

CSR Report

Love today, Love your life.

Love today, Love your life.

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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 2014 was prepared taking into account the following points.

- Since 2011, CSR activities have been systematized in accordance with ISO 26000, an international standard concerning social responsibility. The CSR Report and CSR website also reflect the above. CSR material issues identified during 2013 are reported in the 2014 CSR Report (see chart on the right) and provides full details of activities that have demonstrated more progress than others as 2013 Highlights so that the readers can have a better idea of the status of such major activities. Also, information of activities on the CSR website is given at the bottom of each core topic page to allow easier understanding of the total picture of CSR information.
- Third-party review by outside expert has been included to provide an objective assessment.
- Information on standard disclosure items as required by the GRI Sustainability Reporting Guidelines are provided.
- For articles that have more details available on the website, a **URL** mark has been added.

Reference guidelines

- The Environmental Reporting Guidelines (2012) of the Japanese Ministry of the Environment
- G4 Sustainability Reporting Guidelines of the Global Reporting Initiative
- ISO 26000: Guidance on social responsibility issued by Japanese Standards Association

Coverage

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

(Regarding the environmental data, overseas group companies are included in addition to the above domestic group companies.)

Period Covered

January 1 to December 31, 2013

(Some parts of the activities include those of 2014.)

CSR Material Issues

Core Subjects	Ideal Visions	CSR Material Issues
Organizational Governance	Maintaining a Sound Management System that is Continuously Trusted by Society	<ul style="list-style-type: none"> Establishing the Group-wide CSR Management Structure Reviewing the Business Continuity Plan Embedding Compliance/ Internal Control Systems
Human Rights	Establishing Framework for Respecting Human Rights	<ul style="list-style-type: none"> Formulating and Disseminating Human Rights Policy Ensuring Human Rights Due Diligence
Labor Practices	Changing Awareness of Employees through Raising Morale and Motivation	<ul style="list-style-type: none"> Promoting Human Resource Development/Revitalization Programs Establishing Good Working Environments Promoting Employees' Health Management Enhancing Group-wide Occupational Health and Safety Management System
The Environment	Contributing to the Development of a Sustainable Society as an Environmentally Advanced Company	<ul style="list-style-type: none"> Engaging in Progressive Environmental Activities Preventing Pollution Enhancing Group-wide Management of Chemical Substances
Fair Operating Practices	Promoting CSR Activities throughout the Value Chain	<ul style="list-style-type: none"> Promoting CSR Procurement
Consumer Issues	Pursuing Customer Satisfaction by Creating Safe and Trustworthy Products	<ul style="list-style-type: none"> Offering Products and Information that Contribute to the Development of a Sustainable Society Providing Information Useful for Daily Life and Promoting Educational Activities Enhancing the Group-wide Quality Assurance System Promoting Information Security
Community Involvement and Development	Co-existing and Co-prospering with Society and Communities/Contributing to the Development of Society in Health, Comfort and Environment Areas	<ul style="list-style-type: none"> Enhancing Social Contribution Programs in Health and Comfort Areas

About Lion

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, 2013)
Representative	Itsuo Hama, Representative Director/President
Employees	Consolidated: 6,162 Non-consolidated: 2,497 (as of December 31, 2013)
Net Sales	Consolidated: ¥352,000 million Non-consolidated: ¥253,700 million (as of December 2013)
Plants	Chiba Plant (Ichihara City), Odawara Plant (Odawara City), Osaka Plant (Sakai City), Akashi Plant (Akashi City)
Research Facilities	Hirai (Edogawa-ku), Odawara (Odawara City)
Sales Offices	Sapporo, Sendai, Tokyo, Nagoya, Osaka, Fukuoka

* List of Major Subsidiaries and Affiliates

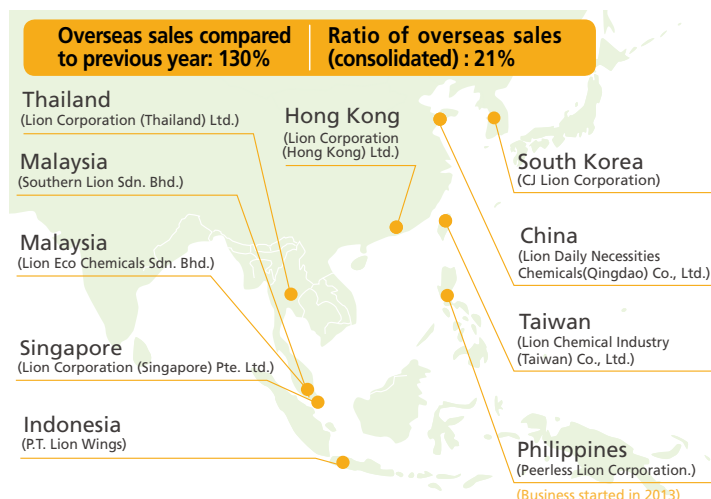
URL <http://www.lion.co.jp/en/company/html/com0301f.htm>

Net Sales Breakdown by Business

Consumer Products Business	¥265.20 billion
Oral Care Products	¥51.62 billion
Beauty Care Products	¥19.04 billion
Fabric Care Products	¥80.95 billion
Living Care Products	¥21.62 billion
Pharmaceutical Products	¥36.77 billion
Other Business	¥55.18 billion
Industrial Products Business	¥51.63 billion
Overseas Business	¥76.86 billion
Others	¥28.72 billion
Adjustment*	- ¥70.42 billion
Consolidated Net Sales	¥352.000 billion

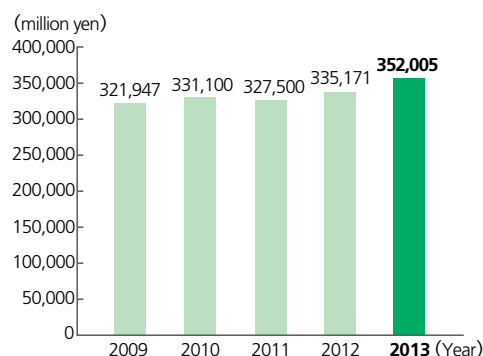
* Intra-segment and inter-segment sales

Location of Overseas Group Companies

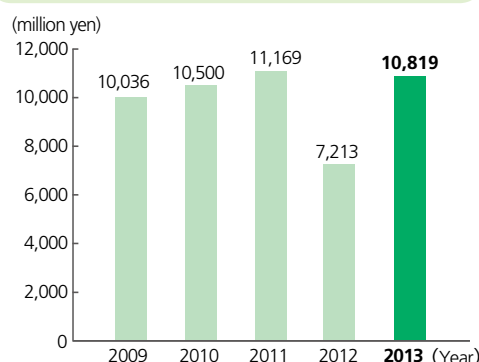


Performance Transition (consolidated)

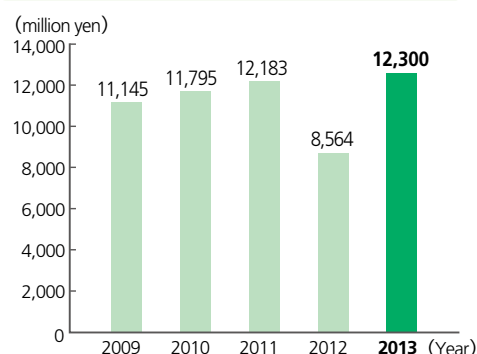
Net Sales



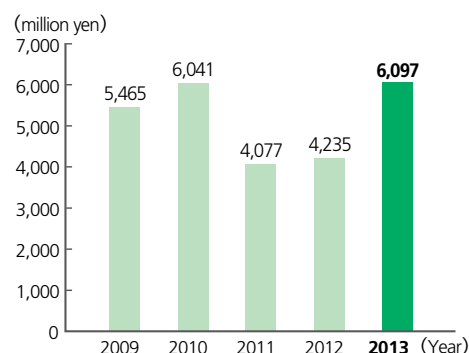
Operating Income



Ordinary Income



Net Income



* IR Library

URL <http://www.lion.co.jp/en/invest/html/inv0300f.htm>

● Main Lines of Business

Consumer Products Business	Oral Care Products	Advanced oral care products to help customers stay healthy	
		Main Product Categories Toothpastes, toothbrushes, mouthwashes, and other dental products	
	Beauty Care Products	Hair and skin care products for health and comfort of body and mind	
		Main Product Categories Shampoos, conditioners, hair-styling products, hair-nourishment treatments, hand soaps, body washes, men's cosmetics, and antiperspirants	
	Fabric Care Products	Reliable products to keep clothes clean and to give comfort	
		Main Product Categories Laundry detergents, fine clothing care products, pre-care products, bleaches, fabric softeners, and maintenance products	
Living Care Products		Products useful for clean and comfortable living and dining	
		Main Product Categories Dishwashing detergents, household cleaners, and cooking aids	
	Pharmaceutical Products	A well-rounded range of brands to meet growing self-care needs	
Goods-on-Order and Direct-to-Consumer Products		Various products customized for our customers and mail-order specialty items to meet specific needs of our customers	
		Main Product Categories Gifts, novelty products, functional foods, etc.	
Industrial Products Business	Chemical Products	Always bearing our motto, "contributing to the global environment," in mind, we meet the needs applying high technical capabilities and high functionality products based on interface science.	
		Main Product Categories Surfactants, fatty acid nitrogen derivatives, fatty acid methyl ester and its derivatives, electro-conductive carbon black, and various industrial cleaners	

Message from the Management

Aiming to become "a company that creates value for lifestyle and spiritual fulfillment," we will continue on with our unwavering progress.

As its new management style for the year 2020, Lion has established "Vision 2020," which envisions "a company that creates value for lifestyle and spiritual fulfillment."

In 2013, we made ambitious efforts for the development and nurturing of high value-added products and market-creating products to realize a "recovery of its earning power in its consumer products business," which is the top priority in Lion's domestic operations, and did recover its profitability. Also, since our overseas operations have grown and direct-to-consumer sales business reached over 10 billion yen, in net sales, both income and profit have recorded an increase.

In 2014, we will accelerate qualitative growth in our domestic businesses through nurturing of high value-added products and quantitative expansion of our overseas businesses by expanding sales volume. At the same time, we will also focus on the enhancement of CSR activities, including those that would help us evolve into a company that is advanced in the area of environmental responsiveness, and the building of a structure for effective corporate governance further than ever. By integrating CSR into the management foundation, we will steadily progress to become "a company that creates value for lifestyle and spiritual fulfillment."



Sadayoshi Fujishige,
Representative Director and
Chairman

A handwritten signature in black ink, reading "Sadayoshi Fujishige".

Itsuo Hama,
Representative Director,
President and Executive
Officer

A handwritten signature in black ink, reading "Itsuo Hama".

Creating future value by consistently safeguarding cleanliness, health, comfort, and the environment for people each and every day



The phrase "Fulfilling a Spirit of Love" is an important part of our company motto. The spirit that has always championed over the past 120 years since its foundation is reflected in our slogan of "Life. Love. Lion." Lion is determined to provide assistance in achieving the meaning contained in the slogan; Love this day and live life to its fullest, and you will become a torch to illuminate the path to a brighter future. In its Vision 2020, Lion clearly states that we aim to become a "company that creates value for lifestyle and spiritual fulfillment," a "company that is advanced in the area of environmental responsiveness" and a "company that continues to take on challenges, create and learn." We are looking to contribute to the society by continuously offering new values around the keywords of Health, Comfort and Environment.

"Aiming to become a company that creates value for lifestyle and spiritual fulfillment"

In 2013, Lion created and nurtured new values, including the introduction of high functionality eye-drops that use a new technology to address age- or overuse-related eye strain and antimold bath cleaner that came out of the new idea of "preventing invisible stains."

This year marks the 100th anniversary of our awareness activities to promote oral care habits. In the future, we will evolve it into a business that can offer new values from the viewpoint of "comprehensive oral health care." Also, we worked to further disseminate correct hand washing habits as a company-wide program, including the provision of our hand soap to our business partners and promotion of hand-washing education activities for kindergarteners by volunteer employees.

Also, in Thailand, Malaysia and the Philippines, we built and began operations of new factories to increase our production and supply capacity for further business expansion in overseas operations. We will continue with our oral care and hand-washing education activities along with our product development and marketing. Under the Lion Group's common vision to contribute to the creation of clean, healthy and comfortable lifestyles for people in Asia, we will keep up with our efforts by adapting our accumulated knowledge to the culture and habits of different countries.

"Aiming to become a company that is advanced in the area of environmental responsiveness"

Lion started the company with the production and selling of soaps based on plant-derived oils, and had consistently engaged in environmental efforts over many years. It is the

cornerstone of our DNA that we have nurtured in all of our businesses over 120 years.

In 2013, we established Eco Vision 2020 and an overview of environmental communications in and outside of the company. Eco Vision 2020 clearly shows Lion's approach to global environmental problems such as "global warming," "shortage and uneven distribution of resources" and "loss of biodiversity." We established target items for each of the stages of raw materials, packages, and containers procurement, manufacturing, distribution, use of product and disposal by customers from the viewpoint of a "product life cycle," and established an "environmental logo" that is made up of our environmental slogan and "Eco Lion mark".

Lion will promote Eco Vision 2020 and contribute to the realization of a sustainable society with its advanced green technologies and through communication with stakeholders.

"Aiming to become a company that continues to take on challenges, create and learn"

In achieving Vision 2020, it is critical that every employee becomes conscious of participation in management and take on new challenges across the board. A code of conduct was set forth in 2012 to provide support to employees who are creative and are working hard toward the goals. We see progress in our activities to comply with the code and we feel that internal communications are coming to life. In 2013, I visited many facilities and posted my views on my blog on the Intranet to maintain dialogues with our employees. Each employee will understand individual strengths and progress to realize Vision 2020 as one team.

To remain as a company that is trusted by society, it is important to integrate CSR with the managerial structure of the company. We reviewed our management challenges in light of our understanding of the requirements from society as included in the international standard of social responsibility, ISO 26000, and identified CSR material issues. In 2013, we promoted exchange of CSR information with the overseas group companies and shared with them an image of what Lion Group aspires to achieve. Despite the differences in culture, habits, and business content and sales from one country to another, we have a common management philosophy. We will share CSR material issues specific to individual companies and effectively work on them.

In 2009, Lion announced its support for the UN Global Compact: a global framework to realize sustainable growth. We will continue to support it and continue with our efforts toward CSR management.

Lion's CSR

Business Activities Supporting Clean, Healthy, Comfortable and Sustainable Life

The origins of Lion's approach to CSR can be traced to our founding spirit of "working for the benefit of people and society." With the robust business foundation 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 and by integrating CSR material Issues.



Sustainable corporate and social development

in 2020

Management Vision (Vision 2020)

Ideal Visions

- ① Aiming to become a company that creates value for lifestyle and spiritual fulfillment
- ② Aiming to become a company that is advanced in the area of environmental responsiveness
- ③ Aiming to become a company that continues to take on challenges, create and learn

A company that creates value for lifestyle and spiritual fulfillment that creates future value by consistently safeguarding health, comfort, and the environment for people each and every day

in 2017

Medium-term management plan

in 2014

V-1 Plan

Comfort
Business

Health
Business

Environmentally-
friendly Business

Promotion of PDCA

CSR Material Issues

⇒ See Pages 8 and 9

Lion Group Charter for Corporate Behavior/Behavioral Guidelines

Foundation for Business

Company Motto / Management Philosophy

Lion Group Charter for Corporate Behavior

<http://www.lion.co.jp/en/company/html/com0201f.htm>

Behavioral Guidelines

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

Company Motto/Management Philosophy

<http://www.lion.co.jp/en/company/html/com0101f.htm>

History of Lion Group's Business Activities

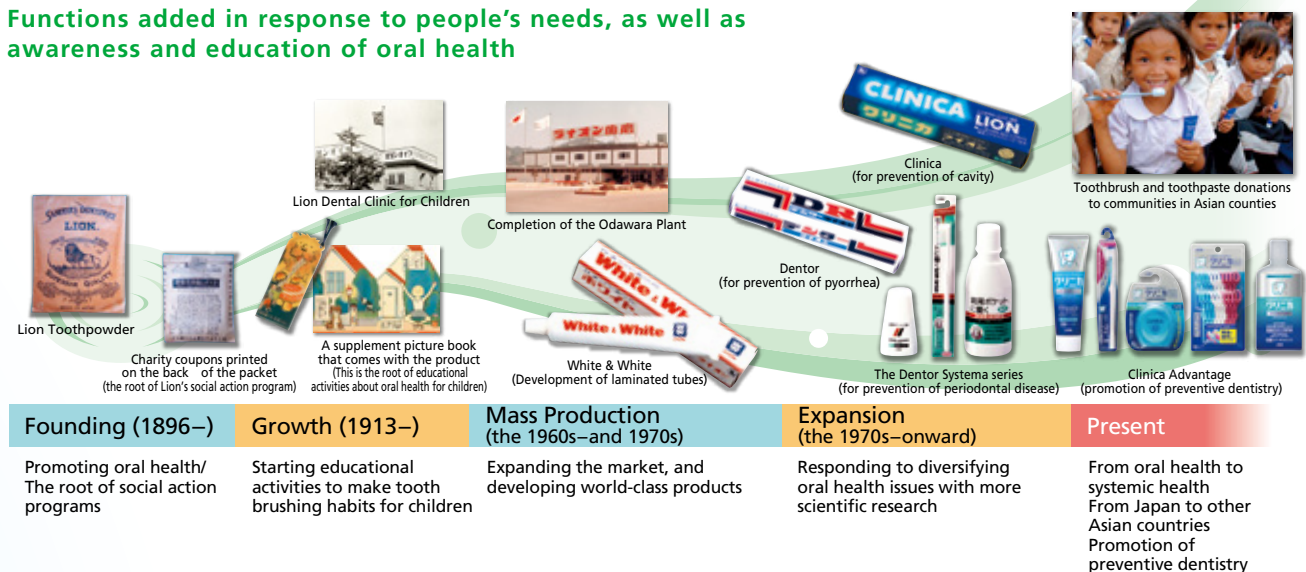
Lion's business that started out with manufacturing laundry soap and toothpaste has continued to offer products and propose good lifestyles as a culture bearer for oral hygiene and cleanliness.

We have been focusing on "oral hygiene," "cleanliness" and "environmental friendliness" as main business fields because they are the strengths of Lion Group and are also social issues attracting a lot of attention.

Oral Hygiene Business

Oral hygiene is Lion's core area of business. Over the years, we have contributed to the improvement of people's living habits by developing many dentifrices with new functions throughout the eras, and have disseminated the correct knowledge about oral hygiene.

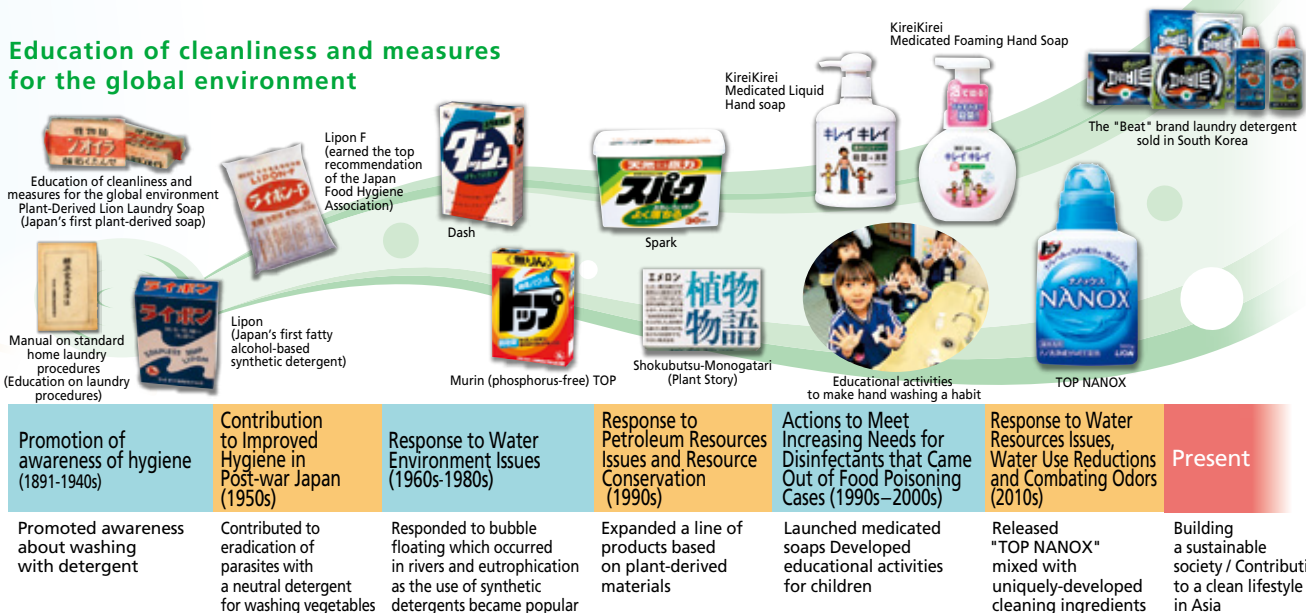
Functions added in response to people's needs, as well as awareness and education of oral health



Culture of Cleanliness and Environmentally-friendly Business

Through supplying many kinds of detergent, including laundry detergents and soaps, Lion has helped instill a culture of cleanliness in society from the days when notions about cleanliness were weak until the present day. In product development, we are currently tackling global environmental issues beginning with those relating to water.

