ja/csr/employee/prevention/
<ul style="list-style-type: none"> Expanding biodiversity conservation activities at Lion sites Managing the progress of the Environmental Objective of "Eco Vision 2020" towards its targets for 2017 	p.31-34 p.45-46	http://www.lion.co.jp/ja/csr/highlight/ http://www.lion.co.jp/ja/csr/env/ecovision2020/
<ul style="list-style-type: none"> Thoroughly managing emissions and waste water in accordance with statutory and voluntary criteria River water monitoring both by industrial groups and by Lion 	p.44	http://www.lion.co.jp/ja/csr/env/enhancement/
<ul style="list-style-type: none"> Starting the operation of a management system for information on chemical substances at all domestic research and development sites, to perform integrated management of raw materials and component structures 	p.45	http://www.lion.co.jp/ja/csr/env/enhancement/
<ul style="list-style-type: none"> Having suppliers self-check their sustainability activities and feeding assessment results back to the suppliers (Once a year) 	p.49-50	http://www.lion.co.jp/ja/csr/businesscustom/procurement/
<ul style="list-style-type: none"> Holding Environmental Action Promotion Committee to manage environmental progress (Twice a year) Continuing purchases of RSPO certified palm oil derivatives 	p.44, 46, 50	http://www.lion.co.jp/ja/csr/env/ecovision2020/ http://www.lion.co.jp/ja/csr/businesscustom/procurement/
<ul style="list-style-type: none"> Attaching Environmental Labels on eco products and providing consumers with information 	p.55	http://www.lion.co.jp/ja/csr/env/communication/
<ul style="list-style-type: none"> Creation, Accumulation, and Provision of Living Information conducted by Meisters of Daily Life Publishing information through Lidea, a website for lifestyle information and communicating to consumers by effectively applying Lion's accumulated information 	p.54	http://www.lion.co.jp/ja/csr/consumer/communication/
<ul style="list-style-type: none"> Promoting PDCA for quality assurance activities conducted by the CS/PL Committee (Twice a year) Providing education on Fundamental Quality Assurance through e-learning 	p.35, 51	http://www.lion.co.jp/ja/csr/consumer/quality/
<ul style="list-style-type: none"> Enhancing customer support by the Customer Support Center and the Marketing Department Enhancing abilities to comply with the laws and regulations of each country 	p.53	http://www.lion.co.jp/ja/csr/consumer/opinion/
<ul style="list-style-type: none"> Providing training through e-learning with regard to information security, risks of social media and our information management system 	p.55	http://www.lion.co.jp/ja/csr/management/risk/
<ul style="list-style-type: none"> Implementing various measures to prevent leakage of personal and confidential information 	p.55	http://www.lion.co.jp/ja/csr/management/risk/
<ul style="list-style-type: none"> Promoting "Preventive dentistry from Age 0" Conducting initiatives for open innovation together with the Hirosaki University COI Holding the "Oral Health Event of Tooth Brushing for Children" in Asian countries and regions Implementing tooth brushing educational activities in areas near our business facilities Implementing tooth brushing educational activities at kindergartens and preschools 	p.25-28 p.29-30 p.57	http://www.lion.co.jp/ja/csr/highlight/ http://www.lion.co.jp/ja/csr/community/oral/ http://www.lion.co.jp/ja/csr/community/overseas/
<ul style="list-style-type: none"> Implementing promotional activities for hand-washing habits in Asian countries and regions Implementing promotional activities for hand-washing habits in areas near our business facilities Implementing promotional activities for hand-washing habits at kindergartens and preschools 	p.58	http://www.lion.co.jp/ja/csr/community/washing/ http://www.lion.co.jp/ja/csr/community/overseas/

Identification of Sustainability Material Issues in the

Basic Approach

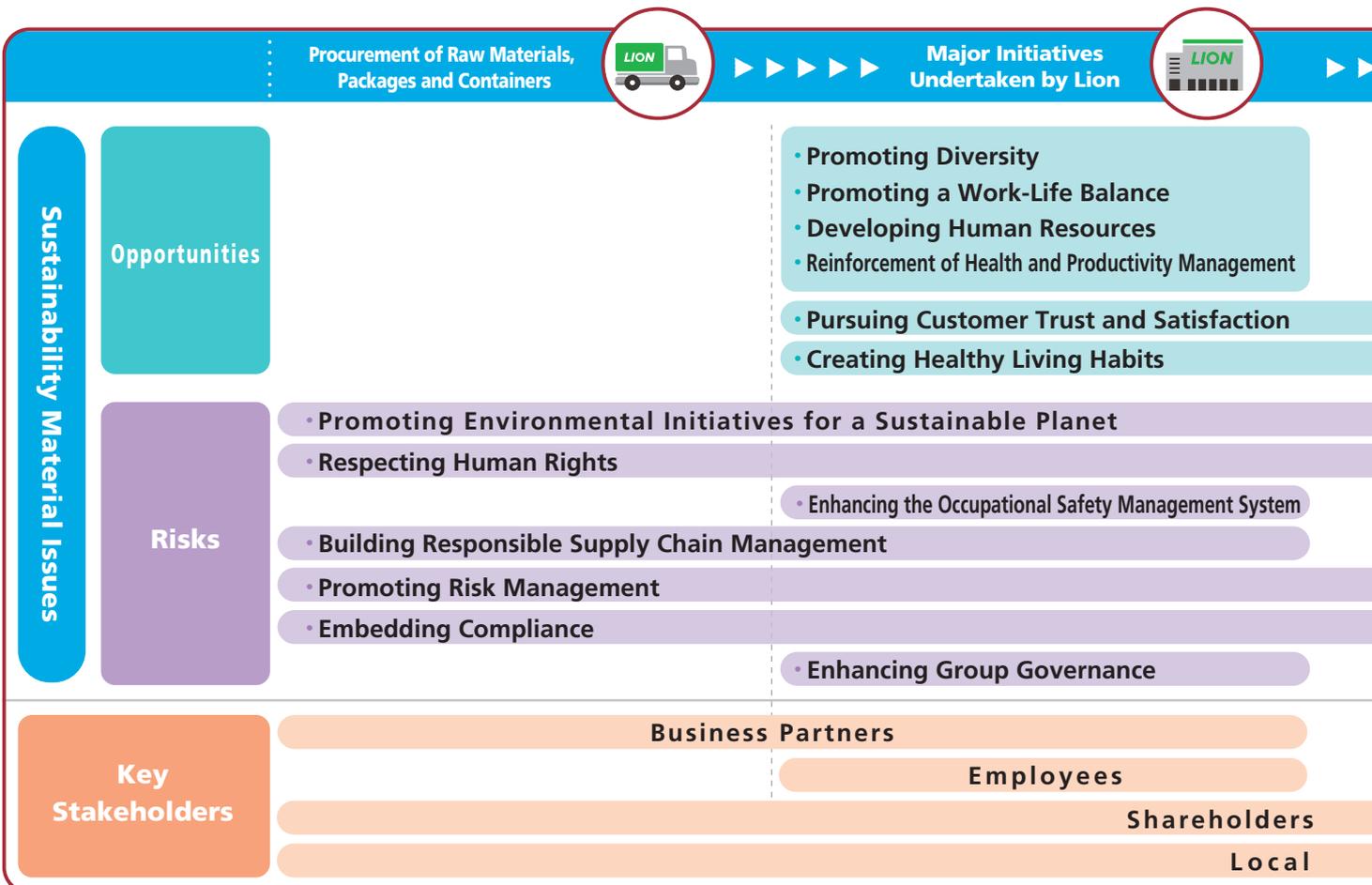
To realize our new management vision "Becoming an advanced daily healthcare company" we will move forward with the "LIVE Plan," our medium-term management plan and promote sustainable management which strives to achieve both the development of a sustainable society and the growth of our businesses.

In order to achieve the target, the Lion Group has identified Sustainability Material Issues to be engaged in by the year 2020.

We will dedicate ourselves to carrying out important initiatives as part of a management foundation which seeks to reduce risks and to realizing individual "healthy minds and bodies for all" through oral health care and cleanliness and hygiene rituals.



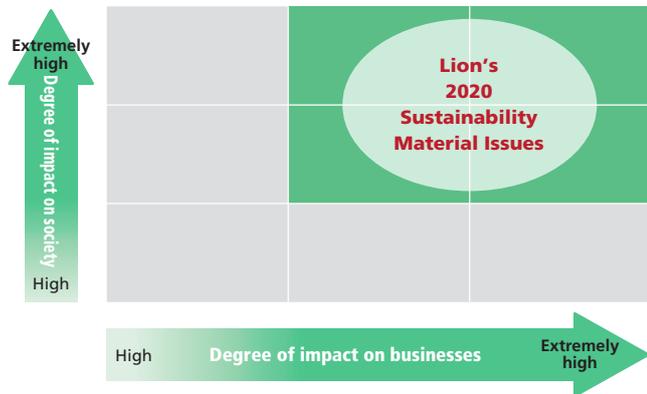
Risks and Opportunities regarding Sustainability Material Issues in the Supply Chain



"LIVE Plan" Medium-term Management Plan (2018 - 2020)

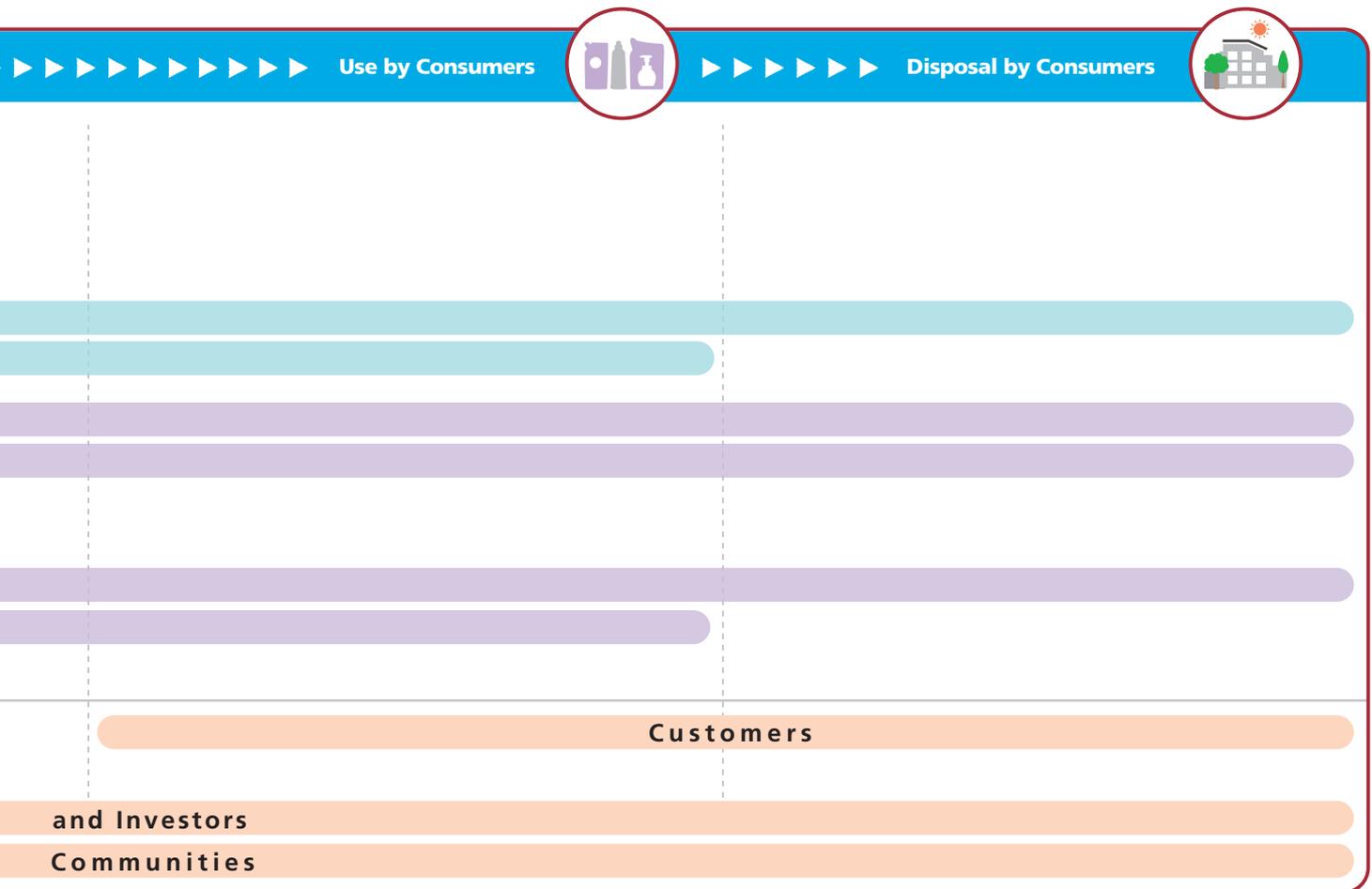
We have identified our 2020 Sustainability Material Issues through the steps indicated to the right and have classified them into risks and opportunities with careful consideration for the entire supply chain and stakeholders. We have also defined the directions for initiatives to be executed in response to each issues and have set targets and KPI.

Approach to identify our Sustainability Material Issues



Steps for identifying Sustainability Material Issues

- Step 1 Identify social issues**
 39 social issues were identified based on ISO 26000, the SDGs, the GRI Standard and the ten principles of the UN Global Compact.
- Step 2 Consider their degrees of impact on society and businesses**
 The issues identified in Step 1 were done important evaluation from the perspective of degrees of impact on society and businesses respectively, and reviews were conducted by related departments, the director in charge of sustainability, and the Board of Directors.
- Step 3 Investigate validity of material issues**
 The validity of each item was investigated while incorporating the viewpoints of third-party institutions, and reviews were conducted as necessary.
- Step 4 Obtain approval from the Executive Committee and Board of Directors**
 The identified 2020 Sustainability Material Issues were approved by the Executive Committee and Board of Directors.



2020 Sustainability Material Issues and Objectives

	Core Subjects	Sustainability Material Issues	Directions for Initiatives toward the 2020 Objectives
E	The Environment	① Promoting Environmental Initiatives for a Sustainable Planet	Work together with consumers and local communities actively to promote environmental conservation activities, aiming harmonization of a sustainable society and the development of our businesses.
		S	Human Rights
Labor Practices	③ Promoting Diversity		Expand creative business activities through the application of diverse human resources.
	④ Promoting a Work-Life Balance		Create a uplifting feeling among employees through work style reforms.
	⑤ Developing Human Resources		Create personal dynamism by developing human resources with diverse and abundant ideas which enable to fulfill the expectations of global stakeholders.
	⑥ Enhancing the Occupational Safety Management System		Enhance and thoroughly enforce the Occupational Health and Safety Management System across the entire Group.
	⑦ Reinforcement of Health and Productivity Management		Build a Lion's health management model, which will be appropriate for an advanced daily healthcare company.
Fair Operating Practices	⑧ Building Responsible Supply Chain Management		Promote management with high effectiveness in the supply chain.
Consumer Issues	⑨ Pursuing Customer Trust and Satisfaction		Thoroughly promote corporate activities with a high level of credibility to customers across the entire Group, and further develop customer-oriented management.
Community Involvement and Development	⑩ Creating Healthy Living Habits	Contribute to the creation of healthy living habits such as oral health care, and cleanliness and hygiene practices and habits, in order to extend healthy life expectancy of all people and to ensure people's everyday well-being.	
G	Organizational Governance	⑪ Promoting Risk Management	Enhance the risk management system for the entire Group.
		⑫ Embedding Compliance	Enhance the effectiveness of compliance activities across the entire Group.
		⑬ Enhancing Group Governance	Engage in enhancing governance for the entire Group.

* Work styles to promote highly-concentrated work in order to improve productivity.

