

# CSR Report 2012



## Editorial Policy

Lion views its CSR Report as an important tool allowing the Company to communicate its CSR initiatives and draw on stakeholder opinions while furthering corporate activities.

The CSR Report 2012 was prepared taking into account the following points.

- Since 2011, CSR activities have been systematized in accordance with ISO26000, an international standard concerning social responsibility. The CSR Report is also compiled following the trend.
- Third-party reviews by outside experts have been included to provide an objective assessment.

## Reference guidelines

- The Environmental Reporting Guidelines (2012) of the Japanese Ministry of the Environment
- The Sustainability Reporting Guidelines (2006) of the Global Reporting Initiative
- ISO26000: Guidance on social responsibility issued by Japanese Standards Association

## Coverage

### Lion Group

Lion Corporation, Lion Chemical Co., Ltd.,  
Lion Packaging Co., Ltd., Lion Engineering Co., Ltd.,  
Lion Dental Products Co., Ltd., Lion Trading Co., Ltd.,  
Lion Hygiene Co., Ltd., Lion Business Service Co., Ltd.,  
Lion Field Marketing Co., Ltd., Lion Logistics Service Co., Ltd.,  
Lion Cordial Support Co., Ltd., Issua Co., Ltd.,  
Ipposha Oil Industries Co., Ltd., Lion Akzo Co., Ltd.

## Period Covered

January 1 to December 31, 2011

(In places, activity reports refer to 2012 initiatives.)

## CSR Communication Tools



### CSR Report

The purpose of the CSR Report is to communicate what corporate social responsibility (CSR) means to Lion and to outline Lion's CSR activities. It provides an overview of the Lion's approach to CSR and describes activities carried out during 2010. Contents covered in greater detail on the Company website are marked with **URL**.



### Website (CSR Section)

The aim of the CSR section of Lion's website is to ensure timely and appropriate disclosure of information required by customers, experts and all other stakeholders. As well as providing more detail than the booklet, the website is also designed for greater visual appeal.

**URL** <http://www.lion.co.jp/ja/csr/> (Japanese only)



### Eco Leaflet

The compact Eco Leaflet explains Lion's environmental activities to customers and all other stakeholders in a straightforward manner using diagrams and illustrations. (Japanese only)



### Lion 120 Eco Stories

We compiled our environmental activities and useful information for our customers into a booklet.

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### **The Environment .....**

Basic Approach / Environmental Guidelines / Environmental Management Structure / Environmental Management System / Legal Compliance / Environmental Targets and Achievements / Environmental Accounting / Eco-Efficiency / Overview of Environmental Impact of Lion's Business Activities / Environmental Communication / Prevention of Pollution / Sustainable Resource Use / Climate Change Mitigation and Adaptation / Biodiversity Conservation

### **Fair Operating Practices .....**

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## Corporate Data

Corporate Name	Lion Corporation
Address	3-7, Honjo 1-chome, Sumida-ku, Tokyo 130-8644, Japan
Foundation	October 30, 1891
Capital	¥34,433.72 million (as of December 31, 2011)
President	Itsuo Hama (as of January 1, 2012)
Employees	Consolidated: 5,973 Non-consolidated: 2,439 (as of December 31, 2011)
Net Sales	Consolidated: ¥327,500 million Non-consolidated: ¥253,100 million (for the term ended December 2011)
Plants	Chiba Plant (Ichihara City), Odawara Plant (Odawara City), Osaka Plant (Sakai City), Akashi Plant (Akashi City)
Research Facilities	Hirai (Edogawa-ku), Honjo (Sumida-ku), Odawara (Odawara City)
Sales Offices	Sapporo, Sendai, Tokyo, Nagoya, Osaka, Fukuoka

## Net Sales Breakdown by Business

<b>Consumer Products Business</b>	<b>¥262.38 billion</b>
Oral Care Products	¥50.83 billion
Beauty Care Products	¥22.80 billion
Pharmaceutical Products	¥38.44 billion
Fabric Care Products	¥79.57 billion
Living Care Products	¥23.19 billion
Other Business	¥47.51 billion
<b>Industrial Products Business</b>	<b>¥52.41 billion</b>
<b>Overseas Business</b>	<b>¥53.75 billion</b>
<b>Others</b>	<b>¥26.38 billion</b>
<b>Adjustment*</b>	<b>▲ ¥67.43 billion</b>
<b>Consolidated Net Sales</b>	<b>¥327.50 billion</b>

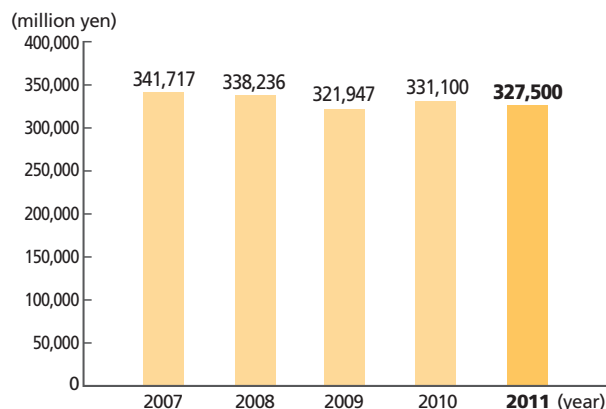
※ Intra-segment and inter-segment sales

## Location of Overseas Group Companies

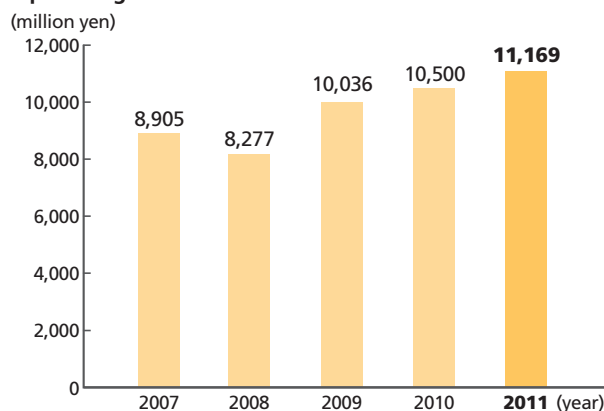


## Financial Indicators

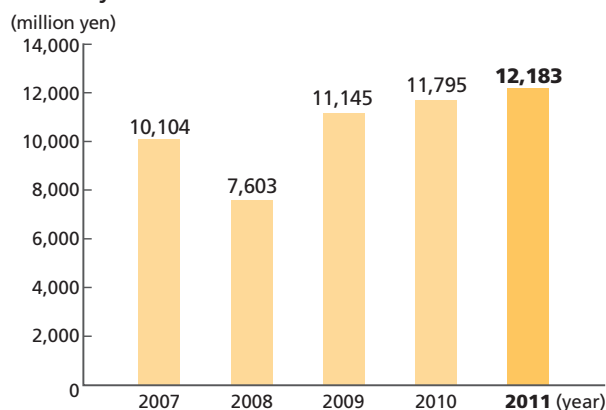
### Net Sales



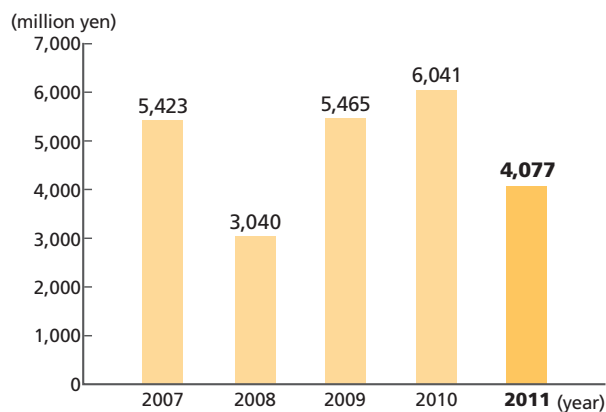
### Operating Income



### Ordinary Income



### Net Income





## ● Main Lines of Business

Consumer Products Business	Oral Care Products	<p><b>Advanced oral care products to help customers stay healthy</b></p> <p>Main Product Categories Toothpastes, toothbrushes, mouthwashes, and other dental products</p> 
	Beauty Care Products	<p><b>Hair and skin care products for health and comfort of body and mind</b></p> <p>Main Product Categories Shampoos, conditioners, hair-styling products, hair-nourishment treatments, hand soaps, body washes, men's cosmetics, and antiperspirants</p> 
	Pharmaceutical Products	<p><b>A well-rounded range of brands to meet growing self-care needs</b></p> <p>Main Product Categories Analgesics, combination cold medicines, anti-diarrhoeals, gastrointestinal medicines, tonics and nutrients, eyedrops, anti-inflammatory poultices, acne medications, insecticides, and prescription drugs</p> 
	Fabric Care Products	<p><b>Offering you products you can trust to keep your clothes clean and smelling fresh</b></p> <p>Main Product Categories Laundry detergents, fine clothing care products, pre-care products, bleaches, fabric softeners, and maintenance products</p> 
	Living Care Products	<p><b>Products useful for clean and comfortable living and dining</b></p> <p>Main Product Categories Dishwashing detergents, household cleaners, and cooking aids</p> 
	Special Sales	<p><b>Custom products tailored to meet individual needs</b></p> <p>Main Product Categories Novelty items, gift items, and mail order items</p> 
Industrial Products Business	Chemical Products	<p><b>Performance chemicals based on interface science for a safe, sound and clean global environment</b></p> <p>Main Product Categories Surfactants, fatty acid nitrogen derivatives, glycerin, fatty acid methyl ester, and electro-conductive carbon</p>  <p>Surfactants</p> <p>Detergents for precision parts and cleaning items therefor</p> <p>Conductive carbon and application products</p>



# Be a Company that Creates Value for Lifestyle



## Looking back on 2011

First of all, I offer prayers for the deceased and extend my heartfelt condolences to all victims of the Great East Japan Earthquake. I also wish for the earliest restoration of the disaster-hit areas. Lion has provided ongoing human-to-human support following the emergency aid provided immediately after the disaster. As part of the “Make Tohoku Well and Active Again” support project, we have conducted activities such as lectures by dental hygienists to give advice on oral care at kindergartens and elementary schools, and educational activities by employees to make a habit of washing hands at temporary childcare centers. In hope of the reconstruction of the devastated areas as early as possible, and good health of the affected people, we at Lion will continue to implement our unique initiatives.

Striving to create higher value to markets by launching new innovative products in 2011, Lion provided useful products to lead healthy and comfortable lives, such as oral care products to prevent periodontal diseases, functional foods to promote the health of middle-aged and elderly people, as well as a new type of toilet cleaner which offers a new way of cleaning. In addition, in order to relay innovative information, we newly established the “Lion Comfortable Lifestyle Laboratories” which provides information suitable to individual lifestyles and is useful during major life transitions with an eye to realizing comfortable life. Appointing a “Meisters of Dairy Life”

as a specialist for information on everyday life, we have created, accumulated and relayed information.

As for environmental initiatives, Lion has set goals to reduce CO<sub>2</sub> emissions through business activities by 30% in 2012, and by 40% in 2020 compared with the level of 1990, as a countermeasure against global warming. In 2011, we achieved a 35% reduction in CO<sub>2</sub> emissions by improving production efficiency of detergents for clothing and promoting activities for the “Challenge 25 Campaign”, a national movement for the prevention of global warming. In addition, our goals for 2012 were already achieved. As a maker of daily consumer products and aiming to be an environmentally advanced company, Lion will make efforts for reducing CO<sub>2</sub> emitted through household use of the products.

## Making a greater leap with New Management Vision

In 2011, thanks to your support, Lion commemorated the 120th anniversary of the start-up of its operations. Since its foundation, Lion has been committed to management conscious about contribution to society, under the company motto of “Fulfilling a Spirit of Love”.

Marking the 120th anniversary of the start-up of its operations, Lion formulated a new management vision entitled “Vision 2020” with the aims of: 1) being a

# and Spiritual Fulfillment



company that creates value for lifestyle and spiritual fulfillment; 2) being a company that is advanced in the area of environmental responsiveness; and 3) being a company that continues to take on challenges, create and learn. Furthermore, for furthering the new management vision, a new company slogan of “life. love. Lion” was set. It expresses our determination to make contributions to people’s “todays” which can be made only by Lion, a company which has continued to look after people’s lives for 120 years.

The ideal corporate image drawn by this new management vision is a company that creates value for lifestyle and spiritual fulfillment long into the future by consistently safeguarding health, comfort and the environment for people each and every day. “Value for lifestyle” means improving quality of life to be comfortable, and “value for spiritual fulfillment” means leading a forward-looking life with a sense of fulfillment and a rich spirit. The new management vision implies that a happy life at the present moment and in the future can’t be created without achieving the both values. Firmly determining to continue to be a company that helps people’s lives, Lion will aim at making a greater leap.

## Toward CSR management

In 2012, we started taking on challenges toward the realization of a future vision. Marking this milestone, in order to separate functions to supervise and execute

management, we established a new system to enhance corporate governance in which the chairperson serves as Chief Executive Officer and the president serves as Chief Operating Officer. Under this new system, in addition to business activities and corporate branding campaigns, we will continue to consider CSR activities to be important as one of three pillars to realize the new management vision.

In order to continue to be a company which is trusted by society, Lion has enhanced CSR activities in accordance with the “ISO26000” international standards for social responsibility issued in 2010. By listening to our stakeholders, we accurately comprehend changes in people’s sense of value as well as the expected social roles of the companies. Then, we work on the following activities: Product development putting first priority on customer’s satisfaction; provision of services centering on activities for diffusion and enlightenment; utilization of diverse human resources; creation of safe and comfortable workplaces; promotion of environmental conservation activities; facilitating fair trade; and contribution to local societies. Lion’s social responsibility is to be of help to society and contribute to people’s happy daily life through our business activities.

In 2009, Lion declared its support for “the United Nations Global Compact”, an international framework to achieve sustainable growth. Continuously supporting this Compact, Lion will make further efforts to conduct CSR management.



# Lion's Responses to the Great East Japan Earthquake

When the Great East Japan Earthquake struck in March 2011, no human suffering was reported amongst our people throughout our Company including affiliates, but some offices and plants were damaged. The report on measures for recovery soon after the disaster and our support activities are shown below:

## Damages on the Lion Group

We confirmed by the following day of the disaster that none of our employees and their family members, including those of affiliated companies suffered any casualties.

The Company's office buildings and plants which had

been reinforced against earthquakes suffered no major damage such as collapse. However, some products were broken due to collapsing of cargo in warehouses and some plant facilities were partly damaged.

## Measures for Recovery Immediately after the Earthquake

A disaster management task force headed by the president was set up at Lion's Tokyo headquarters in line with the Company's Earthquake Response Manual. After initially working to confirm employee safety and conditions at affected facilities, the task force set about formulating and implementing recovery plans for affected plants, as well as executing a pre-determined business continuity plan (BCP) including quick recovery of ordering/production system and securement of materials to ensure delivery of products as quick as possible.



Disaster management task force

## Reducing Power Consumption by 28% Year-on-Year in "Eco First Summer 2011"

As a designated "Eco First Company\*," Lion issued its "Promises Regarding Eco First Summer 2011 Power Conservation" aiming to cut its peak power consumption from July through September in the service areas of

Tokyo Electric Power (TEPCO) and Tohoku Electric Power companies by 15% or more. As the result of various efforts made, Lion achieved a 28% reduction, exceeding the target.

### Primary measures

- Working on a staggered shift basis
- Setting all air-conditioning system thermometers at 28°C, and wearing "cool biz" clothing
- Reducing power consumption for lighting, for example, by switching to LED lights
- Setting days or weeks with no overtime work
- Ensuring electricity with in-house power generation

\* Companies that have outstanding records in environmental responsiveness are designated as "Eco First" companies by Japan's Ministry of the Environment.



Declaring the promise of power conservation to Mr. Matsumoto, the former Minister of the Environment (left of center in the front row)

## Support Activities in the Devastated Areas

Following the Great East Japan Earthquake, the Lion Group provided a total of the equivalent to ¥350 million in relief donations as well as our products including toothpaste, laundry detergents and other items to those affected by the disaster. Moreover, the Lion group has supported its employees to participate in activities of the One % Club of the Japan Keidanren, as well as Global Compact Japan Network –sponsored volunteer assistance programmes in the affected areas.

In addition, as part of the “Make Tohoku Well and Active Again” support project, the Lion Group conducted the following activities in the disaster-hit areas: the Dental Health

Activities with lectures by dental hygienists of LDH (the Lion Foundation for Dental Health) at kindergartens and elementary schools; the “Chase Away Germs! Rally” held at 100 kindergartens; and participation in the “Nationwide Visiting Team to Encourage Enjoyment of Books” Campaign in co-operation with Kodansha Ltd.

From 2012, the Lion Group has conducted support activities for Ishinomaki City in Miyagi Prefecture, an area which is closely tied with Tomijiro Kobayashi, the founder of Lion. Wishing for the earliest reconstruction of the devastated areas and good health of the affected people, the Lion Group will continue to conduct support activities to be of help to people.



Dental Health Activities by LDH



The “Nationwide Visiting Team to Encourage Enjoyment of Books” Campaign



The “Chase Away Germs! Rally”



Presented planters made of timbers from forest thinning at the “Lion Forest in Yamanashi” to residents at a temporary housing



Education activities to make a habit of washing hands held at temporary childcare centers

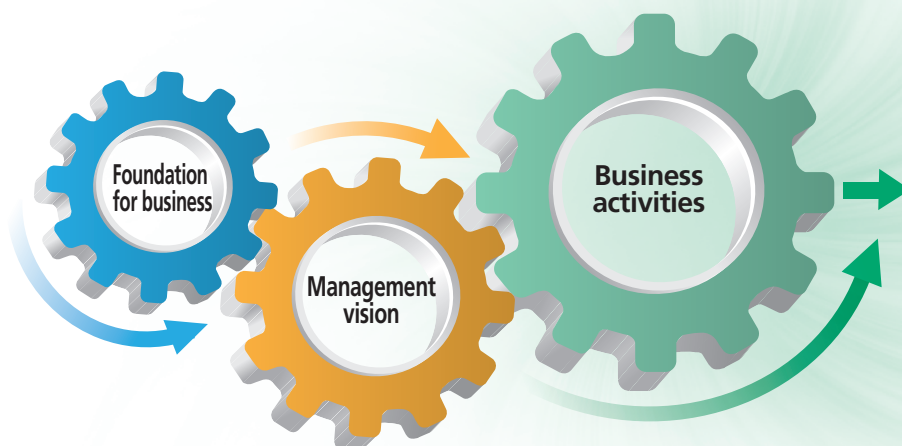
# Business Activities Supporting Clean, Healthy, Comfortable and Sustainable Life

## Basic Approach

The origins of Lion's approach to CSR can be traced to the Company's founding spirit of "working for the benefit of people and society."

With the robust foundation for business established

based on the company motto and the management philosophy, Lion has contributed to sustainable development of society through conducting business activities under the management vision.



## Sustainable corporate and social development

With the aim of sustainable corporate and social development, Lion determines its CSR targets every year and conducts relevant activities, always responding to requests from society through dialogue with its stakeholders.

For more details, see p.11 to 13

## Company Motto/Management Philosophy

The Company Motto and Management Philosophy are determined by inheriting the Company's founding spirit, as well as the Lion Group Charter for Corporate Behavior and Behavioral Guidelines, which were formulated to achieve the concept of the motto and management philosophy. Each of Lion's employees behaves and conducts CSR activities in accordance with all of these concepts.

For more details, see p.9

## Management Vision and Plan

We promote business activities following the new management vision and corporate message determined as our corporate direction for the next decade.

For more details, see p.10

## Lion's CSR Objectives and Major Activities in 2011

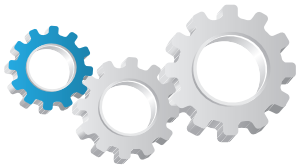
Until 2011, CSR activities had been conducted with objectives set for each category of stakeholders. In this CSR

Report 2012, items of objectives in 2011 were reorganized and reported in conformity to core subjects of ISO26000.