Education of cleanliness and measures for the global environment



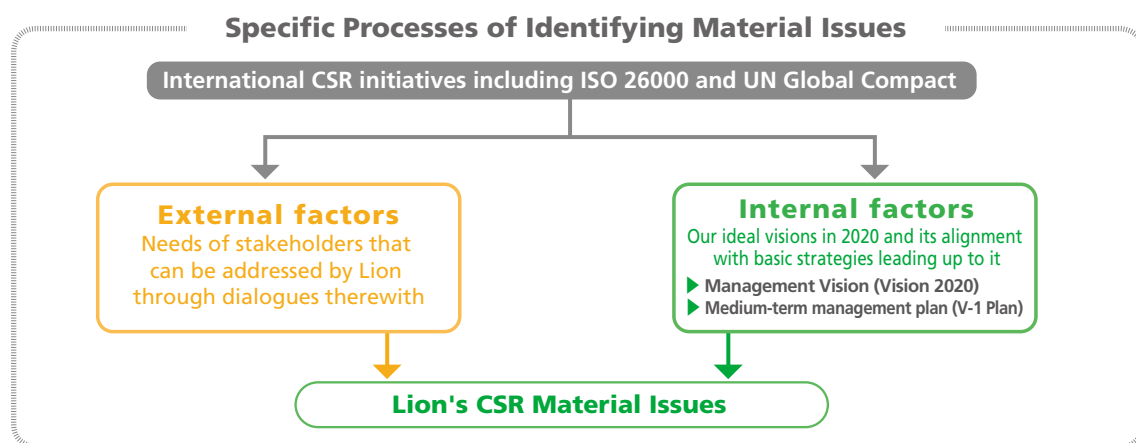
● Establishing the Group-wide CSR Management Structure

Setting objectives and managing progress

● Promotion of CSR Activities

We have promoted our CSR activities based on ISO 26000, the global social responsibility standard, since 2011, and by listening to, and incorporating opinions of third party organizations, we have confirmed and evaluated our achievements in our domestic group. By considering world CSR trends, our company's unique business characteristics, potential risks, opportunities and their respective implications, we identified CSR material issues in

2012. Also, for each of the material issues, we established a medium-term objective and included them in our CSR Report for 2013. For Key Performance Indicators (KPI), we collectively ascertained activities carried out on such objectives by their qualitative information and evaluated overall achievement (published on the Web). We visited eight of our group companies overseas and interviewed them regarding their CSR efforts and shared our ideal visions and material issues.

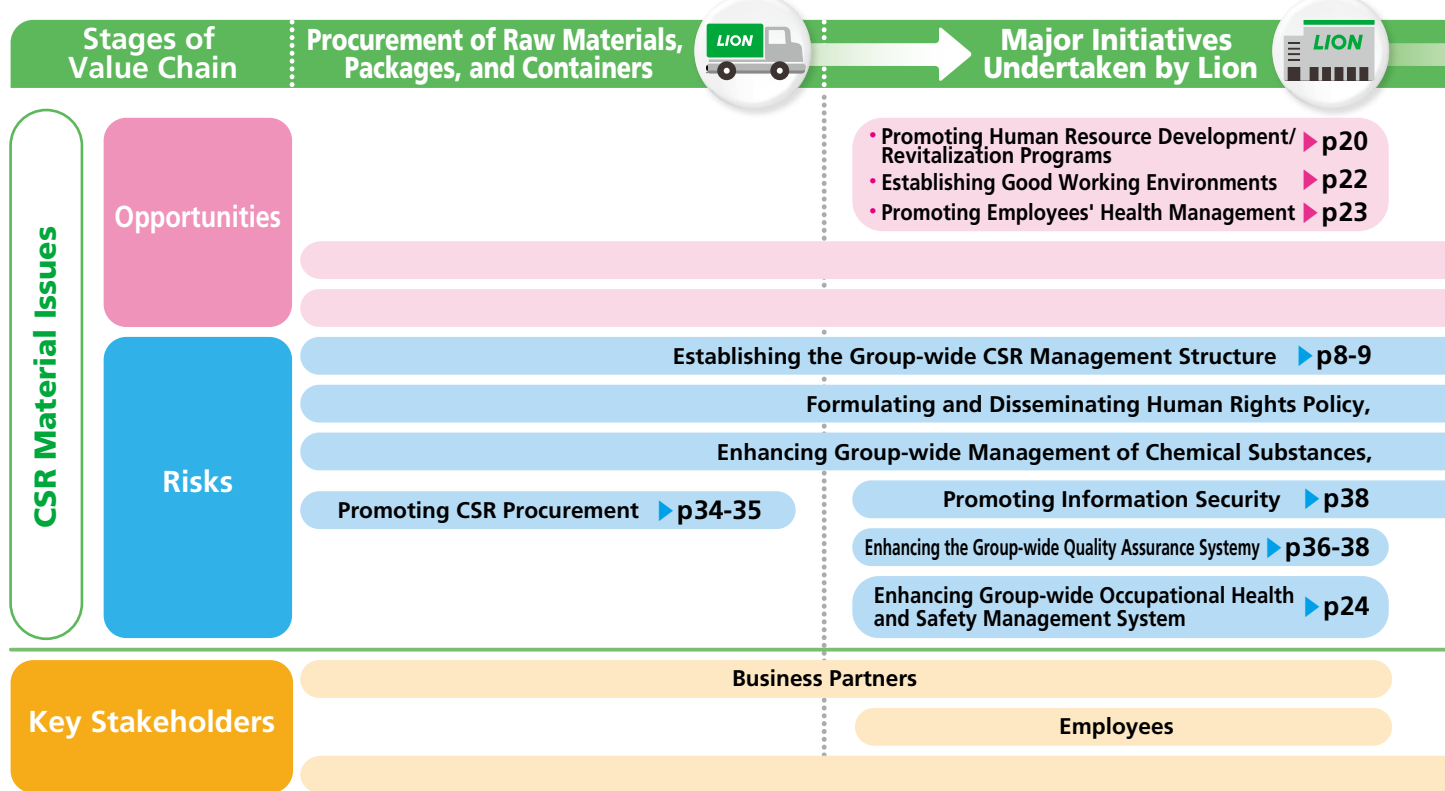


● Achievements in 2013

The CSR Material Issues and the Main Stakeholders that we identified were laid out below in each stage of the value chain, from Procurement of Raw Materials, Packages, and Containers, Major Initiatives Undertaken by Lion, Use by Consumers, and Society/Environment. In 2013, for each of the CSR material issues, we promoted activities to achieve its objective.

For information about material issues, medium-term objectives, and a list of achievements by core subject, please access:

▶ URL http://www.lion.co.jp/ja/csr/lion_csr/promotion/#result2013



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

Enhancing Social Contribution Programs in Health and Comfort Areas

Highlight① Promotion of Activities to Spread Hand Washing Habits

Our employees actively participated in educational activities to promote tooth brushing and hand washing hygiene programs to kindergarteners and preschoolers so as to contribute to the promotion of cleanliness and hygiene practices and to have people better understand our activities and products.

⇒ For related information, see **p10-11**

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

Highlight② Promotion of New Environmental Communications through Products

In order to inform consumers of the importance of environmental considerations, Lion established standards for new eco-products through review of evaluation items from a product life cycle perspective, and created an environmental logo and label to be attached to eco-products to initiate new environmental communications.

⇒ For related information, see **p12-14**

Providing Information Useful for Daily Life and Promoting Educational Activities

Highlight③ Proposal for New Oral Care Solutions

As a leading company in the field of oral care, not only selling oral care products such as toothpastes and toothbrushes, Lion is engaged in a new solution business that realizes both improved self-care and professional care.

⇒ For related information, see **p15**

Promoting Human Resource Development/Revitalization Programs

In 2013, with the introduction of a new personnel system, Lion newly defined the type of human resources that are sought by the company. To develop all such human resources, we enhanced PDCA in the business management and improved training systems.

⇒ For related information, see **p20**

Providing Information Useful for Daily Life

Led by "Meisters of Daily Life," Lion's unique specialists, we created opportunities to communicate with our customers and delivered many life-related information through events, publications and websites that we co-sponsored with other companies.

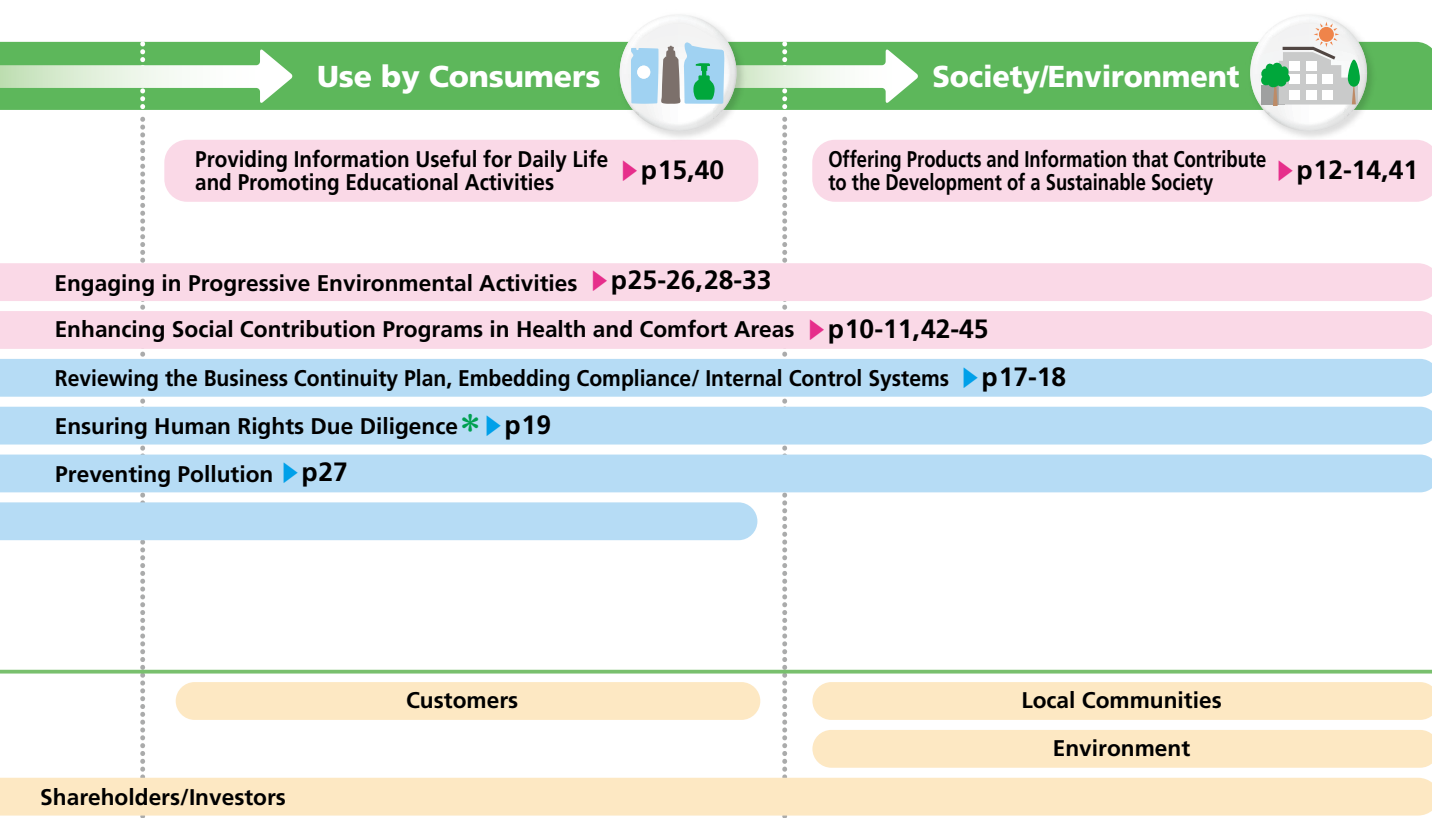
⇒ For related information, see **p40**

For other achievements including the above, go to the related information pages in the diagram below.

We could not revise the Lion Group Charter for Corporate Behavior (our CSR policy) or reinforce our human rights content in 2013 because of our need to reorganize our thinking regarding such revisions/reinforcement. We will continue to work on them continuously.

● Ongoing efforts

Hereafter, our domestic group companies will promote their own activities toward achievement of their medium-term objectives in 2014 and establish objectives and measures to be included in the next medium-term three-year plan (2015 to 2017). Also, our overseas group companies will continue to exchange information and address material issues.



Promoting Activities to Spread Hand Washing Habit



Background

Lion has been making contributions to the development of cleanliness and hygiene culture since its foundation. Presently, by offering products like "Kirei Kirei" brand hand soaps, gargles, and disinfectants, we are driving efforts to help people realize hygiene and healthy life. However, as very few people know how to wash their hands correctly, it is a social challenge to disseminate correct hand washing practices. Our "Kirei Kirei" hand soap is receiving accolades in the market, and we consider the dissemination of hygiene practices to people and continuation of such practices by them to be a social responsibility.

Notably, basic living habits like hand washing and gargling need to be practiced from childhood. Thus, not only are we selling products but are also actively engaging ourselves in activities to educate how to wash hands and gargle at kindergartens and preschools.

To prevent diseases and infections and help people live a healthy and comfortable life, all of us at Lion will work together to help make hygiene practices and habits stick in society.

"Photo Mosaic Art," the Symbol of Our Activities to Connect with Our Customers throughout Japan

A large-scale art was completed with participation of a total of 21,571 persons, including our regular users of "Kirei Kirei," kindergarteners and preschoolers who engaged in hand washing educational activities, our suppliers and vendors who have been long involved in "Kirei Kirei" from materials procurement to selling, Lion's employees and many other people that connected to us through various activities.

Executed in August



Executed in December



Made up of many pictures of palms and smiles

Efforts in 2013

To communicate the importance of hand washing to consumers, we promoted educational activities with our employees to make hand washing a habit for consumers by mainly using our "Kirei Kirei" brand products.

1 Educational activities at kindergartens and preschools

We visited 33 kindergartens and preschools throughout Japan and demonstrated how to wash hands correctly to 4,553 children while having fun together in the "Hand Washing Workout" and through the "Kirei Kirei Picture-Story Show." These were received favorably. We even received thank you notes from some of the preschools.



Happy children at Kita kindergarten in Takamatsu (Kagawa Prefecture)



Sent from children at Watanoha preschool in Ishinomaki (Miyagi Prefecture)

2 Activities at restaurants and public facilities

We offered samples of "Kirei Kirei Medicated Foaming Hand Soap" to be set up in restrooms or next to hand washing basins mainly at our client restaurants and social welfare facilities. Also, to our business partners, governmental agencies, pediatricians, and kindergartners,



DVDs and booklets that describe hygienic hand washing methods have been distributed to educate through our business relationship channels.



3 Activities to set up "Kirei Kirei Hand Soap"

Bottle setup

first stage

From each of our department, our products were delivered to our business partners to help with education of correct hand washing by offering educational signs to be posted up within facilities.



Our business partners who collaborated with us on this initiative



Message card to be enclosed with the message

Bottle setup

second stage

Each of our employees delivered a total of over 20 thousand of our products with our message attached thereto to their friends and acquaintances.

4 Event activities at stores; Support for set up of promotion areas in stores

With the cooperation of large-sized stores, we conducted a hand washing class as part of promoting our products inside stores. Through our performances of the "Hand Washing Workout" and the "Kirei Kirei Picture-Story Show," our employees had valuable opportunities to communicate directly with our customers. Also, to spread hygienic practices from the store front, we supported the set up of over 20 thousand promotion areas in stores throughout Japan.



Large-scale in-store display of "Kirei Kirei"



5 Activities overseas

Singapore

Besides in Japan, we are also conducting hand washing educational activities in countries where we operate our "Kirei Kirei" business, including Thailand, South Korea and Singapore. Cultures vary between countries, but by learning from each other's activities, we aim to implement activities that are of further use to our customers.

In 2013, Singapore Lion conducted hand washing promotion educational activities using the "Kirei Kirei" hand soap, in 18 nurseries, kindergartens and preschools.

Lion believes that it is important to teach children the proper hand washing procedures, and keep them aware of the significance of hygienic care. One strong characteristic of "Kirei Kirei" is to keep intact the bodily function of protecting against bacteria – i.e., inherent bacteria barrier function – and prevent such function from being weakened. The local employees conducted organized enjoyable activities, such as showing a skit to teach children the importance of removing bad bacteria and retaining the good ones to keep them healthy, and finger-painting sessions which was followed by cleaning their own hands using the "Kirei Kirei" hand soap. We will continue with our hand washing educational activities in 2014 as well.



Hand washing educational event in Singapore

Promoting New Environmental Communications through Products

Background

We have actively promoted our environmental initiatives from many years back, and we fully realize the need to further communicate our efforts to the stakeholders including consumers and employees. In our dialogue with external specialists in 2012, an opinion was expressed that a full explanation from Lion would keep consumers informed about environmentally friendly products that they can choose from.

In order to inform consumers – our most important stakeholder – about the importance of environmental considerations, Lion established new standards for eco-products through review of evaluation items from a product life cycle perspective, and created an environmental logo and label to be attached to eco-products to initiate new environmental communications.

Establishment of Environmental Logo and Label

The newly established "environmental logo" contains the environment slogan and an environmental mark and an environmental mark that clearly expresses Lion's environmental aspirations that is in line with its corporate slogan of "Life. Love. Lion."

Also, the environmental label has our "environmental logo" with an environmental statement on it. It is now being attached to products that meet "Lion's eco-standards."

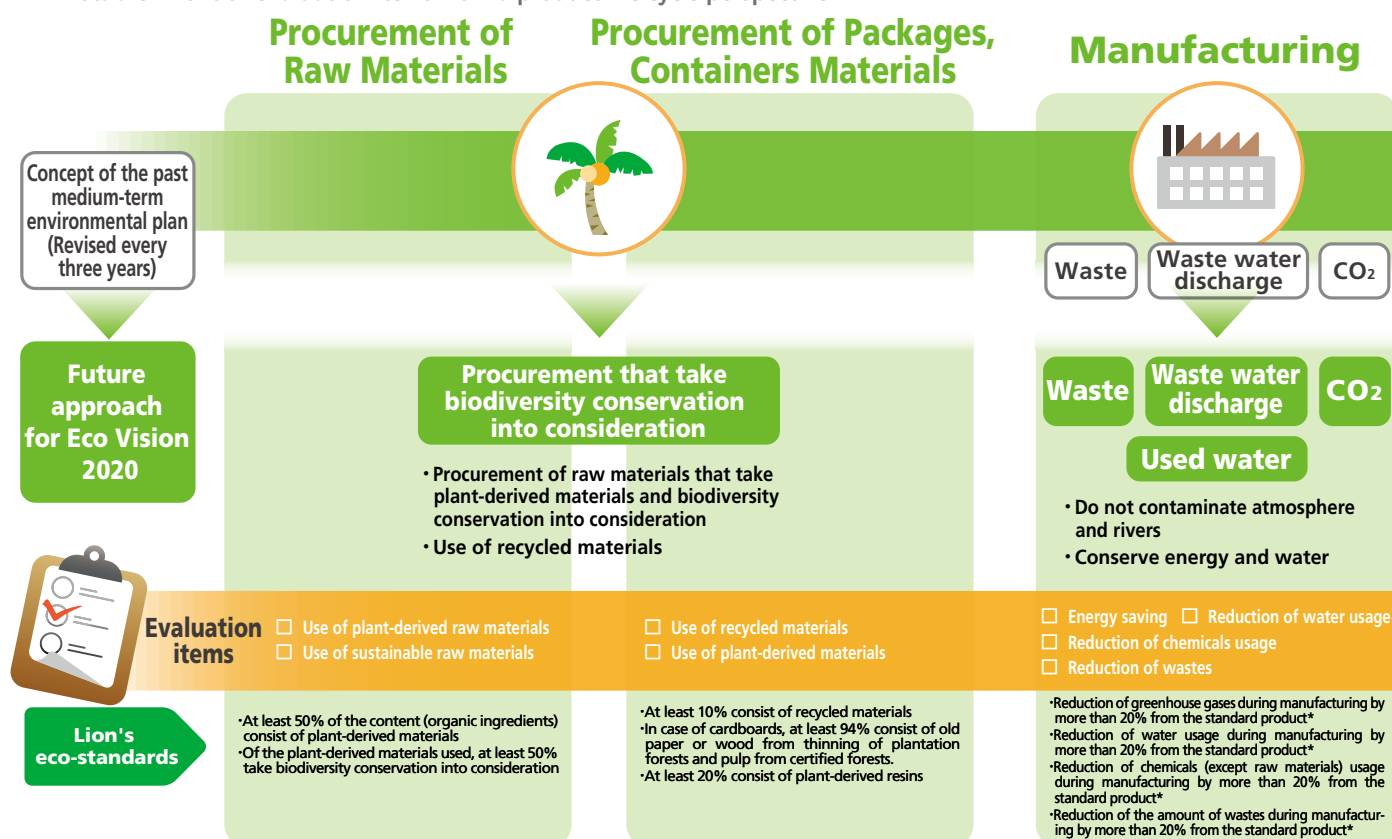


< Lion's eco-standards >

Lion established the "Lion eco-standards" based on the life cycle assessment viewpoint, which provides quantitative assessment of environmental load at individual stages from procurement of raw materials, packages, and containers to disposal after use. Lion defines the products that meet one or more of the criteria for each evaluation item as "eco-products."

Evaluation items under Lion eco-standards and review of such

Establishment of evaluation items from a product life cycle perspective



Lion and the Environment

Making daily life more pleasant should also mean caring for the environment.

Each everyday activity can do good things for our planet.

That's Lion's eco-philosophy. It's why we make environment-friendly products that fit right into your lifestyle.

