

Foundation

Human Resources Development



Generating human and organizational dynamism by developing employees' enthusiastic morale

Jiro Nagasawa

Executive Officer
Executive General Manager of Human Resources
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Basic Policy

As part of the LIVE Plan, Lion is working to enhance its human resources development under the theme of Creating Dynamism to Foster Innovative Change. As corporations are made up of the total sum of human resources, nurturing an individual employee's uniqueness and engagement will lead to growth as an organization and helps attain greater competitive advantages within the market. Likewise, Lion aims to enable individual employees to act freely and stimulate each other, thereby bringing about a wave of positive innovative change (dynamism) in each division and throughout the Company. As a means of building the foundation for this dynamism, Lion is advancing initiatives from multiple directions, including employing and training human resources, enhancing health management, and establishing various programs and working structures as a means of fostering

diversity and openness in its human resources, organizations, and corporate culture.

Initiatives for Creating Dynamism

Promoting Diversity

In order to creatively expand our business activities and rapidly respond to changes in the business environment, Lion actively promotes diversity (active utilization of diverse human resources) among its human resources. Through the acquisition and utilization of a wide range of human resources, we have been increasing the diversity in the attributes and ways of thinking among our employees, and have been promoting the creation of an organization in which employees with a broad range of characteristics can work enthusiastically.

We are also expanding mid-career hiring, enhancing regionally and occupationally based employee programs, a rehirement system that makes use of senior level experience and expertise, and expanding work opportunities for people with disabilities. Through these measures we are raising the quality and level of diversity of employees and undertaking other actions to promote a diverse dynamic place in which to work.

Among the many initiatives to promote diversity, we will introduce our initiatives to promote the participation and advancement of women in the workplace. Lion provides training programs, improved childcare-related systems, and support measures for employees to maintain a balance between work and childcare, thereby enabling female employees to continue participating dynamically over the long-term. As a quantitative target, we are aiming for women to comprise 20% or more of the management level domestically by 2020 (15.8% as of 2018).

Support Measures for Balancing Work and Childcare

Lion actively provides support for both career development and child care during the child rearing period. In order to support employees in smoothly returning to work and continuously building their careers, Lion also provides "Back-to-Work Seminars" and "Back-to-Work Interviews," launched a "Back-to-Work and Childcare Support Website," provides skill training support during childcare leave, and takes other actions to support career development during childcare. Moreover, in order to promote the participation of employees raising children, we have also established a new working style by combining the shorter-working-hour system with the flex-time system* (Short Hours Flextime System).

As a result of undertaking these types of measures, we have achieved the high level of 97.7% for both our male and female employees returning back to work after taking childcare leave. Moreover, the average service years at Lion is 16.8 for females compared with 19.6 for males, indicating that both male and female employees participate over the long-term.

* The flex-time system is available to all employees except for some at sales and production sites.

Foundation**Human Resources Development****Expanding Human Resources Skill Development****Human Resource Development through Diverse Programs**

Enhancing the ability of each individual is critical for increasing the productivity per employee.

In order to enhance the abilities of individuals and connect them to Lion's strength as an organization, Lion actively develops the abilities of our human resources at each level and conducts human resource development through selective and field-specific programs.

In 2018, Lion implemented management programs for those selected from the management level. These programs were designed to cultivate leaders who can pursue a management strategy for the near-future. Likewise, we implemented cross-occupational interchange programs for those selected from the younger employees. These programs aim to cultivate next-generation leaders, and participants are expected to come up against different values and experience regions and regional products with the aim of cultivating an exchange of different values, and studying on site. Moreover, as part of the field-specific programs, we implemented the Marketing Study Program for the purpose of enhancing the marketing skills of employees. We also dispatched eleven younger employees to overseas conference presentations, which serve as opportunities to foster an awareness of global activities and to gain practical experience.

Career Design and Maintaining and Environment Conducive to Learning

To promote a self-driven career design and ensure the design is realized, this year we introduced the Career

Design Sheet. A revision of the conventional mechanism for self-reporting, the system clarifies the career goals desired by the individual themselves and promotes self-advancement toward realizing that end. Accordingly, this system ensures an environment conducive to learning that is linked to career design and self-learning.

In aiming for a new approach to human resources development from 2019 on, we are moving forward with the introduction and preparation of an environment and programs in which motivated employees can study independently. We launched this initiative as the Lion Career Village (LCV) at the start of 2019.

As we address changes in learning styles, we are also reviewing our level-specific programs in order to create learning opportunities and spreading the individual energy for learning broadly throughout the organization. In this way, we are putting together an environment that allows highly ambitious, motivated employees to generate dynamism throughout the organization. Going forward, we will continue to undertake human resources development towards innovative change from a medium- to long-term perspective.

* Conducted in 2018

List of Primary Training Programs		
Level-specific	Management Level	Leader Training Level-specific training for newly promoted employees (2 levels)
	Growth Expectation Level	Level-specific training for newly promoted employees (3 levels) New Employee Training
Goal-specific	PDCA Administration Training	
Capability-specific	Marketing Study Program International Conference Presentations	

Holding the ReDesign Forum to Change the Future of Lion!

As one of our initiatives for creating human dynamism, Lion launched the ReDesign Forum in 2018. 100 of our younger employees, who voluntarily expressed their will to participate, held workshops and discussed on topics related to making innovative proposals that will change the future of Lion directly to the management.

Specifically, they discussed the following areas.

- A. Work style reforms for maximizing new value creation
- B. Operational reforms for maximizing the speed of business
- C. Maximizing the use of human resources

By breaking out of Lion's conventional mold, we feel that this is an important activity for changing the future of management.

**Promoting Habitual Healthy Behavior of Employees****Initiatives for Making Healthy Behavior Habitual**

Under the three areas of "Mental," "Physical," and "Consciousness (awareness of managing one's own health)," Lion is deploying age-specific health management measures. [Fig. 1]

■ Providing More Extensive Health Check-ups

The annual health check-ups Lion provides for our employees cover more items than required by law.

[Details]

Doctor examinations: For anyone aged 40 and older—21 items required by Japanese law + 11 additional items

Gynecological examinations: Age-specific examination items

Prostate cancer (PSA) examinations: For males aged 50 and older

Dental check-ups: For all employees—health guidance provided by dental hygienists

Lion has established subsidy programs for examinations targeted at detecting the early onset of cancer and other diseases with risks that increase with age. Lion actively encourages our higher risk employees aged 50 and older to receive such examinations. Moreover, Lion has established a subsidy program for oral care check-ups provided by dentists in order to put preventative dentistry into practice.

Based on the concept that the good health of employees serves as a business foundation to support sound corporate growth, Lion has been deploying measures that stay true to the Company in order to assist in maintaining and improving the health of our employees.

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 achieve fulfilling daily lives. Our specific quantitative targets for 2020 are as follows.

Target Rates for Healthy Behavior Initiatives	2018 Results
Health check-up rate	100%
Dental check-up rate	100%
Age-classified cancer examination rate	84%

Management System

We are constructing a management system in which the management led by the president participates in strengthening initiatives and accelerating the deployment of our measures. Actual measures developed include promoting cooperation between the Health Support Office (including industry physicians and carers), the Lion Health Insurance Society, and the person responsible for health management at each office.

In addition, with the aim of supervising Company-wide health management, the Health Maintenance Promotion Committee is held regularly. The Health Support Office, the Lion Health Insurance Society, and the person responsible for health management at each office collaborate to organizationally promote employee health management.

Fig. 1: Overview of Health Management Activities

	20s	30s	40s	50s	60s
Mental	Three-month follow-up interviews after assignment	Stress checks Department stress level feedback to supervisors	Health check-up follow-up interviews Health check-ups/Dental check-ups	Encourage those requiring reexamination and detailed examinations to receive such/Health guidance Specific health guidance (not available for those receiving internal medical treatment)	Severe illness prevention: Enhanced guidance for those at high risk Information dissemination (health check-up results access, website, e-mails, posters, internal newsletters) Company-wide health promotion measures, anti-smoking measures Preventative dentistry activities (ALOHA)
Physical					Health promotion seminars for 35-year-old employees Health promotion seminars for 50-year-old employees Specialist examinations, Subsidy programs
Consciousness					

■ Providing Dental Check-ups for All of Our Employees

In collaboration with the Lion Foundation for Dental Health (LDH), we began providing dental check-ups for all employees as part of our annual health check-ups in 2002, and have provided such every year. In 2016 we also introduced a salivary test system that can immediately measure oral cleanliness and the risk of cavities and periodontal diseases from saliva samples. We also provide oral health guidance using intraoral cameras. Going forward, Lion will continue to promote health management measures that stay true to Lion and that link to a greater consciousness of oral health care among our employees.

With our employees (Japanese only)



Salivary Test System

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Research and Development



Further honing the quantity, quality, and speed of innovation creation

Fumitomo Noritake

Director, Executive Officer
Executive General Manager of
Research and Development Headquarters

Lion's Research and Development Structure

The Research and Development Headquarters aims to develop technologies and products that deliver new value to consumers. Along with advancing the acquisition of new technologies that serve this purpose, Lion has prepared a research and development structure geared towards expanding our business domains.