### Process to set 2011 objectives and Summary of major activities

Core subjects	Objectives	Major activities
Organizational governance	<ul style="list-style-type: none"> <li>Enhancing governance systems</li> <li>Reconsidering the business continuity plan (added during the fiscal year)</li> </ul>	<ul style="list-style-type: none"> <li>Established new management system in which functions of supervising and executing operations are separated.</li> <li>In addition to the annual review of our BCP, we moreover reviewed it in response to the occurrence of the Great East Japan Earthquake in March 2011</li> </ul>
Human rights/Labor practices	<ul style="list-style-type: none"> <li>Establishing good working environments</li> <li>Using diverse human resources</li> </ul>	<ul style="list-style-type: none"> <li>Certified in the Next Generation Support Act Phase 3 Action Plan, and formulated the Phase 4 Action Plan</li> <li>Introduced a preferential treatment system for transferred employees</li> <li>Introduced a telecommuting system</li> <li>Introduced a new system with achievements of the subcommittee of Diverse Human Resource Promotion Committee</li> </ul>
The environment	See p.26	
Fair operating practices	<ul style="list-style-type: none"> <li>Promoting CSR procurement</li> </ul>	<ul style="list-style-type: none"> <li>Decided to introduce certified palm oil</li> </ul>
Consumer issues	<ul style="list-style-type: none"> <li>Reinforcing interactive communication</li> <li>Enhancing eco-friendly products</li> </ul>	<ul style="list-style-type: none"> <li>Started to provide toll-free consulting service</li> <li>Increased the rate of products meeting Lion's Eco Standard (66% of all items, 82% of net sales)</li> </ul>
Community Involvement and Development	<ul style="list-style-type: none"> <li>Promoting dental health activities</li> <li>Promoting water resource conservation activities</li> </ul>	<ul style="list-style-type: none"> <li>Increased number of schools participating online in Mass Tooth Brushing Exercise for School Children (22,000 participants from 315 schools in four countries: 220% increase year-on-year)</li> <li>Implemented the "2011 Competition of Ideas for Using Rainwater" for junior high and elementary schools to facilitate the use of rainwater</li> <li>Donated rainwater storage tanks to public kindergartens and elementary schools in Osaka</li> </ul>





## Company Motto

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

## Management Philosophy

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

### Lion Group Charter for Corporate Behavior

(Established on January 1, 2003 Revised on January 1, 2008)

We, Lion Group, shall, in addition to being economic entities designated to pursue profits through fair competition, keep ourselves as social entity which must make a contribution to society at large. We shall respect human rights and conduct ourselves with initiative in a socially responsible manner toward the creation of a sustainable society, observing both the spirit as well as the letter of all the laws and international rules without harming the public interests both in Japan and abroad in accordance with the following 10 principles.

- |                                     |                                      |
|-------------------------------------|--------------------------------------|
| 1. Principal Mission                | 6. Contribution to the society       |
| 2. Compliance with Public Rules     | 7. Confront Antisocial Activities    |
| 3. Disclosure                       | 8. Contribution in Foreign Countries |
| 4. Environmental Issues             | 9. Practice of Corporate Ethics      |
| 5. Promotion of Working Environment | 10. Resolution of Problems           |



## Management Vision

Marking the 120th anniversary of the commencement of Lion's business activities in 2011, we formulated a new management vision toward 2020 and a Medium-term Management Plan entitled "V-1 Plan" to realize

the vision, with an eye to continue being a company which contributes to peoples' happiness and improvement in their lives by responding to social changes.

### New Management Vision, Vision 2020

To realize three visions, we implement four strategies. However, to promote these strategies, the following three innovations are necessary:

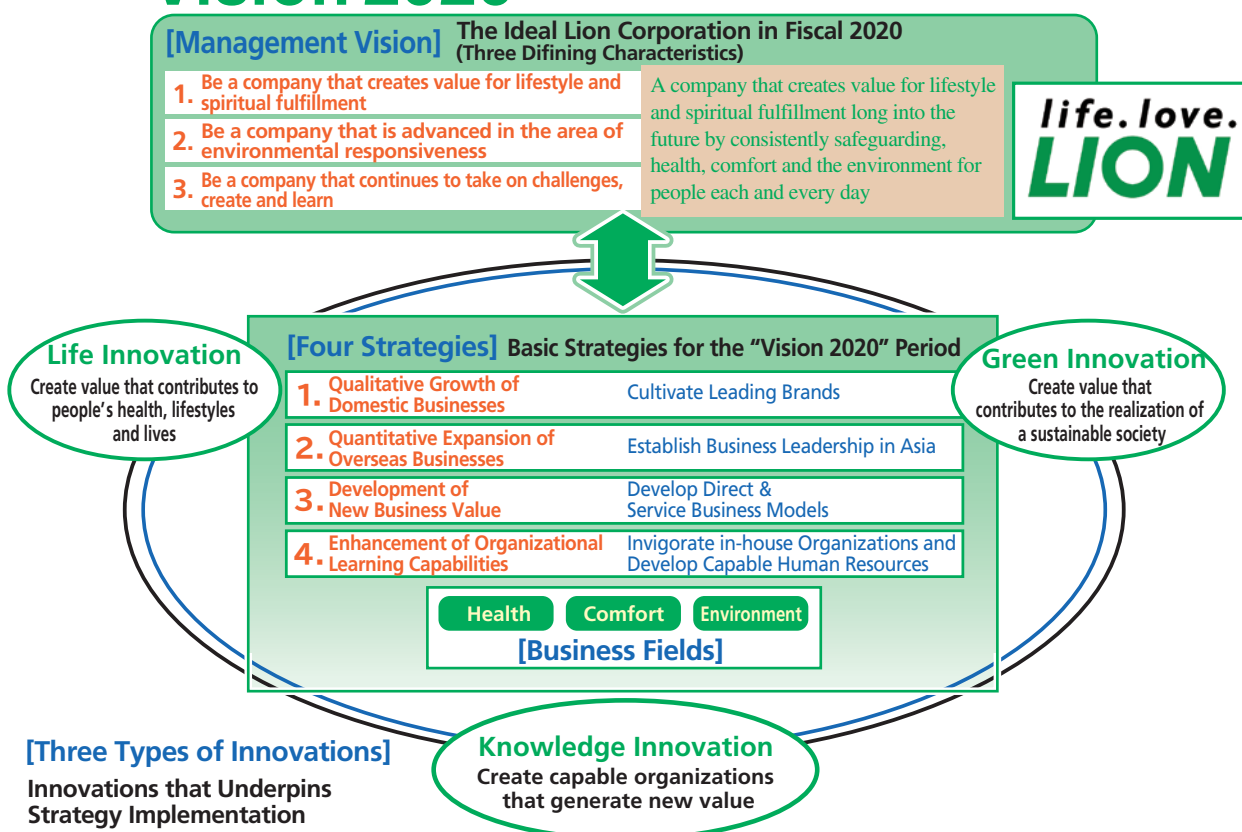
1) Life Innovation, in order to enlighten people about how to approach different stages of life and achieve comfortable lifestyles, by helping them today to the fullest to arrive at a

fulfilling tomorrow;

2) Green Innovation, in order to develop innovative technologies toward the "realization of sustainable society"; and

3) Knowledge Innovation, in order to switch to a corporate culture in which people can learn through challenges and experiences.

## Vision 2020

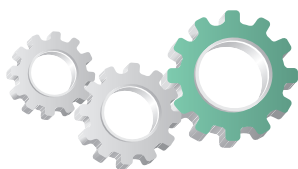


### Medium-term Management Plan "V-1 Plan"

As an initial action plan toward the achievement of "Vision 2020" covering three years from 2012 to 2014, the Medium-term Management Plan "V-1 Plan" was formulated. According to the V-1 Plan with a theme of "Launching initiatives aimed at achieving the management vision", we have started and have accelerated specific measures for four strategies aiming at steady improvement in profitability. The targets of

consolidated business performance in 2014 are as follows:

Net sales at ¥365 billion (average growth rate for three years at 3.7%); Operating income at ¥20 billion (up ¥8.9 billion from 2011); Operating margin at 5.5% (up 2.1 points from 2011); Ordinary income at ¥21 billion (up ¥8.9 billion from 2011); and Net income at ¥11.5 billion (up ¥7.5 billion from 2011).



## Business activities

Business activities supporting clean, healthy, comfortable and sustainable life are the basis of Lion's corporate social responsibility. Since its foundation, Lion has long been a culture bearer for oral health and cleanliness, making proposals for making good habits through provision of useful products for living, as well as promotion and

educational activities. Celebrating the 120th anniversary of its founding in 2011, a new corporate message was formulated. Under the slogan of "life. love. Lion", we will conduct business activities for both physical and mental health and comfort, aiming to be a company which creates a valuable future.

### Oral Hygiene Business

Oral hygiene is Lion's core area of business. Over the years, we have developed many dentifrices with new functions in accordance with changes in people's living habits throughout the eras, and have disseminated the correct knowledge about tooth and oral hygiene. For the future,

we will strive to make proposals based on new values, focusing on relationship between oral hygiene and systemic illness which has been revealed in recent years. Meanwhile, in Asia, we will promote awareness and education of oral health, aiming at No.1 in the oral care business field.

#### Functions added in response to people's needs, as well as Awareness and Education of oral health



### Culture of Cleanliness and Environmentally-friendly Business

Through supplying many kinds of detergent, including laundry detergents and soaps, Lion have helped instill a culture of cleanliness in society from the days when notions about hygiene were weak until the present day. In product

development, we are currently tackling global environmental issues including those relating to water, thus we will make further efforts for establishing a sustainable society.

#### Education of cleanliness and measures for the global environment

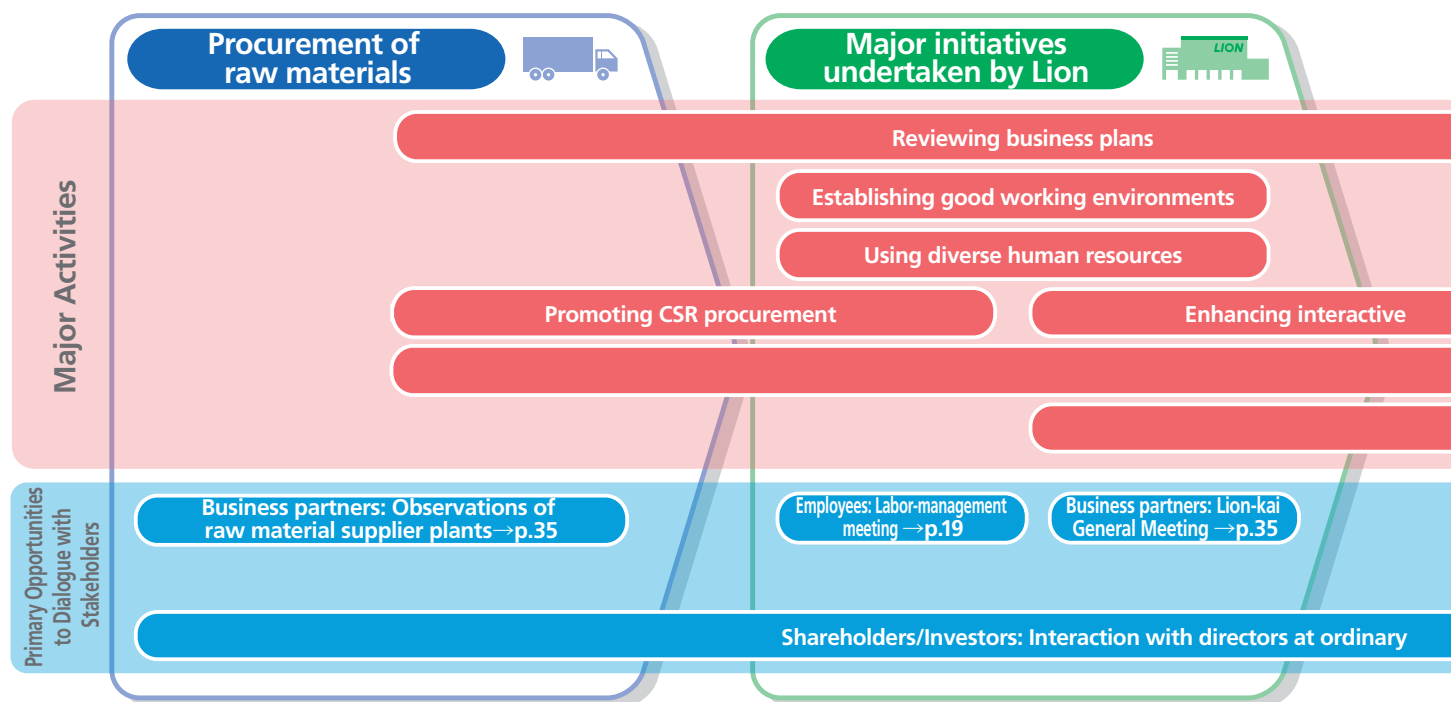




## Overview of Lion's CSR Activities

Lion has been committed to achieving the Company's founding spirit of working for the benefit of people and society through providing various products. We have conducted activities putting emphasis on stakeholders at the forefront at each stage, from the frontiers of research and development to the final product and disposal.

The various activities we have conducted are summarized as the overview of Lion's CSR activities, in which "Major Activities" and "Primary Opportunities to Dialogue with Stakeholders" are classified by stages such as 'procurement of raw materials', 'major initiatives undertaken by Lion', 'use by consumers' and 'society &



## Promoting Communication with Stakeholders

Lion views dialogue with stakeholders as a valuable opportunity to contrast corporate direction against the needs of society, as well as to confirm we have a sense of balance as a good corporate citizen. Opinion exchange takes numerous forms.

Lion will make efforts for reflecting opinions of stakeholders in its CSR activities.

### Materiality Analysis [See the right page](#)

The dialogue we held with our employees in 2011 was the same as that held with customers in 2010.

Analysing the results of these two identical surveys, one for our customers and the other for employees, notable differences between them were not found. In addition, there were no items of which customers highly appreciated but employees ranked low.

Items that were highly appreciated by both customers and employees are as follows: "Prevention of global warming" including the reduction of CO<sub>2</sub> emissions through business activities and products; "Enhancing customer support" as a tool of interactive communication with consumers; and "Dental health activities" for various generations. It was also found that customers required CSR information through the website easier than through CSR Reports.

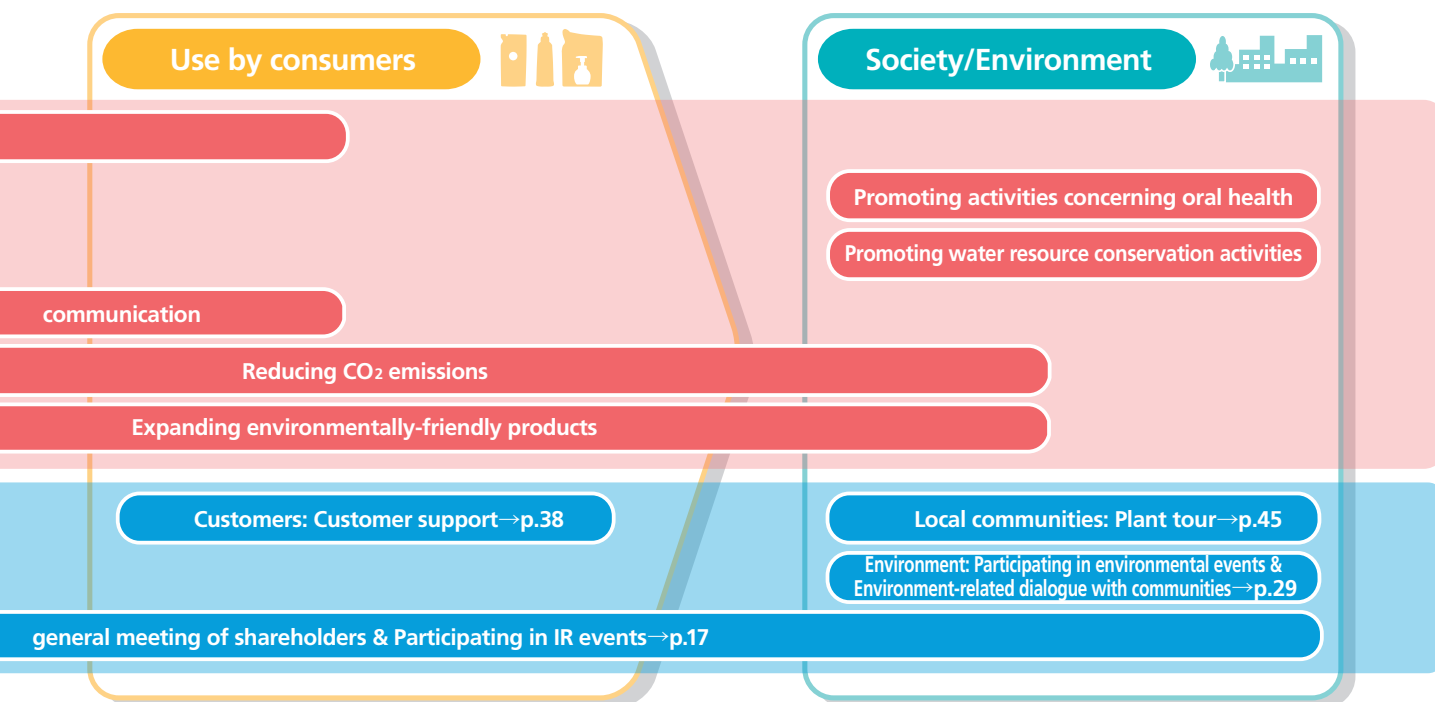
The "Mass Tooth Brushing Exercise for School Children" activity, one of Lion's historical educational activities for oral health, has sufficiently penetrated in employees. Meanwhile, as it seemed that customers were not as aware of this activity, to aim for further penetration we will step up our efforts to relay such information through means such as the Internet.

environment’.

Major activities include: promoting CSR procurement in cooperation with business partners; establishing good working environments and using diverse human resources; enhancing interactive communication with customer support; and, in relation to Society/Environment,

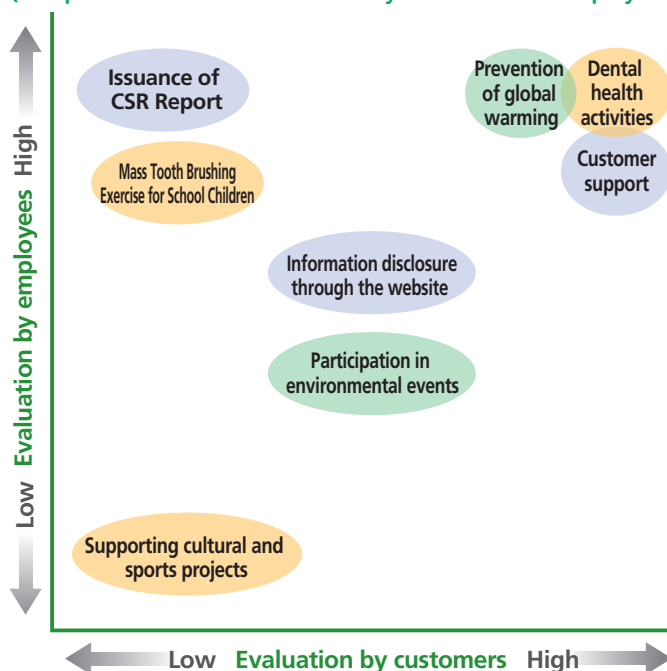
promoting activities for oral health. In each stage, communication with stakeholders is promoted through opportunities such as shareholders meetings, labor-management meetings, customer support or plant tours.

We will promote CSR activities in each stage of business activities.