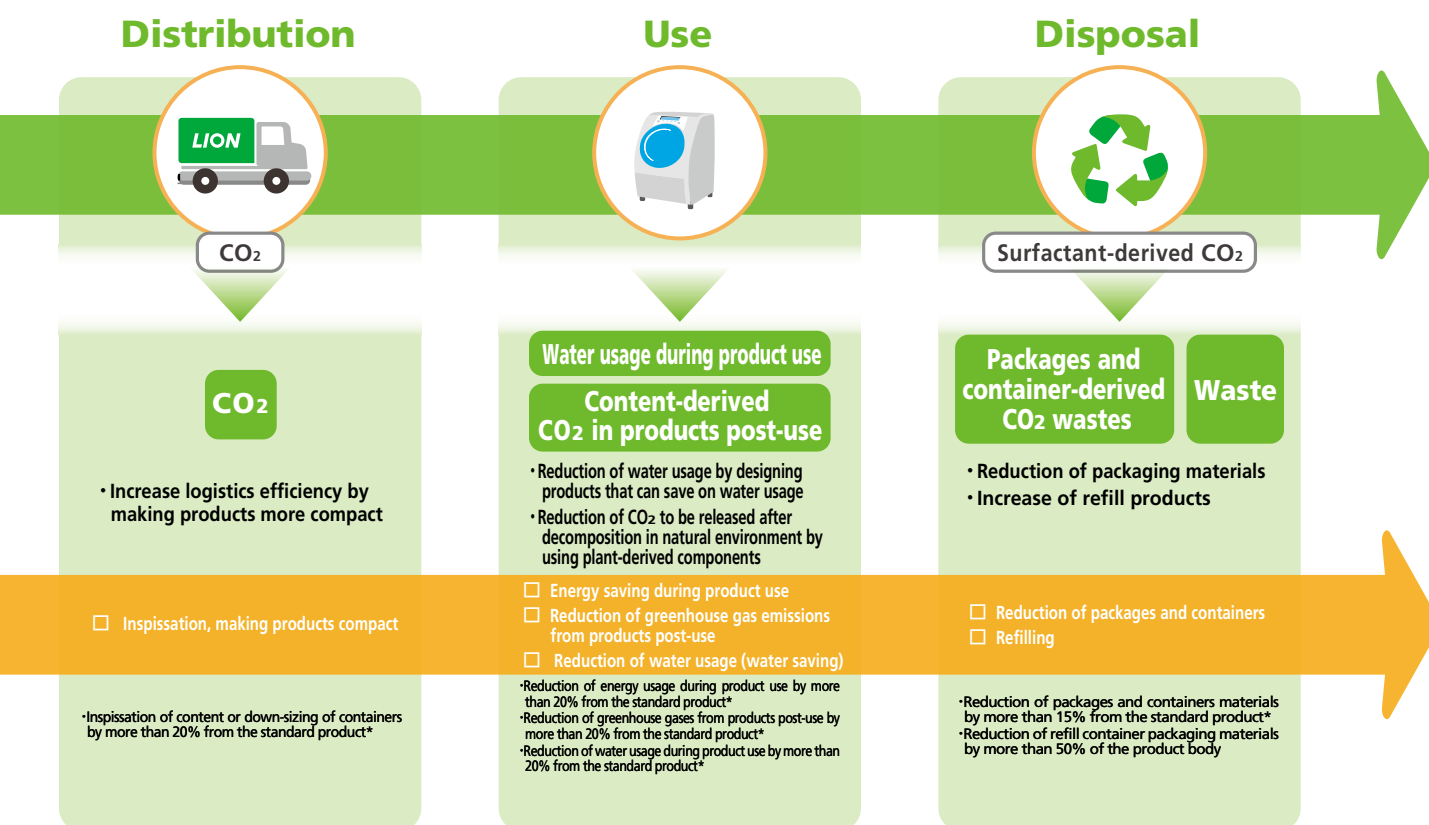
For example, we use renewable plant-derived carbon-neutral ingredients.

And we help you conserve water resources with our water-saving products while protecting the water environment.

So day by day, without even thinking about it, you help keep our planet healthy.

It's an eco-lifestyle for everyday life.

That's Lion's promise to you and the Earth.



* Standard product: Products released in 2010, which is the target standard year for Eco Vision 2020

Efforts in 2013

Environmental Actions

Lion is presently promoting Eco Vision 2020 to realize one of our Vision 2020 goals of becoming "a company that is advanced in the area of environmental responsiveness." At the same time, to gain various stakeholders' recognition of our environmental initiatives, it is important to continuously take strategic environmental communication measures. In this page, we would like to introduce events that were held as part of such measures.

1 Participation in Eco-Products 2013, one of Japan's largest environmental exhibitions

In December 2013, we participated in Eco-Products 2013, one of Japan's largest environmental exhibitions, held at Tokyo Big Sight (a major exhibition hall in Tokyo).

Under the theme of "Environmental Considerations throughout Product Life Cycle," we set up five different areas - "Selection (of raw materials, packages, and containers)," "Manufacturing," "Transport," "Use," and "Disposal" - based on the LCA* approach and introduced our environmental considerations in each stage. Also, we conducted a workshop to share with our customers our environmental slogan and environmental logo.

Lion's booth received an "Eco & Design Booth Award Top Prize" for its environmental considerations and understandability.

For related information, see [p41](#)

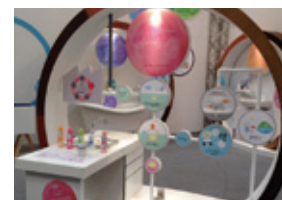
* An approach to quantitatively evaluate environmental load at each stage from procurement of raw materials for products to disposal



Lion's booth



In the "Selection" area, we provided information on how we are utilizing plant-derived raw materials.



In the "Manufacturing" area, we introduced the water waste disposal equipment of our factories. Water actually sampled from our Chiba factory was on display.

2 In a joint effort of three "Eco First Companies," an environmental seminar was given.

In December 2013, Sekisui House, Ltd., Daikin Industries, Ltd. and Lion jointly conducted the "Kirei Seminar - Helping the Daily Lives of People" at Grand Front Osaka (a complex facility of shopping centers and offices).

This seminar materialized because all three companies are certified Eco First Companies* and are doing business related to "daily lives" and "housing" of people. Each company demonstrated their know-how and offered tips on techniques that can be easily used in households.

*Companies certified as an environmental top runner company by the Ministry of the Environment of Japan

Living Care Meister introducing how to do Eco-cleaning (Left)



Mascots from these companies worked together

Joining the "Fun to Share" initiative which leads to a low carbon society.

Fun to Share

► URL <http://funtoshare.env.go.jp/>

Lion utilized its new environmental slogan and declared its commitment to achieve a low carbon society, as well as expressed support for "Fun to Share," a climate change mitigation campaign proposed by the Ministry of the Environment of Japan. Aiming to become an environmentally advanced company, we will more than ever proactively promote the realization of a low carbon society.

< What's "Fun to Share"? >

The "Fun to Share" initiative is a new form of "Challenge 25" that had been a scheme conducted by the Ministry of the Environment of Japan, and its purpose is to build a low carbon society by sharing the most current wisdoms with others in a fun way. In March 2014, a kick-off event was held in which representatives from organizations and local governments declared their support for this program.



"Fun to Share" logo



Lion president Itsuo Hama declaring support for the program as chairman of the Eco First Promotion Council

Proposing New Oral Care Solutions

Background

The concept of self-medication is now spreading to consumers in Japan, and an interest in oral health is gaining steam, but there are still very few who are actually practicing it.

As a company engaged in health care, it is increasingly important to provide consumers with to-the-point solutions on an on-going basis.

In light of such needs in the present time, Lion is aiming to make oral care a habit by not just selling oral care products such as toothpastes and brushes but also running a new solution business that gives concrete shape to improved self-care and provides professional care by dentists as a leading company in the field of oral care.

● Oral care goods shop based on a new concept Opening of "ORALYSIS"

The "ORALYSIS" is a shop that sells oral care goods to improve self-care. It has an assortment of more than 100 types of oral care products. Samples and testing areas are also provided, where specialists having qualifications of dental hygienists (Mouth Concierge) help customers find products that are suited to the oral environment of each customer.

Annexed to the shop is a dental clinic called "Grand Tokyo Oral Health Care Station," a dental clinic specializing in preventive maintenance and run by the Lion Foundation for Dental Health, which provides professional care.

ORALYSIS
おうちコンシェルジュ by LION

More than 100 oral care items as selected by "Mouth Concierges"



"Mouth Concierges" provide advice about selection of dental and oral care products like toothbrushes and pastes that are best suited to the individual customers.

ORALYSIS ▶ URL <http://oralysis.oralcom.net/>

おうちコンシェルジュ ORALYSIS

Grand Tokyo Oral Health Care Station ▶ URL <http://ohcstation.oralcom.net/>

● Sending out oral care information for maternity use Setting up a maternity dental consultation room on "ORALcom" website

Lion has set up ORALcom, a website for providing oral care information necessary for people of many different life stages to live a healthy and comfortable life. The "maternity dental consultation room" in the website is designed for expectant mothers and mothers of babies.

The oral health of mothers during pregnancy and when the child is still in infancy is extremely important to keep healthy teeth for the rest of their lives. Especially during pregnancy, many people have worries and concerns regarding oral health. Thus, Lion teamed up with the Maternity Dental Outpatient Department of the Nippon Dental University Hospital to offer services of listening to and advising about concerns and managing methods during such periods.

By April 2014, which was one year from the opening of the website, about 60 thousand people became registered users of such service.

ORALcom オールコム



The Maternity Dental Outpatient Department team of the Nippon Dental University Hospital directly responds to inquiries regarding oral care

▶ URL <http://www.oralcom.net/>

マタニティ歯科相談室 ORALcom



We offer information through pamphlets such as "Oral Care from Minus One Year Old."

Maintaining a Sound Management System that is Continuously Trusted by Society

Basic Approach

Lion's top priorities for corporate governance are to increase management transparency, improve the efficiency of supervision and decision making and ensure compliance.

By strengthening and improving its corporate governance system, Lion aims to enhance its corporate value.

Corporate Governance System

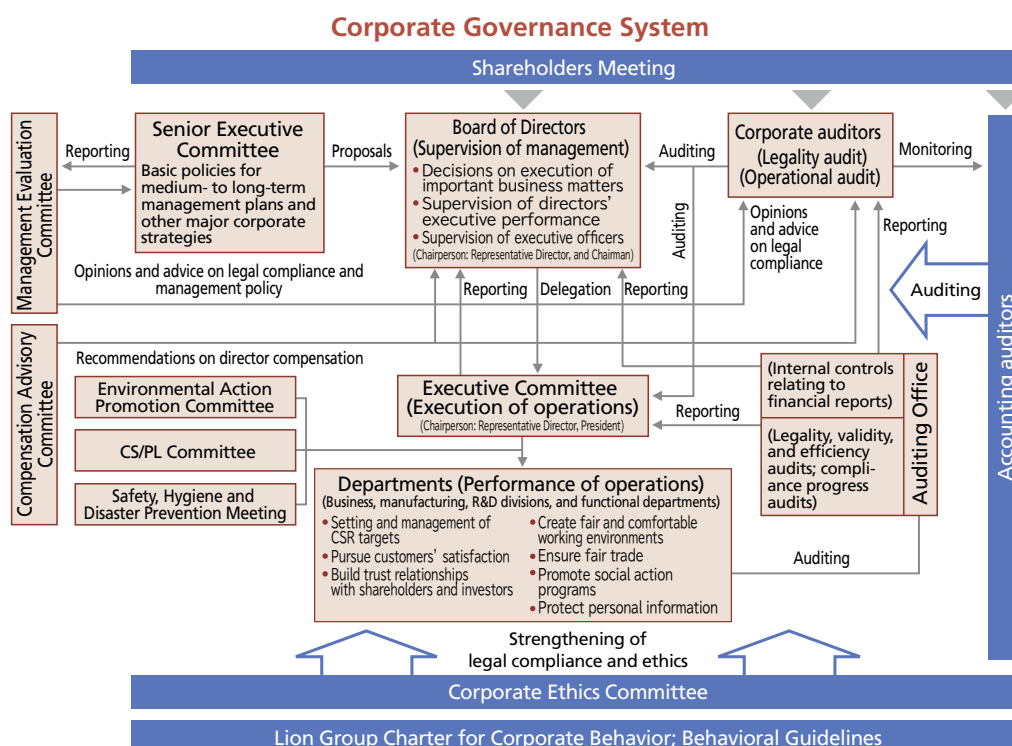
To evaluate our management objectively from the standpoint of social acceptability, including social responsibilities to be fulfilled by the company and stakeholders' trust, the Management Evaluation Committee run by outside experts was set up in October 2003 to ensure that evaluations and opinions of the committee members regarding the concept of the corporate governance system, directions of business and product development and views of CSR by outside experts are reflected in management. The number of directors was reduced when the System of Executive Officers was introduced in March 2004 to reinforce management decision making and execution, and hence the function of the Board of Directors. In March 2006, we installed two external directors to enhance supervision. In December 2006, in order to increase the objectivity and transparency of compensation for directors, etc., the Compensation Advisory Committee consisting of external directors (two external directors and two external corporate auditors) was set

up. Regular meetings are held between the Representative Directors and all external directors to exchange information so as to enhance supervision and monitoring of management. Also, in January 2013, the Lion Corporation Standards Regarding the Independence of External Directors/Corporate Auditors * were instituted to clarify that only people who have no conflicts of interest with Lion and who can remain independent from the company will be appointed as external directors.

The countermeasures for mass purchase of the company's shares, etc. (takeover defense measures) were introduced with the approval obtained at the ordinary shareholders' meeting in 2009 and a three-year extension of the above was approved at the 2012 ordinary shareholders' meeting.

***The Lion Corporation Standards Regarding the Independence of External Directors/Corporate Auditors**

URL <http://www.lion.co.jp/en/invest/pdf/independence-e.pdf>



* Report on Corporate Governance

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

Risk Management

In order to continue to provide our customers with safe and reliable products, Lion has appointed a Director Responsible for Risk Management who exhaustively controls and supervises the risk of the whole Lion Group. Particularly for the risk management of the environment, quality assurance, and accidents and disasters, each committee discusses countermeasures in advance and the Executive Committee deliberates if necessary. Each factory is certified with ISO 14001 and eagerly works on quality management and environmental protection.

In the case where physical emergencies such as natural disasters and accidents arise, in accordance with the Emergency Response System, we collect information, make decisions on policies and measures, investigate causes and report to the Board of Directors.

Of many different risks that can occur in the course of our business operation, the five points below have been disclosed in the Company's Securities Report* as key areas that can have a major influence upon the judgment of our investors:

(1) product quality evaluation; (2) fluctuation in raw materials costs; (3) fluctuation in foreign exchange rate; (4) major lawsuits, etc.; and (5) natural disasters (e.g. earthquakes). With regard to the Business Continuity Plan (BCP), countermeasures such as backing up headquarters functions, substituting order-receiving functions, alternative production in case of plant shutdown and stocking products to enable the continuous supply of products are implemented.

* Securities Report

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

Establishment of Internal Control Systems

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

With regard to 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 the Internal Control Policies Regarding Financial Result Report.

Evaluations of internal control effectiveness are carried out by the Auditing Office, which reports findings to the president and corporate auditors, as well as to the Board of Directors on a regular basis. Areas requiring improvements are communicated to the appropriate divisions and progress of improvements are verified.

In 2013, since Lion's internal control over financial reporting was deemed effective, a result report on internal controls was submitted to the Prime Minister in March 2014 together with the Company's Securities Report.

Internal Audit

The Auditing Office that directly reports to the president is

implementing audits of various business units in terms of their validity, efficiency, compliance and risks in order to establish a foundation for healthy business activities. More specifically, besides the audits including of accounts receivables, accounts payables and assets, we examine the status of product quality, environmental protection(wastes), safety/hygiene/disaster prevention, labor management, risks/compliance, etc. and also determine if the individual operations are being implemented in accordance with applicable laws/regulations and internal rules. We point out if any areas not measuring up to the standards are found. After the audit, the departments concerned are required to improve in those areas, and are followed up on to make sure that they are, in fact, making improvements. Also, specific themes are set for each half-year period, and cross-functional audit of those themes are implemented. Results of inspections and findings of each department that is audited are reported to the president. The results at the corporate level are summarized and reported to the Executive Committee twice a year for PDCA management of audit work and to share information with business execution departments.

* Basic Internal Control System Policies

URL <http://www.lion.co.jp/en/company/html/com0501f.htm>

UN Global Compact

The UN Global Compact (UNGC) is a voluntary initiative of companies and organizations participating in an effort to build a worldwide framework for realizing sustainable growth. UNGC's member companies continue with their efforts to realize ten principles as relevant to the "protection of human rights," "exclusion of unfair labor practice," "environmental responses" and "anti-corruption." Lion has been part of this initiative since 2009.

Lion is also a member of the Global Compact Japan Network (GC-JN), a local network of UNGC. GC-JN has a subcommittee for each individual theme for purpose of promoting CSR activities with the member companies, and Lion is a regular member of subcommittee activities.



UN Global Compact's 10 Principles

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2: make sure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4: the elimination of all forms of forced and compulsory labour;
Principle 5: the effective abolition of child labour; and
Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;
Principle 8: undertake initiatives to promote greater environmental responsibility; and
Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

* UN Global Compact

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

* Global Compact Japan Network

URL <http://ungcjin.org/>

Embedding 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 employees 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 are also implemented, the latter including e-learning, lectures by outside speakers, and various training courses (e.g. education according to job position), and education conducted at each workplace.

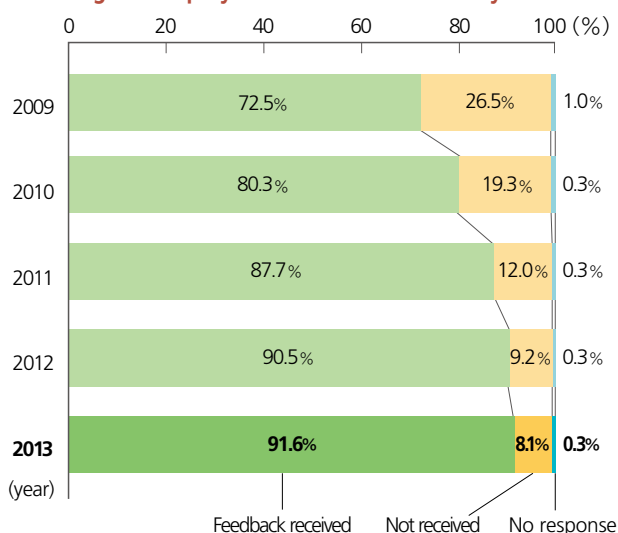
In 2013, in addition to going through and committing to the Lion Group Charter for Corporate Behavior, e-learning provided training regarding the basics of labor management, risks as relevant to social media, and information security.

Compliance Awareness Survey

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

The 2013 survey (about a 97% response rate from around 3,900 employees) drew opinions on a range of issues including problems with work environments.

Percentage of Employees Who Received Survey Feedback



* The CSR Report for 2013 included a wrong year notation, and it has been corrected.

Raising Awareness of a Hotline

To ensure full communications to temporary staff and all our employees, an internal and external reporting system, the AL (All Lion) Heart Hotline*, has been set up by the company as a point of contact for employee consultation for instances of non-compliance they have discovered but could not or should not report the violations through normal channels. Also, through a yearly compliance awareness survey for our employees, we find out the extent of awareness of the Hotline, and also provide explanations about the point of contact in reporting a case to the Hotline.

In 2013, there were ten instances of consultation or reporting, but no instances of grave misconduct were found and all the cases were addressed and sorted out.

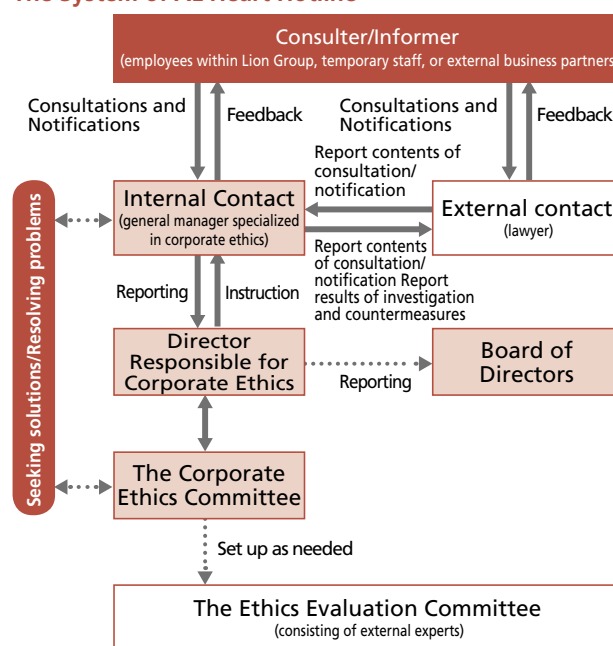
* AL Heart Hotline

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

AL Heart Hotline Consultations and Notifications (2013)

Power harassment behaviors	4 cases
Personnel/labor management issues	2 cases
Expenses/company assets management issues	2 cases
Other	2 cases

The System of AL Heart Hotline



Introduction of websites

- Structure to promote activities (Corporate governance) <http://www.lion.co.jp/ja/csr/management/>

Establishing Framework for Respecting Human Rights

Basic Approach

Lion has stipulated, "we shall respect human rights" and "observe the spirit as well as the letter of all the laws and international rules" in the Lion Group Charter for Corporate Behavior. Moreover, the Behavioral Guidelines refers to the refusal of child

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

Disseminating Human Rights Policy

Lion has stated its policies as relevant to respect for human rights, in the Lion Group Charter for Corporate Behavior and Behavioral Guidelines. To ensure thorough communication of the Charter to directors, Lion Group employees, temporary staff, we

set up an opportunity on an annual basis via e-learning or by document in which to ensure to have the Charter read and consented to. Also, we are conducting a survey every year to promote and penetrate the Charter to all our employees.