2020 Objectives and KPI

• Promotion of environmental business management

Promote and achieve the "Eco Vision 2020" environmental objectives (Global)
 Establish the "New Environmental Objectives 2030" to minimize environmental impacts over the entire life cycle of products, including at the stage of their use in customer households (Global)
 Promote appropriate use and management of chemical substances (Global)
 Confirm and review the progress of environmental management through top environmental audits and the Environmental Action Promotion Committee (Domestic)

• Enhancement of initiatives for respecting human rights based on the Group philosophy

Formulate human rights policies for all Lion companies (Global)

• Expansion of internal and external contacts for reporting and consultations

100% recognition rate for the "AL Heart Hotline" (Domestic)

• Promotion of activity by women at the management level

Develop female employees to drive the next generation of management (Global)
 20% proportion of female employees at the management level (Domestic)

• Realization of smart work* to harmonize productive work and personal lives

Implement employee awareness and behavior surveys (Domestic)
 70% usage rate of annual paid leave (Domestic)

• Arrangement of human resources development systems to successfully cultivate personnel who can learn and act independently

• Thorough enforcement of occupational safety and the safety of facilities

0 serious accident and 0 serious incident (Global)

• Expansion of support programs to aid employees in forming health care habits

100% rate of receiving health checkups (Domestic)
 100% rate of receiving dental checkups (Domestic)
 100% rate of receiving examinations for cancer classified by age (Domestic)

• Build more advanced and sustainable supply chains

Implement supplier sustainability self-checks related to procurement (Global)
 100% implementation rate of supplier sustainability self-checks related to procurement (Domestic)

• Enhancement of reliability assurance systems covering the entire supply chain

• Improvement of customer satisfaction through enhancement of customer support quality

• Enhancement of security system through system construction and supervisory management enhancement

- Implementation of activities to establish health care habits such as preventive dentistry and hand washing, in coordination with business activities
- Contribution to the resolution of social issues based on co-existence with communities, involvement by employees, and enhancement of partnerships

• Promotion of comprehensive and extensive risk management across the entire Group

• Construction of a compliance management system

Expand familiarity with the Lion Group Charter for Corporate Behavior and the Behavioral Guidelines (Global)
 100% rate of participation in compliance-related training (Domestic)

• Arrangement of a Group Governance System in accordance with the Basic Policy for Corporate Governance

Preventive Dentistry from Age 0



Background

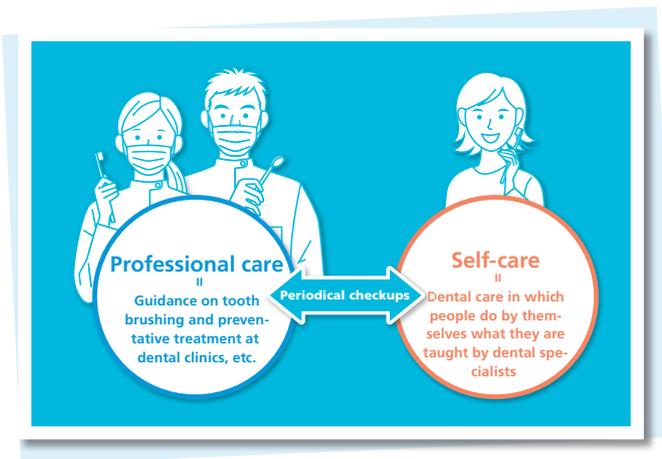
Preventive Dentistry is at the Heart of Lion

Recent studies show that oral health not only affects the mouth but also the whole body, with an impact on a wide array of conditions such as diabetes, heart diseases and dementia. It has also been revealed that without having enough remaining teeth, it becomes difficult to enjoy talking or eating, which impacts the quality of life (QOL). In other words, maintaining oral health can extend the healthy life expectancy - the number of years a person can expect to live in good mental and physical health.

Lion has been a long-standing advocate of preventive dentistry aiming to support people's healthy living. We actively promote this concept through product development and awareness-raising activities in partnership with governments and dental clinics.

In 2017, we started promoting "preventive dentistry from age 0" to embed preventive dentistry habits at the earliest age possible.

Figure 1: Lion's concept of preventive dentistry



"Preventive dentistry" is the idea that we should focus not on treatment after getting a cavity and periodontal disease, but on prevention before it happens. It is important to maintain both professional care by dentists and daily self-care.

Issues Regarding Children's Tooth Brushing

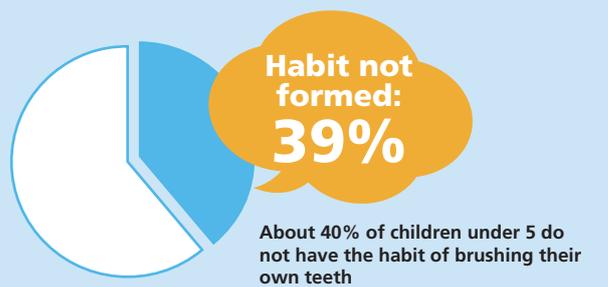
Baby teeth typically start emerging at about 8 months after birth, and permanent teeth start replacing them when the child is around 6 years old. During these years, the inside of the mouth of a child changes considerably as the child grows. In order to protect children's teeth, it is important that children are taught the correct ways of tooth brushing at different stages of dental development, with the parents showing them how. It is also important that children acquire the habit of tooth brushing by their own as early as possible.

However, surveys on children's oral hygiene habits have shown that as many as 39% of children under 5 do not habitually brush their teeth by their own. (Figure 2).

Figure 2: Tooth brushing habits among children under 5

Children under 5 habitually brushing their teeth by their own.

(Lion survey: mothers with children under 5, n=600)



About 40% of children under 5 do not have the habit of brushing their own teeth

* "Habit" means the child brushes his/her teeth every day by him/herself

There are many possible reasons for the low figure, but we believe there are two main factors.

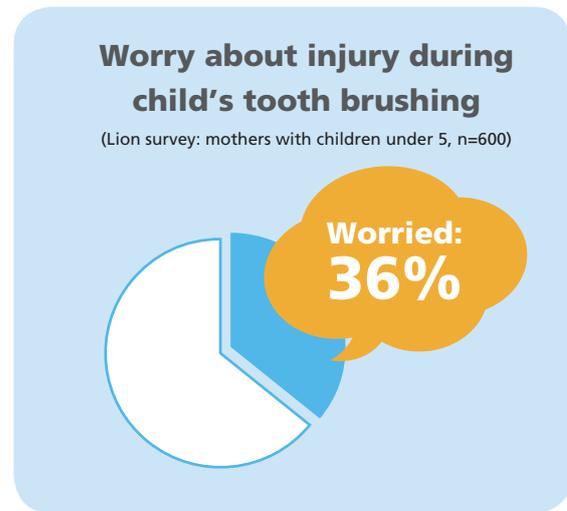
The first is that oral hygiene maintenance is not an enjoyable time for parents nor children in the first place. Children are not used to having a brush inserted in their mouth and find it uncomfortable. Parents, who often have to chase resisting children and almost force tooth brushing on them, feel stressed by the experience. The parent's face unconsciously shows anger as they brush the child's teeth, and in a vicious circle, this makes the child dislike tooth brushing even more.

The second factor is that parents often brush their children's teeth for them. In order to embed the habit of brushing their teeth by themselves, it is important that children are taught to do so at the earliest age possible. However, many parents are worried about the children injuring themselves during tooth brushing (Figure 3) and instead brush the children's teeth for them. Based on these findings, we concluded that, in order to embed the habit of tooth brushing in children, we should focus more on safety in product development.

We want to allay parents' fears and turn tooth brushing into a fun, happy time to share from a stressful time — we are approaching this challenge both from product development and communication angles.



Figure 3: Worry about injury during child's tooth brushing



Lion's Approach

Product Development:

Safety Handle for Realizing Preventive Dentistry from Age 0

Injuries during tooth brushing are typically caused by children running around with the toothbrush in their mouth and the brush hitting the inside or outside of the mouth when they trip and fall. To prevent this, we aimed to develop a tooth brush effective to clean teeth, but also is safe even when the child falls.

What we have come up with is the Bend-Not-Break Safety Handle - a toothbrush handle that bends sideways. Even when the child falls with the toothbrush in the mouth, the brush bends inside the mouth to lessen the impact. Its structure is designed to bend only sideways and not lengthways, so it does not compromise the cleaning performance of the brush.

We have introduced this safety handle in our CLINICA Kid's Toothbrush models in a total product renewal. (CLNICA Kid's Toothbrush for 0 to 2 years old and 3-5 years old)



Communication:

Adding New Value to Parent-and-Child Tooth Brushing Time

Tooth brushing is often a stressful time for parents and children, but we believe it can be turned into a precious time for parent-and-child bonding. For parents and children, tooth brushing is not just about cleaning teeth. For children, the time spent with their parents while brushing teeth is also important for their mental and physical development

- being praised by the parent for brushing teeth boosts their confidence; the use of hands and fingers aids the development of motor function. It is also an opportunity for communication between the parent and the child. We are spreading this message in a variety of ways to reach a wide audience.

● A movie showing an effectiveness of understanding empathy

We developed a movie about Parent-and-Child Tooth Brushing Time, sharing problems and honest feelings parents have, which we believe many parents can recognize an influence of empathy. In this movie, we show that tooth

brushing time can be an opportunity to build up parent-and-child communication if both enjoy brushing teeth together. It shows a new value tooth brushing can provide.

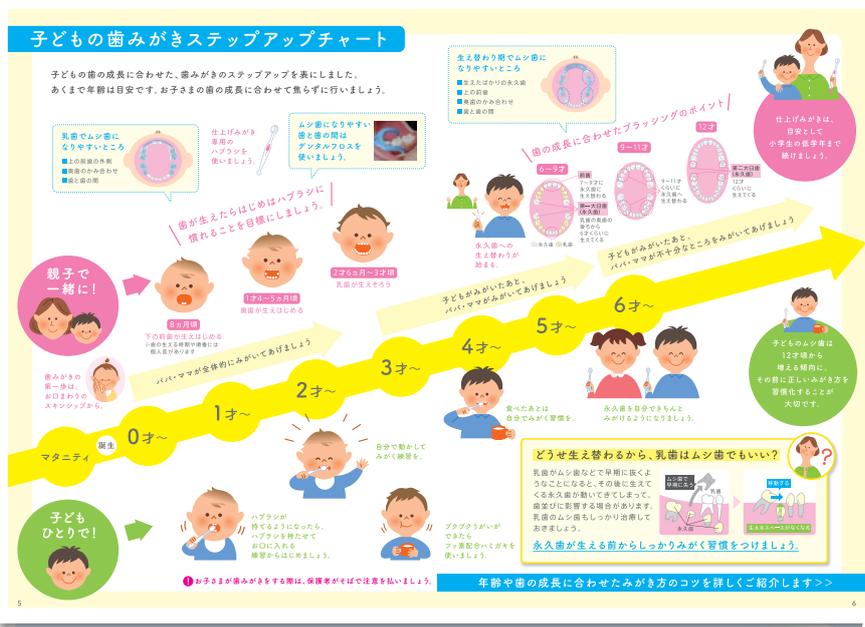


A movie showing an effectiveness of understanding empathy:
 URL <http://clinica.lion.co.jp/hahahahpark/douga/egao> (Japanese)

● Parents and children together - guidebook for “preventive dentistry from age 0”

In order to protect children’s teeth, it is important that parents have the correct knowledge and habits themselves. We distributed the “Guidebook for preventive dentistry from age 0” to consumers at dental clinics and maternity

units at hospitals across the country. This step-by-step guide to preventive dentistry teaches the correct way to brush children’s teeth according to different stages of dental development.



Preventive dentistry step by step

● Website “HA! HA! HA! Park”

We have launched “HA! HA! HA! Park,” a website to support preventive dentistry for children with ideas to make tooth brushing a more enjoyable time for parents and children. Here, parents and children can learn how to brush teeth correctly through quizzes and movies. We have also prepared a movie “Tooth brushing song for parents and children” with special sound effects to keep children’s attention.



HA! HA! HA! Park:

URL <http://clinica.lion.co.jp/hahahapark/> (Japanese)



● Every employee is an ambassador for communicating “preventive dentistry from age 0”

In order to spread the message of “preventive dentistry from age 0” to the wider society, Lion believes that it is important that every employee understands the concept. In 2017, an internal preventive dentistry learning sessions across the company was held, to foster employees to become preventive dentistry practitioners themselves. Employees also handed out the Introductory Preventive Dentistry Set for Parents and Children to their friends and acquaintances who have children in order to spread the message about the importance of “preventive dentistry from age 0.” Around 10,000 sets were distributed in total.



The Introductory Preventive Dentistry Set for Parents and Children

Preventive dentistry from age 0: Lion’s objective

Daily oral care is an important habit that needs to be acquired at an early age as it can have an impact on health throughout life. Lion is delighted to contribute to people’s whole-body health and extend healthy life expectancy through oral health

care in all stages of life from birth through adulthood to later years.

We will continue our advocacy on preventive dentistry as a company-wide mission.

Our Employee’s Voice

Tomohiro Aoki, Oral Care Business Department

My job is to develop the CLINICA Kid’s Toothbrush series products and communication. In the 2017 re-launch of the series, our work was supported not only by our internal team members, but also external partners, such as dental specialists, from product development to post-launch promotion. For example, in the development phase, our consulting dentist gave us a lot of advice on the prototypes and helped us conduct clinical tests with children. In the promotion phase, their support included providing comments about the importance of “preventive dentistry from age 0” and making a joint presentation at the Japanese Society of Pediatric Dentistry Conference. We also received many positive comments from distributors, who were kindly happy to place our promotional tools on their premises to provide information that allays consumers’ fears.

These collaborative efforts of the manufacturer, distributors and academia to promote “preventive dentistry from age 0” have resulted in positive response; comments we have received include: “my children brush their teeth without being told now” and “now I say ‘very good, well done’ to my child at tooth brushing time.”

These comments show that our mission is helping many families turn tooth brushing time into a chance for parents and children to enjoy bonding and communication. The contribution of the CLINICA Kid’s Toothbrush series of products to society has also been recognized, and we have won the Kids Design Award and Japan Mothers Selection Award.

We will continue to do our best to promote “preventive dentistry from age 0” and the concept of tooth brushing as a fun habit for parents and children to share, and to contribute to the healthy growth of children.



Our Open Innovation Work



Background

Lion's Open Innovation

Our society and way of life are changing rapidly as we face increasingly serious societal issues such as low birth rates, an aging population and depletion of resources on the one hand and dramatic progress in technologies such as AI and IoT on the other. In order to keep up with these changes and continue supporting the public's health we are focusing not just on providing goods but also on offering new

value to our customers. The key to this is open innovation through partnerships with external organizations such as the government and companies in the public and private sector. An example of this is the joint research we are conducting under the Center of Innovation Science and Technology based Radical Innovation and Entrepreneurship Program, known as COI STREAM.

COI STREAM

The Center of Innovation (COI) program is one of programs under the Center of Innovation Science and Technology based Radical Innovation and Entrepreneurship Program (COI STREAM) launched in 2013 by the Ministry of Education, Culture, Sports, Science and Technology (MEXT). Focusing on facilitating breakthrough innovations for the next decade, COI is aiming to realize radical innovation which is difficult to be accomplished by industry or academia alone, but also to establish innovation platforms in Japan.

COI at 18 locations* across the country are driving industry-academia collaborative research. Lion has been participating in a collaborative team with Hirosaki University, where one of the COI has been hosted, since 2015.

* As of February 2018



Hirosaki University COI Program

The Hirosaki University COI is an innovative social platform for the creation of "sukoyaka-ryoku," meaning the ability to maintain health. It focuses on the research, development and commercialization of solutions that uses health-related big data to detect early signs of conditions such as dementia and other lifestyle-related diseases with the aim to prevent their onset. One of the primary motivators of this platform initiative is the fact that Aomori Prefecture, in which Hirosaki University is located, has the lowest life expectancy in Japan. Aomori Prefecture has an aging population and higher risks of age-related disease and lifestyle-related diseases than the norm. For many years, the average life expectancy in Aomori has been the lowest of all prefectures both for men and women.

Hirosaki University has set the goal of reversing Aomori's reputation as the short-life expectancy prefecture and is

currently running a large-scale health examination program for the residents of the Iwaki district in the city of Hirosaki. Around 1,000 residents take part in the Iwaki health exam each year, and this exam has accumulated big data on health of more than 20,000 individuals in total, comprising approximately 2,000 data points. The Hirosaki University COI project uses these health data sets as the basis of their research, development and commercialization of unique health innovations that can only come from big data insights from short-life expectancy regions. As a participant in this program, Lion is engaged mainly in the research of oral health and sleep. We are aiming to establish correlation by seeing how these two factors have an influence on lifestyle habits, the physical constitution and whole body health. We effort to develop and promote solutions that help to extend healthy life expectancy.

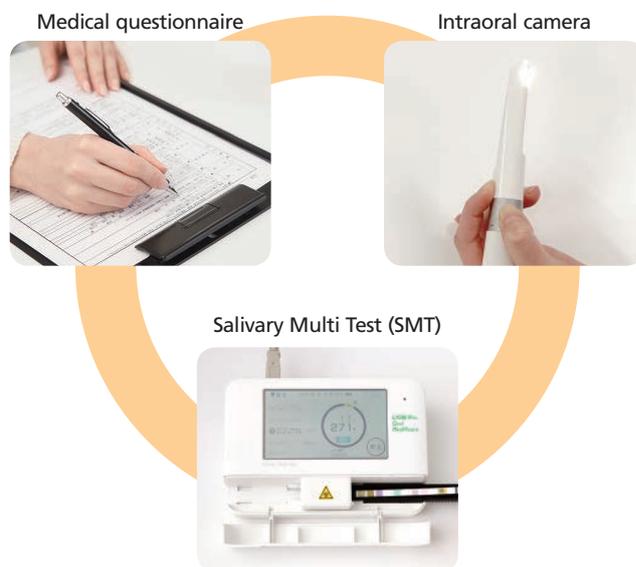
Lion's Approach

Designing a Dental Check-up System

As part of the Hirosaki University COI program, a new health check-up system that promotes health consciousness and lifestyle changes in conditions such as metabolic syndrome, locomotive syndrome, dental/oral conditions, clinical depression and dementia is under development. Lion is responsible for the dental/oral part of the health check-up which consists of a Salivary Multi Test system (SMT) developed originally by Lion, an intraoral camera that lets the examinees look at the state of their own teeth and gums, and a medical questionnaire to assess changes in the examinees' awareness and behavior. The SMT uses an intraoral camera that lets the examinees look at the state of their own teeth and gums, and a medical questionnaire to assess changes in the examinees' awareness and behavior.

Currently, many companies and local authorities omit dental checkup from their health check-up programs due to time constraints, cost or availability of dental clinicians. Lion aims to realize a reliable and easy to use dental check-up system, and turn them more convenient in the future.

Dental Check-up system designed by Lion



What is a Salivary Multi Test system (SMT)?

SMT is a salivary test system that can measure multiple saliva indicators related to dental and gingival health and oral cleanliness in just five minutes.