Target	65 Customers (Readers of Lion's mail magazine)	107 Employees (management level + representatives of labor union)
Date of implementation	December 4, 2010	From November 29 to December 7, 2011
Contents of survey	Rank Lion's activities concerning the following three themes. • CSR communication • Environmental conservation activities • Oral health	

#### Analysis of materiality survey (Comparison between evaluations by customers and employees)



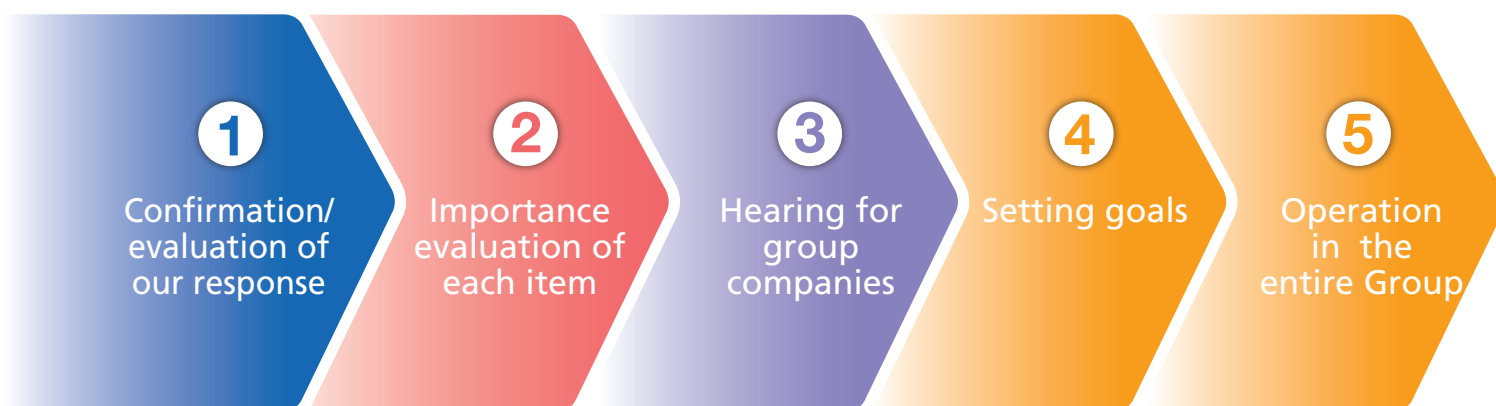
## Response to ISO26000

Lion started issuing the CSR Report from 2005, and holding stakeholder dialogues from 2008. Since 2009, we have participated in the United Nations Global Compact, a global framework to realize sustainable growth, working on achievement of the ten principles including human rights, labor, environment and anti-

corruption.

In 2011, with ISO26000, the international standards for social responsibility, we started enhancing our CSR management by objectively assessing our CSR activities in cooperation with a third-party organization.

### Flow of response



### ISO26000

ISO26000 is an international standard issued in November 2010 by the International Organization for Standardization, which serves as a guideline for social responsibility for companies and other organizations. ISO26000 includes the principles of social responsibility and a guideline to best practices to fulfill social responsibility in organizations. Seven core subjects which organizations should address have been set: organizational governance, human rights, labor practices, the environment, fair operating practices, consumer issues, as well as community involvement and development. For each core subject, the issues and the related actions and expectations are indicated.

### Seven core subjects and corresponding pages

Core Subjects	Corresponding pages
Organizational governance	p.16
Human rights	p.18
Labor practices	p.19
The environment	p.24
Fair operating practices	p.34
Consumer issues	p.36
Community involvement and development	p.42

### Past activities

According to “related actions and expectations” indicated for each core subject in ISO26000, we have made efforts for understanding the current status of the entire Group and identifying problems by taking stock of Lion’s activities of each Group company.

Although these are presently under examination, promoting Group-wide CSR activities, and encouraging supply chains and other business partners to make such efforts are expected to be our issues.



## 1 Confirmation and evaluation of our response

Our response to each item of ISO26000 was confirmed by the CSR Promotion Department, the Personnel Department, the Corporate Planning Department and the International Division.

In order to receive an objective evaluation about our actual status, we explained the details of our activities for each item to a third-party organization, and received advice. In addition to being evaluating regarding whether or not we completed taking the necessary measures, also confirmed and evaluated was whether we had policies and management systems, as well as the status of measures taken throughout the entire Group.



Explaining our activities to the third-party organization

## 2 Evaluating the importance of each item

Together with the evaluation and confirmation of the responses, the importance of each item was evaluated on the basis on global trends in CSR as well as the Group's business.

## 3 Holding hearings for group companies

Confirmation hearings for group companies are held with regard to items considered to highly important by relevant divisions of the parent company.

After we complete the hearings for domestic affiliates, we plan to hold hearings for overseas affiliates.



Hearing for group companies

## 4 5 Setting goals, Operation in the entire Group

After understanding the actual situation of the entire Group, we clarify the important issues that we should tackle within the Group. We then will provide further management with clear objectives with the aim of improving the level of our CSR activities.

**Strengthening our activities which are central to our CSR management in order to earn the trust of society**



Lion Headquarters

## Basic Approach

Lion's top priorities for corporate governance are increasing management transparency, improving the efficiency of supervision and decision making, and ensuring compliance. By strengthening and improving its corporate governance system, Lion aims to enhance its corporate value.

## Corporate Governance System

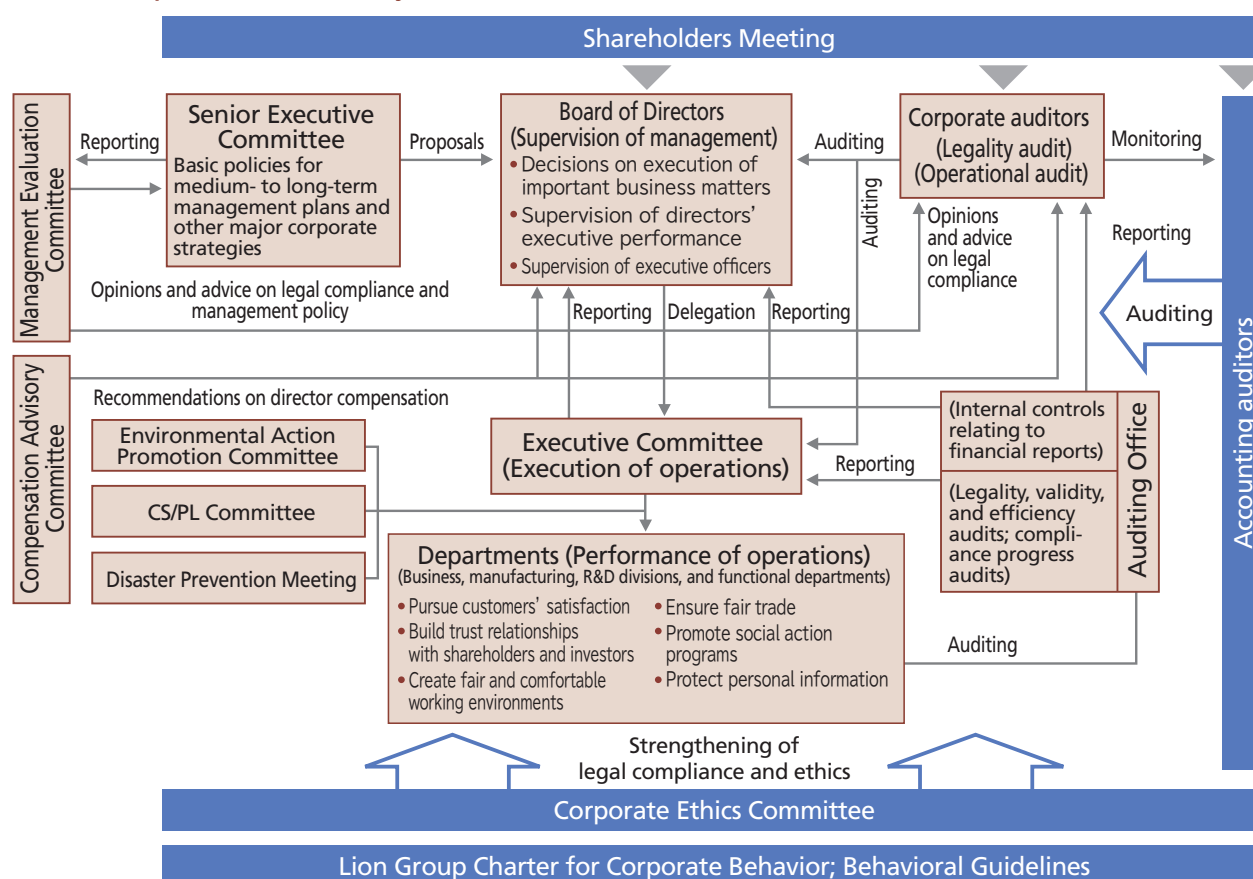
Lion has adopted a system of executive officers in order to strengthen managerial decision-making and executive functions. Supervision of management is conducted through a corporate auditor system. Since

January 2012, we have enhanced our governance systems, separating supervision and execution of management.

Supervision and monitoring of management was enhanced with the installation of four independent directors (two external board directors and two external auditors) who satisfy the criteria as independent officer, as dictated by the Tokyo Stock Exchange, as well as through regular meetings held between the president and all external directors to exchange information.

Furthermore, a Management Evaluation Committee was set up in October 2003 to ensure that evaluations and opinions by outside experts are reflected in management.

### Model of Corporate Governance System



## Risk Management

Lion is building up a management framework for dealing with all the major risks that could occur in its business. Deliberation focuses on issues with a large impact on management, particularly the lowering of risks resulting from accidents or disasters, the prevention of product related problems, and establishment of initial response plans.

When the Great East Japan Earthquake struck in March 2011, some plant facilities which were damaged smoothly recovered in general, and product supply was quickly resumed.

Triggered by the disaster, the business continuity plan was enhanced with the review of existing measures, such as seismic strengthening of office buildings and plants, alternative arrangements for execution of headquarter functions, and backup production at other plants in times of disaster.



Room of the laboratory reinforced against earthquakes

## Establishment of Internal Control Systems

Systems and provisions have been put in place to ensure the appropriateness of Lion Group operations in accordance with Japan's Companies Act and the Ordinance for Enforcement of the Companies Act\*.

With regard to systems for evaluating and auditing internal control over financial reporting, as prescribed in Japan's Financial Instruments and Exchange Act, Lion and the Lion Group have been establishing controls at the company-wide and business-process levels since July 2006. In December 2008, the Board of Directors passed a resolution on basic policy concerning internal control over financial reporting. Evaluations of internal control effectiveness are carried out by the Auditing Office, which reports findings to the president and corporate auditors, as well as on a regular basis to the Board of Directors. Areas requiring improvement are communicated to concerned divisions and the progress of improvements is verified.

In 2011, Lion's internal control over financial reporting was deemed effective. A report on internal controls was submitted to the Prime Minister in March 2012 together with the Company's securities report.

\*Basic policy of Internal Control Systems

URL <http://www.lion.co.jp/ja/invest/corporate/system/>

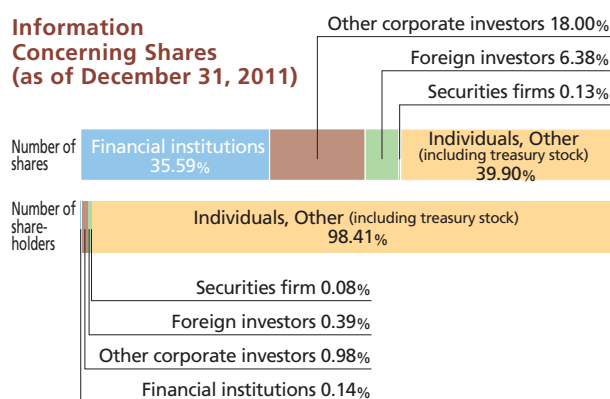
## Enhancement of Information Disclosure

### Relationship with Shareholders

An annual general meeting of shareholders is held each year at the end of March at the Kokugikan (Ryogoku, Tokyo). Attendance at the 2012 meeting was 1,755 people, hitting a record high. Many questions were asked by shareholders during the meeting, and afterwards they were given the opportunity to meet with directors and view a display of new products to promote greater understanding of the Company.

Close communication with shareholders is also advanced through the Lion Letter and reports to shareholders containing information on earnings, new products and other matters, which are sent out in September and March respectively.

### Information Concerning Shares (as of December 31, 2011)



### Relationship with Investors

Lion discloses information through Internet and conducts various IR events including earnings briefings to ensure that corporate information is communicated in a precise, fair and timely manner to investors in Japan and overseas. In 2011, 14 Company introductions for individual investors were held across Japan, attended by 1,600 investors. The opinions received at the Company introductions have been reflected in our business activities through the feedback to our directors and employees.



Explanation about the Company at an exhibition booth at Company introductions for individual investors



FTSE4Good

Lion is selected for the FTSE4 Good Index Series, a global indicator for socially responsible investment.

## Respecting Human Rights of All People Involved in Lion

### Basic Approach

Lion has stipulated “Respect for Human Rights” in the Lion Group Charter for Corporate Behavior. Moreover, the Behavioral Guidelines refers to human rights of suppliers.

In 2009, we declared our intention to support the ten principles of the United Nations Global Compact to clarify our attitude conscious about human rights.

### Frameworks to Ensure Respect for Human Rights

Any problems related to human rights such as child labor, forced or compulsory labor, or racial discrimination is confirmed during the internal audit. If such problems have occurred, we work to understand the facts and confirm whether our framework to deal with these problems is functioning.

In addition, we have a system in place to confirm the facts and deal with them through a reporting system which is also available to our business partners.

With questionnaires for CSR procurement, we have checked whether our business partners have policies for respect for human rights and elimination of discrimination, and the extent to which they are conscious about human rights. If necessary, we would require them to improve the situation.

For related information, see p.34

### Contact for Consultation and Internal Reporting

An internal reporting system, the AL (All Lion) Heart Hotline\*, has been set up as point of contact for employee consultation for instances of non-compliance they have discovered and for which cannot or should not report the violations through normal channels. A pamphlet distributed to all employees, including temporary employees, informs them about the system and the rules for use, such as instructions for making contact and prohibition of unfair treatment of employees using the system. Business partners can also use the hotline, and

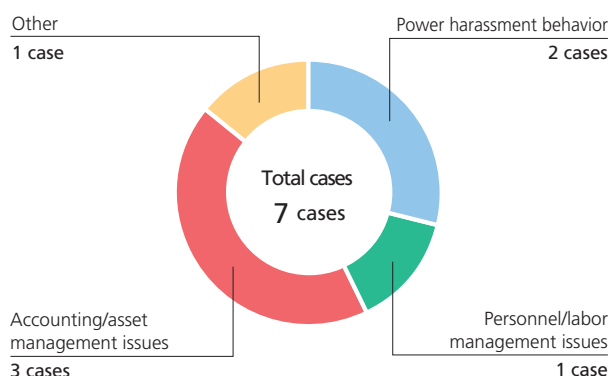
contact information is available on the Company's website.

In 2011, there were seven instances of consultation or reporting, but no instances of grave misconduct were found.

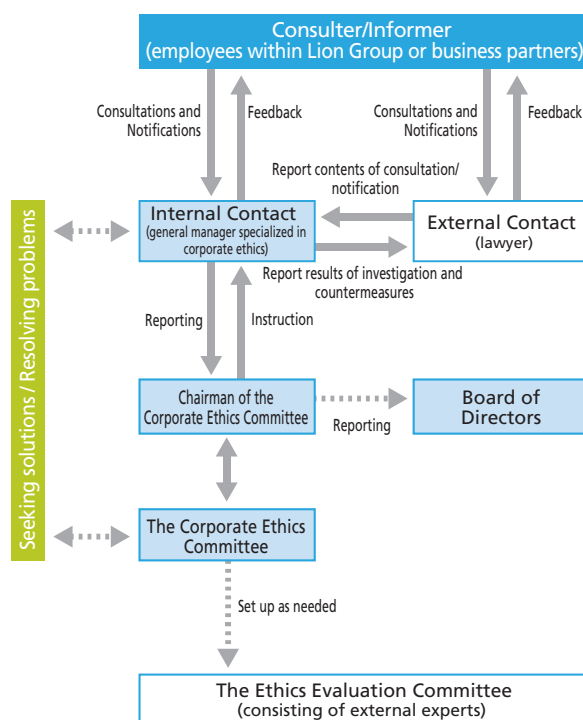
\*Heart Hotline

URL <http://www.lion.co.jp/ja/company/about/hotline.htm>

### Heart Hotline – Consultations and Notifications (2011)



### The System of “Heart Hotline”





## Creating a Bright and Dynamic Workplace



Diverse Human  
Resource Promotion Committee  
(Female Employees' Subcommittee)

### Basic Approach

Having valued Lion's founder's idea of "Employees are partners in the Company", Lion respects the individuality and personality of all employees and helps them to hone their skills and abilities and stay healthy in body and mind.

#### Fair Treatment of Employees

Aiming to make working for the Company rewarding for all employees, a framework is in place to increase the understanding and motivation of each employee through systems of management by objective and self-assessment, as well as feedback from regular evaluations and interviews by superiors.

#### Promoting Amiable Labor-Management Relations

Operating under a union shop agreement, Lion has endeavored to build upon amiable labor-management relations, in which employees and management are proactively conducting activities such as reporting on business conditions and exchange of opinions about working environments at labor-management meetings.

#### Employees Data (non-consolidated)

		2009	2010	2011
Regular employees	Male	1,883	1,873	1,842
	Female	566	583	597
New employees	Male	40	49	47
	Female	31	25	23
Re-hired retirees	Number of people	125	147	142
	%	4.9	5.6	5.8
Temporary employees (Number of people)		264	255	289
Female employees ratio (%)		23.1	23.7	24.5
Female managers	Number of people	32	34	37
	%	4.8	5.1	5.5
Disabled employees	Number of people	48	44	43
	%	2.0	1.8	1.8
Childcare leave users	Male	5	3	4
	Female	38	35	26
Reduced hours for childcare	Male	0	0	0
	Female	40	48	55
Average overtime per month (hours)		10.3	9.9	11.2
Annual paid leave used (%)		48.6	51.9	54.1
Departures with in three years of entering Company	Number of people	6	5	1
	%	3.0	2.6	0.5

\* "New employees" includes new employees hired mid-year.

\* Data as of December 31 of every year

### Human Resource Diversity

Lion has made efforts for promoting human resource diversity in light of major changes in the composition of the workforce and the need to respond swiftly to changes in the business environment.

The Diverse Human Resource Promotion Committee was set up in 2010, which plans and formulates personnel measures for promoting the active participation of diverse human resources.

#### Employee Motivation Consultation Center

The Employee Motivation Consultation Center was established in February 2011 to help employees develop a positive approach to their careers.

The center fields telephone inquiries from Lion employees (including employees dispatched to affiliated companies) and temporary employees, and provides advice and information as required.

#### Revision of Re-hiring System of Employees upon Retirement

In 2006, Lion began re-hiring employees who reached the mandatory retirement age. With an eye to increasing motivation of both re-hired and current employees, the criteria was revised in April 2012 to improve the working environment in order to allow the re-hired employees to work in conditions similar to full-time employees, such as re-hiring all applicants, changing duties during the contract period, and awarding performance-based bonuses.

#### Employing People with Disabilities

Lion wants employees to be able to fully apply their talent regardless of disability. Not only do the immediate superiors of disabled employees provide care in the form of consultation, we also have an established mentality of support at Lion to which everyone in the workplace subscribes.

#### Improvement of the System for Re-hiring Former Employees

Lion has introduced a scheme to re-hire former employees, aiming to allow them to be active again using their experience based on their career, lifestyle and expertise gained at Lion.

## Promoting Work-Life Balance

Lion strives to build an environment where employees can work dynamically and deliver results, whilst placing value on balance between work life and private life.

### Support for Childcare and Nursing Care

Lion has proactively worked on reinforcement of measures for childcare and nursing care. As a result of childcare-related support enhancements and making the programs known to employees in line with an action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children, the ratio of female employees taking childcare leave has been 100% in recent years. The number of male employees taking childcare leave has also increased, even among varying job types.