Ensuring Human Rights Due Diligence

Frameworks to Ensure Respect for Human Rights

Lion believes that it is important to improve the system which figures out, reports, corrects, and supports the effect of the company's activities on human rights from the perspective of human rights due diligence and by going along the value chain.

● Initiatives by Overseas Group Companies

In 2013, we visited our overseas group companies, and grasped the status of their focus on respect for human rights through interviewing top management and a tour in their factories. As a result, it was ascertained that no employees of under the working age are hired and that a house of worshiping is provided for Muslim

workers in factories of P.T. Lion Wings (Indonesia), Lion Eco Chemicals (Malaysia), Southern Lion (Malaysia). Also, for countries and geographical regions for which many cases of discriminative treatment of migrant workers are being reported, we shared with those



House of worshiping for Muslims in Lion Wings (Indonesia)

group companies that a deficiency of communications with migrant workers can compromise our business, and deliberated about what can be done about it.

An entire picture of our initiatives for protecting human rights

Stages of Value Chain	Procurement of Raw Materials, Packages, and Containers	Major initiatives undertaken by Lion	Use by consumers	Society/Environment
Main Subjects to be Assumed and Each Approach	Business partners <ul style="list-style-type: none"> Procurement Principles, Efforts based on Lion Group Supplier CSR Guidelines ⇒ For related information, see p35 Establishment of the Hotline ⇒ For related information, see p18 Palm oil farms <ul style="list-style-type: none"> Participation in RSPO activities Increased purchase of RSPO-certified oils ⇒ For related information, see p34 	Employees <ul style="list-style-type: none"> Confirmation of recruitment, evaluation, and remuneration at each point of time Execution of human rights education Establishment of the Hotline ⇒ For related information, see p18 Subjects for Clinical Trials <ul style="list-style-type: none"> Respecting the Helsinki Declaration Operation of the "regulations for implementation of clinical trials" in order to place top priority on the safety of subjects and ethical considerations 	Customers <ul style="list-style-type: none"> Aggressive pursuit of safety and functionalities by using our own "product management system" ⇒ For related information, see p36-38 Consideration for "the vulnerable users" such as the elderly and children, by preparing the "labeling manual" 	Residents around our factories <ul style="list-style-type: none"> Environment management to the Lion's Environmental Guidelines to prevent contamination, and compliance with laws and regulations ⇒ For related information, see p25-27 Implementation of environmental assessment ahead of construction of new factories

Introduction of websites

- To care about the mankind (Human rights) <http://www.lion.co.jp/ja/csr/humanrights/>

Changing Awareness of Employees through Raising Morale and Motivation

Basic Approach

In the Lion Group Charter for Corporate Behavior, Lion calls for "fair treatment respecting the diversity, individuality and personality of our employees" and "ensuring a safe and comfortable workplace to realize mental and physical well-being of our employees." Also included in the Behavioral Guidelines are "to develop a better working environment that allows flexible style of working through promotion of work-life balance," "to acquire excellence of functional expertise and knowledge and provide maximum support to employees who try hard to accomplish very ambitious goals," and "to have sincere dialogues and discussions with employees and their representatives."

Innovation from the power of individual employees has sustained Lion's business activities. Lion will continue to build its corporate culture by developing human resources who always try to overcome problems voluntarily and create new values.

Promoting Amicable Labor-Management Relations

Lion executes labor agreements with the Lion Workers'

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

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

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

Human Resource Development

Entrenching New Personnel Management System

In 2013, with the introduction of a new personnel system, Lion newly defined the types of human resources that are sought by the company.

[Types of Human Resources Expected by the Company]

- Leaders who drive strategies and achieve steady results
- Managers and highly-professional specialists who have the ability to instruct and support subordinates aiming to realize assignments
- Employees who are able to solve their issues voluntarily and perform their tasks

To develop all such human resources, we enhanced PDCA in field operations and improved training systems.

Practice of PDCA and Improvement of a Training System

At the same time as the implementation of a new personnel system, we revised the target management system under which individual workers set ambitious goals for themselves and run the PDCA cycle to accomplish their goals through communications with their supervisors.

Under the training systems, we have trainings tied to the personnel system that enhance abilities to be demonstrated in each job position, and also trainings that build expertise of individual positions. Also, we have trainings to nurture leaders.

Furthermore, in addition to trainings, we provide "self-development programs" such as the Lion Challenge Cup, which allows employees to present self-initiated group research directly to Lion executives, and a variety of competence development opportunities.

*List of main trainings

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

Global Human Resource Development

For quantitative expansion of overseas businesses, we are involved in the development of global human resources on an on-going basis. For three years from 2011 to 2013, we introduced the "global human resources development program" for young and mid-career employees, and developed a total of 83 such employees. From 2014, we started an even more practical "global human resource development program" for further development of global human resources. This new program helps trainees gain professional knowledge in Japan, and sends them out to locations overseas for one to one and a half years so they can learn the nuts and bolts of their business in the field and think on their feet. Furthermore, we provide an "overseas retail and distribution sector study tour" for sales personnel at managerial levels, and develop measures on how to prepare "overseas academic conference presentations" mainly in research fields.

Human Resource Diversity

Lion has made efforts toward promoting human resource diversity in light of the 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.

Offering an Opportunity to Gain Knowledge about Jobs in the Company (Holding a Career Forum)

This is the measure proposed by the Diverse Human Resource Promotion Committee for the purpose of supporting career development of young employees. To offer employees an opportunity to gain knowledge about operations of positions/departments, to which many employees request a transfer, a symposium of role models was held, in which the personnel of those positions provided explanations about their teams and the content of their job. It was intended to help them to set their future goals more easily. The symposium which introduces Finance/Legal and Marketing (household product planning) was held in July 2012 and Marketing (mail order business and H&H business), Public Relations and CSR in November 2013, with the participation of many employees across the country by using a video conferencing system.

Implementation of Measures for Women's Promotion (Career Development)

The company believes that we should support the career development of women at each life stage to promote their success in their careers. We will continue to support them by utilizing the "career plan sheet," which enables female employees to design their mid-to long-term career plan by themselves, and "virtual role models," which depict role models in action we will see some day in the near future as a result of our current effort.

Support Program for Transfer of Couples Working for Lion

Lion has systems that support households of couples who both work for the Lion Group. When a partner is transferred within Japan or overseas, with prior registration, the spouse can choose from the following three options: 1) accompany the transferred partner while putting his or her own career on hold; 2) leave the company with the right of being re-hired within five years and accompany the transferred partner; or 3) change his or her own work location to that of the transferred partner.

Employee Motivation Consultation Center

Lion has in place the Employee Motivation Consultation Center, which helps employees develop a positive approach to their careers. The center receives

inquiries via telephone and e-mails from Lion Group employees (including employees dispatched to affiliated companies) and temporary employees, and conducts interviews and provides appropriate advice and information regarding their career. We have given advice to about 210 employees in total, and, according to a survey conducted on those employees, their satisfaction level was high and there were positive changes in their consciousness and behavior.

Employing People with Disabilities

Lion wants employees to be able to fully apply their talents regardless of their disability. To further promote inclusion, we will keep up our effort to nurture a culture of supporting them in all our workplaces.

Revision of Re-hiring System of Employees upon Retirement

In 2006, Lion began re-hiring employees who reached the mandatory retirement age. The criteria were revised in April 2012 to incorporate suggestions from the employees. The company seeks to increase motivation through the improvement of the working environment that allows re-hired employees to work in conditions similar to full-time employees. This includes the re-hiring of all applicants, changing duties during the contract period and awarding performance-based bonuses. Furthermore, explanatory orientations and re-hiring interviews with superiors are conducted three years before the retirement age as a lead-in for them to recognize their roles. The re-hiring rate per retired staff in 2013 was 77%.

System for Re-hiring Former Employees

Lion has introduced a system to re-hire former employees who resigned for his or her own reasons, aiming to encourage them to be active again using their various experiences gained from their career, lifestyle and expertise.

Implementation of Regionally Based Employees Program

In 2013, the Regionally Based Employees Program was started anew. The program was introduced to find – and keep – people from among our temporary employees, who are contributing greatly to the company and performing above expectations, and to enable a change of regular employees' status to regionally-based employees to allow diverse working arrangements.

The regionally based employees can select their workplace from seven regions in Japan that Lion classified for this program, and their compensation and benefits are the similar level as for regular employees in the same block. Under the program, ten of them were hired from among temporary employees in 2013 and eight in 2014, and they are performing even better.

Promoting Work-Life Balance

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

Building an Environment Where Employees Can Work Dynamically

Since 2010, Lion has been promoting work efficiency to reduce overtime work and encourage employees to take paid holidays.

In 2013, to ensure thorough management of working hours under the new personnel system, labor management explanation meetings were held for all managerial personnel and e-learning for labor management was given to all employees. Also, a no-overtime week was implemented to each month in addition to the no-overtime day once per week. It encourages employees to become more efficient on the job and go home early.

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. Because of these improvements, male employees are also taking more of such leave in many departments.

Moreover, because some employees tend to be less motivated toward work during the childcare period, Lion is promoting activities to support career development during the childcare period. We hold meetings to explain the childcare support program from a career perspective so that employees can have an accurate understanding of the program and be provided with opportunities to think of their career in the future, and employees with experiences in childcare can share their experiences at such meetings.

Support for Childcare and Nursing Care

Birth	Maternity leave	• Paid leave from six weeks prior to birth until 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 working hours for childcare	• Reduction of up to two hours/day in the workday until the child finishes first grade
	Exemption from overtime work	• Employees with a preschool child can be exempted from overtime work
	Child sickness leave	• Employees with children under primary school age may take child sickness leave by half-day units (paid leave) • Employees may take five days/year for one child of preschool age or ten days/year for two or more children of preschool age
Nursing	Nursing care Leave and reduced hours for nursing care	• Up to 93 days available to nurse each family member as necessary combining nursing care leave and reduced hours (up to two hours/day) for nursing care
	Nursing care leave	• Five days/year for one family member or ten days/year for two or more family members provided by day for nursing care
	Accumulated leave (nursing of close relative)	• Accumulated annual paid leave that has expired (up to 60 days) may be used for nursing a close relative * Accumulated paid leave are also available for medical and volunteer leave supporting employees participating in volunteer activities.

*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.

Next Generation Support Act Phase 4 Action Plan

Period: April 2011 to February 2015



Kurumin logo

Goal: 1 Have 17 or more male employees take childcare leave during the action plan period.
→ **12 male employees took childcare leave. Another male in the sales division took leave for a year from March 2012.**

Goal: 2 In 2011, raise the age of the child applicable for "exemption from overtime work for childcare" from "three years old" to "under primary school age."
→ **The new system was introduced in June 2011.**

Goal: 3 In 2011, modify "child sickness leave" to allow employees to take the leave by half-day units.
→ **The new system was introduced in June 2011.**

Goal: 4 Within the period of the action plan, implement measures for supporting employees to strike a good balance between work and childcare from the viewpoint of career development.
→ **Presentations of Childcare Support Programs including a symposium by the employees with childcare experiences have been held since 2012.**

Goal: 5 In 2011, introduce an overseas transfer support system for married couples both working for Lion.
→ **A system for domestic and overseas transfer was introduced in June 2011.**

Goal: 6 Within the period of the action plan, introduce a telecommuting system for employees meeting the requirements prescribed by the company.
→ **Tests have been conducted since 2012.**

*Next Generation Support Act Phase 4 Action Plan

URL http://www.lion.co.jp/ja/csr/employee/work_life/

Employees Data (non-consolidated)

		2011	2012	2013
Employees*1	Male	1,842	1,828	1,854
	Female	597	614	643
New employees	Male	47	51	67
	Female	23	24	26
Re-hired Retirees	Number of people	142	137	181
	%	5.8	6.0	7.9
Temporary employees (Number of people)		289	295	319
Female employees ratio (%)		24.5	25.1	25.8
Female managers	Number of people	37	42	44
	%	5.5	6.2	6.2
Employees with disabilities	Number of people	43	42	44
	%	1.8	1.8	1.9
Employees who took childcare leave	Male	4	6	5
	Female	25	29	36
Employees who took reduced working hours for childcare	Male	0	0	0
	Female	49	49	43
Average overtime per month (hours)		11.2	12.0	13.1*2
Annual paid leave used (%)		54.1	46.2	48.6
Employees who resigned within three years of entering the company	Number of people	1	1	3
	%	0.5	0.5	1.3

* *New employees* include new employees hired mid-year. *Data as of December 31 of every year

*1 Number of employees: Includes regular employees and re-hired retirees.

*2 The scope of overtime work has been expanded with the revision of the personnel employment system.

Promoting Employees' Health Management

Based on the concept that employees' good health serves as business foundation to support sound corporate growth, Lion has conducted a variety of measures, such as regarding lifestyle habit improvement, oral health care and mental health, for employees' health management and improvement. Especially as a part of our detailed health management activities, each employee is consulted by industrial physicians and nursing staff after health checkups. We follow the Guideline for Health* as our core basic principle.

*Guideline for Health

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

Organizational Approach to Health Management

Lion has conducted health management activities through discussions at a joint session called the Health Management Promotion Committee Meeting attended by the employee who is responsible for health management of the company (The Personnel Manager), the Health Insurance Society and the Health Support Office. The company seeks even more effective health management through PDCA management based on the analysis of present data, extraction of issues and setting of themes

regarding initiatives. We will continuously make improvements and accumulate the know-how of industrial health.

Age 35 Health Seminar

Lion has held two-days hands-on seminars called LIS21 (Lion Life Innovation Seminar 21) every year since 2001 for employees aged 35 years old aiming to improve self-management skills in health. We found that participants of this seminar have a higher degree of awareness of lifestyle habits and that they were able to control their weight gain five years after the seminar. As we confirmed that establishment of good health habits while still young leads to the prevention of diseases later on, the seminar has been effective in raising our employees' awareness regarding health.

Changes One Year After LIS21 Participation

	Participants	Number with changed lifestyle habits	%
2008	91	82	90.1
2009	91	89	97.8
2010	96	87	90.6
2011	57	54	95.0
2012	52	48	92.3

Dental Prophylaxis Program (ALOHA)*

We have focused on the improvement of oral health by incorporating dental checkups into the annual health checkups for all employees since 2002. In our activities collaborating with the Lion Foundation for Dental Health, not only did we improve the employees' oral health, but we also successfully demonstrated that metabolic syndrome has relevance to periodontal disease. We will continue these activities and enhance our efforts toward prevention of periodontal disease and metabolic syndrome for all employees.

*ALOHA stands for "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. Consultation after periodical checkups helps each employee feel secure in terms of mental healthcare measures that the company has for its employees. In addition to in-house consultations provided by industrial physicians, nursing staff and psychiatrists, we have a contract in place with an independent organization for providing telephone consultation and face-to-face counseling for employees.

Other than consultation after checkups, a stress level check test is conducted for all employees, which is used for their self-care. Furthermore, we have continued our initiatives toward organizational mental health care by running the PDCA cycle. For example, as a measure to create a working environment where each employee can work with vitality, we provide feedback to the individual section/departments and their Director of the Board Responsible on the stress level compiled and analyzed by section/department, which is utilized for managerial training by full-time industrial physicians.

Voice of the
Person in Charge

Etsuo Kenmoku
Director of Health Support Office

Received the Japan's Minister of Education, Culture, Sports, Science and Technology Award in 2013 in recognition of the excellent health building organization developed by the office.

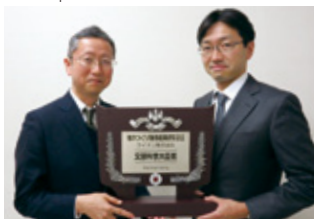
As a result of overall evaluation of our activities across the organization, we were awarded with the Japan's Ministry of Education, Culture, Sports, Science and Technology Award in 2013.

The Health Building Organization Award is awarded by the National Council of Health Building (made up of nine ministries and agencies and 233 related organizations) to recognize organizations that promote health and nutritional improvement and health building activities in communities and workplaces.

Lion was awarded for the following reasons:

- Since its foundation, Lion has consistently regarded its employees as "partners to develop the company," and has been taking employees' education and health seriously.
- Lion cooperates with multiple in-house organizations including the Health Support Office to conduct health building seminars, recreation and sporting activities.
- To prevent the metabolic syndrome, Lion has been implementing many different measures in the field of health and nutrition, and has been trying to build health overall.

Lion will continue with its PDCA activities based on the Guideline for Health to promote health and fitness of our employees.



Left: Etsuo Kenmoku, Director of the Health Support Office.
Right: Norihide Nishinoue, supervising industrial physician

* National Campaign for Health Building

URL <http://www.health-net.or.jp/undou/index.html>

* Health Building Organization Award

URL http://www.mext.go.jp/b_menu/houdou/26/01/1342991.htm

Enhancing Group-wide Occupational Health and Safety Management System

Based on the principle of "safety first," Lion has established its unique Health, Safety and Disaster Prevention Management System for domestic group companies, which was added to our own disaster prevention measures which is the Occupational Safety and Health Management System (OSHMS) based on the guidelines of Japan's Ministry of Health, Labor and Welfare. We hold a Health, Safety and Disaster Prevention Meeting to which representatives from production, R&D, international operations, administrative as well as sales divisions attend, and where employees and managers strengthen and improve measures for health, safety, and disaster prevention in cooperation, in order to manage and promote corporate policies, goals ("zero" major accidents and "zero" major disasters), annual plans and performance.

At each business location, there is a Safety, Hygiene and Disaster Prevention Committee in place, established in accordance with laws, and it mainly promotes activities such as resolving issues unique to each business location and reflecting employees' opinions. In addition, the chairperson of the Health, Safety and Disaster Prevention Meeting performs executive environmental audits of individual production-related business facilities on a regular basis.

Occupational Safety

In 2013, the number of accidents decreased to 19 from 20, but the number of lost time accidents increased to eight from five compared to the previous year.

In the future, to prevent major accidents occurring within the entire group including the group companies overseas, Lion will strengthen its structure based on its policies and regulations (under the Health, Safety and Disaster Prevention Management System, Safety Design Guideline for Facilities, etc.) and promote safety measures for production equipment systematically and consistently for even safer workplaces.

Also, as a measure to prevent recurrence of a major accident that occurred at one of the group companies in Japan in 2012, where a worker fell from between the spacing of the safety fence within the production plant, Lion completed sequential improvement of handrails and safety fence at all domestic production sites.

Safety of Facilities

Recently, most of the plant accidents that happened at Lion and other group companies took place while non-routine work was in progress. Such were attributed to the diminished sense in safety management and shortfalls in workers' skills and awareness.

Lion approaches this problem from both the hard (equipment management) and soft (operational management) sides, and in the midst of aging equipment, establishes daily inspection and

maintenance standards proportionate to the degree of importance so as to ensure sound management. Also, our workers are given trainings by each position level for faster response to any changes in processes to enhance their safety management abilities.

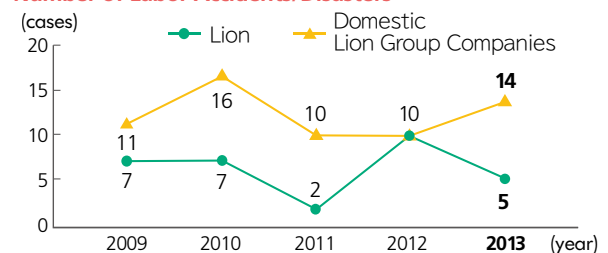
We will continue to focus on systematically promoting equipment safety from a medium- to long-term perspective.

Response to emergencies

Lion has proceeded with the preparation for various natural disasters including an earthquake that may directly hit the Tokyo metropolitan area and has enhanced its disaster prevention schemes.

In the disaster prevention training in 2013, assuming an earthquake across the extensive region of East Japan, we provided training on how we respond to it by coordinating with business offices within the region, and confirmed the systems for collection of information and instructions. Also, by holding drills such as safety confirmation drills, evacuation drills, staff deployment confirmation drills, firefighting drills and joint drills with municipal firefighters, we are continuing to focus on enhancing disaster prevention. We will continue to provide trainings over extensive regions and enhance disaster prevention capabilities.

Number of Labor Accidents/Disasters



*Data from 2012 was modified after review. For accident frequency and severity rates of the production division, see the website below
URL <https://www.lion.co.jp/ja/csr/employee/prevention/>

Holding the International Plant Manager Meeting

To enhance the plant management structure for the group companies overseas, we held the first International Plant Manager Meeting at our Chiba Plant. Plant managers from group companies overseas and our domestic staff got together and reported/shared their initiatives and best practices in product supply, quality assurance, safety control, environmental preservation and human resource development. We will continue to have such meeting in the future.



Participants in the International Plant Manager Meeting

Participating Overseas Group Companies	Participating Overseas Group Companies	
	Overseas	Domestic
	<ul style="list-style-type: none"> Lion Eco Chemicals Sdn. Bhd. (Malaysia) CJ Lion Corporation (South Korea) Lion Chemical Industry Co., Ltd. (Taiwan) 	<ul style="list-style-type: none"> Lion Corporation Ltd. (Thailand) Southern Lion Sdn. Bhd. (Malaysia) P.T. Lion Wings (Indonesia)

Number of abnormalities that happened*

2009	2010	2011	2012	2013
0	0	0	0	2

* "Abnormalities" refer to events like fire, explosion, rupture, leakage and runaway reaction, and the category of which the event falls under is determined by the fire department in the relevant jurisdiction.

Introduction of websites

- For the sake of employees (Labor Practices) <http://www.lion.co.jp/ja/csr/employee/>

Contributing to the Development of a Sustainable Society as an Environmentally Advanced Company

Basic Approach

In 2011, Lion announced its Management Vision (Vision 2020). As its company-wide policy to become an "environmentally advanced company," which is included in Vision 2020, we formulated Eco Vision 2020 as our new environmental objective. We will work on environmental

awareness for customers and reform their consumption behaviors through our products, in addition to achieving targeted values with the aim of "realizing a low carbon society," "realizing a sound material-cycle society" and "realizing a society harmonizing with nature."

