



Consumer Issues

Basic Approach

In order to provide products that will satisfy customers, Lion carries out quality assurance activities at all stages from the very beginning of the product development process to consumption by customers. Specifically, by identifying the key requirements at each stage of corporate activities— ① product planning, ② product development, ③ production, ④ sales and ⑤ customer support—we are constantly pursuing customer satisfaction.

During product planning, valuable customer opinions are analyzed to identify specific needs. At the product development stage, product quality is verified with respect to seven metrics, including function and performance, and consideration is given to making labeling easy to read and accessible. During production, quality is thoroughly managed within each process, and products that have passed inspection are shipped in identifiable lots, aiding in effective after-sales management. A variety of information is sent to wholesalers and retailers, including product descriptions and samples.

Product Development Incorporating Customer Opinions



Group-wide Reliability Assurance System

In 2018, we established the Reliability Assurance Department to reinforce quality assurance based on a quality management system covering the entire supply chain.

To implement quality assurance activities on a Company-wide basis, we have established the CS/PL Committee,* comprising representatives of the Product Planning Division, Production Division, R&D Division, Consumer Service Center and headquarters staff divisions. The Reliability Assurance Department serves as the secretariat for this committee. The CS/PL Committee provides overall management of quality assurance activities, monitoring Group-wide efforts and responses to issues in the areas of legal compliance, setting voluntary standards and targets, and developing superior

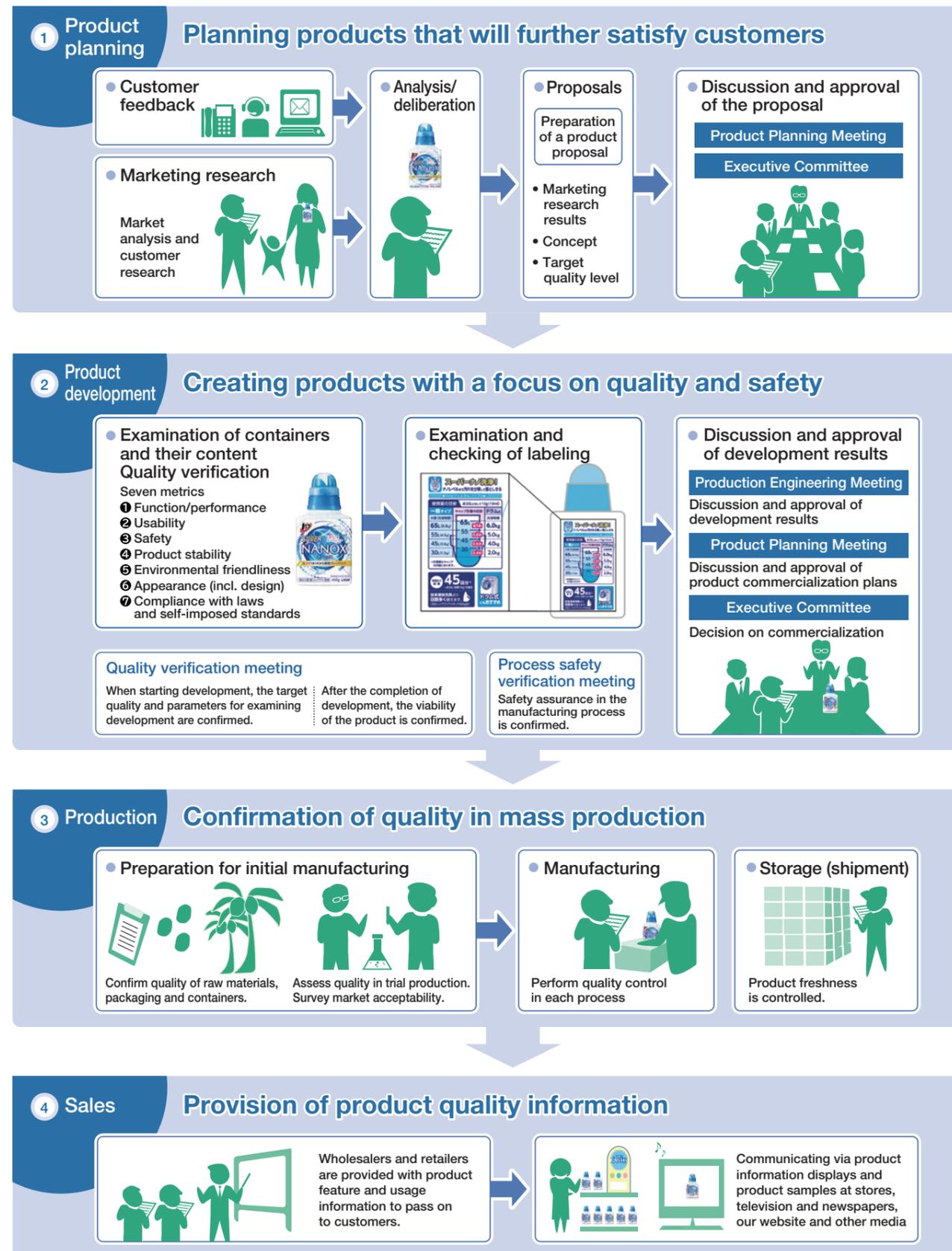
products from the perspective of reliability assurance. Lion manufactures and sells products ranging from everyday sundries to pharmaceuticals, so its quality assurance system is designed in line with the respective standards for each product category.

