

Human Resource Development



Yoko Koike

Executive Officer
Director of Human Resources
Development Center

Basic Approach to Human Resource Development

One of the four basic strategies of Lion's LIVE Plan is "Create Dynamism to Foster Innovative Change." Under this strategy, we aim to have all employees spurring one another on and operating as autonomous individuals in order to generate waves of innovative change, that is, dynamism, across the organization as a whole. We have made the independent efforts of each individual a common element of our various measures and initiatives. From the perspective of human resource development, encompassing hiring, training, compensation and the fostering of healthy habits, we are working not only to create employee-friendly workplaces, but to instill a sense of purpose and satisfaction in every employee in order to increase productivity and create new value.

To achieve corporate growth, it is essential that all Lion Group employees exercise their diverse abilities and contribute to the achievement of Lion's purpose: realizing healthy minds and bodies for all consumers. To push toward a new stage of growth, we are working to firmly root the Lion Professional Fulfillment Reforms throughout the Company and thereby advance value-creating human resource development.

Initiatives for Creating Dynamism



Lion Professional Fulfillment Reforms

To realize the targets of the LIVE Plan, we aim to ensure that each individual is able to take total ownership of their role and exercise their abilities to the fullest. To this end, we have launched a new initiative, the Lion Professional Fulfillment Reforms, focused on health, work styles and enabling diverse human resources to succeed, with the key themes of "first, just do it" and "mutual acceptance."

Work style reforms begin with enabling employees to work with vigor and enthusiasm. For this, it is important that employees act not just because they are told to, but because they themselves feel the need and desire to act. For employees to think and create optimal work styles for themselves, they must work with deliberate autonomy. The role of the Company in this is to create environments that allow employees to utilize their own strengths, find the work styles that best suit them and coordinate with others.

Our work style reforms comprise four initiatives: 1) Make maximum use of diverse talent through work management, 2) Change ways of working, with emphasis on independence, 3) Strengthen relationships to foster mutual understanding and respect while invigorating organizations and, as the foundation supporting the first three, 4) Implement Lion-style health support, "GENKI" Action. By implementing multifaceted initiatives, we are promoting diversity and openness among our human resources, organizations and corporate culture.

Through the Lion Professional Fulfillment Reforms, we will increase the job satisfaction of each and every employee, develop personnel who generate new value and increase labor productivity.

LION Professional Fulfillment Reform Framework



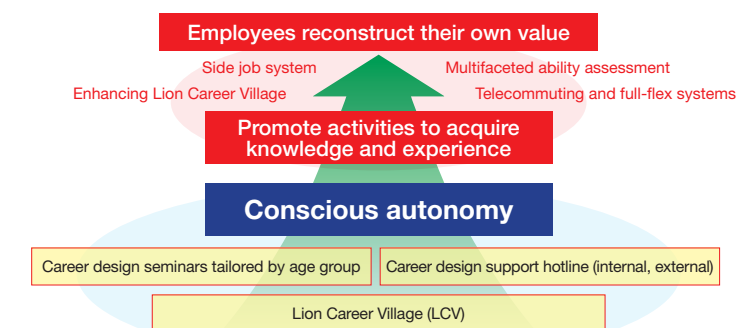
1. Work Management (Make Maximum Use of Diverse Talent)

To increase the productivity of all employees, it is important to increase the abilities of all employees. We are taking a two-pronged approach comprising supporting the development of diverse talents and providing opportunities to utilize such diverse talents. We will provide support for employees to grow by autonomously acquiring knowledge and experience in order to realize the careers they have designed for themselves and thus make maximum use of their diverse talent.

Supporting Autonomous Career Development

In Japan, as average life spans continue to lengthen and people work longer before retirement, there is a growing need to adjust work styles for professionals at different life stages. For employees to be fulfilled in their professional and personal lives, it is important that they autonomously design their own careers. In 2020, we have launched what we call Career Design Support, which is aimed at supporting deliberate autonomy that will enable all employees to advance their own careers based on their own aspirations and actions. We have established a career design support hotline that offers career consultations and disseminates information in and outside the Company. We also offer career design seminars tailored by age group to help employees design their careers and rediscover their own potential.

Career Design Support



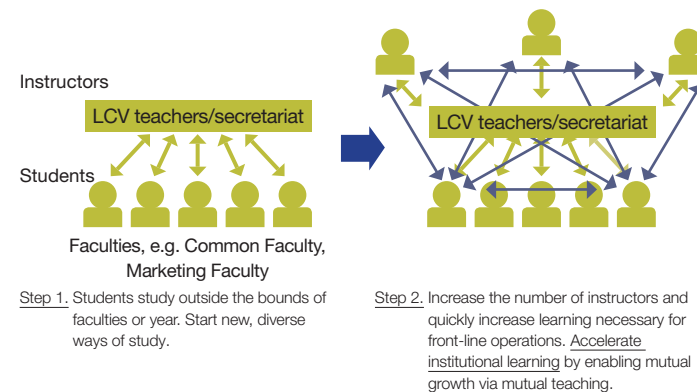


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Supporting Autonomous Ability Development

In 2019, we launched Lion Career Village (LCV) to support employees' autonomous development of their abilities. More than 60% of those eligible are using LCV online instructional content, with approximately 20% participating in discussion-style programs. LCV is thus contributing to the formation of self-directed learning habits among employees. Going forward, to help employees gain knowledge that will further expand the breadth and depth of their work and with an eye to accelerating institutional learning, we will create environments that enable them to teach one another and share what they have learned.

Enhancing Lion Career Village (LCV)



Focus Lion Career Village Receives Two Awards

The new LCV system Lion launched in January 2019 to help employees realize self-directed growth received the Career Up Education Special Division 16th Japan e-Learning Grand Prize organized by e-Learning Initiative Japan and Nihon Kogyo Shimbunsha as well as the Nihon no Jinjibu HR Award 2019 from the Nihon no Jinjibu HR Award Organizing Committee.

Going forward, we will continue to improve work environments that promote ambition and creation to help all employees advance their careers in an effort to reinforce front-line capabilities.



Providing Opportunities for Employees to Utilize Their Diverse Talents

We have commenced operation of the "handpicked appointment" to select project leaders without regard to years of service or age and the "exceptional promotion" to quickly identify outstanding human resources early and expand the area of responsibility and authority. In addition, on a trial basis we have implemented multifaceted evaluations of ability to take action with an eye to increasing employee satisfaction and fostering professional fulfillment.

2. Work Styles (Change Ways of Working, with Emphasis on Independence)

We are working to reinforce organizational strength by utilizing the multifaceted talents of diverse human resources and giving decision-making authority and responsibility to all employees operating with deliberate autonomy. We are improving environments to leverage the various strengths of employees with diverse backgrounds, including differing lifestyles and values, and ensure that employees with fresh perspectives and ideas can thrive.

Promoting Smart Work

We are enhancing workplaces to improve employee work styles and the quality of communication. We have remodeled some offices, creating spaces for collaborative and solo work. Through such efforts, we are testing new types of working spaces with the aim of effectively enhancing employees' various work styles.



Revising Work Rules

Since 2019, we have been relaxing work rules, such as those about working from home and work attire. Our work-from-home system is aimed at accommodating autonomous work styles in line with the diversity of our employees and at increasing productivity. To encourage employees to try the system, we have been improving related systems and their operation, including participating in the 2019 Telework Days campaign*1 (August–September 2019).

By the end of 2019, trial implementation had expanded to the point that the portion of employees that had used the work-from-home system at least once had grown to 49%. Since February 2020, to prevent the spread of the novel coronavirus, except for employees who must be physically present to perform their duties, such as those involved in production, receiving orders and shipment operations, all employees have been working from home.*2

*1 An initiative organized by the Ministry of Internal Affairs and Communications and Ministry of Economy, Trade and Industry in collaboration with related government agencies and organizations aimed at promoting the use of telecommuting across Japan and, to alleviate transportation congestion during the Tokyo Olympic and Paralympic Games, encourage companies and other organizations nationwide to practice coordinated telecommuting on certain days

*2 As of May 31, 2020

Focus Figuring Out an Ideal Work Style: Telecommuting

User's Perspective

Iyo Takatsu

Beauty Care
Business Department,
Health and Home Care
Products Headquarters



An advantage of telecommuting is that it allows you to find better, more efficient ways of working. After getting my work done efficiently, I often have more time than I otherwise would to prepare dinner and can take more care with it. Being able to feel satisfied with the level of housework I do even on weekdays has felt like a real lifestyle improvement.

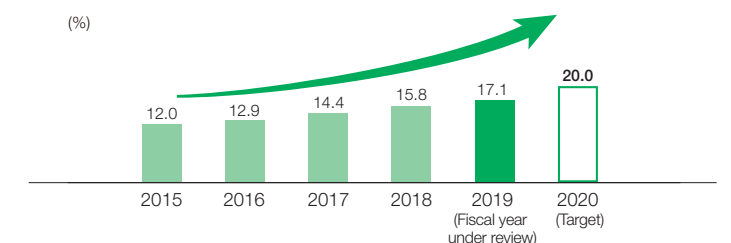
Promoting the Professional Participation and Advancement of Women

Lion recognizes that the professional participation and advancement of women is indispensable to the further enhancement of corporate value and is proactively implementing measures to promote the professional engagement of women. Based on the Act on Promotion of Women's Participation and Advancement in the Workplace, which came into full effect in 2016, Lion has expanded systems related to childcare and implemented support measures for working parents in order to allow women to fully participate professionally over the long term. We are also implementing measures to support employees balancing work and nursing care.

Furthermore, through a range of initiatives, in 2020 we aim to increase the proportion of female employees in Japan at the management level* to at least 20%.

* Personnel holding managerial positions at the level of assistant manager or higher

Proportion of Female Employees at the Management Level



Promoting Work-life Balance (Japanese)
https://www.lion.co.jp/ja/csr/employee/work_life/

Lion's entry in the Ministry of Health, Labour and Welfare's database of companies submitting action plans and data based on the Act on Promotion of Women's Participation and Advancement in the Workplace (Japanese)
<https://positive-ryouritsu.mhlw.go.jp/positivedb/detail?id=453>

Lion Receives Platinum Kurumin Certification for its Support of Childcare

Lion is aggressively working to create environments that allow employees to work while raising children so that all employees can exercise their abilities to the fullest. Through such initiatives as encouraging the use of childcare-related systems, providing support for smooth reinstatement after childcare leave and encouraging male employees to take parental leave, we have achieved a 100% retention rate for female employees one year after giving birth and a 71% usage rate for childbirth leave or parental leave among male employees (for the period of April 2015 to December 2018). In addition, we have been advancing efforts

to promote healthy work-life balance among all employees, not only those raising children, such as encouraging the use of annual paid leave and expanding the use of the work-from-home system. As a result of these efforts, in 2019, Lion received special Platinum Kurumin certification.

Lion's page in the Ministry of Health, Labour and Welfare's database of companies submitting action plans and data based on the Next Generation Education and Support Promotion Act (Japanese)
https://ryouritsu.mhlw.go.jp/hiroba/search_dtl.php?cn=107866#actionplan



Human Resource Development

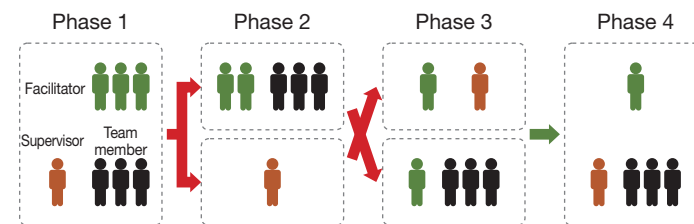
3. Strengthen Relationships (Mutual Understanding and Respect)

Strengthening intra-organizational relationships to facilitate coordination between individuals is key to the innovation of work management and work styles as well as fostering greater professional fulfillment. We aim to create organizations in which people can openly share not just information about work, but their concerns, questions and appreciation. Through mutual understanding among employees and the organization, we strive to create organizations that leverage and reinforce the abilities of individuals.

Mutual Understanding in Teams

We are implementing 1-on-1 Meetings, in which managers meet with their subordinates individually to strengthen their relationships, as well as KI DZ KI Meetings, which are aimed at strengthening relationships within entire teams, among other measures. Based on the results of trial implementation in certain units, we are rolling out the measures that are most effective to the entire Company.

KI DZ KI Meetings



* These meetings are intended to help build positive relationships by bringing in outside facilitators to help supervisors better understand their own management performance and help team members better understand their place in their teams.

4. Lion-Style Health Support—“GENKI” Action

The foundation of professional fulfillment reform is health. We believe that empowering every employee to maintain and improve their health while achieving personal growth and professional and personal fulfillment will serve to enhance corporate productivity and thereby creativity and expand opportunities for Lion to contribute to society. We are implementing Lion-style health support, “GENKI” Action, to promote the formation of healthy habits.

What is “GENKI” Action?

“GENKI” Action underlies the three frameworks of our professional fulfillment reforms. The concept behind “GENKI” Action initiatives is to “ReDesign” employees’ health-related habits to be more natural, easy and enjoyable. Through these initiatives, we are working to raise employees’ health awareness and provide support for self-directed preventive activities.



- 1) Clearly laying out current and future lifestyle-related disease risk
We plan to implement an individual health information system that clearly lays out each employee’s health-related data, such as that from health checkups, dental checkups and saliva tests, and make such data easy to access by that individual.