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."

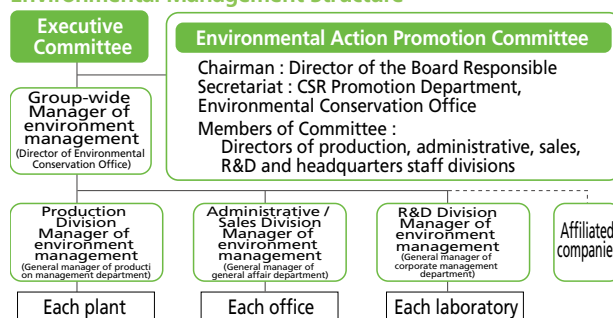
In 2013, we revised the Guidelines in accordance with the

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

Environmental 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 for all employees to respond to environmental management in a cooperative manner. From an environmental perspective, the committee reviews group-wide business activities, complies with laws and regulations, establishes standards and targets and ascertains group-wide promotion and status of achievements of the above.

Environmental Management Structure



Environmental Guidelines

Lion will act voluntarily and proactively to reduce its environmental burden to the global environment in all processes of business activities from the development of products to the procurement of raw materials, production, distribution, sales, use by customers, as well as disposal. This will be done with due consideration to "realizing a low carbon society to prevent global warming", "realizing a sound material-cycle society with maximum usage of recycled resources"; and "realizing a society harmonizing with nature to conserve people's health, natural ecosystems and biodiversity".

1 Aiming for a Sustainable Society

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

2 Complying with Legal and Other Requirements

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

3 Setting and Verifying Implementation of Environmental Objectives and Targets

Correctly understand the environmental impact of 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.

4 Developing Environment-Friendly Products

Continue aggressively with product development in tune with Lion's own Lion Eco Standards, and in light of lifecycle assessments.

5 Reducing Environmental Impact Together with Business Partners

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

6 Harmonizing with Nature

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

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

Disseminate the Guidelines to all Lion employees, including those of its affiliated companies, raise 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.

Revised January 1, 2013

Environmental Management System

The purpose of the Lion Group's Environmental Management System is to identify, evaluate and remedy adverse effects that our business activities, products and services have on the environment, and to improve our environmental protection activities on an on-going basis. Ongoing improvements will be achieved through the 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 responding to the environment globally. Data on overseas group companies is available on our website.

* Data on environmental burden of group companies' plants (overseas)
URL http://www.lion.co.jp/en/csr/pdf/csr_2014_17.pdf

Status of ISO 14001* Certification

Lion acquired ISO 14001 certification covering all its plants in July 2001. Certification was reviewed and renewed by the Japan Management Association Quality Assurance Registration Center (JMAQA) for an additional three-year term in April 2013. It was verified that the frameworks to maintain management systems were properly operated, conforming to requirements of the standard. Continual improvements are made to management systems and environmental protection activities based on audit results. Also, in relation to the plants of group companies in and outside Japan, the Lion Group has obtained ISO 14001 certifications and operated environmental management systems in compliance with ISO 14001.



ISO 14001 Certificate of Registration

*ISO 14001 is a global standard governing voluntary environmental efforts of organizations.

Internal Environmental Audits

Employees who are qualified as internal environmental auditors after undergoing appropriate training routinely perform internal environmental audits to verify total conformance to ISO 14001 requirements and conduct management reviews. Individual departments take responsibility for remedying any non-conformance and reporting improvements to the general manager in charge.

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 its group companies on a regular basis together with safety audits. In 2013, we performed executive environmental audits for Lion Packaging's Fukushima Plant and Lion's Odawara Plant and Chiba Plant, and confirmed that their environmental management was maintained adequately.



Executive 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 the criteria stipulated in the 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 conformance to the criteria.

Notably, equipment containing polychlorinated biphenyls (PCB) which we had been using in the past is being managed securely in accordance with legal requirements. Such equipment is being gradually disposed of through Japan Environmental Safety Corporation (JESCO).

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.

Also, in regard to revisions of environmental laws and regulations - namely, the Act on the Rational Use of Energy, the Act on Promotion of Global Warming Countermeasures, the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof and the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc. - the Environmental Conservation Office collects and manages information from administrative agencies and industrial associations to keep the related functions updated about such information.

There were no violations resulting in a fine or other penalties during 2013.

Pollution Prevention

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*¹ 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*² for each business location and available on Lion's website. Domestic emissions of PRTR substances in 2013 rose by

18% compared to the 2010 level, and VOC emissions fell by 20% compared to the 2010 level. The increase in PRTR substance emissions was caused by increased usage of hexanes as a result of increase in production and change in the manufacturing process.

We will continue to take initiatives with the goal of reducing PRTR substances and VOC emissions by at least 15% and 25%, respectively, for 2014 as compared to their 2010 level by improving the manufacturing process.

***1: COD** stands for "Chemical Oxygen Demand" and is an indicator of water contamination measuring the amount of oxygen required to oxidize and break down organic substances in water.

***2: Site reports**

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

Enhancing Group-wide Management of Chemical Substances

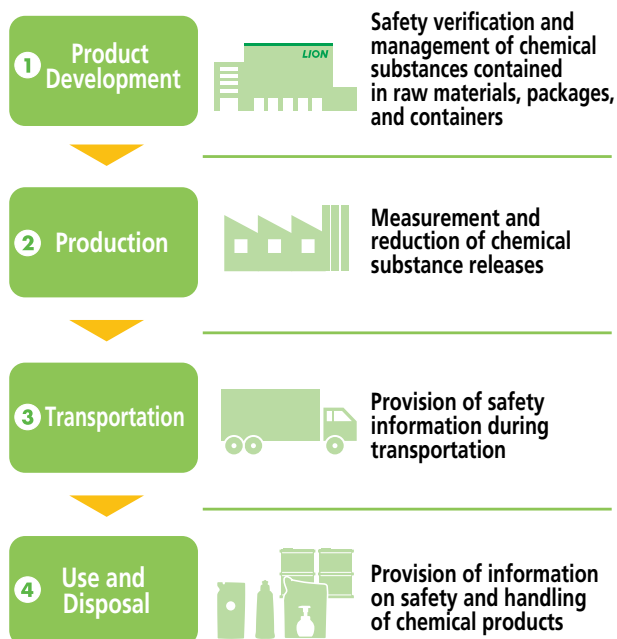
Appropriately Handling Chemical Substances*

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

***: Appropriately Handling Chemical Substances**

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

Lion's Chemical Substance Management



● Responsible Care Activities at the Chiba Plant

Lion is actively promoting a dialogue with the local communities as a member of the Responsible Care Committee of the Japan Chemical Industry Association.* Our individual plants set up opportunities for dialogue that suits the characteristics of each region and communicate with regional stakeholders.

In February 2013, members of the Chiba Plant talked with local residents under the theme of "Security and Disaster Prevention, including Responses to Earthquake and Tsunami" at the Chiba District Regional Dialogue Forum that was held in Goi Hall in the city of Ichihara, Chiba under the auspices of the Japan Chemical Industry Association. A total of around 190 people (local residents, citizens' organizations, schools, administrative agencies, etc., and companies in the neighborhood) participated in this forum. After providing a tour at our Chiba Plant for interested participants, there was a briefing on specific examples of our safety and environmental activities, which was followed by exchanges of opinions with local residents.

We will continue to have on-going communications with communities to deepen mutual understanding with local citizens.



Chiba District Regional Dialogue Forum

[Responsible Care]

A voluntary management activity performed by a business entity that is handling chemical substances, whereby the "environment, safety and health" over all processes of product manufacturing, distribution, use, final consumption, disposal and recycling are ensured, and the results of such activities are disclosed and dialogues and communications are exchanged with society.

*** The Japan Chemical Industry Association**

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

Eco Vision 2020 performance

Categories				Performance in 2013		Target value for 2014, V-1 Medium-range plan target (2014)		Target value for 2020 (final target of Vision 2020)	
Realizing a Low Carbon Society	Greenhouse gases (domestic)	Within the company	1	Reduction of greenhouse gases from business activities	Emission intensity per unit total revenue 1% reduction (compared to 2010) 23% reduction (compared to 1990) (Absolute quantity: 29% reduction compared to 1990)	Emission intensity per unit total revenue 23% reduction (compared to 2010) 40% reduction (compared to 1990) (Absolute quantity: 39% reduction compared to 1990)	Emission intensity per unit total revenue 34% reduction (compared to 2010) 49% reduction (compared to 1990) (Absolute quantity: 40% reduction compared to 1990)		
		Outside the company	2	Reduction of greenhouse gases from post-use products	Emission intensity per unit total revenue 3% increase (compared to 2010) 47% reduction (compared to 1990) (Absolute quantity: 49% reduction compared to 1990)	Emission intensity per unit total revenue 4% reduction (compared to 2010) 51% reduction (compared to 1990) (Absolute quantity: 48% reduction compared to 1990)	Emission intensity per unit total revenue 9% reduction (compared to 2010) 53% reduction (compared to 1990) (Absolute quantity: 41% reduction compared to 1990)		
	Greenhouse gases (overseas)	Within the company	3	Reduction of greenhouse gases from business activities, overseas	Emission intensity per unit of production 3% reduction over three years	Emission intensity per unit of production 1% reduction year-on-year	Emission intensity per unit of production 1% reduction year-on-year		
		Outside the company	4	Reduction of greenhouse gases from post-use products, overseas	Reduction of 47 thousand tons annually	—	Reduction of 100 thousand tons annually		
Realizing a Sound Material-Cycle Society	Water	Within the company	5	Reduction of water use in business activities	Water use per unit total revenue 6% reduction (compared to 2010) 27% reduction (compared to 2000) (Absolute quantity: 32% reduction compared to 2000)	Water use per unit total revenue 9% reduction (compared to 2010) 30% reduction (compared to 2000) (Absolute quantity: 29% reduction compared to 2000)	Water use per unit total revenue 15% reduction (compared to 2010) 35% reduction (compared to 2000) (Absolute quantity: 23% reduction compared to 2000)		
		Outside the company	6	Reduction of water usage using our products	Water use per unit total revenue 2% reduction (compared to 2010) 36% reduction (compared to 2000) (Absolute quantity: 39% reduction compared to 2000)	Water use per unit total revenue 14% reduction (compared to 2010) 43% reduction (compared to 2000) (Absolute quantity: 39% reduction compared to 2000)	Water use per unit total revenue 17% reduction (compared to 2010) 45% reduction (compared to 2000) (Absolute quantity: 33% reduction compared to 2000)		
	Waste		7	Zero emissions within the company	Zero emissions at nine domestic production sites out of ten	Zero emissions at all domestic production sites	Zero emissions at all domestic production sites and offices		
	Waste water discharge		8	Recycling of factory wastewater discharge	—	—	Recycling of wastewater*1 by 95% or more at multiple plants		
Harmonizing with Nature	Procurement	9	Procurement of plant-derived oils that take biodiversity conservation into consideration	Obtain RSPO*2 Supply Chain certification and purchase certified oils	Obtain RSPO Supply Chain certification and start purchasing certified oils	All palm oils purchased to be RSPO certified (2015)			
	Biodiversity	10	Increase biodiversity conservation activities	Carried out in all Lion's factories	Carried out in all Lion's factories	Carried out in all domestic sites			
Education	Awareness and Education in the Society	11	Environmental awareness and education for consumers	1.2 times (compared to 2010)	50% increase in consumer participation in our awareness activities (compared to 2010)	Doubling the number of consumer participation in our awareness activities (compared to 2010)			

*1: Wastewater from production processes

*2: Roundtable on sustainable palm oil

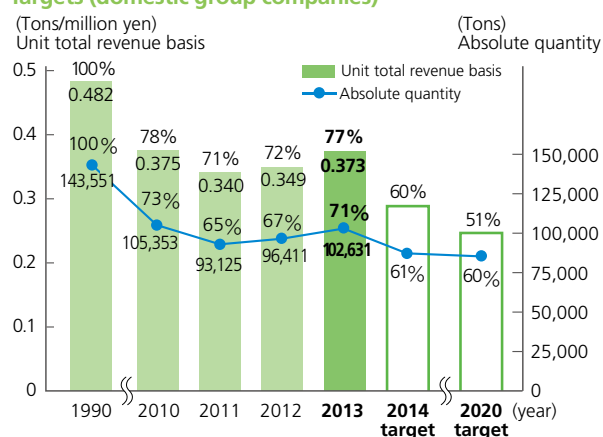
Realizing a Low Carbon Society

Reduction of greenhouse gases (domestic group companies)

● Reducing CO₂ Emissions from Business Activities

Lion worked to reduce CO₂ emissions through persistent energy-saving measures in addition to making laundry detergent more compact, a review of production process by the production division and introduction of energy-saving equipment during facility renewals. Furthermore, the entire company including the administrative & sales division and the R&D division advanced activities to promote energy-saving activities. However, as CO₂ emission factors of each electric power company in Japan have increased, CO₂ emissions in 2013 increased from a year earlier while decreasing by 23% on emission intensity per unit total revenue compared to the 1990 level (or reduction by 29% versus the 1990 level on absolute quantity basis).

Business Activity-caused CO₂ Emissions Reductions and Targets (domestic group companies)

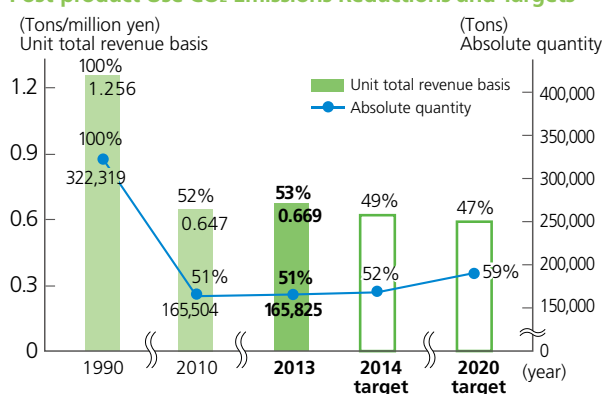


● Reducing CO₂ Emissions after Product Use

Lion focuses on ways to reduce CO₂ emissions generated after product use through its product-related research and development activities. Specifically, we have been working on making products more compact and replacing petroleum-based surfactant ingredients with plant-based ingredients that do not lead to an increase in CO₂.

The CO₂ emission intensity per unit total revenue in 2013 fell 47% , or 49% on an absolute quantity basis, compared to the 1990 level. Although emissions rose slightly due to temporary fluctuations in the product mix, we are proceeding with our activities to achieve the goal of reducing CO₂ emissions (as compared to the 1990 level) by 51% in 2014 and 53% in 2020 on emission intensity per unit total revenue.

Post-product Use CO₂ Emissions Reductions and Targets



● Initiatives in Logistics

Lion works to reduce CO₂ emissions and energy consumption intensity through efforts to improve logistics efficiency such as increasing the size of transportation trucks and improving the transport loading rate, and pursuing modal shifts such as alternation from truck transportation to transportation by rail or ship.

In 2013, the modal shift rate for all traffic volume was 22% (23% in 2012), and 71% (72% in 2012) for long-distance transport over 500 km, remaining generally unchanged from the past year. With the ratio of transportation by rail of 63%, which significantly exceeds the Eco Rail Mark* certification level of "15% or more," a certification has been obtained.

As a result, we reduced total CO₂ emissions from logistics by 3.0% from the previous year to 18,113 tons. Furthermore, with the reduction of specific energy consumptions by 7.6% over a seven-year period, Lion's target for year-on-year reduction of 1% or more was achieved.

*: **Eco Rail Mark System** is a system under which a company using more than a certain level of rail cargo transportation at the time of transporting products, or such company's products, can be certified.

*: **Information on Eco Rail Mark as promoted by the Ministry of Land, Infrastructure and Transport and Tourism**

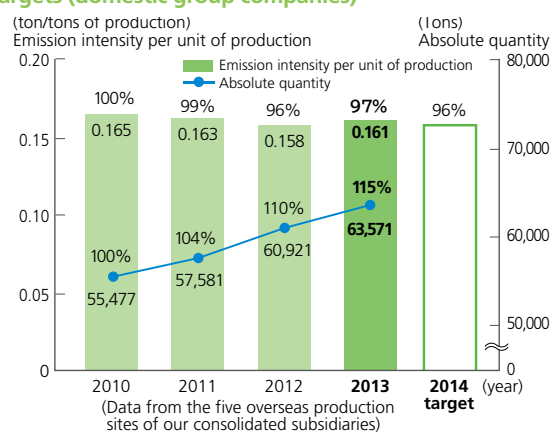
URL <http://www.mlit.go.jp/tetudo/ecorailmark/ecorailmark-english.html>

Reduction of Greenhouse Gases (overseas group companies)

● Reducing CO₂ Emissions from Business Activities

CO₂ emissions from our business activities overseas have increased compared to the previous year due to an increase in production volume. However, CO₂ emission intensity per unit of production fell by 3% over a three-year period. We will continue to focus on the reduction of CO₂ emission intensity by 1% or more every year.

Business Activity-caused CO₂ Emissions Reductions and Targets (domestic group companies)



● Reducing CO₂ Emissions after Product Use

Reduction of CO₂ emissions overseas after product use will be promoted by selling our proprietary plant-derived detergent materials (MES)* to users overseas. The reduction amount of CO₂ emissions is calculated by assuming that the conventional petrol-derived detergent materials (LAS)* have been replaced by MES.

In 2013, Lion contributed to a reduction of 46,600 tons of CO₂. In the future, we will promote our activities toward our 2020 goal of reducing 100,000 tons annually.

*: **MES** stands for Methyl Ester Sulfonate.

*: **LAS** stands for Linear Alkylbenzene Sulfonate.

Realizing a Sound Material-Cycle Society

Reduction of wastes

● Zero Emissions within the Domestic Group Companies

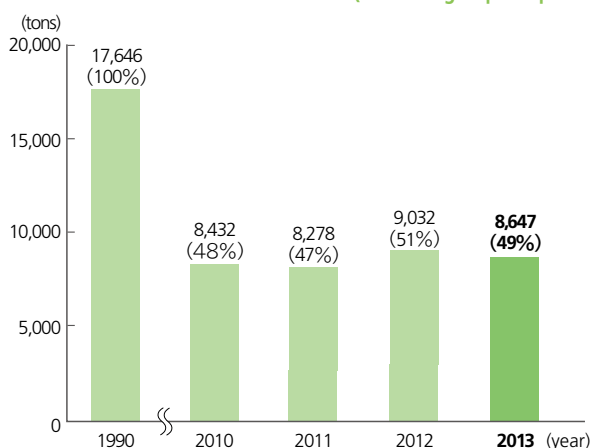
In 2013, total waste generation of the domestic group companies was down 51% compared to the 1990 level, falling from the previous year's level, as a result of our continued efforts to separate of wastes by type and their conversion into valuables. We will make further efforts to reduce the waste generation.

In 2013, the domestic group companies reduced the final waste disposal amount by 99% compared to the 1990 level. Since 2007, we have continuously attained the target set by Keidanren (the Japan Business Federation), which is the reduction of 89% or more by 2015 compared to the 1990 level.

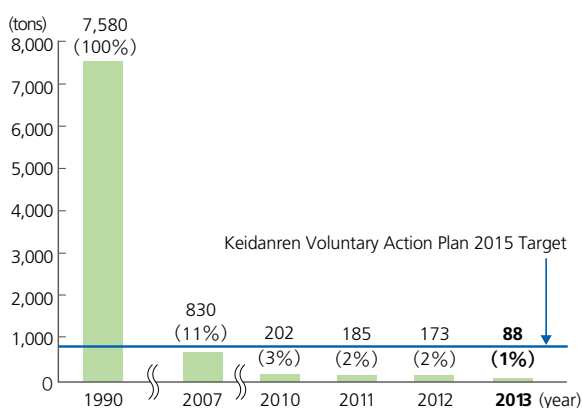
All of Lion's four plants also attained zero emissions status in 2002, and have maintained such status since then. Among domestic group companies, five out of six production sites have continued to achieve zero emissions. However, the recycling ratio of one production site that handles ammoniac sludge, which generates odor during disposal, was 93%, falling short of the target of 99%.

We will further review the processing method and aim to attain zero emissions status regarding all the domestic production sites by 2014.

Performance of Total Waste Generation (domestic group companies)



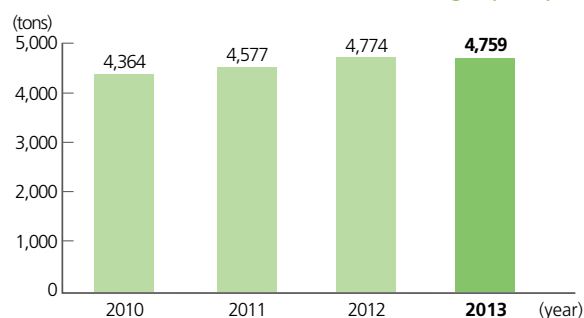
Performance of Final Waste Disposal (domestic group companies)



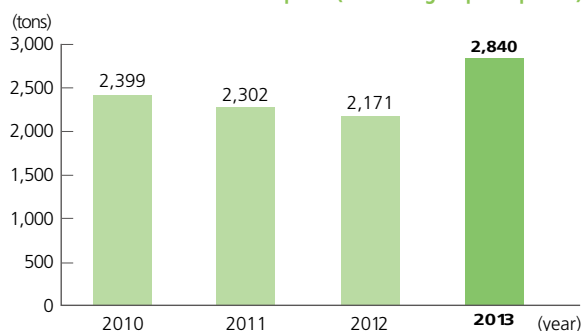
● Performance of Total Waste Generation (overseas group companies)

For the volume of wastes overseas in 2013, total waste generation remained on par with that of the previous year despite an increase in production volume, as a result of an effort to reduce wastes. However, because of slowdown in the recycling process, the amount to be recycled decreased, causing an increase in the final disposal volume.