In January 2018, Lion established a structure to promote the creation of services and other new businesses oriented towards areas peripheral to existing operations, new markets, and new business formats. We will combine our existing technologies together with the IoT, apps, and other new technologies acquired through open innovation and our ties with other companies. In addition, Lion took a comprehensive look at the business strategies implemented by Group companies throughout Asia and prioritized the areas from the standpoint of the degree of business contribution. Furthermore, we consolidated our overseas product development functions originally assigned to the individual research and development institutes in each domain in order to strengthen our R&D capabilities from a global standpoint. Similarly, we dissolved the Applied Research Laboratories and Research Support Laboratories, and transferred their technology development capabilities, including those for expanding the capabilities of existing operational fields, to the Developmental Research Laboratories. This move served to consolidate our technology development capabilities specialized in the oral care, interface science, and analytical technique fields that comprise Lion's basic technology fields as the Basic Research Laboratories.

In January 2019, Lion established a department to unify our research and development strategies, as well as to inte-

grate, promote, and oversee areas that share common themes across research institutes. Moreover, we established an organization aimed at promoting digital transformation among our research tasks and at creating new value through data science. Lion will also undertake the challenge of building a data platform that aims to create a new health management model.

Utilizing these innovative structures, Lion further energizes its existing operations, develops products through closer ties with the International Division and in consideration of local needs in countries throughout Asia, and enhances development support for local brands. At the same time, Lion is working to create new businesses and new markets that aim to deliver the lifestyle innovations that only Lion can realize.



The Research and Development Headquarters' Mission

The mission of the Research and Development Headquarters is to ensure Lion endures as an "organization that serves as a fountain of innovation." Innovation, as Lion conceives it, is generated through combining "Innovation in Value for Consumers," "Innovation in Economy," and "Innovation in Technology," and it is our belief that we cannot respond to the increasing diversity among consumer needs without such innovation. The innovation for which

Lion aims is not realized simply through "Innovation in Technology." Rather, the most important of these three aspects is "Innovation in Value for Consumers," where we contribute to lifestyle innovation through solutions (products, services) that apply the achievements of research.

The core technologies that support our research and development are oral care, life science, interface science, cleaning technology, and formulation technology. Lion has

Foundation**Research and Development**

contributed to higher QOL among consumers through our innovative products that have emerged from the use and merger of these technologies with new technology fields, as well as through the proposal of new value. Having continued to undertake the challenge of creating this kind of innovation, Lion is taking another step forward and working to further hone our quantity, quality, and speed of innovation in order to contribute to the realization of our new Management Vision—"Becoming an Advanced Daily Healthcare Company."

Growth Strategies Under the LIVE Plan

With the launch of the LIVE Plan, the Research and Development Headquarters began undertaking challenges in preparation for making new strides. Under the new structure streamlined to promote our strategies, we firmly seize upon changes in the social environment and trends in cutting-edge technology, and will begin undertaking challenges with a previously unseen level of dynamism and with a speed that will outstrip our competitors. A change in awareness among our human resources is also required to take these new strides. We believe that each individual is a party to innovative change, and that they must continue to act as professionals, drawing in those around them and connecting to results through their own ideas and ability to act.

The challenges of "Becoming an Advanced Daily Healthcare Company" are surviving in existing markets, creating new markets, and shifting to and accelerating research targeted at expanding international sales. Recognizing that the road to sustainable growth does not lie on our current trajectory, we are shifting gears to research and development that can create innumerable innovations in preparation for future business growth.

New business development until now has faced several issues. Some of these include new business plan proposals being based on our existing technologies and strengths, time being required for business launch, and personnel serving double-duty with tasks in their own department. Therefore, Lion established the "Innovation Lab" for the purpose of executing new business development and creating new businesses and markets targeted at lifestyle innovation. By establishing a structure for challenging new fields and businesses as led by this "Innovation Lab," Lion is now able to foster an innovative and entrepreneurial spirit among our researchers and establish a track-record in creating ideas and lean startups that utilize various methods, including crowdfunding and design thinking. Through these new initiatives, Lion is already conceiving the seeds that will link to new businesses from previously nonexistent concepts like the RePERO smartphone app to check bad breath, VISOURIRE beauty appliance, and Nemuri Design sleep check and care system. Going forward, Lion will continue to improve its support system for selecting areas and launching businesses, and will place priority on delivering new consumer proposals in oral care related fields.

[Our R&D](#)

Technology Development in Support of Value Creation**LOOK Plus Bath Cleansing**

First released in 2018 and unlike any detergent seen before, LOOK Plus Bath Cleansing is a revolutionary bathtub detergent that truly and completely rinses off bathtub grime without any scrubbing. The development of a specially designed container and Neutralization Cleaning® technology created new value in the form of a novel approach to bathtub cleaning.

[LOOK Plus Bath Cleansing \(Japanese only\)](#)

A Revolution for Bathtub Cleaning! The Development of a Completely New Method

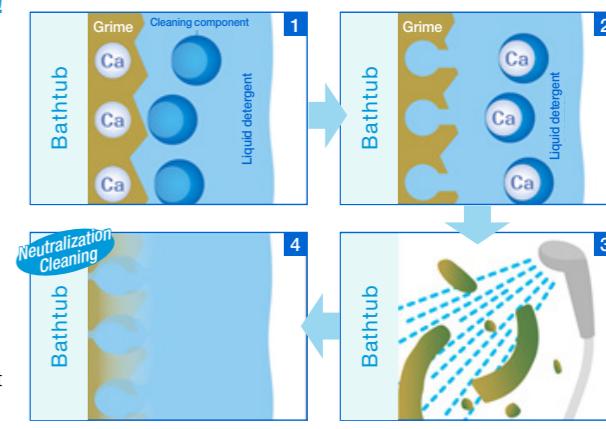
Enabling LOOK Plus Bath Cleansing to rinse off grime without scrubbing required the development of a container that could evenly and effortlessly spray detergent over the entire bathtub.

Although existing aerosol and electric sprays are viable options when the goal is to simply spray the detergent over a wide area, these have shortcomings including being non-refillable, easily rusting, and requiring the inconvenience of changing batteries. After repeated investigations regarding the strengths and weaknesses of different containers, as well as the format of the detergent, we eventually arrived at a solution that was unlike anything seen before, a new spray bottle with a trigger that can spray mist over a wide area. The user only needs to pull the trigger once while moving their arm horizontally to spray detergent over a large area of one meter in width.

Eureka! Calcium Is the Cause of Stubborn Grime! New Neutralization Cleaning® Mechanism Makes Rinsing Without Scrubbing Possible

By analyzing the stubborn grime that forms on bathtubs, we succeeded in discovering the factors behind bathtub incrustation. It turns out the calcium contained in tap water is what allows the proteins, sebum, and other forms of grime that originate from the body to harden and stubbornly cling to bathtubs.

By optimizing the component ratio of surfactant (α -olefin sulfonate) and solvent (diethylene glycol monobutyl ether), we enabled the detergent to penetrate into the grime, thereby allowing the chelating agent (EDTA) to display its maximum potential to extract calcium. As a result of calcium extraction, the grime softens and lifts away so that simply rinsing the bathtub will wash off the grime.



Grime Dislodging Mechanism for Neutralizing the Power to Cling

Smile Medical A Eye Drops

First released in 2018, Smile Medical A eye drops are formulated with the highest content ratio of vitamin A allowable under current standards.*¹

By incorporating the surfactant technology that Lion has accumulated over the years with our eye drop technology, we succeeded in perfecting the Vitamin A Absorption Process. These eye drops relieve eye fatigue due to painful dryness at the source.

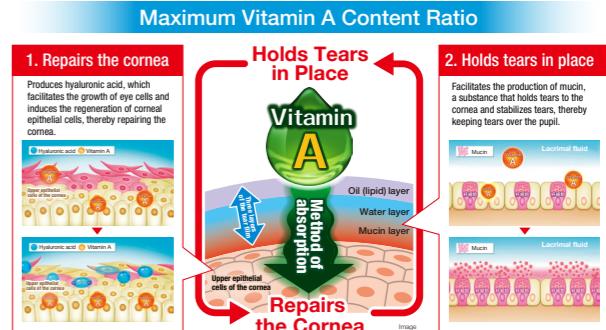
[Smile Medical A Eye Drops \(Japanese only\)](#)

Vitamin A Absorption Technology

When vitamin A is mixed with water, the solution will separate into two layers because the main constituent of vitamin A is oil. Therefore, surfactants are used to help stably dissolve vitamin A in water. In this case, we newly discovered that EO/PO*² acts as a surfactant, which allowed us to establish the new Vitamin A Absorption Process. As a surfactant, EO/PO readily bonds to cell membranes and induces cytosis, a process by which substances are actively absorbed into cells. As a result, during cytosis vitamin A is more easily absorbed into the cells.