Oral Healthcare Studies Course Opened at Hirosaki University

Lion is funding a new Oral Healthcare Studies course at Hirosaki University Graduate School of Medicine for research into the relationship between oral health and sleep and the health of the whole body. In recent years, it has been suggested that the intraoral condition and the quality of sleep may affect the health of the whole body, and that good

oral care may prevent lifestyle-related diseases. Offered in partnership with the Aomori Medical Association and the Aomori Dental Association, this course searches for scientific evidence of these links, and aims to create products and services based on these research outcomes.

Our Employee's Voice

Tatsuyuki Midorikawa, Research and Development Headquarters, Pharmaceutical Research Laboratories

I started a two-year residency at Hirosaki University from April 2016. My job is to analyze big data on health for lifestyle habits and physical constitutional factors that can cause sleep disorders, and to establish the relationship between sleep and health. During my residency, I also visited Imabetsu, Mutsu and other areas in Aomori prefecture to take part in health awareness activities to raise health literacy* in communities, workplaces and schools. I have been inspired by the passion and commitment of the faculty, local residents, partner companies and local government working together on this unprecedented open innovation. They are driven by the belief that good health cannot be achieved without changing the way society works. I feel privileged to be at the forefront of this creative endeavor at the Hirosaki University COI Program to head in a new direction for the healthcare industry. I hope that the data analysis work I carry out will lead to the introduction of a new healthcare business that benefits society.



* Having correct health knowledge and understanding how to put it into practice

Biodiversity Conservation Activities at Lion Domestic Sites



Lion's Approach to Biodiversity Conservation

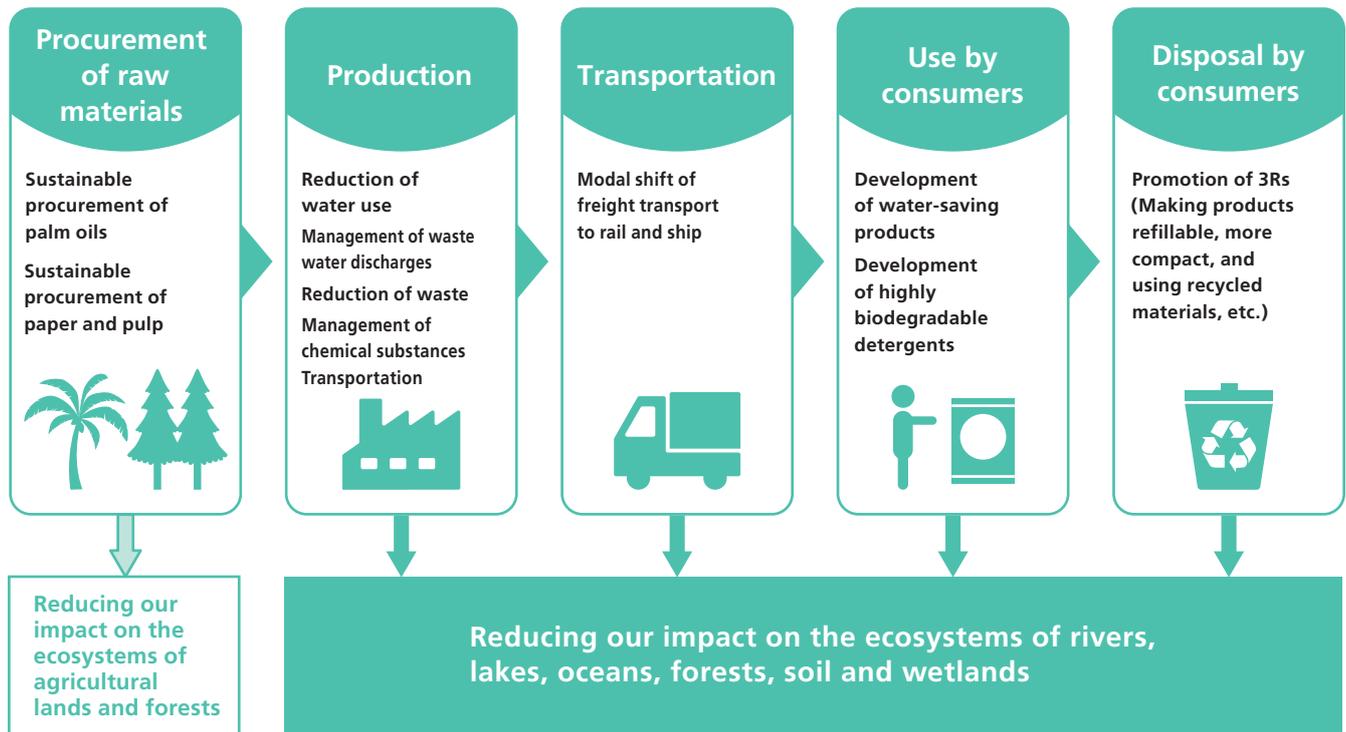
All living creatures are connected with each other through a complex web of interactions that form balanced ecosystems. Humans are also part of ecosystems, and our daily life and business activities benefit from the biodiversity of these systems.

Lion acknowledges that it has an impact on biodiversity at different stages of the supply chain, either directly or indirectly. These include plant construction and other forms of land use; procurement of materials such as natural oils;

chemical emissions and discharges from plants and offices and greenhouse gasses from our business activities; as well as the use of products and disposal of packaging by our customers.

Lion provides various products aiming to help people's daily life, appreciating the blessings of nature. Thus, Lion considers that it is important that to protect biodiversity for the future generations, and implement various biodiversity initiatives at different stages of our supply chain. [➔ Related Information p.47](#)

Initiatives at different stages of supply chain



We have been making various efforts to reduce our burden on the environment and minimize our impact on biodiversity in order to ensure we can continue benefiting from nature in a sustainable way.

The natural environment is varied and unique in different areas, and we believe that biodiversity conservation

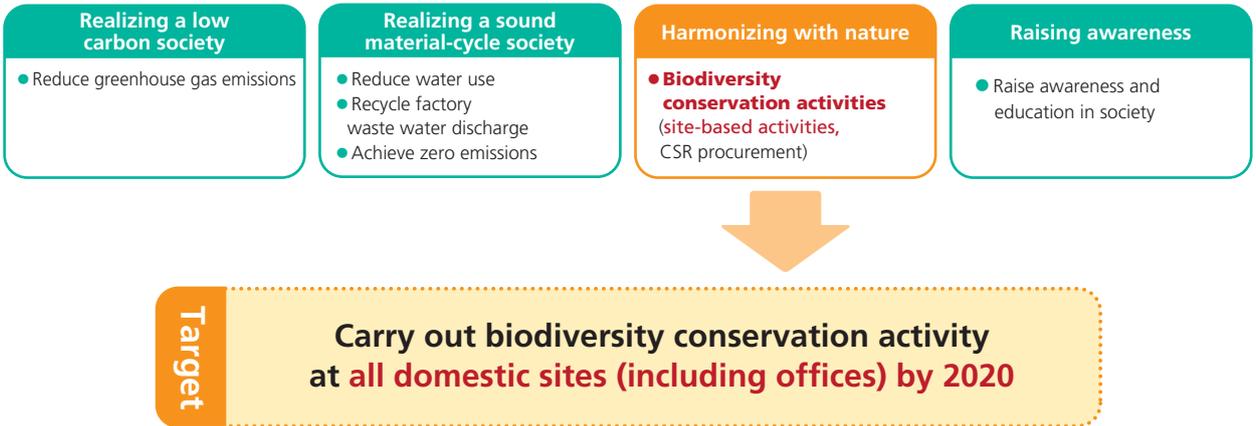
and sustainable use of natural resources must suit the characteristics of each area. Recently, we have put more focus on the areas where our plants and offices are located not only to proactively conserve biodiversity but also to regenerate and restore it.

Biodiversity Conservation Activities at Plants and Offices – Raising Employees' Awareness

We believe that the important first step in biodiversity conservation through business activities is to raise the awareness of individual employees. As part of our Eco Vision 2020 environmental objectives, we aim to carry out biodiversity conservation activities at all domestic sites

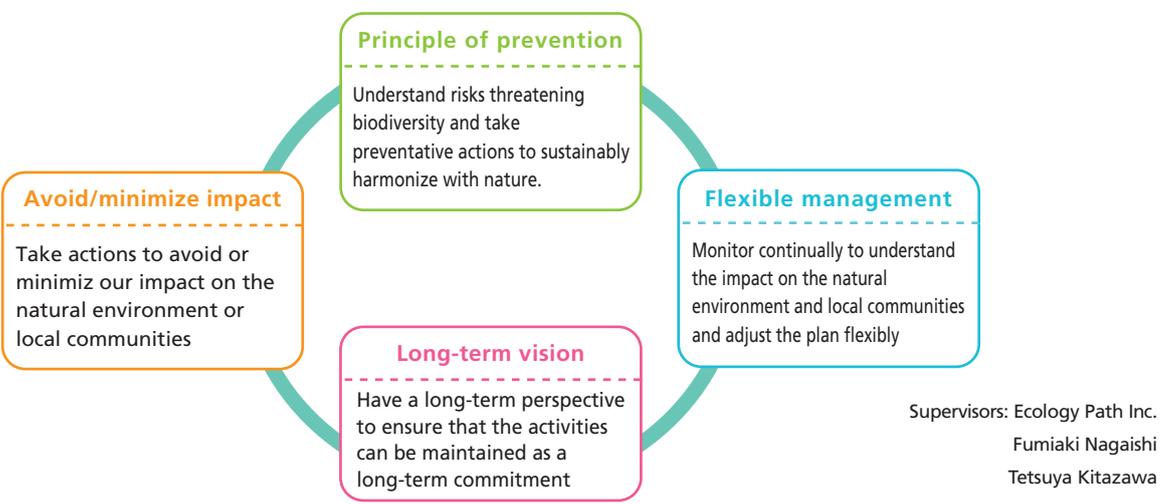
(including offices) by 2020. With this target, we aim to get every employee to participate in biodiversity conservation activities. Each site has defined its own theme that reflects the issue of its local area and is running ongoing activities in partnership with the local community.

Eco Vision 2020 environmental objectives (launched in 2013)



Basic Principles of Site-Based Biodiversity Conservation Activities

Based on the Ministry of Environment "Guidelines for Private Sector Engagement in Biodiversity," we define the following four key principles for site-based biodiversity conservation activities.



The next pages (p 33–34) present details of the biodiversity conservation activities that are taking place at Lion's different sites. We select activities based on the following considerations:

- Providing a wildlife-friendly environment in rivers, lakes and seas that are connected to our plants either as the source of water or outlet for discharges
- Providing habitats for creatures that are disappearing, or breeding them under protection with the aim to later return them to their natural habitats
- Replicating natural habitats lost in the area on the site's grounds and maintaining them as a biotope
- Maintaining forests, conducting regular assessment of wild life living there and using forests as a place for biodiversity education
- Working in partnership with other stakeholders such as local residents, external organizations and local authorities

Biodiversity Activities at Lion's Domestic Sites



Akashi, Hyogo Prefecture

● Akashi Plant

Creation of hackberry biotope (Protection of the Japanese emperor butterfly)



Kyoichi Isobe



We joined 'Ecowing Akashi' in 2013 and have since been helping to implement the Akashi City Environmental Master Plan while working on the creation of a hackberry biotope on the grounds of the Akashi Plant to protect and increase species native to the local farmlands and forests. We raise caterpillars of Japanese emperor butterflies donated by the municipal Tamba-no-mori Park. Adult butterflies are also released to the sawtooth oak forest in Tamba-no-mori Park as part of their butterfly release event.

Sakai, Osaka Prefecture

● Osaka Plant

Conservation of loggerhead sea turtles



Takahisa Yamazaki



We are now in the eighth year of our loggerhead sea turtle conservation work, which started in 2010. After much trial and error with different fencing materials, we finally succeeded in keeping the feeding damage by raccoon dogs to zero in 2016 with the current metal fencing. We will continue with our work preventing from feeding disruption and beach cleaning to keep the area safe for egg-laying turtles so that hatchlings can safely reach the sea and return to lay eggs.

Yokkaichi, Mie Prefecture

● Lion Specialty Chemicals Co., Ltd. Yokkaichi Plant

Conservation of Yoshizaki Beach (Removal of non-native species and beach cleaning)



Eiji Goto

Since 2015, we have been taking part in the cleaning and non-native species removal activities that are held at Yoshizaki Beach in Yokkaichi every first Sunday of the month, as an event that is organized by a local non-profit organization. The participation rate of the plant's employees has been rising each year. We are aiming for 100% participation of the plant employees in the ongoing effort to protect the beach and keep the pale pink flowers of sea bindweed flourishing here.

Osaka, Osaka Prefecture

● Osaka Office

Support for Protection of Japanese wisteria



The original Japanese wisteria, from which many cultivars are derived, is said to come from the Fukushima District of the City of Osaka, where the Lion Osaka Office was located until 2017. As part of its biodiversity awareness-raising activities, the Osaka Office supports the Osaka Fukushima Lions Club in its work to protect and raise native Japanese wisteria, which had almost disappeared.

Sakaide, Kagawa Prefecture

● Lion Chemical Co., Ltd. Oleochemical Plant

Creation of a dragonfly biotope (Breeding of the endangered the maiko red dragonfly)



Koji Kawai



In 2012, we created a dragonfly pond on the grounds of the Plant to protect the maiko red dragonfly a rare and endangered species native to Kagawa Prefecture. In 2015, we confirmed sightings of the maiko red dragonflies as well as their egg laying behavior in green spaces around the dragonfly pond, which means that we have succeeded in attracting the species and creating an ecosystem. We hope that, in addition to conserving the maiko red dragonfly ecosystem we can attract as many dragonfly species as possible. Other than our ecosystem conservation work, we are also expanding our dragonfly pond nature watch events to invite children from across the prefecture so that we can teach them about the importance of nature and ecosystems.

External Certifications

Lion's biodiversity conservation activities are highly praised outside the company.

● Creation of dragonfly biotope by Lion Chemical Co., Ltd. Oleochemical Plant



Japan Greener Research and Development Center Chairman's Award (November 2016)

● Conservation of loggerhead sea turtles by Osaka Plant



Biodiversity Action Awards 2017: (December 2017)

Yabuki, Fukushima Prefecture

● Lion Packaging Co., Ltd. Fukushima Plant

Management of satoyama "Yasuragi no Satoyama Fukunoshima"



Akemi Miyamoto

We started environmental management of the satoyama (domestic woodland) located at the north of the plant in 2013 and started growing pasque flower. The main activities include satoyama restoration, installation of signboards, and a staff photography contest. The satoyama was named "Yasuragi no Satoyama Fukunoshima" in the employees' vote. We will continue working together to send out information about the satoyama and maintain its three areas (a relaxation area for employees, a protected area and a virgin forest area) in order to cultivate an environment where humans and wildlife can live and thrive side by side.



Kamisu, Ibaraki Prefecture

● Lion Chemical Co., Ltd. Fine Chemical Plant

Restoration of Kashimanada coastal pine forest



Yoko Marumoto

We take part in the "White Sand, Green Pines" project, which aims to restore the seashore ecosystem of the Kashimanada Coast through beach conservation and the restoration of protected pine forests. Every employee has planted a pine seed by the chemical plant and is growing the seedling. With the seedling labeled with their own name, they get a sense of ownership as they look after their own seedling. After two years, the trees will be replanted along the Kashimanada Coast.

Nagoya, Aichi Prefecture

● Nagoya Office

Support for Hime-Botaru Firefly conservation activities at Nagoya Castle Moat



Sanae Amaike

We have been supporting the conservation work of the The Guardian Successors of Nagoya Castle group since 2014 to protect the Hime-Botaru Firefly living around the lion statue by the outer moat of Nagoya Castle. We take part in various activities with the group, such as area cleaning, firefly viewing evenings, lectures and pamphlet production, as part of the Hime-Botaru Firefly conservation work.

Ichihara, Chiba Prefecture

● Chiba Plant

Management of "Leotope" satoyama biotope



Tomomi Shinozaki



The employees at the plant have hand-built a biotope on the grounds of the plant, and named it Leotope. We now see many plants and creatures that live near the water there. In early summer, the ancient Oga lotus flowers bloom. In fall, the paddy field created in the biotope turns gold with rice panicles to the delight of visitors to the plant.

Odawara, Kanagawa Prefecture

● Odawara Plant

Breeding of Japanese killfish and fireflies in Sakawa River basin



**Osamu Tatsumi
Katsumi Nagashima
Etsuko Wada**

We take part in the scheme for fostering the endangered Japanese killfish of the Sakawa River basin. We raise the fish in the pond on the grounds of the plant. Visitors to the plant can also view them. In 2017, we were able to return around 560 fish to the Odawara city municipality.

We have also built a natural habitat for fireflies on the grounds of the plant and host firefly viewing evenings with local residents every year.