Performance of Total Waste Generation (overseas group companies)



Performance of Final Waste Disposal (overseas group companies)



Case of a Zero-Emission Initiative at a Domestic Plant (Akashi Plant)

Lion is driving reduction and recycling of wastes as per the vision set out in the Fundamental Law for Establishing a Sound Material-Cycle Society.

At the Akashi Plant, the sludge that is generated in connection with wastewater processing is being recycled into artificial sand (ARC sand) with the cooperation of a recycling facility at the Sainokuni Resource Recycling Plant (Saitama Prefecture). The ARC sand is being reused as materials for lower-layer roadbed, weed control material, water quality improvement material, etc.

We will further promote recycling of wastes with a view toward realizing zero emissions at our production plants.



Wastewater processing facility at the Akashi Plant



Artificial sand (ARC sand)

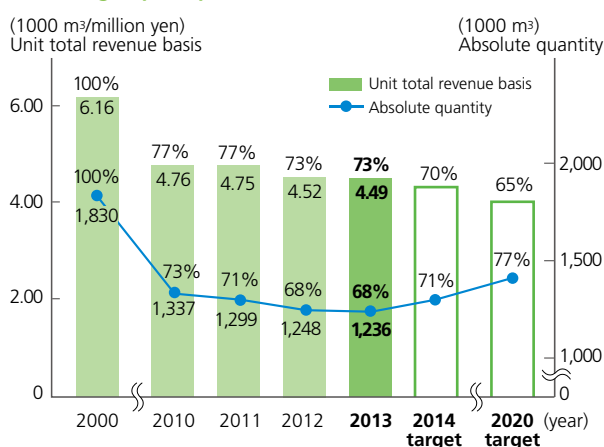
Reduction of Water Usage

● Reduction of water usage in business activities (domestic group companies)

Lion continuously keeps a close watch on water usage and wastewater volume and works to reduce water usage through cyclic use and lower environmental impact. In Japan, we have continued to focus on the reduction of water used in the washing process, and, as a result, the water consumption per unit total revenue was down 27%, or 39% on an absolute quantity basis, compared to the 2000 level, remaining unchanged from the previous year.

Further efforts will continue to be made in 2014 for protecting water resources through reducing water consumption per unit total revenue by 30% as compared to the 2000 level as well as through the reuse of recycled plant effluent.

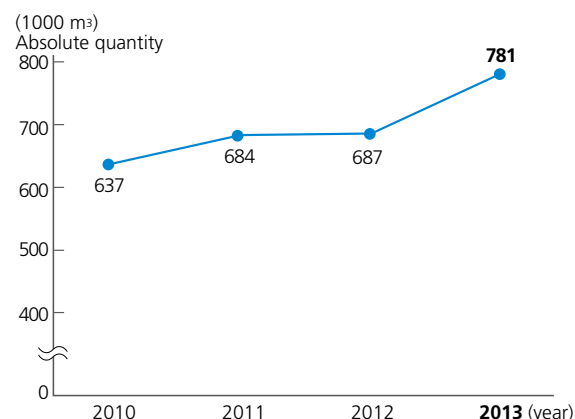
Performance of Water Use in Business Activities and Targets (domestic group companies)



● Performance of Water Use in Business Activities (overseas group companies)

As for performance overseas in 2013, water consumption increased with the increase in production volume.

Performance of Water Use in Business Activities (overseas group companies)



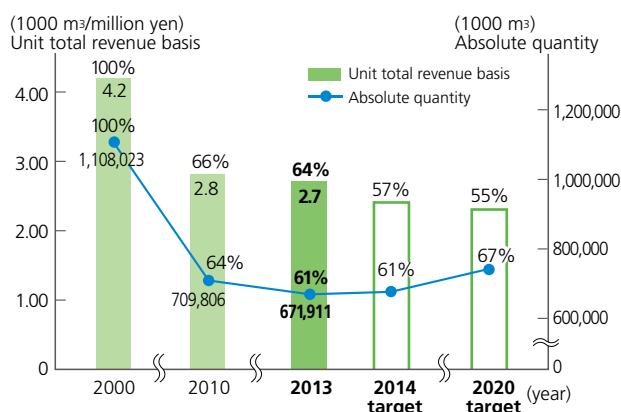
● Reduction of Water Usage Using Our Products

Lion is also focusing on reduction of water usage during product use by our customers. For example, although conventional products expect laundry to be rinsed twice, Lion is promoting the use of laundry detergents that require just one rinse.

Water consumption per unit total revenue in 2013 was down 36%, or 39% on an absolute quantity basis, compared to the 2000 level.

By 2014, we will proceed with the development of new products and technologies with the aim of reducing water consumption per unit total revenue by 43% compared to the 2000 level.

Reduction of Water Use during Product Use and Targets (domestic group companies)



Lion Products Useful for Saving Water Use

Top NANOX, Top HYGIA



They are laundry detergents that require only one rinse since the foam from the detergents washes off quickly, easily removing cleaning agents from the laundry.



"Ofuro no Look" (Bath Cleaner)

This is a bath cleaner that saves water usage by around 90 liters (or 30%) per month as the foam from the detergent washes off quickly.

* Comparison with Lion's conventional products, as researched by our research institute



CHARMY Crysta Clear Gel

This is a dishwashing detergent that will leave dishes and inside of dishwashers spotless, even under a high-speed setting, with its strong detergency.

Harmonizing with Nature





Approach to Biodiversity Conservation

Lion has assumed a leading role in tackling water-related environmental issues such as bubble floating occurred in rivers and eutrophication of waterways linked to the use of detergents, and has considered biodiversity conservation at each stage from raw material procurement to disposal. However, in order to receive and preserve the blessings of biodiversity into the future, it will be mandatory for us to coordinate with local communities to focus on conservation of biodiversity and promote sustainable use thereof. Also, it is important to promote a shift in lifestyle of consumers through products that take biodiversity into

consideration, and to contribute to the realization of a society harmonizing with nature.

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

Overview of Our Business Activities Taking Biodiversity Conservation into Consideration

Biodiversity on which Lion relies		Watershed* ecosystem in raw material origination sites	Watershed ecosystem in which our plants are located	Watershed ecosystem where consumers reside	
Corresponding stages of value chain		Procurement of raw materials, packages, and containers 	Production 	Use by consumers 	Disposal by consumers 
Key natural resources used by Lion		Plants used as raw materials (oil palms etc.)	Cooling water and raw water used for equipment cleaning etc. which are used in plants	Service water at the time of using our products	—
Possible major impact of our activities on biodiversity		Impact on natural environments of palm oil growers and local communities (water contamination and impact on wildlife habitat as caused by illegal leveling of tropical forests)	Impact of underground water intake by plants on surrounding natural environments and local communities Impact of wastewater from plants on surrounding natural environments and local communities Impact of light and odor from plants on surrounding natural environments and local communities	Impact of water intake by consumers on surrounding natural environments and local communities	Impact of wastewater and waste packaging materials from consumers on surrounding natural environments and local communities
Biodiversity conservation activities	Activities to reduce the risks	Promotion of procurement of sustainable palm oils (participation in RSPO, RSPO-certified oils) ⇒ For related information, see p34	Conservation of river and other ecosystems by implementing purification technologies on discharged wastewater. ⇒ For related information, see p33 Reduction of plant wastes ⇒ For related information, see p30-p33	Development of water-saving detergents ⇒ For related information, see p31 Development of highly biodegradable detergents ⇒ For related information, see web*2	Surveying environmental impact of surfactants ⇒ For related information, see p32
	Activities to expand the opportunities	—	Conservation and monitoring of habitat on the watershed where factories are located (Activities to protect endangered loggerhead sea turtles, activities related to biotopes, etc.) ⇒ For related information, see p33	Educational activities regarding care of water and natural environments (forest improvement activities by the name of Lion Yamanashi Forest, conducting Rainwater Utilization Ideas Contest, conservation of river environments through the Top Eco Project,*3 water-related environmental research support through Japan Society on Water Environment). ⇒ For related information, see p44-web*2	Promotion of 3Rs (refills, condensing of content to make products more compact, and development of containers, e.g., recycled PET and containers with thin-wall molding) ⇒ For related information, see p41

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

*2: **Great properties of MES** [URL](http://www.lion.co.jp/ja/csr/env/resources/) <http://www.lion.co.jp/ja/csr/env/resources/>

*3: **Top Eco Project** is a project in which 1 yen per product of Top Platinum Clear is donated to the Let's Make Beautiful Rivers fund.

*4: **Natural Protection Activities** [URL](http://www.lion.co.jp/ja/csr/community/conservation/) <http://www.lion.co.jp/ja/csr/community/conservation/>

Surveying Environmental Impact of Surfactants MES, MEE, etc.

Nearly all of Lion's products end up being discharged into rivers, streams and other waterways after use. We assess such discharges 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 have 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 performed by the Japan Soap and Detergent Association.* Thus far, studies have found that the risk of wildlife being harmed is extremely low.

As plant-based 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.

In 2013, we reported on the "Estimation of Aquatic Environmental Concentration and Ecological Risk Assessment of Methyl Ester Sulphonate(MES)" at the 47th conference of Japan Society on Water Environment in Osaka.

*1: **The latest data on 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

*2: **47th annual conference of Japan Society on Water Environment held under the auspices of Japan Society on Water Environment.**
[URL](http://www.jswe.or.jp/eng/event/lectures/2012en.html) <http://www.jswe.or.jp/eng/event/lectures/2012en.html>

Biodiversity Conservation Activities at Each Business Location

All our sites are implementing activities to conserve biodiversity. Notably, our plants take up large areas and use many different raw materials, packages, and containers. Since the impact rendered by those plants on the surrounding natural environments and local communities may be significant, we are proactively implementing activities to conserve biodiversity in the surrounding watersheds where plants are located, so that the benefits of biodiversity can be received across the local society.

● Conservation of river and other ecosystems by implementing purification technologies on discharged wastewater

Ipposha Oil Industries' Ono Plant is surrounded by a rich natural forest. The rainwater that is collected on the premises of the plant is purified to fall within the specified limits before being released into a pond nearby. The pond is rich with aquatic organisms like water shields. Since the neighborhood is where "Yamadanishiki," rice suited for sake brewing, is produced, sufficient care needs to be exercised for water quality control.



Hirose Valley No.3 Pond located near the plant

The quality of water in the pond is examined every month. We submit the water quality data to the administrative agency, and give explanations at meetings of the local community so as to gain the trust of the local community.

● Reduction of Plant Wastes

Lion Chemical Co., Ltd.'s oleochemical production site converts sludge into usable materials. Since land reclaimed to bury industrial wastes are very few in Kagawa Prefecture in which the site is located, sludge remaining from wastewater processing at the plant is not processed as industrial waste, but is reused as cement material. This way, industrial wastes are reduced and impacts on natural environments and local communities are minimized.



Sludge being used as cement

● Conservation and Monitoring of Habitats on the Watershed Where Factories are Located

Lion's Osaka Plant is located in the Sakai Senboku Coastal Industrial Zone, which was developed from the 1950s. The beaches that had been there before the development were the nesting place of loggerhead sea turtles, thus, Lion is engaged in activities to protect loggerhead sea turtles. Under the guidance of the nonprofit organization, Sea Turtle Association of Japan, the Osaka Plant prepares the environment for nesting and takes part in activities to survey the hatching rate and DNA at Senrinohama in Wakayama Prefecture, which is the largest nesting place in the main island of Japan for endangered loggerhead sea turtles.



Support for Loggerhead Sea Turtle Protection

In order to protect biodiversity in the areas in which the plant is located, Lion's Chiba Plant built a biotope called Chiba LEO TOP on its premises in October 2011 with advice from specialists in the field. To build the natural environment, the plant employees visited woodlands and rice fields in the neighborhood and collected wild grass, aquatic plants, black snails, freshwater mussels, etc. of Ichihara City and planted or released them in the Chiba LEO TOP for cultivation. Two years have now passed, and



Chiba LEO TOP

we observe the flora and fauna of the area gradually increasing. Also, as part of our environmental education, the Chiba LEO TOP is being fully used as a stop along the plant tour.

● Biodiversity Conservation Activities at Each Business Location

With cooperation of specialists in biodiversity, we ascertain the natural environments surrounding all our sites including of domestic Lion Group sites to evaluate risks and opportunities and to clarify targets of all of our biodiversity conservation activities at our sites.

Information Exchange Meetings Regarding Biodiversity Conservation Activities

In March 2014, employees that are in charge of initiatives to promote biodiversity conservation activities at our sites got together to exchange information. The meeting provided an opportunity to exchange information on biodiversity conservation activities at individual sites, attend the lecture on biodiversity by Dr. Fumiaki Nagaishi from Ecology Pass Co., Ltd. (part-time teacher, Department of Agriculture, Tokyo University of Agriculture and Technology), who is a specialist in biodiversity, and exchange opinions about activities at individual sites.



Participants at the information exchange meeting

Introduction of websites

- To protect the Earth's environment (The Environment) <http://www.lion.co.jp/ja/csr/env/>
- Eco Every Day for Life <http://www.lion.co.jp/ja/csr/env/ecolion/>
- Overview of environmental impact of Lion's business activities/environmental accounting/eco-efficiency <http://www.lion.co.jp/ja/csr/env/products/>
- Environmental communication <http://www.lion.co.jp/ja/csr/env/communication/>

Promoting CSR Activities throughout the Value Chain

Basic Approach

The Lion Group Charter for Corporate Behavior stipulates the following: "observing both the spirit as well as the letter of all the laws and international rules"; "compliance with Public Rules"; "engaging in fair, transparent and free competition and sound transactions"; and "maintaining sound and proper relationship with government and political bodies." Also, in its Behavioral Guidelines, Lion clearly states that it respects intellectual properties of others and will never obtain or

use any of them illegally, and that it ensures its suppliers to observe laws and regulations. The Lion Group Charter for Corporate Behavior and the Behavioral Guidelines are found on our website and are also accessible to our stakeholders in and outside of the company. Also, Lion has expressed its support for the ten principles of the UN Global Compact since 2009, and made it clear that the company is serious about preventing bribery and corruption.

CSR Procurement Initiatives throughout Value Chains

In our initiative across the value chain, we believe it is one of our material issues to enhance our partnerships with material suppliers and outsourcing contractors. In order to alleviate negative impact of our business activities on the environment and society and sustainably develop mutual operations, both our suppliers and our company need to revitalize CSR

activities.

Also, regarding the palm oils used in methyl ester sulfonate (MES), which is an environmentally-friendly surfactant and plant-based detergent material independently developed by Lion, it is critical to promote replacement with palm oils that can be sustainably procured.

Aiming for Sustainable Procurement of Palm Oils

We are actively promoting the utilization of plant-based materials as carbon neutral materials. As one of the plant-based materials, we are using palm oil that is being produced in the largest quantity of all globally. Palm oils are being produced mainly in Malaysia and Indonesia.

Palm oil plants are productive and the oils can be harvested throughout the year, with the production volume increasing year after year. However, at the production origin, as a result of the sudden explosion of production, a number of issues have arose such as the leveling of tropical forests for development of new farms and the shrinking of wildlife habitat. Also, terrible labor conditions with very little consideration for health and labor safety in inappropriate farm operations, very low wage, improper treatment of migrant workers, child labor and many other labor-management issues lacking social fairness have been raised.

Lion has been a member of the Roundtable on Sustainable Palm Oil (RSPO^{*1}), which makes efforts toward solving all the above-mentioned issues, from 2006. In 2012, Lion Chemical Co., Ltd.'s oleochemical production site passed the supply chain certification system inspection and was certified as a plant that is allowed to handle RSPO-certified palm oils. As a result of this, Lion started procuring RSPO-certified palm oils in 2012. In 2013, we procured 2,000 tons of certified palm oils by the mass balance method,^{*2} which is one of the certified methods. We have set as our goal to complete the switching of all palm oils being used to certified palm oils by the end of 2015. We will continue with our effort to procure sustainable palm oil into the future.

***1: RSPO (Roundtable on Sustainable Palm Oil)**

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

***2:** For the certification of palm oils, there are three certification models and one securitization model to reflect the complicated supply chain of palm oils. The mass balance method is a certification model for transactions in which certified palm oils from certified growers are blended with non-certified palm oils. In physical terms, the product contains non-certified palm oils, but the ratio is strictly recorded up to the final stage. Thus, the initial purchase of certified palm oils is warranted.



Storage tanks for certified palm oils

RSPO supply chain certification for Lion Chemical Co., Ltd.

RSPO Certification

RSPO sets forth 8 principles and 43 criteria that apply to sustainable palm oil production, including with regard to "environmental responsibility and conservation of natural resources and biodiversity," "responsible development of new plantations" and "responsible consideration of employees and individuals and communities affected by growers and mills," and only certifies palm oils produced in compliance with the principles set forth for sustainable palm oil.

Promotion of CSR with Material Suppliers and Outsourcing Contractors

We instituted the Basic Policy Regarding Purchasing in 2005 and have since been procuring raw materials, packages, and containers, and products as per such policy. In 2008, we established the Procurement Principles that clarified our social and environmental considerations and communicated them to material suppliers and outsourcing contractors in and outside of the country. We also conducted a questionnaire survey about their corporate activities regarding compliance and legal compliance, product service quality and safety, environmental considerations, labor and human rights and fair business transactions.

As a result of this survey, we decided that it is important to share CSR information and know-how with our material suppliers and outsourcing contractors and work on CSR activities through mutual cooperation with them. Thus, we revised our Procurement Principles in 2013 and made clear about our stance to include in our considerations legal compliance, environmental conservation and respect for human rights in addition to product quality, cost and delivery in choosing our material suppliers and outsourcing contractors, and communicated such revisions to them.

Also, we established the Lion Group Supplier CSR Guideline in relation to CSR activities performed by material suppliers and outsourcing contractors, so that they could use such guideline as a checklist to keep track of items. In establishing the guideline, we narrowed down the self-check items to key items for ease of use, and established a three-stage checking criteria that correspond to the degree of initiative. A glossary of terms was also provided. For material suppliers and outsourcing contractors who submitted their self-check results, we reported the

aggregate results for comparison, and requested further improvement if any areas to be improved have been found.

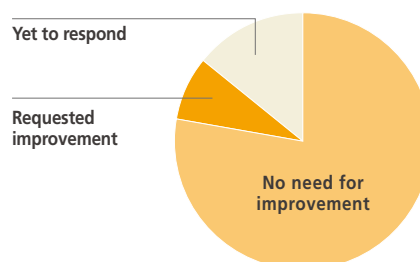
To promote CSR procurement on a continual basis, we will work on the survey system to allow more efficiency in both self-check and feedback of results.

* Procurement Principles

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

Aggregate Results of Overall Self-checks Based on the Lion Group Supplier CSR Guideline

Coverage: Total of 640 companies (Domestic : Overseas = 84 : 16)



Outline of Results

- 78% of material suppliers have no need for further improvements in all items. 8% needed improvement in more than one item. 14% did not respond.
- Items that needed improvement were centered on the "environmental management system" and "freedom of association for employees." However, for items connected to human rights and compliance, none was found to be in need of any level of improvement.
- Out of the 14% that did not respond, 47 companies of which information on CSR could not be confirmed from CSR Reports, etc., will be further approached for cooperation.

Fair Transactions with Outsourcing Contractors

In choosing our outsourcing contractors and establishing the terms of transactions and pricing, we enter into agreements through negotiations based on fairness and transparency. By maintaining and developing fair and good working relationships through co-existence and co-prosperity with outsourcing contractors, Lion delivers products of even better quality in a timely manner.

Also, to ensure full compliance with the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors, we provide training for our employees in the purchasing department. In addition, by participating in external seminars on an on-going basis and sharing the content thereof internally, we make sure that accurate knowledge is being shared with our employees.

Respect for Intellectual Property Rights

As a basic policy regarding intellectual property rights, Lion's Behavioral Guidelines sets forth provisions regarding making efforts to create, properly protect and proactively use intellectual property, respecting intellectual property of others and not acquiring or using

thereof unlawfully.

Also, Lion has established a department that specializes in intellectual property to ensure that intellectual property rights are being exercised properly and that such rights of others are not being infringed.

Introduction of websites

- For correct business operations (Fair Operating Practices) <http://www.lion.co.jp/ja/csr/businesscustom>
- Joint delivery with our competitors/collaboration with wholesalers <http://www.lion.co.jp/ja/csr/businesscustom/valuechain/>

Pursuing Customer Satisfaction by Creating Safe and Trustworthy Products

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 provide products that will satisfy our customers. Specifically, by identifying key requirements for each stage of corporate activity — product planning, product development, manufacturing, sales, and customer support — we are constantly pursuing new heights of customer satisfaction.

During product planning, valuable opinions received from customers are well understood to identify customers' needs.