Furthermore, Lion maintains a system for swiftly taking the necessary measures to address any serious problems that may arise with its products. These measures include responding to individuals harmed or affected, disclosing relevant information to government authorities and customers, issuing product recalls and taking steps to prevent recurrences.

* CS/PL Committee
A committee focused on customer satisfaction (CS) and product liability (PL)



Developing Safe and High-quality Products



Approach to Safety and Reliability

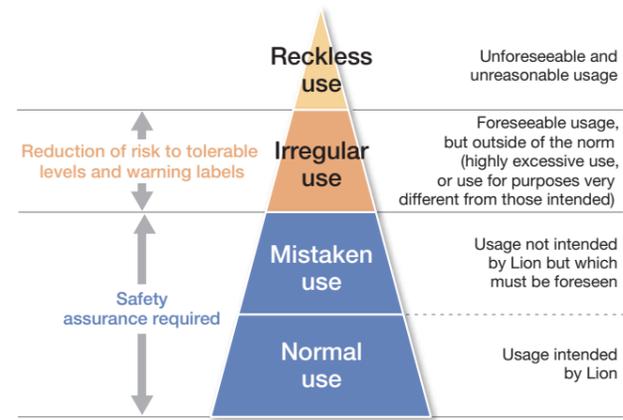
To ensure that customers can use Lion products with confidence, we evaluate the safety both of raw materials and of final products during use.

• Safety of Raw Materials and Ingredients
After first examining the safety of a raw material, we evaluate samples and investigate suppliers to ensure a certain level of quality. Based on the results of these efforts, we then determine whether or not to use the raw material in question. Each material is classified as a pharmaceutical, quasi-drug, cosmetic, food, or general product, and its quality is assessed based on the inspection parameters and testing methods appropriate for its classification before it is actually accepted for use.

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

• Safety of Products During Use
Giving due consideration to the various ways products may be used as well as product use by socially vulnerable customers, we perform safety evaluations based on an approach of avoiding risks at the product design stage. To this end, we use a checklist to determine whether the product design ensures safety in both “normal use” and “mistaken use” cases. For “irregular use” cases, we assess whether risk reduction is possible and whether the risk is tolerable, and, as necessary, clearly label the product with an explicit safety warning. In addition, the quality verification meeting, which encompasses representatives of related departments, performs assessments based on customer use scenarios in order to prevent harm related to product use and to prevent the omission of items that should be checked for safety. If there is trouble with a product, we have an internal system in place, ready to promptly issue product recalls or otherwise respond as needed.

Scope of Safety Assurance



Approach to Responsible Product Representations

To improve the quality of representations (such as labels and advertising) for all the products it sells (including food and pharmaceutical products), Lion has clearly designated its approach to product representation standards and established a representation drafting manual comprising guidelines for precise, appropriate product representation preparation in each step of product development under its Product Management System. These guidelines apply to all wording and expressions used in product packaging, instructions, pamphlets, advertisements and other representations.

To reinforce the monitoring of expressions used in advertising, Lion operates an advertising management system comprising the following aspects.
(1) Enhancement of the vetting system applied to advertising for all products, including food products
(2) Consultation with the Consumer Affairs Agency and other government agencies as needed
(3) Thorough legal training for employees

In particular, to ensure thorough compliance with the Act against Unjustifiable Premiums and Misleading Representations and other laws and regulations concerning product labels and advertising, Lion provides e-learning for all employees and lectures for employees in related divisions as part of its legal education initiatives.