The action plan is formulated through joint deliberation by labor and management, as well as consultation with employees who are parents. Since April 2011, activities have been promoted in accordance with Phase 4 action plans.

### Support for Childcare and Nursing Care

Birth	Maternity leave	• Paid leave from six weeks prior to birth to eight weeks after birth
	Special leave (childbirth by spouse)	• Two days paid leave (bonus leave)
Childcare	Childcare leave	• Up to 18 months leave until the child is three years old (paid leave for the first successive two weeks) • Additional childcare leave for fathers after using childcare leave within eight weeks of their child's birth
	Reduced hours for childcare	• Up to two hours/day reduction in the workday until the child finishes first grade
	Exemption from overtime	• Employees with a child under primary school age can be exempted from overtime work
	Child sickness leave	• Employees with children under primary school age may take paid child sickness leave by half-day units (paid leave) • Five days/year for one child or ten days/year for two or more children that are preschool age
Nursing	Nursing care leave and reduced hours for nursing care	• Up to 93 days available to nurse each child as necessary combining nursing care leave and reduced hours for nursing care
	Nursing care leave	• Five days/year for one child or ten days/year for two or more children provided by day for nursing care
	Accumulated leave (nursing of close relative)	• Use accumulated annual paid leave that has expired (up to 60 days) for nursing a close relative * Medical and volunteer leave are available in addition to accumulated paid leave.

\*In addition to the above, a system enabling restriction of work hours for childcare or nursing care purposes has been introduced in accordance with the law.

### Support for transfer of couples working for Lion

In April 2011, Lion set up systems to support households of couples both working for Lion. When one partner is transferred in Japan or overseas, with prior registration the spouse can choose from the following three options: 1) Accompanying the transferred spouse while putting his or her own career on hold; 2) leaving the Company to accompany the spouse on the premise of being re-hired within five years; or 3) changing his or her own work location to the place where the spouse was transferred.

## Next Generation Support Act Phase 4 Action Plan

Period: April 2011 to February 2015

"Kurumin" logo - recognizing support for the next generation

### Goals:

- 1 Have seventeen or more male employees take childcare leave during the action plan period.  
→ **Three male employees took childcare leave. Another employee of the sales division has taken the leave for a year from March 2012.**
- 2 In 2011, raise the age of child applicable for "Exemption from overtime for childcare" from "three years of age" to "under primary school age".  
→ **The new system was introduced in June 2011.**
- 3 In 2011, Modify the unit of "Child sickness leave" to allow employees to take half-day leave.  
→ **The new system was introduced in June 2011.**
- 4 Within the period of the action plan, implement measures for supporting employees to strike a good balance between work and childcare from viewpoint of career development.  
→ **Scheduled to be implemented in 2012.**
- 5 In 2011, introduce an overseas transfer support system for couples both working for Lion.  
→ **The system for domestic and overseas transfer was introduced in June 2011.**
- 6 Within the period of the action plan, introduce a telecommuting system for employees meeting the requirements prescribed by the Company.  
→ **Starting tests in 2012.**

\*Next Generation Support Act Phase 4 Action Plan

URL [http://www.lion.co.jp/ja/csr/employee/work\\_life/](http://www.lion.co.jp/ja/csr/employee/work_life/)

## Our Workplace : the Chiba Plant

### Message from the Plant Manager to Employees

My goal is to have the people working at the Chiba Plant wake up with the attitude of, "I'm gonna work hard today!" Of course, I know you cannot always feel so good especially when you have hard work waiting for you at the Plant. But, once you come to the workplace, wouldn't it be a wonderful plant if all employees felt a sense of fulfillment at the end of each day through working in supporting of each other? After all, we are all together "in the same boat" so to speak. If we work together, respecting individual personalities and thoroughly talking with each other about things which need to be discussed, we can all make the Chiba Plant a wonderful place to work. I will take leadership to achieve the goal. But firstly, let's all start by greeting each other with a smile.



Masakatsu Iguchi  
Plant Manager

### Coming-of-Age Party

Chiba Plant holds a Coming-of-Age Party every year for employees who turn 20 years old, the age of legal adulthood in Japan. At the party held on January 12, 2012, strict yet heartfelt congratulatory speeches were delivered by older colleagues, photos of the new adults' childhoods were shown, and letters from their mothers were read out. In hope that they will grow up to be helpful to support the Company, all employees celebrated and cheered for the new adults.



From the left, Junpei Hanada (a new adult), Kunihiro Fujita (an older colleague), and Mizuki Nakai (a new adult)

## Safety and Disaster Prevention Initiatives

Based on the principle of "safety first", Lion has established its unique "Health, Safety and Disaster Prevention management system" for group companies including domestic affiliates, which added its own disaster prevention measures to the "Occupational Safety and Health Management System" of Japan's Ministry of Health, Labour and Welfare. We set up a Disaster Prevention Meeting which consists of representatives from production, R&D, administrative as well as sales divisions, where employees and managers strengthen and improve measures for safety and disaster prevention in cooperation. Through the meeting, company-wide policies, targets (zero serious accident and disasters), annual plans and achievements are managed and promoted.

At each business location, the Health, Safety and Disaster Prevention Committee organized in accordance with laws, and mainly promoted activities such as resolving issues unique to each business location, and reflecting employees' opinions. In addition, a chairperson of the Disaster Prevention Meeting audits individual business facilities on a regular basis. In 2011, there were no serious accident nor disasters.

### Occupational Safety

In 2011, while the number of accidents considerably decreased from a year earlier, the number of lost time accidents increased from two to five. Recently, the number of accidents caused by carelessness and overconfidence, such as falling on steps, has been increasing. In order to raise employees' awareness of safety, we will enhance our day-to-day efforts and share information about the accidents that occurred at all business locations.

With the health, safety, and disaster prevention management system established, risks of new and changed operations are assessed by managers of each business locations, in order to steadily facilitate elimination of hazardous factors.

One of key activities for 2011 was review of risk items. Through continuous implementation of risk assessment, we will create safer working environments.

### Safety of Facilities

Lion's plants and production facilities of affiliated companies suffered minimal damage from the Great East Japan Earthquake.

After the restoration of lifelines and traffic networks, we gradually rebuilt our production systems and resumed production activities. As Lion's main products are household articles, it was essential to quickly produce and supply those products. Aware of our responsibility to supply such daily necessities, we worked quickly to complete restoration work and could resume production about a month after the disaster.

At that time, our systematic maintenance which centers on essential equipment and management of alternative components, which had always been routinely implemented, proved effective.

We will further steadily work on the safety of our facilities, systematically promoting facility maintenance from a long-term viewpoint by ensuring implementation of inspections and fixing of facilities.

## Response to emergencies

Taking into account our emergency responses taken at the time of the Great East Japan Earthquake, we revised our manual for earthquake disasters after enhancing response measures against earthquake in the metropolitan area and reviewing our product supply in the event of a large scale earthquake.

Moreover we revised our "Disaster prevention card," a handy reference card for all our employees which lists information and contacts in the event of a disaster.

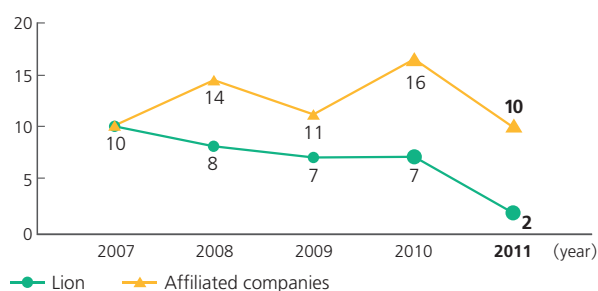
The 2011 annual joint drill consisted of setting up a disaster response task force in Osaka and quickly restoring operations under the scenario of an earthquake in the metropolitan area affecting the Headquarters.

Drills are also carried out on a regular basis and include safety confirmation drills, evacuation drills, disaster leadership drills, firefighting drills, and joint drills with municipal firefighters.

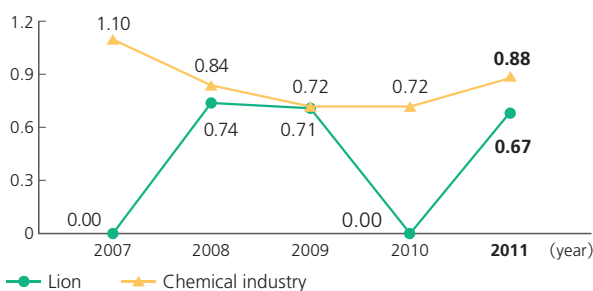
### Number of Facility Accidents/Disasters

2007	2008	2009	2010	2011
0	0	0	0	0

### Number of Work Accidents (excluding commuting accidents)



### Work Accident Frequency Rate\* in Production Division



#### \*Frequency rate:

Number of people suffering lost time injuries / Total working hours (unit: million hours)

For labor accident severity rate of production division, see the website below:

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

### Hours without Accident at End of 2011 (Unit: ten thousand hours)

Research Division			Production Division			
Hirai	Honjo	Odawara	Chiba	Odawara	Osaka	Akashi
751	70	87	325	339	263	119



## Human Resource Development

### Corporate Culture of Challenges, Create and Learn

Innovation has sustained Lion's business activities ever since the Company's founding, and it is individual employee with the ability to practice "challenges," "create," and "learn" who generate the innovation required to resolve business and technical issues. Lion will foster a corporate culture by developing human resources with the individual resolve to overcome problems and create new value.

### Education and Training Programs

Lion conducts rank-based and specialized job-based training for all employees, offering programs according to grade and job field.

Aiming at educating human resources from new employees to managers and raising their awareness with an eye to global development, the rank-based training promotes understanding of international business development and enhances their language skills.

Follow-up programs were also implemented for participants of new employee and mid-career rank-based training programs to ensure content was adequately learned and to support further growth.

#### Standard Training Programs

	Regular employees	Management
Rank-based training	New employee training	Management training
	Mid-career training	
Specialized job-based training	Sales Division training	
	Administrative/Planning Division training	
	Research/Technical Division training	
	Production Division training	

### Frameworks for Developing Tenacity

Lion has systems in place to support employees by allowing them to fully develop their tenacity and creative potential.

Besides standard training programs, highly motivated employees have additional opportunities for skills development, including elective training and self-development programs. The diverse line-up of self-development programs, in particular, helps employees enhance their abilities.

To be more specific, we have the Lion Challenge Cup, an opportunity for employees to present self-initiated group research directly to Lion executives. We have also initiatives for developing human resources capable of sustaining overseas operations in this age of global business.

### Global Human Resource Development

In addition to the "Overseas retail and distribution sector study tour" for sales personnel at managerial level introduced in 2010, we newly introduced a "global human resource enhancement program" for young and mid-career employees in 2011. Thirty employees selected from among applicants publicly solicited participated in the program. The purpose of this program is to foster global personnel in charge of international business in a stable manner and facilitate the globalization of business.

Participants, who may apply regardless of job type, continuously attend the program for about seven months.

Domestic training programs are composed of basic knowledge about Lion's business and overseas general education with the aim of fostering business viewpoints. Meanwhile, in overseas programs, participants visit a foreign country for a week to directly learn about foreign culture, and then experience practical work at overseas affiliated companies for a month. At the same time, by going to language schools etc., participants master language skills to leverage their specialty as well as communication abilities to understand different cultures.



Overseas retail and distribution sector study tour

#### Self-Development Programs

Global human resource training	Global human resource enhancement program	Action learning training in which participants engage in practical work at overseas affiliates for a month, after having undertaken training in Japan beforehand to improve understanding of overseas general culture, expertise necessary for business, as well as English proficiency.
	Presentations at overseas conferences	An opportunity for employees to present knowledge or technology developed through work or learning at overseas symposiums as a way to nurture skills for global business.
	Overseas retail and distribution sector study tour	Employees visit Western and Asian nations with advanced distribution and retail sectors to gain firsthand, real-time insight into the impact of globalization on distribution frameworks, thus helping to broaden their outlooks.
Study	Domestic study	Employees study at a business school to enhance job capability and business management skills.
Joint research	Research and study group	Employee-initiated research and study relating to their work.
	Lion Challenge Cup	An annual in-house contest whereby teams present their research to executives.
Distance learning	General education, business skills, qualifications	Positive support for self-development in order to promote a dynamic corporate culture of challenges, create, and learn.



## Employee Health Management

Having viewed employees' good health as a management foundation to support healthy corporate growth, Lion has conducted detailed health support activities for each business location. Almost all employees have annual health checkups and individual post-check-up consultations (health guidance). Specific health check-ups and guidance have also been provided. In 2012, we reorganized the health management offices of each business location into the Health Support Office, a unified organization throughout the nation which formulates the "Guideline for Health". In accordance with the guidance, we will develop our health support activities using Lion's own insights, while enhancing cooperation among nurses, industrial physicians and company staff.

### Guideline for Health

"Life. love." means valuing one's entire life. We desire to be of help for people each and every day. This goal would be achieved foremost on the premise of "health".

The good health of our employees who are the Company's partners is not only the foundation of happiness of our employees and their families, but also the foundation of management which supports healthy corporate growth. Management and employees will work together to conduct proactive initiatives toward maintenance and promotion of good health, aiming to be a healthy and vigorous company which can contribute to people each and every day.

On the basis of this idea, we will conduct health management activities in compliance with the guidelines shown below as well as with various laws and regulations, while fully taking into account privacy protection.

#### 1. Improve health management ability

While employees recognize their own responsibility for health management, the Company provides support for the improvement of individual employees' health management skills through organizational and ongoing health management activities.

#### 2. Create a comfortable working environment

The Company ensures the employees' good health through the creation of a comfortable working environment where they can work with ease and trust, and pays attention to employees' health conditions so that they can perform their duties with vitality.

#### 3. Promote activities for the future

Making use of Lion's features and insights, the Company strategically promotes health management activities with an eye towards the future, from oral health to systemic health.

Enacted January 2012

### Age 35 Health Seminar (LIS21)

We have been holding the LIS21 (Lion life innovation seminar 21) overnight hands-on seminars every year for employees aged 35. We found that participants of this seminar have a higher degree of awareness of lifestyle habits and that they were able to hold back weight gain five years after the seminar. As

we confirmed that the establishment of good health habits while still young leads to prevention of diseases later on, the seminar has been effective to raise our employees' awareness of health.



Soaking up forest air as part of LIS 21

### Changes One Year After LIS21 Participation

	Participants	No. with changed lifestyles	%
2006	120	111	92.5
2007	86	79	91.9
2008	91	82	90.1
2009	91	89	97.8
2010	96	87	90.6

### Dental Prophylaxis Program (ALOHA\*)

Focusing on impacts of dental health and oral health on systemic health, in cooperation with the Lion foundation for Dental Health, we have incorporated dental checkups into the annual health checkups for all our employees since 2002 in order to improve oral health. Based on data from the checkups, we revealed the relationship between metabolic syndrome and periodontal disease, and published research papers on this subject. We will enhance our activities to prevent employees from having periodontal disease and metabolic syndrome.

For related information, see p.43

\*ALOHA

All Lion Oral Health Activity

### Mental Health Initiatives

With our Mental Health Basic Policy established in 2004, Lion has taken proactive measures for the mental health of our employees, aiming to create a working environment where each employee can work with vitality.

For example, we implement an annual stress survey for all employees every year, which is helpful for their self-care. Depending on the results of the survey, detailed measures would be taken through reviewing individual conditions at post check-up personal consultations with an industrial physician and nursing staff.

In 2011, e-learning programs were provided, including programs for all employees to be able to detect their own mental changes at an early stage before they become serious, as well as programs for managerial staff to promote their understanding of their responsibility and roles concerning the mental health of their employees. All eligible employees participated in the programs.

In-house consultations are undertaken by industrial physicians, nursing staff, psychiatrists and clinical psychologists. A contract has also been entered into with an independent organization for providing telephone consultation and counseling for employees.

## A Leading Company in Environmental Friendliness Promoting Sustainable Society



Lion Forest in Yamanashi

### Basic Approach

Environmental initiatives are essential for a company like Lion providing products for day-to-day living. Aiming to be a leading company in environmental friendliness, Lion has promoted Eco Lion Activities which are Company-wide environmental conservation activities including the following five core initiatives in accordance with the environmental guidelines: 1) reducing greenhouse gas emissions; 2) effectively using and recycling resources; 3) considering the environment from a product-oriented perspective; 4) appropriately handling chemical substances; and 5) fostering environmental awareness within the Lion Group.

Our ongoing efforts in environmental protection will contribute to the creation of a sustainable, low carbon and recycling-oriented society, and will help to promote coexistence with nature.

### Environmental Guidelines

Lion's Environmental Guidelines adhere to the spirit of the Lion Group Charter for Corporate Behavior, which states: "We shall play a positive and active role in creating a Sustainable Society, harmonizing economic development and environmental protection." The Environmental Guidelines are a clear statement for the Company to take initiative for Eco Lion activities and develop eco-friendly products, to engage in business activities with due consideration to air and water environments as well as biodiversity, and to lower environmental impact throughout the supply chain.

#### Environmental Guidelines

Lion will act voluntarily and proactively to reduce its environmental burden to the global environment in all processes of business activities from the development of products to the procurement of raw materials, production, distribution, sales, use by customers, as well as disposal, with due consideration to global warming prevention, effective use and recycling of natural resources, as well as to contribution to the improvement of people's health, natural ecosystems and biodiversity.

##### (1) Aiming for a Sustainable Society

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

##### (2) Complying with Legal and Other Requirements

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

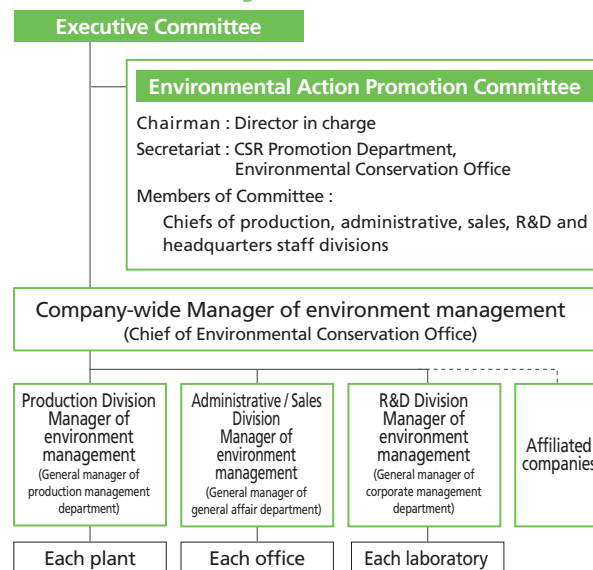
##### (3) Setting and Verifying Implementation of Environmental Objectives and Targets

Correctly understand the environmental impact of corporate activity, and as far as technically and economically possible, establish objectives and targets for improvement, while at the same time formulating, implementing and regularly verifying the status of implementation of an environmental management program.

### Environmental Management Structure

Lion has established an Environmental Action Promotion Committee comprising members from production, administrative, sales, R&D as well as headquarters staff divisions, in order to coordinate cooperation on environmental matters by all employees. The committee reviews Company-wide business activities from an environmental protection perspective and takes steps to ensure legal compliance and setting of voluntary standards and targets in addition to ascertaining progress.

#### Environmental Management Structure



#### (4) Developing Environment-Friendly Products

Continue aggressively with product development in tune with Lion's own "Lion Eco Standards" in light of lifecycle assessment.

#### (5) Advancing Green Supply Chain Management

Construct a green supply chain with raw material suppliers, OEM partners and retail outlets, and strive for environmental burden reduction throughout entire product lifecycles, from procurement to provision of products to customers.

#### (6) Coexistence with Nature

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

#### (7) Enhancing Environmental Protection Activities Based on Uniform Understanding of the Guidelines with in the Lion Group

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

#### (8) Promoting Disclosure of Information

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

## Environmental Management System

The purpose of Lion Group's environmental management system is to identify, evaluate and rectify adverse effects on the environment associated with our business activities, products and services, and to facilitate ongoing improvements in our environmental protection activities. Ongoing improvements will be achieved through implementation of the plan-do-check-act (PDCA) cycle in line with the Environmental Guidelines.