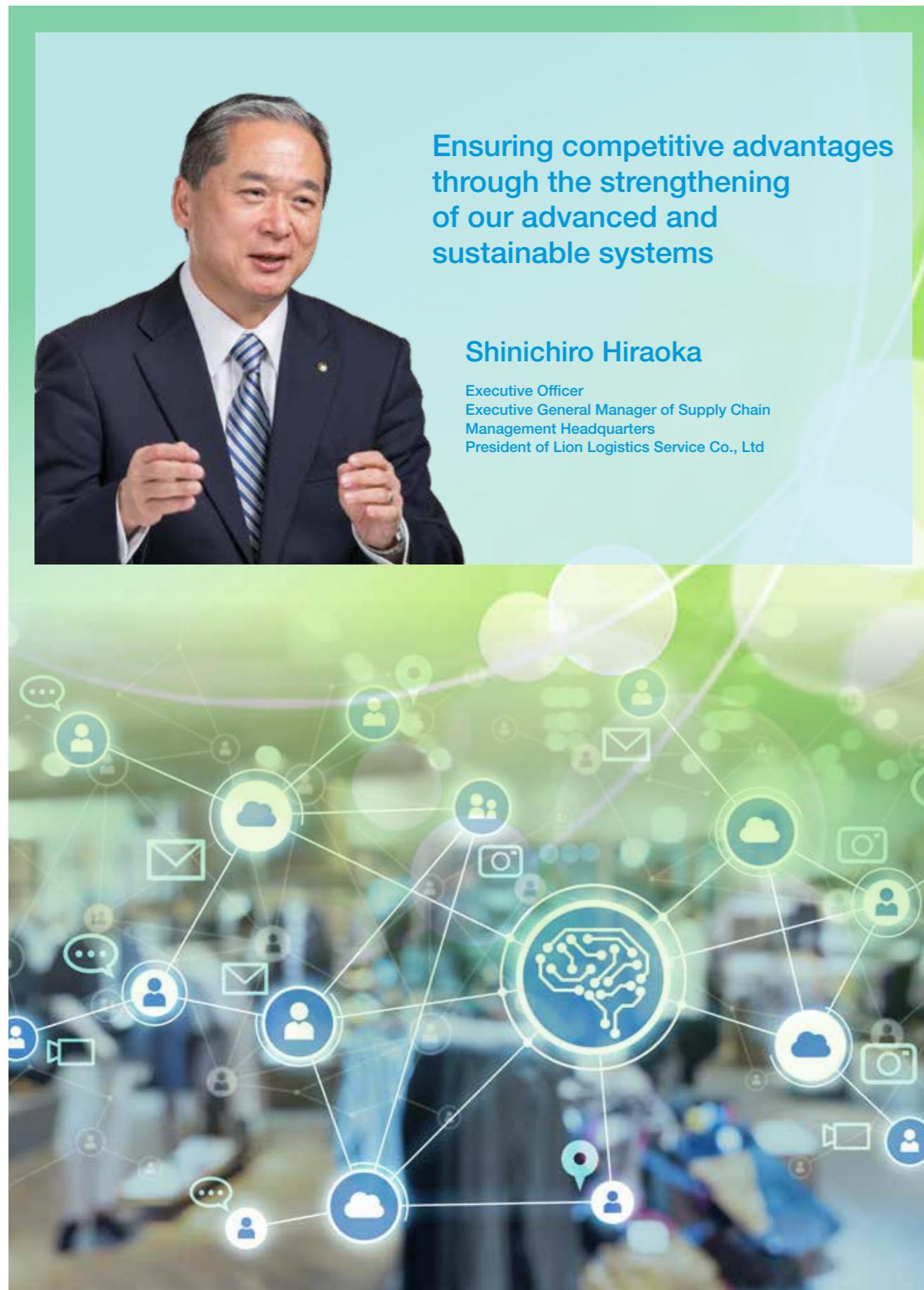
Two Roles of Vitamin A

Vitamin A works to facilitate the production of hyaluronic acid in the cells of the corneal epithelium. This hyaluronic acid works to facilitate cell repair, which in turn repairs the cornea. Moreover, vitamin A works to facilitate the production of mucin, a substance that functions to secure tears to the surface of the eye. These roles serve to maintain eye moisture.



*1 (50,000 units) The maximum content allowed by the Standards for Marketing Approval of General Ophthalmic Drugs

*2 Polyoxyethylene/polyoxypropylene glycol

Foundation**The Supply Chain****Building a Robust Supply Chain Management System**

Under the LIVE Plan, we aim to “build more advanced and sustainable supply chains.” We continue to promote measures, including the building of an even stronger logistics system and a structure that ensures the sustainable procurement and stable supply of raw materials, that are aimed at creating a robust supply chain management system (SCM) that locks in our competitive edge.

Logistics Initiatives

Lion is engaged in a variety of reforms, with a focus in particular on the themes of “a reduced environmental impact” and “smart logistics.”

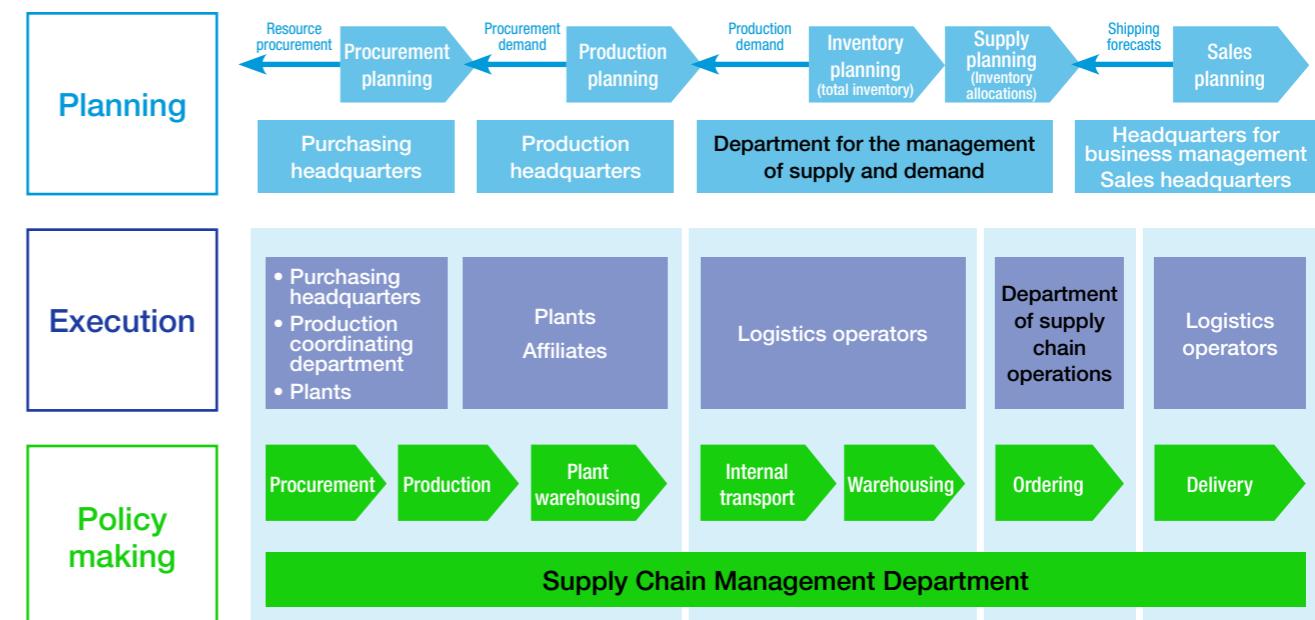
Examples of these efforts include the implementation of a next-generation SCM platform that is compatible with new forms of business, including one-to-one businesses, where products and services are provided according to individual customer specifications, the utilization of automation and IoT technologies to achieve “smart logistics that connects products and information”, and joint transport operations with other companies to help preserve the environment.

Our joint trunk line transport operations with three companies operating in different industries has contributed to a sharp decline in CO₂ emissions. At the same time, enhanced efficiency in long-haul transport operations has contributed to reducing the work burden on drivers and others involved in these operations.

In the field of smart logistics, we are working to greatly enhance productivity. This includes introducing automated equipment to reduce human labor in warehouse unloading and loading operations and automating the entry and reading of codes and documentation that are currently carried out by hand.

Moving forward, we aim to optimize our method of transporting products and material by establishing a clear understanding of item movement and carefully analyzing the vast amounts of recorded data pertaining to the movement of these items.

Another key theme for the Company is the improved sophistication of the logistics management of our internal logistics that now operate in a single unified system. This has enabled strengthening of production and inventory oversight to ensure that a more detailed management of production, sales, and inventory contributes to a sharp decline in the Company’s long-term idle inventory.

The Logistics Management System

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The Supply Chain

Production Initiatives

While it is certainly true that consumer preferences are becoming increasingly diversified and these same consumers are becoming increasingly interested in improving their quality of life, it is also worth noting that the decline in the working-age population has resulted in a clear labor shortage at production sites. Amid such an environment, the key issue for Lion's Production Headquarters is to efficiently supply its consumers a variety of high value-added products.

In this respect, our focus is on three key points: 1) promoting labor-saving measures to shift from a labor-intensive model to a capital-intensive model; 2) using the excess worker capacity generated from labor-saving efforts to bolster our high added-value operations; and 3) introducing new technologies to further enhance productivity.

To use the manufacture of toothbrushes as an example, one of the most important production processes involves the proper placement of the bristles into the head. If misplacement is detected as part of the inspection process, the detected part is corrected by hand. While the process for inspecting and possibly correcting the bristles is already automated for most toothbrushes, strong product quality in high added-value products such as the *Systema Brush*, which features high density, ultra-fine bristles that effectively clean plaque from deep in the gingival sulcus, has to date been guaranteed through the manual labor of highly trained employees.