Initiatives to Respond to Our Customers

So that we may leverage inquiries received from customers to develop new products and improve our products and services, such inquiries are registered in a database operating under a strict personal information management system and shared across the Company through an information sharing system that excludes personal information. Items that are considered impactful to customer satisfaction and insights gleaned from ordinary contact with customers are reported daily to top management in the form of the VOC*1 Daily Letter. Through such efforts, Lion works to improve customer support quality by gaining an understanding of the customer's perspective and by quickly considering and responding through improvement measures, mainly through the Product Planning Division. In 2019, we sent out 236 VOC Daily Letters. Customer feedback comes from a wide range of sources, including not only telephone calls and emails, but also from SNSs*2 and the like. An internal dedicated organization analyzes such this feedback and proactively disseminates information gleaned from it to the relevant departments.

*1. VOC: Voice of Customers
*2. SNS: Social networking services (Facebook, Twitter etc.)

Recall Status of Varsan Hyosatsu Jet
Lion has been voluntarily recalling *Varsan Hyosatsu Jet for Flying Insects* and *Varsan Hyosatsu Jet for Crawling Insects* since August 27, 2007, because these products have led to fire-related accidents. As of the end of December 2019, 1.48 million of these products have been recalled (recall rate: 45.7%). We ask consumers who still have any of these products and reside in Japan to assist in the recall.

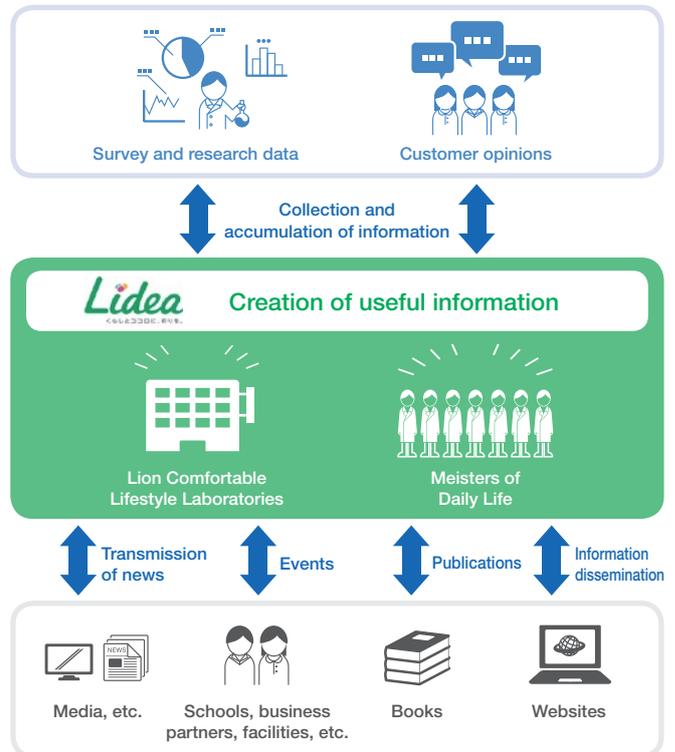
Notice Regarding Varsan Products (Japanese)
https://www.lion.co.jp/ja/products/information/200708_01.php

Providing Useful Information for Daily Living and Promoting Educational Activities

Lion actively engages in communication with consumers with the aim of expanding our creation and dissemination of information that contributes to healthy and comfortable living.



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



Communication with Customers Using the “Lidea” Lifestyle Information Website

Lidea is a lifestyle information website aimed at inspiring curiosity about living habits and helping users cherish each day by providing content about Lion products, the technologies behind them, and approaches to daily living. The site provides accurate information that is useful for consumers' daily living, presented mainly by the Meisters of Daily Life, lifestyle information specialists.

Going forward, Lion will continue to provide information useful for daily living through Lidea and use the information accumulated through Lidea to deepen diverse forms of communication with customers.

Lidea
くらしとココロに、寄りそ。
 LION + idea = Lidea

Lidea (Japanese)



<https://lidea.today/>

Information Security Measures

In order to thoroughly protect personal information and ensure information security, Lion has established the Personal Information Management Regulations, the Basic Policy of Our Information Management, the Information Management Regulations, and the Information Security Regulations in accordance with Act on the Protection of Personal Information. In addition, with a view to ensuring appropriate publishing of information, we have established the Lion Group Social Media Policy and related guidelines regarding employee use of social media (social networking services, blogs, etc.).

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

Lion Group Social Media Policy



<https://www.lion.co.jp/en/legal/smp.php>

Ensuring Product Safety and Reliability (Japanese)



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