Systems for environmental management and reporting activities have been enhanced with the aim of global environmental responses. As a result, data of overseas affiliated companies which we obtained have been available on our website since 2010.

### \* Environmental Management System

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

### \* Data on environmental burden of affiliated companies' plants (overseas)

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

## Status of ISO 14001\*1 Certification

Lion acquired ISO 14001 group certification covering all its plants in July 2001. Certification was reviewed and extended by the Japan Management Association Quality Assurance Registration Center (JMAQA) at three-year intervals, in May 2010. Through a maintenance examination taken in 2011, it was verified that frameworks to maintain management system are properly operated, conforming to requirements of the standard. Based on results of the examination, continual improvements are made to management systems and environmental protection activities based on audit results. Also in relation to plans of affiliated companies, Lion has obtained ISO14001 certifications, and operated environmental management systems in compliance with ISO14001.

### \*1 ISO 14001:

A global standard governing voluntary environmental efforts by organizations



ISO14001 Certificate of Registration

## Internal Environmental Audits

Employees who are qualified as internal environmental auditors after undergoing appropriate training routinely implement internal environmental audits to verify total conformity to ISO14001 requirements and conduct management reviews. Individual departments take responsibility for rectifying any non-conformity and reporting improvements to a responsible general manager.

## Executive Environmental Audit

The director of the board responsible for CSR, who chairs the Environmental Action Promotion Committee, carries out executive environmental audits covering plants of Lion and affiliated companies on a regular basis together with safety audits.



Executive safety and environmental audit

## Legal Compliance

Lion complies with all environmental laws, ordinances and other regulations, and we ensure thorough management according to our own independent standards.

Waste treatment contractors must satisfy criteria stipulated in waste management regulations in order to be selected by waste supervisors at each site. The premises of waste treatment contractors are inspected on a regular basis to verify conformity to the criteria.

In the past, we have used equipment containing polychlorinated biphenyls (PCB). This equipment is stored securely in line with legal requirements and gradually disposed of through Japan Environmental Safety Corporation (JESCO).

In 2010, a soil survey conducted after the closure of a research building at Hirai Office revealed specified hazardous substances such as lead and arsenic in concentrations exceeding limits stipulated by the Soil Contamination Countermeasures Act. These findings were reported to the Tokyo Metropolitan Government. In May 2011, the above-mentioned land was designated as "Land subject to notification of changes of the land character"\*2. We will continue to act appropriately in accordance with the law and in cooperation with the authorities.

Wastewater is constantly managed to ensure that statutory limits on wastewater are observed. This involves improving the reliability of wastewater processing facilities, strengthening and ensuring management during processes, and conducting emergency drills.

Adjustments are also being made to frameworks in line with revisions to related laws — namely, the Act on the Rational Use of Energy, Act on Promotion of Global Warming Countermeasures, Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof and Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc.

There were no infringements resulting in a fine or other penalty during 2011.

### \*2 Land subject to notification of changes of the land character:

Of the categories of land which do not conform to the criteria provided for in the Soil Contamination Countermeasures Act (land for which countermeasures are required, etc.), this is a category of land where it is not required to take measures for eliminating contamination as there is no possibility of health damage.



## Environmental Targets and Achievements

In 2011 which was the second year of “the medium-term environmental plan for the three years” formulated in 2010, our plans to steadily carry out various measures were significantly affected by the Great East Japan Earthquake.

Our CO<sub>2</sub> emissions target was achieved with effects from both the

shutdown of plants due to the disaster and energy-saving measures. While total waste generation decreased from a year earlier, the target of waste reduction could not be attained in 2011. This is because of the disposal of damaged products and addition of washing water for damaged facilities in spite of a year-on-year decrease in wastewater.

◎ : Attained    × : Unattained

### Environmental Targets and Achievements

Category	Target		Achievements		Related pages
	2012	2011	Principal measures in 2011	Attainment level in 2011	
CO <sub>2</sub> emissions reduction	Reduce energy-derived CO <sub>2</sub> emissions from business activities by 30% or more compared to 1990	Reduce 29% or more	Reviewed laundry detergent production efficiency (Outage due to the Great East Japan Earthquake)	◎ (35% reduction compared to 1990)	p.32
	Reduce specific energy consumption in logistics by 1% or more on average each year	Reduce by 1% or more compared to the previous year	Increased the loading efficiency in transportation	× (0.7% increase compared to the previous year)	p.32
	Reduce the CO <sub>2</sub> emission rate at overseas production sites by 1% or more on average each year	Reduce by 1% or more compared to the previous year	Conserved energy by reviewing production conditions	◎ (1% reduction compared to the previous year)	—
Waste reduction	Reduce total waste generation by 55% or more compared to 1990	Reduce by 54% or more	Turn more waste into valuable resource (Target unattained due to disposal of damaged products)	× (53% reduction compared to 1990)	p.30
	Attain “zero emissions” status group-wide*1	—	Deployed Lion’s measures at affiliated companies	—	p.30
Effective Use of Water Resource	Reduce wastewater by 20% or more compared to 2005	Reduce by 16% or more	Reduced in-process washing water (Target unattained due to addition of washing water for damaged facilities)	× (14% reduction compared to 2005)	p.31
Chemical substance management	Reduce total PRTR substance emissions by 45% or more compared to 2005*2	—	Completed notification of managing substances newly specified under revisions to the law Reduced by deliberating production conditions	— (43% reduction compared to 2005)	p.30
	Reduce volatile organic compound (VOC) emissions by 75% or more compared to 2000	Reduce by 75% or more	Introduced VOC recovery systems and improved product composition	◎ (78% reduction compared to 2000)	—
Environmental management structure enhancement	Carry out environmental management according to the PDCA cycle	Set short-term targets for overseas sites	Completed setting of targets	◎	—
	Identify and perform accounting for environmental liabilities	—	Responded to a soil survey	—	p.25
Environmental awareness and communication	Continue to promote Eco Lion activities	Promote activities for biodiversity, a new policy of Challenge 25	Made efforts for power conservation in summer Conducted activities to protect marine turtles Maintained biotope spaces	◎	p.33

\*1 Lion defines “zero emissions” as the achievement of a 99% or higher recycling rate for total waste generated. However, this does not include residues from recycling.

\*2 With substances specified by the law before revised, the target was set and its attainment level was calculated.

## Environmental Accounting

Each year, we tabulate environmental protection costs, environmental protection benefits, and economic benefits (actual benefits) associated with environmental protection activities of the entire Lion Group based on Ministry of the Environment guidelines. The tabulation period is the same as the Company’s accounting year, January-December 2011.

### Environmental Protection Costs

In 2011, both investments and expenses decreased. This is because, among eco-friendly products, type of laundry detergents to be produced has been shifted

to liquid for which facility costs are lower, and because depreciation cost decreased with removal of a part of drying towers in Osaka Plant.

### Environmental Protection Benefits

Energy usage reduced by 12,000 tons on CO<sub>2</sub> basis due to impacts of the Great East Japan Earthquake and the subsequent Company-wide power conservation measures. Industrial water usage decreased by 34,000m<sup>3</sup> with efforts for reducing usage at production plants which usually consume a large amount of water, in addition to impacts of the disaster. Total waste generation increased by 2000 tons with additional disposal of products damaged by the disaster.



## Economic Benefits

Cost savings by resources saving includes revised specifications of packages.

Savings on water and sewerage charge were thanks to use of rain water and water-saving efforts.

## Economic Benefits (Actual Benefits) Associated with Environmental Protection Activities (million yen)

Benefits	Year-on-year reduction
Cost savings due to energy conservation	—
Cost savings due to resource efficiency	135
Savings on water and sewerage charges	8
Savings on waste treatment expenses*	—

\* Includes sales of items of value

## Environmental Accounting (2011)

Environmental Protection Costs (million yen)				Environmental Protection Benefits			Related pages
Category	Principal activities	Investments	Expenses	Category	2011	Year-on-year change	
Business area costs	Pollution prevention Air pollution prevention Water pollution prevention, etc.	7	298	NOx emissions (tons) SOx emissions (tons) Particulate emissions (tons) Total COD (tons)	53 25 5 11	△7 10 △1 1	p.30
	Global environmental protection Energy conservation, etc.	134	4,053	Energy usage (t-CO <sub>2</sub> ) Industrial water usage (m <sup>3</sup> ) City water usage (m <sup>3</sup> ) Wastewater (m <sup>3</sup> )	93,125 879,037 419,749 703,158	△12,228 △33,671 △4,486 △26,466	p.31-32
	Resource recycling Waste treatment, Recycling, etc.	0	293	Total waste generation (tons) Final waste disposal (tons) Recycling rate (%) (recycled volume ÷ volume consigned)	8,278 185 97	△154 △17 2	p.30
	Eco-friendly products Eco-friendly product manufacturing facilities, etc.	926	4,577	Plant-based materials, biodegradable materials, compact products, refill products, recycled paper use, recycled PET use, etc.			p.40-41
Upstream/downstream costs	Outsourcing fees incurred due to Japan's Containers and Packaging Recycling Act Waste treatment, etc.	—	614	Packaging materials used (tons) Waste (tons)	62,896 4,308	△2,427 2,016	p.41
Administration costs	ISO 14001 renewal expenses, environmental education, publishing of reports, exhibits, etc.	0	620				p.24-25·29
R&D costs	Costs for developing eco-friendly products, etc.	110	1,433				p.40-41
Social activity costs	Local environmental activities, donations, etc.	0	20				p.29
Environmental remediation costs	Tax imposed on pollution performance, etc.	0	2				p.25
Lion Group total		1,177	11,910				

## Eco-Efficiency

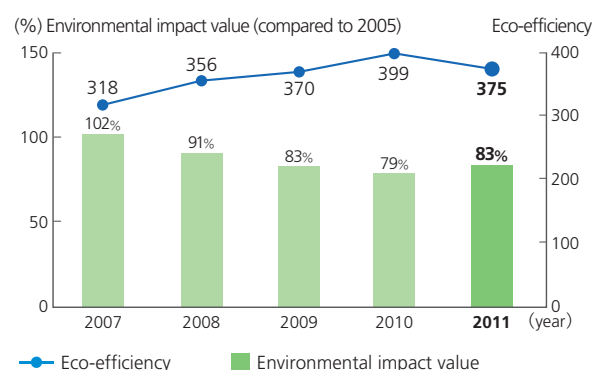
Lion calculates eco-efficiency according to the following formula to evaluate the efficiency of corporate activities in terms of environmental impact. Efforts are then made to improve eco-efficiency.

Eco-efficiency based on LIME decreased in 2011 due to an increase in the environmental impact value resulting from disposal of products damaged by the disaster.

$$\text{Eco-Efficiency} = \frac{\text{Outcome of business activity (net sales)}}{\text{Environmental impact value (calculated using LIME)}}$$

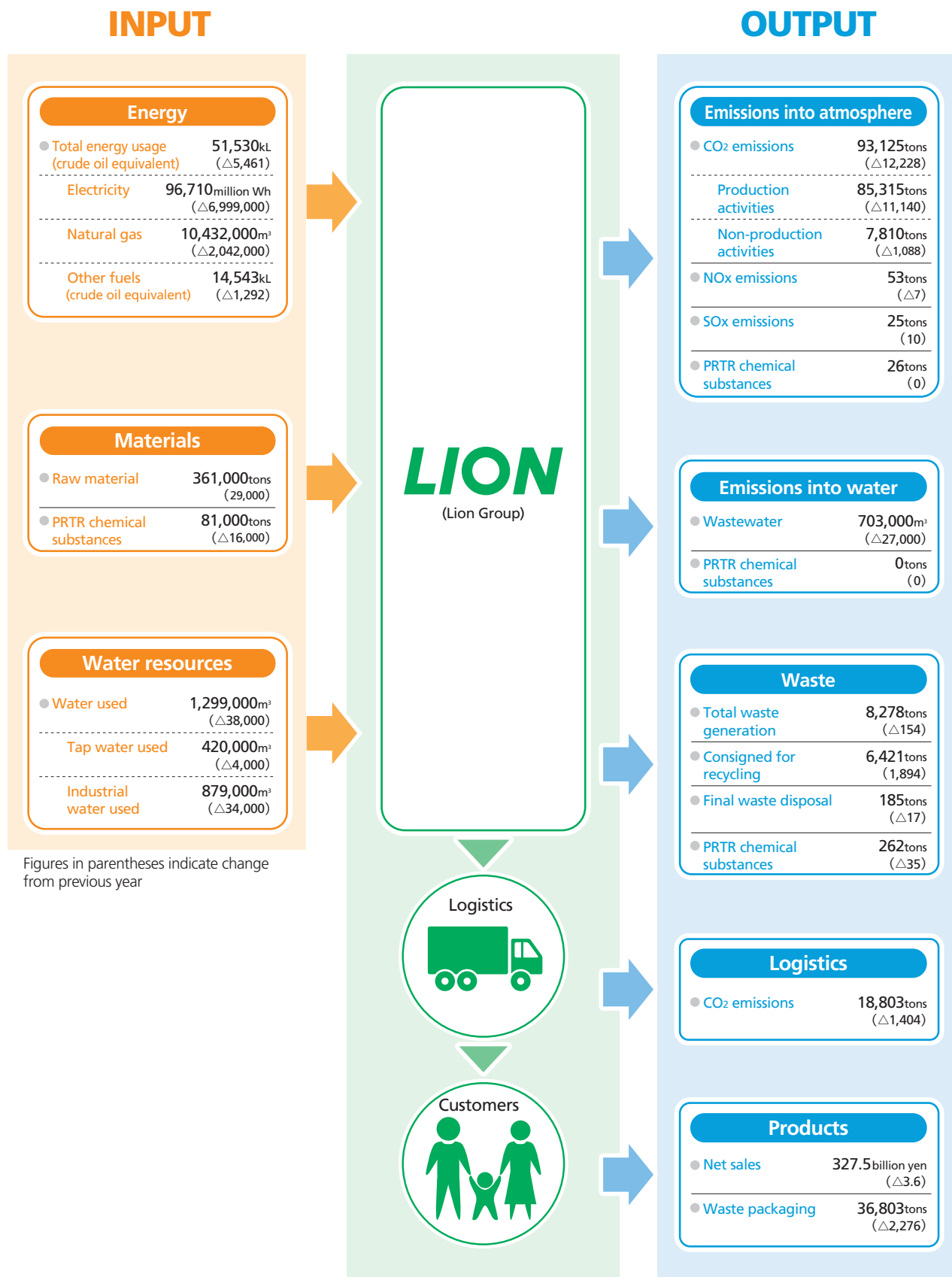
\* Environmental impact value: The environmental damage expressed in monetary terms calculated using a Japanese life cycle impact assessment method based on endpoint modeling — LIME.

## Eco-Efficiency and Environmental Impact Value (Compared to 2005)



\* Environmental impact value is calculated using the LIME2 integrated coefficient list (July 1, 2010 version).

## Overview of Environmental Impact of Lion's Business Activities



## Environmental Communication

### Regular Environmental Education and Communication

Environmental education is conducted on a regular basis for all employees.

Education provided during 2011 included programs for new employees, employees in charge of waste management, employees in charge of chemical substance management, and internal environmental auditors. An additional ten employees took part in an internal environment auditor training seminar.

In-house media were also used to increase employees' knowledge and concern for the environment, for example by introducing environmental activities pursued by individual departments.



Environment-related articles in the in-house newsletter

### Participation in Environment-Related Events

Lion wants many people to know about its environmental activities. At Eco-Products 2011, one of the Japan's largest environmental exhibitions, we introduced our efforts for reducing environmental burdens through experimental products, and made presentation on water environment conservation activities and initiatives for biodiversity. We also participated in environment-related exhibitions held in areas near our business locations, including the Sumida Environment Fair 2011 and the Ecomesse in Chiba 2011.



Lion's exhibition booth at Eco-Products 2011

### Environmental Activities for Business Partners

We have set up a section for Lion's CSR activities in a magazine for members of Lion-Kai, and introduced our environmental initiatives to them. Also through "Lion-Kai Fax News" issued twice a month, our environmental activities are introduced in a timely manner.



Magazine for Lion-kai members

### Interaction with Communities and Organizations

Lion participates in activities of the Japan Chemical Industry Association's Responsible Care (RC) Committee, through which the chemicals industry strives for ongoing improvements to safety and environmental considerations throughout the life cycle of chemical substances, from development to disposal. Lion Chiba Plant participated in the 8th Chiba area Responsible Care dialogue meeting held in February 2011.

### Eco First Companies Association Activities

The Eco First Companies Association\*, an independent organization run by companies recognized by Japan's Ministry of the Environment (MOE) as front-runners in environmental action, held a "Forest Ecotowaza (Eco Proverbs) Contest" supported by the MOE and Forestry Agency. Judged and supervised by the Japanese Society of Paroemiology as well as the winners of Eco First Companies Association Prizes (first prizes), the association member prizes and other awards were selected from a large number of submissions. Awards were presented at the venue of Eco Products 2011.

Furthermore, participating in the Eco Life Fair 2011 hosted by the MOE, we introduced initiatives of the Association to visitors, and encouraged them to take actions for power conservation.

\*Eco First Companies Association

URL <http://www.eco1st.jp/>



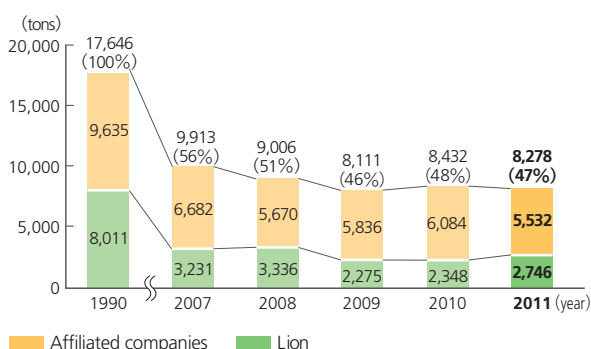
Commendation ceremony for "Forest Ecotowaza (Eco Proverbs) Contest"

## Pollution Prevention

### Total Waste Generation by Lion Group

In 2011, the Lion Group reduced total waste generation from a year earlier to 8,278 tons, which is equal to 47% of the 1990 level. However, 2011 target of a reduction to 46% or less of the 1990 level could not be achieved due to disposal of products damaged by the Great East Japan Earthquake. We aim to reduce waste to 45% of the 1990 level by 2012 through renewed efforts to ensure thorough sorting of waste and turn waste into valuable resources.

#### Total Waste Generation by Lion Group



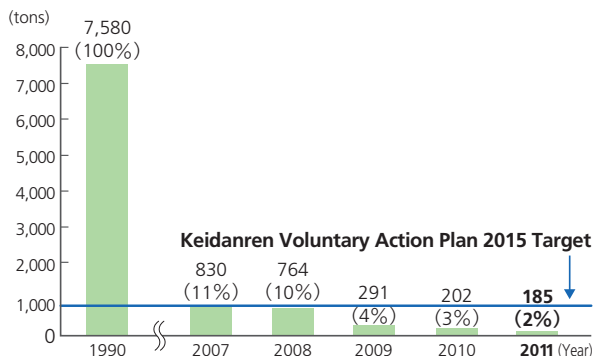
### Final Waste Disposal by Lion Group

In 2011, the Lion Group reduced final waste disposal by 98% compared to the 1990 level. Accordingly, since 2007, we have continuously attained the target established by Keidanren (the Japan Business Federation), a reduction of 89% or more by 2015 compared to the 1990 level.

Lion plants also attained zero emissions status in 2002, and have maintained that status since then. Among affiliated companies, 5 of 6 production sites have already achieved zero emissions.

We will now focus on attaining group-wide zero emissions status.

#### Final Waste Disposal by Lion Group



### Production Activities Conscious about Air and Water Quality

Lion also implements voluntary initiatives for reducing emissions of chemical substances that cause air pollution, including nitrogen oxides (NOx), sulfur oxides (SOx), particulate matter, and volatile organic compounds (VOC). We also strive to reduce COD with improvement in reliability of wastewater processing facilities and periodical maintenance.