- 2) Fostering preventive dentistry habits
We aim for all employees to practice preventive dentistry. We are implementing a range of initiatives, such as subsidizing the cost of receiving professional care, recommending dentists and directly contacting high-risk individuals.

- 3) Reinforcing countermeasures for three common types of cancer*
We have established a voluntary screening system aimed at early detection and treatment.

* Lung, stomach and colon cancers

Age	40	45	50	60
① Hepatitis B/C virus tests	●			
② Stomach cancer risk screening	●			
③ Gastroendoscopy		●	→ (64 years old)	
④ Lung CT and large intestine endoscope			●	→ (64 years old)

- 4) Reinforcing Anti-Smoking Initiatives
We are advancing support, including creating facilitative environments, for employees who want to quit smoking. We have an online anti-smoking support program, and, beginning in January 2020, have banned smoking during work hours. Through such efforts, we are working to reduce the smoking rate among employees.

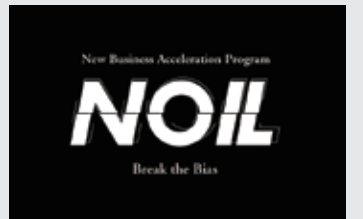
Lion aims to be a company where anyone would want to work thanks to its high productivity, new value creation and sustainability. The core element supporting ongoing growth toward this end is employees. Lion will provide support to help all employees achieve personal and professional fulfillment and growth in their roles within the Company and their families. We will evolve into a strong organization that increases professional fulfillment, fosters human resources with high aspirations and motivation, and creates new value.

Focus Discovering Innovative People

The Launch of NOIL, a New Value Creation Program

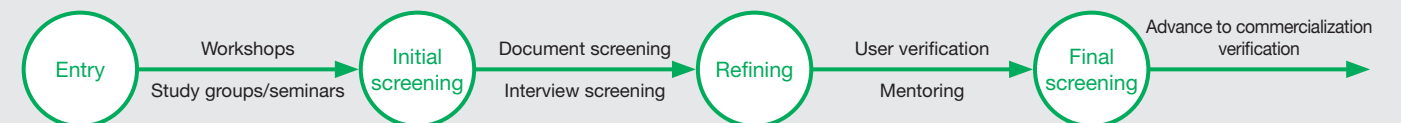
The LIVE Plan includes the basic strategies of Expand and Evolve Our Business Domains through New Value Creation and Create Dynamism to Foster Innovative Change. As part of initiatives based on these strategies, in 2019 we launched NOIL, a program for selecting and implementing new business ideas.

Under the theme of going beyond conventional healthcare wisdom, NOIL is aimed at continuously creating businesses that offer new value. In the program’s first year, it received applications from more than 100 people, collecting ideas based on diverse perspectives from employees not only in the R&D Division and Marketing Division, but divisions across the Company, including those related to sales and production. The applicants examined issues faced by consumers and, through their own efforts, devised business ideas aimed at resolving them. To commercialize the ideas for new products and services that management and outside experts selected as promising, the employees that submitted the chosen ideas have been transferred to the newly established Business Development Center, where they can take a central role in putting their ideas into action.



Presentation at the Final NOIL Evaluation in 2019

Overall Scheme of the NOIL Program



Establishment of the Business Development Center

In January 2020, we established the Business Development Center, a unit aimed at creating new value. Specifically, the center is charged with putting NOIL into action and takes a cross-sectional, overarching approach to the three elements necessary for innovation, namely customer experience development, business model design and effective use of technology, to propose new living habits based on outstanding customer experience value and thereby create new businesses.

Perspectives of Employees Working to Commercialize New Businesses

Akane Hirooka
Business Development Center
(Previously of the Marketing Division)



The experience of independently coming up with the solution to a problem I had in my own daily life was the impetus for my applying to NOIL. I wanted to share my solution with others and spread the joy it brought. I also wanted to work on solving consumers’ problems from a wider perspective that transcends the boundaries of the areas I had worked in previously. Bringing together underutilized resources and consumers’ real desires, I am starting to work toward commercialization.

Mizuho Niibori
Business Development Center
(Previously of the R&D Division)



One of the reasons I applied to NOIL was that I wanted to solve difficulties encountered in everyday life. At the same time, I wanted to do something different than what I had been doing at work to that point so that I could broaden my perspective and push myself to grow. Over the course of the program, the process of refining my idea was difficult, but I had support from both in and outside the Company and was able to deliver a final proposal. Going forward, as the “owner” of the business, I will work with even more people to make it a reality.

Research and Development



Creating New Lifestyle and Experience-Based Value through R&D

Kosuke Tanaka

Executive Officer

Executive General Manager of Research and Development Headquarters

The Mission of the Research and Development Headquarters and Lion's Strengths in Research and Development

The mission of the Research and Development Headquarters is to continually innovate in order to achieve the management vision of “Becoming an advanced daily healthcare company.”

We believe that innovation is indispensable to meeting diversifying consumer needs. Lion seeks to “ReDesign” everyday rituals. This requires more than just innovative new technologies—the most important element is the consumer’s perspective. The links that Lion has to consumers through the many products they use every day and Lion’s understanding of daily living are its strengths. By integrating our longstanding consumer research with new research areas, such as perceptual engineering and psychology, and incorporating new approaches, such as design thinking, we are continually offering better products that are closely aligned with consumer needs to help realize healthy and comfortable living.

The core technologies that support our R&D capabilities are oral care, life science, interface science, cleaning technology and formulation technology. By combining these with new technologies in novel ways, we create innovative products, and, through the creation of new value, we contribute to extending healthy life expectancy and ensuring everyday well-being.

Going forward, in addition to offering products that are closely aligned with consumer needs to help realize healthy and comfortable living, the Research and Development Headquarters will incorporate diverse technologies and services and reinforce R&D aimed at achieving healthy minds and bodies for all. By doing so, we aim to become an advanced daily healthcare company.

Basic Policy of the Research and Development Headquarters

ReDesign

Health	Comfort	Cleanliness
Research aimed at extending healthy life expectancy, so that customers enjoy healthy, fulfilling daily living over their entire lives.	Research aimed at emotional care through the performance of household chores and personal care by scientifically designing and realizing comfort.	Research aimed at delivering cleanliness—the core of healthy, comfortable living—in exciting and surprising ways.

Lion's Strengths in Research and Development



Promotional Framework of the Research and Development Headquarters

In addition to efforts to develop technologies and products that offer new value to consumers, the Research and Development Headquarters has built a framework for expanding Lion’s business domains by acquiring new technologies.

To ensure an overarching view of the business strategies of Group companies in Asian countries outside Japan and prioritize research topics by the degree to which they contribute to business, we have concentrated our overseas product development functions at the Developmental Research Laboratories and thereby reinforced our R&D capabilities.

Moreover, we are integrating Lion’s technologies with digital technologies newly acquired through open innovation and collaboration with external institutions to create new businesses not only in our existing domains, but in services and other new areas.

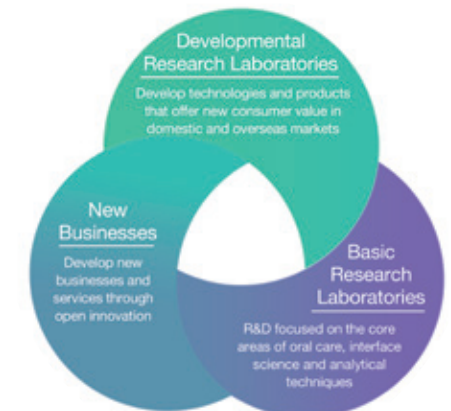
We have also consolidated our technological development capabilities in the technological fields of oral care, interface science and analytics, which are fundamental to our businesses, to form the Basic Research Laboratories.

In January 2019, we established a department to unify our research and development strategies as well as to integrate, promote and oversee efforts related to common themes across research institutes.

Furthermore, we established an organization aimed at promoting digital transformation in research operations and at creating new value through data science. We are also ambitiously working to build a data platform aimed at creating a new health and productivity management model.

Utilizing these updated structures, Lion is further activating its existing businesses and reinforcing support for the development of products and local brands based on local needs across Asia through enhanced coordination with overseas divisions. We are advancing initiatives to create new businesses and new markets aimed at delivering lifestyle innovations unique to our Company.

Promotional Framework



Advancing R&D by Integrating Globalization and Localization

Product Development Based on by Local Culture and Living Habits

Lion is advancing glocalization to expand the scale of its overseas operations. In our R&D operations, we station researchers in the countries where we do business as needed in order to investigate local living habits, discover business opportunities that do not exist in Japan and develop new products accordingly.

In Indonesia, economic growth in recent years has driven the expansion of the beauty care market. We have positioned Indonesia as a key country for the beauty care field within Southeast Asia and are working with the affiliate PT. Lion Wings to develop new products. In an effort to make a full-fledged entry into the facial care market, Lion researchers are stationed at a local laboratory of PT. Lion Wings, working with local researchers to create skin tone balancing creams and face washes, from the initial investigations of consumer needs to formulation development and production.

Initial Investigations of Local Consumer Needs

Local dermatological research has found that, compared with consumers in Japan, consumers in hot, humid regions tend to more often confront problems related to the weakening of the skin’s

natural barrier functions and with sunlight-related aging. In addition, observational research into facial care behaviors has found that these consumers value face washes that foam well and provide a well-moisturized feeling while creams are not sticky and brightening.

Working with the Local Team to Accelerate Development

At first, differences in blending methods used in manufacturing creams and face washes resulted in inconsistent product stability. Together, our research, process and production divisions worked to optimize the formulations and blending methods for the local production facilities. They also selected containers that both suited the content of each product while being easy to use. In these ways, we were able to quickly resolve issues to meet local conditions. As a result of these efforts, the new brand *POISE* was launched in August 2018, and its sales are doing well.





Research and Development

New Technologies and Products Created Based on Consumer Research

A Toothbrush That Clicks When Excessive Force Is Applied

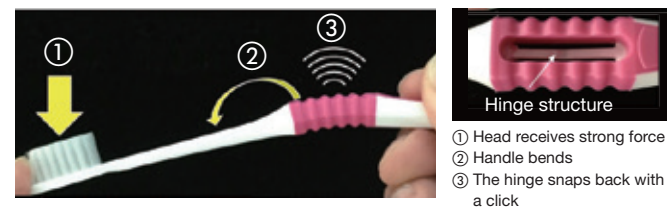
Receding of the gums occurs when the roots of the teeth, which are normally hidden under the gums, become exposed. Because the dental roots are relatively weak against acids, cavities can form very easily and advance quickly, increasing the risk of losing the tooth. Receding gums are most commonly caused by gum disease and aging, but over-brushing, can also be a factor.

A consumer survey found that 41% of respondents self-reported accidentally applying too much force while brushing their teeth (2017 Lion survey of women aged 35–59), and many people have been told by their dentists that they are brushing too hard.

Finding an appropriate brushing pressure requires the user to be aware of how much force they are applying. Thinking that sound could be an ideal tool to draw user attention, Lion combined its toothbrush design know-how and molding technologies to develop new alarm handle technology that causes a sound to be emitted from the plastic when excessive force is applied. Within the plastic

alarm handle is a hinge. When a certain amount of force is applied to the head of the toothbrush, the handle bends, and the forceful snap-back of the hinge then produces a sound.

The *CLINICA Advantage NEXT STAGE Toothbrush*, launched in 2019, mitigates excessive brushing pressure with its bendable handle that clicks to alert the user when they are brushing too hard. Simply by being careful not to make the handle click while brushing, consumers can prevent overbrushing while still effectively removing plaque. By helping users take their time and avoid brushing too hard, the product is helping to foster proper tooth brushing habits.



First Ever Laundry Detergent that Combats Odors from Indoor Drying, Age, Sweat and Pets with Total Deodorizing*

Approximately half of all consumers view odor removal as an important consideration when buying laundry detergent, and the number of such consumers has increased approximately 40% in the last five years (2018 Lion survey).

In addition, a survey about clothing odors found that consumer concerns about odors vary widely and include concerns about body odors, such as age-related and sweat odors; odors caused by bacteria, such as those from damp clothing or clothing left too long without drying; and specific odors, such as those from pets or tobacco (2019 Lion survey).

To address these concerns, Lion applied its accumulated core washing technologies, advancing product development with the aim of creating a single detergent capable of eradicating highly varied and often difficult-to-wash-out clothing odors.

TOP SUPER NANOX For Odors, released in 2019, combines four odor-removing mechanisms to achieve total deodorizing.* This super-concentrated laundry detergent for odors provides all-around deodorizing and odor prevention.

* Total approach addresses deodorizing from the biological, physical, sensory and chemical perspectives

Four Deodorizing Mechanisms

1. Unique *NANOX* washing technology (formulated with the proprietary washing ingredient MEE and new nano enzymes) removes odor-causing grime at the source with each wash.
2. The premium antibacterial formula fights bacteria for a full 48 hours, suppressing the growth of a wide range of odor-causing germs (both gram-negative and gram-positive bacteria).
* Not effective against all types of bacteria.
3. Fragrance formulated with deodorizing ingredients that neutralize and suppress the unpleasant odors that arise during wearing.
4. The refreshing aqua soap fragrance imparts a fresh, clean impression.



The combination of these effects not only alleviates concerns about odors that consumers previously had no way of addressing, it also eliminates the need to use multiple detergents, helping reduce the burden of housework.

By alleviating odor-related frustration, we aim to “ReDesign” laundry habits to be more enjoyable and contribute to consumer’s everyday well-being.