When the bristles are being placed into the *Systema Brush*, sometimes a longer bristle will protrude. Although this extended portion of this longer bristle can be cut so that the bristle matches the length of those surrounding it, this will compromise the unique feel gained from using a *Systema Brush*. For this reason, the Company to date has had employees do a full visual inspection, with any protruding bristles being pulled individually. The process requires both precision and speed, and we believe the decline in the working age population means it will be increasingly difficult to secure and train the employees necessary for the process.

After two years of work by our technology team, we have finally been successful in automating this human craftsmanship, and Lion began operations of its new system in 2018. The personnel now free thanks to automation, will be working for other high added-value operations, including predictive maintenance operations, as well as equipment installation and process improvement-related operations.

We are also moving forward on capital expenditure to further bolster production capacity. In the field of oral care, not only is there a growing need in Japan for high added-value products, but Japanese toothpastes are becoming increasingly popular overseas, especially in Asia. With an eye toward meeting these needs, Lion established a new toothbrush and dental rinse plant in 2018. We are also preparing to launch operations at our new toothpaste facility in Sakaide City, Kagawa Prefecture in 2021. The opening of this new plant will increase our production capacity in toothpaste by about 1.7 times its current level.

The new plant features the latest technologies and looks to greatly improve efficiency when compared to existing plants, including in areas such as set-up work in line with product production shifts, and filling and packaging operations.

Lion is also focused on strengthening the manufacturing process in other product fields, with a focus on using robotics to reduce human labor and improving manufacturing activity through the use of a variety of production-related data collected using IoT technologies.



The automated bristle inspection and removal system that duplicates the craftsmanship achieved to date through human hands



Robotics used to temporarily tighten bottle caps

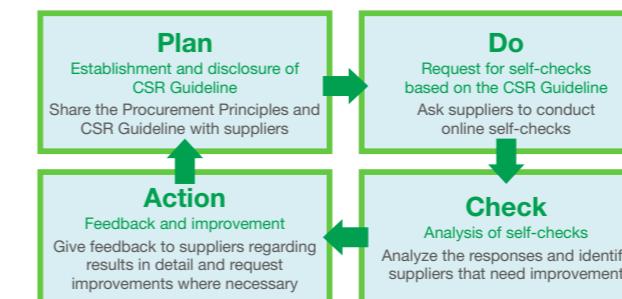
Toward the Sustainable Procurement of Raw Materials

Lion believes that strengthening cooperation with our raw material manufacturers and outsourcing contractor partners to be one of the most important issues in our supply chain efforts. In order to reduce the negative impact on the environment and society from our business activities, and to sustainably develop mutual operations, we believe it vital for Lion and its partners to deepen our commitment to sustainability.

Promoting Sustainability with Our Raw Material Manufacturers and Outsourcing Contractors

The Company requires material suppliers and outsourcing contractors to carry out annual self-checks based on the "Lion Group Supplier CSR Guidelines" in order to facilitate responsible procurement activities. Specifically, we are promoting the creation of mechanisms designed to prevent supply chains risks that can occur in five areas: human rights/labor practices; the environment; fair operating practices; consumer issues; and compliance.

PDCA Cycle for CSR Self-Checks by Suppliers



In order to ensure that our suppliers understand the importance of addressing sustainability-related issues, we have included a section for explaining the conditions for sustainability in our self-check request form. The self-check involves a three-step checking standard for each initiative and a detailed glossary.

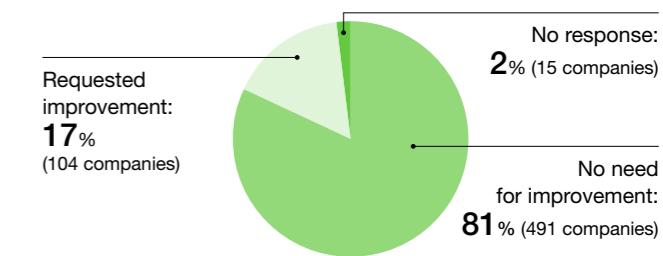
Since 2014, we have made it possible to conduct the above-mentioned self-checks online, so that our business partners can conduct self-checks more easily. In addition, by sending feedback based on the results to our business partners, we have put into place a system that continuously advances sustainable CSR-based procurement.

Aggregate Results of Overall Self-Checks Based on the Lion Group Supplier CSR Guidelines for 2018

No. of companies monitored:

The Lion Group's domestic companies procure raw materials, packages, and containers or contract production to 610 companies (Domestic: 534; Overseas: 76)

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



2018 Outline of Results

- In 2018, the response rate was 98%. The questions asked suppliers to rate their activity levels from 1 to 3, and the overall average was 2.67, indicating that sustainability is widely practiced within the entire supply chain.
- We are currently requesting cooperation from the 15 suppliers who did not respond, through interviews and other measures.

Aiming for the Sustainable Procurement of Palm Oils

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

Palm oil plants show a constant rate of growth, meaning that the oil plants can be harvested throughout the year, and production volumes have been increasing year after year. However, the rapid increase in production in growing areas has contributed to a number of issues, including the development of new farms leading to deforestation and, accordingly, a shrinking in wildlife habitats. Also, inappropriate farming operations have contributed to various

labor-management issues, including social fairness issues. Prominent issues in this area include sub-standard labor conditions with very little consideration for health and safety, extremely low wages, improper treatment of migrant workers, and child labor.

Lion has since 2006 been a member of the Roundtable on Sustainable Palm Oil (RSPO), which has been engaged in efforts to solve all of the above-mentioned issues. The Company began sourcing RSPO certified palm oil from 2012.

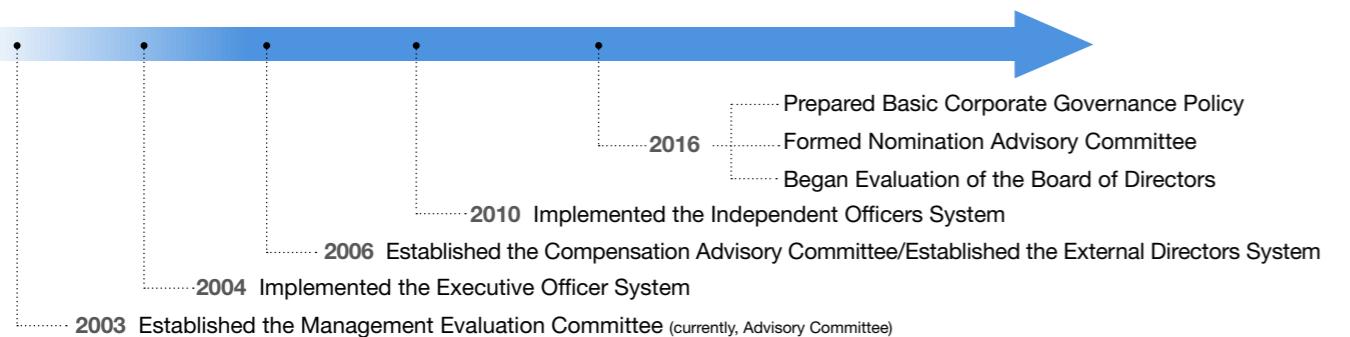
We will continue our efforts aimed at procuring sustainable palm oils.

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Corporate Governance

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.

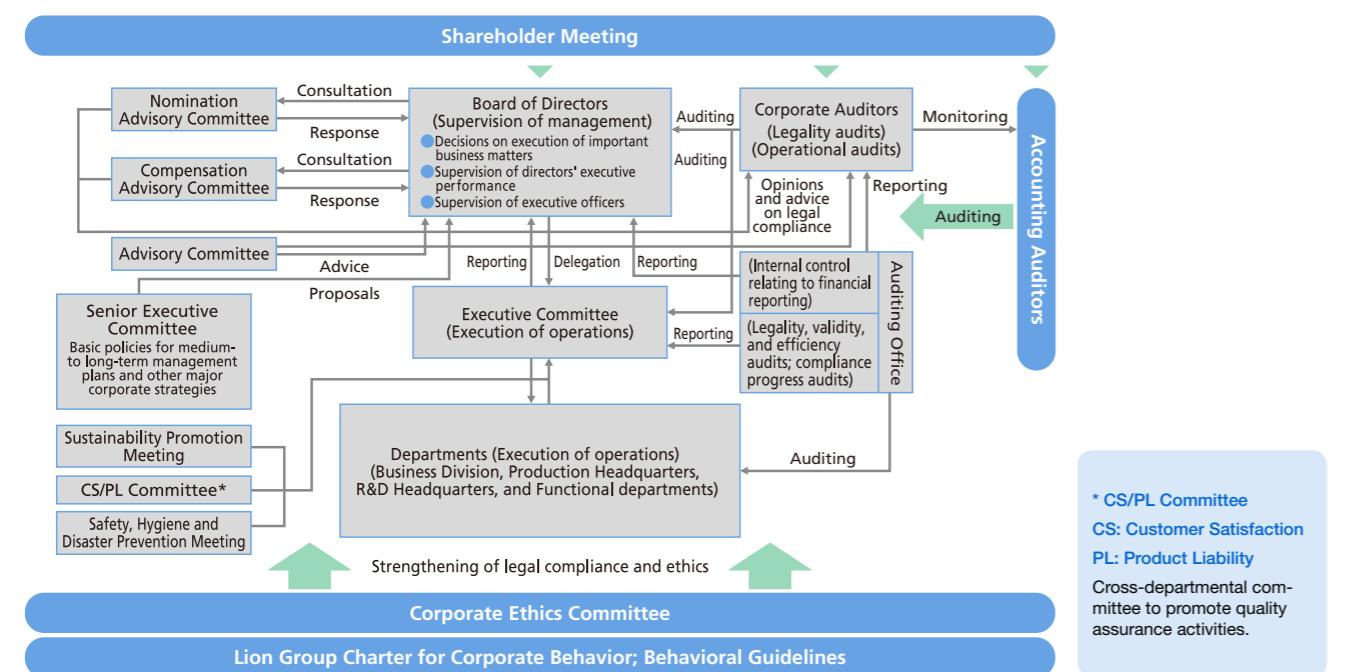
Approach to Enhancing Functions to Audit and Supervise Management