Contest for Activities on Biodiversity Special Award, the Judging Committee (December 2017)



International Sea Turtle Society President's Award (Joint winner as "Team Minabe"*) (February 2018)

* Lion Osaka Plant, Kiyoshi Goto, Minabe Sea Turtle Research Team and Youth Club Minabe

Organizational Governance

Basic Approach

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

Corporate Governance System

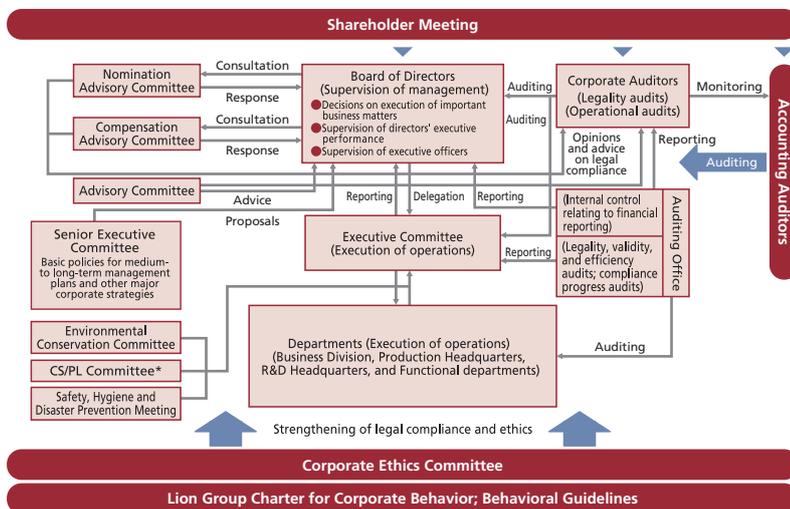
At Lion, oversight of management is governed under board of corporate auditor's system. In March 2004, Lion has adopted the Executive Officer System and classified the functions that the Board of Directors had previously carried out as follows: the Board of Directors is responsible for "decision making and oversight functions of management" and the Executive Board of Directors for "business execution functions".

The membership of the Board of Directors was reduced (currently 9, was 19 before the implementation of the Executive Officer System) to ensure more substantial discussions and faster decision making. A Nomination Advisory Committee and Compensation Advisory Committee were established to increase management

transparency and to further enhance corporate governance. Core members of each committee are three external directors and two external corporate auditors, who are all qualified as independent directors. Regular meetings (scheduled every month) are held between the Representative Director and all external directors to exchange information in order to enhance oversight and monitoring of management.

In addition, the Advisory Committee (former Management Evaluation Committee) was set up in October 2003 to ensure that the opinions and advice of outside experts are reflected in management.

• Corporate Governance System (as of April 1, 2018)



[Report on Corporate Governance](Japanese)

URL http://www.lion.co.jp/ja/company/about/pdf/abo_gov.pdf

*CS/PL Committee

CS: Customer Satisfaction

PL: Product Liability

Cross-departmental committee to promote quality assurance activities.

Establishment of CSV Management Meetings

We have established CSV Management Meetings from January 2018 to promote measures for CSV which are aimed at achieving sustainable management. Our President serves as Chairman for these meetings, where participants include Directors and Executive Officers.

Through these CSV Management Meetings, we will formulate medium- to long-term CSV strategies linked with the creation of both social values and business values while deliberating material issues related to sustainability in our company, and will monitor the status of their execution.

The content decided at CSV Management Meetings is discussed at Board of Directors meetings and Executive Committee meetings if necessary, and reflected in the business activities of each business execution department.



Promoting Risk Management

In order to continue providing our customers with safe and reliable products, we have appointed an officer responsible for comprehensive risk management of Groupwide risk. Particularly for the risk management of the environment, quality assurance, and accidents and disasters, each committee discusses countermeasures in advance and the Executive Committee deliberates if necessary. Each plant is certified with ISO14001 and eagerly works on quality management and environmental protection. In cases where physical emergencies such as natural disasters and accidents arise, in accordance with the Emergency Response System, we report the relevant facts to the President and Corporate Auditors, among others, and report status to the Executive Committee and the Board of Directors.

Also, among the various risks that may arise while doing business, the following five points are listed as the main matters that may have a significant influence on investor's judgment, in particular, and are disclosed in the Company's Securities Report.

1. Product quality evaluation
2. Fluctuation in raw material costs
3. Fluctuation in foreign exchange rates
4. Major lawsuits, etc.
5. Natural disasters (e.g. earthquakes)

• Business Continuity Plan (BCP)

Lion is pushing ahead with the establishment of its own systems to minimize damages and to continue business so as to provide products to customers even in cases where a large earthquake, spread of infectious disease (pandemic), or other contingencies occur.

We set up a task force according to the "Manual on countermeasures for seismic disasters" in cases where seismic disasters occur, and the "Manual on countermeasures against novel influenza and other infectious diseases" in cases where a pandemic due to novel influenza viruses or other infectious diseases are expected to occur, so as to respond to such contingencies. Whether BCP should be implemented or not is determined depending on the size of the disaster and the degree of the damages. If the BCP is implemented, we would give first priority to the supply of consumer products among our businesses.

For risks that may have a serious impact on our business, we update the countermeasures and report to the Executive Committee annually.

An arrangements of Internal Control Systems

Systems have been arranged to ensure the appropriateness of the Lion Group's operations in accordance with Japan's Companies Act and the Ordinance for Enforcement of the Companies Act. With regard to "the systems for evaluating and auditing internal control over financial reporting" as prescribed in Japan's Financial Instruments and Exchange Act, we have been establishing controls at the company-wide and business-process levels. Evaluations of internal control effectiveness are carried out by the Auditing Office, which reports findings to the President and corporate auditors, as well as to the Board of Directors on a regular basis. As a result of these evaluations, we have determined that Lion's internal control over financial reporting in 2017 was effective, and submitted the Internal Control Report to the Prime Minister together with our Securities Report in March 2018.

• Internal Audits

The Auditing Office implements audits on the operation status of various business units in terms of their legality, validity, efficiency, and risk management in order to establish a foundation for healthy business activities. Audit results and the status of improvements are reported to the President after each time audit. The results at the corporate level are summarized and reported to the Board of Directors twice a year for PDCA management of audit work. Reports are also provided to the Executive Committee, allowing information to be shared with the business execution departments.

[Securities Report] (Japanese)

URL <http://www.lion.co.jp/ja/ir/library/yuhou/>



UN Global Compact

The UN Global Compact (UNGC), in which Lion has participated since 2009, is a voluntary initiative of companies and organizations aiming to realize ten principles in the areas of human rights, labour, environment, and anti-corruption. Lion is also a member of the Global Compact Network Japan (GCNJ), and participates in the subcommittee activities on a regular basis in order to promote the CSR activities of the member companies.

[UN Global Compact] URL <https://www.unglobalcompact.org/>

[Global Compact Network Japan] (Japanese) URL <http://ungcjin.org/>



Embedding Compliance

The Corporate Ethics Committee, chaired by the Director Responsible for Corporate Ethics, proactively works to foster compliance awareness within the Lion Group. The basis for compliance is the "Lion Group Charter for Corporate Behavior" (p.3). This is distributed in pamphlet form to all employees and is publicly available via Lion's website. According to an annual program, e-learning and other educations are periodically provided.

In 2017, in addition to reading through and committing to the Lion Group Charter for Corporate Behavior, our e-learning program provided further training regarding fundamental quality assurance, the basics of labor management, risks relevant to social media, information security, our information management system, harassment in the workplace, and basic knowledge on insider trading.

• Compliance Awareness Survey

All domestic employees of Lion Group are asked annually to complete a compliance awareness survey. In 2017, the survey was conducted for the fourteenth time. The findings are reported to management and feedback is provided to individual divisions. This contributes to the maintenance and strengthening of the compliance systems.

Continuing from 2016, the pool of respondents in 2017 included part-time workers. The survey (approximately 97% of the 4,492 employees responded) solicited opinions on a range of issues including problems with work environments.

Compliance Awareness Survey

Questionnaire survey in which respondents anonymously answer about , such as compliance status toward the Lion Group Charter for Corporate Behavior, whether or not the previous results of the Compliance Awareness Survey were feeded back, and awareness of the Heart Hotline.

• Raising Awareness of the Hotline

We have set up the AL(ALL Lion) Heart Hotline in order to ensure full communication with all domestic employees including our temporary staff. Its recognition rate among employees in 2017 was 98%.

In 2017, there were eighteen instances of consultation or reports, but no cases to be judged as serious misconduct, and all the cases were appropriately addressed and resolved.

[AL Heart Hotline] (Japanese)

URL <http://www.lion.co.jp/ja/company/compliance/index.php>

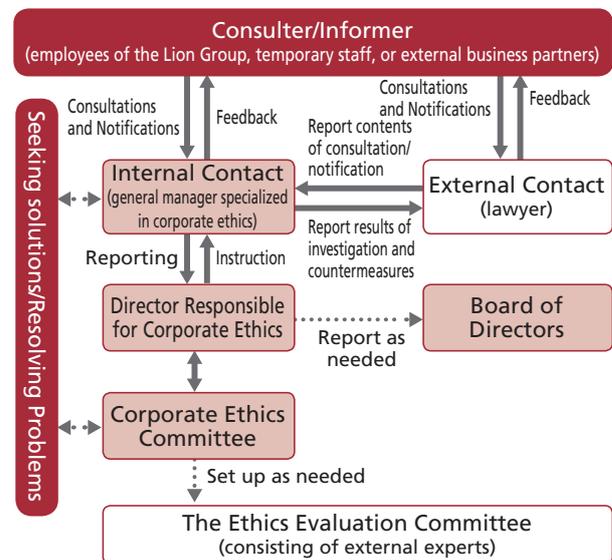
Initiatives for Compliance in Overseas Group Companies

Aiming to embed compliance throughout the entire group, our overseas group companies are also promoting initiatives toward compliance. In addition to familiarizing employees with the Lion Group Charter for Corporate Behavior through offices, employee handbooks and the intranet, we are introducing a part of overseas initiatives (such as strengthening anti-corruption measures) on the website.

[Embedding Compliance](Japanese)

URL <http://www.lion.co.jp/ja/csr/management/compliance/>

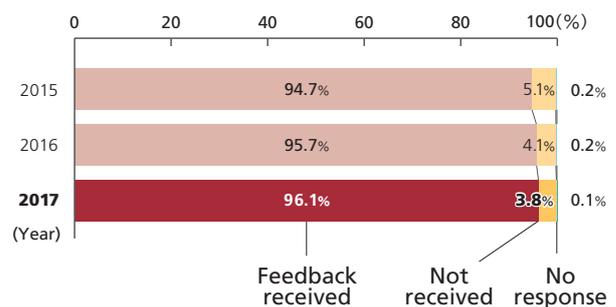
• The System of the AL Heart Hotline



• AL Heart Hotline Consultations and Notifications (2017)

Power harassment behaviors	9 cases
Personnel/labor management issues	5 cases
Others	4 cases

• Percentage of Employees Who Received Survey Feedback



Introduction of websites

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



Human Rights

Basic Approach

Lion has stipulated that we shall “respect human rights” and “observe both the spirit as well as the letter of all applicable laws and international rules” in the Lion Group Charter for Corporate Behavior.” Moreover, the “Behavioral Guidelines” refers to the prohibition of child labor and forced or

compulsory labor, promotion of equal employment opportunities, fair treatment of employees, and human rights of suppliers. In 2009, we declared our intention to support the ten principles of the United Nations Global Compact.

Disseminating Human Rights Policy

Lion has stated its policies regarding respect for human rights in the “Lion Group Charter for Corporate Behavior” and “Behavioral Guidelines” based thereon. To ensure thorough communication of the Charter to directors, Lion Group employees, and temporary staff, we provide an opportunity

via e-learning or documents to gain a deeper understanding and commitment to the Charter on an annual basis. Additionally, we conduct a questionnaire survey every year to confirm the extent to which the Charter has been adopted.

Ensuring Human Rights Due Diligence

We are enhancing our systems for reporting, correcting and following-up and thoroughly understanding the impact of our activities on human rights from the procurement of raw materials to the use of products by consumers.



Introduction of websites

[Respect for human rights] (Japanese)

URL <http://www.lion.co.jp/ja/csr/humanrights/duediligence/>



• An Overview of Our Initiatives for Protecting Human Rights

	Procurement of Raw Materials, Packages, and Containers 	Major Initiatives Undertaken by Lion 	Use by Consumers 
Main Objectives and efforts	<p>Business Partners</p> <ul style="list-style-type: none"> Efforts based on the Procurement Principles and the Lion Group Supplier CSR Guidelines → Related information p.49-50 Establishment of the Hotline → Related information p.37 <p>Palm oil farms</p> <ul style="list-style-type: none"> Participation in RSPO activities Continuation of the purchasing of RSPO certified palm oil derivatives → Related information p.50 	<p>Employees</p> <ul style="list-style-type: none"> Widespread promotion of “Harassment Prevention Declarations” among employees Confirmation of recruitment, evaluation, and remuneration at each point in time Execution of human rights education Creation of an environment in which discrimination on the basis of religion, race and other factors is curbed Establishment of the Hotline → Related information p.37 <p>Subjects for Clinical Trials</p> <ul style="list-style-type: none"> Respecting the Helsinki Declaration Operation of the Regulations for the Implementation of Clinical Trials in order to place high priority on the safety of the subjects and ethical considerations <p>Residents around our plants</p> <ul style="list-style-type: none"> Environmental management under Lion’s Environmental Guidelines to prevent contamination and compliance with laws and regulations → Related information p.43 Implementation of environmental assessment ahead of construction of new plants 	<p>Customers</p> <ul style="list-style-type: none"> Aggressive pursuit of safety and functionality by using our own “product management system” → Related information p.51-53 Consideration for “vulnerable users” such as the elderly and children, by preparing a “labeling manual”

Labor Practices

Basic Approach

In the Lion Group Charter for Corporate Behavior, Lion calls for “fair treatment respecting the diversity, individuality and personalities of our employees” and “ensuring a safe and comfortable workplace to realize the mental and physical well-being of our employees.” Also included in the Behavioral Guidelines are “to promote a healthy work-life

balance and strive to maintain work environments that flexibly allow a variety of working styles,” “do our utmost to assist employees who strive to learn specialized skills and knowledge and aim for ambitious goals.” and “engage sincerely in dialog and discussion with employees and their representatives.”

Promoting Amicable Labor-Management Relations

Lion executes labor agreements with the Lion Workers’ Union for the purposes of promoting sound labor-management relations based on mutual understanding and trust, observing the Lion Group Charter for Corporate Behavior by realizing the social mission and responsibilities of the company and its workers’ union, and working together to achieve growth of the company’s business and maintain/improve working conditions of union members.

The agreements provide that: the company shall recognize freedom of lawful union activities by union members; the company shall not unfairly treat union members by reason thereof; and the company and the union shall have labor-management meetings on a regular basis to consult with each other on an equal footing.

Operating under a union shop agreement, Lion has endeavored to build amicable labor-management relations,

in which employees and management proactively conduct activities such as reporting on business conditions and exchanging opinions about the working environment at labor-management meetings.

In overseas group companies, efforts are also made to build and sustain sound labor-management relations, developing better working environments through proactive communications between employees and management in the meetings of the Lion workers’ union and the labor-management council.

Union shop agreement

A labor agreement in which a worker is employed by a company on condition of becoming a member of a specific labor union.

Human Resource Development

• Improving Training Systems for Each Function

In training for each function, measures to reinforce specialties in each business are offered. In the marketing division, the “Marketing Study Program” has been offered since 2014. To date, employees who show high performance in their respective divisions were appointed as staff of the marketing division. For further improvement, we have designed and operated a program to discover employees who have capabilities in marketing and are enthusiastic about continuing further efforts and learning. This program provides systematic learning opportunities for mastering practical marketing theories, as well as planning and designing based on consumer insight and on competitive strategies. In addition to fostering marketing personnel linked with career paths.

• LION CHALLENGE CUP - Innovation

2017 was the third year of the “LION CHALLENGE CUP – Innovation,” in which employees can make a “dream-inspiring proposal for Lion” directly to the management. This event aims to draw out “innovative proposals” leading to significant future growth of the entire company by increasing employees’ awareness of personal development, and thoroughly by considering their further personal growth and change. The contents of the proposals, which got through the preliminary round, are presented to the management in the final round.

In 2017, from amongst the 24 entries, one team was awarded the gold prize, and two teams the bronze prize. The proposals that won gold and silver prizes will be subject to feasibility studies at their related divisions.

Human Resource Diversity

Lion has made efforts toward promoting "human resource diversity" in light of the need to swiftly respond to changes in the business environment, and promoted plans and proposals for personnel measures to make diverse human resources more active, with the participation of employees. Currently a team for diversity set up within the Personnel Department has been implementing measures to promote human resource diversity.

• Offering Opportunities to Gain Knowledge about Jobs in the Company

(Holding a Career Forum)

Career Forums have been held annually since 2012 for the purpose of assisting in the career development of young employees, in order to provide support for designing their future careers. In the past, the finance, legal affairs, marketing, public relations, sustainability, sales, and international departments have introduced their business operations.

In the 6th forum in 2017, award recipients spoke about their experiences and views toward work based on the cases which received employee awards within the company, giving participants the opportunity to consider their own work duties and turn over a new leaf.



Career Forum

• Regionally Based Employees Program

Since 2013, Lion has had in place the Regionally Based Employees Program with the aim of finding and keeping excellent personnel from among our temporary employees, who are contributing greatly to the company, as well as enabling regular employees to choose diverse working arrangements. The regionally based employees can select their workplace from seven regions in Japan that Lion has chosen for this program. Their compensation and benefits are at a similar level to regular employees in the same region.

Number of Appointed Personnel

2015	2016	2017	2018 (April)
9	9	5	16

• Approach for the Promotion of Women's Participation and Advancement in the Workplaces

Lion is deeply aware that it is essential for women to work actively in order to further strengthen our corporate value, and hence we have addressed measures to advance the active participation of women in their working life.

In line with the "Act on Promotion of Women's Participation and Advancement in the Workplace", an act enacted by the National Diet in 2016 to promote activities by women as a part of their working lives, Lion has improved childcare-related systems and implemented support measures for employees to maintain a balance between work and childcare so that they can continue to work for a long time. Consequently, as seen in Lion's non-consolidated average service years for male and female employees (including assigned employees), which are respectively 20.4 years and 18.0 years, female employees are working actively for long periods. We are also making efforts to increase the percentage of female managerial officials* to 20% or higher in Japan by 2020. (The target has been raised from the previous 15%.)