Focus

New Initiatives Aimed at Creating New Value

Innovation Lab

Background of the Lab's Establishment

The Innovation Lab was established in January 2018 to further advance innovation within the Research and Development Headquarters. The lab is a network-based unit in which each member of staff generates ideas as the leader for a certain theme and refines them together with the other members. Adopting an entrepreneurial mindset, the staff works to create new value by implementing a repeated cycle of seeking

insights from customer perspectives, prototyping, verifying and gathering feedback. The Innovation Lab is also proactively advancing open innovation. To create new businesses, we actively pursue collaboration with outside parties that have technologies not available to Lion, greatly increasing the speed of commercialization.

01 Example Initiative

A Space for Demonstration Testing to Develop New Products and Services

point O marunouchi

point O marunouchi is a membership-based coworking space created with the aim of realizing the office of the future.

Demonstration testing of the space began in July 2019 as a collaborative effort involving Lion, Okamura Corporation, Daikin Industries, Ltd., Tokio Marine & Nichido Fire Insurance Co., Ltd., MyCity Inc., Asahi Breweries, Ltd., TOA Corporation, TOTO Ltd. and Panasonic Corporation. Leveraging the latest technologies, data and know-how from each company, the project offers various types of spaces (open spaces, conference rooms, distraction-free work booths and nap booths) to enable all users to work in ways that align with their objectives and preferences. Collecting and analyzing data on the movement and physiological state of users as they work as well as the operation of equipment, we aim to further refine content and create new services.

Through this demonstration, Lion aims to develop new products and services that contribute to the improvement of healthcare and etiquette literacy for office workers. Specifically, we are utilizing oral cavity sensing to check users’ risk of bad breath and creating spaces that facilitate mental healthcare.



02 Example Initiative

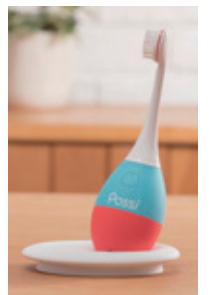
Offering Fun Tooth Brushing through Open Innovation

Possi

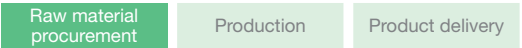
Possi is a kids’ toothbrush for adult-assisted brushing, combining design, music and technology created in line with the concept that tooth brushing can be changed from something that children dislike to something fun. When the brush touches the teeth, sonic vibrations (sound) pass through the toothbrush head to the teeth, enabling a new experience of enjoying music or other audio by brushing. *Possi* was developed through open innovation combining Kyocera Corporation’s sophisticated ceramics technology, Lion’s oral care product expertise and the systematic startup commercialization know-how of Sony Corporation’s Sony Startup Acceleration Program (SSAP).

To test-market *Possi*, we carried out a two-month crowdfunding campaign from July 3, 2019, on Sony’s *First Flight* crowdfunding platform, successfully reaching our fundraising target. The project has received considerable attention, including coverage in nationwide newspapers and other media during the campaign.

Fundraising target: ¥20,000,000
Amount raised: ¥21,838,700
Supporters: 1,344



Supply Chain



Reinforcing Advanced, Sustainable Systems to Secure Competitive Advantage

Shinichiro Hiraoka
Executive Officer
Executive General Manager of Supply Chain Management Headquarters

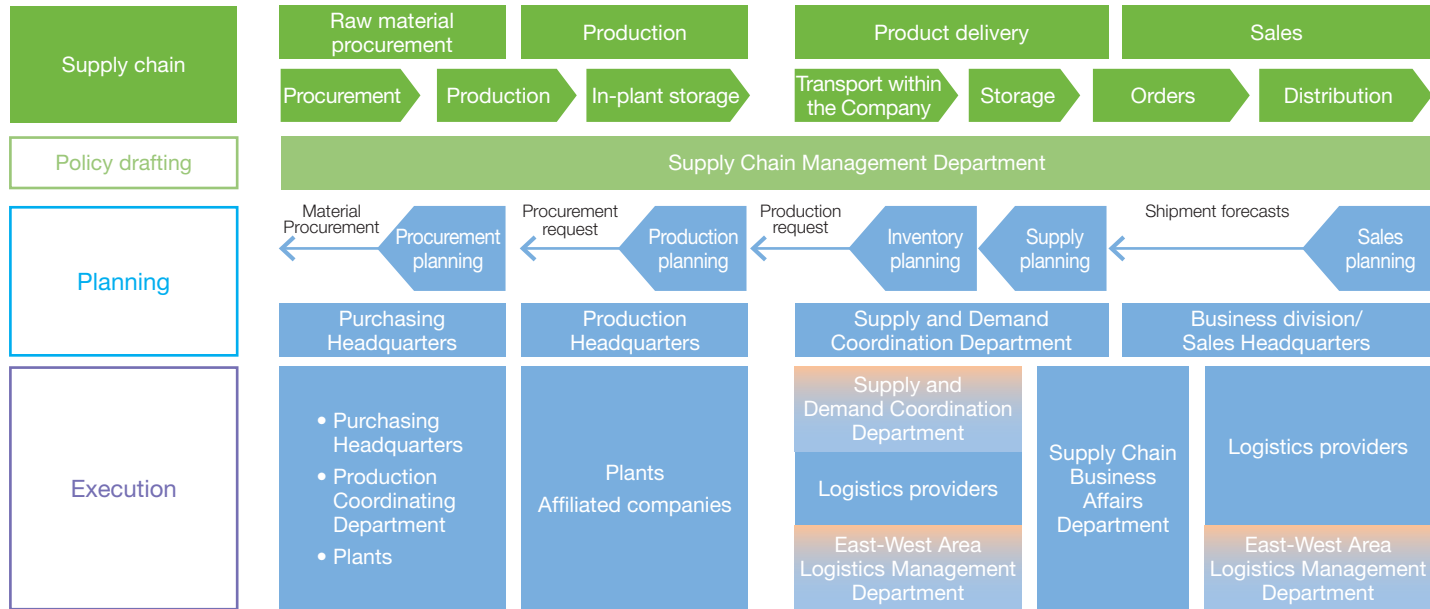
Sustainable, Highly Competitive Supply Chain Management

In response to Japan’s emerging logistics crisis, driven by labor shortages and growing CO₂ emissions, Lion has designated “Build more advanced and sustainable supply chains” as a target of the LIVE Plan. To build strong supply chain management that will provide a competitive edge, we are steadily reinforcing our logistics management system, which integrates raw material procurement,

production and product delivery, advancing sustainable raw material procurement and creating stable supply systems.

In addition to Lion’s own accumulated technologies and know-how, through collaboration with external partners, Lion will bring in new external approaches and facilities in order to meet constantly changing market needs and provide diverse products and services.

Logistics Management System



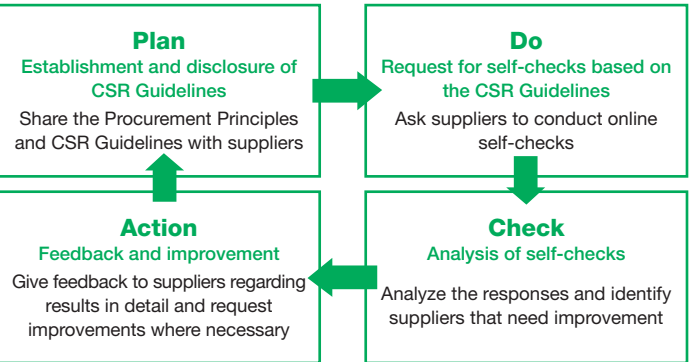
Sustainable Raw Material Procurement

Promoting Sustainability with Materials Manufacturers and Production Contractors

Lion regards the creation of responsible supply chain management through reinforced coordination with materials manufacturers and production contractors as a key issue in its supply chain initiatives. To reduce the negative environmental and social impacts of business activities and advance sustainable mutual business development, we must work with suppliers to evolve our sustainably initiatives based on our Procurement Principles. These principles clearly lay out Lion’s policy of considering legal compliance, environmental conservation and respect for human rights when selecting suppliers. In addition, we have established the Lion Group Supplier CSR Guidelines, which specify the sustainability initiatives we expect from our materials manufacturers and production contractors. Using these guidelines, we ask these partners to implement annual self-checks of their sustainability initiatives and then provide them with feedback based on the results. Through these efforts, we have put into place a system that continuously advances CSR procurement.

In 2019, Lion took part in the Supplier Ethical Data Exchange (Sedex)—headquartered in the United Kingdom—in order to further reduce social and environmental risk in its purchasing.

PDCA Cycle for Supplier Sustainability Self-Checks



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

- Supplier Sustainability Self-Check Results (2019) (Japanese)
<https://www.lion.co.jp/ja/csr/businesscustom/procurement/>
- Sustainable Material Procurement Policy
<https://www.lion.co.jp/en/company/compliance/material-procurement.php>

Aiming for Sustainable Raw Material Procurement

Lion aims to contribute to the achievement of the Sustainable Development Goals (SDGs), a set of shared worldwide goals for 2030. However, palm oil derivatives and pulp and paper products, which are key raw materials in Lion’s products, present risks to sustainable development in terms of human rights, labor issues and environmental issues. To address these risks, we have established the Sustainable Material Procurement Policy. Based on this policy, we are advancing initiatives aimed at the sustainable procurement of palm oil derivatives and pulp and paper products.

Sustainable Palm Oil Procurement

Lion uses palm oil derivatives—plant-based raw materials that are inexhaustible and carbon neutral—in its products. Lion has been a member of the Roundtable on Sustainable Palm Oil (RSPO) since 2006 and sources RSPO-certified palm oil derivatives. In 2019, we continued these efforts to meet our targets for 2020 and achieved a RSPO-certified procurement rate for palm oil derivatives of approximately 14%.

Targets:

- For all palm oil, palm kernel oil and their derivatives used in the domestic Lion Group’s consumer products to meet the sustainability standards of third-party institutions by the end of 2030.
- For all palm oil derivatives purchased by the Lion Group to be RSPO-certified by the end of 2020.

Sustainable Pulp and Paper Procurement

Pulp and paper are used in the manufacture of Lion’s product packaging, booklets and pamphlets as well as in the copy paper and other office supplies the Company purchases. In order to better protect biodiversity in the procurement of these materials, based on the Sustainable Raw Material Procurement Policy, we are advancing the procurement of third party-certified paper products. As of the end of 2019, the procurement rate of such products was 96%.

Target:

For all pulp and paper used in the domestic Lion Group’s consumer products to meet the sustainability standards of third-party institutions or be sourced from recycled materials by the end of 2030.



Supply Chain

Raw material
procurement

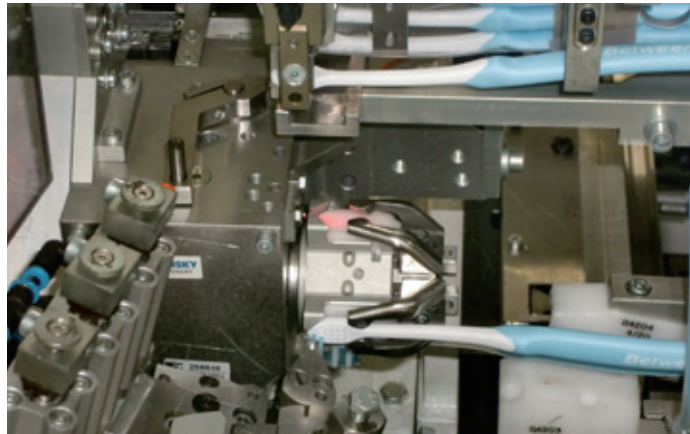
Production

Product delivery

Building Advanced, Resilient Supply Systems

Demand in oral care, one of Lion's mainstay businesses, continues to expand, reflecting the diversification of customer needs and an increase in health awareness in Japan as well as the trust customers overseas have in high-quality made-in-Japan products. However, in Japan, the decrease in the working-age population is creating an increasingly pressing shortage of labor for production facilities.

Given this social backdrop, to minimize the risk of losing sales opportunities, Lion is working to build resilient, efficient product supply systems. We began operations at a new factory for toothbrushes in 2018 and at another for dental rinses in 2019. This increased our production capacity for toothbrushes and dental rinses by 20% and 110%, respectively.

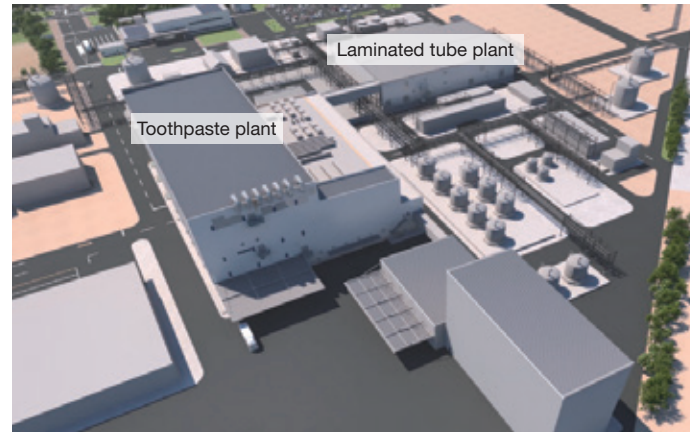


Toothbrush factory that began operation in 2018

In addition, we have established a new toothpaste factory in Sakaide City, Kagawa. This factory is scheduled to come online in 2021, increasing product supply capacity 70%. In conjunction with the construction of the new toothpaste factory, Dai Nippon Printing Co., Ltd. is building a neighboring factory to produce laminated toothpaste tubes. These facilities will realize integrated operations covering everything from laminated tube manufacturing to toothpaste production, tube filling, packaging and boxing in one location, thereby improving productivity. The two factories will share supply and demand data to more precisely time production.