Organizational Structure

Lion is a company with a Board of Corporate Auditors as defined in the Corporation Law, with a system of corporate governance in which the Board of Directors provides adequate oversight of management while independently operating corporate auditors provide appropriate auditing. To reinforce the Board of Directors' management oversight function and speed decision making, Lion has adopted an executive officer system.

In addition, to increase management transparency and further enhance corporate governance, Lion has established a Nomination Advisory Committee and Compensation Advisory Committee comprising mainly external directors and external corporate auditors (external officers).



■ Board of Directors / Directors

The Board of Directors carries out the duties specified by law and the Articles of Incorporation, decides important matters related to Lion's business execution, and oversees the execution of the duties of directors and executive officers.

Such important matters as Groupwide management policy and strategy are considered by the Senior Executive Committee, which determines their general outline, before being taken up by the Board of Directors for a final decision. Important matters related to business execution by individual departments are delegated to the Board of Executive Officers for more nimble decision making. To ensure speedy decision making, the Articles of Incorporation specify that the Board of Directors shall comprise no more than 11 members. To improve the effectiveness of the board's oversight function, at least two members are external directors.

Directors, being fully aware of their fiduciary responsibility to shareholders, must work to increase the corporate value of the Lion Group and contribute to the common interests of shareholders. Directors must endeavor to actively contribute to Board of Directors meetings, engage in constructive discussion, and gather the information and obtain the knowledge and training necessary to carry out their duties. External directors must oversee management from an independent perspective and work to provide management advice, monitor conflicts of interest, and actively reflect the opinions of stakeholders at meetings of the Board of Directors.



■ Executive Officers System

Attended by all executive officers, the Executive Committee meets once a month to ensure that the execution of duties is conducted in a timely manner and to strengthen the functions of the Board of Directors. At the same time, the Executive Committee serves to promote expeditious decision making with respect to both fundamental and important matters related to business execution. There are currently 14 executive officers, 5 of whom hold the position of director concurrently.

The term of office of executive officers is one year, which is equivalent to the term of office of directors.

■ Board of Corporate Auditors / Corporate Auditors

The Articles of Incorporation specify that the Board of Corporate Auditors shall comprise no more than five members, at least half of whom must be external corporate auditors. The Board of Corporate Auditors provides oversight to ensure that the directors are executing their duties in accordance with the law and the Articles of Incorporation. The board also exercises appropriate authority over such matters as the selection, dismissal, and compensation of accounting auditors. The Board of Corporate Auditors determines audit standards, policies, and plans for the corporate auditors. The corporate auditors attend important meetings, including those of the Board of Directors, conduct hearings on the status of the execution of the directors' duties, implement on-site audits at Lion's headquarters and other important operating sites, and investigate Lion subsidiaries.

As independently operating authorities, corporate auditors oversee the execution of the duties of the directors. Fully aware of their fiduciary responsibility to shareholders, corporate auditors work to assure the soundness of efforts to improve corporate value and contribute to the common interests of shareholders. Corporate auditors must endeavor to secure the transparency and fairness of the Company's decision making, actively express their opinions at Board of Directors meetings, and gather the information and obtain the knowledge and training necessary to carry out their duties. Corporate auditors must oversee and verify the construction and operation of the system of internal control. Standing corporate auditors must strive to share the information they obtain in the course of their duties with the other corporate auditors.

The Board of Directors selects candidates who meet the criteria of the Director/Corporate Auditor Candidate Selection Standards and Standards Regarding the Independence of External Directors/Corporate Auditors established by the Board of Directors and submits them for consideration by the Nomination Advisory Committee. Based on the results of this consideration and approval by the Board of Corporate Auditors, the Board of Directors selects candidates to propose for appointment to the Shareholders Meeting. Reasons for the selection of candidates are provided in the convening notice of each Shareholders Meeting as part of the appointment proposal.



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Corporate Governance

■ Advisory Committees

Lion has established the Nomination Advisory Committee and Compensation Advisory Committee, comprising mainly external directors and external corporate auditors, as advisory bodies to the Board of Directors. These committees help improve management objectivity and transparency. In addition, to further enhance corporate governance, Lion maintains an Advisory Committee composed of outside experts other than external directors and external corporate auditors.

■ 1. Nomination Advisory Committee

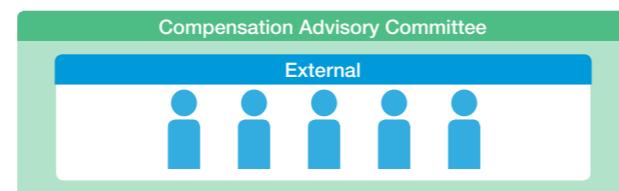
The Board of Directors consults the Nomination Advisory Committee regarding the necessary qualities, reasons for selection or dismissal and related processes for nominating directors, corporate auditors and executive officers as well as hiring individuals who have previously served in these roles as consultants. The committee considers the matters in question and provides a response to the Board of Directors (or for matters regarding corporate auditors, to the Board of Corporate Auditors).

The committee also exchanges opinions on the development of future Group presidents. The Nomination Advisory Committee comprises external directors and external corporate auditors as well as a representative director predetermined by the chairman of the Board of Directors. The members of the committee select from among themselves the committee chairperson, who must be an external director or external corporate auditor.



■ 2. Compensation Advisory Committee

The Board of Directors consults the Compensation Advisory Committee regarding such matters as the compensation system, compensation levels, and bonus calculation methods for directors and corporate auditors. The committee considers the matters in question and provides a response to the Board of Directors (or, for matters regarding corporate auditors, to the Board of Corporate Auditors). The Compensation Advisory Committee comprises external directors and external corporate auditors. The members of the committee select from among themselves the committee chairperson.



■ 3. Advisory Committee

The Advisory Committee comprises outside experts other than the external directors and external corporate auditors who possess extensive knowledge and insight. The committee considers the appropriateness and other aspects of Lion's management policies and measures. The committee serves to reflect objective opinions from a wide range of perspectives in management. In principle, the committee meets twice a year. The chairperson of the Board of Directors reports a summary of the committee's advice to the Board of Directors.

Risk Management

In order to continue providing our customers with safe and reliable products, we have appointed a Director Responsible for Risk Management who exhaustively controls and supervises the risk of the whole Lion Group.

■ The Lion Group's Rules and Other Structures Relating to the Management of Risk

■ 1. Response under Normal Conditions

- (1) The director responsible for the Corporate Strategy Headquarters shall have overall responsibility for risk management of the Group. The Corporate Planning Department shall exhaustively and comprehensively manage the Group's risk.
- (2) The Auditing Office shall audit the status of risk management for each department within the Group and report its findings to the Executive Committee and the Board of Directors.
- (3) Under normal conditions, each department shall strive to identify its own risks and implement appropriate risk reduction measures. For management risks with the potential to significantly impact business activities, the director of the Board responsible for the relevant department shall consider appropriate risk management measures, which will be deliberated on by the Senior Executive Committees and Executive Committees for implementation.
- (4) For the risks management of environment, quality assurance, accidents, and disasters, appropriate countermeasures shall be formulated in advance by the Sustainability Promotion Meeting, CS/PL Committee*, and Safety, Hygiene and Disaster Prevention Meeting, and, when necessary, deliberated by the Executive Committee.
- (5) Each plant is certified with ISO 14001 and works eagerly on quality management and environmental protection.

■ 2. Response in the Event of Emergency

- (1) In cases where physical emergencies such as natural disaster and accidents arise, in accordance with the Emergency Response System (a system of manuals outlining countermeasures against earthquakes or influenza and other infectious diseases), we report the relevant facts to the president and corporate auditors. At the same time, the director of the relevant department shall collect all relevant information, formulate response measures, clarify causes, and determine countermeasures, submitting a report on these actions to the Executive Committee and the Board of Directors.