"Lion's Action Plans in accordance with the Act on Promotion of Women's Participation and Advancement in the Workplace" and "Declaration of Women's Participation and Advancement in the Workplace" are available on the "Positive Action (Women's Promotion) Information Portal Site," a project commissioned by the Japanese Ministry of Health, Labour and Welfare.

[Declaration for the Promotion of Women's Participation and Advancement in the Workplace](Japanese)

URL http://www.positiveaction.jp/declaration/add/search_detail/?id=1664

[Lion's Action Plans in Accordance with the Act of the Promotion of Women's Participation and Advancement in the Workplace] (Japanese)

URL http://www.positiveaction.jp/pa/search/detail.php?company_id=1620

*Personnel in a managerial position, which is at the level of an assistant manager or higher.

• Expanding work opportunities for People with Disabilities

In order to make full use of individual abilities regardless of whether the person in question has disabilities or not, we proactively employ people with disabilities thus developing a corporate culture to improve the working environment and support such individuals in the entire workplace.

In March 2016, we established a special subsidiary, Lion Tomoni Co., Ltd., and have been promoting the employment of people with disabilities and expanding work opportunities for them.

22 employees and 5 instructors of Lion Tomoni (as of the end of December 2017) are actively engaged in daily work including the management of interoffice mail and printing of business cards for all Lion employees.

Promoting Work-Life Balance

Lion strives to build an environment where employees can deliver results while placing value on balancing work life with private life.

• Building an Environment Where Employees Can Work Dynamically

Since 2010, Lion has worked to reduce prolonged work and encourage employees to take paid leaves. In 2017, a weekly “No-overtime day” and monthly “No-overtime week” were implemented. In order to facilitate understanding of management of working hours, e-learning is provided for all employees. Furthermore, under a labor-management agreement, we proactively encourage employees to systematically take at least three days paid leave per year with the aim of having them take more than 70% of paid leave. We will make continuous efforts in this regard. (The target has been raised from the previous 60%.)

• Programs to Help Maintain a Balance Between Work and Nursing Care

As part of creating an environment that allows employees to continue to work without anxiety, Lion has enhanced support for employees engaged in nursing care. In addition to ordinary annual paid leave, we have in place programs for nursing care, including accumulated leave for medical nursing care (accumulation of expired annual paid leave), shorter work-hours for nursing care (Short Hours Flextime System), and nursing care leave expanded up to 365 days (minimum unit of one day). At the same time, we have introduced a website targeted to employees aged 40 and provided a variety of information on nursing care.

• Work-at-Home System

Lion has been making efforts to improve business productivity and work-life balance. The Work-at-Home System was introduced in 2015 as a flexible way to work outside of the office. In order to facilitate understanding and a penetration of the system, we repeatedly held explanatory meetings and individual hearings at workplaces, and confirmed the effects brought about by facilitating use of the system while expanded its targets. As a result, the number of users has been increasing every year.

• Approach to Compliance with the Next Generation Support Act

Lion has formulated and addressed action plans in accordance with the “Act for Measures to Support the Development of the Next-Generation Children” by the Japanese Ministry of Health, Labour and Welfare. As a result, achieving all goals from phase 1 to 4, we have been certified as a company supporting childcare with the “Kurumin” Mark.

• Approach to Compliance with the Act for Measures to Support the Development of the Next-Generation Children

Act for Measures to Support the Development of the Next-Generation Children Phase 5 Action Plan

Four goals have been set in the Phase 5 Action Plan for the period from April 2015 to December 2018*.



Kurumin mark: A symbol of a company supporting childcare

*The period of the Next Generation Support Act Action Plan has been changed.

- Goal:1** 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.
- Launch of individual explanatory meetings for employees on childcare leave and their supervisors. (System implemented for each case, starting from January 2016)
 - Implementation of “Back-to-Work Seminars” for employees before returning to work. (Implemented in spring and autumn of every year from October 2015)
 - Introduction of the “website to support employees returning to work and raising children,” for supporting employees on childcare leave to achieve a balance between their career and childcare (February 2016).

- Goal:2** Within the period of the action plan, implement measures to foster corporate culture toward women’s participation and advancement in the workplace.
- Held the “Frank Exchange of Opinions on Lion’s Women Empowerment Meeting” (June 2016).
 - Held the 4th, 5th, and 6th Career Forums (2015, 2016, 2017).

- Goal:3** Within the period of the action plan, have 13 or more male employees take childcare leave.
- 15 male employees took childcare leave (as of December 2017).

- Goal:4** Within the period of the action plan, facilitate understanding about and the use of the Work-at-Home System, and implement measures to promote the adoption of the system.
- Promoting usage of the system through workplace hearing, utilization of internal newsletters, etc.

• Employee Data

		2015	2016	2017
Employees	Male	2,268	2,239	2,203
	Female	758	775	821
Female employee ratio (%)		25.0	25.7	27.1
New employees*1 (New graduates)	Male	57	49	57
	Female	28	29	36
Re-hired retirees	Number of people	262	250	216
	%	8.7	8.3	7.1
Temporary employees		461	467	458
Female employees at the management level	Number of people	135	149	170
	%	12.0	12.9	14.4
Employees with disabilities	Number of people	51	55	63
	%	2.0	2.2	2.4
Employees who took childcare leave	Male	5	2	8
	Female	33	53	57
Employees who took shorter work hours for childcare	Male	0	0	0
	Female	58	40	57
Average overtime per month (hours)*1		12.1	12.3	12.5
Annual paid leave used (%)		51.8	55.1	51.8
Average service years (excluding re-hired employees)	Male	19.8	20.3	20.4
	Female	17.4	18.0	18.0
Employees who resigned within three years of entering the company*1	Number of people	6	4	1
	%	2.4	1.6	0.4

*1 Some errors were found in past data and hence the figures have been revised. Applicable scope: Non-consolidated, including employees assigned to affiliated companies (For female employees in managerial positions: non-consolidated, excluding employees assigned to affiliated companies)

Employee Data related to domestic group companies are available on the Sustainability website. (Japanese)

URL <http://www.lion.co.jp/ja/csr/employee/various/>

Promoting Employees' Health Management

Based on the concept that the good health of employees serves as a business foundation to support sound corporate growth, Lion has been conducting a variety of measures to assist in maintaining and improving the health of our employees. These include measures to improve lifestyle habits and oral health, to address mental health, to prevent cancer and smoking.

We also implement initiatives to improve the health-consciousness of employees and encourage them to voluntarily practice healthy behavior. By doing so, we aim to be a company where all of our employees can work dynamically and deliver fulfilling daily lives.

[Guidelines for Health](Japanese)

URL <http://www.lion.co.jp/ja/company/compliance/health.php>

[Programs for maintaining mental health, physical health, and health awareness](Japanese)

URL <http://www.lion.co.jp/ja/csr/employee/health/>

• Organizational Approach to Health Management

At Lion, the manager who is responsible for health management of the company (The Personnel Manager) supervises the overall health management of the entire company, and coordinates with the Health Support Office, the Health Insurance Society, the person responsible for health management at each office and Industrial Health Staff members (industrial physicians, public health nurses, etc.), to organizationally promote employee health management.

• Mental Health Initiatives

Lion established our Mental Health Basic Policy in 2004, and have

continually and systematically promoted mental care for employees based on the "Guidelines for Maintaining and Improving Mental Health Workers" from the Ministry of Health, Labour and Welfare.

In 2017, 96% of employees took the stress level check test. The results are compiled and analyzed by section/department in such a way that individuals cannot be identified. And the feedback is sent to responsible officers and is applied to manager training. In this way, Lion has continued to carry out organizational mental health initiatives.

Stress level check test

Test of psychological burdens on employees (obligatory since December 2015 with the revision of the Japanese Industrial Safety and Health Act).

• Preventive Dentistry Program (ALOHA)

In collaboration with the Lion Foundation for Dental Health (LDH), we introduced dental check-ups for all employees into the annual health check-ups from 2002. Since 2016, we have provided oral care information through the e-learning system (L-navi) and have introduced a "Salivary Multi-Test System" that can immediately measure oral cleanliness and the risks of cavities and periodontal diseases from saliva samples. We also provide oral health guidance by using intraoral camera. Our goal is to improve the awareness of employees toward preventive oral health care and to encourage the practice of healthy behavior.

[ALOHA] All Lion Oral Health Activity

[Dentistry data of Lion employees](Japanese)

URL <http://www.lion.co.jp/ja/csr/employee/health/>

Enhancing Group-wide Occupational Health and Safety Management System

We are taking steps to enhance our Occupational Health and Safety Management System in order to achieve our Group target of "Zero serious accidents and zero serious incidents through All Lion Group". We hold Safety, Hygiene and Disaster Prevention Meetings twice a year chaired by top management personnel, where ongoing initiatives are promoted with the goal of fully eliminating risks related to facility safety and occupational safety across the entire company.

Our company has added "disaster prevention" items into the "Occupational Safety and Health Management System (OSHMS)" based on the guidelines of Japan's Ministry of Health, Labour and Welfare and has established Lion's unique "Health, Safety and Disaster Prevention Management System" for domestic group companies and started its operation from 2009. And we are striving to raise standards of Safety, Hygiene and Disaster Prevention Activities.

Our domestic companies are also actively providing support to overseas group companies to aid in preventing occupational accidents. In 2018 we established a "Safety and Disaster Prevention Promotion Department" directly below the management level, further strengthening the Lion Group's Occupational Health, Safety and Disaster Prevention Management System.

Occupational Safety and Health Management System (OSHMS)

A system to voluntarily conduct continuous safety and health management through PDCA.

• Occupational Safety

In 2017, the number of labor-related accidents was 22 (excluding 2 cases which occurred during commutes to work). If any occupational accidents occur, the Safety Management Secretariat at our Headquarters conducts on-site investigations and thoroughly identify their causes as well as corrective response measures. Enhancing our safety management system and our awareness of occupational safety are essential in order to prevent occupational accidents. We will continue to promote measures to improve individual safety awareness and sensitivity.

Number of Employees who Participated in Risk Simulation Training (Safety Training) (2017)

Chiba Plant	Odawara Plant	Osaka Plant	Akashi Plant	Total
429	39	138	135	741

• Safety of Facilities

Our company conducts facility inspections to maintain safety, through daily routine inspections and regular maintenance. Diligently performing maintenance inspections allow us to prevent failures and accidents before they occur. There were 0 facility-related accident in 2017. We will continue to focus strongly on passing down the technical know-how to employees and on providing facility-related training.



Introduction of websites

In collaboration with our employees (Japanese)

<http://www.lion.co.jp/ja/csr/employee/>



The Environment

Basic Approach

Lion formulated its “Eco Vision 2020” environmental objectives in 2013. Beginning with “Eco Vision 2020,” our thoughts regarding environmental activities are represented in our environmental message “Lion and the Environment,” from which our environmental slogan, “Everyday. For the Earth,” is derived.

We will work on communication by increasing

customers’ environmental awareness through our products, in addition to achieving targeted values with the aim of “realizing a low carbon society,” “realizing a sound material-cycle society,” and “realizing a society harmonizing with nature.”



[Every day. For the Earth. (Japanese)]

暮らし、まいにち、エコ。 URL <http://www.lion.co.jp/ja/csr/ecolion/>

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.”

In 2013, we revised the Guidelines in accordance with the

formulation of “Eco Vision 2020.” The revised Guidelines more clearly express our attitude toward “realizing a low carbon society,” “realizing a sound material-cycle society” and “realizing a society harmonizing with nature,” as well as our stance toward our efforts overseas.

Environmental Guidelines

Lion will act voluntarily and proactively to reduce its environmental burden to the global environment in all processes of business activities from the development of products to the procurement of raw materials, production, distribution, sales, use by customers, as well as disposal. This will be done with due consideration to “realizing a low carbon society to prevent global warming,” “realizing a sound material-cycle society 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

Promote an environmental management system, and through ongoing maintenance and improvement of that system, protect the global environment.

2. Complying with Legal and Other Requirements

Comply with the system of legislation, regulations and arrangements pertaining to environmental protection, and establish and implement voluntary standards of conduct.

3. Setting and Verifying 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 status of implementation of an environmental management program.

4. Developing Environment-Friendly Products

Continue aggressively with product development in tune with Lion’s own “Lion eco-standards” and in light of life cycle assessments.

5. Reducing Environmental Impacts Together with Our Business Partners

Strive to reduce environmental burdens at all stages from purchase through provision of products to customers, in cooperation with suppliers of materials, outsourcing contractors, and sales companies.

6. Harmonizing with Nature

Conduct business activities while taking into account biodiversity and air and water environments, and proactively address natural environment protection activities.

7. Enhancing Environmental Protection Activities Based on Uniform Understanding of the Guidelines

Disseminate the Guidelines to all Lion employees, including those of its affiliated companies, raise awareness of environmental protection among them and bolster environmental management activities throughout the entire Lion Group.

8. Promoting Disclosure of Information

Seek to maintain and promote communication with stakeholders involved in Lion’s businesses. These Environmental Guidelines are freely available to anyone upon request.

Revised January 1, 2013

Environmental Management Structure and Management System

• Environmental Management System

The purpose of the Lion Group's Environmental Management System is to identify, evaluate and remedy adverse effects that our business activities, products and services have on the environment, and to improve our environmental protection activities on an on-going basis.

Systems for environmental management and reporting activities have been enhanced with the aim of responding to the environment globally. Data on overseas group companies is available on our website.

[Data on the environmental burden of group companies' plants (overseas)]

URL <http://www.lion.co.jp/ja/csr/report/pdf/environment-Management.pdf>

Status of ISO14001 Certification

Lion acquired ISO14001 certification covering all its plants in July 2001. The certification was renewed to the latest (2015) version in June 2016, and the Japan Management Association Quality Assurance Registration Center (JMAQA) reviewed and verified that all our plants are operating in conformity with the requirements of the standards. Currently, the domestic Lion group companies, including its affiliated production companies, are performing and managing operations in compliance with the most recent version of ISO14001. Including the plants of group companies in and outside Japan, the Lion Group has been continuing to push ahead with its management systems and environmental conservation activities by obtaining ISO14001 certifications and performing operations in compliance with ISO14001.

Pollution Prevention

Lion also implements voluntary initiatives for reducing emissions of chemical substances, including nitrogen oxides (NOx), sulfur oxides (SOx), particulate matter and volatile organic compounds (VOC). We also strive to reduce Chemical Oxygen Demand (COD) with improvements in the reliability of the waste water processing facilities through periodical

[Data of environmental impacts of production sites in Japan] (Japanese)

URL <http://www.lion.co.jp/ja/csr/report/pdf/domestic.pdf>

* PRTR system

A system to measure, compile, and publish emissions volume of chemical substances.

• Environmental Management Structure



• Legal Compliance

In regard to the revisions of environmental laws and regulations namely, "the Act on the Rational Use of Energy" "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 is then registered with an intranet system for information on chemicals-related laws to keep the related departments updated about latest developments.

In addition, we have specified waste management regulations and have established a comprehensive management system. There were no violations resulting in a fine or other penalty during 2017.

maintenance.

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

[Data of the amount of PRTR-Designated Substances released in production sites in Japan in 2017] (Japanese)

URL http://www.lion.co.jp/ja/csr/env/enhancement/pdf/prevention_2017.pdf

Enhancing Group-wide Management of Chemical Substances

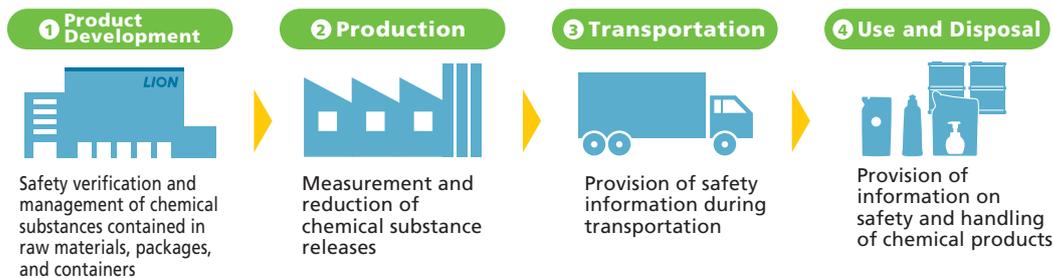
Chemical substances are indispensable for people to lead comfortable and fulfilling lives. Failure to properly manage chemical substances, however, can result in accidents that put human health and ecosystems at enormous risk. In addition to compliance with related laws and regulations, Lion strives to

ensure strict management of chemical substances at all stages from product development to use/disposal in accordance with our own independent standards.

[Chemical Substance Management] (Japanese)

URL <http://www.lion.co.jp/ja/csr/env/enhancement/>

• Lion's Chemical Substance Management



Started Operation of a Management System for Information on Chemical Substances at Lion's Research and Development Sites

In January 2018, we started operation of a Management System for Information on Chemical Substances at our research and development sites.

This system is composed of databases for data related to raw materials and product compositions, as well as legal information, and includes functions for product composition development. The introduction of this system has made it possible for us to strengthen our system for

legal compliance related to the chemical substances we use in development of our own products in all of our business fields, and to immediately search for specific chemical substances contained in products after their market release from the accumulated composition data. We have therefore been able to successfully improve the level of our information management, ensure traceability, and strengthen our ability for compliance.