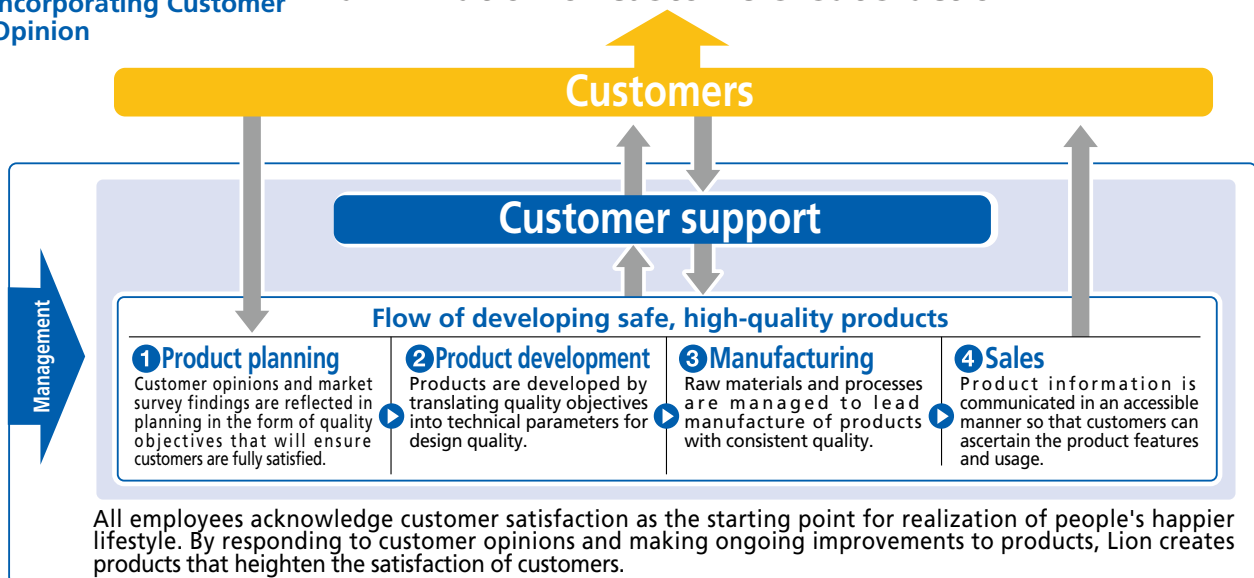
During product development, the quality of developed products is verified in respect to seven metrics such as function and performance. Furthermore, we endeavor to provide clear, easy-to-read labeling for customers.

During manufacturing, thorough quality control is performed 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 explanations about our products and providing samples to wholesalers and retailers.

Product Development Incorporating Customer Opinion

Maximization of customers' satisfaction



Enhancing the Group-wide Quality Assurance System

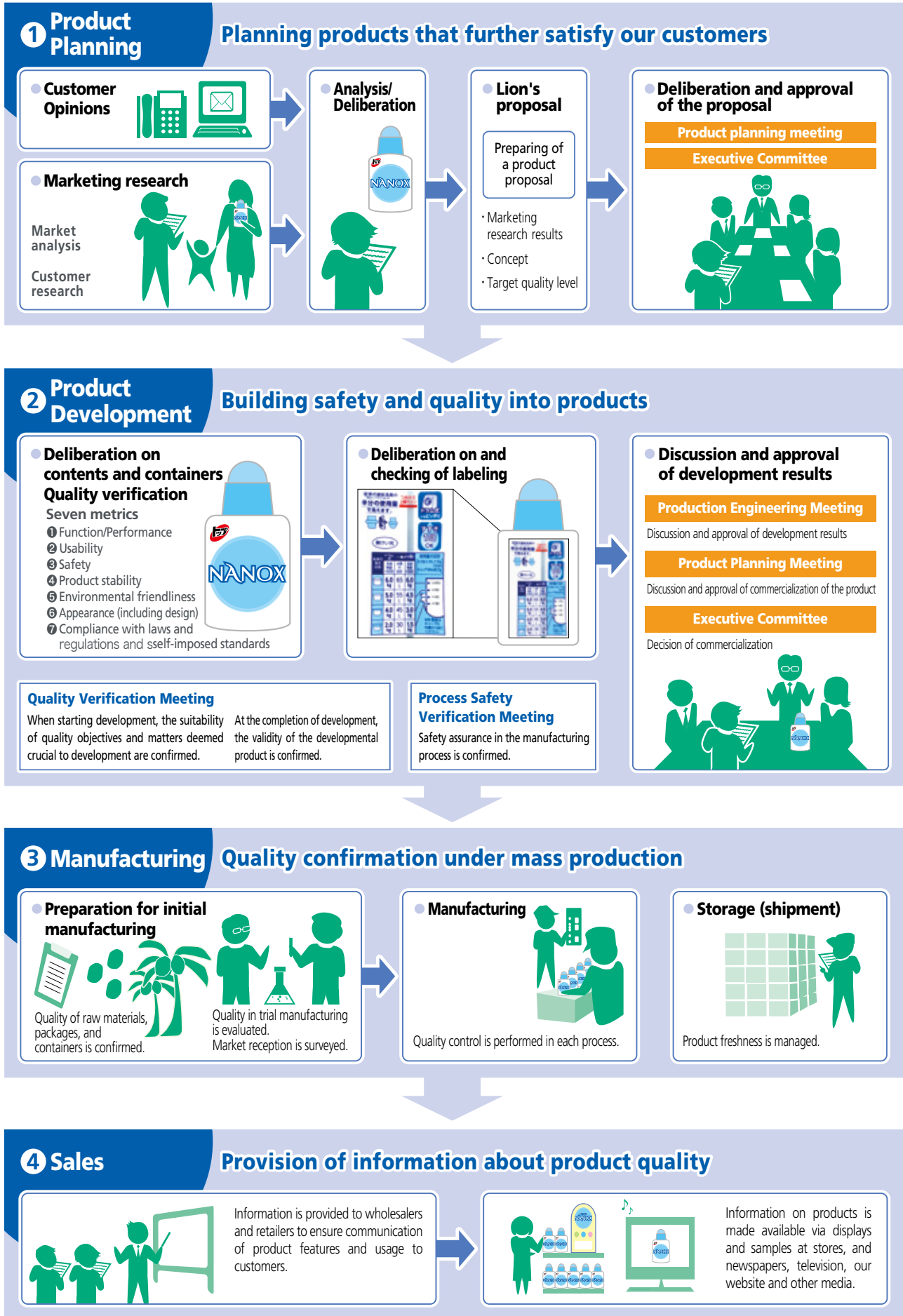
To deliver on our promise of "offering superior products that are helpful in the daily lives of people," we are promoting the manufacturing of safe and high-quality products that can satisfy our customers by putting in place a quality assurance structure based on the Quality Policy that we established in 2008.

In the meantime, as Lion's functional food business grows and the business scale of our group companies expand domestically and abroad, we need to build a structure that promotes the manufacturing of products that respond to customer needs in a broader range of fields.

Also, because of the recent health damage caused by

non-pharmaceutical and cosmetics products of other companies and due to false labeling of foods, the quality requirements being sought by the society continue to rise.

Against this backdrop, we consolidated our pharmaceuticals division and quality assurance division and created a new division named the Pharmaceutical Affairs and Quality Assurance Department in order to build quality assurance and development support structures across all functions of Lion, so that our broad range of fields from consumables and pharmaceuticals to food, as well as our overseas companies, can deliver safe, high-quality products to our customers.



Approach to Safety and Reliability

We evaluate the safety of our products at the raw materials, packages, and containers stage and upon actual use so our customers can use our products without any concern.

● Safety of Materials

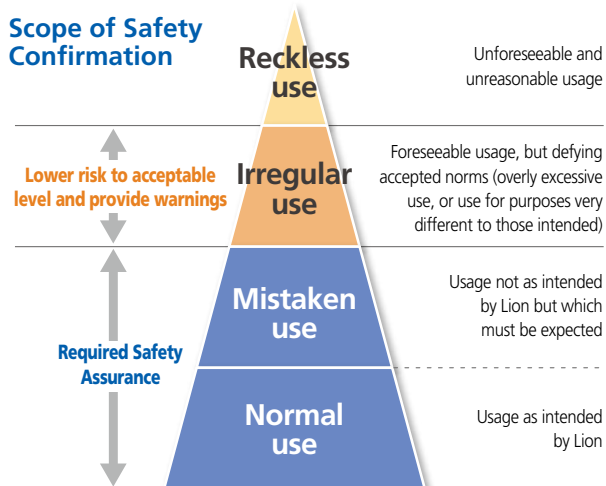
We first examine the materials to determine their safety. As the next step, we determine whether to use a particular material after evaluating the sample and supplier in order to secure quality above a certain level. In using the materials, they are classified into "drugs and food," "quasi-drugs, cosmetics" and "miscellaneous," and their quality is inspected based on the inspection items and testing methods appropriate for each classification before they are actually accepted for use.

● Safety During Product Use

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

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

Also, in Quality Verification Meeting for quality confirmation held with representatives of related functions, we perform checks from the perspective of our customers during their



actual use of our products, in order to prevent damage during product use as well as failure to confirm all safety check items.

In preparation for product trouble possibly occurring, we have in place an internal system to quickly take countermeasures such as product recall.

Structure for Centralized Management of Information on Physical Issues

Even after the inception of the Consumer Affairs Agency of Japan in 2009, we see incident and accident cases caused by some companies being reported in which consumers had physical issues as a result of product use. Business operators are being required to get information on physical issues from customers as soon as possible and to centrally manage such information so proper actions can be taken as promptly as possible.

All information on physical issues reported by consumers of our products is consolidated at our Customer Center for centralized management. The information received is shared with multiple departments concerned, and a structure is in place to respond promptly, including by reporting to top management. We have also created a case list of inquiries regarding the sense of use, safety and constitution of users in which ascertaining information on physical issues is difficult. Furthermore, we have prepared interview questions for those responding to customer inquiries to obtain information from customers in detail so that any possible physical issues can be thoroughly ascertained without fail. Going forward, we will continue to educate those responding to customer inquiries of the importance of centralized management of information, and collect and manage such information.

Labels in Local Languages

To help our customers accurately understand the features of our products, we provide information on usage, ingredients, etc. in the local language according to applicable laws and regulations of the country in which our products are sold.



Thai



Korean



Chinese

Label for Kirei Kirei Hand Soap

Promoting Information Security

For information security, besides the Basic Policy of Our Information Management, the Information Management Regulations and the Information Security Regulations, we have in place the Lion Group Social Media Policy* and basic guidelines to be observed to make sure that we can disseminate appropriate information regarding our employees' use of social media (social network service, blogs, etc.) In addition, we provide education to our employees via e-learning programs on an annual basis to prevent information leakage.

To protect our customers' personal information, we have the Personal Information Management Regulations in place, which is in

conformance with the Act on the Protection of Personal Information that became fully effective in 2005. Our Director of the Board Responsible for Corporate Ethics is assigned as a manager of personal information protection to supervise personal information management of the company in line with such regulations. Also, personal information managers are placed in each department to manage information therein and we have them understand and comply with such regulations.

* Lion Group Social Media Policy

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

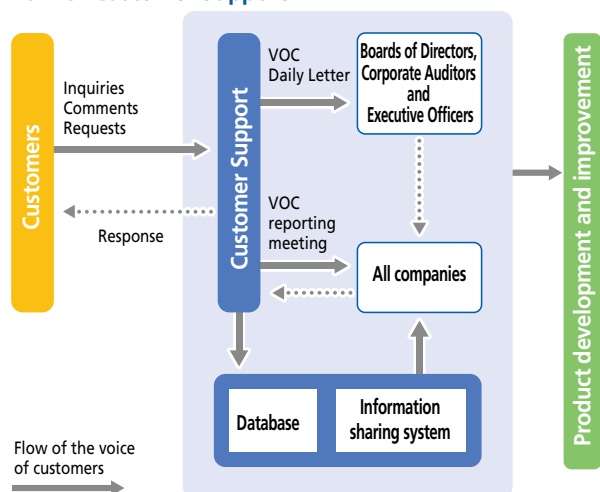
Initiatives to Listen and Respond to Our Customers

The inquiries and points raised by the customers are registered in a database under a stringent personal information management structure and then shared at the corporate level via an information sharing system, excepting personal information, so that such information becomes available for product improvement and new product development. Employees with access rights can confirm the content thereof via the information sharing system.

Among such information, those considered to affect customer satisfaction are passed on to top management on a daily basis via a VOC* Daily Letter, and efforts are being made toward quality enhancement by ascertaining the customers' perspective and through early consideration and handling of improvement measures led by the product planning department. In 2013, we sent out 239 VOC Daily Letters.

*Voice of Customers

Flow of Customer Support



* Product manufacturing that makes the most of the voice of customers
 URL <http://www.lion.co.jp/ja/support/voice/>

Overview of Consultations in 2013

In 2013, we had around 118,000 consultations (a 101% increase compared to the previous year). With the start of offering toll-free telephone inquiries in January 2011, we had an increase in the number of telephone inquiries in 2012 (by 122% compared to 2011), which remained almost at the same level in 2013 as well.

Of such inquiries: 80% were related to product usage, retailers of Lion products and product safety; 11% were related to dissatisfaction with our products, including complaints about the effect, fragrance and taste after product use; and 9% were related to product issues, including detergents which left stains on the floor.

We will continue to create an environment where customers can feel comfortable about consulting us, and we will be true to our customers and respond promptly to customer consultations.

Telephone numbers are also found on our website.

* List of contacts for inquiries

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

Creating a Culture that Makes the Most of the Voice of Customers

Lion focuses on creating a culture whereby all our employees think and act in the customers' shoes.

In 2013, the president of the company, newly appointed directors, middle management researchers and employees from product planning and product packaging and label design creation departments (total of 35 individuals) listened to the recordings of conversations with our customers and answered telephone calls directly from our customers, in order to learn about matters regarding product use that our customers did not know as well as the customers' opinions. Also, in trainings given to employees at the time of their promotion, 113 employees learned about the importance of thinking about business from the customers' perspective through discussions about the contents of customer consultations. Also, we make efforts to share information by reporting the circumstances of consultations at each department's regular meetings.

We will strive to further improve the mindset of our employees so we can continue to offer services from the standpoint of our customers.

Aiming at Offering Services that Guarantees Satisfaction of Our Customers

Lion is providing training to employees in charge of responding to customer inquiries so that they can acquire better skill sets to find out any issues faced by our customers and guide them toward a resolution, as well as broad knowledge about products and anything related to them. In the training, those in charge of responding to customer inquiries discuss various cases and improve the skills of each other, participate in a workshop on health and living which provides the background for using our products, and are given lessons on good articulation and appropriate wording that our customers feel comfortable listening to, so better communications with our customers can be ensured.

To ascertain the level of customer satisfaction regarding our support services, we have conducted a questionnaire survey every year since 2006 with our customers who called in for our assistance. In 2013, we asked around 190 customers by telephone or email to evaluate the quality of our support services and their satisfaction level. The result was that 90% of our customers were satisfied in regard to both items above.

We will continue with our efforts to better communicate with our customers so as to maintain customer satisfaction.

Current Status of Recall of Varsan Hyosatsu Jet

Because the Varsan Hyosatsu Jet for Flying Insects and Varsan Hyosatsu Jet for Crawling Insects led to accidents of catching fire, Lion has been voluntarily recalling such products from August 27, 2007.

As of February 2014, 1.48 million (the rate of recalled products: 45.7%) of such products have been recalled. We would like to ask any of our consumers who still have any of these products to assist in such recall.

Customer Hotline for recall of Varsan Hyosatsu Jet Sprays

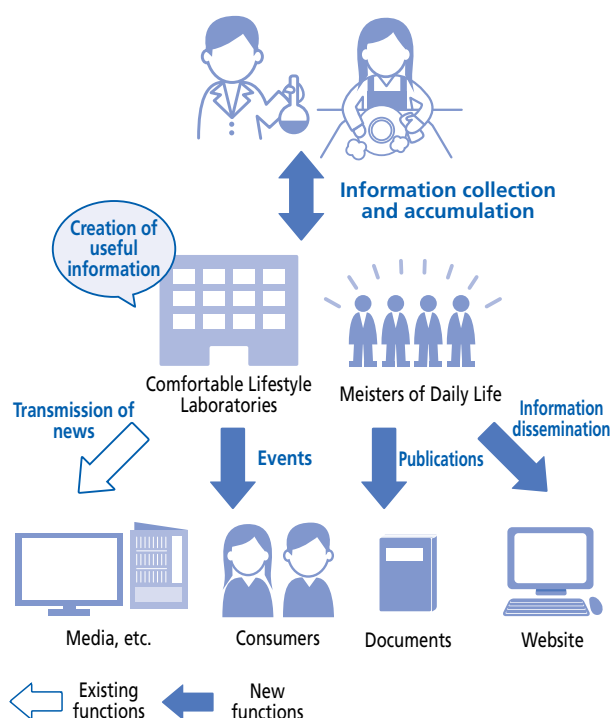
Toll-free: 0120-670-225 Open: 9 a.m. to 5 p.m.

(Except Saturdays, Sundays, year-end/new year's holidays and summer holidays)

Providing Information Useful for Daily Life and Promoting Educational Activities

The Lion Comfortable Lifestyle Laboratories is proactively engaged in communications with consumers, aiming at enhancing the provision of information that contributes to a healthy and comfortable life according to lifestyle and life stages.

Led by Lion's unique specialists called the Meisters of Daily Life, we have created opportunities to communicate with our customers and delivered abundant life-related information through events that we co-sponsored with other companies and our publications and websites. Also, we ascertained our customers' needs through these activities so that such can be taken into consideration in creating information that is of further use in their daily lives.



● Introduction of Activities by Meisters of Daily Life

① Oral Care Meister



Oral care seminars for parents and children by using Clinica which is one of the Lion's toothpaste brands

② Fabric Care Meister



Laundry workshops for newspaper web community members that are held under the theme of Top HYGIA which is the Lion's ultra-compact liquid detergent

③ Health Care Meister



Special workshops for junior high school female students by using Bufferin Luna J which is Lion's analgesics for elementary and secondary school students

④ Living Care Meister



Cleaning workshops for consumers sponsored by the retailer by using the LOOK brand

Voice of the
Person in Charge

The Lion Comfortable Lifestyle Laboratories, Director, Mieko Inoha

Delivering information that is useful for comfortable lifestyles

The Lion Comfortable Lifestyle Laboratories is established with the purpose of not just sending out product information for public relations purposes as in the past, but also offering information that can contribute to comfortable lifestyles of our customers and being useful to our customers. For the point of emphasizing the intersection between Lion and our customers, this organization strongly expresses the special characteristics of Lion.

Our customers' various needs are being met through direct interaction by the Meisters of Daily Life, experts on comfortable lifestyles information, with our customers, and we are able to extract new issues that can be discovered only through direct interaction with our customers.

Also, we are always taking initiatives to improve lifestyles from the customers' perspective by offering information such as at collaborative events with related companies.



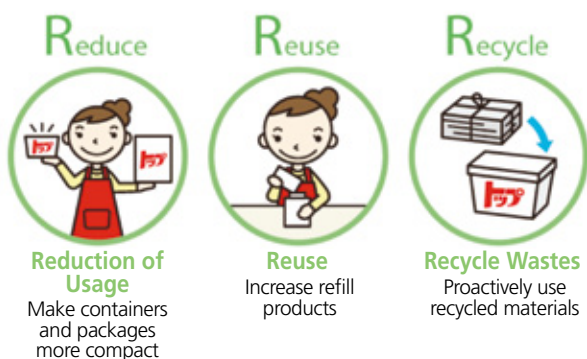
Offering Products and Information that Contribute to the Development of a Sustainable Society

3Rs for Minimizing Containers and Packages

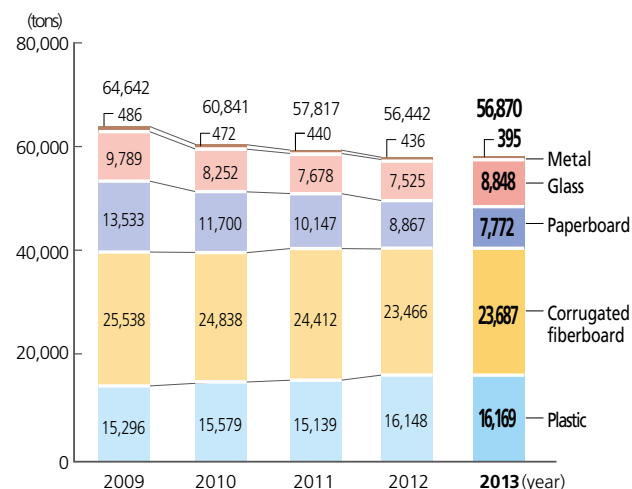
As a focus to minimize containers and packaging materials, Lion is proactively promoting the 3Rs (Reduce, Reuse, Recycle).

For minimizing containers and packaging materials, we have evaluation items established for each stage of "procurement of packages, container materials," "distribution" and "disposal" based on the Lion's eco-standards.

⇒ For related information, see p12-13



Changes in Usage of Lion's Containers and Packaging Materials



Receipt of Booth Grand Award at Eco Products 2013

The Eco Products Exhibition is one of the largest environmental exhibitions in Japan, having 700 exhibitors and organizations, and the exhibition in 2013 was its fifteenth. Since 2010, organizers of the exhibition have been awarding the Eco & Design Booth Grand Award based on the result of overall evaluation, which includes environmental considerations regarding materials used at the booths and pamphlets to be distributed, booth design qualities and understandability of the content. In addition, a top prize is awarded to one of the best booths of the Eco & Design Booth Grand Award.

Our booth provided exhibits under the theme of Environmental Considerations throughout Product Life. Based on evaluation of the following points, we were awarded the top prize. With our continued focus on the environment, we aim to become "an environmentally advanced company."

⇒ For related information, see p12-14



Lion's booth

Points Evaluated

- ① The booth was built with wood from the thinning of plantation forests in the Lion Forest in Yamanashi* and also used environmentally-friendly materials and paint.
- ② 98% of exhibits such as panels are reused or recycled after exhibition.
- ③ Exhibits were consistent with Lion's business portfolio and the enthusiasm of employees providing explanation was felt.

*A forest in Yamanashi Prefecture. Lion has been engaging in forest maintenance activities since 2006.