Data on management of chemical substances, including notifications in compliance with the PRTR system is summarized in site reports for each business location\*, and available on Lion's website.

#### \*Site Report

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

### Appropriately Handling Chemical Substances\*

Chemical substances are indispensable for people to lead comfortable and fulfilling lives. Failure to properly manage chemicals, however, can result in accidents that put human health and ecosystems at enormous risk. In addition to compliance with related laws and regulations, Lion strives to ensure strict management of chemical substances at all stages from product development through to use and disposal in accordance with our own independent standards.

#### \*Appropriately Handling Chemical Substances

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

#### Lion's Chemical Substance Management

##### ① Product Development



Safety verification and management of chemical substances contained in raw materials

##### ② Production



Measurement and reduction of chemical substance releases

##### ③ Transportation



Provision of safety information during transportation

##### ④ Use and Disposal



Provision of information on safety and handling of chemical products



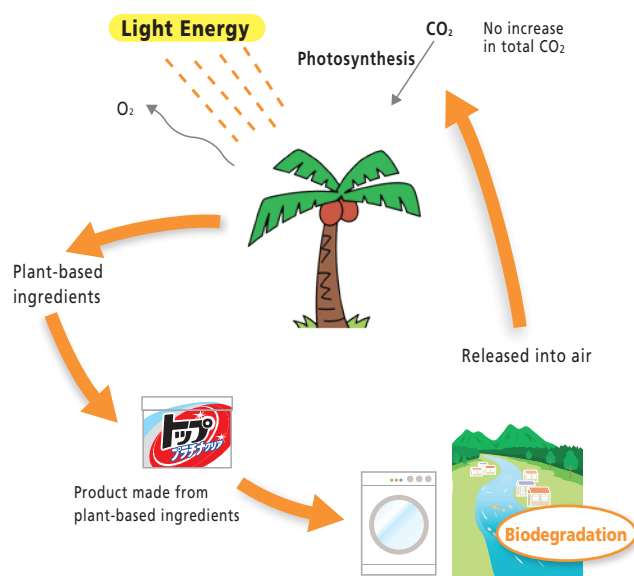
## Sustainable Use of Resources

### Switching from Petroleum to Botanical Resources

Methyl ester sulfonate (MES) and methyl ester ethoxylate (MEE), unique surfactants developed by Lion, are raw materials of detergents derived from reproducible plants, which can contribute to restriction of CO<sub>2</sub> emissions.

After use, surfactants including detergents are decomposed by microbes in the environment to become CO<sub>2</sub> and Water. As plants grow up, absorbing CO<sub>2</sub> in the atmosphere, when surfactants made from plant-based ingredients are decomposed, they do not release any additional CO<sub>2</sub> into the atmosphere (they are carbon neutral). We will work on use of plant-derived materials.

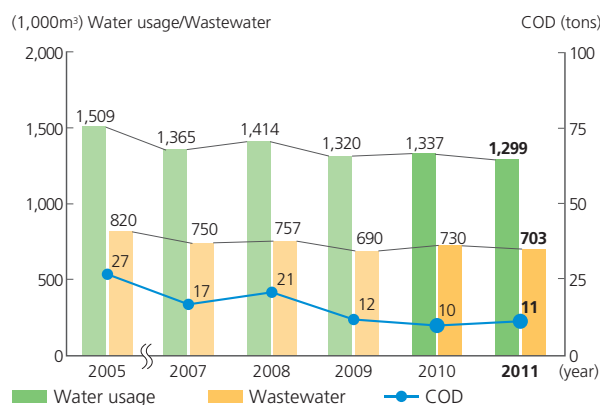
#### Carbon Neutrality



### Effective Use of Water Resources

Lion keeps a constant close watch on water usage and wastewater volume and works to reduce water usage through cyclic use and lower environmental impact. In 2011, taking measures for reducing usage of in-process washing water, we reduced total water usage from a year earlier to 86% of the 2005 level. However, the target of reduction to 84% of the 2005 level or lower could not be attained, with additional washing water used for facilities damaged by the Great East Japan Earthquake. Further efforts will be made to protect water resources through process improvement and other measures.

#### Lion Group's Water Usage, Wastewater Volume, and COD\*



#### \* Chemical Oxygen Demand (COD):

An indicator of water contamination measuring the amount of oxygen required to oxidize and break down organic substances in water.

### Green Purchasing

Green purchasing of office supplies used by employees Company-wide is being advanced by expanding the list of available items. The green purchasing ratio in 2011 was 82% (80% in 2010).

### Development of Eco-Friendly Technologies which can Contribute to the World

Since joining the Company in 1990, I have engaged in study of MES, an environmentally-friendly surfactant which is plant-derived materials of detergents. We have developed technologies to produce high quality products with less environmental impacts, which have been presently used at Lion Eco Chemicals in Malaysia.

I hope to make a global contribution with our technological ability, spreading Lion's eco-friendly surfactants all over the world.



**Taku Nishio**

Associate Senior  
Research Manager,  
Process Development  
Research Laboratories

## Mitigating and Adjusting to Climate Change

### Reducing Greenhouse Gas Emissions

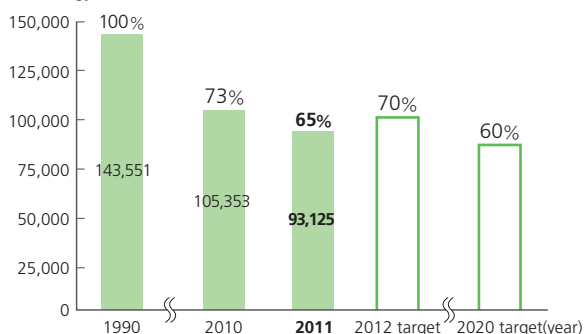
Looking beyond the Kyoto Protocol, the Lion Group set high goals of reducing CO<sub>2</sub> emissions by 30% or more in 2012, and 40% or more in 2020 compared to the level of 1990. At Lion, each employee is committed to reducing CO<sub>2</sub> emissions.

### Reducing CO<sub>2</sub> Emissions from Business Activities

In 2011, the Production Division worked to reduce CO<sub>2</sub> emissions through persistent energy-saving measures in addition to a review of laundry detergent production efficiency and other efforts. Our Administrative & Sales Division and R&D Division advanced activities relating to the Challenge 25 Campaign – a national movement for the prevention of global warming promoted by Japan's Ministry of the Environment. As a result, CO<sub>2</sub> emissions were reduced 35% in 2011 compared to the level of 1990, even with impacts from the shutdown of production facilities due to the Great East Japan Earthquake.

#### CO<sub>2</sub> Emissions Reductions and Targets

(tons) Energy-derived CO<sub>2</sub> emissions



#### Reducing CO<sub>2</sub> emissions with company vehicles

Gradually introducing small-displacement and low-emission vehicles as company vehicles, we have been working on reducing CO<sub>2</sub> emissions from our vehicles. With the ongoing introduction of hybrid cars since 2010, we plan to increase the percentage of hybrid cars in all of our company vehicles.

In addition, we have made efforts for reducing the number of company vehicles with internal car sharing, and have encouraged "eco-driving" which includes idling stop as well as smooth start-up and acceleration driving practices.



Using hybrid cars for sales activities

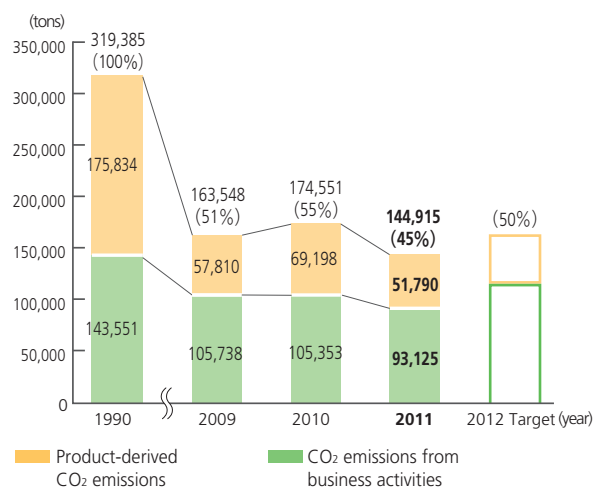
### Reducing CO<sub>2</sub> Emissions after Product Use

Lion focuses on ways to reduce CO<sub>2</sub> emissions generated after product use through its product-related research and development activities. Specifically, we have worked on replacing petroleum-based surfactant ingredients with plant-based ingredients that do not lead to an increase in CO<sub>2</sub>.

For related information, see p.31

Combining emissions from business activities and emissions generated after product use, our total CO<sub>2</sub> emissions decreased 55% in 2011 compared to the 1990 level.

#### Total CO<sub>2</sub> Emissions Derived from Business Activities and Products



### Initiatives in Logistics

Lion works to reduce CO<sub>2</sub> emissions and specific energy consumption through efforts to improve logistics efficiency, such as improving transport loading rate and implementing joint deliveries with other manufacturers. We are also pursuing modal shifts from truck transportation to transportation by rail or ship. In 2011, the modal shift rate for all traffic volume was 19.9%, and 66.3% for long-distance transport over 500km.

While total CO<sub>2</sub> emissions in logistics were 18,803 tons, a 5.4% reduction from the previous year, Lion's target of a year-on-year reduction of 1% or more (specific energy consumption) could not be achieved due to the deteriorated logistics efficiency resulting from the Great East Japan Earthquake. However, we continued to satisfy guidelines to the revised Act on the Rational Use of Energy by achieving a reduction of 1% or more (specific energy consumption) on average each year from 2006.

## Biodiversity Conservation

### Approach to Biodiversity Conservation

Lion has assumed a leading role in tackling water environmental issues such as pollution and eutrophication of waterways linked to the use of detergents, and has considered biodiversity conservation at each stage from raw material procurement to disposal.

We will make efforts putting first priority on consideration toward biodiversity and water environment.

### Aiming for Sustainable Procurement of Palm Oil

Production of palm oil is steadily increasing due to high productivity and the ability to harvest throughout the year. Downsides to the development of new plantations, however, are the clearing of tropical rainforests and the shrinking of wildlife habitats.

In an attempt to resolve such problems, Lion has been a member of the Roundtable on Sustainable Palm Oil (RSPO)\* since 2006. Plantation audits and certified palm oil distribution commenced in 2008. We are aiming at switching completely to palm oil certified by RSPO by 2015.

Lion will continue to work with concerned organizations such as the RSPO to promote sustainable palm oil procurement.



The 9th RSPO Meeting

\*RSPO (Roundtable on Sustainable Palm Oil)

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

### RSPO Certified Sustainable Palm Oil

RSPO established eight principles and 39 criteria required for sustainable palm oil production, including "environmental responsibility and conservation of natural resources and biodiversity", "responsible development of new plantings" and "responsible consideration of employees and of individuals, and communities affected by growers and mills". Only palm oil, which is produced fulfilling those principles and criteria, is certified as sustainable palm oil.

### Surveying Environmental Impact

As almost all of Lion's products end up being discharged into rivers, streams and other waterways after use. We assess this during the development stage to confirm that it is safe for the environment. In order to check that the environment has not been harmed, we also participated in surveys on the concentration of four kinds of surfactants in rivers near Tokyo and Osaka, as well as in ecological risk assessments (four times a year), which are implemented by the Japan Soap and Detergent Association. Thus far studies have found that the risk of wildlife being harmed is extremely low.

As surfactants "MES" and "MEE" are substances developed by Lion, we have investigated and assessed the concentration of these in the same public water areas, and verified that their impacts on ecological systems are immaterial.

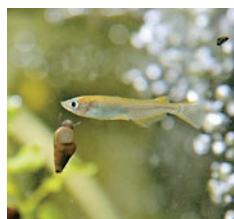
Lion is not the only organization engaging in safety assessment and confirmation. Besides acquiring and applying the latest information and technology available in Japan and overseas, we disseminate our own information, contributing to safety advancements.

\*The latest data of river environment monitoring by Japan Soap and Detergent Association

URL [http://jsda.org/w/02\\_anzen/3kankyo\\_15.html](http://jsda.org/w/02_anzen/3kankyo_15.html)

### Protection of Rare Species

Alongside business activities, Lion engages in activities like protection of rare species. Employees participate in these activities as volunteers, and that experience makes them more aware of environmental matters as they go about their jobs.



### Breeding of Sakawa River System Killifish

The Odawara Plant registered with a propagation program for the endangered Sakawa River system killifish in 2003 and breeds the fish on plant premises.



### Support for Sea Turtle Protection

Under the guidance of the non-profit organization Sea Turtle Association of Japan, Osaka Plant plays a lead role in activities to protect the endangered loggerhead sea turtle.



### Survey on Signs of Wildlife

In cooperation with NPO Earthwatch Japan, we have gathered data for studying the impact of forest maintenance on flora and fauna in the Lion Forest in Yamanashi.

## Conducting Thoroughly Fair Business Activities in Compliance with Social Rules

### Basic Approach

In the Lion Charter for Corporate Behavior and Action Guideline, Lion has stipulated compliance with relevant laws and regulations; fair, transparent and free competition; fair trade; and maintenance of healthy and normal relationship with political and administrative organizations, as part of its Compliance with Social Rules. In addition, various efforts such as providing individual training to relevant departments have been made.

### Promoting Compliance

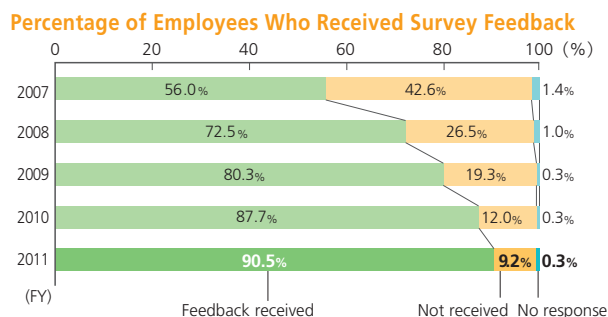
The Corporate Ethics Committee, chaired by the director responsible for corporate ethics, works to foster compliance awareness within the Lion Group.

The basis for compliance is the Lion Group Charter for Corporate Behavior. This is distributed in pamphlet form to all people working for the Lion Group and is publicly available via the Lion's website. An annual program of employee awareness surveys and regular educational activities is also implemented, the latter including e-learning, lectures by outside speakers, and various training courses conducted at each workplace and according to rank.

### Compliance Awareness Survey

All Lion Group employees are asked every year to complete a compliance awareness survey. Findings are reported to management and feedback is provided to individual divisions in order to communicate issues within the same workplace or company. This contributes to the maintenance and strengthening of compliance systems.

The fiscal 2011 survey (conducted in March 2012 with a 96% response rate from around 4,000 employees) drew opinions on a range of issues including problems with work environments.



### Initiatives for Value Chains

#### Approach to CSR Procurement

Lion carries out appropriate procurement of raw materials and finished products in keeping with its Purchasing Activity Principles and has promoted development of a supply chain management system.

In 2008, we formulated the Procurement Principles\*, a set of CSR procurement guidelines clarifying social and environmental considerations. In 2009, we asked domestic and overseas business partners to acquaint themselves with the Procurement Principles and complete a questionnaire. Subsequently, re-examination was asked business partners which did not respond to the questionnaire (77% response rate at the end of 2011). We will continue to disseminate the Procurement Principles to our business partners and understand the status of CSR activities.

#### Procurement Principles

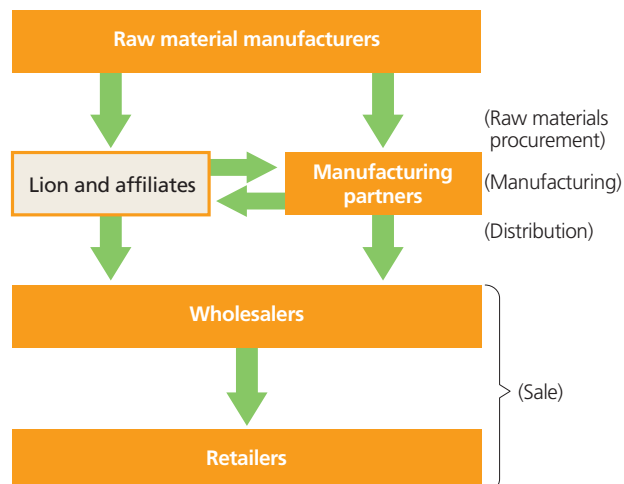
Since its foundation, Lion has been doing its utmost to provide safe, high quality products and services that promote healthy, comfortable lifestyles. Upholding this effort in the procurement of raw materials and the purchase of products, and with the cooperation of our business partners, we shall:

1. Comply with prevailing laws and social norms and engage in appropriate, rational transactions with every business partner in a freely competitive framework that is equitable, fair and transparent;
2. Rationally select business partners on the basis of quality, cost and timely delivery to fulfill our responsibility to customers;
3. Fully consider throughout our purchasing activities our social responsibilities in such areas as global environmental protection, labor and human rights toward creating a sustainable, healthy society;
4. Respect the confidentiality of business partners' information and intellectual property rights and never engage in inappropriate or unethical acquisition or use of such information or rights;
5. Never offer business entertainment, gifts or monetary compensation to unfairly obtain profit;
6. Fulfill our social responsibilities together with our business partners with a shared commitment to co-existence and co-prosperity.

Established on October 1, 2008



## Efforts in the Value Chain



## Evaluating Raw Material Suppliers from a CSR Perspective

Lion has always sought to establish reciprocal relationships of trust with suppliers. In recent years, we have responded to the growing requirement for CSR procurement by focusing on human resource development and sending employees to participate in seminars on purchasing and procurement.

We also carry out observations of raw material supplier plants at suitable intervals. Suppliers are selected after taking into account social considerations in addition to safety, environmental adaptability and quality.



Inspection of raw materials suppliers

## Fair Transactions with Manufacturing Partners

Manufacturer selection, transaction conditions, pricing and other criteria are determined through fair and transparent discussions. Maintaining and developing fair and friendly ties with manufacturing partners based on coexistence and co-prosperity allows us to deliver higher quality products to customers in a timely manner.

Conformity with the Act Against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors is ensured through employee training. Related personnel participate in outside seminars on an ongoing basis and provide feedback to the others inside the Company in an effort to disseminate correct information.

## Teaming Up with Competitors on Delivery

Lion teamed up with competitors in 1989 to establish Planet Logistics Co., Ltd., for conducting joint deliveries to wholesalers. The philosophy behind joint delivery is, "Cooperate on systems, compete in the store." Manufacturers compete fairly in stores, but cooperate on logistics in order to cut logistics costs, improve the quality of logistics, and address environmental issues. At the end of 2011, 18 manufacturers were participating in the joint deliveries.

Fixed schedules, fixed volumes, bulk delivery, orderly systems and standardization, all achieved through joint delivery, also lead to operational improvements and efficiencies within wholesale operations.

## Working with Wholesalers

Lion's distribution policy is founded on co-existence and co-prosperity with wholesalers. We hold general meetings of the "Lion-kai" forum to explain the Company's business, marketing, and sales strategies, as well as through opinion exchange to promote common awareness of one another's roles in increasing customer satisfaction. As of the end of 2011, 247 wholesalers were members of the Lion-kai.



Lion-kai General Meeting

## Respect for Intellectual Property Rights

As a basic policy related to intellectual property, Lion has stipulated the following provision in the Action Guideline: "We strive to create, appropriately protect, and proactively use intellectual properties, respect intellectual property rights of others, and avoid improper acquisition and use of the rights."

We established a department specialized in intellectual property to check that the rights are properly used without infringing the rights of others.

## Developing Safe and Reliable Products for Responding to Customers' Demands



Workshop to listen to customer opinions

### Basic Approach

Lion carries out quality assurance activities at all stages, from the very beginning of the product creation process until customer consumption of our products, in order to turn out the kind of products our customer will be satisfied with. Specifically, by identifying key requirements for each stage of corporate activity — product planning, product development, manufacturing, sales, and responding to customers — we are constantly pursuing new heights of customer satisfaction.