Engaging in Progressive Environmental Activities

• Achievements in the Second Phase of Eco Vision 2020 (from 2015 to 2017) and Future Plans

Eco Vision 2020 is being conducted by dividing the nine years from 2012 to 2020 into three phases of three years each. 2017 was the final year of phase 2 (2015 - 2017). As with the

previous years, all employees of the Lion Group have been united in promoting environmental activities and are carrying out activities according to the plans for phase 3 (2018 - 2020).

Five Key Items

[Greenhouse gas emissions from business activities in Japan]

In 2017, we reduced greenhouse gas emissions by 47% (compared to 1990, emission intensity per unit total revenue), which is an improvement over the previous year's 43% (same unit as above). As with the previous year, integration of production facilities and energy-saving activities conducted at all offices and plants contributed to the reduction. We will continue to make efforts towards achieving our targets for 2020.

[Greenhouse gas emissions from post-use productions in Japan]

In order to reduce the greenhouse gas emissions from post-use products, we are making products more compact and switching from petroleum-based surfactant ingredients to plant-based ingredients that do not lead to an increase in CO₂ emissions. In 2017, emissions decreased by 53% (compared to 1990, emission intensity per unit total revenue), a further reduction from the previous year's 52% (same unit as above). We will push on with our activities to achieve the set targets.

[Greenhouse gas emissions from overseas business activities]

In 2017, Lion reduced greenhouse gas emissions by 6% (compared to 2014, emission intensity per unit of production) with an annual average of 2%, achieving the target of 1% reduction for each year. Energy-saving measures conducted at each plant contributed greatly to these reductions. We will continue to develop and implement energy-saving programs in our overseas plants.

[Water use in domestic business activities]

In 2017, we reduced water used in domestic business activities by 50% (compared to 2000, water used per unit total revenue), progressing with a pace exceeding the 2020 target of 35% reduction. This is mainly due to water-saving activities at all offices and plants, and recycling of waste water from production processes at our Chiba Plant as stated below. We will continue with our water-saving activities.

[Recycling of plant waste water discharge]

Since 2016, our Chiba Plant has operated a facility to recycle waste water from production processes. This contributes not only to a reduction of waste water discharge, but also of water usage.

● Achievements and Target Values in the Second Phase of Eco Vision 2020 (2017)

Categories		Achievements in 2017	Target values for Phase 2 (2015 - 2017)	Target values for 2020	
Realizing a Low Carbon Society	Greenhouse gases (domestic)	(1)Reduction of greenhouse gases from business activities	Emission intensity per unit total revenue 32% reduction (compared to 2010) 47% reduction (compared to 1990) Absolute quantity 47% reduction (compared to 1990)	Emission intensity per unit total revenue 23% reduction (compared to 2010) 40% reduction (compared to 1990) Absolute quantity 41% reduction (compared to 1990)	Emission intensity per unit total revenue 34% reduction (compared to 2010) 49% reduction (compared to 1990) Absolute quantity 40% reduction (compared to 1990)
	Greenhouse gases (overseas)	(2)Reduction of greenhouse gases from post-use products	Emission intensity per unit total revenue 9% reduction (compared to 2010) 53% reduction (compared to 1990) Absolute quantity 51% reduction (compared to 1990)	Emission intensity per unit total revenue 7% reduction (compared to 2010) 52% reduction (compared to 1990) Absolute quantity 51% reduction (compared to 1990)	Emission intensity per unit total revenue 9% reduction (compared to 2010) 53% reduction (compared to 1990) Absolute quantity 41% reduction (compared to 1990)
	Greenhouse gases (domestic)	(3)Reduction of greenhouse gases from business activities overseas*1	Emission intensity per unit of production 6% reduction in three years (compared to 2014)	Emission intensity per unit of production 1% reduction year-on-year (compared to 2014)	Emission intensity per unit of production 1% reduction year-on-year
	Greenhouse gases (overseas)	(4)Reduction of greenhouse gases from post-use products overseas	Reduction of 66 thousand tons annually	—	Reduction of 100 thousand tons annually
Realizing a Sound Material-Cycle Society	Water	(5)Reduction of water use in business activities	Water use per unit total revenue 35% reduction (compared to 2010) 50% reduction (compared to 2000) Absolute quantity 49% reduction (compared to 2000)	Water use per unit total revenue 15% reduction (compared to 2010) 34% reduction (compared to 2000) Absolute quantity 35% reduction (compared to 2000)	Water use per unit total revenue 15% reduction (compared to 2010) 35% reduction (compared to 2000) Absolute quantity 23% reduction (compared to 2000)
	Water	(6)Reduction of water usage at households using our products	Water use per unit total revenue 27% reduction (compared to 2010) 52% reduction (compared to 2000) Absolute quantity 51% reduction (compared to 2000)	Water use per unit total revenue 15% reduction (compared to 2010) 44% reduction (compared to 2000) Absolute quantity 44% reduction (compared to 2000)	Water use per unit total revenue 17% reduction (compared to 2010) 45% reduction (compared to 2000) Absolute quantity 33% reduction (compared to 2000)
	Waste	(7)Zero emissions within the company*2	Achievement of zero emissions at all domestic production sites*4	—	Zero emissions at all domestic production sites*4
	Waste water	(8)Recycle of factory waste water discharge*3	Stable operation of facilities for recycling waste water from production processes at our Chiba Plant	—	Recycle factory waste water at multiple plants
Harmonizing with Nature	Procurement	(9)Procurement of plant-derived oils that take biodiversity into consideration	Continuing purchases of RSPO*5-certified palm oil derivatives	—	All palm oil derivatives purchased to be RSPO-certified
	Biodiversity	(10) Increase of biodiversity conservation activities	Carried out in all of Lion's plants, with implementation expanding at offices of Lion and its affiliate companies	—	Carry out in all domestic sites
Education	Awareness and Education in the Society	(11)Environmental awareness and education for consumers	80% increase in consumer participation in our awareness activities (compared to 2010)	80% increase in consumer participation in our awareness activities (compared to 2010)	100% increase in consumer participation in our awareness activities (compared to 2010)

*1 Target scope consists of our consolidated subsidiaries as of December 31, 2017.

*2 Set direct landfill ratio of total generated waste amount to 1% or less

*3 Waste water from production processes

*4 Chiba Plant, Odawara Plant, Osaka Plant, Akashi Plant, Hirai Production Site, Sapporo Office, Sendai Office, Headquarters/Tokyo Office, Nagoya Office, Osaka Office, Fukuoka Office, Lion Chemical Co., Ltd. Fine Chemical Production Site, Lion Chemical Co., Ltd. Oleochemical Production Site, Lion Specialty Chemicals Co., Ltd. Yokkaichi Plant, Lion Specialty Chemicals Co., Ltd. Ono Plant, Lion Packaging Co., Ltd. Fukushima Plant

*5 Roundtable on Sustainable Palm Oil

• Harmonizing with Nature

Lion has taken initiative in responding to the water-related environment issues such as eutrophication in lakes and floating bubbles in rivers which is linked to the use of detergents, through consideration for biodiversity conservation at each stage from raw material procurement to disposal. However, in order to receive the blessings of biodiversity into the future, it will be necessary for us to coordinate with local communities to focus on conservation of biodiversity and promote sustainable use of the resources. Additionally, it is important to promote a shift in lifestyle of consumers through products that take biodiversity into consideration, and to contribute to the realization of a society

harmonizing with nature.

To this end, Lion will contribute to the development of a sustainable society through its businesses by ascertaining the natural resources used in business activities and the impact on biodiversity throughout the supply chain. Additionally, our company will carry out biodiversity conservation activities that will lead to the expansion of opportunities and reduction of environmental risks. Also, by having each of our employees participate in activities to conserve biodiversity as part of our environmental education, we will spread awareness of biodiversity conservation to all our office sites.

➔ [Related Information](#) **Highlight 3** p.31-34

Overview of Our Business Activities that Take Biodiversity Conservation into Consideration

Biodiversity on which Lion relies		Watershed* ecosystem in raw material origination sites	Watershed ecosystem where our plants are located	Watershed ecosystem where consumers reside	
		Procurement of Raw Materials, Packages, and Containers 	Production 	Use by consumers 	Disposal by consumers 
Key natural resources used by Lion		<ul style="list-style-type: none"> Plants used as raw materials (oil palms etc.) Wood which becomes raw materials for paper used in packaging 	<ul style="list-style-type: none"> Impact of underground water intake by production plants on surrounding natural environments and local communities 	<ul style="list-style-type: none"> Service water at the time of using our products 	—
Possible major impact of our activities on biodiversity		<ul style="list-style-type: none"> Impact of palm oil growers on natural environments and local communities (impact on wildlife habitats caused by illegal logging of tropical forests) Damage to forest environments which are the source of raw materials for paper 	<ul style="list-style-type: none"> Impact of waste water and exhaust gases from production plants on surrounding natural environments and local communities Impact of light and odors from production plants on surrounding natural environments and local communities Cooling water and raw water for equipment cleaning etc., which are used in production plants 	<ul style="list-style-type: none"> Impact of water intake by consumers on surrounding natural environments and local communities 	<ul style="list-style-type: none"> Impact of waste water and waste packaging materials generated by consumers on surrounding natural environments and local communities
Biodiversity conservation activities	Activities to reduce risks	<ul style="list-style-type: none"> Promotion of procurement of sustainable palm oils (participation in RSPO and purchase of RSPO-certified oils) ➔ Related Information p.50 Promotion of forest conservation (use of third-party certified paper) 	<ul style="list-style-type: none"> Reduction of production plant wastes ➔ Related Information Web (2) Reduction of water consumption at plants ➔ Related Information Web (2) Conservation of rivers and other ecosystems by implementing purification technologies on discharged waste water 	<ul style="list-style-type: none"> Development of water-saving products Development of highly biodegradable detergents ➔ Related Information Web (2) 	<ul style="list-style-type: none"> Surveying environmental impacts of surfactants ➔ Related Information Web (3)
	Activities to expand opportunities	—	<ul style="list-style-type: none"> Conservation and monitoring of habitats on the watershed where production plants are located (Activities include protection of endangered loggerhead sea turtles, maintaining biotopes, removal of non-native species on beaches, and activities to maintain satoyama (domestic woodlands)) ➔ Related Information Web (4) Highlight 3 p.31-34 	<ul style="list-style-type: none"> Educational activities regarding care of water and natural environments (Activities include forest maintenance under the name of Lion Forest in Yamanashi, conducting the Rainwater Utilization Ideas Contest, and water-related environmental research support through the Japan Society on Water Environment) ➔ Related Information p.58 	<ul style="list-style-type: none"> Promotion of 3Rs (refills, condensing of content to make products more compact, and development of containers, e.g. recycled PET (polyethylene terephthalate) bottles and containers with thin-wall molding) ➔ Related Information p.55, Web (2)

* Watershed: Ecosystems including forests, rivers, domestic woodlands (satoyama), tidal flats and beaches that are connected by water.

• Realizing a Low Carbon Society / a Sound Material-Cycle Society

Lion has worked to reduce greenhouse gas emissions, as well as to recycle and effectively use resources, at each stage from raw material procurement to disposal. Detailed data is

available on our website. We will promote activities toward realization of a low carbon society/a sound material-cycle society.

Overview of Our Business Activities Toward Realization of a Low Carbon Society/a Sound Material-Cycle Society

	Procurement of Raw Materials, Packages, and Containers 	Major Initiatives Undertaken by Lion 	Use by consumers 	Disposal by consumers 
Activities for realizing a low carbon society	<ul style="list-style-type: none"> Substituting plant-derived materials for petroleum resources → Related Information Web (1) Reducing the use of petroleum resources with biomass-derived container materials 	<p>Plants</p> <ul style="list-style-type: none"> Improving energy efficiency by reviewing production processes, introducing energy-saving equipment when upgrading facilities, and downsizing products → Related Information p.45 <p>Office/Facilities</p> <ul style="list-style-type: none"> Company-wide energy-saving activities including at the Administrative/Sales Division and the R&D/Engineering Division <p>Distribution after shipment</p> <ul style="list-style-type: none"> Increasing the rate of modal shift during transportation of products such as shifting freight from truck to rail or ship Improving logistics efficiency through means such as by increasing the transport loading rate → Related Information Web (1) 	<ul style="list-style-type: none"> Education to increase environmental awareness through products (an environmental label is attached to products that meet the "Lion eco-standards") → Related Information p.55 Reducing power consumption during the use of our power-saving products (decreasing the number of rinsing times when washing) 	<ul style="list-style-type: none"> Substituting plant-derived materials for petroleum resources Promotion of 3Rs (refills, condensing of content to make products more compact, and development of containers, e.g. recycled PET (polyethylene terephthalate) bottles and containers with thin-wall molding) → Related Information p.55, Web (2)

	Procurement of Raw Materials, Packages, and Containers 	Major Initiatives Undertaken by Lion 	Use by consumers 	Disposal by consumers 
Activities for realizing a sound material-cycle society	<ul style="list-style-type: none"> Using plant-derived raw materials Using recycled materials 	<p>Plants</p> <ul style="list-style-type: none"> Promoting zero emissions within the company Reducing water consumption by recycling waste water from production processes and utilizing rainwater <p>Office/Facilities</p> <ul style="list-style-type: none"> Promoting company-wide green purchases → Related Information Web (2) 	<ul style="list-style-type: none"> Education to increase environmental awareness through products (an environmental label is attached to products that meet the "Lion eco-standards") → Related Information p.55 Reducing water usage during the use of our water-saving products → Related Information Web (2) 	<ul style="list-style-type: none"> Promotion of 3Rs (refills, condensing of content to make products more compact, and development of containers, e.g. recycled PET (polyethylene terephthalate) bottles and containers with thin-wall molding) → Related Information p.55, Web (2) Promoting the Toothbrush Recycling Program

Web (1) [Realization of Low Carbon Society] (Japanese) [URL](http://www.lion.co.jp/ja/csr/env/climate/)

Web (2) [Realizing a Sound Material-Cycle Society] (Japanese) [URL](http://www.lion.co.jp/ja/csr/env/resources/)

Web (3) [Harmonizing with Nature] (Japanese) [URL](http://www.lion.co.jp/ja/csr/env/biodiversity/)

Web (4) [Biodiversity Conservation Initiatives at Each Production Site] (Japanese) [URL](http://www.lion.co.jp/ja/csr/biodiversity/)



Introduction of websites (Japanese)

Together with the Global Environment (Japanese)
<http://www.lion.co.jp/ja/csr/env/>

Every day. For the Earth. (Japanese)
<http://www.lion.co.jp/ja/csr/env/ecolon/>



Fair Operating Practices

Basic Approach

In accordance with the "Lion Group Charter for Corporate Behavior" and the "Behavioral Guidelines," we have made efforts to "engage in fair, transparent and free competition and proper transactions" while "maintaining sound and proper relationships with governmental and

political bodies." We also require business partners to comply with laws and regulations. Furthermore, in 2009, Lion expressed its support for the ten principles of the UN Global Compact, and it has made it clear that the company is serious about preventing bribery and corruption.

Promoting CSR Procurement

In our initiatives across the supply chain, we believe that one of our key issues is to enhance our partnerships with material suppliers and outsourcing contractors. In order to alleviate any negative impact of our business activities on the environment and society, and to sustainably develop mutual operations, both our suppliers and our company need to enrich the content of sustainability.

Also, regarding the palm oils which are Lion's primary plant-derived oils used as raw materials, we are aware that it is critical to promote procurement of sustainable palm oils and are proceeding with initiatives toward that goal.

Substitution of Plant-derived Resources

Our company is independently developing the recyclable plant-derived raw materials "MES" and "MEE"* which are used in products such as laundry detergents. We will continue with our activities related to plant-derived materials.

- * MES: Alpha-sulfonated fatty acid methyl ester
- MEE: Polyoxyethylene fatty acid methyl ester

[Substitution of Plant-Derived Materials for Petroleum] (Japanese)

URL <http://www.lion.co.jp/ja/csr/env/climate/>

Promotion of Sustainability with Material Suppliers and Outsourcing Contractors

We require material suppliers and outsourcing contractors to carry out self-checks based on the "Lion Group Supplier CSR Guidelines" every year in order to facilitate responsible procurement activities. Accordingly, we have been promoting the development of a system to prevent risks from occurring in supply chains with regard to human rights/labor practices, the environment, fair operating practices, consumer issues, and compliance.

Since 2014, we have made it possible to conduct all self-checks online so that our business partners can conduct self-checks more efficiently.

In addition, by sending feedback based on the results to the respondents, a system to continuously promote CSR procurement has been established.

We will continue to promote sustainability together with our business partners.