⇒ For related information, see p44



Award ceremony for the Eco & Design Booth Award Top Prize

Introduction of websites

- In collaboration with our customers (Consumer Issues) <http://www.lion.co.jp/ja/csr/consumer/>
- The Lion Comfortable Lifestyle Laboratories <http://kaiteki.lion.co.jp/>

Co-existing and Co-prospering with Society and Communities/ Contributing to the Development of Society in Health, Comfort and Environment Areas

Basic Approach

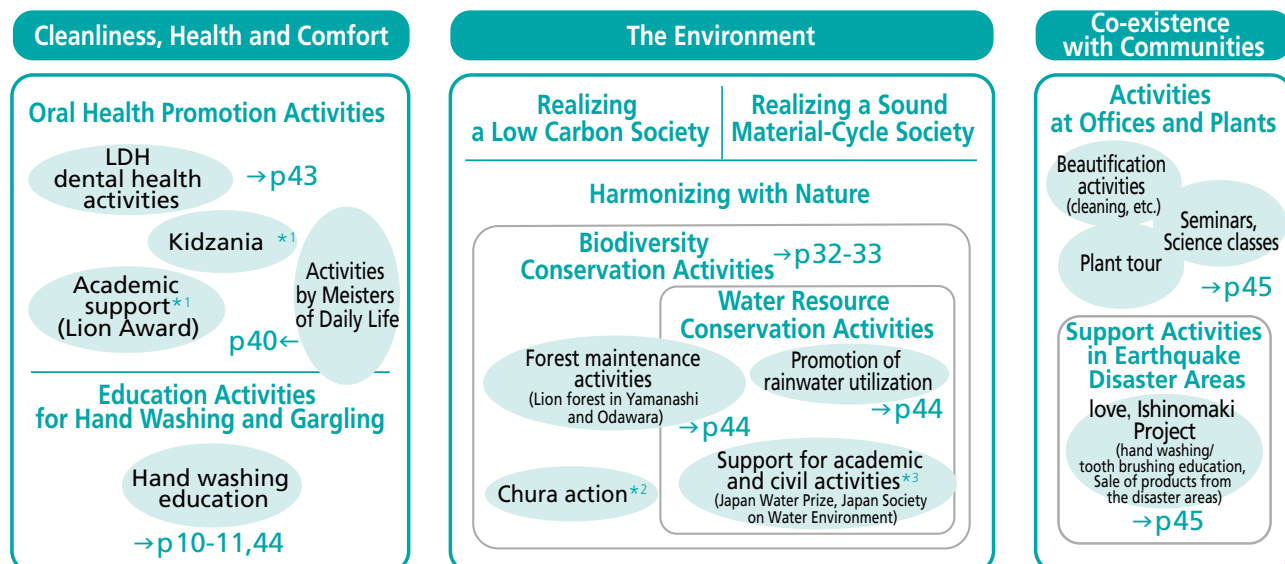
Championing the spirit of our founder Tomijiro Kobayashi, which is to "contribute to the society through business activities," Lion engages in social contribution activities in order to realize improvements in people's lives as well as a sustainable society.

In relation to the business, we focus on "cleanliness, health, comfort," the "environment" and "co-existence with communities," as areas in which we can demonstrate our

strengths, and intend to take an initiative toward solving social issues.

Also, we emphasize that all individual employees maintain strong social awareness and communicate with society on their own initiative, and we are starting many initiatives that encourage our employees to participate in social contribution activities.

Lion's Social and Environmental Contribution Activities



*1: Kidzania, Lion Award [URL](http://www.lion.co.jp/ja/csr/community/oral/) http://www.lion.co.jp/ja/csr/community/oral/

*2: Chura action ("Chura" means beautiful or clean in a dialect of the Okinawa Prefecture of Japan) [URL](http://www.lion.co.jp/ja/csr/env/communication/) http://www.lion.co.jp/ja/csr/env/communication/

*3: Support for water resource conservation, water environment researches, and civil activities [URL](http://www.lion.co.jp/ja/csr/community/conservation/) http://www.lion.co.jp/ja/csr/community/conservation/

● In Cleanliness, Health and Comfort Fields

Along with our provision of products that help build clean, healthy and comfortable lifestyles, we are promoting educational activities in areas of oral health, hand washing and gargling.

Our activities including the Oral Health Promotion Projects mainly promoted by the Lion Foundation for Dental Health (LDH) and the education activities for hand washing and gargling in which our employees take part are centered on educational activities for children who will lead the next generation.

● In the Environmental Field

In the three areas of "realizing low carbon society," "realizing sound material-cycle Society" and "harmonizing with nature," especially activities to achieve "harmonizing with nature" are being promoted together with Eco Vision 2020, which promotes environmental activities toward achieving advanced objectives.

As the company's business is constantly being developed through "washing" under its deep relationship with water, we are committed to educating society on environmental awareness through initiatives to use rainwater and initiating "water resource conservation activities" such as forest maintenance activities and biodiversity conservation activities in which our employees participate.

● In Co-existence with Communities Field

We contribute to the sustained development of communities by valuing co-existence with communities, especially ones deeply connected with our sites. Our employees coordinate with local administrations, NPOs and NGOs to work on local issues.

Our activities to support the reconstruction work after the Great East Japan Earthquake in 2011 center on Ishinomaki city, Miyagi Prefecture, where our founder got back on his feet after overcoming difficulties.

With our main focus placed on "care for children," "support in forming a community" and "support in economic recovery," we engage in activities that draw from our corporate characteristics.

Social Contribution Activities via Foundation

Lion has been consistently promoting awareness and education activities of oral health since 1913 as mandated by our philosophy of "returning profit obtained by corporate activities to the society," which has never changed since the foundation of the company. In 1964, Lion established a foundation called the Lion Foundation for Dental Health (LDH), which was approved by the Ministry of Health and Welfare (as referred to at the time). In 2010, the Cabinet Office approved the change in the foundation's status to a public-interest corporation, and LDH commenced operations as a public-interest foundation thereafter. LDH has consistently been coordinating with the Japan Dental Association, universities and administrations to keep and promote teeth and oral health of consumers, and is contributing to the society at the forefront of oral health to improve the quality of life of all people. Lion has full support to its activities.

Three Projects of LDH

1. Oral health promotion projects

Promotion activities of oral health at all life stages

2. Research and investigative project

Investigation/research into the importance of oral health in prolonging healthspan, and provision of information on research results obtained through business and other activities to specialists and consumers

3. Educational and training projects

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

* **Lion Foundation for Dental Health, a public-interest foundation**
 URL <http://www.lion-dent-health.or.jp/english/>

● Oral Health Event of Tooth Brushing for Children

The Oral Health Event of Tooth Brushing for Children, started in 1932, is held every year during a week in June (June 4th -10th), which is designated as the "week of dental/oral health," to promote health awareness to children, including the importance of dental/oral health and tooth brushing.

By its 70th time, which was held in 2013, the event grew into an international event that was aired over the Internet to a total of 902 primary schools across Japan and in all over Asia (China, Hong Kong, South Korea, Philippines, Singapore, Thailand and Vietnam) from the hall of the Tokyo Dental Association that was used as the venue for the event. By live stream broadcasting, approximately 54,400 primary school students learned together about "healthy gums" in a very pleasant environment. Furthermore, new development was seen in South Korea, where



Thai primary school that participated in Oral Health Event of Tooth Brushing for Children

instructions were given on tooth brushing that catered to the oral conditions (risk of periodontal disease is increasing among young people) based on the aired event translated into Korean.

● Activities Overseas

LDH will continue communicating the importance of dental/oral health and tooth brushing not only in Japan but to all people in the world. LDH participated in the 7th Asian Conference on Oral Health Promotion for School Children in September 2013 in Bali, Indonesia where it introduced its know-how that has been accumulated and oral health activities and provided guidance to the dental specialists in attendance. Moreover, LDH also introduced their activities and participated in information exchange in Jakarta, Indonesia. We will contribute globally while actively ex-changing information with dental specialists especially in Southeast Asia and other countries.



Introduction of our activities at the Asian Conference on Oral Health Promotion for School Children(Indonesia)

Main Social Contribution Activities of LDH in 2013



Activities for oral health promotion for mothers and children

Childcare support programs in the area of "dental and oral health" for expectant mothers, infants, preschoolers and their parents

Program: 174 venues, 177 times
 Participants: 6,546 infants and preschoolers, 2,364 mothers



Activities for oral health promotion for school children

Face-to-face educational activities with students and their parents, and provision of support in activities run by health teachers

Program: 401 venues, 501 times
 Participants: 33,412 students, 1,043 parents, 1,255 health teachers



Activities for oral health promotion of adults (industry)

Education focused on prevention of periodontal disease and instructions focused on maintenance/improvement of teeth and oral health provided to employees of various companies

Sites: 259 venues, 501 times
 Diagnosed: 29,977



Activities for oral health promotion for the elderly

Provision of supports to help maintain oral functions to enable eating with one's own teeth and mouth over a long time in the future.

Program: 32 venues, 32 times
 Participants: 759



Treatment activities

Implementation of high-quality treatment and preventive dentistry activities based on the concept of risk control dentistry*.

Diagnosed: 11,751

* Customized dental treatment to change care methods according to the risks of tooth decay or periodontal disease of individuals.

Natural Protection Activities

Through "washing," we have always been deeply involved with water. We believe it is our responsibility to protect water environments, starting from considering the environment through our products. Lion is actively involved in forest maintenance activities at Lion Forest in Yamanashi and in the promotion of and education on rainwater usage as part of our water resource conservation activities.

Forest Maintenance Activities at the Lion Forest in Yamanashi

In 2006, Lion has designated Lion Forest in Yamanashi as the field for nurturing environmental awareness, and has since been engaging in improving the forest with the purpose of conserving biodiversity and the forest as a water source, and revitalizing the community. In 2013, a total of 148 employees participated in new employee training and voluntary forest improvement activities (which took place twice).



Thinning of Lion Forest in Yamanashi as part of new employee training

Rainwater Utilization Ideas Contest 2013

In order to get primary and secondary school students across the country to think about the importance of water, the Rainwater Utilization Ideas Contest 2013 was held, which was the third time for such a contest. There were a combined total of 5,738 entries in the four categories of essays, posters, independent researches and slogans. In March 2014, an award ceremony was held for the top nine entries at the Hirai Research Institute. Also, a rainwater tank was awarded as a school incentive prize to one primary school and one secondary school that submitted many outstanding pieces.



Best poster (primary school student)

Best poster (secondary school student)



Award ceremony for the Rainwater Utilization Ideas Contest 2013

Activities for Co-existence with Communities

Activities to Educate Sanitary Practices in Sakaide City

Lion Chemical Co., Ltd.'s Oleochemical site located in Sakaide city, Kagawa Prefecture, is the main factory for producing the Kirei Kirei Hand Soap. In January 2014, for the purpose of spreading sanitary practices to the citizens of Sakaide and having such practices take root, a coordination and cooperation agreement was executed regarding the Kirei Kirei City – Sakaide Project, which was started jointly by Lion, Lion Chemical Co., Ltd.'s oleochemical site and Sakaide City.

We will engage in activities of various kinds to spread hygiene practices up to 2017, including offering of hand soaps to kindergartens/preschools, primary schools, secondary schools and public facilities and employee visits to kindergartens/preschools to teach correct hand washing techniques through a fun event called "Everybody Let's Arau-tan".

In February 2014, at the Sakaide Rakuichi Rakuza event that was held in front of the Sakaide Station, an opening event to educate hand washing was held. Hand-washing education activities were also performed at kindergartens nearby.



Agreement signing ceremony



Hand washing educational event at Sakaide Rakuichi Rakuza.

Support Activities in Earthquake Disaster Areas

Since 2011, Lion has been involved in the "love. Ishinomaki" reconstruction support project in Ishinomaki, a city very closely connected to our founder. For activities relating to care for children, Lion performs educational activities such as hand washing and tooth brushing to kindergarteners and preschoolers, provides a rugby class for primary and secondary students, and etc. For activities to support economic recovery, Ishinomaki Marche (a local product fair) is held on our sites.

Ishinomaki Marche is an internal event that sells seafood products from Ishinomaki, held as part of an effort to cultivate the market for companies in Ishinomaki that were devastated by the disaster. In 2012, this event was held on only three of our sites, but it expanded to eight sites of our group companies (i.e., our headquarter, Tokyo Office, the Hirai Research Institute, the Odawara Plant/Research Institute, the Chiba Plant, the Sendai Office and Lion Packaging Co., Ltd.'s Ichihara and Fukushima plants) in 2013, and provided opportunities for many of our employees to participate in activities to support the reconstruction by buying the products.



Local food fair held at the Tokyo office

● Tooth Brushing Educational Activities in Kindergartens and Preschools in Ishinomaki City

As part of our activities to support the reconstruction of Ishinomaki, Lion is performing educational activities on tooth brushing at kindergartens and preschools in Ishinomaki by utilizing our know-how in oral care products. By presenting a picture-story show using a character called "Anpanman", reading pop-up books to children and playing the Mushibalus (a mascot representing a cavity) Target Hitting Game with children, we are teaching the importance of tooth brushing in an enjoyable manner. This program was started in December 2012, and, as of December 2013, we visited 18 places and 1,010 preschoolers participated in the program.



Tooth brushing educational activities at Inai Kindergarten

Introduction of websites

- Together with Community (Community Involvement and Development) <http://www.lion.co.jp/ja/csr/community/>
- Lion Forest in Yamanashi <http://www.lion.co.jp/ja/csr/social/forest/>
- Lion Rain's Gift Forum (Activities report on promoting rainwater utilization) <http://www.lion.co.jp/ja/csr/social/rain/>
- Lion's Initiatives to Support the Reconstruction Work after the Great East Japan Earthquake <http://www.lion.co.jp/ja/csr/reconstruction/>

Activities to Support Education in Chemistry

Lion performs activities to support the next generation's education in chemistry through laboratory classes, exhibition facilities and technical information magazines.

The laboratory classes use daily commodities and are customized according to the levels of participants, offering fun ways to learn for primary and secondary school students and providing opportunities to dig deep for greater knowledge to senior high school students. At our communication center which is one of our exhibition facility located in our research base, the Hirai Research Institute, we provide information about our company's history of technological advances over the years, developers' aspirations and initiatives toward environmental considerations. Also, we publish a technology information magazine called the Lion Science Journal, which explains the latest technologies in a manner that can be easily understood and distribute it mainly to the joint research institutions etc.

Receipt of Communication in Chemistry Prize

In recognition of our activities to support education in chemistry through the use of daily commodities, Lion was awarded with the Communication in Chemistry Prize in 2013. We would like to continue communicating the joy of chemistry to a wide range of consumers.



R&D Division
Corporate Management
Department
Technology Public
Relations
Kazumi Yoshii



[Communication in Chemistry Prize]

This award was created by the Japan Union of Chemical Science and Technology* to commemorate the International Year of Chemistry of 2011, and recognizes and honors individuals and organizations that contribute to promoting the society's understanding of chemistry.

* Japan Union of Chemical Science and Technology, a general incorporated association
URL <http://www.jucst.org/>

Details of Factory Tours in 2013

Plants	Chiba	Odawara	Osaka	Akashi	Total
Number of study tours	98	136	66	81	381
Study tour participants	2,247	3,471	1,649	2,579	9,946

Third-Party Review

Regarding the content of Lion Co., Ltd.'s Lion CSR Report of 2014 (hereinafter, the "Report"), I would like to comment as third party as I have done in the previous year's Report. I have received necessary explanations regarding the content of the Report and CSR initiatives in a meeting with managers of the CSR Promotion Department. I have also visited the Odawara Plant where toothpastes and pharmaceuticals are manufactured and toured the manufacturing site thereof.

1. Management Vision and CSR

In its management vision, Vision 2020, the company is aiming to become a company that creates value and is advanced in the area of environmental responsiveness. Such is mentioned at the beginning of the Report as Lion's CSR.

CSR is not an initiative derived from business, but has come to subject the business itself. Consequently, the company's CSR policy only becomes clear when it asserts such fact. Especially in regard to the Report CSR material issues are identified at each stage of the CSR value chain, and the result of such activities are stated with figures and narratives, which I think deserves high remarks. In the future, I expect the company to provide more objective data that indicates the results of activities on material issues.

Also, if the promotion of CSR is integrated into management, specific explanations should be provided in regard to the types of roles that corporate governance and risk management structures, which contribute toward achieving management objectives, play in relation to CSR activities so as to enable deeper understanding of CSR.

2. Employees and CSR

The contents of the company's proactive initiatives regarding human resource development, utilization and diversity can be ascertained through detailed descriptions thereof on the pages related to Labor Practices. Especially, the disclosure of the company's extremely detailed actions to improve work-life balance and employee data are considered appropriate. Notably, regarding employee data, I expect that a broader range of information including health management data will be released. Moreover, I would like Lion to explain – before other firms do – that such an attitude and information can bring good results to managerial targets (healthy management). Furthermore, it would be better if direct opinions of and initiatives by employees are found in the Report. Notably, the increasing trend in average overtime hours based on employee data is of concern.

3. Environmental Initiatives

In regard to environmental initiatives, Lion has established Eco Vision 2020 as its management vision, whereby it aims to become an "environmentally advanced company." By establishing an environmental

management system, the company is striving to realize a "low carbon society" and a "sound material-cycle society". Specifically, the company has set goals to be achieved by 2020 for each of the environmental items, and has disclosed such goals and past achievements in realizing such goals. For CO₂ emissions per units of sales, CO₂ emissions from business activities decreased by 23% in 2013 compared to the same in 1990 (down by 29% on an absolute quantity basis), and CO₂ emissions post-product use decreased by 46% compared to the same in 1990. Based on the above, it appears the reduction activities are actually working and bearing fruit. Notably, the absolute emission amount of CO₂ at Lion's sites overseas increased in this period as a result of an increase in production volume. I would like to see explanations on initiatives for reducing CO₂ emissions at Lion's sites overseas similar to those for Lion's domestic sites.

4. Consumer Initiatives

The company considers the quality and safety that are expected of its customers in each process from product planning to selling so as to maintain customer satisfaction. I understand that around 120,000 customer consultations are centrally managed, and their content is communicated to top management so solutions can be reflected in the products. Especially in connection with safety during product use by a diverse range of consumers, it is worth noting that risk control is in place for misuse and even abnormal use. For explanations regarding the seller of palm oils which I pointed out last year, more details are provided in the Report, which I believe leads to consumer understanding.

Financial information is considered to be based on the results of management activities. The society expects CSR information to explain the process of financial information, and the need thereof is becoming greater. In the future, I believe that clarifying Lion's social responsibilities in managerial activities and making them public in an understandable manner to gain society's understanding and trust will serve as foundation to support sustainable development of the Lion Group.

(Note) The above views do not represent any opinions as to the accuracy and/or completeness of descriptions in the Report.



Certified Public Accountant
Yoshihito Nakamura

Adjunct Instructor of Toyo University
Adjunct Instructor of the Open University of Japan
Auditor of the Kawasaki City Council of Social Welfare
Auditor of the Supporting Organization of JOCV
Chairman of the Committee for Office Security
Management System, New Office Promotion Association

From Lion

In line with its Vision 2020, Lion aims to become "a company that creates value for lifestyle and spiritual fulfillment," "a company that is advanced in the area of environmental responsiveness" and "a company that continues to take on challenges, create and learn." To remain as a company that is trusted by the society, we recognize that CSR needs to be an integral part of the company's management structure. With regard to CSR material issues identified from understanding the social requirements, and considering them in light of management issues, we will proceed with our initiatives by consistently running the PDCA cycle.

In the Third-Party Review, we were evaluated favorably about many different areas of efforts on our part, including our promotion of CSR activities by clearly defining our own CSR material issues, our extremely detailed initiatives for promoting work-life balance, our efforts for environmental preservation with our sights set on 2020, and our risk management assuming misuse or abnormal use that can compromise product safety. We will further proceed with all these activities by integrating inputs from our stakeholders.

Separately, it was pointed out that specific explanations should be provided in regard to the types of roles that corporate governance and risk management structures, which contribute toward achieving management objectives, play in relation to CSR activities so as to enable deeper understanding of CSR. In the areas of environmental preservation and quality assurance, we have run PDCA cycles through deliberations of our committee with the Director of the Board Responsible as chairman and with the approval of and

execution by the executive board since the 1990's when the concept of CSR was yet to be established. We accept the fact that the explanations in the Report have been difficult to understand for readers because our company policy and management philosophy have been incorporated into our management as a matter of fact as the DNA of Lion. In the future, we will make efforts to provide clear explanations through specific examples based on the advice given.

Moreover, as decline in Japan's working population is expected, we were advised that ascertaining the health management data and working to improve on it as a management issue will lead to our company's sustainable development. Currently, PDCA-based improvement activities are being implemented on the basis of various data regarding our employees. For example, in regard to mental health initiatives, we conduct check-ups on its employees' stress level, and performs systematic activities based on data compiled and analyzed by each department. In the future, we will make efforts to be creative in communicating such activities externally in an easy-to-understand manner, such as by including in the Report the voices of our employees in relation to such activities.

Through dialogue with our stakeholders, we will make efforts to improve our CSR Report and fulfill responsibilities that correspond to the needs of our times.



Managing Director
Director of the board responsible for CSR
Takayasu Kasamatsu

Editorial Note

Since 2011, CSR activities have been systematized in accordance with ISO 26000. In the 2014 CSR Report CSR material issues identified during 2013 are reported and full details of activities that have demonstrated more progress than others are provided as 2013 Highlights.

As highlights, we have reported about our main CSR activities through our business. We have been performing various activities to spread hygienic and sanitary practices and make them take root, as well as implementing new ways to communicate about the environment by attaching environmental logos and labels on Eco products so as to promote Eco activities together with consumers. Furthermore, to respond to interests in dental and oral health, we not only have been selling oral care products but also have introduced new initiatives for complete self-care as well as initiatives in which professional care is provided by dental specialists. We hope to generate deeper understanding of Lion through the above.

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 more than 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 today's 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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