In addition, the construction of the new factory will help to create jobs locally while also saving labor by using cutting-edge manufacturing technologies to completely remove the need for human intervention at any point in the process of transporting the laminated tubes to the toothpaste factory and filling them, as it is

totally automated, a first in Japan. In addition, solar panels will be installed on the roof of the employee facility building on the premises. By utilizing renewable energy and saving energy, the new factory will help realize a decarbonized society.



Artist's rendering of new toothpaste factory (Sakaide)

Lion is advancing the automation of production processes in many product categories using robotics and other technologies. In the three years ended 2019, these efforts eliminated the need for 100 employees, helping to alleviate personnel shortages. The personnel whose work was made superfluous by these labor-saving efforts were reassigned to processes related to increasing production capacity or higher-value-added operations.

By further increasing production efficiency and building stable product supply systems, we aim to meet growing demand and achieve business growth.



Automated dental rinse bottle supply

Sustainable, Advanced Logistics

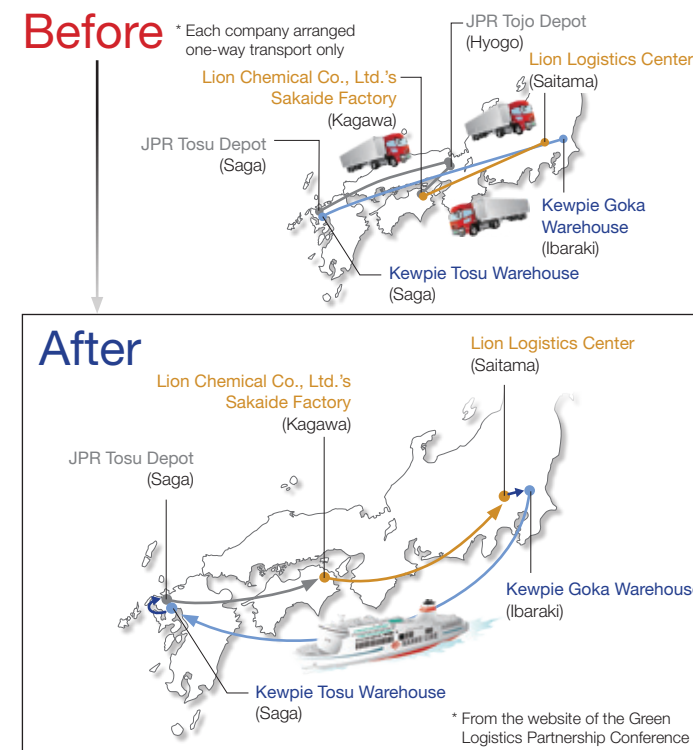
Lion aims to stably secure the necessary logistics functions for everyday life and business activities and contribute to economic growth. To this end, Lion supports the sustainable logistics movement led by the Ministry of Land, Infrastructure and Transport and in 2019 published a voluntary action declaration.

Lion is advancing a range of innovations, focusing on reducing environmental burden and promoting smart logistics. One example of these efforts is the implementation of a next-generation SCM platform that is compatible with new forms of business, including joint transport operations with other companies to address environmental issues, smart logistics that connect products and information through the utilization of automation and IoT, and one-to-one businesses in which products and services are provided in accordance with individual customer specifications.

To reduce environmental burden, in 2018 we began joint trunk line transport operations with two other companies operating in different industries, implementing a modal shift to maritime transportation (by ferry) and substantially reducing CO₂ emissions.* At the same time, this initiative contributed to reducing the burden on drivers by improving the efficiency of long-distance transportation. Going forward, by such means as expanding joint logistics and implementing transshipment to improve labor environments, we will continue to work to improve the logistics environment based on mutual understanding and cooperation with suppliers, logistics providers and other related parties.

* CO₂ emissions were reduced 62% (compared with previous methods)

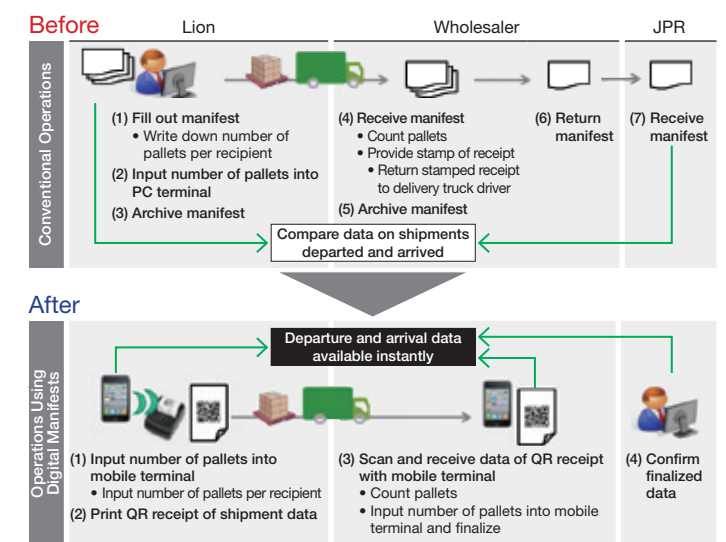
Joint Modal Shift to Maritime Shipping through Three-Company Coordination: Logistics Flow



In the area of smart logistics, to reduce the burden of logistics operations, since 2018 we have been rolling out a pallet manifest digitization service (epalDD) that uses QR codes to handle logistics between manufacturers and wholesalers, a first in the household product industry. Going beyond pallet manifests, we are digitizing other logistics information previously managed on paper and linking it with this system, reducing cumbersome tasks through the use of automated facilities, thereby increasing logistics efficiency. Furthermore, we are shifting from wooden to plastic pallets—the platforms used to transport products—to increase logistics quality, improve compatibility with automated warehousing processes, and reduce environmental burden from a life cycle assessment (LCA) perspective by improving the total number of times each pallet can be used.

Going forward, we will seek to better understand the movement of all items within our businesses and, by analyzing vast volumes of data recorded on such movement, build an information platform for end-to-end logistics operations that sets the industry standard in order to optimize logistics.

Streamlining Manufacturer-Wholesaler Joint Cargo Handling: Pallet Manifest Digitization (epalDD)



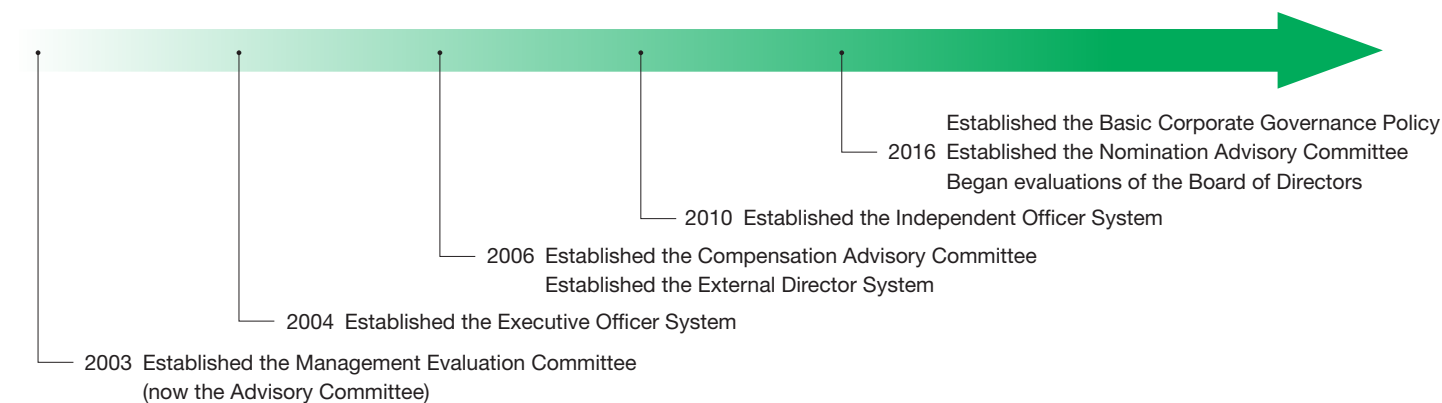
Another important theme of our logistics operations is increasing the sophistication of management functions. We have unified our internal logistics system and achieved a more detailed level of production, sales and inventory management, reinforcing the monitoring of such management and thereby significantly reducing long-term idle inventory. In addition, we are strengthening supply capacity monitoring systems to facilitate decision making about the optimal timing and level of capital expenditure.



Corporate Governance

The Lion Group'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 system, Lion aims to increase its corporate value.

Initiatives to Enhance Management Auditing and Supervision

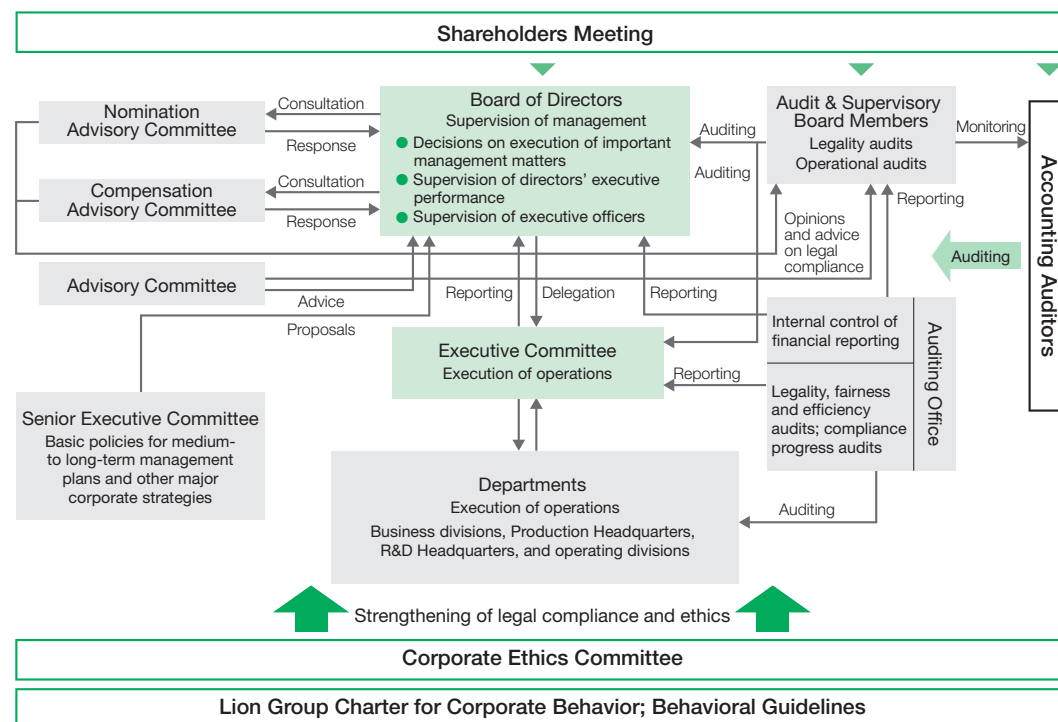


Corporate Governance System

Organizational Structure

Lion is a company with an Audit & Supervisory Board 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 Audit & Supervisory Board members 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 Audit & Supervisory Board members.



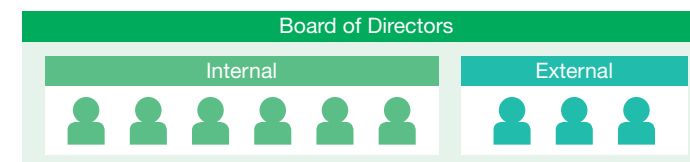
Board of Directors/Directors

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

Such important matters as Group-wide 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, 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 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 Officer System

The Executive Committee serves to promote expeditious decision making with respect to basic business execution and other important matters, thereby ensuring quick business execution while reinforcing the functions of the Board of Directors. Meetings of the committee are held once a month and attended by all executive officers. There are currently 16 executive officers, five of whom hold the position of director concurrently. The term of office for executive officers is one year, which is equivalent to the term of office for directors.

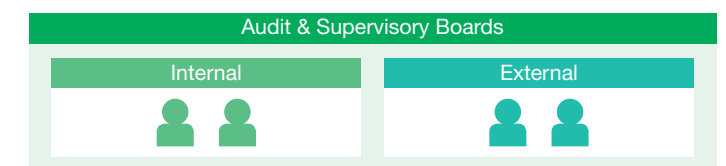
Audit & Supervisory Board/Audit & Supervisory Board Members

The Articles of Incorporation specify that the Audit & Supervisory Board shall comprise no more than five members, at least half of whom must be external members. The Audit & Supervisory Board 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 Audit & Supervisory Board determines audit standards, policies and plans for the Audit & Supervisory Board members. The Audit & Supervisory Board members 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, Audit & Supervisory Board members oversee the execution of duties by directors. Fully aware of their fiduciary responsibility to shareholders, Audit & Supervisory Board members work to assure the soundness of efforts to improve corporate value and contribute to the common interests of shareholders. Audit & Supervisory Board members 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. Audit & Supervisory Board members oversee and verify the construction and operation of the system of internal control. Standing Audit & Supervisory Board members strive to share the information they obtain in the course of their duties with the other Audit & Supervisory Board members.

The Board of Directors selects candidates who meet the criteria of the Director/Audit & Supervisory Board Members Candidate Selection Standards and Standards Regarding the Independence of External Directors/Audit & Supervisory Board Members 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 Audit & Supervisory Board members, 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.