* CS/PL Committee
Referring to customer satisfaction (CS) and product liability (PL), a cross-departmental committee to promote quality assurance activities

■ Business Continuity Plan (BCP)

Lion is pushing ahead with the establishment of its own systems to minimize damage, and continue business so as to provide products to customers even in cases where a large earthquake, the spread of an infectious disease (pandemic), or other contingencies occur. Whether the BCP should be implemented or not is determined depending on the size of the disaster and the degree of the damage. 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 material impact on our business, we update the countermeasures and report to the Executive Committee annually.

Foundation**Corporate Governance****Matters Related to the Selection of External Directors and External Corporate Auditors**

In combination with the requirements of the Corporation Law, to further strengthen and enhance its corporate governance, Lion is working to heighten its supervision and oversight of management by appointing individuals without interests in the Company or its significant business partners and who can maintain a high degree of independence as external directors and external corporate auditors (three directors and two corporate auditors). All five external directors/corporate auditors are registered with the Tokyo Stock Exchange as independent directors, a capacity that ensures they do not raise the risk of presenting conflicts of interest with regular shareholders.

External Directors**Kazunari Uchida**

Attendance	Attended 14 of 17 Directors' meetings held during the fiscal year
Reasons for Appointment	Kazunari Uchida possesses experience as the Japan representative of an international management consulting group and also has experience at other companies both as an external director and an external corporate auditor. He has actively participated in meetings of the Board of Directors, and suitably carried out his role as an external director for the Company, including supervising business execution. The Company judges that his sophisticated understanding of management decision making is necessary to enhance the transparency of management and strengthen the oversight of the Board of Directors and therefore requests that he be reelected as an external director.
Reasons for Appointment as an independent External Director	Mr. Uchida meets the qualifications set forth in the Lion Corporation Standards Regarding the Independence of External Directors/Corporate Auditors as well as the criteria for independence of the Tokyo Stock Exchange Co., Inc. (Japan Exchange Group). He is, therefore, judged to be independent, and was duly appointed as an independent External Director.

Takashi Shiraishi

Attendance	Attended 16 of 17 Directors' meetings held during the fiscal year
Reasons for Appointment	Takashi Shiraishi has managerial experience as the president of a national university, has served as the president of the Japan External Trade Organization's Institute of Developing Economics and possesses broad-ranging expert knowledge in such areas as Asian politics, economics and social issues. He has actively participated in meetings of the Board of Directors and suitably carried out his role as an external director for the Company, including supervising business execution. The Company judges that his sophisticated understanding of management decision making is necessary to enhance the transparency of management and strengthen the oversight of the Board of Directors and therefore requests that he be reelected as an external director.
Reasons for Appointment as an independent External Director	Mr. Shiraishi meets the qualifications set forth in the Lion Corporation Standards Regarding the Independence of External Directors/Corporate Auditors as well as the criteria for independence of the Tokyo Stock Exchange Co., Inc. (Japan Exchange Group). He is, therefore, judged to be independent, and was duly appointed as an independent External Director.

Takako Sugaya

Attendance	New Appointment
Reasons for Appointment	Takako Sugaya is not involved in corporate management outside the roles of external director and external Audit & Supervisory Board member, but she possesses a wealth of knowledge and experience as an attorney, mainly in corporate legal work, as well as experience as an external director and an external Audit & Supervisory Board member at other companies. The Company judges that her sophisticated understanding of governance and compliance issues is necessary to enhance the transparency of management and strengthen the oversight of the Board of Directors and therefore requests that she be newly elected as an external director.
Reasons for Appointment as an independent External Director	Ms. Sugaya meets the qualifications set forth in the Lion Corporation Standards Regarding the Independence of External Directors/Corporate Auditors as well as the criteria for independence of the Tokyo Stock Exchange Co., Inc. (Japan Exchange Group). She is, therefore, judged to be independent, and was duly appointed as an independent External Director.

External Corporate Auditors**Takao Yamaguchi**

Attendance	New Appointment
Reasons for Appointment	Takao Yamaguchi is not involved in the corporate management outside the roles of external director and external Audit & Supervisory Board member. However, he has cultivated a knowledge of accounting and taxes over his many years as a certified public accountant and tax accountant and has experience working as external Audit & Supervisory Board member at other companies. The Company judges that his insight is necessary to enhance the efficacy of its auditing and therefore requests that he be newly elected as an external Audit & Supervisory Board member.
Reasons for Appointment as an independent External Audit & Supervisory Board Member	Mr. Yamaguchi meets the qualifications set forth in the Lion Corporation Standards Regarding the Independence of External Directors/Corporate Auditors as well as the criteria for independence of the Tokyo Stock Exchange Co., Inc. (Japan Exchange Group). He is, therefore, judged to be independent, and was duly appointed as an independent External Corporate Auditor.

Setsuko Takemoto

Attendance	New Appointment
Reasons for Appointment	Setsuko Takemoto is not involved in corporate management either as a director or Audit & Supervisory Board member. However, she has cultivated a knowledge of accounting and taxes over her many years as a tax accountant and has experience working in key positions in a government agency. The Company judges that her insight is necessary to enhance the efficacy of its auditing and therefore requests that she be newly elected as an external Audit & Supervisory Board member.
Reasons for Appointment as an independent External Audit & Supervisory Board Member	Ms. Takemoto meets the qualifications set forth in the Lion Corporation Standards Regarding the Independence of External Directors/Corporate Auditors as well as the criteria for independence of the Tokyo Stock Exchange Co., Inc. (Japan Exchange Group). She is, therefore, judged to be independent, and was duly appointed as an independent External Corporate Auditor.

Director and Corporate Auditor Compensation

Director and corporate auditor (corporate officers) compensation is decided by the Board of Directors based on the results of consultation with the Compensation Advisory Committee. Compensation is set within the limits decided by resolution of the Shareholders Meeting. Compensation for corporate officers (excluding external directors and corporate auditors) consists of fixed monthly compensation and performance-linked compensation (bonuses and stock-based compensation). Compensation levels are determined for each corporate officer based on individual roles and responsibilities using survey data from specialized external institutions as an objective benchmark.

The ratio of performance-linked compensation and stock-based compensation for directors is revised as necessary to maintain sound, appropriate incentives to increase corporate value over the medium and long terms.

Executive Corporate Officers (excluding external directors and corporate auditors)

(1) Compensation consists of fixed monthly compensation and performance-linked compensation tied to earnings and the stock price.

(2) Fixed monthly compensation uses a flat-rate system. Fixed monthly compensation levels are set taking into consideration similar levels at other companies. In addition, once per year the fixed monthly compensation is raised or lowered following an appraisal of how well the director displays his or her ability to execute duties and supervise management.

(3) Performance-linked compensation consists of bonuses and performance-linked stock-based compensation as approved by and adopted at the 156th Annual Meeting of Shareholders held on March 30, 2017.

(4) Lion aims to provide director compensation such that it comprises approximately 50% basic, fixed compensation and 50% performance-linked compensation (30% bonus and 20% stock-based compensation).

(5) Bonuses are allocated to each director in consideration of actual past payments and precedents at other companies. The total amount of bonuses (rounded down to the nearest ¥10,000) is 50% of 0.5% of the core operating income and 50% of 0.75% of the profit attributable to owners of parent for the relevant fiscal year. The upper limit is ¥250 million. However, if core operating income or profit attributable to owners of parent are negative (a loss), the value for that item used in the formula will be zero.

(6) Performance-linked stock-based compensation consists of a fixed portion granted each fiscal year and a performance-linked portion granted based on the degree to which earnings targets outlined in the medium-term management plan have been achieved for each fiscal year during the period. The ratio of the fixed portion and the performance-linked portion form equal halves of the stock-based compensation base amount specified for each rank.

Corporate officers without executive duties (external directors and corporate auditors)

(1) Compensation consists entirely of fixed monthly compensation.

(2) Fixed monthly compensation uses a flat-rate system. Fixed monthly compensation levels are set taking into consideration similar levels at other companies.

Total amount of compensation, etc. for each corporate officer classification of the submitting company, total amount by type of compensation, etc., and number of eligible corporate officers

Corporate Officer Classification	Total Amount of Compensation (Millions of yen)	Total Amount by Type of Compensation (Millions of yen)				Number of Eligible Corporate Officers
		Fixed Compensation	Bonuses	Performance-Linked, Stock-Based Compensation	Retirement Benefits	
Directors (excluding External Directors)	442	215	166	60	—	7
Corporate Auditors (excluding External Corporate Auditors)	60	60	—	—	—	2
External Directors and External Corporate Auditors	60	60	—	—	—	5

(1) There are no individuals serving concurrently as employees and executives.

(2) Directors' fixed compensation was set at a maximum of ¥300 million per fiscal year by resolution at the 156th Annual Meeting of Shareholders held on March 30, 2017.

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(3) Corporate Auditors' fixed compensation was set at a maximum of ¥110 million per fiscal year by resolution at the 156th Annual Meeting of Shareholders held on March 30, 2017.

(4) By resolution at the 156th Annual Meeting of Shareholders held on March 30, 2017, the upper limit for the amount of contributions to stock-based compensation for the total of four fiscal years, from the fiscal year ending December 31, 2017, to the fiscal year ending December 31, 2020, was set at ¥600 million and the total number of shares set at 360,000 shares (90,000 shares per fiscal year).