In product planning, valuable opinions received from customers are fully comprehended to identify customers' needs. In product development, the quality of developed products is verified in respect to seven parameters such as function and performance. Furthermore, we endeavor to provide clear, easy-to-read labeling for customers.

In manufacturing, quality is managed within each process, and products that have passed inspections are shipped with data identifiable for each lot, which is effective for after-sale management.

A variety of information is relayed through explanation about our products and providing samples to wholesalers and retailers.

### Appropriate Information Provision

In order to provide information customers need in an unbiased and appropriate manner, we have a system in place through which several departments check the labeling of products and advertisements.

#### Labeling in Local Language

To facilitate customers' accurate understanding about the features of our products, we indicate usage and ingredients in the local language, in compliance with laws and regulations of the sales area.



Thai



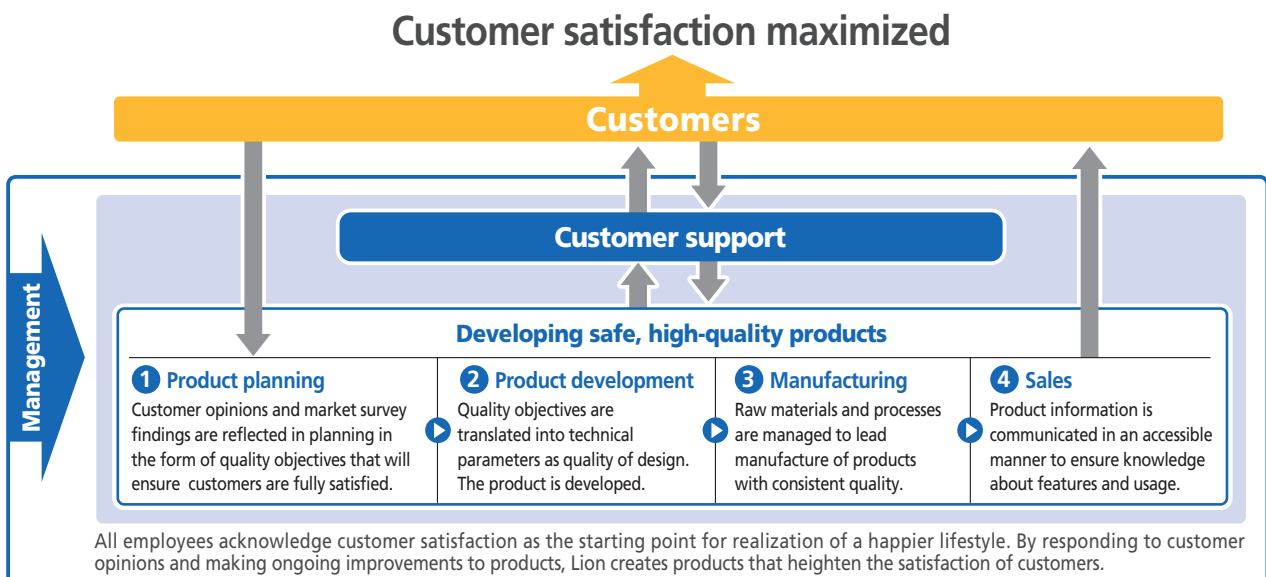
Korean

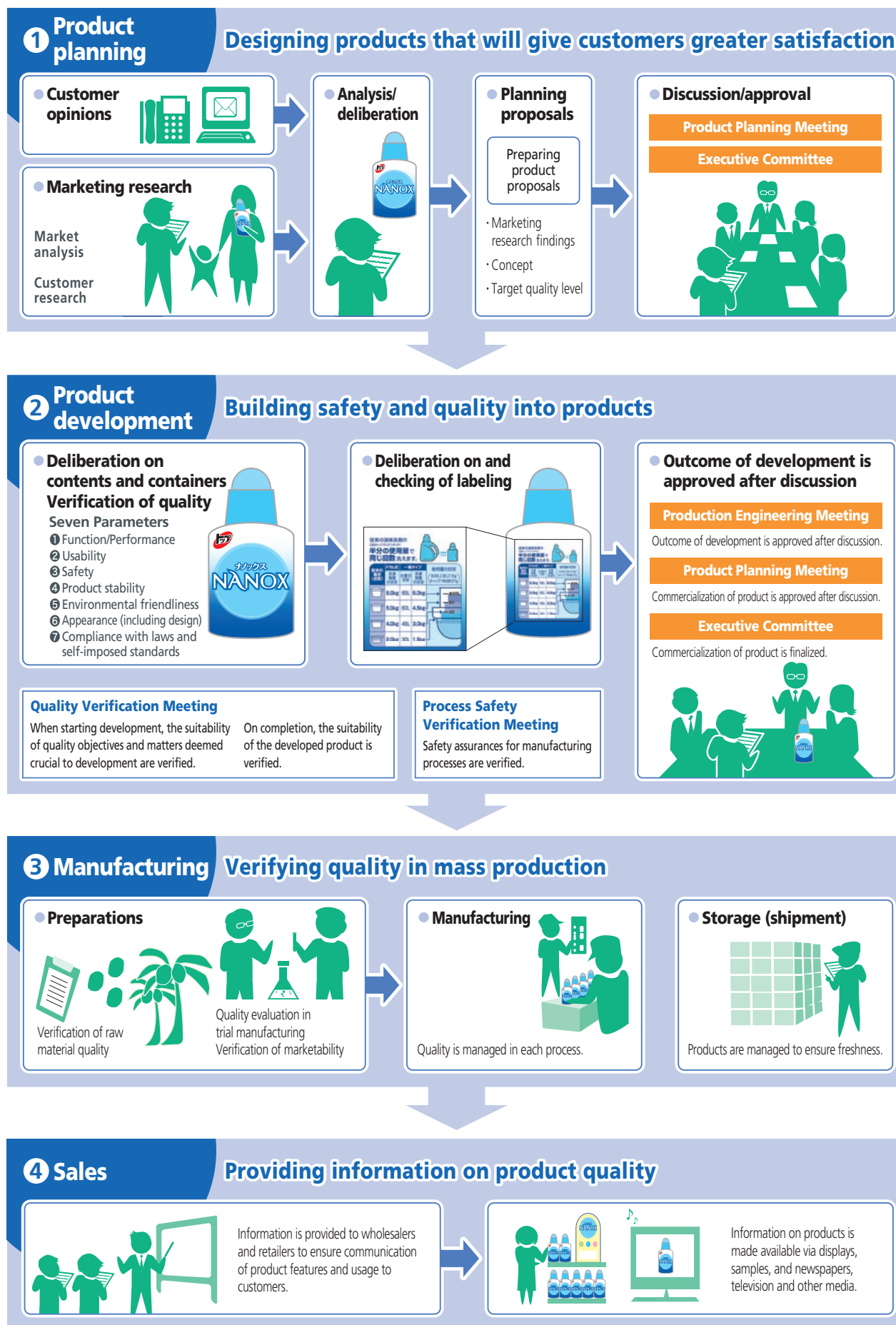


Chinese

Labeling of KireiKirei Hand Soap

### Flow of Product Development Incorporating Customer Opinion





## Approach to Safety and Reliability

Lion evaluates the safety of raw materials and safety during product use to ensure customer peace of mind.

### Safety of Raw Materials

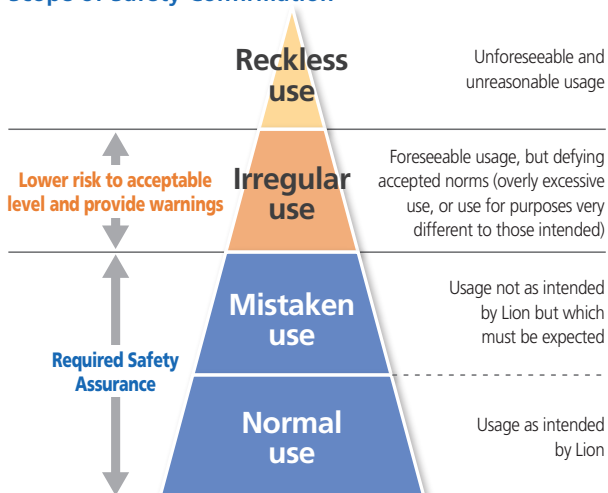
Use of raw materials is determined only after verifying safety, and only after implementing sample evaluation and supplier survey in order to ensure specific quality. Before use, raw materials undergo quality inspections using parameters and testing methods according to category — drugs and food; quasi-drugs and cosmetics; or miscellaneous.

### Safety During Product Use

Considering our customers' various usage styles as well as our frail customers, Lion conducts safety evaluations of products based on a policy of averting risk through product design.

Evaluations check sheets are employed to confirm whether safety has been achieved through product design, ranging from "normal use" cases to "mistaken use" cases. Even for "irregular use" cases, we evaluate whether risk has been minimized and whether the risk is acceptable. The evaluation results are reflected in product safety, for example with inclusion of sufficient warnings on labels where necessary.

### Scope of Safety Confirmation



Guidance and advice from standpoints envisaging various usage situations are provided through our Quality Verification Meetings, comprising members of other different divisions. The aim is to prevent damage caused by product use and lapses in the safety confirmation process.

In preparation for occurrence in the event of product trouble, we have in place an internal system to quickly take countermeasures such as product recall.

## Responding to VOC

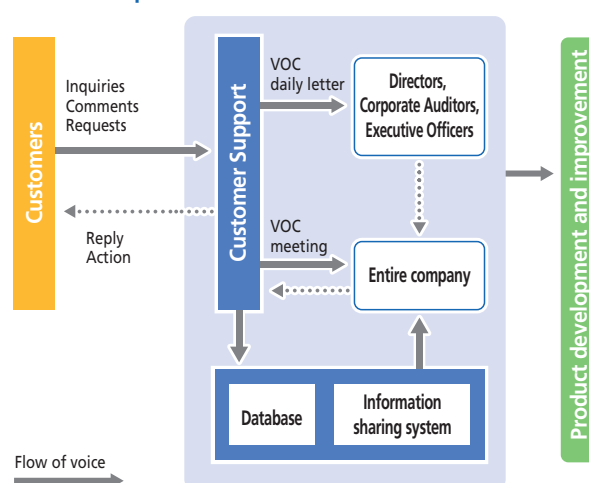
VOC\* from our customers is recorded in a privacy-protected database, and after personal information is removed is then made available to the entire company via an information sharing system in order to make improvements and develop new products.

VOC deemed to have an especially strong influence on customer satisfaction is reported to management as a VOC daily letter, where planning divisions head efforts to improve quality through quick deliberation and implementation of solutions. In January 2011, 240 VOC daily letters were issued.

### \* VOC

Voice of Customer

### Flow of Response to Customers



## Overview of Inquiries and Complaints During 2011

Around 96,000 inquiries and complaints were received in 2011 (a 5% increase from 2010). Overall, 82% were inquiries about product usage, outlets selling Lion products, product safety and so on; 10% were product complaints, relating for example to dissatisfaction with effects after use or flavor and scent; 8% were related to product problems, such as damage to flooring caused by detergent.

In January 2011, a toll-free consultation line was opened. As more products indicating the toll-free number of the consultation line are launched into the market, the rate of inquiries and complaints received through the toll-free line has increased, accounting for about 40% of all consultation through telephone in December 2011. We will make efforts for creating the environment in which customers feel easy about consulting. The number to call can be found on Lion's website.

### \*List of Inquiries

URL <http://www.lion.co.jp/ja/support/contact/>



## Fostering a Culture of Utilizing Customer Opinion .....

Lion is working to foster a corporate culture whereby all employees, not just product development personnel, consider and act upon customer perspectives. In 2011, for the purpose of learning the importance of thinking from customer's perspective, newly-appointed directors and mid-career researchers who also conducted this on an ongoing basis from the previous year, fielded telephone calls from customers, and promoted employee discussion based on the customer consultation as part of an exercise. Customer opinions are reported at regular meetings of individual departments in an effort to share information.

We will press ahead with efforts to change the awareness of employees in order to deliver products and services created from a customer's perspective.

## Ensuring Satisfaction with Customer Support .....

### Measure 1 Improvement of Online Customer Support

In the questionnaire survey on Lion's website conducted in 2010, we received many opinions, including that customers found it is difficult to find information they want to know. Therefore, we modified our website design, for example, by displaying photos of our major products as an icon on links to Q&A sections. Taking into account our customer opinions, we will strive to make a further user-friendly website.

### Measure 2 Implementation of a questionnaire on employee's communication skills

In order to know the extent to which our customers are satisfied with our way to address their queries or feedback, we conducted a questionnaire survey for about 300 customers who contacted us during 2011. As a result, it was revealed that many customers highly evaluated our service. We will make efforts for fostering personnel who can accurately understand the problems that our customers have, and offer accurate and satisfactory responses by implementing training to enhance our communication skills and knowledge of products.

#### Recall Status for Varsan Hyosatsu Jet Spray

Voluntary recalls of Varsan Hyosatsu Jet Spray for Flying Bugs and Varsan Hyosatsu Jet Spray for Creeping Bugs have been implemented since August 27, 2007, in response to combustion incidents.

As of March 31, 2012, the rate of recalled products was 45.7%, or 1.48 million products. Please make sure to return these products if you have any.

#### Contact number for Varsan Hyosatsu Jet Spray returns: Toll-free

Phone : 0120-670-225 (in Japanese only)

Hours : 9 a.m. to 5 p.m. (except Saturdays, Sundays and public holidays)

## Improvement Case Based on Customer Opinion .....

### Modifying directions for use of insecticide Varsan

As it was difficult to understand contents of directions for use printed on the package and attached document, many customers made inquiries about how to use the insecticide. In response to customer opinion, we modified the directions for use, enlarging a space and fonts for directions, and including pictures and illustrations.

#### Existing product



#### Product released in 2012



#### \*Casting customer opinions into shape

URL <http://www.lion.co.jp/ja/support/voice/>

## Information Security

Lion has established a number of guidelines and regulations to prevent information leaks. They are a basic policy of our information management, information management regulations, privacy regulations, information security regulations, and guidelines for management of information technology and equipment. Employees also undergo e-learning programs each year to enhance their awareness for the prevention of leaks.

## Privacy Protection .....

Lion has established a privacy policy\* and specific guidelines for management of personal information in accordance with Japan's Act on the Protection of Personal Information enacted in April 2003. The Company has been implementing these in a proper manner while pushing ahead with the establishment of related in-house systems and education programs.

#### \*Privacy Policy

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

## Enhancing Information Provision to Customers

In order to support our customers' healthy and comfortable life, through Lion's website and other tools we provide lifestyle-related information as well as information about how to use our products. To enhance our initiatives, in August 2011, we established the Lion Comfortable Lifestyle Laboratories, a new point of contact for lifestyle-related information. In addition, we appointed four Meisters of Dairy Life, who create, accumulate and provide information using their expertise about oral care, health care, laundry and cleaning. We published two issues of our Kurashi Kaiteki Book including our information on oral care, as well as our know-how of laundry and cleaning, which the Laboratory cooperated to plan and supervise.



"Kurashi Kaiteki Book"

## Considering the Environment from a Product-Oriented Perspective

Lion established the Lion Eco Standards to quantitatively assess our environmental impacts at each stage from the procurement of raw materials to the disposal of products, from the Life Cycle Assessment (LCA) perspective. The Standards define an “eco-friendly product” as a product that satisfied the criteria of at least one area of evaluation based on a quantitative assessment of environmental impact in the following stages: (1) raw material procurement; (2)

packaging material procurement; (3) manufacturing; (4) logistics; (5) household use; and (6) disposal. In this way, Lion develops products, considering the environment in terms of both product composition (contents), as well as containers and packaging.

In order to lower as much as feasible the impact of products on the global environment throughout their entire life cycle, Lion is earnestly committed to the development of eco-friendly products.

### Areas and Criteria of evaluation for the Lion Eco Standards

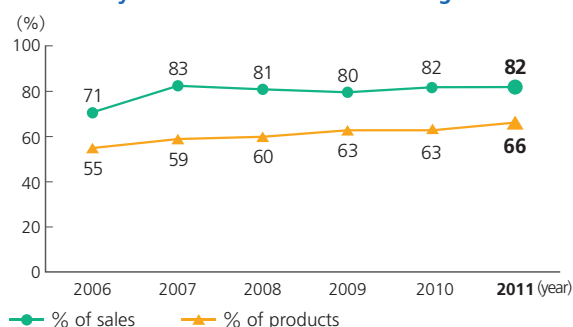
Stage	Evaluation area	Evaluation criteria
① Raw material procurement	Use of plant-based raw materials Use of sustainable raw materials	<ul style="list-style-type: none"> <li>● Percentage of plant-based raw materials in composition of organic substances is 50% or more.</li> <li>● Biodiversity-conscious materials are used.</li> </ul>
② Packaging material procurement	Use of recycled materials Use of sustainable materials Use of plant-based materials Use of biodegradable materials	<ul style="list-style-type: none"> <li>● Recycled materials including plastic are used. In case of paper board, the use rate of pulp made from waste paper, forest thinnings, or wood of certified forests is 94% or more.</li> <li>● Plant-based and biodegradable resins are used.</li> </ul>
③ Manufacturing	Energy savings and reduction of water usage and wastewater during manufacturing Reduction of chemical substances use Reduction of waste	<ul style="list-style-type: none"> <li>● Used amounts of energy, water, and chemicals, and discharge of drainage and waste volume during manufacturing are reduced 20% or more compared with those of existing products.</li> </ul>
④ Logistics	Compact size, high concentration	<ul style="list-style-type: none"> <li>● A product is downsized or concentrated by 20% or more compared with existing products.</li> </ul>
⑤ Household use	Energy savings during use (power savings) Organic substance release per use Reduction of water usage (water savings)	<ul style="list-style-type: none"> <li>● Energy consumption in use is reduced 20% or more compared with existing products.</li> <li>● Organic substance release per use is reduced 20% or more compared with existing products.</li> <li>● Water usage in use is reduced 20% or more compared with existing products.</li> </ul>
⑥ Disposal	Reduction of packaging and refill availability Reuse and recycling of packaging, other	<ul style="list-style-type: none"> <li>● Packaging and wrapping materials used are reduced 15% or more compared with major products in the market.</li> <li>● Weight of pouches and bottles for refills are 50% or less of net weight.</li> </ul>

\*The Lion Eco Standards does not require such points that materials do not contain hazardous chemicals or they have good biodegradability because these matters are obvious, minimum requirements.

### Percentage of Products Satisfying the Lion Eco Standards

The number of products manufactured by Lion (excluding pharmaceuticals) satisfying criteria for at least one Lion Eco Standards area of evaluation is rising steadily. This currently applies to 66% of all items, or 82% in terms of sales value.

### Eco-Friendly Product Ratio and Percentage of Sales



## Environmental Considerations in Product Composition Development

Lion is promoting development of product components that meet environmental challenges such as global warming prevention with the use of plant materials, and water environment protection by using biodegradable materials and reducing water usage each time. Prime examples of this approach are the development of methyl ester sulfonate (MES) and methyl ester ethoxylate (MEE).

For related information, see p.31

Lion was the first in the world to carry out the industrial production of MES, which is used in TOP Platinum Clear and other Lion powdered laundry detergents.

MEE, which even in small amounts has high detergency, is used in TOP NANOX and other liquid laundry detergents.

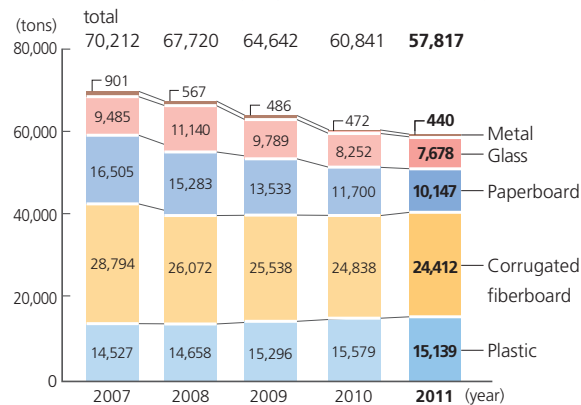
\*Environmental Considerations in Product Composition Development  
URL <http://www.lion.co.jp/ja/csr/env/composition/>

## "3Rs" for Reducing Containers and Packaging

Lion actively promotes implementation of the "3Rs" (Reduce, Reuse, Recycle) as a container and packaging material reduction initiative.