Accounting Audits

Lion has formed an audit agreement with Ernst & Young ShinNihon LLC, based on which the latter provides accounting audits as well as audits of Lion's internal control reports based on the Corporation Law and Financial Instruments and Exchange Act.

Internal Audits

The Auditing Office, under the direct supervision of the president, conducts internal audits to assess internal control at departments, subsidiaries and affiliates. Specifically, it performs internal control audits with respect to the legal compliance, fairness and efficiency of operational execution as well as audits of compliance promotion. The results of these audits are reported to the president, the responsible corporate officers and the Executive Committee as well as to the Audit & Supervisory Board to promote coordination with the audits of the Audit & Supervisory Board members.

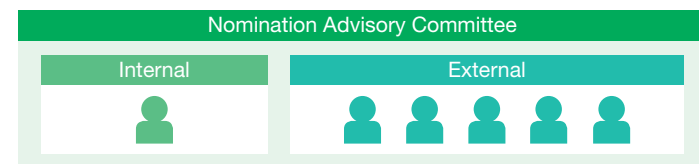
Corporate Governance

Advisory Committees

Lion has established the Nomination Advisory Committee and Compensation Advisory Committee, comprising mainly external directors and external Audit & Supervisory Board members, 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 Audit & Supervisory Board members.

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, Audit & Supervisory Board members and executive officers as well as for 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 Audit & Supervisory Board members, to the Audit & Supervisory Board). The committee also exchanges opinions on the development of future Group presidents. The committee comprises external directors and external Audit & Supervisory Board members as well as a representative director designated 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 Audit & Supervisory Board member.



Evaluations of the Board of Directors

To ensure its effectiveness, every fiscal year the directors evaluate the operating methods of the Board of Directors and the content and status of the proposals it considers, among other factors. This evaluation includes examinations of each director. A summary of the results of the evaluation is disclosed in the Corporate Governance Report.

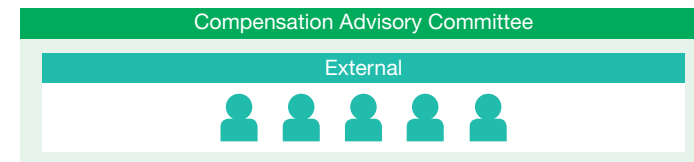
Summary of the Evaluation of the Board of Directors

An anonymous self-assessment survey of all directors and Audit & Supervisory Board members was conducted regarding Board of Directors meetings held in 2019.

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

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 Audit & Supervisory Board members. The committee considers the matters in question and provides a response to the Board of Directors (or, for matters regarding Audit & Supervisory Board members, to the Audit & Supervisory Board). The committee comprises external directors and external Audit & Supervisory Board members. 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 Audit & Supervisory Board members 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.

Messages from the External Directors



Kazunari Uchida
External Director

I have served as an external director for Lion since 2016, and, in that time, I have seen that Lion's commitment to improving the health and daily lives of people has never wavered. In addition, because Lion's directors are so well versed in wide-ranging businesses, they actively discuss such matters as business content and strategy and organizational structure, even in areas outside the scope of their own duties. This active discussion is a positive aspect of Lion's corporate culture.

In keeping with society-wide trends in recent years, Lion has been working to increase the professional participation of women and hiring from overseas, but still has a long way to go. As an external director, I hope to provide advice that is always clearheaded and tough when needed to help keep Lion from falling behind. The openness with which this advice is received and the speed with which it is put into action are strengths of Lion's and speak to its continued growth potential.



Takashi Shiraishi
External Director

Since my appointment as external director, I have been heartened to see that Lion's dedication to providing customers with high-quality, safe and reliable products is firmly positioned as the foundation of its management. Recently, the term "research integrity" has been gaining traction in government and university circles. "Integrity" in this sense entails not only avoiding dishonesty, but also the appearance of dishonesty. In other words, it is about protecting and building social trust—a concept applicable to corporate governance, as well.

As an external director, I pay close attention to whether Lion's executives are adequately explaining their intentions to society and within the Company or doing anything that might be perceived as wrong, and I think that Lion's management thoroughly maintains the kind of integrity explained above. Going forward, safety and reliability will continue to grow in importance worldwide. I will seek to do my part to ensure that Lion is widely known as a socially trusted company in Japan and around the world.



Takako Sugaya
External Director

Lion is a trusted company that has been providing safety and reliability through essential everyday products closely aligned with consumer needs for more than a century. In my role as an external director, I have seen first hand how this trust arises from the commitment of all Lion employees to providing reliable products that make people happy, and how that commitment has built up the trusted Lion brand.

Today, the environment surrounding Lion presents a wide array of challenges ranging from Japan's graying, declining population to the diversification of consumer preferences and intensifying competition in and outside Japan. Given this, in addition to safety and reliability, new initiatives focused on innovation and sustainably are essential.

Lion must hold fast to the essential qualities that set it apart while boldly taking on ambitious new challenges in order to play an even more essential role in society and peoples' lives. I will do my best, always keeping in mind the consumer's perspective, to help it achieve this.








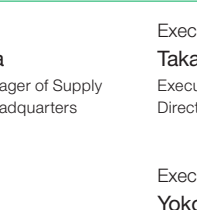



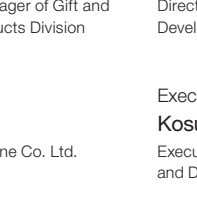

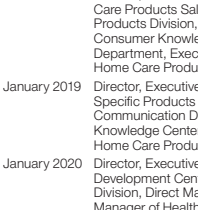
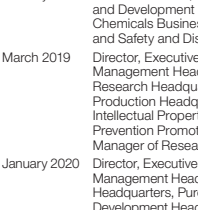

Corporate Governance



Brief career histories of directors, audit & supervisory board members and executive officers

Directors, Audit & Supervisory Board Members and Executive Officers (As of April 1, 2020)

Note: Notification of the appointment of Mr. Kazunari Uchida, Mr. Takashi Shiraishi, Ms. Takako Sugaya, Mr. Takao Yamaguchi and Ms. Setsuko Takemoto as independent directors has been sent to the Tokyo Stock Exchange.