(5) The performance-linked compensation bonuses are the amounts calculated and determined on the basis of the core operating income for the period under review and the profit attributable to the owners of parent for the period under review, in accordance with the methods described above. In addition, stock-based compensation is the amount obtained by converting the share granting points awarded to persons eligible under the system, depending on his or her business attainment level for the period under review.

(6) The amounts shown are rounded down to the nearest million yen.

Calculation method for corporate officer bonuses related to earnings during the Year Ended December 31, 2019

Bonuses to corporate officers are paid in an amount calculated and determined based on the following method.

(1) Corporate officers eligible for payment

Only those directors that are "Managing Members" as defined by the Corporation Tax Law Article 34 Section 1 No. 3 are eligible, whereas bonuses shall not be paid to external directors and corporate auditors.

(2) Total payment amount

The total amount paid (rounded down to the nearest ¥10,000) allocated to all directors is 50% of 0.5% of the core operating income and 50% of 0.75% of the profit attributable to owners of parent for the relevant fiscal year. The upper limit is ¥250 million. However, if core operating income or profit attributable to owners of parent are negative (a loss), the value for that item used in the formula will be zero.

(3) Individual payments

The payment per point is calculated by dividing the total payment amount calculated based on (2) above by the total number of points calculated by multiplying the number of the total sum of directors currently in office as of the end of the relevant fiscal year for each rank by the following points specified for each rank and adding these. Individual payments to each director are then calculated by multiplying the points specified for each rank by the payment per point calculated above (rounded down to the nearest ¥10,000).

Points by the Role of Each Director and the Number of Officers

Rank	Points	Number of Officers	Total Points
Chairman/President and Executive Officer	3.000	2	6.000
Vice President and Executive Officer	1.800	0	0.000
Senior Executive Director	1.500	0	0.000
Executive Director	1.200	0	0.000
Senior Executive Officer	1.000	2	2.000
Executive Officer	0.900	2	1.800
Total	—	6	9.800

The above is to be calculated using the number of directors following the 158th Annual Meeting of Shareholders held on March 28, 2019.

Calculation method for performance-linked stock-based compensation

By resolution of the 156th Annual Meeting of Shareholders held on March 30, 2017, a performance-linked stock-based compensation system was introduced for directors (excluding external directors). In this system, the number of points (number of shares) to be granted to directors per fiscal year is determined upon making a calculation based on the following method. In principle, a number of shares equivalent to the accumulated number of points is issued to directors upon retirement from office.

(1) Corporate officers eligible for payment

Only those directors that are "Managing Members" as defined by the Corporation Tax Law Article 34 Section 1 No. 3 are eligible, whereas performance-linked stock-based compensation shall not be paid to external directors and corporate auditors.

(2) Total payment level

The upper limit for the total number of points granted to corporate officers eligible for payment per fiscal year shall be 90,000 points (one share of Lion stock per point).

(3) Calculation method and individual payment levels

The number of points for each corporate officer eligible for payment is determined individually using the following formula.

Point formula

Number of points* = (① Fixed base amount + ② Performance-linked base amount × ③ Performance coefficient) ÷ ④ Average per-share acquisition cost

* Truncated after the decimal

① Fixed base amount

The fixed base amount uses the following coefficients set for each rank and is calculated based on the value of the fixed base amount for the directors and executive officers. The fixed base amount is ¥4 million when the coefficient for the directors and executive officers is 1.

Rank	Coefficient for each rank
Chairman/President and Executive Officer	3.625
Vice President and Executive Officer	2.000
Senior Executive Director	1.625
Executive Director	1.375
Senior Executive Officer	1.250
Executive Officer	1.000

② Performance-linked base amount

The performance-linked based amount uses the same value as the above fixed based amount.

③ Performance coefficient

The performance coefficient is calculated in accordance with the following formula.

Coefficient formula

Performance coefficient*¹ = Performance coefficient for core operating income*² × 50% + Performance coefficient for profit attributable to owners of parent*³ × 50%

*¹ Truncated after the second decimal place

*² Core Operating Income: An earning indicator the Company uses to measure regular business performance by subtracting selling, general and administrative expenses from gross revenues.

*³ An IFRS-based earnings indicator.

The performance coefficients for each indicator shall be determined in accordance with the degree to which the targets*⁴ for each indicator have been achieved*⁵ for the Year Ended December 31, 2019.

*⁴ The targets are a core operating income of ¥31,500 million and a profit attributable to owners of parent of ¥21,000 million as listed in the "Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2019 (January 1, 2019 - December 31, 2019)" disclosed in the Summary of Consolidated Financial Statements released on February 13, 2019.

*⁵

Target achievement rate*	Performance coefficients for each indicator
Under 100%	0
100% to under 140%	(target achievement rate) × 2.5-1.5*
140% or above	2.00

*⁶ In the case of 100% or above, the rate is rounded up using the first decimal place

*⁷ Truncated after three decimal places

④ Per-share acquisition cost

The per-share acquisition cost uses the share acquisition cost for the trust used by this system (¥2,130 per share).

When a director transfers residency outside of Japan during his or her eligibility for this system, the accumulated points shall be voided and the director shall be paid separately at the time of retirement in an amount determined by multiplying the share price at the time of retirement by a number of shares equivalent to his or her accumulated points.

Evaluations of the Board of Directors

Striving to ensure the effectiveness of the Board of Directors, every fiscal year, the Company conducts evaluations related to such areas as the board's operating methods and the content and status of the proposals it considers. These evaluations include examinations of each director. A summary of the results of these evaluations is disclosed in the Corporate Governance Report. An anonymous self-assessment survey of all directors and corporate auditors was conducted regarding Board of Directors meetings held in 2018.

■ Summary of the Evaluation of the Board of Directors

- The number of persons on Lion's Board of Directors is sufficient for deliberations, including the number and proportion of external directors. Board members have the knowledge, experience, capabilities, and diversity necessary to enhance corporate value.
- The frequency, number of agenda items, and deliberation time of the Board of Directors are appropriate. The deliberations comprise open, constructive debate that does not hinder risk taking.

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The evaluation found that the membership and operations of Lion's Board of Directors are appropriate, and that decision making on important matters related to business execution and oversight of the execution of duties, are conducted in a proper manner. As such, the effectiveness of Lion's Board of Directors was deemed sufficient.

To date, evaluations of the board's effectiveness have uncovered certain issues. These include: 1) Discussions on management strategy should be enhanced to further increase corporate value and 2) External directors and corporate auditors should be provided with more extensive information regarding the background and context of important agenda items. While Lion has achieved a measure of success with initiatives aimed at addressing each of these issues, the Company recognizes that there is still room for improvement. Looking ahead, Lion will continue to implement necessary measures, and make efforts to further enhance the effectiveness of the Board of Directors.

■ Fundamental stance towards eliminating antisocial forces and the preparation status thereof.

Fundamental stance

Based on the Lion Group Charter for Corporate Behavior, Lion shall maintain a confrontational stance towards any antisocial forces threatening the order and security of civil society.

Preparation status

The General Affairs Department serves as the corresponding supervisory department for handling antisocial entities. This department includes one person responsible for preventing unreasonable demands and cooperates with each of the Lion Group operating sites and external organizations. In order to build ties with law enforcement authorities, Lion participates in external expert organizations, such as Tokubouren (an incorporated association established to prevent special types of violence), and shares information relating to antisocial entities. Lion has instituted a manual for preventing special types of violence in order to establish and enforce procedures for managing antisocial entities.

The person responsible for preventing unreasonable demands provides the necessary education and training for responding to antisocial entities at each of the Lion Group operating sites, and the person responsible and the person in charge of each operating site carries out his or her duties in accordance with this manual.

■ Role of Corporate Pension Fund as Asset Owner

To ensure the payment of pension payments and lump-sum payments into the future, Lion's corporate pension fund manages its pension assets with the aim of securing the necessary total returns over the long-term. To ensure the sound management of the pension fund, Lion assigns personnel from accounting, finance and other relevant divisions who have the appropriate qualities to manage corporate pensions to monitor the entrusted assets. Furthermore, the membership of the board of representatives that serves as the decision-making body for the corporate pension fund is divided equally between Company appointees and representatives of the corporate pension fund beneficiaries elected from among themselves, thereby creating a framework for appropriately managing any conflict of interest that may arise between the corporate pension fund beneficiaries and the Company.

■ Strategic Shareholdings

Lion may hold strategic shares of other companies only when it has judged that they are strategically important for such purposes as maintaining and strengthening trade relationships. The Board of Directors examines the economic rationality of strategic shareholdings on an annual basis, checking the investment profitability, capital cost and other factors for each stockholding. Based on the results of these examinations and such factors as the importance of the relevant trade relationships, shareholdings determined to be unnecessary are then sold as appropriate, reducing Lion's strategic shareholdings.

The voting rights associated with strategically held shares may be exercised based on comprehensive consideration that includes the improvement of Lion's corporate value over the medium to long term and the common interest of Lion's fellow shareholders.

See Lion's Corporate Governance website for further details.