Lion Group Supplier CSR Guideline

Guideline including the following 5 subjects and 21 items

1. Human Rights/Labor Practices
2. The Environment
3. Fair Operating Practices
4. Consumer Issues
5. Compliance

URL Japanese: <http://www.lion.co.jp/ja/csr/businesscustom/valuechain/pdf/jpn.pdf>

English: <http://www.lion.co.jp/ja/csr/businesscustom/valuechain/pdf/eng.pdf>

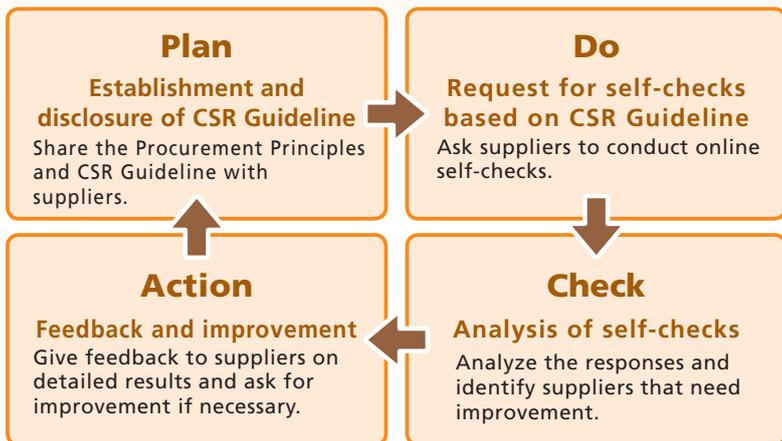
Chinese: <http://www.lion.co.jp/ja/csr/businesscustom/valuechain/pdf/cn.pdf>

Timeline of Our Approach to CSR Procurement

2005	Instituted the Basic Policy Regarding Purchasing for appropriate procurement of raw materials, packages, and containers, as well as products.
2008	Established the Procurement Principles that clarified our social and environmental considerations. Conducted a questionnaire survey for domestic and overseas material suppliers and outsourcing contractors about their corporate activities regarding legal compliance, product service quality and safety, environmental considerations, labor and human rights, and fair business transactions.
2013	Revised the Procurement Principles and clarified our stance to select business partners in light of legal compliance, environmental conservation, and respect for human rights. Established the Lion Group Supplier CSR Guideline that shows the initiatives for sustainability which we expect our material suppliers and outsourcing contractors to perform, and began asking them to conduct self-checks on their own initiatives for sustainability.
2014	Introduced an online CSR self-check system, where CSR self-checks can be completed on a website.

[Procurement Principles] URL <http://www.lion.co.jp/ja/company/compliance/procurement.php>

• PDCA Cycle for CSR Self-checks by Suppliers



In order to have the suppliers understand the importance of addressing sustainability, we devise ingenuity such as to describe the circumstances surrounding sustainability in our request documents of the self-checks. The self-checks has three-stage checking criteria in accordance with the level of each initiative and a glossary.

Outline of Results

- In 2017, the response rate was 99%. The questions asked suppliers to rate their activity levels from 1 to 3, and the overall average was 2.74, indicating that sustainability is widely practiced within the entire supply chain.
- We are currently requesting cooperation from the 5 suppliers who did not respond, through interviews and other measures.

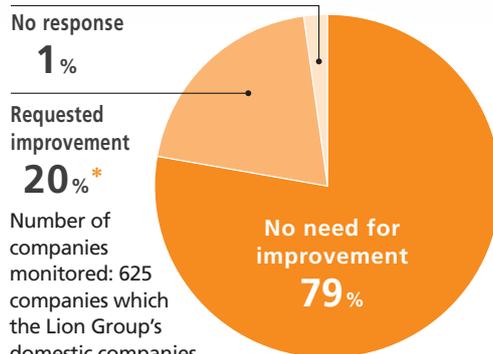
• Aiming for Sustainable Procurement of Palm Oils

We are actively promoting the utilization of plant-derived materials that are carbon neutral and non-depletable. As one of the plant-derived materials, we are using derivatives of palm oil – an oil that is globally produced in largest quantities. Palm oils are mainly produced in Malaysia and Indonesia.

Palm oil plants grow constantly meaning that the oil plants can be harvested throughout the year, with the production volumes increasing year after year. However, a number of issues, such as the logging of tropical forests for development of new farms leading to a shrinking of wildlife habitats, have risen at the production sites, as a result of the sudden explosion of production. Also, due to inappropriate farming operations, various labor-management issues regarding social fairness, including terrible labor conditions with very little consideration for health and safety, very low wages, improper treatment of migrant workers, and child labor, have been raised.

Since 2006, Lion has been a member of the Roundtable on Sustainable Palm Oil (RSPO), which attempts to solve all of the above-mentioned issues. In 2012, Lion Chemical Co.,

• Aggregate Results of Overall Self-Checks Based on the Lion Group Supplier CSR Guideline (2017)



* Since 2017, we have strengthened our criteria for requesting improvements, causing an increase in the percentage of cases where improvements were requested.

Ltd.'s oleochemical production site passed the supply chain certification system inspection and was certified as a plant that is allowed to handle RSPO-certified palm oils. As a result of this, Lion started procuring RSPO-certified palm oils in 2012. We set our target to complete the switch of all palm oils to be used to certified palm oils by the end of 2015, and all the purchased palm oil became certified in July 2014. In 2017, we continued the purchase of RSPO-certified palm oil derivatives to achieve the new target for 2020.

We will continue with our effort to procure sustainable palm oils into the future.

Target

2020: All palm oil derivatives to be RSPO-certified

RSPO Roundtable on Sustainable Palm Oil

The RSPO sets forth 8 principles and various criteria that apply to sustainable palm oil production, including those with regard to "environmental responsibility and conservation of natural resources and biodiversity," "responsible development of new plantations," and "responsible consideration for employees as well as individuals and communities who are affected by growers and mills," and only certifies palm oils produced in compliance with the set principles.

URL <http://www.rspo.org/>



Introduction of websites

In collaboration with our business customers (Japanese)
<http://www.lion.co.jp/ja/csr/businesscustom/>



Consumer Issues

Basic Approach

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

During product planning, valuable opinions received from customers are analyzed to identify customers' needs. At the stage of product

development, the quality of the developed products are verified in respect to seven metrics including function and performance while considering clear and easy-to-read labeling for our customers. During production, thorough quality control is performed within each process, and products that have passed inspections are shipped with identifiable data for each lot, aiding in effective after-sale management.

A variety of information is sent to wholesalers and retailers through explanations and sampling of our products.

• Product Development Incorporating Customer Opinions

Maximization of customers' satisfaction



Group-wide Reliability Assurance System

To deliver on our promise of "providing superior products that are helpful in the daily lives of people", we are promoting the developing of safe and high-quality products that can satisfy our customers based on our "Quality Policy".

With our "Pharmaceutical Affairs and Quality Assurance Department", established in 2014, we moved forward to build quality assurance and development support structures across all functions of Lion including our overseas group

companies. In 2018, we established a "Reliability Assurance Department" for further quality assurance, centered on a Quality Management System which extends throughout our supply chain from planning to disposal. In order to respond to growing social quality requirement level, and to customer needs diversified by the business expansion of domestic/overseas group companies, Lion will continue to provide our customers with safe and high-quality products.

Developing Safe and High-quality Products

1 Product planning Planning products that further satisfy our customers

- Customer opinions** 
- Marketing research**
Market analysis and customer research 
- Analysis / deliberation** 
- Lion's proposals**
Preparation of a product proposal
• Marketing research results
• Concept
• Target quality level
- Deliberation and approval of the proposal**
Product planning meeting
Executive Committee 

2 Product development Building safety and quality into products

- Deliberation on the contents and containers Quality verification**
Seven metrics
(1) Function/performance
(2) Usability (3) Safety
(4) Product stability
(5) Environmental friendliness
(6) Appearance (including design)
(7) Compliance with laws and regulations, and self-imposed standards 
- Deliberation on and checking of labeling** 
- Discussion and approval of development results**
Production Engineering Meeting
Discussion and approval of development results
Product planning meeting
Discussion and approval of commercialization of the product
Executive Committee
Decision of commercialization 

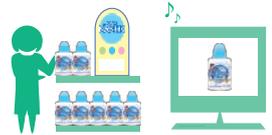
Quality Verification Meeting At the completion of development, the validity of target quality and matters deemed crucial to development are confirmed.

Process Safety Verification Meeting Safety assurance in the manufacturing process is confirmed.

3 Production Quality confirmation under mass production

- Preparation for initial manufacturing**
Quality of raw materials, packages, and containers is confirmed. 
Quality in trial manufacturing is evaluated. Market reception is surveyed. 
- Manufacturing**
Quality control is performed in each process. 
- Storage (shipment)**
Product freshness is managed. 

4 Sales Provision of information about product quality

- Information is provided to wholesalers and retailers to ensure communication of product features and usage to customers. 
- Information on products is made available via displays and sampling at stores, television and newspapers, our website, and other media. 

• Approach to Safety and Reliability

We evaluate the safety of materials (at the stage of raw materials, package and container) and during product use so that our customers can use our products without any concern.

Safety of Materials

First of all, we examine the safety of materials. As the next step, we determine whether or not to use it after evaluating the sample and investigating supplier in order to ensure a certain level of quality. In using the materials, they are classified into drugs, quasi-drugs, cosmetics, food, and miscellaneous, and their quality is inspected based on the inspection items and testing methods appropriate for each classification before they are actually accepted for use.

[Safety of Materials] (Japanese)

URL <http://www.lion.co.jp/ja/csr/consumer/quality/>

Safety During Product Use

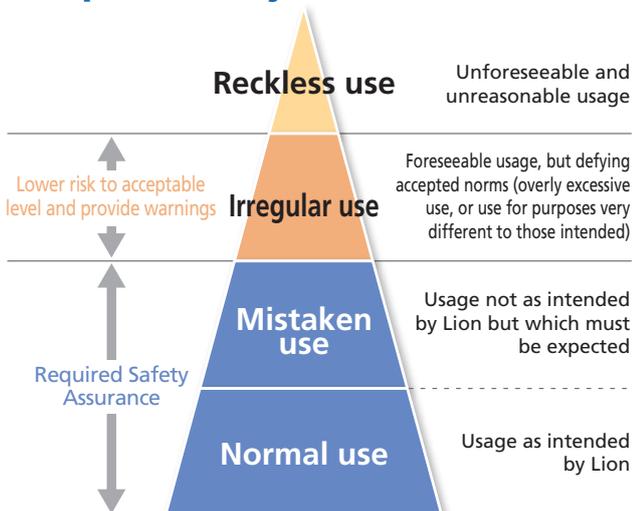
By considering the various uses of products as well as product use by socially vulnerable customers, we perform safety evaluation of our products from the perspective of avoiding risks at the stage of product design.

Our company uses a checklist in our evaluation to determine whether the product design ensures safety from “normal use” cases to “mistaken use” cases. We evaluate if risks can be alleviated even in the event of “irregular use,” and also evaluate whether risks can be tolerated. Such evaluations are reflected in our measures to secure product safety, such as by providing sufficient warnings if necessary.

Also, in the Quality Verification Meeting for quality confirmation held with representatives of related divisions, we perform checks from the perspective of our customers during their actual use of our products in order to prevent damages during product use as well as failure to confirm all safety check items.

In preparation for possible problems with our products, we have in place an internal system to quickly take countermeasures such as product recall.

• Scope of Safety Confirmation



• Enhancing the Management Structure of Advertising

Lion are promoting to enhance the “Management Structure of Advertising” aiming to carry out responsible promotional and advertising activities for all products which we sell (including food products and pharmaceuticals).

- (1) Enhancements of the check system on advertising for all of our products including food
- (2) Consultation with government agencies such as the Consumer Affairs Agency as needed
- (3) In-depth training on related regulations, provided to employees

We will endeavor to enhance the “Management structure of Advertising” to promote responsible advertising activities in the future.

• Initiatives to Listen and Respond to Our Customers

The inquiries made by customers are registered in a database under a stringent personal information management structure and then shared throughout the company via an information sharing system, with the exception of personal information, so that such information can be used for improvements of products and services, and for new product development. Among this information, which is considered to affect customers’ satisfaction, together with any findings discovered from our daily customers’ voices, are passed on to top management as a VOC*1 Daily Letter. And efforts are made to enhance quality by ascertaining the customers’ perspective and through early consideration and handling of improvement measures led by the product planning departments. In 2017, we sent out 242 VOC Daily Letters. In addition, we widely collect and analyze consumers’ opinions not only through telephone and e-mail but also via SNS*2. Furthermore, in order to take advantage of customers’ perspectives in our business activities, a specialized internal organization analyzes customers’ voices and proactively disseminates information to respective departments.

*1[VOC] Voice of Customers

*2[SNS] Social Networking Service (Facebook, Twitter etc.)

Current Status of Recall of Varsan Hyosatsu Jet

Because the “Varsan Hyosatsu Jet for Flying Insects” and “Varsan Hyosatsu Jet for Crawling Insects” led to fire-related accidents, Lion has been voluntarily recalling such products since August 27, 2007. As of the end of December 2017, 1.48 million of these products have been recalled (recall rate: 45.7%). We would like to ask our consumers who still have any of these products and reside in Japan to assist in the recall.



Customer Support for Recall of Varsan Hyosatsu Jet Sprays

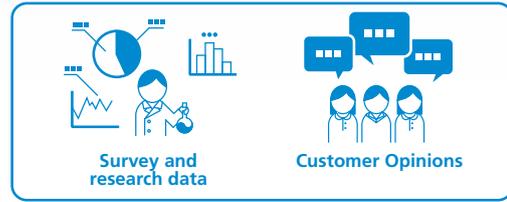
Toll-free: 0120-670-225
 Open: 9 a.m. to 5 p.m. (Japan time)
 (Except Saturdays, Sundays, public holidays, yearend/new year’s holidays, and summer holidays)

Providing Information Useful for Daily Life and Promoting Educational Activities

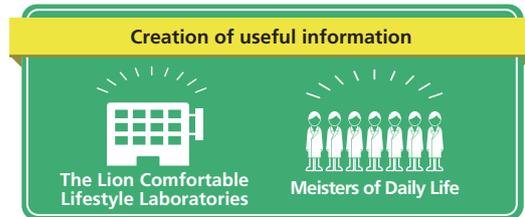
The Lion Comfortable Lifestyle Laboratories proactively communicate with consumers while aiming to provide more information that contributes to a healthy and comfortable life.



Government-sponsored consumer lifestyle event



Information collection and accumulation



Transmission of news, Events, Publications, Information dissemination



Process of providing information Useful for Daily Life

• Communication with Customers using "Lidea," a Website for Useful Lifestyle Information

Lidea is Lion's website for delivering lifestyle information and for sharing delightful ideas (tips and information) with consumers that make their daily lives more comfortable and enrich their hearts. Accurate information that is useful for consumers' daily lives is provided mainly by "Meisters of Daily Life," specialists with expertise on lifestyle information.



ライオン Lidea 検索

[Lidea] [URL https://lidea.today/](https://lidea.today/)

We are enhancing our communication with consumers in various ways by utilizing the information accumulated in Lidea.

Publishing a newsletter with lifestyle information



Lifestyle Tips

We publish newsletters containing lifestyle topics based on the analysis of consumer-generated information, including customer inquiries, to meet consumers' needs.

Two-way communication with consumers



Lidea Promotion Project for Cities of Harmonious Marriages

We create opportunities, such as private events, to engage with consumers to deliver our messages and listen to their opinions.

Communications through mass media



Session to share lifestyle information

We hold seminars regularly for reporters and editors from broadcasters, newspapers, magazines and websites to provide lifestyle information.

Communicating with overseas consumers



Websites of our overseas group companies

Lifestyle information that suits the culture and habits of local markets is provided on the websites of our overseas group companies.

Offering Products and Information that Contribute to the Development of a Sustainable Society

• Promoting 3Rs

With a focus to minimize the number of containers and amount of packaging materials we use, we are proactively promoting the 3Rs (Reduce, Reuse, and Recycle).

[Lion's eco-standard] (Japanese)

URL <http://www.lion.co.jp/ja/csr/ecolion/>

 <p>Reduce</p> <p>Reduction of Usage</p> <p>Make containers and packages more compact</p>	 <p>Reuse</p> <p>Reuse of containers</p> <p>Increase refill products</p>	 <p>Recycle</p> <p>Recycle wastes</p> <p>Proactively use recycled materials</p>
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• Promotion of Environmental Communication through Products

In order to inform consumers of the importance of environmental considerations through our products, Lion has put an "environmental label" on which environmental explanations are printed, and an "environmental logo" to products that fulfill our original "Lion eco-standard" since 2014. The criteria for the "Lion eco-standard" are set based on the product life cycle.

[Introduction of eco-friendly products] (Japanese)

URL <http://www.lion.co.jp/ja/csr/ecolion/>

• Example of Environmental Labels Attached to Products





暮らし、まいにち、エコ。

容器に再生プラスチックを約10% (重量比) 使用しています。

"CHARMY Magica"
(Dishwashing Detergents)

This container is made with approximately 10% (by weight) recycled plastic.





暮らし、まいにち、エコ。

すすぎ1回で節水。くわしくはWebへ。

Save water with one rinse.
For more information, please visit our website.





暮らし、まいにち、エコ。

本体容器につめかえて使うことで、廃棄プラスチック量を約81%削減できます。(本体450gの容器との比較。重量比)

"TOP SUPER NANOX" Bottle and its refill
(Super-Concentrated Liquid Laundry Detergent)

Using refills can reduce plastic waste by approximately 81%. (Compared with products in 450g containers, by weight)





暮らし、まいにち、エコ。

内容物(有機成分)中に植物原料を約67%使用しています。くわしくはWebへ。

"TOP Platinum Clear"
(Powder Laundry Detergent)

Approximately 67% of the content (organic ingredient) consists of plant material.
For more information, please visit our website for details.

Promoting Information Security

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," as well as the "Information Security Regulations" which is conformance with the "Act on the Protection of Personal Information".

In addition, we have in place the "Lion Group Social Media Policy" and basic guidelines to be observed in order for employees to use social media (social networking services, blogs, etc.) to disseminate appropriate information.

In 2015, with the aim of enhancing internal information management systems, our company revised the related regulations. In 2017, we continued to provide e-learning to all employees on the risks of social media, information security and the information management systems.

For our overseas group companies, we promote information security measures, including the protection of personal information, based on local legislations.