 <p>Representative Director, Chairman of the Board of Directors ITSUO HAMA Chief Executive Officer</p> <p>April 1977 Joined Lion Fat & Oil Co., Ltd. March 2008 Director, Executive General Manager of Household Products Division</p> <p>January 2009 Director, Executive General Manager of Household Products Division, Responsible for Advertising Department, Behavioral Science Research Institute, Distribution Policy Department and Customer Development Department</p> <p>January 2010 Director, Responsible for Health Care Products Division, Household Products Division, Gift and Channel-Specific Products Division, Advertising Department, Behavioral Science Research Institute, Distribution Policy Department and Customer Development Department</p> <p>March 2010 Executive Director, Responsible for Health Care Products Division, Household Products Division, Gift and Channel-Specific Products Division, Advertising Department, Behavioral Science Research Institute, Distribution Policy Department and Customer Development Department</p> <p>January 2012 Representative Director, President, Executive Officer, Chief Operating Officer, Responsible for Risk Management</p> <p>January 2014 Representative Director, President and CEO, Executive Officer</p> <p>March 2016 Representative Director, President and CEO, Chairman of the Board of Directors, Executive Officer</p> <p>March 2017 Representative Director, President and Executive Officer, Chairman of the Board of Directors, Chief Executive Officer</p> <p>January 2019 Representative Director, Chairman of the Board of Directors, Chief Executive Officer (current position)</p>	 <p>Representative Director, President and Executive Officer MASAZUMI KIKUKAWA Chief Operating Officer</p> <p>April 1984 Joined Lion Corporation January 2010 Executive Officer, Executive General Manager of Household Products Division</p> <p>January 2012 Executive Officer, Executive General Manager of Health and Home Care Products Division</p> <p>March 2012 Director, Executive Officer, Responsible for Health and Home Care Products Business, Gift and Channel-Specific Products Division, Executive General Manager of Health and Home Care Products Division, Responsible for Advertising Department, Behavioral Science Research Institute and Distribution Policy Department</p> <p>January 2016 Director, Executive Officer, Responsible for Health and Home Care Products Division, Health and Home Care Products Sales Division, Gift and Channel-Specific Products Division, Direct Marketing Division, Advertising Department, Behavioral Science Research Institute and Distribution Policy Department</p> <p>March 2016 Executive Director, Executive Officer, Responsible for Health and Home Care Products Division, Health and Home Care Products Sales Division, Gift and Channel-Specific Products Division, Direct Marketing Division, Advertising Department, Behavioral Science Research Institute and Distribution Policy Department</p> <p>March 2017 Director, Managing Executive Officer, Responsible for Health and Home Care Products Division, Health and Home Care Products Sales Division, Gift and Channel-Specific Products Division, Direct Marketing Division, Advertising Department, Behavioral Science Research Institute and Distribution Policy Department</p> <p>January 2018 Director, Managing Executive Officer, Responsible for Corporate Ethics, Direct Marketing Division, International Division and Overall Chemicals Businesses</p> <p>March 2018 Representative Director, Senior Managing Executive Officer, Responsible for Corporate Ethics, Direct Marketing Division, International Division and Overall Chemicals Businesses</p> <p>January 2019 Representative Director, President and Executive Officer, Chief Operating Officer (current position)</p>	 <p>Director Senior Executive Officer KENJIRO KOBAYASHI</p> <p>April 1987 Joined Lion Corporation January 2009 Executive Officer, Director of Planning and Coordination Department, Health Care Products Division</p> <p>January 2010 Senior Executive Officer, Executive General Manager of International Division</p> <p>January 2012 Executive Officer, Executive General Manager of International Division</p> <p>March 2012 Director, Executive Officer, Responsible for Overall International Businesses, Executive General Manager of International Division</p> <p>January 2014 Director, Executive Officer, Responsible for Overall International Businesses, Executive General Manager of International Division and Business Development Department I</p> <p>January 2015 Director, Executive Officer, Responsible for Overall International Businesses, Executive General Manager of International Division and Director of Oleochemical Business Development Office, International Division</p> <p>January 2016 Director, Executive Officer, Responsible for Secretary Department, Corporate Brand Promotion Office, System Department, General Affairs Department, Corporate Communication Center and CSR Promotion Department</p> <p>January 2017 Director, Executive Officer, Responsible for Human Resources and General Affairs Headquarters, Secretary Department, Corporate Brand Promotion Office, System Department, Corporate Communication Center and CSR Promotion Department</p> <p>March 2017 Director, Senior Executive Officer, Responsible for Human Resources and General Affairs Headquarters, Secretary Department, Corporate Brand Promotion Office, System Department, Corporate Communication Center and CSR Promotion Department</p> <p>January 2018 Director, Senior Executive Officer, Responsible for Human Resources and General Affairs Headquarters, Secretary Department, CSV Promotion Department, System Department, Corporate Communication Center and Business Process Re-engineering Department</p> <p>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 Re-engineering Department (current position)</p> <p>January 2020 Director, Senior Executive Officer, Responsible for Corporate Ethics, Human Resources Development Center, General Affairs Department, Secretary Department, CSV Promotion Department, System Department, Corporate Communication Center and Business Process Re-engineering Department (current position)</p>	 <p>External Director KAZUNARI UCHIDA University professor</p> <p>January 1985 Joined Boston Consulting Group June 2000 Representative for Japan, Boston Consulting Group March 2006 External Auditor, Suntory Limited (now Suntory Holdings Limited)</p> <p>April 2006 Professor, Faculty of Commerce, Waseda University (current position)</p> <p>February 2012 External Auditor, Kewpie Corporation</p> <p>June 2012 External Director, Lifenet Insurance Company External Director, Mitsui-Soko Holdings Co., Ltd. (now ERI Holdings Co., Ltd.)</p> <p>August 2012 External Director, Japan ERI Co., Ltd. (now ERI Holdings Co., Ltd.)</p> <p>March 2016 External Director, Lion Corporation (current position)</p>	 <p>External Director TAKASHI SHIRAISHI University professor</p> <p>June 1979 Assistant Professor, International Relations, Department of Humanities and Social Science, College of Arts and Sciences, University of Tokyo</p> <p>January 1996 Professor, Department of Asian Studies and Department of History, College of Arts and Sciences, Cornell University</p> <p>July 1996 Professor, Center for Southeast Asian Studies, Kyoto University</p> <p>April 2005 Professor and Vice President, National Graduate Institute for Policy Studies</p> <p>May 2007 President, Institute of Developing Economies, Japan External Trade Organization</p> <p>January 2009 Councilor, Council for Science, Technology and Innovation, Cabinet Office</p> <p>April 2011 President, National Graduate Institute for Policy Studies</p> <p>January 2013 Member, Management Evaluation Committee (now the Advisory Committee), Lion Corporation</p> <p>March 2017 External Director, Lion Corporation (current position)</p> <p>April 2017 Special Visiting Professor, Ritsumeikan University</p> <p>May 2017 Professor Emeritus, National Graduate Institute for Policy Studies (current position)</p> <p>April 2018 Chancellor, Prefectural University of Kumamoto (current position)</p>	 <p>External Director TAKAKO SUGAYA Attorney at Law</p> <p>October 2002 Registered as an attorney at law (Daini Tokyo Bar Association) Joined Yamada Hiden Law Office (now the Yamada Ozaki Law Office) (current position)</p> <p>March 2019 External Director, Lion Corporation (current position)</p>
 <p>Director Senior Executive Officer TAKEO SAKAKIBARA</p> <p>April 1983 Joined Lion Corporation January 2010 Executive Officer, Executive General Manager of Health Care Products Division</p> <p>January 2012 Executive Officer, President of Lion Trading Co., Ltd.</p> <p>January 2016 Executive Officer, Assistant to the President</p> <p>March 2016 Director, Executive Officer, Responsible for Risk Management, Corporate Planning Department, Finance Department, Consumer Service Center, Pharmaceutical Affairs and Quality Assurance Department, and Legal Department</p> <p>January 2017 Director, Executive Officer, Responsible for Risk Management, Corporate Strategy Headquarters, Consumer Service Center, Pharmaceutical Affairs and Quality Assurance Department, and Legal Department</p> <p>March 2017 Director, Senior Executive Officer, Responsible for Risk Management, Corporate Strategy Headquarters, Consumer Service Center, Pharmaceutical Affairs and Quality Assurance Department, and Legal Department</p> <p>January 2018 Director, Senior Executive Officer, Responsible for Risk Management, Corporate Strategy Headquarters, Consumer Service Center, Reliability Assurance Department and Legal Department</p> <p>January 2020 Director, Senior Executive Officer, Responsible for Risk Management, Corporate Planning Department, Finance Department, Consumer Service Center, Reliability Assurance Department and Legal Department (current position)</p>	 <p>Director Executive Officer YUGO KUME</p> <p>April 1984 Joined Lion Corporation January 2011 Director of Oral Care Business Department, Health Care Products Division</p> <p>January 2012 Executive General Manager of the Oral Care Business Department, Health and Home Care Products Division</p> <p>January 2015 Assistant Executive General Manager of Health and Home Care Products Division</p> <p>January 2016 Executive Officer, Executive General Manager of Health and Home Care Products Division</p> <p>January 2018 Executive Officer, Executive General Manager of Health and Home Care Products Division, Responsible for Communication Design Department, Consumer Knowledge Center and Distribution Policy Department</p> <p>March 2018 Director, Executive Officer, Responsible for Health and Home Care Products Sales Division, Gift and Channel-Specific Products Division, Communication Design Department, Consumer Knowledge Center and Distribution Policy Department, Executive General Manager of Health and Home Care Products Division</p> <p>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</p> <p>January 2020 Director, Executive Officer, Responsible for Business Development Center, Gift and Channel-Specific Products Division, Direct Marketing Division, Executive General Manager of Health and Home Care Products Division (current position)</p>	 <p>Director Executive Officer FUMITOMO NORITAKE</p> <p>April 1988 Joined Lion Corporation January 2009 Director of Direct Marketing Business Department, Gift and Channel-Specific Products Division, Director of Functional Food Business Office</p> <p>January 2012 Director of Direct Marketing Business Department, Gift and Channel-Specific Products Division</p> <p>January 2016 Executive Officer, Executive General Manager of Direct Marketing Division, Director of Sales Administration Department</p> <p>January 2017 Executive Officer, Executive General Manager of Direct Marketing Division</p> <p>January 2018 Executive Officer, Executive General Manager of Research and Development Headquarters</p> <p>January 2019 Executive Officer, Executive General Manager of Research and Development Headquarters, Responsible for Overall Chemicals Businesses, Intellectual Property Department, and Safety and Disaster Prevention Promotion Department</p> <p>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</p> <p>January 2020 Director, Executive Officer, Responsible for Supply Chain Management Headquarters, Production Engineering Research Headquarters, Purchasing Headquarters, Research and Development Headquarters, Production Headquarters, Overall Chemicals Businesses, Intellectual Property Department and Safety and Disaster Prevention Promotion Department (current position)</p>	 <p>External Audit & Supervisory Board Member SETSUKE TAKEMOTO Certified Tax Accountant</p> <p>April 1969 Joined the Ministry of Finance July 2009 Director, Ogikubo Tax Agency July 2011 Retired from the National Tax Agency August 2011 Acquired Japanese tax accountant certification September 2011 Established Takemoto Setsuko Tax Accounting Office (now the Kuchitani General Accounting Office)</p> <p>March 2019 External Audit & Supervisory Board Member, Lion Corporation (current position)</p>	 <p>Senior Executive Officer Masaharu Mikuni Executive General Manager of Health and Home Care Products Sales Division; Responsible for Distribution Policy Department</p> <p>April 1985 Joined Lion Corporation January 2011 Director of Finance Department January 2017 Director of Finance Department, Corporate Strategy Headquarters March 2019 Audit & Supervisory Board Member (current position)</p>	 <p>External Audit & Supervisory Board Member TAKAO YAMAGUCHI Certified Public Accountant, Certified Tax Accountant</p> <p>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 (current position) March 2015 Alternate External Audit & Supervisory Board Member, Lion Corporation March 2019 External Audit & Supervisory Board Member, Lion Corporation (current position)</p>
 <p>Senior Executive Officer Hitoshi Suzuki Executive General Manager of International Division</p> <p>April 1983 Joined Lion Corporation January 2010 Executive Officer, Executive General Manager of Health Care Products Division</p> <p>January 2012 Executive Officer, President of Lion Trading Co., Ltd.</p> <p>January 2016 Executive Officer, Assistant to the President</p> <p>March 2016 Director, Executive Officer, Responsible for Risk Management, Corporate Planning Department, Finance Department, Consumer Service Center, Pharmaceutical Affairs and Quality Assurance Department, and Legal Department</p> <p>January 2017 Director, Executive Officer, Responsible for Risk Management, Corporate Strategy Headquarters, Consumer Service Center, Pharmaceutical Affairs and Quality Assurance Department, and Legal Department</p> <p>March 2017 Director, Senior Executive Officer, Responsible for Risk Management, Corporate Strategy Headquarters, Consumer Service Center, Pharmaceutical Affairs and Quality Assurance Department, and Legal Department</p> <p>January 2018 Director, Senior Executive Officer, Responsible for Risk Management, Corporate Strategy Headquarters, Consumer Service Center, Reliability Assurance Department and Legal Department</p> <p>January 2020 Director, Senior Executive Officer, Responsible for Risk Management, Corporate Planning Department, Finance Department, Consumer Service Center, Reliability Assurance Department and Legal Department (current position)</p>	 <p>Executive Officer Jiro Nagasawa Executive General Manager of Supply Chain Management Headquarters</p> <p>April 1984 Joined Lion Corporation January 2011 Director of Oral Care Business Department, Health Care Products Division</p> <p>January 2012 Executive General Manager of the Oral Care Business Department, Health and Home Care Products Division</p> <p>January 2015 Assistant Executive General Manager of Health and Home Care Products Division</p> <p>January 2016 Executive Officer, Executive General Manager of Health and Home Care Products Division</p> <p>January 2018 Executive Officer, Executive General Manager of Health and Home Care Products Division, Responsible for Communication Design Department, Consumer Knowledge Center and Distribution Policy Department</p> <p>March 2018 Director, Executive Officer, Responsible for Health and Home Care Products Sales Division, Gift and Channel-Specific Products Division, Communication Design Department, Consumer Knowledge Center and Distribution Policy Department, Executive General Manager of Health and Home Care Products Division</p> <p>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</p> <p>January 2020 Director, Executive Officer, Responsible for Business Development Center, Gift and Channel-Specific Products Division, Direct Marketing Division, Executive General Manager of Health and Home Care Products Division (current position)</p>	 <p>Executive Officer Tomomichi Okano Executive General Manager of Production Engineering Research Headquarters</p> <p>April 1988 Joined Lion Corporation January 2009 Director of Direct Marketing Business Department, Gift and Channel-Specific Products Division, Director of Functional Food Business Office</p> <p>January 2012 Director of Direct Marketing Business Department, Gift and Channel-Specific Products Division</p> <p>January 2016 Executive Officer, Executive General Manager of Direct Marketing Division, Director of Sales Administration Department</p> <p>January 2017 Executive Officer, Executive General Manager of Direct Marketing Division</p> <p>January 2018 Executive Officer, Executive General Manager of Research and Development Headquarters</p> <p>January 2019 Executive Officer, Executive General Manager of Research and Development Headquarters, Responsible for Overall Chemicals Businesses, Intellectual Property Department, and Safety and Disaster Prevention Promotion Department</p> <p>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</p> <p>January 2020 Director, Executive Officer, Responsible for Supply Chain Management Headquarters, Production Engineering Research Headquarters, Purchasing Headquarters, Research and Development Headquarters, Production Headquarters, Overall Chemicals Businesses, Intellectual Property Department and Safety and Disaster Prevention Promotion Department (current position)</p>	 <p>Executive Officer Yasutsugu Shimizu Executive General Manager of Production Headquarters</p> <p>April 1969 Joined the Ministry of Finance July 2009 Director, Ogikubo Tax Agency July 2011 Retired from the National Tax Agency August 2011 Acquired Japanese tax accountant certification September 2011 Established Takemoto Setsuko Tax Accounting Office (now the Kuchitani General Accounting Office)</p> <p>March 2019 External Audit & Supervisory Board Member, Lion Corporation (current position)</p>	 <p>Executive Officer Shinichiro Hiraoka Executive General Manager of Supply Chain Management Headquarters</p> <p>April 1985 Joined Lion Corporation January 2011 Director of Finance Department January 2017 Director of Finance Department, Corporate Strategy Headquarters March 2019 Audit & Supervisory Board Member (current position)</p>	 <p>Executive Officer Takashi Nagai Executive General Manager of Direct Marketing Division</p> <p>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 (current position) March 2015 Alternate External Audit & Supervisory Board Member, Lion Corporation March 2019 External Audit & Supervisory Board Member, Lion Corporation (current position)</p>
 <p>Executive Officer Hiroyuki Chiba Executive General Manager of Purchasing Headquarters</p> <p>April 1983 Joined Lion Corporation January 2010 Executive Officer, Executive General Manager of Health Care Products Division</p> <p>January 2012 Executive Officer, President of Lion Trading Co., Ltd.</p> <p>January 2016 Executive Officer, Assistant to the President</p> <p>March 2016 Director, Executive Officer, Responsible for Risk Management, Corporate Planning Department, Finance Department, Consumer Service Center, Pharmaceutical Affairs and Quality Assurance Department, and Legal Department</p> <p>January 2017 Director, Executive Officer, Responsible for Risk Management, Corporate Strategy Headquarters, Consumer Service Center, Pharmaceutical Affairs and Quality Assurance Department, and Legal Department</p> <p>March 2017 Director, Senior Executive Officer, Responsible for Risk Management, Corporate Strategy Headquarters, Consumer Service Center, Pharmaceutical Affairs and Quality Assurance Department, and Legal Department</p> <p>January 2018 Director, Senior Executive Officer, Responsible for Risk Management, Corporate Strategy Headquarters, Consumer Service Center, Reliability Assurance Department and Legal Department</p> <p>January 2020 Director, Senior Executive Officer, Responsible for Risk Management, Corporate Planning Department, Finance Department, Consumer Service Center, Reliability Assurance Department and Legal Department (current position)</p>	 <p>Executive Officer Yoko Koike Director of Human Resources Development Center</p> <p>April 1984 Joined Lion Corporation January 2011 Director of Oral Care Business Department, Health Care Products Division</p> <p>January 2012 Executive General Manager of the Oral Care Business Department, Health and Home Care Products Division</p> <p>January 2015 Assistant Executive General Manager of Health and Home Care Products Division</p> <p>January 2016 Executive Officer, Executive General Manager of Health and Home Care Products Division</p> <p>January 2018 Executive Officer, Executive General Manager of Health and Home Care Products Division, Responsible for Communication Design Department, Consumer Knowledge Center and Distribution Policy Department</p> <p>March 2018 Director, Executive Officer, Responsible for Health and Home Care Products Sales Division, Gift and Channel-Specific Products Division, Communication Design Department, Consumer Knowledge Center and Distribution Policy Department, Executive General Manager of Health and Home Care Products Division</p> <p>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</p> <p>January 2020 Director, Executive Officer, Responsible for Business Development Center, Gift and Channel-Specific Products Division, Direct Marketing Division, Executive General Manager of Health and Home Care Products Division (current position)</p>	 <p>Executive Officer Kousuke Tanaka Executive General Manager of Research and Development Headquarters</p> <p>April 1988 Joined Lion Corporation January 2009 Director of Direct Marketing Business Department, Gift and Channel-Specific Products Division, Director of Functional Food Business Office</p> <p>January 2012 Director of Direct Marketing Business Department, Gift and Channel-Specific Products Division</p> <p>January 2016 Executive Officer, Executive General Manager of Direct Marketing Division, Director of Sales Administration Department</p> <p>January 2017 Executive Officer, Executive General Manager of Direct Marketing Division</p> <p>January 2018 Executive Officer, Executive General Manager of Research and Development Headquarters</p> <p>January 2019 Executive Officer, Executive General Manager of Research and Development Headquarters, Responsible for Overall Chemicals Businesses, Intellectual Property Department, and Safety and Disaster Prevention Promotion Department</p> <p>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</p> <p>January 2020 Director, Executive Officer, Responsible for Supply Chain Management Headquarters, Production Engineering Research Headquarters, Purchasing Headquarters, Research and Development Headquarters, Production Headquarters, Overall Chemicals Businesses, Intellectual Property Department and Safety and Disaster Prevention Promotion Department (current position)</p>	 <p>Executive Officer Yoko Koike Director of Human Resources Development Center</p> <p>April 1969 Joined the Ministry of Finance July 2009 Director, Ogikubo Tax Agency July 2011 Retired from the National Tax Agency August 2011 Acquired Japanese tax accountant certification September 2011 Established Takemoto Setsuko Tax Accounting Office (now the Kuchitani General Accounting Office)</p> <p>March 2019 External Audit & Supervisory Board Member, Lion Corporation (current position)</p>	 <p>Executive Officer Kousuke Tanaka Executive General Manager of Research and Development Headquarters</p> <p>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 (current position) March 2015 Alternate External Audit & Supervisory Board Member, Lion Corporation March 2019 External Audit & Supervisory Board Member, Lion Corporation (current position)</p>	 <p>Executive Officer Akemi Sunaga Certified Public Accountant, Certified Tax Accountant</p> <p>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 (current position) March 2015 Alternate External Audit & Supervisory Board Member, Lion Corporation March 2019 External Audit & Supervisory Board Member, Lion Corporation (current position)</p>