Basic Corporate Governance Policy

http://www.lion.co.jp/en/company/pdf/cg_policy_e.pdf

Corporate Governance Report (Available in Japanese only)

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

Message from External Directors
Kazunari Uchida External Director


The great thing about Lion is the way it takes care of people including customers, employees, trading partners and society at large. This strong and consistent sense of empathy is in fact a key reason for the Company's many fans. However, as Japan's economy continues to mature and operating conditions fluctuate, the focus of manufacturing is shifting away from the simple development and sale of goods to the provision of experience-based products and services that offer higher added value.

Against this backdrop, and as a buttress to its traditional manufacturing structure and systems, Lion must work to enhance experience-based value from both the internal and external perspectives. In addition to pursuing organic ties that extend beyond divisional boundaries, it will become increasingly important for the Company to promote collaboration with a variety of companies and research institutions from outside the industry.

In doing so, Lion will not only be recognized for its solid business results, but also as a company that is indispensable to customers and society. Through these means, I am hopeful that the Company will continue to attract wide-ranging support.

Takashi Shiraishi External Director


With a history that spans more than 100 years, Lion is an extremely earnest company. I have come to this assessment after dealing with the Company and attending monthly meetings of the Board of Directors. With all of Lion's products and services closely linked to consumers' daily lives, the efforts of the Company to instill a sense of intimacy and closeness has attracted considerable trust and confidence. Harnessing this trust as an asset and engine for sustainable growth is a key issue for the Company going forward.

I have been studying political science and economics focusing largely on Asia for more than 45 years, and among a number of positions, I have served as a professor at Cornell University in the U.S., president of the Institute of Developing Economies at the Japan External Trade Organization and president of the National Graduate Institute for Policy Studies. Conversant across a diverse range of political, economic, social and other domains throughout Asia, I have developed a broad local network throughout the region. In order for Lion to grow further on the global stage, I believe it is vital for the Company to expand throughout Asia, promote collaborative ties with other companies and appoint people from other Asian countries to senior management positions. I would like to contribute in these endeavors.

Foundation

Corporate Governance

Directors, Corporate Auditors, and Executive Officers

(As of April 1, 2019)

 Brief outline of the career history of directors, corporate auditors, and executive officers

The notification of the nomination of Mr. Kazunari Uchida, Mr. Takashi Shiraishi, Ms.Takako Sugaya as independent directors has been sent to the Tokyo Stock Exchange.



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

Brief Career History and Positions and Responsibilities at Lion Corporation
April 1977 Joined Lion Fat & Oil Co., Ltd.
January 2019 Representative Director, Chairman of the Board of Directors, Chief Executive Officer (current position)



Representative Director,
President and Executive Officer
MASAZUMI KIKUKAWA
Chief Operating Officer (current position)

Brief Career History and Positions and Responsibilities at Lion Corporation
April 1984 Joined Lion Corporation
January 2019 Representative Director, President and Executive Officer, Chief Operating Officer (current position)



Director
Senior Executive Officer
KENJIRO KOBAYASHI

Brief Career History and Positions and Responsibilities at Lion Corporation
April 1987 Joined Lion Corporation
January 2019 Director, Senior Executive Officer, Responsible for Corporate Ethics, Human Resources and General Affairs Headquarters, Secretary Department, CSV Promotion Department, System Department, Corporate Communication Center and Business Process Reengineering Department (current position)



Director
Senior Executive Officer
TAKEO SAKAKIBARA

Brief Career History and Positions and Responsibilities at Lion Corporation
April 1983 Joined Lion Corporation
January 2018 Director, Senior Executive Officer, Responsible for Risk Management, Corporate Strategy Headquarters, Consumer Service Center, Reliability Assurance Department and Legal Department (current position)



Director
Executive Officer
YUGO KUME

Brief Career History and Positions and Responsibilities at Lion Corporation
April 1984 Joined Lion Corporation
January 2019 Director, Executive Officer, Responsible for Gift and Channel-Specific Products Division, Direct Marketing Division, Communication Design Department and Consumer Knowledge Center, Executive General Manager of Health and Home Care Products Division (current position)



Director
Executive Officer
FUMITOMO NORITAKE

Brief Career History and Positions and Responsibilities at Lion Corporation
April 1988 Joined Lion Corporation
March 2019 Director, Executive Officer, Responsible for Supply Chain Management Headquarters, Production Engineering Research Headquarters, Purchasing Headquarters, Production Headquarters, Overall Chemicals Businesses, Intellectual Property Department and Safety and Disaster Prevention Promotion Department, Executive General Manager of Research and Development Headquarters (current position)



External
Director
**KAZUNARI
UCHIDA**
University
professor

Brief Career History and Positions and Responsibilities at Lion Corporation
January 1985 Joined Boston Consulting Group
June 2000 Representative for Japan, Boston Consulting Group
March 2006 External Auditor, Suntory Limited (now Suntory Holdings Limited)
April 2006 Professor, Faculty of Commerce, Waseda University (current position)
February 2012 External Auditor, Kewpie Corporation
June 2012 External Director, Lifenet Insurance Company
External Director, Mitsui-Soko Holdings Co., Ltd.
August 2012 External Director, Japan ERI Co., Ltd. (now ERI Holdings Co., Ltd.)
March 2016 External Director, Lion Corporation (current position)

Senior Executive Officer
MASAHIRO MIKUNI
Executive General Manager of
Health and Home Care Products
Sales Division, Distribution Policy
Department



External
Director
**TAKASHI
SHIRAISHI**
University
professor

Brief Career History and Positions and Responsibilities at Lion Corporation
June 1979 Assistant Professor, International Relations, Department of Humanities and Social Sciences, College of Arts and Sciences, University of Tokyo
January 1996 Professor, Department of Asian Studies and Department of History, College of Arts and Sciences, Cornell University
July 1996 Professor, Center for Southeast Asian Studies, Kyoto University
April 2005 Professor and Vice President, National Graduate Institute for Policy Studies
May 2007 President, Institute of Developing Economies, Japan External Trade Organization
January 2009 Councilor, Council for Science, Technology and Innovation, Cabinet Office
April 2011 President, National Graduate Institute for Policy Studies
January 2013 Member, Management Evaluation Committee (now the Advisory Committee), Lion Corporation
March 2017 External Director, Lion Corporation (current position)
April 2017 Special visiting professor, Ritsumeikan University
May 2017 Professor Emeritus, National Graduate Institute for Policy Studies (current position)
April 2018 Chancellor, Prefectural University of Kumamoto (current position)

Senior Executive Officer
HITOSHI SUZUKI
Executive General Manager of
International Division
Executive Officer
TOMOMICHI OKANO
Executive General Management of
Production Engineering Research
Headquarters



External
Director
**TAKAKO
SUGAYA**
Attorney at Law

Brief Career History and Positions and Responsibilities at Lion Corporation
October 2002 Registered as an attorney at law (Daini Tokyo Bar Association)
Joined Yamada Hideo Law Office (now the Yamada Ozaki Law Office) (current position)
March 2019 External Director, Lion Corporation (current position)

Executive Officer
SHINICHIRO HIRAKA
Executive General Manager of
Supply Chain Management
Headquarters
President of Lion Logistics Service
Company, Ltd.



Audit &
Supervisory
Board
Member
**TOSHIYUKI
NIKKAWA**

Brief Career History and Positions and Responsibilities at Lion Corporation
April 1984 Joined Lion Corporation
March 2019 Audit & Supervisory Board Member (current position)

Executive Officer
JIRO NAGASAWA
Executive General Manager of
Human Resources and General
Affairs Headquarters



Audit &
Supervisory
Board
Member
**YOSHIAKI
KAMAO**

Brief Career History and Positions and Responsibilities at Lion Corporation
April 1985 Joined Lion Corporation
March 2019 Audit & Supervisory Board Member (current position)

Executive Officer
KENGU FUKUDA
Executive General Manager of
Corporate Strategy Headquarters



External Audit
& Supervisory
Board
Member
**TAKAO
YAMAGUCHI**
Certified Public
Accountant,
Certified Tax
Accountant

Brief Career History and Positions and Responsibilities at Lion Corporation
October 1981 Joined Chuo Accounting Office Auditing Corporation
February 1985 Acquired Japanese CPA certification
September 1987 Entered Yamaguchi Accounting Office
December 1987 Acquired Japanese tax accountant certification
January 1996 Director, Yamaguchi Accounting Office
March 2015 Alternate External Audit & Supervisory Board Member, Lion Corporation
March 2019 External Audit & Supervisory Board Member, Lion Corporation (current position)

Executive Officer
YASUTSUGU SHIMIZU
Executive General Manager of
Production Headquarters
Executive Officer
TAKASHI NAGAI
Executive General Manager of
Direct Marketing Division



External Audit
& Supervisory
Board
Member
**SETSUKO
TAKEMOTO**
Certified Tax
Accountant

Brief Career History and Positions and Responsibilities at Lion Corporation
April 1969 Joined the Ministry of Finance
July 2009 Director, Ogikubo Tax Agency
Retired from the National Tax Agency
July 2011 Acquired Japanese tax accountant certification
August 2011 Established Takemoto Setsuko Tax Accounting Office (now the Kuchitani General Accounting Office)
September 2011 External Audit & Supervisory Board Member, Lion Corporation (current position)

Alternate External Audit &
Supervisory Board member
AKEMI SUNAGA
Certified Public Accountant,
Certified Tax Accountant