[Lion Group Social Media Policy] (Japanese)

URL <http://www.lion.co.jp/smp.htm>



Introduction of websites

In collaboration with our customers (Japanese)

<http://www.lion.co.jp/ja/csr/consumer/>



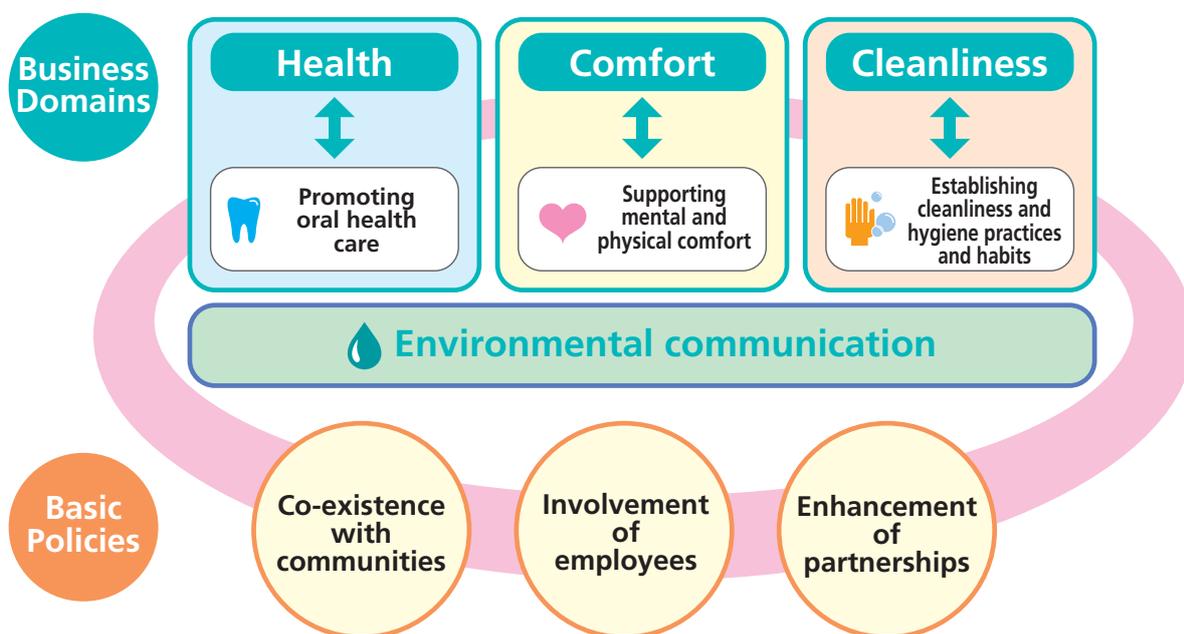
Community Involvement and Development

Basic Approach

Championing the spirit of our founder Tomijiro Kobayashi, which is to “contribute to society through business activities,” Lion engages in the activities that contribute to improve sustainable society and planet, through the fields of Health, Comfort and Cleanliness with the aim of realizing “healthy minds and bodies for all”.

As it is necessary to co-exist harmoniously with the locations of office sites and other related communities in order to

continue our business, Lion works to solve regional and social issues in cooperation with local residents, government agency and citizens’ groups. In addition, by increasing opportunities for each employee to involve business-related educational activities, we foster human resources that create new values on the basis of a high level of social and environmental awareness.



Health, Comfort and Cleanliness Fields

As Lion provide products and services to realize “healthy minds and bodies for all”, we engage in programs to promote oral health care, support mental and physical comfort and establish cleanliness and hygiene practices and habits actively.

For example, we are taking actions across the entire Lion Group which include: ongoing activities to promote “preventive dentistry” which combine professional care at

dental clinics with daily self-care, the “Oral Health Event of Tooth Brushing for Children” aimed at elementary school students, comfortable lifestyle support activities conducted through “Meisters of Daily Life”, and activities to promote hand washing habits which our employees participate in.

[Achieving “Healthy Minds and Bodies for All”] (Japanese) [URL](http://www.lion.co.jp/ja/csr/community/) http://www.lion.co.jp/ja/csr/community/

Environmental communication

We are engaged in environmental communication with the goal of environmental contribution in building a sustainable planet.

As our company’s business is based on its deep relationship with water through the act of “washing”, we place emphasis on the “Water Resource Conservation Activities”. These

include the “Forest Maintenance Activities” conducted jointly by employees and the local residents of Yamanashi City, and the “Rainwater Utilization Ideas Contest” which is intended to educate elementary and middle school students on awareness of the water environment.

[Environmental Communication] (Japanese) [URL](http://www.lion.co.jp/ja/csr/social/) http://www.lion.co.jp/ja/csr/social/

Enhancing Social Contribution Programs to Create Healthy and Comfortable Living Habits

Activities to Promote Oral Health Care through Foundations

Lion has been consistently working on promotional and educational activities regarding oral health since 1913, adhere to our consistent philosophy of “returning profit obtained through corporate activities to the society,” which has remained unchanged since the foundation of the company.

In 1964, Lion established a foundation called the Lion Foundation for Dental Health (LDH), which was approved by the Ministry of Health and Welfare of Japan (as it was referred to at the time). In 2010, the Cabinet Office approved the change in the foundation’s status to a public interest incorporated foundation, and LDH commenced its operations. Through the three public benefit services shown below, LDH has consistently been coordinating with the Japan Dental Association, universities, and administrations to maintain and promote dental and oral health of consumers. LDH is contributing to society at the forefront of oral health in order to improve the quality of life of all people. Lion gives full support to its activities.

Three Public Benefit Projects of LDH

1. Oral health promotion projects

Promotion activities of oral health at all life stages

2. Research and investigative projects

Investigation/research on the importance of oral health for extending healthy life expectancy, and provision of information on research results obtained through business and other activities to specialists and consumers

3. Educational and training projects

Holding of various seminars and lectures for health instructors and dental specialists

[The Lion Foundation for Dental Health, a public interest incorporated foundation]

URL <http://www.lion-dent-health.or.jp/english/>



A scene from an elementary school which participated in the Oral Health Event of Tooth Brushing for Children

• Oral Health Event of Tooth Brushing for Children

The Oral Health Event of Tooth Brushing for Children, started in 1932, is held every year for elementary school children during a week designated as the “dental/oral health week (June 4th to 10th).” Previous event was held all over the country by Internet deliveration. However, from the 74th events in 2017, the event period increased by 10 days. Accordingly, the participating schools can now set the date from among period and participate by watching educational DVD.

In 2017, total of approximately 160 thousand students from 2,893 elementary schools had joined this events. This events are not limited to Japan, but is also held in other Asian countries and regions.

Number of participating elementary school students  **approx. 1.24 million**

• Main Activities of LDH in 2017



Activities for oral health promotion for mothers and children
“Childcare Support Programs” in the area of “Dental and Oral Health” for expectant mothers, infants, preschoolers and their parents

Participants: 2,790 infants and preschoolers and 377 parents

Accumulated total participants: approx. **1.146 million**



Activities for oral health promotion for school children
Face-to-face educational activities with students and their parents and provision of support for activities of health instructors

Participants: 5,935 students
162 parents
723 health instructors

Accumulated total participants: approx. **23.272 million**



Activities for oral health promotion for adults (industry)

Education and instruction focused on prevention of a periodontal disease and on maintenance/improvement of “Dental and Oral Health” aimed at employees of various companies.

Participants: 21,271

Accumulated total participants: approx. **2.092 million**



Activities for oral health promotion for the elderly (From 2007)

Provision of support to help maintain oral functions to enable eating with their own teeth and mouth over a long time in the future

Participants: 46,648

Accumulated total participants: approx. **73,000**



Treatment activities

Implementation of highly-professional and high-quality treatment and preventive dentistry activities based on concept of the “Risk Control Dentistry**”

Diagnosed: 11,171

Accumulated total participants: approx. **1.847 million**

*[Risk Control Dentistry]

Accumulated totals are total numbers since establishment of the LDH (1964)

Customized dental treatment in which care methods are changed according to the risks of cavity or periodontal disease of individuals.



Activities to Establish Cleanliness and Hygiene Practices and Habits

Lion has been working on activities to promote proper hand-washing habits mainly with the "KireiKirei" brand, aiming the daily health and comfort of people.

With a policy of "employees voluntarily conducting activities," Lion is striving for 100% of employees to participate in activities to promote hand-washing habits by the year 2050. During the period between 2012 and 2017, 851 employees (33%) took part in the activities.

During the same period, approximately 25,000 preschoolers participated in this activities. We conducted activities to promote hand-washing habits at kindergartens, preschools and public facilities in the areas where our office sites are located across Japan, Ishinomaki City in Miyagi Prefecture which is a disaster area of the Great East Japan Earthquake and an area closely connected to our founder, and Sakaide City in Kagawa

Prefecture where "KireiKirei" hand soaps are manufactured. In addition, activities to promote hand-washing habits at kindergartens and preschools are conducted jointly with our business partners and are also included as part of corporate training programs for younger employees, which help improve our employees' awareness for community involvement. Activities to promote hand-washing habits are also conducted in Asian countries where "KireiKirei" products are sold.

We work with local governments as well. Since 2014, Sakaide City and Lion Chemical Co., Ltd., the production base of "KireiKirei" hand soap, have been jointly promoting the "KireiKirei City-Sakaide" Project, aiming to spread and establish cleanliness and hygiene practices and habits among the citizens of Sakaide.

Care for Health and Hygiene During Emergencies

It is important to pay attention to health especially in a disaster situation.

Lion creates and distributes pamphlets / posters titled "Care for Health and Hygiene During Emergencies" providing information on cleanliness and health care.

From 2017, we have started conducting educational activities for local residents in the areas of all of our business offices. We will contribute to make efforts in establishing the cleanliness and hygiene Practices.

"Care for Health and Hygiene During Emergencies" Pamphlet/Poster (Japanese)

URL <http://www.lion.co.jp/ja/emergency-care/>



Number of participating elementary school students **approx. 25,000**



Introduction of websites

Promoting oral health care (Japanese)

<http://www.lion.co.jp/ja/csr/community/oral/>

Establishing cleanliness and hygiene practices and habits (Japanese)

<http://www.lion.co.jp/ja/csr/community/washing/>



Environmental Communication Initiatives

Through the act of "washing," Lion has always been deeply involved with water. We are taking action proactively for forest maintenance activities and for promotion and raising awareness of the utilization of rainwater which is a familiar water resource, as a part of our water resource conservation activities.

Forest Maintenance Activities at the Lion Forest in Yamanashi

Since 2006, Lion has engaged in improving the forest, which is a water source, at the Lion Forest in Yamanashi for the purpose of increasing employees' environmental awareness. In 2017, a total of 154 employees participated in the forest maintenance activities as part of new employee training and voluntary forest improvement activities (which took place two times).



Number of participating employees **1,407** employees in total

[Lion Forest in Yamanashi] (Japanese)

URL <http://www.lion.co.jp/ja/csr/social/forest/>

Rainwater Utilization Ideas Contest 2017

The "Rainwater Utilization Ideas Contest" has been held since 2011 with the aim of having elementary and middle school students across Japan think about ways to use rainwater and realize its importance. In addition to honoring individuals for their achievements, rainwater tanks were awarded as group incentive prizes to two groups which submitted many outstanding pieces.



Number of entries **50,435** entries

[Lion Rain's Gift Forum] (Japanese)

URL <http://www.lion.co.jp/ja/csr/social/rain/>

Plant Tours

We regard plant tours as an important contact between customers and Lion. In order to have customers feel familiar with Lion's products and see our operations placing highest priority on safety and environmental conservation, we welcome many visitors to the plants every year.

Details of Plant Tours in 2017	Plants	Chiba	Odawara	Osaka	Akashi	Total
Number of study tours		89	86	50	89	314
Study tour participants		2,206	1,936	1,211	2,320	7,673



Plant tour at Osaka Plant

Third-Party Review

The “Lion Sustainability Report 2018”, published alongside the Lion Corporation’s formulation of its new management vision and medium-term management plan, retains the fundamental structure of past CSR Reports while addressing new issues based on recent trends for disclosure of non-financial information. One striking point of this report in comparison to those of the past is a stronger overall awareness of connections with management strategies.

The report begins with a “Message from the Management” stating the company’s new management vision for 2030: “Becoming an advanced daily healthcare company”. In close connection to the company’s new “The LIVE Plan” medium-term management plan which is oriented toward this goal, value creation scenarios which seek to create business values through new unions of technology and services based on diverse and open personnel, organizations, and cultures, are explained in clear detail. The new initiatives described in this year’s report include setting a long-term time scale, clearly identifying social issues to be addressed by focusing attention on SDGs Target 3 - “Ensure healthy lives and promote well-being for all at all ages”, and presenting value creation scenarios related to invested capital. These can be seen as contents that respond to demands from the perspective of ESG investments, which is growing significantly in influence and importance. Emphasis is given to the point of contributing to solutions for social issues through businesses, and the shift from passive CSR management to active CSR management (CSV management) is clearly conveyed. The new establishment of CSV Management Meetings with the company’s President as Chairman can be viewed as a method of reinforcing these points from the perspective of corporate governance, which invites high anticipation for even greater involvement by management in future CSV promotion and advancement.

In conjunction with the new medium-term management plan, sustainability material issues are specified in terms of both risks and opportunities. These, together with steps to deploy them throughout the supply chain, shows a strong intention to gain an understanding of diverse social issues through their businesses and partners. In particular, we see a firm declaration to strengthen risk management of human rights by the year 2020, as an extremely important stance, since the business of overseas is expected to expand in the future.

This Sustainability Report can be considered an ambitious work which maintains its nature of being an easily-understandable tool for communicating with its assumed readers - consumers and employees - while also undertaking the challenge of addressing difficult issues such as responding to trends toward disclosing recent non-financial information.

In the future, we look forward to further steps to clarify the mutual relationships within the new contents and issues which have been incorporated in this report, while combining them with preexisting legacy contents and issues which have been addressed over the past. For example, this could include improving the presentation of the point “achieving health management”, indicated as a key point for the sustainability material issues. Since the “Health Guidelines” were established at an early stage and health management systems are in place on a company-wide cross-departmental basis, we believe this is a topic which can effectively apply the company’s distinctive strengths, as it has in its independent initiatives including programs for preventive dentistry. For that reason alone, it is regrettable that the KPIs are set only for the target rate of participation in various medical examinations at 100%. It may be worthwhile to consider setting KPI connected to outcomes distinctive to this company, which place slightly more focus on the viewpoint of “Enriching the growth foundation that is our human capital, by arranging environments where employees can work energetically”. In the daily commodity market, where it is said that generally, switching costs are low and the competition is high, there is an importance in properly understanding market needs and being able to act accordingly. There is also a high interest in human capital and technical ability as a key differentiator to drive innovation. The presentation of the company’s strategies aimed at enhancing human capital with “health management” as a keyword is seen as highly meaningful from the aspect of ESG investments. Organizing issues from such perspectives will lead to advantageous connections over the medium-term between sustainability material issues identified from social issues, and the basic strategies of the medium-term management plan, with great promise for non-financial values and management strategies to become integrated just as intended.

By means of this report, which has reached a new stage as a powerful communication tool, I am expecting that many stakeholders will be able to deepen their understanding of this company’s CSV management and the social values achieved through it.

Development Bank of Japan Inc.
Executive Officer,
Deputy Chief Research Officer

Keisuke Takegahara



Lion's Response

Under our founding spirit of "Benefiting Society through Business Activities," Lion has always been involved in solving social issues that change with the times.

The advance of digital transformation and other factors is likely to accelerate changes in our lifestyles and society even further hereafter. Therefore, in order to respond successfully to these changes, this year Lion has created a new Management Vision for 2030: "Becoming an advanced daily healthcare company", and we are proceeding with "The LIVE Plan", the medium-term management plan set for the period from 2018 to 2020.

Additionally, starting from January 2018, we have reviewed our internal organizations and meeting structures and arranged a system for promoting CSV, as we aim for a management with a longer term perspective that simultaneously realizes contributions to sustainable society and business growth.

As for linkage between our non-financial information evaluated from a third-party review and our management strategies, we have attempted for make this report even more readily understandable for our stakeholders, through steps such as indicating our "Value Creation Model".

Furthermore, our company have identified 2020 Sustainability Material Issues to be addressed by entire Lion Group in conjunction with our "The LIVE Plan", and have set related objectives to realize sustainable management. We are proceeding with initiatives aimed at creating more robust foundation for business, including enhancements of our risk management system starting with the construction of a group system which places the highest respect on human rights, as well as initiatives intended to create opportunities such as activities to create healthy living habits for all people.

From here on, with a view to effectively promote measures over the entire Group, including its overseas consolidated subsidiaries, our company will strengthen our sustainability promotion system while taking further steps to advance its integration with our management strategies for the creation of long-term values.

Regarding "reinforcement of health and productivity management" that have pointed out, Lion is making efforts to establish health care habits in our employees and from 2002, we introduced a preventive dentistry program which applies the unique characteristics of our company to address this issue. We will consider its future expansion over the entire Group, including our overseas companies. We will also build our health and productivity management, which will be appropriate for an advanced daily healthcare company, and proceed with our enhancement of human capital.

Through dialogues and cooperation with our stakeholders, Lion will strengthen our initiatives toward sustainability and will promote management to be a highly-trusted company that can fulfill the expectations from society.



Director, Senior Executive Officer
Director in Charge of CSV Management Department

Kenjiro Kobayashi

Participation in External Groups



ライオンは先進的な環境への取り組みが評価され環境大臣より「エコ・ファースト企業」として認定されています。

Evaluation and Certification from External Sources

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2017 Constituent
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2017 Constituent
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