Corporate Governance

Selection of Directors

Directors

Name	Board of Directors Meeting Attendance	Reasons for Appointment
Itsuo Hama	17 of 17	Itsuo Hama took office as president of Lion Corporation in January 2012. Since then, he has helped improve the Company's performance. Coinciding with 2018 launch of the Company's new management vision for 2030, "Becoming an advanced daily healthcare company," and the January 2018 launch of the LIVE Plan, a medium-term management plan, he has taken the position of chairman of the Board of Directors and Chief Executive Officer, in which he is leading the Company's overall operations. The Company judges that he is well qualified to help sustainably raise its corporate value as a director.
Masazumi Kikukawa	17 of 17	Masazumi Kikukawa possesses a wealth of expert knowledge and experience, mainly in the areas of research and development and the Health & Home Care Products Division. As the officer responsible for the overall Consumer Products business, he has contributed to the qualitative growth of domestic businesses and helped improve corporate performance. Also, he took office as President and Executive Officer in January 2019 and is leading management toward the achievement of the goals of the LIVE Plan as the Company's Chief Operating Officer. The Company judges that he is well qualified to help sustainably raise its corporate value as a director.
Kenjiro Kobayashi	17 of 17	Kenjiro Kobayashi possesses a wealth of expert knowledge and experience, mainly in the areas of the Overseas Business and the Health & Home Care Products Division. As director of such managerial divisions as the Human Resources Development Center and CSV Promotion Department and as director of Corporate Ethics, he has helped to reinforce the Company's business foundation. The Company judges that he is well qualified to help sustainably raise its corporate value as a director.
Takeo Sakakibara	16 of 17	Takeo Sakakibara possesses a wealth of expert knowledge, mainly in the area of corporate planning, including experience as the president of a Lion subsidiary. As director of such managerial divisions as the Corporate Planning Department and Finance Department and as director of overall risk management, he has contributed to the Company's crisis management. The Company judges that he is well qualified to help sustainably raise its corporate value as a director
Yugo Kume	17 of 17	Yugo Kume possesses a wealth of expert knowledge, mainly in the areas of corporate planning and the oral care business. As Executive General Manager of the Health & Home Care Products Division, he has formulated marketing strategy and contributed to the growth of domestic businesses and robust brand creation. The Company judges that he is well qualified to help sustainably raise its corporate value as a director.
Fumitomo Noritake	13 of 13	Fumitomo Noritake possesses a wealth of expert knowledge, mainly in the areas of research and development and direct-to-consumer business. Since March 2019, as director of various important operations, including the overall Chemical Business, Supply Chain Management Headquarters, Purchasing Headquarters and Production Headquarters, he has contributed to building the Company's supply chain. The Company judges that he is well qualified to help sustainably raise its corporate value as a director.

Audit & Supervisory Board Members

Name	Audit & Supervisory Board Meeting Attendance	Reasons for Appointment
Toshiyuki Nikkawa	12 of 12	Toshiyuki Nikkawa possesses a wealth of expert knowledge, mainly in household products operations and corporate planning, as well as managerial experience as the president of a Lion subsidiary. The Company judges that his insight is necessary to enhance the efficacy of its auditing.
Yoshiaki Kamao	12 of 12	Yoshiaki Kamao possesses a wealth of expert knowledge, mainly in the operations of the Finance Department, and has led the Company's finance and accounting divisions for many years as Director of the Finance Department. The Company judges that his insight is necessary to enhance the efficacy of its auditing.

Selection of External Directors and External Audit & Supervisory Board Members

In combination with the requirements of the Corporation Law, to further strengthen and enhance its corporate governance, Lion works to heighten the supervision and oversight of management by appointing individuals with no interest in the Company or its significant business partners and who can maintain a high degree of independence as external directors and external Audit & Supervisory Board members (three directors and two Audit & Supervisory Board members). All five external directors/Audit & Supervisory Board members are registered with the Tokyo Stock Exchange as independent officers posing no risk of conflict of interest with regular shareholders.

External Directors

Name	Board of Directors Meeting Attendance	Reasons for Appointment	Reasons for Appointment as an Independent External Director
Kazunari Uchida	16 of 17	Kazunari Uchida possesses experience as the Japan representative of an international management consulting group in addition to experience at other companies both as an external director and an external Audit & Supervisory Board member. He has actively participated in meetings of the Board of Directors and suitably carried out his role as an external director of 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.	Each of these individuals meets the qualifications set forth in the Lion Corporation Standards Regarding the Independence of External Directors/Audit & Supervisory Board Members as well as the criteria for independence of the Tokyo Stock Exchange Co., Inc. (Japan Exchange Group). They are, therefore, judged to be independent and have been duly appointed as an independent external directors.
Takashi Shiraishi	15 of 17	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 Economies 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 of 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.	
Takako Sugaya	13 of 13	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 external Audit & Supervisory Board member at other companies. She has suitably carried out her role as an external director of the Company, including supervising business execution. 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.	

External Audit & Supervisory Board Members

Name	Audit & Supervisory Board Meeting Attendance	Reasons for Appointment	Reasons for Appointment as an Independent External Audit & Supervisory Board Member
Takao Yamaguchi	12 of 12	Takao Yamaguchi is not involved in 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 certified tax accountant and has experience working as an external Audit & Supervisory Board member at other companies. The Company judges that his insight is necessary to enhance the efficacy of its auditing.	Each of these individuals meets the qualifications set forth in the Lion Corporation Standards Regarding the Independence of External Directors/Audit & Supervisory Board Members as well as the criteria for independence of the Tokyo Stock Exchange Co., Inc. (Japan Exchange Group). They are, therefore, judged to be independent and have been duly appointed as an independent external Audit & Supervisory Board members.
Setsuko Takemoto	12 of 12	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 certified 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.	

Corporate Officer Compensation

1. Policy for Determining Compensation Amounts and Calculation Methods

Basic Policy on Director and Audit & Supervisory Board Member Compensation

The compensation of directors and Audit & Supervisory Board members (corporate officers) is decided by the Board of Directors based on the results of consultation with the Compensation Advisory Committee. Compensation is set within limits decided by resolution of the Shareholders Meeting. Compensation for executive corporate officers (excluding external directors and Audit

& Supervisory Board members) consists of fixed monthly compensation and performance-linked compensation (bonuses and stock-based compensation). Compensation levels are determined for each corporate officer based on their individual role and responsibilities using survey data from specialized external institutions as an objective benchmark.

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

Corporate Governance

Basic Policy

a. Executive Corporate Officers (Excluding External Directors and Audit & Supervisory Board Members)

- (1) Compensation consists of fixed monthly compensation and performance-linked compensation tied to earnings and the Company's 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 their duties and supervise management.
- (3) Performance-linked compensation consists of bonuses and performance-linked stock-based compensation and was adopted following approval 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 past payments and precedents at other companies. The total amount of bonuses (rounded down to the nearest ¥10,000) is the sum of 50% of 0.5% of core operating income and 50% of 0.75% of 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 of said plan. The fixed portion and the performance-linked portion form equal halves of the stock-based compensation base amount specified for each rank.

b. Non-Executive Corporate Officers (External Directors and Audit & Supervisory Board Members)

- (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.

Determination of Policy for Determining Compensation Amounts and Calculation Methods

Based on the above, specific policies for corporate officer compensation for the fiscal year were determined as follows. The policy regarding the determination of fixed monthly composition was decided by resolution of the Board of Directors in March 2019 based on the recommendation provided by the Compensation Advisory Committee in February 2019. The policy regarding the determination of performance-linked compensation was decided by resolution of the Board of Directors in March 2020 based on the recommendation provided by the Compensation Advisory Committee in February 2020.

Calculation of Corporate Officer Bonuses Linked to Performance in Fiscal 2019

Bonuses to corporate officers will be 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. Bonuses shall not be paid to external directors or Audit & Supervisory Board members.
- (2) Total payment amount
The total payment amount (rounded down to the nearest ¥10,000) allocated to all directors is the sum of 50% of 0.5% of core operating income and 50% of 0.75% of 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 determined by (2) above by a total number of points comprising the sum of all points awarded to directors. The determination of total points assigned to each rank of directors is determined by multiplying the number of directors in office in said rank as of the end of the relevant fiscal year by the number of points specified for that rank, as set out in the table below. Individual payments to each director are then calculated by multiplying the points specified for that director's rank by the payment per point as calculated above (rounded down to the nearest ¥10,000).

Points Assigned According to Director Rank

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

* Calculated based on the number of directors following the 159th Annual Meeting of Shareholders held on March 27, 2020.

Calculation of 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 via a calculation made by the method below. In principle, shares are issued to directors upon retirement from office in a number equivalent to the number of points they have accumulated.

- (1) Corporate officers eligible for payment
Those directors that are “Managing Members” as defined by the Corporation Tax Law Article 34 Section 1 No. 3 are eligible. Performance-linked stock-based compensation shall not be paid to external directors or Audit & Supervisory Board members.
- (2) Total payment level
The upper limit for the total number of points granted to corporate officers eligible for payment per fiscal year is 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 at the decimal point

- ① Fixed base amount
The fixed base amount for each rank is calculated by multiplying the following rank coefficients by ¥4 million, the value of the fixed base amount for directors with the rank of executive officer (for whom the rank coefficient is 1).

Rank	Rank Coefficient
Chairman/President and Executive Officer	3.625
Vice President and Executive Officer	2.000
Senior Managing Executive Officer	1.625
Managing Executive Officer	1.375
Senior Executive Officer	1.250
Executive Officer	1.000

- ② Performance-linked base amount
The performance-linked base amount is equivalent to the above fixed base amount.
- ③ Performance coefficient
The performance coefficient is calculated in accordance with the following formula.

Performance coefficient formula

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

*¹1. Truncated after the second decimal place

*²2. Core operating income: An earnings indicator the Company uses to measure regular business performance by subtracting selling, general and administrative expenses from gross revenues.

*³3. An IFRS-based earnings indicator.

The performance coefficients for each indicator will be determined in accordance with the degree to which the targets*⁴ for the indicators for the year ended December 31, 2020 are achieved.*⁵

*⁴4. The targets are core operating income of ¥30,500 million and profit attributable to owners of the parent of ¥27,000 million. These are as listed in the “Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2020 (January 1, 2020–December 31, 2020)” disclosed in the Summary of Consolidated Financial Statements released on February 13, 2020 and the “Revision of Consolidated Forecasts for Fiscal 2020 (January 1–December 31, 2020)” disclosed in the news release “Lion Revises Performance Forecasts” published February 28, 2020, respectively.

*⁵5.

Target Achievement Rate* ⁶	Performance Coefficients for Each Indicator
Under 100%	0
100% to under 140%	(target achievement rate) × 2.5 - 1.5* ⁷
140% or above	2.00

*⁶6. In the case of 100% or above, the rate is rounded to the first decimal place

*⁷7. Truncated after the third decimal place

- ④ Per-share acquisition cost
The per-share acquisition cost is 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, their accumulated points shall be voided and the director shall be paid separately at the time of retirement in a cash amount determined by multiplying the share price at the time of retirement by a number of shares equivalent to his or her accumulated points.

Indicators Used to Calculate Performance-Linked Compensation

Performance-linked compensation, which comprises bonuses and performance-linked stocked-based compensation, is calculated using two indicators. The first is core operating income, which the Company uses to measure regular business performance and is one of the most highly prioritized income indicators under the medium-term management plan. The second is profit for the period attributable to owners of the parent, which is the final result of business activities and is directly linked to shareholder value.

Performance Coefficients for Fiscal 2019

Indicator	Target (millions of yen)	Result (millions of yen)	Achievement Rate (%)	Performance Coefficient
Core operating income	31,500	30,048	95	0
Profit for the period attributable to owners of the parent	21,000	20,559	97	0

2. Compensation by Officer Classification and Type

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)	426	227	152	46	—	7
Audit & Supervisory Board Members (Excluding External Members)	60	60	—	—	—	4
External Directors and External Audit & Supervisory Board Members	60	60	—	—	—	8

- (1) There are no individuals serving concurrently as employees and corporate officers.
- (2) An upper limit on directors' fixed compensation of ¥300 million per fiscal year was set by resolution of the 156th Annual Meeting of Shareholders held on March 30, 2017.

- (3) An upper limit on Audit & Supervisory Board members' fixed compensation was set at ¥110 million per fiscal year by resolution of the 156th Annual Meeting of Shareholders held on March 30, 2017.