The Lion Eco Standards provide for container and packaging reductions, prescribing related criteria under stages packaging material procurement, logistics and disposal.

### Container and Packaging Material Usage by Lion



## Reduce

### Smaller Products and Innovations in Container Design

Lion is working to reduce container and packaging material usage by increasing the concentration of products such as laundry detergents, dishwashing detergents and fabric softeners, as well as by making containers smaller.

In 2011, total container and packaging material usage decreased by 3,024 tons to 57,817 tons due to a reduction in usage of all materials.

Lion will continue efforts to reduce container and packaging material usage through making smaller products and innovative container designs.

### Making Products Smaller



## Reuse

### Expanding the range of refill products

Using refills means the original plastic bottles for products can be re-used several times. Containers of refill products also use less material than the original containers, and they are lighter and smaller, helping to reduce the amount of waste generated by households.



Refill products

## Recycle

### Use of recycled materials

#### Use of recycled resins

PET resin recycled from plastic drink bottles constitutes 20% or more of material for containers of dishwashing detergents. Measuring spoons for powder laundry detergents is made partly from recycled resin.



Product containers made using recycled PET resin

#### Use of paper made with recycled pulp

White paperboard made with recycled pulp is used for containers and packaging for such products as toothpaste and detergents. It is stated clearly on powder laundry detergent containers that the recycled pulp content is at least 70%.

Corrugated boxes used for transporting products have a 94% recycled pulp content.



Product containers made using recycled pulp

## Bettering Society and Lifestyles in Local Communities through Health, Comfort and the Environment



Summer program for elementary school students  
at Lion Headquarters

### Basic Approach

Lion's central business themes — health, comfort and the environment — are also the foundation for the Company's social contribution activities. We conduct activities in each area, placing importance on cultivating a mentality among our employees of wanting to get involved. Much energy is directed towards communication and education about oral care, as has been the case since the Company's founding, as well as towards conservation of the water environment. These efforts are directly related to our business activities.

### Activities of Lion Foundation for Dental Health

Under the consistent philosophy of “returning benefits from corporate activities to society” since its founding, Lion has been conducting oral care promotion and education activities since 1913. The Lion Foundation for Dental Health (LDH) was founded in 1964 under the approval of the Ministry of Health and Welfare, and was recognized as a public interest incorporated foundation by the Cabinet Office in 2010. LDH continues to contribute

to society in the front line of oral health, leading to a better quality of life for all people, by maintaining and improving the dental and oral health of ordinary citizens through the below-mentioned three projects, in cooperation with dental associations, universities, government authorities and other parties. Lion has provided full support for these activities.

#### Three LDH Projects

##### 1. Oral health promotion projects

- Activities to promote and provide education about oral health for all life stages

##### 2. Research and investigative projects

- Investigating and studying the importance of oral health in preparation for an increase in healthy life expectancy\*, and providing information on findings obtained through individual projects and activities to experts and consumers.

##### 3. Educational and training projects

- Providing a variety of seminars and lectures for health supervisors and dental experts

\* Refers to the period in people's lives when they can care for themselves without nursing assistance.

#### Development of Projects Responding to All Life Stages

Age	Birth		5	10	15	20	30	40	50	60	70	80
Life Stage	Fetal stage	Infancy	School age		Adolescence	Young adulthood		Middle and late adulthood		Old age		
Oral health promotion projects	Oral health activities for mothers and children				Oral health activities for adults (Occupational health)						Oral health activities for the elderly	
					Oral health activities for school children							
			Oral health activities for the disabled									
	Oral health activities for the local communities											
	Dissemination of oral health care information											
			Development and distribution of oral health educational materials									
Research and investigative projects	Health informatics and research activities/ Clinical research activities in preventive dentistry											
Educational and training projects	Providing seminars and lectures for health supervisors and dental experts											



## Oral Health Event of Tooth Brushing for children

With the aim of fostering school children's awareness of health, including the importance of dental and oral health, as well as tooth brushing, the Oral Health Event of Tooth Brushing for children which has been ongoing since 1932, is held in Tokyo every year during Japan's Dental Health Week (June 4 to 10).

In 2011, a live Internet video stream of the 68th Oral Health Event of Tooth Brushing for children was broadcast to a total of 315 elementary schools in 39 Prefectures nationwide as well as other Asian countries (Korea, Hong Kong and Singapore) from the main venue at Ryogoku Kokugikan. Approx. 22,000 school children participated in the event. In Korea, 7 schools with approx. 1,700 participants took part in this international event together simultaneous interpreters.



The stage of main venue at Kokugikan



Online class at elementary school in Korea

## Overseas Activities

Information concerning the importance of dental and oral health and tooth brushing is needed by people all over the world. LDH hopes to share its long-cultivated oral health activity programs and teaching expertise with people in Japan and overseas. In proactive cooperation with dental experts mainly in South East Asian countries, LDH intends to globally work on and contribute to improvement in oral health.



Explaining LDH activities at the 6th Asian Conference of Oral Health Promotion for School Children in Hanoi

## Academic Contribution

A research paper on the link between periodontal diseases and metabolic syndrome won the clinical research award of the American Academy of Periodontology (AAP), which was jointly researched by LDH, Nihon University School of Dentistry, the Graduate School of Medical and Dental Sciences of Tokyo Medical and Dental University, and Lion. They are the first winners of this award from Japan, and their unique method of shedding light on the fact that people suffering periodontal diseases are more predisposed to metabolic syndrome was highly evaluated. LDH intend to promote studies which can make academic and social contributions.



Commemorative photo of prize winners, Prof. Maeno of Nihon University and Ms. Morita, LDH Researcher, with Mr. Donald, chairman of the AAP

\* Literature presented at academic meetings and published in magazines

URL <http://www.lion-dent-health.or.jp/library/list.htm>

## Selected Social Contribution Activities by LDH (2011)



### Oral health activities for mothers and children

LDH supports child-rearing through oral health activities for expectant mothers, infants, kindergarteners and their parents.

184 locations, 188 occasions  
Participants: 6,879 small children, 2,599 parents/guardians



### Oral health activities for school children

LDH provides direct guidance activities for schoolchildren and their parents/guardians, and supports the activities of health supervisors.

422 locations, 530 occasions  
Participants: 40,808 school children, 1,217 parents/guardians, and 4,549 health supervisors



### Oral health activities for adults (Occupational health)

Advice is provided to workers, principally relating to periodontal disease prevention and oral health care and promotion.

270 offices, 559 events  
Recipients: 31,961



### Oral health activities for the elderly

LDH provides support for maintenance of oral functions so the elderly can maintain their own teeth.

57 locations, 62 events  
Participants: 843



### Examination and Treatment

Highly specialized and high quality examinations, treatments and preventive dentistry activities are provided in line with the concept of risk control dentistry.

Recipients: 11,729

## Protection of Water Resources

Lion is inherently linked to water through delivering various kinds of detergent products, hence we have a responsibility to protect the water environment, for example through environmental consideration in our products. Particular initiatives we focus on are the promotion of the use of rainwater — a water resource we are all familiar with — and forest maintenance activities at the Lion Forest in Yamanashi, which plays a major role in the protection of water resources.

### Support for the Promotion of Rainwater Harvesting

The world's water environments have become threatened, with regions across the globe frequently experiencing either flooding or drought. Lion is promoting the use of rainwater as a solution that will take us closer to a water-recycling society.

Sumida Ward in Tokyo, where Lion Headquarters is located, is leading the way in sky water harvesting with facilities like the Kokugikan (sumo wrestling arena) making use of rainwater. Lion also works with the Sumida Ward-based NPO People for Rainwater to promote rainwater use. Lion facilities — the headquarters building, the Hirai Office, and the Lion Eco Chemicals Sdn. Bhd. in Malaysia — use rainwater for gardening watering and flushing toilets, as well as for cooling water for plants.

Furthermore, Lion supports promotion of rainwater harvesting through various activities such as sponsorship of "Rainwater Network Japan's national conference\*."

#### \*Rainwater Network Japan

An organization consisting of citizens, government, corporations and researchers which conduct activities aiming to achieve a society in which rainwater is recycled.

### Donating Rainwater Tanks to All Public Elementary Schools and Kindergartens in Fukushima Ward, Osaka City

As we believe that teaching children about importance of rainwater harvesting will lead to an improvement of future water environment, the Environmental Conservation Section of Osaka Prefecture, Kansai People for Rainwater, and Lion jointly donated two rainwater tanks each to all 9 public elementary schools and 3 kindergartens in Fukushima Ward, Osaka City, where Lion Osaka Office is located. At the same time, environmental learning classes with skits were implemented to teach children about importance of water.

In May, Osaka City offered a letter of appreciation to us during the presentation ceremony at Osaka City Hall.



Children watering from rainwater tanks



Environmental learning class



Presentation ceremony for rainwater tanks  
(from left) Mr. Nagai, Superintendent of Education of Osaka City and President Fujishige (current Chairman)

### 2011 Rainwater Utilization Idea Contest

Aiming at diffusion of rainwater utilization among children nationwide, we held the 2011 Rainwater Utilization Idea Contest for junior high and elementary school students. The contest consisted of four categories: posters or paintings, essays or reports, research projects and slogans, with 6,099 entries in total. In January and February 2012, the school incentive award was presented respectively to an elementary school and a junior high school which sent many excellent works to the contest.

In May and June 2012, the commendation ceremony and the exhibition were held for five grand prix winning works and 17 excellence award winning works at Tokyo Skytree and Tokyo Skytree Town which are facilities making use of rainwater.



The grand prix winning works in the "poster/painting" category  
(from left) "Rain drop cycle" by Hibiki Furuta in Shizuoka Prefecture,  
"Playing with water" by Riku Iwamoto in Nagasaki Prefecture



The school incentive award presentation ceremony  
(above) Shonan Shirayuri Gakuen Elementary School  
(below) Ritsumeikan Uji Junior High School

#### \*Ame no Megumi Hiroba

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



## Lion Forest in Yamanashi

Since 2006, Lion has regarded the Lion Forest in Yamanashi as a field for raising environmental awareness among employees, and we have conducted forest maintenance activities with the aim of protecting water sources, absorbing CO<sub>2</sub>, preserving biodiversity, and revitalizing local communities. In 2011, a total of 55 employees and interested parties voluntarily participated in three forest maintenance activities. Moreover, 24 persons participated in two wildlife surveys.

In March 2012, recognized for the forest maintenance activities resulting in 16.1 tons of CO<sub>2</sub> absorbed during 2011, Lion received a forest development and CO<sub>2</sub> absorption certificate from Yamanashi Prefecture.



Donated planters made of timbers from forest thinning in Yamanashi to residents of temporary housing units in Kesennuma City hit by earthquake in 2011

\* Lion Forest in Yamanashi

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

## Activities Through Products

Lion has conducted the Lion TOP Eco Project as an initiative for water environmental conservation through its TOP laundry detergent. In 2008, we started the Japan Clean Water Foundation Campaign to support river protection activities, whereby we donate ¥1 for every product of TOP Platinum Clear sold to schools and citizen groups through the Japan River Association. In 2011, the fourth year, we donated ¥10,232,720.

In addition, aiming at having children think about the water environment surrounding them, we held the "Future river picture diary contest for kids and parents event." From among 1,070 entries, 10 works were selected for the Seiryu Boken Juku Award, and 10 works for the Future River Award.

Ten children who won the Seiryu Boken Juku Award were invited, accompanied by a parent, to the TOP Seiryu Boken Juku 2011, a program to experience the wildness at a river in Okinawa prefecture, where they learned the importance of the water environment including rivers and the sea.

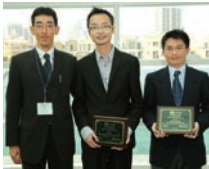






Activities of NPO Tsurumi River Basin Networking which donated through our Campaign



TOP Seiryu Boken Juku 2011

## Major Social Contribution Activities (2011)

March	<ul style="list-style-type: none"> <li>Presented the Best Student Poster Presentation Award (Lion Award) at Japan Society on Water Environment (JSWE) annual conference</li> <li>Presented the Lion Awards, which support association activities relating to preventive dentistry and development of young researchers (March, September, October and November)</li> </ul> 
June	<ul style="list-style-type: none"> <li>Sponsored 13th Japan Water Award</li> </ul>
August	<ul style="list-style-type: none"> <li>Implemented the Sumida River Fireworks Project, inviting evacuees in Tokyo from the disaster-hit areas in Tohoku region to watch Sumida River Fireworks Festival</li> <li>Provided support for Rainwater Network Japan's national conference</li> <li>Held science education program for elementary school students in Edogawa Ward, Tokyo</li> <li>Held lessons during summer holidays to teach elementary school students and parents living in vicinity of Tokyo and Osaka facilities about hand washing, tooth brushing and gargling (Held also during spring holidays during March in Osaka)</li> </ul>   
December	<ul style="list-style-type: none"> <li>Contributed to the development of the next generation through support for the "Dream class trip" charity baseball event for kids (Children's Dream Fund)</li> </ul> 

## Plant Tours in 2011

Plant	Chiba	Odawara	Osaka	Akashi	Total
Number of tours	59	128	64	58	309
Participants	1,041	2,153	1,900	2,024	7,118

I will make third party comments about “CSR Report 2012” (hereinafter referred to as “the CSR Report”) of the Lion Group, after reading the CSR Report. For this purpose, I visited Hirai Office Communication Center and R&D Headquarters of Lion Corporation, and received explanations about Lion’s CSR initiatives from a manager of CSR Promotion Department.

The CSR Report was compiled in accordance with the global standards of ISO26000 (social responsibility), in addition to the Environmental Reporting Guidelines and the GRI Guideline to which the Lion Group has conventionally referred. As a result, contents are better organized, enlarged, and improved as stated below.



### 1. CSR of the Lion Group

At the beginning of the CSR Report, we show our overall image of our CSR activities, under the basic idea of performing CSR activities on the basis of our Company Motto and Management Philosophy, which is the Company’s founding spirit, in order to contribute to the realization of a healthy and comfortable life. Especially, our CSR activities, which extensively involve the entire supply chain from business partners, use by consumers, through environmental impacts after use of products can be highly evaluated. I believe that statements about initiatives will be more objective by setting clear goals and showing quantitative data.

Although information only about domestic Lion group companies is disclosed in the CSR Report, I think it will be preferable to include overseas affiliated companies especially in Thai, Korea, and China, which are growing in business performance.

### 2. Organizational Governance

In relation to Organizational Governance, as the CSR Report respectively explains about frameworks, risk management and internal control, it is easy to understand Lion’s initiatives. I believe that easy-to-understand explanations will be provided especially in terms of a relationship between each initiative, as well as corporate objectives and social responsibility.

### 3. Human rights/Labor practices

The most important business resource to achieve management objectives is employees. In order to effectively utilize them, it is necessary to create working environments in which each employee can make the maximum use of his or her ability. The Lion Group indicated how much such basic ideas have been put into practice with time-series data, so that its activities can be easily understood. I hope

that such data will be further enhanced and expanded for easy-to-understand commentaries.

### 4. The environment

Aiming at being a leading company in environmental friendliness, the Lion Group has been committed to reducing environmental impacts throughout the supply chain.

This can be understood by seeing environmental targets and their achievements in activities to reduce CO<sub>2</sub> emissions and achieve zero emission status. In 2011, CO<sub>2</sub> emissions in business activities were reduced 35% compared to the 1990 level, achieving a high target of 30% reduction a year ahead of schedule. While overseas business locations have conducted activities setting goals, I expect them to make efforts for attaining a reduction in CO<sub>2</sub> emission closer to the domestic goals.

Although it was stated that Lion reduces CO<sub>2</sub> by shifting product materials derived from petroleum to plants, simultaneously considering biodiversity, there are problems such as destruction of nature through developing firms in a country of origin. Therefore, it is necessary to obtain customer’s understanding over environments with easy-to-understand explanations about efforts for natural conservation.

It is also notably appreciated that Lion sufficiently considers and deliberates the safety of its products in use by consumers. Consumers may use products in the wrong or abnormal way. However, safety is ensured even in the case of improper use. Furthermore, it can be seen that positive efforts are made to reduce risks in abnormal use beyond the conventional wisdom.

Furthermore, it can be highly appreciated that Lion has conducted various social contribution activities, taking advantage of the Group’s strength, for example, support for the areas impacted by the disaster and activities through the Foundation.

According to a survey conducted by Japan Institute for Social and Economic Affairs, when assessing companies, consumers regard corporate websites and CSR reports as the most reliable information. I believe that, in order to win social trust, it is the best way for the Lion Group to disclose information on initiatives for fulfilling social responsibility, their results and effects in a transparent and easy-to-understand manner.

\*The comments do not express and assure opinions on accuracy and completeness of contents stated in the CSR Report.



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Founded in 1891, Lion has been committed to management which is strongly conscious about contribution to society, under the Company Motto, "Fulfilling a Spirit of Love." Supported by all stakeholders, Lion Marked its 120th anniversary in October 2011, and simultaneously formulated a new corporate message, "Supporting cleanliness, health and comfort, while protecting our global environment. This is our mission, one in which we take pride." This is part of the corporate message, which exactly expresses the reason for our existence.

In order to make CSR activities more systematic and strategic, the CSR promotion division has become headed directly by the President in 2012. We are aiming at establishing a framework in which progress management will be possible by using ISO26000 and reorganizing issues and goals by core subject. As a progress report on those efforts, the CSR Report, which had been conventionally compiled with themes by stakeholder, focused on core subjects of ISO26000.

In the Third Party Review, it was appreciated that Lion has made sincere efforts as a consumer goods manufacturer for ensuring the safety of product use by customers. As an environmental effort, we achieved

our CO<sub>2</sub> emissions reduction target a year ahead of schedule. Admittedly, however, I think we should make efforts for providing information to consumers in easy-to-understand manners as a leading company in environmental friendliness. It is also necessary for overseas group companies to gradually advance their activities and aim towards higher goals. Lion will steadily work on the Group-wide CSR activities including the supply chain, which are indicated in ISO26000.

I believe that Lion's mission is to help people make good habits, and to resolve new social issues accompanying social changes through our business activities. Disclosing information on Lion's CSR initiatives through CSR Reports and our website in order to facilitate dialogue with stakeholders, Lion will fulfill responsibilities appropriate to the needs of the times.



**Itsuo Hama**  
Representative Director  
and President

### Editorial Note

Since 2011, Lion has systematized its CSR activities in accordance with ISO26000, with the CSR Report was compiled following it. As with existing CSR Reports, we aim to provide an easy-to-read report.

This year, the topic "Responses to the Great East Japan Earthquake" is featured in our report. Wishing for the earliest reconstruction of the devastated areas, we are presently continuing our on-site activities to support the reconstruction.

In 2011, Lion formulated a new management vision, Vision 2020, and decided upon a new corporate slogan of: life. love. Lion. Clarifying the entire image of Lion's CSR activities with the aim of being a "Company that Creates Value for Lifestyle and Spiritual Fulfillment" by supporting cleanliness, health and comfort while protecting our global environment, we intend to proactively disclose information through CSR reports.

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

**life.love.**  
**LION**



For 120 years, we have engaged in business closely related to people's living.  
In due course, we learned that the essence of happiness is to live fulfilling everyday lives and to cultivate a positive attitude.  
An accumulation of 'todays' becomes your entire life, and a part of your life happens today.  
Therefore, we believe that valuing each day of each person leads to valuing his or her life.  
Lion's role is to provide support for this kind of daily living. Under these ideas, we prepared our corporate message, resolving to continue to make new proposals toward our customers' valuable futures.

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