Corporate Governance

- (4) By resolution of the 156th Annual Meeting of Shareholders held on March 30, 2017, an aggregate upper limit was set at ¥600 million on the amount of contributions to stock-based compensation for the four fiscal years from January 1, 2017 to December 31, 2020, with an upper limit on the total number of shares set at 360,000 shares (90,000 shares per fiscal year) for the same period.
- (5) Within performance-linked compensation, bonuses are amounts calculated and determined on the basis of the core operating income and the profit for the period attributable to the owners of parent for each fiscal year, in accordance with the methods described above. 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.

3. Total Consolidated Compensation by Officer

Name	Total Amount of Consolidated Compensation (Millions of yen)	Corporate Officer Classification	Company Classification	Total Amount by Type of Compensation (Millions of yen)			Retirement Benefits
				Basic Compensation	Bonuses	Performance-Linked Stock-Based Compensation	
Itsuo Hama	127	Director	Submitting Company	66	46	14	—
Masazumi Kikukawa	125	Director	Submitting Company	64	46	14	—

* The above list includes only officers whose total consolidated compensation surpassed ¥100,000,000.

4. Significant Employee Salaries for Corporate Officers Concurrently Serving as Employees

Not applicable.

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 interests of Lion's fellow shareholders.

Shareholdings (As of December 31, 2019)

	Companies		Total Value on Consolidated Statement of Financial Position (Millions of yen)
		Year-on-Year Change	
Unlisted shares	23	2	668
Shares other than unlisted shared	48	(6)	19,519

For more information about Lion's corporate governance, please visit our website.

WEB

Basic Corporate Governance Policy
https://www.lion.co.jp/en/company/pdf/cg_policy_e.pdf

WEB

Corporate Governance Report (Japanese)
https://www.lion.co.jp/ja/company/about/pdf/abo_gov.pdf

Internal Control Systems

In accordance with the Corporation Law and the Enforcement Regulations of the Corporation Law, Lion has put systems in place to ensure the appropriateness of the operations of itself and the Lion Group. With regard to the systems for evaluating and auditing internal control with respect to financial reporting, as prescribed in Japan's Financial Instruments and Exchange Act, we have established controls at the Company-wide and business process levels. Evaluations of the effectiveness of our internal control are

made by the Auditing Office, which reports its findings to the President and Audit & Supervisory Board members. It also reports to the Board of Directors on a regular basis. As a result of these evaluations, we have determined that Lion's internal control with respect to financial reporting in 2019 was effective, and we submitted our Internal Control Report along with our Securities Report to the Prime Minister in March 2020.

Compliance Framework

The Lion Group Charter for Corporate Behavior and Behavioral Guidelines form the foundation of the Lion Group's compliance framework. The Corporate Ethics Committee, chaired by the director responsible for corporate ethics, works proactively to foster

compliance awareness within the Lion Group. The Lion Group Charter for Corporate Behavior and Behavioral Guidelines are distributed in pamphlet form to all employees and publicly available on Lion's website. Moreover, we established the LION Anti-Bribery

Principles in January 2019 in light of developments around the world related to strengthening legal regulations against acts of bribery and corruption.

e-Learning Training

Lion conducts periodic e-learning and other training every six months. Topics covered in 2019 included a declaration of committing to the Lion Group Charter for Corporate Behavior, the basics of labor management, the workplace environment and compliance (including harassment prevention), Lion's conceptual approach to quality, information security and basic knowledge of insider trading regulations. We also provided new training regarding human rights, bribery and safety (including occupational accidents), in which 100% of employees participated.

Compliance Awareness Survey

All domestic employees of the Lion Group (including part-time workers) are asked to complete the annual Compliance Awareness Survey.* In 2019, the survey was conducted for the 16th time. Approximately 92.8% of the targeted 4,406 employees responded. The survey results are reported to management and feedback is provided to individual divisions in order to help maintain and strengthen our compliance systems. Every year, improvements are made based on opinions solicited through the survey on such matters as problems in the workplace environment. Going forward, Lion plans to expand the survey to overseas Group companies to further strengthen compliance functions.

Percentage of Employees Who Received Feedback from the Survey Results



* Compliance Awareness Survey
Anonymous questionnaire survey covering such topics as compliance with the Lion Group Charter for Corporate Behavior, whether there was feedback from the results of the previous Compliance Awareness Survey, and awareness of the AL Heart Hotline.

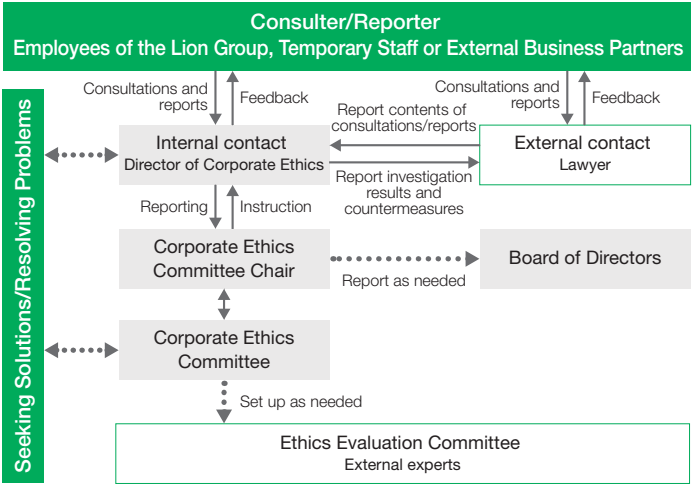
Raising Awareness of the Hotline

Lion has set up an internal and external whistle-blowing system, the AL (All Lion) Heart Hotline, and is taking steps to raise awareness of said system among all employees, including temporary staff. Its recognition rate among employees was 98.6% in 2019.

The AL Heart Hotline Employee Recognition Rate

2017	95.8%
2018	98.5%
2019	98.6%

The AL Heart Hotline System



AL Heart Hotline Consultations and Reports

In 2019, the hotline received 25 consultations and reports. However, none of the cases were judged to constitute serious misconduct, and all were appropriately addressed and resolved.

Content of consultations and reports made	2017	2018	2019
Harassment	9	15	11
Personnel and labor management issues	5	6	11
Others	4	2	3

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AL Heart Hotline (Japanese)
<https://www.lion.co.jp/ja/company/compliance/>

Compliance Initiatives at Overseas Group Companies

The Lion Group implements initiatives at overseas Group companies aimed at spreading and strengthening compliance awareness Group-wide.

In 2019, employees from compliance-related departments visited overseas Group companies in Singapore, China and Taiwan to promote awareness of compliance-related efforts, such as the LION Human Rights Policy, LION Anti-Bribery Principles and AL Heart Hotline, as well as related initiatives.

Information about some of our other overseas initiatives is available on our website.

Fundamental Stance Towards Eliminating Antisocial Forces and Status of Related Measures

Based on the Lion Group Charter for Corporate Behavior, Lion maintains a confrontational stance towards any antisocial forces threatening the order and security of civil society. The General Affairs Department serves as the supervisory department for handling antisocial forces. This department includes one person responsible for preventing unreasonable demands and cooperates with Lion Group operating sites and external organizations.

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Embedding Compliance (Japanese)
<https://www.lion.co.jp/ja/csr/management/compliance/>

Corporate Governance

Initiatives to Ensure Respect for Human Rights

Basic Approach to Respecting Human Rights

Respect for human rights is indispensable to the pursuit of happiness and a higher quality of life. Lion recognizes that it has a responsibility as a company to affirm diversity, including that of race, religion, gender, sexual orientation, age, nationality and disability, and to fully respect all human rights, and furthermore that doing so strengthens its business foundation. The Lion Group Charter for Corporate Behavior states that “We shall respect human rights ... observing both the spirit as well as the letter of all applicable laws and international rules ... both in Japan and abroad,” and the Behavioral Guidelines state that the Group will not permit child labor or forced or coerced labor, will provide equal employment opportunities and treat employees fairly, and will take an active interest in the human rights practices of its suppliers. In addition, in 2009, Lion declared its support for Ten Principles of the United Nations Global Compact.

In January 2019, based on framework of the United Nations Guiding Principles on Business and Human Rights adopted by the United Nations Human Rights Council, we established the LION Human Rights Policy to further clarify our stance on human rights abuse as well as our global efforts in this area. This policy was approved by the Executive Committee and applies to all employees of the Lion Group, including overseas Group companies, as well as other parties closely related to the Lion Group, such as suppliers.

Measures to Prevent Human Rights Abuse: Implementing Human Rights Due Diligence

Lion regards the identification of and response to potential human rights issues throughout its value chains, from raw material procurement to use by consumers, as a top priority. Accordingly, we identify and assess potential negative impacts on human rights by stakeholder to enhance mechanisms for preventing, mitigating and remedying such adverse impacts.

Overview of Lion’s Measures to Prevent Human Rights Abuse by Value Chain and Stakeholder

Value Chain	Raw Material Procurement	Lion’s Activities	Use by Consumers
Potential Human Rights Abuse Risk	<ul style="list-style-type: none">Forced labor or child labor in procurement or at production sitesDiscrimination against workers based on nationality or status as immigrants or refugeesNegative health impact on local residents due to deforestation	<ul style="list-style-type: none">Groundwater depletion due to factory operation; inadequate factory wastewater treatmentLack of regard for employees’ occupational health and safetyAbuse of authority or sexual harassment in the workplaceDiscrimination against sexual minoritiesCoercion to engage in prolonged work	<ul style="list-style-type: none">Accidents due to improper product labeling or useInappropriate interactions with customersPersonal information leakage, privacy violations
Assessment of human rights impact			
Stakeholders and Main Initiatives	Oil Palm Plantations <ul style="list-style-type: none">Participation in RSPO activitiesContinued purchasing of certified oil palm derivatives Suppliers <ul style="list-style-type: none">CSR procurement based on the Procurement Principles and the Lion Group Supplier CSR GuidelinesParticipation in Sedex	Residents around Our Plants <ul style="list-style-type: none">Environmental management under Lion’s Environmental Guidelines to prevent contamination; compliance with laws and regulationsImplementation of environmental assessments when constructing new plants Clinical Trial Subjects <ul style="list-style-type: none">Respect for the Declaration of HelsinkiApplication of the Regulations for the Implementation of Clinical Trials in order to place the highest priority on the safety of the subjects and ethical considerations Group Employees <ul style="list-style-type: none">Ensuring awareness of the Lion Group Charter for Corporate Behavior and the Behavioral GuidelinesCreation of environments that help prevent discrimination on the basis of religion or race, etc., and improper handling of hiring, personnel reviews and compensationReinforcement of occupational health and safety and promotion of health and productivity managementWidespread promotion of the Harassment Prevention Declarations to raise awarenessTraining on human rights (e-learning)Monitoring of adverse impacts through the Compliance Awareness SurveyPromotion of work-life balance	Customers <ul style="list-style-type: none">Aggressive pursuit of safety and functionality through Lion’s Product Management SystemCreation of the Labeling Manual to ensure consideration for the elderly, children and other vulnerable consumersPromotion of customer-oriented management to enhance customer satisfaction
	<ul style="list-style-type: none">Establishment of the AL (All Lion) Heart Hotline internal and external whistle-blowing system		<ul style="list-style-type: none">Establishment of and service via the customer support center

In advancing global business development, Lion will continue to educate employees about respecting human rights and strengthen related initiatives in its value chains.

Risk Management

In order to continue providing our customers with safe and reliable products, we have appointed a Director Responsible for Risk Management who comprehensively controls and supervises risk for the whole Lion Group and reports to the Board of Directors on related initiatives annually.

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

1. Response under Normal Conditions

- The director responsible for the Corporate Planning Department has overall responsibility for the risk management of the Group. The Corporate Planning Department comprehensively manages the Group’s risk.
- The Auditing Office audits the status of risk management for each department within the Group and reports its findings to the Executive Committee and the Board of Directors.
- Under normal conditions, each department strives 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 considers appropriate risk management measures, which are then deliberated on by the Senior Executive Committee and Executive Committee for implementation.
- For the management of risk related to the environment, quality assurance, and accidents and disasters, appropriate countermeasures are formulated in advance by the Sustainability Promotion Meeting, CS/PL Committee,* and Safety, Hygiene and Disaster Prevention Meeting, respectively, and deliberated by the Executive Committee when necessary.
- Each plant is certified with ISO 14001 or operates based on ISO 14001 and works proactively to maintain and improve environmental protection, including quality management.

* CS/PL Committee
A cross-departmental committee focused on customer satisfaction (CS) and product liability (PL) to promote quality assurance activities

2. Response in the Event of Emergency

In the case of a physical emergency, such as a natural disaster or accident, 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 Audit & Supervisory Board members. At the same time, the directors of relevant departments collect all pertinent information, formulate response measures, clarify causes, determine countermeasures, and submit reports on these actions to the Executive Committee and the Board of Directors.

Business Continuity Plan (BCP)

Lion works to build and maintain systems to minimize damage and to ensure the continuation of business operations so that it can provide products to customers even in the event of a major earthquake, outbreak of infectious disease (pandemic) or other such contingency. We will set up a task force and respond according to the “Manual on Countermeasures for Earthquake Disaster” when a major earthquake occurs, and according to the “Manual on Countermeasures against Novel Influenza and Other Infectious Diseases” if a pandemic due to a novel influenza virus or other infectious disease is foreseen. We will judge whether or not to activate a BCP according to the scale and other conditions of the disaster. If a BCP is activated, our system is designed to give top priority to businesses that supply consumer products.

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.